



# Sewage Disposal Fund

Fiscal Year Ended June 30, 2025

# FY 2025



# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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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

#### **Opinion**

We have audited the financial statements of the Sewage Disposal 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, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Sewage Disposal Fund of the Authority as of June 30, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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 opinion.

#### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Sewage Disposal Fund and do not purport to, and do not, present fairly the financial position of the Authority as of June 30, 2025, and the changes in financial position, or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### **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.

## ***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 opinion. 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.

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 financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information. We note the significant financial events of the Sewage Disposal Fund are included in the Management's Discussion and Analysis of the Authority's Annual Comprehensive Financial Report.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sewage Disposal Fund's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

### **Other Information**

Management is responsible for the other information the statistical section as identified in the table of contents of this annual report. The other information comprises the other information included in the annual report but does not include the financial statements and our auditors' report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 an unmodified audit opinion on those statements 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.

*Baker Tilly US, LLP*

Madison, Wisconsin  
December 10, 2025

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## **FINANCIAL STATEMENTS**

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

## STATEMENT OF NET POSITION

As of June 30, 2025

With Comparative Amounts at June 30, 2024

|   | <u>2025</u>          | <u>2024</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                           |                      |                      |
| Current Assets                          |                      |                      |
| Cash and cash equivalents               | \$ 228,149,918       | \$ 253,247,096       |
| Restricted cash and cash equivalents    | 93,453,897           | 165,770,607          |
| Restricted cash for the benefit of DWSD | 33,764,024           | 33,451,810           |
| Investments                             | 120,925,966          | 89,005,650           |
| Restricted investments                  | 129,190,790          | 57,766,566           |
| Receivables, net                        | 40,765,071           | 25,291,360           |
| Due from other governments              | 9,473,911            | 3,910,476            |
| Due from other funds                    | 4,678,784            | 2,161,726            |
| Contractual obligation receivable       | 17,768,589           | 16,744,402           |
| Prepaid items and other assets          | 6,031,575            | 6,481,850            |
| Inventories                             | 11,016,188           | 10,420,267           |
| Total Current Assets                    | <u>695,218,713</u>   | <u>664,251,810</u>   |
| Noncurrent Assets                       |                      |                      |
| Restricted cash and cash equivalents    | 151,979,449          | 168,937,038          |
| Restricted investments                  | 5,176,154            | 5,371,602            |
| Contractual obligation receivable       | 322,373,805          | 338,122,791          |
| Prepaid lease                           | 13,750,000           | 13,750,000           |
| Capital assets                          |                      |                      |
| Nondepreciable/nonamortizable           | 617,979,428          | 464,376,029          |
| Depreciated/amortized, net              | <u>1,845,054,565</u> | <u>1,941,044,130</u> |
| Total Noncurrent Assets                 | <u>2,956,313,401</u> | <u>2,931,601,590</u> |
| Total Assets                            | <u>3,651,532,114</u> | <u>3,595,853,400</u> |
| <b>Deferred Outflows of Resources</b>   |                      |                      |
| Deferred charge on refunding            | 43,993,954           | 50,564,037           |
| Deferred pension amounts                | <u>3,516,536</u>     | <u>9,553,741</u>     |
| Total Deferred Outflows of Resources    | <u>47,510,490</u>    | <u>60,117,778</u>    |

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

## STATEMENT OF NET POSITION

As of June 30, 2025

With Comparative Amounts at June 30, 2024

|   | 2025          | 2024            |
|---|---------------|-----------------|
| <b>Liabilities</b>                        |               |                 |
| Current Liabilities                       |               |                 |
| Accounts and contracts payable            | \$ 79,985,815 | \$ 57,576,555   |
| Accrued salaries, wages and benefits      | 651,333       | 506,119         |
| Accrued liabilities                       | 35,691,788    | 33,584,678      |
| Due to other governments                  | 922,632       | 4,300,448       |
| Due to other funds                        | 749,587       | 4,555,762       |
| Interest payable                          | 46,371,205    | 46,824,429      |
| Current portion of                        |               |                 |
| Revenue bonds and loans                   | 133,368,516   | 150,259,868     |
| BC Note obligation                        | 2,280,589     | 2,255,300       |
| Regional system leases                    | 7,874,989     | 7,553,901       |
| Other liabilities                         | 6,482,122     | 19,803,297      |
| Total Current Liabilities                 | 314,378,576   | 327,220,357     |
| Noncurrent Liabilities                    |               |                 |
| Revenue bonds and loans                   | 2,745,047,875 | 2,792,690,251   |
| BC Note obligation                        | 31,732,528    | 34,013,118      |
| Regional system leases                    | 466,331,015   | 474,206,004     |
| Other liabilities                         | 15,995,812    | 14,953,725      |
| Net pension liability                     | 18,949,159    | 23,766,386      |
| Total Noncurrent Liabilities              | 3,278,056,389 | 3,339,629,484   |
| Total Liabilities                         | 3,592,434,965 | 3,666,849,841   |
| <b>Deferred Inflows of Resources</b>      |               |                 |
| Deferred gain on refunding                | 94,626,296    | 68,414,617      |
| Deferred amounts for swap terminations    | 218           | 297             |
| Total Deferred Inflows of Resources       | 94,626,514    | 68,414,914      |
| <b>Net Position (Deficit)</b>             |               |                 |
| Net investment in capital assets          | (125,782,152) | (185,310,104)   |
| Restricted for construction               | 2,327,795     | 2,258,067       |
| Restricted for debt service               | 113,285,692   | 123,745,273     |
| Restricted for payment assistance program | 1,124,253     | 785,088         |
| Unrestricted                              | 21,025,537    | (20,771,901)    |
| <b>TOTAL NET POSITION (DEFICIT)</b>       | \$ 11,981,125 | \$ (79,293,577) |

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

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# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

For the Year Ended June 30, 2025  
With Comparative Amounts at June 30, 2024

|   | 2025           | 2024            |
|---|----------------|-----------------|
| <b>Operating Revenues</b>                                     |                |                 |
| Wholesale charges   | \$ 287,690,760 | \$ 282,767,090  |
| Charges to local system                                       | 205,924,800    | 196,569,600     |
| Industrial waste charges                                      | 8,849,415      | 8,617,495       |
| Pollutant surcharges  | 4,583,986      | 4,088,519       |
| Bad debt recovery credit                                      | -              | (15,556,900)    |
| Other revenues  | 564,619        | 494,425         |
| Total Operating Revenues                                      | 507,613,580    | 476,980,229     |
| <b>Operating Expenses</b>                                     |                |                 |
| Operating expenses before depreciation and amortization       |                |                 |
| Personnel   | 75,499,687     | 69,507,272      |
| Contractual services  | 68,613,505     | 60,557,898      |
| Utilities   | 36,184,430     | 39,243,251      |
| Chemicals   | 20,273,321     | 19,128,291      |
| Supplies and other expenses                                   | 27,404,987     | 30,509,642      |
| Total operating expenses before depreciation and amortization | 227,975,930    | 218,946,354     |
| Depreciation  | 147,559,403    | 154,486,270     |
| Amortization of intangible assets                             | 1,823,544      | 854,812         |
| Total Operating Expenses                                      | 377,358,877    | 374,287,436     |
| <b>Operating Income</b>                                       | 130,254,703    | 102,692,793     |
| <b>Nonoperating Revenues (Expenses)</b>                       |                |                 |
| Earnings (loss) on investments                                | 26,517,724     | 34,566,226      |
| Interest income from other receivables                        | 15,086,077     | 15,748,345      |
| Interest expense  | (139,148,552)  | (144,356,792)   |
| Amortization of debt related items and cost of issuance       | 7,305,898      | (11,202,157)    |
| Legacy pension recovery (expense)                             | (1,941,578)    | (4,300,495)     |
| Water Residential Assistance Program                          | (2,202,336)    | (3,834,918)     |
| Other   | 18,058,628     | 8,997,356       |
| Total Nonoperating Expenses                                   | (76,324,139)   | (104,382,435)   |
| Income (loss) before capital contributions                    | 53,930,564     | (1,689,642)     |
| <b>Capital Contributions</b>                                  | 37,344,138     | 30,118,252      |
| <b>Change in Net Position</b>                                 | 91,274,702     | 28,428,610      |
| NET POSITION (DEFICIT), Beginning of Year                     | (79,293,577)   | (107,722,187)   |
| <b>NET POSITION (DEFICIT), END OF YEAR</b>                    | \$ 11,981,125  | \$ (79,293,577) |

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

## STATEMENT OF CASH FLOWS For the Year Ended June 30, 2025 With Comparative Amounts at June 30, 2024

|  | 2025           | 2024           |
|--|----------------|----------------|
| <b>Cash Flows From Operating Activities</b>                |                |                |
| Cash received from customers                               | \$ 492,121,092 | \$ 489,374,525 |
| Cash received from intergovernmental reimbursements        | 2,839,113      | 2,847,942      |
| Cash payments for intergovernmental services provided      | (1,729,050)    | (1,697,110)    |
| Cash payments to suppliers for goods and services          | (169,072,012)  | (155,516,879)  |
| Cash payments for employee services                        | (75,590,558)   | (67,724,589)   |
| Cash payments to other governments for obligation payable  | (3,718,817)    | (1,969,296)    |
| Cash payments for WRAP                                     | (407,440)      | (6,726,022)    |
| Cash payments for GLWA share pension agreement             | -              | (315,700)      |
| Cash received from insurance claims                        | -              | 490,522        |
| Cash received from grants                                  | 20,000         | 20,000         |
| Cash received (paid) nonoperating income (expense)         | 1,059          | 45             |
| Cash payments to DWSD local system for cash held for EFSD  | (8,557,957)    | (16,453,096)   |
| Cash received for DWSD local system for cash held for EFSD | 340,881        | 781,020        |
| Cash received for DWSD nonoperating pension                | 982,400        | 817,700        |
| Cash paid for DWSD nonoperating pension                    | (982,357)      | (603,507)      |
| Cash received for DWSD WRAP                                | 1,362,200      | 1,333,300      |
| Cash payments for DWSD WRAP                                | (1,362,200)    | (1,516,413)    |
| Cash increase from DWSD budgetary surplus (1)              | 289,624        | 7,968,678      |
| Principal payments received on obligation receivable       | 16,622,900     | 15,635,600     |
| Interest received on obligation receivable                 | 15,495,373     | 16,167,161     |
| Advanced payments received (used) on obligation receivable | 28,057         | 283,459        |
| Cash received from DWSD for debt related costs             | 44,950         | -              |
| Payments of state revolving fund loan proceeds to DWSD     | (3,263,636)    | (1,441,623)    |
| Net Cash Provided by Operating Activities                  | 265,463,622    | 281,755,717    |
| <b>Cash Flows From Noncapital Financing Activities</b>     |                |                |
| Proceeds from state revolving fund loans for DWSD          | 3,506,268      | 1,441,623      |
| Cash received from grants                                  | 139,963        | 1,394,549      |
| Debt related costs   | (17,000)       | -              |
| Principal payments   | (15,945,600)   | (14,998,300)   |
| Interest payments  | (15,841,783)   | (16,490,204)   |
| Net Cash Used in Noncapital Financing Activities           | (28,158,152)   | (28,652,332)   |

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

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>Cash Flows From Capital and Related Financing Activities</b> |                       |                       |
| Proceeds from insurance claims                                  | \$ -                  | \$ 5,994,564          |
| Proceeds from grants  | 10,174,615            | 27,342,279            |
| Proceeds from sale of assets                                    | 6,220                 | 36,831                |
| Proceeds from revenue bonds                                     | 51,717,480            | 105,508,716           |
| Proceeds from state revolving fund loans                        | 83,533,191            | 29,718,140            |
| Payments to bond escrow agent                                   | (10,424,094)          | (30,233,297)          |
| Payment of bond issuance costs                                  | (9,162)               | (2,858,694)           |
| Principal payments on bonds                                     | (125,910,269)         | (67,926,700)          |
| Principal payments on regional system leases                    | (7,553,901)           | (7,245,904)           |
| Principal payments on right to use lease                        | (414,719)             | (390,070)             |
| Principal payments on subscription liability                    | (411,575)             | -                     |
| Interest payments   | (112,242,005)         | (107,207,484)         |
| Purchase of capital assets                                      | (166,180,689)         | (143,529,029)         |
| Net Cash Used in Capital and Related Financing Activities       | (277,714,908)         | (190,790,648)         |
| <b>Cash Flows From Investing Activities</b>                     |                       |                       |
| Investment purchases  | (446,822,132)         | (383,538,009)         |
| Investment sales and maturities                                 | 352,575,895           | 430,708,953           |
| Interest received   | 20,596,412            | 23,243,029            |
| Net Cash Provided in Investing Activities                       | (73,649,825)          | 70,413,973            |
| <b>Net change in cash and cash equivalents</b>                  | (114,059,263)         | 132,726,710           |
| CASH AND CASH EQUIVALENTS, Beginning of Year                    | 621,406,551           | 488,679,841           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <b>\$ 507,347,288</b> | <b>\$ 621,406,551</b> |
| <b>STATEMENT OF NET POSITION CLASSIFICATION OF CASH</b>         |                       |                       |
| Cash and cash equivalents                                       | \$ 228,149,918        | \$ 253,247,096        |
| Restricted cash and cash equivalents                            | 93,453,897            | 165,770,607           |
| Restricted cash for the benefit of DWSD                         | 33,764,024            | 33,451,810            |
| Noncurrent restricted cash and cash equivalents                 | 151,979,449           | 168,937,038           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <b>\$ 507,347,288</b> | <b>\$ 621,406,551</b> |
| <b>NONCASH OPERATING ACTIVITIES</b>                             |                       |                       |
| Interest income obligation receivable premium amortization      | \$ (426,502)          | \$ (425,125)          |

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2025  
With Comparative Amounts at June 30, 2024

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|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                                  |                       |                       |
| Bond proceeds deposited into an escrow account for refunding revenue bonds                  | \$ 423,791,956        | \$ 636,440,264        |
| Bond proceeds paid directly to underwriters for cost of issuance                            | 1,321,326             | 2,065,636             |
| Increase in assets from contributed capital   | 22,083,722            | 257,750               |
| Increase in subscription liability  | 575,956               | -                     |
| Increase in unrealized gain (loss) on investments   | 963,608               | 1,575,027             |
| Amortization income (expense)   | 10,030,578            | (6,418,177)           |
| <br><b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b> |                       |                       |
| Operating income  | \$ 130,254,703        | \$ 102,692,793        |
| Adjustments to reconcile operating income to net cash provided by operating activities:     |                       |                       |
| Depreciation  | 147,559,403           | 154,486,270           |
| Amortization of intangible assets   | 1,823,544             | 854,812               |
| Miscellaneous nonoperating income (expense)   | 1,059                 | 490,906               |
| Legacy pension recovery (expense) and administrative fee                                    | (2,212,178)           | (3,946,225)           |
| WRAP (Water Residential Assistance Program)   | (2,202,336)           | (3,834,918)           |
| Loan forgiveness pass-through to DWSD   | (1,181,665)           | (803,541)             |
| Cash payments from DWSD for debt related costs  | 44,950                | -                     |
| Interest income on contractual obligation receivable  | 15,086,077            | 15,748,345            |
| Interest expense on obligation payable  | (1,462,174)           | (1,487,601)           |
| Changes in:   |                       |                       |
| Receivables   | (15,472,488)          | 12,394,296            |
| Due from other governments  | (497,985)             | 1,495,736             |
| Due from other funds  | (2,517,058)           | 52,988                |
| Contractual obligation receivable   | 14,724,799            | 15,422,643            |
| Prepaid items and other assets (operating)  | 768,732               | (614,381)             |
| Inventories   | (595,921)             | 229,229               |
| Accounts payable (operating)  | (660,758)             | (3,357,290)           |
| Accrued salaries, wages and benefits  | 145,214               | 200,518               |
| Accrued liabilities   | 2,107,110             | 5,571,433             |
| Due to other governments  | (3,377,816)           | 550,448               |
| Due to other funds  | (3,806,175)           | 3,523,008             |
| Obligation payable including accrued interest   | (2,256,643)           | (481,695)             |
| Other liabilities   | (12,028,750)          | (21,732,552)          |
| Net pension liability and deferred items  | 1,219,978             | 4,300,495             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 265,463,622</b> | <b>\$ 281,755,717</b> |

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

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

## **NOTES TO FINANCIAL STATEMENTS**

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## **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 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 SEWAGE DISPOSAL FUND

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

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

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### **GOVERNANCE**

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

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

### **BASIS OF PRESENTATION**

The Authority presents a sewage disposal enterprise fund for its 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 SEWAGE DISPOSAL FUND

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 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 SEWAGE DISPOSAL FUND

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:

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

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

The Authority has recorded 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 the 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 SEWAGE DISPOSAL FUND

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.

### 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 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 SEWAGE DISPOSAL FUND

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 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 \$8,751 for the Sewage Disposal Fund.

Operating expenses include the direct costs of operating the 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 SEWAGE DISPOSAL FUND

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 Sewage Disposal Funds. The allocations are based on an annual cost allocation analysis. The following table shows the allocation of these common costs for the year ended June 30, 2025:

| <u>Common Costs</u>     | <u>Water %<br/>Allocation</u> | <u>Water<br/>Allocation</u> | <u>Sewer %<br/>Allocation</u> | <u>Sewer<br/>Allocation</u> | <u>Total<br/>Common Costs</u> |
|-------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| 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 SEWAGE DISPOSAL FUND

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 \$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 SEWAGE DISPOSAL FUND

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

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## **NOTE 2 – BUDGETARY INFORMATION**

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

### ***BUDGET PROCESS***

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

As provided in the Regional System leases, through the fiscal year ending June 30, 2025, the water and 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 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 SEWAGE DISPOSAL FUND

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

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## 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:

|   |                       |
|---|-----------------------|
| <b>Statement of Net Position</b>                |                       |
| Cash and cash equivalents                       | \$ 228,149,918        |
| Restricted cash and cash equivalents            | 93,453,897            |
| Restricted cash for the benefit of DWSD         | 33,764,024            |
| Investments                                     | 120,925,966           |
| Restricted investments                          | 129,190,790           |
| Noncurrent restricted cash and cash equivalents | 151,979,449           |
| Noncurrent restricted investments               | 5,176,154             |
| <b>Total</b>                                    | <b>\$ 762,640,198</b> |
| <b>Cash deposits and investments</b>            |                       |
| Bank deposits - checking and savings accounts   | \$ 32,232,862         |
| Money market accounts                           | 475,114,426           |
| Investments in securities                       | 255,292,910           |
| <b>Total</b>                                    | <b>\$ 762,640,198</b> |

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

Deposits and money market accounts are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the Authority's deposits and money market accounts was \$507,347,288 for the sewage disposal fund. 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 SEWAGE DISPOSAL FUND

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<br>Rating | Weighted Maturity<br>in Years |
|------------------|----------------|----------------------------|-------------------------------|
| U.S. treasuries  | \$ 146,447,120 | AAA/AA+                    | 0.86                          |
| Commercial paper | 108,845,790    | A1                         | 0.04                          |
| Total            | \$ 255,292,910 |                            |                               |

### **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.

### **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 |
|------------------|----------------------|----------------|
| 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.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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

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### *FAIR VALUE MEASUREMENTS*

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

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

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

Level 3: Inputs are significant unobservable inputs.

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>        |
|-------------------|-----------------------|-----------------------|
| U.S. treasuries   | \$ 146,447,120        | \$ -                  |
| Commercial paper  | -                     | 108,845,790           |
| Total Investments | <u>\$ 146,447,120</u> | <u>\$ 108,845,790</u> |

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

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## NOTE 4 – RESTRICTED ASSETS

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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 cash and investments between restricted and unrestricted assets based on the source of the monies as of June 30, 2025.

|   | Funded from Revenue<br>and Other |                       | Funded from<br>Debt Issuance | Total                 |
|---|----------------------------------|-----------------------|------------------------------|-----------------------|
|   | Unrestricted                     | Restricted            | Restricted                   |                       |
| 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<br>debt service                  | -                                | 48,447,367            | -                            | 48,447,367            |
| Legacy pension obligation                               | -                                | 2,214,826             | -                            | 2,214,826             |
| Water residential assistance<br>program (WRAP)          | -                                | 3,052,017             | -                            | 3,052,017             |
| Budget stabilization                                    | -                                | 5,500,000             | -                            | 5,500,000             |
| Extraordinary repair and<br>replacement                 | 44,476,320                       | -                     | -                            | 44,476,320            |
| Improvement and<br>extension - regional                 | 173,870,517                      | -                     | -                            | 173,870,517           |
| <b>Total - Reserves Defined<br/>by Ordinance</b>        | <b>349,075,884</b>               | <b>168,506,979</b>    | <b>-</b>                     | <b>517,582,863</b>    |
| Cash held for the benefit<br>of DWSD                    | -                                | 33,764,024            | -                            | 33,764,024            |
| Construction deposit<br>intergovernmental               | -                                | 7,835,487             | -                            | 7,835,487             |
| Construction retainage<br>and deposits                  | -                                | 26,099,528            | -                            | 26,099,528            |
| Construction funds                                      | -                                | -                     | 177,358,296                  | 177,358,296           |
| <b>Total Cash, Cash Equivalents<br/>and Investments</b> | <b>\$ 349,075,884</b>            | <b>\$ 236,206,018</b> | <b>\$ 177,358,296</b>        | <b>\$ 762,640,198</b> |

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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:

|  |                       |
|--|-----------------------|
| Restricted assets from schedule above    |                       |
| From revenue and other                   | \$ 236,206,018        |
| From debt issuance                       | 177,358,296           |
| Amounts payable for liabilities and debt | <u>(296,826,574)</u>  |
| Restricted Net Position                  | <u>\$ 116,737,740</u> |
| Restricted net position for:             |                       |
| Construction                             | \$ 2,327,795          |
| Debt service                             | 113,285,692           |
| Payment assistance program               | <u>1,124,253</u>      |
| Total Restricted Net Position            | <u>\$ 116,737,740</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<br>Current | Restricted<br>Noncurrent | Total                 |
|--------------------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| Cash and cash equivalents            | \$ 228,149,918        | \$ 93,453,897         | \$ 151,979,449           | \$ 473,583,264        |
| Cash held for the benefit<br>of DWSD | -                     | 33,764,024            | -                        | 33,764,024            |
| Investments                          | <u>120,925,966</u>    | <u>129,190,790</u>    | <u>5,176,154</u>         | <u>255,292,910</u>    |
| Total                                | <u>\$ 349,075,884</u> | <u>\$ 256,408,711</u> | <u>\$ 157,155,603</u>    | <u>\$ 762,640,198</u> |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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:

|                                 |    |            |
|---------------------------------|----|------------|
| Receivables, net:               |    |            |
| Billed                          | \$ | 15,375,836 |
| Unbilled                        |    | 25,403,376 |
| Other                           |    | 1,223      |
| Subtotal                        |    | 40,780,435 |
| Allowance for doubtful accounts |    | (15,364)   |
| Total Receivables, net          | \$ | 40,765,071 |

## **NOTE 6 – DUE FROM OTHER GOVERNMENTS**

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

|   |    |           |
|---|----|-----------|
| DWSD-Billed shared services<br>and agreements     | \$ | 730,182   |
| DWSD-Unbilled shared services<br>and agreements   |    | 783,177   |
| DWSD-Accrued interest on<br>obligation receivable |    | 18,427    |
| Grants-Federal and State                          |    | 5,688,384 |
| State of Michigan FEMA                            |    | 2,253,741 |
| Total Due From Other Governments                  | \$ | 9,473,911 |

## **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<br>Due from<br>Sewage<br>Disposal Fund | Sewage<br>Disposal Fund<br>Due from<br>Water Fund |
|--|---|---|
| Water Fund - Due to Sewage Disposal Fund | \$ -  | \$ 4,678,784                                      |
| Sewage Disposal Fund - Due to Water Fund | 749,587   | -   |
| Total Due From                           | \$ 749,587  | \$ 4,678,784                                      |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

## NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE

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

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

|                                    | Beginning<br>Balance  | Increase            | Decrease               | Debt<br>Forgiveness   | Ending<br>Balance     | Due Within<br>One Year |
|------------------------------------|-----------------------|---------------------|------------------------|-----------------------|-----------------------|------------------------|
| 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                |
| <b>Total Obligation Receivable</b> | <b>347,131,249</b>    | <b>3,506,268</b>    | <b>(16,622,900)</b>    | <b>(1,181,665)</b>    | <b>332,832,952</b>    | <b>17,341,400</b>      |
| Deferred amounts for:              |                       |                     |                        |                       |                       |                        |
| Unamortized premiums               | 7,735,944             | -                   | (426,502)              | -                     | 7,309,442             | 427,189                |
| <b>Total</b>                       | <b>\$ 354,867,193</b> | <b>\$ 3,506,268</b> | <b>\$ (17,049,402)</b> | <b>\$ (1,181,665)</b> | <b>\$ 340,142,394</b> | <b>\$ 17,768,589</b>   |

The current obligation receivable payment schedule is as follows:

| Year Ended<br>June 30 | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 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            |
| <b>Total</b>          | <b>\$ 332,832,952</b> | <b>\$ 135,894,441</b> | <b>\$ 468,727,393</b> |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

## 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<br>Balance    | Additions            | Disposals           | Transfers           | Ending<br>Balance       |
|---|-------------------------|----------------------|---------------------|---------------------|-------------------------|
| 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                 |
| <b>Total Nondepreciable and Nonamortizable Capital Assets</b> | <b>464,376,029</b>      | <b>197,573,986</b>   | <b>-</b>            | <b>(43,970,587)</b> | <b>617,979,428</b>      |
| 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               |
| <b>Total Depreciable and Amortizable Assets</b>               | <b>3,332,315,270</b>    | <b>9,614,257</b>     | <b>(515,260)</b>    | <b>43,970,587</b>   | <b>3,385,384,854</b>    |
| 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)             |
| <b>Total Accumulated Depreciation and Amortization</b>        | <b>(1,391,271,140)</b>  | <b>(149,382,947)</b> | <b>323,798</b>      | <b>-</b>            | <b>(1,540,330,289)</b>  |
| <b>Total Depreciated and Amortized Capital Assets, Net</b>    | <b>1,941,044,130</b>    | <b>(139,768,690)</b> | <b>(191,462)</b>    | <b>43,970,587</b>   | <b>1,845,054,565</b>    |
| <b>Net Capital Assets</b>                                     | <b>\$ 2,405,420,159</b> | <b>\$ 57,805,296</b> | <b>\$ (191,462)</b> | <b>\$ -</b>         | <b>\$ 2,463,033,993</b> |

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## NOTE 9 – CAPITAL ASSETS (cont.)

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### *ASSET IMPAIRMENT*

Capital assets are evaluated annually to determine if any asset impairments exist, defined as a significant, unexpected decline in the service utility of a capital asset. There were no recorded impairments for the Authority for the year ended June 30, 2025.

### *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.

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## NOTE 10 – ACCRUED LIABILITIES

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

|                                       |    |                   |
|---------------------------------------|----|-------------------|
| Cash held for the benefit of DWSD     | \$ | 33,764,024        |
| Due to WRAP service delivery partners |    | <u>1,927,764</u>  |
| Total Accrued Liabilities             | \$ | <u>35,691,788</u> |

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## NOTE 11 – DUE TO OTHER GOVERNMENTS

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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:

|                                |    |                |
|--------------------------------|----|----------------|
| Green infrastructure           | \$ | 680,000        |
| Subrecipient - grant           |    | <u>242,632</u> |
| Total Due to Other Governments | \$ | <u>922,632</u> |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

### NOTE 12 – LONG-TERM DEBT

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

|  | Beginning<br>Balance    | Increase              | Decrease*               | Debt<br>Forgiveness    | Ending<br>Balance       | Due Within<br>One Year |
|--|-------------------------|-----------------------|-------------------------|------------------------|-------------------------|------------------------|
| 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             |
| <b>Total Bonds and Loans</b>   | <b>2,833,328,208</b>    | <b>522,089,460</b>    | <b>(571,745,870)</b>    | <b>(19,574,242)</b>    | <b>2,764,097,556</b>    | <b>125,135,000</b>     |
| 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)            |
| <b>Total Bonds and Loans, Net</b>  | <b>2,942,950,119</b>    | <b>563,870,222</b>    | <b>(608,829,708)</b>    | <b>(19,574,242)</b>    | <b>2,878,416,391</b>    | <b>133,368,516</b>     |
| Other Debt   |                         |                       |                         |                        |                         |                        |
| BC Note obligation   | 36,268,418              | -                     | (2,255,301)             | -                      | 34,013,117              | 2,280,589              |
| <b>Total Debt</b>  | <b>\$ 2,979,218,537</b> | <b>\$ 563,870,222</b> | <b>\$ (611,085,009)</b> | <b>\$ (19,574,242)</b> | <b>\$ 2,912,429,508</b> | <b>\$ 135,649,105</b>  |

\* 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.

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<br>June 30 | Bonds                   |                         | Notes from Direct Borrowings and<br>Direct Placements |                      | Total                   |
|-----------------------|-------------------------|-------------------------|---|----------------------|-------------------------|
|                       | Principal               | Interest                | Principal   | Interest             |                         |
| 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              |
| <b>Total</b>          | <b>\$ 2,413,300,000</b> | <b>\$ 1,126,843,528</b> | <b>\$ 350,797,556</b>                                 | <b>\$ 47,836,396</b> | <b>\$ 3,938,777,480</b> |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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 |
|-----------------------------|------------|-----------------------|-------------------------|----------------|----------------------------|-----------------|
| 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 Revenue Bonds Payable |            |                       |                         |                | <u>\$ 2,413,300,000</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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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

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### 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 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 Sewage Disposal Fund received \$87,039,459 of which \$19,574,242 has been forgiven. 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, \$452,102,892 for the Sewage Disposal Fund was authorized and unissued. Of the authorized and unissued \$6,175,498 of the Sewage Disposal Fund are for pass through loans to DWSD. At June 30, 2025 the DWSD local sewage disposal system has \$0 of additional undrawn amounts that qualify for loan forgiveness. The GLWA regional 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 SEWAGE DISPOSAL FUND

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 |
|-----------------------------|------------|----------------|-------------------------|----------------|----------------------------|
| 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 State Revolving Loans |            |                |                         |                | <u>\$ 350,797,556</u>      |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## NOTE 12 – LONG-TERM DEBT (cont.)

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### *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 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 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 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 sewage disposal bonds is through 2053.

The table below has the pledged revenue coverage as of June 30, 2025:

|  |                  |
|--|------------------|
| Remaining principal and interest requirement   | \$ 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) | \$ 249,432,319   |
| Pledged revenue for the year ending June 30, 2025  | \$ 330,705,132   |
| Pledged revenue collected as a percentage of funding requirement   | 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.

### *CREDIT RATINGS*

In May 2025, S&P Global Ratings affirmed the Authority's senior lien 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 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-. The outlook was upgraded from positive to stable for the sewage disposal system.

In March 2020 the junior lien sewage disposal system SRF bonds were upgraded to A+ from an A rating by S&P Global Ratings.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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 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<br>(GLWA share) | Original Issue<br>Amount<br>(GLWA share) | Range of<br>Interest Rates | Maturity<br>Date | Outstanding<br>Ending Balance |
|----------------------------|--|----------------------------|------------------|-------------------------------|
| 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                       |
| <b>Total</b>               |  |                            |                  | <b>\$ 34,013,117</b>          |

## GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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<br>June 30 | Principal            | Interest             | Total                |
|-----------------------|----------------------|----------------------|----------------------|
| 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                 | <u>\$ 34,013,117</u> | <u>\$ 15,271,504</u> | <u>\$ 49,284,621</u> |

#### *INTEREST EXPENSE*

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

|                            |                           |
|----------------------------|---------------------------|
| Revenue bonds and loans    | \$ 117,597,257            |
| Regional System Lease      | 19,919,849                |
| BC Note obligation         | 1,462,173                 |
| Lease payable - warehouse  | 98,367                    |
| Subscription liability     | <u>70,906</u>             |
| <br>Total Interest Expense | <br><u>\$ 139,148,552</u> |

### 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, \$27,500,000 is allocated to the Sewage Disposal Fund. 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 SEWAGE DISPOSAL FUND

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<br>Balance | Increase | Decrease       | Ending<br>Balance | Due Within<br>One Year |
|----------------------|----------|----------------|-------------------|------------------------|
| \$ 481,759,905       | \$ -     | \$ (7,553,901) | \$ 474,206,004    | \$ 7,874,989           |

\* 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<br>June 30 | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 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            |
| <b>Total</b>          | <b>\$ 474,206,004</b> | <b>\$ 364,543,995</b> | <b>\$ 838,749,999</b> |

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, \$13,750,000 is in the Sewage Disposal Fund.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

## NOTE 14 – OTHER LIABILITIES

Changes in other liabilities for the year ended June 30, 2025 were as follows:

|  | Beginning<br>Balance | Increase            | Decrease               | Ending<br>Balance    | Due Within<br>One Year |
|--|----------------------|---------------------|------------------------|----------------------|------------------------|
| 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<br>contribution from EFSD          | 16,052,563           | 340,881             | (8,557,957)            | 7,835,487            | 2,400,000              |
| Cash held for the benefit<br>of DWSD budget<br>stabilization | 5,500,000            | -                   | -                      | 5,500,000            | -                      |
| <b>Total</b>   | <b>\$ 34,757,022</b> | <b>\$ 2,947,666</b> | <b>\$ (15,226,754)</b> | <b>\$ 22,477,934</b> | <b>\$ 6,482,122</b>    |

### LEASE PAYABLE – WAREHOUSE

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

The future lease payments are detailed below:

| Year Ended<br>June 30 | Principal    | Interest   | Total        |
|-----------------------|--------------|------------|--------------|
| 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                 | \$ 3,086,605 | \$ 301,519 | \$ 3,388,124 |

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

|           | Cost         | Accumulated<br>Amortization | Ending Book<br>Value |
|-----------|--------------|-----------------------------|----------------------|
| Warehouse | \$ 4,543,607 | \$ (1,868,742)              | \$ 2,674,865         |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

## NOTE 14 – OTHER LIABILITIES (cont.)

### **SUBSCRIPTION LIABILITY**

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<br>June 30 | Principal    | Interest   | Total        |
|-----------------------|--------------|------------|--------------|
| 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                 | \$ 1,739,439 | \$ 165,827 | \$ 1,905,266 |

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<br>Amortization | Ending Book<br>Value |
|--------------|--------------|-----------------------------|----------------------|
| Workday SaaS | \$ 5,967,718 | \$ (1,380,779)              | \$ 4,586,939         |
| NEXGEN       | 2,561,284    | (418,169)                   | 2,143,115            |
| Total        | \$ 8,529,002 | \$ (1,798,948)              | \$ 6,730,054         |

### 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 \$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 \$1,163,071 of which \$66,704 is current for the Sewage Disposal Fund.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## NOTE 14 – OTHER LIABILITIES (cont.)

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

### **WORKERS' COMPENSATION**

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

### **CLAIMS AND JUDGEMENTS**

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

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

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

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

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

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

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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<br>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.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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

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.

### ***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                                       | (11,786,115) | (10,809,961) |
| Unpaid Claims, End of Year                            | \$ 1,491,591 | \$ 534,615   |

### ***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                                       | (148,567)  | (263,297)  |
| Unpaid Claims, End of Year                            | \$ 749,601 | \$ 657,892 |

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## NOTE 16 – DEFINED CONTRIBUTION PENSION PLANS

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

The Great Lakes Water Authority Defined Contribution Retirement Plan is a 401(a) governmental money purchase plan administered by MissionSquare Retirement (the “Administrator”) to provide benefits at retirement to all full-time employees of the Authority. The Authority contributes 6.0% of an employee’s base pay to the plan. The Authority will make an additional contribution to the 401(a) plan to match employee contributions under the Great Lakes Water Authority 457 Plan up to 3% of compensation. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. The Authority recognized expense of \$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 SEWAGE DISPOSAL FUND

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

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

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As part of the City of Detroit bankruptcy plan of adjustment (POA) and the Regional System Leases (Section 4.3), the City, the General Employees' Retirement System of the City of Detroit (GRS or the System) and the Authority entered into an agreement on December 1, 2015 that set forth the terms for contributions and reporting of the DWSD share of the GRS pension pool. GRS provides the information necessary for the Authority and DWSD to report the proportionate share separately in their respective statements. On January 24, 2017, DWSD and the Authority provided a supplement to the agreement whereby GRS is directed to allocate investments and pension liabilities of the DWSD division on the basis of 70.3% to the Authority and 29.7% to DWSD effective January 1, 2016. This agreement constitutes a special funding situation pursuant to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As such, while no Authority employees earn service credit in the legacy or hybrid plans, GLWA is legally responsible for making contributions to a legacy pension plan of another entity and, accordingly, must record a net pension liability for its proportion and make the following disclosures regarding the plan as 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](http://www.rscd.org)). Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports.

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

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

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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

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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 \$0.99 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 SEWAGE DISPOSAL FUND

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<br>Allocation | Long-Term Expected<br>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.

*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:

|                                   |                |
|-----------------------------------|----------------|
| Total pension liability           | \$ 278,102,130 |
| Plan fiduciary net position       | (259,152,971)  |
| Authority's net pension liability | \$ 18,949,159  |

## GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| 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<br>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<br>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<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 23,036,293          | \$ 18,949,159                       | \$ 15,411,444          |

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

## GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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

*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 \$1,941,578 for the sewage disposal funds. At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows (Inflows)<br>of Resources |
|--|-----------------------------------|-------------------------------------|--|
| 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  |
| <b>Total</b>   | <b>\$ 3,516,536</b>               | <b>\$ -</b>                         | <b>\$ 3,516,536</b>                                |

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended<br>June 30 |                     |
|-----------------------|---------------------|
| 2026                  | \$ (2,435,950)      |
| 2027                  | 6,641,766           |
| 2028                  | (373,746)           |
| 2029                  | (1,037,134)         |
| <b>Total</b>          | <b>\$ 2,794,936</b> |

*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 SEWAGE DISPOSAL FUND

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

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## **NOTE 18 – COMMITMENTS AND CONTINGENCIES**

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

The Authority is engaged in a variety of projects that are part of its five-year capital improvement program (the Program). The total cost 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 \$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 SEWAGE DISPOSAL FUND

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

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

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

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

While no claim under an individual lawsuit would have a material impact on GLWA's operations or revenues, in the aggregate, the claimed amounts under all such lawsuits could be material. 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 courts 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 SEWAGE DISPOSAL FUND

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

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

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

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

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## NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

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

|  |                         |
|--|-------------------------|
| Capital Assets   |                         |
| Nondepreciable/nonamortizable                                | \$ 617,979,428          |
| Depreciated/amortized – net                                  | <u>1,845,054,565</u>    |
| Total Capital Assets   | <u>2,463,033,993</u>    |
| Less: Related Debt   |                         |
| Total bonds and loans, net (Note 12)                         | 2,878,416,391           |
| Less outstanding bonds used for:                             |                         |
| SWAP termination agreements                                  | (184,419,916)           |
| Unspent bond proceeds  | (143,892,321)           |
| Obligation receivable-local system<br>share of debt (Note 8) | (340,142,394)           |
| Capital related deferred charge<br>on refunding              | (37,719,566)            |
| Capital related deferred gain<br>on refunding                | 82,506,677              |
| Capital portion of regional<br>system lease                  | 329,241,230             |
| Lease payable-Warehouse (Note 14)                            | 3,086,605               |
| Subscription liability (Note 14)                             | <u>1,739,439</u>        |
| Total Related Debt   | <u>2,588,816,145</u>    |
| Net Investment in Capital Assets                             | <u>\$ (125,782,152)</u> |

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.

# GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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## **NOTE 20 – SUBSEQUENT EVENTS**

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### ***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.

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 on 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 the 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND**

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**                |
| <b>Share of Total Pension Liability</b>   |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| 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           |
| <b>Share of Plan Fiduciary Net Position</b>   |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| 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           |
| <b>SHARE OF NET PENSION LIABILITY</b>   | <b>\$ 18,949,159</b> | <b>\$ 23,766,386</b> | <b>\$ 40,528,802</b> | <b>\$ 41,841,847</b> | <b>\$ 92,577,019</b> | <b>\$ 85,266,515</b> | <b>\$ 84,670,705</b> | <b>\$ 114,810,555</b> | <b>\$ 124,506,503</b> | <b>\$ 109,208,359</b> |
| <b>Nonemployer contributing entity share of collective net pension liability - Sewer Fund</b> | 2.2%                 | 2.6%                 | 4.4%                 | 4.7%                 | 8.4%                 | 9.1%                 | 10.2%                | 12.2%                 | 12.5%                 | 13.2%                 |
| <b>Plan fiduciary net position as a percentage of total pension liability</b>                 | 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.

**GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND**

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*             |
| 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.

## GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

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

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#### *Changes in Assumptions*

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

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

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

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

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

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

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

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 SEWAGE DISPOSAL FUND**

COMBINING SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

As of June 30, 2025

|   | Sewer<br>Operations<br>Fund | Sewer<br>Improvement and<br>Extension Fund | Sewer<br>Construction<br>Fund | Total<br>Sewage Disposal<br>Fund |
|---|-----------------------------|--|-------------------------------|----------------------------------|
| <b>Assets</b>                               |                             |  |                               |                                  |
| 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                       |
| <b>Total Current Assets</b>                 | <b>456,363,154</b>          | <b>176,426,204</b>                         | <b>66,400,009</b>             | <b>699,189,367</b>               |
| 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                  | 1,845,054,565               | -  | -                             | 1,845,054,565                    |
| <b>Total Noncurrent Assets</b>              | <b>2,812,421,080</b>        | <b>-</b>                                   | <b>143,892,321</b>            | <b>2,956,313,401</b>             |
| <b>Total Assets</b>                         | <b>3,268,784,234</b>        | <b>176,426,204</b>                         | <b>210,292,330</b>            | <b>3,655,502,768</b>             |
| <b>Deferred Outflows of Resources</b>       |                             |  |                               |                                  |
| Deferred charge on refunding                | 43,993,954                  | -  | -                             | 43,993,954                       |
| Deferred pension amounts                    | 3,516,536                   | -  | -                             | 3,516,536                        |
| <b>Total Deferred Outflows of Resources</b> | <b>47,510,490</b>           | <b>-</b>                                   | <b>-</b>                      | <b>47,510,490</b>                |

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

|   | Sewer<br>Operations<br>Fund | Sewer<br>Improvement and<br>Extension Fund | Sewer<br>Construction<br>Fund | Total<br>Sewage Disposal<br>Fund |
|---|-----------------------------|--|-------------------------------|----------------------------------|
| <b>Liabilities</b>                        |                             |  |                               |                                  |
| 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>             |
| <b>Deferred Inflows of Resources</b>      |                             |  |                               |                                  |
| 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>                |
| <b>Net Position (Deficit)</b>             |                             |  |                               |                                  |
| 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>                |
| <b>TOTAL NET POSITION</b>                 | <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 SEWAGE DISPOSAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND  
For the Year Ended June 30, 2025

|   | Sewer<br>Operations<br>Fund | Sewer<br>Improvement and<br>Extension Fund | Sewer<br>Construction<br>Fund | Total<br>Sewage Disposal<br>Fund |
|---|-----------------------------|--|-------------------------------|----------------------------------|
| <b>Operating Revenues</b>                                       |                             |  |                               |                                  |
| 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  | 507,613,580                 | -  | -                             | 507,613,580                      |
| <b>Operating Expenses</b>                                       |                             |  |                               |                                  |
| 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  | 377,358,877                 | -  | -                             | 377,358,877                      |
| <b>Operating Income (Loss)</b>                                  | 130,254,703                 | -  | -                             | 130,254,703                      |
| <b>Nonoperating Revenues (Expenses)</b>                         |                             |  |                               |                                  |
| 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)                          | 97,385,218                  | (2,847,264)                                | (170,862,093)                 | (76,324,139)                     |
| <b>Income (Loss) Before Transfers and Capital Contributions</b> | 227,639,921                 | (2,847,264)                                | (170,862,093)                 | 53,930,564                       |
| <b>Transfer in</b>  | 6,504,470                   | 44,035,716                                 | 136,205,933                   | 186,746,119                      |
| <b>Transfer out</b>   | (177,344,371)               | (5,749,637)                                | (3,652,111)                   | (186,746,119)                    |
| <b>Capital Contributions</b>                                    | 22,083,722                  | -  | 15,260,416                    | 37,344,138                       |
| <b>Change in Net Position</b>                                   | 78,883,742                  | 35,438,815                                 | (23,047,855)                  | 91,274,702                       |
| NET POSITION (DEFICIT), Beginning of Year                       | (389,992,013)               | 138,290,279                                | 172,408,157                   | (79,293,577)                     |
| <b>NET POSITION (DEFICIT), END OF YEAR</b>                      | \$ (311,108,271)            | \$ 173,729,094                             | \$ 149,360,302                | \$ 11,981,125                    |

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 SEWAGE DISPOSAL FUND

## 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<br>Operations Fund               | Sewer Improvement<br>and Extension Fund | Sewer<br>Construction Fund | Total             |
| Water Operations Fund                   | \$ -                                   | \$ 196,095                              | \$ -                       | \$ 196,095        |
| Water Improvement and<br>Extension Fund | -                                      | 440,942                                 | -                          | 440,942           |
| Water Construction Fund                 | -                                      | -                                       | 112,550                    | 112,550           |
| <b>TOTALS</b>                           | <b>\$ -</b>                            | <b>\$ 637,037</b>                       | <b>\$ 112,550</b>          | <b>\$ 749,587</b> |

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

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

**GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND**

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

For the Year Ended June 30, 2025

|   | Adopted<br>Budget     | Amended<br>Budget     | Administrative and<br>Centralized Services<br>Reclassification | Final<br>Amended<br>Budget | Actual                | Over (Under)<br>Amended<br>Budget | Over (Under)<br>Amended<br>Budget |
|---|-----------------------|-----------------------|--|----------------------------|-----------------------|-----------------------------------|-----------------------------------|
| <b>Operating Expenses</b>   |                       |                       |  |                            |                       |                                   |                                   |
| 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<br>depreciation and amortization<br>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%                             |
| <b>TOTAL OPERATING EXPENSES<br/>BUDGET BASIS</b>  | <b>\$ 228,934,000</b> | <b>\$ 235,191,600</b> | <b>\$ -</b>  | <b>\$ 235,191,600</b>      | <b>\$ 229,753,981</b> | <b>\$ (5,437,619)</b>             | <b>-2.31%</b>                     |

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

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

Note: Centralized and administrative services allocations have been applied to the expense categories 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 SEWAGE DISPOSAL FUND

### 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<br>Budget  | Amended<br>Budget  | Actual              | Variance<br>Over (Under)<br>Amended<br>Budget |
|---|--------------------|--------------------|---------------------|---|
| <b>Revenues</b>                                   |                    |                    |                     |   |
| 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                              | <u>5,434,400</u>   | <u>5,434,400</u>   | <u>4,583,986</u>    | <u>(850,414)</u>                              |
| Total Revenue from Charges                        | <u>507,596,100</u> | <u>507,465,300</u> | <u>507,048,961</u>  | <u>(416,339)</u>                              |
| Investment Earnings [1]                           |                    |                    |                     |   |
| Unrestricted                                      | 10,494,500         | 16,113,000         | 16,514,414          | 401,414                                       |
| Restricted for Debt Service                       | <u>1,861,500</u>   | <u>4,492,000</u>   | <u>5,128,850</u>    | <u>636,850</u>                                |
| Total Investment Earnings                         | 12,356,000         | 20,605,000         | 21,643,264          | 1,038,264                                     |
| Other Revenue (Expense) [2]                       | <u>700,000</u>     | <u>700,000</u>     | <u>685,291</u>      | <u>(14,709)</u>                               |
| <b>Total Revenues</b>                             | <u>520,652,100</u> | <u>528,770,300</u> | <u>529,377,516</u>  | <u>607,216</u>                                |
| <b>Revenue Requirements</b>                       |                    |                    |                     |   |
| 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      | <u>28,140,700</u>  | <u>42,093,700</u>  | <u>42,093,700</u>   | <u>-</u>                                      |
| <b>Total Revenue Requirements</b>                 | <u>520,652,100</u> | <u>528,770,300</u> | <u>523,248,571</u>  | <u>(5,521,729)</u>                            |
| <b>Revenue Requirement Variance [4]</b>           | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 6,128,945</u> | <u>\$ 6,128,945</u>                           |

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

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

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

[4] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on 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 SEWAGE DISPOSAL FUND

## 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.

### Revenue Requirement Variance from Schedule of Revenue Requirements

\$ 6,128,945

### Budgetary adjustments to financial reporting basis

Pension delayed accounting election adjustments:

|   |             |
|---|-------------|
| Current year pension payments recorded as deferral        | 721,600     |
| Prior year pension deferral accounted for in current year | (1,941,578) |
| Administrative fee adjustment                             | (992,200)   |

|   |             |
|---|-------------|
| Debt service                                      | 114,784,409 |
| BC Note obligation                                | 2,256,627   |
| Regional system lease                             | 7,580,151   |
| Water Residential Assistance Program (WRAP)       | 339,165     |
| Extraordinary Repair & Replacement Fund transfers | 345,000     |
| Improvement & Extension Fund transfers            | 42,093,700  |
| GASB 87 & GASB 96 adjustments                     | 1,608,778   |

### Nonbudgeted financial reporting adjustments

|  |               |
|--|---------------|
| Depreciation and amortization                          | (149,382,947) |
| Amortization - debt related                            | 7,305,898     |
| Investment earnings on bond funds in Construction Fund | 3,840,499     |
| Investment earnings unrealized gain (loss)             | 963,608       |
| Gain(loss) on disposal of capital assets               | (184,020)     |
| Other nonoperating income (expenses)                   | 18,462,929    |
| Capital contribution                                   | 37,344,138    |

### Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position

\$ 91,274,702

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

## GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

### 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<br>Budget    | Amended<br>Budget    | Actual [3]           | Variance<br>Over (Under)<br>Amended<br>Budget |
|---|----------------------|----------------------|----------------------|---|
| <b>Inflows</b>  |                      |                      |                      |   |
| 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                                     |
| <b>Outflows</b>   |                      |                      |                      |   |
| 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)                                   |
| <b>Net Increase (Decrease) - Budget Basis</b>   | <b>\$ 10,569,400</b> | <b>\$ 30,022,400</b> | 35,594,860           | <b>\$ 5,572,460</b>                           |
| Non-budgeted inflows (outflows)   |                      |                      |                      |   |
| Unrealized net increase in fair value of investments  |                      |                      | (156,045)            |   |
| <b>Combining Schedule Sewer Improvement and Extension Fund Change<br/>in Net Position [3]</b> |                      |                      | <b>\$ 35,438,815</b> |   |

[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 SEWAGE DISPOSAL FUND

### 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<br>Budget      | Amended<br>Budget      | Actual [3]             | Variance<br>Over (Under)<br>Amended<br>Budget |
|--|------------------------|------------------------|------------------------|---|
| <b>Inflows</b>   |                        |                        |                        |   |
| 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  | 104,711,000            | 156,346,800            | 155,306,848            | (1,039,952)                                   |
| <b>Outflows</b>  |                        |                        |                        |   |
| 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   | 170,000,000            | 185,375,000            | 178,354,703            | (7,020,297)                                   |
| <b>Net Increase (Decrease) - Budget Basis</b>                                | <b>\$ (65,289,000)</b> | <b>\$ (29,028,200)</b> | <b>(23,047,855)</b>    | <b>\$ 5,980,345</b>                           |
| Non-budgeted inflows (outflows)  |                        |                        |                        |   |
| Unrealized net increase in fair value of investments                         |                        |                        | -                      |   |
| <b>Combining Schedule Sewer Construction Fund Change in Net Position [3]</b> |                        |                        | <b>\$ (23,047,855)</b> |   |

[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 SEWAGE DISPOSAL FUND**

SCHEDULE OF DAYS CASH - LIQUIDITY  
For the Fiscal Years Ended June

|  | 2025           | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016*          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 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            |

\* 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 SEWAGE DISPOSAL FUND

NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2025

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## **Note 1 – Combining Fund Schedules**

The Combining Fund Schedules presented combined the three funds the Authority maintains in the Sewage Disposal Fund. The following describes the three funds and the purpose of each fund.

***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.

***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.

***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 SEWAGE DISPOSAL FUND

## NOTES TO SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025

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

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

The schedule of operating expenses for 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 Sewer Operations Fund reported in the Combining Schedule of Revenues, Expenses and Changes in Net position for 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 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.

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## 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 SEWAGE DISPOSAL FUND**

Schedule 1

SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2025                 | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 |
| <b>Assets</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Current Assets</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 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            |
| <b>Total Current Assets</b>                 | <b>695,218,713</b>   | <b>664,251,810</b>   | <b>576,440,516</b>   | <b>492,646,969</b>   | <b>521,792,499</b>   | <b>498,349,795</b>   | <b>454,338,768</b>   | <b>400,248,770</b>   | <b>408,348,328</b>   | <b>444,741,342</b>   |
| <b>Noncurrent Assets</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 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           |
| <b>Total Noncurrent Assets</b>              | <b>2,956,313,401</b> | <b>2,931,601,590</b> | <b>2,963,376,683</b> | <b>2,890,642,439</b> | <b>2,983,660,956</b> | <b>3,089,281,856</b> | <b>3,280,427,339</b> | <b>3,315,911,788</b> | <b>3,458,026,342</b> | <b>3,607,519,077</b> |
| <b>Total Assets</b>                         | <b>3,651,532,114</b> | <b>3,595,853,400</b> | <b>3,539,817,199</b> | <b>3,383,289,408</b> | <b>3,505,453,455</b> | <b>3,587,631,651</b> | <b>3,734,766,107</b> | <b>3,716,160,558</b> | <b>3,866,374,670</b> | <b>4,052,260,419</b> |
| <b>Deferred Outflows of Resources</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 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           |
| <b>Total Deferred Outflows of Resources</b> | <b>47,510,490</b>    | <b>60,117,778</b>    | <b>125,248,843</b>   | <b>129,689,148</b>   | <b>158,283,837</b>   | <b>154,445,915</b>   | <b>179,717,956</b>   | <b>219,914,057</b>   | <b>236,814,914</b>   | <b>236,523,989</b>   |

|  | Fiscal Year          |                        |                         |                         |                         |                         |                         |                         |                        |                        |
|--|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|
|  | 2025                 | 2024                   | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                   | 2016                   |
| <b>Liabilities</b>                         |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| <b>Current Liabilities</b>                 |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| 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              |
| <b>Total Current Liabilities</b>           | <u>314,378,576</u>   | <u>327,220,357</u>     | <u>247,990,836</u>      | <u>187,047,094</u>      | <u>176,916,488</u>      | <u>159,088,408</u>      | <u>181,341,670</u>      | <u>144,063,891</u>      | <u>181,760,641</u>     | <u>172,737,304</u>     |
| <b>Noncurrent Liabilities</b>              |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| 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            |
| <b>Total Noncurrent Liabilities</b>        | <u>3,278,056,389</u> | <u>3,339,629,484</u>   | <u>3,487,709,817</u>    | <u>3,375,309,915</u>    | <u>3,555,623,257</u>    | <u>3,654,635,934</u>    | <u>3,808,937,213</u>    | <u>3,850,491,365</u>    | <u>3,926,566,955</u>   | <u>4,098,594,434</u>   |
| <b>Total Liabilities</b>                   | <u>3,592,434,965</u> | <u>3,666,849,841</u>   | <u>3,735,700,653</u>    | <u>3,562,357,009</u>    | <u>3,732,539,745</u>    | <u>3,813,724,342</u>    | <u>3,990,278,883</u>    | <u>3,994,555,256</u>    | <u>4,108,327,596</u>   | <u>4,271,331,738</u>   |
| <b>Deferred Inflows of Resources</b>       |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| Deferred gain on refunding                 | 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             |
| <b>Total Deferred Inflows of Resources</b> | <u>94,626,514</u>    | <u>68,414,914</u>      | <u>37,087,576</u>       | <u>60,654,838</u>       | <u>44,064,138</u>       | <u>53,521,171</u>       | <u>48,148,161</u>       | <u>59,838,762</u>       | <u>61,222,831</u>      | <u>28,044,955</u>      |
| <b>Net Position (Deficit)</b>              |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| Net investment in capital assets           | (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)          |
| <b>TOTAL NET POSITION (DEFICIT)</b>        | <u>\$ 11,981,125</u> | <u>\$ (79,293,577)</u> | <u>\$ (107,722,187)</u> | <u>\$ (110,033,291)</u> | <u>\$ (112,866,591)</u> | <u>\$ (125,167,947)</u> | <u>\$ (123,942,981)</u> | <u>\$ (118,319,403)</u> | <u>\$ (66,360,843)</u> | <u>\$ (10,592,285)</u> |

**GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND**

Schedule 2

CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND

|  | Fiscal Year          |                        |                         |                         |                         |                         |                         |                         |                        |                        |
|--|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|
|  | 2025                 | 2024                   | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                   | 2016*                  |
| <b>Operating Revenues</b>  |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| 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              |
| <b>Total Operating Revenues</b>                                    | <b>507,613,580</b>   | <b>476,980,229</b>     | <b>481,907,392</b>      | <b>471,387,154</b>      | <b>470,753,540</b>      | <b>466,635,644</b>      | <b>469,476,907</b>      | <b>473,582,559</b>      | <b>505,807,082</b>     | <b>230,464,969</b>     |
| <b>Operating Expenses</b>  |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| Personnel  | 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                 | -                       | -                       | -                       | -                      | -                      |
| <b>Total Operating Expenses</b>                                    | <b>377,358,877</b>   | <b>374,287,436</b>     | <b>375,566,668</b>      | <b>345,372,010</b>      | <b>328,983,415</b>      | <b>329,870,427</b>      | <b>342,585,175</b>      | <b>363,629,987</b>      | <b>336,946,731</b>     | <b>170,401,050</b>     |
| <b>Operating Income</b>  | <b>130,254,703</b>   | <b>102,692,793</b>     | <b>106,340,724</b>      | <b>126,015,144</b>      | <b>141,770,125</b>      | <b>136,765,217</b>      | <b>126,891,732</b>      | <b>109,952,572</b>      | <b>168,860,351</b>     | <b>60,063,919</b>      |
| <b>Nonoperating Revenues (Expenses)</b>                            |                      |                        |                         |                         |                         |                         |                         |                         |                        |                        |
| Earnings (loss) on investments                                     | 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)             | -                       | -                      | -                      |
| <b>Total Nonoperating Expenses</b>                                 | <b>(76,324,139)</b>  | <b>(104,382,435)</b>   | <b>(106,205,620)</b>    | <b>(130,172,883)</b>    | <b>(135,428,769)</b>    | <b>(143,950,183)</b>    | <b>(132,515,310)</b>    | <b>(161,911,132)</b>    | <b>(163,470,934)</b>   | <b>(72,656,204)</b>    |
| <b>Income (loss) before capital contributions and special item</b> | <b>53,930,564</b>    | <b>(1,689,642)</b>     | <b>135,104</b>          | <b>(4,157,739)</b>      | <b>6,341,356</b>        | <b>(7,184,966)</b>      | <b>(5,623,578)</b>      | <b>(51,958,560)</b>     | <b>5,389,417</b>       | <b>(12,592,285)</b>    |
| <b>Capital Contributions</b>                                       | <b>37,344,138</b>    | <b>30,118,252</b>      | <b>2,176,000</b>        | <b>6,991,039</b>        | <b>5,960,000</b>        | <b>5,960,000</b>        | <b>-</b>                | <b>-</b>                | <b>320,707</b>         | <b>2,000,000</b>       |
| <b>Special Item - MOU with DWSD</b>                                | <b>-</b>             | <b>-</b>               | <b>-</b>                | <b>-</b>                | <b>-</b>                | <b>-</b>                | <b>-</b>                | <b>-</b>                | <b>(61,478,682)</b>    | <b>-</b>               |
| <b>Change in Net Position</b>                                      | <b>91,274,702</b>    | <b>28,428,610</b>      | <b>2,311,104</b>        | <b>2,833,300</b>        | <b>12,301,356</b>       | <b>(1,224,966)</b>      | <b>(5,623,578)</b>      | <b>(51,958,560)</b>     | <b>(55,768,558)</b>    | <b>(10,592,285)</b>    |
| <b>NET POSITION (DEFICIT), Beginning of Year</b>                   | <b>(79,293,577)</b>  | <b>(107,722,187)</b>   | <b>(110,033,291)</b>    | <b>(112,866,591)</b>    | <b>(125,167,947)</b>    | <b>(123,942,981)</b>    | <b>(118,319,403)</b>    | <b>(66,360,843)</b>     | <b>(10,592,285)</b>    | <b>-</b>               |
| <b>NET POSITION (DEFICIT), END OF YEAR</b>                         | <b>\$ 11,981,125</b> | <b>\$ (79,293,577)</b> | <b>\$ (107,722,187)</b> | <b>\$ (110,033,291)</b> | <b>\$ (112,866,591)</b> | <b>\$ (125,167,947)</b> | <b>\$ (123,942,981)</b> | <b>\$ (118,319,403)</b> | <b>\$ (66,360,843)</b> | <b>\$ (10,592,285)</b> |

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

## **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 SEWAGE DISPOSAL FUND**

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]       |
| 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 SEWAGE DISPOSAL FUND**  
**SEWAGE DISPOSAL FUND OPERATING REVENUES/ LARGEST SEWER CUSTOMERS**

Schedule 4

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2025                  | 2024                  | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016*                 |
| <b>Operating Revenues</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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             |
| <b>Total Operating Revenues</b>                                     | <b>\$ 507,613,580</b> | <b>\$ 476,980,229</b> | <b>\$ 481,907,392</b> | <b>\$ 471,387,154</b> | <b>\$ 470,753,540</b> | <b>\$ 466,635,644</b> | <b>\$ 469,476,907</b> | <b>\$ 473,582,559</b> | <b>\$ 505,807,082</b> | <b>\$ 230,464,969</b> |
| 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%                |
| <b>Ten Largest Wholesale Member Partners</b>                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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               |
| <b>Total Revenue Ten Largest Wholesale Member Partners</b>          | <b>\$ 280,928,431</b> | <b>\$ 261,383,042</b> | <b>\$ 269,602,874</b> | <b>\$ 266,324,793</b> | <b>\$ 264,483,829</b> | <b>\$ 262,703,586</b> | <b>\$ 268,995,600</b> | <b>\$ 265,626,000</b> | <b>\$ 260,898,000</b> | <b>\$ 123,263,400</b> |
| Ten largest 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 SEWAGE DISPOSAL FUND**

Schedule 5

**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 SEWAGE DISPOSAL FUND**

Schedule 6

**INDUSTRIAL WASTE CONTROL CHARGES AND POLLUTANT SURCHARGES**

EFFECTIVE JULY 1, 2024

**Industrial Waste Control Charges**

| Meter size<br>(inches) | Admin Only<br>Charge (1) | Full Monthly<br>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<br>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 SEWAGE DISPOSAL FUND**

Schedule 7

RATIOS OF OUTSTANDING DEBT BY TYPE

|                                       | Fiscal Year             |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | 2025                    | 2024                    | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    |
| 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               | -                       | -                       | -                       | -                       | -                       |
| <b>Total Sewage Disposal Fund</b>     | <b>\$ 2,915,516,113</b> | <b>\$ 2,982,719,861</b> | <b>\$ 3,027,322,493</b> | <b>\$ 2,919,502,448</b> | <b>\$ 3,042,007,395</b> | <b>\$ 3,142,184,345</b> | <b>\$ 3,290,210,192</b> | <b>\$ 3,268,587,832</b> | <b>\$ 3,341,132,082</b> | <b>\$ 3,487,730,855</b> |
| Total taxable value [2]               | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     | n/a                     |
| Total population served [3]:          |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| 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:                |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| 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: |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| 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 SEWAGE DISPOSAL FUND

Schedule 8

DEBT BY LIEN  
As of June 30, 2025

Continued on Next Page

|  | Original Principal<br>Amount [1] | Outstanding as of<br>June 30, 2025 |
|--|----------------------------------|------------------------------------|
| <b>Sewage Disposal System Revenue Bonds</b>                              |                                  |                                    |
| 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                        |
| <b>Total Senior Lien Bonds</b>   | <b>2,313,975,000</b>             | <b>1,640,145,000</b>               |
| 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                         |
| <b>Total Second Lien Bonds</b>   | <b>1,542,765,000</b>             | <b>773,155,000</b>                 |

GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

Schedule 8

DEBT BY LIEN  
As of June 30, 2025

Continued From  
Previous Page

|   | Original Principal<br>Amount [1] | Outstanding as of<br>June 30, 2025 |
|---|----------------------------------|------------------------------------|
| <b>Sewage Disposal System Revenue Bonds (cont.)</b>     |                                  |                                    |
| 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>                 |
| <b>Total Sewage Disposal System Revenue Bonds</b>       | <u>\$ 4,928,786,448</u>          | <u>\$ 2,764,097,556</u>            |

[1] Reflects original amount issued by predecessor entity, DWSO, for bonds issued prior to January 1, 2016.

**GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND**

Schedule 9

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
As of June 30, 2025

| Fiscal Year<br>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<br>Service |
| 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                 |
| <b>Total</b>              | <b>\$ 1,640,145</b>       | <b>\$ 720,810</b> | <b>\$ 2,360,955</b> | <b>\$ 773,155</b>         | <b>\$ 406,033</b> | <b>\$ 1,179,188</b> | <b>\$ 350,798</b>         | <b>\$ 47,836</b> | <b>\$ 398,634</b> | <b>\$ 3,938,777</b>   |

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

Schedule may not foot due to rounding

GREAT LAKES WATER AUTHORITY SEWAGE DISPOSAL FUND

DEBT CREDIT RATING HISTORY

|                     | Fiscal Year |      |      |      |      |      |      |      |      |      |
|---------------------|-------------|------|------|------|------|------|------|------|------|------|
|                     | 2025        | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| 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 - OVERVIEW

As of June 30, 2025

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The Authority has pledged Net Revenues of the water and sewage disposal systems to secure the repayment of the principal and interest of the revenue bonds and State of Michigan revolving fund loans. Revenues are defined in the Master Bond Ordinance (MBO) and are in accordance with State of Michigan Public Act 94, the Revenue Bond Act of 1933, as all monies collected, directly or indirectly, by GLWA, or by the DWSD as agent for GLWA for the local system under the water and sewer services agreement. Net Revenues are defined in the MBO as all Revenues except for those transferred to the Operations and Maintenance Fund.

Since GLWA assumed the outstanding bonded indebtedness at the time of bifurcation and issues new debt on behalf of DWSD, DWSD retail customer revenues are pledged for payment of the outstanding bonded indebtedness of GLWA. For this reason, pursuant to the terms of the Regional System Leases, DWSD is GLWA's agent for retail billing, collections, and enforcement for those revenues. DWSD is a department of the City of Detroit which is a separate legal entity.

Debt service coverage ratios are presented using two different methodologies. The first methodology we identify as 'GAAP Basis' as it calculates pledged revenue using the information from the GAAP basis financial statements for GLWA and DWSD which are prepared on an accrual basis. The second methodology call 'Rate Covenant Basis' calculates pledged revenue on a cash basis.

The MBO establishes that rates and charges be set such that they are expected to produce debt service coverage that is not less than the Required Coverage. Required Coverage is defined as debt service coverage levels of 1.20 for senior lien bonds, 1.10 for second lien bonds and 1.00 for any junior lien bonds, other than second lien bonds. Debt service coverage ratios are inclusive of all revenue bonds and state revolving loans held on behalf of both GLWA and DWSD.

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

Schedule 11a

|  | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2025                  | 2024 [7]              | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016*                 |
| <b>GLWA Revenues</b>                                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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               |
| <b>Total GLWA Revenues</b>                             | <b>529,377,516</b>    | <b>498,826,764</b>    | <b>497,646,980</b>    | <b>473,617,586</b>    | <b>479,536,365</b>    | <b>480,380,384</b>    | <b>479,069,177</b>    | <b>477,605,141</b>    | <b>507,191,307</b>    | <b>231,051,041</b>    |
| <b>DWSD Local System Revenues [6]</b>                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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)             |
| <b>Total DWSD Local System Revenues</b>                | <b>88,438,497</b>     | <b>100,888,977</b>    | <b>106,755,605</b>    | <b>134,072,586</b>    | <b>80,275,514</b>     | <b>81,850,232</b>     | <b>71,889,591</b>     | <b>84,178,508</b>     | <b>50,204,487</b>     | <b>205,929,996</b>    |
| <b>Total Revenue</b>                                   | <b>617,816,013</b>    | <b>599,715,741</b>    | <b>604,402,585</b>    | <b>607,690,172</b>    | <b>559,811,879</b>    | <b>562,230,616</b>    | <b>550,958,768</b>    | <b>561,783,649</b>    | <b>557,395,794</b>    | <b>436,981,037</b>    |
| <b>Operating Costs</b>                                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| GLWA operating expenses                                | 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             |
| <b>Total Operating Costs</b>                           | <b>287,110,881</b>    | <b>278,379,703</b>    | <b>279,196,903</b>    | <b>262,940,985</b>    | <b>261,815,883</b>    | <b>245,872,960</b>    | <b>244,488,725</b>    | <b>250,577,396</b>    | <b>206,533,866</b>    | <b>108,169,421</b>    |
| <b>Pledged revenue</b>                                 | <b>\$ 330,705,132</b> | <b>\$ 321,336,038</b> | <b>\$ 325,205,682</b> | <b>\$ 344,749,187</b> | <b>\$ 297,995,996</b> | <b>\$ 316,357,656</b> | <b>\$ 306,470,043</b> | <b>\$ 311,206,253</b> | <b>\$ 350,861,928</b> | <b>\$ 328,811,616</b> |
| <b>Principal and interest funding requirement [5]:</b> |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Senior lien bonds                                      | \$ 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            |
| <b>Total senior and second lien bonds</b>              | <b>204,844,995</b>    | <b>210,630,518</b>    | <b>192,713,282</b>    | <b>182,297,332</b>    | <b>176,996,079</b>    | <b>193,189,415</b>    | <b>189,718,107</b>    | <b>185,708,936</b>    | <b>188,772,649</b>    | <b>189,135,940</b>    |
| Junior lien bonds                                      | 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            |
| <b>Total All Bonds</b>                                 | <b>\$ 249,432,319</b> | <b>\$ 261,129,322</b> | <b>\$ 242,858,798</b> | <b>\$ 235,847,946</b> | <b>\$ 230,162,876</b> | <b>\$ 245,783,258</b> | <b>\$ 239,172,263</b> | <b>\$ 232,280,832</b> | <b>\$ 234,554,814</b> | <b>\$ 228,570,571</b> |
| <b>GAAP Basis Debt Service Coverage</b>                |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Senior lien bonds                                      | 2.18                  | 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 SEWAGE DISPOSAL FUND**  
**DEBT SERVICE COVERAGE - RATE COVENANT BASIS - SEWAGE DISPOSAL SYSTEM**

Schedule 11b

|   | 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 SEWAGE DISPOSAL FUND**

Schedule 12

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 |
|------|----------------|------------------|-----------------------|------------------------|-----------------|--|
| 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 SEWAGE DISPOSAL FUND**

Schedule 13

**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%                           |
| <b>Total</b>                               |   | <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.

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          | 225.639             |
| 2024        | 578.105                 | 129.163         | 140.725             | 62.644          | 245.573             |
| 2023        | 533.677                 | 128.925         | 112.269             | 62.920          | 229.563             |
| 2022        | 737.980                 | 132.968         | 187.440             | 61.591          | 355.981             |
| 2021        | 564.497                 | 132.664         | 111.157             | 57.913          | 262.762             |
| 2020        | 632.381                 | 128.857         | 156.844             | 59.490          | 287.191             |
| 2019        | 698.471                 | 134.563         | 167.698             | 65.444          | 330.765             |
| 2018        | 656.612                 | 136.775         | 145.231             | 65.789          | 308.817             |
| 2017        | 685.711                 | 133.914         | 157.747             | 57.983          | 336.068             |
| 2016 **     | 597.988                 | 134.505         | 128.906             | 59.030          | 275.547             |

Wastewater volumes are monitored by GLWA operations and engineering teams throughout the year then go through a formal review and approval process over a period of six to nine months following the end of the fiscal year. The formal, annual, data analytic review is led by an outside consultant. As part of this process preliminary data is shared with 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 SEWAGE DISPOSAL FUND**

ADDITIONAL SUMMARY STATISTICS

|   | <u>2025</u>         | <u>2024</u>         | <u>2023</u>         | <u>2022</u>       | <u>2021</u>       | <u>2020</u>         | <u>2019</u>         | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Capital Asset Statistics - Sewer</b> |                     |                     |                     |                   |                   |                     |                     |                   |                   |                   |
| 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               |
| <b>GLWA Employees</b>                   |                     |                     |                     |                   |                   |                     |                     |                   |                   |                   |
| 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                 | <u>184</u>          | <u>182</u>          | <u>181</u>          | <u>152</u>        | <u>156</u>        | <u>152</u>          | <u>147</u>          | <u>129</u>        | <u>110</u>        | <u>90</u>         |
| Total Employees                         | <u><u>1,100</u></u> | <u><u>1,045</u></u> | <u><u>1,008</u></u> | <u><u>948</u></u> | <u><u>985</u></u> | <u><u>1,009</u></u> | <u><u>1,024</u></u> | <u><u>968</u></u> | <u><u>881</u></u> | <u><u>782</u></u> |

[1] GLWA operates nine pump stations. This count includes four pump stations that are owned by DWSD and operated by GLWA under a shared services agreement.

[2] GLWA operates nine CSO facilities. This count includes one retention treatment basin that is owned by DWSD and operated by GLWA under a shared services agreement.



**Financial Services Area**  
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