



# Water Fund

Fiscal Year Ended June 30, 2025

**FY**  
**2025**



# GREAT LAKES WATER AUTHORITY WATER 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 Water 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 Water 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 Water 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 Water 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 Water 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. In our opinion, 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 WATER 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	\$ 207,381,565	\$ 190,551,656
Restricted cash and cash equivalents	58,223,438	141,618,876
Restricted cash for the benefit of DWSD	23,814,008	24,695,007
Investments	99,043,449	86,039,805
Restricted investments	123,128,174	43,009,504
Receivables, net	69,573,176	64,719,282
Due from other governments	2,325,228	2,607,102
Due from other funds	749,587	4,555,762
Contractual obligation receivable	22,858,664	21,990,092
Prepaid items and other assets	<u>10,411,532</u>	<u>11,528,504</u>
Total Current Assets	<u>617,508,821</u>	<u>591,315,590</u>
Noncurrent Assets		
Restricted cash and cash equivalents	269,831,486	128,140,663
Restricted investments	1,892,680	1,953,942
Contractual obligation receivable	506,291,266	528,292,868
Prepaid lease	11,250,000	11,250,000
Capital assets		
Nondepreciable/nonamortizable	841,843,338	708,545,333
Depreciated/amortized, net	<u>1,299,448,724</u>	<u>1,366,169,471</u>
Total Noncurrent Assets	<u>2,930,557,494</u>	<u>2,744,352,277</u>
Total Assets	<u>3,548,066,315</u>	<u>3,335,667,867</u>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	22,155,705	24,498,242
Deferred pension amounts	<u>1,964,893</u>	<u>5,338,231</u>
Total Deferred Outflows of Resources	<u>24,120,598</u>	<u>29,836,473</u>

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

# GREAT LAKES WATER AUTHORITY WATER 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	\$ 67,866,834	\$ 64,672,188
Accrued salaries, wages and benefits	3,793,297	2,261,789
Accrued liabilities	25,234,778	28,883,806
Due to other governments	10,626,406	2,903,115
Due to other funds	4,678,784	2,161,726
Interest payable	48,494,681	48,294,351
Current portion of		
Revenue bonds and loans	110,897,236	111,145,612
Raw water rights obligation	3,212,750	3,085,994
BC Note obligation	1,013,903	1,002,660
Regional system leases	6,443,173	6,180,464
Other liabilities	5,054,910	4,651,922
Total Current Liabilities	287,316,752	275,243,627
Noncurrent Liabilities		
Revenue bonds and loans	2,781,806,976	2,628,339,128
Raw water rights obligation	83,253,410	86,466,161
BC Note obligation	14,107,624	15,121,527
Regional system leases	381,543,557	387,986,731
Other liabilities	5,076,232	5,249,266
Net pension liability	10,588,001	13,279,666
Total Noncurrent Liabilities	3,276,375,800	3,136,442,479
Total Liabilities	3,563,692,552	3,411,686,106
<b>Deferred Inflows of Resources</b>		
Deferred gain on refunding	84,770,706	64,897,267
Deferred amounts for swap terminations	47,260	51,986
Total Deferred Inflows of Resources	84,817,966	64,949,253
<b>Net Position (Deficit)</b>		
Net investment in capital assets	(229,515,406)	(243,351,501)
Restricted for debt service	90,366,871	89,928,545
Restricted for payment assistance program	1,181,497	931,099
Unrestricted	61,643,433	41,360,838
<b>TOTAL NET POSITION (DEFICIT)</b>	\$ (76,323,605)	\$ (111,131,019)

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

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# GREAT LAKES WATER AUTHORITY WATER 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	\$ 348,976,278	\$ 337,511,167
Charges to local system	27,094,800	25,537,200
Bad debt recovery credit	-	(5,152,500)
Other revenues	383,450	654,989
Total Operating Revenues	376,454,528	358,550,856
<b>Operating Expenses</b>		
Operating expenses before depreciation and amortization		
Personnel	57,469,696	52,363,416
Contractual services	55,172,799	49,221,232
Utilities	30,874,851	32,695,479
Chemicals	14,111,802	11,947,114
Supplies and other expenses	16,512,555	11,583,805
Total operating expenses before depreciation and amortization	174,141,703	157,811,046
Depreciation	94,928,085	110,557,350
Amortization of intangible assets	4,950,504	3,981,772
Total Operating Expenses	274,020,292	272,350,168
<b>Operating Income</b>	102,434,236	86,200,688
<b>Nonoperating Revenues (Expenses)</b>		
Earnings (loss) on investments	22,277,144	27,287,141
Interest income from other receivables	23,205,372	24,106,563
Interest expense	(132,358,016)	(134,600,821)
Amortization of debt related items and cost of issuance	18,629,609	7,047,178
Legacy pension recovery (expense)	(1,084,873)	(2,402,938)
Water Residential Assistance Program	(1,626,102)	(2,937,520)
Other	(18,592)	(2,285,643)
Total Nonoperating Expenses	(70,975,458)	(83,786,040)
Income (loss) before capital contributions	31,458,778	2,414,648
<b>Capital Contributions</b>	3,348,636	10,313,987
<b>Change in Net Position</b>	34,807,414	12,728,635
NET POSITION (DEFICIT), Beginning of Year	(111,131,019)	(123,859,654)
<b>NET POSITION (DEFICIT), END OF YEAR</b>	\$ (76,323,605)	\$ (111,131,019)

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

# GREAT LAKES WATER AUTHORITY WATER 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	\$ 365,663,639	\$ 360,752,545
Cash received from intergovernmental reimbursements	4,684,273	7,423,352
Cash payments for intergovernmental services provided	(4,934,473)	(5,404,976)
Cash payments to suppliers for goods and services	(95,693,990)	(113,542,081)
Cash payments for employee services	(56,163,999)	(51,109,921)
Cash payments to other governments for obligation payable	(1,653,310)	(875,509)
Cash payments for WRAP	(348,407)	(4,862,784)
Cash payments for GLWA share pension agreement	-	(176,400)
Cash payment to customer (return deposit)	(4,074,693)	-
Cash received from insurance claims	-	493,086
Cash received from grants	106,102	69,000
Cash received (paid) nonoperating income (expense)	5,900	21,019
Cash received for DWSD nonoperating pension	1,167,400	1,063,200
Cash paid for DWSD nonoperating pension	(1,167,396)	(742,793)
Cash received for DWSD WRAP	887,300	858,600
Cash payments for DWSD WRAP	(887,300)	(1,078,525)
Cash increase from DWSD budgetary surplus (1)	7,389,122	6,527,202
Cash payment to DWSD I&E for surplus	(8,000,000)	-
Principal payments received on obligation receivable	21,184,051	19,811,500
Interest received on obligation receivable	24,013,756	24,878,839
Advanced payments received (used) on obligation receivable	(266,371)	380,585
Cash received from DWSD for debt related costs	2,703,155	16,436
Cash payments for issuance costs on DWSD obligation receivable	-	(16,436)
Payments of state revolving fund loan proceeds to DWSD	(1,800,272)	(12,592,635)
Net Cash Provided by Operating Activities	252,814,487	231,893,304
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds from state revolving fund loans for DWSD	1,800,272	12,592,635
Cash received from grants	55,635	1,391,029
Debt related costs	(2,703,155)	-
Principal payments	(20,296,651)	(17,385,200)
Interest payments	(24,455,458)	(25,264,874)
Net Cash Used in Noncapital Financing Activities	(45,599,357)	(28,666,410)

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 grants	\$ 4,489,163	\$ 8,651,729
Proceeds from sale of assets	12,350	89,149
Proceeds from revenue bonds	231,833,814	159,344,559
Proceeds from state revolving fund loans	56,270,485	35,186,655
Payments to bond escrow agent	(8,266,901)	(27,421,520)
Payment of bond issuance costs	(323,962)	(2,202,816)
Principal payments on bonds	(72,923,902)	(29,849,800)
Principal payments on regional system leases	(6,180,465)	(5,928,467)
Principal payments on subscription liability	(411,575)	-
Interest payments	(96,042,099)	(88,559,675)
Purchase of capital assets	(170,431,942)	(180,744,129)
Net Cash Used in Capital and Related Financing Activities	<u>(61,975,034)</u>	<u>(131,434,315)</u>
<b>Cash Flows From Investing Activities</b>		
Investment purchases	(313,534,613)	(341,995,311)
Investment sales and maturities	226,717,562	271,967,910
Interest received	15,821,250	18,981,040
Net Cash Provided in Investing Activities	<u>(70,995,801)</u>	<u>(51,046,361)</u>
<b>Net change in cash and cash equivalents</b>	74,244,295	20,746,218
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>485,006,202</u>	<u>464,259,984</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 559,250,497</u>	<u>\$ 485,006,202</u>
<b>STATEMENT OF NET POSITION CLASSIFICATION OF CASH</b>		
Cash and cash equivalents	\$ 207,381,565	\$ 190,551,656
Restricted cash and cash equivalents	58,223,438	141,618,876
Restricted cash for the benefit of DWSD	23,814,008	24,695,007
Noncurrent restricted cash and cash equivalents	<u>269,831,486</u>	<u>128,140,663</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 559,250,497</u>	<u>\$ 485,006,202</u>
<b>NONCASH OPERATING ACTIVITIES</b>		
Credits given on billings-Flint KWA obligation	\$ (5,859,708)	\$ (5,990,831)
Interest income obligation receivable premium amortization	\$ (806,043)	\$ (796,784)

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

# GREAT LAKES WATER AUTHORITY WATER FUND

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

Continued From  
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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	\$ 339,319,728	\$ 490,013,490
Bond proceeds paid directly to underwriters for cost of issuance	1,567,758	1,843,138
Increase in subscription liability	575,956	-
Decrease in raw water rights obligation	3,085,995	2,963,619
Interest paid for raw water rights obligation	2,773,713	3,027,212
Increase in unrealized gain (loss) on investments	572,469	683,911
Amortization income (expense)	21,846,711	11,274,432
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 102,434,236	\$ 86,200,688
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	94,928,085	110,557,350
Amortization of intangible assets	4,950,504	3,981,772
Credits for raw water rights	(5,859,708)	(5,990,831)
Miscellaneous nonoperating income (expense)	5,900	46,642
Legacy pension recovery (expense) and administrative fee	(1,236,073)	(2,204,987)
WRAP (Water Residential Assistance Program)	(1,626,102)	(2,937,520)
Loan forgiveness pass-through to DWSD	(943,208)	(7,130,478)
Cash payments from DWSD for debt related costs	2,703,155	-
Interest income on contractual obligation receivable	23,205,372	24,106,563
Interest expense on obligation payable	(650,053)	(661,357)
Changes in:		
Receivables	(4,853,894)	8,228,492
Due from other governments	(799,930)	3,649,982
Due from other funds	3,806,175	(3,523,008)
Contractual obligation receivable	21,133,030	15,146,127
Prepaid items and other assets (operating)	1,328,865	(344,085)
Accounts payable (operating)	6,421,314	(4,292,759)
Accrued salaries, wages and benefits	1,531,508	504,031
Accrued liabilities	(3,649,028)	3,772,590
Due to other governments	7,723,291	(220,943)
Due to other funds	2,517,058	(52,988)
Obligation payable including accrued interest	(1,003,256)	(214,153)
Other liabilities	65,573	869,238
Net pension liability and deferred items	681,673	2,402,938
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 252,814,487</b>	<b>\$ 231,893,304</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 WATER 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 WATER 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**

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

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

### ***REPORTING ENTITY***

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

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

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

The Authority's 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 WATER 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 water 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 WATER 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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### Restricted Assets

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

### Accounts Receivable, Net

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

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

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

The Authority has recorded an intangible asset for raw water rights which is being amortized on a straight-line basis over 30 years in the water fund. See Note 9 for a description of these rights. The Authority has also recorded an intangible asset for subscription-based information technology arrangements in the water fund. See Note 14 for a description of the subscription liability – right to use asset.

### 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 WATER 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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### Accrued Liabilities

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

- Under the terms of the MBO, the Authority retains cash on hand for the benefit of DWSD to be used for current revenue requirements.
- Amounts owed to the WRAP service delivery partners for WRAP expenses incurred.
- Advanced billings on rentals

### Revenue Bonds and Loans

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

### Raw Water Rights Obligation

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

### BC Note Obligation

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

### Regional System Leases

The effective date of the Regional System leases by the City to the Authority for the leased water 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:

- Subscription liability – right to use asset
- Compensated absences
- Workers' compensation
- Claims and judgements
- 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 WATER 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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### Deferred Inflows of Resources

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

### Net Position (Deficit)

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

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

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

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

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

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

### Classification of Revenues and Expenses

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

Operating revenues are those revenues generated from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are wholesale charges for providing water treatment. The local system charges are the charges to the City of Detroit under the Water and Sewer Services Agreement (WSSA), dated June 12, 2015. Wholesale customer charges are shown net of loss contingency expense of \$2,245,546 for the Water Fund.

Operating expenses include the direct costs of operating the water 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 WATER 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 other nonoperating revenue (expenses) is gains and losses on disposal of assets, administrative fees for the GRS pension, and miscellaneous other items.

### Centralized Services and Administrative Services

Certain costs incurred by the Authority are allocated between the Water and Sewerage Disposal Funds. The allocations are based on an annual cost allocation analysis. The following table shows the allocation of these common costs for the year ended June 30, 2025:

<u>Common Costs</u>	<u>Water % Allocation</u>	<u>Water Allocation</u>	<u>Sewer % Allocation</u>	<u>Sewer Allocation</u>	<u>Total Common Costs</u>
Centralized services	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 WATER 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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### Capital Contribution

Capital contributions of \$3,348,636 in the water fund were grants received for capital projects.

### **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 WATER 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 Water 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 WATER 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

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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	\$ 207,381,565
Restricted cash and cash equivalents	58,223,438
Restricted cash for the benefit of DWSD	23,814,008
Investments	99,043,449
Restricted investments	123,128,174
Noncurrent restricted cash and cash equivalents	269,831,486
Noncurrent restricted investments	1,892,680
	<hr/>
<b>Total</b>	<b>\$ 783,314,800</b>
	<hr/>
<b>Cash deposits and investments</b>	
Bank deposits - checking and savings accounts	\$ 49,697,677
Money market accounts	509,552,820
Investments in securities	224,064,303
	<hr/>
<b>Total</b>	<b>\$ 783,314,800</b>
	<hr/>

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

Deposits and money market accounts are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the Authority's deposits and money market accounts was \$559,250,497 for the water fund. The bank balance of the water fund deposits and money market accounts was \$557,422,413 of which \$538,472,628 was uninsured and uncollateralized.

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 WATER 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 Rating	Weighted Maturity in Years
U.S. treasuries	\$ 117,811,129	AAA/AA+	0.83
Commercial paper	106,253,174	A1	0.02
Total	\$ 224,064,303		

### **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	Cooperatieve Rabobank	5.85%
Commercial paper	Credit Agricole Corp	5.02%
Commercial paper	Great Bear Funding	5.29%
Commercial paper	LLOYDS Bank PLC	5.43%
Commercial paper	MUFG Bank LTD NY	6.13%
Commercial paper	Sumitomo Mitsu   Singapore	6.69%

# GREAT LAKES WATER AUTHORITY WATER 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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### **INTEREST RATE RISK**

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

### **FAIR VALUE MEASUREMENTS**

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

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

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

Level 3: Inputs are significant unobservable inputs.

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	\$ 117,811,129	\$ -
Commercial paper	-	106,253,174
Total	<u>\$ 117,811,129</u>	<u>\$ 106,253,174</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 WATER 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 Water and Sewage Disposal Funds cash and investments between restricted and unrestricted assets based on the source of the monies as of June 30, 2025.

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

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

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

Restricted assets from schedule above	
From revenue and other	\$ 189,021,549
From debt issuance	287,868,237
Amounts payable for liabilities and debt	(385,341,418)
<b>Restricted Net Position</b>	<b>\$ 91,548,368</b>
Restricted net position for:	
Debt service	\$ 90,366,871
Payment assistance program	1,181,497
<b>Total Restricted Net Position</b>	<b>\$ 91,548,368</b>

## GREAT LAKES WATER AUTHORITY WATER FUND

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

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

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

	Unrestricted	Restricted Current	Restricted Noncurrent	Total
Cash and cash equivalents	\$ 207,381,565	\$ 58,223,438	\$ 269,831,486	\$ 535,436,489
Cash held for the benefit of DWSD	-	23,814,008	-	23,814,008
Investments	99,043,449	123,128,174	1,892,680	224,064,303
Total	\$ 306,425,014	\$ 205,165,620	\$ 271,724,166	\$ 783,314,800

### NOTE 5 – RECEIVABLES, NET

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

Receivables, net:	
Billed	\$ 45,998,943
Unbilled	31,761,275
Other	58,504
Subtotal	77,818,722
Allowance for doubtful accounts	(8,245,546)
Total Receivables, net	\$ 69,573,176

### NOTE 6 – DUE FROM OTHER GOVERNMENTS

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

DWSD-Billed shared services and agreements	\$ 1,057,186
DWSD-Unbilled shared services and agreements	8,781
DWSD-Accrued interest on obligation receivable	316,643
Intergovernmental agreements and other	223,759
Grants-Federal and State	623,389
State of Michigan FEMA	95,470
Total Due From Other Governments	\$ 2,325,228

# GREAT LAKES WATER AUTHORITY WATER FUND

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

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

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Interfund balances result from the time lag between the dates the interfund reimbursements occur and the payment between the funds are made. Interfund balances for the year ended June 30, 2025 consisted of the following:

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

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## NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE

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

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

## GREAT LAKES WATER AUTHORITY WATER FUND

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

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

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

	Beginning Balance	Increase	Decrease	Debt Forgiveness	Ending Balance	Due Within One Year
Obligation Receivable						
Bifurcated debt	\$ 336,136,600	\$ -	\$ (17,438,700)	\$ -	\$ 318,697,900	\$ 18,268,800
New money bonds	134,650,000	-	(1,765,000)	-	132,885,000	1,845,000
State revolving fund loans	62,193,369	1,800,271	(1,980,350)	(943,208)	61,070,082	1,930,400
Total Obligation Receivable	532,979,969	1,800,271	(21,184,050)	(943,208)	512,652,982	22,044,200
Deferred amounts for:						
Unamortized premiums	17,302,991	-	(806,043)	-	16,496,948	814,464
Total	<u>\$ 550,282,960</u>	<u>\$ 1,800,271</u>	<u>\$ (21,990,093)</u>	<u>\$ (943,208)</u>	<u>\$ 529,149,930</u>	<u>\$ 22,858,664</u>

The current obligation receivable payment schedule is as follows:

Year Ended June 30	Principal	Interest	Total
2026	\$ 22,044,200	\$ 23,071,866	\$ 45,116,066
2027	23,051,900	22,069,987	45,121,887
2028	24,096,000	21,021,045	45,117,045
2029	25,208,400	19,923,025	45,131,425
2030	26,341,300	18,773,253	45,114,553
2031-2035	150,998,400	74,647,287	225,645,687
2036-2040	120,527,300	38,243,088	158,770,388
2041-2045	73,965,377	20,614,708	94,580,085
2046-2050	43,185,867	4,197,423	47,383,290
2051-2052	3,234,238	87,579	3,321,817
Total	<u>\$ 512,652,982</u>	<u>\$ 242,649,261</u>	<u>\$ 755,302,243</u>

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

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

### **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.

# GREAT LAKES WATER AUTHORITY WATER 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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### **RAW WATER RIGHTS**

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

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

### **PREPAID SUBSCRIPTION ASSETS**

Both Workday and NEXGEN were fully implemented during FY 2025 and are no longer included in the prepaid subscription assets. The Kahua Subscription-Based Information Technology Arrangement (SBITA) is in the initial implementation stage, therefore costs have been recorded as prepaid subscription assets. Once the subscription asset is placed in service, the costs incurred, and any future subscription liability (present value of expected future payments) will be recognized as an intangible right-to-use subscription asset and amortized over the subscription term.

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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	\$	23,814,008
Due to WRAP service delivery partners		1,375,981
Advanced billings		<u>44,789</u>
Total Accrued Liabilities	\$	<u>25,234,778</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:

Shared services	\$	<u>10,626,406</u>
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# GREAT LAKES WATER AUTHORITY WATER 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 Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
Bonds and Loans						
Revenue bonds	\$ 2,317,305,000	\$ 528,220,000	\$ (417,865,000)	\$ -	\$ 2,427,660,000	\$ 80,840,000
Notes from direct borrowings and direct placements - State revolving loans	241,020,620	58,070,757	(12,380,551)	(943,208)	285,767,618	12,440,278
<b>Total Bonds and Loans</b>	<b>2,558,325,620</b>	<b>586,290,757</b>	<b>(430,245,551)</b>	<b>(943,208)</b>	<b>2,713,427,618</b>	<b>93,280,278</b>
Deferred amounts for:						
Unamortized premiums	183,118,484	44,501,299	(48,268,899)	-	179,350,884	17,666,835
Unamortized discounts	(1,959,364)	-	1,885,074	-	(74,290)	(49,877)
<b>Total Bonds and Loans, Net</b>	<b>2,739,484,740</b>	<b>630,792,056</b>	<b>(476,629,376)</b>	<b>(943,208)</b>	<b>2,892,704,212</b>	<b>110,897,236</b>
Other Debt						
Raw water rights obligation	89,552,155	-	(3,085,995)	-	86,466,160	3,212,750
BC Note obligation	16,124,187	-	(1,002,660)	-	15,121,527	1,013,903
<b>Total Debt</b>	<b>\$ 2,845,161,082</b>	<b>\$ 630,792,056</b>	<b>\$ (480,718,031)</b>	<b>\$ (943,208)</b>	<b>\$ 2,994,291,899</b>	<b>\$ 115,123,889</b>

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

As of June 30, 2025, aggregate debt service requirements of the Authority's bonds and loans (fixed and variable-rate) were as follows. These amounts assume that current interest rates on variable-rate bonds will remain the same for their respective terms. As these rates vary, interest payments on variable-rate bonds will vary.

Year Ended June 30	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2026	\$ 80,840,000	\$ 102,409,703	\$ 12,440,278	\$ 5,518,024	\$ 201,208,005
2027	88,485,000	111,709,181	14,690,598	5,220,211	220,104,990
2028	94,500,000	107,265,355	13,335,278	4,948,093	220,048,726
2029	100,110,000	102,532,981	13,611,219	4,688,085	220,942,285
2030	105,055,000	97,450,810	13,735,278	4,424,271	220,665,359
2031-2035	623,110,000	401,322,974	71,156,639	18,054,631	1,113,644,244
2036-2040	520,570,000	249,916,400	77,213,390	10,938,501	858,638,291
2041-2045	403,525,000	154,687,517	55,099,057	3,671,090	616,982,664
2046-2050	268,670,000	65,109,901	11,251,643	957,684	345,989,228
2051-2056	142,795,000	19,205,256	3,234,238	87,579	165,322,073
<b>Total</b>	<b>\$ 2,427,660,000</b>	<b>\$ 1,411,610,078</b>	<b>\$ 285,767,618</b>	<b>\$ 58,508,169</b>	<b>\$ 4,183,545,865</b>

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

\*\* Taxable bond

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

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

# GREAT LAKES WATER AUTHORITY WATER 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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### 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 Authority did not have an arbitrage rebate liability.

### **STATE REVOLVING FUND LOANS**

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

The Authority received direct borrowing loans from the State of Michigan Revolving Loan Fund during the year ended June 30, 2025 for the Water Fund totaling \$58,070,757 of which \$943,208 has been forgiven. The \$943,208 of the water loans forgiven and \$1,800,272 of the proceeds of the Water Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Water Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional water system. At June 30, 2025, \$11,043,857 for the Water Fund was authorized and unissued. Of the authorized and unissued \$0 for the Water Fund are for pass through loans to DWSD. At June 30, 2025 the DWSD local water system has \$0 of additional undrawn amounts that qualify for loan forgiveness. The GLWA regional water supply system has \$0 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 WATER 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 2005 SRF-1	9/22/2005	\$ 13,805,164	2.13%	10/1/25-26	\$ 1,595,164
Series 2005 SRF-2	9/22/2005	8,891,730	2.13%	10/1/25-26	1,006,730
Series 2006 SRF-1	9/21/2006	5,180,926	2.13%	10/1/25-26	590,926
Series 2008 SRF-1	9/29/2008	2,590,941	2.50%	10/1/25-28	445,941
Series 2016 SRF-1	9/16/2016	8,273,168	2.50%	4/1/26-48	6,828,168
Series 2016 SRF-2	9/16/2016	3,393,543	2.50%	4/1/26-48	2,793,543
Series 2017 SRF-1	6/23/2017	5,807,931	2.50%	10/1/25-48	4,872,931
Series 2019 SRF-2	8/30/2019	29,078,820	2.00%	4/1/26-42	25,362,219
Series 2020-SRF-2	8/28/2020	7,159,988	2.00%	10/1/25-42	6,414,988
Series 2019 SRF-1	6/7/2019	8,330,000	2.00%	10/1/25-40	6,915,000
Series 2019 SRF-3	8/30/2019	11,117,931	2.00%	10/1/25-50	9,954,875
Series 2020-SRF-1	7/31/2020	20,276,166	2.00%	4/1/26-52	18,732,466
Series 2020-SRF-4	9/30/2020	11,158,947	2.00%	4/1/26-52	10,240,897
Series 2021-SRF-3	8/30/2021	10,629,827	1.88%	10/1/25-43	10,150,877
Series 2020 SRF-3	8/28/2020	8,960,000	2.00%	4/1/26-41	7,440,000
Series 2021-SRF-1	6/21/2021	4,209,249	1.88%	10/1/25-31	3,714,249
Series 2021-SRF-2	8/30/2021	104,725,000	1.88%	10/1/25-43	96,068,498
Series 2022-SRF-2	9/20/2022	34,075,000	1.88%	4/1/26-43	31,210,000
Series 2023-SRF-1	7/17/2023	48,172,500	1.88%	10/1/26-45	41,430,146
Total State Revolving Loans Payable					<u>\$ 285,767,618</u>

### ***PLEDGES OF FUTURE REVENUE***

The Authority has pledged assets to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The Water System bonds and loans are paid solely from the net revenues of the Water System. Net revenues are defined in the Great Lakes Water Authority Water 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.

# GREAT LAKES WATER AUTHORITY WATER 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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The general purpose of the Water System debt is to provide funding for various water treatment and transmission capital improvements, refund certain water revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The term of pledge commitment for the water bonds is through fiscal year 2053.

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

Remaining principal and interest requirement	\$ 4,183,545,865
Principal and interest funding requirement for the year ending June 30, 2025 (calculated on a debt set aside basis consistent with rate covenant basis for rate determination)	\$ 207,189,647
Pledged revenue for the year ending June 30, 2025	\$ 270,938,643
Pledged revenue collected as a percentage of funding requirement	131%

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 water supply ratings of AA- and its second lien ratings of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water supply senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable. Fitch affirmed the Authority's ratings for its water supply system senior lien of A+, and its second lien ratings of A. The water system outlook remained stable.

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

### **RAW WATER RIGHTS OBLIGATION**

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

# GREAT LAKES WATER AUTHORITY WATER FUND

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

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

The future credits to be issued are detailed below:

Year Ended June 30	Principal	Interest	Total
2026	\$ 3,212,750	\$ 3,439,802	\$ 6,652,552
2027	3,345,194	3,307,356	6,652,550
2028	3,483,226	3,169,448	6,652,674
2029	3,626,806	3,025,850	6,652,656
2030	3,775,483	2,876,345	6,651,828
2031-2035	21,344,739	11,914,757	33,259,496
2036-2040	26,127,148	7,136,560	33,263,708
2041-2045	21,113,507	1,749,069	22,862,576
2046	437,307	3,693	441,000
Total	<u>\$ 86,466,160</u>	<u>\$ 36,622,880</u>	<u>\$ 123,089,040</u>

### **BC NOTE OBLIGATION**

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

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

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

The following is a schedule of the BC Note obligation for the Financial Recovery Bonds as of June 30, 2025:

Bond Issue (GLWA share)	Original Issue Amount (GLWA share)	Range of Interest Rates	Maturity Date	Outstanding Ending Balance
Series 2014-B	\$ 26,540,080	4.00% and variable	4/1/2044	\$ 14,778,223
Series 2014-C	3,829,794	5.00%	6/30/2027	343,304
Total				<u>\$ 15,121,527</u>

## GREAT LAKES WATER AUTHORITY WATER 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 June 30	Principal	Interest	Total
2026	\$ 1,013,903	\$ 608,294	\$ 1,622,197
2027	885,005	565,377	1,450,382
2028	777,802	528,905	1,306,707
2029	777,802	497,793	1,275,595
2030	777,802	466,681	1,244,483
2031-2035	3,889,008	2,022,284	5,911,292
2036-2040	3,889,008	1,633,383	5,522,391
2041-2044	3,111,197	466,682	3,577,879
Total	\$ 15,121,527	\$ 6,789,399	\$ 21,910,926

#### **INTEREST EXPENSE**

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

Revenue bonds and loans	\$ 112,658,327
Regional System Lease	16,298,059
Raw water rights obligation	2,680,672
BC Note obligation	650,052
Subscription liability	70,906
Total Interest Expense	\$ 132,358,016

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

On January 1, 2016, the Authority effectuated lease agreements with the City for the regional water and sewage disposal systems for a term of 40 years, to be extended automatically to coincide with the final maturity of any bonds for an annual lease payment of \$50 million. Currently, \$22,500,000 is allocated to the Water Fund. The lease for the water system provides service to the wholesale customers and the retail water customers of the City up to the point of connection to the local water system facilities of the City. 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 WATER 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 Balance	Increase	Decrease	Ending Balance	Due Within One Year
\$ 394,167,195	\$ -	\$ (6,180,465)	\$ 387,986,730	\$ 6,443,173

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

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

Year Ended June 30	Principal	Interest	Total
2026	\$ 6,443,173	\$ 16,056,827	\$ 22,500,000
2027	6,717,048	15,782,952	22,500,000
2028	7,002,565	15,497,435	22,500,000
2029	7,300,218	15,199,782	22,500,000
2030	7,610,524	14,889,476	22,500,000
2031-2035	43,188,974	69,311,026	112,500,000
2036-2040	53,182,203	59,317,797	112,500,000
2040-2044	65,487,702	47,012,298	112,500,000
2045-2049	80,640,495	31,859,505	112,500,000
2050-2054	99,299,398	13,200,602	112,500,000
2055-2056	11,114,430	135,570	11,250,000
Total	\$ 387,986,730	\$ 298,263,270	\$ 686,250,000

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

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

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

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

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

The future contract payments are detailed below:

Year Ended June 30	Principal	Interest	Total
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	<b>\$ 1,739,439</b>	<b>\$ 165,827</b>	<b>\$ 1,905,266</b>

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

	Cost	Accumulated Amortization	Ending Book Value
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 \$3,727,545 for the Water Fund.

The Authority has an accrued compensated absence liability that was assumed on January 1, 2016 relating to the accumulated unpaid vacation and sick leave balances for those employees who retired from the City or resigned from the City and accepted employment with the Authority on January 1, 2016. All but approximately \$1,900 of the vacation time has been paid. Employees hired after January 1, 2016 do not have accumulated sick leave. With the adoption of GASB Statement 101, the Authority accrued an additional amount related to the remaining sick leave balances at June 30, 2025 based on the payment history since 2016. The amount included in the accrued compensated absences is \$1,789,556 of which \$102,635 is current for the Water Fund.

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.

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

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

# GREAT LAKES WATER AUTHORITY WATER FUND

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

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

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

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

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

The Authority assumes all risk for motor vehicle physical damage.

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

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

### **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.

# GREAT LAKES WATER AUTHORITY WATER FUND

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

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

	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 WATER 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 WATER 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 WATER 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 \$0.55 million allocated to the Water 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 WATER 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 Allocation	Long-Term Expected Real Rate of Return
Global equity	46.0%	4.45%
Global fixed income	33.0%	4.30%
Real estate	13.0%	4.11%
Diversifying strategies	8.0%	4.09%
	100.0%	

*Single Discount Rate.* A Single Discount Rate of 6.75%, net of investment expenses, was used to measure the total pension liability as of June 30, 2024. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.75% as directed by the System and approved by the System's auditor. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions have ceased and that employer contributions will be made at rates equal to those set by System's funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Net Pension Liability.* As permitted by GASB Statement No. 68, the net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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



# GREAT LAKES WATER AUTHORITY WATER 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 \$1,084,873 for the water fund. At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,561,693	\$ -	\$ 1,561,693
Employer contributions to the plan subsequent to the measurement date	403,200	-	403,200
<b>Total</b>	<b>\$ 1,964,893</b>	<b>\$ -</b>	<b>\$ 1,964,893</b>

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

Year Ended June 30	
2026	\$ (1,361,107)
2027	3,711,142
2028	(208,833)
2029	(579,509)
<b>Total</b>	<b>\$ 1,561,693</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.

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

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

The Authority is engaged in a variety of projects that are part of its five-year capital improvement program (the Program). The total cost of this Program for the Water Fund is anticipated to be approximately \$1.1 billion with an 100% spend rate assumption through fiscal year 2028 and 95% spend rate through 2030. The Program is being financed from revenue bond and state revolving fund loan proceeds in addition to the Improvement and Extension Funds.

The total amount of construction contract commitments outstanding at June 30, 2025 was approximately \$361 million for the Water Fund.

# GREAT LAKES WATER AUTHORITY WATER 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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### ***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.

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

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

While no claim under an individual lawsuit would have a material impact on GLWA's operations or revenues, in the aggregate, the claimed amounts under all such lawsuits could be material. The trial court dismissed most of the lawsuits against GLWA based on governmental immunity. The plaintiffs appealed the dismissal to the Michigan Court of Appeals. The Court of Appeals reversed the trial court's order of dismissal as premature and remanded the case to the trial court to allow the case to proceed with discovery. GLWA is appealing the Court of Appeals' decision to the Michigan Supreme Court.

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

# GREAT LAKES WATER AUTHORITY WATER 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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### **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.

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 Authority is a defendant in numerous alleged claims, lawsuits, billing disputes, and other stated and pending demands. The Authority's Legal Department has estimated a reserve of \$125,000 for the Water Fund which is 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 WATER 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	\$ 841,843,338
Depreciated/amortized – net	<u>1,299,448,724</u>
Total Capital Assets	<u>2,141,292,062</u>
Less: Related Debt	
Total bonds and loans, net (Note 12)	2,892,704,212
Less outstanding bonds used for:	
SWAP termination agreements	(152,846,791)
Unspent bond proceeds	(269,724,166)
Obligation receivable-local system share of debt (Note 8)	(529,149,930)
Capital related deferred charge on refunding	(19,902,990)
Capital related deferred gain on refunding	78,795,603
Capital portion of regional system lease	282,725,931
Raw water rights obligation (Note 12)	86,466,160
Subscription liability (Note 14)	<u>1,739,439</u>
Total Related Debt	<u>2,370,807,468</u>
Net Investment in Capital Assets	<u>\$ (229,515,406)</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 WATER 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, Water Supply System Revenue Bonds, Series 2025 SRF-2, were issued for \$17.765 million to fund local water system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed \$51.895 million (Ordinance No. 2025-03) was approved by the GLWA Board in June 25, 2025. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for \$5.336 million of loan forgiveness.

### ***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 Water Fund under several existing agreements. The Vendor's surety has taken over two of the construction contracts, and GLWA has been advised that the Vendor will complete the work on the other remaining contracts. Nonetheless, GLWA is exploring available options to prepare for a possible transition of the remaining contracts. GLWA management continues to work with the Vendor to ensure continuity of services and to facilitate the reassignment of work under replacement contracts or novation agreements, as allowed by the underlying arrangements.

### ***NEW MEMBER PARTNER***

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**GREAT LAKES WATER AUTHORITY WATER 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 - Water Fund

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015**
<b>Share of Total Pension Liability</b>										
Interest	\$ 10,405,375	\$ 10,858,693	\$ 11,408,491	\$ 12,299,693	\$ 13,006,533	\$ 13,155,758	\$ 13,111,573	\$ 13,560,348	\$ 14,475,348	\$ 18,422,673
Differences between expected and actual experience	(1,571,043)	(2,529,151)	(43,813)	(3,299,415)	(3,679,680)	1,241,001	(114,927)	849,266	(1,815,233)	(153,112)
Changes in assumptions	118,314	(125,891)	(10,270,600)	8,341,534	4,696,986	-	(7,651,537)	5,431,838	6,318,782	(7,093,982)
Benefit changes	-	-	-	-	-	-	-	-	-	(54,618,440)
Benefit payments, including refunds of employee contributions	(14,972,874)	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)	(19,462,302)
Net change	(6,020,228)	(7,118,484)	(15,063,399)	1,412,926	(2,142,290)	(2,274,642)	(11,644,724)	1,530,630	(5,984,365)	(62,905,163)
Share of total pension liability, beginning of year	161,412,106	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089	202,696,454	265,601,617
Share of Total Pension Liability, End of Year	155,391,878	161,412,106	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089	202,696,454
<b>Share of Plan Fiduciary Net Position</b>										
Employer contributions	176,400	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,808,000
Employee contributions	-	-	-	-	-	-	-	-	-	46,941
Net investment income (loss)	12,380,332	7,806,248	(9,347,846)	34,407,230	(1,295,521)	3,295,871	10,878,360	13,912,782	(470,295)	6,194,355
Benefit payments, including refunds of employee contributions	(14,972,874)	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)	(19,462,302)
Administrative expense	(296,435)	-	-	-	-	-	-	-	-	(7,633)
Other changes	(615,986)	(1,047,258)	364,799	472,481	423,755	(42,826)	496,841	535,562	90,427	9,950,436
Net change	(3,328,563)	2,247,655	(14,329,724)	29,761,625	(6,227,095)	(2,607,556)	5,196,168	6,948,322	(14,532,330)	7,529,797
Share of plan fiduciary net position, beginning of year	148,132,440	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045	141,675,375	134,145,578
Share of Plan Fiduciary Net Position, End of Year	144,803,877	148,132,440	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045	141,675,375
<b>SHARE OF NET PENSION LIABILITY</b>	<b>\$ 10,588,001</b>	<b>\$ 13,279,666</b>	<b>\$ 22,645,805</b>	<b>\$ 23,379,480</b>	<b>\$ 51,728,179</b>	<b>\$ 47,643,374</b>	<b>\$ 47,310,460</b>	<b>\$ 64,151,352</b>	<b>\$ 69,569,044</b>	<b>\$ 61,021,079</b>
<b>Nonemployer contributing entity share of collective net pension liability - Water Fund</b>	1.3%	1.4%	2.5%	2.6%	4.7%	5.1%	5.7%	6.8%	7.0%	7.4%
<b>Plan fiduciary net position as a percentage of total pension liability</b>	93.2%	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%	69.9%

\* As described in Notes 1 and 18 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

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

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

**GREAT LAKES WATER AUTHORITY WATER 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**	\$ -	\$ -	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800	\$ 10,810,800
Actuarially determined contribution	403,200	-	-	-	-	-	-	-	-	-
Actual contribution	<u>403,200</u>	<u>-</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>	<u>10,810,800</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* 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 WATER 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 WATER FUND**

COMBINING SCHEDULE OF NET POSITION - WATER FUND

As of June 30, 2025

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

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

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

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

## GREAT LAKES WATER AUTHORITY WATER FUND

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

For the Year Ended June 30, 2025

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

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

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

**GREAT LAKES WATER AUTHORITY WATER 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 Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total
Water Operations Fund	\$ -	\$ 196,095	\$ -	\$ 196,095
Water Improvement and Extension Fund	-	440,942	-	440,942
Water Construction Fund	-	-	112,550	112,550
<b>TOTALS</b>	<u>\$ -</u>	<u>\$ 637,037</u>	<u>\$ 112,550</u>	<u>\$ 749,587</u>

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

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

**GREAT LAKES WATER AUTHORITY WATER FUND**

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

For the Year Ended June 30, 2025

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

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

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

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

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

## GREAT LAKES WATER AUTHORITY WATER FUND

### SCHEDULE OF REVENUE REQUIREMENTS BUDGET TO ACTUAL - WATER OPERATIONS For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budgeted, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Water Operations experienced a postive variance of \$13.3 million.

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

[1] Revenue from Charges - Wholesale Charges presented in this schedule differs from those presented on the Statement of Revenues, Expenses and Changes in Net Position due to \$5,776,961 of revenue which was credited for the KWA debt service which is a non-cash transaction that is the payment obligation on the raw water rights.

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

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

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

[5] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on working capital requirements, 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 WATER 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**

\$ 13,339,283

**Budgetary adjustments to financial reporting basis**

Pension delayed accounting election adjustments:

Current year pension payments recorded as deferral	403,200
Prior year pension deferral accounted for in current year	(1,084,873)
Administrative fee adjustment	(554,400)

Debt service	72,566,789
BC Note obligation	1,003,248
Regional system lease	6,201,941
Water Residential Assistance Program (WRAP)	250,398
Extraordinary Repair & Replacement Fund transfers	2,144,000
Improvement & Extension Fund transfers	8,315,700
GASB 87 & GASB 96 adjustments	1,193,022

**Nonbudgeted financial reporting adjustments**

Depreciation and amortization	(99,878,589)
Amortization - debt related	18,629,609
Investment earnings on bond funds in Construction Fund	5,248,342
Investment earnings unrealized gain (loss)	572,469
Raw water rights obligation	3,096,289
Gain(loss) on disposal of capital assets	12,350
Capital contribution	3,348,636

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

\$ 34,807,414

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

**GREAT LAKES WATER AUTHORITY WATER FUND**

WATER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water I&E Fund. The Water I&E Fund experienced an increase of \$0.6 million in net position. The system experienced a negative budget variance of \$0.7 million.

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

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

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

**GREAT LAKES WATER AUTHORITY WATER FUND**

WATER CONSTRUCTION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water Construction Fund. The Water Construction Fund had an increase of \$138.9 million in net position. The system experienced a positive budget variance of \$52.2 million.

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

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

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

**GREAT LAKES WATER AUTHORITY WATER 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	\$ 306,425,014	\$ 276,591,461	\$ 243,707,322	\$ 238,690,879	\$ 353,308,385	\$ 394,440,814	\$ 347,204,928	\$ 317,089,746	\$ 267,335,558	\$ 167,292,572
Operating Expense										
Operating expense	\$ 274,020,292	\$ 272,350,168	\$ 285,219,474	\$ 264,578,659	\$ 250,476,297	\$ 263,282,730	\$ 263,959,730	\$ 254,602,752	\$ 245,868,861	\$ 120,841,204
Less: depreciation	(94,928,085)	(110,557,350)	(126,485,762)	(123,196,027)	(123,271,541)	(127,183,228)	(140,571,120)	(143,991,815)	(144,137,912)	(71,295,545)
Less: amortization of intangible asset	(4,950,504)	(3,981,772)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(2,080,554)	-	-
Net Operating Expense	\$ 174,141,703	\$ 157,811,046	\$ 155,167,048	\$ 137,815,968	\$ 123,638,092	\$ 132,532,838	\$ 119,821,946	\$ 108,530,383	\$ 101,730,949	\$ 49,545,659
Operating Expense per Day	\$ 477,101	\$ 432,359	\$ 425,115	\$ 377,578	\$ 338,734	\$ 363,104	\$ 328,279	\$ 297,344	\$ 278,715	\$ 273,733
Number of days cash	642	640	573	632	1,043	1,086	1,058	1,066	959	611

\* 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 WATER 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 Water Fund. The following describes the three funds and the purpose of each fund.

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

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

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

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

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

The schedule of operating expenses for the water operations provides the detail of the major expense categories of the operations budget compared to the actual results. The schedule includes the actual operating expenses before depreciation and amortization for the Water Operations Fund reported in the Combining Schedule of Revenues, Expenses and Changes in Net position for the Water Fund. 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 Water 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.

# GREAT LAKES WATER AUTHORITY WATER FUND

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

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## ***Schedule of Revenue Requirement – Budget to Actual (cont.)***

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 WATER FUND

Schedule 1

SCHEDULE OF NET POSITION - WATER FUND

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 207,381,565	\$ 190,551,656	\$ 222,625,550	\$ 147,191,020	\$ 162,766,427	\$ 88,786,996	\$ 148,643,793	\$ 310,085,221	\$ 266,483,138	\$ 155,712,891
Restricted cash and cash equivalents	58,223,438	141,618,876	127,679,570	49,069,747	65,677,030	39,304,453	68,564,311	51,097,342	60,753,268	53,028,844
Restricted cash for the benefit of DWSD	23,814,008	24,695,007	17,474,699	11,371,285	3,144,400	1,544,529	2,690,397	8,418,827	288,378	10,430
Investments	99,043,449	86,039,805	21,081,772	91,499,859	190,541,958	305,653,818	198,561,135	7,004,525	852,420	11,579,681
Restricted investments	123,128,174	43,009,504	9,975,144	30,711,544	2,932,400	30,900,352	1,468,148	1,234,954	1,169,187	27,818,000
Receivables										
Billed	45,998,943	44,621,471	55,359,908	54,169,640	48,694,817	38,769,605	38,336,701	38,272,740	36,459,563	37,629,170
Unbilled	31,761,275	26,015,465	33,527,694	30,349,758	30,066,884	31,032,237	26,144,348	29,229,709	29,539,433	32,307,945
Other	58,504	82,346	286,079	295,791	85,494	214,997	916,074	5,850	1,300	21,899,046
Allowance for doubtful accounts	(8,245,546)	(6,000,000)	(16,225,907)	(13,917,234)	(11,562,519)	(8,634,075)	(7,455,747)	(6,221,815)	(4,941,777)	(25,040,612)
Due from other governments	2,325,228	2,607,102	5,785,565	11,246,188	11,889,748	20,343,238	30,063,571	23,588,754	21,327,713	41,486,157
Due from other funds	749,587	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-	-
Contractual obligation receivable	22,858,664	21,990,092	20,608,286	18,126,021	16,558,716	15,620,163	14,328,368	13,560,086	12,076,942	6,851,584
Prepaid items and other assets	10,411,532	11,528,504	10,795,086	8,701,487	7,601,239	6,458,613	5,647,661	3,265,972	2,437,047	2,183,690
Inventories	-	-	-	-	794,521	636,621	386,612	-	-	-
<b>Total Current Assets</b>	<u>617,508,821</u>	<u>591,315,590</u>	<u>510,006,200</u>	<u>441,143,192</u>	<u>531,977,459</u>	<u>572,765,738</u>	<u>531,172,326</u>	<u>479,872,458</u>	<u>426,446,612</u>	<u>365,466,826</u>
<b>Noncurrent Assets</b>										
Restricted cash and cash equivalents	269,831,486	128,140,663	96,480,165	2,773,291	2,519,127	20,491,397	32,154,262	18,261,706	177,939,494	5,460,942
Restricted investments	1,892,680	1,953,942	22,002,166	9,506,991	8,651,762	10,770,585	77,075,423	150,436,225	20,530,374	42,841,345
Contractual obligation receivable	506,291,266	528,292,868	544,820,801	549,493,189	552,093,376	554,942,283	468,481,719	477,039,443	483,604,380	466,317,666
Prepaid lease	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	-
Capital assets										
Nondepreciable/nonamortizable	841,843,338	708,545,333	670,557,112	567,414,021	498,010,970	418,996,654	467,830,218	434,684,895	452,185,674	415,558,090
Depreciated/amortized, net	1,299,448,724	1,366,169,471	1,330,639,811	1,384,312,298	1,418,773,460	1,487,915,510	1,492,118,136	1,604,038,058	1,587,291,603	1,728,054,410
Prepaid insurance on debt	-	-	5,995,322	6,649,782	7,304,243	7,958,703	8,754,897	13,002,376	14,112,324	20,831,496
<b>Total Noncurrent Assets</b>	<u>2,930,557,494</u>	<u>2,744,352,277</u>	<u>2,681,745,377</u>	<u>2,531,399,572</u>	<u>2,498,602,938</u>	<u>2,512,325,132</u>	<u>2,557,664,655</u>	<u>2,708,712,703</u>	<u>2,746,913,849</u>	<u>2,679,063,949</u>
<b>Total Assets</b>	<u>3,548,066,315</u>	<u>3,335,667,867</u>	<u>3,191,751,577</u>	<u>2,972,542,764</u>	<u>3,030,580,397</u>	<u>3,085,090,870</u>	<u>3,088,836,981</u>	<u>3,188,585,161</u>	<u>3,173,360,461</u>	<u>3,044,530,775</u>
<b>Deferred Outflows of Resources</b>										
Deferred charge on refunding	22,155,705	24,498,242	39,316,288	41,997,055	44,677,823	47,358,590	82,508,971	94,431,823	99,294,499	116,511,949
Deferred pension amounts	1,964,893	5,338,231	17,107,308	10,810,800	22,112,642	15,292,494	11,369,496	18,645,719	21,491,506	13,620,562
<b>Total Deferred Outflows of Resources</b>	<u>24,120,598</u>	<u>29,836,473</u>	<u>56,423,596</u>	<u>52,807,855</u>	<u>66,790,465</u>	<u>62,651,084</u>	<u>93,878,467</u>	<u>113,077,542</u>	<u>120,786,005</u>	<u>130,132,511</u>

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Liabilities</b>										
Current Liabilities										
Accounts and contracts payable	\$ 67,866,834	\$ 64,672,188	\$ 60,207,304	\$ 56,890,771	\$ 53,039,330	\$ 43,231,679	\$ 36,657,714	\$ 33,754,534	\$ 36,751,842	\$ 49,474,527
Accrued salaries, wages and benefits	3,793,297	2,261,789	1,757,758	1,046,674	4,892,033	5,321,864	4,284,220	4,734,956	3,190,038	2,887,280
Accrued liabilities	25,234,778	28,883,806	25,111,216	15,261,427	6,958,556	5,357,056	6,481,670	12,679,692	1,353,816	875,796
Due to other governments	10,626,406	2,903,115	3,124,058	17,610,601	15,693,993	18,282,254	15,963,934	11,935,868	25,393,813	13,668,890
Due to other funds	4,678,784	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-	65,971
Interest payable	48,494,681	48,294,351	41,789,634	36,398,995	36,621,768	30,887,915	40,325,682	39,322,324	39,329,322	37,226,125
Current portion of:										
Revenue bonds and loans	110,897,236	111,145,612	62,332,082	40,091,255	32,500,450	33,058,615	29,244,447	20,569,843	23,393,905	35,650,167
Raw water rights obligation	3,212,750	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-	-
BC Note obligation	1,013,903	1,002,660	214,151	203,954	194,242	184,992	176,183	167,794	159,803	152,193
Regional system lease	6,443,173	6,180,464	5,928,467	5,686,745	5,454,878	5,232,465	5,019,121	4,814,476	4,618,174	4,429,876
Other liabilities	5,054,910	4,651,922	3,743,223	3,378,083	3,123,843	5,331,161	4,938,308	4,635,565	2,182,888	6,675,228
Total Current Liabilities	<u>287,316,752</u>	<u>275,243,627</u>	<u>209,386,226</u>	<u>179,413,787</u>	<u>161,375,707</u>	<u>149,512,821</u>	<u>145,624,843</u>	<u>139,062,437</u>	<u>136,373,601</u>	<u>151,106,053</u>
Noncurrent Liabilities										
Revenue bonds and loans	2,781,806,976	2,628,339,128	2,592,206,224	2,359,238,286	2,407,391,624	2,459,730,737	2,467,177,447	2,545,529,255	2,606,465,431	2,488,824,632
Raw water rights obligation	83,253,410	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-	-
BC Note obligation	14,107,624	15,121,527	16,124,188	16,338,339	16,542,293	16,736,534	16,921,526	17,097,709	17,265,503	17,425,306
Regional system lease	381,543,557	387,986,731	394,167,195	400,095,662	405,782,406	411,237,284	416,469,750	421,488,871	426,303,346	430,921,520
Other liabilities	5,076,232	5,249,266	3,713,668	4,132,979	4,138,780	4,840,615	4,979,604	4,933,977	5,170,201	9,784,562
Net pension liability	10,588,001	13,279,666	22,645,805	23,379,480	51,728,179	47,643,374	47,310,460	64,151,352	69,569,044	61,021,079
Total Noncurrent Liabilities	<u>3,276,375,800</u>	<u>3,136,442,479</u>	<u>3,118,409,235</u>	<u>2,895,700,520</u>	<u>2,980,944,338</u>	<u>3,038,283,846</u>	<u>3,053,578,910</u>	<u>3,156,442,282</u>	<u>3,124,773,525</u>	<u>3,007,977,099</u>
Total Liabilities	<u>3,563,692,552</u>	<u>3,411,686,106</u>	<u>3,327,795,461</u>	<u>3,075,114,307</u>	<u>3,142,320,045</u>	<u>3,187,796,667</u>	<u>3,199,203,753</u>	<u>3,295,504,719</u>	<u>3,261,147,126</u>	<u>3,159,083,152</u>
Deferred Inflows of Resources										
Deferred gain on refunding	84,770,706	64,897,267	44,182,654	48,216,421	52,250,187	56,283,953	60,317,719	59,252,431	62,822,646	-
Deferred amounts for swap terminations	47,260	51,986	56,712	61,438	66,164	70,890	75,616	80,342	85,068	4,134,908
Deferred pension amounts	-	-	-	11,224,189	-	-	-	7,260,572	6,565,776	15,536,821
Total Deferred Inflows of Resources	<u>84,817,966</u>	<u>64,949,253</u>	<u>44,239,366</u>	<u>59,502,048</u>	<u>52,316,351</u>	<u>56,354,843</u>	<u>60,393,335</u>	<u>66,593,345</u>	<u>69,473,490</u>	<u>19,671,729</u>
Net Position (Deficit)										
Net investment in capital assets	(229,515,406)	(243,351,501)	(198,390,747)	(109,163,683)	(191,352,010)	(237,858,820)	(166,485,092)	(84,133,546)	(2,321,309)	90,778,518
Restricted for debt service	90,366,871	89,928,545	56,139,482	31,660,045	23,688,943	19,479,656	29,731,576	23,239,368	26,194,280	69,797,836
Restricted for payment assistance program	1,181,497	931,099	2,289,905	5,272,708	4,614,294	3,754,368	3,369,875	2,462,214	2,218,373	1,451,598
Unrestricted	61,643,433	41,360,838	16,101,706	(37,034,806)	65,783,239	118,215,240	56,502,001	(2,003,397)	(62,565,494)	(166,119,547)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (76,323,605)</u>	<u>\$ (111,131,019)</u>	<u>\$ (123,859,654)</u>	<u>\$ (109,265,736)</u>	<u>\$ (97,265,534)</u>	<u>\$ (96,409,556)</u>	<u>\$ (76,881,640)</u>	<u>\$ (60,435,361)</u>	<u>\$ (36,474,150)</u>	<u>\$ (4,091,595)</u>

**GREAT LAKES WATER AUTHORITY WATER FUND**

Schedule 2a

CHANGES IN NET POSITION - WATER FUND

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Operating Revenues</b>										
Wholesale customer charges	\$ 348,976,278	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169
Charges to local system	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500
Bad debt recovery (credit)	-	(5,152,500)	-	-	-	-	-	-	5,107,125	-
Other revenues	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863
<b>Total Operating Revenues</b>	<b>376,454,528</b>	<b>358,550,856</b>	<b>363,779,097</b>	<b>344,957,975</b>	<b>344,615,090</b>	<b>334,253,577</b>	<b>331,601,876</b>	<b>338,312,144</b>	<b>351,749,944</b>	<b>167,665,532</b>
<b>Operating Expenses</b>										
Personnel	60,047,778	54,404,612	48,855,342	44,892,622	43,889,495	43,946,225	42,085,546	41,845,295	38,261,393	8,301,022
Contractual services	59,229,854	54,036,139	52,817,187	50,683,897	40,410,811	46,097,405	43,083,078	35,794,549	34,257,419	3,304,113
Utilities	30,874,851	32,695,479	33,436,545	28,725,292	28,828,226	27,719,754	26,247,858	26,871,081	28,469,603	12,368,557
Chemicals	14,111,802	11,947,114	12,689,666	7,788,784	6,028,141	5,569,437	5,088,827	4,804,768	5,340,753	2,444,543
Supplies and other expenses	16,512,555	11,583,805	11,926,150	9,157,367	9,158,990	12,034,192	11,797,279	9,543,615	7,982,562	1,440,644
Capital adjustment	-	-	-	-	-	26,780	-	-	-	-
Capital program allocation	(1,700,664)	(1,451,128)	(1,172,302)	(1,618,459)	(2,123,060)	(2,164,003)	(2,054,913)	(713,779)	(977,762)	-
Intergovernmental reimbursements	(4,934,473)	(5,404,975)	(3,385,540)	(1,813,535)	(2,554,511)	(696,952)	(6,425,729)	(9,615,146)	(11,603,019)	-
Centralized services	-	-	-	-	-	-	-	-	-	18,494,851
Administrative services	-	-	-	-	-	-	-	-	-	3,191,929
Depreciation	94,928,085	110,557,350	126,485,762	123,196,027	123,271,541	127,183,228	140,571,120	143,991,815	144,137,912	71,295,545
Amortization of intangible assets	4,950,504	3,981,772	3,566,664	3,566,664	3,566,664	3,566,664	3,566,664	2,080,554	-	-
<b>Total Operating Expenses</b>	<b>274,020,292</b>	<b>272,350,168</b>	<b>285,219,474</b>	<b>264,578,659</b>	<b>250,476,297</b>	<b>263,282,730</b>	<b>263,959,730</b>	<b>254,602,752</b>	<b>245,868,861</b>	<b>120,841,204</b>
<b>Operating Income</b>	<b>102,434,236</b>	<b>86,200,688</b>	<b>78,559,623</b>	<b>80,379,316</b>	<b>94,138,793</b>	<b>70,970,847</b>	<b>67,642,146</b>	<b>83,709,392</b>	<b>105,881,083</b>	<b>46,824,328</b>
<b>Nonoperating Revenues (Expenses)</b>										
Earnings (loss) on investments	22,277,144	27,287,141	16,724,485	(2,361,396)	768,918	13,744,774	14,754,401	6,129,530	1,832,918	392,031
Interest on obligations receivable	23,205,372	24,106,563	24,662,083	25,107,207	25,474,904	22,945,866	22,921,380	23,351,220	25,269,750	12,231,250
Interest expense	(132,358,016)	(134,600,821)	(131,161,860)	(125,086,379)	(128,257,367)	(133,537,621)	(136,704,033)	(139,343,204)	(132,434,945)	(65,958,095)
Amortization of debt related items and COI	18,629,609	7,047,178	14,577,852	15,610,434	15,988,278	14,258,569	10,771,937	13,837,585	2,403,018	2,418,891
Legacy pension recovery (expense)	(1,084,873)	(2,402,938)	7,443,572	(4,988,132)	(8,075,457)	(7,220,716)	6,014,441	(8,933,691)	(2,516,776)	-
Water Residential Assistance Program	(1,626,102)	(2,937,520)	(5,023,436)	(1,049,908)	(593,206)	(1,393,179)	(855,455)	(1,506,554)	(884,327)	-
Other	(18,592)	(2,285,643)	526,389	388,656	(300,841)	703,544	(991,096)	(1,205,489)	878,305	-
Discontinued capital projects	-	-	(20,902,626)	-	-	-	-	-	-	-
<b>Total Nonoperating Expenses</b>	<b>(70,975,458)</b>	<b>(83,786,040)</b>	<b>(93,153,541)</b>	<b>(92,379,518)</b>	<b>(94,994,771)</b>	<b>(90,498,763)</b>	<b>(84,088,425)</b>	<b>(107,670,603)</b>	<b>(105,452,057)</b>	<b>(50,915,923)</b>
<b>Income (loss) before capital contributions and special item</b>	<b>31,458,778</b>	<b>2,414,648</b>	<b>(14,593,918)</b>	<b>(12,000,202)</b>	<b>(855,978)</b>	<b>(19,527,916)</b>	<b>(16,446,279)</b>	<b>(23,961,211)</b>	<b>429,026</b>	<b>(4,091,595)</b>
<b>Capital Contributions</b>	<b>3,348,636</b>	<b>10,313,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>(32,811,581)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>34,807,414</b>	<b>12,728,635</b>	<b>(14,593,918)</b>	<b>(12,000,202)</b>	<b>(855,978)</b>	<b>(19,527,916)</b>	<b>(16,446,279)</b>	<b>(23,961,211)</b>	<b>(32,382,555)</b>	<b>(4,091,595)</b>
<b>NET POSITION (DEFICIT), Beginning of Year</b>	<b>(111,131,019)</b>	<b>(123,859,654)</b>	<b>(109,265,736)</b>	<b>(97,265,534)</b>	<b>(96,409,556)</b>	<b>(76,881,640)</b>	<b>(60,435,361)</b>	<b>(36,474,150)</b>	<b>(4,091,595)</b>	<b>-</b>
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<b>\$ (76,323,605)</b>	<b>\$ (111,131,019)</b>	<b>\$ (123,859,654)</b>	<b>\$ (109,265,736)</b>	<b>\$ (97,265,534)</b>	<b>\$ (96,409,556)</b>	<b>\$ (76,881,640)</b>	<b>\$ (60,435,361)</b>	<b>\$ (36,474,150)</b>	<b>\$ (4,091,595)</b>

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

## **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 WATER 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]
<b>Water Fund</b>										
Budgeted revenue requirement [1]	\$ 385,127,100	\$ 370,314,500	\$ 356,071,600	\$ 344,030,500	\$ 341,642,000	\$ 339,664,200	\$ 331,400,500	\$ 328,119,300	\$ 331,213,200	\$ 318,474,200
Percent change in budgeted revenue requirement	4.0%	4.0%	3.5%	0.7%	0.6%	2.5%	1.0%	-0.9%	4.0%	4.0%
Average annual charge adjustment [2]										
Total regional system	3.25%	2.75%	3.7%	1.5%	3.2%	0.6%	1.8%	1.8%	4.5%	n/a [6]
Suburban wholesale	3.0%	2.1%	3.5%	1.9%	3.1%	0.3%	0.2%	2.0%	3.4%	11.3%
Local system charge [3]	3.4%	6.2%	3.0%	-2.0%	3.0%	2.7%	14.1%	-1.0%	11.6%	n/a [6]
Number of wholesale water customers [4]	87	87	87	87	87	87	87	87	88	85

[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 Sewerage Department for FY 2016 which was the basis for the revenue requirement for the six months of operations of GLWA.

[6] Due to the establishment of the Authority and DWSD as separate entities during FY 2016, this information is not applicable.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

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

Schedule 4

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>Operating Revenues</b>										
Wholesale charges [1]	\$ 348,976,278	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169
Charges to local system	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500
Bad debt recovery	-	(5,152,500)	-	-	-	-	-	-	5,107,125	-
Other revenue	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388	54,863
<b>Total Operating Revenues</b>	<b>\$ 376,454,528</b>	<b>\$ 358,550,856</b>	<b>\$ 363,779,097</b>	<b>\$ 344,957,975</b>	<b>\$ 344,615,090</b>	<b>\$ 334,253,577</b>	<b>\$ 331,601,876</b>	<b>\$ 338,312,144</b>	<b>\$ 351,749,944</b>	<b>\$ 167,665,532</b>
Wholesale charges % of total operating revenue	92.70%	94.13%	93.63%	93.64%	93.56%	93.55%	93.91%	95.51%	94.13%	95.89%
Charges to local system % of total operating revenue	7.20%	7.12%	6.28%	6.29%	6.36%	6.37%	6.09%	4.47%	4.40%	4.08%
<b>Ten Largest Wholesale Member Partners</b>										
Southeast Oakland County Water Authority	\$ 27,103,796	\$ 25,731,006	\$ 25,534,464	\$ 24,035,255	\$ 23,722,602	\$ 23,089,967	\$ 23,311,743	\$ 23,118,160	\$ 22,434,129	\$ 11,160,701
North Oakland County Water Authority	25,549,125	24,349,266	24,485,805	22,798,372	22,667,931	22,293,795	23,464,096	23,365,866	22,913,261	11,105,152
Sterling Heights	16,867,238	16,267,123	16,661,863	16,235,356	16,375,729	15,242,912	14,644,368	15,571,146	15,480,008	7,155,303
Troy	15,660,704	14,999,893	14,538,261	13,811,983	14,324,990	13,607,770	13,700,093	13,842,135	13,939,815	6,058,667
Macomb Township	14,690,426	13,745,227	14,279,105	13,065,395	13,388,385	12,870,377	11,063,225	11,167,739	10,945,117	-
Livonia	13,307,416	12,755,400	12,383,989	11,860,410	11,806,151	11,553,730	14,001,058	13,669,376	13,483,657	6,223,290
Shelby Township	13,104,301	12,064,807	16,043,316	14,885,135	15,690,553	14,482,451	13,719,053	13,554,398	13,462,808	6,114,243
West Bloomfield Township	12,242,629	11,697,907	11,824,605	11,229,363	11,010,166	-	10,733,617	-	-	-
Canton Township	12,139,426	11,591,745	11,802,563	-	10,919,607	10,491,407	-	13,334,615	13,872,584	6,032,404
Ypsilanti Community Utilities Authority	11,738,411	11,492,791	11,464,455	11,059,703	-	10,450,861	-	11,038,134	-	-
Warren	-	-	-	10,940,909	-	-	10,648,162	-	-	-
Flint [2]	-	-	-	-	10,980,526	10,325,345	11,604,504	12,235,483	13,256,330	6,738,009
Genesee County Drain Commission [3]	-	-	-	-	-	-	-	-	18,493,530	8,593,304
Novi	-	-	-	-	-	-	-	-	-	5,595,031
<b>Total Revenue Ten Largest Wholesale Member Partners</b>	<b>\$ 162,403,472</b>	<b>\$ 154,695,165</b>	<b>\$ 159,018,426</b>	<b>\$ 149,921,881</b>	<b>\$ 150,886,640</b>	<b>\$ 144,408,615</b>	<b>\$ 146,889,919</b>	<b>\$ 150,897,052</b>	<b>\$ 158,281,239</b>	<b>\$ 74,776,104</b>
Ten largest wholesale member partners % of total operating revenues	43.14%	43.14%	43.71%	43.46%	43.78%	43.20%	44.30%	44.60%	45.00%	44.60%

[1] Net of bad debt expense.

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

[3] Genesee County Drain Commission changed service providers in December 2017 and has contracted GLWA for as needed emergency water service.

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

**GREAT LAKES WATER AUTHORITY WATER FUND**

Schedule 5

WATER SYSTEM SERVICE CHARGES\*

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

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

\* Water charges went into effect July 1, 2024.

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

## **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 WATER FUND**

Schedule 6

RATIOS OF OUTSTANDING DEBT BY TYPE

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Water Fund</b>										
Revenue bonds [1]	\$ 2,606,936,594	\$ 2,498,464,120	\$ 2,447,181,498	\$ 2,289,900,079	\$ 2,368,632,473	\$ 2,453,471,088	\$ 2,466,561,092	\$ 2,540,663,196	\$ 2,612,607,101	\$ 2,507,091,038
State revolving loans	285,767,618	241,020,620	207,356,808	109,429,462	71,259,601	39,318,264	29,860,802	25,435,902	17,252,235	17,383,761
Raw water rights obligation	86,466,160	89,552,155	92,515,774	95,361,056	98,095,302	100,720,122	103,241,119	106,240,576	-	-
BC Note obligation	15,121,527	16,124,187	16,338,339	16,542,293	16,736,535	16,921,526	17,097,709	17,265,503	17,425,306	17,577,499
<b>Total Water Fund</b>	<b>\$ 2,994,291,899</b>	<b>\$ 2,845,161,082</b>	<b>\$ 2,763,392,419</b>	<b>\$ 2,511,232,890</b>	<b>\$ 2,554,723,911</b>	<b>\$ 2,610,431,000</b>	<b>\$ 2,616,760,722</b>	<b>\$ 2,689,605,177</b>	<b>\$ 2,647,284,642</b>	<b>\$ 2,542,052,298</b>
Total taxable value [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total population served [3]:										
Water	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Total debt per capita:										
Water	\$ 788	\$ 749	\$ 727	\$ 661	\$ 672	\$ 687	\$ 689	\$ 708	\$ 697	\$ 669
Per capita income [4]	\$ 72,114	\$ 63,794	\$ 60,837	\$ 61,322	\$ 60,488	\$ 56,901	\$ 52,855	\$ 51,429	\$ 49,309	\$ 48,092
Total debt as a percentage of income:										
Water	1.09%	1.17%	1.19%	1.08%	1.11%	1.21%	1.30%	1.38%	1.41%	1.39%

[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 WATER FUND

Schedule 7

DEBT BY LIEN  
As of June 30, 2025

	Original Principal Amount [1]	Outstanding as of June 30, 2025
<b>Water Supply System Revenue Bonds</b>		
Senior Lien Bonds		
Water Supply System Revenue Senior Lien Bonds, Series 2003A	\$ 234,805,000	\$ 100,000
Water Supply System Revenue Senior Lien Bonds, Series 2005B	194,900,000	100,000
Water Supply System Revenue Senior Lien Bonds, Series 2006A	280,000,000	100,000
Water Supply System Revenue Senior Lien Bonds, Series 2016A	88,000,000	87,980,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2016C	443,930,000	223,625,000
Water Supply System Revenue Senior Lien Bonds, Series 2020A	42,445,000	41,615,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C	377,515,000	251,905,000
Water Supply System Revenue Senior Lien Bonds, Series 2022A	137,470,000	137,470,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2023A	67,210,000	67,210,000
Water Supply System Revenue Senior Lien Bonds, Series 2023B	148,535,000	148,535,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2024A	348,175,000	348,175,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A	254,725,000	254,725,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025C	109,830,000	109,830,000
<b>Total Senior Lien Bonds</b>	<b>2,727,540,000</b>	<b>1,671,370,000</b>
Second Lien Bonds		
Water Supply System Revenue Second Lien Bonds, Series 2003B	172,945,000	100,000
Water Supply System Revenue Second Lien Bonds, Series 2006B	120,000,000	100,000
Water Supply System Revenue Second Lien Bonds, Series 2016B	163,830,000	163,810,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2016D	222,045,000	198,495,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2018A	155,595,000	82,150,000
Water Supply System Revenue Second Lien Bonds, Series 2020B	43,135,000	42,295,000
Water Supply System Revenue Second Lien Bonds, Series 2022B	69,745,000	69,745,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2024B	35,930,000	35,930,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B	54,530,000	54,530,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025D	109,135,000	109,135,000
<b>Total Second Lien Bonds</b>	<b>1,146,890,000</b>	<b>756,290,000</b>
SRF Junior Lien Bonds		
Water Supply System Revenue Bonds, Series 2005 SRF-1	13,805,164	1,595,164
Water Supply System Revenue Bonds, Series 2005 SRF-2	8,891,730	1,006,730
Water Supply System Revenue Bonds, Series 2006 SRF-1	5,180,926	590,926
Water Supply System Revenue Bonds, Series 2008 SRF-1	2,590,941	445,941
Water Supply System Revenue Bonds, Series 2016 SRF-1	8,273,168	6,828,169
Water Supply System Revenue Bonds, Series 2016 SRF-2	3,393,543	2,793,543
Water Supply System Revenue Bonds, Series 2017 SRF-1	5,807,931	4,872,931
Water Supply System Revenue Bonds, Series 2019 SRF-1	8,330,000	6,915,000
Water Supply System Revenue Bonds, Series 2019 SRF-2	29,078,820	25,362,219
Water Supply System Revenue Bonds, Series 2019 SRF-3	11,117,931	9,954,875
Water Supply System Revenue Bonds, Series 2020 SRF-1	20,018,660	18,732,466
Water Supply System Revenue Bonds, Series 2020 SRF-2	7,159,988	6,414,988
Water Supply System Revenue Bonds, Series 2020 SRF-3	8,960,000	7,440,000
Water Supply System Revenue Bonds, Series 2020 SRF-4	10,764,020	10,240,897
Water Supply System Revenue Bonds, Series 2021 SRF-1	11,940,000	3,714,249
Water Supply System Revenue Bonds, Series 2021 SRF-2	104,725,000	96,068,498
Water Supply System Revenue Bonds, Series 2021 SRF-3	10,425,197	10,150,877
Water Supply System Revenue Bonds, Series 2022 SRF-2	34,075,000	31,210,000
Water Supply System Revenue Bonds, Series 2023 SRF-1	48,172,500	41,430,145
<b>Total SRF Junior Lien Bonds</b>	<b>352,710,519</b>	<b>285,767,618</b>
<b>Total Water Supply System Revenue Bonds</b>	<b>\$ 4,227,140,519</b>	<b>\$ 2,713,427,618</b>

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

**GREAT LAKES WATER AUTHORITY WATER FUND**

Schedule 8

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
As of June 30, 2025

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

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

Schedule may not foot due to rounding

GREAT LAKES WATER AUTHORITY WATER FUND

DEBT CREDIT RATING HISTORY

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

## 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 WATER FUND**  
DEBT SERVICE COVERAGE - GAAP BASIS - WATER SYSTEM

Schedule 10a

	Fiscal Year									
	2025	2024 [7]	2023	2022	2021	2020	2019	2018	2017	2016*
<b>GLWA Revenues</b>										
Wholesale charges	\$ 348,976,278	\$ 337,511,167	\$ 340,593,806	\$ 323,026,213	\$ 322,423,768	\$ 312,701,777	\$ 311,399,136	\$ 323,117,344	\$ 331,115,131	\$ 160,777,169
KWA debt service credits	(5,776,961)	(5,990,831)	(6,452,573)	(6,496,428)	(6,652,253)	(6,652,348)	(6,979,503)	(3,176,073)	-	-
Charges to local system	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	6,833,500
Bad Debt Recovery Credit	-	(5,152,500)	-	-	-	-	-	-	5,107,125	-
Other revenue	503,708	901,919	1,378,706	775,537	267,562	1,912,636	21,340	64,200	37,388	54,863
Earnings on investments [1]	16,456,333	18,336,395	9,161,614	1,945,613	4,195,305	9,115,115	11,818,203	4,489,397	1,348,898	520,891
<b>Total GLWA Revenues</b>	<b>387,254,158</b>	<b>371,143,350</b>	<b>367,515,853</b>	<b>340,948,235</b>	<b>342,159,882</b>	<b>338,372,680</b>	<b>336,440,576</b>	<b>339,625,468</b>	<b>353,098,842</b>	<b>168,186,423</b>
<b>DWSD Local System Revenues [6]</b>										
Local System revenues [2]	100,617,883	102,734,888	107,558,342	83,591,720	67,464,986	73,817,339	69,777,041	83,983,786	69,680,402	183,279,645
Other Revenue	4,940,933	2,831,424	1,749,998	2,349,445	1,958,151	7,289,468	1,013,276	1,635,430	5,265,229	2,074,095
<b>Total DWSD Local System Revenues</b>	<b>105,558,816</b>	<b>105,566,312</b>	<b>109,308,340</b>	<b>85,941,165</b>	<b>69,423,137</b>	<b>81,106,807</b>	<b>70,790,317</b>	<b>85,619,216</b>	<b>74,945,631</b>	<b>185,353,740</b>
<b>Total Revenue</b>	<b>492,812,974</b>	<b>476,709,662</b>	<b>476,824,193</b>	<b>426,889,400</b>	<b>411,583,019</b>	<b>419,479,487</b>	<b>407,230,893</b>	<b>425,244,684</b>	<b>428,044,473</b>	<b>353,540,163</b>
<b>Operating Costs</b>										
GLWA operating expenses	174,141,703	157,811,046	155,167,048	137,815,968	123,638,092	132,532,838	119,821,946	108,530,383	101,730,949	49,545,659
GASB 96 expenditures [3]	1,263,928	3,226,137	2,282,630	413,924	-	-	-	-	-	-
O&M transfers:										
DWSD Local System operations	46,468,700	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400	22,444,800
Legacy Pension Regional System [4]	-	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	3,024,000
Legacy Pension DWSD Local System [4]	-	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	2,136,000
<b>Total Operating Costs</b>	<b>221,874,331</b>	<b>205,813,983</b>	<b>210,351,278</b>	<b>178,538,892</b>	<b>169,791,992</b>	<b>177,515,238</b>	<b>165,626,246</b>	<b>153,910,087</b>	<b>145,647,349</b>	<b>77,150,459</b>
<b>Pledged Revenue</b>	<b>\$ 270,938,643</b>	<b>\$ 270,895,679</b>	<b>\$ 266,472,915</b>	<b>\$ 248,350,508</b>	<b>\$ 241,791,027</b>	<b>\$ 241,964,249</b>	<b>\$ 241,604,647</b>	<b>\$ 271,334,597</b>	<b>\$ 282,397,124</b>	<b>\$ 276,389,704</b>
<b>Principal and interest funding requirement [5]:</b>										
Senior lien bonds	\$ 138,778,693	\$ 138,521,701	\$ 133,773,102	\$ 124,309,692	\$ 123,798,304	\$ 122,318,928	\$ 119,230,820	\$ 127,687,420	\$ 134,234,660	\$ 128,177,999
Second lien bonds	50,697,219	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023	41,178,843
<b>Total senior and second lien bonds</b>	<b>189,475,912</b>	<b>190,124,462</b>	<b>183,890,292</b>	<b>171,150,042</b>	<b>175,529,462</b>	<b>170,168,278</b>	<b>165,445,205</b>	<b>170,540,233</b>	<b>173,224,683</b>	<b>169,356,842</b>
Junior lien bonds	17,713,735	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328	1,781,683
<b>Total All Bonds</b>	<b>\$ 207,189,647</b>	<b>\$ 205,677,204</b>	<b>\$ 192,800,887</b>	<b>\$ 176,589,315</b>	<b>\$ 179,214,379</b>	<b>\$ 172,869,073</b>	<b>\$ 167,966,454</b>	<b>\$ 172,549,891</b>	<b>\$ 175,010,011</b>	<b>\$ 171,138,525</b>
<b>GAAP Basis Debt Service Coverage</b>										
Senior lien bonds	1.95	1.96	1.99	2.00	1.95	1.98	2.03	2.12	2.10	2.16
Senior and second lien bonds	1.43	1.42	1.45	1.45	1.38	1.42	1.46	1.59	1.63	1.63
All bonds, including SRF junior lien	1.31	1.32	1.38	1.41	1.35	1.40	1.44	1.57	1.61	1.62

[1] Excludes investment earnings on bond proceeds in construction fund.

[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.

[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.

[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.

[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

[6] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2025.

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

\* GLWA started operations on January 1, 2016. Includes 6 months under operations of DWSD and 6 months under the operations of GLWA under the Master Bond Ordinances in effect during the respective time periods.

**GREAT LAKES WATER AUTHORITY WATER FUND**

**DEBT SERVICE COVERAGE - RATE COVENANT BASIS - WATER SYSTEM**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
<b>GLWA Receipts</b>										
Wholesale charges	\$ 339,149,401	\$ 334,931,872	\$ 332,337,913	\$ 313,964,381	\$ 310,032,178	\$ 303,568,071	\$ 308,690,722	\$ 319,728,881	\$ 336,362,250	
Charges to local system	26,468,500	25,521,300	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300	
Earnings on investments	13,581,922	13,799,049	8,163,261	2,456,013	4,684,353	7,742,625	7,722,112	3,592,524	579,546	
<b>Total GLWA Receipts</b>	<b>379,199,823</b>	<b>374,252,221</b>	<b>363,335,474</b>	<b>338,117,694</b>	<b>336,642,031</b>	<b>332,606,196</b>	<b>336,594,234</b>	<b>338,452,005</b>	<b>352,432,096</b>	
DWSD Local System Receipts [1]	100,844,652	98,296,987	98,010,223	80,267,663	80,141,924	75,590,223	79,686,819	85,962,882	80,960,806	
<b>Total Receipts</b>	<b>480,044,475</b>	<b>472,549,208</b>	<b>461,345,697</b>	<b>418,385,357</b>	<b>416,783,955</b>	<b>408,196,419</b>	<b>416,281,053</b>	<b>424,414,887</b>	<b>433,392,902</b>	
<b>Operation and Maintenance Transfers</b>										
GLWA Regional System operations [2]	182,227,100	168,873,100	156,747,700	143,933,800	124,167,627	126,188,192	116,356,994	114,426,522	105,431,843	
DWSD Local System operations	46,468,700	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400	
Legacy Pension Regional System [3]	-	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	
Legacy Pension DWSD Local System [3]	-	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	
<b>Total Operations and Maintenance Transfers</b>	<b>228,695,800</b>	<b>213,649,900</b>	<b>209,649,300</b>	<b>184,242,800</b>	<b>170,321,527</b>	<b>171,170,592</b>	<b>162,161,294</b>	<b>159,806,226</b>	<b>149,348,243</b>	
<b>Pledged Revenue</b>	<b>\$ 251,348,675</b>	<b>\$ 258,899,308</b>	<b>\$ 251,696,397</b>	<b>\$ 234,142,557</b>	<b>\$ 246,462,428</b>	<b>\$ 237,025,827</b>	<b>\$ 254,119,759</b>	<b>\$ 264,608,661</b>	<b>\$ 284,044,659</b>	
<b>Principal and interest funding requirement [4]:</b>										
Senior lien bonds	\$ 138,778,693	\$ 138,521,701	\$ 133,773,102	\$ 124,309,692	\$ 123,798,304	\$ 122,318,928	\$ 119,230,820	\$ 127,687,420	\$ 134,234,660	
Second lien bonds	50,697,219	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023	
<b>Total senior and second lien bonds</b>	<b>189,475,912</b>	<b>190,124,462</b>	<b>183,890,292</b>	<b>171,150,042</b>	<b>175,529,462</b>	<b>170,168,278</b>	<b>165,445,205</b>	<b>170,540,233</b>	<b>173,224,683</b>	
Junior lien bonds	17,713,735	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328	
<b>Total All Bonds</b>	<b>\$ 207,189,647</b>	<b>\$ 205,677,204</b>	<b>\$ 192,800,887</b>	<b>\$ 176,589,315</b>	<b>\$ 179,214,379</b>	<b>\$ 172,869,073</b>	<b>\$ 167,966,454</b>	<b>\$ 172,549,891</b>	<b>\$ 175,010,011</b>	
<b>Rate Covenant Basis Debt Service Coverage</b>										
Senior lien bonds	1.81	1.87	1.88	1.88	1.99	1.94	2.13	2.07	2.12	
Senior and second lien bonds	1.33	1.36	1.37	1.37	1.40	1.39	1.54	1.55	1.64	
All bonds, including SRF junior lien	1.21	1.26	1.31	1.33	1.38	1.37	1.51	1.53	1.62	

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.

[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.

[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.

[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

\* GLWA started operations on January 1, 2016. Due to the bifurcation from DWSD the Rate Covenant Basis cannot be computed for 2016.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

Demographic and economic information is intended to show the socioeconomic environment within which the Authority operates.

**GREAT LAKES WATER AUTHORITY WATER FUND**

SERVICE AREA DEMOGRAPHICS  
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Unemployment (2)</u>	<u>Per Capita Income (3)</u>	<u>Total Debt Service (5)</u>	<u>Debt Per Capita</u>	<u>Debt Service as a Percentage of Income</u>
<b>Water Fund</b>						
2025	3,800,000	4.9%	\$ 72,114 (4)	\$ 207,189,647	\$ 54.52	0.08%
2024	3,800,000	4.3%	63,794 (4)	205,677,204	54.13	0.08%
2023	3,800,000	3.6%	60,837 (4)	192,800,887	50.74	0.08%
2022	3,800,000	3.8%	61,322	176,589,315	46.47	0.08%
2021	3,800,000	6.2%	60,488	179,214,379	47.16	0.08%
2020	3,800,000	11.5%	56,901	172,869,073	45.49	0.08%
2019	3,800,000	4.3%	52,855	167,966,454	44.20	0.08%
2018	3,800,000	4.3%	51,429	172,549,891	45.41	0.09%
2017	3,800,000	4.6%	49,309	175,010,011	46.06	0.09%
2016	* 3,800,000	5.3%	48,092	171,138,525	45.04	0.09%

(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 WATER FUND**

Schedule 12

**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.

**GREAT LAKES WATER AUTHORITY WATER FUND**

**PRODUCED AND BILLED WATER VOLUMES (Mcf)**

Fiscal Year	Water Produced [1]	Water Sales Volume			Estimated Non-Revenue Water	Estimated Non-Revenue Water as % of Production
		Wholesale Billed [2]	Local System Billed [3]	Total Water Billed		
2025	19,997,800	12,997,400	4,163,700	17,161,100	2,836,700	14.2%
2024	19,601,200	12,888,500	4,209,100	17,097,600	2,503,600	12.8%
2023	21,159,700	13,838,200	4,342,400	18,180,600	2,979,100	14.1%
2022	19,725,700	13,205,300	4,297,300	17,502,600	2,223,100	11.3%
2021	20,565,800	14,258,300	4,120,000	18,378,300	2,187,500	10.6%
2020	19,989,500	13,578,700	4,161,300	17,740,000	2,249,500	11.3%
2019	20,968,100	13,708,600	4,354,600	18,063,200	2,904,900	13.9%
2018	23,228,600	14,391,800	4,428,200	18,820,000	4,408,600	19.0%
2017	23,915,600	14,824,000	4,465,800	19,289,800	4,625,800	19.3%
2016 *	23,580,700	14,730,400	4,649,100	19,379,500	4,201,200	17.8%

The table for historical water sales and reported total water production presents water volume in thousands of cubic feet (“Mcf”) for suburban wholesale customers, for the Retail Water Customers, and for the Regional Water System as a whole, together with total water production and non-revenue water volume. As is common for all large water systems, the Regional Water System experiences a differential between the quantity of water produced by the treatment plants during the fiscal year and the quantity of water billed to customers over the same period, and the difference is referred to as “non-revenue water.” Non-revenue water results from a variety of factors such as the range of accuracy of production and retail meters, losses due to leaks or major breaks in the transmission and distribution systems, unmetered water that is used for fire protection, and the accuracy of estimates for unmetered use. The Authority believes that improvements in the accuracy of the reported production figures may reduce the level of non-revenue water. Production at some of the water plants is not metered, but rather is estimated based on pump curves. The data continues to be reviewed, and the Authority has initiated efforts to measure production figures and refine production estimating techniques.

The schedule of charges for each of the wholesale customers consists of a fixed monthly charge and a commodity charge applied to monthly metered water usage. While the overall methodology used to determine charges for each customer is uniform, the service charge schedule for each customer is unique, reflecting the specific volumes, peak demands, and other demographic information in their individual contracts. Charges are designed to recover 60% of the revenue requirement via fixed monthly charges, with the other 40% generated by commodity charges.

[1] Represents, in part, estimated volumes based on pump curves and engineering analysis. GLWA engineering studies in 2017 concluded that the total water production values for calendar year 2016 were over-reported by 5.8%.

[2] Represents metered amounts for all suburban wholesale customers, with the exception of Dearborn which is based on self-reported billed volumes (including local system losses), and Highland Park, which is based on estimated volumes.

[3] The GLWA charges the DWSD local system a flat charge based on average historical usage from DWSD retail billings data adjusted for water loss. These amounts reflect retail water sales as reported by DWSD plus estimated real and apparent losses in the local distribution system based on engineering studies.

\* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under DWSD and six months of operation under GLWA.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

**GREAT LAKES WATER AUTHORITY WATER FUND**

ADDITIONAL SUMMARY STATISTICS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Capital Asset Statistics - Water</b>										
Water Treatment Plants	5	5	5	5	5	5	5	5	5	5
Intake Facilities	3	3	3	3	3	3	3	3	3	3
Booster Pumping Stations	19	19	19	19	19	19	19	19	19	19
Water Storage Reservoirs	32	32	32	32	32	32	32	32	32	32
Miles of Transmission Lines	797	797	816	816	816	816	816	803	803	803
<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	184	182	181	152	156	152	147	129	110	90
<b>Total Employees</b>	<u>1,100</u>	<u>1,045</u>	<u>1,008</u>	<u>948</u>	<u>985</u>	<u>1,009</u>	<u>1,024</u>	<u>968</u>	<u>881</u>	<u>782</u>



**Financial Services Area**  
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