



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025



GREAT LAKES WATER AUTHORITY

Southeast Michigan

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Including Independent Auditors' Report

Fiscal Year Ended June 30, 2025

Prepared By:

Great Lakes Water Authority Financial Services Area

GREAT LAKES WATER AUTHORITY

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INTRODUCTORY SECTION



TRANSMITTAL LETTER

December 10, 2025

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, 2025.

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, 2025, with comparative amounts for June 30, 2024.

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 services 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.

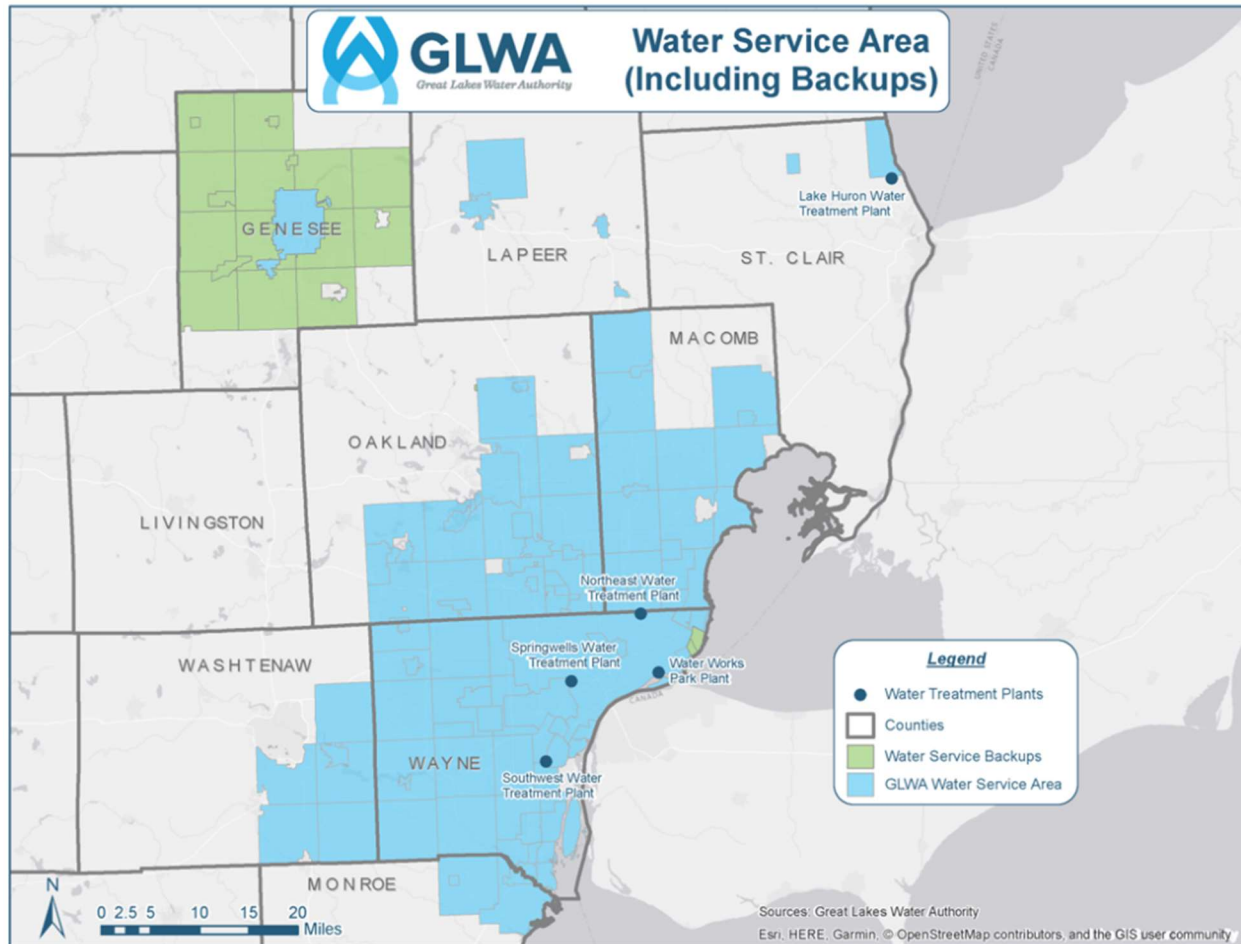
GLWA assumed operational control of the city of Detroit Water & Sewerage Department's (DWSD) regional operating assets on January 1, 2016, pursuant to the terms outlined in a companion set of documents commonly referred to as the lease agreements and water and sewer services agreements. DWSD continues 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 provides service to 115 communities through 87 wholesale water service contracts and the Water and Sewer Services Agreement with the City of Detroit.

Fortunately, GLWA has certain geographic and source water advantages. GLWA is surrounded by the Great Lakes with three water intakes. Of particular note is that PFAS is non-detect in the finished drinking water. The size and complexity of the GLWA water treatment plants support two pilot water plants that allow GLWA to test and assess changes in water treatment.

The following map depicts the water service area.



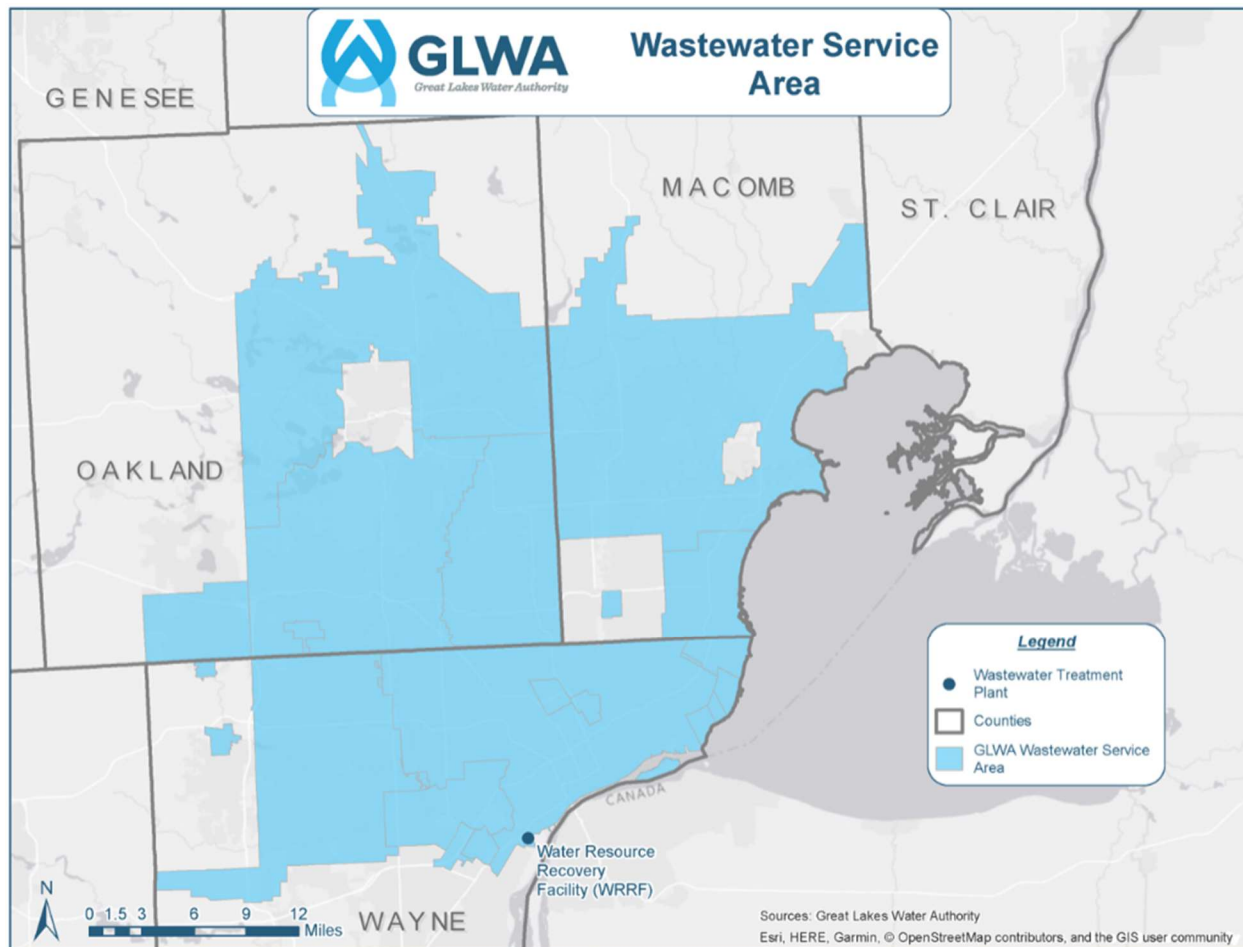
Regional Wastewater System

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 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 serves 79 communities through 18 wholesale sewer service contracts and the Water and Sewer Services Agreement with the City of Detroit.

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.

The following map depicts the wastewater service area.



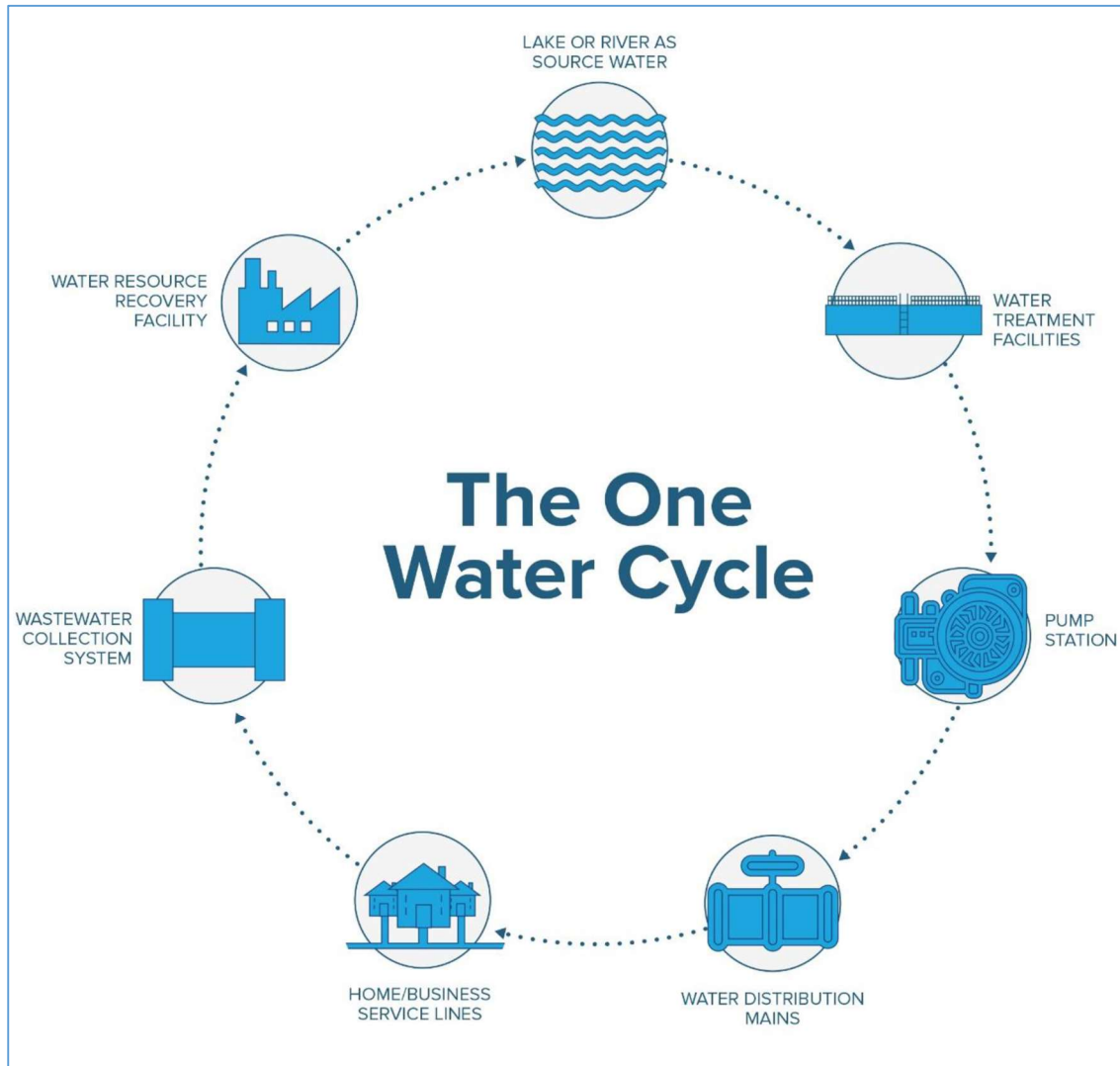
One Water Concept

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 19th largest metropolitan area in terms of population in the country. The current unemployment rate is 4.9 percent which is comparable to the national unemployment rate of 4.4 percent. 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, 2025, 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.

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 in July with the operating area budget managers. A financial plan update is provided to the Board at a workshop, that is held in October, where a operational, capital, economic, and financial briefings are presented. A preliminary budget is presented to the Audit Committee in December and then to the full Board in January. The preliminary budget and accompanying schedule of service charges are presented to Member Partners for comments during January and February. 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 budgeted revenue requirements categories that 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 & Treasurer may exercise discretion to modify the detailed 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.

In preparation of the budget for FY 2025, 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 four 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 without compromising water conservation objectives;
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 in the future;
4. WRAP – This program is required to be funded at 0.5 percent of the base budgeted operating revenue;
5. 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;
6. Closed Legacy Benefit Plan Costs – GLWA’s share of the required DWSD commitment for the Detroit General Retirement System closed plan is funded consistent with the terms of pension and lease agreements.

Long-Term Financial Planning Aligns with Successful Debt Management

GLWA regularly updates its 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 reached with rating agency affirmation and upgrades issued in October 2023. Since the operational effective date of the Authority in 2016, Moody’s Investor Services has increased the bond credit ratings six notches, and Standard & Poor’s has increased the bond credit ratings three notches for both systems. Fitch Ratings has increased the bond credit ratings four notches for the water system and six 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 effectively managing annual debt service needs with an effective debt refunding program.

During FY 2025, there was one debt refunding transaction, including a tender refunding, for both the water system and sewage disposal system. For the water system, the transactions resulted in future budgeted (gross) cash flow savings of \$33.7 million which resulted in a net present value economic gain of \$27.1 million. For the sewage disposal system, the transaction resulted in future budgeted (gross) cash flow savings of \$43.6 million which resulted in a net present value economic gain of \$34.4 million. Since GLWA’s operational inception in 2016 through June 2025, refunding transactions have reduced debt reserve requirements of \$139.9 million and future budgeted cash flow by \$973.8 million resulting in a net present value economic gain of \$607.7 million. 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 across all operating areas, 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 can 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 Linear System Integrity Program (LSIP). This program 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.

As part of the LSIP, a risk framework was developed to guide GLWA in making decisions about which pipelines should be candidates for renewal, replacement, or decommissioning. The risk factors include likelihood of failure and consequence of failure to assign an overall risk and prioritization. At a recent Board workshop, the "Water Transmission Main Renewal Strategy" concept was rolled out. Driven by the LSIP's findings that 16 percent of GLWA's mains are currently beyond their useful life (and more are continuing to age) as well as another 16 percent are candidates from decommissioning. The cost of carrying out the LSIP strategy is significant. While efforts continue to shape and begin implementation of the LSIP strategy, there is also an effort underway to explore infrastructure funding strategies with stakeholders and policy makers. Impactful efforts to address the aging infrastructure go far beyond modest annual charge increases to needing a new source of funding.

United States Army Corps of Engineers Partnership

In September 2024, GLWA announced a partnership with the U.S. Army Corps of Engineers (USACE) to study flooding problems across southeast Michigan and formulate alternatives to help reduce flood risk. A study of this magnitude, and potential impact, is unprecedented in the state of Michigan. At the study's completion, 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 flood mitigation study has a projected cost of \$3 million. USACE will contribute federal funding of \$1.5 million. GLWA will be providing a 50/50 match towards this project with in-kind-services of

\$1.5 million to complete the study. A summary of the project, public meeting materials, and project updates can be found at the [Southeast Michigan Flood Risk Management Feasibility Study](#) webpage.

Proactive Capital improvement Plan

As it relates to the Capital Improvement Program (CIP), the majority of the GLWA FY 2026–2030 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 (2026-2030) and the wastewater (sewer) system calls for \$1.3 billion 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 being used 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.

Kahua, a project management information system that will be used for capital improvement planning and program and project management is now in the implementation stage. The anticipated in-service date for phase 1 is in 2026 and phase 2 in 2027.

Professional Grants Management

The Authority established a dedicated Grants Management Team to support subject matter experts across the organization in seeking, applying for, and administering grants. As recently reported to the Board, over \$115 million in grants has been actively managed since FY 2020. This grant activity is in addition to a strong participation in the state revolving fund program with project submittals and awards on an annual basis.

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.

Our apprenticeship and internship programs are helping to build the next generations of water professionals. Our apprenticeship program is for positions that are challenging to recruit and fill such as water technicians, electrical instrument technicians, and maintenance technicians. In 2025 15 apprentices graduated from the following programs: 12 from the first class of the five-year Electrical Instrumentation Control Technician/Electrician apprenticeship; two from the Maintenance Technician Apprenticeship and one from the Water Technician Apprenticeship.

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 2025 with over 160 vendors in attendance. Vendors were provided with an in-depth overview of the solicitation cover, Business Inclusion and Diversity (B.I.D.) program requirements, insurance and bonding and the project scope for construction. They were also provided with information on specifications for products/services, how to build a team of subcontractors, GLWA's evaluation process, contract administration, the accounts payable process and vendor performance assessment.

GLWA publishes an annual procurement report which provides analysis, as well as the amount and number of purchase orders and contracts for each vendor, and quantity and dollar amount of invoices paid to each vendor. Not only does this report demonstrate the highest level of transparency in procurement, it also outlines the positive economic impact GLWA has on the service area and state. For FY 2025, 89 percent of GLWA's contract awards of \$729 million were to Michigan based companies, with most of that amount being within GLWA's service area.

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 biennial Member Partner Outreach Scorecard was presented to the Board. The overall satisfaction level is steady at 90 percent with an increased response rate of 40 percent. 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 2025 Financial Results

Most important to our Member Partners are the Authority's budget results. The Schedule of Revenue Requirements Budget to Actual in the Supplementary Information provides an overall view of the financial results for FY 2025.

The bottom-line revenue requirement result based on the *budget basis that is utilized to prepare Member Partner charges* is that the water operations ended the year with a \$13 million positive variance after meeting all of the revenue requirements. The sewage disposal operations ended the year with a positive variance of \$6.1 million after meeting all of the revenue requirements. Positive variances are analyzed after year end. Depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.

Wholesale charges for water operation were 98.7 percent of the adopted budget and 100 percent of the adopted budget for the sewage disposal operations.

A further discussion of FY 2025 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 with 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.

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, 2025. This was the Authority's seventh 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.

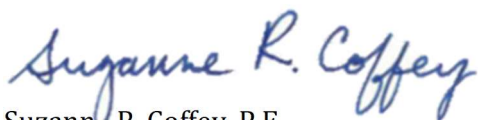
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting - GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to Great Lakes Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024, for the sixth 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

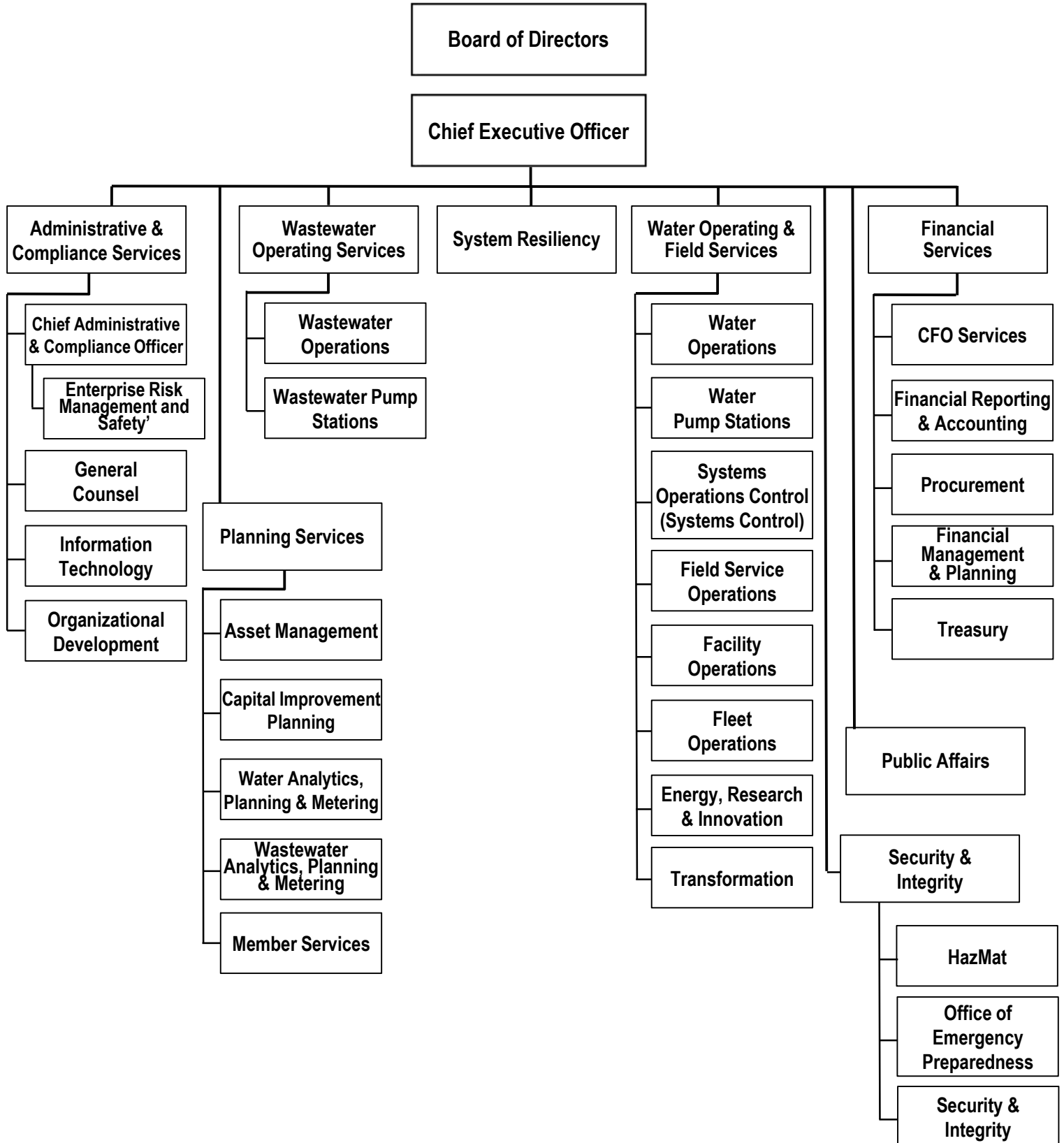


Nicolette N. Bateson, CPA
Chief Financial Officer & Treasurer

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Organizational Line of Reporting Chart





Great Lakes Water Authority Board of Directors as of June 30, 2025

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

Great Lakes Water Authority Executive Leadership Team as of June 30, 2025

Suzanne R. Coffey, P.E. Chief Executive Officer
William M. Wolfson * Deputy Chief Executive 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. Zdrodowski Chief Public Affairs Officer
Jordie Kramer Chief Organizational Development Officer
Todd King Chief Resiliency Officer

* Effective November 12, 2025, William Wolfson added Interim General Counsel to his responsibility due to the departure of David Jones. He will retain that responsibility until the General Counsel position is filled.

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, 2024

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, 2025, 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, 2025 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 2024 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 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 10, 2025 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
December 10, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

June 30, 2025

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, 2025. Information in condensed format compares the fiscal year ended June 30, 2025 to the fiscal year ended June 30, 2024. Comparison analysis is also provided for the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2023. 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.

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. Those schedules provide additional financial, budgetary, statistical, trend, and economic information that may be helpful to the readers of these financial statements.

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 (high capital investment). Separate water and sewage disposal funds are required by the Master Bond Ordinances (MBO) and a separate credit rating is established for each system. Services provided to the member partner communities by each system are separate and distinct (although service areas may geographically overlap).

Financial Summary

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

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

activity and GLWA's share of the GRS pension obligation.

	Net Position (\$000)						
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Assets							
Current assets	\$ 851,153	\$ 789,255	\$ 735,531	\$ 61,898	7.8%	\$ 53,724	7.3%
Restricted assets	890,454	770,716	648,202	119,738	15.5%	122,513	18.9%
Capital assets	4,604,326	4,480,135	4,408,642	124,191	2.8%	71,493	1.6%
Other noncurrent assets	853,665	891,416	939,193	(37,751)	-4.2%	(47,777)	-5.1%
Total assets	7,199,598	6,931,521	6,731,569	268,077	3.9%	199,952	3.0%
Deferred outflows of resources	71,631	89,954	181,672	(18,323)	-20.4%	(91,718)	-50.5%
Liabilities							
Current liabilities	601,695	602,464	457,377	(769)	-0.1%	145,087	31.7%
Long-term debt	5,655,948	5,556,630	5,633,439	99,318	1.8%	(76,809)	-1.4%
Net pension liability	29,537	37,046	63,175	(7,509)	-20.3%	(26,129)	-41.4%
Other liabilities	868,947	882,396	909,506	(13,449)	-1.5%	(27,110)	-3.0%
Total liabilities	7,156,128	7,078,536	7,063,496	77,592	1.1%	15,040	0.2%
Deferred inflows of resources	179,444	133,364	81,327	46,080	34.6%	52,037	64.0%
Net position (deficit)							
Net investment in capital assets	(355,298)	(428,662)	(336,553)	73,364	17.1%	(92,109)	-27.4%
Restricted for construction	2,328	2,258	2,181	70	3.1%	77	3.5%
Restricted for debt service	203,653	213,674	147,436	(10,021)	-4.7%	66,238	44.9%
Restricted for payment assistance program	2,306	1,716	4,653	590	34.4%	(2,936)	-63.1%
Unrestricted	82,669	20,589	(49,299)	62,080	-301.5%	69,888	141.8%
Total net position (deficit)	\$ (64,342)	\$ (190,425)	\$ (231,582)	\$ 126,082	66.2%	\$ 41,157	17.8%

In total, GLWA ended June 30, 2025 with a \$64.3 million net deficit. This represents the net deficit for the water fund of \$76.3 million and a net position of \$12 million for the sewage disposal fund. The net deficit as of June 30, 2024 was \$190.4 million. This is the combined net deficit of \$111.1 million for the water fund and \$79.3 million for the sewage disposal fund. The improvement in the net position for the year ended June 30, 2025 of \$126.1 million was due to a \$34.8 increase in the water fund and a \$91.3 million increase in the sewer fund. These amounts are reported in the Statement of Revenues, Expenses, and Changes in Net Position.

There are three general components of a net position, further discussed below, which could contribute to 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.

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

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 2025 was a deficit balance of \$355.3 million and the balance for 2024 was a deficit balance of \$428.7 million. A unique historical driver of this deficit is the accounting requirement for the start-up of GLWA on January 1, 2016, 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 capital assets resulted in a significant increase in the book value of capital assets of \$1.6 billion which, in turn, has increased annual depreciation expense over the remaining life of the asset. Over time, the valuation impact will diminish. The improvement of \$73.4 million in 2025 was mainly due to capital additions being larger than depreciation and the change in the debt. The decrease of \$92.1 million in 2024 was mainly a result of depreciation expense and the change in the debt being more than the capital additions.

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, 2025 and 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 MBO requires funds to be set aside monthly for debt service so that the funds are available when the debt service payments are due. Changes in this category can be related to a change in the debt reserve requirement or in the amount of funds being set aside. During 2024 the debt reserve requirement set to zero. The total amount restricted at June 30, 2025 was \$203.7 million and the amount at June 30, 2024 was \$213.7 million. The change in 2025 and 2024 are mainly related to a change in the debt service requirements.

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. Amounts will vary year to year depending on timing of the expenditures. The decrease in 2024 is a result of modifications to the WRAP program and was expected due to increased outreach and participation.

Unrestricted net position is generally defined as the net result of the other components of total net position. The unrestricted net position is \$82.7 million as of June 30, 2025 and \$20.6 million as of June 30, 2024. The unrestricted account activities contributed to an increase in unrestricted net position in 2025 and in 2024 of \$62.1 million and \$69.9 million, respectively.



GLWA Water Resource Recovery Facility

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

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 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Operating revenues	\$ 884,068	\$ 835,531	\$ 845,686	\$ 48,537	5.8%	\$ (10,155)	-1.2%
Operating expenses	651,379	646,638	660,786	4,742	0.7%	(14,149)	-2.1%
Operating income	232,689	188,893	184,900	43,795	23.2%	3,993	2.2%
Nonoperating revenues (expenses)	(147,300)	(188,168)	(199,359)	(40,869)	-21.7%	(11,191)	-5.6%
Income (loss) before capital contributions	85,389	725	(14,459)	84,664	-11677.7%	15,184	105.0%
Capital contributions	40,693	40,432	2,176	261	0.6%	38,256	1758.1%
Change in net position	126,082	41,157	(12,283)	84,925	-206.3%	53,440	435.1%
Net position (deficit), beginning of year	(190,425)	(231,582)	(219,299)	41,157	17.8%	(12,283)	-5.6%
Net position (deficit), end of year	\$ (64,342)	\$ (190,425)	\$ (231,582)	\$126,082	66.2%	\$ 41,157	17.8%

Net position increased \$126.1 million in 2025 which is an improvement of \$84.9 million when compared to 2024. This is mostly attributed to an increase in operating revenue of \$48.5 million and a decrease in nonoperating expense of \$40.9 million. The decrease in nonoperating expense is a mainly due to a decrease in amortization of debt cost and cost of issuances of \$30.1 million. The decrease in the amortization of debt costs are a result of the debt refunding transactions that occurred during fiscal year 2024.

Following is a detailed discussion of the significant changes by each service area. The discussion starts with the Centralized Services and Administrative Services costs. These service areas serve both the water and sewage disposal system are allocated to the Water Fund and the Sewage Disposal Fund based upon a monthly analysis. We begin with discussing the centralized and administrative costs because the explanations impact both the Water Fund and Sewage Disposal Fund variances. The tables provide an analysis of operating expenses and the change in the costs allocated to the Water Fund and the Sewage Disposal Fund. Following this discussion is the Water Fund and Sewage Disposal Fund analysis.



GLWA Hubbell-Southfield Facility

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

Centralized Services and Administrative Services

The following table summarizes the activity for centralized services and administrative services. This table is net of the GASB Statement No. 87, Leases and GASB Statement No. 96, Subscription-Based Information Technology Arrangements adjustments used for financial reporting purposes to comply with general accepted accounting principles. Each fund must pay for the total costs incurred before the GASB adjustments. The allocation to each fund of centralized and administrative services before the GASB adjustments are shown in Note 1.

	Centralized and Administrative Services (\$000)										
	Fiscal Year			Change 2025 vs 2024				Change 2024 vs 2023			
				Amount	Percent	Variance Allocation		Amount	Percent	Variance Allocation	
	2025	2024	2023			Water	Sewer			Water	Sewer
Centralized Services											
Personnel	\$ 40,145	\$ 37,475	\$ 33,708	\$ 2,670	7.1%	\$ 1,436	\$ 1,234	\$ 3,767	11.2%	\$ 1,646	\$ 2,121
Contractual											
Services	64,824	57,897	54,652	6,927	12.0%	4,778	2,149	3,245	5.9%	(1,016)	4,261
Utilities	243	184	170	59	32.1%	31	28	14	8.2%	7	7
Supplies and other expenses	15,129	11,838	10,797	3,291	27.8%	3,151	141	1,041	9.6%	517	525
Total Centralized Services	\$120,341	\$107,394	\$ 99,327	\$12,947		\$ 9,396	\$ 3,552	\$ 8,067		\$ 1,154	\$ 6,914
Administrative Services											
Personnel	\$ 23,335	\$ 21,821	\$ 19,429	\$ 1,514	6.9%	\$ 757	\$ 757	\$ 2,392	12.3%	\$ 1,196	\$ 1,196
Contractual											
Services	14,326	12,671	13,741	1,655	13.1%	(380)	2,035	(1,070)	-7.8%	1,562	(2,632)
Utilities	154	152	160	1	0.7%	1	1	(8)	-5.0%	(4)	(4)
Supplies and other expenses	1,655	1,854	1,510	(200)	-10.8%	(24)	(176)	345	22.8%	86	259
Total Administrative Services	\$ 39,470	\$ 36,498	\$ 34,840	\$ 2,970		\$ 354	\$ 2,617	\$ 1,659		\$ 2,840	\$ (1,181)

Centralized services personnel costs increased \$2.7 million in 2025. This increase is due to the filing of twelve vacant positions for security personnel and control systems support as well as a mid-year pay adjustment. 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 hiring of the capital improvement plan (CIP) team members for work which was previously performed by contractors.

Administrative personnel costs increased \$1.5 million in 2025. This increase is due to the filing of two vacant positions (one in both Organizational Development and Financial Services), as well as mid-year adjustment affecting both wages and benefits. Administrative personnel costs increased \$2.4 million in 2024. This increase is mostly due to filling vacant positions and supporting newer initiatives such as grant management.

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.

Centralized contractual services increased \$6.9 million in 2025, mainly due to the following.

- Increase of \$5.5 million in costs for maintenance of facilities shared with the Detroit Water and Sewerage Department (\$4.3 million) and elevator maintenance (\$1.2 million).
- Increase of \$0.8 million for professional staff augmentation in support of an electrician apprenticeship program.
- Increase of \$0.5 million for continued coordination of research projects with local universities.
- Decrease of \$0.9 million in Capital Improvement Planning due to reduced use of outside contractors for CIP development.

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

Centralized contractual services increased \$3.2 million in 2024. The major variances are provided below.

- Increase of \$1.5 million in telecom service fees due to the renewal of the AT&T contract services.
- Increase of \$1.0 million in shared service net credits received in FY 2023 not repeated in FY 2024.
- Increase of \$1.2 million due to electrician services and low voltage wiring task order services through the Lakeshore Global Corporation contract.
- Increase of \$1.4 million 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.
- Decrease of \$0.7 million in emergency repairs of linear assets.
- Decrease of \$1.0 million in linear system integrity project activity.

Administrative contractual services increased \$1.7 million in 2025. The major variances are provided below.

- Increase of \$0.9 million in premium for insurance policies and policy agreements.
- Increase of \$0.8 million in the Financial Services Area for contracts supporting the implementation of the new ERP system.

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.

Centralized supplies and other expenses increased in 2025 by \$3.3 million. The major variances are provided below.

- Increase of \$3.0 million for costs associated with a significant water main break.
- Increase of \$0.5 million due to increased cost for off-site data storage and recovery services.
- Decrease of \$0.2 million in costs associated with the purchase of tablets in 2024 in preparation for implementation of the Enterprise Asset Management (EAM) system.

Centralized supplies and other expenses increased in 2024 by \$1.0 million. The major variances are detailed below.

- Increase in capital outlay of \$0.7 million in the Information Technology 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



GLWA Water Works Park Water Treatment Facility

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

Water Fund

Water Fund Changes in Net Position (\$000)								
Fiscal Year					Change 2025 vs 2024		Change 2024 vs 2023	
2025	Percentage of Operating Revenue	2024	2023	Amount	Percent	Amount	Percent	
Wholesale charges	\$ 348,976 92.7%	\$ 337,511	\$ 340,594	\$ 11,465	3.4%	\$ (3,083)	-0.9%	
Charges to local system	27,095 7.2%	25,537	22,834	1,558	6.1%	2,703	11.8%	
Bad debt recovery credit	- 0.0%	(5,153)	-	5,153	100.0%	(5,153)	-100.0%	
Other revenues	383 0.1%	655	351	(272)	-41.5%	304	86.6%	
Total operating revenues	376,455 100.0%	358,551	363,779	17,904	5.0%	(5,228)	-1.4%	
Operating expenses	274,020 72.8%	272,350	285,219	1,670	0.6%	(12,869)	-4.5%	
Operating Income	102,434 27.2%	86,201	78,560	16,234	18.8%	7,641	9.7%	
Nonoperating revenues (expenses)	(70,975) -18.9%	(83,786)	(93,154)	12,811	15.3%	9,368	10.1%	
Income (loss) before capital contributions	31,459 8.4%	2,415	(14,594)	29,044	1202.8%	17,009	116.5%	
Capital contributions	3,349	10,314	-	(6,965)	-67.5%	10,314	100.0%	
Change in net position	34,807	12,729	(14,594)	22,079	173.5%	27,323	187.2%	
Net position (deficit), beginning of year	(111,131)	(123,860)	(109,266)	12,729	10.3%	(14,594)	-13.4%	
Net position (deficit), end of year	\$ (76,324)	\$ (111,131)	\$ (123,860)	\$ 34,807	31.3%	\$ 12,729	10.3%	

The 2025 wholesale charges increase is mainly due to the board approved charge increase which averaged 3.0% for the wholesale charges. Although there was an average wholesale charge increase of 2.1% in 2024, the wholesale customer charges were less than expected due to a decrease in usage volume from the budgeted volume assumption. The bad debt recovery credit of \$5.2 million was provided to wholesale customers and the local system in 2024 and is related to the Highland Park settlement.

The increase in the charges to the local system in 2025 and in 2024 were as expected based on the board approved charges.

Capital contributions relate to grants received for capital projects and will vary year to year as grants are awarded.



GLWA Springwells Water Treatment Facility

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

The following table outlines the Water Fund operating expenses.

		Water Fund Operating Expenses (\$000)						
		Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
		Percentage of Operating Expense						
	2025		2024	2023	Amount	Percent	Amount	Percent
Personnel	\$ 57,470	21.0%	\$ 52,363	\$ 46,916	\$ 5,106	9.8%	\$ 5,447	11.6%
Contractual services	55,173	20.1%	49,221	50,198	5,952	12.1%	(977)	-1.9%
Utilities	30,875	11.3%	32,695	33,437	(1,821)	-5.6%	(741)	-2.2%
Chemicals	14,112	5.1%	11,947	12,690	2,165	18.1%	(743)	-5.9%
Supplies and other	16,513	6.0%	11,584	11,926	4,929	42.5%	(342)	-2.9%
Total operating expenses before depreciation and amortization	174,142	63.6%	157,811	155,167	16,331	10.3%	2,644	1.7%
Depreciation and amortization	99,879	36.4%	114,539	130,052	(14,661)	-12.8%	(15,513)	-11.9%
Total Operating Expenses	\$ 274,020	100.0%	\$ 272,350	\$ 285,219	\$ 1,670	0.6%	\$ (12,869)	-4.5%

Operating expenses of \$274.0 million represent 72.8 percent of total operating revenues. Depreciation and amortization are the larger category of expense at 36.4 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 \$2.2 million for 2025 and \$2.8 million in 2024. The remaining personnel increase of \$2.9 million in 2025 is due to 21 vacant positions being filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits. The remaining increase of \$2.6 million in 2024 is due to 15 vacant positions that were filled, as well as promotions, merit increases and a mid-year adjustment.

The increase in contractual services of \$6 million in 2025 is a result of variances throughout various cost centers. The major variances are described below:

- Increase of \$1.0 million for dredging of alum sludge at the water treatment plants. This varies by facility, by year, based on the turbidity (particulate matter) of the source water being treated.
- Increase of \$0.9 million for HVAC at Water Works Park and Northeast water treatment plants.
- Increase of \$4.4 million in the centralized and administrative services allocation.

The decrease in contractual services of \$1 million in 2024 is a net result of variances throughout various cost centers. The major variances are listed 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.
- 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 \$1.2 million related to intergovernmental reimbursements which vary annually.
- Decrease of \$1.0 million in Lake Huron water plant contractual operating expense primarily due to the timing of sludge removal activity.
- Decrease of \$0.5 million in Water Works Park water plant contractual operating services primarily due to a reduction in as needed work and expense associated with a project that was unique to FY 2023.

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The utilities cost decrease in 2025 was mainly related to a decrease in the electric Power Supply Cost Recovery (PSCR) factor of 78%. The utilities cost decrease in 2024 was mainly due less usage due to water demand decreases.

Chemical costs increased in 2025 due to compliance with new lead and copper rules for water treatment. The new rules required increased use orthophosphates for the Corrosion Control Program. Chemical costs decreased in 2024 due to a decrease in the amount of water produced because of a reduction in water usage by customers, as well as bulk chemical price stabilization and reductions.

Supplies and Other cost increased in 2025 by \$4.9 million. Major variances, which total \$4.7 million are listed below:

- Increase of \$1.6 million for equipment reliability maintenance at the water treatment facilities (\$1.1 million) and water booster stations (\$0.5 million)
- Increase of \$3.1 million allocated from centralized and administrative services.

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

Water Fund Nonoperating Revenue (Expenses) (\$000)								
Fiscal Year				Change 2025 vs 2024		Change 2024 vs 2023		
2025	Percentage of Nonoperating Expense	2024	2023	Amount	Percent	Amount	Percent	
Earnings (loss) on investments								
\$ 22,277	-31.4%	\$ 27,287	\$ 16,724	\$ (5,010)	-18.4%	\$ 10,563	63.2%	
Interest income on other receivables								
23,205	-32.7%	24,107	24,662	(901)	-3.7%	(556)	-2.3%	
Interest expense								
(132,358)	186.5%	(134,601)	(131,162)	2,243	1.7%	(3,439)	-2.6%	
Legacy pension recovery (expense)								
(1,085)	1.5%	(2,403)	7,444	1,318	54.9%	(9,847)	-132.3%	
Water Residential Assistance Program								
(1,626)	2.3%	(2,938)	(5,023)	1,311	44.6%	2,086	41.5%	
Other								
18,611	-26.2%	4,762	(5,798)	13,849	290.9%	10,560	182.1%	
Total Nonoperating Revenue (Expenses)								
\$ (70,975)	100.0%	\$ (83,786)	\$ (93,154)	\$ 12,811	15.3%	\$ 9,368	10.1%	

Earnings on investments decreased \$5.0 million in 2025 and increased by \$10.6 million in 2024. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates increased during fiscal year 2023 and remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025.

Interest income on other receivables decreased for 2025 and 2024 as the balances are being paid down.

The decrease in interest expense in 2025 is a result of two bond refinancing transactions that occurred during fiscal year June 2024. The increase in 2024 is a result of the revenue bonds issued in December 2023. These increases were partially offset with refunding bonds in December 2023. Part of the increase is also related to an increase in state revolving fund loans.

The legacy pension expense decreased in 2025 and increased in 2024. 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.

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WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP. 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 participation.

Other revenue (expense) had a positive increase in fiscal year 2025 of \$13.85 million mainly due to a positive increase of \$11.6 million in the amortization of debt related items. The largest of which is the increase in amortization of bond premium (\$3 million) and decrease in amortization of insurance on debt (\$6 million) related to the release of reserves in 2024. The positive increase in fiscal year 2024 of \$10.6 million is due the effect of a unique capital program 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.

Sewage Disposal Fund

Sewage Disposal Fund Changes in Net Position (\$000)								
Fiscal Year					Change 2025 vs 2024		Change 2024 vs 2023	
2025	Percentage of Operating Revenue	2024	2023	Amount	Percent	Amount	Percent	
Wholesale charges	\$ 287,691 56.7%	\$ 282,767	\$ 275,918	\$ 4,924	1.7%	\$ 6,850	2.5%	
Charges to local system	205,925 40.6%	196,570	191,042	9,355	4.8%	5,527	2.9%	
Industrial waste charges	8,849 1.7%	8,617	8,393	232	2.7%	224	2.7%	
Pollutant surcharges	4,584 0.9%	4,089	4,895	495	12.1%	(806)	-16.5%	
Bad debt recovery credit	- 0.0%	(15,557)	-	15,557	100.0%	(15,557)	-100.0%	
Other revenues	565 0.1%	494	1,660	70	14.2%	(1,166)	-70.2%	
Total operating revenues	507,614 100.0%	476,980	481,907	30,633	6.4%	(4,927)	-1.0%	
Operating expenses	377,359 74.3%	374,287	375,567	3,071	0.8%	(1,279)	-0.3%	
Operating Income	130,255 25.7%	102,693	106,341	27,562	26.8%	(3,648)	-3.4%	
Nonoperating revenues (expenses)	(76,324) -15.0%	(104,382)	(106,206)	28,058	26.9%	1,823	1.7%	
Income (loss) before capital contributions	53,931 10.6%	(1,690)	135	55,620	3291.8%	(1,825)	-1350.6%	
Capital contributions	37,344 7.4%	30,118	2,176	7,226	24.0%	27,942	1284.1%	
Change in net position	91,275 18.0%	28,429	2,311	62,846	221.1%	26,118	1130.1%	
Net position (deficit), beginning of year	(79,294)	(107,722)	(110,033)	28,429	26.4%	2,311	2.1%	
Net position (deficit), end of year	\$ 11,981	\$ (79,294)	\$ (107,722)	\$ 91,275	115.1%	\$ 28,429	26.4%	

The 2025 wholesale charges increase is mainly due to the board approved charge increase which averaged 3.0% for the wholesale charges. Operating revenues are primarily from wholesale sewer charges of \$287.7 million (56.7 percent of Sewage Disposal Fund revenues). Wholesale charges increased by \$4.9 million in 2025.

The charges to local system increases in 2025 and 2024 were as expected based on the adopted budget and the calculation of charges.

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Industrial waste charges and pollutant surcharges represent 2.6 percent of operating revenue which are charged to non-residential users.

Capital contributions vary year by year. The capital contributions in 2025 are from grants of \$15 million and an OMIDD capital asset turnovers of \$22 million. The majority of the 2024 increase is related to capital contributions related to grants received for capital projects.

The following table details the Sewage Disposal Fund operating expenses.

Sewage Disposal Fund Operating Expenses (\$000)								
Fiscal Year					Change 2025 vs 2024		Change 2024 vs 2023	
2025	Percentage of Operating Expense	2024	2023	Amount	Percent	Amount	Percent	
Personnel	\$ 75,500 20.0%	\$ 69,507	\$ 64,904	\$ 5,992	8.6%	\$ 4,603	7.1%	
Contractual services	68,614 18.2%	60,558	62,414	8,056	13.3%	(1,856)	-3.0%	
Utilities	36,184 9.6%	39,243	43,840	(3,059)	-7.8%	(4,597)	-10.5%	
Chemicals	20,273 5.4%	19,128	17,852	1,145	6.0%	1,276	7.1%	
Supplies and other	27,405 7.3%	30,510	22,646	(3,105)	-10.2%	7,864	34.7%	
Total operating expenses before depreciation and amortization	227,976 60.4%	218,946	211,656	9,030	4.1%	7,290	3.4%	
Depreciation and amortization	149,383 39.6%	155,341	163,911	(5,958)	-3.8%	(8,569)	-5.2%	
Total Operating Expenses	\$ 377,359 100.0%	\$ 374,287	\$ 375,567	\$ 3,071	0.8%	\$ (1,279)	-0.3%	

Operating expenses of \$377.6 million represent 74.3 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 39.6 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 \$6 million in 2025 and \$4.6 million in 2024. The personnel cost allocations from both Centralized and Administrative charges increase \$2 million for 2025 and \$3.3 million for 2024. The remaining increase of \$2.6 million in 2025 is due to 20 vacant positions filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits. The remaining increase of \$1.3 million in 2024 is due to personnel cost increase related to 20 vacant positions that were filled as well as merit increases.

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 increased by \$8.1 million in 2025. The major variances are detailed below:

- Increase of \$1.7 million for specialized staff augmentation and related services.
- Increase of \$2.3 million related to an organization wide controls and cyber security system upgrade.
- Increase of \$4.2 million from centralized and administrative services allocation

Contractual services decreased \$1.9 million in 2024 which is mainly due to the following:

- Increase of \$1.6 million in the centralized services and administrative services allocation.
- Increase of \$1.4 million related to increased unit costs per ton for sludge disposal 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

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- 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 usage of Water Resource Recovery Facility (WRRF) facilities maintenance services.

Utilities decreased \$3.1 million in 2025 mainly due to the following.

- Electric - Decrease of \$0.8 million was primarily the result of a reduction in the Power Supply Cost Recovery (PSCR) factor.
- Gas - Increase of \$0.2 million mainly due to change in the cost per MMBtu during the year.
- Water - Decrease of \$2.1 million due three factors. An accrual for a back billing true-up was included in 2024 (\$1.0 million), Operational control of water use at the Water Resource Recovery Facility and CSOs (\$1.0 million), and significant leak was repaired at a CSO facility(\$0.1 million)
- Sewage - Decrease of \$0.4 million due to reduced use at the WRRF and CSO facilities

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.

The increase in chemicals in 2025 is due to increased volume of ferric chloride to remove phosphorus from primary influent and sodium hypochlorite due to wet weather events. 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 supplies and other expenses decreased of \$3.1 million in 2025 mainly due to a decrease of \$2.6 million in repairs and maintenance of equipment and facilities which was elevated in 2024. The reductions include:

- Decrease of \$1.6 million for incineration processing repairs & maintenance
- Decrease of \$0.6 million at Blue Hill pumping station for equipment replacement in 2024, not required in 2025.
- Decrease of \$0.5 million in primary process repairs & maintenance for grit system improvements in 2024, not required in 2025

The supplies and other expenses increased \$7.9 million in 2024. The major variances which total \$7.3 million are listed 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 \$0.8 million in the centralized and administrative services allocation.
- 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.

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Management's Discussion and Analysis

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

Sewage Disposal Fund Nonoperating Revenue (Expenses) (\$000)								
Fiscal Year					Change 2025 vs 2024		Change 2024 vs 2023	
2025	Percentage of Nonoperating Expense	2024	2023		Amount	Percent	Amount	Percent
Earnings (loss) on investments	\$ 26,518 -34.7%	\$ 34,566	\$ 20,877	\$ (8,049)	-23.3%	\$ 13,689	65.6%	
Interest income on other receivables	15,086 -19.8%	15,748	16,397	(662)	-4.2%	(649)	-4.0%	
Interest expense	(139,149) 182.3%	(144,357)	(140,129)	5,208	3.6%	(4,228)	-3.0%	
Legacy pension recovery (expense)	(1,942) 2.5%	(4,300)	13,322	2,359	54.9%	(17,622)	-132.3%	
Water Residential Assistance Program	(2,202) 2.9%	(3,835)	(7,319)	1,633	42.6%	3,484	47.6%	
Other	25,365 -33.2%	(2,205)	(9,354)	27,569	1250.4%	7,149	76.4%	
Total Nonoperating Revenue (Expenses)	\$ (76,324) 100.0%	\$ (104,382)	\$ (106,206)	\$ 28,058	26.9%	\$ 1,823	1.7%	

Earnings on investments decreased by \$8.1 million in 2025 and increased by \$13.7 million in 2024. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates increased during fiscal year 2023 and remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025.

Interest earnings on other receivables have decreased for 2025 and 2024 as the balances are being paid down.

The decrease in interest expense in 2025 is a result of two refinancing bond transactions that occurred during fiscal year June 2024. The increase in 2024 is a result of the revenue bonds issued in December 2023. These increases were partially offset with refunding bonds in December 2023. Part of the increase is also related to an increase in state revolving fund loans.

The legacy pension expense decreased in 2025 and increased in 2024. 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.

WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP. 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 participation.

Other revenue (expense) had a positive increase in fiscal year 2025 of \$27.6 million mainly due to a positive increase of \$18.5 million in the amortization of debt related items. The largest of which is the increase in the amortization of bond premium (\$3.7 million) and decrease in amortization of insurance on debt (\$9 million) related to the release of reserves in 2024. The other largest item is an increase in grants and loan forgiveness of \$17.3 million offset by a decrease in insurance proceeds of \$7.3 million. The \$7.1 million positive change in 2024 is mainly due to an insurance settlement received during the year as amortization of debt related items were consistent with FY 2023.

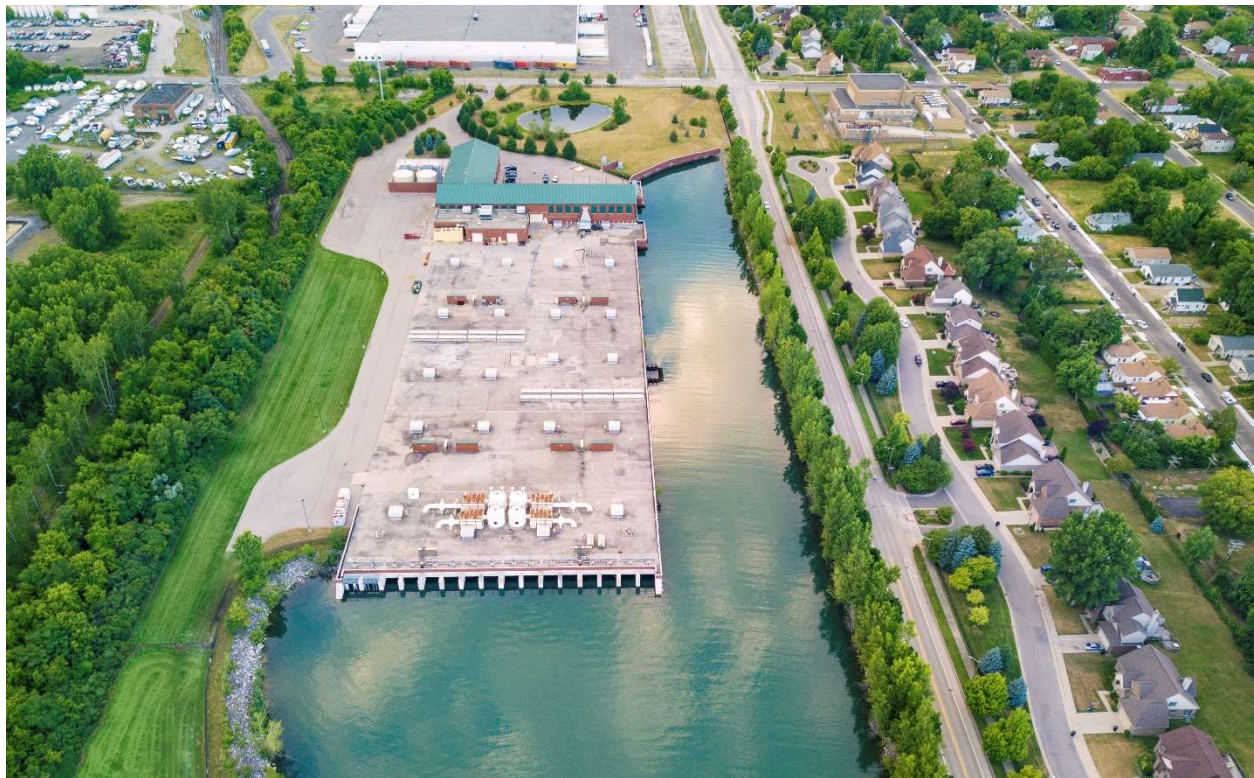
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Management's Discussion and Analysis

Capital Assets and Debt Administration

GLWA's investment in capital assets is \$4.6 billion (net of accumulated depreciation) with \$2.1 billion assigned to the Water Fund and \$2.5 billion assigned to the Sewage Disposal Fund. 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 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Land	\$ 62,975	\$ 62,975	\$ 62,975	\$ -	0.0%	\$ -	0.0%
Easements	357,465	357,465	357,457	-	0.0%	7	0.0%
Construction in progress	1,038,756	747,901	662,933	290,854	38.9%	84,969	12.8%
Site improvements	32,857	33,486	39,640	(629)	-1.9%	(6,155)	-15.5%
Buildings and structures	1,156,003	1,198,512	1,227,922	(42,509)	-3.5%	(29,410)	-2.4%
Infrastructure	958,615	986,225	922,572	(27,610)	-2.8%	63,653	6.9%
Machinery and equipment	883,056	974,016	1,021,687	(90,959)	-9.3%	(47,672)	-4.7%
Vehicles	8,217	8,323	7,901	(106)	-1.3%	422	5.3%
Leasehold improvements	9,668	10,471	9,521	(803)	-7.7%	950	10.0%
Intangible assets	96,715	100,762	96,033	(4,047)	-4.0%	4,728	4.9%
Total capital assets (net of depreciation and amortization)	<u>\$ 4,604,326</u>	<u>\$ 4,480,135</u>	<u>\$ 4,408,642</u>	<u>\$ 124,191</u>	2.8%	<u>\$ 71,493</u>	1.6%



GLWA Conner Creek Facility

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Management's Discussion and Analysis

Water Fund

The following tables provide a summary of the Water Fund capital assets.

	Water Fund Capital Assets, Gross (\$000)						
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Land	\$ 34,478	\$ 34,478	\$ 34,478	\$ -	0.0%	\$ -	0.0%
Easements	259,146	259,146	259,139	-	0.0%	7	0.0%
Construction in progress	547,906	412,632	374,244	135,275	32.8%	38,388	10.3%
Site improvements	86,196	82,863	84,054	3,333	4.0%	(1,191)	-1.4%
Buildings and structures	619,359	613,476	611,874	5,883	1.0%	1,602	0.3%
Infrastructure	796,107	791,207	687,000	4,899	0.6%	104,207	15.2%
Machinery and equipment	889,293	874,929	842,523	14,363	1.6%	32,406	3.8%
Vehicles	7,996	6,742	6,256	1,254	18.6%	487	7.8%
Leasehold improvements	8,422	8,422	8,422	-	0.0%	0	0.0%
Intangible assets	115,842	114,479	109,696	1,364	1.2%	4,782	4.4%
Accumulated depreciation and amortization	(1,223,453)	(1,123,660)	(1,016,489)	(99,793)	8.9%	(107,171)	10.5%
Total water fund capital assets (net of depreciation and amortization)	<u>\$ 2,141,292</u>	<u>\$ 2,074,715</u>	<u>\$ 2,001,197</u>	<u>\$ 66,577</u>	3.2%	<u>\$ 73,518</u>	3.7%

	Water Fund Capital Assets, Net (\$000)						
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Land	\$ 34,478	\$ 34,478	\$ 34,478	\$ -	0.0%	\$ -	0.0%
Easements	259,146	259,146	259,139	-	0.0%	7	0.0%
Construction in progress	547,906	412,632	374,244	135,275	32.8%	38,388	10.3%
Site improvements	18,721	17,801	22,560	920	5.2%	(4,758)	-21.1%
Buildings and structures	356,634	369,910	389,421	(13,276)	-3.6%	(19,511)	-5.0%
Infrastructure	463,698	477,494	400,027	(13,796)	-2.9%	77,467	19.4%
Machinery and equipment	364,639	403,379	421,616	(38,740)	-9.6%	(18,236)	-4.3%
Vehicles	3,484	3,150	3,233	334	10.6%	(83)	-2.6%
Leasehold improvements	5,590	6,142	6,698	(552)	-9.0%	(556)	-8.3%
Intangible assets	86,996	90,583	89,783	(3,587)	-4.0%	801	0.9%
Total water fund capital assets (net of depreciation and amortization)	<u>\$ 2,141,292</u>	<u>\$ 2,074,715</u>	<u>\$ 2,001,197</u>	<u>\$ 66,577</u>	3.2%	<u>\$ 73,518</u>	3.7%

Water Fund additions to the depreciable asset categories in 2025 and 2024 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2025 was \$156.2 million and amount placed in service was \$20.9 million. Total additions to construction in progress in FY 2024 was \$175.0 million and the amount placed in service was \$136.6 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/>.

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Management's Discussion and Analysis

Water Fund (millions)								
Project Number	Description	Expected Completion Date	Project Plan Estimate	Expenditures		Placed in Service		CIP at 6/30/2025
				FY 2024	FY 2025	FY 2024	FY 2025	
122004	96" Water Transmission Main Relocation and Isolation Valve Installations	FY29	\$ 237.6	\$ 39.9	\$ 29.2	\$ -	\$ -	\$ 119.9
122013	14 Mile Transmission Main Loop	FY25	113.5	32.1	4.6	-	-	93.8
114002	Springwells Water Treatment Plant Low and High Lift Pumping Station Improvements	FY35	315.7	16.8	30.1	17.6	-	55.9
132010	West Service Center Pumping Station - Reservoir, Reservoir Pumping and Divison Valve Upgrades	FY26	47.8	2.7	1.3	-	-	46.9
115001	Water Works Park Water Treatment Plant Yard Piping, Valves and Venturi Meters Replacement	FY26	56.1	13.0	8.4	-	4.1	46.5
170802	Reservoir Inpsection, Design and Construction Management Services Phase II	FY29	55.7	7.5	16.7	0.7	4.9	21.1
170602	36" 24 Mile Rd. Transmission Main	FY27	23.1	2.5	17.8	-	-	20.3
116002	Pennsylvania and Springwells Raw Water Supply Tunnel Improvements	FY26	98.8	11.8	10.0	76.0	-	10.3
114017	Springwells Water Treatment Plant Flocculator Drive Replacements	FY27	27.8	7.6	6.5	-	12.0	3.2
170801	Reservoir Inspection, Design & Construction Project at Implay Station, Lake Huron WTP, Springwells WTP, Southwest WTP	FY25	25.4	1.9	0.0	16.5	-	-
170503	Transmission Mains Valves and Urgent Repairs Contract 2	FY26	16.1	2.9	0.0	14.1	-	2.1
	Other projects			36.3	31.7	11.7	0.0	127.9
	Total			\$ 175.0	\$ 156.2	\$ 136.6	\$ 20.9	\$ 547.9

GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

Sewage Disposal Fund

The following tables provide a summary of the Sewage Disposal Fund capital assets.

Sewage Disposal Fund Capital Assets, Gross (\$000)							
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Land	\$ 28,498	\$ 28,498	\$ 28,498	\$ -	0.0%	\$ -	0.0%
Easements	98,319	98,319	98,319	-	0.0%	-	0.0%
Construction in progress	490,850	335,270	288,689	155,580	46.4%	46,581	16.1%
Site improvements	54,176	53,028	52,833	1,148	2.2%	196	0.4%
Buildings and structures	1,197,418	1,192,543	1,166,942	4,875	0.4%	25,601	2.2%
Infrastructure	625,708	625,708	625,708	-	0.0%	-	0.0%
Machinery and equipment	1,478,512	1,435,846	1,373,756	42,666	3.0%	62,090	4.5%
Vehicles	10,886	9,958	8,393	928	9.3%	1,565	18.6%
Leasehold improvements	5,612	5,499	3,779	113	2.1%	1,720	45.5%
Intangible assets	13,386	12,023	7,240	1,364	11.3%	4,782	66.1%
Accumulated depreciation and amortization	(1,540,330)	(1,391,271)	(1,246,711)	(149,059)	10.7%	(144,560)	11.6%
Total sewage disposal fund capital assets (net of depreciation and amortization)	\$ 2,463,034	\$ 2,405,420	\$ 2,407,445	\$ 57,614	2.4%	\$ (2,025)	-0.1%

Sewage Disposal Fund Capital Assets, Net (\$000)							
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Land	\$ 28,498	\$ 28,498	\$ 28,498	\$ -	0.0%	\$ -	0.0%
Easements	98,319	98,319	98,319	-	0.0%	-	0.0%
Construction in progress	490,850	335,270	288,689	155,580	46.4%	46,581	16.1%
Site improvements	14,135	15,684	17,081	(1,549)	-9.9%	(1,396)	-8.2%
Buildings and structures	799,370	828,602	838,501	(29,233)	-3.5%	(9,899)	-1.2%
Infrastructure	494,917	508,731	522,545	(13,814)	-2.7%	(13,814)	-2.6%
Machinery and equipment	518,417	570,636	600,071	(52,219)	-9.2%	(29,435)	-4.9%
Vehicles	4,733	5,173	4,668	(440)	-8.5%	505	10.8%
Leasehold improvements	4,078	4,328	2,823	(251)	-5.8%	1,506	53.3%
Intangible assets	9,718	10,178	6,251	(460)	-4.5%	3,928	62.8%
Total sewage disposal fund capital assets (net of depreciation and amortization)	\$ 2,463,034	\$ 2,405,420	\$ 2,407,445	\$ 57,614	2.4%	\$ (2,025)	-0.1%

Sewage Disposal Fund additions to the depreciable asset categories in 2025 and 2024 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2025 was \$196.8 million and the amount placed in service was \$41.2 million. Total additions to construction in progress in FY 2024 was \$135.7 million and the amount placed in service was \$89.1 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 6/30/2025
				FY 2024	FY 2025	FY 2024	FY 2025	
222002	Detroit River Interceptor Evaluation and Rehabilitation	FY33	\$ 119.6	\$ 6.6	\$ 19.3	\$ -	\$ -	\$ 77.0
260701	Conveyance System Infrastructure Improvements	FY26	58.5	21.0	12.4	-	-	46.5
211006	Water Resource Recovery Facility Pump Station No. 1 Improvements	FY33	114.1	8.8	23.1	-	-	43.4
260204	Conveyance System Engineering Services	FY27	54.4	17.2	11.4	-	-	38.7
216006	Assessment and Rehabilitation of WRRF Yard Piping and Underground Utilities	FY29	38.0	4.4	12.1	-	-	22.5
212008	WRRF Aeration Improvements 1 and 2	FY30	213.7	7.0	11.1	-	-	19.3
232005	Freud Pump Station Improvements	FY30	151.0	0.2	13.0	-	-	17.7
222001	Oakwood Relief Sewer Modification	FY28	87.9	0.4	12.3	-	-	15.3
211008	Water Resource Recovery Facility Rehabilitation of Ferric Chloric Feed System in Pump Station 1 and Complex B Sludge Lines	FY25	13.4	2.3	0.1	-	12.9	-
232001	Fairview Pumping Station - Replace Four Sanitary Pumps	FY24	44.7	1.0	-	44.7	-	0.0
213007	Water Resource Recovery Facility Modification to Incinerator Sludge Feed Systems at Complex II	FY27	25.5	0.8	0.1	22.9	-	0.9
216004	Rehabilitation of Various Sampling Sites and Pump Station # 2 Ferric Chloride System at Water Resource Recovery Facility	FY24	8.0	0.2	-	7.9	-	-
	Other projects			65.8	81.8	13.6	6.2	209.6
OMIDD	Capital contribution - North Interceptor East Arm Project						22.1	
Total				<u>\$ 135.7</u>	<u>\$ 196.8</u>	<u>\$ 89.1</u>	<u>\$ 41.2</u>	<u>\$ 490.8</u>

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.

	Revenue Bonds and Loans (\$000)						
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Revenue bonds	\$ 4,840,960	\$ 4,813,825	\$ 4,840,395	\$ 27,135	0.6%	\$ (26,570)	-0.5%
State revolving loans	636,565	577,829	557,276	58,736	10.2%	20,553	3.7%
Total revenue bonds and loans	<u>\$ 5,477,525</u>	<u>\$ 5,391,654</u>	<u>\$ 5,397,671</u>	<u>\$ 85,871</u>	1.6%	<u>\$ (6,017)</u>	-0.1%

Water Fund

As shown in the table below, the total outstanding debt for the Water System is \$2.7 billion, increasing by \$155 million from the prior year. The Authority issued \$528.2 million in revenue bonds during the fiscal year, \$309.2 million of which were used to refund bonds which resulted in a net present value savings of \$27.1 million. The remaining amount of \$219.0 million will be used for water system capital improvements.

The Water System received \$58.1 million in new state revolving fund loans and received \$943 thousand in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was \$1.8 million as well as the \$943 thousand in loan forgiveness.

	Water Fund Revenue Bonds and Loans (\$000)						
	Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023	
	2025	2024	2023	Amount	Percent	Amount	Percent
Revenue bonds	\$ 2,427,660	\$ 2,317,305	\$ 2,279,260	\$ 110,355	4.8%	\$ 38,045	1.7%
State revolving loans	285,768	241,021	207,357	44,747	18.6%	33,664	16.2%
Total water revenue bonds and loans	<u>\$ 2,713,428</u>	<u>\$ 2,558,326</u>	<u>\$ 2,486,617</u>	<u>\$ 155,102</u>	6.1%	<u>\$ 71,709</u>	2.9%

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 \$69.2 million from the prior year. The Authority issued \$435.1 million in revenue bonds during the year, \$387.6 million of which was used to refund bonds which resulted in a net present value savings of \$34.4 million. The new money portion of \$47.5 million will be used for sewage disposal system capital improvements.

The Sewage Disposal System received \$87.1 million in new state revolving fund loans and received \$19.6 million in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was \$3.5 million and \$1.2 million in loan forgiveness.

Sewage Disposal Fund Revenue Bonds and Loans (\$000)							
Fiscal Year			Change 2025 vs 2024		Change 2024 vs 2023		
2025	2024	2023	Amount	Percent	Amount	Percent	
Revenue bonds	\$ 2,413,300	\$ 2,496,520	\$ 2,561,135	\$ (83,220)	-3.3%	\$ (64,615)	-2.5%
State revolving loans	350,798	336,808	349,919	13,990	4.2%	(13,111)	-3.7%
Total sewer revenue bonds and loans	<u>\$ 2,764,098</u>	<u>\$ 2,833,328</u>	<u>\$ 2,911,054</u>	<u>\$ (69,230)</u>	-2.4%	<u>\$ (77,726)</u>	-2.7%

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.

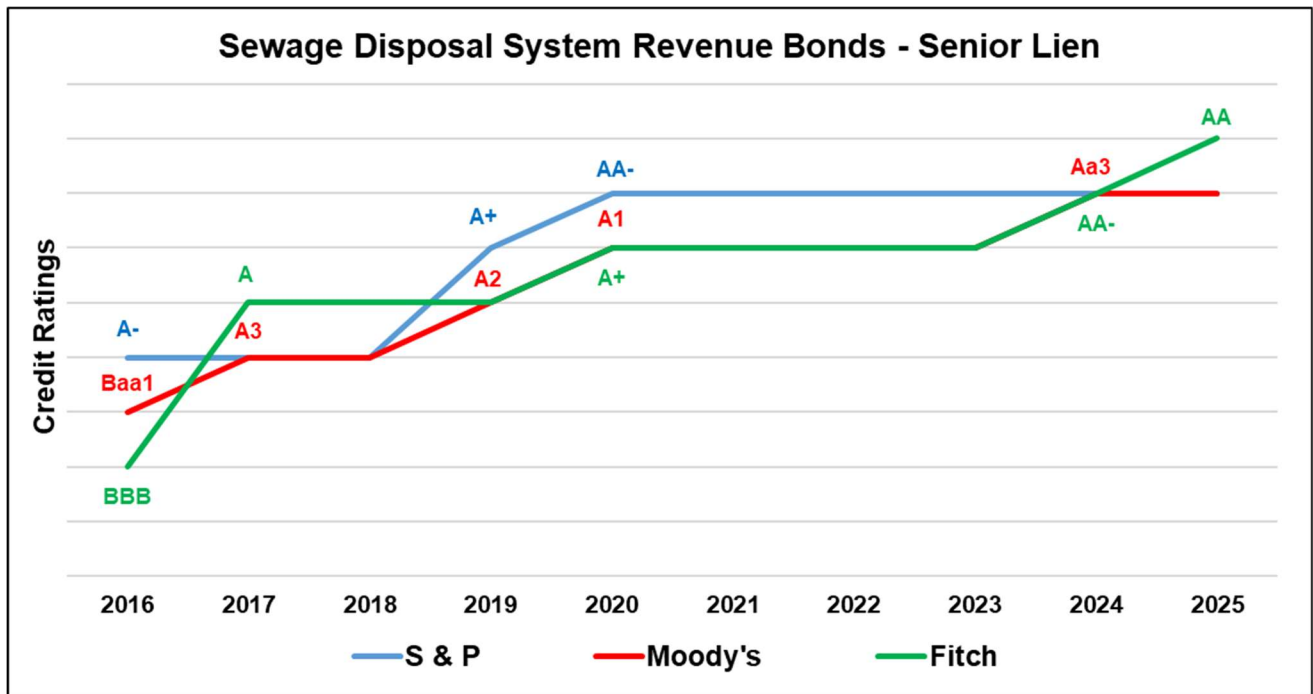
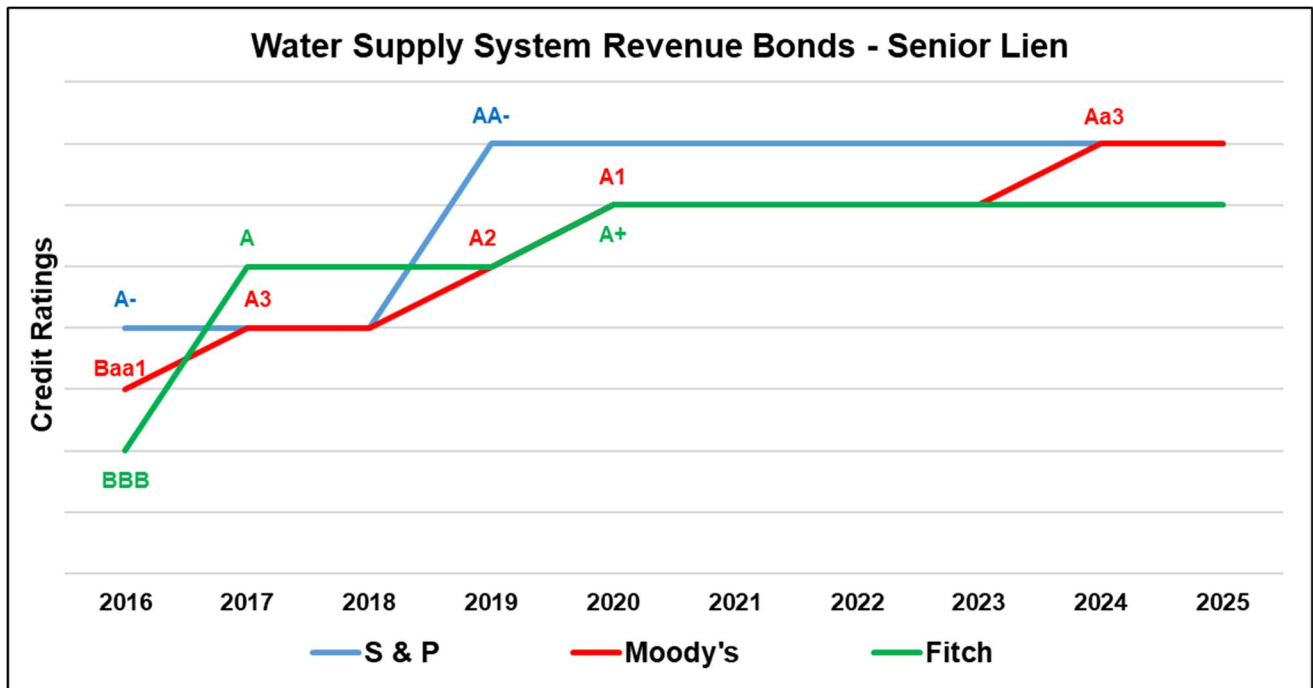
Credit Ratings

In 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. In May 2025, Moody and S&P Global Ratings affirmed the credit ratings. Fitch upgraded the sewage disposal system for the senior lien rating from AA- to AA and the second lien from A+ to AA-. Fitch affirmed the water supply ratings.

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



GREAT LAKES WATER AUTHORITY

Management's Discussion and Analysis

Economic Factors Affecting Next Year's Operations and Rates

On February 26, 2025, the GLWA Board adopted the biennial budget for the Authority for fiscal years 2026 and 2027.

Water Fund

For FY 2026 the budget increased by 6.1 percent. This translated into a regional system average charge increase of 5.9 percent and a wholesale member partner average charge increase of 5.5 percent. The charge to the local system increased 6.1 percent.

Sewage Disposal Fund

For FY 2025 the budget increased by 4.67 percent. This translated into a regional system average charge increase of 4.5 percent and a wholesale member partner average charge increase of 4.5 percent. The charge to the local system increased 4.4 percent.

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.



GLWA Lake Huron Water Treatment Facility

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BASIC FINANCIAL STATEMENTS

GREAT LAKES WATER AUTHORITY

STATEMENT OF NET POSITION

As of June 30, 2025

With Comparative Amounts at June 30, 2024

	Enterprise Funds		Total	2024 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
Assets				
Current Assets				
Cash and cash equivalents	\$ 207,381,565	\$ 228,149,918	\$ 435,531,483	\$ 443,798,752
Restricted cash and cash equivalents	58,223,438	93,453,897	151,677,335	307,389,483
Restricted cash for the benefit of DWSD	23,814,008	33,764,024	57,578,032	58,146,817
Investments	99,043,449	120,925,966	219,969,415	175,045,455
Restricted investments	123,128,174	129,190,790	252,318,964	100,776,070
Receivables, net	69,573,176	40,765,071	110,338,247	90,010,642
Due from other governments	2,325,228	9,473,911	11,799,139	6,517,578
Due from other funds	749,587	4,678,784	5,428,371	6,717,488
Contractual obligation receivable	22,858,664	17,768,589	40,627,253	38,734,494
Prepaid items and other assets	10,411,532	6,031,575	16,443,107	18,010,354
Inventories	-	11,016,188	11,016,188	10,420,267
Total Current Assets	617,508,821	695,218,713	1,312,727,534	1,255,567,400
Noncurrent Assets				
Restricted cash and cash equivalents	269,831,486	151,979,449	421,810,935	297,077,701
Restricted investments	1,892,680	5,176,154	7,068,834	7,325,544
Contractual obligation receivable	506,291,266	322,373,805	828,665,071	866,415,659
Prepaid lease	11,250,000	13,750,000	25,000,000	25,000,000
Capital assets				
Nondepreciable/nonamortizable	841,843,338	617,979,428	1,459,822,766	1,172,921,362
Depreciated/amortized, net	1,299,448,724	1,845,054,565	3,144,503,289	3,307,213,601
Total Noncurrent Assets	2,930,557,494	2,956,313,401	5,886,870,895	5,675,953,867
Total Assets	3,548,066,315	3,651,532,114	7,199,598,429	6,931,521,267
Deferred Outflows of Resources				
Deferred charge on refunding	22,155,705	43,993,954	66,149,659	75,062,279
Deferred pension amounts	1,964,893	3,516,536	5,481,429	14,891,972
Total Deferred Outflows of Resources	24,120,598	47,510,490	71,631,088	89,954,251

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

	Enterprise Funds		Total	2024 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 67,866,834	\$ 79,985,815	\$ 147,852,649	\$ 122,248,743
Accrued salaries, wages and benefits	3,793,297	651,333	4,444,630	2,767,908
Accrued liabilities	25,234,778	35,691,788	60,926,566	62,468,484
Due to other governments	10,626,406	922,632	11,549,038	7,203,563
Due to other funds	4,678,784	749,587	5,428,371	6,717,488
Interest payable	48,494,681	46,371,205	94,865,886	95,118,780
Current portion of				
Revenue bonds and loans	110,897,236	133,368,516	244,265,752	261,405,480
Raw water rights obligation	3,212,750	-	3,212,750	3,085,994
BC Note obligation	1,013,903	2,280,589	3,294,492	3,257,960
Regional system leases	6,443,173	7,874,989	14,318,162	13,734,365
Other liabilities	5,054,910	6,482,122	11,537,032	24,455,219
Total Current Liabilities	287,316,752	314,378,576	601,695,328	602,463,984
Noncurrent Liabilities				
Revenue bonds and loans	2,781,806,976	2,745,047,875	5,526,854,851	5,421,029,379
Raw water rights obligation	83,253,410	-	83,253,410	86,466,161
BC Note obligation	14,107,624	31,732,528	45,840,152	49,134,645
Regional system leases	381,543,557	466,331,015	847,874,572	862,192,735
Other liabilities	5,076,232	15,995,812	21,072,044	20,202,991
Net pension liability	10,588,001	18,949,159	29,537,160	37,046,052
Total Noncurrent Liabilities	3,276,375,800	3,278,056,389	6,554,432,189	6,476,071,963
Total Liabilities	3,563,692,552	3,592,434,965	7,156,127,517	7,078,535,947
Deferred Inflows of Resources				
Deferred gain on refunding	84,770,706	94,626,296	179,397,002	133,311,884
Deferred amounts for swap terminations	47,260	218	47,478	52,283
Total Deferred Inflows of Resources	84,817,966	94,626,514	179,444,480	133,364,167
Net Position (Deficit)				
Net investment in capital assets	(229,515,406)	(125,782,152)	(355,297,558)	(428,661,605)
Restricted for construction	-	2,327,795	2,327,795	2,258,067
Restricted for debt service	90,366,871	113,285,692	203,652,563	213,673,818
Restricted for payment assistance program	1,181,497	1,124,253	2,305,750	1,716,187
Unrestricted	61,643,433	21,025,537	82,668,970	20,588,937
TOTAL NET POSITION (DEFICIT)	\$ (76,323,605)	\$ 11,981,125	\$ (64,342,480)	\$ (190,424,596)

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, 2025

With Comparative Amounts at June 30, 2024

	Enterprise Funds		Total	2024 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
Operating Revenues				
Wholesale charges	\$ 348,976,278	\$ 287,690,760	\$ 636,667,038	\$ 620,278,257
Charges to local system	27,094,800	205,924,800	233,019,600	222,106,800
Industrial waste charges	-	8,849,415	8,849,415	8,617,495
Pollutant surcharges	-	4,583,986	4,583,986	4,088,519
Bad debt recovery credit	-	-	-	(20,709,400)
Other revenues	383,450	564,619	948,069	1,149,414
Total Operating Revenues	376,454,528	507,613,580	884,068,108	835,531,085
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	57,469,696	75,499,687	132,969,383	121,870,688
Contractual services	55,172,799	68,613,505	123,786,304	109,779,130
Utilities	30,874,851	36,184,430	67,059,281	71,938,730
Chemicals	14,111,802	20,273,321	34,385,123	31,075,405
Supplies and other expenses	16,512,555	27,404,987	43,917,542	42,093,447
Total operating expenses before depreciation and amortization	174,141,703	227,975,930	402,117,633	376,757,400
Depreciation	94,928,085	147,559,403	242,487,488	265,043,620
Amortization of intangible assets	4,950,504	1,823,544	6,774,048	4,836,584
Total Operating Expenses	274,020,292	377,358,877	651,379,169	646,637,604
Operating Income	102,434,236	130,254,703	232,688,939	188,893,481
Nonoperating Revenues (Expenses)				
Earnings (loss) on investments	22,277,144	26,517,724	48,794,868	61,853,367
Interest income from other receivables	23,205,372	15,086,077	38,291,449	39,854,908
Interest expense	(132,358,016)	(139,148,552)	(271,506,568)	(278,957,613)
Amortization of debt related items and cost of issuance	18,629,609	7,305,898	25,935,507	(4,154,979)
Legacy pension recovery (expense)	(1,084,873)	(1,941,578)	(3,026,451)	(6,703,433)
Water Residential Assistance Program	(1,626,102)	(2,202,336)	(3,828,438)	(6,772,438)
Other	(18,592)	18,058,628	18,040,036	6,711,713
Total Nonoperating Expenses	(70,975,458)	(76,324,139)	(147,299,597)	(188,168,475)
Income (loss) before capital contributions	31,458,778	53,930,564	85,389,342	725,006
Capital Contributions	3,348,636	37,344,138	40,692,774	40,432,239
Change in Net Position	34,807,414	91,274,702	126,082,116	41,157,245
NET POSITION (DEFICIT), Beginning of Year	(111,131,019)	(79,293,577)	(190,424,596)	(231,581,841)
NET POSITION (DEFICIT), END OF YEAR	\$ (76,323,605)	\$ 11,981,125	\$ (64,342,480)	\$ (190,424,596)

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, 2025 With Comparative Amounts at June 30, 2024

	Enterprise Funds		Total	2024 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
Cash Flows From Operating Activities				
Cash received from customers	\$ 365,663,639	\$ 492,121,092	\$ 857,784,731	\$ 850,127,070
Cash received from intergovernmental reimbursements	4,684,273	2,839,113	7,523,386	10,271,294
Cash payments for intergovernmental services provided	(4,934,473)	(1,729,050)	(6,663,523)	(7,102,086)
Cash payments to suppliers for goods and services	(95,693,990)	(169,072,012)	(264,766,002)	(269,058,960)
Cash payments for employee services	(56,163,999)	(75,590,558)	(131,754,557)	(118,834,510)
Cash payments to other governments for obligation payable	(1,653,310)	(3,718,817)	(5,372,127)	(2,844,805)
Cash payments for WRAP	(348,407)	(407,440)	(755,847)	(11,588,806)
Cash payments for GLWA share pension agreement	-	-	-	(492,100)
Cash payment to customer (return deposit)	(4,074,693)	-	(4,074,693)	-
Cash received from insurance claims	-	-	-	983,608
Cash received from grants	106,102	20,000	126,102	89,000
Cash received (paid) nonoperating income (expense)	5,900	1,059	6,959	21,064
Cash payments to DWSD local system for cash held for EFSD	-	(8,557,957)	(8,557,957)	(16,453,096)
Cash received for DWSD local system for cash held for EFSD	-	340,881	340,881	781,020
Cash received for DWSD nonoperating pension	1,167,400	982,400	2,149,800	1,880,900
Cash paid for DWSD nonoperating pension	(1,167,396)	(982,357)	(2,149,753)	(1,346,300)
Cash received for DWSD WRAP	887,300	1,362,200	2,249,500	2,191,900
Cash payments for DWSD WRAP	(887,300)	(1,362,200)	(2,249,500)	(2,594,938)
Cash increase from DWSD budgetary surplus (1)	7,389,122	289,624	7,678,746	14,495,880
Cash payment to DWSD I&E for surplus	(8,000,000)	-	(8,000,000)	-
Principal payments received on obligation receivable	21,184,051	16,622,900	37,806,951	35,447,100
Interest received on obligation receivable	24,013,756	15,495,373	39,509,129	41,046,000
Advanced payments received (used) on obligation receivable	(266,371)	28,057	(238,314)	664,044
Cash received from DWSD for debt related costs	2,703,155	44,950	2,748,105	16,436
Payments of state revolving fund loan proceeds to DWSD	(1,800,272)	(3,263,636)	(5,063,908)	(14,034,258)
Net Cash Provided by Operating Activities	252,814,487	265,463,622	518,278,109	513,665,457
Cash Flows From Noncapital Financing Activities				
Proceeds from state revolving fund loans for DWSD	1,800,272	3,506,268	5,306,540	14,034,258
Cash received from grants	55,635	139,963	195,598	2,785,578
Debt related costs	(2,703,155)	(17,000)	(2,720,155)	(16,436)
Principal payments	(20,296,651)	(15,945,600)	(36,242,251)	(32,383,500)
Interest payments	(24,455,458)	(15,841,783)	(40,297,241)	(41,755,078)
Net Cash Used in Noncapital Financing Activities	(45,599,357)	(28,158,152)	(73,757,509)	(57,335,178)

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

	Enterprise Funds		Total	2024 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
Cash Flows From Capital and Related Financing Activities				
Proceeds from insurance claims	\$ -	\$ -	\$ -	\$ 5,994,564
Proceeds from grants	4,489,163	10,174,615	14,663,778	35,994,008
Proceeds from sale of assets	12,350	6,220	18,570	125,980
Proceeds from revenue bonds	231,833,814	51,717,480	283,551,294	264,853,275
Proceeds from state revolving fund loans	56,270,485	83,533,191	139,803,676	64,904,795
Payments to bond escrow agent	(8,266,901)	(10,424,094)	(18,690,995)	(57,654,817)
Payment of bond issuance costs	(323,962)	(9,162)	(333,124)	(5,061,510)
Principal payments on bonds	(72,923,902)	(125,910,269)	(198,834,171)	(97,776,500)
Principal payments on regional system leases	(6,180,465)	(7,553,901)	(13,734,366)	(13,174,371)
Principal payments on right to use lease	-	(414,719)	(414,719)	(390,070)
Principal payments on subscription liability	(411,575)	(411,575)	(823,150)	(620,928)
Interest payments	(96,042,099)	(112,242,005)	(208,284,104)	(195,804,869)
Purchase of capital assets	(170,431,942)	(166,180,689)	(336,612,631)	(323,614,520)
Net Cash Used in Capital and Related Financing Activities	(61,975,034)	(277,714,908)	(339,689,942)	(322,224,963)
Cash Flows From Investing Activities				
Investment purchases	(313,534,613)	(446,822,132)	(760,356,745)	(725,533,320)
Investment sales and maturities	226,717,562	352,575,895	579,293,457	702,676,863
Interest received	15,821,250	20,596,412	36,417,662	42,224,069
Net Cash Provided in Investing Activities	(70,995,801)	(73,649,825)	(144,645,626)	19,367,612
Net change in cash and cash equivalents	74,244,295	(114,059,263)	(39,814,968)	153,472,928
CASH AND CASH EQUIVALENTS, Beginning of Year	485,006,202	621,406,551	1,106,412,753	952,939,825
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 559,250,497</u>	<u>\$ 507,347,288</u>	<u>\$ 1,066,597,785</u>	<u>\$ 1,106,412,753</u>
STATEMENT OF NET POSITION CLASSIFICATION OF CASH				
Cash and cash equivalents	\$ 207,381,565	\$ 228,149,918	\$ 435,531,483	\$ 443,798,752
Restricted cash and cash equivalents	58,223,438	93,453,897	151,677,335	307,389,483
Restricted cash for the benefit of DWSD	23,814,008	33,764,024	57,578,032	58,146,817
Noncurrent restricted cash and cash equivalents	269,831,486	151,979,449	421,810,935	297,077,701
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 559,250,497</u>	<u>\$ 507,347,288</u>	<u>\$ 1,066,597,785</u>	<u>\$ 1,106,412,753</u>
NONCASH OPERATING ACTIVITIES				
Credits given on billings-Flint KWA obligation	\$ (5,859,708)	\$ -	\$ (5,859,708)	\$ (5,990,831)
Interest income obligation receivable premium amortization	\$ (806,043)	\$ (426,502)	\$ (1,232,545)	\$ (1,221,909)

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, 2025 With Comparative Amounts at June 30, 2024

Continued From
Previous Page

	Enterprise Funds		Total	2024 Total
	Water	Sewage	Business-type	Business-type
	Fund	Disposal Fund	Activities	Activities
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Bond proceeds deposited into an escrow account for refunding revenue bonds	\$ 339,319,728	\$ 423,791,956	\$ 763,111,684	\$ 1,126,453,754
Bond proceeds paid directly to underwriters for cost of issuance	1,567,758	1,321,326	2,889,084	3,908,774
Increase in assets from contributed capital	-	22,083,722	22,083,722	257,750
Increase in subscription liability	575,956	575,956	1,151,912	3,771,046
Decrease in raw water rights obligation	3,085,995	-	3,085,995	2,963,619
Interest paid for raw water rights obligation	2,773,713	-	2,773,713	3,027,212
Increase in unrealized gain (loss) on investments	572,469	963,608	1,536,077	2,258,938
Amortization income (expense)	21,846,711	10,030,578	31,877,289	4,856,255
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 102,434,236	\$ 130,254,703	\$ 232,688,939	\$ 188,893,481
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	94,928,085	147,559,403	242,487,488	265,043,620
Amortization of intangible assets	4,950,504	1,823,544	6,774,048	4,836,584
Credits for raw water rights	(5,859,708)	-	(5,859,708)	(5,990,831)
Miscellaneous nonoperating income (expense)	5,900	1,059	6,959	537,548
Legacy pension recovery (expense) and administrative fee	(1,236,073)	(2,212,178)	(3,448,251)	(6,151,212)
WRAP (Water Residential Assistance Program)	(1,626,102)	(2,202,336)	(3,828,438)	(6,772,438)
Loan forgiveness pass-through to DWSD	(943,208)	(1,181,665)	(2,124,873)	(7,934,019)
Cash payments from DWSD for debt related costs	2,703,155	44,950	2,748,105	16,436
Interest income on contractual obligation receivable	23,205,372	15,086,077	38,291,449	39,854,908
Interest expense on obligation payable	(650,053)	(1,462,174)	(2,112,227)	(2,148,958)
Changes in:				
Receivables	(4,853,894)	(15,472,488)	(20,326,382)	20,622,788
Due from other governments	(799,930)	(497,985)	(1,297,915)	5,145,718
Due from other funds	3,806,175	(2,517,058)	1,289,117	(3,470,020)
Contractual obligation receivable	21,133,030	14,724,799	35,857,829	30,568,770
Prepaid items and other assets (operating)	1,328,865	768,732	2,097,597	(958,466)
Inventories	-	(595,921)	(595,921)	229,229
Accounts payable (operating)	6,421,314	(660,758)	5,760,556	(7,650,049)
Accrued salaries, wages and benefits	1,531,508	145,214	1,676,722	704,549
Accrued liabilities	(3,649,028)	2,107,110	(1,541,918)	9,344,023
Due to other governments	7,723,291	(3,377,816)	4,345,475	329,505
Due to other funds	2,517,058	(3,806,175)	(1,289,117)	3,470,020
Obligation payable including accrued interest	(1,003,256)	(2,256,643)	(3,259,899)	(695,848)
Other liabilities	65,573	(12,028,750)	(11,963,177)	(20,863,314)
Net pension liability and deferred items	681,673	1,219,978	1,901,651	6,703,433
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 252,814,487	\$ 265,463,622	\$ 518,278,109	\$ 513,665,457

(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

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GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2025**

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

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.

COMPARATIVE INFORMATION

The basic financial statements include certain prior-year comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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

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.

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 13, 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, 2025

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 lease 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 lease 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:

	Useful Lives (In Years)
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 is 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 "Lease Payable – Warehouse" and the "Subscription Liability – Right To Use Asset" for a description of these assets.

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, 2025

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

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.
- 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, 2025

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 \$2,245,546 for the Water Fund and \$8,751 for the Sewage Disposal Fund.

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, 2025

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 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 debt forgiveness of \$18.4 million in the sewage disposal fund. The remaining items in this category are 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 Sewerage 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, 2025:

Common Costs	Water % Allocation	Water Allocation	Sewer % Allocation	Sewer Allocation	Total Common Costs
Centralized services	51.9%	\$ 63,779,190	48.1%	\$59,089,584	\$ 122,868,774
Administrative services	46.1%	\$ 18,431,448	53.9%	\$21,551,487	\$ 39,982,935

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, 2025

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

Capital Contribution

Capital contributions of \$3,348,636 in the water fund and \$15,260,416 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, 2025, OMIDD transferred to GLWA and GLWA accepted and placed into service capital assets of \$22,083,722 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. 104, *Disclosure of Certain Capital Assets (effective for fiscal years beginning after June 15, 2025)*. The Authority was already disclosing the separate disclosure of certain capital assets as required by this standard. Our capital asset note will now disclose if there are any capital assets for sale.

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)*

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, 2025

NOTE 2 – BUDGETARY INFORMATION

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 sewage 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 sewage 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 sewage 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, 2025

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, 2025 are reported in the basic financial statements as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Statement of Net Position			
Cash and cash equivalents	\$ 207,381,565	\$ 228,149,918	\$ 435,531,483
Restricted cash and cash equivalents	58,223,438	93,453,897	151,677,335
Restricted cash for the benefit of DWSD	23,814,008	33,764,024	57,578,032
Investments	99,043,449	120,925,966	219,969,415
Restricted investments	123,128,174	129,190,790	252,318,964
Noncurrent restricted cash and cash equivalents	269,831,486	151,979,449	421,810,935
Noncurrent restricted investments	1,892,680	5,176,154	7,068,834
Total	\$ 783,314,800	\$ 762,640,198	\$ 1,545,954,998
Cash deposits and investments			
Bank deposits - checking and savings accounts	\$ 49,697,677	\$ 32,232,862	\$ 81,930,539
Money market accounts	509,552,820	475,114,426	984,667,246
Investments in securities	224,064,303	255,292,910	479,357,213
Total	\$ 783,314,800	\$ 762,640,198	\$ 1,545,954,998

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 \$559,250,497 for the water fund and \$507,347,288 for the sewage disposal fund. The bank balance of the water fund deposits and money market accounts was \$557,422,413 of which \$538,472,628 was uninsured and uncollateralized. The bank balance of the sewage disposal fund deposits and money market accounts was \$507,334,400 of which \$507,084,400 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, 2025

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

INVESTMENTS

Following is a summary of the Authority's investments as of June 30, 2025:

	Amount	Standard & Poors Rating	Weighted Maturity in Years
Water Fund			
U.S. treasuries	\$ 117,811,129	AAA/AA+	0.83
Commercial paper	106,253,174	A1	0.02
Total Water Fund	<u>\$ 224,064,303</u>		
Sewage Disposal Fund			
U.S. treasuries	\$ 146,447,120	AAA/AA+	0.86
Commercial paper	108,845,790	A1	0.04
Total Sewage Disposal Fund	<u>\$ 255,292,910</u>		
Total Business-type Activities			
U.S. treasuries	\$ 264,258,249	AA+	0.85
Commercial paper	215,098,964	A1	0.03
Total Business-type Activities	<u>\$ 479,357,213</u>		

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.

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, 2025, 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 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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

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, 2025, the Authority had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
Water Fund		
Commercial paper	Cooperatieve Rabobank	5.85%
Commercial paper	Credit Agricole Corp	5.02%
Commercial paper	Great Bear Funding	5.29%
Commercial paper	LLoyds Bank PLC	5.43%
Commercial paper	MUFG Bank LTD NY	6.13%
Commercial paper	Sumitomo Mitsu Singapore	6.69%
Sewage Disposal Fund		
Commercial paper	JPMorgan Securities	7.07%
Commercial paper	LLoyds Bank PLC	5.03%
Commercial paper	Royal Bank of Canada	6.86%

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.

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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

The following is a summary of the Authority's investments at fair value by level as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>
Water Fund		
U.S. treasuries	\$ 117,811,129	\$ -
Commercial paper	-	106,253,174
Total Water Fund	<u>117,811,129</u>	<u>106,253,174</u>
Sewage Disposal Fund		
U.S. treasuries	146,447,120	-
Commercial paper	-	108,845,790
Total Sewage Disposal Fund	<u>146,447,120</u>	<u>108,845,790</u>
Total Business-type Activities	<u>\$ 264,258,249</u>	<u>\$ 215,098,964</u>

The Authority has no Level 3 inputs on June 30, 2025.

NOTE 4 – RESTRICTED ASSETS

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, 2025

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, 2025.

	Funded from Revenue and Other		Funded from Debt Issuance	Total
	Unrestricted	Restricted	Restricted	
Water Fund				
Receiving fund	\$ 56,291,976 *	\$ -	\$ -	\$ 56,291,976
Operations and maintenance	61,775,865	-	-	61,775,865
Senior lien debt service	-	93,411,386	-	93,411,386
Second and junior lien debt service	-	43,839,854	-	43,839,854
Legacy pension obligation	-	1,626,353	-	1,626,353
Water residential assistance program (WRAP)	-	2,557,478	-	2,557,478
Budget stabilization	-	2,000,000	-	2,000,000
Extraordinary repair and replacement	34,856,064	-	-	34,856,064
Improvement and extension - regional	153,501,109	-	-	153,501,109
Total - Reserves Defined by Ordinance	306,425,014	143,435,071	-	449,860,085
Cash held for the benefit of DWSD	-	23,814,008	-	23,814,008
Construction retainage	-	21,772,470	-	21,772,470
Construction funds	-	-	287,868,237	287,868,237
Total Cash, Cash Equivalents and Investments Water Fund	\$ 306,425,014	\$ 189,021,549	\$ 287,868,237	\$ 783,314,800

* 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, 2025

NOTE 4 – RESTRICTED ASSETS (cont.)

	Funded from Revenue and Other		Funded from Debt Issuance	
	Unrestricted	Restricted	Restricted	Total
Sewage Disposal Fund				
Receiving fund	\$ 69,194,496 *	\$ -	\$ -	\$ 69,194,496
Operations and maintenance	61,534,551	-	-	61,534,551
Senior lien debt service	-	109,292,769	-	109,292,769
Second and junior lien debt service	-	48,447,367	-	48,447,367
Legacy pension obligation	-	2,214,826	-	2,214,826
Water residential assistance program (WRAP)	-	3,052,017	-	3,052,017
Budget stabilization	-	5,500,000	-	5,500,000
Extraordinary repair and replacement	44,476,320	-	-	44,476,320
Improvement and extension - regional	173,870,517	-	-	173,870,517
Total - Reserves Defined by Ordinance	349,075,884	168,506,979	-	517,582,863
Cash held for the benefit of DWSD	-	33,764,024	-	33,764,024
Construction deposit intergovernmental	-	7,835,487	-	7,835,487
Construction retainage and deposits	-	26,099,528	-	26,099,528
Construction funds	-	-	177,358,296	177,358,296
Total Cash, Cash Equivalents and Investments Sewage Disposal Fund	349,075,884	236,206,018	177,358,296	762,640,198
Total Cash, Cash Equivalents and Investments – Business-type Activities	\$ 655,500,898	\$ 425,227,567	\$ 465,226,533	\$ 1,545,954,998

* 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, 2025

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	\$ 189,021,549	\$ 236,206,018	\$ 425,227,567
From debt issuance	287,868,237	177,358,296	465,226,533
Amounts payable for liabilities and debt	(385,341,418)	(296,826,574)	(682,167,992)
Restricted Net Position	<u>\$ 91,548,368</u>	<u>\$ 116,737,740</u>	<u>\$ 208,286,108</u>
Restricted net position for:			
Construction	\$ -	\$ 2,327,795	\$ 2,327,795
Debt service	90,366,871	113,285,692	203,652,563
Payment assistance program	1,181,497	1,124,253	2,305,750
Total Restricted Net Position	<u>\$ 91,548,368</u>	<u>\$ 116,737,740</u>	<u>\$ 208,286,108</u>

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
Water Fund				
Cash and cash equivalents	\$ 207,381,565	\$ 58,223,438	\$ 269,831,486	\$ 535,436,489
Cash held for the benefit of DWSD	-	23,814,008	-	23,814,008
Investments	99,043,449	123,128,174	1,892,680	224,064,303
Total Water Fund	<u>306,425,014</u>	<u>205,165,620</u>	<u>271,724,166</u>	<u>783,314,800</u>
Sewage Disposal Fund				
Cash and cash equivalents	228,149,918	93,453,897	151,979,449	473,583,264
Cash held for the benefit of DWSD	-	33,764,024	-	33,764,024
Investments	120,925,966	129,190,790	5,176,154	255,292,910
Total Sewage Disposal Fund	<u>349,075,884</u>	<u>256,408,711</u>	<u>157,155,603</u>	<u>762,640,198</u>
Total Business-type Activities	<u>\$ 655,500,898</u>	<u>\$ 461,574,331</u>	<u>\$ 428,879,769</u>	<u>\$ 1,545,954,998</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 5 – RECEIVABLES, NET

The following is a summary of the net receivables as of June 30, 2025:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Receivables, net:			
Billed	\$ 45,998,943	\$ 15,375,836	\$ 61,374,779
Unbilled	31,761,275	25,403,376	57,164,651
Other	58,504	1,223	59,727
Subtotal	77,818,722	40,780,435	118,599,157
Allowance for doubtful accounts	(8,245,546)	(15,364)	(8,260,910)
Total Receivables, net	\$ 69,573,176	\$ 40,765,071	\$ 110,338,247

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	\$ 1,057,186	\$ 730,182	\$ 1,787,368
DWSD-Unbilled shared services and agreements	8,781	783,177	791,958
DWSD-Accrued interest on obligation receivable	316,643	18,427	335,070
Intergovernmental agreements and other	223,759	-	223,759
Grants-Federal and State	623,389	5,688,384	6,311,773
State of Michigan FEMA	95,470	2,253,741	2,349,211
Total Due From Other Governments	\$ 2,325,228	\$ 9,473,911	\$ 11,799,139

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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, 2025 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	\$ -	\$ 4,678,784	\$ 4,678,784
Sewage Disposal Fund - Due to Water Fund	749,587	-	749,587
Total Due From	<u>\$ 749,587</u>	<u>\$ 4,678,784</u>	<u>\$ 5,428,371</u>

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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

Changes in obligation receivable for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increase	Decrease	Debt Forgiveness	Ending Balance	Due Within One Year
Water Fund						
Obligation Receivable						
Bifurcated debt	\$ 336,136,600	\$ -	\$ (17,438,700)	\$ -	\$ 318,697,900	\$ 18,268,800
New money bonds	134,650,000	-	(1,765,000)	-	132,885,000	1,845,000
State revolving fund loans	62,193,369	1,800,271	(1,980,350)	(943,208)	61,070,082	1,930,400
Total Obligation Receivable	532,979,969	1,800,271	(21,184,050)	(943,208)	512,652,982	22,044,200
Deferred amounts for:						
Unamortized premiums	17,302,991	-	(806,043)	-	16,496,948	814,464
Total Water Fund	550,282,960	1,800,271	(21,990,093)	(943,208)	529,149,930	22,858,664
Sewage Disposal Fund						
Obligation Receivable						
Bifurcated debt	271,560,100	-	(14,512,900)	-	257,047,200	15,141,400
New money bonds	74,225,000	-	(1,665,000)	-	72,560,000	1,750,000
State revolving fund loans	1,346,149	3,506,268	(445,000)	(1,181,665)	3,225,752	450,000
Total Obligation Receivable	347,131,249	3,506,268	(16,622,900)	(1,181,665)	332,832,952	17,341,400
Deferred amounts for:						
Unamortized premiums	7,735,944	-	(426,502)	-	7,309,442	427,189
Total Sewage Disposal Fund	354,867,193	3,506,268	(17,049,402)	(1,181,665)	340,142,394	17,768,589
Total Business-type Activities	\$ 905,150,153	\$ 5,306,539	\$ (39,039,495)	\$ (2,124,873)	\$ 869,292,324	\$ 40,627,253

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

The current obligation receivable payment schedule is as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2026	\$ 22,044,200	\$ 23,071,866	\$ 45,116,066
	2027	23,051,900	22,069,987	45,121,887
	2028	24,096,000	21,021,045	45,117,045
	2029	25,208,400	19,923,025	45,131,425
	2030	26,341,300	18,773,253	45,114,553
	2031-2035	150,998,400	74,647,287	225,645,687
	2036-2040	120,527,300	38,243,088	158,770,388
	2041-2045	73,965,377	20,614,708	94,580,085
	2046-2050	43,185,867	4,197,423	47,383,290
	2051-2052	3,234,238	87,579	3,321,817
Total Water Fund		512,652,982	242,649,261	755,302,243
Sewage Disposal Fund				
	2026	17,341,400	14,821,406	32,162,806
	2027	18,092,000	14,067,095	32,159,095
	2028	18,876,000	13,282,339	32,158,339
	2029	19,699,600	12,463,289	32,162,889
	2030	20,554,100	11,608,195	32,162,295
	2031-2035	115,287,852	43,888,267	159,176,119
	2036-2040	88,212,000	17,496,600	105,708,600
	2041-2045	20,120,000	6,778,250	26,898,250
	2046-2048	14,650,000	1,489,000	16,139,000
Total Sewage Disposal Fund		332,832,952	135,894,441	468,727,393
Total Business-type Activities		<u>\$ 845,485,934</u>	<u>\$ 378,543,702</u>	<u>\$ 1,224,029,636</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Water Fund					
Nondepreciable and nonamortizable capital assets					
Land	\$ 34,477,659	\$ -	\$ -	\$ -	\$ 34,477,659
Easements	259,146,066	-	-	-	259,146,066
Construction in progress	412,631,562	156,209,178	-	(20,934,648)	547,906,092
Prepaid subscription assets	2,290,046	787,672	-	(2,764,197)	313,521
Total Nondepreciable and Nonamortizable Capital Assets	708,545,333	156,996,850	-	(23,698,845)	841,843,338
Depreciated and amortized capital assets					
Site improvements	82,863,308	337,287	-	2,995,262	86,195,857
Buildings and structures	613,476,265	252,425	-	5,630,577	619,359,267
Infrastructure	791,207,441	-	-	4,899,232	796,106,673
Machinery and equipment	874,929,241	6,953,720	-	7,409,577	889,292,538
Vehicles	6,742,435	1,339,609	(85,569)	-	7,996,475
Leasehold improvements	8,422,223	-	-	-	8,422,223
Raw water rights	106,999,919	-	-	-	106,999,919
Subscription assets	5,188,849	575,956	-	2,764,197	8,529,002
Total Depreciable and Amortizable Assets	2,489,829,681	9,458,997	(85,569)	23,698,845	2,522,901,954
Less: Accumulated depreciation and amortization					
Site improvements	(65,062,001)	(2,412,498)	-	-	(67,474,499)
Buildings and structures	(243,566,497)	(19,159,126)	-	-	(262,725,623)
Infrastructure	(313,713,503)	(18,695,232)	-	-	(332,408,735)
Machinery and equipment	(471,549,872)	(53,103,232)	-	-	(524,653,104)
Vehicles	(3,592,517)	(1,005,916)	85,569	-	(4,512,864)
Leasehold improvements	(2,280,174)	(552,081)	-	-	(2,832,255)
Raw water rights	(23,480,538)	(3,566,664)	-	-	(27,047,202)
Subscription assets	(415,108)	(1,383,840)	-	-	(1,798,948)
Total Accumulated Depreciation and Amortization	(1,123,660,210)	(99,878,589)	85,569	-	(1,223,453,230)
Total Depreciated and Amortized Capital Assets, Net	1,366,169,471	(90,419,592)	-	23,698,845	1,299,448,724
Water Fund Net Capital Assets	\$ 2,074,714,804	\$ 66,577,258	\$ -	\$ -	\$ 2,141,292,062

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 9 – CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Sewage Disposal Fund					
Nondepreciable and nonamortizable capital assets					
Land	\$ 28,497,697	\$ -	\$ -	\$ -	\$ 28,497,697
Easements	98,318,513	-	-	-	98,318,513
Construction in progress	335,269,773	196,786,314	-	(41,206,390)	490,849,697
Prepaid subscription assets	2,290,046	787,672	-	(2,764,197)	313,521
Total Nondepreciable and Nonamortizable Capital Assets	464,376,029	197,573,986	-	(43,970,587)	617,979,428
Depreciated and amortized capital assets					
Site improvements	53,028,422	-	-	1,147,703	54,176,125
Buildings and structures	1,192,543,243	1,745,099	-	3,129,451	1,197,417,793
Infrastructure	625,707,645	-	-	-	625,707,645
Machinery and equipment	1,435,846,243	6,292,168	(442,227)	36,816,242	1,478,512,426
Vehicles	9,958,178	1,001,034	(73,033)	-	10,886,179
Leasehold improvements	5,499,083	-	-	112,994	5,612,077
Lease asset: warehouse	4,543,607	-	-	-	4,543,607
Subscription assets	5,188,849	575,956	-	2,764,197	8,529,002
Total Depreciable and Amortizable Assets	3,332,315,270	9,614,257	(515,260)	43,970,587	3,385,384,854
Less: Accumulated depreciation and amortization					
Site improvements	(37,344,043)	(2,696,719)	-	-	(40,040,762)
Buildings and structures	(363,940,997)	(34,107,254)	-	-	(398,048,251)
Infrastructure	(116,976,493)	(13,814,057)	-	-	(130,790,550)
Machinery and equipment	(865,210,052)	(95,136,688)	251,056	-	(960,095,684)
Vehicles	(4,784,797)	(1,440,850)	72,742	-	(6,152,905)
Leasehold improvements	(1,170,612)	(363,835)	-	-	(1,534,447)
Lease asset: warehouse	(1,429,038)	(439,704)	-	-	(1,868,742)
Subscription assets	(415,108)	(1,383,840)	-	-	(1,798,948)
Total Accumulated Depreciation and Amortization	(1,391,271,140)	(149,382,947)	323,798	-	(1,540,330,289)
Total Depreciated and Amortized Capital Assets, Net	1,941,044,130	(139,768,690)	(191,462)	43,970,587	1,845,054,565
Sewage Disposal Fund Net Capital Assets	2,405,420,159	57,805,296	(191,462)	-	2,463,033,993
Business-type Activities Net Capital Assets	<u>\$ 4,480,134,963</u>	<u>\$ 124,382,554</u>	<u>\$(191,462)</u>	<u>\$ -</u>	<u>\$ 4,604,326,055</u>

There are no capital assets for sale as of June 30, 2025.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 9 – CAPITAL ASSETS (cont.)

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, 2025.

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

Both Workday and NEXGEN were fully implemented during FY 2025 and are no longer included in the prepaid subscription assets. The Kahua Subscription-Based Information Technology Arrangement (SBITA) is in the initial implementation stage, therefore costs have been recorded as prepaid subscription assets. Once the subscription asset is 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.

NOTE 10 – ACCRUED LIABILITIES

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	\$ 23,814,008	\$ 33,764,024	\$ 57,578,032
Due to WRAP service delivery partners	1,375,981	1,927,764	3,303,745
Advanced billings	44,789	-	44,789
Total Accrued Liabilities	<u>\$ 25,234,778</u>	<u>\$ 35,691,788</u>	<u>\$ 60,926,566</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 11 – DUE TO OTHER GOVERNMENTS

Due to other governments, which consist of amounts due to the DWSD and to the State of Michigan, in the statement of net position is as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Shared services	\$ 10,626,406	\$ -	\$ 10,626,406
Green infrastructure	-	680,000	680,000
Subrecipient - grant	-	242,632	242,632
Total Due to Other Governments	<u>\$ 10,626,406</u>	<u>\$ 922,632</u>	<u>\$ 11,549,038</u>

NOTE 12 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
Water Fund						
Bonds and Loans						
Revenue bonds	\$ 2,317,305,000	\$ 528,220,000	\$ (417,865,000)	\$ -	\$ 2,427,660,000	\$ 80,840,000
Notes from direct borrowings and direct placements - State revolving loans	<u>241,020,620</u>	<u>58,070,757</u>	<u>(12,380,551)</u>	<u>(943,208)</u>	<u>285,767,618</u>	<u>12,440,278</u>
Total Bonds and Loans	<u>2,558,325,620</u>	<u>586,290,757</u>	<u>(430,245,551)</u>	<u>(943,208)</u>	<u>2,713,427,618</u>	<u>93,280,278</u>
Deferred amounts for:						
Unamortized premiums	183,118,484	44,501,299	(48,268,899)	-	179,350,884	17,666,835
Unamortized discounts	<u>(1,959,364)</u>	<u>-</u>	<u>1,885,074</u>	<u>-</u>	<u>(74,290)</u>	<u>(49,877)</u>
Total Bonds and Loans, Net	2,739,484,740	630,792,056	(476,629,376)	(943,208)	2,892,704,212	110,897,236
Other Debt						
Raw water rights obligation	89,552,155	-	(3,085,995)	-	86,466,160	3,212,750
BC Note obligation	<u>16,124,187</u>	<u>-</u>	<u>(1,002,660)</u>	<u>-</u>	<u>15,121,527</u>	<u>1,013,903</u>
Total Water Fund Debt	<u>\$ 2,845,161,082</u>	<u>\$ 630,792,056</u>	<u>\$ (480,718,031)</u>	<u>\$ (943,208)</u>	<u>\$ 2,994,291,899</u>	<u>\$ 115,123,889</u>

* Of the \$417,865,000 decrease in revenue bonds, \$337,025,000 relates to the refunding of bonds. Of the \$48,268,899 decrease in unamortized premiums, \$30,100,340 relates to the refunding of bonds.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

	Beginning Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
Sewage Disposal Fund						
Bonds and Loans						
Revenue bonds	\$ 2,496,520,000	\$ 435,050,000	\$ (518,270,000)	\$ -	\$ 2,413,300,000	\$ 93,355,000
Notes from direct borrowings and direct placements - State revolving loans	336,808,208	87,039,460	(53,475,870)	(19,574,242)	350,797,556	31,780,000
Total Bonds and Loans	2,833,328,208	522,089,460	(571,745,870)	(19,574,242)	2,764,097,556	125,135,000
Deferred amounts for:						
Unamortized premiums	151,512,729	41,780,762	(45,217,786)	-	148,075,705	16,175,212
Unamortized discounts	(41,890,818)	-	8,133,948	-	(33,756,870)	(7,941,696)
Total Bonds and Loans, Net	2,942,950,119	563,870,222	(608,829,708)	(19,574,242)	2,878,416,391	133,368,516
Other Debt						
BC Note obligation	36,268,418	-	(2,255,301)	-	34,013,117	2,280,589
Total Sewage Disposal Fund Debt	2,979,218,537	563,870,222	(611,085,009)	(19,574,242)	2,912,429,508	135,649,105
Total Business-type Activities	\$ 5,824,379,619	\$ 1,194,662,278	\$ (1,091,803,040)	\$ (20,517,450)	\$ 5,906,721,407	\$ 250,772,994

* Of the \$518,270,000 decrease in revenue bonds, \$422,385,000 relates to the refunding of bonds. Of the \$53,475,870 decrease in State revolving loans, \$7,505,000 relates to refunding. Of the \$45,217,786 decrease in unamortized premiums, \$28,593,780 relates to the refunding of bonds.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

As of June 30, 2025, 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	
Water Fund					
2026	\$ 80,840,000	\$ 102,409,703	\$ 12,440,278	\$ 5,518,024	\$ 201,208,005
2027	88,485,000	111,709,181	14,690,598	5,220,211	220,104,990
2028	94,500,000	107,265,355	13,335,278	4,948,093	220,048,726
2029	100,110,000	102,532,981	13,611,219	4,688,085	220,942,285
2030	105,055,000	97,450,810	13,735,278	4,424,271	220,665,359
2031-2035	623,110,000	401,322,974	71,156,639	18,054,631	1,113,644,244
2036-2040	520,570,000	249,916,400	77,213,390	10,938,501	858,638,291
2041-2045	403,525,000	154,687,517	55,099,057	3,671,090	616,982,664
2046-2050	268,670,000	65,109,901	11,251,643	957,684	345,989,228
2051-2056	142,795,000	19,205,256	3,234,238	87,579	165,322,073
Total Water Fund	2,427,660,000	1,411,610,078	285,767,618	58,508,169	4,183,545,865
Sewage Disposal Fund					
2026	93,355,000	98,278,487	31,780,000	7,284,485	230,697,972
2027	103,805,000	104,329,284	29,365,000	6,699,211	244,198,495
2028	119,800,000	99,169,661	33,590,000	6,052,764	258,612,425
2029	122,680,000	93,621,000	39,595,450	5,359,363	261,255,813
2030	123,260,000	87,911,751	40,210,660	4,547,459	255,929,870
2031-2035	724,260,000	348,340,671	110,094,106	14,109,324	1,196,804,101
2036-2040	715,535,000	169,778,939	57,166,103	3,527,258	946,007,300
2041-2045	207,810,000	77,327,366	8,996,237	256,532	294,390,135
2046-2050	116,220,000	38,836,200	-	-	155,056,200
2051-2056	86,575,000	9,250,169	-	-	95,825,169
Total Sewage Disposal Fund	2,413,300,000	1,126,843,528	350,797,556	47,836,396	3,938,777,480
Total Business- type Activities	\$ 4,840,960,000	\$ 2,538,453,606	\$ 636,565,174	\$ 106,344,565	\$ 8,122,323,345

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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, 2025:

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
Water Fund						
Series 2003A	1/30/2003	\$ 234,805,000	5.00%	7/1/2034	\$ 100,000	\$ 100,000
Series 2003B	1/30/2003	172,945,000	5.00%	7/1/2034	100,000	100,000
Series 2005B	5/14/2008	194,900,000	5.25%	7/1/2035	100,000	100,000
Series 2006A	8/16/2006	280,000,000	5.00%	7/1/2034	100,000	100,000
Series 2006B	4/1/2009	120,000,000	6.25%	7/1/2036	100,000	100,000
Series 2016A	10/27/2016	88,000,000	5.00%	7/1/25-46	87,980,000	87,970,000
Series 2016B	10/27/2016	163,830,000	5.00%	7/1/25-46	163,810,000	163,800,000
Series 2016C	10/27/2016	443,930,000	5.00-5.25%	7/1/25-35	223,625,000	180,950,000
Series 2016D	10/27/2016	222,045,000	4.00-5.00%	7/1/25-36	198,495,000	195,310,000
Series 2018A	10/3/2018	155,595,000	5.00%	7/1/25-29	82,150,000	-
Series 2020A	5/12/2020	42,445,000	5.00%	7/1/25-49	41,615,000	35,685,000
Series 2020B	5/12/2020	43,135,000	5.00%	7/1/25-49	42,295,000	36,265,000
Series 2020C**	5/12/2020	377,515,000	1.98-3.47%	7/1/25-41	251,905,000	227,550,000
Series 2022A	9/13/2022	137,470,000	5.00-5.25%	7/1/25-52	137,470,000	132,900,000
Series 2022B	9/13/2022	69,745,000	5.00-5.50%	7/1/25-52	69,745,000	66,710,000
Series 2023A	12/5/2023	67,210,000	5.00%	7/1/25-38	67,210,000	62,650,000
Series 2023B	12/5/2023	148,535,000	5.00-5.25	7/1/26-53	148,535,000	126,780,000
Series 2024A	6/6/2024	348,175,000	5.00%	7/1/25-37	348,175,000	84,110,000
Series 2024B	6/6/2024	35,930,000	5.00%	7/1/25-36	35,930,000	32,035,000
Series 2025A	6/30/2025	254,725,000	5.00%	7/1/27-38	254,725,000	66,245,000
Series 2025B	6/30/2025	54,530,000	5.00%	7/1/31-34	54,530,000	-
Series 2025C	6/30/2025	109,830,000	5.00-5.25%	7/1/27-55	109,830,000	89,775,000
Series 2025D	6/30/2025	109,135,000	5.00-5.50%	7/1/27-55	109,135,000	89,305,000
Total Water Fund Revenue Bonds Payable					<u>\$2,427,660,000</u>	

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
Sewage Disposal Fund						
Series 2001B	9/15/2001	\$ 110,550,000	5.50%	7/1/25-29	\$ 65,580,000	\$ -
Series 2003B	6/17/2009	150,000,000	7.50%	7/1/2033	100,000	100,000
Series 2005A	3/17/2005	273,355,000	4.50%	7/1/2035	100,000	100,000
Series 2005C	4/5/2005	63,160,000	5.00%	7/1/2025	100,000	100,000
Series 2006B	8/10/2006	250,000,000	5.00%	7/1/2036	100,000	100,000
Series 2006D	12/14/2006	370,000,000	Variable (*)	7/1/26-32	239,475,000	239,475,000
Series 2016B	10/27/2016	126,105,000	5.00%	7/1/25-34	43,225,000	33,390,000
Series 2016C	10/27/2016	295,190,000	4.00-5.00%	7/1/27-36	198,560,000	198,560,000
Series 2018A	10/3/2018	81,595,000	5.00%	7/1/25-48	74,225,000	67,040,000
Series 2018B	10/3/2018	131,690,000	5.00%	7/1/25-29	128,625,000	-
Series 2020A**	6/16/2020	594,930,000	1.60-3.50%	7/1/25-44	294,840,000	94,700,000
Series 2020B**	6/16/2020	92,525,000	2.61-3.60%	7/1/35-44	50,730,000	11,315,000
Series 2022A	9/13/2022	125,975,000	5.00-5.25%	7/1/25-52	125,975,000	122,440,000
Series 2022B	9/13/2022	71,990,000	5.00-5.50%	7/1/25-52	71,990,000	68,405,000
Series 2023A	12/5/2023	185,235,000	5.00%	7/1/32-40	185,235,000	172,770,000
Series 2023B	12/5/2023	14,965,000	5.00%	7/1/34	14,965,000	14,965,000
Series 2023C	12/5/2023	96,860,000	5.00-5.25%	7/1/28-53	96,860,000	90,850,000
Series 2024A	6/6/2024	347,305,000	5.00%	7/1/25-33	347,305,000	-
Series 2024B	6/6/2024	40,260,000	5.00%	7/1/25-35	40,260,000	1,685,000
Series 2025A	6/30/2025	104,280,000	5.00%	7/1/30-40	104,280,000	30,425,000
Series 2025B	6/30/2025	283,300,000	5.00%	7/1/26-39	283,300,000	148,150,000
Series 2025C	6/30/2025	47,470,000	5.00-5.50%	7/1/26-55	47,470,000	35,780,000
Total Sewage Disposal Fund Revenue Bonds Payable					<u>2,413,300,000</u>	
Total Business-type Activities					<u>\$4,840,960,000</u>	

* Interest rates are reset quarterly based upon a formula specified in the bond using the three-month Secured Overnight Financing (SOFR) rate.

** Taxable bond

Refunded Debt and New Money Bond – Water Fund

On June 30, 2025, the Authority completed a water supply system revenue bond refunding and new money transaction. The Authority issued \$254,725,000 in Series 2025A senior lien revenue refunding bonds, \$54,530,000 in Series 2025B second lien revenue refunding bond, \$109,830,000 in Series 2025C senior lien revenue new money bonds, and \$109,135,000 in Series 2025D second lien revenue new money bonds for a total issue of \$528,220,000. The net proceeds of the Series 2025A and 2025B were used to refund \$69,275,000 of Series 2015D-1 revenue bonds, \$37,235,000 of Series 2015D-2 revenue bonds which were called on July 30, 2025. It was also used for a tender refunding that occurred on June 30, 2025 for \$186,735,000 of Series 2016C revenue bonds, \$22,070,000 of Series 2016D revenue bonds, and \$21,710,000 of Series 2020C revenue bonds. A total of \$337,025,000 in bonds were refunded resulting in a net present value savings of \$27,100,468.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

Refunded Debt and New Money Bond – Sewage Disposal Fund

On June 30, 2025, the Authority completed a sewer supply system revenue bond refunding and new money transaction. The Authority issued \$104,280,000 in Series 2025A senior lien revenue refunding bonds, \$283,300,000 in Series 2025B second lien revenue refunding bond, and \$47,470,000 in Series 2025C second lien revenue new money bonds for a total issue of \$435,050,000. The net proceeds of the Series 2025A and 2025B were used to refund \$197,160,000 of Series 2015C revenue bonds which were called on July 30, 2025. It was also used for a tender refunding that occurred on June 30, 2025 for \$78,270,000 of Series 2016B revenue bonds, \$96,630,000 of Series 2016C revenue bonds, \$40,315,000 of Series 2020A revenue bonds, \$10,010,000 of Series 2020B revenue bonds, and \$7,505,000 of Series 2016 SAW junior lien bonds. A total of \$429,890,000 in bonds were refunded resulting in a net present value savings of \$34,354,532.

Arbitrage Rebate Payable

The Authority issues tax-exempt bonds to finance various capital projects. Under federal tax law, the Authority is required to rebate certain earnings on the gross proceeds of these bonds to the federal government. This liability, which represents the accumulated excess of earnings over the bond yield, is calculated every five years or upon maturity of the debt. In accordance with Governmental Accounting Standards Board (GASB) pronouncements, for government-wide and proprietary fund financial statements, an arbitrage rebate liability is accrued for any estimated future payment to the federal government. As of June 30, 2025, the estimated arbitrage rebate liability on the 2022 Sewer Bonds was \$3,300,000, which is included in the accompanying financial statements as a current liability. A payment was made in October 2025 before it was due to reduce the future liability related to the arbitrage.

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, 2025 for the Water Fund totaling \$58,070,757 of which \$943,208 has been forgiven, and the Sewage Disposal Fund received \$87,039,459 of which \$19,574,242 has been forgiven. The \$943,208 of the water loans forgiven and \$1,800,272 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 \$1,186,715 of the sewer loans forgiven and \$3,511,318 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, 2025, \$11,043,857 for the Water Fund and \$452,102,892 for the Sewage Disposal Fund was authorized and unissued. Of the authorized and unissued \$0 for the Water Fund and \$6,175,498 of the Sewage Disposal Fund are for pass through loans to DWSD. At June 30, 2025 the DWSD local water system and sewage disposal system has \$0 of additional undrawn amounts that qualify for loan forgiveness. The GLWA regional water supply system has \$0 and the sewage disposal system has \$5,718,011 of additional undrawn amounts that qualify for loan forgiveness.

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, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

The following is a schedule of the state revolving loans payable at June 30, 2025:

Issue	Bond Date	Amount Issued	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
Water Fund					
Series 2005 SRF-1	9/22/2005	\$ 13,805,164	2.13%	10/1/25-26	\$ 1,595,164
Series 2005 SRF-2	9/22/2005	8,891,730	2.13%	10/1/25-26	1,006,730
Series 2006 SRF-1	9/21/2006	5,180,926	2.13%	10/1/25-26	590,926
Series 2008 SRF-1	9/29/2008	2,590,941	2.50%	10/1/25-28	445,941
Series 2016 SRF-1	9/16/2016	8,273,168	2.50%	4/1/26-48	6,828,168
Series 2016 SRF-2	9/16/2016	3,393,543	2.50%	4/1/26-48	2,793,543
Series 2017 SRF-1	6/23/2017	5,807,931	2.50%	10/1/25-48	4,872,931
Series 2019 SRF-2	8/30/2019	29,078,820	2.00%	4/1/26-42	25,362,219
Series 2020-SRF-2	8/28/2020	7,159,988	2.00%	10/1/25-42	6,414,988
Series 2019 SRF-1	6/7/2019	8,330,000	2.00%	10/1/25-40	6,915,000
Series 2019 SRF-3	8/30/2019	11,117,931	2.00%	10/1/25-50	9,954,875
Series 2020-SRF-1	7/31/2020	20,276,166	2.00%	4/1/26-52	18,732,466
Series 2020-SRF-4	9/30/2020	11,158,947	2.00%	4/1/26-52	10,240,897
Series 2021-SRF-3	8/30/2021	10,629,827	1.88%	10/1/25-43	10,150,877
Series 2020 SRF-3	8/28/2020	8,960,000	2.00%	4/1/26-41	7,440,000
Series 2021-SRF-1	6/21/2021	4,209,249	1.88%	10/1/25-31	3,714,249
Series 2021-SRF-2	8/30/2021	104,725,000	1.88%	10/1/25-43	96,068,498
Series 2022-SRF-2	9/20/2022	34,075,000	1.88%	4/1/26-43	31,210,000
Series 2023-SRF-1	7/17/2023	48,172,500	1.88%	10/1/26-45	41,430,146
Total Water Fund State Revolving Loans Payable					<u>285,767,618</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Amount Issued	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
Sewage Disposal Fund					
Series 2007 SRF-1	9/20/2007	\$ 167,540,598	1.63%	10/1/25-29	\$ 47,085,598
Series 2009 SRF-1	4/17/2009	13,970,062	2.50%	4/1/26-30	4,020,062
Series 2010 SRF-1	1/22/2010	4,214,763	2.50%	4/1/26-31	1,465,763
Series-2003 SRF-1	6/26/2003	48,520,000	2.50%	10/1/2025	3,045,000
Series 2012 SRF-1	8/30/2012	14,950,000	2.50%	10/1/25-34	8,400,000
Series 2015A SRF	3/20/2015	79,500,000	2.50%	4/1/26-36	48,525,000
Series 2015B SRF	3/20/2015	27,175,304	2.50%	10/1/25-35	16,285,304
Series 2015D SRF	12/11/2015	15,321,478	2.50%	10/1/25-35	9,001,478
Series 2016 SRF-1	9/16/2016	15,463,628	2.50%	4/1/26-38	10,833,628
Series 2016 SRF-2	9/16/2016	48,315,683	2.50%	4/1/26-39	35,745,683
Series 2017 SRF-1	6/23/2017	33,566,682	2.50%	10/1/25-38	24,996,682
Series 2018 SRF-2	9/14/2018	17,510,000	2.00%	10/1/25-42	16,055,000
Series 2020 SRF-1	3/27/2020	28,350,000	2.00%	10/1/25-42	25,995,000
Series 2020 SRF-2	9/30/2020	3,232,000	2.00%	10/1/25-33	1,300,052
Series 2021 SRF-1	3/26/2021	12,940,000	1.88%	10/1/25-41	10,481,237
Series 2021 SRF-2	9/24/2021	6,881,250	1.88%	4/1/26-31	1,925,700
Series 2022 SRF-1	6/6/2022	34,195,000	1.88%	10/1/25-35	17,529,200
Series 2022 SRF-3	9/20/2022	19,035,000	1.88%	4/1/26-38	11,356,405
Series 2022 SRF-2	8/29/2022	50,245,000	1.88%	4/1/26-39	31,377,722
Series 2023 SRF-1	6/5/2023	88,820,000	1.88%	10/1/27-30	13,797,181
Series 2024 SRF-1	5/6/2024	126,800,000	2.00%	4/1/29-31	11,460,411
Series 2024 SRF-3	9/6/2024	60,500,000	2.00%	10/1/2028	115,450
Total Sewage Disposal Fund State Revolving Loans					<u>350,797,556</u>
Total Business-type Activities					<u>\$ 636,565,174</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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 Disposal 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, 2025 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, 2025:

	Water Fund	Sewage Disposal Fund
Remaining principal and interest requirement	\$ 4,183,545,865	\$ 3,938,777,480
Principal and interest funding requirement for the year ending June 30, 2025 (calculated on a debt set aside basis consistent with rate covenant basis for rate determination)	\$ 207,189,647	\$ 249,432,319
Pledged revenue for the year ending June 30, 2025	\$ 270,938,643	\$ 330,705,132
Pledged revenue collected as a percentage of funding requirement	131%	133%

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, 2025.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

CREDIT RATINGS

In May 2025, S&P Global Ratings affirmed the Authority's senior lien water supply and sewage disposal systems ratings of AA- and its second lien ratings of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water supply and sewer disposal systems senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable. Fitch upgraded the Authority's sewage disposal system senior lien rating from AA- to AA, and its second lien bonds from A+ to AA-. Fitch affirmed the Authority's ratings for its water supply system senior lien of A+, and its second lien ratings of A. The outlook was upgraded from positive to stable 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
Water Fund				
	2026	\$ 3,212,750	\$ 3,439,802	\$ 6,652,552
	2027	3,345,194	3,307,356	6,652,550
	2028	3,483,226	3,169,448	6,652,674
	2029	3,626,806	3,025,850	6,652,656
	2030	3,775,483	2,876,345	6,651,828
	2031-2035	21,344,739	11,914,757	33,259,496
	2036-2040	26,127,148	7,136,560	33,263,708
	2041-2045	21,113,507	1,749,069	22,862,576
	2046	437,307	3,693	441,000
Total Water Fund		\$ 86,466,160	\$ 36,622,880	\$ 123,089,040

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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, 2025:

Bond Issue (GLWA share)	Original Issue Amount (GLWA share)	Range of Interest Rates	Maturity Date	Outstanding Ending Balance
Water Fund				
Series 2014-B	\$ 26,540,080	4.00% and variable	4/1/2044	\$ 14,778,223
Series 2014-C	3,829,794	5.00%	6/30/2027	343,304
Total Water Fund				15,121,527
Sewage Disposal Fund				
Series 2014-B	44,233,463	4.00% and variable	4/1/2044	33,240,917
Series 2014-C	6,382,990	5.00%	6/30/2027	772,200
Total Sewage Disposal Fund				34,013,117
Total Business-type Activities				\$ 49,134,644

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

BC NOTE OBLIGATION (cont.)

As of June 30, 2025, debt service requirements of the BC Note obligation for the Financial Recovery Bonds were as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
2026		\$ 1,013,903	\$ 608,294	\$ 1,622,197
2027		885,005	565,377	1,450,382
2028		777,802	528,905	1,306,707
2029		777,802	497,793	1,275,595
2030		777,802	466,681	1,244,483
2031-2035		3,889,008	2,022,284	5,911,292
2036-2040		3,889,008	1,633,383	5,522,391
2041-2044		3,111,197	466,682	3,577,879
Total Water Fund		15,121,527	6,789,399	21,910,926
Sewage Disposal Fund				
2026		2,280,589	1,368,246	3,648,835
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		1,749,522	1,049,713	2,799,235
2031-2035		8,747,608	4,548,756	13,296,364
2036-2040		8,747,608	3,673,995	12,421,603
2041-2044		6,998,091	1,049,714	8,047,805
Total Sewage Disposal Fund		34,013,117	15,271,504	49,284,621
Total Business-type Activities		\$ 49,134,644	\$ 22,060,903	\$ 71,195,547

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 12 – LONG-TERM DEBT (cont.)

INTEREST EXPENSE

The following represents the amounts recorded as interest expense for the year ended June 30, 2025:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Revenue bonds and loans	\$ 112,658,327	\$ 117,597,257	\$ 230,255,584
Regional System Lease	16,298,059	19,919,849	36,217,908
Raw water rights obligation	2,680,672	-	2,680,672
BC Note obligation	650,052	1,462,173	2,112,225
Lease payable - warehouse	-	98,367	98,367
Subscription liability	70,906	70,906	141,812
Total Interest Expense	\$ 132,358,016	\$ 139,148,552	\$ 271,506,568

NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE

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 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, 2025

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, 2025 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Water Fund	\$ 394,167,195	\$ -	\$ (6,180,465)	\$ 387,986,730	\$ 6,443,173
Sewage Disposal Fund	481,759,905	-	(7,553,901)	474,206,004	7,874,989
Total Business-type Activities	<u>\$ 875,927,100</u>	<u>\$ -</u>	<u>\$ (13,734,366)</u>	<u>\$ 862,192,734</u>	<u>\$ 14,318,162</u>

* The current portion of the Regional Systems leases payable represents the 12 monthly payments required from July 1, 2025 through June 30, 2026. Future revenues are intended to cover these payments.

As of June 30, 2025, aggregate requirements of the Regional Systems leases were as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	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	7,610,524	14,889,476	22,500,000
	2031-2035	43,188,974	69,311,026	112,500,000
	2036-2040	53,182,203	59,317,797	112,500,000
	2040-2044	65,487,702	47,012,298	112,500,000
	2045-2049	80,640,495	31,859,505	112,500,000
	2050-2054	99,299,398	13,200,602	112,500,000
	2055-2056	11,114,430	135,570	11,250,000
Total Water Fund		<u>387,986,730</u>	<u>298,263,270</u>	<u>686,250,000</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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

	Year Ended June 30	Principal	Interest	Total
Sewage Disposal Fund				
	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	9,301,751	18,198,249	27,500,000
	2031-2035	52,786,524	84,713,476	137,500,000
	2036-2040	65,000,470	72,499,530	137,500,000
	2040-2044	80,040,525	57,459,475	137,500,000
	2045-2049	98,560,605	38,939,395	137,500,000
	2050-2054	121,365,930	16,134,068	137,499,998
	2055-2056	13,584,304	165,697	13,750,001
Total Sewage Disposal Fund		474,206,004	364,543,995	838,749,999
Total Business-type Activities		<u>\$ 862,192,734</u>	<u>\$ 662,807,265</u>	<u>\$ 1,524,999,999</u>

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, 2025 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Water Fund					
Subscription liability	\$ 1,575,059	\$ 575,956	\$ (411,576)	\$ 1,739,439	\$ 425,129
Compensated absences	5,543,237	4,041,474	(4,067,609)	5,517,102	3,830,181
Workers' compensation	657,892	240,276	(148,567)	749,601	674,600
Claims and judgements	125,000	-	-	125,000	125,000
Cash held for the benefit of DWSD budget stabilization	2,000,000	-	-	2,000,000	-
Total Water Fund	9,901,188	4,857,706	(4,627,752)	10,131,142	5,054,910

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 14 – OTHER LIABILITIES (cont.)

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Sewage Disposal Fund					
Lease payable – warehouse	\$ 3,501,324	\$ -	\$ (414,719)	\$ 3,086,605	\$ 436,958
Subscription liability	1,575,059	575,956	(411,576)	1,739,439	425,129
Compensated absences	2,360,719	1,965,829	(2,090,145)	2,236,403	1,140,035
Claim and judgements	5,767,357	65,000	(3,752,357)	2,080,000	2,080,000
DWSD local system capital contribution from EFSD	16,052,563	340,881	(8,557,957)	7,835,487	2,400,000
Cash held for the benefit of DWSD budget stabilization	5,500,000	-	-	5,500,000	-
Total Sewage Disposal Fund	34,757,022	2,947,666	(15,226,754)	22,477,934	6,482,122
Total Business-type Activities	\$ 44,658,210	\$ 7,805,372	\$ (19,854,506)	\$ 32,609,076	\$ 11,537,032

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
Sewage Disposal Fund				
	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	548,900	27,860	576,760
	2031-2032	629,456	11,089	640,545
Total Sewage Disposal Fund		\$ 3,086,605	\$ 301,519	\$ 3,388,124

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 14 – OTHER LIABILITIES (cont.)

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

	Cost	Accumulated Amortization	Ending Book Value
Sewage Disposal Fund			
Warehouse	\$ 4,543,607	\$ (1,868,742)	\$ 2,674,865

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 went live in fiscal year 2024. The FINS module went live 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
Water Fund				
	2026	\$ 425,129	\$ 67,378	\$ 492,507
	2027	463,276	51,020	514,296
	2028	496,136	33,232	529,368
	2029	354,898	14,197	369,095
Total Water Fund		1,739,439	165,827	1,905,266
Sewage Disposal Fund				
	2026	425,129	67,378	492,507
	2027	463,276	51,020	514,296
	2028	496,136	33,232	529,368
	2029	354,898	14,197	369,095
Total Sewage Disposal Fund		1,739,439	165,827	1,905,266
Total Business-type Activities		\$ 3,478,878	\$ 331,654	\$ 3,810,532

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 14 – OTHER LIABILITIES (cont.)

The subscription asset was recorded based on the subscription liability amount plus implementation cost. The subscription assets at June 30, 2025 are summarized below:

	Cost	Accumulated Amortization	Ending Book Value
Water Fund			
Workday SaaS	\$ 5,967,718	\$ (1,380,779)	\$ 4,586,939
NEXGEN	2,561,284	(418,169)	2,143,115
Total Water Fund	\$ 8,529,002	\$ (1,798,948)	\$ 6,730,054
Sewage Disposal Fund			
Workday SaaS	\$ 5,967,718	\$ (1,380,779)	\$ 4,586,939
NEXGEN	2,561,284	(418,169)	2,143,115
Total Sewage Disposal Fund	8,529,002	(1,798,948)	6,730,054
Total Business-type Activities	\$ 17,058,004	\$ (3,597,896)	\$ 13,460,108

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, 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, 2025 for PTO accruals are \$3,727,545 for the Water Fund and \$1,073,332 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, 2025 based on the payment history since 2016. The amount included in the accrued compensated absences is \$1,789,556 of which \$102,635 is current for the Water Fund and \$1,163,071 of which \$66,704 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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 14 – OTHER LIABILITIES (cont.)

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.

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, 2025

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.

	2025	2024
Unpaid claims, beginning of year	\$ 534,615	\$ 548,912
Incurred claims (including change in IBNR provisions)	12,743,091	10,795,664
Claims payments	<u>(11,786,115)</u>	<u>(10,809,961)</u>
Unpaid Claims, End of Year	<u>\$ 1,491,591</u>	<u>\$ 534,615</u>

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:

	2025	2024
Unpaid claims, beginning of year	\$ 657,892	\$ 218,373
Incurred claims (including change in IBNR provisions)	240,276	702,816
Claims payments	<u>(148,567)</u>	<u>(263,297)</u>
Unpaid Claims, End of Year	<u>\$ 749,601</u>	<u>\$ 657,892</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 16 – DEFINED CONTRIBUTION PENSION PLANS

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 \$7,138,147, which is net of forfeitures of \$125,197, for the year ended June 30, 2025. The Authority has accrued approximately \$172,000 of 401(a) expense on the accrued payroll at June 30, 2025. At June 30, 2025, there were 1,354 plan members, of which 1,024 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, 2025 there are 24 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, 2025 there were 1,435 plan members, of which 1,056 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, 2025 there are 139 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 of \$2,344,745 which is net of forfeitures of \$74,703, for the year ended June 30, 2025. The Authority has accrued approximately \$49,184 of expense on the accrued payroll at June 30, 2025. Employee contributions were \$274,770 for the year ended June 30, 2025. At June 30, 2025, there were 2,024 plan members, of which 1,108 are active.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)

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 required 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, 2024 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 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). 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, 2025

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

During fiscal year 2024, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. For fiscal year 2024, total employer contributions from the city-related entities and GLWA were \$82.5 million, which includes \$375,000 from the Foundation for Detroit's Future (the "Foundation"). In addition, during fiscal year 2024, Component II received \$23,185,142 from the Protecting Michigan Pension Grant Program, which includes \$217,095 in interest from the City of Detroit, Michigan given the funds were first sent to the City prior to being transferred to Component II.

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 2025 contribution was included in the GRS annual actuarial valuation of Component II dated June 30, 2024. The total share for the DWSD is estimated to be \$2.3 million for Unfunded Actuarial Accrued Liability (UAAL) and administrative expense. GLWA's share of the 2025 estimated contribution will be \$1.54 million with approximately \$0.55 million allocated to the Water Fund and approximately \$0.99 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, 2024, 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, 2023, which used updated procedures to roll forward the estimated liability to June 30, 2024. 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	6.75%, 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, 2025

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

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2023 valuation to calculate the total pension liability as of June 30, 2024 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, 2024 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%	4.45%
Global fixed income	33.0%	4.30%
Real estate	13.0%	4.11%
Diversifying strategies	8.0%	4.09%
	100.0%	

Single Discount Rate. A Single Discount Rate of 6.75%, net of investment expenses, was used to measure the total pension liability as of June 30, 2024. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.75% 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, 2024, 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.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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

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	\$ 155,391,878	\$ 278,102,130	\$ 433,494,008
Plan fiduciary net position	(144,803,877)	(259,152,971)	(403,956,848)
Authority's net pension liability	<u>\$ 10,588,001</u>	<u>\$ 18,949,159</u>	<u>\$ 29,537,160</u>
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Water Fund			
Balances at June 30, 2024	<u>\$ 161,412,106</u>	<u>\$ 148,132,440</u>	<u>\$ 13,279,666</u>
Changes for the year:			
Interest	10,405,375	-	10,405,375
Differences between expected and actual experience	(1,571,043)	-	(1,571,043)
Changes in assumptions	118,314	-	118,314
Employer contributions	-	176,400	(176,400)
Net investment income	-	12,380,332	(12,380,332)
Benefit payments, including refunds of employee contributions	(14,972,874)	(14,972,874)	-
Administrative expenses	-	(296,435)	296,435
Other changes	-	(615,986)	615,986
Net changes	<u>(6,020,228)</u>	<u>(3,328,563)</u>	<u>(2,691,665)</u>
Balances at June 30, 2025	<u>\$ 155,391,878</u>	<u>\$ 144,803,877</u>	<u>\$ 10,588,001</u>

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Sewage Disposal Fund			
Balances at June 30, 2024	\$ 288,876,428	\$ 265,110,042	\$ 23,766,386
Changes for the year:			
Interest	18,622,319	-	18,622,319
Differences between expected and actual experience	(2,811,670)	-	(2,811,670)
Changes in assumptions	211,744	-	211,744
Employer contributions	-	315,700	(315,700)
Net investment income	-	22,156,864	(22,156,864)
Benefit payments, including refunds of employee contributions	(26,796,691)	(26,796,691)	-
Administrative expenses	-	(530,524)	530,524
Other changes	-	(1,102,420)	1,102,420
Net changes	(10,774,298)	(5,957,071)	(4,817,227)
Balances at June 30, 2025	\$ 278,102,130	\$ 259,152,971	\$ 18,949,159

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 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Water Fund	\$ 12,871,720	\$ 10,588,001	\$ 8,611,272
Sewage Disposal Fund	23,036,293	18,949,159	15,411,444
Authority's Net Pension Liability	\$ 35,908,013	\$ 29,537,160	\$ 24,022,716

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, 2025, the Authority recognized pension expenses of \$1,084,873 and \$1,941,578 for the water and sewage disposal funds, respectively. At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Water fund			
Net difference between projected and actual earnings on pension plan investments	\$ 1,561,693	\$ -	\$ 1,561,693
Employer contributions to the plan subsequent to the measurement date	403,200	-	403,200
Total Water Fund	1,964,893	-	1,964,893
Sewage disposal fund			
Net difference between projected and actual earnings on pension plan investments	2,794,936	-	2,794,936
Employer contributions to the plan subsequent to the measurement date	721,600	-	721,600
Total Sewage Disposal Fund	3,516,536	-	3,516,536
Total Business-type Activities	\$ 5,481,429	\$ -	\$ 5,481,429

Amounts reported as deferred outflows 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
2026	\$ (1,361,107)	\$ (2,435,950)	\$ (3,797,057)
2027	3,711,142	6,641,766	10,352,908
2028	(208,833)	(373,746)	(582,579)
2029	(579,509)	(1,037,134)	(1,616,643)
Total	\$ 1,561,693	\$ 2,794,936	\$ 4,356,629

Payable to the Pension Plan. At June 30, 2025, 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, 2025**

NOTE 18 – COMMITMENTS AND CONTINGENCIES

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 2028 and 95% spend rate through 2030. The total cost for the Sewage Disposal Fund is anticipated to be approximately \$1.3 billion with a spend rate assumption between 80% - 96% for fiscal years 2026 through 2029 and 100% in 2030. The Program is being financed from revenue bond and state revolving fund loan proceeds in addition to the Improvement and Extension Funds.

The total amount of construction contract commitments outstanding at June 30, 2025 was approximately \$361 million for the Water Fund and \$814 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 \$72.5 million for the Sewage Disposal Fund at June 30, 2025. 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 one SBITA that is in the implementation phase. A summary of the commitments for the SBITA is detailed below:

Kahau is a project management information system subscription service. The contract is for \$3.9 million, for a duration of seven years, with an additional \$0.9 million optional allowance for add-ons. The contract ends December 31, 2031. The anticipated in-service date for phase 1 is expected during fiscal year 2026 and phase 2 is expected during fiscal year 2027. There is a separate implementation contract which ends in December 2031 for a not to exceed cost of \$3.15 million. Implementation costs incurred up to the date placed in service will be capitalized. The Authority's remaining commitment for the two contracts is \$6.4 million, which will be split 50/50 between the water fund and sewage disposal fund.

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, 2025

NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

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. The trial court dismissed most of the lawsuits against GLWA based on governmental immunity. The plaintiffs appealed the dismissal to the Michigan Court of Appeals. The Court of Appeals reversed the trial court's order of dismissal as premature and remanded the case to the trial court to allow the case to proceed with discovery. GLWA is appealing the Court of Appeals' decision to the Michigan Supreme Court.

The Authority received an insurance settlement of \$10.6 million in prior years for infrastructure repairs related to the flooding event. The insurance payments were net of the \$1 million deductible on the insurance policy. The Federal Emergency Management Agency (FEMA) has reimbursed the Authority for the \$1 million deductible, net of the GLWA 10% cost share. Final costs related to infrastructure repairs have been accounted for in fiscal year 2025. GLWA has outstanding FEMA reimbursements receivable of \$2.2 million related to the flood event.

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, 2025.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

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, 2025.

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 \$2,080,000 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, 2025

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025 was as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Capital Assets			
Nondepreciable/nonamortizable	\$ 841,843,338	\$ 617,979,428	\$ 1,459,822,766
Depreciated/amortized – net	1,299,448,724	1,845,054,565	3,144,503,289
Total Capital Assets	2,141,292,062	2,463,033,993	4,604,326,055
Less: Related Debt			
Total bonds and loans, net (Note 12)	2,892,704,212	2,878,416,391	5,771,120,603
Less outstanding bonds used for:			
SWAP termination agreements	(152,846,791)	(184,419,916)	(337,266,707)
Unspent bond proceeds	(269,724,166)	(143,892,321)	(413,616,487)
Obligation receivable-local system share of debt (Note 8)	(529,149,930)	(340,142,394)	(869,292,324)
Capital related deferred charge on refunding	(19,902,990)	(37,719,566)	(57,622,556)
Capital related deferred gain on refunding	78,795,603	82,506,677	161,302,280
Capital portion of regional system lease	282,725,931	329,241,230	611,967,161
Raw water rights obligation (Note 12)	86,466,160	-	86,466,160
Lease payable-Warehouse (Note 14)	-	3,086,605	3,086,605
Subscription liability (Note 14)	1,739,439	1,739,439	3,478,878
Total Related Debt	2,370,807,468	2,588,816,145	4,959,623,613
Net Investment in Capital Assets	\$ (229,515,406)	\$ (125,782,152)	\$ (355,297,558)

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, 2025, Sewage Disposal System Revenue Bonds, Series 2025 SRF-2, were issued for \$11.18 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 \$108.988 million (Ordinance No. 2025-04) was approved by the GLWA Board on June 25, 2025. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for \$2.236 million of loan forgiveness.

GREAT LAKES WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2025

NOTE 20 – SUBSEQUENT EVENTS (cont.)

On August 28, 2025, Water Supply System Revenue Bonds, Series 2025 SRF-2, were issued for \$17.765 million to fund local water system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed \$51.895 million (Ordinance No. 2025-03) was approved by the GLWA Board in June 25, 2025. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for \$5.336 million of loan forgiveness.

On September 5, 2025, Sewage Disposal System Revenue Bonds, Series 2025 SRF-1, were issued for \$67.27 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 \$108.988 million (Ordinance No. 2025-04) was approved by the GLWA Board in June 25, 2025. The loan bears a fixed interest rate of 2.00% for a term of twenty (20) years. This loan qualifies for \$6.852 million of loan forgiveness.

VENDOR CLOSURE AND TRANSFER OF CONTRACTS

Subsequent to June 30, 2025, one of the Authority's vendors (the "Vendor"), notified the GLWA of its intent to cease operations and wind down its business. The Vendor currently provides operational and construction services to the GLWA for both the Water Fund and Sewage Disposal Fund under several existing agreements. The Vendor's surety has taken over two of the construction contracts, and GLWA has been advised that the Vendor will complete the work on the other remaining contracts. Nonetheless, GLWA is exploring available options to prepare for a possible transition of the remaining contracts. GLWA management continues to work with the Vendor to ensure continuity of services and to facilitate the reassignment of work under replacement contracts or novation agreements, as allowed by the underlying arrangements.

NEW MEMBER PARTNER

On October 3, 2025, the City of Mount Clemens, Michigan announced an intent to connect to the Authority's water system. It is expected the City of Mount Clemens, Michigan will begin receiving services from the Authority near the end of fiscal year 2027.

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REQUIRED SUPPLEMENTARY INFORMATION

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 - Business-Type Activities

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
Share of Total Pension Liability										
Interest	\$ 29,027,694	\$ 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	(4,382,713)	(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	330,058	(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	(41,769,565)	(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	(16,794,526)	(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	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	740,944,192
Share of Total Pension Liability, End of Year	433,494,008	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
Share of Plan Fiduciary Net Position										
Employer contributions	492,100	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)	34,537,196	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	(41,769,565)	(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	(826,959)	-	-	-	-	-	-	-	-	(21,294)
Other changes	(1,718,406)	(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	(9,285,634)	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	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	374,223,576
Share of Plan Fiduciary Net Position, End of Year	403,956,848	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
SHARE OF NET PENSION LIABILITY	<u>\$ 29,537,160</u>	<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>
Nonemployer contributing entity share of collective net pension liability	3.5%	4.0%	6.9%	7.4%	13.1%	14.2%	15.9%	19.0%	19.5%	20.6%
Plan fiduciary net position as a percentage of total pension liability	93.2%	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.

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 - Water Fund

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
Share of Total Pension Liability										
Interest	\$ 10,405,375	\$ 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	(1,571,043)	(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	118,314	(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	(14,972,874)	(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	(6,020,228)	(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	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	265,601,617
Share of Total Pension Liability, End of Year	155,391,878	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
Share of Plan Fiduciary Net Position										
Employer contributions	176,400	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)	12,380,332	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	(14,972,874)	(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	(296,435)	-	-	-	-	-	-	-	-	(7,633)
Other changes	(615,986)	(1,047,258)	364,799	472,481	423,755	(42,826)	496,841	535,562	90,427	9,950,436
Net change	(3,328,563)	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	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	134,145,578
Share of Plan Fiduciary Net Position, End of Year	144,803,877	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
SHARE OF NET PENSION LIABILITY	<u>\$ 10,588,001</u>	<u>\$ 13,279,666</u>	<u>\$ 22,645,805</u>	<u>\$ 23,379,480</u>	<u>\$ 51,728,179</u>	<u>\$ 47,643,374</u>	<u>\$ 47,310,460</u>	<u>\$ 64,151,352</u>	<u>\$ 69,569,044</u>	<u>\$ 61,021,079</u>
Nonemployer contributing entity share of collective net pension liability - Water Fund	1.3%	1.4%	2.5%	2.6%	4.7%	5.1%	5.7%	6.8%	7.0%	7.4%
Plan fiduciary net position as a percentage of total pension liability	93.2%	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%	69.9%

* As described in Notes 1 and 18 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.

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
Share of Total Pension Liability										
Interest	\$ 18,622,319	\$ 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	(2,811,670)	(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	211,744	(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	(26,796,691)	(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	(10,774,298)	(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	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	475,342,575
Share of Total Pension Liability, End of Year	278,102,130	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
Share of Plan Fiduciary Net Position										
Employer contributions	315,700	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)	22,156,864	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	(26,796,691)	(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	(530,524)	-	-	-	-	-	-	-	-	(13,661)
Other changes	(1,102,420)	(1,874,259)	652,873	845,589	758,387	(76,643)	889,186	958,487	161,836	17,808,122
Net change	(5,957,071)	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	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	240,077,998
Share of Plan Fiduciary Net Position, End of Year	259,152,971	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
SHARE OF NET PENSION LIABILITY	<u>\$ 18,949,159</u>	<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>
Nonemployer contributing entity share of collective net pension liability - Sewer Fund	2.2%	2.6%	4.4%	4.7%	8.4%	9.1%	10.2%	12.2%	12.5%	13.2%
Plan fiduciary net position as a percentage of total pension liability	93.2%	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.

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									
	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Total Business-Type Activities										
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	1,124,800	-	-	-	-	-	-	-	-	-
Actual contribution	<u>1,124,800</u>	<u>-</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>	<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>	<u>\$ -</u>
Water Fund										
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	403,200	-	-	-	-	-	-	-	-	-
Actual contribution	<u>403,200</u>	<u>-</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>	<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>	<u>\$ -</u>
Sewage Disposal Fund										
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	721,600	-	-	-	-	-	-	-	-	-
Actual contribution	<u>721,600</u>	<u>-</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>	<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>	<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.

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, 2025

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.

In 2024, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.76 percent to 6.75 percent. Also, for Component I, the Variable Pension Improvement Factor assumption changed from 0.50 percent to 2 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, 2025

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
Assets				
Current Assets				
Cash and cash equivalents	\$ 120,216,378	\$ 87,165,187	\$ -	\$ 207,381,565
Restricted cash and cash equivalents	18,611,544	-	39,611,894	58,223,438
Restricted cash for the benefit of DWSD	23,814,008	-	-	23,814,008
Investments	32,707,527	66,335,922	-	99,043,449
Restricted investments	123,128,174	-	-	123,128,174
Receivables				
Billed	45,998,943	-	-	45,998,943
Unbilled	31,761,275	-	-	31,761,275
Other	58,504	-	-	58,504
Allowance for doubtful accounts	(8,245,546)	-	-	(8,245,546)
Due from other governments	1,579,738	223,759	521,731	2,325,228
Due from other funds	196,095	440,942	112,550	749,587
Due from other water funds	4,056,064	-	2,169,149	6,225,213
Contractual obligation receivable	22,858,664	-	-	22,858,664
Prepaid items and other assets	9,960,010	391,236	60,286	10,411,532
Total Current Assets	<u>426,701,378</u>	<u>154,557,046</u>	<u>42,475,610</u>	<u>623,734,034</u>
Noncurrent Assets				
Restricted cash and cash equivalents	107,320	-	269,724,166	269,831,486
Restricted investments	1,892,680	-	-	1,892,680
Contractual obligation receivable	506,291,266	-	-	506,291,266
Prepaid lease	11,250,000	-	-	11,250,000
Capital assets				
Nondepreciable/nonamortizable	841,843,338	-	-	841,843,338
Depreciated/amortized, net	1,299,448,724	-	-	1,299,448,724
Total noncurrent assets	<u>2,660,833,328</u>	<u>-</u>	<u>269,724,166</u>	<u>2,930,557,494</u>
Total Assets	<u>3,087,534,706</u>	<u>154,557,046</u>	<u>312,199,776</u>	<u>3,554,291,528</u>
Deferred outflows of resources				
Deferred charge on refunding	22,155,705	-	-	22,155,705
Deferred pension amounts	1,964,893	-	-	1,964,893
Total Deferred Outflows of Resources	<u>24,120,598</u>	<u>-</u>	<u>-</u>	<u>24,120,598</u>

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
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 25,352,546	\$ 2,932,394	\$ 39,581,894	\$ 67,866,834
Accrued salaries, wages and benefits	3,793,297	-	-	3,793,297
Accrued liabilities	25,234,778	-	-	25,234,778
Due to other governments	10,626,406	-	-	10,626,406
Due to other funds	4,637,264	41,520	-	4,678,784
Due to other water funds	-	3,785,483	2,439,730	6,225,213
Interest payable	48,494,681	-	-	48,494,681
Current portion of:				
Revenue bonds and loans	110,897,236	-	-	110,897,236
Raw water rights obligation	3,212,750	-	-	3,212,750
BC Note obligation	1,013,903	-	-	1,013,903
Regional system lease	6,443,173	-	-	6,443,173
Other liabilities	5,054,910	-	-	5,054,910
Total Current Liabilities	<u>244,760,944</u>	<u>6,759,397</u>	<u>42,021,624</u>	<u>293,541,965</u>
Noncurrent Liabilities				
Revenue bonds and loans	2,781,806,976	-	-	2,781,806,976
Raw water rights obligation	83,253,410	-	-	83,253,410
BC Note obligation	14,107,624	-	-	14,107,624
Regional system lease	381,543,557	-	-	381,543,557
Other liabilities	5,076,232	-	-	5,076,232
Net pension liability	10,588,001	-	-	10,588,001
Total Noncurrent Liabilities	<u>3,276,375,800</u>	<u>-</u>	<u>-</u>	<u>3,276,375,800</u>
Total Liabilities	<u>3,521,136,744</u>	<u>6,759,397</u>	<u>42,021,624</u>	<u>3,569,917,765</u>
Deferred Inflows of Resources				
Deferred gain on refunding	84,770,706	-	-	84,770,706
Deferred amounts for swap terminations	47,260	-	-	47,260
Total Deferred Inflows of Resources	<u>84,817,966</u>	<u>-</u>	<u>-</u>	<u>84,817,966</u>
Net Position (Deficit)				
Net investment in capital assets	(499,693,558)	-	270,178,152	(229,515,406)
Restricted for debt service	90,366,871	-	-	90,366,871
Restricted for payment assistance program	1,181,497	-	-	1,181,497
Unrestricted	(86,154,216)	147,797,649	-	61,643,433
TOTAL NET POSITION	<u>\$ (494,299,406)</u>	<u>\$ 147,797,649</u>	<u>\$ 270,178,152</u>	<u>\$ (76,323,605)</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, 2025

	Water Operations Fund	Water and Extension Fund	Water Construction Fund	Total Water Fund
Operating Revenues				
Wholesale charges	\$ 348,976,278	\$ -	\$ -	\$ 348,976,278
Local system charges	27,094,800	-	-	27,094,800
Other revenues	383,450	-	-	383,450
Total Operating Revenues	<u>376,454,528</u>	<u>-</u>	<u>-</u>	<u>376,454,528</u>
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	60,047,778	-	-	60,047,778
Contractual services	56,811,560	2,418,294	-	59,229,854
Utilities	30,874,851	-	-	30,874,851
Chemicals	14,111,802	-	-	14,111,802
Supplies and other expenses	16,512,555	-	-	16,512,555
Capital program allocation	(1,700,664)	-	-	(1,700,664)
Intergovernmental reimbursements	(2,516,179)	(2,418,294)	-	(4,934,473)
Total operating expenses before depreciation and amortization	174,141,703	-	-	174,141,703
Depreciation	94,928,085	-	-	94,928,085
Amortization of intangible assets	4,950,504	-	-	4,950,504
Total Operating Expenses	<u>274,020,292</u>	<u>-</u>	<u>-</u>	<u>274,020,292</u>
Operating Income (Loss)	<u>102,434,236</u>	<u>-</u>	<u>-</u>	<u>102,434,236</u>
Nonoperating Revenues (Expenses)				
Earnings on investments	10,901,450	6,127,352	5,248,342	22,277,144
Interest income from other receivables	23,205,372	-	-	23,205,372
Interest expense	(132,358,016)	-	-	(132,358,016)
Amortization of debt related items and cost of issuance	18,629,609	-	-	18,629,609
Legacy pension recovery (expense)	(1,084,873)	-	-	(1,084,873)
Water Residential Assistance Program	(1,626,102)	-	-	(1,626,102)
Other	(18,592)	-	-	(18,592)
Capital projects	165,092,219	(8,883,041)	(156,209,178)	-
Total Nonoperating Revenues (Expenses)	<u>82,741,067</u>	<u>(2,755,689)</u>	<u>(150,960,836)</u>	<u>(70,975,458)</u>
Income (Loss) Before Transfers and Capital Contributions	185,175,303	(2,755,689)	(150,960,836)	31,458,778
Transfer in	6,615,724	8,315,700	288,275,861	303,207,285
Transfer out	(296,419,999)	(4,974,701)	(1,812,585)	(303,207,285)
Capital Contributions	<u>-</u>	<u>-</u>	<u>3,348,636</u>	<u>3,348,636</u>
Change in Net Position	(104,628,972)	585,310	138,851,076	34,807,414
NET POSITION (DEFICIT), Beginning of Year	<u>(389,670,434)</u>	<u>147,212,339</u>	<u>131,327,076</u>	<u>(111,131,019)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ (494,299,406)</u>	<u>\$ 147,797,649</u>	<u>\$ 270,178,152</u>	<u>\$ (76,323,605)</u>

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, 2025

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
Assets				
Current Assets				
Cash and cash equivalents	\$ 131,086,284	\$ 97,063,634	\$ -	\$ 228,149,918
Restricted cash and cash equivalents	36,287,944	156,311	57,009,642	93,453,897
Restricted cash for the benefit of DWSD	33,764,024	-	-	33,764,024
Investments	44,119,083	76,806,883	-	120,925,966
Restricted investments	129,190,790	-	-	129,190,790
Receivables:				
Billed	15,375,836	-	-	15,375,836
Unbilled	25,403,376	-	-	25,403,376
Other	1,223	-	-	1,223
Allowance for doubtful accounts	(15,364)	-	-	(15,364)
Due from other governments	1,863,914	5,974	7,604,023	9,473,911
Due from other funds	2,892,440	-	1,786,344	4,678,784
Due from other sewage disposal funds	2,030,243	1,940,411	-	3,970,654
Contractual obligation receivable	17,768,589	-	-	17,768,589
Prepaid items and other assets	5,578,584	452,991	-	6,031,575
Inventories	11,016,188	-	-	11,016,188
Total Current Assets	<u>456,363,154</u>	<u>176,426,204</u>	<u>66,400,009</u>	<u>699,189,367</u>
Noncurrent assets				
Restricted cash and cash equivalents	8,087,128	-	143,892,321	151,979,449
Restricted investments	5,176,154	-	-	5,176,154
Contractual obligation receivable	322,373,805	-	-	322,373,805
Prepaid lease	13,750,000	-	-	13,750,000
Capital assets				
Nondepreciable/nonamortizable	617,979,428	-	-	617,979,428
Depreciated/amortized, net	<u>1,845,054,565</u>	<u>-</u>	<u>-</u>	<u>1,845,054,565</u>
Total Noncurrent Assets	<u>2,812,421,080</u>	<u>-</u>	<u>143,892,321</u>	<u>2,956,313,401</u>
Total Assets	<u>3,268,784,234</u>	<u>176,426,204</u>	<u>210,292,330</u>	<u>3,655,502,768</u>
Deferred Outflows of Resources				
Deferred charge on refunding	43,993,954	-	-	43,993,954
Deferred pension amounts	<u>3,516,536</u>	<u>-</u>	<u>-</u>	<u>3,516,536</u>
Total Deferred Outflows of Resources	<u>47,510,490</u>	<u>-</u>	<u>-</u>	<u>47,510,490</u>

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
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 21,076,918	\$ 1,899,255	\$ 57,009,642	\$ 79,985,815
Accrued salaries, wages and benefits	651,333	-	-	651,333
Accrued liabilities	35,691,788	-	-	35,691,788
Due to other governments	922,632	-	-	922,632
Due to other funds	-	637,037	112,550	749,587
Due to other sewage disposal funds	-	160,818	3,809,836	3,970,654
Interest payable	46,371,205	-	-	46,371,205
Current portion of:				
Revenue bonds and loans	133,368,516	-	-	133,368,516
BC Note obligation	2,280,589	-	-	2,280,589
Regional system lease	7,874,989	-	-	7,874,989
Other liabilities	6,482,122	-	-	6,482,122
Total Current Liabilities	<u>254,720,092</u>	<u>2,697,110</u>	<u>60,932,028</u>	<u>318,349,230</u>
Noncurrent Liabilities				
Revenue bonds and loans	2,745,047,875	-	-	2,745,047,875
BC Note obligation	31,732,528	-	-	31,732,528
Regional system lease	466,331,015	-	-	466,331,015
Other liabilities	15,995,812	-	-	15,995,812
Net pension liability	18,949,159	-	-	18,949,159
Total Noncurrent Liabilities	<u>3,278,056,389</u>	<u>-</u>	<u>-</u>	<u>3,278,056,389</u>
Total Liabilities	<u>3,532,776,481</u>	<u>2,697,110</u>	<u>60,932,028</u>	<u>3,596,405,619</u>
Deferred Inflows of Resources				
Deferred gain on refunding	94,626,296	-	-	94,626,296
Deferred amounts for swap terminations	218	-	-	218
Total Deferred Inflows of Resources	<u>94,626,514</u>	<u>-</u>	<u>-</u>	<u>94,626,514</u>
Net Position (Deficit)				
Net investment in capital assets	(275,142,454)	-	149,360,302	(125,782,152)
Restricted for construction	2,327,795	-	-	2,327,795
Restricted for debt service	113,285,692	-	-	113,285,692
Restricted for payment assistance program	1,124,253	-	-	1,124,253
Unrestricted	<u>(152,703,557)</u>	<u>173,729,094</u>	<u>-</u>	<u>21,025,537</u>
TOTAL NET POSITION	<u>\$ (311,108,271)</u>	<u>\$ 173,729,094</u>	<u>\$ 149,360,302</u>	<u>\$ 11,981,125</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, 2025

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
Operating Revenues				
Wholesale charges	\$ 287,690,760	\$ -	\$ -	\$ 287,690,760
Charges to local system	205,924,800	-	-	205,924,800
Industrial waste charges	8,849,415	-	-	8,849,415
Pollutant surcharges	4,583,986	-	-	4,583,986
Other revenues	564,619	-	-	564,619
Total Operating Revenues	<u>507,613,580</u>	<u>-</u>	<u>-</u>	<u>507,613,580</u>
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	76,834,951	-	-	76,834,951
Contractual services	70,109,322	97,885	-	70,207,207
Utilities	36,184,430	-	-	36,184,430
Chemicals	20,273,321	-	-	20,273,321
Supplies and other expenses	27,404,987	-	-	27,404,987
Capital program allocation	(1,199,916)	-	-	(1,199,916)
Intergovernmental reimbursements	(1,631,165)	(97,885)	-	(1,729,050)
Total operating expenses before depreciation and amortization	227,975,930	-	-	227,975,930
Depreciation	147,559,403	-	-	147,559,403
Amortization of intangible assets	1,823,544	-	-	1,823,544
Total Operating Expenses	<u>377,358,877</u>	<u>-</u>	<u>-</u>	<u>377,358,877</u>
Operating Income (Loss)	<u>130,254,703</u>	<u>-</u>	<u>-</u>	<u>130,254,703</u>
Nonoperating Revenues (Expenses)				
Earnings on investments	16,486,185	6,191,040	3,840,499	26,517,724
Interest income from other receivables	15,086,077	-	-	15,086,077
Interest expense	(139,148,552)	-	-	(139,148,552)
Amortization of debt related items and cost of issuance	7,305,898	-	-	7,305,898
Legacy pension recovery (expense)	(1,941,578)	-	-	(1,941,578)
Water Residential Assistance Program	(2,202,336)	-	-	(2,202,336)
Other	18,058,628	-	-	18,058,628
Capital projects	183,740,896	(9,038,304)	(174,702,592)	-
Total Nonoperating Revenues (Expenses)	<u>97,385,218</u>	<u>(2,847,264)</u>	<u>(170,862,093)</u>	<u>(76,324,139)</u>
Income (Loss) Before Transfers and Capital Contributions	227,639,921	(2,847,264)	(170,862,093)	53,930,564
Transfer in	6,504,470	44,035,716	136,205,933	186,746,119
Transfer out	(177,344,371)	(5,749,637)	(3,652,111)	(186,746,119)
Capital Contributions	<u>22,083,722</u>	<u>-</u>	<u>15,260,416</u>	<u>37,344,138</u>
Change in Net Position	78,883,742	35,438,815	(23,047,855)	91,274,702
NET POSITION (DEFICIT), Beginning of Year	<u>(389,992,013)</u>	<u>138,290,279</u>	<u>172,408,157</u>	<u>(79,293,577)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ (311,108,271)</u>	<u>\$ 173,729,094</u>	<u>\$ 149,360,302</u>	<u>\$ 11,981,125</u>

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, 2025

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, 2025 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	\$ -	\$ 196,095	\$ -	\$ 196,095
Water Improvement and Extension Fund	-	440,942	-	440,942
Water Construction Fund	-	-	112,550	112,550
TOTALS	<u>\$ -</u>	<u>\$ 637,037</u>	<u>\$ 112,550</u>	<u>\$ 749,587</u>

	Water Fund due to Sewage Disposal Fund			
	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total
Sewer Operations	\$ 2,850,920	\$ 41,520	\$ -	\$ 2,892,440
Sewer Improvement and Extension	-	-	-	-
Sewer Construction Fund	1,786,344	-	-	1,786,344
TOTALS	<u>\$ 4,637,264</u>	<u>\$ 41,520</u>	<u>\$ -</u>	<u>\$ 4,678,784</u>

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, 2025

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses							
Personnel	\$ 87,889,300	\$ 94,039,000	\$ (33,313,100)	\$ 60,725,900	\$ 60,047,778	\$ (678,122)	-1.12%
Contractual services	86,347,000	105,891,700	(45,384,100)	60,507,600	56,811,560	(3,696,040)	-6.11%
Utilities	33,211,000	32,311,000	(181,700)	32,129,300	30,874,851	(1,254,449)	-3.90%
Chemicals	12,688,600	15,688,600	-	15,688,600	14,111,802	(1,576,798)	-10.05%
Supplies and other expenses	27,264,800	29,019,800	(12,536,800)	16,483,000	16,512,555	29,555	0.18%
Capital program allocation	(2,460,500)	(2,460,500)	-	(2,460,500)	(1,700,664)	759,836	30.88%
Intergovernmental reimbursements	(1,580,300)	(2,110,700)	-	(2,110,700)	(2,516,179)	(405,479)	-19.21%
Unallocated reserve	7,954,000	-	-	-	-	-	0.00%
Total before allocation to sewer [1]	251,313,900	272,378,900					
Centralized services allocation	(60,413,200)	(67,059,500)	67,059,500	-	-	-	0.00%
Administrative services allocation	(21,275,700)	(23,092,300)	23,092,300	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	169,625,000	182,227,100	(1,263,900)	180,963,200	174,141,703	(6,821,497)	
SBITA [2]	-	-	1,263,900	1,263,900	1,263,928	28	0.00%
TOTAL OPERATING EXPENSES							
BUDGET BASIS	<u>\$ 169,625,000</u>	<u>\$ 182,227,100</u>	<u>\$ -</u>	<u>\$ 182,227,100</u>	<u>\$ 175,405,631</u>	<u>\$ (6,821,469)</u>	<u>-3.74%</u>

[1] Centralized and Administrative services are accounted for in the Water Operations Fund. A monthly allocation is done to the Sewage Disposal Operations Fund to reimburse the Water Operations Fund for the Sewage Disposal Operations share of the centralized and administrative services costs. The first two columns for the Adopted and Amended Budget includes the total for operating areas A (Water Operations), B (Centralized Services) and C (Administrative Services) as presented in GLWA's Schedule 2C in the published Biennial Budget Section 2. The third column removes the Sewage Disposal Operations share by expense category to arrive at the fourth column Final Amended Budget, which represents the Water Operations area and its share of the Centralized and Administrative services. The table below provides the cross walk from the budget document to the 'Total before allocation to sewer' line item above.

Operating Area	Adopted Budget	Amended Budget
A - Water	\$ 94,669,900	\$ 94,398,400
C - Centralized Services	116,980,200	135,243,500
D - Administrative Services	39,663,800	42,737,000
Total	<u>\$ 251,313,900</u>	<u>\$ 272,378,900</u>

[2] 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.

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, 2025

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses							
Personnel	\$ 42,479,000	\$ 44,496,200	\$ 33,313,100	\$ 77,809,300	\$ 76,834,951	\$ (974,349)	-1.25%
Contractual services	28,161,700	28,161,700	44,151,900	72,313,600	70,109,322	(2,204,278)	-3.05%
Utilities	37,391,500	37,391,500	181,700	37,573,200	36,184,430	(1,388,770)	-3.70%
Chemicals	22,146,300	22,546,300	-	22,546,300	20,273,321	(2,272,979)	-10.08%
Supplies and other expenses	16,273,900	16,273,900	10,727,100	27,001,000	27,404,987	403,987	1.50%
Capital program allocation	(2,121,300)	(2,121,300)	-	(2,121,300)	(1,199,916)	921,384	43.43%
Intergovernmental reimbursements	(1,337,400)	(1,708,500)	-	(1,708,500)	(1,631,165)	77,335	4.53%
Unallocated reserve	4,251,400	-	-	-	-	-	0.00%
Centralized services allocation	60,413,200	67,059,500	(67,059,500)	-	-	-	0.00%
Administrative services allocation	21,275,700	23,092,300	(23,092,300)	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	228,934,000	235,191,600	(1,778,000)	233,413,600	227,975,930	(5,437,670)	
SBITA [1]	-	-	1,263,900	1,263,900	1,263,928	28	0.00%
Warehouse lease [2]	-	-	514,100	514,100	514,123	23	0.00%
TOTAL OPERATING EXPENSES							
BUDGET BASIS	<u>\$ 228,934,000</u>	<u>\$ 235,191,600</u>	<u>\$ -</u>	<u>\$ 235,191,600</u>	<u>\$ 229,753,981</u>	<u>\$ (5,437,619)</u>	-2.31%

[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 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, 2025

	Adopted Budget	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses					
Personnel	\$ 130,368,300	\$ 138,535,200	\$ 136,882,729	\$ (1,652,471)	-1.19%
Contractual services	114,508,700	132,821,200	126,920,882	(5,900,318)	-4.44%
Utilities	70,602,500	69,702,500	67,059,281	(2,643,219)	-3.79%
Chemicals	34,834,900	38,234,900	34,385,123	(3,849,777)	-10.07%
Supplies and other expenses	43,538,700	43,484,000	43,917,542	433,542	1.00%
Capital program allocation	(4,581,800)	(4,581,800)	(2,900,580)	1,681,220	36.69%
Intergovernmental reimbursements	(2,917,700)	(3,819,200)	(4,147,344)	(328,144)	-8.59%
Unallocated reserve	12,205,400	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	398,559,000	414,376,800	402,117,633	(12,259,167)	
SBITA	-	2,527,800	2,527,856	56	0.00%
Warehouse lease	-	514,100	514,123	23	0.00%
TOTAL OPERATING EXPENSES					
BUDGET BASIS	<u>\$ 398,559,000</u>	<u>\$ 417,418,700</u>	<u>\$ 405,159,612</u>	<u>\$ (12,259,088)</u>	-2.94%

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, 2025

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 budgeted, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Water Operations experienced a positive variance of \$13.3 million.

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
Revenues				
Revenue from Charges				
Wholesale Charges [1]	\$ 347,758,000	\$ 347,758,000	\$ 343,199,317	\$ (4,558,683)
Charges to Local System	27,094,800	27,094,800	27,094,800	-
Total Revenue from Charges	374,852,800	374,852,800	370,294,117	(4,558,683)
Investment Earnings [2]				
Unrestricted	6,692,200	11,933,000	12,109,614	176,614
Restricted for Debt Service	3,182,100	3,885,000	4,346,719	461,719
Total Investment Earnings	9,874,300	15,818,000	16,456,333	638,333
Other Revenue [3]	400,000	400,000	503,708	103,708
Total Revenues	385,127,100	391,070,800	387,254,158	(3,816,642)
Revenue Requirements				
Operations and Maintenance Expense [4]	169,625,000	182,227,100	175,405,631	(6,821,469)
Debt Service	175,300,800	161,945,100	162,019,744	74,644
General Retirement System Pension	2,283,300	1,653,300	1,653,300	-
Water Residential Assistance Program Contribution	1,947,800	1,876,500	1,876,500	-
Extraordinary Repair & Replacement Deposit	-	2,650,000	2,144,000	(506,000)
Regional System Lease	22,500,000	22,500,000	22,500,000	-
Working Capital Requirement [5]	6,200,000	4,956,000	-	(4,956,000)
Transfer to the Improvement & Extension Fund	7,270,200	13,262,800	8,315,700	(4,947,100)
Total Revenue Requirements	385,127,100	391,070,800	373,914,875	(17,155,925)
Revenue Requirement Variance [5]	\$ -	\$ -	\$ 13,339,283	\$ 13,339,283

[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 \$5,776,961 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 working capital requirements 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, 2025

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
Revenues				
Revenue from Charges				
Wholesale Charges	\$ 287,517,600	\$ 287,386,800	\$ 287,690,760	\$ 303,960
Charges to Local System	205,924,800	205,924,800	205,924,800	-
Industrial Waste Control	8,719,300	8,719,300	8,849,415	130,115
Pollutant Surcharges	5,434,400	5,434,400	4,583,986	(850,414)
Total Revenue from Charges	507,596,100	507,465,300	507,048,961	(416,339)
Investment Earnings [1]				
Unrestricted	10,494,500	16,113,000	16,514,414	401,414
Restricted for Debt Service	1,861,500	4,492,000	5,128,850	636,850
Total Investment Earnings	12,356,000	20,605,000	21,643,264	1,038,264
Other Revenue (Expense) [2]	700,000	700,000	685,291	(14,709)
Total Revenues	520,652,100	528,770,300	529,377,516	607,216
Revenue Requirements				
Operations and Maintenance Expense [3]	228,934,000	235,191,600	229,753,981	(5,437,619)
Debt Service	226,279,400	217,448,700	217,295,589	(153,111)
General Retirement System Pension	4,846,300	3,718,800	3,718,800	-
Water Residential Assistance Program Contribution	2,651,700	2,541,500	2,541,501	1
Extraordinary Repair & Replacement Deposit	-	276,000	345,000	69,000
Regional System Lease	27,500,000	27,500,000	27,500,000	-
Working Capital Requirement [4]	2,300,000	-	-	-
Transfer to the Improvement & Extension Fund	28,140,700	42,093,700	42,093,700	-
Total Revenue Requirements	520,652,100	528,770,300	523,248,571	(5,521,729)
Revenue Requirement Variance [4]	\$ -	\$ -	\$ 6,128,945	\$ 6,128,945

[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 working capital 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, 2025

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
Revenue Requirement Variance from Schedule of Revenue Requirements	\$ 13,339,283	\$ 6,128,945	\$ 19,468,228
Budgetary adjustments to financial reporting basis			
Pension delayed accounting election adjustments:			
Current year pension payments recorded as deferral	403,200	721,600	1,124,800
Prior year pension deferral accounted for in current year	(1,084,873)	(1,941,578)	(3,026,451)
Administrative fee adjustment	(554,400)	(992,200)	(1,546,600)
Debt service	72,566,789	114,784,409	187,351,198
BC Note obligation	1,003,248	2,256,627	3,259,875
Regional system lease	6,201,941	7,580,151	13,782,092
Water Residential Assistance Program (WRAP)	250,398	339,165	589,563
Extraordinary Repair & Replacement Fund transfers	2,144,000	345,000	2,489,000
Improvement & Extension Fund transfers	8,315,700	42,093,700	50,409,400
GASB 87 & GASB 96 adjustments	1,193,022	1,608,778	2,801,800
Nonbudgeted financial reporting adjustments			
Depreciation and amortization	(99,878,589)	(149,382,947)	(249,261,536)
Amortization - debt related	18,629,609	7,305,898	25,935,507
Investment earnings on bond funds in Construction Fund	5,248,342	3,840,499	9,088,841
Investment earnings unrealized gain (loss)	572,469	963,608	1,536,077
Raw water rights obligation	3,096,289	-	3,096,289
Gain(loss) on disposal of capital assets	12,350	(184,020)	(171,670)
Other nonoperating income (expenses)	-	18,462,929	18,462,929
Capital contribution	3,348,636	37,344,138	40,692,774
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 34,807,414</u>	<u>\$ 91,274,702</u>	<u>\$ 126,082,116</u>

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, 2025

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 \$0.6 million in net position. The system experienced a negative budget variance of \$0.7 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Water Operations Fund				
Revenue transfers	\$ 7,270,200	\$ 13,262,800	\$ 8,315,700	\$ (4,947,100)
Investment earnings [1]	938,700	6,125,000	6,257,059	132,059
Total Inflows	<u>8,208,900</u>	<u>19,387,800</u>	<u>14,572,759</u>	<u>(4,815,041)</u>
Outflows				
Capital outlay	10,527,800	11,835,700	8,883,041	(2,952,659)
Transfers out to Water Operations Fund				
Investment earnings [1]	938,700	6,125,000	4,803,139	(1,321,861)
Transfer out to Water Construction Fund				
Revenue financed capital	<u>15,000,000</u>	<u>-</u>	<u>171,562</u>	<u>171,562</u>
Total Outflows	<u>26,466,500</u>	<u>17,960,700</u>	<u>13,857,742</u>	<u>(4,102,958)</u>
Net Increase (Decrease) - Budget Basis	<u>\$ (18,257,600)</u>	<u>\$ 1,427,100</u>	<u>715,017</u>	<u>\$ (712,083)</u>
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			<u>(129,707)</u>	
Combining Schedule Water Improvement and Extension Fund Change in Net Position [3]			<u>\$ 585,310</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.

[2] 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, 2025

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 \$35.4 million in net position and a positive budget variance of \$5.6 million.

	Adopted Budget	Amended Budget	Actual [3]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Operations Fund				
Revenue transfers	\$ 28,140,700	\$ 42,093,700	\$ 42,093,700	\$ -
Transfers in from Sewer Construction Fund				
Working capital adjustment [1]	-	-	1,942,016	1,942,016
Investment earnings [2]	1,076,000	6,210,000	6,347,085	137,085
Total Inflows	29,216,700	48,303,700	50,382,801	2,079,101
Outflows				
Capital outlay	12,071,300	12,071,300	9,038,304	(3,032,996)
Transfers out to Sewer Operations Fund				
Investment earnings [2]	1,076,000	6,210,000	4,794,375	(1,415,625)
Transfer out to Sewer Construction Fund				
Revenue financed capital	5,500,000	-	955,262	955,262
Total Outflows	18,647,300	18,281,300	14,787,941	(3,493,359)
Net Increase (Decrease) - Budget Basis	\$ 10,569,400	\$ 30,022,400	35,594,860	\$ 5,572,460
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			(156,045)	
Combining Schedule Sewer Improvement and Extension Fund Change in Net Position [3]			\$ 35,438,815	

[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, 2025

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 \$138.9 million in net position. The system experienced a positive budget variance of \$52.2 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers from Water Improvement & Extension Fund				
Revenue financed capital	\$ 15,000,000	\$ -	\$ 171,562	\$ 171,562
Transfers in from Water Operations Fund				
Bond proceeds	271,562,500	230,000,000	231,833,814	1,833,814
State revolving loans	30,800,000	61,643,600	56,270,485	(5,373,115)
Grants and Capital Contributions	-	1,848,900	3,348,636	1,499,736
Investment earnings [1]	7,953,300	4,839,000	5,248,342	409,342
Total Inflows	<u>325,315,800</u>	<u>298,331,500</u>	<u>296,872,839</u>	<u>(1,458,661)</u>
Outflows				
Capital Program	210,000,000	210,000,000	156,209,178	(53,790,822)
Transfers out to Water Operations Fund				
Bond cost of issuance	-	1,725,000	1,812,585	87,585
Total Outflows	<u>210,000,000</u>	<u>211,725,000</u>	<u>158,021,763</u>	<u>(53,703,237)</u>
Net Increase (Decrease) - Budget Basis	<u>\$ 115,315,800</u>	<u>\$ 86,606,500</u>	138,851,076	<u>\$ 52,244,576</u>
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			-	
Combining Schedule Water Construction Fund Change in Net Position [2]			<u>\$ 138,851,076</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] 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, 2025

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 decrease of \$23.0 million in net position. The system experienced a positive budget variance of \$6.0 million.

	Adopted Budget	Amended Budget	Actual [3]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Improvement & Extension Fund				
Revenue financed capital	\$ 5,500,000	\$ -	\$ 955,262	\$ 955,262
Transfers in from Sewer Operations Fund				
Bond proceeds	-	50,000,000	51,717,480	1,717,480
State revolving loans	96,852,000	96,852,000	83,533,191	(13,318,809)
Grants and Capital Contributions	-	2,664,800	15,260,416	12,595,616
Investment earnings [1]	2,359,000	6,830,000	3,840,499	(2,989,501)
Total Inflows	<u>104,711,000</u>	<u>156,346,800</u>	<u>155,306,848</u>	<u>(1,039,952)</u>
Outflows				
Capital Program	170,000,000	185,000,000	174,702,592	(10,297,408)
Transfers out to Sewer Operations Fund				
Bond cost of issuance	-	375,000	1,710,095	1,335,095
Transfers out to Sewer Improvement & Extension Fund				
Working capital adjustment [2]	-	-	1,942,016	1,942,016
Total Outflows	<u>170,000,000</u>	<u>185,375,000</u>	<u>178,354,703</u>	<u>(7,020,297)</u>
Net Increase (Decrease) - Budget Basis	<u>\$ (65,289,000)</u>	<u>\$ (29,028,200)</u>	<u>(23,047,855)</u>	<u>\$ 5,980,345</u>
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			-	
Combining Schedule Sewer Construction Fund Change in Net Position [3]			<u>\$ (23,047,855)</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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Water Fund										
Unrestricted Cash and investments	\$ 306,425,014	\$ 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	\$ 274,020,292	\$ 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	(94,928,085)	(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	(4,950,504)	(3,981,772)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(2,080,554)	-	-
Net Operating Expense	\$ 174,141,703	\$ 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	\$ 477,101	\$ 432,359	\$ 425,115	\$ 377,578	\$ 338,734	\$ 363,104	\$ 328,279	\$ 297,344	\$ 278,715	\$ 273,733
Number of days cash	642	640	573	632	1,043	1,086	1,058	1,066	959	611
Sewage Disposal Fund										
Unrestricted Cash and investments	\$ 349,075,884	\$ 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	\$ 377,358,877	\$ 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	(147,559,403)	(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	(1,823,544)	(854,812)	(439,704)	(439,704)	(109,926)	-	-	-	-	-
Net Operating Expense	\$ 227,975,930	\$ 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	\$ 624,592	\$ 599,853	\$ 579,880	\$ 512,106	\$ 487,949	\$ 484,793	\$ 476,824	\$ 483,231	\$ 414,571	\$ 466,188
Number of days cash	559	571	521	574	664	593	495	432	495	403
Combined										
Unrestricted Cash and investments	\$ 655,500,898	\$ 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	\$ 651,379,169	\$ 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	(242,487,488)	(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	(6,774,048)	(4,836,584)	(4,006,368)	(4,006,368)	(3,676,590)	(3,566,664)	(3,566,664)	(2,080,554)	-	-
Net Operating Expense	\$ 402,117,633	\$ 376,757,400	\$ 366,823,174	\$ 324,734,645	\$ 301,739,516	\$ 309,482,298	\$ 293,862,751	\$ 284,909,787	\$ 253,049,215	\$ 133,925,680
Operating Expense per Day	\$ 1,101,692	\$ 1,032,212	\$ 1,004,995	\$ 889,684	\$ 826,684	\$ 847,897	\$ 805,103	\$ 780,575	\$ 693,286	\$ 739,921
Number of days cash	595	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, 2025

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, 2025

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, 2025. For the software that has been placed in service, payments made 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assets										
Current Assets										
Cash and cash equivalents	\$ 435,531,483	\$ 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	151,677,335	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	57,578,032	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	219,969,415	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	252,318,964	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	61,374,779	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	57,164,651	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	59,727	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	(8,260,910)	(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	11,799,139	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	5,428,371	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	40,627,253	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	16,443,107	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	11,016,188	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>1,312,727,534</u>	<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	421,810,935	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	7,068,834	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	828,665,071	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	25,000,000	-
Capital assets										
Nondepreciable/nonamortizable	1,459,822,766	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	3,144,503,289	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>5,886,870,895</u>	<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>7,199,598,429</u>	<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	66,149,659	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	5,481,429	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>71,631,088</u>	<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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Liabilities										
Current Liabilities										
Accounts and contracts payable	\$ 147,852,649	\$ 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	4,444,630	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	60,926,566	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	11,549,038	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	5,428,371	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	94,865,886	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	244,265,752	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	3,212,750	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-	-
BC Note obligation	3,294,492	3,257,960	695,845	662,710	631,153	601,097	572,474	545,213	519,251	494,524
Regional system leases	14,318,162	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	11,537,032	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>601,695,328</u>	<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	5,526,854,851	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	83,253,410	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-	-
BC Note obligation	45,840,152	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	847,874,572	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	21,072,044	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	29,537,160	37,046,052	63,174,607	65,221,327	144,305,198	132,909,889	131,981,165	178,961,907	194,075,547	170,229,438
Total Noncurrent Liabilities	<u>6,554,432,189</u>	<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>7,156,127,517</u>	<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	179,397,002	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	47,478	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>179,444,480</u>	<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	(355,297,558)	(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	2,327,795	2,258,067	2,180,985	-	-	-	-	-	-	-
Restricted for debt service	203,652,563	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	2,305,750	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	82,668,970	20,588,937	(49,298,656)	(160,316,797)	(33,707,455)	15,370,230	(126,936,239)	(260,040,893)	(382,675,290)	(507,946,380)
TOTAL NET POSITION (DEFICIT)	<u>\$ (64,342,480)</u>	<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>

GREAT LAKES WATER AUTHORITY
SCHEDULE OF NET POSITION - WATER FUND

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assets										
Current Assets										
Cash and cash equivalents	\$ 207,381,565	\$ 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	58,223,438	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	23,814,008	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	99,043,449	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	123,128,174	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	45,998,943	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	31,761,275	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	58,504	82,346	286,079	295,791	85,494	214,997	916,074	5,850	1,300	21,899,046
Allowance for doubtful accounts	(8,245,546)	(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	2,325,228	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	749,587	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-	-
Contractual obligation receivable	22,858,664	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	10,411,532	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	-	-	-
Total Current Assets	<u>617,508,821</u>	<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>
Noncurrent Assets										
Restricted cash and cash equivalents	269,831,486	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	1,892,680	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	506,291,266	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	11,250,000	-
Capital assets										
Nondepreciable/nonamortizable	841,843,338	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	1,299,448,724	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
Total Noncurrent Assets	<u>2,930,557,494</u>	<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>
Total Assets	<u>3,548,066,315</u>	<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>
Deferred Outflows of Resources										
Deferred charge on refunding	22,155,705	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	<u>1,964,893</u>	<u>5,338,231</u>	<u>17,107,308</u>	<u>10,810,800</u>	<u>22,112,642</u>	<u>15,292,494</u>	<u>11,369,496</u>	<u>18,645,719</u>	<u>21,491,506</u>	<u>13,620,562</u>
Total Deferred Outflows of Resources	<u>24,120,598</u>	<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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Liabilities										
Current Liabilities										
Accounts and contracts payable	\$ 67,866,834	\$ 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	3,793,297	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	25,234,778	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	10,626,406	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	4,678,784	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-	65,971
Interest payable	48,494,681	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	110,897,236	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	3,212,750	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-	-
BC Note obligation	1,013,903	1,002,660	214,151	203,954	194,242	184,992	176,183	167,794	159,803	152,193
Regional system lease	6,443,173	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	5,054,910	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>287,316,752</u>	<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	2,781,806,976	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	83,253,410	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-	-
BC Note obligation	14,107,624	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	381,543,557	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	5,076,232	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	10,588,001	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>3,276,375,800</u>	<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>3,563,692,552</u>	<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	84,770,706	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	47,260	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>84,817,966</u>	<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	(229,515,406)	(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	90,366,871	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	1,181,497	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	61,643,433	41,360,838	16,101,706	(37,034,806)	65,783,239	118,215,240	56,502,001	(2,003,397)	(62,565,494)	(166,119,547)
TOTAL NET POSITION (DEFICIT)	<u>\$ (76,323,605)</u>	<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>

GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assets										
Current Assets										
Cash and cash equivalents	\$ 228,149,918	\$ 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	93,453,897	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	33,764,024	33,451,810	24,989,273	9,098,348	2,919,797	-	627,919	-	-	51,648
Investments	120,925,966	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	129,190,790	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	15,375,836	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	25,403,376	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	1,223	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	(15,364)	(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	9,473,911	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	4,678,784	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-	65,971
Contractual obligation receivable	17,768,589	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	6,031,575	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	11,016,188	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
Total Current Assets	695,218,713	664,251,810	576,440,516	492,646,969	521,792,499	498,349,795	454,338,768	400,248,770	408,348,328	444,741,342
Noncurrent Assets										
Restricted cash and cash equivalents	151,979,449	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	5,176,154	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	322,373,805	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	13,750,000	-
Capital assets										
Nondepreciable/nonamortizable	617,979,428	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	1,845,054,565	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
Total Noncurrent Assets	2,956,313,401	2,931,601,590	2,963,376,683	2,890,642,439	2,983,660,956	3,089,281,856	3,280,427,339	3,315,911,788	3,458,026,342	3,607,519,077
Total Assets	3,651,532,114	3,595,853,400	3,539,817,199	3,383,289,408	3,505,453,455	3,587,631,651	3,734,766,107	3,716,160,558	3,866,374,670	4,052,260,419
Deferred Outflows of Resources										
Deferred charge on refunding	43,993,954	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	3,516,536	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
Total Deferred Outflows of Resources	47,510,490	60,117,778	125,248,843	129,689,148	158,283,837	154,445,915	179,717,956	219,914,057	236,814,914	236,523,989

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Liabilities										
Current Liabilities										
Accounts and contracts payable	\$ 79,985,815	\$ 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	651,333	506,119	305,601	1,013,356	1,136,565	-	-	-	-	-
Accrued liabilities	35,691,788	33,584,678	28,840,076	9,743,206	4,615,255	-	627,919	-	898,800	674,458
Due to other governments	922,632	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	749,587	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-	-
Interest payable	46,371,205	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	133,368,516	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	2,280,589	2,255,300	481,694	458,756	436,911	416,105	396,291	377,419	359,448	342,331
Regional system lease	7,874,989	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	6,482,122	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	314,378,576	327,220,357	247,990,836	187,047,094	176,916,488	159,088,408	181,341,670	144,063,891	181,760,641	172,737,304
Noncurrent Liabilities										
Revenue bonds and loans	2,745,047,875	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	31,732,528	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	466,331,015	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	15,995,812	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	18,949,159	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	3,278,056,389	3,339,629,484	3,487,709,817	3,375,309,915	3,555,623,257	3,654,635,934	3,808,937,213	3,850,491,365	3,926,566,955	4,098,594,434
Total Liabilities	3,592,434,965	3,666,849,841	3,735,700,653	3,562,357,009	3,732,539,745	3,813,724,342	3,990,278,883	3,994,555,256	4,108,327,596	4,271,331,738
Deferred Inflows of Resources										
Deferred gain on refunding	94,626,296	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	218	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	94,626,514	68,414,914	37,087,576	60,654,838	44,064,138	53,521,171	48,148,161	59,838,762	61,222,831	28,044,955
Net Position (Deficit)										
Net investment in capital assets	(125,782,152)	(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	2,327,795	2,258,067	2,180,985	-	-	-	-	-	-	-
Restricted for debt service	113,285,692	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	1,124,253	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	21,025,537	(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)
TOTAL NET POSITION (DEFICIT)	\$ 11,981,125	\$ (79,293,577)	\$ (107,722,187)	\$ (110,033,291)	\$ (112,866,591)	\$ (125,167,947)	\$ (123,942,981)	\$ (118,319,403)	\$ (66,360,843)	\$ (10,592,285)

GREAT LAKES WATER AUTHORITY
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

Schedule 2

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Operating Revenues										
Wholesale customer charges	\$ 636,667,038	\$ 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
Charges to local system	233,019,600	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	8,849,415	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	4,583,986	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	948,069	1,149,414	2,011,011	663,953	766,943	778,257	527,663	4,455,345	576,195	4,252,477
Total Operating Revenues	884,068,108	835,531,085	845,686,489	816,345,129	815,368,630	800,889,221	801,078,783	811,894,703	857,557,026	398,130,501
Operating Expenses										
Personnel	136,882,729	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	129,437,061	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	67,059,281	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	34,385,123	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	43,917,542	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	(2,900,580)	(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	(6,663,523)	(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	242,487,488	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	6,774,048	4,836,584	4,006,368	4,006,368	3,676,590	3,566,664	3,566,664	2,080,554	-	-
Total Operating Expenses	651,379,169	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
Operating Income	232,688,939	188,893,481	184,900,347	206,394,460	235,908,918	207,736,064	194,533,878	193,661,964	274,741,434	106,888,247
Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	48,794,868	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	38,291,449	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	(271,506,568)	(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	25,935,507	(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)	(3,026,451)	(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	(3,828,438)	(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	18,040,036	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)	-	-	-
Total Nonoperating Expenses	(147,299,597)	(188,168,475)	(199,359,161)	(222,552,401)	(230,423,540)	(234,448,946)	(216,603,735)	(269,581,735)	(268,922,991)	(123,572,127)
Income (loss) before capital contributions and special item	85,389,342	725,006	(14,458,814)	(16,157,941)	5,485,378	(26,712,882)	(22,069,857)	(75,919,771)	5,818,443	(16,683,880)
Capital Contributions	40,692,774	40,432,239	2,176,000	6,991,039	5,960,000	5,960,000	-	-	320,707	2,000,000
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	(94,290,263)	-
Change in Net Position	126,082,116	41,157,245	(12,282,814)	(9,166,902)	11,445,378	(20,752,882)	(22,069,857)	(75,919,771)	(88,151,113)	(14,683,880)
NET POSITION (DEFICIT),										
Beginning of Year	(190,424,596)	(231,581,841)	(219,299,027)	(210,132,125)	(221,577,503)	(200,824,621)	(178,754,764)	(102,834,993)	(14,683,880)	-
NET POSITION (DEFICIT),										
END OF YEAR	\$ (64,342,480)	\$ (190,424,596)	\$ (231,581,841)	\$ (219,299,027)	\$ (210,132,125)	\$ (221,577,503)	\$ (200,824,621)	\$ (178,754,764)	\$ (102,834,993)	\$ (14,683,880)

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

GREAT LAKES WATER AUTHORITY
CHANGES IN NET POSITION - WATER FUND

Schedule 2a

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Operating Revenues										
Wholesale customer charges	\$ 348,976,278	\$ 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
Charges to local system	27,094,800	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	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863
Total Operating Revenues	376,454,528	358,550,856	363,779,097	344,957,975	344,615,090	334,253,577	331,601,876	338,312,144	351,749,944	167,665,532
Operating Expenses										
Personnel	60,047,778	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	59,229,854	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	30,874,851	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	14,111,802	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	16,512,555	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	(1,700,664)	(1,451,128)	(1,172,302)	(1,618,459)	(2,123,060)	(2,164,003)	(2,054,913)	(713,779)	(977,762)	-
Intergovernmental reimbursements	(4,934,473)	(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	94,928,085	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	4,950,504	3,981,772	3,566,664	3,566,664	3,566,664	3,566,664	3,566,664	2,080,554	-	-
Total Operating Expenses	274,020,292	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
Operating Income	102,434,236	86,200,688	78,559,623	80,379,316	94,138,793	70,970,847	67,642,146	83,709,392	105,881,083	46,824,328
Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	22,277,144	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	23,205,372	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	(132,358,016)	(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	18,629,609	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)	(1,084,873)	(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	(1,626,102)	(2,937,520)	(5,023,436)	(1,049,908)	(593,206)	(1,393,179)	(855,455)	(1,506,554)	(884,327)	-
Other	(18,592)	(2,285,643)	526,389	388,656	(300,841)	703,544	(991,096)	(1,205,489)	878,305	-
Discontinued capital projects	-	-	(20,902,626)	-	-	-	-	-	-	-
Total Nonoperating Expenses	(70,975,458)	(83,786,040)	(93,153,541)	(92,379,518)	(94,994,771)	(90,498,763)	(84,088,425)	(107,670,603)	(105,452,057)	(50,915,923)
Income (loss) before capital contributions and special item	31,458,778	2,414,648	(14,593,918)	(12,000,202)	(855,978)	(19,527,916)	(16,446,279)	(23,961,211)	429,026	(4,091,595)
Capital Contributions	3,348,636	10,313,987	-	-	-	-	-	-	-	-
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	(32,811,581)	-
Change in Net Position	34,807,414	12,728,635	(14,593,918)	(12,000,202)	(855,978)	(19,527,916)	(16,446,279)	(23,961,211)	(32,382,555)	(4,091,595)
NET POSITION (DEFICIT), Beginning of Year	(111,131,019)	(123,859,654)	(109,265,736)	(97,265,534)	(96,409,556)	(76,881,640)	(60,435,361)	(36,474,150)	(4,091,595)	-
NET POSITION (DEFICIT), END OF YEAR	\$ (76,323,605)	\$ (111,131,019)	\$ (123,859,654)	\$ (109,265,736)	\$ (97,265,534)	\$ (96,409,556)	\$ (76,881,640)	\$ (60,435,361)	\$ (36,474,150)	\$ (4,091,595)

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

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

Schedule 2b

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Operating Revenues										
Wholesale customer charges	\$ 287,690,760	\$ 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
Charges to local system	205,924,800	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	8,849,415	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	4,583,986	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	564,619	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807	4,197,614
Total Operating Revenues	507,613,580	476,980,229	481,907,392	471,387,154	470,753,540	466,635,644	469,476,907	473,582,559	505,807,082	230,464,969
Operating Expenses										
Personnel	76,834,951	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	70,207,207	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	36,184,430	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	20,273,321	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	27,404,987	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	(1,199,916)	(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	(1,729,050)	(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	147,559,403	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	1,823,544	854,812	439,704	439,704	109,926	-	-	-	-	-
Total Operating Expenses	377,358,877	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
Operating Income	130,254,703	102,692,793	106,340,724	126,015,144	141,770,125	136,765,217	126,891,732	109,952,572	168,860,351	60,063,919
Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	26,517,724	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	15,086,077	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	(139,148,552)	(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	7,305,898	(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)	(1,941,578)	(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	(2,202,336)	(3,834,918)	(7,319,076)	(1,742,929)	(924,247)	(1,921,938)	(1,168,664)	(2,248,980)	(1,243,006)	-
Other	18,058,628	8,997,356	1,225,939	(234,915)	(540,045)	(900,162)	466,898	1,760,166	(498,896)	275,693
Sewer lookback - MOU adjustment	-	-	-	-	-	-	(6,527,200)	-	-	-
Total Nonoperating Expenses	(76,324,139)	(104,382,435)	(106,205,620)	(130,172,883)	(135,428,769)	(143,950,183)	(132,515,310)	(161,911,132)	(163,470,934)	(72,656,204)
Income (loss) before capital contributions and special item	53,930,564	(1,689,642)	135,104	(4,157,739)	6,341,356	(7,184,966)	(5,623,578)	(51,958,560)	5,389,417	(12,592,285)
Capital Contributions	37,344,138	30,118,252	2,176,000	6,991,039	5,960,000	5,960,000	-	-	320,707	2,000,000
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	(61,478,682)	-
Change in Net Position	91,274,702	28,428,610	2,311,104	2,833,300	12,301,356	(1,224,966)	(5,623,578)	(51,958,560)	(55,768,558)	(10,592,285)
NET POSITION (DEFICIT),										
Beginning of Year	(79,293,577)	(107,722,187)	(110,033,291)	(112,866,591)	(125,167,947)	(123,942,981)	(118,319,403)	(66,360,843)	(10,592,285)	-
NET POSITION (DEFICIT),										
END OF YEAR	\$ 11,981,125	\$ (79,293,577)	\$ (107,722,187)	\$ (110,033,291)	\$ (112,866,591)	\$ (125,167,947)	\$ (123,942,981)	\$ (118,319,403)	\$ (66,360,843)	\$ (10,592,285)

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

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

Schedule 3

CHARGE ADJUSTMENTS
As Originally Adopted by the Board of Directors

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016 [5]
Water Fund										
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
Sewage Disposal Fund										
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

GREAT LAKES WATER AUTHORITY
WATER FUND OPERATING REVENUES/ LARGEST WATER CUSTOMERS

Schedule 4a

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Operating Revenues										
Wholesale charges [1]	\$ 348,976,278	\$ 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
Charges to local system	27,094,800	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)	-	-	-	-	-	-	5,107,125	-
Other revenue	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863
Total Operating Revenues	<u>\$ 376,454,528</u>	<u>\$ 358,550,856</u>	<u>\$ 363,779,097</u>	<u>\$ 344,957,975</u>	<u>\$ 344,615,090</u>	<u>\$ 334,253,577</u>	<u>\$ 331,601,876</u>	<u>\$ 338,312,144</u>	<u>\$ 351,749,944</u>	<u>\$ 167,665,532</u>
Wholesale charges % of total operating revenue	92.70%	94.13%	93.63%	93.64%	93.56%	93.55%	93.91%	95.51%	94.13%	95.89%
Charges to local system % of total operating revenue	7.20%	7.12%	6.28%	6.29%	6.36%	6.37%	6.09%	4.47%	4.40%	4.08%
Ten Largest Wholesale Member Partners										
Southeast Oakland County Water Authority	\$ 27,103,796	\$ 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	25,549,125	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	16,867,238	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	15,660,704	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	14,690,426	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	13,307,416	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	13,104,301	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	12,242,629	11,697,907	11,824,605	11,229,363	11,010,166	-	10,733,617	-	-	-
Canton Township	12,139,426	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	11,738,411	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
Total Revenue Ten Largest Wholesale Member Partners	<u>\$ 162,403,472</u>	<u>\$ 154,695,165</u>	<u>\$ 159,018,426</u>	<u>\$ 149,921,881</u>	<u>\$ 150,886,640</u>	<u>\$ 144,408,615</u>	<u>\$ 146,889,919</u>	<u>\$ 150,897,052</u>	<u>\$ 158,281,239</u>	<u>\$ 74,776,104</u>
Ten largest wholesale member partners % of total operating revenues	43.14%	43.14%	43.71%	43.46%	43.78%	43.20%	44.30%	44.60%	45.00%	44.60%

[1] Net of bad debt expense.

[2] Represents billed revenues to Flint prior to the KWA debt service credit.

[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.

GREAT LAKES WATER AUTHORITY

Schedule 4b

SEWAGE DISPOSAL FUND OPERATING REVENUES/ LARGEST SEWER CUSTOMERS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
Operating Revenues										
Wholesale charges [1]	\$ 287,690,760	\$ 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
Charges to local system	205,924,800	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	13,433,401	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)	-	-	-	-	-	-	35,065,030	-
Other revenue	564,619	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807	4,197,614
Total Operating Revenues	\$ 507,613,580	\$ 476,980,229	\$ 481,907,392	\$ 471,387,154	\$ 470,753,540	\$ 466,635,644	\$ 469,476,907	\$ 473,582,559	\$ 505,807,082	\$ 230,464,969
Wholesale charges % of total operating revenue	56.68%	59.28%	57.26%	57.03%	56.84%	57.00%	58.10%	56.80%	52.06%	52.55%
Charges to local system % of total operating revenue	40.57%	41.21%	39.64%	40.02%	39.93%	39.82%	38.59%	37.79%	37.03%	41.58%
Ten Largest Wholesale Member Partners										
Oakland-Macomb Interceptor Drainage District	\$ 75,132,031	\$ 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	57,848,400	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	48,309,600	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	37,912,800	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	26,100,000	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	21,496,800	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	4,850,400	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	4,497,600	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	2,790,000	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	1,990,800	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
Total Revenue Ten Largest Wholesale Member Partners	\$ 280,928,431	\$ 261,383,042	\$ 269,602,874	\$ 266,324,793	\$ 264,483,829	\$ 262,703,586	\$ 268,995,600	\$ 265,626,000	\$ 260,898,000	\$ 123,263,400
Ten largest wholesale member partners % of total operating revenues	55.34%	54.80%	55.94%	56.50%	56.18%	56.30%	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.

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	\$ 134,600	\$ 9.22	Macomb Township	\$ 715,200	\$ 17.35
Almont, Village of	13,600	12.04	Madison Heights	121,900	7.81
Ash Township	48,100	9.95	Mayfield Township	2,900	45.69
Belleville	18,300	10.47	Melvindale	38,200	6.72
Berlin Township	40,400	11.90	New Haven, Village of	25,300	10.46
Brownstown Township	215,700	12.41	North Oakland County Water Authority	1,284,700	11.82
Bruce Township	18,100	47.00	Northville, City	45,300	12.07
Burtchville Township	22,500	19.87	Northville Township	316,100	18.70
Canton Township	595,700	12.71	Novi	532,100	14.26
Center Line	27,900	6.94	Oak Park	81,700	7.27
Chesterfield Township	252,400	11.20	Oakland County Drain Commission	5,300	4.57
Clinton Township	437,400	9.09	Plymouth, City	64,200	11.58
Commerce Township	198,300	15.25	Plymouth Township	260,800	13.33
Dearborn	559,500	8.28	Redford Township	173,000	8.94
Dearborn Heights	217,000	8.88	River Rouge	29,800	6.38
Eastpointe	93,200	7.26	Riverview	51,100	8.86
Ecorse	65,400	6.39	Rockwood	14,500	12.17
Farmington	57,100	10.34	Romeo	10,300	26.58
Farmington Hills	514,900	11.76	Romulus	216,700	8.41
Ferndale	61,400	7.62	Roseville	150,400	7.00
Flat Rock	81,500	12.82	Royal Oak Township	12,200	9.57
Flint (1)	582,300	11.21	Shelby Township	651,700	12.57
Fraser	72,700	10.30	Southeastern Oakland County Water Authority	1,376,500	8.92
Garden City	98,300	10.80	South Rockwood	6,900	11.52
Gibraltar	19,600	9.77	Southgate	120,600	8.47
Greenwood Township (DTE)	70,200	21.55	St. Clair Shores	182,900	7.34
Grosse Ile Township	67,700	12.97	Sterling Heights	863,600	11.76
Grosse Pointe Park	77,400	11.75	Sumpter Township	41,900	9.91
Grosse Pointe Shores	35,300	14.89	Sylvan Lake	13,700	16.22
Grosse Pointe Woods	75,100	8.83	Taylor	267,600	8.10
Hamtramck	48,000	6.18	Trenton	103,400	9.96
Harper Woods	51,500	7.66	Troy	796,200	14.64
Harrison Township	97,400	7.98	Utica	34,300	11.59
Hazel Park	44,000	7.33	Van Buren Township	200,800	12.15
Highland Park	49,100	5.09	Walled Lake	46,300	12.76
Huron Township	88,400	10.78	Warren	559,600	7.19
Imlay City	87,300	14.82	Washington Township	136,700	12.69
Imlay Township	600	450.00	Wayne	104,700	8.24
Inkster	76,600	6.08	West Bloomfield Township	619,900	17.84
Keego Harbor	17,400	14.30	Westland	356,000	8.90
Lapeer	91,100	13.24	Wixom	144,000	15.09
Lenox Township	18,100	9.79	Woodhaven	86,100	12.16
Lincoln Park	133,400	6.21	Ypsilanti Community Utilities Authority	606,400	9.94
Livonia	674,500	11.89			

Annual Detroit Wholesale Revenue Requirement \$25,537,200

* Water charges went into effect July 1, 2024.

(1) Flint receives a monthly credit of \$554,300 related to KWA debt service in accordance with service agreements.

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)	\$ 6,242,500
Rouge Valley	4,820,700
Oakland County - George W. Kuhn (GWK)	4,025,800
Evergreen Farmington	3,159,400
SE Macomb Sanitary District	2,175,000
Dearborn	1,791,400
Grosse Pointe Farms	232,500
Grosse Pointe Park	165,900
Melvindale	137,100
Farmington	104,500
Center Line	91,500
Allen Park	73,600
Highland Park	102,200
Hamtramck	415,100
Grosse Pointe	374,800
Harper Woods	14,200
Redford Township	29,400
Wayne County #3	4,200

Annual Detroit Wholesale Revenue Requirement \$205,924,800

* Wholesale charges went into effect July 1, 2024.

GREAT LAKES WATER AUTHORITY

Schedule 7

INDUSTRIAL WASTE CONTROL CHARGES AND POLLUTANT SURCHARGES

EFFECTIVE JULY 1, 2024

Industrial Waste Control Charges			
Meter size (inches)	Admin Only Charge (1)	Full Monthly Charge (2)	
5/8	\$ 0.93	\$ 3.72	
3/4	\$ 1.40	\$ 5.58	
1	\$ 2.33	\$ 9.30	
1 1/2	\$ 5.12	\$ 20.46	
2	\$ 7.44	\$ 29.76	
3	\$ 13.49	\$ 53.94	
4	\$ 18.60	\$ 74.40	
6	\$ 27.90	\$ 111.60	
8	\$ 46.50	\$ 186.00	
10	\$ 65.10	\$ 260.40	
12	\$ 74.40	\$ 297.60	
14	\$ 93.00	\$ 372.00	
16	\$ 111.60	\$ 446.40	
18	\$ 130.20	\$ 520.80	
20	\$ 148.80	\$ 595.20	
24	\$ 167.40	\$ 669.60	
30	\$ 186.00	\$ 744.00	
36	\$ 204.60	\$ 818.40	
48	\$ 223.20	\$ 892.80	

(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	\$ 0.392
Total Suspended Solids (TSS)	for concentrations > 350 mg/l	\$ 0.525
Phosphorus (P)	for concentrations > 12 mg/l	\$ 7.571
Fats, Oil and Grease (FOG)	for concentrations > 100 mg/l	\$ 0.125
Septage Disposal Fee	per 500 gallons of disposal	\$ 38.00

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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

Schedule 8

RATIOS OF OUTSTANDING DEBT BY TYPE

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Fund										
Revenue bonds [1]	\$ 2,606,936,594	\$ 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	285,767,618	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	86,466,160	89,552,155	92,515,774	95,361,056	98,095,302	100,720,122	103,241,119	106,240,576	-	-
BC Note obligation	15,121,527	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
Total Water Fund	\$ 2,994,291,899	\$ 2,845,161,082	\$ 2,763,392,419	\$ 2,511,232,890	\$ 2,554,723,911	\$ 2,610,431,000	\$ 2,616,760,722	\$ 2,689,605,177	\$ 2,647,284,642	\$ 2,542,052,298
Sewage Disposal Fund										
Revenue bonds [1]	\$ 2,527,618,834	\$ 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	350,797,556	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	34,013,118	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	3,086,605	3,501,324	3,891,394	4,258,178	4,447,297	-	-	-	-	-
Total Sewage Disposal Fund	\$ 2,915,516,113	\$ 2,982,719,861	\$ 3,027,322,493	\$ 2,919,502,448	\$ 3,042,007,395	\$ 3,142,184,345	\$ 3,290,210,192	\$ 3,268,587,832	\$ 3,341,132,082	\$ 3,487,730,855
Total taxable value [2]	n/a	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	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	2,800,000
Total debt per capita:										
Water	\$ 788	\$ 749	\$ 727	\$ 661	\$ 672	\$ 687	\$ 689	\$ 708	\$ 697	\$ 669
Sewage disposal	\$ 1,041	\$ 1,065	\$ 1,081	\$ 1,043	\$ 1,086	\$ 1,122	\$ 1,175	\$ 1,167	\$ 1,193	\$ 1,246
Per capita income [4]	\$ 72,114	\$ 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	1.09%	1.17%	1.19%	1.08%	1.11%	1.21%	1.30%	1.38%	1.41%	1.39%
Sewage disposal	1.44%	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).

Note: The Regional System Leases are not included in this schedule. As described in Note 1 the leases are not considered a lease as defined by GASB Statement No.87, Leases. The lease is a unique arrangement, GLWA makes the lease payment to the DWSD local system while DWSD also pays for a portion of the lease as part of water and sewer charges to the Authority for services provided. The benefit of the lease payment to DWSD stays within the population served although it is not spread the same as the payment. Including the lease would not result in a true picture of the debt per capita as the lease payment also benefits the population served.

Further details regarding the Authority's debt can be found in the notes to the financial statements.

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN
As of June 30, 2025

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	Original Principal Amount [1]	Outstanding as of June 30, 2025
Water Supply System Revenue Bonds		
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 Senior Lien Bonds, Series 2016A	88,000,000	87,980,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2016C	443,930,000	223,625,000
Water Supply System Revenue Senior Lien Bonds, Series 2020A	42,445,000	41,615,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C	377,515,000	251,905,000
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
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A	254,725,000	254,725,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025C	109,830,000	109,830,000
Total Senior Lien Bonds	2,727,540,000	1,671,370,000
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 Second Lien Bonds, Series 2016B	163,830,000	163,810,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2016D	222,045,000	198,495,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2018A	155,595,000	82,150,000
Water Supply System Revenue Second Lien Bonds, Series 2020B	43,135,000	42,295,000
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
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B	54,530,000	54,530,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025D	109,135,000	109,135,000
Total Second Lien Bonds	1,146,890,000	756,290,000
SRF Junior Lien Bonds		
Water Supply System Revenue Bonds, Series 2005 SRF-1	13,805,164	1,595,164
Water Supply System Revenue Bonds, Series 2005 SRF-2	8,891,730	1,006,730
Water Supply System Revenue Bonds, Series 2006 SRF-1	5,180,926	590,926
Water Supply System Revenue Bonds, Series 2008 SRF-1	2,590,941	445,941
Water Supply System Revenue Bonds, Series 2016 SRF-1	8,273,168	6,828,169
Water Supply System Revenue Bonds, Series 2016 SRF-2	3,393,543	2,793,543
Water Supply System Revenue Bonds, Series 2017 SRF-1	5,807,931	4,872,931
Water Supply System Revenue Bonds, Series 2019 SRF-1	8,330,000	6,915,000
Water Supply System Revenue Bonds, Series 2019 SRF-2	29,078,820	25,362,219
Water Supply System Revenue Bonds, Series 2019 SRF-3	11,117,931	9,954,875
Water Supply System Revenue Bonds, Series 2020 SRF-1	20,018,660	18,732,466
Water Supply System Revenue Bonds, Series 2020 SRF-2	7,159,988	6,414,988
Water Supply System Revenue Bonds, Series 2020 SRF-3	8,960,000	7,440,000
Water Supply System Revenue Bonds, Series 2020 SRF-4	10,764,020	10,240,897
Water Supply System Revenue Bonds, Series 2021 SRF-1	11,940,000	3,714,249
Water Supply System Revenue Bonds, Series 2021 SRF-2	104,725,000	96,068,498
Water Supply System Revenue Bonds, Series 2021 SRF-3	10,425,197	10,150,877
Water Supply System Revenue Bonds, Series 2022 SRF-2	34,075,000	31,210,000
Water Supply System Revenue Bonds, Series 2023 SRF-1	48,172,500	41,430,145
Total SRF Junior Lien Bonds	352,710,519	285,767,618
Total Water Supply System Revenue Bonds	\$ 4,227,140,519	\$ 2,713,427,618

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN
As of June 30, 2025

Continued on Next Page

	Original Principal Amount [1]	Outstanding as of June 30, 2025
Sewage Disposal System Revenue Bonds		
Senior Lien Bonds		
Sewage Disposal System Senior Lien Revenue Bonds, Series 2003B	\$ 150,000,000	\$ 100,000
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 2016B	126,105,000	43,225,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018A	81,595,000	74,225,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018B	131,690,000	128,625,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A	594,930,000	294,840,000
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
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A	104,280,000	104,280,000
Total Senior Lien Bonds	<u>2,313,975,000</u>	<u>1,640,145,000</u>
Second Lien Bonds		
Sewage Disposal System Second Lien Revenue Bonds, Series 2001B	110,550,000	65,580,000
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 2016C	295,190,000	198,560,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B	92,525,000	50,730,000
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
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B	283,300,000	283,300,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025C	47,470,000	47,470,000
Total Second Lien Bonds	<u>1,542,765,000</u>	<u>773,155,000</u>

GREAT LAKES WATER AUTHORITY

Schedule 9

DEBT BY LIEN
As of June 30, 2025

Continued From
Previous Page

	Original Principal Amount [1]	Outstanding as of June 30, 2025
Sewage Disposal System Revenue Bonds (cont.)		
SRF Junior Lien Bonds		
Sewage Disposal System Revenue Bonds, Series 2003 SRF-1	\$ 48,520,000	\$ 3,045,000
Sewage Disposal System Revenue Bonds, Series 2007 SRF-1	167,540,598	47,085,598
Sewage Disposal System Revenue Bonds, Series 2009 SRF-1	13,970,062	4,020,062
Sewage Disposal System Revenue Bonds, Series 2010 SRF-1	4,214,763	1,465,763
Sewage Disposal System Revenue Bonds, Series 2012 SRF-1	14,950,000	8,400,000
Sewage Disposal System Revenue Bonds, Series 2015A SRF	79,500,000	48,525,000
Sewage Disposal System Revenue Bonds, Series 2015B SRF	27,175,304	16,285,304
Sewage Disposal System Revenue Bonds, Series 2015D SRF	15,321,478	9,001,478
Sewage Disposal System Revenue Bonds, Series 2016 SAW-1	15,463,628	10,833,628
Sewage Disposal System Revenue Bonds, Series 2016 SRF-1	48,315,683	35,745,683
Sewage Disposal System Revenue Bonds, Series 2016 SRF-2	33,566,682	24,996,682
Sewage Disposal System Revenue Bonds, Series 2017 SRF-1	17,510,000	16,055,000
Sewage Disposal System Revenue Bonds, Series 2018 SRF-2	28,350,000	25,995,000
Sewage Disposal System Revenue Bonds, Series 2020 SRF-1	3,232,000	1,300,052
Sewage Disposal System Revenue Bonds, Series 2020 SRF-2	12,940,000	10,481,237
Sewage Disposal System Revenue Bonds, Series 2021 SRF-1	6,881,250	1,925,700
Sewage Disposal System Revenue Bonds, Series 2021 SRF-2	34,195,000	17,529,200
Sewage Disposal System Revenue Bonds, Series 2022 SRF-1	50,245,000	31,377,723
Sewage Disposal System Revenue Bonds, Series 2022 SRF-2	19,035,000	11,356,405
Sewage Disposal System Revenue Bonds, Series 2022 SRF-3	88,820,000	13,797,181
Sewage Disposal System Revenue Bonds, Series 2023 SRF-1	126,800,000	11,460,410
Sewage Disposal System Revenue Bonds, Series 2024 SRF-1	155,000,000	-
Sewage Disposal System Revenue Bonds, Series 2024 SRF-2	60,500,000	115,450
Total SRF Junior Lien Bonds	<u>1,072,046,448</u>	<u>350,797,556</u>
Total Sewage Disposal System Revenue Bonds	<u>\$ 4,928,786,448</u>	<u>\$ 2,764,097,556</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, 2025

Continued on Next Page

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
Water Fund										
2026	\$ 62,335	\$ 69,490	\$ 131,825	\$ 18,505	\$ 32,920	\$ 51,425	\$ 12,440	\$ 5,518	\$ 17,958	\$ 201,208
2027	68,930	75,508	144,438	19,555	36,202	55,757	14,691	5,220	19,911	220,105
2028	71,855	72,119	143,974	22,645	35,147	57,792	13,335	4,948	18,283	220,049
2029	75,555	68,566	144,121	24,555	33,967	58,522	13,611	4,688	18,299	220,942
2030	79,305	64,742	144,047	25,750	32,709	58,459	13,735	4,424	18,160	220,665
2031	83,255	60,735	143,990	29,915	31,317	61,232	14,020	4,157	18,177	223,399
2032	88,275	56,504	144,779	30,510	29,807	60,317	14,265	3,885	18,149	223,245
2033	91,670	52,078	143,748	32,990	28,362	61,352	14,020	3,612	17,633	222,732
2034	85,495	47,716	133,211	45,030	26,756	71,786	14,280	3,339	17,620	222,616
2035	97,115	43,188	140,303	38,855	24,861	63,716	14,571	3,061	17,632	221,651
2036	121,760	37,711	159,471	17,915	23,442	41,357	14,845	2,777	17,623	218,451
2037	24,470	34,035	58,505	125,000	19,868	144,868	15,131	2,488	17,620	220,993
2038	61,855	31,877	93,732	7,490	16,555	24,045	15,445	2,194	17,639	135,416
2039	70,920	28,721	99,641	6,530	16,205	22,735	15,741	1,893	17,634	140,010
2040	79,780	25,581	105,361	4,850	15,920	20,770	16,050	1,586	17,637	143,768
2041	82,845	22,461	105,306	5,090	15,672	20,762	16,380	1,274	17,654	143,722
2042	84,730	19,240	103,970	5,350	15,406	20,756	15,635	960	16,595	141,321
2043	36,345	16,689	53,034	35,245	14,383	49,628	14,159	656	14,814	117,476
2044	34,900	14,883	49,783	40,165	12,484	52,649	6,557	436	6,993	109,426
2045	36,665	13,060	49,725	42,190	10,408	52,598	2,368	346	2,715	105,038
2046	38,540	11,137	49,677	44,315	8,227	52,542	2,428	295	2,723	104,942
2047	40,515	9,115	49,630	46,550	5,930	52,480	2,473	243	2,716	104,825
2048	22,290	7,496	29,786	11,085	4,457	15,542	2,520	189	2,709	48,037
2049	20,100	6,390	26,490	11,750	3,847	15,597	2,021	135	2,156	44,243
2050	21,150	5,314	26,464	12,375	3,198	15,573	1,809	96	1,905	43,942
2051	19,300	4,256	23,556	10,045	2,588	12,633	1,844	60	1,904	38,093
2052	20,310	3,216	23,526	10,600	2,020	12,620	1,390	28	1,418	37,565
2053	21,380	2,122	23,502	11,180	1,421	12,601	-	-	-	36,103
2054	15,995	1,141	17,136	6,395	938	7,333	-	-	-	24,469
2055	6,690	545	7,235	6,745	577	7,322	-	-	-	14,557
2056	7,040	185	7,225	7,115	196	7,311	-	-	-	14,535
Total	\$ 1,671,370	\$ 905,822	\$ 2,577,192	\$ 756,290	\$ 505,788	\$ 1,262,078	\$ 285,768	\$ 58,508	\$ 344,276	\$ 4,183,546

GREAT LAKES WATER AUTHORITY

Schedule 10

SCHEDULE OF DEBT SERVICE REQUIREMENTS
As of June 30, 2025

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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	
Sewage Disposal Fund											
2026	\$ 76,560	\$ 68,946	\$ 145,506	\$ 16,795	\$ 29,332	\$ 46,127	\$ 31,780	\$ 7,284	\$ 39,064	\$	230,698
2027	84,390	67,670	152,060	19,415	36,660	56,075	29,365	6,699	36,064		244,198
2028	95,660	63,663	159,323	24,140	35,507	59,647	33,590	6,053	39,643		258,612
2029	97,490	59,414	156,904	25,190	34,207	59,397	39,595	5,359	44,955		261,256
2030	102,860	54,915	157,775	20,400	32,996	53,396	40,211	4,547	44,758		255,930
2031	96,870	50,473	147,343	33,190	31,621	64,811	24,394	3,814	28,208		240,362
2032	104,090	46,238	150,328	33,755	29,947	63,702	20,740	3,294	24,034		238,064
2033	122,095	41,792	163,887	22,010	28,553	50,563	21,225	2,821	24,046		238,496
2034	122,745	36,328	159,073	27,545	27,338	54,883	21,640	2,337	23,977		237,932
2035	52,505	32,019	84,524	109,455	24,033	133,488	22,095	1,843	23,938		241,950
2036	10,290	30,500	40,790	159,485	17,680	177,165	20,591	1,358	21,949		239,904
2037	9,265	30,058	39,323	169,740	9,920	179,660	12,485	926	13,411		232,394
2038	116,470	26,953	143,423	630	5,856	6,486	12,275	652	12,927		162,836
2039	115,565	21,233	136,798	5,635	5,700	11,335	8,500	381	8,881		157,013
2040	126,670	16,357	143,027	1,785	5,523	7,308	3,315	212	3,527		153,861
2041	32,015	13,527	45,542	1,880	5,453	7,333	3,385	145	3,530		56,405
2042	37,460	11,972	49,432	3,410	5,345	8,755	2,856	84	2,940		61,127
2043	39,050	10,354	49,404	3,555	5,195	8,750	2,755	28	2,783		60,937
2044	39,155	8,706	47,861	5,230	4,998	10,228	-	-	-		58,089
2045	40,580	7,025	47,605	5,475	4,752	10,227	-	-	-		57,832
2046	18,435	5,688	24,123	3,490	4,534	8,024	-	-	-		32,147
2047	19,395	4,706	24,101	3,680	4,344	8,024	-	-	-		32,125
2048	20,405	3,673	24,078	3,885	4,140	8,025	-	-	-		32,104
2049	13,890	2,786	16,676	11,585	3,717	15,302	-	-	-		31,978
2050	9,230	2,185	11,415	12,225	3,063	15,288	-	-	-		26,703
2051	9,715	1,688	11,403	12,900	2,372	15,272	-	-	-		26,674
2052	10,230	1,164	11,394	13,615	1,642	15,257	-	-	-		26,652
2053	10,775	613	11,388	14,370	873	15,243	-	-	-		26,631
2054	6,285	165	6,450	2,740	402	3,142	-	-	-		9,592
2055	-	-	-	2,895	247	3,142	-	-	-		3,142
2056	-	-	-	3,050	84	3,134	-	-	-		3,134
Total	\$ 1,640,145	\$ 720,810	\$ 2,360,955	\$ 773,155	\$ 406,033	\$ 1,179,188	\$ 350,798	\$ 47,836	\$ 398,634	\$	3,938,777

[1] Reflects fiscal period in which actual payments are due.

Schedule may not foot due to rounding

GREAT LAKES WATER AUTHORITY

Schedule 11

DEBT CREDIT RATING HISTORY

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Supply System Revenue										
Standards & Poor's										
Senior Lien	AA-	AA-	AA-	AA-	AA-	AA-	AA-	A-	A-	A-
Second Lien	A+	A+	A+	A+	A+	A+	A+	BBB+	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A+	A+	N/A	N/A	N/A
Moody's										
Senior Lien	Aa3	Aa3	A1	A1	A1	A1	A2	A3	A3	Baa1
Second Lien	A1	A1	A2	A2	A2	A2	A3	Baa1	Baa1	Baa2
Fitch										
Senior Lien	A+	A+	A+	A+	A+	A+	A	A	A	BBB
Second Lien	A	A	A	A	A	A	A-	A-	A-	BBB-
Sewage Disposal System Revenue										
Standard's & Poor's										
Senior Lien	AA-	AA-	AA-	AA-	AA-	AA-	A+	A-	A-	A-
Second Lien	A+	A+	A+	A+	A+	A+	A	BBB+	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A+	A	N/A	N/A	N/A
Moody's										
Senior Lien	Aa3	Aa3	A1	A1	A1	A1	A2	A3	A3	Baa1
Second Lien	A1	A1	A2	A2	A2	A2	A3	Baa1	Baa1	Baa2
Fitch										
Senior Lien	AA-	AA-	A+	A+	A+	A+	A	A	A	BBB
Second Lien	A+	A+	A	A	A	A	A-	A-	A-	BBB-

CALCULATION OF DEBT SERVICE COVERAGE - OVERVIEWAs of June 30, 2025

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

Schedule 12a

	Fiscal Year									
	2025	2024 [7]	2023	2022	2021	2020	2019	2018	2017	2016*
GLWA Revenues										
Wholesale charges	\$ 348,976,278	\$ 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	(5,776,961)	(5,990,831)	(6,452,573)	(6,496,428)	(6,652,253)	(6,652,348)	(6,979,503)	(3,176,073)	-	-
Charges to local system	27,094,800	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	503,708	901,919	1,378,706	775,537	267,562	1,912,636	21,340	64,200	37,388	54,863
Earnings on investments [1]	16,456,333	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
Total GLWA Revenues	<u>387,254,158</u>	<u>371,143,350</u>	<u>367,515,853</u>	<u>340,948,235</u>	<u>342,159,882</u>	<u>338,372,680</u>	<u>336,440,576</u>	<u>339,625,468</u>	<u>353,098,842</u>	<u>168,186,423</u>
DWSD Local System Revenues [6]										
Local System revenues [2]	100,617,883	102,734,888	107,558,342	83,591,720	67,464,986	73,817,339	69,777,041	83,983,786	69,680,402	183,279,645
Other Revenue	4,940,933	2,831,424	1,749,998	2,349,445	1,958,151	7,289,468	1,013,276	1,635,430	5,265,229	2,074,095
Total DWSD Local System Revenues	<u>105,558,816</u>	<u>105,566,312</u>	<u>109,308,340</u>	<u>85,941,165</u>	<u>69,423,137</u>	<u>81,106,807</u>	<u>70,790,317</u>	<u>85,619,216</u>	<u>74,945,631</u>	<u>185,353,740</u>
Total Revenue	<u>492,812,974</u>	<u>476,709,662</u>	<u>476,824,193</u>	<u>426,889,400</u>	<u>411,583,019</u>	<u>419,479,487</u>	<u>407,230,893</u>	<u>425,244,684</u>	<u>428,044,473</u>	<u>353,540,163</u>
Operating Costs										
GLWA operating expenses	174,141,703	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]	1,263,928	3,226,137	2,282,630	413,924	-	-	-	-	-	-
O&M transfers:										
DWSD Local System operations	46,468,700	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
Total Operating Costs	<u>221,874,331</u>	<u>205,813,983</u>	<u>210,351,278</u>	<u>178,538,892</u>	<u>169,791,992</u>	<u>177,515,238</u>	<u>165,626,246</u>	<u>153,910,087</u>	<u>145,647,349</u>	<u>77,150,459</u>
Pledged Revenue	<u>\$ 270,938,643</u>	<u>\$ 270,895,679</u>	<u>\$ 266,472,915</u>	<u>\$ 248,350,508</u>	<u>\$ 241,791,027</u>	<u>\$ 241,964,249</u>	<u>\$ 241,604,647</u>	<u>\$ 271,334,597</u>	<u>\$ 282,397,124</u>	<u>\$ 276,389,704</u>
Principal and interest funding requirement [5]:										
Senior lien bonds	\$ 138,778,693	\$ 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	50,697,219	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
Total senior and second lien bonds	<u>189,475,912</u>	<u>190,124,462</u>	<u>183,890,292</u>	<u>171,150,042</u>	<u>175,529,462</u>	<u>170,168,278</u>	<u>165,445,205</u>	<u>170,540,233</u>	<u>173,224,683</u>	<u>169,356,842</u>
Junior lien bonds	<u>17,713,735</u>	<u>15,552,742</u>	<u>8,910,595</u>	<u>5,439,273</u>	<u>3,684,917</u>	<u>2,700,795</u>	<u>2,521,249</u>	<u>2,009,658</u>	<u>1,785,328</u>	<u>1,781,683</u>
Total All Bonds	<u>\$ 207,189,647</u>	<u>\$ 205,677,204</u>	<u>\$ 192,800,887</u>	<u>\$ 176,589,315</u>	<u>\$ 179,214,379</u>	<u>\$ 172,869,073</u>	<u>\$ 167,966,454</u>	<u>\$ 172,549,891</u>	<u>\$ 175,010,011</u>	<u>\$ 171,138,525</u>
GAAP Basis Debt Service Coverage										
Senior lien bonds	1.95	1.96	1.99	2.00	1.95	1.98	2.03	2.12	2.10	2.16
Senior and second lien bonds	1.43	1.42	1.45	1.45	1.38	1.42	1.46	1.59	1.63	1.63
All bonds, including SRF junior lien	1.31	1.32	1.38	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] 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, 2025.

[7] DWSD local system revenues for 2024 were based on DWSD preliminary financial results. Amounts have been updated to actual.

* 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.

GREAT LAKES WATER AUTHORITY

Schedule 12b

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - WATER SYSTEM

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
GLWA Receipts										
Wholesale charges	\$ 339,149,401	\$ 334,931,872	\$ 332,337,913	\$ 313,964,381	\$ 310,032,178	\$ 303,568,071	\$ 308,690,722	\$ 319,728,881	\$ 336,362,250	
Charges to local system	26,468,500	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	13,581,922	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	379,199,823	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]	100,844,652	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	480,044,475	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]	182,227,100	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	46,468,700	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	228,695,800	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	\$ 251,348,675	\$ 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	\$ 138,778,693	\$ 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	50,697,219	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	189,475,912	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	17,713,735	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	\$ 207,189,647	\$ 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	1.81	1.87	1.88	1.88	1.99	1.94	2.13	2.07	2.12	
Senior and second lien bonds	1.33	1.36	1.37	1.37	1.40	1.39	1.54	1.55	1.64	
All bonds, including SRF junior lien	1.21	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.

GREAT LAKES WATER AUTHORITY
DEBT SERVICE COVERAGE - GAAP BASIS - SEWAGE DISPOSAL SYSTEM

Schedule 12c

	Fiscal Year									
	2025	2024 [7]	2023	2022	2021	2020	2019	2018	2017	2016*
GLWA Revenues										
Wholesale Charges	\$ 287,690,760	\$ 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
Charges to local system	205,924,800	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	8,849,415	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	4,583,986	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	685,291	(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]	21,643,264	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
Total GLWA Revenues	529,377,516	498,826,764	497,646,980	473,617,586	479,536,365	480,380,384	479,069,177	477,605,141	507,191,307	231,051,041
DWSD Local System Revenues [6]										
Local system revenues [2]	86,801,762	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	1,636,735	1,706,726	286,763	1,797,906	915,216	914,969	346,821	159,535	4,617,148	(940,714)
Total DWSD Local System Revenues	88,438,497	100,888,977	106,755,605	134,072,586	80,275,514	81,850,232	71,889,591	84,178,508	50,204,487	205,929,996
Total Revenue	617,816,013	599,715,741	604,402,585	607,690,172	559,811,879	562,230,616	550,958,768	561,783,649	557,395,794	436,981,037
Operating Costs										
GLWA operating expenses	227,975,930	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]	1,778,051	3,727,649	2,464,377	1,041,308	118,759	-	-	-	-	-
O&M transfers:										
DWSD Local System operations	57,356,900	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
Total Operating Costs	287,110,881	278,379,703	279,196,903	262,940,985	261,815,883	245,872,960	244,488,725	250,577,396	206,533,866	108,169,421
Pledged revenue	\$ 330,705,132	\$ 321,336,038	\$ 325,205,682	\$ 344,749,187	\$ 297,995,996	\$ 316,357,656	\$ 306,470,043	\$ 311,206,253	\$ 350,861,928	\$ 328,811,616
Principal and interest funding requirement [5]:										
Senior lien bonds	\$ 151,533,904	\$ 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	53,311,091	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
Total senior and second lien bonds	204,844,995	210,630,518	192,713,282	182,297,332	176,996,079	193,189,415	189,718,107	185,708,936	188,772,649	189,135,940
Junior lien bonds	44,587,324	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
Total All Bonds	\$ 249,432,319	\$ 261,129,322	\$ 242,858,798	\$ 235,847,946	\$ 230,162,876	\$ 245,783,258	\$ 239,172,263	\$ 232,280,832	\$ 234,554,814	\$ 228,570,571
GAAP Basis Debt Service Coverage										
Senior lien bonds	2.18	2.04	2.13	2.64	2.50	2.15	2.10	2.20	2.49	2.35
Senior and second lien bonds	1.61	1.53	1.69	1.89	1.68	1.64	1.62	1.68	1.86	1.74
All bonds, including SRF junior lien	1.33	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] 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, 2025.

[7] DWSD local system revenues for 2024 were based on DWSD preliminary financial results. Amounts have been updated to actual.

* 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.

GREAT LAKES WATER AUTHORITY

Schedule 12d

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - SEWAGE DISPOSAL SYSTEM

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
GLWA Receipts										
Wholesale charges	\$ 286,313,028	\$ 292,811,429	\$ 297,751,807	\$ 281,636,430	\$ 288,132,728	\$ 293,321,993	\$ 281,485,522	\$ 294,503,834	\$ 281,528,551	
Charges to local system	205,924,800	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	16,107,144	17,350,547	10,094,409	1,680,667	2,739,425	5,372,063	5,098,922	2,796,727	372,505	
Total GLWA Receipts	508,344,972	506,731,576	498,888,416	471,979,297	478,831,853	484,501,356	467,743,744	476,269,761	469,205,156	
DWSD Local System Receipts [1]	92,137,454	97,911,598	101,900,942	101,030,510	118,699,151	77,444,540	82,349,510	60,314,827	43,553,820	
Total Receipts	600,482,426	604,643,174	600,789,358	573,009,807	597,531,004	561,945,896	550,093,254	536,584,588	512,758,976	
Operations and Maintenance Transfers										
GLWA Regional System operations [2]	235,191,600	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	57,356,900	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	
Total Operations and Maintenance Transfers	292,548,500	280,579,200	269,198,900	266,889,600	249,184,670	245,339,649	242,346,992	246,812,304	228,180,694	
Pledged Revenue	\$ 307,933,926	\$ 324,063,974	\$ 331,590,458	\$ 306,120,207	\$ 348,346,334	\$ 316,606,247	\$ 307,746,262	\$ 289,772,284	\$ 284,578,282	
Principal and interest funding requirement [4]:										
Senior lien bonds	\$ 151,533,904	\$ 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	53,311,091	53,227,095	39,847,153	51,893,038	57,778,951	45,878,850	43,922,600	43,990,100	47,918,639	
Total senior and second lien bonds	204,844,995	210,630,518	192,713,282	182,297,332	176,996,079	193,189,415	189,718,107	185,708,936	188,772,649	
Junior lien bonds	44,587,324	50,498,804	50,145,516	53,550,614	53,166,797	52,593,843	49,454,156	46,571,896	45,782,165	
Total All Bonds	\$ 249,432,319	\$ 261,129,322	\$ 242,858,798	\$ 235,847,946	\$ 230,162,876	\$ 245,783,258	\$ 239,172,263	\$ 232,280,832	\$ 234,554,814	
Rate Covenant Basis Debt Service Coverage										
Senior lien bonds	2.03	2.06	2.17	2.35	2.92	2.15	2.11	2.04	2.02	
Senior and second lien bonds	1.50	1.54	1.72	1.68	1.97	1.64	1.62	1.56	1.51	
All bonds, including SRF junior lien	1.23	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.

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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
Water Fund						
2025	3,800,000	4.9%	\$ 72,114 (4)	\$ 207,189,647	\$ 54.52	0.08%
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%
Sewage Disposal Fund						
2025	2,800,000	4.9%	\$ 72,114 (4)	\$ 249,432,319	\$ 89.08	0.12%
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%

(1) Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).

(2) Source: Bureau of Labor Statistics (BLS) Detroit-Warren-Dearborn MSA Annual Average (For 2025 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. (Prior year amounts have been updated to match current information from BLS)

(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. 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 2025			Fiscal Year 2016		
		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	2.31%	47,000	1	2.34%
Henry Ford Health System	Health Care System	44,561	2	2.15%	16,919	7	0.84%
University of Michigan	Public University and Health System	39,392	3	1.90%	31,655	4	1.57%
General Motors Co.	Automobile Manufacturer	36,203	4	1.75%	36,628	3	1.82%
Stellantis NV (Formerly FCA US LLC)	Automobile Manufacturer	33,327	5	1.61%	32,508	2	1.62%
Corewell Health (formerly Beaumont Health)	Health Care System	22,423	6	1.08%	25,721	5	1.28%
U.S. Government	Federal Government	22,193	7	1.07%	18,862	6	0.94%
Amazon.com Inc.	E-Commerce, tech and telecom	14,897	8	0.72%	n/a	n/a	n/a
Trinity Health Michigan	Health Care System	14,335	9	0.69%	15,214	9	0.76%
State of Michigan	State Government	10,228	10	0.49%	n/a	14	n/a
Illitch Companies	Food, Sports, and Entertainment	n/a	n/a	n/a	14,237	8	0.71%
Rock Ventures	Umbrella managing a portfolio of companies, investments and real estate	n/a	n/a	n/a	11,271	10	0.56%
Total		<u>285,309</u>		<u>13.78%</u>	<u>250,015</u>		<u>12.43%</u>

- (a) January 2025 Employment data from Largest Employers in the Detroit Area - Ranked by full-time employees as of 2025 in the March 31st, 2025 Crain's Detroit Business
- (b) Percentage base on U.S. Bureau of Labor Statistics from January 2025 of 2,070,618 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area
- (c) Employment data for July 2016 from Largest Southeast Michigan Employers - Ranked by full-time employees from Crain's Detroit Business issued December 26, 2016
- (d) Percentage base on U.S. Bureau of Labor Statistics from July 2016 of 2,011,775 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)

Schedule 15

Fiscal Year	Water Produced [1]	Water Sales Volume			Estimated Non-Revenue Water	Estimated Non-Revenue Water as % of Production
		Wholesale Billed [2]	Local System Billed [3]	Total Water Billed		
2025	19,997,800	12,997,400	4,163,700	17,161,100	2,836,700	14.2%
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	4,342,400	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.

* 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

GREAT LAKES WATER AUTHORITY

Schedule 16

WASTEWATER VOLUMES (Mgd)

Fiscal Year	Wastewater Influent [1]	Master Metered		Unmetered [2]	
		Sanitary Volume	Non-Sanitary Volume	Sanitary Volume	Non-Sanitary Volume
2025	*	551.440	131.205	132.435	62.162
2024		578.105	129.163	140.725	62.644
2023		533.677	128.925	112.269	62.920
2022		737.980	132.968	187.440	61.591
2021		564.497	132.664	111.157	57.913
2020		632.381	128.857	156.844	59.490
2019		698.471	134.563	167.698	65.444
2018		656.612	136.775	145.231	65.789
2017		685.711	133.914	157.747	57.983
2016	**	597.988	134.505	128.906	59.030

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 member partners 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.

GREAT LAKES WATER AUTHORITY

Schedule 17

ADDITIONAL SUMMARY STATISTICS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Capital Asset Statistics - Water										
Water Treatment Plants	5	5	5	5	5	5	5	5	5	5
Intake Facilities	3	3	3	3	3	3	3	3	3	3
Booster Pumping Stations	19	19	19	19	19	19	19	19	19	19
Water Storage Reservoirs	32	32	32	32	32	32	32	32	32	32
Miles of Transmission Lines	797	797	816	816	816	816	816	803	803	803
Capital Asset Statistics - Sewer										
Water Resource Recovery Facility	1	1	1	1	1	1	1	1	1	1
Major Interceptors	3	3	3	3	3	3	3	3	3	3
Pump Stations [1]	9	9	9	9	9	9	9	9	9	9
Combined Sewer Overflow Facilities:										
Retention Treatment Basins [2]	6	6	5	5	5	5	5	5	5	5
Flow-through Type Facilities	3	3	3	3	3	3	3	3	3	3
Miles of Trunk Sewers and Interceptors	207	207	195	195	195	195	195	181	181	181
GLWA Employees										
Water Operations	247	226	217	203	211	211	213	205	180	155
Sewage Disposal Operations	332	312	289	298	320	344	369	358	342	320
Centralized Services	337	325	321	295	298	302	295	276	249	217
Administrative Services	184	182	181	152	156	152	147	129	110	90
Total Employees	<u>1,100</u>	<u>1,045</u>	<u>1,008</u>	<u>948</u>	<u>985</u>	<u>1,009</u>	<u>1,024</u>	<u>968</u>	<u>881</u>	<u>782</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.



Financial Services Area

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