

*Dedicated to efficiently delivering the nation's best water and sewer services in partnership with our member partners across southeast Michigan*



# **Annual Comprehensive Financial Report**

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Fiscal Year Ended June 30, 2024





# **GREAT LAKES WATER AUTHORITY**

Southeast Michigan

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Including Independent Auditors' Report

Fiscal Year Ended June 30, 2024

**Prepared By:**

**Great Lakes Water Authority Financial Services Area**



# GREAT LAKES WATER AUTHORITY

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## **INTRODUCTORY SECTION**



## **TRANSMITTAL LETTER**

December 11, 2024

Board of Directors of the Great Lakes Water Authority and Those That We Serve,

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") for the Great Lakes Water Authority ("GLWA" or "Authority") for the fiscal year which ended June 30, 2024.

### **About this Annual Comprehensive Report**

The accompanying financial statements for GLWA were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants engaged by the GLWA Board of Directors. This is consistent with the GLWA Articles of Incorporation and By-laws which require an annual audit of the Authority's financial statements by independent certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with GLWA management. To the best of our knowledge and belief, the information contained in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of GLWA. All disclosures necessary for the reader to gain an understanding of GLWA's financial activity have been included.

GLWA management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are adequately safeguarded against loss, theft, or misuse and to maintain accurate and reliable financial records for the preparation of financial statements and the representations made by management. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of internal controls should not exceed the benefits derived from the controls; and 2) the evaluation of costs and benefits requires management's exercise of judgment. To the best of our knowledge and belief, GLWA's internal accounting controls adequately safeguard its assets and provide reasonable assurance of the proper recording of financial transactions in accordance with GAAP.

Baker Tilly US, LLP, Certified Public Accountants, has been retained by GLWA to serve as its independent auditors and has issued an unmodified ("clean") opinion on GLWA's financial statements for the year ended June 30, 2024, with comparative amounts for June 30, 2023.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. GLWA's MD&A is located immediately following the independent auditors' report.

## **Overview of GLWA**

GLWA is one of the largest water and wastewater utilities in the United States serving solely as a wholesale treatment service provider. At GLWA, we define "member partner" as the city, township, village, drainage district, authority or other public body corporate recognized by the state of Michigan that holds a wholesale water or wastewater disposal services contract with GLWA. Our member partners are actively engaged with GLWA and supported by a facilitated outreach program to ensure open, ongoing, and proactive relationships.

GLWA assumed operational control of the city of Detroit Water & Sewerage Department's (DWSD) regional operating assets on January 1, 2016, pursuant to the terms outlined in a companion set of documents commonly referred to as the lease agreements and water and sewer services agreements. DWSD continues to operate and maintain the local system that serves the geographic boundaries of the City of Detroit. GLWA leases the regional water and sewage disposal facilities from the City for an allocation of \$50 million per year to fund capital improvements for the City's retail system and/or debt obligations associated with providing water and sewer service to the City.

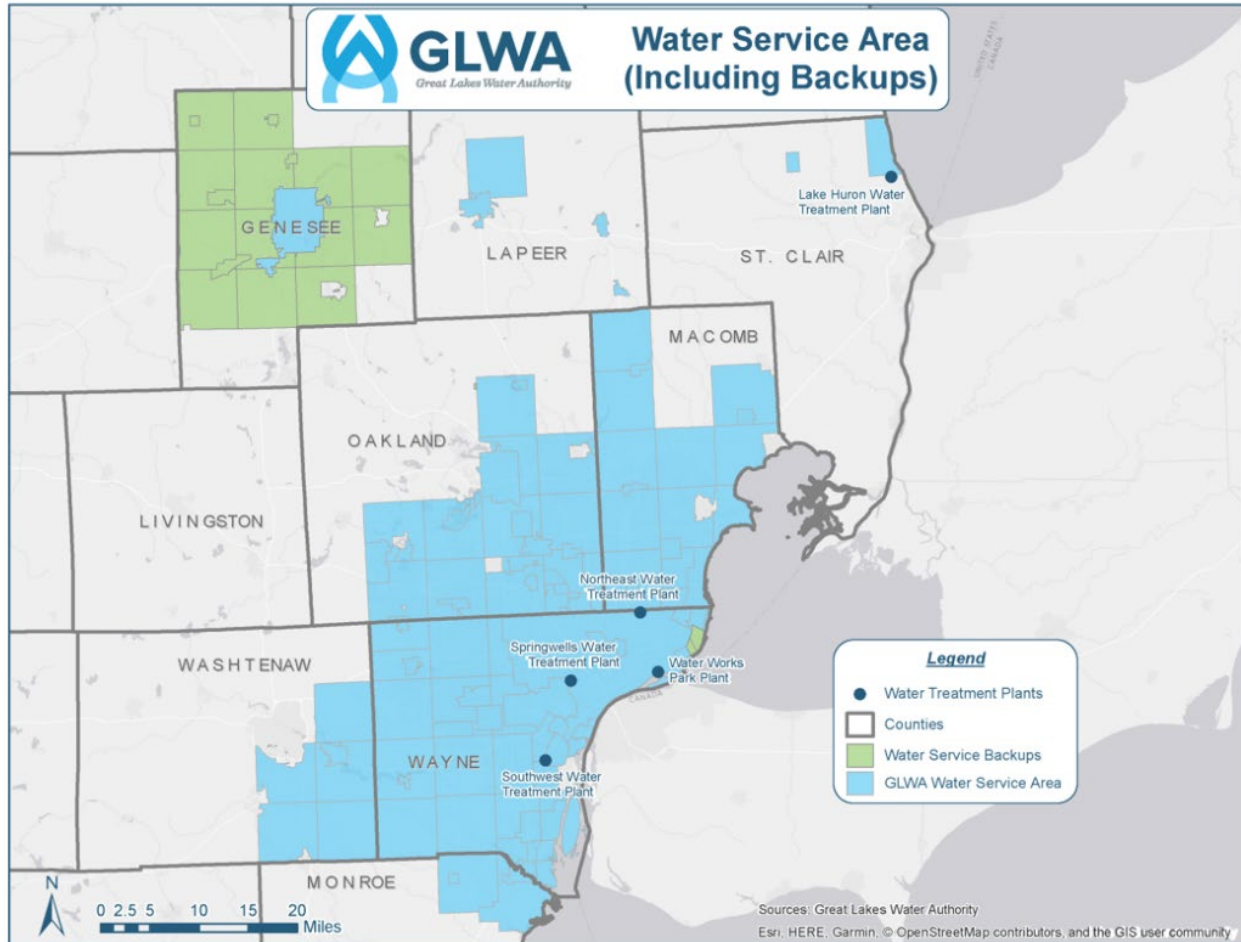
## **Regional Water System**

Our regional water system is one of the largest in the United States, both in terms of water produced and population served. The system currently serves an area of 1,674 square miles with an estimated population of nearly 3.8 million or approximately 38 percent of Michigan's population. The water system has 88 member partners across 115 communities.

The water supply system consists of three intake facilities, five water treatment plants, 19 booster pumping stations, 32 water storage reservoirs and a delivery system with over 797 miles of transmission mains. The facilities have the treatment capacity of 1,720 million gallons per day.

Fortunately, GLWA has certain geographic and source water advantages. GLWA is surrounded by the Great Lakes with three water intakes spaced between Lake Huron and Lake Erie. Of particular note is that PFAS is non-detect in the drinking water. The size and complexity of the GLWA water treatment facilities described above supports two pilot water plants that allow GLWA to test and assess changes in water treatment.

The following map depicts the water service area.



## Regional Wastewater System

Our regional wastewater system is also one of the largest in the United States, both in terms of treatment capacity and population served. The wastewater system currently serves an area of 953 square miles with an estimated population of nearly 2.8 million or approximately 28 percent of Michigan’s population. The wastewater system has 19 member partners across 79 communities.

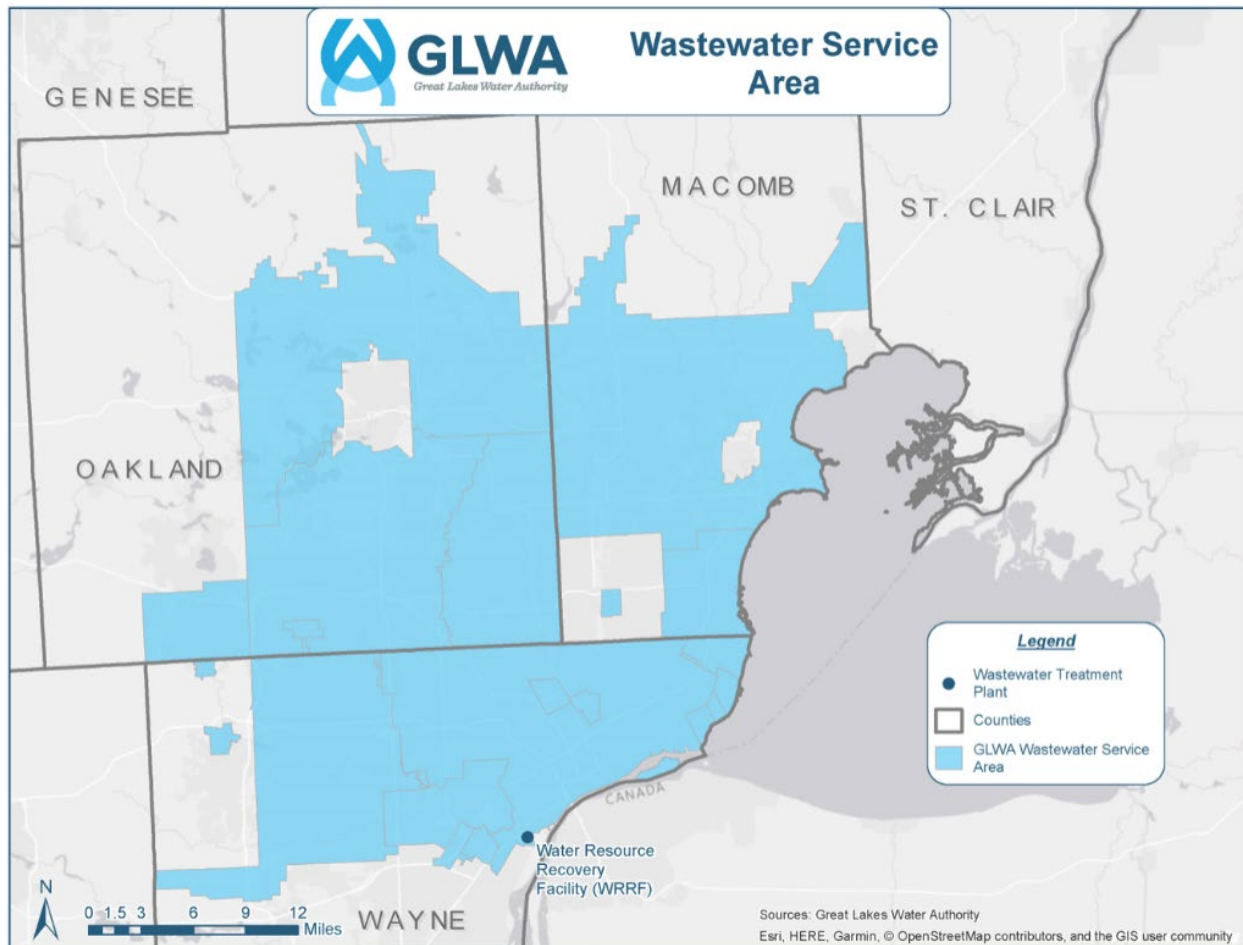
The wastewater system consists of one of the largest single-site water resource recovery facilities in the United States with a treatment capacity of 1,700 million gallons per day. The wastewater system has three major interceptors, nine pump stations, nine Combined Sewer Overflow (“CSO”) control facilities, including six retention treatment basins and three flow-through type facilities, as well as a conveyance system with 207 miles of trunk sewers and interceptors.

The long-term strategy for the wastewater treatment and sewage disposal system is a focus on regional efficiencies. The 2020 Wastewater Master Plan (“WWMP”) was adopted by the Board in September 2020. The WWMP was created with incredible energy, insight, and direction from a broad cross section of our member partners working collaboratively with our team members and consultants and other regional stakeholders. The focus, approach and outcomes of the plan demonstrate the true spirit of the One Water Partnership that GLWA and our member partners are

committed to for the benefit of southeast Michigan. The 40-year master plan focuses on water quality, leveraging the entire region’s existing infrastructure, maximizing the use of dynamic wet weather operations, strategic use of green infrastructure, addressing changes in weather patterns and rain event intensities, extensive system modeling including surface water and wastewater treatment, evaluation of resource recovery options and energy reduction opportunities.

An exciting development this year has been the signing of a formal partnership agreement between GLWA and the U.S. Army Corps of Engineers (USACE) to launch a regional flood mitigation study. That study, which is partially federally funded, began with a technical design charette in September 2024 with key regional stakeholders. Southeast Michigan has experienced extreme rain events with devastating impacts to people and communities in the region. The goal of the multiple-year study is to formulate alternatives to help reduce flood risk. At the study's end, a tentatively selected plan will be presented for consideration of further federal and non-federal funding to improve infrastructure and flood resiliency across the region.

The following map depicts the wastewater service area.



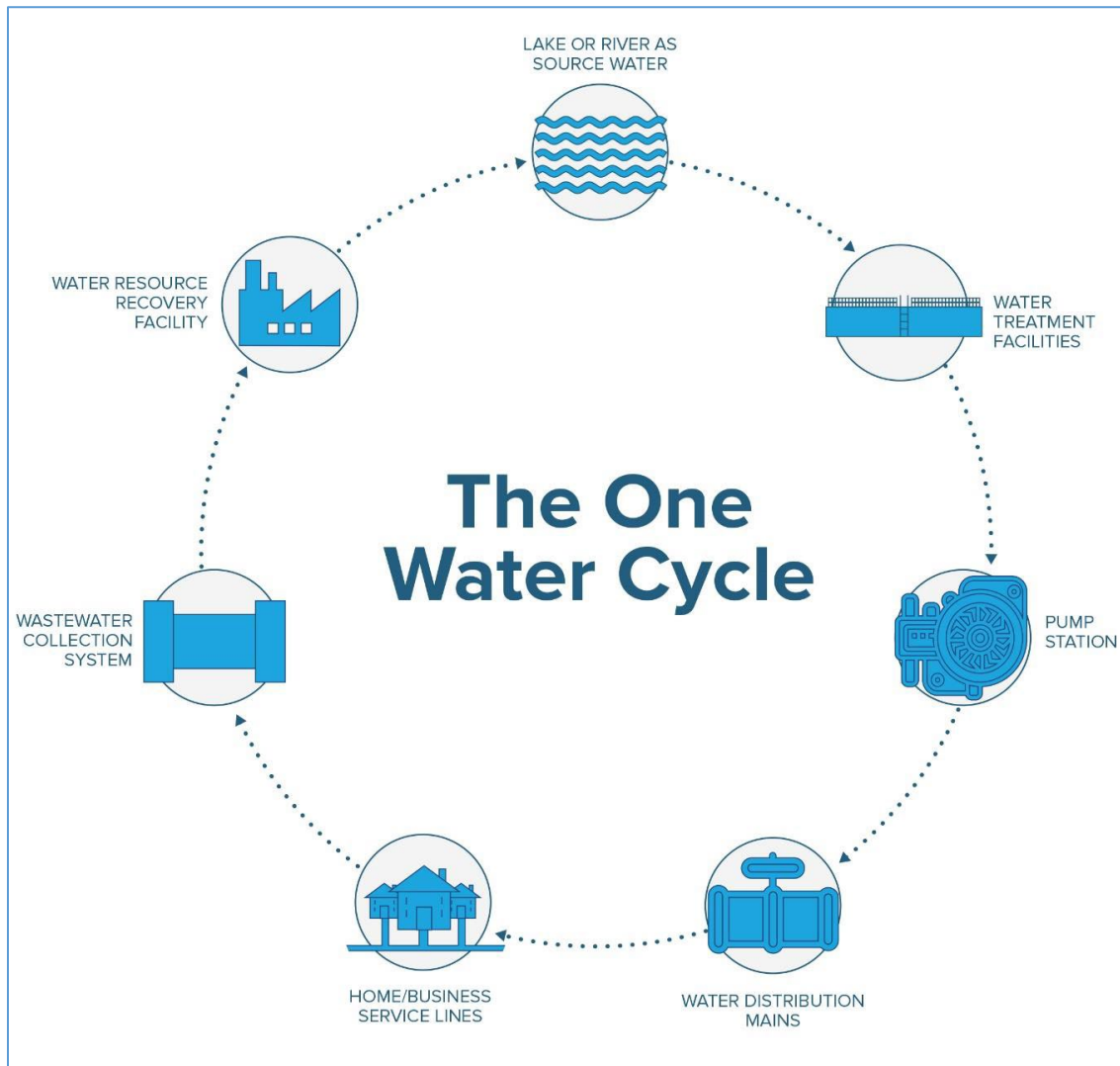
## One Water Concept

GLWA is all about **One Water** - the movement of water from the environment to its member partners, and back to the environment.

First, GLWA ensures its member partner communities receive the highest quality water by using treatment standards that are more strict than state or federal regulatory requirements. Then, once water has been used, GLWA runs it through the treatment process again before returning it to the environment - often times cleaner than when the water was first received.

Working hand in hand with its member partners, GLWA provides unquestionable water quality and efficient and effective wastewater services.

Together, GLWA is **One Water** with its member partner communities.



## Regional Service Area Economy

The GLWA service area is largely located in the Detroit Metropolitan Service Area (MSA) which is ranked the 14<sup>th</sup> largest metropolitan area in terms of population in the country. The current unemployment rate is 4.3% which is comparable to the national unemployment rate of 4.1%. The City of Detroit is experiencing significant growth driven by large scale redevelopment and major corporations increasing their presence or relocating. This redevelopment is also supporting greater diversity in employment opportunities for residents. Professional, business, education and health services comprise 35 percent of employment, with trade, transportation and utilities at 19 percent and manufacturing at 12 percent. The population level remains stable. Per capita income has had a steady increase over the years.

Strength in the economy is observed through increasing and strong credit ratings among the city of Detroit and tri-county area that covers the majority of GLWA’s member partner communities. The respective ratings from Moody’s (M), Standard & Poor’s (S), and Fitch (F) are listed below along with the state of Michigan who provides significant levels of low-cost state revolving fund loans to GLWA.

- Oakland County           Aaa/AAA/Not Rated (M/S/F)
- Macomb County           Aa1/AA+/Not Rated (M/S/F)
- Wayne County            A1/A+/AA (M/S/F)
- City of Detroit            Baa2/BBB/Not Rated (M/S/F)
- State of Michigan        Aa1/AA/AA+ (M/S/F)

## Water Residential Assistance Program

While the economic metrics are strong, there will always be households in need throughout the service area. For this reason, the founding legal structure for GLWA provided that 0.5 percent of the base budgeted operating revenues be directed to funding the Water Residential Assistance Program (“WRAP”). For the year ended June 30, 2024, the funding level was \$4.4 million. This program provides payment assistance and support services to address home repairs to assist eligible low-income residential households in our member partner communities. This means that qualified households can receive payment assistance, as well as take steps to sustainably reduce their bills in the future. The WRAP program is delivered through a network of governmental and nonprofit service delivery partners who can provide a wholistic approach to supporting households in need with other services. In October 2022, the new WRAP Income Based Plan (“IBP”) was launched to provide eligible households with payment assistance that limits the household cost for services to three percent. The IBP was the result of extensive research which GLWA believes to be a nationally leading program design. As we look back over the past two years, we can say that we achieved the successful desired outcome: fully utilizing the funding available and significantly increasing client participation.

## Budget Process

GLWA has a rigorous budget process. Annually, a biennial budget and five-year plan are prepared concurrently. This process begins soon after the current fiscal year begins with the operating area budget managers. A preliminary budget is presented to the Audit Committee in December and then to the full Board in January. It is also presented to our member partners for comments during the charge development process. The final proposed biennial budget and five-year financial plan, as well

as a five-year capital improvement plan (“CIP”), is presented to the Board during a public hearing in February. Once approved, the budget takes effect on July 1st.

The legal level of budgetary control is the bottom line of each of the budgeted revenue requirements to align with the charge setting process. Components of the revenue requirements are referred to as appropriation categories. The budget shall not be increased or decreased by appropriation category without prior Board authorization. The Board is provided a detailed budget by line item which supports the totals in each appropriation category at the time of budget approval. The Chief Financial Officer may exercise discretion to modify the detail budget line items within each appropriation category.

The budget is prepared on a modified cash basis and the revenue requirements are determined based upon the cash needed to meet the expenditures as required by the Master Bond Ordinances (“MBOs”). A budget to actual comparison is included in the Schedule of Revenue Requirements in the Supplementary Information. A crosswalk is provided in the Supplementary Information that provides a reconciliation between budget basis results in the Schedule of Revenue Requirements to the accrual basis results in the Statement of Revenues, Expenses and Changes in Net Position.

### **The 4% Benchmark**

Affordability and sustainability were primary concerns in establishing the regional water authority. The mechanism to achieve that balance was the “4% Promise” as established in the foundational documents for GLWA. The 4% Promise requires that the annual revenue requirement does not increase by more than 4 percent in any one year in the initial years of GLWA’s existence through June 30, 2025. The revenue requirement includes operations and maintenance (O&M) expense, debt service, system lease payments, legacy pension, funding for WRAP, funding for the capital program via Improvement & Extension Fund contributions and any other expenditure or funding as required by the MBOs. With a strong commitment to affordability, GLWA has stayed well under that promise with an average annual revenue requirement adjustment of 2.1 percent for the water fund and 1.7 percent for the sewage disposal fund from GLWA’s first full fiscal year in FY 2017 through FY 2025. The effect on charges was an average charge increase of 2.6 percent for the water charges and 2.1 percent for the sewer charges for the same time period.

As this FY 2024 annual comprehensive financial report is being finalized, we are in FY 2025 which is the final year of the 4% Promise. Given our commitment to ten-year financial planning, GLWA and its stakeholders have known for several years that achieving the 4% Promise on an annual basis going forward would be a challenge. This is because there have been several years of double digit increases in GLWA’s expense lines for services and commodities encompassing utilities, chemical, and construction that have forever impacted the cost of providing GLWA’s water and sewage disposal services. We achieved the 4% Promise during the recent inflation escalation years by optimizing investment earnings and refinancing debt, as well as some non-critical initiatives were deferred, and some targeted preventive maintenance programs slowed. For several years, the 10-year financial plan presented to stakeholders explained that increases in the revenue requirement and charges beyond 4% after FY 2025 would be a necessity. We are now facing that reality as we prepare the FY 2026 & FY 2027 biennial budget and the FY 2026 charges. While the amount of the proposed increase continues to be developed, the plan does contemplate a *cumulative average 4% benchmark* being achievable over the future years.

## **Long-Term Financial Planning Aligns with Successful Debt Management**

GLWA annually updates a 10-year financial forecast as a roadmap to achieve one of the organizational goals of a solid AA category rating, by meeting or exceeding rating agency criteria. This goal was recently reached with the most recent rating agency affirmation and upgrades issued in October 2023. Since the operational effective date of the Authority, Moody's Investor Services has increased the ratings six notches, and Standard & Poor's has increased the ratings three notches for both systems. Fitch Ratings has increased the ratings four notches for the water system and five notches for the sewage disposal system. More details on the credit ratings are described in the MD&A and in Note 12.

The path to achieve a solid AA credit rating is based upon rebalancing the mix of debt financing and revenue generated capital (also known as pay-as-you go) to fund the CIP. GLWA has delivered in reducing the annual revenue dollars that are dedicated to debt service with an effective debt refunding program.

There were two bond refunding transactions during FY 2024 for both the water system and sewage disposal system. As part of the credit rating process for the first tender and refunding transaction in November 2023, the Authority received the required ratings to reduce or eliminate the debt reserves. As part of the second refunding transaction in June 2024 the debt reserves were set to zero for both systems. For the water system, these transactions resulted in \$16.1 million in reserve release to reduce future budgeted (gross) cash flow by \$78.7 million which resulted in a net present value economic gain of \$47.1 million. Similarly, for the sewage disposal system, \$16.3 million in reserves were released to reduce future budgeted (gross) cash flow by \$97.7 million which resulted in a net present value economic gain of \$58.2 million for the sewage disposal system. Since GLWA's operational inception in 2016 through June 2024, refunding transactions have used reductions in debt reserve requirements of \$139.9 million to reduce future budgeted cash flow by \$896.5 million resulting in a net present value economic gain of \$546.3 million. As noted above, these savings have a material impact on GLWA's ability to keep the annual revenue requirement adjustments and related charge adjustments at an amount well below the consumer price index.

This financial achievement demonstrates the strength, stability, and best-in-class performance that the regional stakeholders and leadership team envisioned when the concept of a regional authority emerged in 2014. Further, we believe that our transparency and accessibility in addressing questions from rating agencies, as well as investors, contributed to successful outcomes in uncertain times.

## **Major Initiatives**

If there is one word that would describe the driver of GLWA's major initiatives, it would be resiliency. Changing climate, aging infrastructure, constrained workforce, pace of technology advancements, regulatory requirements, and rapid cost increases shape our very focused efforts to make sure that GLWA is able to anticipate, withstand, recover from, and adapt to changing and unforeseen conditions to ensure the delivery of water of unquestionable quality and superior environmental stewardship. These major initiatives highlight our multifaceted approach to resiliency.

### *Linear System Integrity Program*

GLWA is taking action to enhance system and operational resiliency. One example is the launch of the Linear System Integrity Program (LSIP). This initiative uses innovative technology to support the regional system's capacity to deliver drinking water and collect wastewater data. Using innovative technology such as electromagnetic and acoustical devices that can be inserted into drinking water transmission mains with minimal disruption and allow the utility to target its efforts to proactively intervene to prevent main breaks. This allows GLWA to better target specific assets that must be either repaired or replaced.

### *Proactive Capital improvement Plan*

As it relates to the Capital Improvement Program (CIP), the majority of the GLWA FY 2025–2029 five-year CIP is driven by optimizing the system and maintaining reliability. The Authority has a low level of regulatory mandated CIP projects. The water system calls for \$1.1 billion of major capital expenditures over the next five fiscal years (2025-2029) and the wastewater (sewer) system calls for \$982.5 million of capital expenditures over the same period. The staff from Michigan Department of Environment, Great Lakes, and Energy ("EGLE") regularly engage with GLWA on capital project matters to ensure alignment and open dialog to achieve optimal results.

In addition to the extent of the CIP, GLWA has strengthened the delivery of the CIP with the publication of the Program Management Plan (PMP) in September 2024. This living document establishes the framework, business requirements, processes, and procedures for use by the CIP Delivery Team to achieve a consistent level of quality and predictable products, expectations, and outcomes across the CIP program and project delivery. These standard processes and procedures help to reduce delivery risks and provides a common delivery language, which helps build cohesive project teams and quality CIP projects. Along with the rollout of the manual, project management jobs were redesigned to align with the PMP framework.

### *Investment in Information Technology Systems*

On January 1, 2024, the Workday Human Capital Management System (HCM) was launched which provides greater efficiency and effectiveness in providing service, training, and performance management across GLWA. Subsequently, the Workday Financial Management System (FINS) was successfully launched on July 1, 2024, with no interruption in service to vendors and team members. The companion system, Adaptive Insights, is now also being rolled out to support budgeting, planning and reporting functions.

In November 2024, GLWA's new enterprise asset management system, NEXGEN, was launched. This transformational effort deployed tablets to all field and operational personnel and related support team members. All work orders are directly linked to an asset and provide much greater support to team members in the field and in the plants to repair and maintain assets.

Also in November 2024, the Board of Directors approved a contract with Kahua to provide a project management information system. Planning and implementation will proceed in calendar year 2025.

### *Building and Strengthening the Water Sector Talent Pool*

We continue to develop strategies to help ensure that we retain highly skilled team members and attract top talent in a tight employment market. GLWA is filled with a very talented group of professionals doing great things in and for the areas that we serve.

During FY 2024 the GLWA Public Affairs team facilitated the launch of *Tap In* – a comprehensive multimedia educational outreach to the public at-large to not just learn about GLWA, but to highlight career opportunities in the water sector and at GLWA. The success of this effort resulted in *Tap In 2.0*, launched in September 2024. The *Tap In* initiative encompassed stakeholder group feedback, featured our relatable GLWA team members at work and spanned digital, streaming broadcast, radio, print and non-traditional sources such as convenience store posters and movie theater video advertising. The launch of these programs had an immediate and material impact on the number of applicants and significant increase to GLWA’s website. The quality of the production resulted in GLWA receiving an Emmy for the initial campaigns from the National Academy of Television Arts and Sciences Michigan Chapter.

In October 2024, GLWA received the U.S. Department of Labor (USDOL) designation as an Apprenticeship Ambassador further underscoring GLWA’s commitment to building apprenticeship programs and providing training to others. As a partner with the USDOL we shape Registered Apprenticeship expansion and diversification in our area of expertise, industry, local area, and supply chain.

In September 2024, six new apprentices were onboarded, joining the other 45 apprentices on the team. The apprenticeship job classifications include positions that are challenging to recruit and fill such as water technicians, electrical instrument technicians, and maintenance technicians.

### *Strong Vendor Engagement*

GLWA is fortunate in that it routinely receives multiple competitive responses on procurement solicitations. Vendor engagement is a top priority. One way that occurs is through vendor outreach events. The most recent in-person event was hosted in September 2024 with over 225 vendors in attendance. A particular focus this year was business-to-business networking by featuring a panel of representatives from GLWA’s five largest volume firms explaining how they select recruit and select subcontractors.

Another vendor focused initiative is the Business Inclusion and Diversity (BID) program. This initiative was approved on November 25, 2020, when the GLWA Board of Directors approved an amendment to the procurement policy that establishes the submission of a diversity plan for all procurements over \$1 million to ensure that the vendor community is aligned with GLWA’s values for a diverse vendor base. The amendment also provides incentives to business located in our state, services area, and in economically disadvantaged communities among our member partner communities. The launch of the Business Inclusion & Diversity (“BID”) program significantly strengthens the Small Business Initiative and the Strategic Alliance Memorandum executed with the United States Small Business Administration (“SBA”) in 2018 to meet the needs of the small business community and engagement in GLWA business opportunities. Since the start of the program through June 30, 2024, GLWA has awarded 27% of eligible contracts (\$359.3 million) to disadvantaged, minority-owned, women-owned, and small businesses and received 320 diversity plans.

## **Member Partner Relations**

The One Water Partnership Agreement between GLWA and its member partners outlines the mutual commitments to working together for the greater good of the region, detailing the responsibilities of all parties and a commitment to a multi-jurisdictional, multi-agency approach to infrastructure renewal and investment. GLWA's collaborative relationship with its customers is foundational to its operations wherein GLWA works with its customers as member partners. In November 2024, the 2024 Member Partner Outreach Scorecard was presented to the Board. The overall satisfaction level is steady at 90% with an increased response rate of 40%. Many scores increased with communication, the Member Partner Outreach program, GLWA's responsive and knowledgeable team members, and water quality as key strengths. Not surprisingly, there are shared concerns related to increasing system costs as well as an interest in better understanding charges.

## **FY 2024 Financial Results**

Most important to our member partners are the Authority's budget results, as the member partner charges are set based upon our revenue requirements that must be fulfilled. The Schedule of Revenue Requirements Budget to Actual, in the Supplementary Information, provides an overall view of the financial results for FY 2024. In preparation of the budget for FY 2024, GLWA adhered to the following Financial Plan Objectives that are discussed in detail in our budget document:

1. The 4% Promise - The lease agreements that established the regional authority demonstrated a commitment to affordability by codifying what is commonly referred to as the 4% Promise. This caveat established that the annual revenue requirement budget increases are limited to 4 percent through June 20, 2025;
2. Revenue Stability for the System – This is achieved by utilizing a charge model to provide revenue stability despite changes in climate conditions that vary from year to year which also includes measures to foster water conservation;
3. Managing Charge Stability for Our Member Partners – The goal is to adjust charges on a modest incremental basis systemwide to prevent unpredictable cost increases for our Member Partners;
4. Retail System Revenue and Collections – Under the terms of the leases, Master Bond Ordinance ("MBO"), and the services agreement with DWSD, GLWA distributes receipts to the revenue requirements following a flow of funds that may result in a cashflow loan to DWSD. The goal is that the retail system collections exceed the financial commitments under the MBO;
5. WRAP – This program is required to be funded at 0.5 percent of base budgeted operating revenue;
6. Closed Loop Lease Payment – The regional system lease payments stay within the local, retail water and sewage disposal systems for the benefit of the DWSD;
7. Closed Legacy Benefit Plan Costs – GLWA's share of the required DWSD commitment as part of the City of Detroit's Chapter 9 bankruptcy Plan of Adjustment is funded consistent with the terms of the agreement.

The bottom-line revenue requirement budget result is that Water Operations ended the year with a \$6 million (1.6 percent) positive budget variance after meeting all of the revenue requirements. The Sewage Disposal Operations ended the year with a positive budget variance of \$5.8 million (1.2 percent) after meeting all of the revenue requirements.

A further discussion of FY 2024 results is presented in the MD&A. The MD&A provides further analysis of the water and sewage disposal systems individually in addition to GLWA overall.

### **Solid Foundation for Sustainability**

GLWA is committed to ensuring the long-term sustainability of the regional water supply and sewage disposal systems – we do this by recognizing that near-term actions have long-term impacts.

*Stable Revenues with Modest Charge Adjustments* - GLWA balances steady and controlled Operations and Management budget requests for the short-term, while continuing to focus on increasing cash reserves for capital investment and controlling long-term financial commitments. This provides stability in the cost of supply for our member partners (See Schedule 3 in the Statistical Section which provides the history of charge adjustments). The water and sewer regional system charge structure, developed collaboratively with member partners, supports a high degree of financial stability. The regional water supply system revenues are set using a methodology with a basis of 60 percent fixed monthly charge and 40 percent commodity consumption using a 36-months historical average usage. The regional sewage disposal system charge revenue methodology is designed to recover 100 percent with a fixed monthly billing based on each member partner’s share of the annual forecasted revenue requirement. The sewage disposal charges updated the core methodology to the SHARES calculation effective with the FY 2022 service charges, which embraces simplicity and replaces the strength of flow with an appropriate weighting on sanitary volumes. This simplified sewer charge methodology was developed by GLWA team members, advisors, and member partners.

*Strong Bondholder Protections* - All payments to GLWA and DWSD for services provided are deposited to Bond Trustee Accounts and are disbursed in accordance the MBO flow of funds.

*Defined Contribution Benefit Plans* - All employee benefit plans are defined contribution which provide shorter term vesting and flexibility for the employee while creating zero risk on unfunded liabilities for GLWA.

*Legacy Pension Decrease* - The City of Detroit Chapter 9 Bankruptcy Plan of Adjustment required DWSD to fund its portion of the General Retirement System (GRS) of the City of Detroit Component II pension plan, which was frozen as of June 30, 2014, over a nine-year period ending June 30, 2023. Upon the operational effective date of the Authority, GLWA and DWSD agreed to split that annual contribution based upon a historical staffing analysis with 70.3 percent allocable to GLWA and 29.7 percent to DWSD. With the ending of the initial nine-year period on June 30, 2023, the Actuarial Determined Employer Contribution (ADEC) for the Unfunded Actuarial Accrued Liability (UAAL) for DWSD was \$0 for FY 2024 with an administrative fee of \$0.7 million. The GRS Annual Actuarial Valuation of Component II for June 30, 2023, computes the FY 2025 ADEC for DWSD to be \$1.6 million with an administrative fee of \$0.6 million.

### **Awards**

*Government Finance Officers Association Distinguished Budget Presentation Award* – The Government Finance Officers Association of the United States and Canada (“GFOA”) presented a Distinguished Budget Presentation Award to Great Lakes Water Authority, Michigan, for its Biennial Budget for the biennium beginning July 1, 2024. This was the Authority’s sixth year receiving the award. To receive

this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

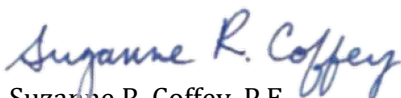
*Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting* - GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to Great Lakes Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023, for the fifth year in a row. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report. The Certificate of Achievement is the highest form of recognition, in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

### **Acknowledgements**

The positive financial results presented in the annual comprehensive financial report is the demonstration of the commitment that each GLWA team member has to accountability for the resources we are given. In addition, a special acknowledgement is in order for the members of the Financial Services Area – who consistently excel in delivering quality, transparent financial reporting all year in addition to this annual comprehensive financial report. This accomplishment is especially noteworthy in a year when that team was also working on multiple system implementations yet met or exceeded deadlines in bringing the prior fiscal year to a close.

### **Collaboration is at the Core of a Successful Regional Water Authority**

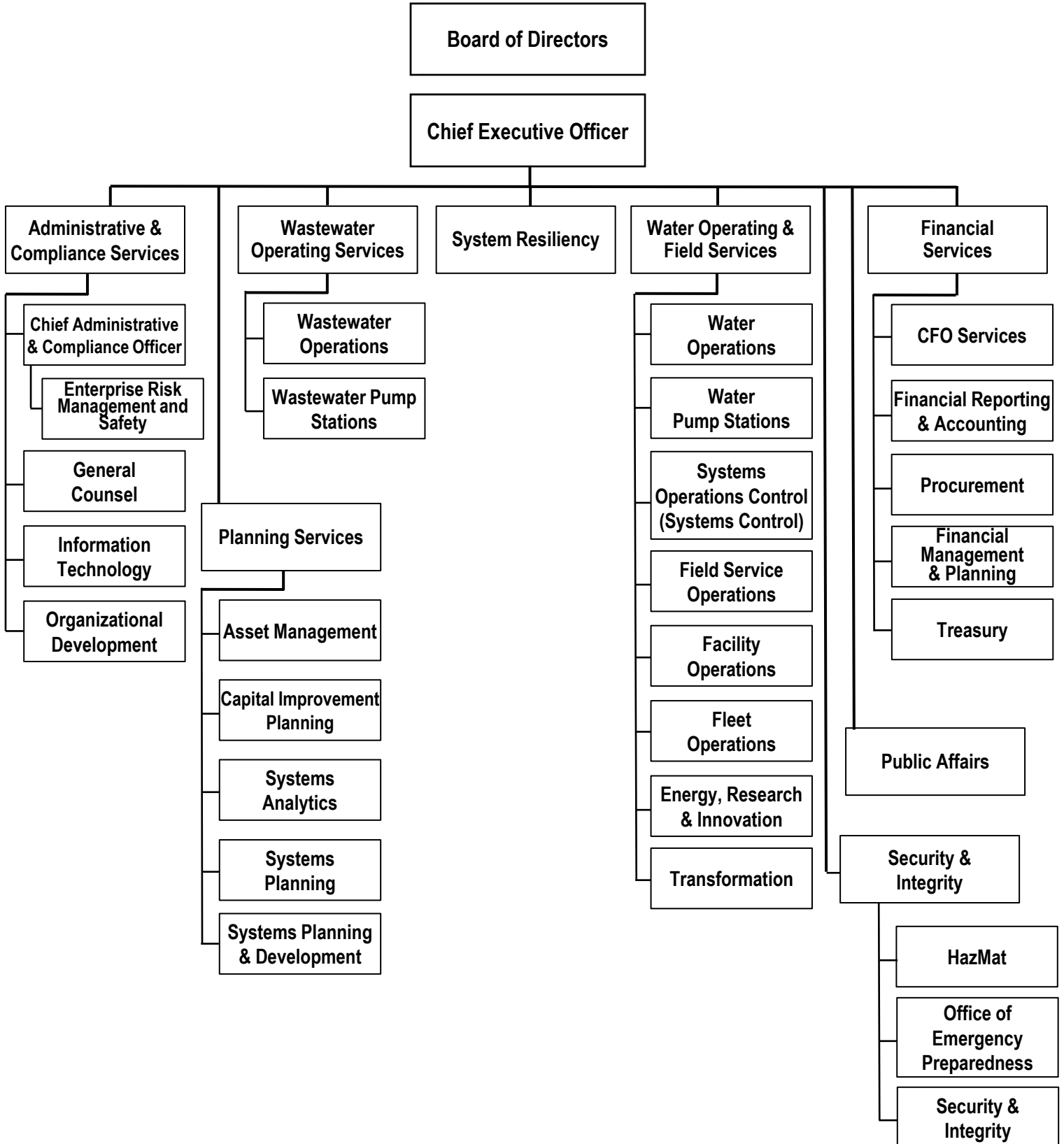
When we say “our” system, it is “our” system that we mutually support and foster in collaboration with our member partners, team members, vendor community, Board of Directors, other stakeholders, and the public at-large. Now, more than ever, thank you for your continued engagement.

  
Suzanne R. Coffey, P.E.  
Chief Executive Officer

  
Nicolette N. Bateson, CPA  
Chief Financial Officer & Treasurer



## Organizational Line of Reporting Chart





**Great Lakes Water Authority Board of Directors  
as of June 30, 2024**

Brian Baker ..... GLWA Board Chairman; Representative for Macomb County  
Mark Miller.....GLWA Board Vice-Chair; Representative for the State of Michigan  
John J. Zech.....GLWA Board Secretary; GLWA Board Representative for Wayne County  
Gary A. Brown.....GLWA Board Representative for the City of Detroit  
Jaye Quadrozzi .....GLWA Board Representative for Oakland County  
Freman Hendrix .....GLWA Board Representative for the City of Detroit

**Great Lakes Water Authority Executive Leadership Team  
as of June 30, 2024**

Suzanne R. Coffey, P.E. .... Chief Executive Officer  
William M. Wolfson \* ..... Chief Administrative and Compliance Officer  
Nicolette N. Bateson, CPA..... Chief Financial Officer/Treasurer - Financial Services  
Cheryl D. Porter ..... Chief Operating Officer – Water Operating Services  
Navid Mehram, P.E. .... Chief Operating Officer – Wastewater Operating Services  
Jody Caldwell, P.E. .... Chief Planning Officer  
Jeffrey E. Small ..... Chief Information Officer  
W. Barnett Jones..... Chief Security & Integrity Officer  
David W. Jones ..... General Counsel  
Michelle A. Zrodowski ..... Chief Public Affairs Officer  
Jordie Kramer..... Chief Organizational Development Officer

\* Effective July 2024, William Wolfson, Chief Administrative and Compliance Officer was promoted to Deputy Chief Executive Officer.

**Our Mission**

To exceed our member partners' expectations by utilizing best practices in the treatment and transmission of water and wastewater, while promoting healthy communities and economic growth.

**Our Vision**

Through regional collaboration, GLWA strives to be the provider of choice, dedicated to efficiently delivering the nation's best water and sewer services in partnership with our member partners.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Great Lakes Water Authority  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## **Independent Auditors' Report**

To the Board of Directors of  
Great Lakes Water Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Great Lakes Water Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Authority as of June 30, 2024 and the respective changes in the financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information, the introductory section and statistical section, of the annual comprehensive financial report (annual report). The other information comprises the other information included in the annual report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Report on Summarized Comparative Information**

We have previously audited the Authority's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities, and each major fund in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Madison, Wisconsin  
December 11, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### June 30, 2024

The management of the Great Lakes Water Authority (GLWA or Authority) presents this discussion and analysis of GLWA's financial position and changes in financial position as of and for the fiscal year ended June 30, 2024. The Management's Discussion and Analysis (MD&A) should be read in conjunction with GLWA's basic financial statements and the related notes to the financial statements in addition to the transmittal letter provided in this report.

GLWA began operations on January 1, 2016. This discussion starts with the GLWA's accounting framework followed by an overview of the financial statements and then the financial analysis. Information in condensed format compares the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2023 for both the Statement of Net Position and the Statement of Changes in Net Position. Comparison analysis is also provided for the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2022.

### Accounting Framework

GLWA leases the regional system assets from the City of Detroit. In order to understand the GLWA's financial activity, it is helpful to revisit key financial reporting categories impacted by the accounting for the start-up of the Authority on January 1, 2016. The Regional System Leases which transferred the regional water system and sewage disposal system assets and operations to the GLWA are recorded based upon GASB 69, Government Combinations and Disposals of Government Operations. Accounting for the regional system leases under GASB 69 resulted in the following Statement of Net Position categories.

**Capital Assets:** Based on the terms of the transaction, and GASB 69 requirements, the assets subject to lease are recorded as capital assets by GLWA. The capital assets acquired were recorded at "acquisition value" based on a valuation performed by a certified appraisal firm as of January 1, 2016. This resulted in an overall increase in capital asset value from the predecessor entity's historical cost. Accordingly, the depreciable lives were reviewed and, in several cases shortened, which has increased annual depreciation expense.

**Bonded Indebtedness:** The outstanding bonded indebtedness of the predecessor entity (DWSD) was assumed in its entirety by GLWA. GASB 69 also required debt to be recorded at acquisition value.

**Net Pension Liability:** The net pension liability represents the Regional Systems' share of the frozen, defined benefit City of Detroit GRS pension assigned to DWSD in the City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment. The parties agreed that 70.3 percent of the liability was allocable to the GLWA regional operations and 29.7 percent to DWSD and is the basis of allocation for future pension contributions. That net pension liability is further subdivided between the Water Fund and the Sewage Disposal Fund for each entity.

**BC Note Obligation:** The BC Note obligation payable represents the Regional Systems' share of the B and C Note Obligations assigned to DWSD in the City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment. The B and C Note Obligations refers to the debt service on the City of Detroit Financial Recovery Bonds dated December 10, 2014. Those bonds were issued to satisfy claims relating to the City's pension obligation certificates and postemployment healthcare benefits. GLWA's portion of the liability was estimated at 71.42 percent of the total DWSD liability.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

**Beginning Net Position:** The acquisition value of assets acquired exceeded the liabilities assumed by \$736.5 million in total with \$457.9 million attributable to the Water Fund and \$278.6 million attributable to the Sewage Disposal Fund. In accordance with GASB 69, the opening capital assets were adjusted by an amount to establish a total net position of zero as of January 1, 2016.

**Contractual Obligation Receivable:** This represents DWSD's allocable portion of the long-term bonded indebtedness assumed by GLWA on January 1, 2016 for local system capital improvements in previous years. This receivable is amortized annually in an agreed upon amount that approximates debt service. If new debt is issued on behalf of DWSD, the receivable is increased.

**Regional System Lease Payable:** The regional system lease payable is the net present value of the lease payment of \$50 million per year for 40 years payable to the DWSD with \$22.5 million paid to the DWSD local water system and \$27.5 million paid to the DWSD local sewer system based on a 4.17 percent borrowing rate for both systems.

Since GLWA assumed the outstanding bonded indebtedness, DWSD retail customer revenues are pledged for payment of outstanding bonded indebtedness assumed by GLWA. For this reason, pursuant to the terms of the Regional System Leases, DWSD is GLWA's agent for retail billing, collections, and enforcement for those revenues.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of the following:

The *statement of net position* presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* provides information about the Authority's cash receipts, cash payments and net changes in cash and cash equivalents resulting from operating, investing and capital and non-capital financing activities for the fiscal year.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. These schedules provide additional financial, budgetary, statistical, trend, and economic information that may be helpful to the readers of these financial statements.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

A combining statement for the water fund and for the sewage disposal fund are provided in the supplementary financial information. Each of these major funds consists of three funds that align with the Authority's strategic and budgetary focus of managing capital investment for both the Regional Water System and Regional Sewage Disposal System: 1) operations (low capital investment), 2) improvement and extension (moderate capital investment and financial mechanism to lower borrowings and the related cost of capital over the long term), and 3) construction projects (high capital investment). The separate water and sewage disposal funds are required by the MBO. A separate credit rating is established for each system and services provided to the member partner communities by each system are separate and distinct (although many may geographically overlap).

### Financial Analysis

Summaries of the basic financial statements and related commentaries are presented below. The tables presented in the MD&A may not foot as they are displayed in thousands. The totals are based on the underlying data in the table.

### Net Position (Deficit)

Net position is defined by the 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. Deferred inflows and deferred outflows generally relate to financing activity and GLWA's share of the GRS pension obligation.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

	Net Position (\$000)						
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
<b>Assets</b>							
Current assets	\$ 789,255	\$ 735,531	\$ 933,790	\$ 53,724	7.3%	\$ (198,259)	-21.2%
Restricted assets	770,716	648,202	45,956	122,513	18.9%	602,246	1310.5%
Capital assets	4,480,135	4,408,642	4,415,024	71,493	1.6%	(6,382)	-0.1%
Other noncurrent assets	891,416	939,193	961,062	(47,777)	-5.1%	(21,869)	-2.3%
<b>Total assets</b>	<b>6,931,521</b>	<b>6,731,569</b>	<b>6,355,832</b>	<b>199,952</b>	<b>3.0%</b>	<b>375,737</b>	<b>5.9%</b>
<b>Deferred outflows of resources</b>							
	89,954	181,672	182,497	(91,718)	-50.5%	(825)	-0.5%
<b>Liabilities</b>							
Current liabilities	602,464	457,377	366,461	145,087	31.7%	90,916	24.8%
Long-term debt	5,556,630	5,633,439	5,295,565	(76,809)	-1.4%	337,873	6.4%
Net pension liability	37,046	63,175	65,221	(26,129)	-41.4%	(2,047)	-3.1%
Other liabilities	882,396	909,506	910,224	(27,110)	-3.0%	(718)	-0.1%
<b>Total liabilities</b>	<b>7,078,536</b>	<b>7,063,496</b>	<b>6,637,471</b>	<b>15,040</b>	<b>0.2%</b>	<b>426,025</b>	<b>6.4%</b>
<b>Deferred inflows of resources</b>							
	133,364	81,327	120,157	52,037	64.0%	(38,830)	-32.3%
<b>Net position (deficit)</b>							
Net investment in capital assets	(428,662)	(336,553)	(194,715)	(92,109)	-27.4%	(141,838)	-72.8%
Restricted for construction	2,258	2,181	-	77	3.5%	2,181	100.0%
Restricted for debt service	213,674	147,436	123,415	66,238	44.9%	24,022	19.5%
Restricted for payment assistance program	1,716	4,653	12,318	(2,936)	-63.1%	(7,666)	-62.2%
Unrestricted	20,589	(49,299)	(160,317)	69,888	141.8%	111,018	69.2%
<b>Total net position (deficit)</b>	<b>\$ (190,425)</b>	<b>\$ (231,582)</b>	<b>\$ (219,299)</b>	<b>\$ 41,157</b>	<b>17.8%</b>	<b>\$ (12,283)</b>	<b>-5.6%</b>

In total, GLWA ended June 30, 2024 with a \$190.4 million net deficit. This represents the combined net deficit for the water fund of \$111.1 million and \$79.3 million for the sewage disposal fund. The net deficit as of June 30, 2023 was \$231.6 million. This is the combined net deficit of \$123.9 million for the water fund and \$107.7 million for the sewage disposal fund. The decrease in the net position deficit for the year ended June 30, 2024 of \$41.16 million was due to a \$12.73 million improvement in the water fund and a \$28.43 million improvement in the sewer fund. These amounts are reported in the Statement of Revenues, Expenses, and Changes in Net Position.

## GREAT LAKES WATER AUTHORITY

### Management's Discussion and Analysis

There are three general components of a net position which could be a deficit: 1) net investment in capital assets; 2) restricted (non-capital assets whose use is restricted less the related liabilities); and 3) unrestricted (any portion of net position not already classified in the first two categories listed). The ending net position (deficit) is the prior year's ending balance plus or minus activity for the year.

*Net investment in capital assets* is computed as the capital assets acquired (net of depreciation and amortization) less the debt incurred to acquire those assets. The balance for 2024 was a deficit balance of \$428.7 million and the balance for 2023 was a deficit of \$336.6 million. A unique historical driver of this deficit is the accounting requirement for the start-up of GLWA pursuant to GASB Statement No. 69, Government Combinations and Disposals of Government Operations. GASB 69 requires that government acquisitions measurement of assets acquired and liabilities assumed be based upon their acquisition values (market-based). The acquisition values were determined by an appraiser for the capital assets and a financial advisor for the debt. The GASB 69 adjustment related to the debt was not significant. The GASB 69 adjustment related to the capital assets resulted in a significant increase in the book value of capital assets of \$1.6 million which, in turn, has increased annual depreciation expense over the remaining life of the asset. Over time, the valuation impact will diminish. The decrease of \$92.1 million in 2024 and the decrease of \$141.8 million in 2023 was mainly a result of depreciation expense being higher than the debt related reductions (payments and amortization of deferred gains and losses on bond refundings).

*Restricted Net Position* for construction relates to a capital contribution received during the prior year that is to be used for a future capital project. The total amount restricted at June 30, 2024 was \$2.3 million.

*Restricted Net Position* for debt service represents amounts that are required by the related MBO or other third-party agreements to be used for the repayment of debt. The total amount restricted at June 30, 2024 was \$213.7 million and the amount at June 30, 2023 was \$147.4 million. Changes in this category can be related to a change in the debt reserve requirement or in the amount of funds being set aside. The debt reserve requirement was set to zero during the current fiscal year. This resulted in a decrease of \$21 million in this classification for 2024. The debt reserve cash balances decreased by \$5 million in 2023. This was a result of reserve releases of \$12 million with the September 2022 bond transaction that was offset with investment earnings of \$7 million during the fiscal year. These decreases were offset by increases for 2024 and 2023 in the debt set aside payments based on future debt requirements. The MBO requires funds to be set aside monthly for debt service so that the funds are available when the debt service payments are due.

*Restricted Net Position* for payment assistance program represents WRAP funds that have not been spent by the service delivery partners who disburse the funds to those who meet the qualifications for assistance. Service delivery partners submit monthly statements of expenditures outlining commitments made to clients qualifying for assistance. Funds are disbursed upon review of the monthly statements of expenditure and funds available by service area. The total amount restricted at year end was \$1.7 million. This is a decrease of \$3 million from the prior year total of \$4.7 million. This decrease is a result of modifications to the WRAP program design and was expected as a result of increased outreach and participation.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

*Unrestricted net position* is generally defined as the net result of the other components of total net position. The unrestricted net position is \$20.6 million as of June 30, 2024. In 2024, the unrestricted account activities contributed to an increase in unrestricted net position of \$69.9 million. At June 30, 2023 the unrestricted net position was a deficit of \$49.3 million. In 2023, the unrestricted account activities contributed to an increase in unrestricted net position by \$111 million.

### Changes in Net Position

The following is a comparative summary of the business-type activities changes in net position for the last three years.

	Changes in Net Position (\$000)						
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Operating revenues	\$ 835,531	\$ 845,686	\$ 816,345	\$ (10,155)	-1.2%	\$ 29,341	3.6%
Operating expenses	646,638	660,786	609,951	(14,149)	-2.1%	50,835	8.3%
Operating income	188,893	184,900	206,394	3,993	2.2%	(21,494)	-10.4%
Nonoperating revenues (expenses)	(188,168)	(199,359)	(222,552)	(11,191)	-5.6%	(23,193)	-10.4%
Income (loss) before capital contributions	725	(14,459)	(16,158)	15,184	105.0%	1,699	10.5%
Capital contributions	40,432	2,176	6,991	38,256	1758.1%	(4,815)	-68.9%
Change in net position	41,157	(12,283)	(9,167)	53,440	435.1%	(3,116)	-34.0%
Net position (deficit), beginning of year	(231,582)	(219,299)	(210,132)	(12,283)	-5.6%	(9,167)	-4.4%
Net position (deficit), end of year	\$ (190,425)	\$ (231,582)	\$ (219,299)	\$ 41,157	17.8%	\$ (12,283)	-5.6%

The change in net position is an increase of \$41.2 million for 2024 which is an improvement of \$53.4 million when compared to the loss in 2023. This is mostly attributed to an increase in capital contributions of \$38.3 million and a decrease in nonoperating expense of \$11.2 million. Individually, the water fund had a decrease in operating expense of \$12.9 million and the sewage disposal fund had a decreased operating expenses of \$1.2 million. The \$11.2 million decrease in nonoperating expenses is a result of an increase in investment earnings of \$24.3 million and a decrease in other nonoperating expenses of \$23.3, which were offset by a decrease in interest income on obligations receivable of \$1.2 million, an increase in interest expense of \$7.7 million and an increase in the legacy pension expense of \$27.5 million

Following is a detailed discussion of the significant changes by each service area.

- Water Fund
- Sewage Disposal Fund
- Centralized Services and Administrative Services – The table for these areas provides an analysis of expenses allocated to the Water Fund and the Sewage Disposal Fund.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Water Fund

Water Fund Changes in Net Position (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
	2024	Percentage of Operating Revenue	2023	2022	Amount	Percent	Amount	Percent
Wholesale charges	\$ 337,511	94.1%	\$ 340,594	\$ 323,026	\$ (3,083)	-0.9%	\$ 17,568	5.4%
Local system charges	25,537	7.1%	22,834	21,697	2,703	11.8%	1,137	5.2%
Bad debt recovery credit	(5,153)	-1.4%	-	-	(5,153)	-100.0%	-	0.0%
Other revenues	655	0.2%	351	234	304	86.6%	117	49.7%
Total operating revenues	358,551	100.0%	363,779	344,958	(5,228)	-1.4%	18,821	5.5%
Operating expenses	272,350	76.0%	285,219	264,579	(12,869)	-4.5%	20,641	7.8%
Operating Income	86,201	24.0%	78,560	80,379	7,641	9.7%	(1,820)	-2.3%
Nonoperating revenues (expenses)	(83,786)	-23.4%	(93,154)	(92,380)	9,368	10.1%	(774)	-0.8%
Income (loss) before capital contributions	2,415	0.7%	(14,594)	(12,000)	17,009	116.5%	(2,594)	-21.6%
Capital contributions	10,314	2.9%	-	-	10,314	100.0%	-	0.0%
Change in net position	12,729		(14,594)	(12,000)	27,323	187.2%	(2,594)	-21.6%
Net position (deficit), beginning of year	(123,860)		(109,266)	(97,266)	(14,594)	-13.4%	(12,000)	-12.3%
Net position (deficit), end of year	\$ (111,131)		\$ (123,860)	\$ (109,266)	\$ 12,729	10.3%	\$ (14,594)	-13.4%

Operating revenues are primarily from wholesale water charges of \$338 million (94.1 percent of Water Fund revenues). The 2024 wholesale customer charges were less than the original budget of \$340.5 million. The decrease from budget is attributed to usage volume being less than was projected in the budget. The bad debt recovery credit of \$5.2 million that was provided to wholesale customers and the local system is related to the Highland Park settlement. The 2023 wholesale customer charges exceeded the original adopted budget which is attributed to an increase in usage volume from that which the budget was based on.

The revenue from the local system charges of \$25.5 million account for 7.1 percent of the total operating revenue. The increase in 2024 and in 2023 was expected based on the adopted budget and the calculation of charges. Pursuant to the terms of the Water and Sewer Services Agreement (WSSA) with the City of Detroit, a \$20.7 million credit is applied against allocated water revenue requirements in the charge methodology. This credit replaces a previous ownership benefit that was in place prior to the effective date of the Regional System Lease.

Revenue and charge stability are important goals for GLWA and its member partners. Established via an engaged, collaborative process, the water charge structure is based on the following.

1. 40% is based on the average annual usage for each customer based on their 36 prior months of usage ending September 30th each year
2. 60% is based on fixed monthly charges

Fiscal year 2024 revenue billed was 99.5 percent of the amended budget was net of the Karegnondi Water Authority (KWA) credit. The budget was amended during the year for a decrease in usage. Billed revenue was

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97.4 percent of the original adopted budget. Fiscal year 2023 revenue billed was 100.1 percent of the amended budget and was net of the KWA credit.

The \$10.3 million increase in capital contributions relate to grants received for capital projects.

Operating income after operating expenses (including depreciation and amortization) equals \$86.2 million or 24.0 percent of operating revenue.

The following table details the Water Fund operating expenses.

Water Fund Operating Expenses (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
2024	Percentage of Operating Expense	2023	2022	Amount	Percent	Amount	Percent	
Personnel	\$ 54,405	20.0%	\$ 48,855	\$ 44,893	\$ 5,549	11.4%	\$ 3,963	8.8%
Contractual services	54,036	19.8%	52,817	50,684	1,219	2.3%	2,133	4.2%
Utilities	32,695	12.0%	33,437	28,725	(741)	-2.2%	4,711	16.4%
Chemicals	11,947	4.4%	12,690	7,789	(743)	-5.9%	4,901	62.9%
Supplies and other	11,584	4.3%	11,926	9,157	(342)	-2.9%	2,769	30.2%
Capital program allocation	(1,451)	-0.5%	(1,172)	(1,618)	(279)	-23.8%	446	27.6%
Intergovernmental reimbursements	(5,405)	-2.0%	(3,386)	(1,814)	(2,019)	-59.6%	(1,572)	-86.7%
Total operating expenses before depreciation and amortization	157,811	57.9%	155,167	137,816	2,644	1.7%	17,351	12.6%
Depreciation and amortization	114,539	42.1%	130,052	126,763	(15,513)	-11.9%	3,290	2.6%
Total Operating Expenses	\$ 272,350	100.0%	\$ 285,219	\$ 264,579	\$ (12,869)	-4.5%	\$ 20,641	7.8%

Operating expenses of \$272.4 million represent 76.0 percent of total operating revenue which consists primarily of depreciation and amortization expense and operations and maintenance activities. Depreciation and amortization are the larger category of expense at \$114.5 million or 42.1 percent of operating expense. Given the nature of GLWA's water operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

The personnel cost allocations from both Centralized and Administrative charges increased \$2.8 million for 2024 and \$2.3 million in 2023. The remaining increase of \$2.7 million in 2024 is due to a personnel cost increase related to 15 vacant positions that were filled, as well as promotions, merit increases and mid-year adjustment. The remaining increase of \$1.7 million in 2023 is largely related to merit, market, and skill-based compensation adjustments affecting both salary and benefits.

Contractual services include field services contracts for timely repairs to minimize and address disruption in service, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions. The increase in contractual services of \$1.2 million in 2024 is a result of variances throughout various cost centers. The major variances which total \$1.0 million are detailed below:

- Increase of \$2.8 million in Springwells water plant contractual operating services due to an increase in mobile dredging activity and costs incurred for lead abatement (non-capital cost) in the medium voltage electric replacement construction project.

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- Increase of \$0.8 million in Northeast water plant contractual operating services due to an increase in mobile dredging activity and for lead abatement (non-capital cost) in the alum storage tanks construction project.
- Net increase of \$0.5 million from the centralized and administrative services allocation.
- Decrease of \$1.9 million in Southwest water plant contractual operating services due to a reduction in mobile dredging activity.
- Decrease of \$0.7 million in Lake Huron water plant contractual operating expense is primarily attributed to a timing of sludge removal activity.
- Decrease of \$0.5 million in Water Works Park water plant contractual operating services is primarily due to a reduction in as needed work and expense associated with a project that was unique to FY2023.

The increase in contractual services of \$2.1 million in 2023 is a result of variances throughout various cost centers. The major variances are detailed below:

- Increase of \$1.9 million in the utilization of Systems Control contracts for the maintenance of the pump and lift stations (\$0.6 million) and for SCADA services (\$1.3 million).
- Increase of \$1.8 million in Facility Operations for elevator and HVAC repairs and ground maintenance (\$1.4 million) and repairs of the Hurlbut Gate Memorial (\$0.4 million).
- Increase of \$1.4 million for the increase utilization of the water transmission main repair contracts (Lakeshore and Ric Man).
- Decrease of \$1.7 million for telecom services fees.
- Decrease of \$0.6 million recognized in Fleet Operations due to an adjustment for the true-up of shared services received in prior years.
- Decrease of \$0.5 million in the year-end claims & judgements accrual.
- Decrease of \$0.3 million for COVID screening services.

The Utilities cost decrease in 2024 was due to decreases in costs in these utility categories: gas (\$0.3 million), electric (\$0.2 million), and sewer (\$0.2 million). The gas and electric reductions are mainly due to water demand decreases. The increase in 2023 is primarily due to the increase in kWh for electricity.

Chemical costs decreased in 2024 due to a decreased in the amount of water produced because of a reduction in water usage by customers, as well as bulk chemical price stabilization and reductions. The increase in chemicals in 2023 is due to the increase in prices of chemicals.

The increase in supplies and other expenses in 2023 is due to increased maintenance needs at the water plants and pumping stations.

Intergovernmental reimbursements will vary year to year based on the amount of activity.

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The following table details the Water Fund nonoperating revenue and expenses:

Water Fund Nonoperating Revenue (Expenses) (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
2024	Percentage of Nonoperating Expense	2023	2022	Amount	Percent	Amount	Percent	
Earnings (loss) on investments	\$ 27,287	-32.6%	\$ 16,724	\$ (2,361)	\$ 10,563	63.2%	\$ 19,086	808.2%
Interest income on other receivables	24,107	-28.8%	24,662	25,107	(556)	-2.3%	(445)	-1.8%
Interest expense	(134,601)	160.6%	(131,162)	(125,086)	(3,439)	-2.6%	(6,075)	-4.9%
Legacy pension recovery (expense)	(2,403)	2.9%	7,444	(4,988)	(9,847)	-132.3%	12,432	249.2%
Water Residential Assistance Program	(2,938)	3.5%	(5,023)	(1,050)	2,086	41.5%	(3,974)	-378.5%
Other	4,762	-5.7%	(5,798)	15,999	10,560	182.1%	(21,797)	-136.2%
<b>Total Nonoperating Revenue (Expenses)</b>	<b>\$ (83,786)</b>	<b>100.0%</b>	<b>\$ (93,154)</b>	<b>\$ (92,380)</b>	<b>\$ 9,368</b>	<b>10.1%</b>	<b>\$ (774)</b>	<b>-0.8%</b>

Net nonoperating expense of \$83.8 million is primarily related to interest expense of \$134.6 million. The interest expense from debt service is \$114.4 million with the remainder related to the regional water system lease, raw water rights obligation, BC Note obligation and subscription liability. Offsets to the nonoperating expenses are the earnings on investments of \$27.3 million and the interest revenue on the obligations receivable of \$24.1 million, which is related to the terms of the Regional Water System Lease.

Earnings on investments increased \$10.6 million in 2024 and \$19.1 million in 2023. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Earnings started to drop in 2020 as the Federal Reserve cut the Fed Funds interest rate to 0 percent in March 2020. Although the Federal Reserve started increasing the Fed Funds interest rate in March 2022, the maturity timing of the investments allowed the Authority to benefit from the increased rates in 2023. The increase in the rates did have a negative impact of the valuation of the investments for 2022 resulting in an increase in unrealized losses for 2022. Those unrealized losses most likely will not be realized as the Authority holds most investments until maturity.

The increase in interest expense in 2024 and in 2023 is a result of the revenue bonds issues which included premiums increasing the debt balance in September 2022 and in December 2023. These increases were partially offset with refunding bonds in December 2023 and June 2024. Part of the increase is also related to an increase in state revolving fund loans.

The legacy pension expense increased in 2024 and decreased in 2023. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

The WRAP expenditures in 2024 are as expected, even though they are a decrease from 2023. There was an increase in 2023 related to modifications in the WRAP program that increased outreach and participation allowing for unspent carryover funds to be utilized.

The positive increase in the other line item of \$10.6 million is due the effect of a unique capital program

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adjustment in 2023 of a discontinued capital project. This caused the other line item to be an expense versus income in 2023. That expense is mostly offset by a decrease in income related to the amortization of debt related items of \$7.5 million and losses on the disposal of assets of \$2.7 million. The negative decrease in other nonoperating expenditures of \$21.8 million in 2023 is mostly related to a discontinued capital project of \$20.9 million.

### Sewage Disposal Fund

Sewage Disposal Fund Changes in Net Position (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
2024	Percentage of Operating Revenue	2023	Amount	Amount	Percent	Amount	Percent	
Wholesale charges	\$ 282,767	59.3%	\$ 275,918	\$ 268,813	\$ 6,850	2.5%	\$ 7,104	2.6%
Local system charges	196,570	41.2%	191,042	188,662	5,527	2.9%	2,380	1.3%
Industrial waste charges	8,617	1.8%	8,393	8,300	224	2.7%	93	1.1%
Pollutant surcharges	4,089	0.9%	4,895	5,182	(806)	-16.5%	(287)	-5.5%
Bad debt recovery credit	(15,557)	-3.3%	-	-	(15,557)	-100.0%	-	0.0%
Other revenues	494	0.1%	1,660	429	(1,166)	-70.2%	1,231	286.5%
Total operating revenues	476,980	100.0%	481,907	471,387	(4,927)	-1.0%	10,520	2.2%
Operating expenses	374,287	78.5%	375,567	345,372	(1,279)	-0.3%	30,195	8.7%
Operating Income	102,693	21.5%	106,341	126,015	(3,648)	-3.4%	(19,674)	-15.6%
Nonoperating revenues (expenses)	(104,382)	-21.9%	(106,206)	(130,173)	1,823	1.7%	23,967	18.4%
Income (loss) before capital contributions	(1,690)	-0.4%	135	(4,158)	(1,825)	-1350.6%	4,293	103.2%
Capital contributions	30,118	6.3%	2,176	6,991	27,942	1284.1%	(4,815)	-68.9%
Change in net position	28,429	6.0%	2,311	2,833	26,118	1130.1%	(522)	-18.4%
Net position (deficit), beginning of year	(107,722)		(110,033)	(112,867)	2,311	2.1%	2,833	2.5%
Net position (deficit), end of year	\$ (79,294)		\$ (107,722)	\$ (110,033)	\$ 28,429	26.4%	\$ 2,311	2.1%

Operating revenues are primarily from wholesale sewer charges of \$282.8 million (59.3 percent of Sewage Disposal Fund revenues). Wholesale charges increased by \$6.9 million in 2024. The bad debt recovery credit of \$15.6 million was provided to wholesale customers and is related to the Highland Park settlement. The \$7.1 million increase in 2023 wholesale customer charges is due to a \$3.2 million increase in charges and a \$3.9 million decrease in bad debt expense.

The revenue from local system charges of \$196.6 million accounts for 41.2 percent of total operating revenues. The increases in 2024 and 2023 local system charges was expected based on the adopted budget and the calculation of charges. Pursuant to the terms of the WSSA with DWSD, a \$5.516 million credit is applied against sewer charges in the charge methodology. This credit replaces a previous contractual arrangement that was in place prior to the Effective Date of the Regional System.

Industrial waste charges and pollutant surcharges represent 2.7 percent of operating revenue which are charged to non-residential users.

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Wholesale contract charges are based on a “share” percentage of the annual revenue requirement billed one-twelfth each month. The shares are established based upon historical flows and are formally revisited every three years. The result is no revenue shortfall or overestimation.

Most of the \$27.9 million increase is related to capital contributions related to grants received for capital projects.

Operating income after operating expenses (including depreciation and amortization) equals \$102.7 million or 21.5 percent of operating revenue.

The following table details the Sewage Disposal Fund operating expenses.

Sewage Disposal Fund Operating Expenses (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
2024	Percentage of Operating Expense	2023	2022	Amount	Percent	Amount	Percent	
Personnel	\$ 71,051 19.0%	\$ 65,953	\$ 62,161	\$ 5,098	7.7%	\$ 3,792	6.1%	
Contractual services	62,108 16.6%	64,130	63,410	(2,022)	-3.2%	720	1.1%	
Utilities	39,243 10.5%	43,840	30,930	(4,597)	-10.5%	12,910	41.7%	
Chemicals	19,128 5.1%	17,852	12,593	1,276	7.1%	5,259	41.8%	
Supplies and other	30,510 8.2%	22,646	19,912	7,864	34.7%	2,734	13.7%	
Capital program allocation	(1,396) -0.4%	(1,017)	(1,014)	(379)	-37.3%	(4)	-0.4%	
Intergovernmental reimbursements	(1,697) -0.5%	(1,747)	(1,074)	50	2.9%	(673)	-62.6%	
Total operating expenses before depreciation and amortization	218,946 58.5%	211,656	186,919	7,290	3.4%	24,737	13.2%	
Depreciation and amortization	155,341 41.5%	163,911	158,453	(8,569)	-5.2%	5,457	3.4%	
Total Operating Expenses	\$ 374,287 100.0%	\$ 375,567	\$ 345,372	\$ (1,279)	-0.3%	\$ 30,195	8.7%	

Operating expenses of \$374.3 million represent 78.5 percent of total operating revenue which consists primarily of depreciation and amortization expense and operations and maintenance activities. Depreciation and amortization are the larger category of expense at \$155.3 million or 41.5 percent of operating expense. Given the nature of GLWA’s wastewater operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

Personnel costs increased \$5.1 million in 2024 and \$3.8 million in 2023. The personnel cost allocations from both Centralized and Administrative charges increase \$3.3 million for 2024 and 2.2 million in 2023. The remaining increase of \$1.8 million in 2024 is due to personnel cost increase related to 20 vacant positions that were filled as well as merit increases. The remaining increase of \$1.6 million in 2023 is largely due to merit, market, and skill-based adjustments affecting both salary and benefits.

Contractual services include operation and management of the Biosolids Dryer Facility (BDF), timely repairs for the Water Resources Recovery Facility (WRRF), staff augmentation for operations, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions. Contractual services decreased \$2.0 million in 2024 which is mainly due to the following:

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- Increase of \$1.6 million related to the allocation of centralized and administrative services. This total increase of \$4.3 million from the centralized and administrative services allocation is offset by the GASB 96 adjustment of \$2.7 million for capitalization of the subscription assets.
- Increase of \$1.4 million related to increased unit costs per ton for sludge hauling costs.
- Decrease of \$5.0 million due to the following:
  - \$0.8 million related to a contract that became a capitalizable expenditure.
  - \$1.2 million decrease in contractual services cost related to the wind down of the planning phase for the Combined Sewer Overflow (CSO) long-term control program.
  - \$1.0 million decrease related to the decreased contractual services to support capital improvement plan development work. These costs are now accounted for through the centralized services allocation.
  - \$1.5 million related to other contractual services that were completed in 2023.
  - \$0.5 million related to a decrease in the need of Water Resource Recovery Facility (WRRF) facilities maintenance services on a contractual basis.

Contractual services increased \$0.7 million in 2023 which is mainly due to the increased utilization of the specialize services contracts for the remote site work on sewer level sensors and debris removal from the sewer pipes.

Utilities decreased \$4.6 million in 2024 mainly due to the following:

- Electric – Increase of \$1.8 million mainly due to an increase in unit cost per kilowatt.
- Gas – Decrease of \$3.3 million mainly due to the reduced unit cost per (MMbtu) which peaked in FY 2023.
- Water – Decrease of \$2.6 million due to 2023 being higher due to a back billing after water meter repairs were completed in 2023 at the WRRF.
- Sewage – Decrease of \$0.5 million due to reduced use at the WRRF and volume billing from meter repairs at the Oakwood CSO facility.

Utilities increased \$12.9 million in 2023 mainly due to the following:

- Water – Increase of \$10.6 million due to the repair and replacement of existing water meters at the WRRF. Water bills are now being produced with actual readings which are higher than prior years 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 for several of the wastewater facilities.
- Gas – Increase of \$2.2 million due to the continued increase of natural gas cost per MMBTU. In addition, an increase in production has continued at the biosolids dryer facility (BDF) and wastewater incineration which has led to an increase in natural gas usage.

The increase in chemicals in 2024 is due to increased pricing on chemicals at the end of FY 2023 that remained steady in FY 2024. The increase in chemicals in 2023 is due to the increase in prices of chemicals as well as the increase in wet weather events which resulted in a need for increase chemical usage.

The supplies and other expenses increased of \$7.9 million in 2024. The major variances which total \$7.4 million are detailed below.

- Increase of \$2.7 million in repairs and maintenance of equipment due to increased maintenance on incinerators to improve reliability of equipment.
- Increase of \$1.3 million in repairs and maintenance of equipment due to investment in grit system as part of initiative to improve reliability.
- Increase of \$0.9 million in allocated supplies and other centralized services. See the Centralized

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Services and Administrative Services section, which is after the Sewage Disposal Fund discussions, for a discussion of these variances.

- Increase of \$0.7 million in repairs and maintenance for the Blue Hill pumping station for equipment replacement. This is reimbursed through the intergovernmental reimbursements in the following fiscal year.
- Increase of \$0.6 million in repairs and maintenance as part of the wastewater equipment reliability initiative.
- Increase of \$0.6 million in repairs and maintenance primarily related to the cost of heating and cooling (HVAC) maintenance to improve equipment reliability.
- Increase of \$0.6 million in green infrastructure due the accrual of the Authority's share of estimated of costs incurred by the Detroit Water and Sewage Department. There was no accrual in the prior year due to a calculated credit.

The supplies and other expenses increased of \$2.7 million in 2023 mainly due to the following:

- Increase of \$1.5 million in allocated supplies and other centralized services. See the Centralized Services and Administrative Services section, which is after the Sewage Disposal Fund discussions, for a discussion of these variances.
- \$1.2 million primarily due to the increased need for the repairs to, and replacement of, equipment at various wastewater facilities.

Intergovernmental reimbursements will vary year to year based on the amount of activity.

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The following table details the Sewage Disposal Fund nonoperating revenue and expenses:

Sewage Disposal Fund Nonoperating Revenue (Expenses) (\$000)								
Fiscal Year				Change 2024 vs 2023		Change 2023 vs 2022		
2024	Percentage of Nonoperating Expense	2023	2022	Amount	Percent	Amount	Percent	
Earnings (loss) on investments	\$ 34,566	-33.1%	\$ 20,877	\$ (3,023)	\$ 13,689	65.6%	\$ 23,900	790.6%
Interest income on other receivables	15,748	-15.1%	16,397	17,158	(649)	-4.0%	(760)	-4.4%
Interest expense	(144,357)	138.3%	(140,129)	(131,110)	(4,228)	-3.0%	(9,019)	-6.9%
Legacy pension recovery (expense)	(4,300)	4.1%	13,322	(8,927)	(17,622)	-132.3%	22,249	249.2%
Water Residential Assistance Program	(3,835)	3.7%	(7,319)	(1,743)	3,484	47.6%	(5,576)	-319.9%
Other	(2,205)	2.1%	(9,354)	(2,527)	7,149	76.4%	(6,826)	-270.1%
<b>Total Nonoperating Revenue (Expenses)</b>	<b>\$ (104,382)</b>	<b>100.0%</b>	<b>\$ (106,206)</b>	<b>\$ (130,173)</b>	<b>\$ 1,823</b>	<b>1.7%</b>	<b>\$ 23,967</b>	<b>18.4%</b>

Net nonoperating expense of \$104.4 million is primarily related to \$144.4 million of interest expense. Interest expense from debt service is \$122.5 million with the remainder related to the regional sewage disposal system lease, BC Note obligation, a lease payable for a right to use asset and subscription liability. Offsets to the operating expenses are the earning on investments of \$34.6 million and interest revenue of \$15.7 million on the obligation receivable, which is related to the terms of the Regional Sewage Disposal Lease.

Earnings on investments increased \$13.7 million in 2024 and \$23.9 million in 2023. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Earnings started to drop in 2020 as the Federal Reserve cut the Fed Funds interest rate to 0 percent in March 2020. Although the Federal Reserve started increasing the Fed Funds interest rate in March 2022, the maturity timing of the investments allowed the Authority to benefit from the increased rates in 2023. The increase in the rates did have a negative impact of the valuation of the investments for 2022 resulting in an increase in unrealized losses for 2022. Those unrealized losses most likely will not be realized as the Authority holds most investments until maturity.

Interest earnings on the shortfall and obligation receivable have decreased for 2024 and 2023 as the balances are being paid down. The shortfall receivable was paid off in 2022.

The increase in interest expense in 2024 and in 2023 is a result of the revenue bonds issues which included premiums increasing the debt balance in September 2022 and in December 2023. These increases were partially offset with refunding bonds in December 2023 and June 2024.

The legacy pension expense increased in 2024 and decreased in 2023. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

The WRAP expenditures in 2024 are as expected, even though they are a decrease from 2023. There was an increase in 2023 related to modifications in the WRAP program and that outreach and participation allowing for unspent carryover funds to be utilized funds.

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The \$7.1 million positive change in other line item in 2024 is mainly due to an insurance settlement received during the year as amortization of debt related items was consistent with FY 2023. The increase in other expenses of \$6.8 million in 2023 is related to an increase in debt related amortization cost.

### Centralized Services and Administrative Services

The following table summarizes the activity for centralized services and administrative services.

Centralized and Administrative Services (\$000)											
Fiscal Year			Change 2024 vs 2023				Change 2023 vs 2022				
			Amount	Percent	Variance Allocation		Amount	Percent	Variance Allocation		
2024	2023	2022			Water	Sewer			Water	Sewer	
<b>Centralized Services</b>											
Personnel	\$ 37,475	\$ 33,708	\$ 31,777	\$ 3,767	11.2%	\$ 1,645	\$ 2,121	\$ 1,931	6.1%	\$ 985	\$ 946
Contractual Services	60,619	54,652	50,777	5,967	10.9%	(1,015)	6,982	3,875	7.6%	2,763	1,111
Utilities	184	170	141	14	8.2%	7	7	29	20.6%	16	14
Supplies and other expenses	12,343	11,149	9,027	1,194	10.7%	517	677	2,122	23.5%	942	1,180
<b>Total Centralized Services</b>	<b>\$ 110,621</b>	<b>\$ 99,679</b>	<b>\$ 91,722</b>	<b>\$ 10,942</b>	<b>11.0%</b>	<b>\$ 1,154</b>	<b>\$ 9,787</b>	<b>\$ 7,957</b>	<b>8.7%</b>	<b>\$ 4,707</b>	<b>\$ 3,251</b>
<b>Administrative Services</b>											
Personnel	\$ 21,821	\$ 19,429	\$ 16,938	\$ 2,392	12.3%	\$ 1,196	\$ 1,196	\$ 2,491	14.7%	\$ 1,245	\$ 1,245
Contractual Services	12,671	13,741	14,950	(1,070)	-7.8%	1,562	(2,633)	(1,209)	-8.1%	(933)	(276)
Utilities	152	160	160	(8)	-5.0%	(4)	(4)	-	0.0%	-	-
Supplies and other expenses	2,356	2,000	1,344	356	17.8%	86	271	656	48.8%	289	367
<b>Total Administrative Services</b>	<b>\$ 37,000</b>	<b>\$ 35,330</b>	<b>\$ 33,392</b>	<b>\$ 1,670</b>	<b>4.7%</b>	<b>\$ 2,840</b>	<b>\$ (1,170)</b>	<b>\$ 1,938</b>	<b>5.8%</b>	<b>\$ 602</b>	<b>\$ 1,337</b>

Centralized services personnel costs increased \$3.8 million in 2024. This increase is due to filling vacant positions and increased positions to support new critical initiatives such as the linear system inspection program (LSIP) and the buildup of the capital improvement plan team which was previously done by contractors. Centralized services personnel costs increased \$1.9 million in 2023. This increase is due to salary and wage increases as well as vacancies being filled during FY 2023.

Administrative personnel costs increased \$2.4 million in 2024. This increase is mostly due to an increase in staff across our administrative departments that filled vacant positions and support new initiatives such as grant management. Administrative personnel costs increased \$2.5 million in 2023. This increase is due to salary and wage increases as well as vacancies being filled during FY 2023.

Centralized contractual services increased \$6 million in 2024. The major variances which total \$5.7 million are detailed below.

## GREAT LAKES WATER AUTHORITY

### Management's Discussion and Analysis

- Increase of \$1.5 million in telecom service fees due to the renewal of the AT&T contract services.
- Increase of \$1.4 million in Systems Operations Control for debris removal that is an operations and maintenance costs related to the project of the rehabilitation of the northwest interceptor from 8 Mile to Tireman.
- Increase of \$1.6 million in Fleet Operations operating services due to 2023 being lower due to a true up credit for shared services received relating to years before 2023.
- Increase of \$1.4 million in Field Service Operations operating services due to \$0.8 million credit true up adjustment in FY 2023 for shared services received and \$0.5 million more spent on electricians on a contractual basis.
- Increase of \$1.1 million in IT operating services mostly due to a true up credit in 2023 for a shared services received related to prior years.
- Increase of \$0.7 million in Systems Operations Control cost center due to more spent on electricians and low voltage wiring task order services through the Lakeshore Global Corporation contract.
- Increase of \$0.6 million due to a reduction in the shared services provided (reimbursed) of contractual services costs due to an adjustment for the true-up of shared services in 2023 for prior years.
- Decrease of 2.6 million in Facility Operations due to the increase in 2023 for the elevator and HVAC repairs which are onetime costs.

Centralized contractual services increased \$3.9 million in 2023 mainly due to the following:

- Increase of \$4.0 million in the utilization of Systems Control contracts for the maintenance of the pump and lift stations (\$1.0 million) and for SCADA services (\$2.3 million); and the increased utilization of the specialize services contracts for the remote site work on sewer level sensors and debris removal from the sewer pipes (\$0.7 million).
- Increase of \$3.2 million in Facility Operations for elevator and HVAC repairs and ground maintenance (\$2.8 million) and repairs of the Hurlbut Gate Memorial (\$0.4 million).
- Increase of \$1.4 million for the increase utilization of the water transmission main repair contracts (Lakeshore and Ric Man).
- Decrease of \$3.4 million for telecom services fees.
- Decrease of \$1.1 million recognized in Fleet Operations due to an adjustment for the true-up of shared services.

Administrative contractual services decreased \$1.1 million in 2024 mainly due to the following:

- Decrease of \$2.6 million in legal related to reduction in claims and the close out of the investigation consultants for the 2021 Rain Events.
- Increase of \$1.5 million in due to an increase in insurance premiums.

Administrative contractual services decreased \$1.2 million in 2023. The major variances which total \$1.0 million are detailed below.

- Decrease of \$1.3 million related to the GLWA Board requested investigations for the wet weather events.
- Decrease of \$0.5 million for COVID screening services.
- Increase of \$0.8 million due to the change in the legal claims and adjustment accrual from FY 2022 to FY 2023 (increase of \$2.7 million), claims process and other legal services related to the wet weather events (decrease of \$1.7 million), and non-wet weather event legal services during the fiscal year (decrease of \$0.2 million).

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

Centralized supplies and other expenses increased in 2024 by \$1.2 million. The major variances which total \$0.9 million are detailed below.

- Increase in capital outlay of \$0.7 million in the IT department for equipment related to the software implementation projects.
- Increase in software costs of \$0.2 million mostly related to software updates and cyber security enhancements

Centralized supplies and other expenses increased in 2023 by \$2.1 million. This increase was a result of the following:

- Increase of \$1.5 million in capital outlay cost. The majority is due to 2022 being lower than normal due to \$1.2 million in shared service true ups recorded in 2022 related to years before 2022.
- Increase of \$0.3 million for flooring repairs at the water plants.
- Increase of \$0.3 million for training costs for Field Services Operations and Information Technology.

Administrative supplies and other expenses increased in 2023 by \$0.7 million mainly due to the following:

- Increase of \$0.1 million for livestreaming and video equipment, storage equipment, and shelving for Public Affairs.
- Increase of \$0.3 million for memberships and training for Organizational Development.
- Increase of \$0.2 million for the Rialto warehouse lease.

### Capital Assets and Debt Administration

GLWA's investment in capital assets is \$4.5 billion (net of accumulated depreciation) with \$2.1 billion assigned to the Water Fund and \$2.4 billion assigned to the Sewage Disposal Fund. The investment in capital assets includes land, buildings, plants, transmission lines, vehicles, machinery and equipment, raw water rights, right to use assets and subscription-based right to use assets. Total net capital assets increased in 2024 and decreased in 2023. The 2024 net increase is due to current year additions being greater than depreciation. The 2023 net decrease is attributable to depreciation and disposals in excess of current year additions. See Note 9 to the financial statements for more information on capital assets. The Authority implemented GASB 89 during FY 2018 and no longer capitalizes interest expense.

	Capital Assets, Net (\$000)						
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Land	\$ 62,975	\$ 62,975	\$ 63,302	\$ -	0.0%	\$ (326)	-0.5%
Easements	357,465	357,457	357,448	7	0.0%	9	0.0%
Construction in progress	747,901	662,933	466,055	84,969	12.8%	196,878	42.2%
Site improvements	33,486	39,640	49,413	(6,155)	-15.5%	(9,772)	-19.8%
Buildings and structures	1,198,512	1,227,922	1,285,452	(29,410)	-2.4%	(57,530)	-4.5%
Infrastructure	986,225	922,572	956,329	63,653	6.9%	(33,756)	-3.5%
Machinery and equipment	974,016	1,021,687	1,123,750	(47,672)	-4.7%	(102,063)	-9.1%
Vehicles	8,323	7,901	7,198	422	5.3%	703	9.8%
Leasehold improvements	10,471	9,521	10,297	950	10.0%	(776)	-7.5%
Intangible assets	100,762	96,033	95,782	4,728	4.9%	251	0.3%
Total capital assets (net of depreciation and amortization)	\$ 4,480,135	\$ 4,408,642	\$ 4,415,024	\$ 71,493	1.6%	\$ (6,382)	-0.1%

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Water Fund

There are ten major categories used for classification of capital assets for financial reporting purposes.

Water Fund Capital Assets, Gross (\$000)							
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Land	\$ 34,478	\$ 34,478	\$ 34,907	\$ -	0.0%	\$ (429)	-1.2%
Easements	259,146	259,139	259,139	7	0.0%	-	0.0%
Construction in progress	412,632	374,244	272,954	38,388	10.3%	101,290	37.1%
Site improvements	82,863	84,054	84,054	(1,191)	-1.4%	-	0.0%
Buildings and structures	613,476	611,874	607,176	1,602	0.3%	4,698	0.8%
Infrastructure	791,207	687,000	668,117	104,207	15.2%	18,883	2.8%
Machinery and equipment	874,929	842,523	791,593	32,406	3.8%	50,931	6.4%
Vehicles	6,742	6,256	5,281	487	7.8%	974	18.5%
Leasehold improvements	8,422	8,422	8,407	0	0.0%	15	0.2%
Intangible assets	114,479	109,696	107,414	4,782	4.4%	2,283	2.1%
Accumulated depreciation and amortization	(1,123,660)	(1,016,489)	(887,316)	(107,171)	10.5%	(129,174)	14.6%
Total water fund capital assets (net of depreciation and amortization)	<u>\$ 2,074,715</u>	<u>\$ 2,001,197</u>	<u>\$ 1,951,726</u>	<u>\$ 73,518</u>	3.7%	<u>\$ 49,471</u>	2.5%

Water Fund Capital Assets, Net (\$000)							
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Land	\$ 34,478	\$ 34,478	\$ 34,907	\$ -	0.0%	\$ (429)	-1.2%
Easements	259,146	259,139	259,139	7	0.0%	-	0.0%
Construction in progress	412,632	374,244	272,954	38,388	10.3%	101,290	37.1%
Site improvements	17,801	22,560	29,415	(4,758)	-21.1%	(6,856)	-23.3%
Buildings and structures	369,910	389,421	409,923	(19,511)	-5.0%	(20,502)	-5.0%
Infrastructure	477,494	400,027	419,969	77,467	19.4%	(19,942)	-4.7%
Machinery and equipment	403,379	421,616	424,120	(18,236)	-4.3%	(2,504)	-0.6%
Vehicles	3,150	3,233	2,992	(83)	-2.6%	241	8.0%
Leasehold improvements	6,142	6,698	7,240	(556)	-8.3%	(543)	-7.5%
Intangible assets	90,583	89,783	91,067	801	0.9%	(1,284)	-1.4%
Total water fund capital assets (net of depreciation and amortization)	<u>\$ 2,074,715</u>	<u>\$ 2,001,197</u>	<u>\$ 1,951,726</u>	<u>\$ 73,518</u>	3.7%	<u>\$ 49,471</u>	2.5%

Water Fund additions to the depreciable asset categories in 2024 and 2023 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2024 was \$175.0 million and the amount placed in service was \$136.6 million. Total additions in FY 2023 to construction in progress was \$195.5 million and the amount placed in service was \$72.7 million. The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at <https://www.glwater.org/cip/>.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

Water Fund (millions)								
Project Number	Description	Expected Completion Date	Project Plan Estimate	Expenditures		Placed in Service		CIP at 6/30/2024
				FY 2023	FY 2024	FY 2023	FY 2024	
122004	96" Water Transmission Main Relocation and Isolation Valve Installations	FY29	\$ 237.6	\$ 34.8	\$ 39.9	\$ -	\$ 0.0	\$ 90.7
122013	14 Mile Transmission Main Loop	FY25	113.5	46.1	32.1	17.2	0.0	89.2
132010	West Service Center Pumping Station - Reservoir, Reservoir Pumping and Divison Valve Upgrades	FY25	47.4	14.7	2.7	-	0.0	45.6
115001	Water Works Park Water Treatment Plant Yard Piping, Valves and Venturi Meters Replacement	FY26	56.1	17.2	13.0	-	0.0	42.2
114002	Springwells Water Treatment Plant Low and High Lift Pumping Station Improvements	FY34	315.7	4.2	16.8	-	17.6	25.8
115005	Water Works Park Water Treatment Plant Building Ventilation Improvements	FY26	16.5	5.2	7.0	-	0.0	12.9
116002	Pennsylvania and Springwells Raw Water Supply Tunnel Improvements	FY25	98.8	13.2	11.8	-	76.0	0.3
170801	Reservoir Project at Implay Station and Lake Huron, Springwells and Southwest Water Treatment Plants	FY25	25.4	5.2	1.9	1.6	16.5	0.0
170503	Transmission Mains Valves and Urgent Repairs Contract 2	FY26	16.3	10.0	3.0	-	14.1	2.1
114011	Springwells Water Treatment Plant Steam, Condensate Return and Compressed Air Piping Improvements	FY25	28.2	1.7	1.0	24.4	0.0	2.3
114008	Springwells Water Treatment Plant 1930 Sedimentation Basin Sluice Gates, Guides and Hoists Improvements	FY24	14.1	0.4	1.1	11.7	1.5	0.0
	Other projects			42.8	44.9	17.8	11.0	101.3
	Total			\$ 195.5	\$ 175.0	\$ 72.7	\$ 136.6	\$ 412.6

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Sewage Disposal Fund

There are ten major categories used for classification of capital assets for financial reporting purposes.

Sewage Disposal Fund Capital Assets, Gross (\$000)							
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Land	\$ 28,498	\$ 28,498	\$ 28,395	\$ -	0.0%	\$ 103	0.4%
Easements	98,319	98,319	98,310	-	0.0%	9	0.0%
Construction in progress	335,270	288,689	193,100	46,581	16.1%	95,588	49.5%
Site improvements	53,028	52,833	52,506	196	0.4%	327	0.6%
Buildings and structures	1,192,543	1,166,942	1,167,449	25,601	2.2%	(507)	0.0%
Infrastructure	625,708	625,708	625,708	-	0.0%	-	0.0%
Machinery and equipment	1,435,846	1,373,756	1,366,957	62,090	4.5%	6,799	0.5%
Vehicles	9,958	8,393	6,918	1,565	18.6%	1,476	21.3%
Leasehold improvements	5,499	3,779	3,764	1,720	45.5%	15	0.4%
Intangible assets	12,023	7,240	5,265	4,782	66.1%	1,975	37.5%
Accumulated depreciation and amortization	(1,391,271)	(1,246,711)	(1,085,074)	(144,560)	11.6%	(161,637)	14.9%
Total sewage disposal fund capital assets (net of depreciation and amortization)	<u>\$ 2,405,420</u>	<u>\$ 2,407,445</u>	<u>\$ 2,463,298</u>	<u>\$ (2,025)</u>	-0.1%	<u>\$ (55,853)</u>	-2.3%

Sewage Disposal Fund Capital Assets, Net (\$000)							
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Land	\$ 28,498	\$ 28,498	\$ 28,395	\$ -	0.0%	\$ 103	0.4%
Easements	98,319	98,319	98,310	-	0.0%	9	0.0%
Construction in progress	335,270	288,689	193,100	46,581	16.1%	95,588	49.5%
Site improvements	15,684	17,081	19,997	(1,396)	-8.2%	(2,917)	-14.6%
Buildings and structures	828,602	838,501	875,529	(9,899)	-1.2%	(37,028)	-4.2%
Infrastructure	508,731	522,545	536,359	(13,814)	-2.6%	(13,814)	-2.6%
Machinery and equipment	570,636	600,071	699,630	(29,435)	-4.9%	(99,559)	-14.2%
Vehicles	5,173	4,668	4,206	505	10.8%	463	11.0%
Leasehold improvements	4,328	2,823	3,056	1,506	53.3%	(234)	-7.6%
Intangible assets	10,178	6,251	4,716	3,928	62.8%	1,535	32.6%
Total sewage disposal fund capital assets (net of depreciation and amortization)	<u>\$ 2,405,420</u>	<u>\$ 2,407,445</u>	<u>\$ 2,463,298</u>	<u>\$ (2,025)</u>	-0.1%	<u>\$ (55,853)</u>	-2.3%

Sewage Disposal Fund additions to the depreciable asset categories in 2024 and 2023 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2024 was \$135.7 million and the amount placed in service was \$89.1 million. Total additions for FY 2023 to construction in progress was \$102.5 million and the amount placed in service was \$6.9 million. The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at <https://www.glwater.org/cip/>.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

Sewage Disposal Fund (millions)								
Project Number	Description	Expected Completion Date	Project Plan Estimate	Expenditures		Placed in Service		CIP at 6/30/2024
				FY 2023	FY 2024	FY 2023	FY 2024	
222002	Detroit River Interceptor Evaluation and Rehabilitation	FY33	\$ 117.6	\$ 8.8	\$ 6.6	\$ -	\$ 0.0	\$ 57.7
260701	Conveyance System Infrastructure Improvements	FY27	58.5	10.9	21.0	-	0.0	34.2
260204	Conveyance System Engineering Services	FY28	57.5	8.1	17.2	-	0.0	27.3
260207	Rehabilitation of Woodward Sewer Systems	FY26	22.9	8.4	8.3	-	0.0	20.3
211006	Water Resource Recovery Facility Pump Station No. 1 Improvements	FY33	111.0	5.4	8.8	-	0.0	20.2
260201	Emergency Sewer Repair	FY26	41.0	3.8	0.0	-	0.0	19.9
260614	CSO Structural Inspection and Structural Improvements	FY25	15.6	5.4	1.7	-	0.0	14.0
211008	Water Resource Recovery Facility Rehabilitation of Ferric Chloric Feed System in Pump Station 1 and Complex B Sludge Lines	FY24	13.1	5.0	2.3	-	0.0	12.7
232001	Fairview Pumping Station Replace Four Sanitary Pumps	FY24	46.1	5.0	1.0	-	44.7	0.0
213007	Water Resource Recovery Facility Modification to Incinerator Sludge Feed Systems at Complex II	FY25	25.3	1.1	0.8	-	22.9	0.7
216004	Rehabilitation of Various Sampling Sites and Pump Station # 2 Ferric Chloride System at Water Resource Recovery Facility	FY24	8.6	1.4	0.2	-	7.9	0.0
341002	Security Infrastructure Improvements for Wastewater Facilities	FY23	2.3	-	0.0	3.2	0.0	0.0
	Other projects			39.2	67.7	3.7	13.6	128.3
	Total			\$ 102.5	\$ 135.7	\$ 6.9	\$ 89.1	\$ 335.3

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Long-term Debt

The Authority's long-term debt consists of revenue bonds and loans as well as an obligation payable related to the City of Detroit's Financial Recovery bonds and a liability related to raw water rights that the Authority will own at the end of the agreement. See Note 12 for a complete analysis of the long-term debt. The following analysis focuses on the revenue bonds and loans. At year-end, the Authority had \$5.4 billion of long-term debt for revenue bonds and state revolving fund loans. Of the total, \$2.6 billion is assigned to the Water System and \$2.8 billion is assigned to the Sewage Disposal System.

	Revenue Bonds and Loans (\$000)						
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Revenue bonds	\$ 4,813,825	\$ 4,840,395	\$ 4,568,635	\$ (26,570)	-0.5%	\$ 271,760	5.9%
State revolving loans	577,829	557,276	489,078	20,553	3.7%	68,198	13.9%
Total revenue bonds and loans	<u>\$ 5,391,654</u>	<u>\$ 5,397,671</u>	<u>\$ 5,057,713</u>	<u>\$ (6,017)</u>	-0.1%	<u>\$ 339,958</u>	6.7%

### Water Fund

As shown in the table below, the total outstanding debt for the Water System is \$2.6 billion, increasing by \$71.7 million from the prior year. The Authority issued \$599.9 million in revenue bonds during the fiscal year, \$451.3 million of which were used to refund bonds which resulted in a net present value savings of \$47.1 million. The remaining amount of \$148.5 million will be used for water system capital improvements.

Approximately 9 percent of the total outstanding indebtedness is issued through the State of Michigan revolving fund loan program for the benefit of the Water System. The Water System received \$47.8 million in new state revolving fund loans and received \$7.1 million in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was \$12.6 million as well as the \$7.1 million in loan forgiveness.

	Water Fund Revenue Bonds and Loans (\$000)						
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Revenue bonds	\$ 2,317,305	\$ 2,279,260	\$ 2,128,890	\$ 38,045	1.7%	\$ 150,370	7.1%
State revolving loans	241,021	207,357	109,429	33,664	16.2%	97,928	89.5%
Total water revenue bonds and loans	<u>\$ 2,558,326</u>	<u>\$ 2,486,617</u>	<u>\$ 2,238,319</u>	<u>\$ 71,709</u>	2.9%	<u>\$ 248,298</u>	11.1%

Repayment of GLWA bonds issued are funded by charges to all member partners. Repayment of the debt service assigned to DWSD for local system improvements are paid from retail customer collections by DWSD.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Sewage Disposal Fund

As shown in the table below, the total outstanding debt for the Sewage Disposal System is \$2.8 billion, decreasing by \$77.7 million from the prior year. The Authority issued \$684.62 million in revenue bonds during the year, \$587.76 million of which was used to refund bonds which resulted in a net present value savings of \$58.2 million. The new money portion of \$96.86 million will be used for sewage disposal system capital improvements.

Approximately 12 percent of the total outstanding indebtedness is issued through the State of Michigan revolving fund loan program for the benefit of the Sewage Disposal System. The Sewage Disposal System received \$31.2 million in new state revolving fund loans and received \$3.9 million in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was \$1.4 million and \$0.8 million in loan forgiveness.

Sewage Disposal Fund Revenue Bonds and Loans (\$000)							
	Fiscal Year			Change 2024 vs 2023		Change 2023 vs 2022	
	2024	2023	2022	Amount	Percent	Amount	Percent
Revenue bonds	\$ 2,496,520	\$ 2,561,135	\$ 2,439,745	\$ (64,615)	-2.5%	\$ 121,390	5.0%
State revolving loans	336,808	349,919	379,648	(13,111)	-3.7%	(29,729)	-7.8%
Total sewer revenue bonds and loans	<u>\$ 2,833,328</u>	<u>\$ 2,911,054</u>	<u>\$ 2,819,393</u>	<u>\$ (77,726)</u>	-2.7%	<u>\$ 91,661</u>	3.3%

Repayment of GLWA bonds issued are funded by charges to all member partners. Repayment of the debt service assigned to DWSD for local system improvements is paid from retail customer collections by DWSD.

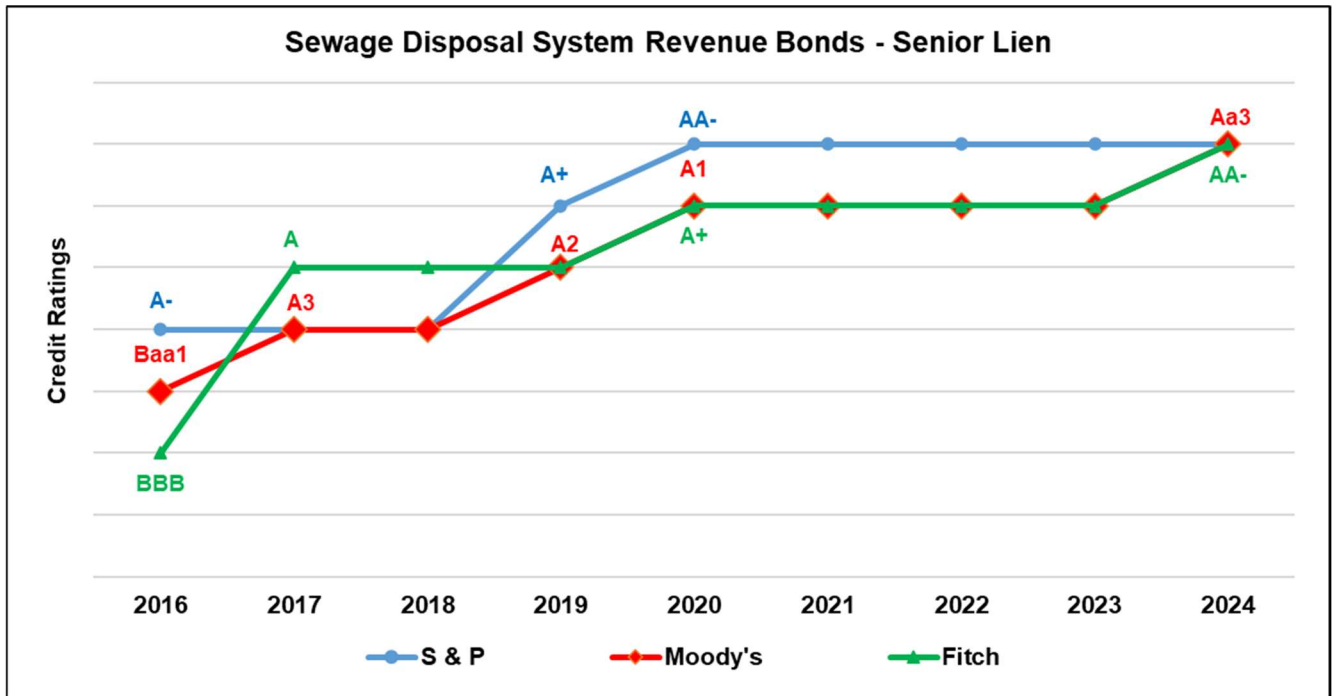
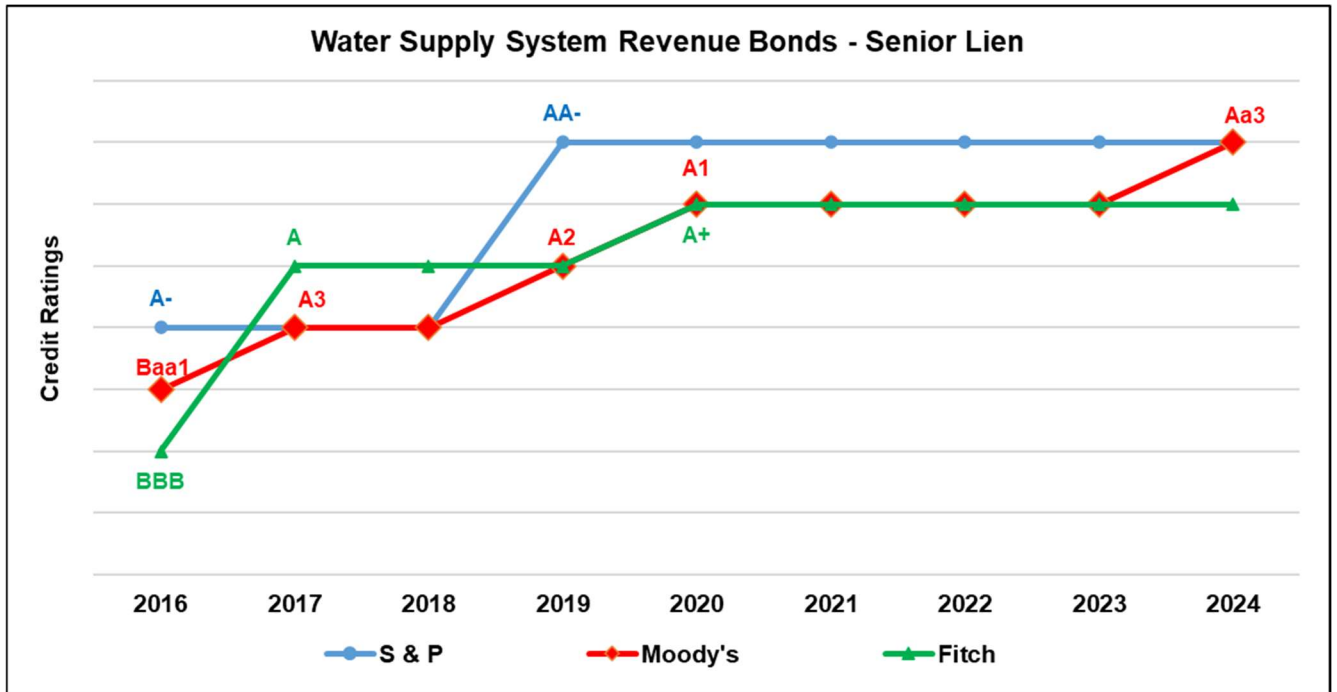
### **Credit Ratings**

In October 2023, the Authority received upgrades from Moody's investor services on both the water and sewage disposal system senior and second lien bonds. Fitch upgraded the sewage disposal system senior and second lien bonds. As a result of these upgrades, the Authority achieved the requisite ratings threshold to reduce or eliminate the reserve requirements for senior lien and second lien bonds. In May 2024, all three agencies affirmed the credit ratings. With the issuance of bonds in June 2024, the Authority exercised the option to reduce the reserve requirements for senior and second lien bonds to zero.

The following charts provide the credit rating history, at the end of each fiscal year, for senior lien revenue bonds since the GLWA began operations in 2016.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis



Additional information on the Authority's long-term debt can be found in Note 12.

# GREAT LAKES WATER AUTHORITY

## Management's Discussion and Analysis

### Economic Factors Affecting Next Year's Operations and Rates

On February 28, 2024, the GLWA Board adopted the biennial budget for the Authority for fiscal years 2025 and 2026. That two-year financial plan remains true to a foundational commitment to control the budget within a 4 percent revenue cap as further described below.

#### Water Fund

For FY 2025 the budget increased by 4 percent. This translated into a regional system average charge increase of 3.25 percent and suburban wholesale member partner average charge increase of 3.0 percent depending on each customer's contractual adjustments and results of the fiscal year 2024 Water cost of Service study. The local system charge increased 3.4 percent.

#### Sewage Disposal Fund

For FY 2025 the budget increased by 4 percent. This translated into a regional system average charge increase of 3.0 percent and suburban wholesale member partner average charge increase of 1.7 percent depending on each customer's contractual adjustments. The local system charge increased 4.6 percent.

#### City of Highland Park

In October 2023, the Authority, the City of Highland Park (HP) and the State of Michigan (State) executed a term sheet which provides an outline for the resolution to the years of ongoing litigation. The term sheet provides for payment assurances from HP, investment in capital improvements for GLWA and HP funded by the State, and installation of meters funded by the State to create confidence that HP is being billed equitably for its use of the regional water and sewer systems. A final agreement based upon the term sheet, was approved by all the parties and included a trust which was created for the deposit of HP's utility receipts with the trustee disbursing the funds monthly. The Authority is first in line to receive a monthly payment for the current amount due for water and sewer services. The trust was in place by the end of April 2024 and began disbursing monthly payments in May 2024 and has continued to operate as intended.

### Requests for Information

This financial report is designed to provide a general overview of GLWA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Great Lakes Water Authority, Office of the Chief Financial Officer, 735 Randolph, Detroit, Michigan 48226. This report is also available on the Authority's website at [www.glwater.org](http://www.glwater.org).

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## **BASIC FINANCIAL STATEMENTS**

# GREAT LAKES WATER AUTHORITY

## STATEMENT OF NET POSITION

As of June 30, 2024

With Comparative Amounts at June 30, 2023

	Enterprise Funds		Total	2023 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 190,551,656	\$ 253,247,096	\$ 443,798,752	\$ 482,735,648
Restricted cash and cash equivalents	141,618,876	165,770,607	307,389,483	264,777,942
Restricted cash for the benefit of DWSD	24,695,007	33,451,810	58,146,817	42,463,972
Investments	86,039,805	89,005,650	175,045,455	63,241,295
Restricted investments	43,009,504	57,766,566	100,776,070	43,673,481
Receivables, net	64,719,282	25,291,360	90,010,642	110,633,430
Due from other governments	2,607,102	3,910,476	6,517,578	11,881,282
Due from other funds	4,555,762	2,161,726	6,717,488	3,247,468
Contractual obligation receivable	21,990,092	16,744,402	38,734,494	36,669,011
Prepaid items and other assets	11,528,504	6,481,850	18,010,354	16,473,691
Inventories	-	10,420,267	10,420,267	10,649,496
Total Current Assets	<u>591,315,590</u>	<u>664,251,810</u>	<u>1,255,567,400</u>	<u>1,086,446,716</u>
Noncurrent Assets				
Restricted cash and cash equivalents	128,140,663	168,937,038	297,077,701	162,962,263
Restricted investments	1,953,942	5,371,602	7,325,544	134,324,735
Contractual obligation receivable	528,292,868	338,122,791	866,415,659	899,049,912
Prepaid lease	11,250,000	13,750,000	25,000,000	25,000,000
Capital assets				
Nondepreciable/nonamortizable	708,545,333	464,376,029	1,172,921,362	1,088,758,476
Depreciated/amortized, net	1,366,169,471	1,941,044,130	3,307,213,601	3,319,883,704
Prepaid insurance on debt	-	-	-	15,142,970
Total Noncurrent Assets	<u>2,744,352,277</u>	<u>2,931,601,590</u>	<u>5,675,953,867</u>	<u>5,645,122,060</u>
Total Assets	<u>3,335,667,867</u>	<u>3,595,853,400</u>	<u>6,931,521,267</u>	<u>6,731,568,776</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	24,498,242	50,564,037	75,062,279	133,948,479
Deferred pension amounts	5,338,231	9,553,741	14,891,972	47,723,960
Total Deferred Outflows of Resources	<u>29,836,473</u>	<u>60,117,778</u>	<u>89,954,251</u>	<u>181,672,439</u>

The accompanying notes are an integral part of these financial statements.

	Enterprise Funds		Total	2023 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
<b>Liabilities</b>				
Current Liabilities				
Accounts and contracts payable	\$ 64,672,188	\$ 57,576,555	\$ 122,248,743	\$ 113,308,498
Accrued salaries, wages and benefits	2,261,789	506,119	2,767,908	2,063,359
Accrued liabilities	28,883,806	33,584,678	62,468,484	53,951,292
Due to other governments	2,903,115	4,300,448	7,203,563	6,874,058
Due to other funds	2,161,726	4,555,762	6,717,488	3,247,468
Interest payable	48,294,351	46,824,429	95,118,780	82,190,367
Current portion of				
Revenue bonds and loans	111,145,612	150,259,868	261,405,480	149,725,340
Raw water rights obligation	3,085,994	-	3,085,994	2,963,619
BC Note obligation	1,002,660	2,255,300	3,257,960	695,845
Regional system leases	6,180,464	7,553,901	13,734,365	13,174,371
Other liabilities	4,651,922	19,803,297	24,455,219	29,182,845
<b>Total Current Liabilities</b>	<b>275,243,627</b>	<b>327,220,357</b>	<b>602,463,984</b>	<b>457,377,062</b>
Noncurrent Liabilities				
Revenue bonds and loans	2,628,339,128	2,792,690,251	5,421,029,379	5,491,493,953
Raw water rights obligation	86,466,161	-	86,466,161	89,552,155
BC Note obligation	15,121,527	34,013,118	49,134,645	52,392,606
Regional system leases	387,986,731	474,206,004	862,192,735	875,927,100
Other liabilities	5,249,266	14,953,725	20,202,991	33,578,631
Net pension liability	13,279,666	23,766,386	37,046,052	63,174,607
<b>Total Noncurrent Liabilities</b>	<b>3,136,442,479</b>	<b>3,339,629,484</b>	<b>6,476,071,963</b>	<b>6,606,119,052</b>
<b>Total Liabilities</b>	<b>3,411,686,106</b>	<b>3,666,849,841</b>	<b>7,078,535,947</b>	<b>7,063,496,114</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	64,897,267	68,414,617	133,311,884	81,269,853
Deferred amounts for swap terminations	51,986	297	52,283	57,089
<b>Total Deferred Inflows of Resources</b>	<b>64,949,253</b>	<b>68,414,914</b>	<b>133,364,167</b>	<b>81,326,942</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	(243,351,501)	(185,310,104)	(428,661,605)	(336,552,993)
Restricted for construction	-	2,258,067	2,258,067	2,180,985
Restricted for debt service	89,928,545	123,745,273	213,673,818	147,436,260
Restricted for payment assistance program	931,099	785,088	1,716,187	4,652,563
Unrestricted	41,360,838	(20,771,901)	20,588,937	(49,298,656)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (111,131,019)</b>	<b>\$ (79,293,577)</b>	<b>\$ (190,424,596)</b>	<b>\$ (231,581,841)</b>

The accompanying notes are an integral part of these financial statements.

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## GREAT LAKES WATER AUTHORITY

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2024

With Comparative Amounts at June 30, 2023

	Enterprise Funds		Total	2023 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
<b>Operating Revenues</b>				
Wholesale charges	\$ 337,511,167	\$ 282,767,090	\$ 620,278,257	\$ 616,511,308
Local system charges	25,537,200	196,569,600	222,106,800	213,876,500
Industrial waste charges	-	8,617,495	8,617,495	8,393,103
Pollutant surcharges	-	4,088,519	4,088,519	4,894,567
Bad debt recovery credit	(5,152,500)	(15,556,900)	(20,709,400)	-
Other revenues	654,989	494,425	1,149,414	2,011,011
<b>Total Operating Revenues</b>	<b>358,550,856</b>	<b>476,980,229</b>	<b>835,531,085</b>	<b>845,686,489</b>
<b>Operating Expenses</b>				
Operating expenses before depreciation and amortization				
Personnel	54,404,612	71,050,649	125,455,261	114,808,018
Contractual services	54,036,139	62,107,939	116,144,078	116,946,973
Utilities	32,695,479	39,243,251	71,938,730	77,276,536
Chemicals	11,947,114	19,128,291	31,075,405	30,542,063
Supplies and other expenses	11,583,805	30,509,642	42,093,447	34,571,711
Capital program allocation	(1,451,128)	(1,396,306)	(2,847,434)	(2,189,642)
Intergovernmental reimbursements	(5,404,975)	(1,697,112)	(7,102,087)	(5,132,485)
Total operating expenses before depreciation and amortization	157,811,046	218,946,354	376,757,400	366,823,174
Depreciation	110,557,350	154,486,270	265,043,620	289,956,600
Amortization of intangible assets	3,981,772	854,812	4,836,584	4,006,368
<b>Total Operating Expenses</b>	<b>272,350,168</b>	<b>374,287,436</b>	<b>646,637,604</b>	<b>660,786,142</b>
<b>Operating Income</b>	<b>86,200,688</b>	<b>102,692,793</b>	<b>188,893,481</b>	<b>184,900,347</b>
<b>Nonoperating Revenues (Expenses)</b>				
Earnings (loss) on investments	27,287,141	34,566,226	61,853,367	37,601,830
Interest income from other receivables	24,106,563	15,748,345	39,854,908	41,059,361
Interest expense	(134,600,821)	(144,356,792)	(278,957,613)	(271,291,054)
Amortization of debt related items and cost of issuance	7,047,178	(11,202,157)	(4,154,979)	3,998,310
Legacy pension recovery (expense)	(2,402,938)	(4,300,495)	(6,703,433)	20,765,202
Water Residential Assistance Program	(2,937,520)	(3,834,918)	(6,772,438)	(12,342,512)
Other	(2,285,643)	8,997,356	6,711,713	1,752,328
Discontinued capital projects	-	-	-	(20,902,626)
<b>Total Nonoperating Expenses</b>	<b>(83,786,040)</b>	<b>(104,382,435)</b>	<b>(188,168,475)</b>	<b>(199,359,161)</b>
Income (loss) before capital contributions	2,414,648	(1,689,642)	725,006	(14,458,814)
<b>Capital Contributions</b>	<b>10,313,987</b>	<b>30,118,252</b>	<b>40,432,239</b>	<b>2,176,000</b>
<b>Change in Net Position</b>	<b>12,728,635</b>	<b>28,428,610</b>	<b>41,157,245</b>	<b>(12,282,814)</b>
NET POSITION (DEFICIT), Beginning of Year	(123,859,654)	(107,722,187)	(231,581,841)	(219,299,027)
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (111,131,019)</b>	<b>\$ (79,293,577)</b>	<b>\$ (190,424,596)</b>	<b>\$ (231,581,841)</b>

The accompanying notes are an integral part of these financial statements.

## GREAT LAKES WATER AUTHORITY

### STATEMENT OF CASH FLOWS For the Year Ended June 30, 2024 With Comparative Amounts at June 30, 2023

	Enterprise Funds		Total Business-type Activities	2023 Total Business-type Activities
	Water Fund	Sewage Disposal Fund		
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 360,752,545	\$ 489,374,525	\$ 850,127,070	\$ 844,338,420
Cash received from intergovernmental reimbursements	7,423,352	2,847,942	10,271,294	12,204,413
Cash payments for intergovernmental services provided	(5,404,976)	(1,697,110)	(7,102,086)	(5,132,485)
Cash payments to suppliers for goods and services	(113,542,081)	(155,516,879)	(269,058,960)	(264,066,386)
Cash payments for employee services	(51,109,921)	(67,724,589)	(118,834,510)	(111,378,421)
Cash payments to other governments for obligation payable	(875,509)	(1,969,296)	(2,844,805)	(2,844,803)
Cash payments for WRAP	(4,862,784)	(6,726,022)	(11,588,806)	(7,294,991)
Cash payments for GLWA share pension agreement	(176,400)	(315,700)	(492,100)	(31,916,200)
Cash received from insurance claims	493,086	490,522	983,608	2,140,310
Cash received from grants	69,000	20,000	89,000	25,198
Cash received (paid) nonoperating income (expense)	21,019	45	21,064	320,311
Cash payments to DWSD local system for cash held for EFSD	-	(16,453,096)	(16,453,096)	-
Cash received for DWSD local system for cash held for EFSD	-	781,020	781,020	31,724,639
Cash received for DWSD nonoperating pension	1,063,200	817,700	1,880,900	7,494,100
Cash paid for DWSD nonoperating pension	(742,793)	(603,507)	(1,346,300)	(7,494,199)
Cash received for DWSD WRAP	858,600	1,333,300	2,191,900	2,120,900
Cash payments for DWSD WRAP	(1,078,525)	(1,516,413)	(2,594,938)	(1,717,862)
Cash increase from DWSD budgetary surplus (1)	6,527,202	7,968,678	14,495,880	21,900,626
Principal payments received on obligation receivable	19,811,500	15,635,600	35,447,100	32,354,150
Interest received on obligation receivable	24,878,839	16,167,161	41,046,000	42,149,286
Advanced payments received on obligation receivable	380,585	283,459	664,044	93,762
Cash received from DWSD for cost of issuance fees	16,436	-	16,436	29,500
Cash payments for issuance costs on DWSD obligation receivable	(16,436)	-	(16,436)	-
Payments of state revolving fund loan proceeds to DWSD	(12,592,635)	(1,441,623)	(14,034,258)	(24,740,348)
<b>Net Cash Provided by Operating Activities</b>	<b>231,893,304</b>	<b>281,755,717</b>	<b>513,649,021</b>	<b>540,309,920</b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Proceeds from state revolving fund loans for DWSD	12,592,635	1,441,623	14,034,258	18,547,851
Cash received from grants	1,391,029	1,394,549	2,785,578	844,047
Principal payments	(17,385,200)	(14,998,300)	(32,383,500)	(32,354,150)
Interest payments	(25,264,874)	(16,490,204)	(41,755,078)	(40,022,266)
<b>Net Cash Used in Noncapital Financing Activities</b>	<b>(28,666,410)</b>	<b>(28,652,332)</b>	<b>(57,318,742)</b>	<b>(52,984,518)</b>

The accompanying notes are an integral part of these financial statements.

	Enterprise Funds		Total Business-type Activities	2023 Total Business-type Activities
	Water	Sewage		
	Fund	Disposal Fund		
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from insurance claims	\$ -	\$ 5,994,564	\$ 5,994,564	\$ 713,750
Proceeds from grants	8,651,729	27,342,279	35,994,008	226,996
Proceeds from sale of assets	89,149	36,831	125,980	1,404,379
Cash received from capital contribution	-	-	-	2,176,000
Proceeds from revenue bonds	159,344,559	105,508,716	264,853,275	447,429,667
Proceeds from state revolving fund loans	35,186,655	29,718,140	64,904,795	104,800,615
Payments to bond escrow agent	(27,421,520)	(30,233,297)	(57,654,817)	(5,507,101)
Payment of bond issuance costs	(2,202,816)	(2,858,694)	(5,061,510)	(1,887,270)
Principal payments on bonds	(29,849,800)	(67,926,700)	(97,776,500)	(148,604,030)
Principal payments on regional system leases	(5,928,467)	(7,245,904)	(13,174,371)	(12,637,211)
Principal payments on right to use lease	-	(390,070)	(390,070)	(366,784)
Interest payments	(88,559,675)	(107,207,484)	(195,767,159)	(214,067,241)
Purchase of capital assets	(180,744,129)	(143,529,029)	(324,273,158)	(295,113,526)
Net Cash Used in Capital and Related Financing Activities	<u>(131,434,315)</u>	<u>(190,790,648)</u>	<u>(322,224,963)</u>	<u>(121,431,756)</u>
<b>Cash Flows From Investing Activities</b>				
Investment purchases	(341,995,311)	(383,538,009)	(725,533,320)	(873,336,480)
Investment sales and maturities	271,967,910	430,708,953	702,676,863	978,218,350
Interest received	18,981,040	23,243,029	42,224,069	21,130,694
Net Cash Provided in Investing Activities	<u>(51,046,361)</u>	<u>70,413,973</u>	<u>19,367,612</u>	<u>126,012,564</u>
<b>Net change in cash and cash equivalents</b>	20,746,218	132,726,710	153,472,928	491,906,210
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>464,259,984</u>	<u>488,679,841</u>	<u>952,939,825</u>	<u>461,033,615</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 485,006,202</u>	<u>\$ 621,406,551</u>	<u>\$ 1,106,412,753</u>	<u>\$ 952,939,825</u>
<b>STATEMENT OF NET POSITION CLASSIFICATION OF CASH</b>				
Cash and cash equivalents	\$ 190,551,656	\$ 253,247,096	\$ 443,798,752	\$ 482,735,648
Restricted cash and cash equivalents	141,618,876	165,770,607	307,389,483	264,777,942
Restricted cash for the benefit of DWSD	24,695,007	33,451,810	58,146,817	42,463,972
Noncurrent restricted cash and cash equivalents	<u>128,140,663</u>	<u>168,937,038</u>	<u>297,077,701</u>	<u>162,962,263</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 485,006,202</u>	<u>\$ 621,406,551</u>	<u>\$ 1,106,412,753</u>	<u>\$ 952,939,825</u>
<b>NONCASH OPERATING ACTIVITIES</b>				
Credits given on billings-Flint KWA obligation	\$ (5,990,831)	\$ -	\$ (5,990,831)	\$ (6,452,573)
Interest income obligation receivable premium amortization	\$ (796,784)	\$ (425,125)	\$ (1,221,909)	\$ (1,175,545)

The accompanying notes are an integral part of these financial statements.

## GREAT LAKES WATER AUTHORITY

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2024  
With Comparative Amounts at June 30, 2023

Continued From  
Previous Page

	Enterprise Funds		Total Business-type Activities	2023 Total Business-type Activities
	Water Fund	Sewage Disposal Fund		
	<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Bond proceeds deposited into an escrow account for refunding revenue bonds	\$ 490,013,490	\$ 636,440,264	\$ 1,126,453,754	\$ 12,665,243
Bond proceeds paid directly to underwriters for cost of issuance	\$ 1,843,138	\$ 2,065,636	\$ 3,908,774	\$ 1,279,780
Increase in assets from contributed capital	\$ -	\$ 257,750	\$ 257,750	\$ -
Decrease in raw water rights obligation	\$ 2,963,619	\$ -	\$ 2,963,619	\$ 2,845,282
Interest paid for raw water rights obligation	\$ 3,027,212	\$ -	\$ 3,027,212	\$ 3,607,291
Increase in unrealized gain (loss) on investments	\$ 683,911	\$ 1,575,027	\$ 2,258,938	\$ 11,917,803
Amortization income (expense)	\$ 11,274,432	\$ (6,418,177)	\$ 4,856,255	\$ 7,305,960
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating income	\$ 86,200,688	\$ 102,692,793	\$ 188,893,481	\$ 184,900,347
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	110,557,350	154,486,270	265,043,620	289,956,600
Amortization of intangible assets	3,981,772	854,812	4,836,584	4,006,368
Credits for raw water rights	(5,990,831)	-	(5,990,831)	(6,452,573)
Miscellaneous nonoperating income (expense)	46,642	490,906	537,548	38,813
Legacy pension recovery (expense) and administrative fee	(2,204,987)	(3,946,225)	(6,151,212)	20,140,711
WRAP (Water Residential Assistance Program)	(2,937,520)	(3,834,918)	(6,772,438)	(12,342,512)
Loan forgiveness pass-through to DWSD	(7,130,478)	(803,541)	(7,934,019)	(2,117,038)
Interest income on contractual obligation receivable	24,106,563	15,748,345	39,854,908	41,059,361
Interest expense on obligation payable	(661,357)	(1,487,601)	(2,148,958)	(2,182,093)
Changes in:				
Receivables	8,228,492	12,394,296	20,622,788	7,123,124
Due from other governments	3,649,982	1,495,736	5,145,718	4,959,329
Due from other funds	(3,523,008)	52,988	(3,470,020)	(919,382)
Contractual obligation receivable	15,146,127	15,422,643	30,568,770	17,098,882
Prepaid items and other assets (operating)	(344,085)	(614,381)	(958,466)	(2,847,046)
Inventories	-	229,229	229,229	(2,282,725)
Accounts payable (operating)	(4,292,759)	(3,357,290)	(7,650,049)	1,181,494
Accrued salaries, wages and benefits	504,031	200,518	704,549	3,329
Accrued liabilities	3,772,590	5,571,433	9,344,023	28,946,659
Due to other governments	(220,943)	550,448	329,505	(14,486,543)
Due to other funds	(52,988)	3,523,008	3,470,020	919,382
Obligation payable including accrued interest	(214,153)	(481,695)	(695,848)	(662,710)
Other liabilities	869,238	(21,732,552)	(20,863,314)	35,192,045
Net pension liability and deferred items	2,402,938	4,300,495	6,703,433	(50,923,902)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 231,893,304</u></b>	<b><u>\$ 281,755,717</u></b>	<b><u>\$ 513,649,021</u></b>	<b><u>\$ 540,309,920</u></b>

(1) Represents local system retail receipts received in excess of DWSD's current year budget requirements. Amounts will be used to meet future budget requirements.

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

# GREAT LAKES WATER AUTHORITY

## INDEX TO NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

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# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### ***ACCOUNTING AND REPORTING PRINCIPLES***

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

#### ***REPORTING ENTITY***

The Great Lakes Water Authority (GLWA or the Authority) is the regional wholesale provider of water and sewage disposal services in southeast Michigan. The Authority was incorporated by the counties of Macomb, Oakland, Wayne and the City of Detroit (the City) on November 26, 2014 pursuant to Act 233, Public Acts of Michigan, 1955, as amended (Act 233). Pursuant to Regional System Leases that became effective on January 1, 2016, the Authority assumed possession and control of the regional assets of both the water supply and sewage disposal systems owned by the City, which were previously operated by the Detroit Water and Sewerage Department (DWSD). The City, acting through DWSD, will continue to manage and operate its own local retail water and sewage disposal system infrastructure. The Regional System Leases assigned all revenues of both systems to the Authority for an initial term of 40 years and, pursuant to bondholder consent, replaced the City with GLWA as the obligor on all outstanding debt obligations of the City related to the systems.

The term "Regional System Leases" is used throughout the financial statements to represent the agreements that transferred the regional water system and sewage disposal system assets and operations from the City of Detroit to GLWA. The Regional System Leases are not considered a lease as defined by the Government Auditing Standards Board (GASB) in GASB Statement No. 87, *Leases*.

The Authority's water system is one of the largest in the United States, both in terms of water produced and population served. The water system currently serves an area of 1,674 square miles located in eight Michigan counties and an estimated population of approximately 3.8 million or approximately 38% of Michigan's population. Suburban wholesale customers comprise approximately 82% of the population in the service area, and the DWSD retail water customers comprise the remainder.

The Authority's sewage disposal system is one of the largest in the United States, both in terms of treatment capacity and population served. The sewer disposal system currently serves an area of 953 square miles located in three Michigan counties and an estimated population of approximately 2.8 million or approximately 28% of Michigan's population. Suburban customers comprise approximately 76% of the population in the service area, and the DWSD retail sewer customers comprise the remainder.

The Authority's Board is authorized to establish rates, fees and charges for its water supply and sewage disposal services. Under the Water and Sewer Services Agreement, the City is appointed as agent of the Authority for setting retail rates and for billing, collecting and enforcing the collection of charges from retail water and sewer customers. As an agent of the Authority, the City, through the Board of Water Commissioners and without further approval by the City Council, is required to set retail rates to meet the revenue requirements that the Authority establishes for the retail system for regional commitments as well as other reasonable costs of the local DWSD systems. Under certain conditions, the Authority may terminate the City's appointment.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **GOVERNANCE**

The GLWA Board is composed of six voting members. Two members are residents of the City of Detroit and are appointed by the Mayor of the City of Detroit. The chief executive of the counties of Macomb, Oakland and Wayne each appoint one member who is a resident of the county from which appointed and the Governor of the State of Michigan appoints one member who is a resident of an area served by the Authority outside of the counties. All members of the GLWA Board must have at least seven years of experience in a regulated industry, a utility, engineering, finance, accounting or law firm. After the initial term specified in its Articles of Incorporation, each GLWA Board member is appointed for a four-year term and serves at the pleasure of the appointing government.

The GLWA Board has adopted a committee structure. Four committees have been established: Audit, Capital Improvement Planning, Operations and Resources, and Legal.

#### **BASIS OF PRESENTATION**

The Authority presents a water enterprise fund and a sewage disposal enterprise fund for its basic financial statements which consists of a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows and these notes to the financial statements.

#### **BASIS OF ACCOUNTING**

The accounting policies of the Authority conform to GAAP as applicable to governmental entities. The accounts of the Authority are used to account for its activities, which are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the accrual basis of accounting. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) of providing services are accrued when incurred.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include contributions and grants. On an accrual basis, revenue from contributions and grants is recognized in the fiscal year in which all eligibility requirements have been satisfied, including timing and expense requirements. Timing requirements specify the year when the resources are required to be used or the fiscal year when use is first permitted. Expense requirements specify the year in which the resources are provided to the Authority on a reimbursement basis.

#### **ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

##### Cash and Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value or estimated value. The Authority maintains and adheres to a formal investment policy in accordance with Michigan Public Act 20 of 1943, Investment of Surplus Funds of Political Subdivisions. Michigan State law allows the Authority to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances and mutual funds composed of otherwise legal investments. These investments are subject to interest rate risk and credit risk which may affect the value at which these investments are recorded.

##### Restricted Assets

Restricted assets are those assets set aside as required by the Authority's Master Bond Ordinance (MBO), funds held on behalf of another entity, or where legally restricted for a particular purpose such as bond proceeds for the capital program. See Note 4 for further details.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### Accounts Receivable, Net

The Authority records unbilled revenues for services provided prior to year-end by accruing actual revenues billed in the subsequent month. The Authority recognizes an estimate of uncollectible accounts for its customer accounts receivable related to its water and sewage disposal services.

#### Due from and Due to Other Governments

The due from other governments includes amounts owed to the Authority by DWSD for shared services and intergovernmental agreements, accrued interest receivable on the contractual obligation receivable and grants. The due to other governments includes amounts owed by the Authority to DWSD for shared services and the green infrastructure program.

#### Due from and Due to Other Funds

An amount owed between the Water and Sewage Disposal Funds based on shared centralized and administrative services administered by the Water Fund and allocated to the Sewage Disposal Fund. Any water system usage of inventory in the Sewage Disposal Fund is charged through an interfund payable to the Sewage Disposal Fund.

#### Contractual Obligation Receivable

Pursuant to the Water and Sewer Services Agreement, the City through DWSD is responsible for paying the portion of debt service on the bonds assumed by the Authority that were issued to finance the cost of improvements to the Detroit local facilities. The resulting contractual obligation is a receivable recorded by the Authority and is repaid by DWSD based upon an agreed upon schedule. Any new debt issued on behalf of the City for DWSD is also included in the contractual obligation receivable.

#### Prepaid Items and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Other assets include accrued interest receivable on investments.

#### Inventories

Inventories primarily consist of operating, maintenance and repair parts for sewage disposal system assets and are valued at the lower of cost or market, with cost being determined on an average cost method. Inventory is recorded as an expense when consumed rather than when purchased. The water fund does not report inventory because the amounts are insignificant and for efficiency are recorded in the sewage disposal fund. Any inventory usage by the water fund is charged through an interfund payable to the sewage disposal fund.

#### Prepaid Lease

As described in Note 14, the Authority has recorded a prepaid lease for cash paid to DWSD on the date GLWA began operations equivalent to six months of lease payments. As noted in the 2018 MOU dated June 2018, this amount will be applied at the end of the 40-year term and, hence, it is classified as a noncurrent asset.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### Capital Assets

Capital assets are recorded at historical cost. All acquisitions of land and land improvements are capitalized regardless of cost. The capitalization threshold is \$5,000 for capital assets with an estimated useful life greater than one year, except for information technology assets and the right to use leased assets. The capitalization threshold for information technology assets is \$1,000,000 with an estimated useful life greater than three years. Subscription-Based Information Technology Arrangement (SBITA) contracts greater than \$1,000,000 are analyzed for the both the quantitative and qualitative aspects of materiality to determine if they will be recorded as an intangible asset under GASB 96. Right to use leased assets have a capitalization threshold of \$1,000,000 for leases greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets acquired after January 1, 2016 are depreciated on the straight-line basis over the useful life of the assets as follows:

	<u>Useful Lives (In Years)</u>
Site improvements	15
Buildings and structures	20-50
Infrastructure	80
Machinery and equipment	3-20
Vehicles	5-7
Leasehold improvements	15

Capital assets acquired as of the operational effective date of the Authority at January 1, 2016 are depreciated over their estimated remaining useful lives at that time as determined by a third-party valuation. These remaining lives differ from the years cited above for newly acquired capital assets and, in most instances, are significantly shorter.

The Authority has recorded an intangible asset for raw water rights which are being amortized on a straight-line basis over 30 years in the water fund. See Note 9 for a description of these rights. The Authority has recorded a right to use intangible asset for the lease of a warehouse in the sewage disposal fund. The Authority has also recorded an intangible asset for subscription-based information technology arrangements in both the water and sewage disposal fund. See Note 14 for a description of the leased right to use asset and subscription-based information technology arrangement.

#### Prepaid Insurance on Debt

Prepaid insurance on debt represents insurance costs incurred in connection with the issuance of long-term debt. With the reduction in the reserve requirement to zero, these costs were fully written off during the current year. See Reserve Requirement in Note 12.

#### Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods. At that time, the activity will be recognized as an outflow of resources (or expense). The Authority reports deferred outflows of resources for two items: deferred charges on refunding and pension amounts. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; these amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources from pension amounts relate to differences between expected and actual investment returns and contributions to the plan subsequent to the plan measurement date. More detailed information on pension amounts can be found in Note 17.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### Accrued Liabilities

Accrued liabilities represent amounts held for specific purposes or other parties as described below:

- Under the terms of the MBO, the Authority retains cash on hand for the benefit of DWSD to be used for current revenue requirements.
- Pursuant to the water service contract with a customer, the Authority holds a security deposit for \$3,750,000 plus interest earned net of bank fees.
- Amounts owed to the WRAP service delivery partners for WRAP expenses incurred.
- Advanced billings on rentals

#### Revenue Bonds and Loans

The Authority issues revenue bonds to finance capital improvement projects, refund outstanding bonds to reduce future debt service payment and pay the cost of issuance. Loans are direct borrowings through the State of Michigan revolving fund loan program. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. See Note 12 for the details on revenue bonds and loans.

#### Raw Water Rights Obligation

The Authority has recorded a liability for the purchase obligation on raw water rights. See Note 12 for the details of this obligation.

#### BC Note Obligation

Under the terms of the lease agreements with the City, the Authority is required to pay a portion of the City's B and C notes allocated to the regional water and sewage disposal systems. See "BC Note Obligation" in Note 12.

#### Regional System Leases

The effective date of the Regional System leases by the City to the Authority for the leased water and sewage disposal facilities was January 1, 2016. See Note 13 for the details of the regional system leases.

#### Other Liabilities

Other liabilities include the following liabilities which are discussed in Note 14:

- Lease payable – Warehouse
- Subscription liability – right to use asset
- Compensated absences
- Workers' compensation
- Claims and judgements
- DWSD local system capital contribution from the Evergreen-Farmington Sanitary Drain Drainage District (EFSD)
- Cash held for the benefit of DWSD budget stabilization

#### Net Pension Liability

Under the terms of the Regional System leases, the Authority is a nonemployer contributing entity in the City of Detroit General Employee's Retirement system (GRS) Component II plan in a special funding situation. For the purposes of measuring the net pension liability, deferred outflows, and pension expense, information about the fiduciary net position of the Component II plan of the GRS and additions to and deductions from the plan's net position have been determined on the same basis as they are reported by GRS. The GRS combined plan uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value or estimated fair value. Refer to Note 17 for additional information on the net pension liability.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods. At that time, the activity will be recognized as an inflow of resources (or revenues). The Authority has included the deferred gain on refunding and deferred amounts on swap terminations amounts in this reporting category. Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; these amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts on swap terminations were assumed as part of the regional system lease agreements with the City. The amounts will be fully amortized for both funds by fiscal 2035.

#### Net Position (Deficit)

Net position, which represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is reported in three components as follows:

*Net Investment in Capital Assets* - consists of capital assets, net of accumulated depreciation and reduced by the balance of outstanding related debt including the share of the regional system lease liability allocable to the net investment in capital assets acquisition value of the regional systems recorded under GASB 69.

*Restricted* – consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The restricted net position consists of restricted assets reduced by liabilities related to those assets.

*Unrestricted* – is the residual balance of net position after net investment in capital assets and restricted.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

#### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

#### Classification of Revenues and Expenses

The Authority classifies its revenues and expenses as either operating or nonoperating.

Operating revenues are those revenues generated from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are wholesale charges for providing water and wastewater treatment. The local system charges are the charges to the City of Detroit under the Water and Sewer Services Agreement (WSSA), dated June 12, 2015. Wholesale customer charges are shown net of loss contingency expense of \$1,950,788 and a \$5,152,500 bad debt recovery credit for the Water Fund. The Sewage Disposal Fund had a loss contingency of \$4,546 and a bad debt recovery credit of \$15,556,900. The bad debt recovery credit was provided to member partners once all terms of the Highland Park settlement agreement were in place.

Operating expenses include the direct costs of operating the water and sewage disposal systems, centralized support, utilities, administrative expenses, depreciation on capital assets and amortization of intangible assets. The following items are shown as a reduction to operating expenses:

- The capital program allocation represents personnel costs that support the project delivery of the Capital Improvement Plan and have been capitalized.
- Intergovernmental reimbursements represent reimbursement of costs related to shared facilities and personnel which the Authority provides to DWSD through a shared services agreement or separate interlocal agreement. It also includes reimbursement of costs for contracted services that are billed to member partners under an intergovernmental agreement.

All revenue and expenses not meeting these definitions above are reported as nonoperating revenues and expenses.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### Taxes

The Authority pays no direct federal or state taxes except for Social Security and Medicare taxes. The Authority pays a local tax bill for maintenance charges on a county drain and an international local tax on leased property as part of the lease agreement.

#### Interest Income from Other Receivables

Interest income is the interest earned on the contractual obligation receivable.

#### Amortization of Debt Related Items and Cost of Issuance

Bond premiums, discounts, and gains or losses on refunding are deferred and amortized over the life of the bonds. Bond premiums, discounts and GASB 69 debt value adjustment are amortized using the effective interest method. The deferred amounts on refunding are amortized using the straight-line method. Debt cost of issuance is expensed when incurred.

#### Legacy Pension Expense

GLWA is legally responsible for making substantial contributions to a legacy pension plan of another entity, see Note 17 for additional information on this Plan.

#### Water Residential Assistance Program (WRAP)

The Water Residential Assistance Program is a unique program that started with the formation of GLWA. The program provides that an amount equal to half of one percent of GLWA Regional Systems revenue be set aside to provide assistance to qualified residents in participating communities across southeast Michigan. The amount expensed represents the amount expended for this purpose during the year. Amounts set aside and not spent are shown as restricted cash. Information on restricted assets is disclosed in Note 4.

#### Other

The largest item in the other nonoperating revenue (expenses) is an insurance settlement of \$7.3 million in the sewage disposal fund. The remaining items in this category are debt forgiveness, gains and losses on disposal of assets, administrative fees for the GRS pension, and miscellaneous other items.

#### Centralized Services and Administrative Services

Certain costs incurred by the Authority are allocated between the Water and Sewage Disposal Funds. The allocations are based on an annual cost allocation analysis. The following table shows the allocation of these common costs for the year ended June 30, 2024:

<u>Common Costs</u>	<u>Water % Allocation</u>	<u>Water Allocation</u>	<u>Sewer % Allocation</u>	<u>Sewer Allocation</u>	<u>Total Common Costs</u>
Centralized services	48.0%	\$ 53,120,105	52.0%	\$ 57,500,777	\$ 110,620,882
Administrative services	48.9%	\$ 18,077,932	51.1%	\$ 18,922,757	\$ 37,000,689

Centralized services includes the following operating areas: system resiliency, planning services, systems control, facility operations, fleet operations, field service operations, energy research and innovation, transformation, information technology and security and integrity.

Administrative services includes the following operating areas: board of directors, chief executive officer, chief administrative and compliance officer, general counsel, public affairs, organizational development, and financial services.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### Capital Contribution

Capital contributions of \$10,313,987 in the water fund and \$29,860,502 in the sewage disposal fund were grants received for capital projects.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 14). During the fiscal year ending June 30, 2024, OMIDD transferred to GLWA and GLWA accepted and placed into service capital assets of \$257,750 which has been recognized as a capital contribution in the sewage disposal fund.

#### **USE OF ESTIMATES**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **ADOPTION OF NEW ACCOUNTING STANDARDS**

The following GASB pronouncements were implemented in the current fiscal year:

- Statement No. 101, *Compensated Absences (early implementation - effective for fiscal years beginning after December 15, 2023)*. The adoption of this standard is considered a change in accounting principal. The effect on the financial statements was an adjustment of \$1.133 million (\$1.096 million water and \$0.037 million sewer). The expense is included in the operating expenses under Personnel costs. The liability is included under Compensated Absences which are discussed in Note 14. This amount was considered immaterial, therefore there was no adjustment to beginning net position or restatement of prior years.
- Statement No. 102, *Certain Risk Disclosures (early implementation - effective for fiscal years beginning after June 15, 2024)*. There are no concentrations or constraints that required disclosure.

#### **NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE**

The following GASB pronouncement will be implemented in the future. The Authority has not completed its assessment of the future impact of the adoption of this statement, if any.

- Statement No. 103, *Financial Reporting Model Improvements (effective for fiscal years beginning after June 15, 2025)*
- Statement No. 104, *Disclosure of Certain Capital Assets (effective for fiscal years beginning after June 15, 2025)*

#### **RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform to current year presentation.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### **NOTE 2 – BUDGETARY INFORMATION**

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The financial activity of the Authority is presented in two enterprise funds. While enterprise funds are not required under State statutes to adopt appropriated budgets, the Authority's Articles of Incorporation outlines a budget adoption process. Budget to actual schedules for revenues and expenses are presented in the Supplementary Information section of this report. This schedule is not required by GAAP or subject to audit procedures. It is presented strictly for informational purposes.

#### ***BUDGET PROCESS***

GLWA adopts a biennial budget for the regional water and sewage disposal systems as required by its Articles of Incorporation. The revenue requirements budget is adopted separately for the water and sewerage disposal systems. It is the sum of: a) operation and maintenance expenses; b) amounts necessary to pay the principal of and interest on all bonds and to fund any reserves required by the Master Bond Ordinances; c) the Regional Systems lease payments, which shall be a common-to-all charge; d) GLWA's portion of the GRS net pension liability and the BC Note obligations; e) the required deposit to the Water Residential Assistance Program (WRAP) Fund; f) the amounts needed to make the required deposits to the regional Extraordinary Repair and Replacement Reserve Fund as defined in the Master Bond Ordinance; g) deposits to the regional Improvement and Extension Funds; and h) the amount necessary to satisfy the coverage ratios required by the rate covenant in the Master Bond Ordinance.

As provided in the Regional System leases, through the fiscal year ending June 30, 2025, the water and sewerage disposal systems are limited to annual increases in the regional revenue requirement of not more than 4%. This limitation shall not be applicable if the regional revenue requirement must increase beyond the 4% assumption in order to satisfy the rate covenant or to pay the cost of improvements to the leased water and/or sewerage disposal facilities that are required to be made by applicable laws.

In the Regional System leases, the City acknowledges that all local water and sewer system revenues received from customers in the City are the property of GLWA and will be deposited as received in the Receiving Fund as defined in the Master Bond Ordinance and applied as provided in the Bond Ordinance. As a result, the City agrees to provide the Authority with a budget for the local water and sewerage disposal system as required in the Water and Sewer Services Agreement.

#### ***SCHEDULE OF CHARGES PROCESS***

The GLWA Wholesale Customer Model Water Contract and GLWA Wholesale Customer Model Sewer Contract requires that GLWA provide wholesale customers with written notice of a proposed charge, meet to review the proposed charge, and the underlying data used to calculate the charge not less than 30 calendar days prior to a public hearing. Further, the contract requires that a public hearing be held no less than 120 days prior to the date that proposed charges take effect.

The Water and Sewer Services Agreement between GLWA and DWSD requires that GLWA provide the City with written notice of the proposed charge and the underlying data used to calculate the charge not less than 120 calendar days prior to the effective date of any new charge.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The deposits and investments of the Authority at June 30, 2024 are reported in the basic financial statements as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 190,551,656	\$ 253,247,096	\$ 443,798,752
Restricted cash and cash equivalents	141,618,876	165,770,607	307,389,483
Restricted cash for the benefit of DWSD	24,695,007	33,451,810	58,146,817
Investments	86,039,805	89,005,650	175,045,455
Restricted investments	43,009,504	57,766,566	100,776,070
Noncurrent restricted cash and cash equivalents	128,140,663	168,937,038	297,077,701
Noncurrent restricted investments	1,953,942	5,371,602	7,325,544
<b>Total</b>	<b>\$ 616,009,453</b>	<b>\$ 773,550,369</b>	<b>\$ 1,389,559,822</b>
<b>Cash Deposits and Investments</b>			
Bank deposits – checking and savings accounts	\$ 46,437,020	\$ 40,422,652	\$ 86,859,672
Money market accounts	438,569,182	580,983,899	1,019,553,081
Investments in securities	131,003,251	152,143,818	283,147,069
<b>Total</b>	<b>\$ 616,009,453</b>	<b>\$ 773,550,369</b>	<b>\$ 1,389,559,822</b>

#### ***CUSTODIAL RISK OF BANK DEPOSITS***

Deposits and money market accounts are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the Authority's deposits and money market accounts was \$485,006,202 for the water fund and \$621,406,551 for the sewage disposal fund. The bank balance of the water fund deposits and money market accounts was \$502,574,034 of which \$490,204,290 was uninsured and uncollateralized. The bank balance of the sewage disposal fund deposits and money market accounts was \$615,646,443 of which \$615,371,761 was uninsured and uncollateralized.

In accordance with the Authority's investment policy and State law, all deposits are held in the Authority's name and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Authority believes it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)**

#### ***INVESTMENTS***

Following is a summary of the Authority's investments as of June 30, 2024:

	Water Fund	Standard & Poors Rating	Weighted Maturity In Years
U.S. treasuries	\$ 86,443,005	AA+	0.79
Commercial paper	44,560,246	A1	0.04
Total	\$ 131,003,251		
	Sewage Disposal Fund	Standard & Poors Rating	Weighted Maturity In Years
U.S. treasuries	\$ 102,550,814	AA+	0.86
Commercial paper	49,593,004	A1	0.08
Total	\$ 152,143,818		
	Total Business-type Activities	Standard & Poors Rating	Weighted Maturity In Years
U.S. treasuries	\$ 188,993,819	AA+	0.83
Commercial paper	94,153,250	A1	0.06
Total	\$ 283,147,069		

#### ***CUSTODIAL RISK OF INVESTMENTS***

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the Authority's investment policy, all investments are held in the name of the Authority and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

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#### **CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations.

As of June 30, 2024, all of the Authority's investments in securities of U.S. agencies were rated AA+ or AAA by Standard & Poor's and Aaa by Moody's. The Authority's investment in commercial paper was rated A1 by Standard and Poor's and P1 by Moody's. U.S Treasury notes are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Authority's money market accounts were not rated.

#### **CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In order to manage its exposure risk, the Authority's investment policy requires diversification by security type to no more than 50% of the total investment portfolio.

At June 30, 2024, the Authority had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
<b>Water Fund</b>		
Commercial paper	ING US Funding	8.11%
Commercial paper	Toyota Motor Credit	7.63
Commercial paper	Barclays Capital Inc	7.20
<b>Sewage Disposal Fund</b>		
Commercial paper	Toyota Motor Credit	8.54
Commercial paper	Barclays Capital Inc	6.12
Commercial paper	ING US Funding	5.96

#### **INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. As a means of limiting its exposure to fair value losses due to rising interest rates, the Authority's investment policy limits the maximum maturity period to no more than five years, unless matched to a particular cash flow need. The Authority's investment policy further provides risk will be minimized by matching investments with short and long-term cash flow requirements and monitoring the maturity dates of individual securities and the weighted average maturity of the investment portfolio, to ensure duration is commensurate with the cash flow requirements.

# GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2024

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## NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

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### **FAIR VALUE MEASUREMENTS**

The Authority categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The Authority is required to classify certain assets and liabilities based on the following fair value hierarchy:

Level 1: Quoted price in active markets for identical assets.

Level 2: Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Debt securities are priced based on a compilation of primarily observable market information or broker quote in non-active market.

Level 3: Inputs are significant unobservable inputs.

	<u>Level 1</u>	<u>Level 2</u>
<b>Water Fund</b>		
Investments by fair value:		
U.S. treasuries	\$ 86,443,005	\$ -
Commercial paper	-	44,560,246
Water Fund Total Investments	<u>86,443,005</u>	<u>44,560,246</u>
<b>Sewage Disposal Fund</b>		
Investments by fair value:		
U.S. treasuries	102,550,814	-
Commercial paper	-	49,593,004
Sewage Disposal Fund Total Investments	<u>102,550,814</u>	<u>49,593,004</u>
Total Investments – Business-type Activities	<u>\$ 188,993,819</u>	<u>\$ 94,153,250</u>

The Authority has no Level 3 inputs on June 30, 2024.

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## NOTE 4 – RESTRICTED ASSETS

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Restricted assets, comprised of cash and investments, are available for debt service on revenue bonds and to provide funds for improvements, enlargements, extensions and construction. In accordance with the provisions of the Master Bond Ordinance and Regional System Leases, the Authority follows a sequential flow of funds in segregated accounts through which revenue receipts are deposited and are maintained at certain levels in satisfaction of all legal requirements.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 4 – RESTRICTED ASSETS (cont.)

The following schedules provide, in the order of the flow of funds per the Master Bond Ordinance, the assignment of Water and Sewage Disposal Funds cash and investments between restricted and unrestricted assets based on the source of the monies as of June 30, 2024.

	Funded from Revenue and Other		Funded from Debt Issuance	Total
	Unrestricted	Restricted	Restricted	
<b>Water Fund</b>				
Receiving fund	\$ 66,032,713 *	\$ -	\$ -	\$ 66,032,713
Operations and maintenance	34,099,243	-	-	34,099,243
Senior lien debt service	-	93,502,227	-	93,502,227
Second and junior lien debt service	-	43,001,466	-	43,001,466
Legacy pension obligation	-	1,493,661	-	1,493,661
Water residential assistance program (WRAP)	-	1,029,384	-	1,029,384
Budget stabilization	-	2,000,000	-	2,000,000
Extraordinary repair and replacement	31,884,897	-	-	31,884,897
Improvement and extension – regional	144,574,608	-	-	144,574,608
 Total – Reserves Defined by Ordinance	 276,591,461	 141,026,738	 -	 417,618,199
 Cash held for the benefit of DWSD	 -	 24,695,007	 -	 24,695,007
Construction retainage and deposits	-	26,338,917	-	26,338,917
Construction fund	-	-	147,357,330	147,357,330
 Total Cash, Cash Equivalents and Investments Water Fund	 \$ 276,591,461	 \$ 192,060,662	 \$ 147,357,330	 \$ 616,009,453

\* Balance includes funds sufficient for two months of required Master Bond Ordinance transfers

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 4 – RESTRICTED ASSETS (cont.)

	Funded from Revenue and Other		Funded from Debt Issuance	Total
	Unrestricted	Restricted	Restricted	
<b>Sewage Disposal Fund</b>				
Receiving fund	\$ 86,980,946*	\$ -	\$ -	\$ 86,980,946
Operations and maintenance	71,374,692	-	-	71,374,692
Senior lien debt service	-	110,533,779	-	110,533,779
Second and junior lien debt service	-	58,096,757	-	58,096,757
Legacy pension obligation	-	2,023,856	-	2,023,856
Water residential assistance program (WRAP)	-	917,956	-	917,956
Budget stabilization	-	5,500,000	-	5,500,000
Extraordinary repair and replacement	42,951,931	-	-	42,951,931
Improvement and extension – regional	140,945,177	-	-	140,945,177
<b>Total – Reserves Defined by Ordinance</b>	<b>342,252,746</b>	<b>177,072,348</b>	<b>-</b>	<b>519,325,094</b>
Cash held for the benefit of DWSD	-	33,451,810	-	33,451,810
Construction Deposit				
Intergovernmental	-	16,052,563	-	16,052,563
Construction retainage	-	17,386,925	-	17,386,925
Construction funds	-	-	187,333,977	187,333,977
<b>Total Cash, Cash Equivalents and Investments Sewage Disposal Fund</b>	<b>342,252,746</b>	<b>243,963,646</b>	<b>187,333,977</b>	<b>773,550,369</b>
<b>Total Cash, Cash Equivalents and Investments –Business-type Activities</b>	<b>\$ 618,844,207</b>	<b>\$ 436,024,308</b>	<b>\$334,691,307</b>	<b>\$1,389,559,822</b>

\* Balance includes funds sufficient for two months of required Master Bond Ordinance transfers

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 4 – RESTRICTED ASSETS (cont.)

A reconciliation of restricted assets to restricted net position is as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Restricted assets from schedule above:			
From revenue and other	\$ 192,060,662	\$ 243,963,646	\$ 436,024,308
From debt issuance	147,357,330	187,333,977	334,691,307
Amounts payable for liabilities and debt	(248,558,348)	(304,509,195)	(553,067,543)
<b>Restricted Net Position</b>	<b>\$ 90,859,644</b>	<b>\$ 126,788,428</b>	<b>\$ 217,648,072</b>
Restricted net position for:			
Construction	\$ -	\$ 2,258,067	\$ 2,258,067
Debt service	89,928,545	123,745,273	213,673,818
Payment assistance program	931,099	785,088	1,716,187
<b>Total Restricted Net Position</b>	<b>\$ 90,859,644</b>	<b>\$ 126,788,428</b>	<b>\$ 217,648,072</b>

The following summary reconciles the above cash and investment balances with the balances per the Statement of Net Position. The allocation of restricted balances to current and noncurrent categories is not intended to directly align with the funding source allocation included in the schedule.

	Unrestricted	Restricted Current	Restricted Noncurrent	Total
<b>Water Fund</b>				
Cash and cash equivalents	\$ 190,551,656	\$ 141,618,876	\$ 128,140,663	\$ 460,311,195
Cash held for the benefit of DWSD	-	24,695,007	-	24,695,007
Investments	86,039,805	43,009,504	1,953,942	131,003,251
<b>Total Water Fund</b>	<b>276,591,461</b>	<b>209,323,387</b>	<b>130,094,605</b>	<b>616,009,453</b>
<b>Sewage Disposal Fund</b>				
Cash and cash equivalents	253,247,096	165,770,607	168,937,038	587,954,741
Cash held for the benefit of DWSD	-	33,451,810	-	33,451,810
Investments	89,005,650	57,766,566	5,371,602	152,143,818
<b>Total Sewage Disposal Fund</b>	<b>342,252,746</b>	<b>256,988,983</b>	<b>174,308,640</b>	<b>773,550,369</b>
<b>Total Business-type Activities</b>	<b>\$ 618,844,207</b>	<b>\$ 466,312,370</b>	<b>\$ 304,403,245</b>	<b>\$ 1,389,559,822</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 5 – RECEIVABLES, NET

The following is a summary of the net receivables as of June 30, 2024:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Receivables, net:			
Billed	\$ 44,621,471	\$ 15,210,121	\$ 59,831,592
Unbilled	26,015,465	10,080,608	36,096,073
Other	82,346	7,245	89,591
Subtotal	70,719,282	25,297,974	96,017,256
Allowance for doubtful accounts	(6,000,000)	(6,614)	(6,006,614)
Total Receivables, net	\$ 64,719,282	\$ 25,291,360	\$ 90,010,642

### NOTE 6 – DUE FROM OTHER GOVERNMENTS

Due from other governments in the statement of net position are as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
DWSD-Billed shared services and agreements	\$ 175,392	\$ 94,523	\$ 269,915
DWSD-Unbilled shared services and agreements	300,244	932,547	1,232,791
DWSD-Accrued interest on obligation receivable	322,737	6,731	329,468
Intergovernmental agreements and other	102,622	-	102,622
Grants-Federal and State	1,669,360	101,617	1,770,977
State of Michigan FEMA	36,747	2,775,058	2,811,805
Total Due From Other Governments	\$ 2,607,102	\$ 3,910,476	\$ 6,517,578

### NOTE 7 – DUE TO AND DUE FROM OTHER FUNDS

Interfund balances result from the time lag between the dates the interfund reimbursements occur and the payment between the funds are made. Interfund balances for the year ended June 30, 2024 consisted of the following:

	Water Fund – Due from Sewage Disposal Fund	Sewage Disposal Fund - Due from Water Fund	Total Due To
Water Fund – Due to Sewage Disposal Fund	\$ -	\$ 2,161,726	\$ 2,161,726
Sewage Disposal Fund – Due to Water Fund	4,555,762	-	4,555,762
Total Due From	\$ 4,555,762	\$ 2,161,726	\$ 6,717,488

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE**

As part of the regional system lease transaction, in which GLWA leased the regional water and sewage disposal system from the City of Detroit, all DWSD revenue bonds outstanding as of December 31, 2015, including those purchased by the Michigan Finance Authority under its state revolving loan program, were assumed by GLWA with the consent of bondholders. The total bonds assumed by GLWA on January 1, 2016 totaled \$2,313,683,761 for the Water Fund and \$3,291,282,050 for the Sewage Disposal Fund.

Per the lease agreements, the WSSA and the MBO, the Detroit retail class continues to pay its common-to-all share of debt service revenue requirements and its allocated share of debt service revenue requirements associated with improvements to the local water and sewage disposal systems. Payments on the debt service incurred by GLWA on the outstanding revenue bonds assumed as of December 31, 2015 are to be allocated using an agreed-upon percentage of total debt service associated with bond-financed local improvements over the life of such bonds, though the bonds themselves continue to be secured by the net revenue of GLWA, and the net revenues of the Detroit retail class. The MOU dated June 27, 2018 defines an agreed upon allocation and amortization schedule. This allocated debt is referred to as "Bifurcated debt" in the table below. Any additional debt issued by GLWA on behalf of the local system is also included in the obligation receivable. DWSD is billed monthly for the debt requirements on a debt set-aside basis so the funds are available when the associated debt payment is due.

Changes in obligation receivable for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increase	Decrease	Debt Forgiveness	Ending Balance	Due Within One Year
<b>Water Fund</b>						
Obligation Receivable						
Bifurcated debt	\$ 352,782,900	\$ -	\$ (16,646,300)	\$ -	\$ 336,136,600	\$ 17,438,700
New money bonds	136,320,000	-	(1,670,000)	-	134,650,000	1,765,000
State revolving funds	58,226,412	12,592,635	(1,495,200)	(7,130,478)	62,193,369	1,980,350
Total Obligation						
Receivable	547,329,312	12,592,635	(19,811,500)	(7,130,478)	532,979,969	21,184,050
Deferred amounts for:						
Unamortized premiums	18,099,775	-	(796,784)	-	17,302,991	806,042
<b>Total Water Fund</b>	<b>565,429,087</b>	<b>12,592,635</b>	<b>(20,608,284)</b>	<b>(7,130,478)</b>	<b>550,282,960</b>	<b>21,990,092</b>
<b>Sewage Disposal Fund</b>						
Obligation Receivable						
Bifurcated debt	285,470,700	-	(13,910,600)	-	271,560,100	14,512,900
New money bonds	75,815,000	-	(1,590,000)	-	74,225,000	1,665,000
State revolving funds	843,067	1,441,623	(135,000)	(803,541)	1,346,149	140,000
Total Obligation						
Receivable	362,128,767	1,441,623	(15,635,600)	(803,541)	347,131,249	16,317,900
Deferred amounts for:						
Unamortized premiums	8,161,069	-	(425,125)	-	7,735,944	426,502
<b>Total Sewage Disposal Fund</b>	<b>370,289,836</b>	<b>1,441,623</b>	<b>(16,060,725)</b>	<b>(803,541)</b>	<b>354,867,193</b>	<b>16,744,402</b>
<b>Total Business-type Activities</b>	<b>\$ 935,718,923</b>	<b>\$ 14,034,258</b>	<b>\$ (36,669,009)</b>	<b>\$ (7,934,019)</b>	<b>\$ 905,150,153</b>	<b>\$ 38,734,494</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

The current obligation receivable payment schedule is as follows:

	Year Ended June 30	Principal	Interest	Total
<b>Water Fund</b>				
	2025	\$ 21,184,050	\$ 24,014,257	\$ 45,198,307
	2026	22,138,300	23,054,748	45,193,048
	2027	23,146,000	22,050,835	45,196,835
	2028	24,190,100	21,000,070	45,190,170
	2029	25,302,500	19,900,228	45,202,728
	2030-2034	144,846,500	81,114,369	225,960,869
	2035-2039	147,710,300	44,776,572	192,486,872
	2040-2044	62,060,447	23,134,120	85,194,567
	2045-2049	59,133,967	6,648,603	65,782,570
	2050-2052	3,267,805	98,253	3,366,058
		<u>532,979,969</u>	<u>265,792,055</u>	<u>798,772,024</u>
<b>Total Water Fund</b>				
		532,979,969	265,792,055	798,772,024
<b>Sewage Disposal Fund</b>				
	2025	16,317,900	15,495,373	31,813,273
	2026	17,031,400	14,780,823	31,812,223
	2027	17,777,000	14,034,923	31,811,923
	2028	18,556,000	13,256,073	31,812,073
	2029	19,374,600	12,443,023	31,817,623
	2030-2034	110,198,149	48,709,903	158,908,052
	2035-2039	109,641,200	22,344,650	131,985,850
	2040-2044	19,160,000	7,736,250	26,896,250
	2045-2048	19,075,000	2,442,750	21,517,750
		<u>347,131,249</u>	<u>151,243,768</u>	<u>498,375,017</u>
<b>Total Sewage Disposal Fund</b>				
		347,131,249	151,243,768	498,375,017
<b>Total Business-type Activities</b>		<u>\$ 880,111,218</u>	<u>\$ 417,035,823</u>	<u>\$ 1,297,147,041</u>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Water Fund</b>					
Nondepreciable and nonamortizable capital assets					
Land	\$ 34,477,659	\$ -	\$ -	\$ -	\$ 34,477,659
Easements	259,138,946	-	-	7,120	259,146,066
Construction in progress	374,243,953	174,991,574	-	(136,603,965)	412,631,562
Prepaid subscription assets	2,696,554	2,896,818	-	(3,303,326)	2,290,046
<b>Total Nondepreciable and Nonamortizable Capital Assets</b>	<b>670,557,112</b>	<b>177,888,392</b>	<b>-</b>	<b>(139,900,171)</b>	<b>708,545,333</b>
Depreciated and amortized capital assets					
Site improvements	84,054,180	99,640	(1,290,512)	-	82,863,308
Buildings and structures	611,873,995	713,191	-	889,079	613,476,265
Infrastructure	687,000,219	-	-	104,207,222	791,207,441
Machinery and equipment	842,523,418	9,718,704	(8,813,425)	31,500,544	874,929,241
Vehicles	6,255,621	821,360	(334,546)	-	6,742,435
Leasehold improvements	8,421,785	438	-	-	8,422,223
Raw water rights	106,999,919	-	-	-	106,999,919
Subscription assets	-	1,885,523	-	3,303,326	5,188,849
<b>Total Depreciable and Amortizable Assets</b>	<b>2,347,129,137</b>	<b>13,238,856</b>	<b>(10,438,483)</b>	<b>139,900,171</b>	<b>2,489,829,681</b>
Less: Accumulated depreciation and amortization					
Site improvements	(61,494,619)	(4,857,894)	1,290,512	-	(65,062,001)
Buildings and structures	(222,453,239)	(21,113,258)	-	-	(243,566,497)
Infrastructure	(286,972,967)	(26,740,536)	-	-	(313,713,503)
Machinery and equipment	(420,907,590)	(56,385,890)	5,743,608	-	(471,549,872)
Vehicles	(3,023,071)	(903,564)	334,118	-	(3,592,517)
Leasehold improvements	(1,723,966)	(556,208)	-	-	(2,280,174)
Raw water rights	(19,913,874)	(3,566,664)	-	-	(23,480,538)
Subscription assets	-	(415,108)	-	-	(415,108)
<b>Total Accumulated Depreciation and Amortization</b>	<b>(1,016,489,326)</b>	<b>(114,539,122)</b>	<b>7,368,238</b>	<b>-</b>	<b>(1,123,660,210)</b>
<b>Total Depreciated and Amortized Capital Assets, Net</b>	<b>1,330,639,811</b>	<b>(101,300,266)</b>	<b>(3,070,245)</b>	<b>139,900,171</b>	<b>1,366,169,471</b>
<b>Water Fund Net Capital Assets</b>	<b>\$ 2,001,196,923</b>	<b>\$ 76,588,126</b>	<b>\$ (3,070,245)</b>	<b>\$ -</b>	<b>\$ 2,074,714,804</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 9 – CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Sewage Disposal Fund</b>					
Nondepreciable and nonamortizable capital assets					
Land	\$ 28,497,697	\$ -	\$ -	\$ -	\$ 28,497,697
Easements	98,318,513	-	-	-	98,318,513
Construction in progress	288,688,600	135,661,846	-	(89,080,673)	335,269,773
Prepaid subscription assets	2,696,554	2,896,818	-	(3,303,326)	2,290,046
<b>Total Nondepreciable and Nonamortizable Capital Assets</b>	<b>418,201,364</b>	<b>138,558,664</b>	<b>-</b>	<b>(92,383,999)</b>	<b>464,376,029</b>
Depreciated and amortized capital assets					
Site improvements	52,832,721	213,553	(1,503,206)	1,485,354	53,028,422
Buildings and structures	1,166,942,383	338,030	(16,977)	25,279,807	1,192,543,243
Infrastructure	625,707,645	-	-	-	625,707,645
Machinery and equipment	1,373,756,271	10,582,064	(9,014,864)	60,522,772	1,435,846,243
Vehicles	8,393,432	1,737,712	(172,966)	-	9,958,178
Leasehold improvements	3,778,627	438	(72,722)	1,792,740	5,499,083
Leased asset – warehouse	4,543,607	-	-	-	4,543,607
Subscription assets	-	1,885,523	-	3,303,326	5,188,849
<b>Total Depreciable and Amortizable Assets</b>	<b>3,235,954,686</b>	<b>14,757,320</b>	<b>(10,780,735)</b>	<b>92,383,999</b>	<b>3,332,315,270</b>
Less: Accumulated depreciation and amortization					
Site improvements	(35,751,985)	(3,095,264)	1,503,206	-	(37,344,043)
Buildings and structures	(328,441,197)	(35,516,777)	16,977	-	(363,940,997)
Infrastructure	(103,162,437)	(13,814,056)	-	-	(116,976,493)
Machinery and equipment	(773,684,865)	(100,540,051)	9,014,864	-	(865,210,052)
Vehicles	(3,725,088)	(1,232,675)	172,966	-	(4,784,797)
Leasehold improvements	(955,887)	(287,447)	72,722	-	(1,170,612)
Leased asset – warehouse	(989,334)	(439,704)	-	-	(1,429,038)
Subscription assets	-	(415,108)	-	-	(415,108)
<b>Total Accumulated Depreciation and Amortization</b>	<b>(1,246,710,793)</b>	<b>(155,341,082)</b>	<b>10,780,735</b>	<b>-</b>	<b>(1,391,271,140)</b>
<b>Total Depreciated and Amortized Capital Assets, Net</b>	<b>1,989,243,893</b>	<b>(140,583,762)</b>	<b>-</b>	<b>92,383,999</b>	<b>1,941,044,130</b>
<b>Sewage Disposal Fund Net Capital Assets</b>	<b>2,407,445,257</b>	<b>(2,025,098)</b>	<b>-</b>	<b>-</b>	<b>2,405,420,159</b>
<b>Business-type Activities Net Capital Assets</b>	<b>\$4,408,642,180</b>	<b>\$ 74,563,028</b>	<b>\$ (3,070,245)</b>	<b>\$ -</b>	<b>\$ 4,480,134,963</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### **NOTE 9 – CAPITAL ASSETS (cont.)**

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#### ***ASSET IMPAIRMENT***

Capital assets are evaluated annually to determine if any asset impairments exist, defined as a significant, unexpected decline in the service utility of a capital asset. There were no recorded impairments for the Authority for the year ended June 30, 2024.

#### ***RAW WATER RIGHTS***

Effective December 1, 2017, the Authority, the City of Flint, Karegnondi Water Authority (KWA), Genesee County Drain Commission (GCDC) and State of Michigan entered into a long-term partnership agreement to satisfy a number of critical water service needs across the region. Key provisions of a master agreement includes: 1) a 30-year water service contract with the City of Flint that establishes the Authority as the long-term water source for the City of Flint and credits the City of Flint for its debt service payment obligations on existing KWA bonds for the building of its raw water intake and supply line; 2) a license to the Authority of the 72-inch line serving the City of Flint; and 3) a 30-year contract for reciprocal, emergency water services between the Authority and GCDC.

The 30-year water service contract with the City of Flint includes a license to raw water rights on 17.46 MGD of the 18 MGD purchased by Flint as part of KWA bond obligation. These license rights constitute an intangible asset under governmental accounting standards. The Authority recorded an intangible asset and purchase obligation liability of approximately \$107 million associated with this agreement in December 2017. The Authority is amortizing the intangible asset over 30 years. As the City of Flint satisfies its monthly bond payment obligations to KWA, the Authority credits Flint's water invoice for that payment and reduces the Authority's purchase obligation. This process will continue each year over the 30-year life of the asset.

#### ***PREPAID SUBSCRIPTION ASSETS***

The Authority has entered into two contracts for Subscription-Based Information Technology Arrangements (SBITA) that will be recorded under GASB 96. The NEXGEN SBITA's is in the initial implementation stage, therefore costs have been recorded as prepaid subscription assets. The Workday SBITA had two components, one of which was implemented during the year, therefore the implementation costs and the subscription liability were recorded as subscription assets and were amortized during the year. The implementation costs related the FINS module which was not implemented by June 30, 2024 are still included in the prepaid subscription assets. Once the subscription assets are placed in service, the costs incurred, and any future subscription liability (present value of expected future payments) will be recognized as an intangible right-to-use subscription asset and amortized over the subscription term.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 10 – ACCRUED LIABILITIES

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As described in Note 1, other accrued liabilities in the statement of net position are as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Cash held for the benefit of DWSD	\$ 24,695,007	\$ 33,451,810	\$ 58,146,817
Due to WRAP service delivery partners	98,285	132,868	231,153
Advanced billings	44,790	-	44,790
Customer deposit	4,045,724	-	4,045,724
Total Accrued Liabilities	<u>\$ 28,883,806</u>	<u>\$ 33,584,678</u>	<u>\$ 62,468,484</u>

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### NOTE 11 – DUE TO OTHER GOVERNMENTS

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Due to other governments, which consists entirely of amounts due to the DWSD, in the statement of net position is as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Shared services	\$ 2,903,115	\$ -	\$ 2,903,115
Green infrastructure	-	4,300,448	4,300,448
Total Due to Other Governments	<u>\$ 2,903,115</u>	<u>\$ 4,300,448</u>	<u>\$ 7,203,563</u>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 12 – LONG-TERM DEBT**

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
<b>Water Fund</b>						
<b>Bonds and Loans</b>						
Revenue bonds	\$2,279,260,000	\$ 599,850,000	\$(561,805,000)	\$ -	\$2,317,305,000	\$ 80,840,000
Notes from direct borrowings and direct placements - State revolving loans	<u>207,356,808</u>	<u>47,779,290</u>	<u>(6,985,000)</u>	<u>(7,130,478)</u>	<u>241,020,620</u>	<u>12,428,950</u>
Total Bonds and Loans	<u>2,486,616,808</u>	<u>647,629,290</u>	<u>(568,790,000)</u>	<u>(7,130,478)</u>	<u>2,558,325,620</u>	<u>93,268,950</u>
<b>Deferred amounts for:</b>						
Unamortized premiums	173,485,043	51,351,187	(41,717,746)	-	183,118,484	18,175,379
Unamortized discounts	<u>(5,563,545)</u>	<u>-</u>	<u>3,604,181</u>	<u>-</u>	<u>(1,959,364)</u>	<u>(298,717)</u>
Total Bonds and Loans, Net	2,654,538,306	698,980,477	(606,903,565)	(7,130,478)	2,739,484,740	111,145,612
<b>Other Debt</b>						
Raw water rights obligation	92,515,774	-	(2,963,619)	-	89,552,155	3,085,994
BC Note obligation	<u>16,338,339</u>	<u>-</u>	<u>(214,152)</u>	<u>-</u>	<u>16,124,187</u>	<u>1,002,660</u>
Total Water Fund Debt	<u>\$2,763,392,419</u>	<u>\$ 698,980,477</u>	<u>\$(610,081,336)</u>	<u>\$ (7,130,478)</u>	<u>\$2,845,161,082</u>	<u>\$115,234,266</u>

\* Of the \$561,805,000 decrease in revenue bonds, \$521,555,000 relates to the refunding of bonds. Of the \$41,717,746 decrease in unamortized premiums, \$22,885,371 relates to the refunding of bonds.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

	Beginning Balance	Increase	Decrease *	Debt Forgiveness	Ending Balance	Due Within One Year
<b>Sewage Disposal Fund</b>						
Bonds and Loans						
Revenue bonds	\$2,561,135,000	\$ 684,625,000	\$ (749,240,000)	\$ -	\$2,496,520,000	\$ 95,885,000
Notes from direct borrowings and direct placements-						
State revolving loans	349,919,118	31,159,763	(40,360,000)	(3,910,673)	336,808,208	45,880,310
Total Bonds and Loans	2,911,054,118	715,784,763	(789,600,000)	(3,910,673)	2,833,328,208	141,765,310
Deferred amounts for:						
Unamortized premiums	126,150,172	59,389,616	(34,027,059)	-	151,512,729	15,892,337
Unamortized discounts	(50,523,303)	-	8,632,485	-	(41,890,818)	(7,397,779)
Total Bonds and Loans, Net	2,986,680,987	775,174,379	(814,994,574)	(3,910,673)	2,942,950,119	150,259,868
Other Debt						
BC Note obligation	36,750,112	-	(481,694)	-	36,268,418	2,255,300
Total Sewage Disposal Fund Debt	3,023,431,099	775,174,379	(815,476,268)	(3,910,673)	2,979,218,537	152,515,168
Total Business-type Activities	\$5,786,823,518	\$1,474,154,856	\$(1,425,557,604)	\$ (11,041,151)	\$5,824,379,619	\$267,749,434

\* Of the \$749,240,000 decrease in revenue bonds, \$706,675,000 relates to the refunding of bonds. Of the \$34,027,059 decrease in unamortized premiums, \$20,460,113 relates to the refunding of bonds.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

As of June 30, 2024, aggregate debt service requirements of the Authority's bonds and loans (fixed and variable-rate) were as follows. These amounts assume that current interest rates on variable-rate bonds will remain the same for their respective terms. As these rates vary, interest payments on variable-rate bonds will vary.

Year Ended June 30	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
<b>Water Fund</b>					
2025 *	\$ 80,840,000	\$ 99,022,554	\$ 12,428,950	\$ 4,673,562	\$ 196,965,066
2026	80,840,000	105,412,460	12,685,000	4,411,332	203,348,792
2027	88,485,000	101,330,407	13,041,550	4,158,739	207,015,696
2028	92,875,000	96,960,892	11,535,000	3,918,712	205,289,604
2029	98,340,000	92,351,195	11,775,941	3,692,540	206,159,676
2030-2034	581,620,000	381,576,404	60,534,249	14,973,288	1,038,703,941
2035-2039	558,565,000	230,240,396	64,868,000	8,930,191	862,603,587
2040-2044	374,900,000	133,417,406	38,839,483	3,173,736	550,330,625
2045-2049	269,675,000	50,998,301	12,044,643	1,044,407	333,762,351
2050-2054	91,165,000	10,739,468	3,267,804	98,253	105,270,525
<b>Total Water Fund</b>	<b>2,317,305,000</b>	<b>1,302,049,483</b>	<b>241,020,620</b>	<b>49,074,760</b>	<b>3,909,449,863</b>
<b>Sewage Disposal Fund</b>					
2025 *	95,885,000	101,365,656	45,880,310	7,105,130	250,236,096
2026	93,355,000	109,135,549	30,385,000	6,253,230	239,128,779
2027	105,360,000	104,090,932	27,945,000	5,641,192	243,037,124
2028	121,380,000	98,598,360	31,161,682	5,027,839	256,167,881
2029	124,340,000	92,768,661	29,025,000	4,404,327	250,537,988
2030-2034	691,385,000	371,307,420	98,546,436	14,391,952	1,175,630,808
2035-2039	756,765,000	193,063,475	62,279,085	4,570,916	1,016,678,476
2040-2044	286,965,000	79,022,968	11,585,695	444,698	378,018,361
2045-2049	131,355,000	38,985,537	-	-	170,340,537
2050-2054	89,730,000	10,760,506	-	-	100,490,506
<b>Total Sewage Disposal Fund</b>	<b>2,496,520,000</b>	<b>1,199,099,064</b>	<b>336,808,208</b>	<b>47,839,284</b>	<b>4,080,266,556</b>
<b>Total Business- type Activities</b>	<b>\$ 4,813,825,000</b>	<b>\$ 2,501,148,547</b>	<b>\$ 577,828,828</b>	<b>\$ 96,914,044</b>	<b>\$ 7,989,716,419</b>

\* For bonds issued through the Michigan Finance Authority (MFA) in 2015, the Authority is required to make payment on these obligations to the MFA depository account five business days prior to the actual due date of the bond principal and interest payments. Therefore, the payments for principal and interest due on July 1, 2024 are not included in the debt service requirements amounts above as they were paid on June 26, 2024.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

#### REVENUE BONDS

Net revenues of the Authority are pledged to repayment of bonds; following are the revenue bonds payable at June 30, 2024:

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
<b>Water Fund</b>						
Series 2003A	1/30/03	\$ 234,805,000	5.00%	7/01/34	\$ 100,000	\$ 100,000
Series 2003B	1/30/03	172,945,000	5.00%	7/01/34	100,000	100,000
Series 2005B	5/14/08	194,900,000	5.25%	7/01/35	100,000	100,000
Series 2006A	8/16/06	280,000,000	5.00%	7/01/34	100,000	100,000
Series 2006B	4/01/09	120,000,000	6.25%	7/01/36	100,000	100,000
Series 2014D-2	9/04/14	188,455,000	5.00%	7/01/24	45,555,000	-
Series 2014D-6	9/04/14	65,425,000	5.00%	7/01/24	2,130,000	-
Series 2015D-1	12/15/15	89,430,000	5.00%	7/01/27-35	69,275,000	69,275,000
Series 2015D-2	12/15/15	37,235,000	5.00%	7/01/34	37,235,000	37,235,000
Series 2016A	10/27/16	88,000,000	5.00%	7/01/24-46	87,985,000	87,970,000
Series 2016B	10/27/16	163,830,000	5.00%	7/01/24-46	163,815,000	163,800,000
Series 2016C	10/27/16	443,930,000	5.00-5.25%	7/01/24-35	415,685,000	367,685,000
Series 2016D	10/27/16	222,045,000	4.00-5.00%	7/01/24-36	222,045,000	217,380,000
Series 2018A	10/3/18	155,595,000	5.00%	7/01/23-29	96,075,000	-
Series 2020A	5/12/20	42,445,000	5.00%	7/01/24-49	42,445,000	35,685,000
Series 2020B	5/12/20	43,135,000	5.00%	7/01/24-49	43,135,000	36,265,000
Series 2020C**	5/12/20	377,515,000	1.984-3.473%	7/01/24-41	284,360,000	244,325,000
Series 2022A	9/13/22	137,470,000	5.00-5.25%	7/01/25-52	137,470,000	132,900,000
Series 2022B	9/13/22	69,745,000	5.00-5.50%	7/01/25-52	69,745,000	66,710,000
Series 2023A	12/5/23	67,210,000	5.00%	7/01/25-38	67,210,000	62,650,000
Series 2023B	12/5/23	148,535,000	5.00-5.25%	7/1/26-53	148,535,000	126,780,000
Series 2024A	6/6/24	348,175,000	5.00%	7/1/25-37	348,175,000	84,110,000
Series 2024B	6/6/24	35,930,000	5.00%	7/1/25-36	35,930,000	32,035,000
Total Water Fund Revenue Bonds Payable					<u>\$2,317,305,000</u>	

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
<b>Sewage Disposal Fund</b>						
Series 2001B	9/15/01	110,550,000	5.50%	7/01/24-29	\$ 76,880,000	\$ -
Series 2003B	6/17/09	150,000,000	7.50%	7/01/33	100,000	100,000
Series 2004A	2/12/04	101,435,000	5.25%	7/01/24	5,355,000	-
Series 2005A	3/17/05	273,355,000	4.50%	7/01/35	100,000	100,000
Series 2005C	4/05/05	63,160,000	5.00%	7/01/25	100,000	100,000
Series 2006B	8/10/06	250,000,000	5.00%	7/01/36	100,000	100,000
Series 2006D	12/14/06	370,000,000	Variable(*)	7/01/26-32	239,475,000	239,475,000
Series 2014C-3	9/04/14	446,170,000	5.00%	7/01/24	44,015,000	-
Series 2014C-7	9/04/14	76,715,000	5.00%	7/01/24	4,735,000	-
Series 2015C	12/15/15	197,660,000	5.00%	7/01/26-35	197,160,000	197,160,000
Series 2016B	10/27/16	126,105,000	5.00%	7/01/24-34	126,105,000	111,660,000
Series 2016C	10/27/16	295,190,000	4.00-5.00%	7/01/27-36	295,190,000	295,190,000
Series 2018A	10/03/18	81,595,000	5.00%	7/01/24-48	75,815,000	67,040,000
Series 2018B	10/03/18	131,690,000	5.00%	7/01/24-29	131,690,000	-
Series 2018C**	10/03/18	44,180,000	3.613%	7/01/24	16,320,000	-
Series 2020A**	6/16/20	594,930,000	1.604-3.506%	7/01/24-44	340,050,000	97,255,000
Series 2020B**	6/16/20	92,525,000	2.615-3.606%	7/01/35-44	60,740,000	14,325,000
Series 2022A	9/13/22	125,975,000	5.00-5.25%	7/01/25-52	125,975,000	122,440,000
Series 2022B	9/13/22	71,990,000	5.00-5.50%	7/01/25-52	71,990,000	68,405,000
Series 2023A	12/05/23	185,235,000	5.00%	7/01/32-40	185,235,000	172,770,000
Series 2023B	12/05/23	14,965,000	5.00%	7/01/34	14,965,000	14,965,000
Series 2023C	12/05/23	96,860,000	5.00-5.25%	7/1/28-53	96,860,000	90,850,000
Series 2024A	6/6/24	347,305,000	5.00%	7/01/25-33	347,305,000	-
Series 2024B	6/6/24	40,260,000	5.00%	7/01/25-35	40,260,000	1,685,000
Total Sewage Disposal Fund Revenue Bonds Payable					<u>2,496,520,000</u>	
Total Business-type Activities					<u>\$ 4,813,825,000</u>	

\* Interest rates are reset quarterly based upon a formula specified in the bond using the three-month LIBOR rate. Starting with the October 1, 2024 interest rate adjustment date, the Secured Overnight Financing Rate (SOFR) will be used in place of the LIBOR rate.

\*\* Taxable bond

#### Refunded Debt and New Money Bond – Water Fund

On December 5, 2023, the Authority completed a water system revenue bond refunding and new money transaction. The Authority issued \$67,210,000 in Series 2023A revenue refunding bonds, and \$148,535,000 in Series 2023B senior lien revenue bonds for a total issue of \$215,745,000. The net proceeds of the Series 2023A were to refund \$87,390,000 of Series 2020C revenue bonds which were called on December 5, 2023. The refunding transaction reduced future debt service payments by \$11,190,589 which is a net present value savings of \$7,855,334. The net proceeds of the 2023B bonds will be used to pay costs of capital improvements to the regional water system.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 12 – LONG-TERM DEBT (cont.)

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On June 6, 2024, the Authority issued \$348,175,000 in Series 2024A senior lien revenue refunding bonds and \$35,930,000 in Series 2024B second lien revenue refunding bonds for a total issue of \$384,105,000. The net proceeds of the 2024A and 2024B bonds were used to purchase securities that were placed in an irrevocable trust with and escrow agent to refund \$44,190,000 Series 2014D-1 revenue bonds, \$136,925,000 Series 2014D-2 revenue bonds, \$209,360,000 Series 2014D-4 revenue bonds and \$43,690,000 Series 2014D-6 revenue bonds for a total of \$434,165,000 of refunded bonds with a call date of July 1, 2024. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position. The bonds were called on July 23, 2024. The refunding transaction used \$16,108,779 from reserves and reduced future debt service payments by \$67,481,319. The net present value savings from the refunding transaction was \$39,293,317.

#### Refunded Debt and New Money Bond – Sewage Disposal Fund

On December 5, 2023, the Authority completed a sewage disposal system revenue bond refunding and new money transaction. The Authority issued \$185,235,000 in Series 2023A senior lien revenue refunding bonds, \$14,965,000 in Series 2023B second lien revenue refunding bonds and \$96,860,000 in Series 2023C senior lien revenue bonds for a total issue of \$297,060,000. The net proceeds of the Series 2023A were to refund \$249,030,000 of Series 2020A revenue bonds which were called on December 5, 2023, and the net proceeds of the Series 2023B were to refund \$21,110,000 of Series 2020B revenue bonds which were also called on December 5, 2023. The refunding transaction utilized \$209,161 in reserves and reduced future debt service payments by \$34,757,851 which is a net present value savings of \$20,894,712. The net proceeds of the 2023C bonds will be used to pay costs of capital improvements to the regional sewer system.

On June 6, 2024, the Authority issued \$347,305,000 in Series 2024A senior lien revenue refunding bonds and \$40,260,000 in Series 2024B second lien revenue refunding bonds for a total issue of \$387,565,000. The net proceeds of the 2024A and 2024B bonds were used to purchase securities that were placed in an irrevocable trust with and escrow agent to refund \$303,570,000 Series 2014C-3 revenue bonds, \$88,900,000 Series 2014C-6 revenue bonds and \$44,065,000 Series 2014C-7 revenue bonds for a total of \$436,535,000 of refunded bonds with a call date of July 1, 2024. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position. The bonds were called on July 23, 2024. The refunding transaction used \$16,112,380 from reserves and reduced future debt service payments by \$62,915,035. The net present value savings from the refunding transaction was \$37,313,979.

#### Reserve Requirements

Pursuant to a 2020 amendment to the Bond Ordinance, the Authority has the option to reduce or eliminate the reserve requirements for the senior lien and second lien bonds when the Authority has achieved requisite ratings threshold and has obtained the requisite confirmation that such ratings would not be reduced as a result of the reduction of the reserve requirement to zero. Upon the issuance of the Series 2024 Bonds these conditions were met and the Authority exercised the option to reduce to zero the reserve requirements for the senior lien bonds and the second lien bonds.

The existing surety bonds will be maintained by the Authority in accordance with their respective terms. The coverage of some of the existing surety bonds will be terminated as a result of the reduction of the Reserve Requirements to zero. There can be no assurance that any surety bonds will be maintained and available as a source of payment for the Series 2024 Bonds or any other Bonds after such reduction of the Reserve Requirements.

# GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2024

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## **NOTE 12 – LONG-TERM DEBT (cont.)**

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### Arbitrage

Certain bonds are subject to arbitrage rebate requirements in accordance with regulations issued by the U.S. Treasury Department. The requirements generally stipulate that earnings from the investment of the tax-exempt bond proceeds that exceeds related interest costs on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The Authority did not have an arbitrage rebate liability as of June 30, 2024.

### **STATE REVOLVING FUND LOANS**

The Authority participates in direct borrowings through the State of Michigan Drinking Water State Revolving Fund (DWSRF) to finance qualified water supply system projects and the Clean Water State Revolving Fund (CWSRF) to finance qualified sewage disposal system projects. As GLWA draws additional amounts, the outstanding principal amounts of such loans will correspondingly increase. All loans are callable under terms specified in the loan agreements.

The Authority received direct borrowing loans from the State of Michigan Revolving Loan Fund during the year ended June 30, 2024 for the Water Fund totaling \$47,779,290 of which \$7,130,478 has been forgiven, and the Sewage Disposal Fund received \$31,159,763 of which \$3,910,673 has been forgiven. The \$7,130,478 of the water loans forgiven and \$12,592,635 of the proceeds of the Water Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Water Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional water system. The \$803,541 of the sewer loans forgiven and \$1,441,623 of the Sewage Disposal Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Sewage Disposal Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional sewage disposal system. At June 30, 2024, \$67,314,342 for the Water Fund and \$459,068,110 for the Sewage Disposal Fund was authorized and unissued. Of the authorized and unissued \$0 for the Water Fund and \$8,500,101 of the Sewage Disposal Fund are for pass through loans to DWSD. At June 30, 2024 the DWSD local water system has an additional \$1,111,028 of undrawn amounts that qualify for loan forgiveness. The Sewage Disposal Fund has a total of \$25,242,253 of additional undrawn amount that qualify for loan forgiveness, with \$1,131,665 being a pass through to the DWSD local system.

Net revenues of the Authority are pledged for repayment of the loans.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

The following is a schedule of the state revolving loans payable at June 30, 2024:

Issue	Bond Date	Amount Issued	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
<b>Water Fund</b>					
Series 2005 SRF-1	9/22/05	\$ 13,805,164	2.125%	10/01/24-26	\$ 2,370,164
Series 2005 SRF-2	9/22/05	8,891,730	2.125%	10/01/24-26	1,496,730
Series 2006 SRF-1	9/21/06	5,180,926	2.125%	10/01/24-26	880,926
Series 2008 SRF-1	9/29/08	2,590,941	2.50%	10/01/24-28	550,941
Series 2016 SRF-1	9/16/16	8,273,168	2.50%	4/01/25-48	7,048,168
Series 2016 SRF-2	9/16/16	3,393,543	2.50%	4/01/25-48	2,883,543
Series 2017 SRF-1	6/23/17	5,807,931	2.50%	10/01/24-48	5,032,931
Series 2019 SRF-1	6/7/19	8,330,000	2.00%	10/01/24-40	7,280,000
Series 2019 SRF-2	8/30/19	29,078,820	2.00%	4/01/25-42	26,593,820
Series 2019 SRF-3	8/30/19	11,117,931	2.00%	10/01/24-50	10,234,875
Series 2020 SRF-1	7/31/20	20,018,660	2.00%	4/01/25-52	18,999,960
Series 2020 SRF-2	8/28/20	7,159,988	2.00%	10/1/24-39	6,789,988
Series 2020 SRF-3	8/28/20	8,960,000	2.00%	4/01/25-41	7,830,000
Series 2020 SRF-4	9/30/20	10,764,020	2.00%	4/01/25-50	10,155,970
Series 2021 SRF-1	6/21/21	11,940,000	1.875%	10/1/24-31	4,209,249
Series 2021 SRF-2	8/30/21	104,725,000	1.875%	10/01/24-40	85,469,428
Series 2021 SRF-3	8/30/21	10,425,197	1.875%	10/01/24-42	10,425,197
Series 2022 SRF-2	9/20/22	34,075,000	1.875%	4/01/25-43	32,655,000
Series 2023 SRF-1	7/17/23	48,172,500	1.875%	10/01/26	113,730
<b>Total Water Fund State Revolving Loans Payable</b>					<b>241,020,620</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Amount Issued	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
<b>Sewage Disposal Fund</b>					
Series 2001 SRF-1	6/28/01	\$ 82,200,000	2.50%	10/01/24	\$ 5,160,000
Series 2001 SRF-2	12/20/01	59,850,000	2.50%	10/01/24	3,755,000
Series 2002 SRF-3	12/19/02	31,549,466	2.50%	10/01/24	1,819,466
Series 2003 SRF-1	6/26/03	48,520,000	2.50%	10/01/24-25	6,015,000
Series 2003 SRF-2	9/25/03	25,055,370	2.50%	4/01/25	1,555,370
Series 2004 SRF-1	6/24/04	2,910,000	2.125%	10/01/24	175,000
Series 2004 SRF-2	6/24/04	18,353,459	2.125%	4/01/25	1,113,459
Series 2004 SRF-3	6/24/04	12,722,575	2.125%	4/01/25	767,575
Series 2007 SRF-1	9/20/07	167,540,598	1.625%	10/01/24-29	56,055,598
Series 2009 SRF-1	4/17/09	13,970,062	2.50%	4/01/25-30	4,770,062
Series 2010 SRF-1	1/22/10	4,214,763	2.50%	4/01/25-31	1,690,763
Series 2012 SRF-1	8/30/12	14,950,000	2.50%	10/01/24-34	9,130,000
Series 2015A SRF	3/20/15	79,500,000	2.50%	4/01/25-36	52,315,000
Series 2015B SRF	3/20/15	27,175,304	2.50%	10/01/24-35	17,555,304
Series 2015D SRF	12/11/15	15,321,478	2.50%	10/01/24-35	9,706,478
Series 2016 SAW-1	5/25/16	10,000,000	2.50%	10/01/24-38	7,950,000
Series 2016 SRF-1	9/16/16	15,463,628	2.50%	4/01/25-38	11,483,628
Series 2016 SRF-2	9/16/16	48,315,683	2.50%	4/01/25-39	37,945,683
Series 2017 SRF-1	6/23/17	33,566,682	2.50%	10/01/24-38	26,596,682
Series 2018 SRF-2	9/14/18	17,510,000	2.00%	10/01/24-42	16,790,000
Series 2020 SRF-1	3/27/20	28,350,000	2.00%	10/01/24-42	27,185,000
Series 2020 SRF-2	9/30/20	3,232,000	2.00%	10/01/24-33	1,346,149
Series 2021 SRF-1	3/26/21	12,940,000	1.875%	10/01/24-40	10,305,695
Series 2021 SRF-2 **	9/24/21	6,881,250	1.875%	-	-
Series 2022 SRF-1	6/6/22	34,195,000	1.875%	10/01/24-25	1,724,440
Series 2022 SRF-2	8/29/22	50,245,000	1.875%	4/01/25-30	12,413,864
Series 2022 SRF-3	9/20/22	19,035,000	1.875%	4/01/25-35	8,771,310
Series 2023 SRF-1	6/05/23	88,820,000	1.875%	10/01//27	2,711,682
Series 2024 SRF-1 *	5/06/24	126,800,000	2.00%	-	-
Series 2024 SRF-2 *	5/06/24	155,000,000	2.00%	-	-
Total Sewage Disposal Fund State Revolving Loans Payable					<u>336,808,208</u>
Total Business-type Activities					<u>\$ 577,828,828</u>

\* Loan has been authorized, no draws on loan as of June 30, 2024.

\*\* Current draws on loan fall under loan forgiveness, therefore there is no outstanding balance at June 30, 2024

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

#### *PLEDGES OF FUTURE REVENUE*

The Authority has pledged assets to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The Water System bonds and loans are paid solely from the net revenues of the Water System and the Sewer System bonds and loans are paid solely from the net revenues of the Sewer System. Net revenues are defined in the Great Lakes Water Authority Water and Sewer Master Bond Ordinances as all revenues except those transferred to the Operation and Maintenance funds. These revenues are further defined to include the revenues from the Retail Customers who are serviced under the Water and Sewer Services Agreement with the City of Detroit which are reported in the financial statements of the City of Detroit Water and Sewerage Department. The pledged revenues calculation for the fiscal year ending June 30, 2024 includes revenues reported by the Great Lakes Water Authority and the City of Detroit Water and Sewerage Department as this revenue is pledged for payment of the bonds and loans of the Great Lakes Water Authority.

The general purpose of the Water System debt is to provide funding for various water treatment and transmission capital improvements, refund certain water revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The general purpose of the Sewer System bonds is to provide funding for various wastewater treatment and collection activities, capital improvements, refund certain sewage disposal revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The term of pledge commitment for the water bonds is through fiscal year 2053 and the sewage disposal bonds is through 2053.

The table below has the pledged revenue coverage as of June 30, 2024:

	Water Fund	Sewage Disposal Fund
Remaining principal and interest requirement	\$ 3,909,449,863	\$ 4,080,266,556
Principal and interest funding requirement for the year ending June 30, 2024 (calculated on a debt set aside basis consistent with rate covenant basis for rate determination)	\$ 205,677,204	\$ 261,129,322
Pledged revenue for the year ending June 30, 2024	\$ 270,926,479	\$ 321,408,023
Pledged revenue collected as a percentage of funding requirement	132%	123%

At the date of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. The local system amounts used for the calculation above reflect DWSD's management representation of preliminary financial results for the year ended June 30, 2024.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

#### **CREDIT RATINGS**

In October 2023, S&P Global Ratings affirmed the Authority's senior lien water and sewage disposal systems rating of AA- and its second lien water and sewage disposal systems rating of A+. The outlook remained stable. Moody's Investors Service upgraded the Authority's water system and sewage disposal system senior lien ratings to Aa3 from A1, and its second lien ratings to A1 from A2. The outlook was revised to stable from positive for both. Fitch upgraded the Authority's sewage disposal system senior lien rating to AA- from A+, and its second lien bonds to A+ from A. Fitch affirmed the Authority's ratings for its water system senior lien bonds at an A+, and its second lien bonds at an A. The outlook remained positive for the sewage disposal system. The water system outlook remained stable.

In May 2024, S&P Global Ratings affirmed the Authority's senior lien water and sewage disposal systems rating of AA- and its second lien water and sewage disposal systems rating of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water system and sewer disposal system senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable for both. Fitch affirmed the Authority's sewage disposal system senior lien rating of AA-, and its second lien bonds of A+. Fitch affirmed the Authority's ratings for its water system senior lien bonds at an A+, and its second lien bonds at an A. The outlook remained positive for the sewage disposal system and the water system outlook remained stable.

In November 2018, S&P Global Ratings assigned an A+ rating to the Authority's junior lien water system SRF bonds and in March 2020 the junior lien sewage disposal system SRF bonds were upgraded to A+ from an A rating.

#### **RAW WATER RIGHTS OBLIGATION**

An obligation has been recorded related to the license of the raw water rights that were part of the 30-year service contract with the City of Flint. This obligation represents the future credits to the City of Flint's water bills as the City of Flint satisfies its monthly bond payment obligations to KWA. Payment requirements for interest have decreased from the prior year due to KWA refunding the 2013 intake bonds. See related footnote for the raw water rights intangible asset (Note 9).

The future credits to be issued are detailed below:

	Year Ended June 30	Principal	Interest	Total
<b>Water Fund</b>				
	2025	\$ 3,085,994	\$ 2,883,750	\$ 5,969,744
	2026	3,212,750	3,193,648	6,406,398
	2027	3,345,194	3,224,702	6,569,896
	2028	3,483,226	3,087,558	6,570,784
	2029	3,626,806	2,944,377	6,571,183
	2030-2034	20,499,399	12,349,824	32,849,223
	2035-2039	25,091,789	7,814,382	32,906,171
	2040-2044	25,492,553	2,700,032	28,192,585
	2045-2046	1,714,444	49,556	1,764,000
<b>Total Water Fund</b>		<b>\$ 89,552,155</b>	<b>\$ 38,247,829</b>	<b>\$ 127,799,984</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

#### **BC NOTE OBLIGATION**

Under the terms of the lease agreements with the City, the Authority is required to pay a portion of the City's Financial Recovery Bonds, Series 2014-B and 2014-C allocated to the regional water and sewage disposal systems. The Financial Recovery Bonds, Series 2014-B are federally taxable. The Series 2014-B bonds have two components: B(1) which has a 4.0 percent per annum interest rate and B(2) which has a variable interest rate until the maturity date of April 1, 2044. The bonds were delivered to classes of creditors in satisfaction of: (1) Class 12 OPEB claims the bonds were distributed to the new Voluntary Employee Beneficiary Associations (VEBA) for the general retirees and police and fire retirees; (2) Class 9 Pension Obligation Certificate (POC) claims; and (3) other unsecured bankruptcy claims. GLWA has a contractual obligation to pay a portion of the bonds based on an agreed-upon allocation percentage.

The Financial Recovery Bonds, Series 2014-C were issued with interest at 5.0 percent per annum. The 2014-C bonds were issued as part of the Syncora Settlement and FGIC/POC Settlement in the bankruptcy plan. GLWA has a contractual obligation to pay a portion of the bonds based on an agreed-upon allocation percentage.

In 2018, the governing body of the City of Detroit authorized the use of general funds for the full redemption of the General Obligation Bonds, 2014 Series C, including the amount allocated to the Authority. The 2014 Series C debt was fully redeemed on April 13, 2018. In addition, on December 13, 2018, the City issued Financial Recovery Refunding Bonds to redeem a portion of the 2014 Series B. The Authority will repay the City of Detroit General Fund under the terms of the original debt payment schedules for the 2014 Series B & C General Obligation Bonds, with principal and interest due on June 30 each year.

The following is a schedule of the BC Note obligation for the Financial Recovery Bonds as of June 30, 2024:

Bond Issue (GLWA share)	Original Issue Amount (GLWA share)	Range of Interest Rates	Maturity Date	Outstanding Ending Balance
<b>Water Fund</b>				
Series 2014-B	\$ 26,540,080	4.00% and variable	4/1/44	\$ 15,556,024
Series 2014-C	3,829,794	5.00%	6/30/27	568,163
Total Water Fund				<u>16,124,187</u>
<b>Sewage Disposal Fund</b>				
Series 2014-B	44,233,463	4.00% and variable	4/1/44	34,990,439
Series 2014-C	6,382,990	5.00%	6/30/27	1,277,979
Total Sewage Disposal Fund				<u>36,268,418</u>
Total Business-type Activities				<u>\$ 52,392,605</u>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 12 – LONG-TERM DEBT (cont.)

#### **BC NOTE OBLIGATION** (cont.)

As of June 30, 2024, debt service requirements of the BC Note obligation for the Financial Recovery Bonds were as follows:

	Year Ended June 30	Principal	Interest	Total
<b>Water Fund</b>				
	2025	\$ 1,002,660	\$ 650,649	\$ 1,653,309
	2026	1,013,904	608,294	1,622,198
	2027	885,004	565,377	1,450,381
	2028	777,802	528,905	1,306,707
	2029	777,802	497,793	1,275,595
	2030-2034	3,889,008	2,022,284	5,911,292
	2035-2039	3,889,008	1,866,724	5,755,732
	2040-2044	3,888,999	700,022	4,589,021
Total Water Fund		16,124,187	7,440,048	23,564,235
 <b>Sewage Disposal Fund</b>				
	2025	2,255,300	1,463,516	3,718,816
	2026	2,280,590	1,368,246	3,648,836
	2027	1,990,655	1,271,711	3,262,366
	2028	1,749,522	1,189,675	2,939,197
	2029	1,749,522	1,119,694	2,869,216
	2030-2034	8,747,608	4,548,756	13,296,364
	2035-2039	8,747,608	4,198,851	12,946,459
	2040-2044	8,747,613	1,574,570	10,322,183
Total Sewage Disposal Fund		36,268,418	16,735,019	53,003,437
Total Business-type Activities		\$ 52,392,605	\$ 24,175,067	\$ 76,567,672

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 12 – LONG-TERM DEBT (cont.)

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#### *INTEREST EXPENSE*

The following represents the amounts recorded as interest expense for the year ended June 30, 2024:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Revenue bonds and loans	\$ 114,396,829	\$ 122,495,198	\$ 236,892,027
Regional System Lease	16,550,931	20,228,920	36,779,851
Raw water rights obligation	2,957,099	-	2,957,099
BC Note obligation	661,357	1,487,601	2,148,958
Subscription liability-right to use asset	34,605	34,605	69,210
Lease-right to use asset	-	110,468	110,468
	<hr/>	<hr/>	<hr/>
Total Interest Expense	<u>\$ 134,600,821</u>	<u>\$ 144,356,792</u>	<u>\$ 278,957,613</u>

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### NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE

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On January 1, 2016, the Authority effectuated lease agreements with the City for the regional water and sewage disposal systems for a term of 40 years, to be extended automatically to coincide with the final maturity of any bonds issued to finance improvements to the regional or local water or sewage disposal systems. The agreements collectively provide for an annual lease payment of \$50 million. Currently, \$22,500,000 is allocated to the Water Fund and \$27,500,000 is allocated to the Sewage Disposal Fund. The lease for the water system provides service to the wholesale customers and the retail water customers of the City up to the point of connection to the local water system facilities of the City. The lease for the sewage disposal system provides service to the wholesale customers and the retail sewage disposal customers of the City up to the point of connection to the local sewage disposal system facilities of the City. In addition, both leases provide that certain other assets including cash and investments held by DWSD as of December 31, 2015 be transferred to GLWA, all revenues of the regional and local water and sewage disposal systems are assigned to GLWA, and that GLWA assumes all DWSD bonded debt and certain other liabilities. The long-term leases are recorded as the present value of all future debt payments.

The regional system leases were recorded under GASB 69 to record the acquisition of the operations of the City of Detroit water and sewage disposal systems. The liability for the leases is allocated in the computation of net position based upon the components of net position acquired. Under the definitions of the regional system leases all improvements, additions and replacements to the original facilities acquired are considered to be leased facilities.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE (cont.)**

Amounts reported as a liability at year-end represent the net present value of all future lease payments. Changes in the Regional Systems leases payable for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amount due Within One Year*
Water Fund	\$ 400,095,662	-	\$ (5,928,467)	\$ 394,167,195	\$ 6,180,464
Sewage Disposal Fund	489,005,809	-	(7,245,904)	481,759,905	7,553,901
<b>Total Business-type Activities</b>	<b>\$ 889,101,471</b>	<b>\$ -</b>	<b>\$ (13,174,371)</b>	<b>\$ 875,927,100</b>	<b>\$ 13,734,365</b>

\* The current portion of the Regional Systems leases payable represents the 12 monthly payments required from July 1, 2024 through June 30, 2025. Future revenues are intended to cover these payments.

As of June 30, 2024, aggregate requirements of the Regional Systems leases were as follows:

	Year Ended June 30	Principal	Interest	Total
<b>Water Fund</b>				
	2025	\$ 6,180,464	\$ 16,319,536	\$ 22,500,000
	2026	6,443,173	16,056,827	22,500,000
	2027	6,717,048	15,782,952	22,500,000
	2028	7,002,565	15,497,435	22,500,000
	2029	7,300,218	15,199,782	22,500,000
	2030-2034	41,428,022	71,071,978	112,500,000
	2035-2039	51,013,795	61,486,205	112,500,000
	2040-2044	62,817,560	49,682,440	112,500,000
	2045-2049	77,352,526	35,147,474	112,500,000
	2050-2054	95,250,646	17,249,354	112,500,000
	2055-2056	32,661,178	1,088,822	33,750,000
<b>Total Water Fund</b>		<b>\$ 394,167,195</b>	<b>\$ 314,582,805</b>	<b>\$ 708,750,000</b>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE (cont.)

	Year Ended June 30	Principal	Interest	Total
<b>Sewage Disposal Fund</b>				
2025	\$	7,553,901	\$ 19,946,099	\$ 27,500,000
2026		7,874,989	19,625,011	27,500,000
2027		8,209,726	19,290,274	27,500,000
2028		8,558,691	18,941,309	27,500,000
2029		8,922,489	18,577,511	27,500,000
2030-2034		50,634,250	86,865,750	137,500,000
2035-2039		62,350,194	75,149,806	137,500,000
2040-2044		76,777,018	60,722,982	137,500,000
2045-2049		94,541,976	42,958,024	137,500,000
2050-2054		116,417,455	21,082,545	137,500,000
2055-2056		39,919,216	1,330,784	41,250,000
Total Sewage Disposal Fund		481,759,905	384,490,095	866,250,000
Total Business-type Activities		\$ 875,927,100	\$ 699,072,900	\$ 1,575,000,000

As part of the 2018 MOU, the MBO requirement for six months of lease payments made to DWSD on January 1, 2016 will be treated as a prepaid lease payment. The initial term of the regional system leases began on the effective date and ends on December 31, 2055. GLWA's last monthly payment shall be June 1, 2055 and GLWA's \$25 million lease pre-payment on January 1, 2016 shall be applied to the period of July 1, 2055 through December 31, 2055. Of the \$25 million recorded as a prepaid on the statement of net position, \$11,250,000 is recorded in the Water Fund and \$13,750,000 is in the Sewage Disposal Fund.

### NOTE 14 – OTHER LIABILITIES

Changes in other liabilities for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Water Fund</b>					
Subscription liability - right to use asset	\$ -	\$ 1,885,523	\$ (310,464)	\$ 1,575,059	\$ 275,443
Compensated absences	5,103,518	5,906,377	(5,466,658)	5,543,237	3,668,587
Workers' compensation	218,373	702,816	(263,297)	657,892	582,892
Claims and judgements	135,000	-	(10,000)	125,000	125,000
Cash held for the benefit of DWSD budget stabilization	2,000,000	-	-	2,000,000	-
Total Water Fund	\$ 7,456,891	\$ 8,494,716	\$ (6,050,419)	\$ 9,901,188	\$ 4,651,922

# GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2024

## NOTE 14 – OTHER LIABILITIES (cont.)

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Sewage Disposal Fund</b>					
Lease payable – warehouse	\$ 3,891,394	\$ -	\$ (390,070)	\$ 3,501,324	\$ 414,719
Subscription liability – right to use asset	-	1,885,523	(310,464)	1,575,059	275,443
Compensated absences	778,552	1,810,117	(227,950)	2,360,719	1,127,678
Claim and judgements	13,410,000	115,000	(7,757,643)	5,767,357	5,767,357
DWSD local system capital contribution from EFSD	31,724,639	781,020	(16,453,096)	16,052,563	12,218,100
Cash held for the benefit of DWSD budget stabilization	5,500,000	-	-	5,500,000	-
<b>Total Sewage Disposal Fund</b>	<b>55,304,585</b>	<b>4,591,660</b>	<b>(25,139,223)</b>	<b>34,757,022</b>	<b>19,803,297</b>
<b>Total Business-type Activities</b>	<b>\$ 62,761,476</b>	<b>\$ 13,086,376</b>	<b>\$ (31,189,642)</b>	<b>\$ 44,658,210</b>	<b>\$ 24,455,219</b>

### **LEASE PAYABLE – WAREHOUSE**

The Authority entered into a lease agreement for a warehouse to store inventory for operational needs which began on April 1, 2021. The lease was recorded under GASB 87 using a discount rate of 3%. The lease term is for 5 years and 4 months with one five-year renewal option. The Authority has included the renewal period when recording the lease. An estimate of a 2.5% CPI at the time of renewal was used in calculating the payments for the renewal period.

The future lease payments are detailed below:

	Year Ended June 30	Principal	Interest	Total
<b>Sewage Disposal Fund</b>				
	2025	\$ 414,719	\$ 99,404	\$ 514,123
	2026	436,958	86,622	523,580
	2027	462,398	73,181	535,579
	2028	490,037	58,931	548,968
	2029	518,856	43,836	562,692
	2030-2032	1,178,356	38,949	1,217,305
<b>Total Sewage Disposal Fund</b>		<b>\$ 3,501,324</b>	<b>\$ 400,923</b>	<b>\$ 3,902,247</b>

The right to use assets acquired through the lease are summarized below:

	Cost	Accumulated Amortization	Ending Book Value
<b>Sewage Disposal Fund</b>			
Warehouse	\$ 4,543,607	\$ (1,429,038)	\$ 3,114,569

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 14 – OTHER LIABILITIES (cont.)

#### **SUBSCRIPTION LIABILITY – RIGHT TO USE ASSET**

The Authority entered into a contract for software as a service (SaaS) with Workday for a human resource (HCM) and finance (FINS) enterprise resource planning (ERP) system effective April 1, 2022 for 8 years ending in fiscal year 2030. The HCM module began operations during the current fiscal year. The FINS module will be implemented on July 1, 2024. The subscription liability was recorded under GASB 96 on January 1, 2024 using a discount rate of 4 percent. This contract is considered a centralized service that is split 50/50 between the water and the sewage disposal fund.

The future contract payments are detailed below:

	Year Ended June 30	Principal	Interest	Total
<b>Water Fund</b>				
	2025	\$ 275,443	\$ 63,002	\$ 338,445
	2026	295,820	51,985	347,805
	2027	314,608	40,152	354,760
	2028	334,289	27,568	361,857
	2029	354,899	14,196	369,095
Total Water Fund		\$ 1,575,059	\$ 196,903	\$ 1,771,962
<b>Sewage Disposal Fund</b>				
	2025	275,443	63,002	338,445
	2026	295,820	51,985	347,805
	2027	314,608	40,152	354,760
	2028	334,289	27,568	361,857
	2029	354,899	14,196	369,095
Total Sewage Disposal Fund		\$ 1,575,059	\$ 196,903	\$ 1,771,962
Total Business-type Activities		\$ 3,150,118	\$ 393,806	\$ 3,543,924

The subscription asset was recorded based on the subscription liability amount plus implementation cost. The implementation costs related to the FINS module incurred during January 2024 through June 2024 are recorded under the prepaid subscription asset until the go live date of July 1, 2024. The subscription assets at June 30, 2024 is summarized below:

	Cost	Accumulated Amortization	Ending Book Value
<b>Water Fund</b>			
Workday SaaS	\$ 5,188,849	\$ (415,108)	\$ 4,773,741
<b>Sewage Disposal Fund</b>			
Workday SaaS	5,188,849	(415,108)	4,773,741
Total Business-type Activities	\$ 10,377,698	\$ (830,216)	\$ 9,547,482

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 14 – OTHER LIABILITIES (cont.)

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#### **COMPENSATED ABSENCES**

The Authority has a paid time off (PTO) policy which has an annual accrual period ending September 30 each year. Starting September 30, 2024 (the next rollover period), employees are allowed to carry over a maximum bank of 100 hours to the next accrual period. Balances greater than 100 hours up to a maximum of 180 hours are converted to the retiree health saving program at 100% of the value of the PTO time. Hours in excess of 180 hours are forfeited if unused by September 30 of each accrual period. The accrued compensated absences on June 30, 2024 for PTO accruals are \$3,556,251 for the Water Fund and \$1,051,854 for the Sewage Disposal Fund which is current.

The Authority has an accrued compensated absence liability that was assumed on January 1, 2016 relating to the accumulated unpaid vacation and sick leave balances for those employees who retired from the City or resigned from the City and accepted employment with the Authority on January 1, 2016. All but approximately \$1,900 of the vacation time has been paid. Employees hired after January 1, 2016 do not have accumulated sick leave. With the adoption of GASB Statement 101, the Authority accrued an additional amount related to the remaining sick leave balances at June 30, 2024 based on the payment history since 2016. The amount included in the accrued compensated absences is \$1,986,986 of which \$112,336 is current for the Water Fund and \$1,308,864 of which \$75,824 is current for the Sewage Disposal Fund.

The accrued compensated absences include the employers' share of Social Security and Medicare taxes as well as the 401 (a) employer contribution.

#### **WORKERS' COMPENSATION**

Workers' compensation is discussed in Note 15 Risk Management/Self-Insurance Programs.

#### **CLAIMS AND JUDGEMENTS**

The Authority has accrued in its financial statements for known asserted claims in which future settlements may be necessary. See Note 15 for discussion of risk of loss and insurance coverages.

#### **DWSD LOCAL SYSTEM CAPITAL CONTRIBUTION FROM EFSD**

The Authority is holding a DWSD local system contribution received from the Evergreen-Farmington Sanitary Drain Drainage District for specific DWSD local system construction projects which were identified in an agreement. These funds are being disbursed to DWSD as the project expenses are incurred.

#### **CASH HELD FOR THE BENEFIT OF DWSD BUDGET STABILIZATION**

Under the terms of the Master Bond Ordinance (MBO), the Authority retains cash on hand for the benefit of DWSD for budget stabilization funds to be used if DWSD has cash shortfalls. The 2018 Memorandum of Understanding set the balance to be retained in the Budget Stabilization Funds at \$7,500,000 for the life of the Regional System Leases. The Water Fund has retained \$2,000,000 and the Sewage Disposal Fund has \$5,500,000.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 15 – RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

The Authority is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; occupationally related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risk of loss associated with providing medical and prescription drug benefits to employees.

The Authority transfers risk via the purchase of a variety of insurance policies the most significant of which are shown in the table below (alphabetical by coverage):

Coverage	Coverage Limits	Maximum Retention Per Occurrence
Aviation	\$5,000,000	Physical damage 10% of insured value
Fiduciary	\$15,000,000	\$5,000
General Liability	\$10,000,000	\$1,000,000
Pollution Legal Liability	\$25,000,000	\$500,000
Property Damage	\$750,000,000	\$3,500,000 combined for all coverages
Public Officials and Employment Practices	\$30,000,000	\$750,000
Underground Storage Tanks	\$2,000,000	\$5,000
Workers' Compensation	Statutory/\$2,000,000	\$1,250,000

The Authority assumes all risk for motor vehicle physical damage.

Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage since inception of the Authority.

A liability for claims is reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The Authority estimates the liability for medical and worker's compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustments expense. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 15 – RISK MANAGEMENT/SELF-INSURANCE PROGRAMS (cont.)**

#### ***MEDICAL AND PRESCRIPTION DRUG INSURANCE***

The Authority provides medical and prescription drug benefits to a significant number of employees through a self-insured health plan that is administered by third party administrators. The Authority has stop loss insurance for its self-insured medical and prescription drug plans with terms of \$300,000 per contract to reduce risk exposure. The self-insured program is administered by a third-party administrator who provides claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits. Claim payments are reported net of rebates received for negotiated pricing for pharmacy benefits and stop loss reimbursements. The unpaid claims estimate is accrued within the Water Fund's accrued salaries, wages and benefits payable account on the Statement of Net Position. Although the liability is recorded in the Water Fund, the Sewage Disposal Fund's share of these costs are allocated through the Centralized and Administrative Services allocation.

	2024	2023
Unpaid claims, beginning of year	\$ 548,912	\$ 765,795
Incurred claims (including change in IBNR provisions)	10,795,664	9,661,534
Claims payments	(10,809,961)	(9,878,417)
Unpaid Claims, End of Year	\$ 534,615	\$ 548,912

#### ***WORKERS' COMPENSATION***

The Authority maintains a self-insurance program for workers' compensation coverage up to statutory limits. The program is administered by a third-party who provides claim review and medical bill review services. Claim liabilities are calculated considering the effects of recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claim liabilities also include estimated costs for claim administration fees and outside legal and medical assistance costs. The liabilities for workers' compensation current year claims is based on estimates and payments are based on actuals. The unpaid claims estimate is accrued within the Water Fund's accrued workers' compensation account (See Note 14). Although the liability is recorded in the Water Fund, the Sewage Disposal Fund's share of these costs are allocated through the Centralized and Administrative Services allocation.

Changes in the balances of claims liabilities during the past two years are as follows:

	2024	2023
Unpaid claims, beginning of year	\$ 218,373	\$ 213,300
Incurred claims (including change in IBNR provisions)	702,816	448,142
Claims payments	(263,297)	(443,069)
Unpaid Claims, End of Year	\$ 657,892	\$ 218,373

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 16 – DEFINED CONTRIBUTION PENSION PLANS

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#### ***DEFINED CONTRIBUTION PLANS***

The Great Lakes Water Authority Defined Contribution Retirement Plan is a 401(a) governmental money purchase plan administered by MissionSquare Retirement (the “Administrator”) to provide benefits at retirement to all full-time employees of the Authority. The Authority contributes 6.0% of an employee’s base pay to the plan. The Authority will make an additional contribution to the 401(a) plan to match employee contributions under the Great Lakes Water Authority 457 Plan up to 3% of compensation. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. The Authority recognized expense of \$6,367,980, which is net of forfeitures of \$309,319, for the year ended June 30, 2024. The Authority has accrued approximately \$133,000 of expense on the accrued payroll at June 30, 2024. At June 30, 2024, there were 1,304 plan members, of which 1,057 are active.

The Great Lakes Water Authority Defined Contribution Plan Make-Up Benefit is a 401(a) governmental money purchase plan administered by MissionSquare Retirement (the “Administrator”) to provide benefits at retirement to all employees who terminated employment with DWSD on or around January 1, 2016 and were not vested in the City of Detroit General Retirement System (GRS). Eligible employees were required to rollover to the Authority’s Section 457 Deferred Compensation Plan their refunded employee mandatory contribution from GRS. The amount of the make-up benefit was determined by an actuary based on the present value of the lost GRS benefit. It was accrued in fiscal year 2018 and funded during fiscal year 2019. No additional contributions are required for this plan. Employees are 100% vested after one year of service. At June 30, 2024 there are 25 participants in the plan.

The Authority has a Section 457 Deferred Compensation Plan which employees can make pre-tax or post-tax (Roth) contributions which are immediately 100% vested. At June 30, 2024 there were 1,355 plan members, of which 1,012 are active.

The Authority has a Roth IRA Plan which allows employees to make post-tax contributions which are immediately 100% vested. At June 30, 2024 there are 124 participants in the plan.

#### ***RETIREMENT HEALTH SAVINGS PLAN***

The Authority also provides a Retirement Health Savings Program for full-time employees. Employees are required to contribute \$10 per pay period and the Authority contributes \$80 per pay period. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. Members can access their account for reimbursement of qualified medical expenses and payment of insurance premiums for their dependents when they separate from GLWA and reach age 60. The Authority recognized an expense \$2,045,342, which is net of forfeitures of \$158,957, for the year ended June 30, 2024. The Authority has accrued approximately \$42,000 of expense on the accrued payroll at June 30, 2024. Employee contributions were \$259,560 for the year ended June 30, 2024. At June 30, 2024, there were 1,920 plan members, of which 1,137 are active.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)

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As part of the City of Detroit bankruptcy plan of adjustment (POA) and the Regional System Leases (Section 4.3), the City, the General Employees' Retirement System of the City of Detroit (GRS or the System) and the Authority entered into an agreement on December 1, 2015 that set forth the terms for contributions and reporting of the DWSD share of the GRS pension pool. GRS provides the information necessary for the Authority and DWSD to report the proportionate share separately in their respective statements. On January 24, 2017, DWSD and the Authority provided a supplement to the agreement whereby GRS is directed to allocate investments and pension liabilities of the DWSD division on the basis of 70.3% to the Authority and 29.7% to DWSD effective January 1, 2016. This agreement constitutes a special funding situation pursuant to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As such, while no Authority employees earn service credit in the legacy or hybrid plans, GLWA is legally responsible for making contributions to a legacy pension plan of another entity and, accordingly, must record a net pension liability for its proportion and make the following disclosures regarding the plan as repaired by the standard. Information is available in a separate audit report for the "General Retirement System of the City of Detroit Financial Report with Supplemental Information" as well as "The General Retirement System of the City of Detroit GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II" as of June 30, 2023 which are available by contacting the Authority's management.

*Plan Administration.* The Authority contributes to (and DWSD participates in) the System. The System is a single employer plan which is referred to as the Component II plan. The plan is administered by its own board of trustees. Component II is the legacy plan, the original defined benefit plan, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by members prior to July 1, 2014. On June 30, 2014, as a result of negotiations between the City and the public employee unions, the existing plan benefit formulas were frozen, and no employees were allowed to earn benefits under the existing plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. Plan members include active employees, retirees and beneficiaries from various departments within the City. Component II also includes the income stabilization fund. The fund, a part of Component II and established as a provision of the POA, was established for the sole purpose of paying the income stabilization benefits to eligible pensioners. Complete details regarding the Component II benefits and changes in those benefits by virtue of the POA are presented in the System financial statements.

The System issues publicly available financial reports that include financial statements and the required supplementary information. The reports can be obtained from City of Detroit Retirement Systems, One Detroit Center, 500 Woodward Avenue, Suite 3000, Detroit, MI 48226 or obtained from the Systems' website ([www.rscd.org](http://www.rscd.org)). Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports.

*Benefits Provided.* Plan members may retire at age 55, 60 or 65 with 8, 10, 25 or 30 years of credited service depending on which group the employee is in. Members are vested after completing 8 or 10 years of credited service. Retirement options that provide for survivor benefits are available to members. The Plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary.

*Employer Contributions.* Employer contributions, including the Authority's nonemployer contribution, for the respective components are as follows:

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)

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During the Plan's fiscal year 2023, employer contributions were not actuarially determined but are determined by the provisions of the POA. Included within contributions for fiscal year 2023 are contributions from the Foundation for Detroit's Future in the amount of \$375,000 and approximately \$47.9 million of contributions from the City, City-related entities, and GLWA.

The POA obligates DWSD to pay \$2,500,000 per year towards administrative costs and annual plan contributions of \$42,900,000 per year in total for both water and sewer employees, until 2023. According to the pension agreement, GRS was to track the actual annual administrative expenses allocable to the DWSD pension pool, and then, beginning with the fiscal year commencing on July 1, 2023, GRS was required to calculate the actual aggregate amount of administrative expenses allocable to the DWSD pension pool during the nine-year period. Based on the required reporting by GRS, as of June 30, 2023, the aggregate excess of administrative expenses paid by the DWSD pension pool are approximately \$13 million.

Subsequent to 2023, DWSD and the Authority will be responsible for paying their allocable share of any additional amounts that are actuarially determined to be payable. The 2024 actuarially determined employer contribution was included in the GRS annual actuarial valuation of Component II dated June 30, 2023. There was no contribution required for the unfunded actuarial accrued liability. Only an administrative expense contribution was required with the total share for the DWSD being \$0.7 million. GLWA's share of the 2024 administrative expense will be \$0.5 million with approximately \$0.18 million allocated to the Water Fund and approximately \$0.32 million allocated to the Sewage Disposal Fund.

*DWSD Employee Contributions.* Contribution requirements of plan members are established and may be amended by the GRS Board of Trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2023, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014; contributions into Component I began thereafter.

*Actuarial Assumptions.* The total pension liability was actuarial determined as of June 30, 2022, which used updated procedures to roll forward the estimated liability to June 30, 2023. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement.

Inflation	Not applicable
Salary increases	No inflation assumption or salary increases due to plan freeze as of June 30, 2014
Investment rate of return	6.76%, net of investment expense and including inflation

Note that the long-term assumed rate of return used for the purpose of the GASB Statement No. 67 valuations was determined in accordance with generally accepted accounting principles. This rate will change annually based on capital market expectations in consideration of the System's most recently approved asset mix. This should not be confused with the provisions in the Plan of Adjustment, which established a 6.75 percent assumed rate of return that does not change annually as it is set by the POA for the purpose of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

The mortality table assumption was based on the PubG-2010(B) Below-Median General Retiree Table. The tables are projected to be fully generational, based on the two-dimensional, sex-distinct mortality scale MP-2021.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)**

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2022 valuation to calculate the total pension liability as of June 30, 2023 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020. The assumptions were first used in the June 30, 2021 actuarial valuation and assumption changes included mortality tables (change from the RP-2014 Blue Collar Annuitant Table), withdrawal rates, and disability rates.

*Investment Rate of Return.* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term expected real rate of return as of June 30, 2023 for each major asset class and the target allocations are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	46.0%	4.58%
Global fixed income	33.0%	4.09%
Real estate	13.0%	4.64%
Diversifying strategies	8.0%	4.30%
	100.0%	

*Single Discount Rate.* A Single Discount Rate of 6.76%, net of investment expenses, was used to measure the total pension liability as of June 30, 2023. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.76% as directed by the System and approved by the System's auditor. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions have ceased and that employer contributions will be made at rates equal to those set by System's funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Net Pension Liability.* As permitted by GASB Statement No. 68, the net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The information below represents the Authority's share of System pension liability activity which is allocated between the water fund and sewage disposal fund. DWSD separately reports its pro rata share of activity in its separate financial statements.

*Changes in the Net Pension Liability.* The components of the change in the Authority's share of the net pension liability are summarized as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Total pension liability	\$ 161,412,106	\$ 288,876,428	\$ 450,288,534
Plan fiduciary net position	(148,132,440)	(265,110,042)	(413,242,482)
Authority's Net Pension Liability	\$ 13,279,666	\$ 23,766,386	\$ 37,046,052

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
<b>Water Fund</b>			
Balances at June 30, 2023	\$ 168,530,590	\$ 145,884,785	\$ 22,645,805
Changes for the year:			
Interest	10,858,693	-	10,858,693
Difference between expected and actual experience	(2,529,151)	-	(2,529,151)
Changes in assumptions	(125,891)	-	(125,891)
Employer contributions	-	10,810,800	(10,810,800)
Net investment income	-	7,806,248	(7,806,248)
Benefit payments, including refunds of employee contributions	(15,322,135)	(15,322,135)	-
Other changes	-	(1,047,258)	1,047,258
Net changes	<u>(7,118,484)</u>	<u>2,247,655</u>	<u>(9,366,139)</u>
Balances at June 30, 2024	<u>\$ 161,412,106</u>	<u>\$ 148,132,440</u>	<u>\$ 13,279,666</u>
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
<b>Sewage Disposal Fund</b>			
Balances at June 30, 2023	\$ 301,616,255	\$ 261,087,453	\$ 40,528,802
Changes for the year:			
Interest	19,433,613	-	19,433,613
Difference between expected and actual experience	(4,526,377)	-	(4,526,377)
Changes in assumptions	(225,305)	-	(225,305)
Employer contributions	-	19,347,900	(19,347,900)
Net investment income	-	13,970,706	(13,970,706)
Benefit payments, including refunds of employee contributions	(27,421,758)	(27,421,758)	-
Other changes	-	(1,874,259)	1,874,259
Net changes	<u>(12,739,827)</u>	<u>4,022,589</u>	<u>(16,762,416)</u>
Balances at June 30, 2024	<u>\$ 288,876,428</u>	<u>\$ 265,110,042</u>	<u>\$ 23,766,386</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the Authority, calculated using the discount rate of 6.76%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.76%) or 1% higher (7.76%) than the current rate:

	<u>1% Decrease (5.76%)</u>	<u>Current Discount Rate (6.76%)</u>	<u>1% Increase (7.76%)</u>
Water Fund	\$ 16,053,775	\$ 13,279,666	\$ 10,883,890
Sewage Disposal Fund	<u>28,731,161</u>	<u>23,766,386</u>	<u>19,478,708</u>
Authority's Net Pension Liability	<u>\$ 44,784,936</u>	<u>\$ 37,046,052</u>	<u>\$ 30,362,598</u>

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)**

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued plan financial statements.

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.* For the year ended June 30, 2024, the Authority recognized pension expense of \$2,402,938 and \$4,300,495 for the Water and Sewage Disposal Funds, respectively. At June 30, 2024, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
<b>Water Fund</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 5,338,231	\$ -	\$ 5,338,231
Employer contributions to the plan subsequent to the measurement date	-	-	-
<b>Total Water Fund</b>	<b>5,338,231</b>	<b>-</b>	<b>5,338,231</b>
<b>Sewage Disposal Fund</b>			
Net difference between projected and actual earnings on pension plan investments	9,553,741	-	9,553,741
Employer contributions to the plan subsequent to the measurement date	-	-	-
<b>Total Sewage Disposal Fund</b>	<b>9,553,741</b>	<b>-</b>	<b>9,553,741</b>
<b>Total Business-type Activities</b>	<b>\$ 14,891,972</b>	<b>\$ -</b>	<b>\$ 14,891,972</b>

There were no deferred outflows of resources resulting from contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30	Water Fund	Sewage Disposal Fund	Total Business-type Activities
2025	\$ 1,458,506	\$ 2,610,264	\$ 4,068,770
2026	(781,599)	(1,398,814)	(2,180,413)
2027	4,290,650	7,678,902	11,969,552
2028	370,674	663,389	1,034,063
<b>Total</b>	<b>\$ 5,338,231</b>	<b>\$ 9,553,741</b>	<b>\$ 14,891,972</b>

*Payable to the Pension Plan.* At June 30, 2024, the Authority did not have any outstanding contributions payable to the pension plan for the year then ended.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 18 – COMMITMENTS AND CONTINGENCIES

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#### ***CAPITAL IMPROVEMENT PROGRAM***

The Authority is engaged in a variety of projects that are part of its five-year capital improvement program (the Program). The total cost of this Program for the Water Fund is anticipated to be approximately \$1.1 billion with an 100% spend rate assumption through fiscal year 2029. The total cost for the Sewage Disposal Fund is anticipated to be approximately \$983 million with a 100% spend rate assumption through fiscal year 2029. The Program is being financed from revenue bond and state revolving fund proceeds in addition to the Improvement and Extension Funds.

The total amount of construction contract commitments outstanding at June 30, 2024 was approximately \$211 million for the Water Fund and \$566 million for the Sewage Disposal Fund.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 13). The amount of capital improvements in progress related to the contract are estimated by OMIDD to be worth \$81.7 million for the Sewage Disposal Fund at June 30, 2024. At a future date, in accordance with the contract, OMIDD will offer and transfer the assets, following GLWA's acceptance, as the assets are placed in service.

#### ***SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)***

The Authority has two SBITA's that are in the implementation phase. A summary of the commitments for each SBITA are detailed below:

NEXGEN is an enterprise asset management system subscription service. The contract is a \$1.7 million purchase for a duration of five years with one two-year renewal. The contract ends November 30, 2026 with a two-year renewal which would end November 30, 2028. The anticipated in-service date is expected during fiscal year 2025. There is a separate implementation contract for three years ending early in fiscal year 2025 for a not to exceed cost of \$4.6 million. The Authority's remaining commitment under this contract is \$1.9 million, which will be split 50/50 between the water fund and sewage disposal fund. Implementation costs incurred up to the date placed in service will be capitalized.

Workday is an enterprise resource planning system subscription service which is an integrated financial, HR, payroll and analytic system service. The contract is for eight years ending in fiscal year 2030. The cost for the SBITA for the eight-year period is \$5.5 million. The HCM portion was implemented during the fiscal year and the subscription liability is discussed in Note 14. The in-service date for the financial system is July 2024. There are two separate implementation contracts one which terminates in December 2024 and the other which terminates in 2029 for a not to exceed cost of \$8.4 million. The Authority's remaining commitment under these contracts is \$1.3 million, which will be split 50/50 between the water fund and sewage disposal fund. Implementation costs through December 31, 2023 have been capitalized. The implementation costs incurred from January 2024 through June 2024 for the FINS portion will be capitalized on July 1, 2024. Post implementation costs will be expensed as incurred.

#### ***2021 RAIN EVENTS***

During the Summer of 2021, GLWA's service area experienced several intense rain events. These rain events resulted in sewer backups, causing property damage. GLWA received over 24,000 property damage claims from these intense rain events. Most of the claims relate to rain events occurring on June 25-26, 2021 and July 16, 2021.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

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The Board hired an independent investigative team to review the rain events. In June 2022, the Independent Investigative Team reviewing the rain events of June and July 2021 presented its final report to the Great Lakes Water Authority (GLWA) Board of Directors. The report concluded that heavy and historic rainfalls exceeded the design capacity of the wastewater system, making surface flooding and basement backups inevitable. For the June 25-26, 2021 rain event, the report also stated that even if every piece of piping and equipment in the regional system worked in an ideal manner, basement backups and surface flooding would still have occurred in GLWA's system, or any other collection system designed to today's standard. This standard reflects a collection system designed to handle 1.7 inches of rain in one hour (with no rain before/no rain after) or 3.31 inches in 24 hours. On June 25, 2021 more than six inches was experienced in only half that time, which is double the maximum design standard for 24 hours.

In July 2022, GLWA announced that it is denying all claims submitted to the Authority related to the historic rain events that took place in the summer of 2021. Official notification was mailed to the claimants. This decision was based on the findings of the independent investigation and that under Michigan's Governmental Liability for Negligence Act, a public entity such as GLWA can only be liable for a sewage disposal system event (a basement backup) if a defect in its sewage disposal system was the substantial proximate cause (50 percent or more of the cause) of the event and property damage or physical injury.

While no claim under an individual lawsuit would have a material impact on GLWA's operations or revenues, in the aggregate, the claimed amounts under all such lawsuits could be material. As it relates to the June 25-26, 2021 rain event, the trial court dismissed many of the class action lawsuits against GLWA, finding no defect in the Sewer System. The plaintiffs have appealed the dismissal decision. As it relates to the July 16, 2021 rain event, GLWA filed a dispositive motion, which was also granted. The plaintiffs appealed the dismissal in May 2024; this matter is also pending in the appellate court.

The Authority received insurance payments of \$1 million during fiscal year 2022, \$2.6 million in fiscal year 2023 and \$6.9 million in the current fiscal year for a total of \$10.6 million which is the final insurance settlement amount. The insurance payments were net of the \$1 million deductible on the insurance policy. The Federal Emergency Management Agency (FEMA) has committed to reimburse the Authority for the \$1 million deductible, net of the GLWA 10% cost share. During the fiscal year 2023 the Authority received \$0.4 million of FEMA funds toward the deductible cost. The Authority estimates future additional costs of \$8 million for repairs and debris removal from the interceptors as a result of the heavy rains.

#### **CONTINGENCIES**

The Authority is subject to various government environmental laws and regulations. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remedial activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care. The Authority determined that there were no estimated pollution remediation obligations to be recorded at June 30, 2024.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

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### NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

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GASB Statement No. 83, *Certain Asset Retirement Obligations*, established accounting and financial reporting standards for legally enforceable liabilities related to the retirement of tangible capital asset(s) where the tangible capital asset is permanently removed from service. The retirement of a tangible capital asset can occur via sale, abandonment, recycling or disposal in some other manner and excludes the temporary idling of a tangible capital asset. An asset retirement obligation does not apply to obligations resulting from the disposal, or plan to dispose, of a tangible capital asset; obligation(s) associated with using a tangible capital asset for a different purpose; obligation(s) for pollution remediation; obligation(s) from regular maintenance or the cost to replace a component. The Authority determined there were no legally enforceable asset retirement obligations to be recorded at June 30, 2024.

The Sewage Disposal Fund's operations are subject to regulation pursuant to the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 and the Water Quality Act of 1987 (collectively, the Clean Water Act). Included in the regulatory framework established by the Clean Water Act is the National Pollutant Discharge Elimination System (NPDES) permit program, which requires operation of wastewater system facilities according to discharge limitations and other requirements as set forth in permits issued to each facility. The Environmental Protection Agency (EPA) has authorized the Michigan Department of Environmental Quality (MDEQ) to implement and enforce the federal NPDES permit program. The Sewage Disposal Fund operates pursuant to the NPDES Permit. The Authority's current NPDES permit was issued July 1, 2019 and expired on October 1, 2022. A new permit application was submitted in March 2022. The Authority will continue to operate under the old permit until the new permit is issued.

The Authority is a defendant in numerous alleged claims, lawsuits, billing disputes, and other stated and pending demands. The Authority's Legal Department has estimated a reserve of \$125,000 for the Water Fund and \$5,767,357 for the Sewage Disposal Fund, which are included in the accompanying financial statements, for the potential outcome of such claims or the amount of potential damages in the event of an unfavorable outcome for each of the above contingencies. The Authority's management believes that any differences in reserved amounts and final settlement, after consideration of claims covered by insurance, resulting from such litigation will not materially impact the Authority's financial position or results of operations.

The Authority holds various commercial insurance policies to cover other potential loss exposures.

# GREAT LAKES WATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2024

### **NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS**

The composition of net investment in capital assets as of June 30, 2024 was as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Capital Assets			
Nondepreciable/nonamortizable	\$ 708,545,333	\$ 464,376,029	\$ 1,172,921,362
Depreciated/amortized – net	1,366,169,471	1,941,044,130	3,307,213,601
Total Capital Assets	2,074,714,804	2,405,420,159	4,480,134,963
Less: Related Debt			
Total bonds and loans, net (Note 12)	2,739,484,740	2,942,950,119	5,682,434,859
Less outstanding bonds used for:			
SWAP termination agreements	(159,008,171)	(188,841,918)	(347,850,089)
Unspent bond proceeds	(128,094,605)	(162,716,110)	(290,810,715)
Obligation receivable-local system share of debt (Note 8)	(550,282,960)	(354,867,193)	(905,150,153)
Capital related deferred charge on refunding	(21,898,579)	(43,056,229)	(64,954,808)
Capital related deferred gain on refunding	59,509,034	57,699,308	117,208,342
Capital portion of regional system lease	287,229,632	334,485,902	621,715,534
Raw water rights obligation (Note 12)	89,552,155	-	89,552,155
Lease payable-Warehouse (Note 14)	-	3,501,324	3,501,324
Subscription liability-right to use asset (Note 14)	1,575,059	1,575,060	3,150,119
Total Related Debt	2,318,066,305	2,590,730,263	4,908,796,568
Net Investment in Capital Assets	\$ (243,351,501)	\$ (185,310,104)	\$ (428,661,605)

The capital portion of the regional system lease payable is the percentage of the lease liability that has been determined to be allocated to the net investment in capital assets acquired. The lease is described in Note 13.

### **NOTE 20 – SUBSEQUENT EVENTS**

#### ***JUNIOR LIEN REVENUE BONDS***

On August 28, 2024, Sewage Disposal System Revenue Bonds, Series 2024 SRF-4, were issued for \$5.088 million to fund local sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed \$66 million (Ordinance No. 2024-04) was approved by the GLWA Board in June 2024. The loan bears a fixed interest rate of 1.00% for a term of twenty (20) years.

On September 6, 2024, Sewage Disposal System Revenue Bonds, Series 2024 SRF-3, were issued for \$60.5 million to fund regional sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed \$66 million (Ordinance No. 2024-04) was approved by the GLWA Board in June 2024. The loan bears a fixed interest rate of 2.00% for a term of twenty (30) years. At some point in the future, as these funds are drawn, the payment dates will extend beyond the current term of the regional sewage disposal system lease described in Note 13. As described in Note 13, the term of the lease will automatically be extended to coincide with the maturity of any outstanding bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GREAT LAKES WATER AUTHORITY**

REQUIRED SUPPLEMENTARY INFORMATION

Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component I  
Schedule of Changes in Net Pension Liability and Related Ratios - Business-Type Activities

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
<b>Share of Total Pension Liability</b>									
Interest	\$ 30,292,306	\$ 31,826,069	\$ 34,312,239	\$ 36,284,099	\$ 36,700,388	\$ 36,577,126	\$ 37,829,066	\$ 40,381,626	\$ 51,393,411
Differences between expected and actual experience	(7,055,528)	(122,224)	(9,204,321)	(10,265,139)	3,462,000	(320,610)	2,369,183	(5,063,923)	(427,134)
Changes in assumptions	(351,196)	(28,651,715)	23,270,230	13,103,099	-	(21,345,359)	15,153,104	17,627,395	(19,789,958)
Benefit changes	-	-	-	-	-	-	-	-	(152,368,108)
Benefit payments, including refunds of employee contributions	(42,743,893)	(45,074,231)	(44,436,536)	(45,098,368)	(46,507,916)	(47,396,240)	(51,081,380)	(69,639,576)	(54,293,644)
Net change	(19,858,311)	(42,022,101)	3,941,612	(5,976,309)	(6,345,528)	(32,485,083)	4,269,973	(16,694,478)	(175,485,433)
Share of total pension liability, beginning of year	470,146,845	512,168,946	508,227,334	514,203,643	520,549,171	553,034,254	548,764,281	565,458,759	740,944,192
Share of Total Pension Liability, End of Year	450,288,534	470,146,845	512,168,946	508,227,334	514,203,643	520,549,171	553,034,254	548,764,281	565,458,759
<b>Share of Plan Fiduciary Net Position</b>									
Employer contributions	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,150,889
Employee contributions	-	-	-	-	-	-	-	-	130,951
Net investment income (loss)	21,776,954	(26,077,522)	95,985,249	(3,614,092)	9,194,433	30,347,172	38,812,244	(1,311,974)	17,280,285
Benefit payments, including refunds of employee contributions	(42,743,893)	(45,074,231)	(44,436,536)	(45,098,368)	(46,507,916)	(47,396,240)	(51,081,380)	(69,639,576)	(54,293,644)
Administrative expense	-	-	-	-	-	-	-	-	(21,294)
Other changes	(2,921,517)	1,017,672	1,318,070	1,182,142	(119,469)	1,386,027	1,494,049	252,263	27,758,558
Net change	6,270,244	(39,975,381)	83,025,483	(17,371,618)	(7,274,252)	14,495,659	19,383,613	(40,540,587)	21,005,745
Share of plan fiduciary net position, beginning of year	406,972,238	446,947,619	363,922,136	381,293,754	388,568,006	374,072,347	354,688,734	395,229,321	374,223,576
Share of Plan Fiduciary Net Position, End of Year	413,242,482	406,972,238	446,947,619	363,922,136	381,293,754	388,568,006	374,072,347	354,688,734	395,229,321
<b>SHARE OF NET PENSION LIABILITY</b>	<b>\$ 37,046,052</b>	<b>\$ 63,174,607</b>	<b>\$ 65,221,327</b>	<b>\$ 144,305,198</b>	<b>\$ 132,909,889</b>	<b>\$ 131,981,165</b>	<b>\$ 178,961,907</b>	<b>\$ 194,075,547</b>	<b>\$ 170,229,438</b>
<b>Nonemployer contributing entity share of collective net pension liability</b>	4.0%	6.9%	7.4%	13.1%	14.2%	15.9%	19.0%	19.5%	20.6%
<b>Plan fiduciary net position as a percentage of total pension liability</b>	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%	69.9%

\* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

\*\* The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were \$42,888,889.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

The accompanying notes to required supplementary information are an integral part of these financial statements.

**GREAT LAKES WATER AUTHORITY**

REQUIRED SUPPLEMENTARY INFORMATION

Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component I  
Schedule of Changes in Net Pension Liability and Related Ratios - Water Fund

Measurement Date	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
<b>Share of Total Pension Liability</b>									
Interest	\$ 10,858,693	\$ 11,408,491	\$ 12,299,693	\$ 13,006,533	\$ 13,155,758	\$ 13,111,573	\$ 13,560,348	\$ 14,475,348	\$ 18,422,673
Differences between expected and actual experience	(2,529,151)	(43,813)	(3,299,415)	(3,679,680)	1,241,001	(114,927)	849,266	(1,815,233)	(153,112)
Changes in assumptions	(125,891)	(10,270,600)	8,341,534	4,696,986	-	(7,651,537)	5,431,838	6,318,782	(7,093,982)
Benefit changes	-	-	-	-	-	-	-	-	(54,618,440)
Benefit payments, including refunds of employee contributions	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)	(19,462,302)
Net change	(7,118,484)	(15,063,399)	1,412,926	(2,142,290)	(2,274,642)	(11,644,724)	1,530,630	(5,984,365)	(62,905,163)
Share of total pension liability, beginning of year	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089	202,696,454	265,601,617
Share of Total Pension Liability, End of Year	161,412,106	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089	202,696,454
<b>Share of Plan Fiduciary Net Position</b>									
Employer contributions	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,808,000
Employee contributions	-	-	-	-	-	-	-	-	46,941
Net investment income (loss)	7,806,248	(9,347,846)	34,407,230	(1,295,521)	3,295,871	10,878,360	13,912,782	(470,295)	6,194,355
Benefit payments, including refunds of employee contributions	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)	(19,462,302)
Administrative expense	-	-	-	-	-	-	-	-	(7,633)
Other changes	(1,047,258)	364,799	472,481	423,755	(42,826)	496,841	535,562	90,427	9,950,436
Net change	2,247,655	(14,329,724)	29,761,625	(6,227,095)	(2,607,556)	5,196,168	6,948,322	(14,532,330)	7,529,797
Share of plan fiduciary net position, beginning of year	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045	141,675,375	134,145,578
Share of Plan Fiduciary Net Position, End of Year	148,132,440	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045	141,675,375
<b>SHARE OF NET PENSION LIABILITY</b>	<b>\$ 13,279,666</b>	<b>\$ 22,645,805</b>	<b>\$ 23,379,480</b>	<b>\$ 51,728,179</b>	<b>\$ 47,643,374</b>	<b>\$ 47,310,460</b>	<b>\$ 64,151,352</b>	<b>\$ 69,569,044</b>	<b>\$ 61,021,079</b>
<b>Nonemployer contributing entity share of collective net pension liability - Water Fund</b>	1.4%	2.5%	2.6%	4.7%	5.1%	5.7%	6.8%	7.0%	7.4%
<b>Plan fiduciary net position as a percentage of total pension liability</b>	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%	69.9%

\* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

\*\* The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were \$18,440,222.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

The accompanying notes to required supplementary information are an integral part of these financial statements.

**GREAT LAKES WATER AUTHORITY**

REQUIRED SUPPLEMENTARY INFORMATION

Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II  
Schedule of Changes in Net Pension Liability and Related Ratios - Sewage Disposal Fund

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
<b>Share of Total Pension Liability</b>									
Interest	\$ 19,433,613	\$ 20,417,578	\$ 22,012,546	\$ 23,277,566	\$ 23,544,630	\$ 23,465,553	\$ 24,268,718	\$ 25,906,278	\$ 32,970,738
Differences between expected and actual experience	(4,526,377)	(78,411)	(5,904,906)	(6,585,459)	2,220,999	(205,683)	1,519,917	(3,248,690)	(274,022)
Changes in assumptions	(225,305)	(18,381,115)	14,928,696	8,406,113	-	(13,693,822)	9,721,266	11,308,613	(12,695,976)
Benefit changes	-	-	-	-	-	-	-	-	(97,749,668)
Benefit payments, including refunds of employee contributions	(27,421,758)	(28,916,754)	(28,507,650)	(28,932,239)	(29,836,515)	(30,406,407)	(32,770,558)	(44,676,314)	(34,831,342)
Net change	(12,739,827)	(26,958,702)	2,528,686	(3,834,019)	(4,070,886)	(20,840,359)	2,739,343	(10,710,113)	(112,580,270)
Share of total pension liability, beginning of year	301,616,255	328,574,957	326,046,271	329,880,290	333,951,176	354,791,535	352,052,192	362,762,305	475,342,575
Share of Total Pension Liability, End of Year	288,876,428	301,616,255	328,574,957	326,046,271	329,880,290	333,951,176	354,791,535	352,052,192	362,762,305
<b>Share of Plan Fiduciary Net Position</b>									
Employer contributions	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,342,889
Employee contributions	-	-	-	-	-	-	-	-	84,010
Net investment income (loss)	13,970,706	(16,729,676)	61,578,019	(2,318,571)	5,898,562	19,468,812	24,899,462	(841,679)	11,085,930
Benefit payments, including refunds of employee contributions	(27,421,758)	(28,916,754)	(28,507,650)	(28,932,239)	(29,836,515)	(30,406,407)	(32,770,558)	(44,676,314)	(34,831,342)
Administrative expense	-	-	-	-	-	-	-	-	(13,661)
Other changes	(1,874,259)	652,873	845,589	758,387	(76,643)	889,186	958,487	161,836	17,808,122
Net change	4,022,589	(25,645,657)	53,263,858	(11,144,523)	(4,666,696)	9,299,491	12,435,291	(26,008,257)	13,475,948
Share of plan fiduciary net position, beginning of year	261,087,453	286,733,110	233,469,252	244,613,775	249,280,471	239,980,980	227,545,689	253,553,946	240,077,998
Share of Plan Fiduciary Net Position, End of Year	265,110,042	261,087,453	286,733,110	233,469,252	244,613,775	249,280,471	239,980,980	227,545,689	253,553,946
<b>SHARE OF NET PENSION LIABILITY</b>	<u>\$ 23,766,386</u>	<u>\$ 40,528,802</u>	<u>\$ 41,841,847</u>	<u>\$ 92,577,019</u>	<u>\$ 85,266,515</u>	<u>\$ 84,670,705</u>	<u>\$ 114,810,555</u>	<u>\$ 124,506,503</u>	<u>\$ 109,208,359</u>
<b>Nonemployer contributing entity share of collective net pension liability - Sewage Disposal Fund</b>	2.6%	4.4%	4.7%	8.4%	9.1%	10.2%	12.2%	12.5%	13.2%
<b>Plan fiduciary net position as a percentage of total pension liability</b>	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%	69.9%

\* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

\*\* The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were \$24,448,667.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

The accompanying notes to required supplementary information are an integral part of these financial statements.

**GREAT LAKES WATER AUTHORITY**

REQUIRED SUPPLEMENTARY INFORMATION

Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II  
Schedule of Contributions

	Fiscal Year								
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
<b>Total Business-Type Activities</b>									
Contractually required contribution**	\$ -	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700	\$ 30,158,700
Actuarially determined contribution	-	-	-	-	-	-	-	-	-
Actual contribution	-	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>	<u>30,158,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Water Fund</b>									
Contractually required contribution**	\$ -	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800
Actuarially determined contribution	-	-	-	-	-	-	-	-	-
Actual contribution	-	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Sewage Disposal Fund</b>									
Contractually required contribution**	\$ -	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900	\$ 19,347,900
Actuarially determined contribution	-	-	-	-	-	-	-	-	-
Actual contribution	-	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>	<u>19,347,900</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

\*\* Contributions are determined by the provisions of the Plan of Adjustment and were not actuarially determined from 2016 to 2023. Actuarially determined contributions started in 2024. The actuarially determined employer contribution for the unfunded actuarial accrued liability was zero for 2024.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

The accompanying notes to required supplementary information are an integral part of these financial statements.

# GREAT LAKES WATER AUTHORITY

Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System –  
Component II

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2024

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### *Changes in Assumptions*

In 2016, amounts reported as changes in assumptions resulted from adjustment of the discount rate from 7.61 percent to 7.23 percent.

In 2017, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.23 percent to 6.91 percent.

In 2018, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.91 percent to 7.38 percent.

In 2020, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.38 percent to 7.06 percent.

In 2021, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.06 percent to 6.50 percent.

In 2022, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.50 percent to 6.75 percent and updating the mortality tables from the RP-2014 Blue Collar Annuitant Table to the Pub-2010 General Employee table, as well as updates to wage inflation, withdrawal, and disability rates.

In 2023, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.75 percent to 6.76 percent.

Note: GLWA began operations on January 1, 2016. Accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## **SUPPLEMENTARY INFORMATION**

## GREAT LAKES WATER AUTHORITY

### COMBINING SCHEDULE OF NET POSITION - WATER FUND

As of June 30, 2024

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 102,989,686	\$ 87,561,970	\$ -	\$ 190,551,656
Restricted cash and cash equivalents	100,078,759	1,633,328	39,906,789	141,618,876
Restricted cash for the benefit of DWSD	24,695,007	-	-	24,695,007
Investments	29,027,167	57,012,638	-	86,039,805
Restricted investments	43,009,504	-	-	43,009,504
Receivables				
Billed	44,621,471	-	-	44,621,471
Unbilled	26,015,465	-	-	26,015,465
Other	82,346	-	-	82,346
Allowance for doubtful accounts	(6,000,000)	-	-	(6,000,000)
Due from other governments	878,514	66,330	1,662,258	2,607,102
Due from other funds	-	4,505,051	50,711	4,555,762
Due from other water funds	240,442	5,385,740	1,699,658	7,325,840
Contractual obligation receivable	21,990,092	-	-	21,990,092
Prepaid items and other assets	11,247,752	220,467	60,285	11,528,504
Total Current Assets	398,876,205	156,385,524	43,379,701	598,641,430
Noncurrent Assets				
Restricted cash and cash equivalents	46,058	-	128,094,605	128,140,663
Restricted investments	1,953,942	-	-	1,953,942
Contractual obligation receivable	528,292,868	-	-	528,292,868
Prepaid lease	11,250,000	-	-	11,250,000
Capital assets				
Nondepreciable/nonamortizable	708,545,333	-	-	708,545,333
Depreciated/amortized, net	1,366,169,471	-	-	1,366,169,471
Total noncurrent assets	2,616,257,672	-	128,094,605	2,744,352,277
Total Assets	3,015,133,877	156,385,524	171,474,306	3,342,993,707
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	24,498,242	-	-	24,498,242
Deferred pension amounts	5,338,231	-	-	5,338,231
Total Deferred Outflows of Resources	29,836,473	-	-	29,836,473

The accompanying notes to the supplementary information are an integral part of this schedule.

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
<b>Liabilities</b>				
Current Liabilities				
Accounts and contracts payable	\$ 17,301,203	\$ 7,464,197	\$ 39,906,788	\$ 64,672,188
Accrued salaries, wages and benefits	2,261,789	-	-	2,261,789
Accrued liabilities	28,883,806	-	-	28,883,806
Due to other governments	2,903,115	-	-	2,903,115
Due to other funds	2,152,396	9,330	-	2,161,726
Due to other water funds	5,385,740	1,699,658	240,442	7,325,840
Interest payable	48,294,351	-	-	48,294,351
Current portion of:				
Revenue bonds and loans	111,145,612	-	-	111,145,612
Raw water rights obligation	3,085,994	-	-	3,085,994
BC Note obligation	1,002,660	-	-	1,002,660
Regional system lease	6,180,464	-	-	6,180,464
Other liabilities	4,651,922	-	-	4,651,922
<b>Total Current Liabilities</b>	<u>233,249,052</u>	<u>9,173,185</u>	<u>40,147,230</u>	<u>282,569,467</u>
Noncurrent Liabilities				
Revenue bonds and loans	2,628,339,128	-	-	2,628,339,128
Raw water rights obligation	86,466,161	-	-	86,466,161
BC Note obligation	15,121,527	-	-	15,121,527
Regional system lease	387,986,731	-	-	387,986,731
Other liabilities	5,249,266	-	-	5,249,266
Net pension liability	13,279,666	-	-	13,279,666
<b>Total Noncurrent Liabilities</b>	<u>3,136,442,479</u>	<u>-</u>	<u>-</u>	<u>3,136,442,479</u>
<b>Total Liabilities</b>	<u>3,369,691,531</u>	<u>9,173,185</u>	<u>40,147,230</u>	<u>3,419,011,946</u>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	64,897,267	-	-	64,897,267
Deferred amounts for swap terminations	51,986	-	-	51,986
<b>Total Deferred Inflows of Resources</b>	<u>64,949,253</u>	<u>-</u>	<u>-</u>	<u>64,949,253</u>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	(374,678,577)	-	131,327,076	(243,351,501)
Restricted for debt service	89,928,545	-	-	89,928,545
Restricted for payment assistance program	931,099	-	-	931,099
Unrestricted	(105,851,501)	147,212,339	-	41,360,838
<b>TOTAL NET POSITION</b>	<u>\$ (389,670,434)</u>	<u>\$ 147,212,339</u>	<u>\$ 131,327,076</u>	<u>\$ (111,131,019)</u>

The accompanying notes to the supplementary information are an integral part of this schedule.

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## GREAT LAKES WATER AUTHORITY

### COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER FUND

For the Year Ended June 30, 2024

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
<b>Operating Revenues</b>				
Wholesale charges	\$ 337,511,167	\$ -	\$ -	\$ 337,511,167
Local system charges	25,537,200	-	-	25,537,200
Bad debt recovery credit	(5,152,500)	-	-	(5,152,500)
Other revenues	654,989	-	-	654,989
Total Operating Revenues	358,550,856	-	-	358,550,856
<b>Operating Expenses</b>				
Operating expenses before depreciation and amortization				
Personnel	54,404,612	-	-	54,404,612
Contractual services	51,934,899	2,101,240	-	54,036,139
Utilities	32,695,479	-	-	32,695,479
Chemicals	11,947,114	-	-	11,947,114
Supplies and other expenses	11,583,805	-	-	11,583,805
Capital program allocation	(1,451,128)	-	-	(1,451,128)
Intergovernmental reimbursements	(3,303,735)	(2,101,240)	-	(5,404,975)
Total operating expenses before depreciation and amortization	157,811,046	-	-	157,811,046
Depreciation	110,557,350	-	-	110,557,350
Amortization of intangible assets	3,981,772	-	-	3,981,772
Total Operating Expenses	272,350,168	-	-	272,350,168
<b>Operating Income (Loss)</b>	86,200,688	-	-	86,200,688
<b>Nonoperating Revenues (Expenses)</b>				
Earnings on investments	11,843,321	7,177,391	8,266,429	27,287,141
Interest income from other receivables	24,106,563	-	-	24,106,563
Interest expense	(134,600,821)	-	-	(134,600,821)
Amortization of debt related items and cost of issuance	7,047,178	-	-	7,047,178
Legacy pension recovery (expense)	(2,402,938)	-	-	(2,402,938)
Water Residential Assistance Program	(2,937,520)	-	-	(2,937,520)
Other	(2,285,643)	-	-	(2,285,643)
Discontinued capital projects	-	-	-	-
Capital projects	186,094,336	(11,102,762)	(174,991,574)	-
Total Nonoperating Revenues (Expenses)	86,864,476	(3,925,371)	(166,725,145)	(83,786,040)
<b>Income (Loss) Before Transfers and Capital Contributions</b>	173,065,164	(3,925,371)	(166,725,145)	2,414,648
<b>Transfer in</b>	6,175,241	20,000,367	185,756,635	211,932,243
<b>Transfer out</b>	(201,524,535)	(5,613,858)	(4,793,850)	(211,932,243)
<b>Capital Contributions</b>	-	-	10,313,987	10,313,987
<b>Change in Net Position</b>	(22,284,130)	10,461,138	24,551,627	12,728,635
NET POSITION (DEFICIT), Beginning of Year	(367,386,304)	136,751,201	106,775,449	(123,859,654)
<b>NET POSITION (DEFICIT), END OF YEAR</b>	\$ (389,670,434)	\$ 147,212,339	\$ 131,327,076	\$ (111,131,019)

Note: Transfers in (out) are used for recording financial activity related to borrowing proceeds and MBO requirements.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

COMBINING SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

As of June 30, 2024

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 158,398,480	\$ 94,848,616	\$ -	\$ 253,247,096
Restricted cash and cash equivalents	126,023,937	154,331	39,592,339	165,770,607
Restricted cash for the benefit of DWSD	33,451,810	-	-	33,451,810
Investments	42,909,089	46,096,561	-	89,005,650
Restricted investments	57,766,566	-	-	57,766,566
Receivables:				
Billed	15,210,121	-	-	15,210,121
Unbilled	10,080,608	-	-	10,080,608
Other	7,245	-	-	7,245
Allowance for doubtful accounts	(6,614)	-	-	(6,614)
Due from other governments	1,378,685	53,609	2,478,182	3,910,476
Due from other funds	9,330	379,098	1,773,298	2,161,726
Due from other sewage disposal funds	-	2,125,256	6,819,470	8,944,726
Contractual obligation receivable	16,744,402	-	-	16,744,402
Prepaid items and other assets	6,303,610	178,240	-	6,481,850
Inventories	10,420,267	-	-	10,420,267
<b>Total Current Assets</b>	<b>478,697,536</b>	<b>143,835,711</b>	<b>50,663,289</b>	<b>673,196,536</b>
Noncurrent assets				
Restricted cash and cash equivalents	6,220,928	-	162,716,110	168,937,038
Restricted investments	5,371,602	-	-	5,371,602
Contractual obligation receivable	338,122,791	-	-	338,122,791
Prepaid lease	13,750,000	-	-	13,750,000
Capital assets	-	-	-	-
Nondepreciable/nonamortizable	464,376,029	-	-	464,376,029
Depreciated/amortized, net	1,941,044,130	-	-	1,941,044,130
<b>Total Noncurrent Assets</b>	<b>2,768,885,480</b>	<b>-</b>	<b>162,716,110</b>	<b>2,931,601,590</b>
<b>Total Assets</b>	<b>3,247,583,016</b>	<b>143,835,711</b>	<b>213,379,399</b>	<b>3,604,798,126</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	50,564,037	-	-	50,564,037
Deferred pension amounts	9,553,741	-	-	9,553,741
<b>Total Deferred Outflows of Resources</b>	<b>60,117,778</b>	<b>-</b>	<b>-</b>	<b>60,117,778</b>

The accompanying notes to the supplementary information are an integral part of this schedule.

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
<b>Liabilities</b>				
Current Liabilities				
Accounts and contracts payable	\$ 16,943,835	\$ 1,040,381	\$ 39,592,339	\$ 57,576,555
Accrued salaries, wages and benefits	506,119	-	-	506,119
Accrued liabilities	33,584,678	-	-	33,584,678
Due to other governments	4,300,448	-	-	4,300,448
Due to other funds	-	4,505,051	50,711	4,555,762
Due to other sewage disposal funds	7,616,534	-	1,328,192	8,944,726
Interest payable	46,824,429	-	-	46,824,429
Current portion of:				
Revenue bonds and loans	150,259,868	-	-	150,259,868
BC Note obligation	2,255,300	-	-	2,255,300
Regional system lease	7,553,901	-	-	7,553,901
Other liabilities	19,803,297	-	-	19,803,297
Total Current Liabilities	<u>289,648,409</u>	<u>5,545,432</u>	<u>40,971,242</u>	<u>336,165,083</u>
Noncurrent Liabilities				
Revenue bonds and loans	2,792,690,251	-	-	2,792,690,251
BC Note obligation	34,013,118	-	-	34,013,118
Regional system lease	474,206,004	-	-	474,206,004
Other liabilities	14,953,725	-	-	14,953,725
Net pension liability	23,766,386	-	-	23,766,386
Total Noncurrent Liabilities	<u>3,339,629,484</u>	<u>-</u>	<u>-</u>	<u>3,339,629,484</u>
Total Liabilities	<u>3,629,277,893</u>	<u>5,545,432</u>	<u>40,971,242</u>	<u>3,675,794,567</u>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	68,414,617	-	-	68,414,617
Deferred amounts for swap terminations	297	-	-	297
Total Deferred Inflows of Resources	<u>68,414,914</u>	<u>-</u>	<u>-</u>	<u>68,414,914</u>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	(357,718,261)	-	172,408,157	(185,310,104)
Restricted for construction	2,258,067	-	-	2,258,067
Restricted for debt service	123,745,273	-	-	123,745,273
Restricted for payment assistance program	785,088	-	-	785,088
Unrestricted	(159,062,180)	138,290,279	-	(20,771,901)
<b>TOTAL NET POSITION</b>	<u>\$ (389,992,013)</u>	<u>\$ 138,290,279</u>	<u>\$ 172,408,157</u>	<u>\$ (79,293,577)</u>

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND  
For the Year Ended June 30, 2024

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
<b>Operating Revenues</b>				
Wholesale charges	\$ 282,767,090	\$ -	\$ -	\$ 282,767,090
Local system charges	196,569,600	-	-	196,569,600
Industrial waste charges	8,617,495	-	-	8,617,495
Pollutant surcharges	4,088,519	-	-	4,088,519
Bad debt recovery credit	(15,556,900)	-	-	(15,556,900)
Other revenues	494,425	-	-	494,425
<b>Total Operating Revenues</b>	<b>476,980,229</b>	<b>-</b>	<b>-</b>	<b>476,980,229</b>
<b>Operating Expenses</b>				
Operating expenses before depreciation and amortization				
Personnel	71,050,649	-	-	71,050,649
Contractual services	61,919,491	188,448	-	62,107,939
Utilities	39,243,251	-	-	39,243,251
Chemicals	19,128,291	-	-	19,128,291
Supplies and other expenses	30,509,642	-	-	30,509,642
Capital program allocation	(1,396,306)	-	-	(1,396,306)
Intergovernmental reimbursements	(1,508,934)	(188,178)	-	(1,697,112)
<b>Total operating expenses before depreciation and amortization</b>	<b>218,946,084</b>	<b>270</b>	<b>-</b>	<b>218,946,354</b>
Depreciation	154,486,270	-	-	154,486,270
Amortization of intangible assets	854,812	-	-	854,812
<b>Total Operating Expenses</b>	<b>374,287,166</b>	<b>270</b>	<b>-</b>	<b>374,287,436</b>
<b>Operating Income (Loss)</b>	<b>102,693,063</b>	<b>(270)</b>	<b>-</b>	<b>102,692,793</b>
<b>Nonoperating Revenues (Expenses)</b>				
Earnings on investments	17,728,369	6,843,741	9,994,116	34,566,226
Interest income from other receivables	15,748,345	-	-	15,748,345
Interest expense	(144,356,792)	-	-	(144,356,792)
Amortization of debt related items and cost of issuance	(11,202,157)	-	-	(11,202,157)
Legacy pension recovery (expense)	(4,300,495)	-	-	(4,300,495)
Water Residential Assistance Program	(3,834,918)	-	-	(3,834,918)
Other	2,175,961	25,237	6,796,158	8,997,356
Discontinued capital projects	-	-	-	-
Capital projects	148,275,893	(12,871,797)	(135,404,096)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>20,234,206</b>	<b>(6,002,819)</b>	<b>(118,613,822)</b>	<b>(104,382,435)</b>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<b>122,927,269</b>	<b>(6,003,089)</b>	<b>(118,613,822)</b>	<b>(1,689,642)</b>
<b>Transfer in</b>	6,335,921	27,412,365	130,033,637	163,781,923
<b>Transfer out</b>	(143,433,237)	(6,027,318)	(14,321,368)	(163,781,923)
<b>Capital Contributions</b>	<b>257,750</b>	<b>40,040</b>	<b>29,820,462</b>	<b>30,118,252</b>
<b>Change in Net Position</b>	<b>(13,912,297)</b>	<b>15,421,998</b>	<b>26,918,909</b>	<b>28,428,610</b>
NET POSITION (DEFICIT), Beginning of Year	(376,079,716)	122,868,281	145,489,248	(107,722,187)
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (389,992,013)</b>	<b>\$ 138,290,279</b>	<b>\$ 172,408,157</b>	<b>\$ (79,293,577)</b>

Note: Transfers in (out) are used for recording financial activity related to borrowing proceeds and MBO requirements.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

**SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES**

For the Year Ended June 30, 2024

Interfund balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and when the payment between funds are made. Interfund balances for the year ended June 30, 2024 consisted of the following:

	Sewage Disposal Fund due to Water Fund			
	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total
Water Operations Fund	\$ -	\$ -	\$ -	\$ -
Water Improvement and Extension Fund	-	4,505,051	-	4,505,051
Water Construction Fund	-	-	50,711	50,711
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 4,505,051</b>	<b>\$ 50,711</b>	<b>\$ 4,555,762</b>

	Water Fund due to Sewage Disposal Fund			
	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total
Sewer Operations	\$ -	\$ 9,330	\$ -	\$ 9,330
Sewer Improvement and Extension	379,098	-	-	379,098
Sewer Construction Fund	1,773,298	-	-	1,773,298
<b>TOTALS</b>	<b>\$ 2,152,396</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,161,726</b>

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

SCHEDULE OF OPERATING EXPENSES FOR WATER OPERATIONS FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2024

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
<b>Operating Expenses</b>							
Personnel	\$ 81,151,700	\$ 85,346,800	\$ (30,309,700)	\$ 55,037,100	\$ 54,404,612	\$ (632,488)	-1.15%
Contractual services	82,011,600	93,437,600	(41,180,900)	52,256,700	51,934,899	(321,801)	-0.62%
Utilities	28,376,200	34,325,700	(173,900)	34,151,800	32,695,479	(1,456,321)	-4.26%
Chemicals	11,415,400	12,430,400	-	12,430,400	11,947,114	(483,286)	-3.89%
Supplies and other expenses	20,352,700	24,246,100	(9,713,300)	14,532,800	11,583,805	(2,948,995)	-20.29%
Capital program allocation	(2,327,400)	(1,356,600)	-	(1,356,600)	(1,451,128)	(94,528)	6.97%
Intergovernmental reimbursements	(1,070,300)	(1,405,300)	-	(1,405,300)	(3,303,735)	(1,898,435)	135.09%
Centralized services allocation	(54,346,300)	(58,065,900)	58,065,900	-	-	-	0.00%
Administrative services allocation	(18,363,100)	(20,085,700)	20,085,700	-	-	-	0.00%
Unallocated reserve	5,705,900	-	-	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	152,906,400	168,873,100	(3,226,200)	165,646,900	157,811,046	(7,835,854)	
SBITA [1]	-	-	3,226,200	3,226,200	3,226,137	(63)	0.00%
<b>TOTAL OPERATING EXPENSES BUDGET BASIS</b>	<b>\$ 152,906,400</b>	<b>\$ 168,873,100</b>	<b>\$ -</b>	<b>\$ 168,873,100</b>	<b>\$ 161,037,183</b>	<b>\$ (7,835,917)</b>	<b>-4.64%</b>

[1] The subscription based information technology arrangements (SBITA) costs are an expense for budget purposes. These costs are treated differently for financial reporting purposes under GASB 96. See Note 2 in the Notes to Supplementary Information.

Note: Centralized and administrative services allocations have been applied to the expense categories above for presentation of the amended budget to the actual amounts.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

### SCHEDULE OF OPERATING EXPENSES FOR SEWER OPERATIONS FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2024

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
<b>Operating Expenses</b>							
Personnel	\$ 39,735,400	\$ 40,305,700	\$ 30,309,700	\$ 70,615,400	\$ 71,050,649	\$ 435,249	0.62%
Contractual services	24,877,600	27,476,300	35,737,300	63,213,600	61,919,491	(1,294,109)	-2.05%
Utilities	35,019,000	39,497,700	173,900	39,671,600	39,243,251	(428,349)	-1.08%
Chemicals	19,036,400	20,393,700	-	20,393,700	19,128,291	(1,265,409)	-6.20%
Supplies and other expenses	13,666,800	21,117,700	8,203,000	29,320,700	30,509,642	1,188,942	4.05%
Capital program allocation	(1,905,300)	(1,267,600)	-	(1,267,600)	(1,396,306)	(128,706)	10.15%
Intergovernmental reimbursements	(585,500)	(801,600)	-	(801,600)	(1,508,934)	(707,334)	88.24%
Centralized services allocation	54,346,300	58,065,900	(58,065,900)	-	-	-	0.00%
Administrative services allocation	18,363,100	20,085,700	(20,085,700)	-	-	-	0.00%
Unallocated reserve	3,089,900	-	-	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	205,643,700	224,873,500	(3,727,700)	221,145,800	218,946,084	(2,199,716)	
SBITA [1]	-	-	3,226,200	3,226,200	3,226,137	(63)	0.00%
Warehouse lease [2]	-	-	501,500	501,500	501,512	12	0.00%
<b>TOTAL OPERATING EXPENSES BUDGET BASIS</b>	<b>\$ 205,643,700</b>	<b>\$ 224,873,500</b>	<b>\$ -</b>	<b>\$ 224,873,500</b>	<b>\$ 222,673,733</b>	<b>\$ (2,199,767)</b>	<b>-0.98%</b>

[1] The subscription based information technology arrangements (SBITA) costs are an expense for budget purposes. These costs are treated differently for financial reporting purposes under GASB 96. See Note 2 in the Notes to Supplementary Information.

[2] The warehouse lease is an expense for budget purposes. For financial reporting it is accounted for under GASB 87. See Note 2 in the Notes to Supplementary Information.

Note: Centralized and administrative services allocations have been applied to the expense categories above for presentation of the amended budget to the actual amounts.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

### SCHEDULE OF OPERATING EXPENSES FOR COMBINED WATER AND SEWER OPERATIONS FUNDS - BUDGET TO ACTUAL For the Year Ended June 30, 2024

	Adopted Budget	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
<b>Operating Expenses</b>					
Personnel	\$ 120,887,100	\$ 125,652,500	\$ 125,455,261	\$ (197,239)	-0.16%
Contractual services	106,889,200	115,470,300	113,854,390	(1,615,910)	-1.40%
Utilities	63,395,200	73,823,400	71,938,730	(1,884,670)	-2.55%
Chemicals	30,451,800	32,824,100	31,075,405	(1,748,695)	-5.33%
Supplies and other expenses	34,019,500	43,853,500	42,093,447	(1,760,053)	-4.01%
Capital program allocation	(4,232,700)	(2,624,200)	(2,847,434)	(223,234)	8.51%
Intergovernmental reimbursements	(1,655,800)	(2,206,900)	(4,812,669)	(2,605,769)	118.07%
Centralized services allocation	-	-	-	-	0.00%
Administrative services allocation	-	-	-	-	0.00%
Unallocated reserve	8,795,800	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	358,550,100	386,792,700	376,757,130	(10,035,570)	
SBITA	-	6,452,400	6,452,274	(126)	0.00%
Warehouse lease	-	501,500	501,512	12	0.00%
<b>TOTAL OPERATING EXPENSES BUDGET BASIS</b>	<u>\$ 358,550,100</u>	<u>\$ 393,746,600</u>	<u>\$ 383,710,916</u>	<u>\$ (10,035,684)</u>	-2.55%

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**  
**SCHEDULE OF REVENUE REQUIREMENTS**  
**BUDGET TO ACTUAL - WATER OPERATIONS**  
For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Water Operations experienced a positive variance of \$5.0 million.

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
<b>Revenues</b>				
Revenue from Charges				
Wholesale Charges [1]	\$ 340,540,600	\$ 333,229,600	\$ 331,520,336	\$ (1,709,264)
Local System Charges	25,537,200	25,537,200	25,537,200	-
Bad Debt Recovery Credit	-	(5,026,500)	(5,152,500)	(126,000)
<b>Total Revenue from Charges</b>	<u>366,077,800</u>	<u>353,740,300</u>	<u>351,905,036</u>	<u>(1,835,264)</u>
Investment Earnings [2]				
Unrestricted	3,067,000	12,640,000	13,343,940	703,940
Restricted for Debt Service	994,700	5,411,000	4,992,455	(418,545)
<b>Total Investment Earnings</b>	<u>4,061,700</u>	<u>18,051,000</u>	<u>18,336,395</u>	<u>285,395</u>
Other Revenue [3]	175,000	942,900	901,919	(40,981)
<b>Total Revenues</b>	<u>\$ 370,314,500</u>	<u>\$ 372,734,200</u>	<u>\$ 371,143,350</u>	<u>\$ (1,590,850)</u>
<b>Revenue Requirements</b>				
Operations and Maintenance Expense [4]	152,906,400	168,873,100	161,037,183	(7,835,917)
Debt Service	159,482,800	162,236,100	160,622,417	(1,613,683)
General Retirement System Pension	3,395,500	1,505,500	1,505,500	-
Water Residential Assistance Program Contribution	1,851,600	1,851,600	1,851,600	-
Extraordinary Repair & Replacement Deposit	-	-	2,836,000	2,836,000
Regional System Lease	22,500,000	22,500,000	22,500,000	-
Transfer to the Improvement & Extension Fund	30,178,200	15,767,900	15,767,900	-
<b>Total Revenue Requirements</b>	<u>\$ 370,314,500</u>	<u>\$ 372,734,200</u>	<u>\$ 366,120,600</u>	<u>\$ (6,613,600)</u>
<b>Revenue Requirement Variance [5]</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022,750</u>	<u>\$ 5,022,750</u>

[1] Revenue from Charges - Wholesale Charges presented in this schedule differs from those presented on the Statement of Revenues, Expenses and Changes in Net Position due to \$5,990,831 of revenue which was credited for the KWA debt service which is a non-cash transaction that is the payment obligation on the raw water rights.

[2] Restricted investment earnings are those earned on the debt service and debt reserve accounts that can only be used for the Debt Service requirement. Investment earnings excludes earnings on bond proceeds in the construction fund. As required by the Master Bond Ordinance investment earnings on bond proceeds will remain in the Construction Fund. All other investment earnings are reported in the unrestricted classification.

[3] Other Revenue includes other operating revenues and other nonoperating revenues for the Water Operations Fund. Numbers will not match combining schedules as other nonoperating is net of income and expenses.

[4] See the Schedule of Operating Expenses for Water Operations Fund - Budget to Actual. Operations and maintenance expenses in this schedule are based on activities relating only to the Water Operations Fund.

[5] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on cash flow requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year. This schedule reflects a budgeting basis analysis that is used to prepare member charges. It does not reflect net income for financial reporting purposes. See the Schedule of Revenue Requirements to Statement of Revenues, Expenses and Changes in Net Position Crosswalk which reconciles the budget basis to the financial reporting basis which is based on generally accepted accounting principles.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**  
**SCHEDULE OF REVENUE REQUIREMENTS**  
**BUDGET TO ACTUAL - SEWAGE DISPOSAL OPERATIONS**  
For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Sewage Disposal Operations had a positive variance of \$0.3 million.

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
<b>Revenues</b>				
Revenue from Charges				
Wholesale Charges	\$ 282,687,600	\$ 282,878,600	\$ 282,767,090	\$ (111,510)
Local System Charges	196,569,600	196,569,600	196,569,600	-
Industrial Waste Control	8,584,200	8,560,200	8,617,495	57,295
Pollutant Surcharges	5,328,300	5,328,300	4,088,519	(1,239,781)
Less: Bad Debt Recovery Credit	-	(15,000,000)	(15,556,900)	(556,900)
<b>Total Revenue from Charges</b>	<u>493,169,700</u>	<u>478,336,700</u>	<u>476,485,804</u>	<u>(1,850,896)</u>
Investment Earnings [1]				
Unrestricted	5,567,000	16,096,000	16,344,105	248,105
Restricted for Debt Service	1,490,300	6,786,000	6,824,701	38,701
<b>Total Investment Earnings</b>	<u>7,057,300</u>	<u>22,882,000</u>	<u>23,168,806</u>	<u>286,806</u>
Other Revenue (Expense) [2]	400,000	1,129,800	(827,846)	(1,957,646)
<b>Total Revenues</b>	<u>\$ 500,627,000</u>	<u>\$ 502,348,500</u>	<u>\$ 498,826,764</u>	<u>\$ (3,521,736)</u>
<b>Revenue Requirements</b>				
Operations and Maintenance Expense [3]	205,643,700	224,873,500	222,673,733	(2,199,767)
Debt Service	228,328,300	230,975,500	229,316,502	(1,658,998)
General Retirement System Pension	6,479,300	3,096,800	3,096,800	-
Water Residential Assistance Program Contribution	2,503,100	2,503,100	2,503,104	4
Regional System Lease	27,500,000	27,500,000	27,500,004	4
Transfer to the Improvement & Extension Fund	30,172,600	13,399,600	13,399,600	-
<b>Total Revenue Requirements</b>	<u>\$ 500,627,000</u>	<u>\$ 502,348,500</u>	<u>\$ 498,489,743</u>	<u>\$ (3,858,757)</u>
<b>Revenue Requirement Variance [4]</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,021</u>	<u>\$ 337,021</u>

[1] Restricted investment earnings are those earned on the debt service and debt reserve accounts that can only be used for the Debt Service requirement. Investment earnings excludes earnings on bond proceeds in the construction fund. As required by the Master Bond Ordinance investment earnings on bond proceeds will remain in the Construction Fund. All other investment earnings are reported in the unrestricted classification.

[2] Other revenue (expense) includes other operating revenues and other nonoperating revenues for the Sewer Operations Fund. Amounts will not match combining schedules as other nonoperating is net of income and expenses. The amount is shown as an expense as there was a prior year revenue accrual in the O&M fund that was reclassified to the construction fund which was greater than the other revenue for the current year.

[3] See the Schedule of Operating Expenses for Sewer Operations Fund - Budget to Actual. Operations and maintenance expenses in this schedule are based on activities relating only to the Sewer Operations Fund.

[4] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on cash flow requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year. This schedule reflects a budgeting basis analysis that is used to prepare member charges. It does not reflect net income for financial reporting purposes. See the Schedule of Revenue Requirements to Statement of Revenues, Expenses and Changes in Net Position Crosswalk which reconciles the budget basis to the financial reporting basis which is based on generally accepted accounting principles.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

### SCHEDULE OF REVENUE REQUIREMENTS TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION CROSSWALK

For the Year Ended June 30, 2024

The Great Lakes Water Authority establishes a Revenue Requirements budget for the purpose of establishing charges for services which follows a modified cash basis of accounting. Conversely, the annual financial report is prepared in accordance with Generally Accepted Accounting Principles for enterprise funds of a local government. Because the budget and the financial report are prepared using different bases of accounting, a crosswalk is prepared to reconcile fiscal year financial performance from the budget basis of accounting to the financial statement basis of accounting. Key areas of reconciliation include the following:

- Defined Benefit Pension related to the City of Detroit General Employees Retirement System. Annual contributions are an expense for the budget basis while the accrual basis financial report reflects the current year payment as a deferred outflow.
- Debt Service, BC Note obligation and Regional system lease (principal and interest) are an expense for the budget basis while the accrual basis financial report treats interest as an expense and principal payments as a reduction of a liability.
- WRAP funds are expensed for budget purposes when they are set aside. For financial reporting purposes they are expensed when the service delivery partners provide statements of expenditures.
- Contributions to the Extraordinary Repair & Replacement Fund and Regional System Improvement & Extension Fund are an expense for the budget basis while the accrual basis financial report treats this activity as an increase in assets.
- 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). For software as a service that is in the implementation phase the SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset. For software as a service that has been implemented the payments are treated as a reduction of the subscription liability and interest expense.
- Depreciation and amortization are not a components of the budget basis while the accrual basis financial report treats these as an expense.

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
<b>Revenue Requirement Variance from Schedule of Revenue Requirements</b>	\$ 5,022,750	\$ 337,021	\$ 5,359,771
<b>Budgetary adjustments to financial reporting basis</b>			
Pension delayed accounting election adjustments:			
Prior year pension deferral accounted for in current year	(2,402,938)	(4,300,495)	(6,703,433)
Administrative fee adjustment	827,952	1,481,769	2,309,721
Debt service	70,332,151	122,569,649	192,901,800
BC Note obligation	214,143	481,699	695,842
Regional system lease	5,949,069	7,271,084	13,220,153
Water Residential Assistance Program (WRAP)	(1,085,920)	(1,331,814)	(2,417,734)
Extraordinary Repair & Replacement Fund transfers	2,836,000	-	2,836,000
Improvement & Extension Fund transfers	15,767,900	13,399,600	29,167,500
GASB 87 & GASB 96 adjustments	3,191,532	3,582,576	6,774,108
<b>Nonbudgeted financial reporting adjustments</b>			
Depreciation and amortization	(114,539,122)	(155,341,082)	(269,880,204)
Amortization - debt related	7,047,178	(11,202,157)	(4,154,979)
Improvement & Extension Fund operating expenses	-	(270)	(270)
Investment earnings on bond funds in Construction Fund	8,266,429	9,994,116	18,260,545
Investment earnings unrealized gain (loss)	684,317	1,403,304	2,087,621
Raw water rights obligation	3,033,732	-	3,033,732
Other nonoperating income (expenses)	(2,730,525)	9,965,358	7,234,833
Capital contribution	10,313,987	30,118,252	40,432,239
<b>Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position</b>	<b>\$ 12,728,635</b>	<b>\$ 28,428,610</b>	<b>\$ 41,157,245</b>

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

WATER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water I&E Fund. The Water I&E Fund experienced an increase of \$10.5 million in net position and a positive budget variance of \$2.1 million.

	Adopted Budget	Amended Budget	Actual [3]	Variance Over (Under) Amended Budget
<b>Inflows</b>				
Transfers in from Water Operations Fund				
Revenue transfers	\$ 30,178,200	\$ 15,767,900	\$ 15,767,900	\$ -
Transfers in from Water Construction Fund				
Working capital adjustment [1]	-	4,303,700	4,232,467	(71,233)
Investment earnings [2]	1,694,800	7,205,000	7,195,419	(9,581)
<b>Total Inflows</b>	<u>31,873,000</u>	<u>27,276,600</u>	<u>27,195,786</u>	<u>(80,814)</u>
<b>Outflows</b>				
Capital outlay	11,539,100	11,666,800	11,102,762	(564,038)
Transfers out to Water Operations Fund				
Investment earnings [2]	1,694,800	7,205,000	5,613,858	(1,591,142)
Transfer out to Water Construction Fund				
Revenue financed capital	7,713,000	-	-	-
<b>Total Outflows</b>	<u>20,946,900</u>	<u>18,871,800</u>	<u>16,716,620</u>	<u>(2,155,180)</u>
<b>Net Increase (Decrease) - Budget Basis</b>	<u>\$ 10,926,100</u>	<u>\$ 8,404,800</u>	10,479,166	<u>\$ 2,074,366</u>
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			<u>(18,028)</u>	
<b>Combining Schedule Water Improvement and Extension Fund Change in Net Position [3]</b>			<u>\$ 10,461,138</u>	

[1] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualified for grants that were originally paid for with I&E funds.

[2] As required by the Master Bond Ordinance, investment earnings on I&E funds are transferred to the receiving fund on a monthly basis.

[3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Water Fund. Information in this schedule is based on activity in the Water Improvement and Extension Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

**SEWER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL**

For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer I&E Fund. The Sewer I&E Fund experienced an increase of \$15.4 million in net position and a negative budget variance of \$2.9 million.

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual [3]</u>	<u>Variance Over (Under) Amended Budget</u>
<b>Inflows</b>				
Transfers in from Sewer Operations Fund				
Revenue transfers	\$ 30,172,600	\$ 13,399,600	\$ 13,399,600	\$ -
Transfers in from Sewer Construction Fund				
Working capital adjustment [1]	-	14,012,800	14,012,765	(35)
Grants and Capital Contributions	-	40,000	65,277	25,277
Investment earnings [2]	<u>2,133,000</u>	<u>6,821,000</u>	<u>6,814,694</u>	<u>(6,306)</u>
Total Inflows	<u>32,305,600</u>	<u>34,273,400</u>	<u>34,292,336</u>	<u>18,936</u>
<b>Outflows</b>				
Capital outlay	14,970,500	9,113,600	12,871,797	3,758,197
Capital spending other (net operating expenses)			270	270
Transfers out to Sewer Operations Fund				
Investment earnings [2]	2,133,000	6,821,000	6,027,318	(793,682)
Total Outflows	<u>17,103,500</u>	<u>15,934,600</u>	<u>18,899,385</u>	<u>2,964,785</u>
<b>Net Increase (Decrease) - Budget Basis</b>	<u>\$ 15,202,100</u>	<u>\$ 18,338,800</u>	15,392,951	<u>\$ (2,945,849)</u>
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			<u>29,047</u>	
<b>Combining Schedule Sewer Improvement and Extension Fund Change in Net Position [3]</b>			<u>\$ 15,421,998</u>	

[1] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualified for grants that were originally paid for with I&E funds.

[2] As required by the Master Bond Ordinance, investment earnings on I&E funds are transferred to the receiving fund on a monthly basis.

[3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Sewage Disposal Fund. Information in this schedule is based on activity in the Sewer Improvement and Extension Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

### WATER CONSTRUCTION FUND - BUDGET TO ACTUAL For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water Construction Fund. The Water Construction Fund had an increase of \$24.6 million in net position and a positive budget variance of \$16.9 million.

	Adopted Budget	Amended Budget	Actual [3]	Variance Over (Under) Amended Budget
<b>Inflows</b>				
Transfers from Water Improvement & Extension Fund				
Revenue financed capital	\$ 7,713,000	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund				
Bond proceeds	-	150,570,000	150,569,980	(20)
State revolving loans	97,102,000	35,187,000	35,186,655	(345)
Grants and Capital Contributions	-	8,651,700	10,313,987	1,662,287
Investment earnings [1]	1,864,700	8,151,000	8,266,834	115,834
<b>Total Inflows</b>	<u>106,679,700</u>	<u>202,559,700</u>	<u>204,337,456</u>	<u>1,777,756</u>
<b>Outflows</b>				
Capital Program	239,260,000	190,000,000	174,991,574	(15,008,426)
Transfers out to Water Operations Fund				
Bond cost of issuance	-	561,400	561,383	(17)
Transfers out to Water Improvement & Extension Fund				
Working capital adjustment [2]	-	4,303,700	4,232,467	(71,233)
<b>Total Outflows</b>	<u>239,260,000</u>	<u>194,865,100</u>	<u>179,785,424</u>	<u>(15,079,676)</u>
<b>Net Increase (Decrease) - Budget Basis</b>	<u>\$ (132,580,300)</u>	<u>\$ 7,694,600</u>	24,552,032	<u>\$ 16,857,432</u>
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			(405)	
<b>Combining Schedule Water Construction Fund Change in Net Position [3]</b>			<u>\$ 24,551,627</u>	

[1] As required by the Master Bond Ordinance investment earnings on I&E funds are transferred to the receiving fund on a monthly basis. Any earnings on bond proceeds will remain in the Construction Fund.

[2] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualified for grants that were originally paid for with I&E funds.

[3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Water Fund. Information in this schedule is based on activity in the Water Construction Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

**SEWER CONSTRUCTION FUND - BUDGET TO ACTUAL**

For the Year Ended June 30, 2024

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer Construction Fund. The Sewer Construction Fund had an increase of \$26.9 million in net position and a positive budget variance of approximately \$12.2 million.

	Adopted Budget	Amended Budget	Actual [3]	Variance Over (Under) Amended Budget
<b>Inflows</b>				
Transfers in from Sewer Improvement & Extension Fund				
Revenue financed capital	\$ -	\$ -	\$ -	\$ -
Transfers in from Sewer Operations Fund				
Bond proceeds	-	100,315,500	100,315,497	(3)
State revolving loans	47,253,000	29,022,000	29,718,140	696,140
Grants and Capital Contributions	-	29,743,000	36,616,620	6,873,620
Investment earnings [1]	<u>2,365,600</u>	<u>9,742,000</u>	<u>9,822,393</u>	<u>80,393</u>
<b>Total Inflows</b>	<u>49,618,600</u>	<u>168,822,500</u>	<u>176,472,650</u>	<u>7,650,150</u>
<b>Outflows</b>				
Capital Program	199,061,000	140,000,000	135,404,096	(4,595,904)
Transfers out to Sewer Operations Fund				
Bond cost of issuance	-	307,300	307,293	(7)
Transfers out to Sewer Improvement & Extension Fund				
Working capital adjustment [2]	<u>-</u>	<u>14,012,800</u>	<u>14,012,765</u>	<u>(35)</u>
<b>Total Outflows</b>	<u>199,061,000</u>	<u>154,320,100</u>	<u>149,724,154</u>	<u>(4,595,946)</u>
<b>Net Increase (Decrease) - Budget Basis</b>	<u>\$ (149,442,400)</u>	<u>\$ 14,502,400</u>	26,748,496	<u>\$ 12,246,096</u>
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			171,723	
Other			<u>(1,310)</u>	
<b>Combining Schedule Sewer Construction Fund Change in Net Position [3]</b>			<u>\$ 26,918,909</u>	

- [1] As required by the Master Bond Ordinance investment earnings on I&E funds are transferred to the receiving fund on a monthly basis. Any earnings on bond proceeds will remain in the Construction Fund.
- [2] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualified for grants that were originally paid for with I&E funds.
- [3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Sewage Disposal Fund. Information in this schedule is based on activity in the Sewer Construction Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

SCHEDULE OF DAYS CASH - LIQUIDITY

For the Fiscal Years Ended June

	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Water Fund</b>									
Cash and investments - Unrestricted	\$ 276,591,461	\$ 243,707,322	\$ 238,690,879	\$ 353,308,385	\$ 394,440,814	\$ 347,204,928	\$ 317,089,746	\$ 267,335,558	\$ 167,292,572
Operating Expense									
Operating expense	\$ 272,350,168	\$ 285,219,474	\$ 264,578,659	\$ 250,476,297	\$ 263,282,730	\$ 263,959,730	\$ 254,602,752	\$ 245,868,861	\$ 120,841,204
Less: depreciation	(110,557,350)	(126,485,762)	(123,196,027)	(123,271,541)	(127,183,228)	(140,571,120)	(143,991,815)	(144,137,912)	(71,295,545)
Less: amortization of intangible asset	(3,981,772)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(2,080,554)	-	-
Net Operating Expense	\$ 157,811,046	\$ 155,167,048	\$ 137,815,968	\$ 123,638,092	\$ 132,532,838	\$ 119,821,946	\$ 108,530,383	\$ 101,730,949	\$ 49,545,659
Operating Expense per Day (365 days)	\$ 432,359	\$ 425,115	\$ 377,578	\$ 338,734	\$ 363,104	\$ 328,279	\$ 297,344	\$ 278,715	\$ 273,733
Number of days cash	640	573	632	1,043	1,086	1,058	1,066	959	611
<b>Sewage Disposal Fund</b>									
Cash and investments - Unrestricted	\$ 342,252,746	\$ 302,269,621	\$ 294,173,630	\$ 323,972,718	\$ 287,464,920	\$ 236,057,128	\$ 208,563,268	\$ 205,179,312	\$ 188,063,375
Operating Expense									
Operating expense	\$ 374,287,436	\$ 375,566,668	\$ 345,372,010	\$ 328,983,415	\$ 329,870,427	\$ 342,585,175	\$ 363,629,987	\$ 336,946,731	\$ 170,401,050
Less: depreciation	(154,486,270)	(163,470,838)	(158,013,629)	(150,772,065)	(152,920,967)	(168,544,370)	(187,250,583)	(185,628,465)	(86,021,029)
Less: amortization of intangible asset	(854,812)	(439,704)	(439,704)	(109,926)	-	-	-	-	-
Net Operating Expense	\$ 218,946,354	\$ 211,656,126	\$ 186,918,677	\$ 178,101,424	\$ 176,949,460	\$ 174,040,805	\$ 176,379,404	\$ 151,318,266	\$ 84,380,021
Operating Expense per Day (365 days)	\$ 599,853	\$ 579,880	\$ 512,106	\$ 487,949	\$ 484,793	\$ 476,824	\$ 483,231	\$ 414,571	\$ 466,188
Number of days cash	571	521	574	664	593	495	432	495	403
<b>Combined</b>									
Cash and investments - Unrestricted	\$ 618,844,207	\$ 545,976,943	\$ 532,864,509	\$ 677,281,103	\$ 681,905,734	\$ 583,262,056	\$ 525,653,014	\$ 472,514,870	\$ 355,355,947
Operating Expense									
Operating expense	\$ 646,637,604	\$ 660,786,142	\$ 609,950,669	\$ 579,459,712	\$ 593,153,157	\$ 606,544,905	\$ 618,232,739	\$ 582,815,592	\$ 291,242,254
Less: depreciation	(265,043,620)	(289,956,600)	(281,209,656)	(274,043,606)	(280,104,195)	(309,115,490)	(331,242,398)	(329,766,377)	(157,316,574)
Less: amortization of intangible asset	(4,836,584)	(4,006,368)	(4,006,368)	(3,566,664)	(3,566,664)	(3,566,664)	(2,080,554)	-	-
Net Operating Expense	\$ 376,757,400	\$ 366,823,174	\$ 324,734,645	\$ 301,849,442	\$ 309,482,298	\$ 293,862,751	\$ 284,909,787	\$ 253,049,215	\$ 133,925,680
Operating Expense per Day (365 days)	\$ 1,032,212	\$ 1,004,995	\$ 889,684	\$ 826,985	\$ 847,897	\$ 805,103	\$ 780,575	\$ 693,286	\$ 739,921
Number of days cash	600	543	599	819	804	724	673	682	480

\* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under GLWA. Operating expense per day for 2016 is computed using 181 days (six months of operations).

The accompanying notes to the supplementary information are an integral part of this schedule.

# GREAT LAKES WATER AUTHORITY

## NOTES TO SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

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### Note 1 – Combining Fund Schedules

The Combining Fund Schedules presented combined the six funds the Authority maintains into the two major funds reported in the Basic Financial Statements, the Water Fund and Sewage Disposal Fund. The following describes the six funds and the purpose of each fund.

**Water Operations Fund** – All water revenues are credited to this fund. All expenses for the operations and maintenance of the water system are paid from this fund. This fund aligns with the operations and maintenance (O&M) expense revenue requirement for establishing service charges.

**Sewer Operations Fund** – All sewer revenues are credited to this fund. All expenses for the operations and maintenance of the wastewater system are paid from this fund. This fund aligns with the operations and maintenance (O&M) expense revenue requirement for establishing service charges.

**Water Improvement & Extension Fund (I&E)** – Amounts that are budgeted in the water revenue requirement to reduce debt financing are transferred to this fund as well as any other water funds that management has determined are available for this use. This fund is used for water system capital outlays and capital improvements.

**Sewer Improvement & Extension Fund (I&E)** – Amounts that are budgeted in the wastewater revenue requirement to reduce debt financing are transferred to this fund as well as any other wastewater funds that management has determined are available for this use. This fund is used for wastewater system capital outlays and capital improvements.

**Water Construction Fund** – This fund is used for the proceeds of water debt obligations and investment earnings thereon. I&E funds may also be transferred to this fund when bond proceeds have been exhausted. Funds are used to pay for water system capital improvements in accordance with the debt obligations.

**Sewer Construction Fund** – This fund is used for the proceeds of sewer debt obligations and investment earnings thereon. I&E funds may also be transferred to this fund when bond proceeds have been exhausted. Funds are used to pay for the wastewater system capital improvements in accordance with the debt obligations.

# GREAT LAKES WATER AUTHORITY

## NOTES TO SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

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### **Note 2 – Budget to Actual Schedules**

#### ***Schedule of Operating Expenses – Budget to Actual***

The schedule of operating expenses for the water operations and the sewer operations provides the detail of the major expense categories of the operations budget compared to the actual results. The schedule includes the actual operating expenses before depreciation and amortization for the Water Operations Fund and the Sewer Operations Fund reported in the Combining Schedule of Revenues, Expenses and Changes in Net position for the Water Fund and the Sewage Disposal Fund. The warehouse lease line represents the total lease payments made for the warehouse which is included in the budget as an operating lease. For financial reporting purposes the warehouse payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The subscription-based information technology arrangements (SBITA) payments line represents the payments made for the SBITA's which is included in the budget as a contractual service for the implementation portion and under supplies and other expenses for the payment of the software as a service. For financial reporting purposes the implementation costs have been treated as a prepaid subscription asset for the software that is not in service as of June 30, 2024. For the software that was placed in service during the current fiscal year, payments made on the software as a service are treated as a reduction to the subscription liability for the right to use asset and interest expense.

#### ***Schedule of Revenue Requirement – Budget to Actual***

The revenue requirements are the basis for GLWA's budget and calculating Member Partner service charges. The revenue requirements are presented to align with the Master Bond Ordinance flow of funds categories. The budget basis reflects revenues and operations and maintenance expenses on an accrual basis adjusted for GASB 87 and GASB 96 as described in the note above. The budget also includes the cash payments for debt service, legacy pension obligations, water residential assistance program and regional system lease related activities.

The revenue requirement basis is foundational to GLWA's daily operations and long-term financial planning. The budget is adopted by the GLWA Board of Directors by resolution. The Board's action establishes the total operations and maintenance budget, total debt service requirements and total capital expenditures for the I&E Fund and Construction Fund for both the Regional Water System and the Regional Sewer System. The legal level of budgetary control is at this level. Administratively, the budget may be modified within these categories. Modifications to the budget beyond those established levels would be presented to the Audit Committee, and subsequently to the Board.

Investment earnings for the budget basis includes the stated interest rate received, amortization of the market discount or premium, and realized gains and losses (calculated for budget purposes as the difference between the selling price and the amortized cost basis). This will vary from the investment earnings reported in the basic financial statements. The main difference is the budget basis does not include unrealized gains and losses (calculated for budget purposes as the difference between the market value and the amortized cost basis).

### **Note 3 – Schedule of Revenue Requirement to Statement of Revenues, Expenses and Changes in Net Position Crosswalk**

The Great Lakes Water Authority establishes a revenue requirement budget for the purposes of establishing charges, which follows a modified cash basis of accounting. The financial report is prepared in accordance with Generally Accepted Accounting Principles for enterprise funds of a local government. The crosswalk provides a reconciliation between the different basis of accounting used for the budget and the financial report.

## STATISTICAL SECTION

The objective of the statistical section is to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess the Authority's economic condition.

The statistical section is divided into five sections as follows:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

**Sources:** Unless otherwise noted, information presented in the statistical schedules is compiled from GLWA's Annual Comprehensive Financial Reports, the prior financial reports of DWSD or other internal information systems.

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## **FINANCIAL TRENDS**

Financial trends information is intended to show how the Authority's financial position has changed over time.

**GREAT LAKES WATER AUTHORITY**  
SCHEDULE OF NET POSITION - BUSINESS-TYPE ACTIVITIES

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assets</b>									
Current Assets									
Cash and cash equivalents	\$ 443,798,752	\$ 482,735,648	\$ 347,655,417	\$ 354,351,132	\$ 208,356,720	\$ 309,015,559	\$ 509,141,777	\$ 470,231,842	\$ 311,735,186
Restricted cash and cash equivalents	307,389,483	264,777,942	87,643,974	151,186,044	65,364,730	164,495,839	105,929,392	132,967,081	134,210,268
Restricted cash for the benefit of DWSD	58,146,817	42,463,972	20,469,633	6,064,197	1,544,529	3,318,316	8,418,827	288,378	62,078
Investments	175,045,455	63,241,295	185,209,092	322,929,971	473,549,014	274,246,497	16,511,237	2,283,028	43,620,761
Restricted investments	100,776,070	43,673,481	103,754,094	31,690,982	117,966,914	34,852,593	33,025,340	32,541,021	56,661,000
Receivables									
Billed	59,831,592	111,310,366	118,892,413	108,247,576	95,159,661	98,886,172	88,712,190	88,694,341	85,676,104
Unbilled	36,096,073	57,768,194	54,395,207	54,387,680	54,893,266	50,441,488	54,429,817	53,818,603	55,345,336
Other	89,591	401,558	1,292,666	574,906	310,373	1,137,526	3,728,886	3,158,350	114,648,035
Allowance for doubtful accounts	(6,006,614)	(58,846,688)	(56,823,732)	(50,884,273)	(44,991,966)	(42,257,915)	(39,084,816)	(35,352,009)	(124,009,242)
Due from other governments	6,517,578	11,881,282	13,454,460	13,240,859	31,802,636	30,243,156	47,927,860	50,789,041	107,688,300
Due from other funds	6,717,488	3,247,468	2,328,086	2,948,712	2,134,191	2,889,522	3,778,220	-	65,971
Contractual obligation receivable	38,734,494	36,669,011	33,529,695	31,195,900	29,661,490	26,418,147	24,813,886	23,339,242	11,929,259
Shortfall receivable - DWSD	-	-	-	8,296,578	18,206,431	17,542,669	9,367,355	-	-
Prepaid items and other assets	18,010,354	16,473,691	13,622,385	11,744,542	10,150,336	8,448,932	4,949,631	3,526,568	2,591,049
Inventories	10,420,267	10,649,496	8,366,771	7,795,152	7,007,208	5,832,593	8,471,626	8,509,454	9,984,063
Total Current Assets	<u>1,255,567,400</u>	<u>1,086,446,716</u>	<u>933,790,161</u>	<u>1,053,769,958</u>	<u>1,071,115,533</u>	<u>985,511,094</u>	<u>880,121,228</u>	<u>834,794,940</u>	<u>810,208,168</u>
Noncurrent Assets									
Restricted cash and cash equivalents	297,077,701	162,962,263	5,264,591	5,395,501	47,505,584	94,185,040	48,263,059	306,318,331	160,949,722
Restricted investments	7,325,544	134,324,735	40,691,319	38,533,910	39,819,506	150,978,512	293,697,988	101,708,122	105,028,079
Contractual obligation receivable	866,415,659	899,049,912	919,288,110	936,811,819	954,297,909	883,248,672	812,613,943	830,432,680	832,571,741
Shortfall receivable - DWSD	-	-	-	-	8,296,578	26,503,010	19,932,645	-	-
Prepaid lease	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	-
Capital assets									
Nondepreciable/nonamortizable	1,172,921,362	1,088,758,476	887,940,328	813,485,421	719,865,490	786,405,120	706,046,995	730,471,792	711,434,348
Depreciated/amortized, net	3,307,213,601	3,319,883,704	3,527,083,870	3,644,679,801	3,786,833,157	3,849,136,489	4,089,136,230	4,178,315,045	4,427,945,555
Prepaid insurance on debt	-	15,142,970	16,773,793	18,357,442	19,988,764	22,635,151	29,933,631	32,694,221	48,653,581
Total Noncurrent Assets	<u>5,675,953,867</u>	<u>5,645,122,060</u>	<u>5,422,042,011</u>	<u>5,482,263,894</u>	<u>5,601,606,988</u>	<u>5,838,091,994</u>	<u>6,024,624,491</u>	<u>6,204,940,191</u>	<u>6,286,583,026</u>
Total Assets	<u>6,931,521,267</u>	<u>6,731,568,776</u>	<u>6,355,832,172</u>	<u>6,536,033,852</u>	<u>6,672,722,521</u>	<u>6,823,603,088</u>	<u>6,904,745,719</u>	<u>7,039,735,131</u>	<u>7,096,791,194</u>
Deferred Outflows of Resources									
Deferred charge on refunding	75,062,279	133,948,479	152,338,303	163,387,050	174,435,795	241,879,138	280,975,963	297,646,441	328,659,457
Deferred pension amounts	14,891,972	47,723,960	30,158,700	61,687,252	42,661,204	31,717,285	52,015,636	59,954,478	37,997,043
Total Deferred Outflows of Resources	<u>89,954,251</u>	<u>181,672,439</u>	<u>182,497,003</u>	<u>225,074,302</u>	<u>217,096,999</u>	<u>273,596,423</u>	<u>332,991,599</u>	<u>357,600,919</u>	<u>366,656,500</u>

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Liabilities</b>									
Current Liabilities									
Accounts and contracts payable	\$ 122,248,743	\$ 113,308,498	\$ 94,379,034	\$ 85,221,415	\$ 74,070,629	\$ 74,662,036	\$ 67,832,136	\$ 64,298,400	\$ 85,626,614
Accrued salaries, wages and benefits	2,767,908	2,063,359	2,060,030	6,028,598	5,321,864	4,284,220	4,734,956	3,190,038	2,887,280
Accrued liabilities	62,468,484	53,951,292	25,004,633	11,573,811	5,357,056	7,109,589	12,679,692	2,252,616	1,550,254
Due to other governments	7,203,563	6,874,058	21,360,601	19,443,993	20,032,254	15,963,934	11,983,407	61,242,386	37,893,903
Due to other funds	6,717,488	3,247,468	2,328,086	2,948,712	2,134,191	2,889,522	3,778,220	-	65,971
Interest payable	95,118,780	82,190,367	70,965,548	71,811,380	58,452,960	84,456,284	80,431,318	80,340,520	81,139,013
Current portion of:									
Revenue bonds and loans	261,405,480	149,725,340	127,403,800	119,909,733	121,998,075	117,602,109	81,756,050	89,314,212	96,552,356
Raw water rights obligation	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-	-
BC Note obligation	3,257,960	695,845	662,710	631,153	601,097	572,474	545,213	519,251	494,524
Regional system leases	13,734,365	13,174,371	12,637,211	12,121,951	11,627,700	11,153,602	10,698,835	10,262,609	9,844,169
Other liabilities	24,455,219	29,182,845	6,813,946	5,867,203	6,380,583	5,751,747	5,687,043	6,714,210	7,789,273
Total Current Liabilities	<u>602,463,984</u>	<u>457,377,062</u>	<u>366,460,881</u>	<u>338,292,195</u>	<u>308,601,229</u>	<u>326,966,513</u>	<u>283,126,328</u>	<u>318,134,242</u>	<u>323,843,357</u>
Noncurrent Liabilities									
Revenue bonds and loans	5,421,029,379	5,491,493,953	5,149,961,142	5,319,896,659	5,474,913,736	5,630,571,800	5,714,095,283	5,842,482,161	5,876,115,822
Raw water rights obligation	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-	-
BC Note obligation	49,134,645	52,392,606	53,088,452	53,751,162	54,382,315	54,983,412	55,555,887	56,101,100	56,620,351
Regional system lease	862,192,735	875,927,100	889,101,471	901,738,681	913,860,632	925,488,338	936,641,935	947,340,770	957,603,379
Other liabilities	20,202,991	33,578,631	21,122,269	21,514,839	18,757,906	18,771,285	18,437,517	11,340,902	46,002,543
Net pension liability	<u>37,046,052</u>	<u>63,174,607</u>	<u>65,221,327</u>	<u>144,305,198</u>	<u>132,909,889</u>	<u>131,981,165</u>	<u>178,961,907</u>	<u>194,075,547</u>	<u>170,229,438</u>
Total Noncurrent Liabilities	<u>6,476,071,963</u>	<u>6,606,119,052</u>	<u>6,271,010,435</u>	<u>6,536,567,595</u>	<u>6,692,919,780</u>	<u>6,862,516,123</u>	<u>7,006,933,647</u>	<u>7,051,340,480</u>	<u>7,106,571,533</u>
Total Liabilities	<u>7,078,535,947</u>	<u>7,063,496,114</u>	<u>6,637,471,316</u>	<u>6,874,859,790</u>	<u>7,001,521,009</u>	<u>7,189,482,636</u>	<u>7,290,059,975</u>	<u>7,369,474,722</u>	<u>7,430,414,890</u>
Deferred Inflows of Resources									
Deferred gain on refunding	133,311,884	81,269,853	88,783,069	96,296,284	103,809,499	108,300,657	105,907,267	112,080,430	-
Deferred amounts for swap terminations	52,283	57,089	61,895	84,205	106,515	240,839	270,150	299,461	4,373,886
Deferred capital contribution	-	-	-	-	5,960,000	-	-	-	-
Deferred pension amounts	-	-	31,311,922	-	-	-	20,254,690	18,316,430	43,342,798
Total Deferred Inflows of Resources	<u>133,364,167</u>	<u>81,326,942</u>	<u>120,156,886</u>	<u>96,380,489</u>	<u>109,876,014</u>	<u>108,541,496</u>	<u>126,432,107</u>	<u>130,696,321</u>	<u>47,716,684</u>
Net Position (Deficit)									
Net investment in capital assets	(428,661,605)	(336,552,993)	(194,715,306)	(302,012,473)	(351,218,780)	(228,867,586)	(49,720,885)	140,378,223	311,166,676
Restricted for construction	2,258,067	2,180,985	-	-	-	-	-	-	-
Restricted for debt service	213,673,818	147,436,260	123,414,653	114,544,694	105,282,969	146,977,835	125,235,904	134,125,957	178,591,676
Restricted for payment assistance program	1,716,187	4,652,563	12,318,423	11,043,109	8,988,078	8,001,369	5,771,110	5,336,117	3,504,148
Unrestricted	<u>20,588,937</u>	<u>(49,298,656)</u>	<u>(160,316,797)</u>	<u>(33,707,455)</u>	<u>15,370,230</u>	<u>(126,936,239)</u>	<u>(260,040,893)</u>	<u>(382,675,290)</u>	<u>(507,946,380)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (190,424,596)</u>	<u>\$ (231,581,841)</u>	<u>\$ (219,299,027)</u>	<u>\$ (210,132,125)</u>	<u>\$ (221,577,503)</u>	<u>\$ (200,824,621)</u>	<u>\$ (178,754,764)</u>	<u>\$ (102,834,993)</u>	<u>\$ (14,683,880)</u>

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

SCHEDULE OF NET POSITION - WATER FUND

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assets</b>									
<b>Current Assets</b>									
Cash and cash equivalents	\$ 190,551,656	\$ 222,625,550	\$ 147,191,020	\$ 162,766,427	\$ 88,786,996	\$ 148,643,793	\$ 310,085,221	\$ 266,483,138	\$ 155,712,891
Restricted cash and cash equivalents	141,618,876	127,679,570	49,069,747	65,677,030	39,304,453	68,564,311	51,097,342	60,753,268	53,028,844
Restricted cash for the benefit of DWSD	24,695,007	17,474,699	11,371,285	3,144,400	1,544,529	2,690,397	8,418,827	288,378	10,430
Investments	86,039,805	21,081,772	91,499,859	190,541,958	305,653,818	198,561,135	7,004,525	852,420	11,579,681
Restricted investments	43,009,504	9,975,144	30,711,544	2,932,400	30,900,352	1,468,148	1,234,954	1,169,187	27,818,000
Receivables									
Billed	44,621,471	55,359,908	54,169,640	48,694,817	38,769,605	38,336,701	38,272,740	36,459,563	37,629,170
Unbilled	26,015,465	33,527,694	30,349,758	30,066,884	31,032,237	26,144,348	29,229,709	29,539,433	32,307,945
Other	82,346	286,079	295,791	85,494	214,997	916,074	5,850	1,300	21,899,046
Allowance for doubtful accounts	(6,000,000)	(16,225,907)	(13,917,234)	(11,562,519)	(8,634,075)	(7,455,747)	(6,221,815)	(4,941,777)	(25,040,612)
Due from other governments	2,607,102	5,785,565	11,246,188	11,889,748	20,343,238	30,063,571	23,588,754	21,327,713	41,486,157
Due from other funds	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-	-
Contractual obligation receivable	21,990,092	20,608,286	18,126,021	16,558,716	15,620,163	14,328,368	13,560,086	12,076,942	6,851,584
Prepaid items and other assets	11,528,504	10,795,086	8,701,487	7,601,239	6,458,613	5,647,661	3,265,972	2,437,047	2,183,690
Inventories	-	-	-	794,521	636,621	386,612	-	-	-
<b>Total Current Assets</b>	<u>591,315,590</u>	<u>510,006,200</u>	<u>441,143,192</u>	<u>531,977,459</u>	<u>572,765,738</u>	<u>531,172,326</u>	<u>479,872,458</u>	<u>426,446,612</u>	<u>365,466,826</u>
<b>Noncurrent Assets</b>									
Restricted cash and cash equivalents	128,140,663	96,480,165	2,773,291	2,519,127	20,491,397	32,154,262	18,261,706	177,939,494	5,460,942
Restricted investments	1,953,942	22,002,166	9,506,991	8,651,762	10,770,585	77,075,423	150,436,225	20,530,374	42,841,345
Contractual obligation receivable	528,292,868	544,820,801	549,493,189	552,093,376	554,942,283	468,481,719	477,039,443	483,604,380	466,317,666
Prepaid lease	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	-
Capital assets									
Nondepreciable/nonamortizable	708,545,333	670,557,112	567,414,021	498,010,970	418,996,654	467,830,218	434,684,895	452,185,674	415,558,090
Depreciated/amortized, net	1,366,169,471	1,330,639,811	1,384,312,298	1,418,773,460	1,487,915,510	1,492,118,136	1,604,038,058	1,587,291,603	1,728,054,410
Prepaid insurance on debt	-	5,995,322	6,649,782	7,304,243	7,958,703	8,754,897	13,002,376	14,112,324	20,831,496
<b>Total Noncurrent Assets</b>	<u>2,744,352,277</u>	<u>2,681,745,377</u>	<u>2,531,399,572</u>	<u>2,498,602,938</u>	<u>2,512,325,132</u>	<u>2,557,664,655</u>	<u>2,708,712,703</u>	<u>2,746,913,849</u>	<u>2,679,063,949</u>
<b>Total Assets</b>	<u>3,335,667,867</u>	<u>3,191,751,577</u>	<u>2,972,542,764</u>	<u>3,030,580,397</u>	<u>3,085,090,870</u>	<u>3,088,836,981</u>	<u>3,188,585,161</u>	<u>3,173,360,461</u>	<u>3,044,530,775</u>
<b>Deferred Outflows of Resources</b>									
Deferred charge on refunding	24,498,242	39,316,288	41,997,055	44,677,823	47,358,590	82,508,971	94,431,823	99,294,499	116,511,949
Deferred pension amounts	5,338,231	17,107,308	10,810,800	22,112,642	15,292,494	11,369,496	18,645,719	21,491,506	13,620,562
<b>Total Deferred Outflows of Resources</b>	<u>29,836,473</u>	<u>56,423,596</u>	<u>52,807,855</u>	<u>66,790,465</u>	<u>62,651,084</u>	<u>93,878,467</u>	<u>113,077,542</u>	<u>120,786,005</u>	<u>130,132,511</u>

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Liabilities</b>									
Current Liabilities									
Accounts and contracts payable	\$ 64,672,188	\$ 60,207,304	\$ 56,890,771	\$ 53,039,330	\$ 43,231,679	\$ 36,657,714	\$ 33,754,534	\$ 36,751,842	\$ 49,474,527
Accrued salaries, wages and benefits	2,261,789	1,757,758	1,046,674	4,892,033	5,321,864	4,284,220	4,734,956	3,190,038	2,887,280
Accrued liabilities	28,883,806	25,111,216	15,261,427	6,958,556	5,357,056	6,481,670	12,679,692	1,353,816	875,796
Due to other governments	2,903,115	3,124,058	17,610,601	15,693,993	18,282,254	15,963,934	11,935,868	25,393,813	13,668,890
Due to other funds	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-	65,971
Interest payable	48,294,351	41,789,634	36,398,995	36,621,768	30,887,915	40,325,682	39,322,324	39,329,322	37,226,125
Current portion of:									
Revenue bonds and loans	111,145,612	62,332,082	40,091,255	32,500,450	33,058,615	29,244,447	20,569,843	23,393,905	35,650,167
Raw water rights obligation	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-	-
BC Note obligation	1,002,660	214,151	203,954	194,242	184,992	176,183	167,794	159,803	152,193
Regional system lease	6,180,464	5,928,467	5,686,745	5,454,878	5,232,465	5,019,121	4,814,476	4,618,174	4,429,876
Other liabilities	4,651,922	3,743,223	3,378,083	3,123,843	5,331,161	4,938,308	4,635,565	2,182,888	6,675,228
Total Current Liabilities	<u>275,243,627</u>	<u>209,386,226</u>	<u>179,413,787</u>	<u>161,375,707</u>	<u>149,512,821</u>	<u>145,624,843</u>	<u>139,062,437</u>	<u>136,373,601</u>	<u>151,106,053</u>
Noncurrent Liabilities									
Revenue bonds and loans	2,628,339,128	2,592,206,224	2,359,238,286	2,407,391,624	2,459,730,737	2,467,177,447	2,545,529,255	2,606,465,431	2,488,824,632
Raw water rights obligation	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-	-
BC Note obligation	15,121,527	16,124,188	16,338,339	16,542,293	16,736,534	16,921,526	17,097,709	17,265,503	17,425,306
Regional system lease	387,986,731	394,167,195	400,095,662	405,782,406	411,237,284	416,469,750	421,488,871	426,303,346	430,921,520
Other liabilities	5,249,266	3,713,668	4,132,979	4,138,780	4,840,615	4,979,604	4,933,977	5,170,201	9,784,562
Net pension liability	13,279,666	22,645,805	23,379,480	51,728,179	47,643,374	47,310,460	64,151,352	69,569,044	61,021,079
Total Noncurrent Liabilities	<u>3,136,442,479</u>	<u>3,118,409,235</u>	<u>2,895,700,520</u>	<u>2,980,944,338</u>	<u>3,038,283,846</u>	<u>3,053,578,910</u>	<u>3,156,442,282</u>	<u>3,124,773,525</u>	<u>3,007,977,099</u>
Total Liabilities	<u>3,411,686,106</u>	<u>3,327,795,461</u>	<u>3,075,114,307</u>	<u>3,142,320,045</u>	<u>3,187,796,667</u>	<u>3,199,203,753</u>	<u>3,295,504,719</u>	<u>3,261,147,126</u>	<u>3,159,083,152</u>
Deferred Inflows of Resources									
Deferred gain on refunding	64,897,267	44,182,654	48,216,421	52,250,187	56,283,953	60,317,719	59,252,431	62,822,646	-
Deferred amounts for swap terminations	51,986	56,712	61,438	66,164	70,890	75,616	80,342	85,068	4,134,908
Deferred pension amounts	-	-	11,224,189	-	-	-	7,260,572	6,565,776	15,536,821
Total Deferred Inflows of Resources	<u>64,949,253</u>	<u>44,239,366</u>	<u>59,502,048</u>	<u>52,316,351</u>	<u>56,354,843</u>	<u>60,393,335</u>	<u>66,593,345</u>	<u>69,473,490</u>	<u>19,671,729</u>
Net Position (Deficit)									
Net investment in capital assets	(243,351,501)	(198,390,747)	(109,163,683)	(191,352,010)	(237,858,820)	(166,485,092)	(84,133,546)	(2,321,309)	90,778,518
Restricted for debt service	89,928,545	56,139,482	31,660,045	23,688,943	19,479,656	29,731,576	23,239,368	26,194,280	69,797,836
Restricted for payment assistance program	931,099	2,289,905	5,272,708	4,614,294	3,754,368	3,369,875	2,462,214	2,218,373	1,451,598
Unrestricted	<u>41,360,838</u>	<u>16,101,706</u>	<u>(37,034,806)</u>	<u>65,783,239</u>	<u>118,215,240</u>	<u>56,502,001</u>	<u>(2,003,397)</u>	<u>(62,565,494)</u>	<u>(166,119,547)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (111,131,019)</u>	<u>\$ (123,859,654)</u>	<u>\$ (109,265,736)</u>	<u>\$ (97,265,534)</u>	<u>\$ (96,409,556)</u>	<u>\$ (76,881,640)</u>	<u>\$ (60,435,361)</u>	<u>\$ (36,474,150)</u>	<u>\$ (4,091,595)</u>

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**  
**SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND**

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assets</b>									
<b>Current Assets</b>									
Cash and cash equivalents	\$ 253,247,096	\$ 260,110,098	\$ 200,464,397	\$ 191,584,705	\$ 119,569,724	\$ 160,371,766	\$ 199,056,556	\$ 203,748,704	\$ 156,022,295
Restricted cash and cash equivalents	165,770,607	137,098,372	38,574,227	85,509,014	26,060,277	95,931,528	54,832,050	72,213,813	81,181,424
Restricted cash for the benefit of DWSD	33,451,810	24,989,273	9,098,348	2,919,797	-	627,919	-	-	51,648
Investments	89,005,650	42,159,523	93,709,233	132,388,013	167,895,196	75,685,362	9,506,712	1,430,608	32,041,080
Restricted investments	57,766,566	33,698,337	73,042,550	28,758,582	87,066,562	33,384,445	31,790,386	31,371,834	28,843,000
Receivables									
Billed	15,210,121	55,950,458	64,722,773	59,552,759	56,390,056	60,549,471	50,439,450	52,234,778	48,046,934
Unbilled	10,080,608	24,240,500	24,045,449	24,320,796	23,861,029	24,297,140	25,200,108	24,279,170	23,037,391
Other	7,245	115,479	996,875	489,412	95,376	221,452	3,723,036	3,157,050	92,748,989
Allowance for doubtful accounts	(6,614)	(42,620,781)	(42,906,498)	(39,321,754)	(36,357,891)	(34,802,168)	(32,863,001)	(30,410,232)	(98,968,630)
Due from other governments	3,910,476	6,095,717	2,208,272	1,351,111	11,459,398	179,585	24,339,106	29,461,328	66,202,143
Due from other funds	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-	65,971
Contractual obligation receivable	16,744,402	16,060,725	15,403,674	14,637,184	14,041,327	12,089,779	11,253,800	11,262,300	5,077,675
Shortfall receivable - DWSD	-	-	-	8,296,578	18,206,431	17,542,669	9,367,355	-	-
Prepaid items and other assets	6,481,850	5,678,605	4,920,898	4,143,303	3,691,723	2,801,271	1,683,659	1,089,521	407,359
Inventories	10,420,267	10,649,496	8,366,771	7,000,631	6,370,587	5,445,981	8,471,626	8,509,454	9,984,063
<b>Total Current Assets</b>	<u>664,251,810</u>	<u>576,440,516</u>	<u>492,646,969</u>	<u>521,792,499</u>	<u>498,349,795</u>	<u>454,338,768</u>	<u>400,248,770</u>	<u>408,348,328</u>	<u>444,741,342</u>
<b>Noncurrent Assets</b>									
Restricted cash and cash equivalents	168,937,038	66,482,098	2,491,300	2,876,374	27,014,187	62,030,778	30,001,353	128,378,837	155,488,780
Restricted investments	5,371,602	112,322,569	31,184,328	29,882,148	29,048,921	73,903,089	143,261,763	81,177,748	62,186,734
Contractual obligation receivable	338,122,791	354,229,111	369,794,921	384,718,443	399,355,626	414,766,953	335,574,500	346,828,300	366,254,075
Shortfall receivable - DWSD	-	-	-	-	8,296,578	26,503,010	19,932,645	-	-
Prepaid lease	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	-
Capital assets									
Nondepreciable/nonamortizable	464,376,029	418,201,364	320,526,307	315,474,451	300,868,836	318,574,902	271,362,100	278,286,118	295,876,258
Depreciated/amortized, net	1,941,044,130	1,989,243,893	2,142,771,572	2,225,906,341	2,298,917,647	2,357,018,353	2,485,098,172	2,591,023,442	2,699,891,145
Prepaid insurance on debt	-	9,147,648	10,124,011	11,053,199	12,030,061	13,880,254	16,931,255	18,581,897	27,822,085
<b>Total Noncurrent Assets</b>	<u>2,931,601,590</u>	<u>2,963,376,683</u>	<u>2,890,642,439</u>	<u>2,983,660,956</u>	<u>3,089,281,856</u>	<u>3,280,427,339</u>	<u>3,315,911,788</u>	<u>3,458,026,342</u>	<u>3,607,519,077</u>
<b>Total Assets</b>	<u>3,595,853,400</u>	<u>3,539,817,199</u>	<u>3,383,289,408</u>	<u>3,505,453,455</u>	<u>3,587,631,651</u>	<u>3,734,766,107</u>	<u>3,716,160,558</u>	<u>3,866,374,670</u>	<u>4,052,260,419</u>
<b>Deferred Outflows of Resources</b>									
Deferred charge on refunding	50,564,037	94,632,191	110,341,248	118,709,227	127,077,205	159,370,167	186,544,140	198,351,942	212,147,508
Deferred pension amounts	9,553,741	30,616,652	19,347,900	39,574,610	27,368,710	20,347,789	33,369,917	38,462,972	24,376,481
<b>Total Deferred Outflows of Resources</b>	<u>60,117,778</u>	<u>125,248,843</u>	<u>129,689,148</u>	<u>158,283,837</u>	<u>154,445,915</u>	<u>179,717,956</u>	<u>219,914,057</u>	<u>236,814,914</u>	<u>236,523,989</u>

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Liabilities</b>									
Current Liabilities									
Accounts and contracts payable	\$ 57,576,555	\$ 53,101,194	\$ 37,488,263	\$ 32,182,085	\$ 30,838,950	\$ 38,004,322	\$ 34,077,602	\$ 27,546,558	\$ 36,152,087
Accrued salaries, wages and benefits	506,119	305,601	1,013,356	1,136,565	-	-	-	-	-
Accrued liabilities	33,584,678	28,840,076	9,743,206	4,615,255	-	627,919	-	898,800	674,458
Due to other governments	4,300,448	3,750,000	3,750,000	3,750,000	1,750,000	-	47,539	35,848,573	24,225,013
Due to other funds	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-	-
Interest payable	46,824,429	40,400,733	34,566,553	35,189,612	27,565,045	44,130,602	41,108,994	41,011,198	43,912,888
Current portion of:									
Revenue bonds and loans	150,259,868	87,393,258	87,312,545	87,409,283	88,939,460	88,357,662	61,186,207	65,920,307	60,902,189
BC Note obligation	2,255,300	481,694	458,756	436,911	416,105	396,291	377,419	359,448	342,331
Regional system lease	7,553,901	7,245,904	6,950,466	6,667,073	6,395,235	6,134,481	5,884,359	5,644,435	5,414,293
Other liabilities	19,803,297	25,439,622	3,435,863	2,743,360	1,049,422	813,439	1,051,478	4,531,322	1,114,045
Total Current Liabilities	<u>327,220,357</u>	<u>247,990,836</u>	<u>187,047,094</u>	<u>176,916,488</u>	<u>159,088,408</u>	<u>181,341,670</u>	<u>144,063,891</u>	<u>181,760,641</u>	<u>172,737,304</u>
Noncurrent Liabilities									
Revenue bonds and loans	2,792,690,251	2,899,287,729	2,790,722,856	2,912,505,035	3,015,182,999	3,163,394,353	3,168,566,028	3,236,016,730	3,387,291,190
BC Note obligation	34,013,118	36,268,418	36,750,113	37,208,869	37,645,781	38,061,886	38,458,178	38,835,597	39,195,045
Regional system lease	474,206,004	481,759,905	489,005,809	495,956,275	502,623,348	509,018,588	515,153,064	521,037,424	526,681,859
Other liabilities	14,953,725	29,864,963	16,989,290	17,376,059	13,917,291	13,791,681	13,503,540	6,170,701	36,217,981
Net pension liability	23,766,386	40,528,802	41,841,847	92,577,019	85,266,515	84,670,705	114,810,555	124,506,503	109,208,359
Total Noncurrent Liabilities	<u>3,339,629,484</u>	<u>3,487,709,817</u>	<u>3,375,309,915</u>	<u>3,555,623,257</u>	<u>3,654,635,934</u>	<u>3,808,937,213</u>	<u>3,850,491,365</u>	<u>3,926,566,955</u>	<u>4,098,594,434</u>
Total Liabilities	<u>3,666,849,841</u>	<u>3,735,700,653</u>	<u>3,562,357,009</u>	<u>3,732,539,745</u>	<u>3,813,724,342</u>	<u>3,990,278,883</u>	<u>3,994,555,256</u>	<u>4,108,327,596</u>	<u>4,271,331,738</u>
<b>Deferred Inflows of Resources</b>									
Deferred gain on refunding	68,414,617	37,087,199	40,566,648	44,046,097	47,525,546	47,982,938	46,654,836	49,257,784	-
Deferred amounts for swap terminations	297	377	457	18,041	35,625	165,223	189,808	214,393	238,978
Deferred capital contribution	-	-	-	-	5,960,000	-	-	-	-
Deferred pension amounts	-	-	20,087,733	-	-	-	12,994,118	11,750,654	27,805,977
Total Deferred Inflows of Resources	<u>68,414,914</u>	<u>37,087,576</u>	<u>60,654,838</u>	<u>44,064,138</u>	<u>53,521,171</u>	<u>48,148,161</u>	<u>59,838,762</u>	<u>61,222,831</u>	<u>28,044,955</u>
<b>Net Position (Deficit)</b>									
Net investment in capital assets	(185,310,104)	(138,162,246)	(85,551,623)	(110,660,463)	(113,359,960)	(62,382,494)	34,412,661	142,699,532	220,388,158
Restricted for construction	2,258,067	2,180,985	-	-	-	-	-	-	-
Restricted for debt service	123,745,273	91,296,778	91,754,608	90,855,751	85,803,313	117,246,259	101,996,536	107,931,677	108,793,840
Restricted for payment assistance program	785,088	2,362,658	7,045,715	6,428,815	5,233,710	4,631,494	3,308,896	3,117,744	2,052,550
Unrestricted	(20,771,901)	(65,400,362)	(123,281,991)	(99,490,694)	(102,845,010)	(183,438,240)	(258,037,496)	(320,109,796)	(341,826,833)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (79,293,577)</u>	<u>\$ (107,722,187)</u>	<u>\$ (110,033,291)</u>	<u>\$ (112,866,591)</u>	<u>\$ (125,167,947)</u>	<u>\$ (123,942,981)</u>	<u>\$ (118,319,403)</u>	<u>\$ (66,360,843)</u>	<u>\$ (10,592,285)</u>

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Operating Revenues</b>									
Wholesale customer charges	\$ 620,278,257	\$ 616,511,308	\$ 591,839,582	\$ 589,991,584	\$ 578,705,063	\$ 584,171,596	\$ 592,096,175	\$ 594,426,876	\$ 281,883,522
Local system charges	222,106,800	213,876,500	210,359,500	209,885,200	207,102,800	201,340,700	194,099,800	202,794,400	102,660,400
Industrial waste charges	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106	6,910,192
Pollutant surcharges	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294	2,423,910
Bad debt recovery (credit)	(20,709,400)	-	-	-	-	-	-	40,172,155	-
Other revenues	1,149,414	2,011,011	663,953	766,943	778,257	527,663	4,455,345	576,195	4,252,477
<b>Total Operating Revenues</b>	<b>835,531,085</b>	<b>845,686,489</b>	<b>816,345,129</b>	<b>815,368,630</b>	<b>800,889,221</b>	<b>801,078,783</b>	<b>811,894,703</b>	<b>857,557,026</b>	<b>398,130,501</b>
<b>Operating Expenses</b>									
Personnel	125,455,261	114,808,018	107,053,390	106,945,131	104,266,420	98,588,599	95,525,457	86,156,304	21,590,763
Contractual services	116,144,078	116,946,973	114,094,006	103,324,025	109,448,358	101,743,758	99,877,310	90,135,859	17,179,869
Utilities	71,938,730	77,276,536	59,655,751	52,749,654	51,152,735	51,395,385	53,694,380	55,661,469	25,037,499
Chemicals	31,075,405	30,542,063	20,382,163	13,982,136	14,241,843	13,275,860	12,877,813	14,765,181	6,451,484
Supplies and other expenses	42,093,447	34,571,711	29,069,352	31,097,071	35,427,273	37,120,915	34,526,388	20,162,690	17,903,355
Capital adjustment	-	-	-	-	26,780	2,258,351	-	-	-
Capital program allocation	(2,847,434)	(2,189,642)	(2,632,136)	(3,191,809)	(3,347,401)	(3,380,755)	(1,683,450)	(2,128,078)	-
Intergovernmental reimbursements	(7,102,087)	(5,132,485)	(2,887,881)	(3,166,692)	(1,733,710)	(7,139,362)	(9,908,111)	(11,704,210)	-
Centralized services	-	-	-	-	-	-	-	-	35,228,282
Administrative services	-	-	-	-	-	-	-	-	10,534,428
Depreciation	265,043,620	289,956,600	281,209,656	274,043,606	280,104,195	309,115,490	331,242,398	329,766,377	157,316,574
Amortization of intangible assets	4,836,584	4,006,368	4,006,368	3,676,590	3,566,664	3,566,664	2,080,554	-	-
<b>Total Operating Expenses</b>	<b>646,637,604</b>	<b>660,786,142</b>	<b>609,950,669</b>	<b>579,459,712</b>	<b>593,153,157</b>	<b>606,544,905</b>	<b>618,232,739</b>	<b>582,815,592</b>	<b>291,242,254</b>
<b>Operating Income</b>	<b>188,893,481</b>	<b>184,900,347</b>	<b>206,394,460</b>	<b>235,908,918</b>	<b>207,736,064</b>	<b>194,533,878</b>	<b>193,661,964</b>	<b>274,741,434</b>	<b>106,888,247</b>
<b>Nonoperating Revenues (Expenses)</b>									
Earnings (loss) on investments	61,853,367	37,601,830	(5,384,278)	1,259,624	25,416,706	26,517,802	11,395,785	4,042,790	1,481,398
Interest on obligations receivable	39,854,908	41,059,361	42,264,765	43,722,511	42,434,884	41,777,702	38,856,520	42,332,428	21,062,500
Interest expense	(278,957,613)	(271,291,054)	(256,196,504)	(263,485,014)	(288,947,856)	(296,597,333)	(300,395,306)	(291,592,097)	(148,447,442)
Amortization of debt related items and COI	(4,154,979)	3,998,310	13,318,015	12,965,639	10,302,560	3,995,230	8,684,285	(14,937,182)	2,055,724
Legacy pension recovery (expense)	(6,703,433)	20,765,202	(13,915,303)	(22,527,961)	(20,143,505)	16,778,381	(24,922,162)	(7,021,006)	-
Water Residential Assistance Program	(6,772,438)	(12,342,512)	(2,792,837)	(1,517,453)	(3,315,117)	(2,024,119)	(3,755,534)	(2,127,333)	-
Other	6,711,713	1,752,328	153,741	(840,886)	(196,618)	(524,198)	554,677	379,409	275,693
Discontinued capital projects	-	(20,902,626)	-	-	-	-	-	-	-
Sewer lookback - MOU adjustment	-	-	-	-	-	(6,527,200)	-	-	-
<b>Total Nonoperating Expenses</b>	<b>(188,168,475)</b>	<b>(199,359,161)</b>	<b>(222,552,401)</b>	<b>(230,423,540)</b>	<b>(234,448,946)</b>	<b>(216,603,735)</b>	<b>(269,581,735)</b>	<b>(268,922,991)</b>	<b>(123,572,127)</b>
<b>Income (loss) before capital contributions and special item</b>	<b>725,006</b>	<b>(14,458,814)</b>	<b>(16,157,941)</b>	<b>5,485,378</b>	<b>(26,712,882)</b>	<b>(22,069,857)</b>	<b>(75,919,771)</b>	<b>5,818,443</b>	<b>(16,683,880)</b>
<b>Capital Contributions</b>	<b>40,432,239</b>	<b>2,176,000</b>	<b>6,991,039</b>	<b>5,960,000</b>	<b>5,960,000</b>	<b>-</b>	<b>-</b>	<b>320,707</b>	<b>2,000,000</b>
<b>Special Item - MOU with DWSD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(94,290,263)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>41,157,245</b>	<b>(12,282,814)</b>	<b>(9,166,902)</b>	<b>11,445,378</b>	<b>(20,752,882)</b>	<b>(22,069,857)</b>	<b>(75,919,771)</b>	<b>(88,151,113)</b>	<b>(14,683,880)</b>
NET POSITION (DEFICIT), Beginning of Year	(231,581,841)	(219,299,027)	(210,132,125)	(221,577,503)	(200,824,621)	(178,754,764)	(102,834,993)	(14,683,880)	-
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (190,424,596)</b>	<b>\$ (231,581,841)</b>	<b>\$ (219,299,027)</b>	<b>\$ (210,132,125)</b>	<b>\$ (221,577,503)</b>	<b>\$ (200,824,621)</b>	<b>\$ (178,754,764)</b>	<b>\$ (102,834,993)</b>	<b>\$ (14,683,880)</b>

\* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**  
CHANGES IN NET POSITION - WATER FUND

Schedule 2a

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Operating Revenues</b>									
Wholesale customer charges	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169
Local system charges	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500
Bad debt recovery (credit)	(5,152,500)	-	-	-	-	-	-	5,107,125	-
Other revenues	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863
<b>Total Operating Revenues</b>	<b>358,550,856</b>	<b>363,779,097</b>	<b>344,957,975</b>	<b>344,615,090</b>	<b>334,253,577</b>	<b>331,601,876</b>	<b>338,312,144</b>	<b>351,749,944</b>	<b>167,665,532</b>
<b>Operating Expenses</b>									
Personnel	54,404,612	48,855,342	44,892,622	43,889,495	43,946,225	42,085,546	41,845,295	38,261,393	8,301,022
Contractual services	54,036,139	52,817,187	50,683,897	40,410,811	46,097,405	43,083,078	35,794,549	34,257,419	3,304,113
Utilities	32,695,479	33,436,545	28,725,292	28,828,226	27,719,754	26,247,858	26,871,081	28,469,603	12,368,557
Chemicals	11,947,114	12,689,666	7,788,784	6,028,141	5,569,437	5,088,827	4,804,768	5,340,753	2,444,543
Supplies and other expenses	11,583,805	11,926,150	9,157,367	9,158,990	12,034,192	11,797,279	9,543,615	7,982,562	1,440,644
Capital adjustment	-	-	-	-	26,780	-	-	-	-
Capital program allocation	(1,451,128)	(1,172,302)	(1,618,459)	(2,123,060)	(2,164,003)	(2,054,913)	(713,779)	(977,762)	-
Intergovernmental reimbursements	(5,404,975)	(3,385,540)	(1,813,535)	(2,554,511)	(696,952)	(6,425,729)	(9,615,146)	(11,603,019)	-
Centralized services	-	-	-	-	-	-	-	-	18,494,851
Administrative services	-	-	-	-	-	-	-	-	3,191,929
Depreciation	110,557,350	126,485,762	123,196,027	123,271,541	127,183,228	140,571,120	143,991,815	144,137,912	71,295,545
Amortization of intangible asset	3,981,772	3,566,664	3,566,664	3,566,664	3,566,664	3,566,664	2,080,554	-	-
<b>Total Operating Expenses</b>	<b>272,350,168</b>	<b>285,219,474</b>	<b>264,578,659</b>	<b>250,476,297</b>	<b>263,282,730</b>	<b>263,959,730</b>	<b>254,602,752</b>	<b>245,868,861</b>	<b>120,841,204</b>
<b>Operating Income</b>	<b>86,200,688</b>	<b>78,559,623</b>	<b>80,379,316</b>	<b>94,138,793</b>	<b>70,970,847</b>	<b>67,642,146</b>	<b>83,709,392</b>	<b>105,881,083</b>	<b>46,824,328</b>
<b>Nonoperating Revenues (Expenses)</b>									
Earnings (loss) on investments	27,287,141	16,724,485	(2,361,396)	768,918	13,744,774	14,754,401	6,129,530	1,832,918	392,031
Interest on obligations receivable	24,106,563	24,662,083	25,107,207	25,474,904	22,945,866	22,921,380	23,351,220	25,269,750	12,231,250
Interest expense	(134,600,821)	(131,161,860)	(125,086,379)	(128,257,367)	(133,537,621)	(136,704,033)	(139,343,204)	(132,434,945)	(65,958,095)
Amortization of debt related items and COI	7,047,178	14,577,852	15,610,434	15,988,278	14,258,569	10,771,937	13,837,585	2,403,018	2,418,891
Legacy pension recovery (expense)	(2,402,938)	7,443,572	(4,988,132)	(8,075,457)	(7,220,716)	6,014,441	(8,933,691)	(2,516,776)	-
Water Residential Assistance Program	(2,937,520)	(5,023,436)	(1,049,908)	(593,206)	(1,393,179)	(855,455)	(1,506,554)	(884,327)	-
Other	(2,285,643)	526,389	388,656	(300,841)	703,544	(991,096)	(1,205,489)	878,305	-
Discontinued capital projects	-	(20,902,626)	-	-	-	-	-	-	-
<b>Total Nonoperating Expenses</b>	<b>(83,786,040)</b>	<b>(93,153,541)</b>	<b>(92,379,518)</b>	<b>(94,994,771)</b>	<b>(90,498,763)</b>	<b>(84,088,425)</b>	<b>(107,670,603)</b>	<b>(105,452,057)</b>	<b>(50,915,923)</b>
<b>Income (loss) before capital contributions and special item</b>	<b>2,414,648</b>	<b>(14,593,918)</b>	<b>(12,000,202)</b>	<b>(855,978)</b>	<b>(19,527,916)</b>	<b>(16,446,279)</b>	<b>(23,961,211)</b>	<b>429,026</b>	<b>(4,091,595)</b>
<b>Capital Contributions</b>	<b>10,313,987</b>								
<b>Special Item - MOU with DWSD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,811,581)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>12,728,635</b>	<b>(14,593,918)</b>	<b>(12,000,202)</b>	<b>(855,978)</b>	<b>(19,527,916)</b>	<b>(16,446,279)</b>	<b>(23,961,211)</b>	<b>(32,382,555)</b>	<b>(4,091,595)</b>
NET POSITION (DEFICIT), Beginning of Year	(123,859,654)	(109,265,736)	(97,265,534)	(96,409,556)	(76,881,640)	(60,435,361)	(36,474,150)	(4,091,595)	-
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (111,131,019)</b>	<b>\$ (123,859,654)</b>	<b>\$ (109,265,736)</b>	<b>\$ (97,265,534)</b>	<b>\$ (96,409,556)</b>	<b>\$ (76,881,640)</b>	<b>\$ (60,435,361)</b>	<b>\$ (36,474,150)</b>	<b>\$ (4,091,595)</b>

\* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**  
CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND

Schedule 2b

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Operating Revenues</b>									
Wholesale customer charges	\$ 282,767,090	\$ 275,917,502	\$ 268,813,369	\$ 267,567,816	\$ 266,003,286	\$ 272,772,460	\$ 268,978,831	\$ 263,311,745	\$ 121,106,353
Local system charges	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100	95,826,900
Industrial waste charges	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106	6,910,192
Pollutant surcharges	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294	2,423,910
Bad debt recovery (credit)	(15,556,900)	-	-	-	-	-	-	35,065,030	-
Other revenues	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807	4,197,614
<b>Total Operating Revenues</b>	<b>476,980,229</b>	<b>481,907,392</b>	<b>471,387,154</b>	<b>470,753,540</b>	<b>466,635,644</b>	<b>469,476,907</b>	<b>473,582,559</b>	<b>505,807,082</b>	<b>230,464,969</b>
<b>Operating Expenses</b>									
Personnel	71,050,649	65,952,676	62,160,768	63,055,636	60,320,195	56,503,053	53,680,162	47,894,911	13,289,741
Contractual services	62,107,939	64,129,786	63,410,109	62,913,214	63,350,953	58,660,680	64,082,761	55,878,440	13,875,756
Utilities	39,243,251	43,839,991	30,930,459	23,921,428	23,432,981	25,147,527	26,823,299	27,191,866	12,668,942
Chemicals	19,128,291	17,852,397	12,593,379	7,953,995	8,672,406	8,187,033	8,073,045	9,424,428	4,006,941
Supplies and other expenses	30,509,642	22,645,561	19,911,985	21,938,081	23,393,081	25,323,636	24,982,773	12,180,128	16,462,711
Capital adjustment	-	-	-	-	-	2,258,351	-	-	-
Capital program allocation	(1,396,306)	(1,017,340)	(1,013,677)	(1,068,749)	(1,183,398)	(1,325,842)	(969,671)	(1,150,316)	-
Intergovernmental reimbursements	(1,697,112)	(1,746,945)	(1,074,346)	(612,181)	(1,036,758)	(713,633)	(292,965)	(101,191)	-
Centralized services	-	-	-	-	-	-	-	-	16,733,431
Administrative services	-	-	-	-	-	-	-	-	7,342,499
Depreciation	154,486,270	163,470,838	158,013,629	150,772,065	152,920,967	168,544,370	187,250,583	185,628,465	86,021,029
Amortization of intangible assets	854,812	439,704	439,704	109,926	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>374,287,436</b>	<b>375,566,668</b>	<b>345,372,010</b>	<b>328,983,415</b>	<b>329,870,427</b>	<b>342,585,175</b>	<b>363,629,987</b>	<b>336,946,731</b>	<b>170,401,050</b>
<b>Operating Income</b>	<b>102,692,793</b>	<b>106,340,724</b>	<b>126,015,144</b>	<b>141,770,125</b>	<b>136,765,217</b>	<b>126,891,732</b>	<b>109,952,572</b>	<b>168,860,351</b>	<b>60,063,919</b>
<b>Nonoperating Revenues (Expenses)</b>									
Earnings (loss) on investments	34,566,226	20,877,345	(3,022,882)	490,706	11,671,932	11,763,401	5,266,255	2,209,872	1,089,367
Interest on obligations receivable	15,748,345	16,397,278	17,157,558	18,247,607	19,489,018	18,856,322	15,505,300	17,062,678	8,831,250
Interest expense	(144,356,792)	(140,129,194)	(131,110,125)	(135,227,647)	(155,410,235)	(159,893,300)	(161,052,102)	(159,157,152)	(82,489,347)
Amortization of debt related items and COI	(11,202,157)	(10,579,542)	(2,292,419)	(3,022,639)	(3,956,009)	(6,776,707)	(5,153,300)	(17,340,200)	(363,167)
Legacy pension recovery (expense)	(4,300,495)	13,321,630	(8,927,171)	(14,452,504)	(12,922,789)	10,763,940	(15,988,471)	(4,504,230)	-
Water Residential Assistance Program	(3,834,918)	(7,319,076)	(1,742,929)	(924,247)	(1,921,938)	(1,168,664)	(2,248,980)	(1,243,006)	-
Other	8,997,356	1,225,939	(234,915)	(540,045)	(900,162)	466,898	1,760,166	(498,896)	275,693
Discontinued capital projects	-	-	-	-	-	-	-	-	-
Sewer lookback - MOU adjustment	-	-	-	-	-	(6,527,200)	-	-	-
<b>Total Nonoperating Expenses</b>	<b>(104,382,435)</b>	<b>(106,205,620)</b>	<b>(130,172,883)</b>	<b>(135,428,769)</b>	<b>(143,950,183)</b>	<b>(132,515,310)</b>	<b>(161,911,132)</b>	<b>(163,470,934)</b>	<b>(72,656,204)</b>
<b>Income (loss) before capital contributions and special item</b>	<b>(1,689,642)</b>	<b>135,104</b>	<b>(4,157,739)</b>	<b>6,341,356</b>	<b>(7,184,966)</b>	<b>(5,623,578)</b>	<b>(51,958,560)</b>	<b>5,389,417</b>	<b>(12,592,285)</b>
<b>Capital Contributions</b>	<b>30,118,252</b>	<b>2,176,000</b>	<b>6,991,039</b>	<b>5,960,000</b>	<b>5,960,000</b>	<b>-</b>	<b>-</b>	<b>320,707</b>	<b>2,000,000</b>
<b>Special Item - MOU with DWSD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,478,882)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>28,428,610</b>	<b>2,311,104</b>	<b>2,833,300</b>	<b>12,301,356</b>	<b>(1,224,966)</b>	<b>(5,623,578)</b>	<b>(51,958,560)</b>	<b>(55,768,558)</b>	<b>(10,592,285)</b>
NET POSITION (DEFICIT), Beginning of Year	(107,722,187)	(110,033,291)	(112,866,591)	(125,167,947)	(123,942,981)	(118,319,403)	(66,360,843)	(10,592,285)	-
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (79,293,577)</b>	<b>\$ (107,722,187)</b>	<b>\$ (110,033,291)</b>	<b>\$ (112,866,591)</b>	<b>\$ (125,167,947)</b>	<b>\$ (123,942,981)</b>	<b>\$ (118,319,403)</b>	<b>\$ (66,360,843)</b>	<b>\$ (10,592,285)</b>

\* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## **REVENUE CAPACITY**

Revenue capacity information is intended to show the factors affecting the Authority's ability to generate its own-source revenue.

**GREAT LAKES WATER AUTHORITY**

CHARGE ADJUSTMENTS  
As Originally Adopted by the Board of Directors

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016 [5]
<b>Water Fund</b>										
Budgeted revenue requirement [1]	\$ 385,127,100	\$ 370,314,500	\$ 356,071,600	\$ 344,030,500	\$ 341,642,000	\$ 339,664,200	\$ 331,400,500	\$ 328,119,300	\$ 331,213,200	\$ 318,474,200
Percent change in budgeted revenue requirement	4.0%	4.0%	3.5%	0.7%	0.6%	2.5%	1.0%	-0.9%	4.0%	4.0%
Average annual charge adjustment [2]										
Total regional system	3.25%	2.75%	3.7%	1.5%	3.2%	0.6%	1.8%	1.8%	4.5%	n/a [6]
Suburban wholesale	3.0%	2.1%	3.5%	1.9%	3.1%	0.3%	0.2%	2.0%	3.4%	11.3%
Local system charge [3]	3.4%	6.2%	3.0%	-2.0%	3.0%	2.7%	14.1%	-1.0%	11.6%	n/a [6]
Number of wholesale water customers [4]	87	87	87	87	87	87	87	87	88	85
<b>Sewage Disposal Fund</b>										
Budgeted revenue requirement [1]	\$ 520,652,100	\$ 500,627,000	\$ 481,372,100	\$ 475,429,200	\$ 486,751,300	\$ 480,605,300	\$ 470,156,000	\$ 465,500,100	\$ 464,078,500	\$ 446,229,300
Percent change in budgeted revenue requirement	4.0%	4.0%	1.3%	-2.3%	1.3%	2.2%	1.0%	0.3%	4.0%	4.0%
Average annual charge adjustment [2]										
Total regional system	3.0%	2.75%	2.4%	-0.6%	2.0%	0.8%	0.1%	-0.7%	8.3%	n/a [6]
Suburban wholesale	1.7%	2.6%	3.2%	-0.1%	1.7%	-0.1%	1.3%	1.8%	4.9%	-1.1%
Local system charge [3]	4.6%	2.8%	1.2%	-0.7%	2.3%	2.5%	1.2%	-4.2%	13.9%	n/a [6]
Number of wholesale sewer customers [4]	18	18	18	18	18	18	18	18	18	21

[1] This is the revenue requirements in the original adopted budget for the fiscal year which is used in the calculation of charges. The revenue requirement represents the funding requirements which are defined in the Master Bond Ordinance.

[2] Average annual charge adjustment percentages is the required charge adjustment required when calculating revenue with the prior year existing charges, usage projections and any other specific individual contract requirements. For the sewage disposal system, this also includes the bad debt adjustment.

[3] Represents the annual change in the local system charges to the Detroit customer class before the annual credit of \$20.7 million for water and \$5.5 million for sewer. Does not include any lookback charges in the percentage increase/decrease calculation. Does not include any Detroit local system operating costs or charges included in the Detroit retail rate. Also does not include any impact of Detroit's use of the regional system lease payment to finance allocated debt service obligations.

[4] Does not include the City of Detroit. The water system includes one emergency basis contract.

[5] GLWA began operations on January 1, 2016. Amounts in this column are based on annual budget of Detroit Water and Sewage Department for FY 2016 which was the basis for the revenue requirement for the six months of operations of GLWA.

[6] Due to the establishment of the Authority and DWSD as separate entities during FY 2016, this information is not applicable.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

Schedule 4a

**WATER FUND OPERATING REVENUES/ LARGEST WATER CUSTOMERS**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016*	
<b>Operating Revenues</b>										
Suburban wholesale charges [1]	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169	
Local system charges	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500	
Bad debt recovery	(5,152,500)	-	-	-	(5,152,500)	-	-	5,107,125	-	
Other revenue	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863	
<b>Total Operating Revenues</b>	<b>\$ 358,550,856</b>	<b>\$ 363,779,097</b>	<b>\$ 344,957,975</b>	<b>\$ 344,615,090</b>	<b>\$ 329,101,077</b>	<b>\$ 331,601,876</b>	<b>\$ 338,312,144</b>	<b>\$ 351,749,944</b>	<b>\$ 167,665,532</b>	
Suburban wholesale charges % of total operating revenue	94.13%	93.63%	93.64%	93.56%	95.02%	93.91%	95.51%	94.13%	95.89%	
Local system charges % of total operating revenue	7.12%	6.28%	6.29%	6.36%	6.47%	6.09%	4.47%	4.40%	4.08%	
<b>Ten Largest Suburban Wholesale Member Partners</b>										
Southeast Oakland County										
Water Authority	\$ 25,731,006	\$ 25,534,464	\$ 24,035,255	\$ 23,722,602	\$ 23,089,967	\$ 23,311,743	\$ 23,118,160	\$ 22,434,129	\$ 11,160,701	
North Oakland County Water Authority	24,349,266	24,485,805	22,798,372	22,667,931	22,293,795	23,464,096	23,365,866	22,913,261	11,105,152	
Sterling Heights	16,267,123	16,661,863	16,235,356	16,375,729	15,242,912	14,644,368	15,571,146	15,480,008	7,155,303	
Troy	14,999,893	14,538,261	13,811,983	14,324,990	13,607,770	13,700,093	13,842,135	13,939,815	6,058,667	
Macomb Township	13,745,227	14,279,105	13,065,395	13,388,385	12,870,377	11,063,225	11,167,739	10,945,117	-	
Livonia	12,755,400	12,383,989	11,860,410	11,806,151	11,553,730	14,001,058	13,669,376	13,483,657	6,223,290	
Shelby Township	12,064,807	16,043,316	14,885,135	15,690,553	14,482,451	13,719,053	13,554,398	13,462,808	6,114,243	
West Bloomfield Township	11,697,907	11,824,605	11,229,363	11,010,166	-	10,733,617	-	-	-	
Canton Township	11,591,745	11,802,563	-	10,919,607	10,491,407	-	13,334,615	13,872,584	6,032,404	
Ypsilanti Community Utilities Authority	11,492,791	11,464,455	11,059,703	-	10,450,861	-	11,038,134	-	-	
Warren	-	-	10,940,909	-	-	10,648,162	-	-	-	
Flint [2]	-	-	-	10,980,526	10,325,345	11,604,504	12,235,483	13,256,330	6,738,009	
Genesee County Drain Commission [3]	-	-	-	-	-	-	-	18,493,530	8,593,304	
Novi	-	-	-	-	-	-	-	-	5,595,031	
<b>Total Revenue Ten Largest Suburban Wholesale Member Partners</b>	<b>\$ 154,695,165</b>	<b>\$ 159,018,426</b>	<b>\$ 149,921,881</b>	<b>\$ 150,886,640</b>	<b>\$ 144,408,615</b>	<b>\$ 146,889,919</b>	<b>\$ 150,897,052</b>	<b>\$ 158,281,239</b>	<b>\$ 74,776,104</b>	
Ten largest suburban wholesale member partners % of total operating revenues	43.14%	43.71%	43.46%	43.78%	43.88%	44.30%	44.60%	45.00%	44.60%	

[1] Net of bad debt expense.

[2] Represents billed revenues prior to the credit to Flint for its proportional share of KWA debt service.

[3] Genesee County Drain Commission changed service providers in December 2017 and has contracted GLWA for as needed emergency water service.

\* GLWA began operations on January 1, 2016. The data for 2016 is for the six months of activity through June 30, 2016.

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

Schedule 4b

SEWAGE DISPOSAL FUND OPERATING REVENUES/ LARGEST SEWER CUSTOMERS

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016*	
<b>Operating Revenues</b>										
Suburban wholesale charges [1]	\$ 282,767,090	\$ 275,917,502	\$ 268,813,369	\$ 267,567,816	\$ 266,003,286	\$ 272,772,460	\$ 268,978,831	\$ 263,311,745	\$ 121,106,353	
Local system charges	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100	95,826,900	
Industrial waste and surcharges	12,706,014	13,287,670	13,482,094	14,724,903	14,303,101	15,038,824	21,243,383	19,587,400	9,334,102	
Bad debt recovery	(15,556,900)	-	-	-	(15,556,900)	-	-	35,065,030	-	
Other revenue	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807	4,197,614	
<b>Total Operating Revenues</b>	<b>\$ 476,980,229</b>	<b>\$ 481,907,392</b>	<b>\$ 471,387,154</b>	<b>\$ 470,753,540</b>	<b>\$ 451,078,744</b>	<b>\$ 469,476,907</b>	<b>\$ 473,582,559</b>	<b>\$ 505,807,082</b>	<b>\$ 230,464,969</b>	
Suburban wholesale charges % of total operating revenue	59.28%	57.26%	57.03%	56.84%	58.97%	58.10%	56.80%	52.06%	52.55%	
Local system charges % of total operating revenue	41.21%	39.64%	40.02%	39.93%	41.19%	38.59%	37.79%	37.03%	41.58%	
<b>Ten Largest Suburban Wholesale Member Partners</b>										
Oakland-Macomb Interceptor										
Drainage District	\$ 69,631,257	\$ 71,614,874	\$ 70,683,993	\$ 70,355,029	\$ 69,870,786	\$ 77,533,200	\$ 72,816,000	\$ 69,627,600	\$ 34,541,400	
Wayne County - Rouge Valley	54,168,200	55,930,800	55,267,200	54,536,400	54,162,000	53,761,200	55,022,400	55,486,800	25,901,400	
Oakland County - George W Kuhn										
Drainage District	44,764,100	46,377,600	45,828,000	45,558,000	45,264,000	44,972,400	45,751,200	45,682,800	21,410,400	
Evergreen Farmington	35,207,600	36,195,600	35,766,000	35,084,400	34,839,600	34,578,000	33,733,200	32,179,200	15,094,200	
Southeast Macomb Sanitary District	24,215,100	25,070,400	24,772,800	25,000,800	24,837,600	24,672,000	24,637,200	24,120,000	11,501,400	
Dearborn	19,625,600	20,299,200	20,058,000	19,628,400	19,502,400	19,372,800	19,628,400	19,603,200	8,049,000	
Highland Park	5,382,785	5,420,400	5,356,800	5,708,400	5,670,000	5,614,800	5,642,400	5,818,800	2,808,600	
Hamtramck	3,878,900	4,041,600	3,993,600	4,019,400	3,994,800	3,962,400	3,958,800	4,086,000	1,966,800	
Grosse Pointe Farms	2,659,700	2,748,000	2,715,600	2,769,000	2,750,400	2,727,600	2,696,400	2,667,600	1,243,800	
Grosse Pointe Park	1,849,800	1,904,400	1,882,800	1,824,000	1,812,000	1,801,200	1,740,000	1,626,000	746,400	
<b>Total Revenue Ten Largest Suburban Wholesale Member Partners</b>	<b>\$ 261,383,042</b>	<b>\$ 269,602,874</b>	<b>\$ 266,324,793</b>	<b>\$ 264,483,829</b>	<b>\$ 262,703,586</b>	<b>\$ 268,995,600</b>	<b>\$ 265,626,000</b>	<b>\$ 260,898,000</b>	<b>\$ 123,263,400</b>	
Ten largest suburban wholesale member partners % of total operating revenues	54.80%	55.94%	56.50%	56.18%	58.24%	57.30%	56.09%	51.58%	53.48%	

[1] Net of bad debt expense.

\* GLWA began operations on January 1, 2016. The data for 2016 is for the six months of activity through June 30, 2016.

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

Schedule 5

WATER SYSTEM SERVICE CHARGES\*

Community Name	Fixed Monthly Charge	Commodity \$/Mcf	Community Name	Fixed Monthly Charge	Commodity \$/Mcf
Allen Park	\$ 132,700	\$ 8.73	Mayfield Township	\$ 2,700	\$ 47.11
Almont, Village of	13,300	11.53	Melvindale	36,400	6.70
Ash Township	47,800	9.30	New Haven, Village of	24,500	10.18
Belleville	18,300	9.68	North Oakland County Water Authority	1,253,500	11.37
Berlin Township	39,500	11.42	Northville, City	44,200	11.61
Brownstown Township	210,000	11.98	Northville Township	311,100	17.76
Bruce Township	17,400	46.26	Novi	519,900	13.69
Canton Township	577,700	12.34	Oak Park	80,600	6.88
Center Line	27,100	6.73	Oakland County Drain Commission	5,100	4.49
Chesterfield Township	245,000	10.86	Plymouth, City	62,800	11.10
Clinton Township	428,200	8.70	Plymouth Township	256,700	12.66
Commerce Township	195,400	14.45	Redford Township	169,100	8.58
Dearborn	551,100	7.85	River Rouge	29,400	6.03
Dearborn Heights	211,900	8.53	Riverview	50,300	8.41
Eastpointe	90,900	6.99	Rockwood	14,300	11.52
Ecorse	66,200	5.80	Romeo	14,900	19.64
Farmington	55,800	9.92	Romulus	214,700	7.90
Farmington Hills	502,800	11.30	Roseville	148,500	6.61
Ferndale	60,000	7.32	Royal Oak Township	11,800	9.34
Flat Rock	79,700	12.30	Shelby Township	641,700	11.93
Flint (1)	584,400	10.27	Southeastern Oakland County Water Authority	1,342,700	8.59
Fraser	70,800	9.94	South Rockwood	6,600	11.43
Garden City	97,000	10.21	Southgate	116,800	8.24
Gibraltar	19,200	9.35	St. Clair County-Burtchville Township	21,800	19.33
Grosse Ile Township	63,600	13.19	St. Clair County-Greenwood Energy Center	68,500	20.74
Grosse Pointe Park	76,700	11.04	St. Clair Shores	178,100	7.09
Grosse Pointe Shores	36,700	15.07	Sterling Heights	846,100	11.25
Grosse Pointe Woods	73,700	8.42	Sumpter Township	40,500	9.67
Hamtramck	46,300	6.05	Sylvan Lake	13,300	15.75
Harper Woods	49,400	7.56	Taylor	259,500	7.87
Harrison Township	94,900	7.70	Trenton	103,000	9.28
Hazel Park	43,100	7.01	Troy	792,000	13.67
Highland Park	64,700	5.02	Utica	32,900	11.44
Huron Township	85,400	10.53	Van Buren Township	197,400	11.56
Imlay City	83,700	14.64	Walled Lake	45,200	12.27
Imlay Township	900	62.31	Warren	544,300	6.95
Inkster	74,400	5.89	Washington Township	132,900	12.28
Keego Harbor	17,000	13.72	Wayne	102,800	7.85
Lapeer	87,000	13.15	West Bloomfield Township	602,300	17.28
Lenox Township	17,100	9.88	Westland	349,600	8.48
Lincoln Park	129,300	6.04	Wixom	141,000	14.44
Livonia	662,000	11.34	Woodhaven	84,700	11.55
Macomb Township	695,100	16.79	Ypsilanti Community Utilities Authority	589,300	9.62
Madison Heights	113,000	8.09			

Annual Detroit Wholesale Revenue Requirement \$25,537,200

\* Water charges went into effect July 1, 2023.

(1) Net fixed monthly charge will include \$554,300 monthly credits for KWA debt service

**GREAT LAKES WATER AUTHORITY**

Schedule 6

**SEWAGE DISPOSAL SYSTEM SERVICE CHARGES\***

<u>Community Name</u>	<u>Fixed Monthly Charge</u>
Oakland-Macomb Interceptor District (OMID)	\$ 6,081,000
Rouge Valley	4,789,300
Oakland County - George W. Kuhn (GWK)	3,971,300
Evergreen Farmington	3,099,400
SE Macomb Sanitary District	2,146,700
Dearborn	1,738,200
Grosse Pointe Farms	235,300
Grosse Pointe Park	163,100
Melvindale	134,700
Farmington	102,700
Center Line	89,300
Allen Park	72,600
Highland Park	464,200
Hamtramck	346,100
Grosse Pointe	77,100
Harper Woods	18,700
Redford Township	23,100
Wayne County #3	4,500

Annual Detroit Wholesale Revenue Requirement \$196,569,600

\* Wholesale charges went into effect July 1, 2023.

**GREAT LAKES WATER AUTHORITY**

Schedule 7

**INDUSTRIAL WASTE CONTROL CHARGES AND POLLUTANT SURCHARGES  
EFFECTIVE JULY 1, 2023**

**Industrial Waste Control Charges**

Meter size (inches)	Admin Only Charge (1)	Full Monthly Charge (2)
5/8	\$ 0.91	\$ 3.64
3/4	\$ 1.37	\$ 5.46
1	\$ 2.28	\$ 9.10
1 1/2	\$ 5.01	\$ 20.02
2	\$ 7.28	\$ 29.12
3	\$ 13.20	\$ 52.78
4	\$ 18.20	\$ 72.80
6	\$ 27.30	\$ 109.20
8	\$ 45.50	\$ 182.00
10	\$ 63.70	\$ 254.80
12	\$ 72.80	\$ 291.20
14	\$ 91.00	\$ 364.00
16	\$ 109.20	\$ 436.80
18	\$ 127.40	\$ 509.60
20	\$ 145.60	\$ 582.40
24	\$ 163.80	\$ 655.20
30	\$ 182.00	\$ 728.00
36	\$ 200.20	\$ 800.80
48	\$ 218.40	\$ 873.60

(1) Administration only charge is applicable to member partners that are within a geographical area defined in a specific agreement.

(2) Includes both administration and field work components charges for all other member partners.

**Pollutant Surcharges**

Pollutant		Charge per Pound
Biochemical Oxygen Demand (BOD)	for concentrations > 275 mg/l	\$ 0.361
Total Suspended Solids (TSS)	for concentrations > 350 mg/l	\$ 0.496
Phosphorus (P)	for concentrations > 12 mg/l	\$ 6.629
Fats, Oil and Grease (FOG)	for concentrations > 100 mg/l	\$ 0.115
Septage Disposal Fee	per 500 gallons of disposal	\$ 37.00

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## **DEBT CAPACITY**

Debt capacity information is intended to show the Authority's debt burden and its ability to issue additional debt.

**GREAT LAKES WATER AUTHORITY**  
RATIOS OF OUTSTANDING DEBT BY TYPE

Schedule 8

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Water Fund</b>									
Revenue bonds [1]	\$ 2,498,464,120	\$ 2,447,181,498	\$ 2,289,900,079	\$ 2,368,632,473	\$ 2,453,471,088	\$ 2,466,561,092	\$ 2,540,663,196	\$ 2,612,607,101	\$ 2,507,091,038
State revolving loans	241,020,620	207,356,808	109,429,462	71,259,601	39,318,264	29,860,802	25,435,902	17,252,235	17,383,761
Raw water rights obligation	89,552,155	92,515,774	95,361,056	98,095,302	100,720,122	103,241,119	106,240,576	-	-
BC Note obligation	16,124,187	16,338,339	16,542,293	16,736,535	16,921,526	17,097,709	17,265,503	17,425,306	17,577,499
<b>Total Water Fund</b>	<b>\$ 2,845,161,082</b>	<b>\$ 2,763,392,419</b>	<b>\$ 2,511,232,890</b>	<b>\$ 2,554,723,911</b>	<b>\$ 2,610,431,000</b>	<b>\$ 2,616,760,722</b>	<b>\$ 2,689,605,177</b>	<b>\$ 2,647,284,642</b>	<b>\$ 2,542,052,298</b>
<b>Sewage Disposal Fund</b>									
Revenue bonds [1]	\$ 2,606,141,911	\$ 2,636,761,869	\$ 2,498,387,185	\$ 2,577,642,399	\$ 2,643,788,368	\$ 2,764,196,915	\$ 2,739,090,653	\$ 2,797,168,264	\$ 2,922,089,599
Capital appreciation bonds [1]	-	-	-	5,504,069	10,667,560	13,377,972	14,984,042	19,501,737	19,668,138
State revolving loans	336,808,208	349,919,118	379,648,216	416,767,850	449,666,531	474,177,128	475,677,540	485,267,036	506,435,742
BC Note obligation	36,268,418	36,750,112	37,208,869	37,645,780	38,061,886	38,458,177	38,835,597	39,195,045	39,537,376
Lease payable-Warehouse	3,501,324	3,891,394	4,258,178	4,447,297	-	-	-	-	-
<b>Total Sewage Disposal Fund</b>	<b>\$ 2,982,719,861</b>	<b>\$ 3,027,322,493</b>	<b>\$ 2,919,502,448</b>	<b>\$ 3,042,007,395</b>	<b>\$ 3,142,184,345</b>	<b>\$ 3,290,210,192</b>	<b>\$ 3,268,587,832</b>	<b>\$ 3,341,132,082</b>	<b>\$ 3,487,730,855</b>
Total taxable value [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total population served [3]:									
Water	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Sewage disposal	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Total debt per capita:									
Water	\$ 749	\$ 727	\$ 661	\$ 672	\$ 687	\$ 689	\$ 708	\$ 697	\$ 669
Sewage disposal	\$ 1,065	\$ 1,081	\$ 1,043	\$ 1,086	\$ 1,122	\$ 1,175	\$ 1,167	\$ 1,193	\$ 1,246
Per capita income [4]	\$ 63,794	\$ 60,837	\$ 61,322	\$ 60,488	\$ 56,901	\$ 52,855	\$ 51,429	\$ 49,309	\$ 48,092
Total debt as a percentage of income:									
Water	1.17%	1.19%	1.08%	1.11%	1.21%	1.30%	1.38%	1.41%	1.39%
Sewage disposal	1.67%	1.78%	1.70%	1.80%	1.97%	2.22%	2.27%	2.42%	2.59%

[1] Amounts are reported net of premiums and discounts.

[2] GLWA is not authorized to levy property taxes; therefore, presentation of taxable values and the ratio of total debt to taxable value is not applicable.

[3] Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).

[4] Source: FRED Economic Data, St. Louis Fed and Michigan State University Center for Economic Analysis. (Prior year amounts have changed to match revised data from sources).

Further details regarding the Authority's debt can be found in the notes to the financial statements.

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN  
As of June 30, 2024

Continued on Next Page

	Original Principal Amount [1]	Outstanding as of June 30, 2024
<b>Water Supply System Revenue Bonds</b>		
Senior Lien Bonds		
Water Supply System Revenue Senior Lien Bonds, Series 2003A	\$ 234,805,000	\$ 100,000
Water Supply System Revenue Senior Lien Bonds, Series 2005B	194,900,000	100,000
Water Supply System Revenue Senior Lien Bonds, Series 2006A	280,000,000	100,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2014D-2	188,455,000	45,555,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2015D-1	89,430,000	69,275,000
Water Supply System Revenue Senior Lien Bonds, Series 2016A	88,000,000	87,985,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2016C	443,930,000	415,685,000
Water Supply System Revenue Senior Lien Bonds, Series 2020A	42,445,000	42,445,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C	377,515,000	284,360,000
Water Supply System Revenue Senior Lien Bonds, Series 2022A	137,470,000	137,470,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2023A	67,210,000	67,210,000
Water Supply System Revenue Senior Lien Bonds, Series 2023B	148,535,000	148,535,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2024A	348,175,000	348,175,000
<b>Total Senior Lien Bonds</b>	<b>2,640,870,000</b>	<b>1,646,995,000</b>
Second Lien Bonds		
Water Supply System Revenue Second Lien Bonds, Series 2003B	172,945,000	100,000
Water Supply System Revenue Second Lien Bonds, Series 2006B	120,000,000	100,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2014D-6	65,425,000	2,130,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2015D-2	37,235,000	37,235,000
Water Supply System Revenue Second Lien Bonds, Series 2016B	163,830,000	163,815,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2016D	222,045,000	222,045,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2018A	155,595,000	96,075,000
Water Supply System Revenue Second Lien Bonds, Series 2020B	43,135,000	43,135,000
Water Supply System Revenue Second Lien Bonds, Series 2022B	69,745,000	69,745,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2024B	35,930,000	35,930,000
<b>Total Second Lien Bonds</b>	<b>1,085,885,000</b>	<b>670,310,000</b>
SRF Junior Lien Bonds		
Water Supply System Revenue Bonds, Series 2005 SRF-1	13,805,164	2,370,164
Water Supply System Revenue Bonds, Series 2005 SRF-2	8,891,730	1,496,730
Water Supply System Revenue Bonds, Series 2006 SRF-1	5,180,926	880,926
Water Supply System Revenue Bonds, Series 2008 SRF-1	2,590,941	550,941
Water Supply System Revenue Bonds, Series 2016 SRF-1	8,273,168	7,048,168
Water Supply System Revenue Bonds, Series 2016 SRF-2	3,393,543	2,883,543
Water Supply System Revenue Bonds, Series 2017 SRF-1	5,807,931	5,032,931
Water Supply System Revenue Bonds, Series 2019 SRF-1	8,330,000	7,280,000
Water Supply System Revenue Bonds, Series 2019 SRF-2	29,078,820	26,593,820
Water Supply System Revenue Bonds, Series 2019 SRF-3	11,117,931	10,234,875
Water Supply System Revenue Bonds, Series 2020 SRF-1	20,018,660	18,999,960
Water Supply System Revenue Bonds, Series 2020 SRF-2	7,159,988	6,789,988
Water Supply System Revenue Bonds, Series 2020 SRF-3	8,960,000	7,830,000
Water Supply System Revenue Bonds, Series 2020 SRF-4	10,764,020	10,155,970
Water Supply System Revenue Bonds, Series 2021 SRF-1	11,940,000	4,209,249
Water Supply System Revenue Bonds, Series 2021 SRF-2	104,725,000	85,469,428
Water Supply System Revenue Bonds, Series 2021 SRF-3	10,425,197	10,425,197
Water Supply System Revenue Bonds, Series 2022 SRF-2	34,075,000	32,655,000
Water Supply System Revenue Bonds, Series 2023 SRF-1	48,172,500	113,730
<b>Total SRF Junior Lien Bonds</b>	<b>352,710,519</b>	<b>241,020,620</b>
<b>TOTAL WATER SUPPLY SYSTEM REVENUE BONDS</b>	<b>\$ 4,079,465,519</b>	<b>\$ 2,558,325,620</b>

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN  
As of June 30, 2024

Continued on Next Page

	Original Principal Amount [1]	Outstanding as of June 30, 2024
<b>Sewage Disposal System Revenue Bonds</b>		
Senior Lien Bonds		
Sewage Disposal System Senior Lien Revenue Bonds, Series 2003B	\$ 150,000,000	\$ 100,000.00
Sewage Disposal System Senior Lien Revenue Refunding Bonds, Series 2004A	101,435,000	5,355,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2006D	370,000,000	239,475,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2014C-3	446,170,000	44,015,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2016B	126,105,000	126,105,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018A	81,595,000	75,815,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018B	131,690,000	131,690,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018C	44,180,000	16,320,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A	594,930,000	340,050,000
Sewage Disposal System Senior Lien Revenue Bonds, Series 2022A	125,975,000	125,975,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2023A	185,235,000	185,235,000
Sewage Disposal System Revenue Senior Lien Bonds, Series 2023C	96,860,000	96,860,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2024A	347,305,000	347,305,000
<b>Total Senior Lien Bonds</b>	<b>2,801,480,000</b>	<b>1,734,300,000</b>
Second Lien Bonds		
Sewage Disposal System Second Lien Revenue Bonds, Series 2001B	110,550,000	76,880,000
Sewage Disposal System Revenue Second Lien Bonds, Series 2005A	273,355,000	100,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2005C	63,160,000	100,000
Sewage Disposal System Revenue Second Lien Bonds, Series 2006B	250,000,000	100,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2014C-7	76,715,000	4,735,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2015C	197,660,000	197,160,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2016C	295,190,000	295,190,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B	92,525,000	60,740,000
Sewage Disposal System Revenue Second Lien Bonds, Series 2022B	71,990,000	71,990,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2023B	14,965,000	14,965,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2024B	40,260,000	40,260,000
<b>Total Second Lien Bonds</b>	<b>1,486,370,000</b>	<b>762,220,000</b>

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN  
As of June 30, 2024

Continued From  
Previous Page

	Original Principal Amount [1]	Outstanding as of June 30, 2024
<b>Sewage Disposal System Revenue Bonds (cont.)</b>		
SRF Junior Lien Bonds		
Sewage Disposal System Revenue Bonds, Series 2001 SRF-1	\$ 82,200,000	\$ 5,160,000
Sewage Disposal System Revenue Bonds, Series 2001 SRF-2	59,850,000	3,755,000
Sewage Disposal System Revenue Bonds, Series 2002 SRF-3	31,549,466	1,819,466
Sewage Disposal System Revenue Bonds, Series 2003 SRF-1	48,520,000	6,015,000
Sewage Disposal System Revenue Bonds, Series 2003 SRF-2	25,055,370	1,555,370
Sewage Disposal System Revenue Bonds, Series 2004 SRF-1	2,910,000	175,000
Sewage Disposal System Revenue Bonds, Series 2004 SRF-2	18,353,459	1,113,459
Sewage Disposal System Revenue Bonds, Series 2004 SRF-3	12,722,575	767,575
Sewage Disposal System Revenue Bonds, Series 2007 SRF-1	167,540,598	56,055,598
Sewage Disposal System Revenue Bonds, Series 2009 SRF-1	13,970,062	4,770,062
Sewage Disposal System Revenue Bonds, Series 2010 SRF-1	4,214,763	1,690,763
Sewage Disposal System Revenue Bonds, Series 2012 SRF-1	14,950,000	9,130,000
Sewage Disposal System Revenue Bonds, Series 2015A SRF	79,500,000	52,315,000
Sewage Disposal System Revenue Bonds, Series 2015B SRF	27,175,304	17,555,304
Sewage Disposal System Revenue Bonds, Series 2015D SRF	15,321,478	9,706,478
Sewage Disposal System Revenue Bonds, Series 2016 SAW-1	10,000,000	7,950,000
Sewage Disposal System Revenue Bonds, Series 2016 SRF-1	15,463,628	11,483,628
Sewage Disposal System Revenue Bonds, Series 2016 SRF-2	48,315,683	37,945,683
Sewage Disposal System Revenue Bonds, Series 2017 SRF-1	33,566,682	26,596,682
Sewage Disposal System Revenue Bonds, Series 2018 SRF-2	17,510,000	16,790,000
Sewage Disposal System Revenue Bonds, Series 2020 SRF-1	28,350,000	27,185,000
Sewage Disposal System Revenue Bonds, Series 2020 SRF-2	3,232,000	1,346,149
Sewage Disposal System Revenue Bonds, Series 2021 SRF-1	12,940,000	10,305,695
Sewage Disposal System Revenue Bonds, Series 2021 SRF-2	6,881,250	-
Sewage Disposal System Revenue Bonds, Series 2022 SRF-1	34,195,000	1,724,440
Sewage Disposal System Revenue Bonds, Series 2022 SRF-2	50,245,000	12,413,864
Sewage Disposal System Revenue Bonds, Series 2022 SRF-3	19,035,000	8,771,310
Sewage Disposal System Revenue Bonds, Series 2023 SRF-1	88,820,000	2,711,682
Sewage Disposal System Revenue Bonds, Series 2024 SRF-1	126,800,000	-
Sewage Disposal System Revenue Bonds, Series 2024 SRF-2	155,000,000	-
Total SRF Junior Lien Bonds	<u>1,254,187,318</u>	<u>336,808,208</u>
<b>TOTAL SEWAGE DISPOSAL SYSTEM REVENUE BONDS</b>	<u>\$ 5,542,037,318</u>	<u>\$ 2,833,328,208</u>

[1] Reflects original amount issued by predecessor entity, DWSD, for bonds issued prior to January 1, 2016.

GREAT LAKES WATER AUTHORITY

Schedule 10

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
As of June 30, 2024

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Fiscal Year Ending [1]	Senior Lien Bonds (\$000)			Second Lien Bonds (\$000)			Junior Lien Bonds (\$000)			All Bonds (\$000)
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total Debt Service
<b>Water Fund</b>										
2025 [2]	\$ 62,460	\$ 68,200	\$ 130,660	\$ 18,380	\$ 30,823	\$ 49,203	\$ 12,429	\$ 4,674	\$ 17,103	\$ 196,965
2026	62,335	73,808	136,143	18,505	31,605	50,110	12,685	4,411	17,096	203,349
2027	68,930	70,677	139,607	19,555	30,653	50,208	13,042	4,159	17,200	207,016
2028	72,335	67,310	139,645	20,540	29,651	50,191	11,535	3,919	15,454	205,290
2029	75,990	63,772	139,762	22,350	28,579	50,929	11,776	3,693	15,468	206,160
2030	79,755	59,942	139,697	23,430	27,434	50,864	11,860	3,463	15,323	205,885
2031	83,655	55,942	139,597	27,530	26,160	53,690	12,105	3,231	15,336	208,623
2032	87,760	51,741	139,501	28,910	24,749	53,659	12,309	2,995	15,304	208,465
2033	92,055	47,330	139,385	30,360	23,410	53,770	12,020	2,759	14,779	207,935
2034	85,900	42,928	128,828	42,265	21,939	64,204	12,240	2,524	14,764	207,796
2035	94,125	38,445	132,570	39,410	20,099	59,509	12,486	2,284	14,770	206,849
2036	121,845	33,024	154,869	15,270	18,732	34,002	12,720	2,040	14,760	203,631
2037	23,130	29,361	52,491	123,690	15,258	138,948	12,961	1,791	14,752	206,191
2038	60,445	27,272	87,717	6,120	12,012	18,132	13,225	1,537	14,762	120,610
2039	69,775	24,298	94,073	4,755	11,740	16,495	13,476	1,278	14,754	125,322
2040	76,645	21,385	98,030	1,765	11,577	13,342	13,490	1,017	14,507	125,878
2041	79,555	18,425	97,980	1,850	11,487	13,337	12,559	764	13,323	124,640
2042	81,275	15,373	96,648	1,945	11,392	13,337	5,834	570	6,404	116,388
2043	32,715	12,999	45,714	31,665	10,551	42,216	4,586	457	5,043	92,973
2044	31,090	11,384	42,474	36,395	8,846	45,241	2,370	367	2,737	90,451
2045	32,655	9,766	42,421	38,225	6,972	45,197	2,415	315	2,730	90,349
2046	34,320	8,058	42,378	40,140	5,005	45,145	2,475	263	2,738	90,261
2047	36,075	6,264	42,339	42,155	2,938	45,093	2,520	210	2,730	90,162
2048	17,615	4,885	22,500	6,450	1,714	8,164	2,567	156	2,722	33,386
2049	15,180	4,030	19,210	6,860	1,366	8,226	2,068	100	2,168	29,604
2050	15,970	3,219	19,189	7,215	993	8,208	1,517	61	1,578	28,975
2051	13,850	2,440	16,290	4,600	675	5,275	1,371	30	1,401	22,966
2052	14,575	1,694	16,269	4,855	415	5,270	380	8	388	21,927
2053	15,340	909	16,249	5,120	141	5,261	-	-	-	21,510
2054	9,640	253	9,893	-	-	-	-	-	-	9,893
<b>Total</b>	<b>\$ 1,646,995</b>	<b>\$ 875,132</b>	<b>\$ 2,522,127</b>	<b>\$ 670,310</b>	<b>\$ 426,917</b>	<b>\$ 1,097,227</b>	<b>\$ 241,021</b>	<b>\$ 49,075</b>	<b>\$ 290,095</b>	<b>\$ 3,909,450</b>

GREAT LAKES WATER AUTHORITY

Schedule 10

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
As of June 30, 2024

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Fiscal Year Ending [1]	Senior Lien Bonds (\$000)			Second Lien Bonds (\$000)			Junior Lien Bonds (\$000)			All Bonds (\$000)
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total Debt Service
<b>Sewage Disposal Fund</b>										
2025 [2]	\$ 79,850	\$ 70,302	\$ 150,152	\$ 16,035	\$ 31,064	\$ 47,099	\$ 45,880	\$ 7,105	\$ 52,985	\$ 250,236
2026	76,560	73,209	149,769	16,795	35,927	52,722	30,385	6,253	36,638	239,129
2027	84,390	69,169	153,559	20,970	34,922	55,892	27,945	5,641	33,586	243,037
2028	95,660	64,908	160,568	25,720	33,691	59,411	31,162	5,028	36,190	256,168
2029	97,490	60,459	157,949	26,850	32,309	59,159	29,025	4,404	33,429	250,538
2030	102,860	55,738	158,598	20,080	31,066	51,146	28,800	3,794	32,593	242,337
2031	97,825	50,928	148,753	32,855	29,706	62,561	17,141	3,266	20,406	231,721
2032	105,095	46,263	151,358	34,505	28,022	62,527	17,155	2,856	20,011	233,896
2033	123,780	41,568	165,348	22,175	26,605	48,780	17,580	2,447	20,027	234,156
2034	125,620	36,001	161,621	26,590	25,410	52,000	17,871	2,029	19,900	233,521
2035	53,670	31,626	85,296	110,240	22,109	132,349	17,526	1,602	19,128	236,773
2036	12,075	30,094	42,169	159,745	15,814	175,559	16,817	1,189	18,006	235,733
2037	11,020	29,674	40,694	169,845	8,128	177,973	9,475	816	10,291	228,958
2038	116,470	26,575	143,045	695	4,065	4,760	9,634	595	10,228	158,033
2039	117,310	21,058	138,368	5,695	3,922	9,617	8,827	369	9,197	157,181
2040	126,670	16,386	143,056	1,815	3,759	5,574	3,315	198	3,513	152,143
2041	33,350	13,541	46,891	1,880	3,692	5,572	2,816	137	2,953	55,416
2042	37,460	11,972	49,432	1,950	3,623	5,573	2,700	82	2,782	57,787
2043	39,050	10,354	49,404	2,020	3,552	5,572	2,755	28	2,783	57,758
2044	39,155	8,706	47,861	3,615	3,437	7,052	-	-	-	54,913
2045	40,580	7,025	47,605	3,775	3,278	7,053	-	-	-	54,658
2046	18,435	5,688	24,123	1,700	3,152	4,852	-	-	-	28,975
2047	19,395	4,706	24,101	1,795	3,061	4,856	-	-	-	28,957
2048	20,405	3,673	24,078	1,895	2,964	4,859	-	-	-	28,937
2049	13,890	2,786	16,676	9,485	2,653	12,138	-	-	-	28,814
2050	9,230	2,185	11,415	10,010	2,117	12,127	-	-	-	23,542
2051	9,715	1,688	11,403	10,565	1,551	12,116	-	-	-	23,519
2052	10,230	1,164	11,394	11,150	954	12,104	-	-	-	23,498
2053	10,775	613	11,388	11,770	324	12,094	-	-	-	23,481
2054	6,285	165	6,450	-	-	-	-	-	-	6,450
<b>Total</b>	<b>\$ 1,734,300</b>	<b>\$ 798,223</b>	<b>\$ 2,532,523</b>	<b>\$ 762,220</b>	<b>\$ 400,876</b>	<b>\$ 1,163,096</b>	<b>\$ 336,808</b>	<b>\$ 47,839</b>	<b>\$ 384,647</b>	<b>\$ 4,080,267</b>

[1] Reflects fiscal period in which actual payments are due.

[2] For bonds issued through the Michigan Finance Authority (MFA) in 2014 and 2015, the Authority is required to make payment on these obligations to the MFA depository account five business days prior to the actual due date of the bond principal and interest payments. Therefore, the payments for the principal and interest due on July 1, 2023 are not included in the debt service requirement amounts above as they were paid on June 24, 2024.

Schedule may not foot due to rounding

**GREAT LAKES WATER AUTHORITY**

DEBT CREDIT RATING HISTORY

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Water Supply System Revenue</b>									
Standards & Poor's									
Senior Lien	AA-	AA-	AA-	AA-	AA-	AA-	A-	A-	A-
Second Lien	A+	A+	A+	A+	A+	A+	BBB+	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A+	N/A	N/A	N/A
Moody's									
Senior Lien	Aa3	A1	A1	A1	A1	A2	A3	A3	Baa1
Second Lien	A1	A2	A2	A2	A2	A3	Baa1	Baa1	Baa2
Fitch									
Senior Lien	A+	A+	A+	A+	A+	A	A	A	BBB
Second Lien	A	A	A	A	A	A-	A-	A-	BBB-
<b>Sewage Disposal System Revenue</b>									
Standard's & Poor's									
Senior Lien	AA-	AA-	AA-	AA-	AA-	A+	A-	A-	A-
Second Lien	A+	A+	A+	A+	A+	A	BBB+	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A	N/A	N/A	N/A
Moody's									
Senior Lien	Aa3	A1	A1	A1	A1	A2	A3	A3	Baa1
Second Lien	A1	A2	A2	A2	A2	A3	Baa1	Baa1	Baa2
Fitch									
Senior Lien	AA-	A+	A+	A+	A+	A	A	A	BBB
Second Lien	A+	A	A	A	A	A-	A-	A-	BBB-

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CALCULATION OF DEBT SERVICE COVERAGE - OVERVIEW**As of June 30, 2024

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The Authority has pledged Net Revenues of the water and sewage disposal systems to secure the repayment of the principal and interest of the revenue bonds and State of Michigan revolving fund loans. Revenues are defined in the Master Bond Ordinance (MBO) and are in accordance with State of Michigan Public Act 94, the Revenue Bond Act of 1933, as all monies collected, directly or indirectly, by GLWA, or by the DWSD as agent for GLWA for the local system under the water and sewer services agreement. Net Revenues are defined in the MBO as all Revenues except for those transferred to the Operations and Maintenance Fund.

Since GLWA assumed the outstanding bonded indebtedness at the time of bifurcation and issues new debt on behalf of DWSD, DWSD retail customer revenues are pledged for payment of the outstanding bonded indebtedness of GLWA. For this reason, pursuant to the terms of the Regional System Leases, DWSD is GLWA's agent for retail billing, collections, and enforcement for those revenues. DWSD is a department of the City of Detroit which is a separate legal entity.

Debt service coverage ratios are presented using two different methodologies. The first methodology we identify as 'GAAP Basis' as it calculates pledged revenue using the information from the GAAP basis financial statements for GLWA and DWSD which are prepared on an accrual basis. The second methodology call 'Rate Covenant Basis' calculates pledged revenue on a cash basis.

The MBO establishes that rates and charges be set such that they are expected to produce debt service coverage that is not less than the Required Coverage. Required Coverage is defined as debt service coverage levels of 1.20 for senior lien bonds, 1.10 for second lien bonds and 1.00 for any junior lien bonds, other than second lien bonds. Debt service coverage ratios are inclusive of all revenue bonds and state revolving loans held on behalf of both GLWA and DWSD.

GREAT LAKES WATER AUTHORITY

DEBT SERVICE COVERAGE - GAAP BASIS - WATER SYSTEM

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017 [6]	2016*
<b>GLWA Revenues</b>									
Wholesale charges	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169
KWA debt service credits	(5,990,831)	(6,452,573)	(6,496,428)	(6,652,253)	(6,652,348)	(6,979,503)	(3,176,073)	-	-
Local system charges	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	-	-	5,107,125	-
Other revenue	901,919	1,378,706	775,537	267,562	1,912,636	21,340	64,200	37,388	54,863
Earnings on investments [1]	18,336,395	9,161,614	1,945,613	4,195,305	9,115,115	11,818,203	4,489,397	1,348,898	520,891
<b>Total GLWA Revenues</b>	<b>371,143,350</b>	<b>367,515,853</b>	<b>340,948,235</b>	<b>342,159,882</b>	<b>338,372,680</b>	<b>336,440,576</b>	<b>339,625,468</b>	<b>353,098,842</b>	<b>168,186,423</b>
<b>DWSD Local System Revenues [7]</b>									
Local System revenues [2]	103,966,220	104,034,950	83,591,720	67,464,986	73,817,339	69,777,041	83,983,786	69,680,402	183,279,645
Other Revenue	1,630,892	1,055,988	2,349,445	1,958,151	7,289,468	1,013,276	1,635,430	5,265,229	2,074,095
<b>Total DWSD Local System Revenues</b>	<b>105,597,112</b>	<b>105,090,938</b>	<b>85,941,165</b>	<b>69,423,137</b>	<b>81,106,807</b>	<b>70,790,317</b>	<b>85,619,216</b>	<b>74,945,631</b>	<b>185,353,740</b>
<b>Total Revenue</b>	<b>476,740,462</b>	<b>472,606,791</b>	<b>426,889,400</b>	<b>411,583,019</b>	<b>419,479,487</b>	<b>407,230,893</b>	<b>425,244,684</b>	<b>428,044,473</b>	<b>353,540,163</b>
<b>Operating Costs</b>									
GLWA operating expenses	157,811,046	155,167,048	137,815,968	123,638,092	132,532,838	119,821,946	108,530,383	101,730,949	49,545,659
GASB 96 expenditures [3]	3,226,137	2,282,630	413,924	-	-	-	-	-	-
O&M transfers:									
DWSD Local System operations	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400	22,444,800
Legacy Pension Regional System [4]	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	3,024,000
Legacy Pension DWSD Local System [4]	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	2,136,000
<b>Total Operating Costs</b>	<b>205,813,983</b>	<b>210,351,278</b>	<b>178,538,892</b>	<b>169,791,992</b>	<b>177,515,238</b>	<b>165,626,246</b>	<b>153,910,087</b>	<b>145,647,349</b>	<b>77,150,459</b>
<b>Pledged Revenue</b>	<b>\$ 270,926,479</b>	<b>\$ 262,255,513</b>	<b>\$ 248,350,508</b>	<b>\$ 241,791,027</b>	<b>\$ 241,964,249</b>	<b>\$ 241,604,647</b>	<b>\$ 271,334,597</b>	<b>\$ 282,397,124</b>	<b>\$ 276,389,704</b>
<b>Principal and interest funding requirement [5]:</b>									
Senior lien bonds	\$ 138,521,701	\$ 133,773,102	\$ 124,309,692	\$ 123,798,304	\$ 122,318,928	\$ 119,230,820	\$ 127,687,420	\$ 134,234,660	\$ 128,177,999
Second lien bonds	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023	41,178,843
<b>Total senior and second lien bonds</b>	<b>190,124,462</b>	<b>183,890,292</b>	<b>171,150,042</b>	<b>175,529,462</b>	<b>170,168,278</b>	<b>165,445,205</b>	<b>170,540,233</b>	<b>173,224,683</b>	<b>169,356,842</b>
Junior lien bonds	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328	1,781,683
<b>Total All Bonds</b>	<b>\$ 205,677,204</b>	<b>\$ 192,800,887</b>	<b>\$ 176,589,315</b>	<b>\$ 179,214,379</b>	<b>\$ 172,869,073</b>	<b>\$ 167,966,454</b>	<b>\$ 172,549,891</b>	<b>\$ 175,010,011</b>	<b>\$ 171,138,525</b>
<b>GAAP Basis Debt Service Coverage</b>									
Senior lien bonds	1.96	1.96	2.00	1.95	1.98	2.03	2.12	2.10	2.16
Senior and second lien bonds	1.42	1.43	1.45	1.38	1.42	1.46	1.59	1.63	1.63
All bonds, including SRF junior lien	1.32	1.36	1.41	1.35	1.40	1.44	1.57	1.61	1.62

[1] Excludes investment earnings on bond proceeds in construction fund.

[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.

[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.

[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.

[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

[6] 2017 updated to reflect the presentation change to include the bad debt recovery (credit) line item separately

[7] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2024.

\* GLWA started operations on January 1, 2016. Includes 6 months under operations of DWSD and 6 months under the operations of GLWA under the Master Bond Ordinances in effect during the respective time periods.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - WATER SYSTEM

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016*
GLWA Receipts									
Wholesale charges	\$ 334,931,872	\$ 332,337,913	\$ 313,964,381	\$ 310,032,178	\$ 303,568,071	\$ 308,690,722	\$ 319,728,881	\$ 336,362,250	
Local System charges	25,521,300	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	
Earnings on investments	13,799,049	8,163,261	2,456,013	4,684,353	7,742,625	7,722,112	3,592,524	579,546	
Total GLWA Receipts	374,252,221	363,335,474	338,117,694	336,642,031	332,606,196	336,594,234	338,452,005	352,432,096	
DWSD Local System Receipts [1]	98,296,987	98,010,223	80,267,663	80,141,924	75,590,223	79,686,819	85,962,882	80,960,806	
Total Receipts	472,549,208	461,345,697	418,385,357	416,783,955	408,196,419	416,281,053	424,414,887	433,392,902	
Operation and Maintenance Transfers									
GLWA Regional System operations [2]	168,873,100	156,747,700	143,933,800	124,167,627	126,188,192	116,356,994	114,426,522	105,431,843	
DWSD Local System operations	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400	
Legacy Pension Regional System [3]	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	
Legacy Pension DWSD Local System [3]	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	
Total Operations and Maintenance Transfers	213,649,900	209,649,300	184,242,800	170,321,527	171,170,592	162,161,294	159,806,226	149,348,243	
Pledged Revenue	\$ 258,899,308	\$ 251,696,397	\$ 234,142,557	\$ 246,462,428	\$ 237,025,827	\$ 254,119,759	\$ 264,608,661	\$ 284,044,659	
Principal and interest funding requirement [4]:									
Senior lien bonds	\$ 138,521,701	\$ 133,773,102	\$ 124,309,692	\$ 123,798,304	\$ 122,318,928	\$ 119,230,820	\$ 127,687,420	\$ 134,234,660	
Second lien bonds	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023	
Total senior and second lien bonds	190,124,462	183,890,292	171,150,042	175,529,462	170,168,278	165,445,205	170,540,233	173,224,683	
Junior lien bonds	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328	
Total All Bonds	\$ 205,677,204	\$ 192,800,887	\$ 176,589,315	\$ 179,214,379	\$ 172,869,073	\$ 167,966,454	\$ 172,549,891	\$ 175,010,011	
Rate Covenant Basis Debt Service Coverage									
Senior lien bonds	1.87	1.88	1.88	1.99	1.94	2.13	2.07	2.12	
Senior and second lien bonds	1.36	1.37	1.37	1.40	1.39	1.54	1.55	1.64	
All bonds, including SRF junior lien	1.26	1.31	1.33	1.38	1.37	1.51	1.53	1.62	

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.

[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.

[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.

[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

\* GLWA started operations on January 1, 2016. Due to the bifurcation from DWSD the Rate Covenant Basis cannot be computed for 2016.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

DEBT SERVICE COVERAGE - GAAP BASIS - SEWAGE DISPOSAL SYSTEM

	Fiscal Year								
	2024	2023	2022 [8]	2021	2020	2019	2018	2017 [6]	2016*
<b>GLWA Revenues</b>									
Wholesale Charges	\$ 282,767,090	\$ 275,917,502	\$ 268,813,369	\$ 267,567,816	\$ 266,003,286	\$ 272,772,460	\$ 268,978,831	\$ 298,376,775	\$ 121,106,353
Local system charges	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100	95,826,900
Industrial waste charges	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106	6,910,192
Pollutant surcharges	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294	2,423,910
Bad Debt Recovery Credit	(15,556,900)								
Other Revenue	(827,846)	4,901,316	817,448	6,481,905	6,491,617	506,323	4,391,145	538,807	4,197,614
Earnings on investments [1]	23,168,806	12,498,292	1,842,475	2,802,041	7,775,080	9,592,270	4,022,582	1,384,225	586,072
<b>Total GLWA Revenues</b>	<b>498,826,764</b>	<b>497,646,980</b>	<b>473,617,586</b>	<b>479,536,365</b>	<b>480,380,384</b>	<b>479,069,177</b>	<b>477,605,141</b>	<b>507,191,307</b>	<b>231,051,041</b>
<b>DWSD Local System Revenues [7]</b>									
Local system revenues [2]	99,182,251	106,468,842	132,274,680	79,360,298	80,935,263	71,542,770	84,018,973	45,587,339	206,870,710
Other Revenue	1,778,711	322,763	1,797,906	915,216	914,969	346,821	159,535	4,617,148	(940,714)
<b>Total DWSD Local System Revenues</b>	<b>100,960,962</b>	<b>106,791,605</b>	<b>134,072,586</b>	<b>80,275,514</b>	<b>81,850,232</b>	<b>71,889,591</b>	<b>84,178,508</b>	<b>50,204,487</b>	<b>205,929,996</b>
<b>Total Revenue</b>	<b>599,787,726</b>	<b>604,438,585</b>	<b>607,690,172</b>	<b>559,811,879</b>	<b>562,230,616</b>	<b>550,958,768</b>	<b>561,783,649</b>	<b>557,395,794</b>	<b>436,981,037</b>
<b>Operating Costs</b>									
GLWA operating expenses	218,946,354	211,656,126	186,918,677	178,101,424	176,949,460	174,040,805	176,379,404	151,318,266	84,380,021
GASB 87 and GASB 96 expenditures [3]	3,727,649	2,464,377	1,041,308	118,759	-	-	-	-	-
O&M transfers:									
DWSD Local System operations	55,705,700	51,396,400	61,301,000	69,915,700	55,243,500	56,767,920	60,517,992	41,535,600	16,949,400
Legacy Pension Regional System [4]	-	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	5,412,000
Legacy Pension DWSD Local System [4]	-	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	1,428,000
<b>Total Operating Costs</b>	<b>278,379,703</b>	<b>279,196,903</b>	<b>262,940,985</b>	<b>261,815,883</b>	<b>245,872,960</b>	<b>244,488,725</b>	<b>250,577,396</b>	<b>206,533,866</b>	<b>108,169,421</b>
<b>Pledged revenue</b>	<b>\$ 321,408,023</b>	<b>\$ 325,241,682</b>	<b>\$ 344,749,187</b>	<b>\$ 297,995,996</b>	<b>\$ 316,357,656</b>	<b>\$ 306,470,043</b>	<b>\$ 311,206,253</b>	<b>\$ 350,861,928</b>	<b>\$ 328,811,616</b>
<b>Principal and interest funding requirement [5]:</b>									
Senior lien bonds	\$ 157,403,423	\$ 152,866,129	\$ 130,404,294	\$ 119,217,128	\$ 147,310,565	\$ 145,795,507	\$ 141,718,836	\$ 140,854,010	\$ 140,191,016
Second lien bonds	53,227,095	39,847,153	51,893,038	57,778,951	45,878,850	43,922,600	43,990,100	47,918,639	48,944,924
<b>Total senior and second lien bonds</b>	<b>210,630,518</b>	<b>192,713,282</b>	<b>182,297,332</b>	<b>176,996,079</b>	<b>193,189,415</b>	<b>189,718,107</b>	<b>185,708,936</b>	<b>188,772,649</b>	<b>189,135,940</b>
Junior lien bonds	50,498,804	50,145,516	53,550,614	53,166,797	52,593,843	49,454,156	46,571,896	45,782,165	39,434,631
<b>Total All Bonds</b>	<b>\$ 261,129,322</b>	<b>\$ 242,858,798</b>	<b>\$ 235,847,946</b>	<b>\$ 230,162,876</b>	<b>\$ 245,783,258</b>	<b>\$ 239,172,263</b>	<b>\$ 232,280,832</b>	<b>\$ 234,554,814</b>	<b>\$ 228,570,571</b>
<b>GAAP Basis Debt Service Coverage</b>									
Senior lien bonds	2.04	2.13	2.64	2.50	2.15	2.10	2.20	2.49	2.35
Senior and second lien bonds	1.53	1.69	1.89	1.68	1.64	1.62	1.68	1.86	1.74
All bonds, including SRF junior lien	1.23	1.34	1.46	1.29	1.29	1.28	1.34	1.50	1.44

[1] Excludes investment earnings on bond proceeds in construction fund.

[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.

[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.

[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.

[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

[6] 2017 updated to reflect the presentation change to include the bad debt recovery (credit) line item separately

[7] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2024.

\* GLWA started operations on January 1, 2016. Includes 6 months under operations of DWSD and 6 months under the operations of GLWA under the Master Bond Ordinances in effect during the respective time periods.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

**DEBT SERVICE COVERAGE - RATE COVENANT BASIS - SEWAGE DISPOSAL SYSTEM**

	Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>GLWA Receipts</b>									
Wholesale charges	\$ 292,811,429	\$ 297,751,807	\$ 281,636,430	\$ 288,132,728	\$ 293,321,993	\$ 281,485,522	\$ 294,503,834	\$ 281,528,551	
Local System charges	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100	
Earnings on investments	17,350,547	10,094,409	1,680,667	2,739,425	5,372,063	5,098,922	2,796,727	372,505	
<b>Total GLWA Receipts</b>	<b>506,731,576</b>	<b>498,888,416</b>	<b>471,979,297</b>	<b>478,831,853</b>	<b>484,501,356</b>	<b>467,743,744</b>	<b>476,269,761</b>	<b>469,205,156</b>	
DWSD Local System Receipts [1]	97,911,598	101,900,942	101,030,510	118,699,151	77,444,540	82,349,510	60,314,827	43,553,820	
<b>Total Receipts</b>	<b>604,643,174</b>	<b>600,789,358</b>	<b>573,009,807</b>	<b>597,531,004</b>	<b>561,945,896</b>	<b>550,093,254</b>	<b>536,584,588</b>	<b>512,758,976</b>	
<b>Operations and Maintenance Transfers</b>									
GLWA Regional System operations [2]	224,873,500	204,122,500	191,908,600	165,588,970	176,416,149	171,899,072	172,614,312	172,965,094	
DWSD Local System operations	55,705,700	51,396,400	61,301,000	69,915,700	55,243,500	56,767,920	60,517,992	41,535,600	
Legacy Pension Regional System [3]	-	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	
Legacy Pension DWSD Local System [3]	-	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	
<b>Total Operations and Maintenance Transfers</b>	<b>280,579,200</b>	<b>269,198,900</b>	<b>266,889,600</b>	<b>249,184,670</b>	<b>245,339,649</b>	<b>242,346,992</b>	<b>246,812,304</b>	<b>228,180,694</b>	
<b>Pledged Revenue</b>	<b>\$ 324,063,974</b>	<b>\$ 331,590,458</b>	<b>\$ 306,120,207</b>	<b>\$ 348,346,334</b>	<b>\$ 316,606,247</b>	<b>\$ 307,746,262</b>	<b>\$ 289,772,284</b>	<b>\$ 284,578,282</b>	
<b>Principal and interest funding requirement [4]:</b>									
Senior lien bonds	\$ 157,403,423	\$ 152,866,129	\$ 130,404,294	\$ 119,217,128	\$ 147,310,565	\$ 145,795,507	\$ 141,718,836	\$ 140,854,010	
Second lien bonds	53,227,095	39,847,153	51,893,038	57,778,951	45,878,850	43,922,600	43,990,100	47,918,639	
<b>Total senior and second lien bonds</b>	<b>210,630,518</b>	<b>192,713,282</b>	<b>182,297,332</b>	<b>176,996,079</b>	<b>193,189,415</b>	<b>189,718,107</b>	<b>185,708,936</b>	<b>188,772,649</b>	
Junior lien bonds	50,498,804	50,145,516	53,550,614	53,166,797	52,593,843	49,454,156	46,571,896	45,782,165	
<b>Total All Bonds</b>	<b>\$ 261,129,322</b>	<b>\$ 242,858,798</b>	<b>\$ 235,847,946</b>	<b>\$ 230,162,876</b>	<b>\$ 245,783,258</b>	<b>\$ 239,172,263</b>	<b>\$ 232,280,832</b>	<b>\$ 234,554,814</b>	
<b>Rate Covenant Basis Debt Service Coverage</b>									
Senior lien bonds	2.06	2.17	2.35	2.92	2.15	2.11	2.04	2.02	
Senior and second lien bonds	1.54	1.72	1.68	1.97	1.64	1.62	1.56	1.51	
All bonds, including SRF junior lien	1.24	1.37	1.30	1.51	1.29	1.29	1.25	1.21	

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.

[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.

[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.

[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

\* GLWA started operations on January 1, 2016. Due to the bifurcation from DWSD the Rate Covenant Basis cannot be computed for 2016.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

Demographic and economic information is intended to show the socioeconomic environment within which the Authority operates.

**GREAT LAKES WATER AUTHORITY**

Schedule 13

SERVICE AREA DEMOGRAPHICS  
Last Ten Years

Year	Population (1)	Unemployment (2)	Per Capita Income (3)	Total Debt Service (5)	Debt Per Capita	Debt Service as a Percentage of Income
<b>Water Fund</b>						
2024	3,800,000	4.3%	\$ 63,794 (4)	\$ 205,677,204	\$ 54.13	0.08%
2023	3,800,000	3.6%	60,837 (4)	192,800,887	50.74	0.08%
2022	3,800,000	3.8%	61,322	176,589,315	46.47	0.08%
2021	3,800,000	6.2%	60,488	179,214,379	47.16	0.08%
2020	3,800,000	11.5%	56,901	172,869,073	45.49	0.08%
2019	3,800,000	4.3%	52,855	167,966,454	44.20	0.08%
2018	3,800,000	4.3%	51,429	172,549,891	45.41	0.09%
2017	3,800,000	4.6%	49,309	175,010,011	46.06	0.09%
2016 *	3,800,000	5.3%	48,092	171,138,525	45.04	0.09%
2015 *	3,800,000	5.9%	47,063	178,923,900	47.09	0.10%
<b>Sewage Disposal Fund</b>						
2024	2,800,000	4.3%	\$ 63,794 (4)	\$ 261,129,322	\$ 93.26	0.15%
2023	2,800,000	3.6%	60,837 (4)	242,858,798	86.74	0.14%
2022	2,800,000	3.8%	61,322	235,847,946	84.23	0.14%
2021	2,800,000	6.2%	60,488	230,162,876	82.20	0.14%
2020	2,800,000	11.5%	56,901	245,783,258	87.78	0.15%
2019	2,800,000	4.3%	52,855	239,172,263	85.42	0.16%
2018	2,800,000	4.3%	51,429	232,280,832	82.96	0.16%
2017	2,800,000	4.6%	49,309	234,554,814	83.77	0.17%
2016 *	2,800,000	5.3%	48,092	228,570,571	81.63	0.17%
2015 *	2,807,000	5.9%	47,063	232,612,800	82.87	0.18%

- (1) Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).
  - (2) Source: Bureau of Labor Statistics Detroit-Warren-Dearborn MSA Annual Average (For 2024 the average rate through September was used). The Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA) is comprised of six counties: Wayne, Oakland, Macomb, Livingston, Lapeer and St. Clair. This represents the majority of the service area customers.
  - (3) Source: FRED Economic Data, St. Louis Fed (Prior year amounts have been updated to match current information from FRED)
  - (4) Source: Michigan State University Center for Economic Analysis (Prior year amounts have been updated to match current information from MSU)
  - (5) Debt service is based on set aside debt service requirements for the fiscal year which includes the subsequent year July 1st debt payment.
- \* GLWA assumed operations on January 1, 2016. The information in this table for 2015 is based on operations under the City of Detroit Water and Sewerage Department (DWSD). Data for 2016 includes six months of operation under DWSD and six months of operation under GLWA.

**GREAT LAKES WATER AUTHORITY**

Schedule 14

**LARGEST EMPLOYERS**  
Current Year and 9 years prior

Employer	Type of Business	Fiscal Year 2024		Fiscal Year 2015			
		Full- Time Employees (a)	Rank	Percent of Total Employment (b)	Full- Time Employees (c)	Rank	Percent of Total Employment (d)
Ford Motor Co.	Automobile Manufacturer	47,750	1	2.25%	44,598	1	2.34%
Stellantis NV (Formerly FCA US LLC)	Automobile Manufacturer	39,468	2	1.86%	33,657	2	1.76%
University of Michigan	Public University and Health System	36,778	3	1.73%	30,852	4	1.62%
General Motors Co.	Automobile Manufacturer	35,793	4	1.69%	32,353	3	1.69%
Corewell Health (formerly Beaumont Health)	Health Care System	21,733	5	1.02%	27,387	5	1.43%
U.S. Government	Federal Government	20,538	6	0.97%	18,701	6	0.98%
Henry Ford Health System	Health Care System	17,649	7	0.83%	17,332	7	0.91%
Trinity Health Michigan	Health Care System	16,686	8	0.79%	14,231	9	0.75%
U.S. Postal Service	Postal Service	11,508	9	0.54%	n/a	n/a	n/a
Ascension Michigan	Health Care System	11,383	10	0.54%	n/a	n/a	n/a
Illitch Companies	Food, Sports, and Entertainment	n/a	n/a	n/a	16,567	8	0.87%
Rock Ventures	Umbrella managing a portfolio of companies, investments and real estate	n/a	n/a	n/a	13,445	10	0.70%
<b>Total</b>		<b>259,286</b>		<b>12.21%</b>	<b>249,123</b>		<b>13.05%</b>

- (a) July 2023 Employment data from Largest Southeast Michigan Employers - Ranked by full-time employees in the December 18, 2023 Crain's Detroit Business (most recent available)
- (b) Percentage base on U.S. Bureau of Labor Statistics from July 2023 of 2,124,109 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area
- (c) July 2015 Employment data from comparative column in July 2015 listing of Largest Southeast Michigan Employers - Ranked by full-time employees issued by Crain's Detroit Business
- (d) Percentage base on U.S. Bureau of Labor Statistics from July 2015 of 1,909,135 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

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## **OPERATING INFORMATION**

Operating information is intended to show contextual information about the Authority's operations and resources to assist in using financial statement information to understand and assess the Authority's economic condition.

**GREAT LAKES WATER AUTHORITY**

**PRODUCED AND BILLED WATER VOLUMES (Mcf)**

Fiscal Year	Water Produced [1]	Water Sales			Estimated Non-Revenue Water	Estimated Non-Revenue Water as % of Production
		Wholesale Billed [2]	Local System Billed [3]	Total Water Billed		
2024	19,601,200	12,888,500	4,209,100	17,097,600	2,503,600	12.8%
2023	21,159,700	13,838,200 [4]	4,342,400	18,180,600	2,979,100	14.1%
2022	19,725,700	13,205,300	4,297,300	17,502,600	2,223,100	11.3%
2021	20,565,800	14,258,300	4,120,000	18,378,300	2,187,500	10.6%
2020	19,989,500	13,578,700	4,161,300	17,740,000	2,249,500	11.3%
2019	20,968,100	13,708,600	4,354,600	18,063,200	2,904,900	13.9%
2018	23,228,600	14,391,800	4,428,200	18,820,000	4,408,600	19.0%
2017	23,915,600	14,824,000	4,465,800	19,289,800	4,625,800	19.3%
2016 *	23,580,700	14,730,400	4,649,100	19,379,500	4,201,200	17.8%

The table for historical water sales and reported total water production presents water volume in thousands of cubic feet (“Mcf”) for suburban wholesale customers, for the Retail Water Customers, and for the Regional Water System as a whole, together with total water production and non-revenue water volume. As is common for all large water systems, the Regional Water System experiences a differential between the quantity of water produced by the treatment plants during the fiscal year and the quantity of water billed to customers over the same period, and the difference is referred to as “non-revenue water.” Non-revenue water results from a variety of factors such as the range of accuracy of production and retail meters, losses due to leaks or major breaks in the transmission and distribution systems, unmetered water that is used for fire protection, and the accuracy of estimates for unmetered use. The Authority believes that improvements in the accuracy of the reported production figures may reduce the level of non-revenue water. Production at some of the water plants is not metered, but rather is estimated based on pump curves. The data continues to be reviewed, and the Authority has initiated efforts to measure production figures and refine production estimating techniques

The schedule of charges for each of the wholesale customers consists of a fixed monthly charge and a commodity charge applied to monthly metered water usage. While the overall methodology used to determine charges for each customer is uniform, the service charge schedule for each customer is unique, reflecting the specific volumes, peak demands, and other demographic information in their individual contracts. Charges are designed to recover 60% of the revenue requirement via fixed monthly charges, with the other 40% generated by commodity charges.

[1] Represents, in part, estimated volumes based on pump curves and engineering analysis. GLWA engineering studies in 2017 concluded that the total water production values for calendar year 2016 were over-reported by 5.8%.

[2] Represents metered amounts for all suburban wholesale customers, with the exception of Dearborn which is based on self-reported billed volumes (including local system losses), and Highland Park, which is based on estimated volumes.

[3] The GLWA charges the DWSD local system a flat charge based on average historical usage from DWSD retail billings data adjusted for water loss. These amounts reflect retail water sales as reported by DWSD plus estimated real and apparent losses in the local distribution system based on engineering studies.

[4] Number revised from prior year based on additional analysis resulting in a decrease to the non-revenue water of 34,700 mcf, resulting in a decrease to the non-revenue water as percentage of production of 0.1%

\* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under DWSD and six months of operation under GLWA.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

WASTEWATER VOLUMES (Mgd)

Fiscal Year	Wastewater Influent [1]	Master Metered Member Partners		Unmetered [2]	
		Sanitary Volume	Non-Sanitary Volume	Sanitary Volume	Non-Sanitary Volume
2024 *	584.598	129.293	140.717	64.926	249.662
2023	533.677	128.925	112.269	62.920	229.563
2022	737.980	132.968	187.440	61.591	355.981
2021	564.497	132.664	111.157	57.913	262.762
2020	632.381	128.857	156.844	59.490	287.191
2019	698.471	134.563	169.085	65.444	329.379
2018	656.612	136.775	145.231	65.789	308.817
2017	685.711	133.914	157.747	57.983	336.068
2016 **	597.988	134.505	128.906	59.030	275.547

Wastewater volumes are monitored by GLWA operations and engineering teams throughout the year then go through a formal review and approval process over a period of six to nine months following the end of the fiscal year. The formal, annual, data analytic review is led by an outside consultant. As part of this process preliminary data is shared with customers to confirm. Current and historic data does change at times as system improvements are made and reporting refinements occur.

The GLWA Sewer Charge Methodology uses historical wastewater volumes to allocate annual revenue requirements to the member partners based on historical wastewater volumes, and recovers the allocated revenue requirements via fixed monthly charges.

[1] Represents total influent volume to the System, including volumes treated and discharged at the Water Resource Recovery Facility and volumes discharged via Combined Sewer Overflow facilities.

[2] The GLWA Sewer Charge Methodology assigns a portion of the unmetered non-sanitary flow volume as a "system" responsibility allocable to all member partners. The remaining amount of unmetered non-sanitary flow and the unmetered sanitary flow is assigned to unmetered customers, which includes the Local System and certain wholesale customers.

\* Data is preliminary

\*\* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under City of Detroit Water and Sewerage Department (DWSD) and six months of operation under GLWA.

This schedule is being built prospectively; ultimately, 10 years of data will be presented.

**GREAT LAKES WATER AUTHORITY**

ADDITIONAL SUMMARY STATISTICS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Capital Asset Statistics - Water</b>									
Water Treatment Plants	5	5	5	5	5	5	5	5	5
Intake Facilities	3	3	3	3	3	3	3	3	3
Booster Pumping Stations	19	19	19	19	19	19	19	19	19
Water Storage Reservoirs	32	32	32	32	32	32	32	32	32
Miles of Transmission Lines	797	816	816	816	816	816	803	803	803
<b>Capital Asset Statistics - Sewer</b>									
Water Resource Recovery Facility	1	1	1	1	1	1	1	1	1
Major Interceptors	3	3	3	3	3	3	3	3	3
Pump Stations [1]	9	9	9	9	9	9	9	9	9
Combined Sewer Overflow Facilities:									
Retention Treatment Basins [2]	6	5	5	5	5	5	5	5	5
Flow-through Type Facilities	3	3	3	3	3	3	3	3	3
Miles of Trunk Sewers and Interceptors	207	195	195	195	195	195	181	181	181
<b>GLWA Employees</b>									
Water Operations	226	217	203	211	211	213	205	180	155
Sewage Disposal Operations	312	289	298	320	344	369	358	342	320
Centralized Services	325	321	295	298	302	295	276	249	217
Administrative Services	<u>182</u>	<u>181</u>	<u>152</u>	<u>156</u>	<u>152</u>	<u>147</u>	<u>129</u>	<u>110</u>	<u>90</u>
Total Employees	<u><u>1,045</u></u>	<u><u>1,008</u></u>	<u><u>948</u></u>	<u><u>985</u></u>	<u><u>1,009</u></u>	<u><u>1,024</u></u>	<u><u>968</u></u>	<u><u>881</u></u>	<u><u>782</u></u>

[1] GLWA operates nine pump stations. This count includes four pump stations that are owned by DWSD and operated by GLWA under a shared services agreement.

[2] GLWA operates nine CSO facilities. This count includes one retention treatment basin that is owned by DWSD and operated by GLWA under a shared services agreement.

GLWA began operations on January 1, 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.





**Financial Services Area**  
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