Audit Committee Meeting
Friday, April 24, 2026 at 8:00 a.m.
www.glwater.org

[Join Zoom Meeting]

Meeting ID: **863 4621 5057**   Passcode: **053137**

US Toll-free: **877 853 5247 or 888 788 0099**

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
    A. March 27, 2026 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
    A. None
7. NEW BUSINESS
    A. *Action Item:* Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund Projects (Page 9)
8. REPORTS
    A. CFO Report (Page 41)
    B. Monthly Financial Report for January (Page 46)
    C. Grants, Gifts and Other Resources Report Through March 31, 2026 (Page 47)
    D. Semiannual Debt Report Through March 31, 2026 (Page 55)
    E. General Retirement System Financial Report and Annual Actuarial Valuation for Year Ended June 30, 2025 (Page 72)
    F. Water Funding Task Force Update as of April 20, 2026 (Page 280)
    G. FY 2027 Approved Budget and Charge Resolutions – DWSD Informational Data (Page 281)
    H. Member Partner Contract Status Report (Page 284)
9. COMMUNICATIONS
    A. The Procurement Pipeline for April (Page 289)
10. LOOK AHEAD
    A. Next Audit Committee Meeting: May 22, 2026 at 8:00 a.m.
11. OTHER MATTERS
12. ADJOURNMENT

Great Lakes Water Authority

735 Randolph Street
Detroit, Michigan 48226
glwater.legistar.com

Meeting Minutes - Draft

Audit Committee

Friday, March 27, 2026	8:00 AM	Zoom Telephonic Meeting

Join Zoom Meeting:
https://glwater.zoom.us/j/85295481504?pwd=Fx3Nsvh1kWdVJjkaNpxH1g8lydhFld.1

Join by Telephone
US Toll-Free:
877 853 5247; 888 788 0099
Meeting ID: 852 9548 1504
Passcode: 501371

1. Call To Order

Chairperson Baker called the meeting to order at 8:01 a.m.

2. Quorum Call

Present: 2 - Chairperson Brian Baker, and Director Gary Brown

Excused: 1 - Director Jaye Quadrozzi

3. Approval of Agenda

Chairperson Baker requested a Motion to Approve the Agenda.

Motion By: Gary Brown
Support By: Brian Baker
Action: Approved
The motion carried by a unanimous vote.

4. Approval of Minutes

A. 2026-116 Minutes of February 24, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 4A Minutes - February 24, 2026 Audit Committee Meeting.pdf

Chairperson Baker requested a Motion to Approve the February 24, 2026 Audit Committee Meeting Minutes.

Motion By: Gary Brown
Support By: Brian Baker
Action: Approved
The motion carried by a unanimous vote.

B. 2026-117 Minutes of February 27, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 4B Minutes - February 27, 2026 Audit Committee Meeting.pdf

Chairperson Baker requested a Motion to Approve the February 27, 2026 Audit Committee Meeting Minutes.

Motion By: Gary Brown
Support By: Brian Baker
Action: Approved
The motion carried by a unanimous vote.

5. Public Comment

There were no public comments.

6. Old Business

None

7. New Business

A. 2026-109 **Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed $945,000,000 (Ordinance 2026-02)**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7A1 Audit Committee Memo- Water Revenue and Revenue Refunding Series Ordinance.pdf
7A3 Series Ordinance 2026 Water with Term Rate Provisions
7A4 Resolution Approving 2026 Water Series Ordinance
7A5 Overview of Structures Authorized by Series Ordinance.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

B. 2026-110 **Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed $295,000,000 (Ordinance 2026-03)**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7B1 Audit Committee Memo- Sewer Revenue and Revenue Refunding Series Ordinance.pdf
7B3 Series Ordinance 2026 Sewer with Term Rate Provisions
7B4 Resolution Approving 2026 Sewer Series Ordinance
7B5 Overview of Structures Authorized by Series Ordinance.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

C. 2026-111 Resolution to Adopt the Great Lakes Water Authority Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7C1 - AC Memo - Request to Approve GLWA CWSRF Resolution for FY 2027.pdf
7C2a Attachment 1 - Tables.pdf
7C3 - Resolution GLWA FY 2027 CWSRF.docx
7C4a Project Plan Summary - Conner Creek Sanitary Pump Station.pdf
7C4b Project Plan Summary - Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

D. 2026-112 Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7D1 AC Memo - Approval of DWSD FY2027 CWSRF Project Plan.pdf
7D3 GLWA Resolution to Adopt DWSD FY2027 CWSRF Project Plan1.docx
7D4 CWSRF Project Plan Summary and Resolution - DWSD.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

E. 2026-113 **Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7E1 AC Memo - Approval of DWSD FY2027 DWSRF Project Plan.pdf
7E3 Resolution to Adopt DWSD FY2027 DWSRF Project Plan.docx
7E4 DWSRF Project Plan Summary and Resolution - DWSD.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda April 22, 2026
The motion carried by a unanimous vote.

F. 2026-114 **FY 2026 Third Quarter Budget Amendments through March 31, 2026 and Proposed Budget Resolution**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7F0 FY 2026 3rd Quarter Budget Amendment Communication.pdf
7F2 FY 2026 3rd Quarter Budget Amendment Report CC V2
7F3 FY 2026 3rd Quarter Budget Amendment Resolution.docx

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

G. 2026-115 **FY 2027 Water Residential Assistance Program (WRAP) Funding Allocation Authorization and Related Service Delivery Partner Contract Amendments**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7G1 FY 2027 WRAP Allocations Cover Memo.pdf

7G2 WRAP FY 2027 Funding Report March 27,2026 Audit Committee.pdf

7G4 Board Letter Attachment 1.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Recommended for Approval to the Board of Directors Agenda of April 22, 2026
The motion carried by a unanimous vote.

8. Reports

A. 2026-118 CFO Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8A1 CFO Report March 2026.pdf

8A2 FY 2027 Budget Charges - OWP 3.12.2026.pdf

8A3 Communications - Budget Rates and Charges OWP 3.12.2026.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Received and Filed
The motion carried by a unanimous vote.

B. 2026-119 Monthly Financial Report for December

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8B December 2025 Monthly Financial Report

Motion By: Gary Brown
Support By: Brian Baker
Action: Received and Filed
The motion carried by a unanimous vote.

C. [2026-120] Gifts, Grants & Other Resources Report Through February 28, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8C1 Grants Gifts and Other Resources Report.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Received and Filed
The motion carried by a unanimous vote.

D. [2026-121] FY 2026 Q2 Construction Work-in-Progress Report through December 31, 2025 (Unaudited)

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8D Quarterly CWIP Report FY 2026 Q2 - Cover Memo.pdf
8D Quarterly CWIP Report FY 2026 Q2.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Received and Filed
The motion carried by a unanimous vote.

E. [2026-122] Procurement Month Recognition

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8E1 Memo Procurement Month Recognition.pdf
8E2 Procurement Month Recognition.pdf

Motion By: Gary Brown
Support By: Brian Baker
Action: Received and Filed
The motion carried by a unanimous vote.

9. Communications

A. [2026-123] The Procurement Pipeline for March

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 9A The March 2026 Procurement Pipeline.pdf

No Action Taken - Informational Only

10. Look Ahead

A. Next Audit Committee Meeting: April 24, 2026 at 8:00 a.m.

11. Other Matters

There were no other matters.

12. Adjournment

Chairperson Baker requested a Motion to Adjourn.

Motion By: Gary Brown
Support By: Brian Baker
Action: Approved
The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 9:01 a.m.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

Re: Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund Projects

Background & Analysis: The following documents are attached.

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds for the GLWA Hubbell Southfield Combined Sewer Overflow Facility Improvements and Water Resource Recovery Facility Improvements to the Sludge Feed System for Solids Processing Projects
3. Resolution to Approve the Series Ordinance

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 for FY 2027 Clean Water State Revolving Fund projects as presented and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

..Title

Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund Projects

..Body

Agenda of: May 27, 2026
Item No.: **2026-147**
Amount: Not to Exceed $107,562,667

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: May 27, 2026

RE: **Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund Projects**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves a resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,666 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund projects,** and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (GLWA) annually applies for low-interest financing through the Michigan Department of Environment, Great Lakes, and Energy (EGLE) Clean Water State Revolving Fund (CWSRF). Following a public hearing on April 23, 2025, the GLWA Board adopted a resolution approving two projects for funding consideration: 1) Hubbell Southfield Combined Sewer Overflow (CSO) Facility Improvements and 2) Water Resource Recovery Facility (WRRF) Improvements to the Sludge Feed System for Solids Processing. These projects were awarded funding for EGLE's FY 2026 CWSRF funding year with an anticipated loan closing date in July 2026.

This resolution is primarily driven by two critical components: CWSRF project award and the subsequent financing. The project award process is administered by EGLE, while financing is facilitated through the Michigan Finance Authority (MFA).

CWSRF Projects and Award

In October 2025, EGLE confirmed funding for the Hubbell Southfield and WRRF Improvements projects on the FY 2026 Intended Use Plan (IUP). The award amount is based on estimated project cost submitted to EGLE in the final project plan. The project description, funding allocation, total award, and current estimated project costs are summarized below.

Hubbell Southfield CSO Facility Improvements – (Series 2026-SRF-4; CIP No. 273001; SRF No. 6023-01): This project includes improvements to the existing flushing, dewatering, chemical disinfection, electrical, instrumentation, and control systems, along with site upgrades and the construction of a new chemical storage building at the Hubbell Southfield CSO Facility.

CWSRF Loan Amount:	$	58,711,950
Principal Forgiveness:		8,773,050
Total IUP Award Amount:	$	67,485,000
Project Cost Estimate Change		(2,342,935)
Current Estimated Project Cost:	$	65,142,065

WRRF Improvements to the Sludge Feed System for Solids Processing – (Series 2026-SRF-5, CIP No. 213006, SRF No. 6024-01): This project consists of improvements to the sludge feed system at WRRF which conveys sludge from six (6) sludge storage tanks to three (3) dewatering facilities. The improvements will replace aging pumping equipment and incorporate sludge feed conveyance loops to provide additional system flexibility, redundancy, and resiliency.

CWSRF Loan Amount:	$23,098,500
Principal Forgiveness:	3,451,500
Total IUP Award Amount:	$26,550,000
Project Cost Estimate Change	6,092,177
Current Estimated Project Cost:	$32,642,177

Cost estimates presented at the public hearing may differ from current figures, as design refinements and market-driven price adjustments occur throughout project development. Project designers continuously update estimates as additional information becomes available during the competitive bidding process.

When cost estimates result in an increase, GLWA typically requests additional funding to cover the revised project amounts. EGLE's approval is based on CWSRF program guidelines and availability of funds.

Financing

The series 2026 SRF-4/5 Junior Lien Bonds will be sold through the MFA under the state of Michigan's CWSRF program. The amount to be financed is within GLWA's authorized bond limits. The bonds limits establish the maximum principal amount of debt GLWA is authorized to issue the projects (i.e., the not to exceed (NTE) amount). This bond will be supported by GLWA Board Resolution 2024-359, "Authorizing Publication of Notice of Intent to Issue Sewage Disposal System Revenue Bonds" in the amount of not to exceed $300,000,000, approved on November 21, 2024. This is the fourth and fifth series of sewer bonds from that Notice of Intent.

The calculation of the Series Ordinance NTE amount reflects a combined potential loan amount of $107,562,667 (Hubbell Southfield: $71,656,272; WRRF Improvements: $35,906,395). The NTE amount also contains a 10% loan financing contingency to accommodate potential fluctuations in the final award amount which is standard GLWA practice.

The NTE calculation is summarized below with additional details in Attachment 1.

Current Estimated SRF Project Cost (combined):	$ 97,784,242
Loan Financing Contingency:	9,778,425
Series Ordinance NTE amount:	$107,562,667

JUSTIFICATION

The approval of this Series Ordinance (2026-04) is the next formal step in the bond issuance process. This series ordinance sets forth the guidelines for CWSRF bonds, designates the bonds as 2026 SRF-4/5 Junior Lien Bonds, and authorizes the CEO and/or CFO/Treasurer to execute the final terms of the bonds, pay issuance costs, and sign the Purchase Contract and Sale Order. The Board must approve a resolution adopting the Series Ordinance and the proposed action authorizes the bonds to be issued.

Pursuing CWSRF funding for these projects allows GLWA to take advantage of low-interest loans below market municipal rates. GLWA was designated as an overburdened community that qualifies for a lower interest rate and longer loan terms than a standard applicant. Compared to a market-based rate of 4.50%, the interest savings on these projects are substantial. By way of example, the combined potential interest savings for a 20-year loan is approximately $30.8 million (see Attachment 2 for additional details). The financing loan term is matched to the asset life (e.g., a 25-year asset will utilize a 20-year loan).

Another program advantage is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions.

BUDGET IMPACT

Debt service for the project is anticipated to begin in April 2027 and will be included as part of the FY 2028 – FY 2029 biennial budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on April 24, 2026. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed $107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund projects as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

Table 1: Series Ordinance Not to Exceed (NTE) Calculation

	Hubbell Southfield Series #2025-SRF-4 SRF #6023-01	WRRF Improvements Series #2025-SRF-5 SRF #6024-01	Total
Original Estimated SRF Project Cost (IUP Award Amount)	$ 67,485,000	$ 26,550,000	$ 94,035,000
Adjustment to Estimated SRF Project Cost	(2,342,935)	6,092,177	3,749,242
Revised Estimated SRF Project Cost	65,142,065	32,642,177	97,784,242
Loan Financing Contingency (10% of revised estimated SRF project costs)	6,514,207	3,264,218	9,778,425
Series Ordinance NTE Amount	**$ 71,656,272**	**$ 35,906,395**	**$ 107,562,667**

Table 1: Potential Loan Savings Comparison – CWSRF versus Estimated Market Rate

Estimated market-based rate of 4.5% versus CWSRF 2% Interest Rate (in millions)			Comparative Savings	
CIP Project #	Project	Estimated SRF Project Cost	20-Year Loan	30-Year Loan
273001	Hubbell Southfield CSO Facility Improvements	$ 65.1	$ 20.5	$ 32.7
213006	WRRF Improvements to the Sludge Feed System for Solids Processing	32.6	10.3	16.4
Combined Estimated Interest Savings			**$ 30.8**	**$ 49.1**

Note: The CWSRF interest rate of 2% is for an overburdened applicant, which applies to GLWA.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-04

SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED $107,562,667

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the "Authority") on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the "Ordinance"), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the "2026 SRF-4/5 Junior Lien Bonds") to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Regional Sewer System identified in the Capital Improvement Program (the "2026 SRF-4 Project" and the "2026 SRF-5 Project, and collectively the "2026 SRF 4/5 Projects").

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. <u>Authority for this Series Ordinance</u>. This Series Ordinance (the "2026 SRF-4/5 Series Ordinance") is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. <u>Definitions</u>. Except as otherwise provided in this 2026 SRF-4/5 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 SRF-4/5 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) "2026 SRF-4 Junior Lien Bonds" means the Bonds authorized by Section 5 of this 2026 SRF-4/5 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-4 Project.

(b) "2026 SRF-5 Junior Lien Bonds" means the Bonds authorized by Section 5 of this 2026 SRF 4/5 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-5 Project.

(c) "2026 SRF-4/5 Junior Lien Bonds" means, collectively, the 2026 SRF-4 Junior Lien Bonds and the 2026 SRF-5 Junior Lien Bonds.

(d) “2026 SRF-4 Project” means improvements to the Regional Sewer System, consisting of improvements to existing flushing, dewatering, chemical disinfection, electrical, instrumentation and control systems, as well as site improvements, along with the construction of a new chemical storage building, all at the Hubbell Southfield CSO Facility, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(e) “2026 SRF-5 Project” means improvements to the Regional Sewer System, consisting of improvements to the sludge feed system at the Water Resource Recovery Facility (WRRF) which conveys sludge from six (6) sludge storage tanks to three (3) dewatering facilities, which improvements will replace aging pumping equipment and incorporate sludge feed conveyance loops to provide additional system flexibility, redundancy, and resiliency, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2026 SRF-4/5 Projects” means, collectively, the 2026 SRF-4 Project and the 2026 SRF-5 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Maturity Date” means such dates of maturity of the 2026 SRF-4/5 Junior Lien Bonds as determined in the Sale Order.

(k) “MFA” means the Michigan Finance Authority.

(l) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(m) “Project Costs” means, collectively, the Regional Sewer System Project Costs, Series 2026 SRF-4 and the Regional Sewer System Project Costs, Series 2026 SRF3.

(n) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2026 SRF-4/5 Junior Lien Bonds.

(o) “Regional Construction Fund, Series 2026 SRF-4” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-4/5 Series Ordinance relating to the construction of the 2026 SRF-4 Project to be paid with the proceeds of the 2026 SRF-4 Junior Lien Bonds.

(p) “Regional Construction Fund, Series 2026 SRF-5” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-4/5 Series

Ordinance relating to the construction of the 2026 SRF-5 Project to be paid with the proceeds of the 2026 SRF-5 Junior Lien Bonds

(q) "Regional Sewer System Project Costs, Series 2026 SRF-4" means the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-4 Project, including Issuance Costs relating to the 2026 SRF-4 Junior Lien Bonds.

(r) "Regional Sewer System Project Costs, Series 2026 SRF-5" means the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-5 Project, including Issuance Costs relating to the 2026 SRF-5 Junior Lien Bonds.

(s) "Regular Record Date" means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(t) "Sale Order" means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2026 SRF-4/5 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2026 SRF-4/5 Junior Lien Bonds and to complete the other transactions contemplated herein.

(u) "Supplemental Agreement" means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2026 SRF-4 Junior Lien Bonds; and (2) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2026 SRF-5 Junior Lien Bonds.

(v) "Taxable 2026 SRF-4/5 Junior Lien Bonds" means any 2026 SRF-4/5 Junior Lien Bonds other than Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds.

(w) "Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds" means any 2026 SRF-4/5 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2026 SRF-4/5 Projects.

(a) Approval of 2026 SRF-4 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2026 SRF-4 Project, and the 2026 SRF-4 Project is hereby approved and accepted.

(b) Approval of 2026 SRF-5 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2026 SRF-5 Project, and the 2026 SRF-5 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2026 SRF-4/5 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed $97,784,242, and consist of the following:

(a) The Regional Sewer System Project Costs, Series 2026 SRF-4 are estimated by the Authority Board to not exceed $65,142,065 and the Regional Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2026 SRF-4 Project is estimated to be not less than 30 years.

(b) The Regional Sewer System Project Costs, Series 2026 SRF-5 are estimated by the Authority Board to not exceed $32,642,177 and the Regional Sewer System Project Costs, Series 2026 SRF-5 are hereby approved and confirmed. The period of usefulness of the 2026 SRF-5 Project is estimated to be not less than 30 years.

Section 5. Authorization of 2026 SRF-4/5 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of $71,656,272, as is finally determined in the Sale Order, and issue the 2026 SRF-4 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-4 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-4 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of $35,906,395, as is finally determined in the Sale Order, and issue the 2026 SRF-5 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-5 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-5 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2026 SRF-4/5 Junior Lien Bonds.

(i) The 2026 SRF-4 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs.

(ii) The 2026 SRF-5 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs.

(c) Priority of Lien. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be issued as SRF-4/5 Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of SRF-4 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(ii) To the extent that proceeds of SRF-5 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(e) Separate Series. The 2026 SRF-4 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-5 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-4 Junior Lien Bonds and the 2026 SRF-5 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds. Each Series of the 2026 SRF-4/5 Junior Lien Bonds may be issued as Taxable 2026 SRF-4/5 Junior Lien Bonds or Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(g) Source of Payment and Security. The 2026 SRF-4/5 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2026 SRF-4/5 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2026 SRF-4/5 Junior Lien Bonds as if set forth in full in this 2026 SRF-4/5 Series Ordinance, the purpose of this 2026 SRF-4/5 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2026 SRF-4/5 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2026 SRF-4/5 Junior Lien Bond Details.

(a) Designation.

(1) The 2026 SRF-4 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2026-SRF-4 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-4/5 Series Ordinance. The 2026 SRF-5 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2026-SRF-5 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-4/5 Series Ordinance.

(2) If any Series of the 2026 SRF-4/5 Junior Lien Bonds are not issued in 2026, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2026 SRF-4/5 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2026 SRF-4/5 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

(1) No 2026 SRF-4/5 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.

(2) The 2026 SRF-4/5 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2026 SRF-4/5 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2026 SRF-4/5 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2026 SRF-4/5 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2026 SRF-4/5 Junior Lien Bonds are owned by the MFA, the 2026 SRF-4/5 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2026 SRF-4/5 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2026 SRF-4/5 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2026 SRF-4/5 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2026 SRF-4/5 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2026 SRF-4/5 Junior Lien Bond may exchange such 2026 SRF-4/5 Junior Lien Bond for a new 2026 SRF-4/5 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2026 SRF-4/5 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2026 SRF-4/5 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 SRF-4/5 Junior Lien Bonds.

(i) Execution and Delivery of 2026 SRF-4/5 Junior Lien Bonds. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2026 SRF-4/5 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2026 SRF-4/5 Junior Lien Bonds. Each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2026 SRF-4/5 Series Ordinance:

R-__

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY
SEWAGE DISPOSAL SYSTEM REVENUE BOND,
SERIES 2026-SRF-__

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: $_______________

INTEREST RATE: ____%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the "Issuer"), upon authorization from the Board of Directors of the Issuer (the "Board"), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the "MFA"), a Supplemental Agreement by and among the Issuer, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on ________, 202_ and semiannually on each April 1 and October 1 thereafter (each an "Interest Payment Date").

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the "Trustee").

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2026-SRF-__" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7, 2015, as amended (the "Bond Ordinance"), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed $107,562,667, adopted by the Board on ____________, 2026 (the "Series Ordinance"), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated ____________, 2026 (the "Sale Order," and, collectively with the Bond Ordinance and the Series Ordinance, the "Ordinance"). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the "Net Revenues"), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SEWER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

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IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By:____
Chief Executive Officer

Countersigned:

By:____
Secretary, Board of Directors

[Seal]

CERTIFICATE OF AUTHENTICATION

This Bond is authenticated as the bond designated by the Issuer as "Sewage Disposal System Revenue Bond, Series 2026-SRF-__".

U.S. Bank Trust Company, National Association,
Trustee

By:______________________________________

Date of Authentication: __________, 2026

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _________________________ this Bond and all rights hereunder and hereby irrevocably appoints _________________________ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:_________________________ ____
Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

Date	Amount

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. <u>Concerning the Securities Depository</u>.

(a) As used herein:

"Beneficial Owner" means any Person who indirectly owns 2026 SRF-4/5 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the "Securities Depository") and its Participants, commonly known as the "Book-Entry Only System."

"Participant" means any Person whose ownership of 2026 SRF-4/5 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2026 SRF-4/5 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2026 SRF-4/5 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

(1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2026 SRF-4/5 Junior Lien Bonds,

(2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2026 SRF-4/5 Junior Lien Bonds, including any notice of redemption, or

(3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2026 SRF-4/5 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 SRF-4/5 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority's obligations with respect to the principal (and premium, if any) of, and interest on such 2026 SRF-4/5 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2026 SRF-4/5 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2026 SRF-4/5 Junior Lien Bonds that they be able to obtain 2026 SRF-4/5 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2026 SRF-4/5 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2026 SRF-4/5 Series Ordinance to the contrary, so long as any 2026 SRF-4/5 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

(1) all payments with respect to the principal, premium, if any, and interest on such 2026 SRF-4/5 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2026 SRF-4/5 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2026 SRF-4/5 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;

(2) if less than all of the 2026 SRF-4/5 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2026 SRF-4/5 Junior Lien Bonds or portions of 2026 SRF-4/5 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;

(3) all payments with respect to principal of the 2026 SRF-4/5 Junior Lien Bonds and premium, if any and interest on the 2026 SRF-4/5 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and

(4) if a 2026 SRF-4/5 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2026 SRF-4/5 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2026 SRF-4/5 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2026 SRF-4/5 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 SRF-4/5 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2026 SRF-4/5 Junior Lien Bonds as follows: Such lien in favor of the 2026 SRF-4/5 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 SRF-4/5 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. (1)From the proceeds of the sale of the 2026 SRF-4 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-4 Junior Lien Bonds and any capitalized interest on the 2026 SRF-4 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-4 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2026 SRF-5 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-5 Junior Lien Bonds and any capitalized interest on the 2026 SRF-5 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-5 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2026 SRF-4/5 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-4 Junior Lien Bonds and designated the "Regional Construction Fund, Series 2026 SRF-4," and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer

(b) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-5 Junior Lien Bonds and designated the "Regional Construction Fund, Series 2026 SRF-5," and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer

(c) Moneys in the Regional Construction Fund, Series 2026 SRF-4 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2026 SRF-4 (or to the reimbursement of Regional Sewer System Project Costs, Series 2026 SRF-4 paid by the Authority from other funds prior to the issuance of the 2026 SRF-4 Junior Lien Bonds).

(d) Moneys in the Regional Construction Fund, Series 2026 SRF-5 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2026 SRF-5 (or to the reimbursement of Regional Sewer System Project Costs, Series 2026 SRF-5 paid by the Authority from other funds prior to the issuance of the 2026 SRF-5 Junior Lien Bonds).

(1) Payments or reimbursements for Regional Sewer System Project Costs for construction, either on account or otherwise, shall not be made unless the

registered engineer in charge of such work shall file with an Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(2) Payment or reimbursement for Regional Sewer System Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds, that so long as any of the Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds, and to prevent Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds from being or becoming "private activity bonds" as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Regional Construction Fund, Series 2026 SRF-4 and/or the Regional Construction Fund, Series 2026 SRF-5, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2026 SRF-4/5 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 SRF-4/5 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United Sates pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

Section 13. Sale of 2026 SRF-4/5 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2026 SRF-4/5 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized

Officer shall determine are in the best interests of the Authority, within the parameters established by this 2026 SRF-4/5 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2026 SRF-4/5 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 SRF-4/5 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA's State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2026 SRF-4/5 Junior Lien Bonds subject to the following limitations:

(1) The interest rate with respect to any Series of the 2026 SRF-4/5 Junior Lien Bonds shall not exceed 2.75%.

(2) The aggregate purchaser's discount at which any Series of the 2026 SRF-4/5 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2026 SRF-4/5 Junior Lien Bonds as required by Section 33 of Act 94.

Section 14. <u>Delegation of Authority to and Authorization of Actions of Authorized Officers</u>.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2026 SRF-4/5 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 SRF-4/5 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2026 SRF-4/5 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2026 SRF-4/5 Series Ordinance, on the basis of her evaluation of the maximum amount of 2026 SRF-4/5 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2026 SRF-4/5 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

(1) Such determination shall also include the redemption provisions for the 2026 SRF-4/5 Junior Lien Bonds.

(2) An Authorized Officer shall also determine and establish, in accordance with this 2026 SRF-4/5 Series Ordinance, the maturities of each Series of the 2026 SRF-4/5 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 SRF-4/5 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 SRF-4/5 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2026 SRF-4/5 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 SRF-4/5 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 SRF-4/5 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2026 SRF-4/5 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2026 SRF-4/5 Junior Lien Bonds.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 SRF-4/5 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2026 SRF-4/5 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2026 SRF-4/5 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2026 SRF-4/5 Series Ordinance a Contract. The provisions of this 2026 SRF-4/5 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 SRF-4/5 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2026 SRF-4/5 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-4/5 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 SRF-4/5 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-4/5 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2026 SRF-4/5 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 SRF-4/5 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 SRF-4/5 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2026 SRF-4/5 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2026 SRF-4/5 Series Ordinance. The section and paragraph headings in this 2026 SRF-4/5 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 SRF-4/5 Series Ordinance.

Section 21. Publication and Recordation. This 2026 SRF-4/5 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 SRF-4/5 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2026 SRF-4/5 Series Ordinance shall be effective upon adoption.

Adopted and signed on the __ day of _______, 2026.

GREAT LAKES WATER AUTHORITY

Signed ____
Chairperson

Signed ____
Secretary

4896-3348-4180 v2 [63818-70]

Great Lakes Water Authority
Resolution 2026-147
RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed $107,562,667
Ordinance 2026-04__

By Board Member: ____

Whereas There has been presented to the Board of Directors of the Great Lakes Water Authority (the "Authority") an ordinance entitled "Series Ordinance Authorizing the Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed $107,562,667" (the "2026 SRF-4/5 Series Ordinance"), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-02 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

Whereas The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2026 SRF-4/5 Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 SRF-4/5 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2026 SRF-4/5 Series Ordinance in the form approved; **And Be it Further**

Resolved That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: ______________, 2026

4915-9261-7364 v2 [63818-70]

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

Re: CFO Report

GLWA Team Member Fosters State Chapter - National Grants Management Association

In March 2026, Alicia Schwartz, Grants Manager, was instrumental in formally establishing a Michigan Chapter of the National Grants Management Association (NGMA). The Michigan Chapter will help provide greater regional access to NGMA resources, encourage networking among fellow Michigan grant management professionals, and further strengthen GLWA grant opportunities. Alicia will be serving as Chapter Chair during the inauguration of this chapter.

The new chapter was officially announced during the NGMA Annual Grants Training. There were over 1,900 attendees at the three-day, in-person program – this is the largest training event of its kind in the nation. This year attendees were offered over 75 breakout sessions and 20 roundtable discussions during the event.

Letter of Support for Water Affordability

On April 16, 2026, a letter of support was sent to legislators for both appropriations to fund water assistance programs to address today's needs as well as the Water Affordability Package (Senate Bills 248-256) to provide sustainable funding and programming for water affordability. This letter of support (attached) represents over 60 organizations representing different organizational missions that are unified in the need for water affordability programming and funding – including GLWA and DWSD.

GLWA Hosting an Affordability & Assistance Workshop on April 30, 2026

Member Partners have been invited to an Affordability & Assistance Workshop scheduled for next week via Zoom. Objectives are largely two-fold. First is a general overview of the legislative process as well as the current landscape of statewide water affordability bills. Second is an overview and updates related to the Water Residential Assistance Program. Special thank you, in advance, to Debra Pospiech, DP Resolutions & Carson Gatt, Dykema for being our guest speakers.

50 Michigan Community ACTION
Helping People. Changing Lives.

American Water Works Association
Michigan Section

UNITED WAY
Michigan Association of United Ways

MICHIGAN CATHOLIC CONFERENCE

GLWA
Great Lakes Water Authority

Wayne Metropolitan
Community Action Agency
Established 1971

UNITED WAY
Southeastern Michigan

UNITED WAY
Southwest Michigan

The Nature Conservancy
Protecting nature. Preserving life.

THE SALVATION ARMY
Giving Hope Today

MI NURSES Association
Affiliate of National Nurses United and AFL-CIO

WRC
WATER RESOURCES COMMISSIONER
Jim Nash

m·n·a
Michigan Nonprofit Association

CITY OF DETROIT
Water & Sewerage Department

AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN

Sisters of Mercy
Hermanas de la Misericordia

MICHIGAN LEAGUE OF CONSERVATION VOTERS

Pontiac Meals on Wheels Foundation

Detroit Heals Detroit

MICHIGAN CONFERENCE
UNITED CHURCH OF CHRIST
a just world for all

mothering JUSTICE

SAGINAW
COMMUNITY ALLIANCE FOR THE PEOPLE
CAP

BH WC
Benton Harbor Community Water Council

MICHIGAN ENVIRONMENTAL COUNCIL

Central United Methodist Church Detroit

OAKLAND FORWARD
ENGAGE · EQUIP · EMPOWER

UNI
Urban Neighborhood Initiatives
Building Vital Neighborhoods

Pax Christi Michigan

PEOPLE'S WATER BOARD COALITION

ENVIRONMENTAL TRANSFORMATION MOVEMENT OF FLINT

Lighthouse

Supreme Transitions

mlpp
MICHIGAN LEAGUE FOR PUBLIC POLICY

BLUEGREEN ALLIANCE

Detroit Jews for Justice

LAHC
LEADERS ADVANCING & HELPING COMMUNITIES

MPLP
Michigan Poverty Law Program

SIERRA CLUB
MICHIGAN CHAPTER

MICHIGAN CITIZENS FOR WATER CONSERVATION

The Center for Urban Youth & Family Development

ELEVATE

efc
EFC CONSULTING, INC.

cots
HOPE HELP HOUSING
www.cotsdetroit.org

MANCHESTER
Community Resource Center

Flint Rising

WINNING FUTURES

CLEAN WATER ACTION
PEOPLE • ACTION • JUSTICE

MICHIGAN ENVIRONMENTAL JUSTICE COALITION

OAKLAND Family Services

MCAH
MICHIGAN COALITION AGAINST HOMELESSNESS

Detroit Phoenix Center

MACC DEVELOPMENT

Crossroads OF MICHIGAN

gbi
General Baker Institute

MiIPL
Michigan Interfaith Power & Light

WOMACK TEMPLE CME CHURCH

JUSTICE-SEEKING MFSA PEOPLE OF FAITH
METHODIST FEDERATION FOR SOCIAL ACTION

FOOD & WATER WATCH

friends in deed

MICHIGAN WELFARE RIGHTS ORGANIZATION
You get what you're organized to take

DABO DETROIT
Meeting Needs, Restoring Hope

CANFIELD CONSORTIUM

DETROIT JUSTICE CENTER

ACCESS
assisting. improving. empowering.

NRDC
NATURAL RESOURCES DEFENSE COUNCIL

April 16, 2026

We strongly **urge the state legislature to help address the growing water affordability crisis impacting Michiganders across the state**. Despite the best cost-containment efforts by regional and local utilities, household water bills continue to rise rapidly after decades of federal disinvestment that shifted nearly the entire financial burden for water system maintenance and upgrades to ratepayers. Water providers alone are unable to address the growing crisis.

Utility affordability is an undisputed crisis in our state and the nation right now. While there is federal assistance for *energy* bills through the Low-Income Household Energy Assistance Program (LIHEAP), there is no equivalent federal program for household water bills. Further, there is no state program for water assistance parallel to the Michigan Energy Assistance Program (MEAP). Water assistance appropriations represent the only state support for water bill payments. Available resources of local programs, such as the Great Lakes Water Authority's Water Residential Assistance Program and the Detroit Water and Sewerage Department's LifelineH20, are fully subscribed with additional needs remaining.

Between 2020 and 2026, temporary federal water assistance ($36.2 million) and state water assistance ($100 million) provided a total of $136.2 million to help our community water systems recover revenue from customers who were unable to pay their water bills. Over the past six years, assistance dollars have helped thousands of Michigan households keep their tap water running, live with dignity, and meet their basic health and hygiene needs.

When customers are unable to pay their water bills, our public water systems are left to solve the problem on their own, largely accomplished by deferring vital system upgrades and/or by raising rates on all customers to cover the costs for those who can't pay.

Recent outreach to rural water operators indicates that residents in small communities are experiencing unaffordable bills and higher arrearage debt. Retirees and fixed-income residents have described hardships as higher rates are passed onto them to pay for local infrastructure repairs, upgrades, and operations. This is a statewide issue.

The undersigned ask for your support in the following ways:

1) **Appropriate $60 million to help fund necessary regional and local water assistance programs in Fiscal Year (FY) 2027.** This is a smart financial investment for urban, suburban, and rural communities to help water utilities maintain their basic operations and avoid the household impact of water shutoffs. Water utilities are a critical frontline defense against communicable diseases and dehydration, and can reduce utility evictions, property lien tax foreclosures, and lost economic productivity.

2) Pass the bipartisan Water Affordability Package (Senate Bills 248-256). This package would replace the need for yearly appropriations and create a statewide program similar to the very successful and bipartisan Michigan Energy Assistance Program (MEAP). Energy assistance has helped thousands of Michiganders afford electricity, natural gas, and propane for over a decade.

By capping payments to affordable levels for low-earning Michiganders, this program could directly assist almost 300,000 households and contribute to greater economic stability for both families and water providers. Local water providers also benefit by receiving consistent payments from program participants that support the system's operations and maintenance.

Thank you for your attention.

Respectfully,

ACCESS

Area Agencies on Aging Association of Michigan

Benton Harbor Community Water Council

BlueGreen Alliance

Canfield Consortium

Central United Methodist Church - Detroit

Clean Water Action

Community and Home Supports, Inc.

Community Resource Center of Manchester

COTS Detroit

Crossroads of Michigan

DABO Detroit, Inc

Detroit Heals Detroit

Detroit Jews for Justice

Detroit Justice Center

Detroit Phoenix Center

Detroit Water and Sewerage Department

Developing K.I.D.S.

EFC Consulting, Inc.

Elevate

Environmental Transformation Movement of Flint

Flint Rising

Food and Water Watch

Friends in Deed

General Baker Institute

Great Lakes Water Authority

Leaders Advancing and Helping Communities

Lighthouse Michigan

MACC Development

Michigan Catholic Conference

Michigan Citizens for Water Conservation

Michigan Coalition Against Homelessness

Michigan Community Action

Michigan Environmental Council

Michigan Environmental Justice Coalition

Michigan Interfaith Power & Light

Michigan League of Conservation Voters

Michigan League for Public Policy

Michigan Methodist Federation for Social Action - Michigan

Michigan Nonprofit Association

Michigan Nurses Association

Michigan Poverty Law Program

Michigan Section - American Water Works Association

Michigan Welfare Rights Organization

Mothering Justice

Natural Resources Defense Council

Oakland County Water Resources Commissioner

Oakland Family Services

Oakland Forward

Pax Christi Michigan

People's Water Board Coalition

Pontiac Meals on Wheels Foundation

Saginaw CAP

Sierra Club - Michigan Chapter

Sisters of Mercy

Supreme Transitions

The Center for Urban Youth and Family Development

The Nature Conservancy

The Salvation Army Great Lakes Division

United Church of Christ, Michigan Conference, Detroit Metro Association

United Way of Southeastern Michigan

Urban Neighborhood Initiatives

Wayne Metropolitan Community Action Agency

Winning Futures

Womack Temple CME Church

Monthly Financial Report Binder

January 2026

Presented to the
Great Lakes Water Authority
Audit Committee on April 24, 2026

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Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall or need for year-end budget amendments as follows: No Risk (green) - Potential (yellow) - Likely (red)

Variances are monitored by the Great Lakes Water Authority (GLWA) management. Operating and/or budget priorities are re-evaluated where appropriate. This report includes first quarter budget amendments as presented to the GLWA Board of Directors on January 28, 2026.

Investment earnings currently exceed the FY 2026 amended budget to date. Although interest rates are expected to continue to decline, this decline will not occur consistently throughout the year. In addition, current events may impact projections related to federal fund rate cuts. That driver behind positive news on investment earnings has a negative impact on commodity-based chemicals, supplies and materials. These scenarios will result in further budget amendments in FY 2026.

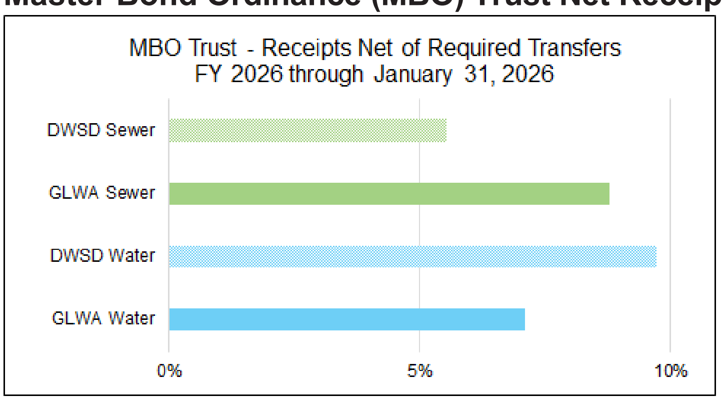
Water system under spending for capital relates to delays in four projects as reported in a recent Key Performance Indicator Report (Legistar #2025-413). Sewer system capital spend is substantially above plan because of a recent increase in State Revolving Fund (SRF) loans awarded for projects that were approaching construction phase. In September 2025, GLWA was notified of 5 projects that received a total of $232.7 million in funding which advanced the pace of those projects.

As of January 31, 2026

Metric	FY 2026 Budget	FY 2026 Amended Budget	FY 2026 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Revenue ($M)	$213.3	$213.3	$220.3	3%	5
Wholesale Water Billed Usage (mcf)	7,925,000	7,925,000	8,101,000	2%	52
Wholesale Sewer Revenue ($M)	$175.2	$175.2	$175.0	0%	6
Wholesale Water Investment Earnings ($M)	$7.5	$7.5	$9.0	21%	5
Wholesale Sewer Investment Earnings ($M)	$8.5	$8.5	$11.2	32%	6
Wholesale Water Operations & Maintenance ($M)	$106.4	$107.3	$107.5	0%	5
Wholesale Sewer Operations & Maintenance ($M)	$137.7	$138.6	$136.0	-2%	6
Water Prorated Capital Spend w/SRA* ($M)	$106.8	$106.8	$66.2	-38%	32
Sewer Prorated Capital Spend w/SRA* ($M)	$101.4	$101.4	$124.9	23%	33

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts (page 56)



Net cash flow receipts remain positive for GLWA and DWSD Water and Sewer. This means that all legal commitments of the MBO trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD water reports a surplus of $8.0 million and DWSD sewer reports a surplus of $10.7 million of net receipts over disbursements through January 2026.

Budget to Actual Analysis (page 4)

- The total revenue requirements are on target through January 2026.
- The total overall Operations & Maintenance expenses are 57.8% of budget through January 2026 which is slightly under the pro-rata benchmark of 58.3% but within a reasonable range.

Basic Financial Statements (page 13)

- The basic financial statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for January 2026 is $77.4 million for the Water fund (32.1% of total revenues) and $89.9 million for the Sewage Disposal fund (29.1% of total revenues).
- Water net position increased by $41.7 million, and sewage disposal net position increased by $64.2 million for the year to date through January 2026.

Capital Improvement Plan Financial Summary (page 31)

- Water system costs incurred to date are below the 100% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are above the 90% Capital Spend Ratio assumption.

Master Bond Ordinance Transfers (page 34)

- For January 2026, transfers of $16.7 million and $21.5 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for January 2026, transfers of $6.0 million and $7.3 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 41)

- Total cash & investments are $690.0 million for Water and $653.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2026 investment income through January 2026 is $30.0 million.

DWSD Retail Revenues, Receivables & Collections (page 45)

- Water usage through January 31, 2026 is 102.09% and revenues are 101.09% of budget.
- Sewer usage through January 31, 2026 is 98.44% and revenues are 97.59% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of $51.3 million over the prior year.
- Past due balances over 180 days make up 75.8% of the total accounts receivable balance. The current bad debt allowance covers 100.1% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 51)

- GLWA accounts receivable past due balance net of Dearborn is 0.45% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance.
- Average wholesale water collections of $29.7 million for the period of February 2025 through January 2026 are trending $1.2 million above the prior year.
- Average wholesale sewer collections of $24.4 million for the period of February 2025 through January 2026 are trending $1.6 million above the prior year.

Questions? Contact the Office of the Chief Financial Officer & Treasurer at CFO@glwater.org.

Revenue Requirements Budget

The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds requirements. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

Table 1A – <u>Water</u> Revenue Requirements Budget and ***Table 1B – <u>Sewer</u> Revenue Requirements Budget*** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M "expense" would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account. This report is for January 2026 therefore the pro-rata benchmark is 58.3% (7 of 12 months of the fiscal year).

Wholesale charges presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the Flint Water Agreement. Through January 31, 2026, these payments total $3.0 million for FY 2026.

Table 1A – *Water Revenue Requirements Budget (year-over-year)* – ($000)

Water System	FY 2025 Amended Budget	FY 2025 Activity Thru 1/31/2025	FY 2025 Percent of Amended Budget	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 1/31/2026	FY 2026 Percent of Amended Budget
Revenues							
Wholesale Charges	$ 347,758	$ 204,762	58.9%	$ 365,646	$ 365,646	$ 220,289	60.2%
Charges to Local System	27,095	15,805	58.3%	30,029	30,029	17,517	58.3%
Investment Earnings	15,818	9,547	60.4%	12,784	12,784	9,017	70.5%
Other Revenue	400	243	60.8%	303	303	521	172.2%
Total Revenues	$ 391,071	230,358	58.9%	$ 408,761	408,761	247,344	60.5%
Revenue Requirements							
Operations & Maintenance Expense	$ 182,227	$ 101,988	56.0%	$ 182,456	$ 183,909	$ 107,548	58.5%
Debt Service	161,945	102,468	63.3%	179,082	177,686	103,232	58.1%
General Retirement System Pension	1,653	1,332	80.6%	2,731	2,731	1,593	58.3%
Water Residential Assistance Program Contribution	1,877	1,136	60.5%	1,970	1,970	1,149	58.3%
Extraordinary Repair & Replacement Deposit	2,650	-	0.0%	320	320	-	0.0%
Regional System Lease	22,500	13,125	58.3%	22,500	22,500	13,125	58.3%
Working Capital Requirement	4,956	-	0.0%	600	-	-	0.0%
Improvement & Extension Fund Transfer Pending	13,263	4,241	32.0%	19,102	19,645	11,459	58.3%
Total Revenue Requirements	$ 391,071	224,290	57.4%	$ 408,761	408,761	238,106	58.3%
Net Difference		$ 6,067				$ 9,238	
Recap of Net Difference							
Revenue Variance		$ 2,233				$ 8,900	
Revenue Requirement Variance		3,834				338	
Net Difference		$ 6,067				$ 9,238	

Table 1B – Sewer Revenue Requirements Budget (year-over-year) – ($000)

	FY 2025			FY 2026			
Sewer System	**Amended Budget**	**Activity Thru 1/31/2025**	**Percent of Amended Budget**	**Board Adopted Budget**	**Amended Budget**	**Activity Thru 1/31/2026**	**Percent of Amended Budget**
Revenues							
Wholesale Charges	$ 287,387	$ 167,988	58.5%	$ 300,317	$ 300,317	$ 174,971	58.3%
Charges to Local System	205,925	120,123	58.3%	215,324	215,324	125,606	58.3%
Industrial Waste Control Charges	8,719	5,145	59.0%	9,150	9,150	5,454	59.6%
Pollutant Surcharges	5,434	2,534	46.6%	5,113	5,113	2,809	54.9%
Investment Earnings	20,605	12,824	62.2%	14,615	14,615	11,243	76.9%
Other Revenue	700	187	26.7%	443	443	218	49.4%
Total Revenues	$ 528,770	308,801	58.4%	$ 544,962	544,962	320,300	58.8%
Revenue Requirements							
Operations & Maintenance Expense	$ 235,192	$ 133,971	57.0%	$ 236,099	$ 237,552	$ 135,977	57.2%
Debt Service	217,449	132,639	61.0%	220,885	216,274	127,081	58.8%
General Retirement System Pension	3,719	2,827	76.0%	5,633	5,633	3,286	58.3%
Water Residential Assistance Program Contribution	2,542	1,547	60.9%	2,639	2,639	1,539	58.3%
Extraordinary Repair & Replacement Deposit	276	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	16,042	58.3%	27,500	27,500	16,042	58.3%
Working Capital Requirement	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund Transfer Pending	42,094	16,415	39.0%	52,208	55,365	32,296	58.3%
Total Revenue Requirements	$ 528,770	303,441	57.4%	$ 544,962	544,962	316,220	58.0%
Net Difference		$ 5,359				$ 4,080	
Recap of Net Difference							
Revenue Variance		$ 351				$ 2,405	
Revenue Requirement Variance		5,008				1,674	
Net Difference		$ 5,359				$ 4,080	

Items highlighted in gold on Tables 1A (Water) and 1B (Sewer) are discussed below.

Revenues

1. ***Total Revenues***: For the *water* system, total revenues for FY 2026 are above the pro-rata benchmark; the *water* system is at 60.5%. For the *sewer* system, total revenues for FY 2026 are slightly above the pro-rata benchmark at 58.8%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.
2. ***Investment Earnings:*** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2026 at 70.5%. The *sewer* system is also above the pro-rata benchmark for FY 2026 at 76.9%. FY 2026 investment earnings are slightly lower than FY 2025 earnings due to the Federal Reserve monetary policy moving to a more neutral level. GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize investment income while meeting the objectives of safety and liquidity.

3. ***Other Revenues:*** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems' actual amount will vary from budget due to the nature of the items recorded in this category.

Revenue Requirements - The revenue requirements for *both* systems are funded on a 1/12th basis each month in accordance with the Master Bond Ordinance (MBO). An exception is the Extraordinary Repair & Replacement Fund deposit which is calculated based on minimum and maximum balance requirements set forth in the MBO and adjusted as needed to maintain compliance.

4. ***Operations & Maintenance Expense:*** Actual expenses for the *water* system are slightly above the pro-rata benchmark for FY 2026 at 58.5%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2026 at 57.2%.
5. ***Debt Service:*** For FY 2026, the *water* system is below the pro-rate benchmark at 58.1% and *sewer* system is also above the pro-rata benchmark at 58.8%. The activity is based on the debt payment schedules adjusted for the State Revolving Fund loans that are still being drawn down and may cause temporary variances pending realignment with budget.
6. ***Working Capital Requirement / Net Difference:*** The overall variance (net difference) reported represents the difference between revenues and revenue requirements. To the extent that there is a positive budget variance, staff perform a post-year end closing analysis. Based on this analysis and depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.
7. ***Improvement & Extension (I&E) Fund Transfer Pending:*** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
8. ***Total Revenue Requirements:*** Total revenue requirements for the *water* system are in-line the pro-rata benchmark at 58.3%. Total revenue requirements for the *sewer* system are below with the pro-rata benchmark at 58.0%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of January 31, 2026, is 58.3% (seven months), with the total O&M budget just under the benchmark. When comparing FY 2026 to FY 2025 in ***Table 2 – Operations & Maintenance Budget – Major Budget Categories***, the overall spending in FY 2026 is above FY 2025 for six months of operations, but still near the benchmark ratio.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown on the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

Table 2 – Operations & Maintenance Budget – Major Budget Categories – ($000)

Service Area	FY 2025 Amended Budget	FY 2025 Activity Thru 1/31/2025	FY 2025 Percent of Amended Budget	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 1/31/2026	FY 2026 Percent of Amended Budget
A Water System Operations	$ 94,398	$ 54,509	57.7%	$ 101,501	$ 101,501	$ 61,075	60.2%
B Wastewater System Operations	145,040	85,083	58.7%	156,573	156,573	91,818	58.6%
C Centralized Services	135,244	73,592	54.4%	117,388	120,248	64,450	53.6%
D Administrative & Other Services	42,737	22,801	53.4%	43,094	43,140	26,181	60.7%
Employee Benefits	-	(25)	-100.0%	-	-	-	0.0%
Total O&M Budget	$ 417,419	$ 235,960	56.5%	$ 418,555	$ 421,461	$ 243,524	57.8%

Totals may be off due to rounding

Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of ***Table 3 – Operations & Maintenance Expense Variance Analysis*** is to evaluate whether the actual spend rate within an expense category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities. This table includes both the water and sewage disposal funds.

Table 3 –Operations & Maintenance Expense Variance Analysis – ($000)

Expense Categories	FY 2025 Amended Budget	FY 2025 Actual Thru 6/30/2025	FY 2025 Activity Thru 1/31/2025	FY 2025 Percent of Amended Budget	FY 2025 Percent of Actual 6/30/2025	FY 2026 Amended Budget	FY 2026 Prorated Amended Budget (7 Months)	FY 2026 Activity Thru 1/31/2026	FY 2026 Percent of Amended Budget	FY 2026 Variance (Over) Under Prorated Amended Budget
	A	B	C	= C / A	= C / B	D	E	F	= F / D	= E - F
Personnel Costs										
Salaries & Wages	$ 85,807	$ 84,979	$ 48,080	56.0%	56.6%	$ 91,087	$ 53,134	$ 56,204	61.7%	$ (3,071)
Workforce Development	2,363	2,811	974	41.2%	34.7%	3,777	2,203	1,253	33.2%	951
Overtime	9,605	10,125	8,810	91.7%	87.0%	8,911	5,198	5,974	67.0%	(776)
Employee Benefits	32,244	30,773	18,175	56.4%	59.1%	31,867	18,589	23,190	72.8%	(4,601)
Transition Services	8,516	8,195	4,761	55.9%	58.1%	8,491	4,953	4,907	57.8%	46
Employee Benefits Fund	-	-	(25)	-100.0%	-100.0%	-	-	-	0.0%	-
Total Personnel Costs	*138,535*	*136,883*	*80,775*	58.3%	59.0%	*144,134*	*84,078*	*91,529*	63.5%	*(7,451)*
Utilities										
Electric	48,121	46,578	28,170	58.5%	60.5%	51,308	29,930	25,750	50.2%	4,180
Gas	7,000	7,661	3,896	55.7%	50.8%	7,113	4,149	4,915	69.1%	(766)
Sewage Service	2,980	2,400	1,045	35.1%	43.5%	2,455	1,432	1,576	64.2%	(144)
Water Service	11,602	10,420	5,715	49.3%	54.8%	12,203	7,118	7,322	60.0%	(203)
Total Utilities	*69,703*	*67,059*	*38,825*	55.7%	57.9%	*73,079*	*42,629*	*39,563*	54.1%	*3,067*
Chemicals	38,235	34,385	20,480	53.6%	59.6%	37,189	21,694	18,006	48.4%	3,688
Supplies & Other	45,294	45,727	24,930	55.0%	54.5%	45,516	26,551	26,838	59.0%	(287)
Contractual Services	134,053	128,153	75,032	56.0%	58.5%	124,266	72,489	71,098	57.2%	1,391
Capital Program Allocation	(4,582)	(2,901)	(1,697)	37.0%	58.5%	(3,431)	(2,001)	(1,764)	51.4%	(237)
Shared Services	(2,280)	(2,583)	(1,316)	57.7%	51.0%	(2,264)	(1,321)	(1,745)	77.1%	425
Intergovernmental Agreement	(1,540)	(1,565)	(1,069)	69.5%	68.3%	-	-	-	0.0%	-
Unallocated Reserve	-	-	-	0.0%	0.0%	2,972	1,733	-	0.0%	1,733
Total Expenses	$ 417,419	$ 405,160	$ 235,960	56.5%	58.2%	$ 421,461	$ 245,852	$ 243,524	57.8%	$ 2,328

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 57.8%, which is below the pro-rata benchmark of 58.3%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through January 2026 are at 63.5%, which is above the pro-rata benchmark of 58.3%. Unallocated reserves include budgeted funds for annual wage adjustments that take effect in July each year that are unknown at the time the budget is adopted. These were allocated to personnel costs with the first quarter budget amendment. The third quarter amendment includes an adjustment for the increase in healthcare claims net of anticipated rebates. Vacant positions are being filled, which is driving the increase in salary and wages. The fourth quarter budget amendment will include an adjustment for salary and wages if needed at that time.

Utilities: The overall category is below with the pro-rata benchmark; coming in at 54.1% through January 2026. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is below the pro-rata benchmark, coming in at 50.2%. When compared to the prior fiscal year the year-to-date value represents an approximate $2.4 million reduction. This is primarily due to a reduction in the Power Supply Cost Recovery (PSCR) charge. Beginning March 1, 2026 the PSCR was increased to the maximum allowed by the Public Service Commission. This change will have a significant impact on electric cost after that date. The first three months of GLWA's fiscal year (July, August, and December) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** comes in at 69.1%, which is above the benchmark of 58.3%. GLWA works with the State of Michigan to secure favorable rates of natural gas. A percentage of the annual forecast use is allowed to adjust with the current market. As reported by the U.S. Energy Administration the Henry Hub natural gas spot price 12-month average has increased, on average, 68.4% over the preceding 12-month period. Variances are primarily related to these fluctuating costs.
- **Sewage service** is higher than the benchmark, coming in at 64.2%. This is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.
- **Water service** is higher than the benchmark, coming in at 60.0%. Like sewage service, this is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.

Chemicals: This category is lower than the benchmark; coming in at 48.4% through January 2026. Usage volumes for chemicals related to lead and copper rule compliance (that is, orthophosphate and ferric chloride) were lower than original estimates. Additionally, the moderate drought in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events (sodium hypochlorite).

Supplies & Other: This category is above the pro-rata benchmark; coming in at 59.0% through January 2026. Given that the nature of the items in this category many items, such as certain maintenance activities, are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

Contractual Services: The overall category is below the pro-rata benchmark; coming in at 57.2% through January 2026. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed.

Capital Program Allocation: This category is lower than the benchmark; coming in at 51.4% through January 2026. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs category.

Shared Services: This category is higher than benchmark; coming in at 77.1% through January 2026. The shared services reimbursement comprises both labor and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2026. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years. The amount in this account is shown as negative as this is a "contra" account which represents an offset to both the Personnel Costs and the Contractual Services categories.

Intergovernmental Agreements: This category did not have any activity through January 2026 and usually is not budgeted for in advance. As activity is incurred, budget amendments will be made to match the activity. The amount in this account is shown as negative as this is a "contra" account which represents an offset to the Contractual Services category.

GAAP-Basis Financial Statements

The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund, and Capital Asset Fund*.

The June 2025 comparative amounts shown in the tables below are presented based on final audited figures.

Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

Table 1 – Statement of Net Position - All Funds Combined
As of January 31, 2026
($000)

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2025
Assets				
Cash - unrestricted (a)	$ 217,892	$ 286,869	$ 504,761	$ 435,531
Cash - restricted (a)	85,753	116,942	202,695	631,066
Investments - unrestricted (a)	128,481	128,288	256,769	219,969
Investments - restricted (a)	249,185	136,700	385,885	259,388
Accounts Receivable	81,854	63,121	144,975	163,009
Due from (to) Other Funds (b)	797	(797)	-	-
Other Assets (c)	607,824	361,594	969,417	977,212
Capital Assets, net of Depreciation	1,163,675	1,752,756	2,916,431	3,048,416
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	615,400	619,682	1,235,082	1,039,383
Total assets	3,444,485	3,591,971	7,036,456	7,194,414
Deferred Outflows (f)	23,211	45,514	68,725	71,631
Liabilities				
Liabilities - Liabilities-ST	215,563	246,222	461,785	538,933
Other Liabilities (h)	2,551	6,333	8,884	7,500
Cash Held FBO DWSD (d)	34,416	46,407	80,823	57,578
Liabilities - Long-Term (i)	3,169,435	3,171,993	6,341,428	6,546,932
Total liabilities	3,421,966	3,470,954	6,892,920	7,150,943
Deferred Inflows (f)	80,353	90,378	170,732	179,444
Total net position (j)	$ (34,623)	$ 76,152	$ 41,530	$ (64,342)

Totals may be off due to rounding

The Statement of Net Position reflects a maturing organization with an ongoing trend related to Net Position. The Authority's net position is a deficit but has been incrementally smaller each year. Please see note j below for further explanation.

Footnotes to Statement of Net Position

a. *Cash and Investments* are reported at book value. Investments at June 30, 2025 are reported at market value. The January 31, 2026 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
d. *Cash Held FBO (for benefit of) DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
g. *Liabilities - Short-term* include accounts payable, retainage payable, GASB 96 and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
i. *Liabilities – Long-term* include bonds payable, lease payable, GASB 96 and legacy General Retirement System pension liabilities.
j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. The Sewage Disposal fund has a positive net position as of June 30, 2025. The Water fund has a net deficit which is getting smaller each year. The net position deficit was largely driven by the deficit in the net investment in capital assets due to the valuation of the assets as of the operational effective date on January 1, 2016 resulting in high depreciation expense.

Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the January 2025 Financial Report Binder. Prior year ending balances are provided in the June 30, 2025 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

Table 2 – Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined For the Seven Months ended January 31, 2026 ($000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business-Type Activities	Comparative June 30, 2025
Revenue						
Wholesale customer charges	$ 223,328	92.5%	$ 174,971	56.6%	$ 398,299	$ 636,667
Local system charges	17,517	7.3%	125,606	40.6%	143,123	233,020
Industrial waste charges	-	0.0%	5,454	1.8%	5,454	8,849
Pollutant surcharges	-	0.0%	2,809	0.9%	2,809	4,584
Other revenues	507	0.2%	218	0.1%	725	948
Total Revenues	**241,352**	**100.0%**	**309,057**	**100.0%**	**550,408**	**884,068**
Operating expenses						
Operations and Maintenance	107,061	44.4%	135,185	43.7%	242,246	402,118
Depreciation	53,884	22.3%	82,771	26.8%	136,655	242,487
Amortization of intangible assets	3,010	1.2%	1,186	0.4%	4,195	6,774
Total operating expenses	**163,955**	**67.9%**	**219,141**	**70.9%**	**383,097**	**651,379**
Operating Income	77,396	32.1%	89,915	29.1%	167,312	232,689
Total Nonoperating (revenue) expense	35,696	14.8%	25,744	8.3%	61,440	106,607
Increase/(Decrease) in Net Position	**41,701**	**17.3%**	**64,171**	**20.8%**	**105,872**	**126,082**
Net Position (deficit), beginning of year	(76,324)		11,981		(64,342)	(190,425)
Net position (deficit), end of year	$ (34,623)		$ 76,152		$ 41,530	$ (64,342)

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is $41.7 million.
- ✓ Wholesale water customer charges of $223.3 million account for 92.5% of Water System revenues.
- ✓ Operating expenses of $164.0 million represent 67.9% of total operating revenue. Depreciation is the largest operating expense at $53.9 million or 32.9% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals $77.4 million or 32.1% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $56.7 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is $64.2 million.
- ✓ Wholesale customer charges of $175.0 million account for 56.6% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average "share" of each customer's historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of $125.6 million account for 40.6% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of $219.1 million represent 70.9% of total operating revenue. Depreciation is the largest operating expense at $82.8 million or 37.8% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals $89.9 million or 29.1% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $58.9 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the January 2025 Financial Report Binder. Explanatory notes follow this schedule.

Table 3 – Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
For the Seven Months ended January 31, 2026
($000)

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business-Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	20,719	19.4%	41,646	30.8%	62,365	25.7%
Overtime	3,950	3.7%	2,024	1.5%	5,974	2.5%
Employee Benefits	16,377	15.3%	6,813	5.0%	23,190	9.6%
Total Personnel	$ 41,046	38.3%	$ 50,483	37.3%	$ 91,529	37.8%
Utilities						
Electric	16,947	15.8%	8,803	6.5%	25,750	10.6%
Gas	724	0.7%	4,192	3.1%	4,915	2.0%
Sewage	622	0.6%	954	0.7%	1,576	0.7%
Water	2	0.0%	7,320	5.4%	7,322	3.0%
Total Utilities	$ 18,295	17.1%	$ 21,268	15.7%	$ 39,563	16.3%
Chemicals	7,649	7.1%	10,357	7.7%	18,006	7.4%
Supplies and other	8,675	8.1%	17,334	12.8%	26,009	10.7%
Contractual services	33,635	31.4%	37,014	27.4%	70,649	29.2%
Capital Program allocation	(1,126)	-1.1%	(638)	-0.5%	(1,764)	-0.7%
Intergovernmental Agreement	-	0.0%	(1)	0.0%	(1)	0.0%
Shared Services allocation	(1,112)	-1.0%	(633)	-0.5%	(1,745)	-0.7%
Operations and Maintenance Expenses	**$ 107,061**	**100.0%**	**$ 135,185**	**100.0%**	**$ 242,246**	**100.0%**

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (16.3% of total O&M expenses) and chemicals (7.4% of total O&M expenses).
- ✓ Personnel costs (37.8% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (29.2%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately $5.4 million);
  - Sewage Disposal System costs for the operation and maintenace of the biosolids dryer facility (approximately $10.3 million); and
  - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenace, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offets to associated costs in other Operations and Maintenance expense categories.

Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Seven Months ended January 31, 2026

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2025
Nonoperating (Revenue)/Expense				
Interest income contractual obligation	$ (12,986)	$ (8,396)	$ (21,382)	$ (38,291)
Investment earnings	(13,476)	(12,673)	(26,150)	(47,263)
Net (incr) decr in fair value of invstmt	(49)	(87)	(136)	(1,532)
Other nonoperating revenue	63	(11,484)	(11,421)	(18,212)
Interest Expense				
Bonded debt	69,679	67,265	136,944	230,256
Lease obligation	9,386	11,472	20,858	36,218
Other obligations	1,574	887	2,461	5,033
	80,639	79,624	160,263	271,507
Capital Contribution	(298)	(6,740)	(7,038)	(40,693)
Amortization, issuance costs, debt	(13,686)	(6,105)	(19,792)	(25,936)
(Gain) loss on disposal of capital assets	(23)	(13)	(36)	172
Water Residential Assistance Program	779	1,043	1,822	3,828
Legacy pension expense	(5,266)	(9,425)	(14,691)	3,026
Total Nonoperating (Revenue)/Expense	**$ 35,696**	**$ 25,744**	**$ 61,440**	**$ 106,607**

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Differences between the Basic Financial report and Cash and Investment section of this Financial Report binder is mainly related to arbitrage activity.
- ✓ Net (increase) decrease in fair value of investments consists of investment market value adjustments, related reversals and realized gain/loss on sale of investments. FY 2024 market value adjustments for Water and Sewer total $621 thousand and $1.0 million, respectively. FY 2025 market value adjustments for Water and Sewer total $49 thousand and $78 thousand, respectively. Any difference is due to realized gain or loss on investments.

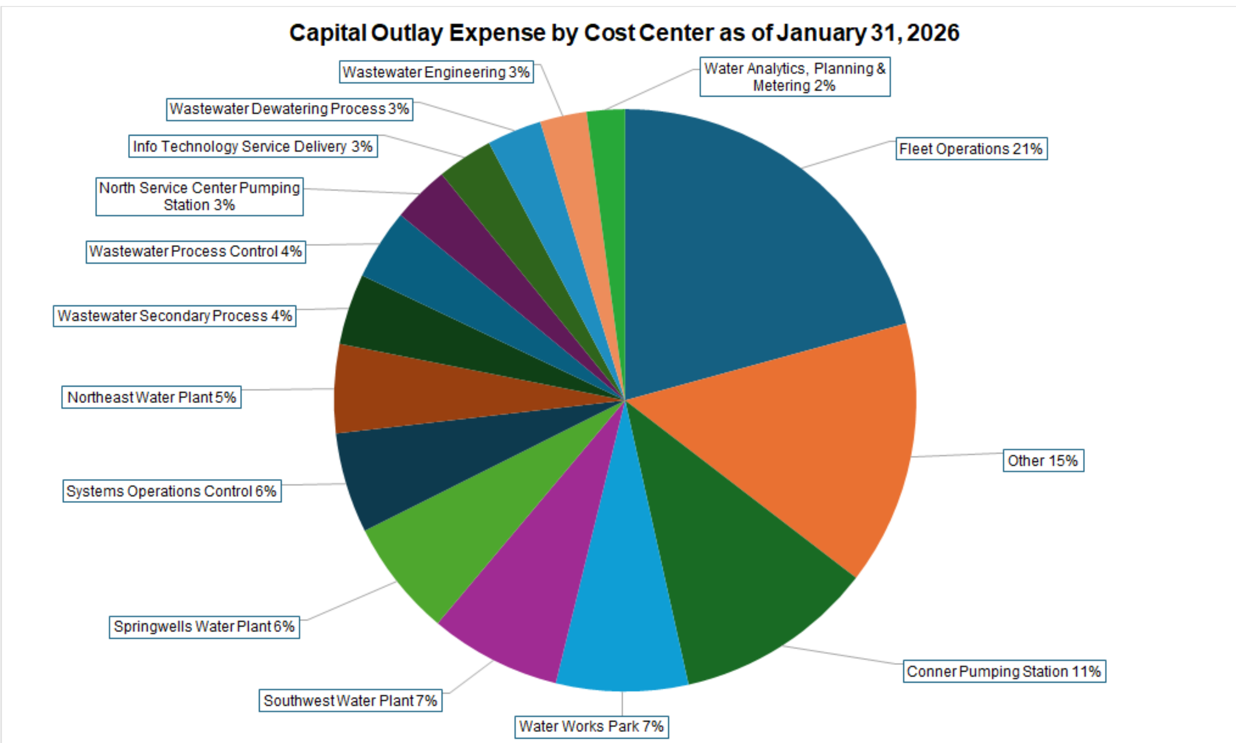
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
    - Bonded debt;
    - Lease obligation for the regional assets from the City of Detroit; and
    - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2025 other non-operating revenue includes of $18.4 million in debt forgiveness on Clean Water State Revolving Fund loans (CWSRF) for the Sewage Disposal system. FY 2026 other non-operating revenue includes $12.3 million of debt forgiveness on CWSRF for the Sewage Disposal system.
- ✓ The FY 2026 and FY 2025 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.
- ✓ The FY 2025 capital contribution in Nonoperating (revenue) expense represents ARPA ($2.8 million) grant revenue for the Water system and ($15.2 million) grant revenue and ($22.1 million) contribution from the Oakland Macomb Interceptor Drainage District (OMIDD) for the Sewage Disposal system. The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA ($298 thousand) grant revenue for the Water system and ($6.7 million) grant revenue for the Sewage Disposal system.
- ✓ Legacy pension expense reflects a credit for FY 2026 due to the recognition of increased investment earnings on the part of GLWA and DWSD within the City of Detroit General Retirement System (GRS) for the period ending June 30, 2025.

Financial Activity Charts

Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA's capitalization policy.

Through January 31, 2026, total capital outlay spend is $9.6 million. Following this chart is a sample list of projects and purchases from the total spend of $9.6 million.



Note: *Due to rounding totals may not equal 100%.*

Water Operations: Steam generator replacement ($529k); low lift elevator ($372k); Springwells low lift modernization ($327k); Water Works Park HVAC boiler ($301k); North Service Center variable frequency drive ($270k); ovations power supply upgrade ($117k); Adams Road Pumping Station fire protection system ($79k); Southwest Water Plant kitchen remodel ($76k) and Franklin fire protection ($67k).

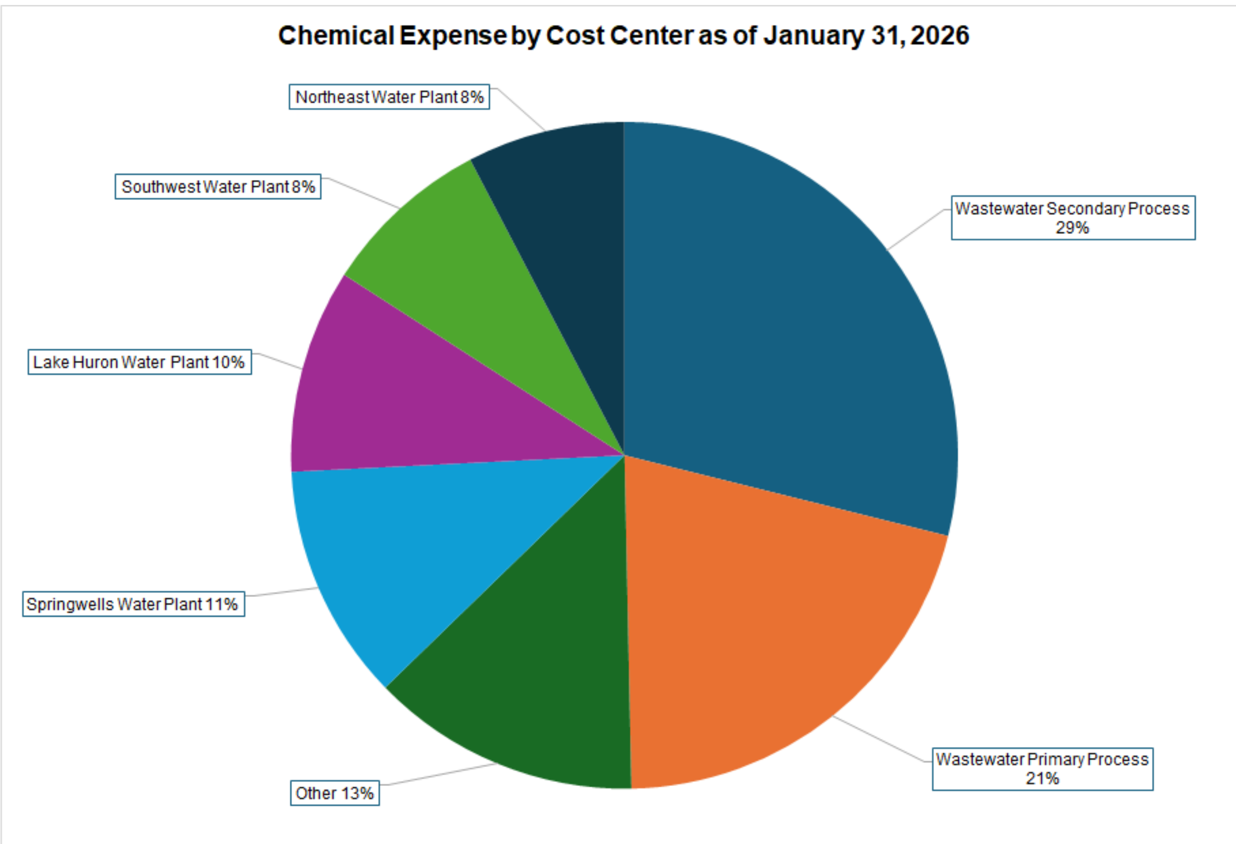
Wastewater Operations: Ovation upgrade and cabinet replacement ($915k); Conner Creek elevator maintenance ($523k); Conner Pumping Station priming level switch addition ($385k); ferric chloride buffering pilot ($315k); WRRF fire detection system

($298k); sludge feed pump ($245k); WRRF incinerator freight elevator ($214k); Conner Creek fire alarm system integration ($160k); Hubble Southfield CSO proximity switches ($122k); Connor Creek rotork gate actuator ($99k); scum hopper pump ($76k) and WRRF/CSE process camera ($74k).

Centralized & Administrative Facilities: Trucks and vehicles ($1.9m); computer hardware and software ($443k); sewer meter support ($156k); Polaris UTV ($112k) and permanent easement ($98k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

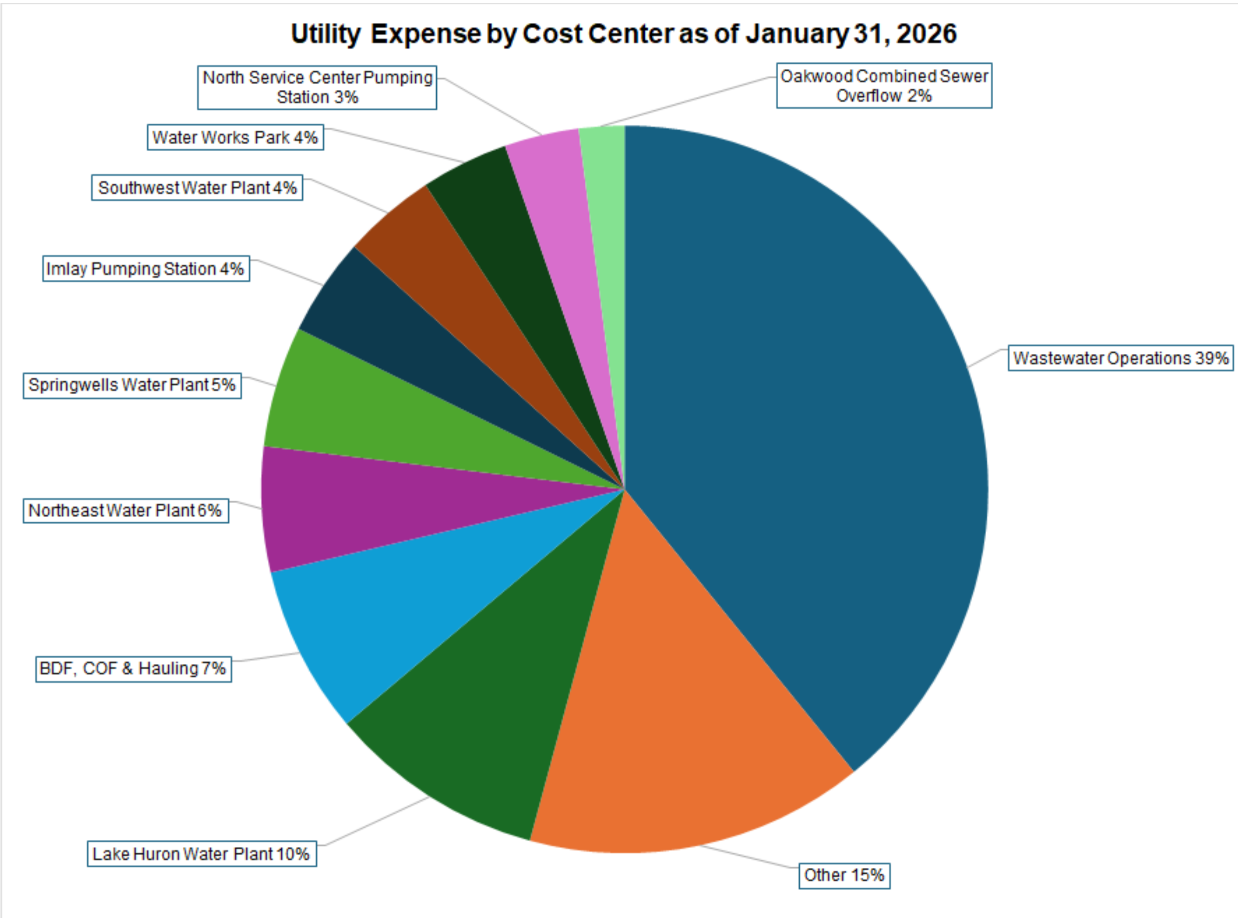
Chemical expenses are $18.0 million through January 31, 2026. The allocation is shown in the chart below and remains consistent with prior periods.



Note: *Due to rounding totals may not equal 100%.*

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are $39.6 million through January 31, 2026. The allocation is shown in the chart below and consistent with prior periods.



Note: *Due to rounding totals may not equal 100%.*

The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

Purpose for Crosswalk: The Great Lakes Water Authority establishes a "Revenue Requirements" budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the "Net Difference" to the "Increase/(Decrease) in Net Position" in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12th of the budget as defined in the MBO ("the flow of funds") for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses are reported on an accrual basis
- B&C notes obligation is reported on a cash basis
- Debt Service Allocation is reported on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments are reported on a cash basis
- Water Residential Assistance Program are based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation are reported on a cash basis

Budget: In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

Financial Reporting: The Authority’s financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis ($000)
For the Seven Months Ended January 31, 2026

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	$ 9,238	4,080	$ 13,318
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	647	1,157	1,804
Debt service (f)	46,539	68,212	114,751
Accelerated pension B&C notes obligation portion (g)	592	1,331	1,923
Regional System lease (h)	3,739	4,570	8,309
GASB 87 & GASB 96 adjustments (h)	448	701	1,148
WRAP (i)	370	496	866
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	11,459	32,296	43,755
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(56,894)	(83,957)	(140,851)
Amortization - debt related (k)	13,686	6,105	19,791
Other nonoperating income (k)	(77)	11,483	11,406
Other nonoperating expense (k)	-		-
Gain(loss) on disposal of capital assets (k)	23	13	36
Raw water rights obligation (l)	1,858	-	1,858
Investment earnings for construction fund (m)	4,461	1,432	5,893
Other	-	-	-
Investment earnings unrealized gain/loss (n)	49	87	136
Improvement & extension fund operating expenses (o)	-	-	-
Capital Contribution (p)	298	6,740	7,038
Net Position Increase/(Decrease) per Financial Statements (b)	$ 41,701	$ 64,171	$ 105,872

Table 2 - Explanatory Notes for Crosswalk

(a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report

(b) Source: Basic Financial Statements Table 2 in Monthly Financial Report

(c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.

(d) Prior year pension payments are accounted for in the current year financial statements.

(e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. During fiscal year 2025, it was agreed-upon that the remaining prepaid administrative amount be transferred from the general division reserve at the System to the DWSD Division.

(f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.

(g) This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.

(h) 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). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.

(i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.

(j) The Extraordinary Repair & Replacement Fund and Improvement & Extension Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.

(k) Certain nonoperating income and expenses are reported in financial statements only.

(l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.

(m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.

(n) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.

(o) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.

(p) The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA ($0.3 million) grant revenue for the Water system and ($6.7 million) for the Sewage Disposal system. This nonoperating revenue is reported only in the GAAP-basis financial statements.

Financial Operations KPI

This key performance indicator shown in ***Chart 1 – Bank Reconciliation Completion Status*** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through January 31, 2026, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

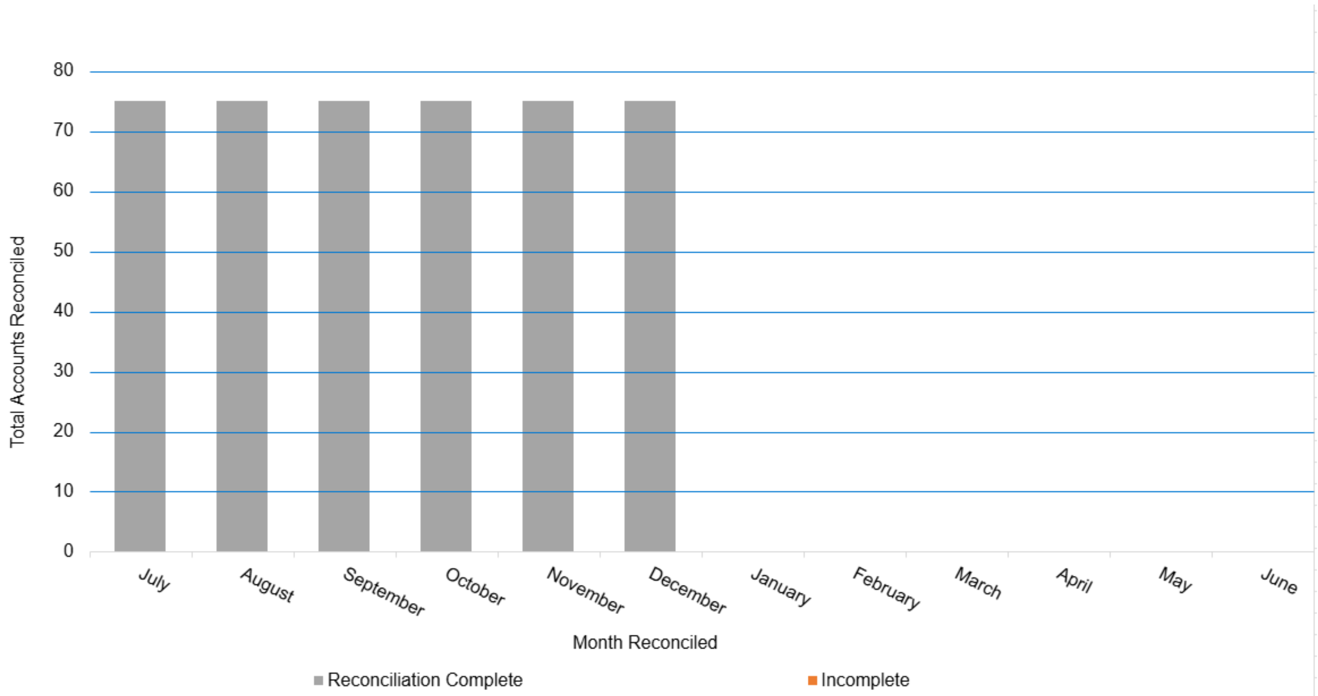


Table 1 – Fiscal Year 2026 GL Cash Account Roll-forward

Total GL Cash accounts as of January 1, 2026	75
New GL Cash accounts since January 1, 2026	0
Inactivated GL Cash accounts since January 1, 2026	0
Total GL Cash accounts as of January 31, 2026	75

Supplemental Sections

The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) has adopted a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2026 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Contruent Software for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 100% of the Board approved CIP planned spend for the water fund and 90% of the Board approved CIP planned spend for the sewer fund.

The State Revolving Fund (SRF) activity reported in Charts 1 and 2 is revised as needed to reflect ongoing changes in approved GLWA SRF funding.

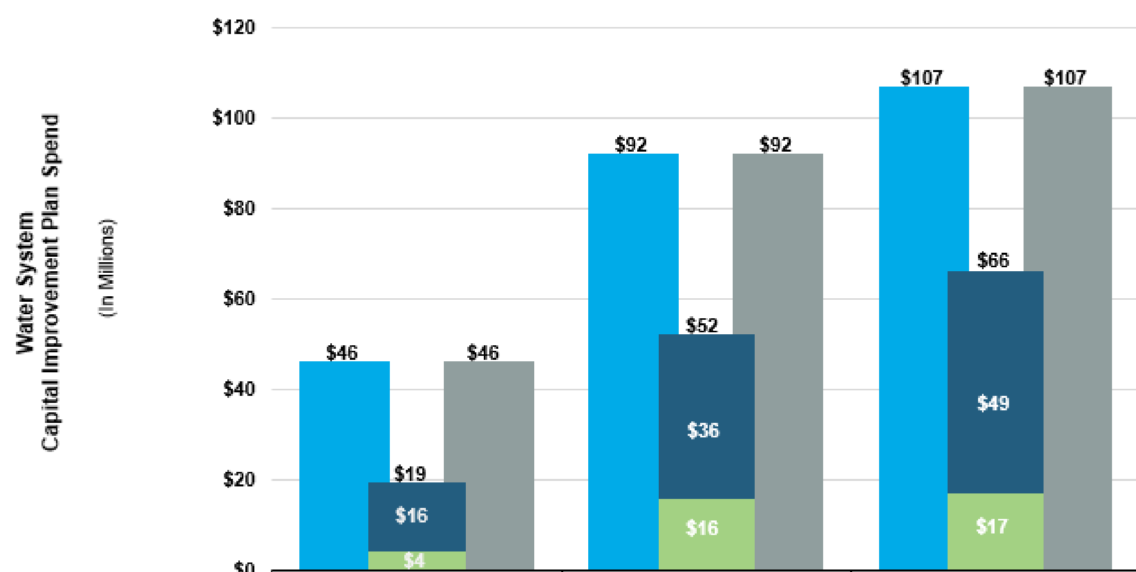
Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of January 2026, the water system incurred $66 million of construction costs to date. This spend represents 62% of the original, Board-approved CIP, and 62% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjustment.

Several projects were delayed early in the fiscal year which have resulted in actual expenses falling below original budget estimates. We expect a FY 2026 underspend that will be carried forward into FY 2027.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



	YTD Thru FY 2026 Q1	YTD Thru FY 2026 Q2	YTD Thru 1/31/26
FY 2026 CIP	$46	$92	$107
Spend Rate Adjusted (100% CIP)	$46	$92	$107
Actual - O&M	$0	$0	$0
Actual - Revenue Bond	$15	$36	$49
Actual - SRF	$4	$16	$17

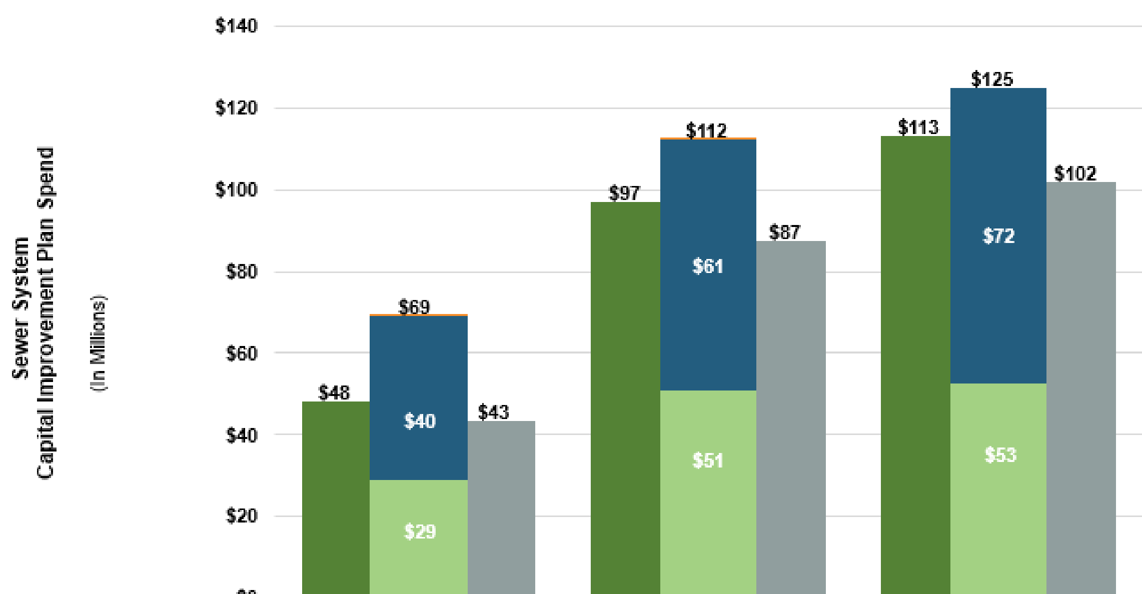
*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of January 2026, the Sewer system incurred $125 million of construction costs to date. This spend represents 111% of the original, Board-approved CIP, and 123% of the Board-reviewed spend rate adjustment.

Sewer spending is significantly above plan due to a substantial increase in SRF funding for FY 2026, which has enabled the acceleration of several projects originally scheduled for later years in the CIP and ten-year plan.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



	YTD Thru FY 2026 Q1	YTD Thru FY 2026 Q2	YTD Thru 1/31/26
FY 2026 CIP	$48	$97	$113
Spend Rate Adjusted (90% CIP)	$43	$87	$102
Actual - O&M	$0	$0	$0
Actual - Revenue Bond	$40	$61	$72
Actual - SRF	$29	$51	$53

*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

MBO Transfers to Accounts Held by GLWA

GLWA Transfers: The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through January 2026. MBO transfers for water totaling $111.7 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through January 2026. MBO transfers for sewer totaling $145.1 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 1 – GLWA FY 2026 Water MBO Transfers

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
FY 2026							
July 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
August 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
September 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
October 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
November 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
December 2025	$ 15,204,667	$ -	$ 388,267	$ 242,950	$ -	$ -	$ 15,835,884
January 2026	$ 16,052,481	$ -	$ 388,267	$ 242,951	$ -	$ -	$ 16,683,699
February 2026							
March 2026							
April 2026							
May 2026							
June 2026							
Total FY 2026	$107,280,483	$ -	$ 2,717,869	$1,700,651	$ -	$ -	$ 111,699,003

Table 2 – GLWA FY 2026 Sewer MBO Transfers

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
FY 2026							
July 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
August 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
September 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
October 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
November 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
December 2025	$ 19,674,892	$ -	$ 593,350	$ 338,833	$ -	$ -	$ 20,607,075
January 2026	$ 20,522,648	$ -	$ 593,350	$ 338,834	$ -	$ -	$ 21,454,832
February 2026							
March 2026							
April 2026							
May 2026							
June 2026							
Total FY 2026	$138,572,000	$ -	$ 4,153,450	$2,371,832	$ -	$ -	$ 145,097,282

Table 3 – GLWA MBO Transfer History

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	$ 71,052,000	$ 6,037,100	$ 10,297,200	$ 1,983,300	$ 2,326,900	$ 606,000	$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024	168,873,100	-	2,568,700	2,710,200	50,000	2,836,000	177,038,000
Total FY 2025	182,227,100	-	2,820,700	2,763,800	(50,000)	2,144,000	189,905,600
Total FY 2026 (year to date)	107,280,483	-	2,717,869	1,700,651	-	-	111,699,003
Life to Date	$ 1,446,086,495	$ 48,362,300	$ 92,875,844	$ 24,748,955	$ 2,686,900	$ 7,786,000	$ 1,622,546,494

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	$ 100,865,600	$ 10,838,400	$ 14,025,800	$ 2,523,400	$ 5,591,700	$ 779,600	$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024	224,873,500	-	3,914,500	3,836,402	150,000	-	232,774,402
Total FY 2025	235,191,600	-	4,701,200	3,903,701	(150,000)	345,000	243,991,500
Total FY 2026 (year to date)	138,572,000	-	4,153,450	2,371,832	-	-	145,097,282
Life to Date	$ 2,017,773,192	$ 86,620,800	$ 128,946,559	$ 35,115,631	$ 8,246,100	$ 1,124,600	$ 2,277,826,881

MBO Required and Lease Payment Transfers to DWSD

DWSD Transfers: The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is $22,500,000 for Water and $27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

Table 4 – DWSD FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through January 2026. MBO transfers for Water totaling $42.1 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through January 2026. MBO transfers for Sewer totaling $51.1 million have been transferred to accounts held by DWSD.

Table 6 – DWSD Water MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 4 – DWSD FY 2026 Water MBO Transfers

WATER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Water
FY 2026				
July 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
August 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
September 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
October 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
November 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
December 2025	$ 4,140,333	$ -	$ 1,875,000	$ 6,015,333
January 2026	$ 4,140,334	$ -	$ 1,875,000	$ 6,015,334
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	$ 28,982,332	$ -	$ 13,125,000	$ 42,107,332

Table 5 – DWSD FY 2026 Sewer MBO Transfers

SEWER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2026				
July 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
August 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
September 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
October 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
November 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
December 2025	$ 5,008,692	$ -	$ 2,291,667	$ 7,300,359
January 2026	$ 5,008,691	$ -	$ 2,291,666	$ 7,300,357
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	$ 35,060,843	$ -	$ 16,041,668	$ 51,102,511

Table 6 – DWSD Water MBO and Lease Payment Transfer History

WATER	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
FY 2016 *				
MBO/Lease Requirement	$ 26,185,600	$ 4,262,700	$ 22,500,000	$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Total MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
FY 2017				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
FY 2018				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Total MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
FY 2019				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Total MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
FY 2020				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Total MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
FY 2021				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Total MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
FY 2022				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Total MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
FY 2023				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Total MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
FY 2024				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	44,776,800	-	22,500,000	67,276,800
FY 2025				
MBO/Lease Requirement	46,468,700	-	22,500,000	68,968,700
Offset to Debt Service	-	-	-	-
Total MBO Transfer	46,468,700	-	22,500,000	68,968,700
FY 2026(year to date)				
MBO/Lease Requirement	28,982,332	-	13,125,000	42,107,332
Offset to Debt Service	-	-	-	-
Total MBO Transfer	28,982,332	-	13,125,000	42,107,332
Life-to-Date				
MBO/Lease Requirement	393,620,736	34,157,100	238,125,000	665,902,836
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	**$ 393,620,736**	**$ 34,157,100**	**$ 206,277,100**	**$ 634,054,936**

* Note: FY 2016 lease transfer amounts shown do not incude prepayment on the lease amount for the 6 months period before bifurcation.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History

SEWER	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2016 *				
MBO/Lease Requirement	$ 19,774,300	$ 2,861,800	$ 27,500,000	$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
FY 2017				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
FY 2018				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
FY 2019				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
FY 2020				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
FY 2021				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
FY 2022				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
FY 2023				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
FY 2024				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
Total MBO Transfer	55,705,700	-	27,500,004	83,205,704
FY 2025				
MBO/Lease Requirement	57,356,900	-	27,500,000	84,856,900
Offset to Debt Service	-	-	-	-
Total MBO Transfer	57,356,900	-	27,500,000	84,856,900
FY 2026(year to date)				
MBO/Lease Requirement	35,060,843	-	16,041,668	51,102,511
Offset to Debt Service	-	-	-	-
Total MBO Transfer	35,060,843	-	16,041,668	51,102,511
Life-to-Date				
MBO/Lease Requirement	571,675,855	22,859,800	291,041,672	884,655,780
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	**$ 564,575,855**	**$ 22,859,800**	**$ 239,261,011**	**$ 826,696,666**

* Note: FY 2016 lease transfer amounts shown do not incude prepayment on the lease amount for the 6 months period before bifurcation.

This report includes the following:

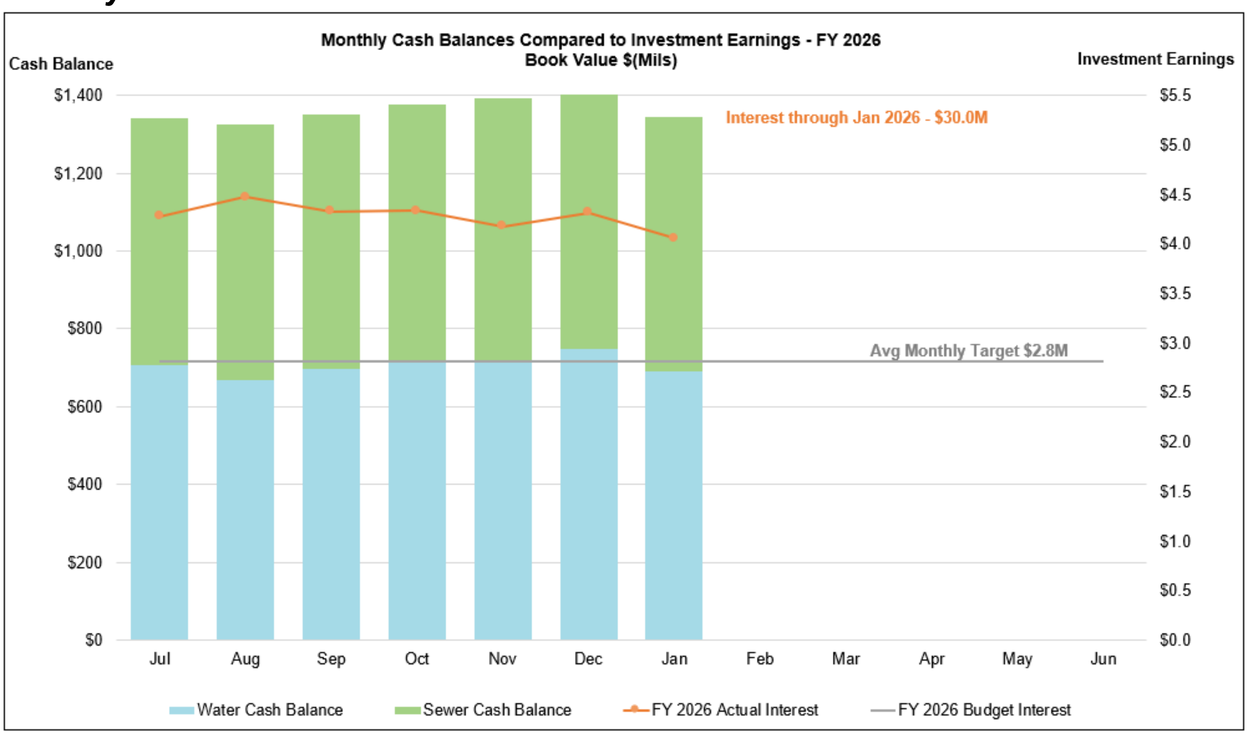
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of January 2026, GLWA earned investment income of $4.1 million and cumulative FY 2026 earnings through January 2026 of $30.0 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

Chart 1 – Monthly Cash Balances Compared to Investment Income – Through January 2026



$(Mils)	July	August	September	October	November	December	January
Water	707	667	697	719	716	748	690
Sewer	633	659	655	659	676	681	653
Total	1,340	1,326	1,352	1,377	1,392	1,428	1,344
Investment Income	4.3	4.5	4.3	4.3	4.2	4.3	4.1

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

Cash Balance Detail

Funds Held By GLWA: GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

Funds Held Within Trust:

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

Funds Held Outside Trust:

- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the

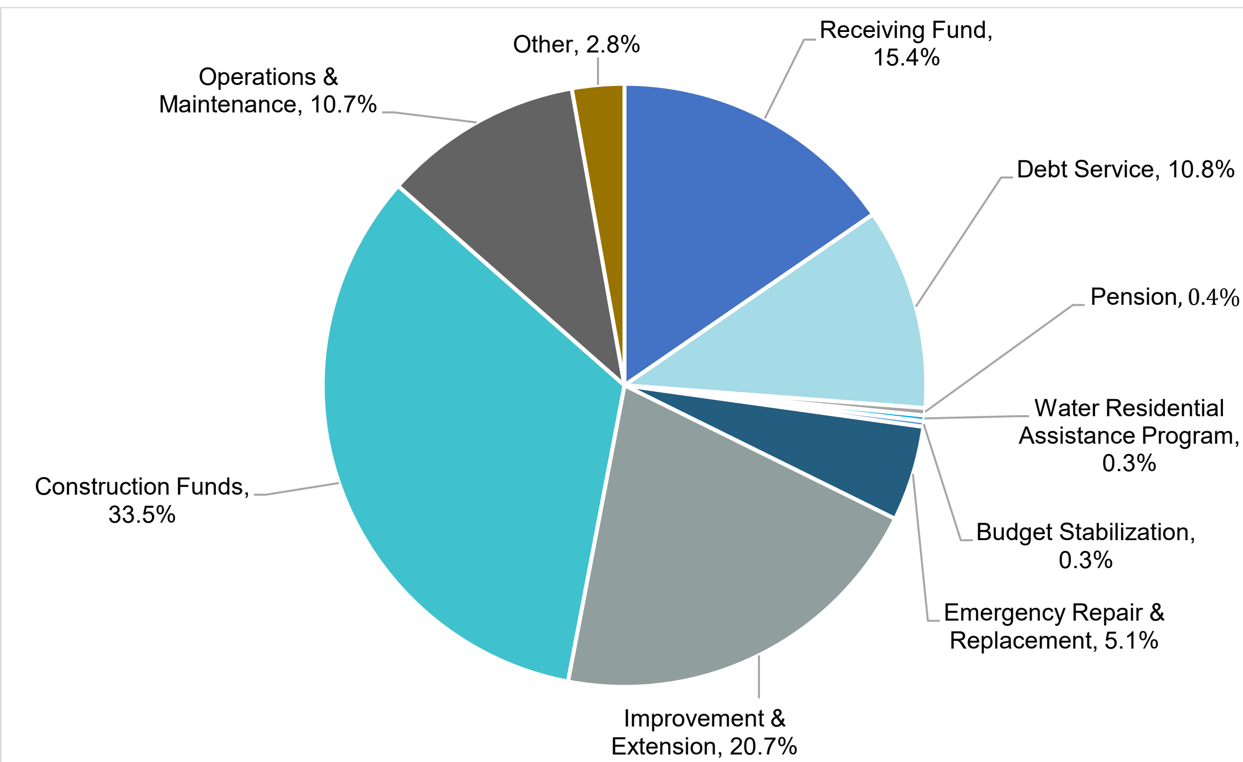
Evergreen Farmington Sewer District recognized as related project work is completed

A chart depicting the follow of funds is online at glwater.org as well as the MBO documents.

Chart 2 – Cash Balances - Water Funds as of January 2026 - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of January 2026 is $690 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of $231.8 million in June 2025 to support water system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 2 – Cash Balances - Water Funds as of January 2026

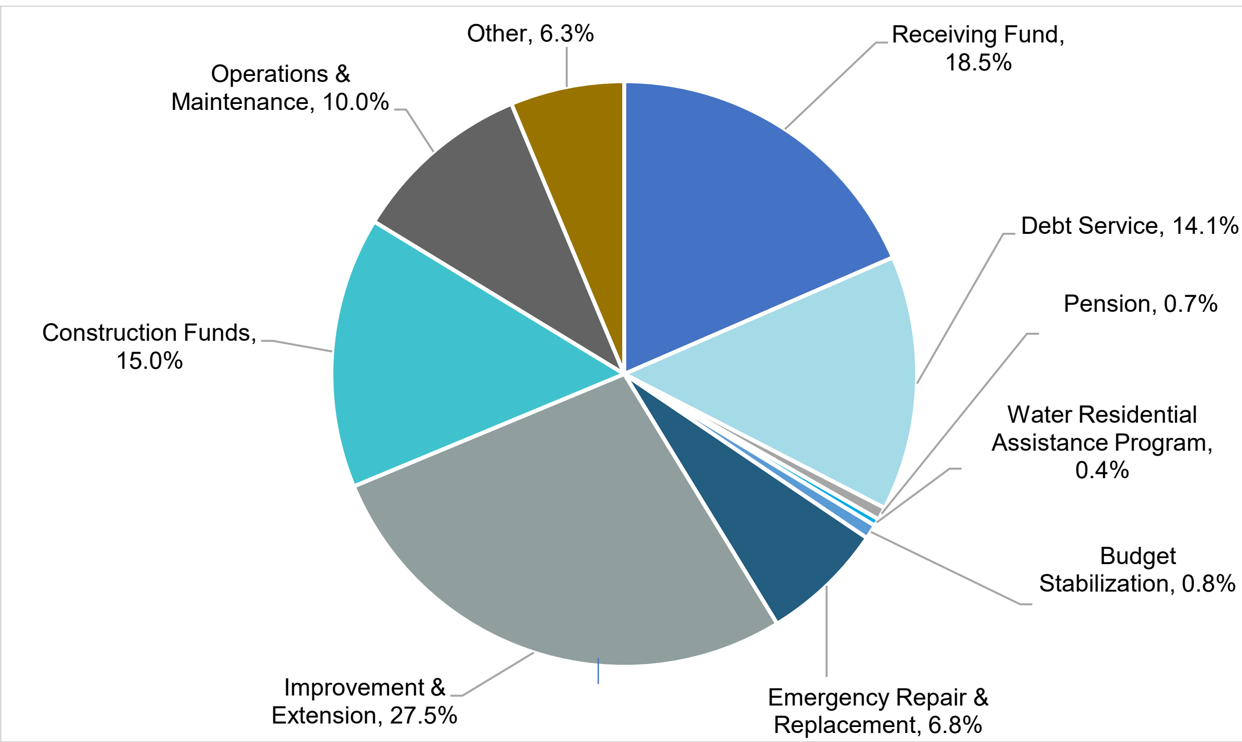


Note: *Due to rounding totals may not equal 100%.*

Chart 3 – Cash Balances - Sewer Funds as of January 2026 - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of January 2026 is $653 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of $51.7 million in June 2025 to support sewage disposal system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 3 – Cash Balances - Sewer Funds as of January 2026



***Note: Due** to rounding totals may not equal 100%.*

Retail Revenues, Receivables, and Collections: Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

Note: *Wholesale customer revenues are billed by the Great Lakes Water Authority.*

DWSD Retail Water Billings and Collections

Retail Billing Basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 1 - DWSD Retail Billings shows the FY 2026 water usage and billed revenue which are provided by DWSD staff. As of February 28, 2026, the DWSD usage was 102.35% of the budget and billed revenue was 101.41% of budget.

DWSD Retail Water Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Retail Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 1 – DWSD Retail Water Billing

RETAIL WATER CUSTOMERS								
	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
Month (1)	Volume Mcf	Revenue $	Volume Mcf	Revenue (2) $	Volume Mcf	Revenue $	Volume Mcf	Revenue $
July	244,000	12,892,300	236,214	12,041,875	(7,786)	(850,425)	226,703	11,590,136
August	263,000	13,853,800	272,574	14,148,381	9,574	294,581	240,621	12,171,324
September	251,000	13,253,400	237,179	12,513,086	(13,821)	(740,314)	238,868	12,205,143
October	216,000	11,549,800	226,626	12,063,899	10,626	514,099	216,527	11,222,004
November	212,000	11,324,500	221,379	11,775,893	9,379	451,393	212,832	11,115,046
December	203,000	10,882,100	203,161	10,958,929	161	76,829	212,252	11,100,382
January	198,000	10,646,500	223,074	11,821,439	25,074	1,174,939	190,716	10,661,000
February	212,000	11,339,300	221,065	11,770,966	9,065	431,666	222,769	11,469,800
March	207,000	11,091,000					229,724	11,649,351
April	208,000	11,145,700					222,774	11,403,695
May	198,000	10,642,800					209,658	10,767,180
June	216,000	11,518,900					219,077	11,249,137
Total	2,628,000	140,140,100	1,841,273	97,094,469	42,273	1,352,769	2,642,521	136,604,198
Subtotals YTD	*1,799,000*	*95,741,700*	*1,841,273*	*97,094,469*	*42,273*	*1,352,769*		
Achievement of Budget			*102.35%*	*101.41%*				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.
(2) Retail revenues include miscellaneous revenues and penalties

Table 2 – DWSD Retail Water Collections

Water				
Month	**Current Year**	**Prior Year**	**Variance**	**Ratio**
March	9,132,694	15,842,538	(6,709,844)	-42.35%
April	11,714,224	13,840,518	(2,126,294)	-15.36%
May	11,107,278	5,960,146	5,147,132	86.36%
June	10,096,555	9,045,195	1,051,360	11.62%
July	16,948,502	12,645,121	4,303,381	34.03%
August	10,140,353	10,203,737	(63,384)	-0.62%
September	11,666,527	10,837,378	829,148	7.65%
October	12,781,574	12,110,080	671,494	5.54%
November	9,532,650	8,572,356	960,295	11.20%
December	11,046,334	10,277,979	768,355	7.48%
January	10,418,033	10,935,031	(516,998)	-4.73%
February	11,170,799	9,632,511	1,538,288	15.97%
Rolling, 12-Month Total	135,755,522	129,902,590		
Rolling, 12-Month Average	11,312,960	10,825,216		

DWSD Retail Sewer Billings and Collections

Retail billing basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 3 - DWSD Retail Sewer Billings shows the FY 2026 sewer billed revenue which is provided by DWSD staff. As of February 28, 2026, the DWSD usage was at 98.39% of the budget and billed revenue was at 97.57% of budget.

DWSD Retail Sewer Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 4 – DWSD Retail Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 3 - DWSD Retail Sewer Billings

RETAIL SEWER CUSTOMERS								
	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
Month (1)	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	$	Mcf	$	Mcf	$	Mcf	$
July	204,000	30,924,900	192,183	28,662,775	(11,817)	(2,262,125)	173,084	26,350,527
August	198,000	30,551,600	203,783	31,930,819	5,783	1,379,219	195,207	28,301,325
September	213,000	31,445,600	193,046	29,790,797	(19,954)	(1,654,803)	198,474	28,536,169
October	182,000	29,612,100	181,876	28,479,034	(124)	(1,133,066)	181,932	28,141,699
November	180,000	29,458,600	177,741	28,733,319	(2,259)	(725,281)	171,499	28,166,266
December	176,000	29,233,100	162,984	27,880,945	(13,016)	(1,352,155)	192,915	28,831,326
January	156,000	28,015,300	176,949	28,716,193	20,949	700,893	140,835	26,273,695
February	181,000	29,507,800	177,466	28,747,508	(3,534)	(760,292)	182,920	28,075,547
March	174,000	29,074,500					184,249	28,353,310
April	173,000	29,059,800					176,337	27,741,237
May	172,000	28,967,700					178,327	27,806,874
June	179,500	29,415,100					181,839	28,059,145
Total	2,188,500	355,266,100	1,466,027	232,941,390	(23,973)	(5,807,610)	2,157,619	334,637,121
Subtotals YTD	*1,490,000*	*238,749,000*	*1,466,027*	*232,941,390*	*(23,973)*	*(5,807,610)*		
Achievement of Budget/Goal			*98.39%*	*97.57%*				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.
(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.
(3) Retail revenues include miscellaneous revenues and penalties

Table 4 – DWSD Retail Sewer Collections

Sewer				
Month	**Current Year**	**Prior Year**	**Variance**	**Ratio**
March	23,871,283	26,438,687	(2,567,405)	-9.71%
April	25,340,397	23,532,381	1,808,016	7.68%
May	22,575,530	22,487,372	88,158	0.39%
June	23,278,350	20,945,929	2,332,421	11.14%
July	35,487,541	36,297,569	(810,027)	-2.23%
August	27,119,685	22,591,511	4,528,174	20.04%
September	28,474,877	22,367,425	6,107,452	27.31%
October	28,509,554	25,231,098	3,278,456	12.99%
November	22,598,245	23,609,169	(1,010,924)	-4.28%
December	25,994,879	23,914,649	2,080,230	8.70%
January	24,570,153	26,416,591	(1,846,438)	-6.99%
February	25,891,944	24,116,823	1,775,121	7.36%
Rolling 12-Month Total	313,712,438	297,949,203		
Rolling, 12-Month Average	26,142,703	24,829,100		

DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging are categorized by customer category.

Table 5 is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of February 28, 2026, with comparative totals from June 30, 2025, June 30, 2024, and June 30, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time, days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

Table 6 is a summary of the total, current and non-current Water and Sewer receivables by category as of February 28, 2026, with comparative totals February 28, 2025. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of February 28, 2026, are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

Table 5 – DWSD Retail Accounts Receivable Aging Report – __Summary__

Summary					
		Receivables			
Period Ending	Monthly Sales	Total	Allowance	Net	Days in AR (1)
June 30, 2023	39,443,000	327,023,000	(272,012,000)	55,011,000	42
June 30, 2024 (2)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (3)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
Feb 28,2026 (4)	41,300,000	407,239,000	(354,869,000)	52,369,000	38

Totals may be off due to rounding

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The June 30, 2024 monthly sales amount was updated in April 2025 reporting to include an increase of approximately $675,000 that was made subsequent to the original reporting.

(3) The June 30, 2025 year-end allowance amount was updated in July 2025 reporting to include an increase of approximately $153,000 that was made subsequent to the original reporting.

(4) The annual AR Tax Roll Transfer totaling $16,150,000 was made in December 2025.

Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined

	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	1,000.24	14,847,000	9,503,000	27,659,000	192,661,000	244,670,000
		6.1%	*3.9%*	*11.3%*	*78.7%*	*100.0%*
Commercial	1,161.22	7,769,000	2,520,000	7,589,000	15,621,000	33,499,000
		23.2%	*7.5%*	*22.7%*	*46.6%*	*100.0%*
Industrial	2,849.58	5,744,000	969,000	3,193,000	7,690,000	17,596,000
		32.6%	*5.5%*	*18.1%*	*43.7%*	*100.0%*
Tax Exempt	483.22	4,318,000	1,135,000	2,874,000	15,582,000	23,909,000
		18.1%	*4.7%*	*12.0%*	*65.2%*	*100.0%*
Government	2,635.66	3,752,000	1,365,000	2,840,000	13,140,000	21,096,000
		17.8%	*6.5%*	*13.5%*	*62.3%*	*100.0%*
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	**1,010.83**	**36,430,000**	**15,491,000**	**44,155,000**	**244,693,000**	**340,769,000**
		10.7%	*4.5%*	*13.0%*	*71.8%*	*100.0%*
Inactive Accounts	164.96	114,000	144,000	1,290,000	64,920,000	66,469,000
		0.2%	*0.2%*	*1.9%*	*97.7%*	*100.0%*
Total	**550.29**	**36,544,000**	**15,636,000**	**45,446,000**	**309,613,000**	**407,239,000**
% of Total A/R		*9.0%*	*3.8%*	*11.2%*	*76.0%*	*100.0%*
Water Fund	122.62	9,962,000	3,981,000	11,117,000	65,688,000	90,747,000
Sewer Fund	427.66	26,582,000	11,655,000	34,328,000	243,926,000	316,491,000
Total Feb 28, 2026 (a)	**550.29**	**36,544,000**	**15,636,000**	**45,446,000**	**309,613,000**	**407,239,000**
Water Fund- Allowance						(72,116,000)
Sewer Fund- Allowance						(282,753,000)
Total- Bad Debt Allowance						**(354,869,000)**
Comparative - Feb 2025 (b)	**640.82**	**37,296,000**	**14,508,000**	**55,892,000**	**252,719,000**	**360,415,000**
Difference (a) - (b)		**(752,000)**	**1,128,000**	**(10,447,000)**	**56,894,000**	**46,823,000**

The Monthly Wholesale Billings, Receivables, and Collections Report include the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Summary

Wholesale Water Billings and Collections

Wholesale Water Contracts: The Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contract	85
Emergency	0
Older Contracts	2
Total	87

Note: *Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the "Retail Revenues, Receivables, and Collections Report" section of this monthly report.*

Wholesale Water Billing Basis: Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

Table 1 - Wholesale Water Billings shows the FY 2026 water billed usage and revenues. As of January 31, 2026, the billed usage was at 102.22% of the original plan and billed revenue at 101.22% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2026 Budget.

Wholesale Water Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Wholesale Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending January 31, 2026.

Table 1 – FY 2026 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
	FY 2026 Charges (2)		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
Month (1)	Volume Mcf	Revenue $	Volume Mcf	Revenue (3) $	Volume Mcf	Revenue $	Volume Mcf	Revenue $
July	1,459,700	35,523,100	1,443,326	35,332,100	(16,374)	(191,000)	1,347,527	32,449,201
August	1,327,600	33,953,000	1,389,530	34,819,742	61,930	866,742	1,297,169	31,977,986
September	1,270,300	33,143,000	1,322,813	33,872,313	52,513	729,313	1,315,030	32,104,405
October	1,040,600	30,218,400	1,098,074	31,097,156	57,474	878,756	1,051,234	28,946,404
November	887,200	28,529,400	886,345	28,592,350	(855)	62,950	872,926	26,975,632
December	962,000	29,287,500	978,599	29,497,185	16,599	209,685	866,671	27,877,869
January	977,400	29,446,100	981,881	29,568,986	4,481	122,886	989,175	28,114,300
February	873,200	28,325,000					888,053	27,055,774
March	946,800	29,098,400					966,088	27,862,863
April	905,200	28,703,100					928,903	27,482,932
May	1,099,400	31,132,100					1,049,087	28,969,431
June	1,393,800	34,734,300					1,325,550	32,157,894
Total	13,143,200	372,093,400	8,100,568	222,779,832	175,768	2,679,332	12,897,411	351,974,691
Subtotals YTD	7,924,800	220,100,500	8,100,568	222,779,832	175,768	2,679,332		
Achievement of Original Plan			102.22%	101.22%				

(1) Figures are stated as "Service Months;" that is, July figures represent bills issued in August, etc.
(2) Charges are based on the approved FY 2026 water supply system charge schedule.
(3) Water Revenues differ from Table 1A within the budget to actual analysis section because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A.

Table 2 - Wholesale Water Collections

Water				
Month	**Current Year**	**Prior Year**	**Variance**	**Ratio**
February	25,874,160	29,100,065	(3,225,905)	-11.09%
March	26,649,141	24,740,554	1,908,587	7.71%
April	25,622,706	26,856,179	(1,233,473)	-4.59%
May	26,976,277	25,838,255	1,138,022	4.40%
June	25,164,355	24,182,036	982,319	4.06%
July	30,792,996	30,278,936	514,060	1.70%
August	23,138,830	25,054,796	(1,915,966)	-7.65%
September	40,509,372	31,569,804	8,939,568	28.32%
October	33,195,865	29,858,946	3,336,919	11.18%
November	34,874,119	29,728,772	5,145,347	17.31%
December	34,704,987	33,080,276	1,624,711	4.91%
January	25,508,162	28,917,330	(3,409,168)	-11.79%
Rolling 12-Month Total	353,010,970	339,205,949		
Rolling, 12-Month Average	29,417,581	28,267,162		

Wholesale Sewer Billings and Collections

Wholesale Sewer Contracts: GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type	
Model Contract	14
Emergency	0
Older Contracts	4
Total	18

Note: *Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the "Retail Revenues, Receivables, and Collections Report" section of the monthly report.*

Wholesale Sewer Billing Basis: Beginning in FY 2015, the "sewer rate simplification" initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

> ***Table 3 - Wholesale Sewer Billings*** shows the FY 2026 sewer billed revenue. As of January 31, 2026, the billed revenue reflects 100.00% of the original plan.

Wholesale Sewer Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

> ***Table 4 - Wholesale Sewer Collections*** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.
>
> The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending above the twelve-month period ending January 31, 2026.

Table 3 – FY 2026 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
	FY 2026 Charges		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
Month (1)	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	$	Mcf	$	Mcf	$	Mcf	$
July	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
August	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
September	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
October	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
November	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
December	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
January	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
February	N/A	24,932,600	N/A		N/A		N/A	23,883,900
March	N/A	24,932,600	N/A		N/A		N/A	23,883,900
April	N/A	24,932,600	N/A		N/A		N/A	23,883,900
May	N/A	24,932,600	N/A		N/A		N/A	23,883,900
June	N/A	24,932,600	N/A		N/A		N/A	23,883,900
Total		299,191,200		174,528,200		-		286,606,800
Subtotals YTD		174,528,200		174,528,200		-		
Achievement of Original Plan				100.00%				

(1) Figures are stated as "Service Months," that is, July figures represent bills issued in August, etc.
(2) Not tracked as part of the wholesale sewer charges.

Table 4 - Wholesale Sewer Collections

Sewer				
Month	**Current Year**	**Prior Year**	**Variance**	**Ratio**
February	23,509,614	29,100,065	(3,225,905)	-11.09%
March	24,230,161	23,460,900	769,261	3.28%
April	24,138,802	18,685,600	5,453,202	29.18%
May	23,965,586	28,363,300	(4,397,714)	-15.50%
June	24,053,386	23,300,100	753,286	3.23%
July	19,273,207	18,438,961	834,246	4.52%
August	28,754,028	13,987,797	14,766,231	105.57%
September	28,754,500	25,450,281	3,304,219	12.98%
October	28,120,360	13,037,715	15,082,645	115.68%
November	18,532,800	33,933,304	(15,400,504)	-45.38%
December	24,881,961	23,958,644	923,317	3.85%
January	24,892,429	23,850,161	1,042,268	4.37%
Rolling, 12-Month Total	293,106,834	274,323,163		
Rolling, 12-Month Average	24,425,569	22,860,264		

Wholesale Water & Sewer Accounts Receivable Aging Summary

GLWA operational invoices reflect 45-day payment terms. This allows Member Partners the ability to collect payment for services rendered under typical 30-day payment terms with an additional 15-day window to make payment to GLWA for wholesale services provided during that service period.

Table 5 - ***Wholesale Accounts Receivable Aging Summary*** is a summary of the total, current and non-current receivables by category as of January 31, 2026.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Dearborn is the same summary *without* the past due balances for Dearborn. Three water accounts comprise the total past due balance of $192,175 reported of which $129,974 was paid in March. The Billing Team continues to work with the member partners on the remaining $62,201 unpaid balance.

All sewer accounts are current in January. The IWC past due balance reflects four accounts totaling $14,606 of which $226 was paid in February and $14,113 in March. The Billing Team continues to work with the member partner on the remaining $267 unpaid balance. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with. The credit balance of $21,468 relates to an usage adjustment reported that will be applied to the customer's next invoice.

Table 5 - Wholesale Accounts Receivable Aging Summary

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	45,594,460	36,900,074	199,396	115,959	69,320	8,309,712
Sewer	14,782,216	14,782,216	-	-	-	-
IWC	693,537	678,931	267	9,972	-	4,367
Pollutant	655,681	628,477	12,959	(21,468)	17,306	18,408
Total	61,725,895	52,989,698	212,621	104,462	86,626	8,332,487
	100.00%	85.85%	0.34%	0.17%	0.14%	13.50%

Table 6 - Wholesale Accounts Receivable Aging Summary, Net of Dearborn

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	35,976,457	35,784,283	135,229	51,792	5,154	-
Sewer	14,782,216	14,782,216	-	-	-	-
IWC	693,537	678,931	267	9,972	-	4,367
Pollutant	655,681	628,477	12,959	(21,468)	17,306	18,408
Total	52,107,892	51,873,907	148,455	40,296	22,459	22,775
	100.00%	99.55%	0.28%	0.08%	0.04%	0.04%

Note: *percentages vary from 100% due to rounding.*

The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

GLWA Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects seven months of activity to date.

Water fund receipts exceeded required disbursements by 8% through January 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 10% through January 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Chart 1 – GLWA 12-Month Net Receipts – Water outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Chart 2 – GLWA 12-Month Net Receipts – Sewer outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through January 31
	Water					
1	Receipts	338,117,694	363,335,474	374,252,221	379,199,823	243,702,781
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	338,117,694	363,335,474	374,252,221	379,199,823	243,702,781
4	Disbursements	(316,495,360)	(349,186,375)	(353,639,121)	(367,467,244)	(226,379,587)
5	Receipts Net of Required Transfers	21,622,334	14,149,099	20,613,100	11,732,579	17,323,194
6	I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(8,289,600)	(9,911,201)
7	Net Receipts	(5,000,528)	4,250,999	(8,005,400)	3,442,979	7,411,993
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*107%*	*104%*	*106%*	*103%*	*108%*
	Sewer					
9	Receipts	471,979,297	498,888,416	506,731,576	508,344,972	314,183,888
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	471,979,297	498,888,416	506,731,576	508,344,972	314,183,888
12	Disbursements	(450,701,751)	(473,516,238)	(477,450,794)	(481,372,746)	(286,519,426)
13	Receipts Net of Required Transfers	21,277,546	25,372,178	29,280,782	26,972,226	27,664,462
14	I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(45,411,525)
15	DWSD Shortfall Advance	-	-	-	-	-
16	Shortfall Repayment	8,296,578	-	-	-	-
17	Net Receipts	(8,077,664)	(1,394,022)	16,812,782	15,517,226	(17,747,063)
18	*Ratio of Receipts to Required Disbursements (Line 11/Line*	*105%*	*105%*	*106%*	*106%*	*110%*
	Combined					
19	Receipts	810,096,991	862,223,890	880,983,797	887,544,795	557,886,669
20	MOU Adjustments	-	-	-	-	-
21	Adjusted Receipts	810,096,991	862,223,890	880,983,797	887,544,795	557,886,669
22	Disbursements	(767,197,111)	(822,702,613)	(831,089,915)	(848,839,991)	(512,899,013)
23	Receipts Net of Required Transfers	42,899,880	39,521,277	49,893,882	38,704,805	44,987,656
24	I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(19,744,600)	(55,322,726)
25	Shortfall Advance	-	-	-	-	-
26	Shortfall Repayment	8,296,578	-	-	-	-
27	Net Receipts	(13,078,192)	2,856,977	8,807,382	18,960,205	(10,335,070)
28	*Ratio of Receipts to Required Disbursements (Line 21/Line 22)*	*106%*	*105%*	*106%*	*105%*	*109%*

Chart 1 – GLWA 12-Month Net Receipts – Water

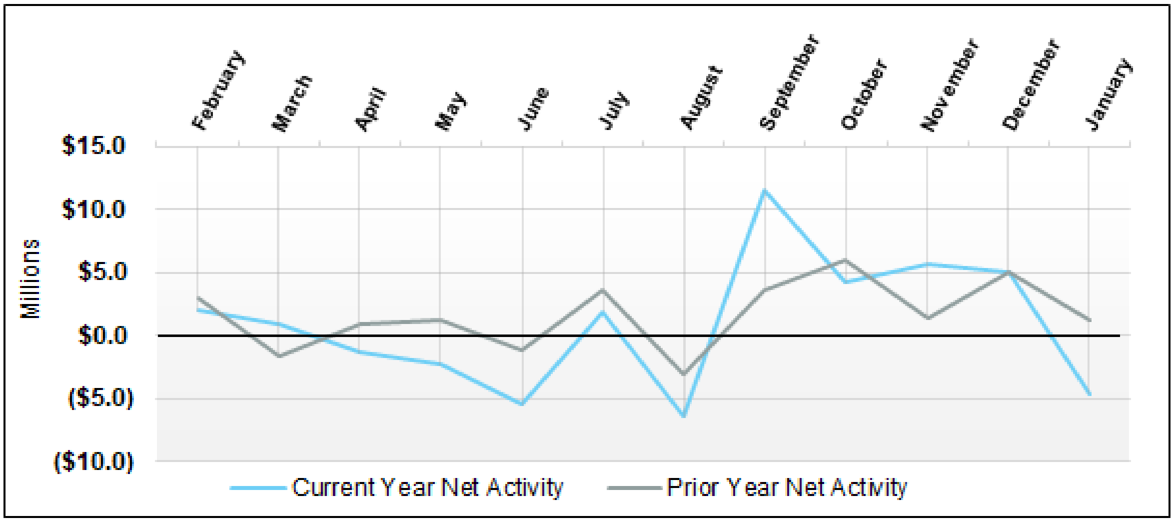
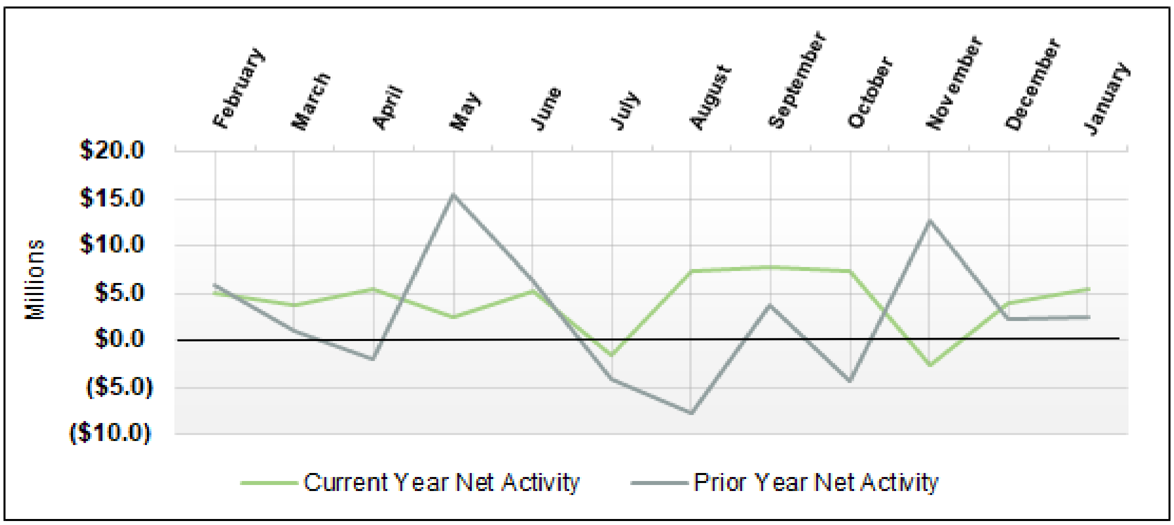


Chart 2 – GLWA 12-Month Net Receipts – Sewer



DWSD Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects seven months of activity to date.

Water fund receipts exceeded required disbursements by 11% through January 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 6% through January 31, 2026 compared to the four-year historical average of required receipts exceeding disbursements by 3% since July 1, 2021.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements

		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through January 31
	Water					
1	Receipts	101,964,963	123,766,624	123,818,287	127,313,152	82,548,735
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	101,964,963	123,766,624	123,818,287	127,313,152	82,548,735
4	Disbursements	(94,495,601)	(117,666,100)	(117,290,591)	(119,923,334)	(74,531,931)
5	Receipts Net of Required Transfers	7,469,362	6,100,524	6,527,696	7,389,818	8,016,804
6	I&E Transfer	-	-	-	(8,000,000)	
7	Net Receipts	7,469,362	6,100,524	6,527,696	(610,182)	8,016,804
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*108%*	*105%*	*106%*	*106%*	*111%*
	Sewer					
9	Receipts	291,280,896	298,897,942	296,088,194	299,683,584	192,806,343
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	291,280,896	298,897,942	296,088,194	299,683,584	192,806,343
12	Disbursements	(285,256,000)	(283,095,100)	(288,119,517)	(299,393,959)	(182,130,891)
13	Receipts Net of Required Transfers	6,024,896	15,802,842	7,968,677	289,624	10,675,452
14	I&E Transfer	-	-	-	-	-
15	Shortfall Advance from GLWA	-	-	-	-	-
16	Net Receipts	6,024,896	15,802,842	7,968,677	289,624	10,675,452
17	*Ratio of Receipts to Required Disbursements (Line 11/Line 12)*	*102%*	*106%*	*103%*	*100%*	*106%*
	Combined					
18	Receipts	393,245,859	422,664,566	419,906,481	426,996,735	275,355,078
19	MOU Adjustments	-	-	-	-	-
20	Adjusted Receipts	393,245,859	422,664,566	419,906,481	426,996,735	275,355,078
21	Disbursements	(379,751,601)	(400,761,200)	(405,410,108)	(419,317,293)	(256,662,822)
22	Receipts Net of Required Transfers	13,494,258	21,903,366	14,496,373	7,679,442	18,692,256
23	I&E Transfer	-	-	-	(8,000,000)	-
24	Shortfall Advance from GLWA	-	-	-	-	-
25	Net Receipts	13,494,258	21,903,366	14,496,373	(320,558)	18,692,256
26	*Ratio of Receipts to Required Disbursements (Line 20/Line 21)*	*104%*	*105%*	*104%*	*102%*	*107%*

Chart 3 – DWSD 12-Month Net Receipts – Water outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts.

Chart 4 – DWSD 12-Month Net Receipts – Sewer outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts

Chart 3 – DWSD 12-Month Net Receipts – Water

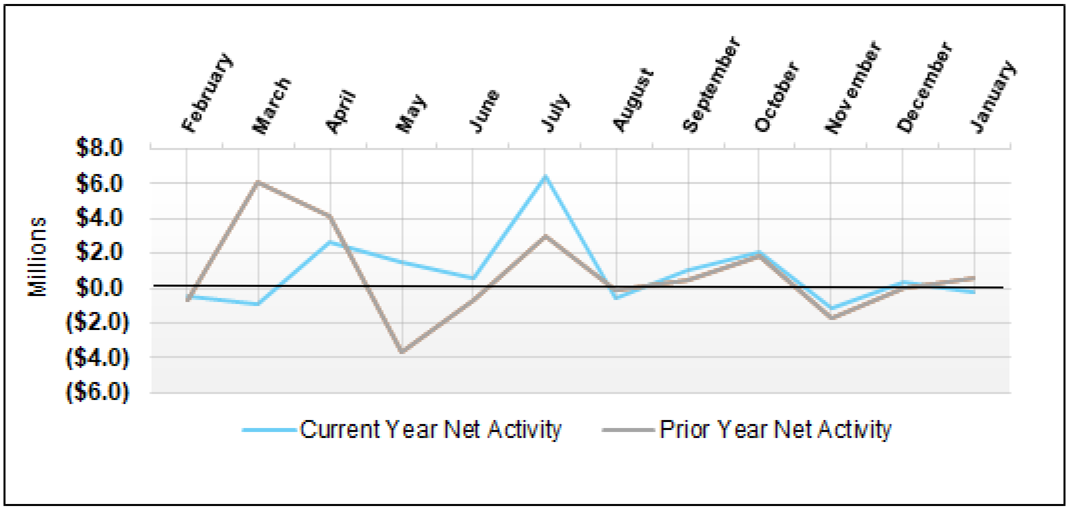
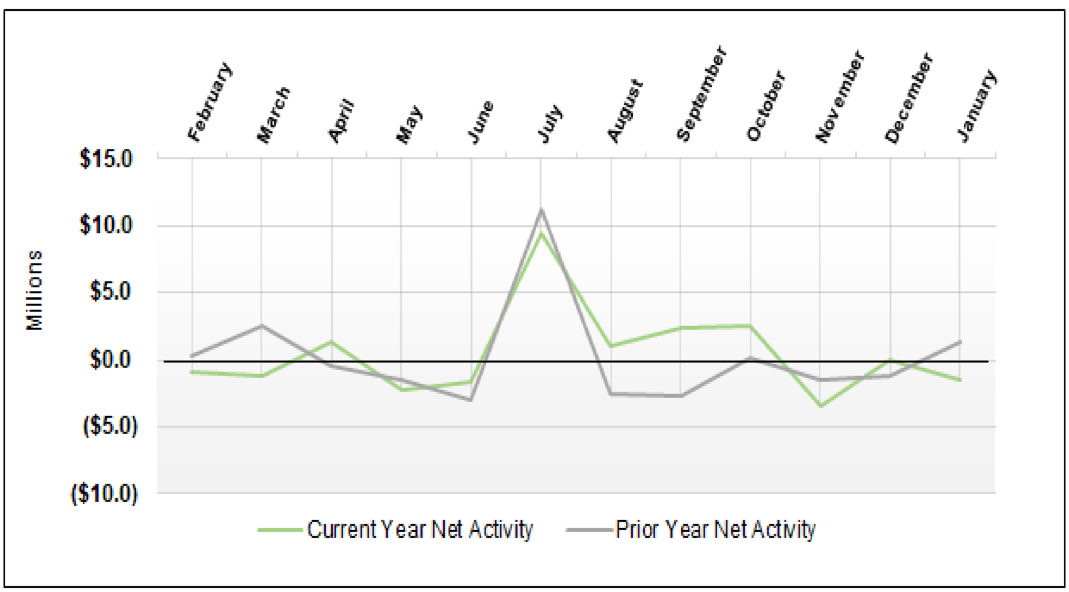


Chart 4 – DWSD 12-Month Net Receipts – Sewer



Combined System Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects seven months of activity to date.

> Water fund net receipts exceeded required disbursements by 8% through January 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.
>
> Sewer fund receipts exceeded required disbursements by 8% through January 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2021.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements

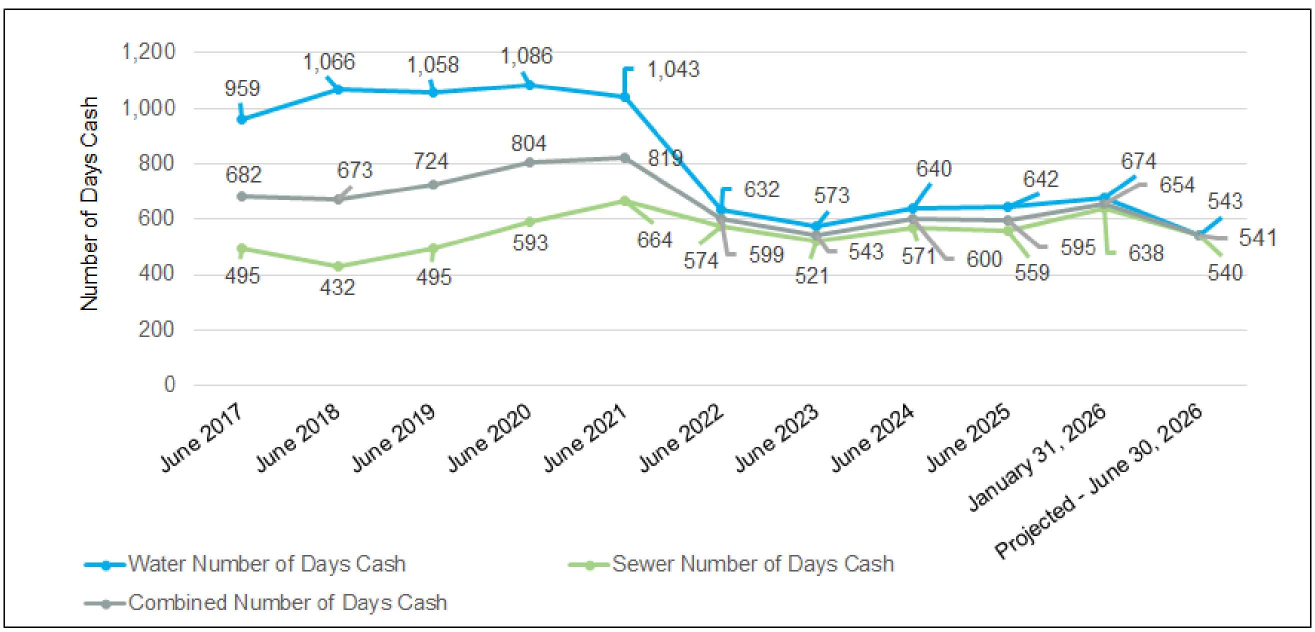
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through January 31
	Water					
1	Receipts	440,082,657	487,102,098	498,070,508	508,868,741	326,251,516
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	440,082,657	487,102,098	498,070,508	508,868,741	326,251,516
4	Disbursements	(410,990,961)	(466,852,475)	(470,929,712)	(487,390,578)	(300,911,518)
5	Receipts Net of Required Transfers	29,091,696	20,249,623	27,140,796	21,478,162	25,339,998
6	I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(16,289,600)	(9,911,201)
7	Net Receipts	2,468,834	10,351,523	(1,477,704)	5,188,562	15,428,797
8	Ratio of Receipts to Required Disbursements (Line 3/Line 4)	107%	104%	106%	104%	108%
	Sewer					
9	Receipts	763,260,193	797,785,358	802,819,770	808,374,074	506,990,232
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	763,260,193	797,785,358	802,819,770	808,374,074	506,990,232
12	Disbursements	(735,957,751)	(756,611,338)	(765,570,311)	(780,766,706)	(468,650,317)
13	Receipts Net of Required Transfers	27,302,442	41,174,020	37,249,459	27,607,369	38,339,914
14	I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(45,411,525)
15	Shortfall Advance	-	-	-	-	-
16	Shortfall Repayment (principal)	8,296,578	-	-	-	-
17	Net Receipts	(2,052,768)	14,407,820	24,781,459	16,152,369	(7,071,611)
18	Ratio of Receipts to Required Disbursements (Line 11/Line 12)	104%	105%	105%	103%	108%
	Combined					
19	Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	833,241,748
20	MOU Adjustments	-	-	-	-	-
21	Adjusted Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	833,241,748
22	Disbursements	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(769,561,835)
23	Receipts Net of Required Transfers	56,394,138	61,423,643	64,390,255	49,085,531	63,679,913
24	I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(27,744,600)	(55,322,726)
25	Shortfall advance	-	-	-	-	-
26	Shortfall Repayment	8,296,578	-	-	-	-
27	Net Receipts	416,066	24,759,343	23,303,755	21,340,931	8,357,187
28	Ratio of Receipts to Required Disbursements (Line 21/Line 22)	105%	105%	105%	104%	108%

Financial Operations KPI - Liquidity

This key performance indicator shown in ***Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System*** and ***Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System*** below provides a measure of a utility's ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization's financial strength. The Authority's current goal is to maintain cash on hand above 500 days moving up to 600 days. Having a strong days cash has been instrumental in reaching our current bond credit rating.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 674 and Sewer at 638 days cash on hand as of January 31, 2026. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. December 2023 and June 2025 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2026 projection is calculated based on values from the GLWA FY 2026 – 2030 Budget & Five-Year Plan.

Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System



Note: *The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.*

Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System

	June 30, 2025	January 31, 2026	Projected June 30, 2026
Water Fund			
Cash and Investments - Unrestricted	306,425,000	346,373,000	278,800,000
Operating Expense			
Operating Expense (a)	274,020,000	171,078,000	293,276,000
Less: Depreciation (a)	(94,928,000)	(59,636,000)	(102,233,000)
Less: Amortization of Intangible Asset (a)	(4,951,000)	(2,081,000)	(3,567,000)
Net Operating Expense	174,142,000	109,361,000	187,476,000
Operating Expense per Day	477,000	514,000	514,000
Days Cash			
Number of Days Cash	642	674	543
Sewage Disposal Fund			
Cash and Investments - Unrestricted	349,076,000	415,157,000	351,600,000
Operating Expense			
Operating Expense (a)	377,359,000	227,239,000	389,552,000
Less: Depreciation (a)	(147,559,000)	(88,667,000)	(152,000,000)
Less: Amortization of Intangible Asset (a)	(1,824,000)	-	-
Net Operating Expense	227,976,000	138,572,000	237,552,000
Operating Expense per Day	625,000	651,000	651,000
Days Cash			
Number of Days Cash	559	638	540
Combined			
Cash and Investments - Unrestricted	655,501,000	761,530,000	630,400,000
Operating Expense			
Operating Expense (a)	651,379,000	398,316,000	682,828,000
Less: Depreciation (a)	(242,487,000)	(148,303,000)	(254,233,000)
Less: Amortization of Intangible Asset (a)	(6,774,000)	(2,081,000)	(3,567,000)
Net Operating Expense	402,118,000	247,933,000	425,028,000
Operating Expense per Day	1,102,000	1,164,000	1,164,000
Days Cash			
Number of Days Cash	595	654	541

Totals may be off due to rounding

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Grants, Gifts, and Other Resources Report Through March 31, 2026

Highlights: The Grants, Gifts, and Other Resources Report highlights changes from the prior report in yellow. Of note this month are the following project updates:

- ✓ **2024-009b FY 2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001) -** Submitted reimbursement request for $959,752.
- ✓ **2025-007 State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant) -** Received reimbursement request for $2.6M and transferred to DWSD. Total grant related reimbursement received to date $10.1M.
- ✓ **2026-007 EGLE Microplastics Grant Agreement –** Received notification of award for $160,000. This award will be a pass-through to Water Research Foundation.
- ✓ **2026-008 – 2026-017 FY 2027 EPA Community Grants –** Ten projects submitted to Congress for consideration for federally directed spending.

Background: The Great Lakes Water Authority (GLWA) delegated authority to the Chief Executive Officer to oversee and report on activities identified in the GLWA Articles of Incorporation related to solicitation and receipt of grants, gifts, and other resources [1] as stated in Article 4 – Powers, Section B (4):

> (4) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental government agency or from any other person or entity, public or private, upon terms and conditions acceptable

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[1] Other resources as referenced above refer to labor, contributions of money, property, or other things of value from any other person or entity, public or private with the exception for loans, subject to provisions of the GLWA Board Debt Management Policy, and Intergovernmental agreements and other activities that are addressed in the GLWA Board Procurement Policy.

to the Authority, or participate in any other way in a federal, state, local, or intergovernmental government program [2].

GLWA's Grants, Gifts, and Other Resources Delegation Policy is online at Grants, Gifts, and Other Resources Delegation Policy - GLWA (glwater.org).

Analysis: The tables in each section of this report present GLWA grant activity by each phase. As a grant moves through each phase, it is shown in the corresponding table.

Table 1- Pre-Award phase includes the process of applying for a grant and the period prior to the signing of the grant agreement between the awarding agency and GLWA.

Table 2 – Post-Award phase reflects the period after the agreement is executed with the awarding agency. In this phase, GLWA becomes responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

Table 3 – Close-Out phase is the final stage of grant activity and includes final reporting requirements, auditing, and closeout. There are final financial and programmatic reports that must be submitted to formally close out the grant as defined in each grant agreement.

Table 4 - Programs not awarded or programs that GLWA will not continue to pursue.

Proposed Action: Receive and file this report.

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[2] Participation in any other way in a federal, state local, or intergovernmental government program includes participation in research projects at universities.

Table 1 – Pre-Award Phase Programs reflects open submissions for FY 2024, FY 2025, and FY 2026 to date. The programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but an application has been submitted, or the funds have been identified in legislation (i.e. earmarks).

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2024-009	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Pump Station #2 Rack & Grit (CIP Project 211007)	Federal Grant (Reimbursement Basis)	$959,752	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manager to develop project workplan.
2025-002	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Professional Training for IT/Security Staff	Federal Grant (Reimbursement Basis)	$191,194	Federal Audit Requirements	Application submitted by GLWA, under review by FEMA.
2026-001	2/2/2026	FY2026 EPA Community Grant - 7 Mile Sewer Rehabilitation (CIP Project 260206)	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Contract bidding process begins in July.
2026-002	2/2/2026	FY26 EPA Community Grant - Fox Creek Enclosure	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manager to identify costs in next phase.
2026-003	2/2/2026	FY26 EPA Community Grant - Freud & Conner Creek Pump Station Improvements (CIP Project 232005)	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-004	2/2/2026	FY26 EPA Community Grant - Northwest Interceptor to Oakwood CSO (CIP Project 222001)	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.
2026-005	2/2/2026	FY26 EPA Community Grant - Downriver Loop Water Main Construction (CIP Project 122016)	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working to identify appropriate project.
2026-006	2/2/2026	FY26 EPA Community Grant - 54-Inch Water Main Renewal	Federal Grant (Reimbursement Basis)	$1,000,000	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-008	3/31/2026	FY27 EPA Community Grant - 120-Inch Pipeline Renewals (CIP Project 170606)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-009	3/31/2026	FY27 EPA Community Grant - 42-Inch Water Main Replacement and Pipeline Renewal (CIP Project 170608)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-010	3/31/2026	FY27 EPA Community Grant - 7 Mile Sewer System Rehabilitation (CIP Project 122017)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-011	3/31/2026	FY27 EPA Community Grant - Central Post Beard Transmission Main Renewal Project (CIP Project 122024)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-012	3/31/2026	FY27 EPA Community Grant - Dearborn Transmission Main Condition Assessment & Renewals (CIP Project TBD)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-013	3/31/2026	FY27 EPA Community Grant - Freud & Conners Creek Pump Station Rehabilitation (CIP Project 232002/232005)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-014	3/31/2026	FY27 EPA Community Grant - Lake Huron Flocculation and Rapid Mix Rehabilitation (CIP Project 111012)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-015	3/31/2026	FY27 EPA Community Grant - Long Term CSO Control Plan Phase 1 In-System Storage Devices (IDS) Project (CIP Project 270003)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-016	3/31/2026	FY27 EPA Community Grant - Oakwood District Intercommunity Relief Sewer Modification (CIP Project 222001)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-017	3/31/2026	FY27 EPA Community Grant - WRRF Utility Power Replacement for Electrical Feeds A and B (CIP Project 216013)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.

Table 2 - Post-Award Phase Programs reflect all open, awarded grants from FY 2021 through FY 2026 to date.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-003	12/19/2022	FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis)	$3,452,972	Federal Audit Requirements	Received notification of award June 6, 2025.
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis)	$1,000,000	Federal Audit Requirements	Total reimbursement of $783,941 received through December 2025.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-013	8/06/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 714729 Outfalls (CIP Project 260201)	Federal pass-through State (Reimbursement Basis)	$247,650	Federal Audit Requirements	Reimbursement request of $247,650 submitted in February 2024. Project closeout in progress.
2023-014	8/28/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 Conner Creek Sewer System (CIP Project 260204)	Federal pass-through State (Reimbursement Basis)	$1,910,621	Federal Audit Requirements	Reimbursement request of $1,910,621 submitted in February 2024. Project closeout in progress.
2023-015	10/3/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	$90,541	Federal Audit Requirements	Reimbursement request of $90,541 submitted in November 2024. Project closeout in progress.
2023-019	3/3/2021	American Rescue Plan – State Revolving Fund (ARPA) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE (CIP Project 122004)	Federal pass-through State (Reimbursement Basis)	$8,960,791	Federal Audit Requirements	Total reimbursement request received to date $9.0M. SRF related grant, closeout to be completed with related SRF loan closeout.
2023-023	8/30/2023	I-94 Modernization Project (CIP Project 270001)	MDOT Federal pass-through State (Reimbursement Basis)	$34,400,000	Federal Audit Requirements	Wade Trim has been selected as vendor. Kick-off meeting held November 20, 2025.
2024-005	12/15/2023	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping/Feasibility Study (design and engineering only – no construction)	Federal pass-through State (Reimbursement Basis)	$642,000	Federal Audit Requirements	$642,000 Grant awarded January 2025 – currently on hold.
2024-009b	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001)	Federal Grant (Reimbursement Basis)	$959,752	Federal Audit Requirements	Submitted reimbursement request for $959,752.
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal (Cost Share)	$0	Federal Audit Requirements	Cost Share Agreement – GLWA share $1.5M.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
						$482,645 of Cost Share work performed to date.
2024-014	6/7/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Nonprofit (Reimbursement Basis)	$43,000	None	$17,000 received to date.
2025-001	2/25/2026	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessments	Federal Grant (Reimbursement Basis)	$80,000	Federal Audit Requirements	Received notification of award February 25, 2026.
2025-004	5/1/2025	Scale-up of Hydrothermal Liquefaction with Supercritical Water Oxidation in an Integrated Biorefinery	Federal Grant (Cost Share)	$0	Federal Audit Requirements	Cost Share Agreement – GLWA share $250,000. $11,467 of Cost Share work performed to date.
2025-005	9/6/2024	American Rescue Plan – State Revolving Funded Project 5840-01 Northwest Interceptor to Oakwood CSO Sewer (CIP Project 222001)	Federal pass-through State (Reimbursement Basis)	$20,000,000	Federal Audit Requirements	Total reimbursement received $20M. All grant related funds received, closeout to be completed with related SRF loan closeout.
2025-006	5/8/2025	Detroit Employment Solutions Corp (DESC) Apprentice Grant	Nonprofit (Reimbursement Basis)	Reimbursement of $5,000 per apprentice	None	1st renewal signed October 2025, provides $5,000 per apprentice. Total received to date $105,000.
2025-007	8/22/2024	State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	$14,011,908	Federal Audit Requirements	Received reimbursement of $2.6M and completed transfer to DWSD. Total reimbursement received to date $10.1M.
2025-008	6/3/2025	Federal Emergency Management Agency (FEMA) COVID-19 DR-4494 Project 953011 - CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	$100,398	Federal Audit Requirements	Reimbursement request of $100,398 submitted June 2025. Project closeout in progress.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2025-009	8/27/2025	State Revolving Fund Drinking Water Initiative - Water Main Replacement & Lead Service Line Replacement (WS742) 7888-01 (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	$2,949,704	State Audit Requirements	Received notification of award August 27, 2025.
2026-007	03/21/2026	EGLE Microplastics Grant Agreement	State or Federal pass-through (Reimbursement Basis)	$160,000	State Audit Requirements	Received notification of award March 23, 2026

Table 3 – Close-Out Phase Programs have been completed. GLWA reimbursement has been received in full, and the programs are in the process of being closed out, including any closeout reporting requirements. There is no Table 3 presented this month because there was no activity in the month of March.

Table 4 –Programs not awarded or programs that GLWA will not continue to pursue. There is no Table 4 presented this month because there was no activity in the month of March.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Nick Fedewa, CPA, Public Finance Manager

Re: Semiannual Debt Report through March 31, 2026

Background: The purpose of the Semiannual Debt Report is to provide a resource for stakeholders and to support management decisions as capital financing needs evolve.

Analysis: The attached report contains summarized information on the background, existing debt, debt service coverage, refinancings and a look ahead of the five-year capital financing plan with respect to GLWA's debt portfolio.

Proposed Action: Receive and file this report.

The Semiannual Debt Report includes the following:

1. Key Takeaways
2. Background
3. Look Ahead – Five Year Capital Financing Plan
4. Existing Debt
5. Debt Service Coverage
6. Refinancing

Key Takeaways

- ✓ The purpose of this report is to provide a resource for stakeholders and to support management decisions as capital financing needs evolve.
- ✓ GLWA continues to enhance transparency by including the Debt Summary Report in the Audit Committee Binder semiannually.
- ✓ GLWA has nineteen active State Revolving Fund (SRF) loans, four for water and fifteen for sewer. GLWA administers two of those water loans and four of those sewer loans on behalf of DWSD.
- ✓ GLWA completed a refunding transaction for water and sewer in June 2025.
- ✓ Other key items of interest include the following balances as of March 31, 2026.

As of March 31, 2026 ($ Millions)		
	Water	Sewer
FY 2026 Approved SRF Projects - **Table 5**	$50.0	$145.2
DWSD Obligation Receivable - **Table 6**	$495.2	$320.8
GLWA Outstanding Debt - **Table 9**	$2,626.9	$2,684.2

Background

Pursuant to leases that became effective on January 1, 2016, the Great Lakes Water Authority (GLWA) assumed possession and control of the regional assets of both the water supply and sewage disposal systems owned by the City of Detroit (City), which were previously operated by the Detroit Water and Sewerage Department (DWSD). GLWA assumed certain liabilities including State Revolving Fund loans and 100% of the revenue bond debt issued by DWSD prior to January 1, 2016.

The bonds are repaid by the revenues of the water and sewage disposal systems including the DWSD retail system (local system) revenues which are the exclusive property of GLWA in accordance with Section 5.7 of each lease agreement. DWSD is GLWA's agent for purposes of billing and collection of the retail system revenues for both the water and sewer system, as set forth in a water and sewer services agreement between the City and GLWA. All revenue receipts are deposited into a trust and administered in compliance with the Master Bond Ordinance, applicable to each system (referred to herein collectively as the "MBO").

The leases also provide that GLWA will finance local system improvements of DWSD. GLWA is the obligor of 100% of the debt payable which is recorded in GLWA's books. An "obligation receivable" is recorded by GLWA which represents the amount related to the DWSD local system improvements. Accordingly, DWSD records a corresponding "obligation payable" for a like amount.

GLWA maintains detailed records of all debt issuances and how the responsibility for payment of debt is allocated between the regional system and local system, as well as between the water and sewer systems. GLWA and DWSD regularly reconcile interrelated accounts between the entities.

The lease agreements, water and sewer services agreement, and MBO noted above are available on GLWA's website at www.glwater.org. The above explanation is a synopsis of key points and is not intended to fully represent the agreements or any sub-sections thereof.

Look Ahead - Five Year Capital Financing Plan

The following tables summarize the projected Capital Improvement Program (CIP) funding to be provided by proceeds received from the issuance of new revenue bonds and draws on committed SRF loans. *The financing plan is dynamic and changes with the pace of capital spending and alignment with refunding opportunities.*

GLWA closed on revenue bond transactions in June 2025 to refinance existing obligations of GLWA for debt service savings. This transaction achieved substantial reductions in future cash flow savings requirements of $33.7 million for water system and $43.6 million for sewer system.

Table 1 - GLWA Projected Financing FY 2026 – FY 2030 provides a breakdown of projected financing based on the proposed FY 2027 and FY 2028 Biennial Budget and the related Five-Year Financial Plan. Estimated SRF loan draws are net of loan forgiveness and grants.

Projected Funding Needs for Regional System	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water					
Revenue Bonds	$ 158,000,000	$ 243,000,000	$ 228,000,000	$ 188,000,000	$ 82,000,000
Estimated SRF loan draws	$ 6,742,400	$ -	$ -	$ -	$ -
Total projected funding Water	$ 164,742,400	$ 243,000,000	$ 228,000,000	$ 188,000,000	$ 82,000,000
Sewer					
Revenue Bonds	$ 26,000,000	$ 76,000,000	$ 65,000,000	$ 39,000,000	$ 51,000,000
Estimated SRF loan draws	$ 102,632,900	$ 159,595,800	$ 140,710,700	$ 121,598,800	$ 89,140,500
Total projected funding Sewer	$ 128,632,900	$ 235,595,800	$ 205,710,700	$ 160,598,800	$ 140,140,500

Table 2 - DWSD Projected Financing FY 2026 – FY 2030 provides a breakdown of projected financing based on the current FY 2026 Ten Year Financial Projection. GLWA and DWSD coordinate the timing for additional revenue bonds to ensure efficiency in the debt management process. Estimated SRF loan draws are net of loan forgiveness and grants.

Projected Funding Needs for Local System					
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water					
Revenue Bonds	$ -	$ 40,000,000	$ 35,000,000	$ 35,000,000	$ 25,000,000
Estimated SRF loan draws	$ 54,215	$ 24,400,000	$ 48,560,000	$ 44,000,000	$ 52,000,000
Total projected funding Water	$ 54,215	$ 64,400,000	$ 83,560,000	$ 79,000,000	$ 77,000,000
Sewer					
Revenue Bonds	$ -	$ 25,000,000	$ 25,000,000	$ 30,000,000	$ 15,000,000
Estimated SRF loan draws	$ 2,694,017	$ 10,232,000	$ 21,600,000	$ 29,556,000	$ 31,200,000
Total projected funding Sewer	$ 2,694,017	$ 35,232,000	$ 46,600,000	$ 59,556,000	$ 46,200,000

Existing Debt

Current Debt Ratings: Bond ratings are a key measure of an organization's financial strength. Ratings are established by independent agencies that conduct detailed reviews of an organization's operational and financial performance to assist those seeking to invest in an organization through the purchase of bonds. GLWA actively monitors its debt ratings and continually seeks to make operational and financial improvements to improve its bond ratings. Achieving higher ratings will allow GLWA to finance its capital needs at lower interest rates.

In advance of the June 2025 bond transaction, GLWA secured affirmation of the 'AA' category from two bond rating agencies and an upgrade from the third. Moody's Investors Service affirmed GLWA's senior lien debt rating at 'Aa3' for both the water and sewer systems. Fitch Ratings moved GLWA's senior lien debt for the sewer system into 'AA' (up from 'AA-') and affirmed its A+ rating for the water system. Standard & Poor Global Ratings affirmed its outstanding senior lien water and sewer system debt at 'AA-'.

Table 3 – Debt Ratings by System provides a summary of the debt ratings.

Current Debt Ratings			
	S&P Global Ratings	**Moody's Investors**	**Fitch Ratings**
Water Supply System Revenue Bonds			
Senior lien	AA-	Aa3	A+
Second lien	A+	A1	A
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Stable
Sewage Disposal System Revenue Bonds			
Senior lien	AA-	Aa3	AA
Second lien	A+	A1	AA-
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Stable

Debt Allocation: GLWA has over $2.6 billion in water system debt and nearly $2.7 billion in sewer system debt for a combined total of over $5.3 billion. Debt within each system is prioritized according to its security interest, or lien category, with senior lien debt having the highest security interest, followed by second lien and finally junior lien.

Chart 1 - Debt Type by Lien – Water provides a breakdown of the total water system debt for both the regional and local systems by lien type.

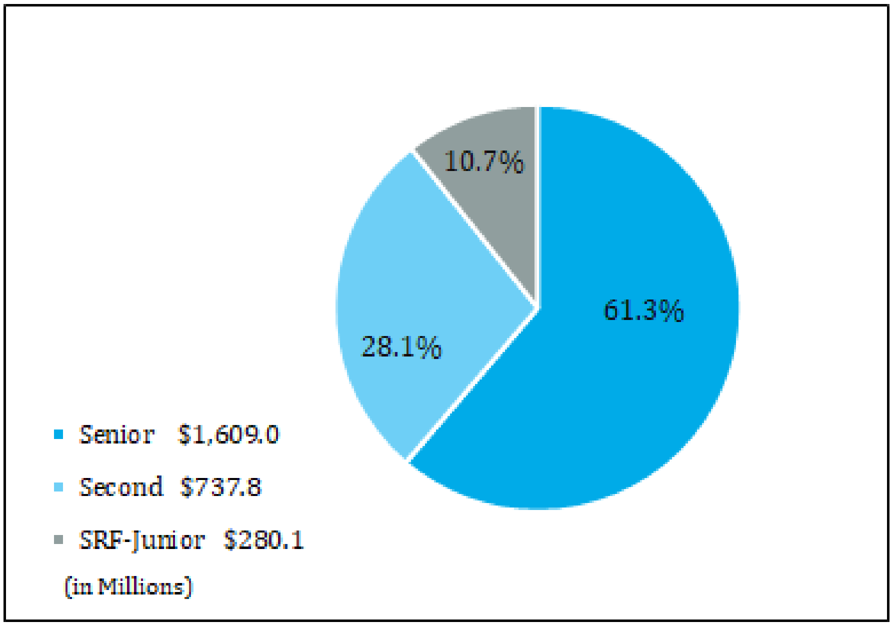


Chart 2 - Debt Type by Lien – Sewer provides a breakdown of the total sewer system debt for both the regional and local systems by lien type.

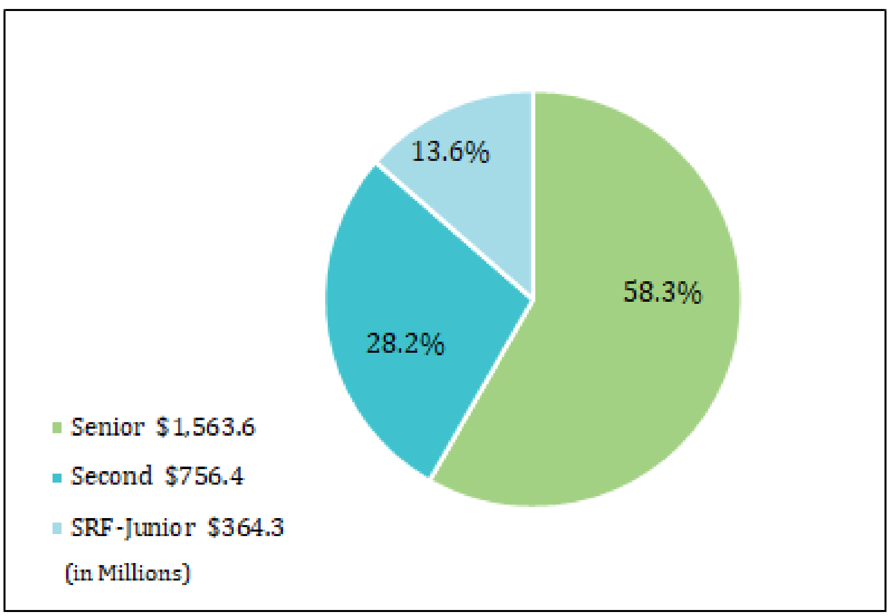


Chart 3 – Annual Debt Service Payments by Lien – Water provides the annual debt service installment requirements for each fiscal year base on payment dates.

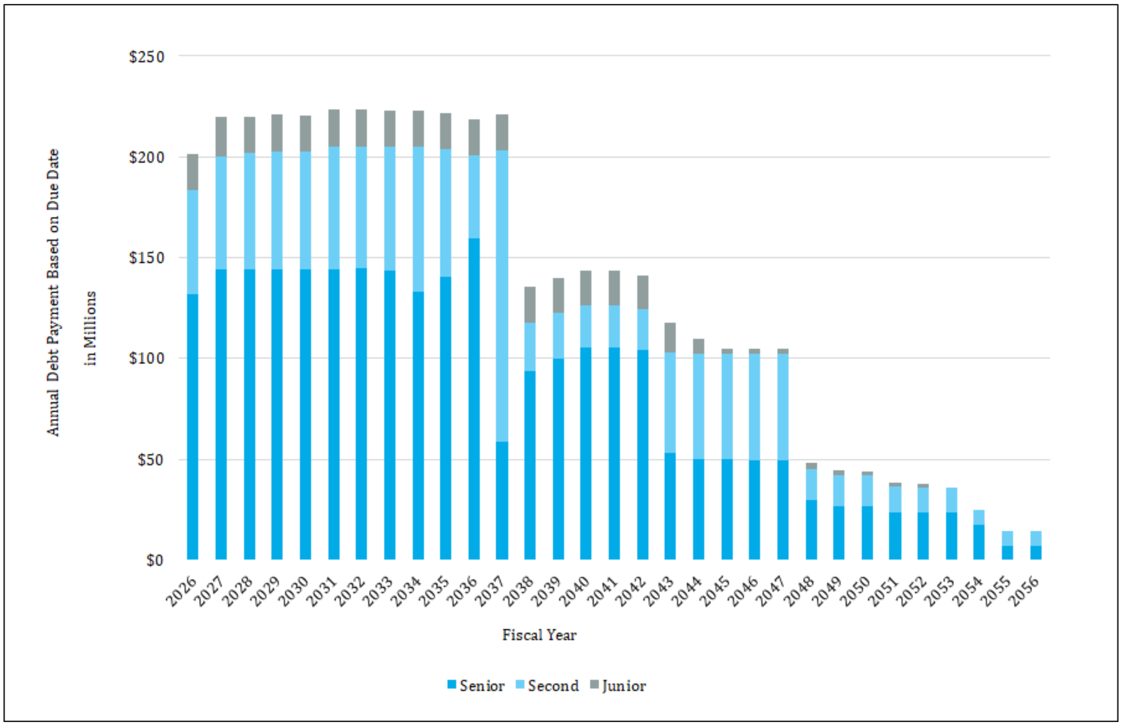
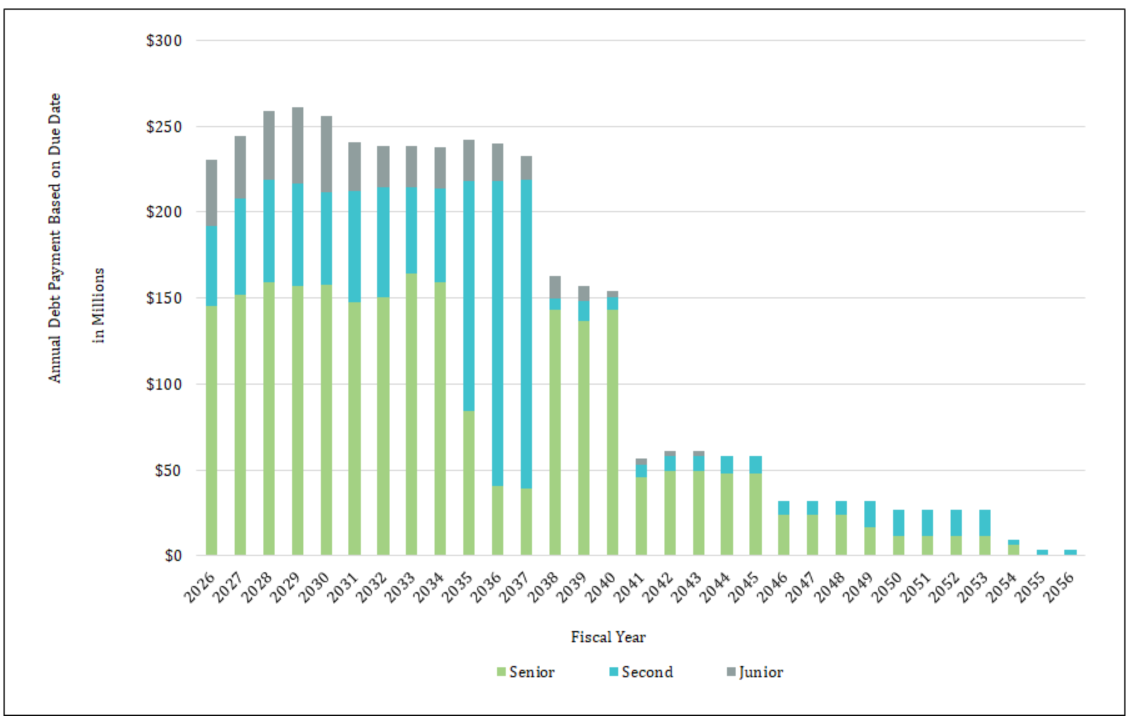


Chart 4 – Annual Debt Service Payments by Lien – Sewer provides the annual debt service installment requirements for each fiscal year base on payment dates.



Note: *The figures in these charts reflect the debt service installment requirements for each fiscal year, which are required by the MBO to be set aside monthly in advance of actual payment dates. This information is based on the most recent Annual Comprehensive Financial Report through June 30, 2025.*

State of Michigan's State Revolving Fund (SRF) Programs: GLWA participates in the Clean Water State Revolving Fund (CWSRF) to finance qualified sewage disposal system projects and the Drinking Water State Revolving Fund (DWSRF) to finance qualified water supply system projects. For the purposes of this report, both water and sewer projects financed through these programs will be referred to as either water or sewer SRF loans.

These loan programs have interest rates that are well below open market interest rates (current estimate approximately 4.5%) and are repaid over 20-30 years. For the State's 2026 fiscal year, the DWSRF and CWSRF program rates are 2.5% for 20-year loans and 2.75% for 30-year loans. Overburdened applicant's rates are 2.0% and significantly overburdened applicant's rates are 1.0% for 20 and 30 year loans. Interest on each loan is based on the amount of funds disbursed and not the full loan amount.

In order to be considered for funding through the CWSRF or DWSRF program, GLWA must submit an Intent to Apply Form for each new project submission or resubmission (carryover from previous years) by November 1st. A Board approved project planning document is due to the Michigan Department of Environment, Great Lakes, and Energy ("EGLE", and formerly known as the Michigan Department of Environmental Quality or MDEQ) for each new project submission by May 1 for CWSRF and June 1 for DWSRF. Once the project is approved for funding, and the loan closing occurs, GLWA may begin drawing down on the loan. A disbursement request can be made after engineering and/or construction costs are paid.

State Revolving Fund Loans: GLWA's strategy is to maximize its use of SRF loans to finance qualified capital projects. GLWA currently has $280.1 million in outstanding water SRF loans and $364.3 million in outstanding sewer SRF loans.

Table 4 - Active SRF Project Summary provides information regarding each loan currently being drawn down including the loan award date which is also referred to as the Order of Approval date by the State of Michigan.

State Loan #	CIP Reference	Description	Order of Approval	Project Total ($ Millions)
SRF Water - DWSD Projects				
7887-01	WS-741	Water Main Replacement, Various Locations in Detroit District 1	3/31/2026	$13.8
7888-01	WS-742	Water Main Replacement, Various Locations in Detroit District 2	8/6/2025	$20.7
SRF Water - GLWA Projects				
7461-02	122013	14 Mile Transmission Main Loop - Phase 2	8/6/2021	$104.7
7532-02	122004	96-inch Water Transmissioon Main Relocation Project - Phase 2	6/26/2023	$48.2
			Total Water	**$187.4**
SRF Sewer - DWSD Projects				
5688-01	DWS-916	Sewer Main Rehab/Rplcmt - Project A	9/9/2020	$4.0
5706-01	DWS-917 & 918	Sewer Main Replacements - Project B	9/9/2021	$9.2
5980-01	PC-818	CSO West Chicago South Stormwater Improvements	8/7/2024	$5.1
6002-01		Sewer System Rehabilitations - District 1, 2, 4, 5, 6 and 7	8/6/2025	$11.2
SRF Sewer - GLWA Projects				
5655-02	222002	Detroit River Interceptor Segment 2	3/27/2020	$28.4
5655-03	222002	Detroit River Interceptor Segment 3	5/16/2020	$34.2
5673-01	211008	PS-1 Ferric Chloride System Rehabilitation	2/26/2021	$12.9
5708-01	232005	Freud Pump Station	4/8/2024	$126.8
5741-01	260701	In-System Storage Device & Dam & Valve Remote Evaluation &	8/29/2022	$19.0
5742-01	260204	Connor Creek Sewer System Rehabilitation	8/8/2022	$50.2
5836-01	211006	Pump Station #1 Rehabilitation	5/15/2023	$98.4
5838-01	212008	WRRF Aeration Improvements 1 and 2	4/8/2024	$175.0
5839-01	216008	Rehabilitation of Screened Final Effluent Pump Station	2/9/2026	$104.3
5840-01	222001	Oakwood District Intercommunity Relief Sewer Modification	12/20/2023	$80.5
6001-01	270004	CSO Improvement Project - Oakwood & Lieb	8/15/2025	$67.3
			Total Sewer	**$826.5**

Chart 5 - Open State Revolving Fund Loans summarizes all current SRF loans held by GLWA (including financings on behalf of DWSD) that are active (reference Table 4 above for project descriptions). It summarizes the original award amount remaining and the amount drawn down as of March 31, 2026 for each loan. On March 31, 2026, the amount of SRF loans authorized and unissued is $38.7 million for the Water fund and $585.9 million for the Sewage Disposal Fund.

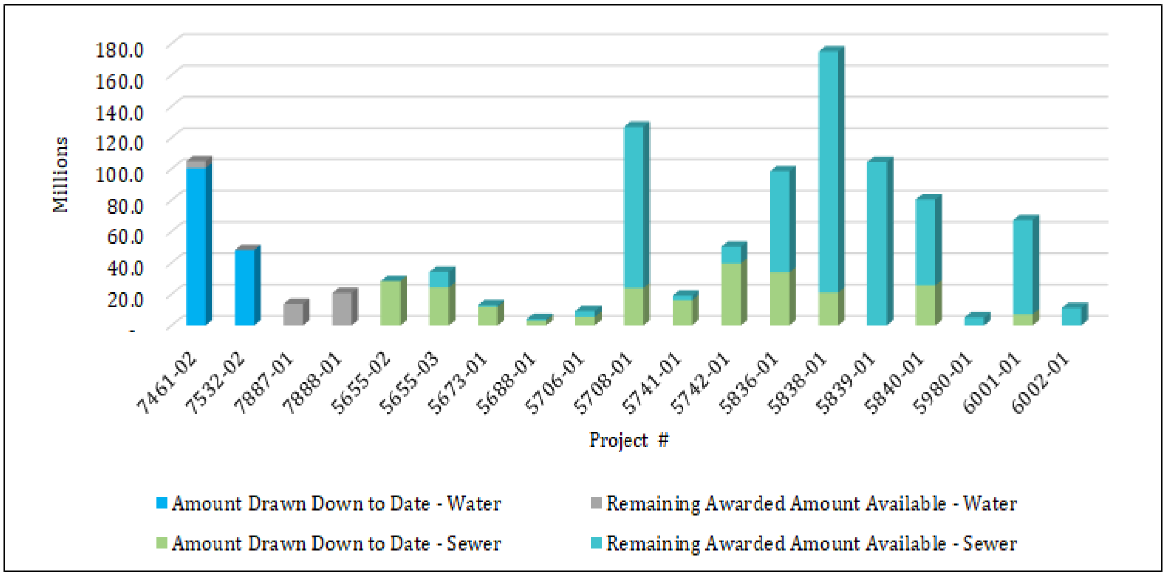


Table 5 - Project Plans Approved by EGLE for FY 2026 provides a list of all projects that were approved for funding in EGLE's Final Intended Use Plan. The Intended Use Plan outlines how EGLE will distribute funds for the upcoming fiscal year.

Project Owner	CIP Number	Description	Estimated Award Amount	Anticipated Funding Date
Water SRF				
DWSD	WS-751 & WS-752	Water Main Replacements & Lead Service Line Replacements	$ 40,000,000	08-2026
DWSD	WS-754	Lead Service Line Replacements at Select Locations in Detroit	$ 10,000,000	08-2026
Total Water SRF			**$ 50,000,000**	

Project Owner	CIP Number	Description	Estimated Award Amount	Anticipated Funding Date
Sewer SRF				
GLWA	213006	Water Resource Recovery Facility (WRRF) Improvements to the sludge Feed System for Solids Processing	$ 26,550,000	07-2026
GLWA	273001	Hubbell Southfield CSO Facility Improvements	$ 67,485,000	07-2026
GLWA	270006	CSO Facilities Improvements II	$ 14,390,000	05-2026
GLWA	211005.2	Pump Station #2 VFD Replacement	$ 25,000,000	05-2026
DWSD	TBD	Sewer Rehabilitation in th Neighbohoods of Hubbard Farms and North Corktown	$ 11,785,000	08-2026
Total Sewer SRF			**$ 145,210,000**	

DWSD Obligation Receivable: GLWA holds an obligation receivable from DWSD as an asset to account for the amount due for financing local system capital projects. DWSD carries a like amount of this as an obligation payable on its statement of net assets.

There are three components to the calculation of the DWSD obligation receivable.

1. An agreed upon amount for pre-January 1, 2016 (i.e. "pre-bifurcation") debt as documented in a 2018 Memorandum of Understanding ($455 million for water system and $370 million for sewer per agreed-upon amortization schedules),
2. New revenue bonds issued after January 1, 2016 to specifically fund the DWSD local system capital improvement projects which are payable based on the allocable share of the actual bonds debt service schedule, and
3. SRF loans issued after January 1, 2016 for specific DWSD capital projects which are payable based on the allocable share of the actual loan payment schedule.

All retail customer revenues are deposited into a trust to fund these financial obligations in accordance with the MBO flow of funds.

Chart 6 - DWSD Obligation Receivable by Type summarizes the total DWSD obligation receivable balance for both Water and Sewer as of March 31, 2026 by pre-bifurcation, revenue bond and SRF component.

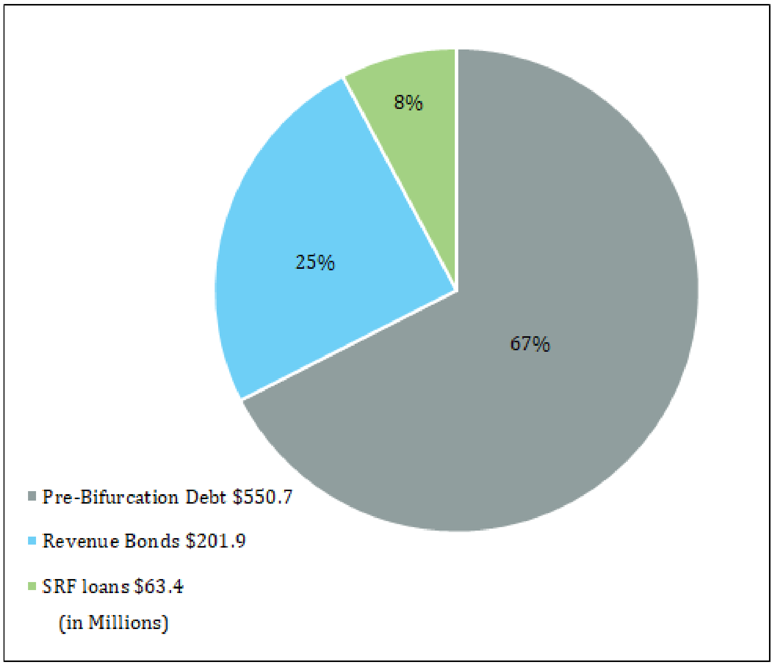


Chart 7 – Obligation Receivable Compared to Total Debt - Water provides context by comparing the Water System Obligation Receivable to the Total Water Debt (excludes unamortized premiums).

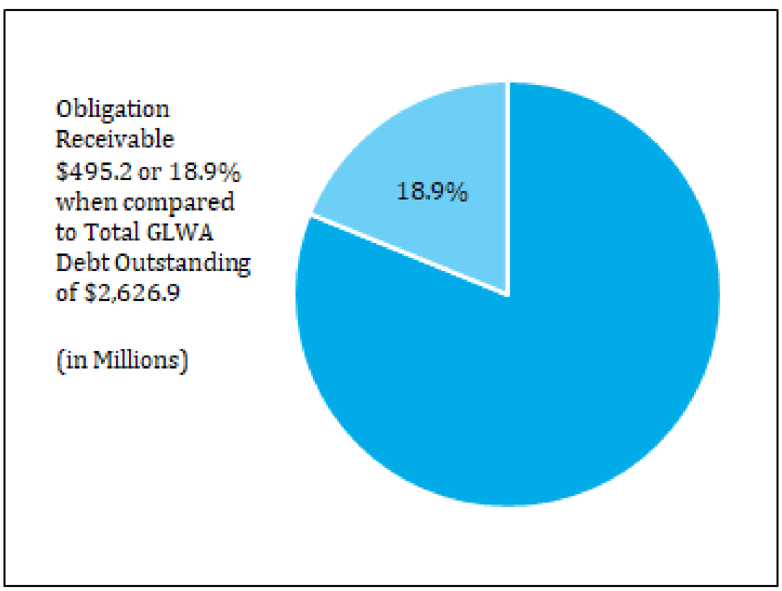


Chart 8 – Obligation Receivable Compared to Total Debt - Sewer provides context by comparing the Sewer System Obligation Receivable to the Total Sewer Debt (excludes unamortized premiums).

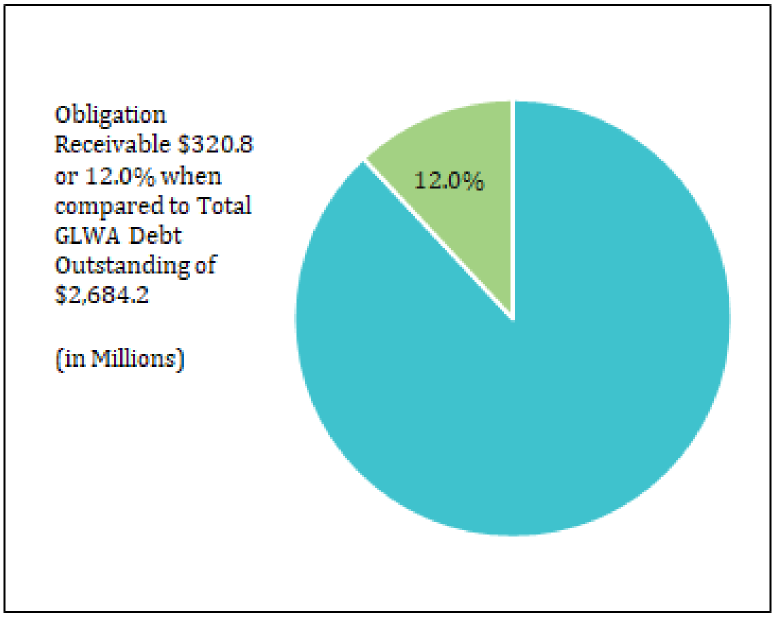


Table 6 - DWSD Obligation Receivable provides obligation receivable detail including fiscal year 2026 beginning balances by debt type and loan issue (for revenue bonds and SRF loans), year-to-date activity and ending balances as of March 31, 2026. Total DWSD debt totals $838.9 million. This differs slightly from the total in Chart 6 due to the inclusion of unamortized premiums.

	DWSD Obligation Receivable ($ Thousands)					
Debt Type	July 1, 2025 Beg Balance	Increase	Decrease	Refunding	Debt Forgiveness	March 31, 2026 End Balance
			Water Fund			
Revenue Bonds	$ 451,583	$ -	$ (15,547)	$ -	$ -	$ 436,036
State Revolving Loans	61,070	54	(1,930)	-	(54)	59,140
Total Installment Debt	512,653	54	(17,477)	-	(54)	495,176
Unamortized Premiums / Discounts	16,497	-	(609)	-	-	15,888
Subtotal: Water	***529,150***	***54***	***(18,086)***	-	***(54)***	***511,064***
			Sewer Fund			
Revenue Bonds	$ 329,607	$ -	$ (13,106)	$ -	$ -	$ 316,501
State Revolving Loans	3,226	1,576	(450)	-	(51)	4,301
Total Installment Debt	332,833	1,576	(13,556)	-	(51)	320,802
Unamortized Premiums / Discounts	7,309	-	(319)	-	-	6,990
Subtotal: Sewer	***340,142***	***1,576***	***(13,875)***	-	***(51)***	***327,792***
Total Combined, Long Term Debt	**$ 869,292**	**$ 1,631**	**$ (31,961)**	**$ -**	**$ (106)**	**$ 838,856**

Table 7 – DWSD Loan Forgiveness provides a summary of DWSD SRF loans closed after January 1, 2016 that include loan forgiveness. EGLE grants principal loan forgiveness on qualified planning costs for disadvantaged communities. Through March 31, 2026, $38.5 million or 27% of approved DWSD SRF loans include loan forgiveness.

State Loan #	Approved Amount	Loan Forgiveness
DWSD Water SRF		
SRF 7412-01	10,605,000	1,000,000
SRF 7413-01	5,180,000	1,000,000
SRF 7414-01	8,675,000	2,000,000
SRF 7447-01	16,500,000	4,711,944
SRF 7460-01	22,281,502	2,005,335
SRF 7483-01	12,262,579	1,103,632
SRF 7484-01	11,741,247	1,111,420
SRF 7548-01	9,832,180	9,832,180
SRF 7888-01	17,765,296	5,336,296
Subtotal: Water	***114,842,804***	***28,100,808***
DWSD Sewer SRF		
SRF 5688-01	4,040,000	808,000
SRF 5706-01	9,175,000	2,293,750
SRF 5980-01	5,088,092	5,088,092
SRF 6002-01	11,180,000	2,236,000
Subtotal: Sewer	***29,483,092***	***10,425,842***
Total DWSD Debt	**$ 144,325,896**	**$ 38,526,650**

Table 8 – GLWA Loan Forgiveness provides a summary of GLWA SRF loans closed after January 1, 2016 that include loan forgiveness. EGLE grants principal loan forgiveness on qualified planning costs for disadvantaged communities. Through March 31, 2026, $47.6 million or 11% of approved GLWA SRF includes loan forgiveness.

State Loan #	Approved Amount	Loan Forgiveness
GLWA Water SRF		
Subtotal: Water	-	-
GLWA Sewer SRF		
SRF 5836-01	96,037,720	7,217,720
SRF 5838-01	175,000,000	20,000,000
SRF 5839-01	104,265,000	13,554,450
SRF 6001-01	67,270,000	6,852,000
Subtotal: Sewer	***442,572,720***	***47,624,170***
Total GLWA Debt	**$ 442,572,720**	**$ 47,624,170**

Annual Change in Outstanding Debt: It is the goal of GLWA to ensure the long-term sustainability of the water and sewer systems. One of the best ways to accomplish this is by reducing the debt service payments on existing bonds as well as reducing the amounts of future bond issues by using revenue financed (also known as pay as you go) capital.

Table 9 - Long-Term Debt Summary provides of GLWA's fiscal year 2026 beginning balances by debt type and loan issues, year-to-date activity, and ending balances as of March 31, 2026. GLWA debt includes financing for both the regional and local share.

Debt Type	July 1, 2025 Beg. Balance	Increase	Decrease	Refunding	Debt Forgiveness	March 31, 2026 End Balance
	Long-Term Debt Summary ($ Thousands)					
	Water Fund					
Revenue Bonds	$ 2,427,660	$ -	$ (80,840)	$ -	$ -	$ 2,346,820
State Revolving Loans	285,768	6,791	(12,440)	-	(54)	280,064
Total Installment Debt	2,713,428	6,791	(93,280)	-	(54)	2,626,884
Unamortized Premiums / Discounts	179,277	-	(13,213)	-	-	166,064
Subtotal: Water	***2,892,704***	***6,791***	***(106,493)***	-	***(54)***	***2,792,948***
	Sewer Fund					
Revenue Bonds	2,413,300	-	(93,355)	-	-	2,319,945
State Revolving Loans	350,798	45,328	(31,780)	-	(51)	364,294
Total Installment Debt	2,764,098	45,328	(125,135)	-	(51)	2,684,239
Unamortized Premiums / Discounts	114,319	-	(6,175)	-	-	108,144
Subtotal: Sewer	***2,878,416***	***45,328***	***(131,310)***	-	***(51)***	***2,792,383***
Total Combined, Long Term Debt	**$ 5,771,121**	**$ 52,119**	**$ (237,803)**	**$ -**	**$ (106)**	**$ 5,585,331**

Debt Service Coverage

GLWA is committed to ensuring the long-term sustainability of the water and sewer systems and has pledged specific revenue streams to secure the repayment of the revenue bonds and SRF loans associated with them. The MBO establishes minimum debt coverage levels at 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 debt held on behalf of both GLWA and DWSD.

GLWA computes the debt service coverage ratio using two different methodologies. The Rate Covenant Method uses the cash basis in computing pledged revenue and the GAAP Method uses the accrual basis in computing pledged revenue. Pledged revenue is divided by the debt service requirements of each lien on a set aside basis to compute the debt service coverage ratio. The set aside basis is defined as the cash available to make the debt service payments on the due dates. The following table details the components of the pledged revenue for each methodology.

Components of Pledged Revenue	Pledged Revenue Calculation	Rate Covenant Basis	GAAP Basis
Revenues	Addition	Cash basis	Accrual basis
GLWA O&M expenses	Subtraction	Cash basis	Accrual basis
GLWA O&M pension	Subtraction	Cash basis	Cash basis
DWSD O&M expenses & O&M pension	Subtraction	Cash transfers to DWSD	Cash transfers to DWSD

Table 10: Debt Service Coverage Ratios - Water provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Water fund.

Debt Service Coverage Water System	MBO Required Minimum	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Adopted Budget 2027
Rate Covenant Basis								
Senior Lien Bonds	1.20	1.99	1.88	1.88	1.87	1.81	1.80	1.72
Senior and second lien bonds	1.10	1.40	1.37	1.37	1.36	1.33	1.36	1.32
All bonds, including SRF junior lien	1.00	1.38	1.33	1.31	1.26	1.21	1.24	1.21
GAAP Basis								
Senior Lien Bonds		1.95	2.00	1.99	1.96	1.95		
Senior and second lien bonds		1.38	1.45	1.45	1.42	1.43		
All bonds, including SRF junior lien		1.35	1.41	1.38	1.32	1.31		

Table 11: Debt Service Coverage Ratios - Sewer provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Sewer fund.

Debt Service Coverage Sewage Disposal System	MBO Required Minimum	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Adopted Budget 2027
Rate Covenant Basis								
Senior Lien Bonds	1.20	2.92	2.35	2.17	2.06	2.03	2.19	2.14
Senior and second lien bonds	1.10	1.97	1.68	1.72	1.54	1.50	1.62	1.59
All bonds, including SRF junior lien	1.00	1.51	1.30	1.37	1.24	1.23	1.37	1.34
GAAP Basis								
Senior Lien Bonds		2.50	2.64	2.13	2.04	2.18		
Senior and second lien bonds		1.68	1.89	1.69	1.53	1.61		
All bonds, including SRF junior lien		1.29	1.46	1.34	1.23	1.33		

Refinancing

To reduce the annual water and sewer debt service payments, GLWA monitors its outstanding water and sewer debt portfolios to determine if it can refund existing bond issues with new, lower interest rate bonds. On an ongoing basis, GLWA's registered municipal advisor, PFM Financial Advisors, LLC (PFM) monitors GLWA's bond refunding opportunities based on the current municipal interest rate environment and the existing debt service on GLWA's callable bonds.

On June 30, 2025, $309.3 million of water supply system refunding bonds and $387.6 million of sewage disposal system refunding bonds were issued. GLWA received significant investor interest despite heavy tax-exempt supply in the market on the same day, driven by recent decreases in interest rates and favorable tax-exempt ratios.

Key elements of this transaction include:

- Rating agency upgrade achieved from Fitch (Sewer), continuing the Authority's positive rating trajectory and credit story
- The bond transaction focused on securing $230 million in new money bond proceeds to replenish funding for water system capital improvement projects and $50 million in new money bond proceeds to replenish funding for wastewater system capital improvements
- Innovative Tender Refunding Plus Current Refunding Results in Significant Savings. Because of a market opportunity to buy back bonds at an attractive price and reduce regional system debt service, GLWA invited the holders of $1.37 billion of previously issued water and sewer bonds to sell their bonds back to the Authority. Holders of $625.3 million of bonds accepted GLWA's offer, representing a participation rate of 46 percent, which exceeded expectations as that level is well above the average level of similar transactions over the past year. GLWA sold $415 million of refunding bonds to pay for the purchase, in conjunction with the new money and current refunding transactions.
- Ultimately, the tender refunding transaction will reduce GLWA debt service future cash flow needs by $43 million through 2040, representing a present value savings to GLWA of $32 million. The transaction underscores GLWA's commitment to pursuing innovative financing strategies to reduce its debt service costs for member partners.
- In addition to the tender refunding, a current refunding resulted in further decreased future cash flow needs by $34 million through 2040, representing a present value savings to GLWA of $29 million.
- The combined effect of the two refunding strategies is $77 million of cash flow savings ($61 million of present value savings).
- On the heels of its rating upgrade, GLWA engaged in a comprehensive investor outreach. This outreach, combined with a strong day within the financial markets, attracted orders from nearly 70 unique institutional investors. In addition, retail orders were placed on behalf of several individual retail investors.

Table 12: History of Cash Flow Savings - since 2016 through the leadership of the Authority's management team, the financing team has been able to achieve over $973.8 million in savings from future cash flow debt service requirements for the systems.

Revenue Refunding Bonds Savings ($ millions)				
Issue	Refunding Bond Amount	Future Cash Flow Savings	Release (used to obtain savings) Savings	Net PV Savings
Water System				
Series 2016	$ 666.0	$ 185.4	$ 25.2	$ 120.8
Series 2018	155.6	30.9	1.6	24.9
Series 2020	377.5	103.1	10.5	66.5
Series 2023	67.2	11.2	-	7.9
Series 2024	384.1	67.5	16.1	39.3
Series 2025	309.3	33.7	-	27.1
Total Water	$ 1,959.7	$ 431.8	$ 53.4	$ 286.4
Sewage Disposal System				
Series 2016	$ 421.3	$ 123.7	$ 23.8	$ 71.2
Series 2018	175.9	54.0	11.2	34.5
Series 2020	687.5	221.0	33.6	122.9
Series 2022	12.5	2.0	1.6	0.2
Series 2023	200.2	34.8	0.2	20.9
Series 2024	387.6	62.9	16.1	37.3
Series 2025	387.6	43.6	-	34.4
Total Sewer	$ 2,272.5	$ 542.0	$ 86.5	$ 321.3
Combined				
Series 2016	$ 1,087.3	$ 309.1	$ 49.0	$ 191.9
Series 2018	331.5	84.9	12.8	59.4
Series 2020	1,065.0	324.1	44.1	189.4
Series 2022	12.5	2.0	1.6	0.2
Series 2023	267.4	45.9	0.2	28.8
Series 2024	771.7	130.4	32.2	76.6
Series 2025	696.8	77.3	-	61.5
Total Combined	$ 4,232.1	$ 973.8	$ 139.9	$ 607.7

The next available refunding opportunity is for bonds with a call date of July 1, 2026, for both the water fund and sewage disposal fund. Approximately $630.0 million in water bonds and $235.0 million in sewer bonds will be callable at that time. GLWA continues to work with its registered municipal advisor on these bonds.

GLWA does not have any defeased debt as of March 31, 2026.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Nick Fedewa, CPA, Public Finance Manager

Re: General Retirement System Financial Report and Annual Actuarial Valuation for Year Ended June 30, 2025 (City of Detroit Component II)

Background: The Great Lakes Water Authority (GLWA) assumed a portion of the legacy pension commitment assigned to the Detroit Water & Sewerage Department (DWSD) pursuant to the terms of the regional water and sewer system leases. For this reason, GLWA monitors activity related to the City of Detroit General Retirement System (GRS). While there are two plans managed by GRS, GLWA is impacted by only the Component II plan. Component II was closed as of June 30, 2014 under the City of Detroit bankruptcy plan of adjustment and is commonly referred to as the 'legacy plan'.

The following reports have been presented to the GRS Board and are attached.

1. Letter from the GRS external audit firm to those charged with governance for the General Retirement System of the City of Detroit for the year ending June 30, 2025 (dated December 10, 2025)
2. Audited Financial Report for the General Retirement System of the City of Detroit (dated December 10, 2025)
3. GASB Statement No. 67 and 68 Accounting and Financial Reporting of Financial Plans of Component II June 30, 2025 (dated October 07, 2025)
4. Annual Actuarial Valuation as of June 30, 2025 (dated February 18, 2026)

While the external auditor letter (#1 above) to those charged with governance did highlight areas for improvement, the overall financial audit for the GRS combined plans received an unqualified opinion for the year ending June 30, 2025. The balance of this discussion will focus on the remaining reports.

- ✓ The results of the Audited Financial Report (#2 above) and GASB Statement No. 67 and 68 Report (#3 above) which are based on prior year actuarial results and serve as the basis for the DWSD and GLWA pension expense and liability to be reported in FY 2026.

- ✓ The most June 30, 2025 Actuarial Valuation Report (#4 above) which provides insight into future pension expense and liability expectations.

Analysis: This report addresses five key areas.

1. Financial Position of the GRS as a Whole
2. Financial Position of the DWSD Unit with the GRS
3. Administrative Expenses
4. Planning for the Tail Liability (Unfunded Actuarial Accrued Liability - UAAL)
5. Impact on GLWA Financial Forecast

Financial Position of the GRS as a Whole

As reported in the GASB Statement No. 67 and 68 Accounting and Financial Report, and shown below in Table 1, the measurement date June 30, 2025 Component II Net Pension Liability is $797 million. The prior year amount was $844 million. **This is a decrease in the net pension liability of approximately 5.5% from the prior year.** The combined DWSD/GLWA unit represents approximately $19.9 million or 2.5% of that total liability and is discussed further in the next section.

Table 1: GASB Statement No. 67 and 68 Report - Executive Summary

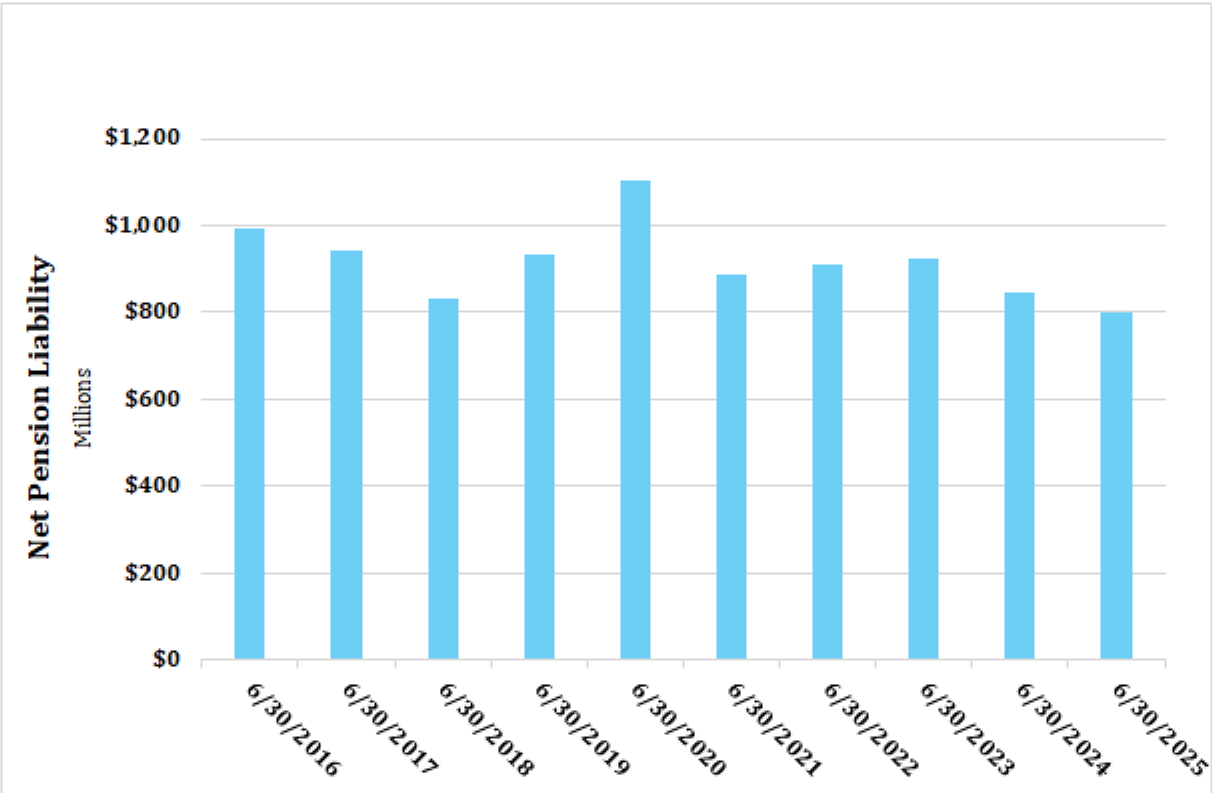
Executive Summary as of June 30, 2025

Actuarial Valuation Date		June 30, 2024
Measurement Date of the Net Pension Liability		June 30, 2025
Employer's Fiscal Year Ending Date (GASB No. 68 Reporting Date)		June 30, 2026
Membership		
Number of		
- Retirees and Beneficiaries		10,713
- Inactive, Nonretired Members		2,268
- Active Members		1,744
- Total		14,725
Covered Payroll^	$	78,724,515
Net Pension Liability		
Total Pension Liability	$	2,181,824,064
Plan Fiduciary Net Position		1,384,656,637
Net Pension Liability	$	797,167,427
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		63.46%
Net Pension Liability as a Percentage of Covered Payroll		1,012.60%
Development of the Single Discount Rate		
Single Discount Rate		6.75%
Long-Term Expected Rate of Investment Return		6.75%
Long-Term Municipal Bond Rate*		5.20%
Last year ending June 30 in the 2026 to 2125 projection period for which projected benefit payments are fully funded		2125
Total Pension Expense	$	44,503,887

Source: GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II, June 30, 2025 (dated October 07, 2025), p 1.

The June 30, 2025 actual net pension liability decrease for GRS is attributed to an increase in employer contributions, and an increase in net investment income as compared to June 30, 2024. Chart 1 below highlights the overall net pension liability trend for the GRS since GLWA was formed in 2016.

Chart 1: Net Pension Liability Trend for GRS in Total



Source: GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II. Multiple Years.

Financial Position of the DWSD Unit with the GRS

The GASB Statement No. 67 and 68 Accounting and Financial Report also provides a breakdown by unit as shown below in Table 2. The DWSD unit reflects the combined DWSD and GLWA pension obligation. As of June 30, 2025, the DWSD Net Pension Liability is $19.9 million. This is a decrease of 53% from June 30, 2024, in contrast to the overall system decrease of 5.5%. This decrease is mainly a result of the following.

- ✓ Transfer of $10.8 million in aggregate excess administrative expenses paid to GRS in prior years to be applied to the DWSD share of net position.
- ✓ Increase in employer contribution (DWSD contributions in FY25 were $2.2 million versus $700,000 in FY24).
- ✓ The actual net investment return of 9.02%, similar to the previous year at 9.06%.

Table 2: GASB No. 67 and 68 Report - DWSD Changes in Net Pension Liability

Schedule of Changes in Net Pension Liability and Related Ratios Current Period Fiscal Year Ended June 30, 2025*

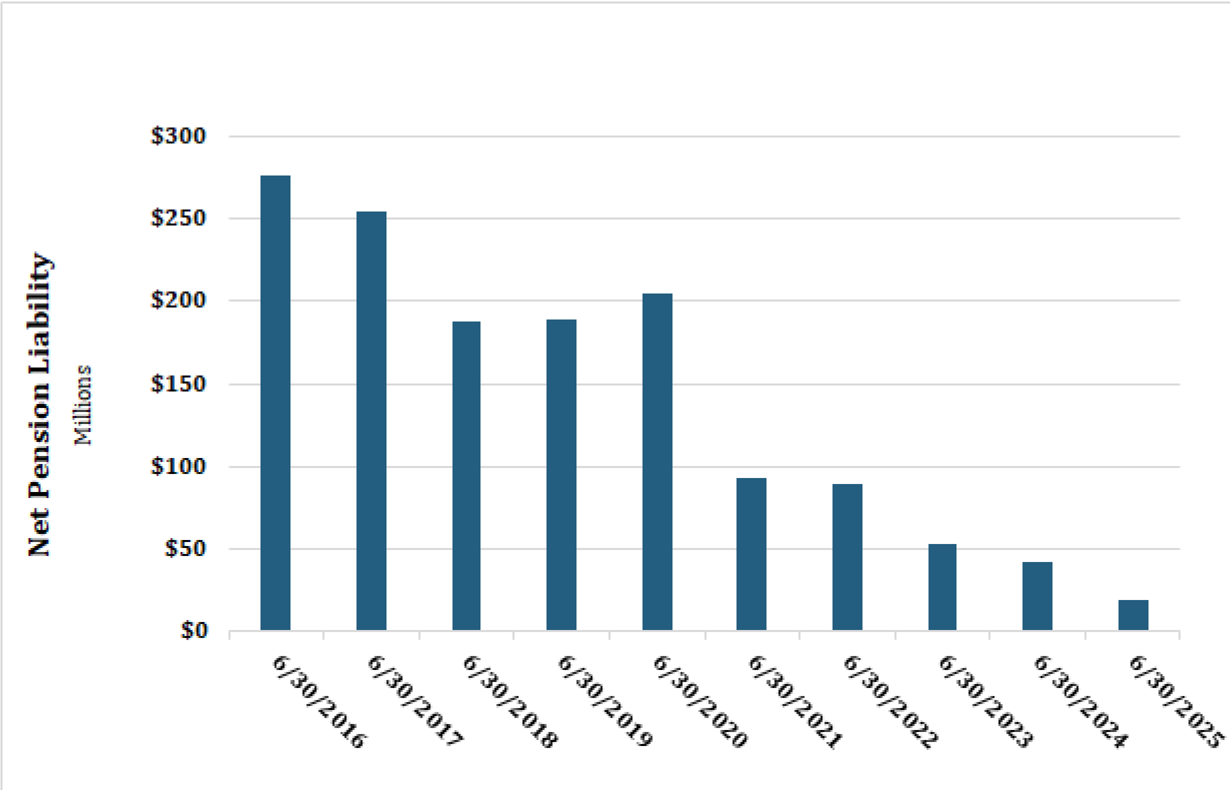
A. Total Pension Liability	General	DOT	DWSD	Library	Total
1. Service Cost	$ -	$ -	$ -	$ -	$ -
2. Interest on the Total Pension Liability	77,568,776	22,285,186	39,616,508	4,703,883	144,174,353
3. Changes of benefit terms	2,950,416	761,049	1,299,184	158,102	5,168,751
4. Difference between expected and actual experience of the Total Pension Liability	13,914,066	(5,398,660)	(285,097)	(985,486)	7,244,823
5. Changes of assumptions	-	-	-	-	-
6. Benefit payments, including refunds of employee contributions	(122,950,144)	(31,776,919)	(59,446,420)	(7,186,925)	(221,360,408)
7. Net change in Total Pension Liability	$ (28,516,886)	$ (14,129,344)	$ (18,815,825)	$ (3,310,426)	$ (64,772,481)
8. Total Pension Liability – Beginning	1,210,642,127	346,039,362	616,634,435	73,280,621	2,246,596,545
9. Total Pension Liability – Ending	**$ 1,182,125,241**	**$ 331,910,018**	**$ 597,818,610**	**$ 69,970,195**	**$ 2,181,824,064**
B. Plan Fiduciary Net Position					
1. Contributions – employer^	$ 50,932,610	$ 32,467,390	$ 2,200,000	$ 100,000	$ 85,700,000
2. Contributions – employee	-	-	-	-	-
3. Net investment income	57,762,753	5,759,652	50,150,071	6,578,353	120,250,829
4. Benefit payments, including refunds of employee contributions	(122,950,144)	(31,776,919)	(59,446,420)	(7,186,925)	(221,360,408)
5. Pension Plan Administrative Expense	(1,348,177)	(145,978)	(1,144,564)	(155,079)	(2,793,798)
6. Other#	(10,822,819)	(38,465)	11,492,787	(374,487)	257,016
7. Net change in Plan Fiduciary Net Position	$ (26,425,777)	$ 6,265,680	$ 3,251,874	$ (1,038,138)	$ (17,946,361)
8. Plan Fiduciary Net Position – Beginning	676,841,099	73,287,213	574,618,558	77,856,128	1,402,602,998
9. Plan Fiduciary Net Position – Ending	**$ 650,415,322**	**$ 79,552,893**	**$ 577,870,432**	**$ 76,817,990**	**$ 1,384,656,637**
C. Net Pension Liability	**$ 531,709,919**	**$ 252,357,125**	**$ 19,948,178**	**$ (6,847,795)**	**$ 797,167,427**
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability	**55.02%**	**23.97%**	**96.66%**	**109.79%**	**63.46%**
E. Covered-employee payroll	**$ 50,825,168**	**$ 10,879,191**	**$ 11,214,925**	**$ 5,805,231**	**$ 78,724,515**
F. Net Pension Liability as a percentage of covered-employee payroll	**1,046.15%**	**2,319.63%**	**177.87%**	**-117.96%**	**1,012.60%**

** Totals may not add due to rounding.*
^ Includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.
 # Includes transfer of $10,761,567 from General to DWSD for aggregate excess administrative expenses paid by the DWSD pension pool.

Source: GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II, June 30, 2025 (dated October 7, 2025), p 23.

Chart 2 below highlights the overall net pension liability trend for the DWSD unit since GLWA was formed in 2016.

Chart 2: Net Pension Liability Trend for DWSD Unit



Under a pension reporting agreement established on January 24, 2017, the parties of DWSD and GLWA agreed that 70.3 percent of the liability allocated to the DWSD unit in the table above was attributable to GLWA regional operations and 29.7 percent to DWSD local operations. This is the basis of allocation for future pension contributions with additional allocation within each entity between Water and Sewer funds. This is summarized in Table 3 below and applied to the current June 30, 2025 liability.

Table 3: Liability Allocation Between GLWA and DWSD as of June 30, 2025

Entity	Percent	Liability Allocation
DWSD - Water	17.80%	$ 3,550,776
DWSD - Sewer	11.90%	2,373,833
GLWA - Water	25.20%	5,026,941
GLWA - Sewer	45.10%	8,996,628
	100.00%	**$ 19,948,178**

GLWA
Great Lakes Water Authority

Administrative Expenses

In accordance with Section 2.3 of the pension reporting agreement, DWSD and GLWA's collective allocable share of administrative expenses through fiscal year 2023 had been allocated to the general division. Correspondingly, the expenses transferred to the general division were offset by a $2.5 million contribution made by DWSD and GLWA, collectively, for administrative expenses, which was credited to the general division. This occurred until 2023, at which point the City and GLWA were to mutually determine and resolve whether any aggregate over-or underpayment will impact the obligation of DWSD and GLWA to make payments to GRS under the pension reporting agreement. As of June 30, 2023, the aggregate excess of administrative expenses paid by DWSD and GLWA was $12,961,567.

The parties agreed to have the City make the DWSD and GLWA annual required contribution until such time that the aggregate excess was exhausted. The City did make the annual transfer payment of $2.2 million for fiscal year 2025 in accordance with this agreement (Table 4).

Table 4: Statement of Changes in Fiduciary Net Position by Division

General Retirement System of the City of Detroit

Statement of Changes in Fiduciary Net Position by Division - Legacy Defined Benefit Plan

For the Year Ended June 30, 2025

	DWSD Subdivisions		General Retirement System - Divisions				
	GLWA	DWSD-R	DWSD - Division Total (all DWSD Subdivisions)	General Division	DOT	Library	Total - General Retirement System (all Divisions)
Beginning Net Position - July 1, 2024	403,956,842	170,661,716	574,618,558	676,841,099	73,287,213	77,856,128	1,402,602,998
Additions:							
Investment income (loss):							
Interest, dividends, and other income	11,473,797	4,847,394	16,321,191	19,477,126	2,282,196	2,292,326	40,372,839
Net increase in fair value of investments	26,139,059	11,043,102	37,182,161	42,080,686	3,822,158	4,710,879	87,795,884
Net unrealized loss on collateralized securities	(2,200)	(935)	(3,135)	(3,548)	(322)	(398)	(7,403)
Investment related expenses	(2,355,153)	(994,994)	(3,350,147)	(3,791,508)	(344,380)	(424,454)	(7,910,489)
Net investment income	35,255,503	14,894,567	50,150,070	57,762,756	5,759,652	6,578,353	120,250,831
Contributions:							
Employer contributions	-	-	-	35,200,000	27,100,000	100,000	62,400,000
General division contribution on behalf of DWSD/GLWA	1,546,600	653,400	2,200,000	(2,200,000)	-	-	-
Foundation for Detroit's Future	-	-	-	12,932,610	5,367,390	-	18,300,000
Employer - Supplemental	-	-	-	5,000,000	-	-	5,000,000
Total contributions	1,546,600	653,400	2,200,000	50,932,610	32,467,390	100,000	85,700,000
ASF recoupment interest	949,492	401,137	1,350,629	2,529,296	904,674	86,631	4,873,230
Other income	80,491	34,005	114,496	160,264	23,675	20,316	318,751
Total additions - net	37,832,086	15,983,109	53,815,195	111,384,926	39,155,391	6,787,300	211,142,812
Deductions:							
Member refunds and withdrawals	491,385	207,598	698,983	3,143,702	1,265,216	613,167	5,721,068
Retirees' pension and annuity benefits	41,299,448	17,447,989	58,747,437	119,806,442	30,511,703	6,573,758	215,639,340
General and administrative expenses	804,628	339,935	1,144,563	1,348,180	145,978	155,079	2,793,800
Transfer from general division to DWSD/GLWA	(7,565,382)	(3,196,185)	(10,761,567)	10,761,567	-	-	-
ASF Recoupment Write-off	515,935	217,970	733,905	2,750,812	966,814	483,434	4,934,965
Total deductions	35,546,014	15,017,307	50,563,321	137,810,703	32,889,711	7,825,438	229,089,173
Net increase (Decrease) in Net Position	2,286,072	965,802	3,251,874	(26,425,777)	6,265,680	(1,038,138)	(17,946,361)
End of Year Net Position Restricted for Pensions - June 30, 2025	406,242,914	171,627,518	577,870,432	650,415,322	79,552,893	76,817,990	1,384,656,637

Source: Audited Financial Report for the General Retirement System of the City of Detroit (dated December 10, 2025), p 50.

At the end of fiscal year 2025, it was agreed that the remaining prepaid administrative expense amount of $10,761,567 would be transferred from the general division to the DWSD Division. Table 5 below from the FY 2025 Audited Financial Report for the General Retirement System of the City of Detroit reflects the close out of the prepaid administrative balance.

Table 5: Schedule of DWSD/GLWA Contributions Toward Administrative Expenses

General Retirement System of the City of Detroit

Schedule of DWSD/GLWA Excess of Contributions Paid Toward Administrative Expenses

For the Year Ended June 30, 2025

	DWSD Division Total	
	GLWA	DWSD-R
Amount Paid in Excess of Administrative Expenses Otherwise Allocable - June 30, 2024	$ 9,111,980	$ 3,849,587
Annual required contribution made by City of Detroit on behalf of DWSD/GLWA	(1,546,600)	(653,400)
General Division transfer to DWSD	(7,565,380)	(3,196,187)
Cumulative Amount Paid in Excess of Administrative Expenses Otherwise Allocable - June 30, 2025	$ -	$ -

Source: Audited Financial Report for the General Retirement System of the City of Detroit (dated December 10, 2025), p 51.

Planning for the Tail Liability (UAAL)

Under the POA, GLWA and DWSD made combined, Component II annual pension payments of $45.4 million, of which $2.5 million was specific to administrative expenses discussed above through June 30, 2023. Starting in fiscal 2024, the GRS Component II Annual Pension Report reflects the actuarially determined employer contributions (ADEC) payment rather than fixed payment amounts from GLWA and DWSD for the GRS DWSD unit. The actual amount of this remaining, unfunded liability and associated ADEC will vary based upon plan performance and the outstanding liability at the end of each year.

The current June 30, 2025 Actuarial Report estimates the total Component II projected unfunded actuarial accrued liability (UAAL) for the GRS as a whole to be $803 million as of June 30, 2026. The DWSD-GLWA share of the projected UAAL amount is $32.9 million with an estimated actuarial determined employer contribution of $4.8 million plus $0.6 million administrative expense contribution, for a total of $5.4 million for FY 2027.

Table 6: Projected Actuarially Determined Employer Contributions & UAAL/Tail Liability

Valuation Results

Determination of FY 2027 Actuarially Determined Employer Contribution

Beginning with the 2024 fiscal year, a closed 30-year level principal amortization has been used for determining the contribution dollar amount. Beginning with the 2025 fiscal year, the dollar amount is to be contributed in quarterly installments paid on the last day of each quarter to the Retirement System. Beginning with the 2027 fiscal year, the GLWA portion of the UAAL in the DWSD division is amortized over a closed 10-year level principal amortization period. Future gain/(loss) which occurs to the GLWA portion of the DWSD division as a result of System experience and/or assumption or method changes will be amortized over new closed 10-year level principal amortization periods (i.e., layered amortization).

	General City	D.O.T.	Development of FY 2027 Contributions: DWSD: DWSD-R	DWSD: GLWA	DWSD: DWSD Total	Library	System Total
As of June 30, 2025:							
Actuarial Accrued Liability[1]	$ 1,183,759,649	$ 333,184,250	$ 177,712,773	$ 420,646,733	$ 598,359,506	$ 70,084,241	$ 2,185,387,646
Funding Value of Assets (FVA)[1]	634,728,658	77,634,246	167,488,220	396,445,181	563,933,401	74,965,298	1,351,261,603
Unfunded Actuarial Accrued Liability (UAAL)	$ 549,030,991	$ 255,550,004	$ 10,224,553	$ 24,201,552	$ 34,426,105	$ (4,881,057)	$ 834,126,043
During Fiscal Year 2026:							
Assumed Contribution[2]	(56,971,865)	(26,522,698)	(1,306,517)	(3,092,531)	(4,399,048)	(75,886)	**(87,969,497)**
Assumed Administrative Expenses[3]	1,257,605	330,077	181,721	430,133	611,854	74,318	**2,273,854**
Interest at 6.75%	35,678,866	16,598,363	663,569	1,570,670	2,234,239	(328,899)	**54,182,569**
Projected UAAL as of June 30, 2026	$ 528,995,597	$ 245,955,746	$ 9,763,326	$ 23,109,824	$ 32,873,150	$ (5,211,524)	$ **802,612,969**
Remaining Amortization Years *(Closed Level Principal Amortization)*	27	27	27	10		27	**27**
UAAL Contribution	$ 53,952,542	$ 25,085,157	$ 995,767	$ 3,776,601	$ 4,772,368	$ (531,526)	$ **83,278,541**
$0 Minimum UAAL Contribution	53,952,542	25,085,157	995,767	3,776,601	4,772,368	-	**83,810,067**
Administrative Expense Contribution[3]	1,241,745	329,757	180,556	427,377	607,933	74,596	**2,254,031**
Actuarially Determined Employer Contribution[4]	**$ 55,194,287**	**$ 25,414,914**	**$ 1,176,323**	**$ 4,203,978**	**$ 5,380,301**	**$ 74,596**	**$ 86,064,098**

[1] *Actuarial Accrued Liability and Funding Value of Assets attributable to DWSD in total were split 29.7%/70.3% between DWSD-R and GLWA as of June 30, 2025.*
[2] *Contributions are assumed to be made in equal quarterly installments on the last day of each quarter of the fiscal year. As instructed by the Retirement System, contributions for the 2026 fiscal year attributable to DWSD in total were split 29.7%/70.3% between DWSD-R and GLWA.*
[3] *Administrative expenses were allocated (see Section D of the report) and assumed to be paid by the individual units. As instructed by the Retirement System, the DWSD administrative expenses assumed for the 2026 and 2027 fiscal years were split 29.7%/70.3% between DWSD-R and GLWA.*
[4] *Total employer contributions, including amounts paid by the employer but funded from other sources as required by POA, if any.*

If the City is unable to make the quarterly contribution in any given quarter, we recommend a catch-up contribution equal to 25% of the full end of year amount (see Comments and Recommendations for more information).

Source: Annual Actuarial Valuation of Component II, June 30, 2025 (dated February 18, 2026), p 3.

City of Detroit Contributions

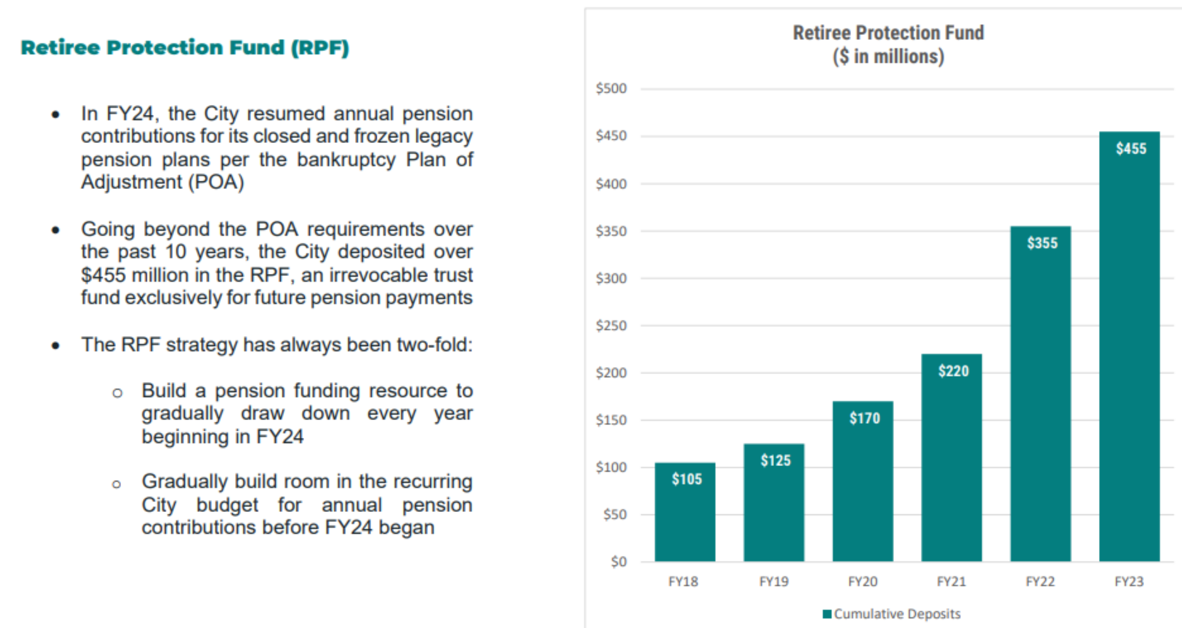
Funded ratio is a metric used to measure a plan's ability to cover future obligations based on projected contributions. The Component II funded ratio for the period ending June 30, 2025 is 63.46% (as shown in Table 1 of this memo) up from 62.43% in the prior year. Best practice benchmarks being a 75% minimum and 100% maximum funded ratio. As stated previously, this increase is largely attributed to the increase in the City contributions and the actual net investment return.

In June 2023, the U.S. Bankruptcy Court granted the motion filed by the City of Detroit requiring the separate Police & Fire Retirement System to honor the original, 30-year amortization period. The GRS Board was presented with and approved the final June 30, 2022 actuarial report and a funding policy confirming use of the 30-year level dollar amortization upheld by the U.S. Bankruptcy Court.

As noted above, the POA established a funding requirement for GLWA and DWSD through June 30, 2023. Starting from fiscal year 2024 (post-bankruptcy) the City is required to make ADEC payments annually in accordance with the plan document. The June 30, 2025 valuation computes the employer contribution as a forecast for the 2027 fiscal year. Table 6 below summarizes this ADEC by unit and provides a range for annual contribution requirements beginning in FY 2027.

The City has been setting funds aside outside of the GRS in a "Retiree Protection Fund" (RPF) via an Internal Revenue Code Section 115 Trust. The balance in the RPF by year is shown in Chart 3 below. The chart was obtained from the FY 2027-2030 Proposed Four-Year Financial Plan as of March 9, 2026. As noted in the City presentation, "To protect retirees, the Mayor and City Council deposited $455 million in the RPF through FY 2024".

Chart 3: City of Detroit Retiree Protection Fund



Source: Mayor's Proposed Budget (detroitmi.gov)

GLWA and DWSD Contributions

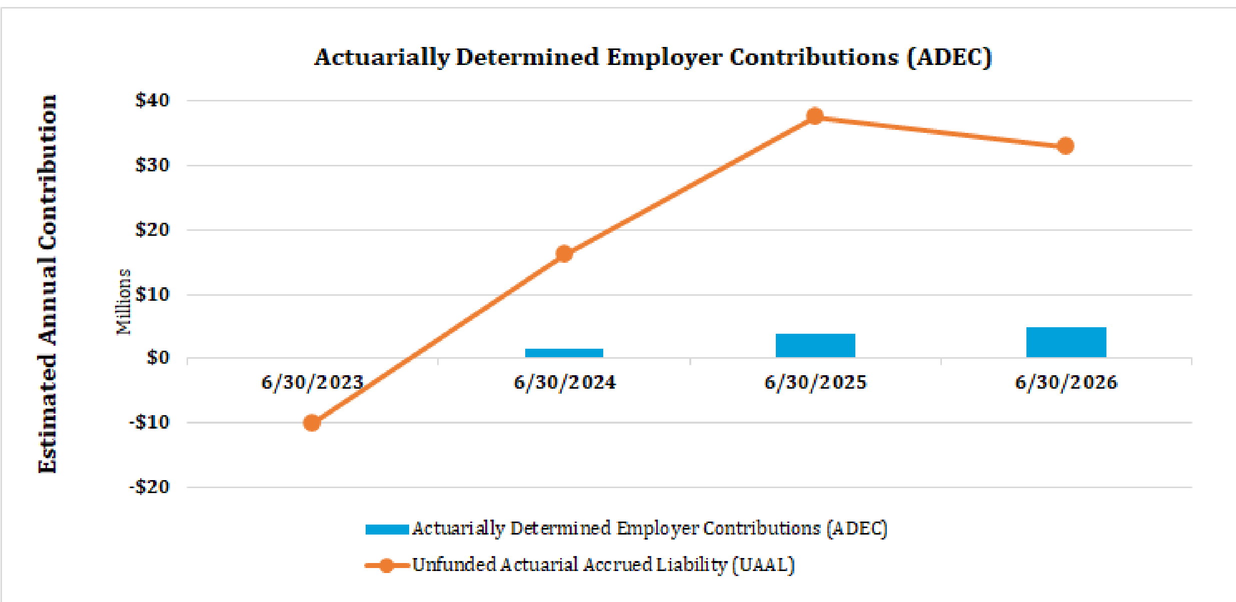
According to the Pension Agreement, "If the Authority Pension Pool is less than 100% funded, then the Authority shall make such level annual contributions to the GRS as necessary to amortize such shortfall over five (5) years (or such greater period not to exceed ten (10) years as agreed upon by GRS and the Authority) at an interest rate equal to the then current GRS investment return assumption. For each Fiscal Year commencing from and after

July 1, 2023, on its normal schedule for determining the current Fiscal Year's contributions to the GRS, the GRS shall provide the Authority with a determination of the UAAL for the Authority Pension Pool using the market value of assets for the Authority Pension Pool and whether the Authority Pension Pool is funded at 100%."

As noted in the June 30, 2025 valuation, "Beginning with the 2027 fiscal year, the GLWA portion of the UAAL in the DWSD division is amortized over a closed 10-year level principal amortization period. Future gain/(loss) which occurs to the GLWA portion of the DWSD division as a result of System experience and/or assumption or method changes will be amortized over new closed 10-year level principal amortization periods (i.e., layered amortization)." This change was made to create a separate GLWA division that would enable the parties to adhere to the process outlined in the Pension Agreement.

Chart 4 below tracks the ADEC contributions based on the UAAL since the first year of this requirement. If the UAAL is less than zero, no annual contribution is required and only administrative expense is paid. This was the case as of June 30, 2023. Since then a contribution has been required as shown in the chart below.

Chart 4: Estimated Annual Contribution Trends for the DWSD & GLWA Divisions based on Actuarially Determined Employer Contributions

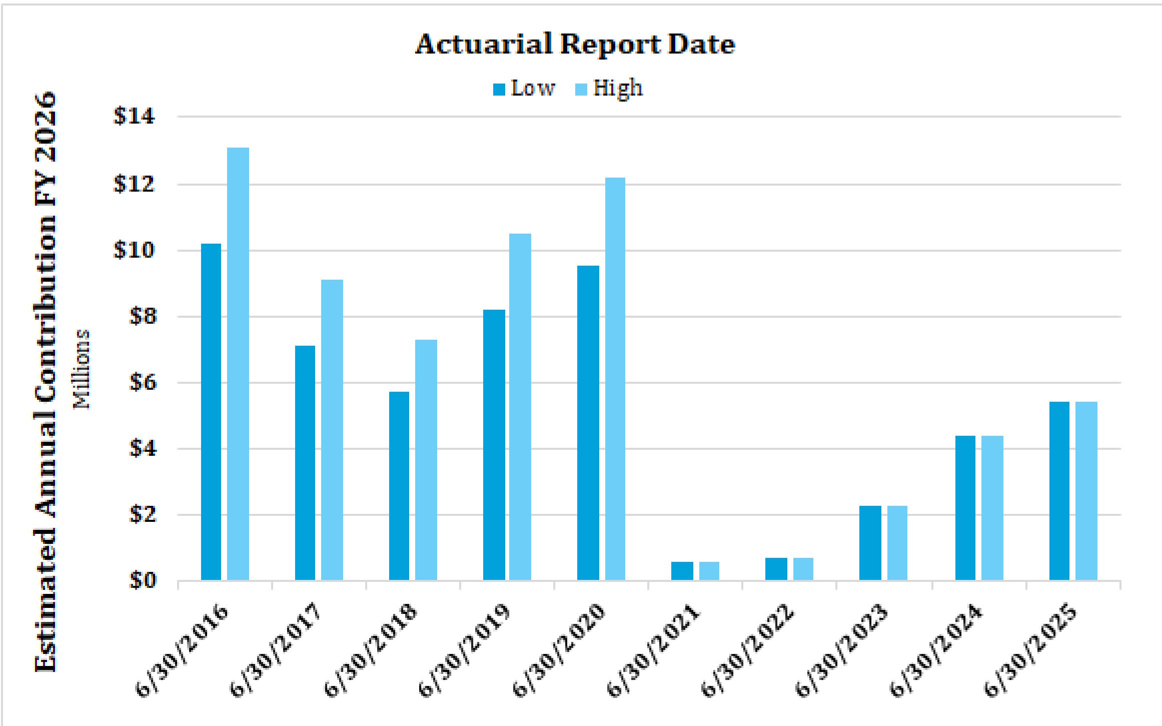


Source: Annual Actuarial Valuation of Component II.

Impact on GLWA Financial Forecast

Based on the funding policy currently proposed to the City of Detroit for FY 2027, the annual contribution for GLWA and DWSD is $0.6 million for administrative expense contribution, and $4.8 million for the ADEC contribution. The prior year actuarial placed that range as $4.4 million for FY 2026. The current annual estimated contribution based on the tail liability is summarized in Chart 5 below.

Chart 5: GLWA and DWSD Estimated Annual Contribution for FY 2027



Source: Annual Actuarial Valuation of Component II, June 30, 2025 (dated February 18, 2026), p 3.

GLWA will continue to monitor and report on Component II activity, specifically as it relates to funding policy actions taken by the City of Detroit. GLWA has engaged an independent consultant to review the current valuation and the impacts of any funding policy actions taken by the City and GRS. In addition, GLWA staff continues to attend the monthly GRS Board meetings to monitor and report on current events and the impact on the Plan's investment assets.

Proposed Action: Receive and file this report.

Plante & Moran, PLLC
P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

December 10, 2025

To the Board of Trustees, the Investment
Committee, and Management
General Retirement System of the City of Detroit

We have audited the financial statements of General Retirement System of the City of Detroit (the "System") as of and for the year ended June 30, 2025 and have issued our report thereon dated December 10, 2025. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Other Recommendations and Related Information

Sections I and II include information that we are required to communicate to those individuals charged with governance of the System. Section I communicates deficiencies we observed in the System's internal control that we believe are material weaknesses. Section II communicates significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section III presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the System in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

We would like to take this opportunity to thank the System's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board of trustees, the investment committee, and management of the System and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Michelle Watterworth

Michelle M. Watterworth, CPA

Spencer Tawa

Spencer Tawa, CPA

Section I - Internal Control Related Matters Identified in an Audit

In planning and performing our audit of the financial statements of the System as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the following deficiencies in the System's internal control to be material weaknesses:

Controls Over the System's Census Data and Actuarial Valuation Process (Repeat Finding)

Background

The System has to accumulate and transmit voluminous member data to the actuary. The data used in the System's June 30, 2025 financial statements are as of June 30, 2024, which was accumulated and transmitted to the actuary from Procentia's IntelliPlan system. It is important to note that, with the System's recent ERP transition, this was the first year we tested the data coming from this new IT system, as it was the first year this data was used by the actuary in the related GASB 67 actuarial valuation.

The System accumulates member data based on information from the City of Detroit, Michigan (the "City"), as well as data the System independently obtains. The System relies on data it extracts from the City of Detroit, Michigan's databases primarily for active and deferred members. The System is responsible for data on retirees, as it will obtain additional information when a member commences retirement.

The actuary then uses this information to prepare the actuarial valuation, which impacts the calculation of the actuarially determined contribution (ADC) and the actuarial accrued liability (AAL) for funding purposes and, under GASB Statement No. 67, impacts the total pension liability disclosed in the System's financial statements.

It is key that the information provided to the actuary is complete and accurate in order to ensure that the funding levels, AAL, and disclosures under GASB Statement No. 67, including the total pension liability, also are accurate.

Issues and Recommendations

The System's conversion to Procentia's IntelliPlan system created the opportunity for the System to improve the data sets being utilized for the system's actuarial valuations. In the process of performing the conversion to IntelliPlan, the System determined that different data sets should be pulled from different places versus just simply utilizing the existing legacy system's data, in the hopes that doing so would improve the accuracy of those data sets. However, in testing the census data that is currently in IntelliPlan, we identified a significant number of unusual and unexpected changes in the data sets, and a more significant number of errors than in the past.

The more significant errors are as follows:

- We noted over 40 percent of active and 78 percent of terminated vested members where years of service changed from the prior census data for Component II. For active and terminated vested employees within Component II, we would not expect any changes to years of service, as the plan is frozen, and, thus, members should not accrue further service. In the IntelliPlan system, changes were made in how the service years were derived with the expectation of improvements in the accuracy of this field. Based on testing, we noted that, in many instances, this census data element (years of service) was inaccurate.

- We noted several different types of errors with persons either improperly included in or improperly excluded from the census data. As an example, for Components II and I, we noted there were members receiving a pension benefit who were not included in the census data as well as members who should not have been included as vested in the data included off the listings in the current year.

It is imperative that the System work to remedy these data issues. Although we were able to conclude that the totality of the census errors would not result in a material misstatement of the valuation, not only should the system address more broadly the accuracy of the data that has been transitioned to the new system, but the system needs to implement appropriate processes and controls to validate the census information each year prior to sending it to the actuary to ensure the data utilized in the valuations is as accurate as possible. Those controls that the System puts in place should be documented, including the performance of any analytics and any follow-up done to validate and correct the data. Without putting in place these additional processes and controls, we are concerned about future reliance on these very critical data sets.

Controls Over the System's Information Technology Processes (Repeat Finding)

The System has complex information technology that integrates with the City of Detroit, Michigan's various payroll databases. The System's IT department is independent of the City. The security provided by the IT system is important to the validity and the accuracy of the data maintained, including the census information provided to the actuary. The System has been in the process of transitioning to a new ERP system, which is now fully operational.

Based on our procedures, we identified the following related to the IT system:

- **Administrative Activity Monitoring (IntelliPlan)** - There is no process to proactively monitor administrator activity. There is a risk that an administrative user to create fictitious users to circumvent controls. As a result, an inadvertent mistake or malicious action made by an administrator could go undetected.

- **User Access Reviews (All Systems)** - No formal user access reviews are being performed. We recommend formal user access reviews, as these are a tool to verify that personnel have the correct access level depending on the role within the organization. If users have incorrect permissions, this lack of user access reviews could lead to unintended changes, including to personnel profiles, unknown risk, and inappropriate system access.

- **Intrusion Detection** - A formal incident response plan and a disaster recovery plan have not been documented. In the event of an incident or disaster that impacts availability of IT resources, the System may not have a clear plan on restoring operations. We recommend the System continue to review and implement recommendations from the cybersecurity assessment performed by Plante & Moran, PLLC in July 2024.

Section II - Required Communications with Those Charged with Governance

<u>Our Responsibility Under U.S. Generally Accepted Auditing Standards</u>

As stated in our engagement letter dated April 22, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the System. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

<u>Planned Scope and Timing of the Audit</u>

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 15, 2025.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the System are described in Note 1 to the financial statements. Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, were both required to be implemented by the System during the year; however, the System determined that the impact of GASB 101 was immaterial and, therefore, did not adopt it as allowed by GASB. The System also determined that no disclosures were required under GASB 102; therefore, neither pronouncement led to changes to the financial statements or related disclosures.

We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are the following:

- **Investment Valuations** - The financial statements include investments valued at approximately $12.8 million (less than 1 percent of net position) at June 30, 2025, whose fair values have been estimated by management in the absence of readily determinable market values (Level 3 investments). In addition, the System has approximately $900 million of investments for which management estimated values based on net asset values provided by investee management. These investments all have underlying audited financial statements, but those financial statements are not audited as of the same year end as the System.

The valuation of alternative investments constitutes a very sensitive and significant estimate affecting the financial statements. Management uses various means to value the investments, including confirmations from the investment managers, periodic appraisals, guidance from real estate advisors, etc. These estimates are very subjective and highly sensitive to change. We believe management's estimates are in accordance with GAAP.

- **Estimates Inherent in the Development of the Total Pension Liability** - The financial statement disclosures and required supplementary information schedules contain information about the System's total pension liability. In order to determine the total pension liability, the actuary must apply certain assumptions that are highly sensitive to estimation. The most sensitive estimates used in the valuation were as follows:

  - *Census Data* - If the census data that the actuary uses to project the total pension liability is ultimately not accurate or incomplete, the resultant liability that is calculated, disclosed in your financial statements, and ultimately recorded by the City of Detroit, Michigan will not be a good estimate. It is critical that the System place high priority on ensuring this data utilized by the actuary is in good representation of the underlying data of its members.

  - *Assumed Long-term Rate of Return* - For the purpose of GASB Statement No. 67, as of June 30, 2025, the System is currently using 6.75 percent for the assumed long-term expected rate of return based on information provided by the System's investment advisor combined with calculations performed by the System. We commend the System on continuing to be critical of this significant assumption, watching the trends nationally, and reevaluating the return assumption annually with a critical eye.

  - *Single Discount Rate Calculation* - The calculation of the single discount rate under GASB Statement No. 67, which is calculated using the long-term assumed rate of return as one of many assumptions, is highly sensitive to estimates the actuary makes about future contributions and future benefit payments. Inherent in those assumptions is some subjectivity surrounding the projection of future contributions. The assumption made in the GASB 67 valuation is that the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 30- and 15-year period for Components II and I, respectively.

  - *Mortality and Other Assumptions* - The mortality and other assumptions were estimated by the actuary based on the results of an experience study for the period from July 1, 2015 through June 30, 2020. Generally, the actuary used variations of the Pub-2010 tables.

- **Allowance on Annuity Savings Fund (ASF) Recoupment Receivable** - For members who elected to make employee contributions into the defined contributions-style program, referred to as the annuity savings fund, between July 1, 2003 and June 30, 2013, the POA called for recoupment of amounts that the System calculated in accordance with the POA provisions where excess interest was credited to individual ASF accounts. The recoupment amount was calculated in 2015, and members who had a recoupment amount were offered a lump-sum or monthly payment option. A receivable was recorded on the System's financial records for those who did not pay back the recoupment via the lump-sum option. The monthly payments are being deducted from the members' pension pay until paid in full, or the balance is forgiven upon the members' deaths (or their beneficiaries', as applicable). The current gross receivable recorded in the System's financial statements is approximately $83.9 million as of June 30, 2025. For some members, given the provisions of the POA, this recoupment has an extremely long collection period and may, in some cases, be longer than the life expectancy of the member, thereby resulting in eventual write-offs of these balances. The System has recorded an allowance of $14.7 million against this receivable balance based on historical information related to collections and write-offs. The System will evaluate this allowance annually.

We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to the financial statements taken as a whole.

Section II - Required Communications with Those Charged with Governance (Continued)

The disclosures in the financial statements are neutral, consistent, and clear.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure related to GASB Statement No. 67, including the actuarial valuation results.

Difficulties Encountered in Performing the Audit

The conversion to the new ERP system, particularly for the census data, did result in significant additional time and effort during this year's audit process, particularly due to the magnitude of unexpected and inaccurate data changes and the other data issues we encountered during our testing.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements that were requested to be recorded. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. However, uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the System, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the System's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 10, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the System's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section III - Other Recommendations and Related Information

During our audit, we noted areas where we believe there are opportunities for the System to further strengthen internal control or to increase operating efficiencies. Our observations on those areas are presented below for your consideration:

Formalize Evidence of Preparation and Review of Documents

The System's process and controls properly include preparation and review of numerous workpapers to support financial statement reporting. However, sometimes the System does not document those activities and, therefore, cannot easily substantiate that they were performed. We recommend the System formalize the preparation and review process to ensure that the System can validate whether, by whom, and on what date these critical procedures and controls were performed. Currently, there is documentation of preparation and review of things like manual journal entries and bank reconciliations, but items such as the reserve workpapers are missing this documentation.

Controls Over Carried Interest in Investment Policies

While there is no clear accounting guidance on whether to include carried interest in the determination of the fair value of an investment, in order to create consistency within the System's valuations of these investments, we encourage the System to adopt a policy for treatment of carried interest in the assessment of fair value of their alternative investments, if that information is available.

Reserve Funds

In accordance with the Combined Plan for the General Retirement System of the City of Detroit, the System is required to maintain reserves to be set aside within the plans, as disclosed in the financial statements. As directed by the System's external actuary, the System should review the various reserve funds (i.e., Annuity Savings Fund, Annuity Reserve Fund, and Pension Accumulation Fund) related to transfers upon retirement/termination of employment and interest crediting.

Additionally, when accumulating the reserves information to send to the actuary and disclose in the financial statements, the System also compares its rollforward of the Annuity Savings Fund based on accounting records to that which the IT system accumulates. Accounting adjusts the reserves to match the IT report but should investigate the differences to ensure reserves are properly being tracked.

Informational Items

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Public pension systems are not immune to these attacks; there are many systems across the nation that have been a target of cybercriminal activity. Because of these attacks, systems are at risk both financially and legally. Even a system with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We commend the System for recently undergoing a cybersecurity system assessment in 2024 and encourage it to continue to prioritize addressing the items identified as part of that process.

Income Stabilization Fund

As you are aware, based on the Plan of Adjustment, the investment committee may recommend to the board of trustees that a portion or all of the assets that exceed the income stabilization benefits to be paid in the future be used to fund regular pension payments (up to $35 million). This is allowed beginning in 2022 and requires agreement from at least 75 percent of the independent members of the investment committee on the recommendation. As of June 30, 2025, the Income Stabilization Fund's net position was $14.5 million. The investment committee may want to utilize this option; if so, it will need to utilize an actuary to assist in making this determination.

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the System. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available here: [GASB accounting standard update: Fall 2025 | Our Insights | Plante Moran].

GASB Statement No. 103 - Financial Reporting Model Improvements

This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after. This statement establishes new accounting and financial reporting requirements or modifies existing requirements. The impact to the System will primarily be with the reporting of the management's discussion and analysis.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This new accounting pronouncement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after.

Significant GASB Proposal Worth Watching

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected is two rounds - with the first in early 2027 and the second in mid-2028.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and testified to the GASB about our feedback. We strongly encourage the City to monitor developments with this standard, as the potential impact is quite broad.

Attachment

Client: **General Retirement System of the City of Detroit**
Opinion Unit: **Fiduciary Funds (all)**
Y/E: **6/30/2025**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Deferred Outflows of Resources	Current Liabilities	Long-term Liabilities	Deferred Inflows of Resources	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:											
A1	None	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JUDGMENTAL ADJUSTMENTS:											
B1	Unsubstantiated liability account				(4,869,696)					(4,869,696)	$ 4,869,696
ITEMS UNABLE TO AUDIT:											
C1	None										
		-	-	-	-	-	-	-	-	$ -	-
	Total	**$ -**	**$ -**	**$ -**	**$ (4,869,696)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (4,869,696)**	**$ 4,869,696**

PASSED DISCLOSURES AND FINANCIAL STATEMENT PRESENTATION ISSUES:

D1	The total pension liability, as calculated by the actuary, is based on census information that is either incomplete or inaccurate. The total pension liability would be different had accurate and complete information been provided to the actuary. Based on errors identified, projected overstatement of the total pension liability of approximately $10.2 million.
D2	In the Schedule of Changes in the City's Net Pension Liability and Related Ratios (Legacy Plan), covered payroll was unavailable. This information is required, but has been noted as not available.

General Retirement System of the City of Detroit

Financial Report
with Supplementary Information
June 30, 2025

Contents

Plante & Moran, PLLC
P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System of the City of Detroit

Opinion

We have audited the financial statements of the General Retirement System of the City of Detroit (the "System") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the General Retirement System of the City of Detroit as of June 30, 2025 and the changes in its fiduciary net position 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). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 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.

To the Board of Trustees
General Retirement System of the City of Detroit

In performing an audit in accordance with GAAS, 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Trustees
General Retirement System of the City of Detroit

Report on Summarized Comparative Information

We have previously audited the General Retirement System of the City of Detroit's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 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.

Plante & Moran, PLLC

December 10, 2025

As management of the General Retirement System of the City of Detroit (DGRS or the "System"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025.

Using This Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) the required supplementary information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information that further explain and support the information in the financial statements.

Financial Highlights

The U.S. economy has slowed this past fiscal year. The unemployment rate increased, and wage growth slowed. Consumer sentiment has also declined. Despite these things, the U.S. stock market was relatively strong. The markets showed strength in the last half of 2024. However, the markets saw a pull back in the first quarter of 2025, rebounding in the second quarter of 2025. The rebound led to strong investment returns for the close of fiscal year 2025. The fiscal year 2025 investment returns are 10.1 percent.

This year's investment income is up slightly over last year, and contributions are down a bit compared to last year due to the receipt of the State of Michigan Pension Grant received last year. Expenses are down approximately $10 million despite the 13th check being paid out this year. The primary reason for the difference is the result of last fiscal year's establishment of an allowance for doubtful accounts for the ASF recoupment receivable balance. The plan's combined net position increased by $34.3 million.

This fiscal year also was the first year wherein the Foundation for Detroit's Future (the "Foundation") began to contribute $18.3 million to the General Retirement System instead of $375 thousand. The contribution amount flipped with that of the Police and Fire System. This adjustment is spelled out in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment").

Condensed Financial Information

The tables below compare key financial information in a condensed format between the current year and the prior year:

	2025	2024
Assets	$ 1,908,697,157	$ 1,871,807,799
Liabilities	106,029,294	103,423,263
Fiduciary Net Position		
Restricted:		
Pension	1,770,424,254	1,739,432,066
Postemployment benefits other than pension	32,243,609	28,952,470
Total fiduciary net position	**$ 1,802,667,863**	**$ 1,768,384,536**

		2025		2024
Additions				
Net investment income (loss):				
Interest, dividends, and other income	$	50,845,315	$	52,256,064
Net increase in fair value of investments		113,037,635		100,947,610
Investment-related expenses		(9,995,839)		(10,790,036)
Net investment income		153,887,111		142,413,638
Securities lending income		126,971		332,748
Contributions:				
Employer		77,100,108		95,939,289
Employer - Supplemental payment		5,000,000		-
Employee		15,973,110		19,928,667
Foundation and State of Michigan Pension Grant		18,300,000		23,560,142
Total contributions		116,373,218		139,428,098
ASF recoupment interest		4,873,230		5,230,674
Other income		415,791		1,439,010
Total additions		275,676,321		288,844,168
Deductions				
Benefit payments		220,557,364		218,779,021
Member refunds and withdrawals		10,875,654		14,284,872
General and administrative expenses		5,025,011		5,014,119
ASF recoupment write-off		4,934,965		16,000,245
Total deductions		241,392,994		254,078,257
Net Increase in Net Position Held in Trust	**$**	**34,283,327**	**$**	**34,765,911**

Fund Overview, Membership, and Governance

The pension plans of the General Retirement System of the City of Detroit consist of defined benefit pension plans and defined contribution plans for the nonuniformed employees of the City of Detroit, Michigan (the "City"), composed of Component I and Component II, which are memorialized in a document titled the Combined Plan for the General Retirement System of the City of Detroit, Michigan, made effective July 1, 2014, as amended and restated on December 8, 2014 (the “Combined Plan”). The System also manages open and closed death benefit funds (collectively, the "Death Benefit Plans"). The Death Benefit Plans are held in a separate trust; the board of the Death Benefit Plans is substantially the same as the board of the pension plans. This discussion and its accompanying financial statements are concerned primarily with Component I, a new pension plan created by the City effective July 1, 2014 for active nonuniformed employees of the City to earn pension benefits on and after that date (also referred to as the “Hybrid Plan”), and Component II, the legacy pension plan wherein benefits were earned through June 30, 2014 (the "Legacy Plan").

As discussed in greater detail below, at the conclusion of the 2014 fiscal year, the City froze Component II. The freeze of Component II, which was the pension plan that existed as of June 30, 2014, means that no further benefit accruals occurred after that date, and no new employees are allowed to participate as members.

DGRS exists to pay benefits to its members. Members of the System include active nonuniformed city employees, retirees, and their beneficiaries. Active members still employed with the City on and after July 1, 2014 earn service credit that entitles them to receive benefits in the future in Component I but not in Component II, which, as noted above, has been frozen. Both the employer and municipal plan sponsor for the System, the City, and actively employed members have historically contributed to the System (the employee contributions were voluntary prior to July 1, 2014). Retirees, their beneficiaries, and disabled members are those currently receiving benefits, though the City elected in fiscal year 2015 to transition new disability claims from the benefit program administered by the System to one administered by a third-party insurance carrier.

Component I of DGRS is a newly created plan (effective July 1, 2014), with more active members earning service credit than members eligible to receive or receiving benefits. As of June 30, 2024, there were 5,959 active members, with 845 retirees and 897 terminated plan members entitled to but not yet receiving benefits.

Component II of DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2024, there were 1,744 active members in Component II, with 10,713 members receiving benefits and 2,268 terminated plan members entitled to but not yet receiving benefits.

By way of background, a brief review of the City's migration from the Legacy Plan to the Hybrid Plan is appropriate. On June 30, 2014, the emergency manager of the City of Detroit, Michigan issued Order No. 30, which froze Component II. After that date, no new employees were allowed to participate in Component II, and benefit accruals for members with respect to service rendered prior to July 1, 2014 were frozen based on the member's years of service, average final compensation, and the pension multiplier formula as of the freeze date. Employees working after July 1, 2014 are now earning service credit in the Hybrid Plan, or Component I. On July 1, 2014, the City first published the Combined Plan with the city clerk. By August 1, 2014, the City completed the payroll information systems project transitions required to allow the now mandatory employee contributions to be contributed to Component I.

On October 19, 2014, the emergency manager issued Order No. 43, which amended and restated the Combined Plan. On December 8, 2014, before leaving office, the emergency manager issued Order No. 44, which again amended and restated the Combined Plan. According to Order No. 44, the latest amendments and restatements to the Combined Plan conformed the combined plan terms to the requirements of the City's bankruptcy plan and made clarifying modifications. The Combined Plan is available at DGRS' website, www.rscd.org.

In December 2014, DGRS governance was modified as part of the City's bankruptcy plan. DGRS is governed by a board of trustees (the “Board”). Although DGRS' investment management is now the ultimate responsibility of a seven-member investment committee (the “Investment Committee”), the Board maintains its role as the governing board vested with responsibility for the general administration, management, and operation of the System, with which the Investment Committee assists, pursuant to Michigan law.

The Board is composed of 10 members. The active membership elects 5 members to serve six-year terms. A 6th member is elected by the retiree membership to serve a two-year term. A 7th member is appointed by the mayor of the City of Detroit, Michigan from the citizens of the City to serve a six-year term. The 3 remaining members, the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council, serve ex officio. Expirations of terms of elected trustees are staggered, while the remaining trustees serve in accordance with their office or as a designee of an office.

The Investment Committee has five independent members appointed to initial terms, which will all eventually become six years, with staggered expirations. Additionally, two members, one active and one retired, serve on the Investment Committee based on appointment by the Board. The Investment Committee will be in place through at least December 2034.

Contributions to the System

Historically, both the City and active employees have made regular contributions to the System, with employee contributions being optional in Component II, essentially before July 1, 2014, though there was a period of transition due to the City's aging information technology infrastructure, which meant that voluntary employee contributions to Component II continued through July 2014, and mandatory employee contributions to Component I from active payroll were implemented as of August 1, 2014.

Basic pension and disability benefits in Component II had been funded through employer contributions plus investment earnings on those contributions, but employee contributions are mandatory in Component I. The required employer contributions had been determined by the System's actuaries using the entry age normal cost method, which is still the case. Assumptions used by the actuaries are subject to experience testing every five years, which is also still the case. Effective December 10, 2014, as part of the resolution of the Chapter 9 case, the investment return assumption and discount rate used by the System's actuary for the purpose of determining the System's assets and liabilities for funding purposes was fixed at 6.75 percent through the period ended June 30, 2023. This applies to both Component I and Component II.

Subsequent to the City's bankruptcy, for the Legacy Plan, the obligations for contributions to support Component II of the System through 2023 are determined as fixed amounts by the provisions in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. Now that we are beyond the 2023 fiscal year, the City and various other employer constituents, such as the library; Detroit Water and Sewer Department; and Huntington Place, formerly known as the COBO Authority, are responsible for the full funding obligations of Component II of the System, consistent with Michigan law. This funding amount is calculated by the System's actuary.

The Plan of Adjustment allowed for certain of the Legacy Plan's funding obligations to DGRS through 2034 to be met by prepayment of the present value equivalent using a discount rate of 6.75 percent. In the fiscal year ended June 30, 2016, a portion of the Detroit Institute of Arts (DIA) obligation to make annual $5 million contributions over 10 years ending in 2034 was prepaid. This present value prepayment resulted in DGRS receiving $32,511,827 on June 30, 2016 from the DIA, which represents the present value, using a 6.75 percent discount rate, of $4,625,000 per year for the 9 years remaining on that annual $5,000,000 commitment ending in 2024. Pursuant to the Plan of Adjustment, DGRS still expects to receive the equivalent or actual remaining $375,000 per year from the DIA for that 10-year period ending in 2024.

In addition, the City was to remit payments on the UTGO Stub Bonds to the Combined Plan through 2028. In fiscal year 2017, the City of Detroit, Michigan refunded all of its outstanding UTGO Stub Bonds. Upon refunding, the payments to the Combined Plan were accelerated, with a majority of the outstanding balance paid to the Combined Plan in fiscal year 2017; as a result, the Combined Plan received approximately $7.7 million in the ISP and $18.3 million in Component II related to this transaction.

With respect to Component I, the Hybrid Plan, nonuniformed employees who are members of DGRS are now required to make mandatory contributions toward their defined benefit pensions earned with the City. The contribution percentage varies based on the revenue group the member belongs to. That percentage is calculated by the System’s actuary. The City contributes an additional 5 percent of the member’s base pay. The City no longer counts overtime in the calculation of its employer contribution.

The City is also setting aside an additional 0.75 percent of payroll to meet the premium payments required for the disability insurance established with a third-party carrier. DGRS is not administering those disability benefits managed by the third-party carrier.

On June 30, 2025, the City met its obligation for Component I employer contributions by contributing $14,563,729 to DGRS.

Impact of City of Detroit, Michigan Collective Bargaining and Bankruptcy Pension Adjustments

Pursuant to Emergency Manager Order No. 30, the existing Component II defined contribution plan and defined benefit plan were frozen, preventing any future accruals or new members in Component II effective June 30, 2014.

The following changes became effective July 1, 2014, with the advent of Component I:

- The Hybrid Plan's defined benefit plan commenced with mandatory contributions of 4 percent of base pay. The City contributes between 3.96 and 4.92 percent of employee base pay, based on division, not including overtime.
- A new Hybrid Plan defined contribution plan commenced for the annuity savings fund. Employees may make voluntary annuity savings fund contributions of up to 7 percent of total after-tax pay. Interest will be credited at the actual net investment rate of return of DGRS, but in no event will it be lower than 0 percent or higher than 5.25 percent.
- The Hybrid Plan provides that future duty disability and nonduty disability retirement allowances for members who become disabled after July 1, 2014 move to a commercial insurance program through the City.

Benefit Payments

The System exists to pay the benefits that its members have earned pursuant to benefits promised by the City, subject to the Chapter 9 case benefit adjustments going forward in the Legacy Plan and the new promises in the Hybrid Plan. Benefits are paid monthly. In fiscal year 2025, DGRS paid out $230,400,000 in benefits, consisting of $219,500,000 in benefits to retirees and beneficiaries plus $10,900,000 in refunds of annuity savings fund balances and mandatory contributions. The benefits and refunds represent approximately 12.8 percent of the net position of the System as of June 30, 2025. Employer, foundation, and employee contributions were $116,100,000, or 6.4 percent of the net position of the System. The excess of benefits over contributions of $114.3 million is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board and the Investment Committee of DGRS believe that the principal determinant of total fund investment performance over long periods of time is asset allocation. DGRS' asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board and the Investment Committee must make investment decisions that they believe will be the most beneficial to the System over many years, not just one or two years.

DGRS has established asset allocation policies that are expected to deliver investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Global equity	46.00 %
Global fixed income	33.00
Real estate/Real assets	13.00
Diversifying strategies	8.00

DGRS' asset allocation policies comply with Michigan law.

Investment Results

DGRS calculates investment results on a time-weighted Global Investment Performance Standard (GIPS) basis unless explicitly stated otherwise. All returns for periods of one year or greater have been annualized.

Total Fund Composite

DGRS' total fund composite return for the year was 10.3 percent, net of fees and expenses using a time-weighted methodology. The fund returned 9.0 percent, 9.1 percent, and 7.1 percent for its 3-, 5-, and 10-year annualized returns, respectively, net of fees and expenses.

From July 1, 2024 to June 30, 2025, the investment environment was characterized by moderating but still above-target inflation, restrictive monetary policy, and generally strong asset returns. Against this backdrop, risk assets performed well: the S&P 500 delivered a 12-month total return of roughly 15 percent for the period ended June 30, 2025, while global equities reached new highs as technology-related and AI-linked sectors led the market. Fixed income also produced positive results as long-term yields declined late in the fiscal year, the Bloomberg U.S. Aggregate Bond Index posted a mid-single-digit one-year return and positive year-to-date performance through June 30, 2025, aided by falling interest rates in the second quarter of 2025.

Looking ahead to the new fiscal year, the baseline outlook from major forecasters is for continued but modest global growth, with the IMF projecting world GDP to expand around 3.0 percent in 2025 and 3.1 percent in 2026, and U.S. growth expected to remain comparatively solid at about 2 percent. At the same time, high equity valuations in certain segments (particularly AI-related technology) and ongoing geopolitical and trade tensions (including the potential for renewed U.S. - China tariff escalation) could lead to episodes of increased market volatility. Overall, the coming year is expected to feature a transition toward somewhat easier monetary policy and still-positive, but slower, global growth, with investment outcomes likely to remain sensitive to the path of inflation, policy rates, and geopolitical developments.

Total time-weighted plan returns, net of fees and expenses, for the recent prior fiscal years ended June 30 are shown below:

2024	9.60 %
2023	7.50
2022	(7.34)
2021	28.30
2020	(0.96)
2019	3.40
2018	6.50
2017	14.10
2016	1.40
2015	2.60
2014	14.50
2013	11.70

Money-weighted Rate of Return

GASB Statement No. 67 requires the disclosure of the annual money-weighted rate of return. A money-weighted rate of return (as opposed to the time-weighted rate of return discussed in the previous section) considers both the size and timing of cash flows over the course of the year to determine an internal rate of return (sometimes referred to as IRR). This return is calculated net of expenses and uses cash flows determined on a monthly basis. The DGRS money-weighted rate of return for the year using month-end cash flows was 9.02 percent.

Requests for Further Information

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's office or visit its website at www.rscd.org.

Statement of Fiduciary Net Position

June 30, 2025

	Component II Plan (Legacy)		Component I Plan (Hybrid)		
	Defined Benefit Fund	Income Stabilization Fund	Defined Benefit Fund	Death Benefit Plans	Total
Assets					
Cash and cash equivalents (Note 3)	$ 17,143,369	$ 1,402,469	$ 40,642,578	$ 570,048	$ 59,758,464
Investments: (Notes 3 and 4)					
Global equities	737,647,055	7,449,100	186,041,254	18,915,163	950,052,572
Global fixed income	142,052,181	1,434,508	35,826,844	6,829,311	186,142,844
Real estate	214,952,693	2,170,690	54,213,010	-	271,336,393
Private equity	130,305,952	1,315,890	32,864,338	-	164,486,180
Diversifying strategies	114,853,992	1,159,849	28,967,215	6,066,270	151,047,326
Receivables:					
Investment income	1,731,114	17,481	436,592	-	2,185,187
Contributions (Note 1)	6,270	-	5,384	-	11,654
Other receivables	591,808	3,493	2	-	595,303
ASF recoupment receivable - Net (Note 1)	69,209,785	-	-	-	69,209,785
Notes receivable from participants	1,299,628	-	1,495,080	-	2,794,708
Receivables from investment sales	723,253	7,304	182,411	-	912,968
Cash and investments held as collateral for securities lending: (Note 3)					
Asset-backed securities	436,734	4,410	110,148	-	551,292
Certificate of deposit	4,477,933	45,220	1,129,375	-	5,652,528
Repurchase agreements	23,815,615	240,501	6,006,513	-	30,062,629
U.S. corporate floating rate	5,002,143	50,514	1,261,586	-	6,314,243
Commercial paper	832,888	8,411	210,062	-	1,051,361
Capital assets - Net (Note 1)	3,723,081	-	2,808,639	-	6,531,720
Total assets	1,468,805,494	15,309,840	392,201,031	32,380,792	1,908,697,157
Liabilities					
Accrued expenses	9,255,096	28,687	1,734,906	137,183	11,155,872
Payables for investment purchases	39,026,179	394,104	9,842,755	-	49,263,038
Due to the City of Detroit, Michigan	412,374	-	-	-	412,374
Amounts due to broker under securities lending agreements (Note 3)	34,555,685	348,959	8,715,256	-	43,619,900
Lease liability	899,523	-	678,587	-	1,578,110
Total liabilities	84,148,857	771,750	20,971,504	137,183	106,029,294
Net Position - Restricted for					
Pension	1,384,656,637	14,538,090	371,229,527	-	1,770,424,254
Postemployment benefits other than pension	-	-	-	32,243,609	32,243,609
Total net position	**$ 1,384,656,637**	**$ 14,538,090**	**$ 371,229,527**	**$ 32,243,609**	**$ 1,802,667,863**

See notes to financial statements.

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	Component II Plan (Legacy)		Component I Plan (Hybrid)			
	Defined Benefit Fund	Income Stabilization Fund	Defined Benefit Fund	Death Benefit Plans	Total	2024
Additions						
Investment income (loss):						
Interest, dividends, and other income	$ 40,263,598	$ 394,644	$ 9,392,666	$ 794,407	$ 50,845,315	$ 52,256,064
Net increase in fair value of investments	87,795,884	867,530	20,917,230	3,456,991	113,037,635	100,947,610
Investment-related expenses	(7,910,489)	(79,705)	(1,966,487)	(39,158)	(9,995,839)	(10,790,036)
Net investment income	120,148,993	1,182,469	28,343,409	4,212,240	153,887,111	142,413,638
Securities lending income (loss):						
Interest and dividends	109,241	1,070	25,360	-	135,671	1,330,824
Net loss on collateralized securities	(7,403)	(63)	(1,234)	-	(8,700)	(998,076)
Total securities lending income	101,838	1,007	24,126	-	126,971	332,748
Contributions:						
Employer	62,400,000	-	14,563,729	136,379	77,100,108	95,939,289
Employer - Supplemental payment	5,000,000	-	-	-	5,000,000	-
Employee	-	-	15,854,572	118,538	15,973,110	19,928,667
Foundation and State of Michigan Pension Grant	18,300,000	-	-	-	18,300,000	23,560,142
Total contributions	85,700,000	-	30,418,301	254,917	116,373,218	139,428,098
ASF recoupment interest (Note 1)	4,873,230	-	-	-	4,873,230	5,230,674
Other income	318,751	220	96,820	-	415,791	1,439,010
Total additions	211,142,812	1,183,696	58,882,656	4,467,157	275,676,321	288,844,168
Deductions						
Benefit payments	215,639,340	418,560	3,447,055	1,052,409	220,557,364	218,779,021
Member refunds and withdrawals	5,721,068	-	5,154,586	-	10,875,654	14,284,872
General and administrative expenses	2,793,800	-	2,107,602	123,609	5,025,011	5,014,119
ASF recoupment write-offs and allowance adjustments (Note 1)	4,934,965	-	-	-	4,934,965	16,000,245
Total deductions	229,089,173	418,560	10,709,243	1,176,018	241,392,994	254,078,257
Net Increase in Fiduciary Net Position	(17,946,361)	765,136	48,173,413	3,291,139	34,283,327	34,765,911
Net Position Restricted for Pension/OPEB - Beginning of year	1,402,602,998	13,772,954	323,056,114	28,952,470	1,768,384,536	1,733,618,625
Net Position Restricted for Pension/OPEB - End of year	**$ 1,384,656,637**	**$ 14,538,090**	**$ 371,229,527**	**$ 32,243,609**	**$ 1,802,667,863**	**$ 1,768,384,536**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

The pension plans of the General Retirement System of the City of Detroit (the "System" or DGRS) and the Death Benefit Plans are managed by the Retirement System of the City of Detroit. The City of Detroit, Michigan (the "City") sponsors these plans, which consist of four single-employer retirement plans - two pension plans (the "Combined Plan") and two other postemployment benefit plans (the "Death Benefit Plans") - as described below.

Pension Plans

Component II

This is the legacy plan (the "Legacy Plan") that is the original defined benefit plan, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by members prior to July 1, 2014. On June 30, 2014, as a result of negotiations between the City and the public employee unions, the existing plan benefit formulas were frozen, and no employees were allowed to earn benefits under the existing plan. The emergency manager issued Order No. 30 (General Retirement System of the City of Detroit) on June 30, 2014, which put these changes into effect. Except as specifically provided in the Combined Plan, benefits provided under Component II are frozen effective June 30, 2014.

Component II also includes the Income Stabilization Fund. The fund, which is part of Component II only and established as a special plan of adjustment provision, was established for the sole purpose of paying the Income Stabilization Benefits and Income Stabilization Benefits Plus to eligible pensioners. Beginning in 2022, the investment committee of DGRS (the "Investment Committee") may recommend to the board that a portion or all of the assets that exceed income stabilization benefits (including Income Stabilization Benefits Plus) to be paid in the future be used to fund regular pension payments. As of June 30, 2025, no decisions have been made to transfer any income stabilization funds.

Nonemployer Contributing Entity within Component II

On September 9, 2014, a memorandum of understanding (the "MOU") was entered into by the emergency manager and mayor of the City of Detroit, Michigan; the county executive of each of the charter counties of Wayne and Macomb, Michigan; the County of Oakland, Michigan; and the governor of the State of Michigan. The purpose of the MOU was to establish a framework for the creation of a regional authority (known as Great Lakes Water Authority or GLWA) pursuant to Act 233 of 1955 to operate, control, and improve the regional assets of the water supply system and the sewage disposal system owned by the City.

Pursuant to the MOU, the City of Detroit, Michigan and GLWA entered into two lease agreements: the Regional Water Supply System Lease dated June 12, 2015 and the Regional Sewage Supply System Lease dated June 12, 2015. Under the provisions of the lease agreements, GLWA leases the regional assets of the City for a period of at least 40 years.

Pursuant to the lease agreements, on December 1, 2015, a triparty agreement between the City of Detroit, Michigan; the General Retirement System of the City of Detroit; and GLWA was signed (referred to as the pension reporting agreement). Per the POA and Section 4.3 of the lease agreements, GLWA is required to pay a portion of the pension obligation that will be allocable to the Detroit Water and Sewer Department (DWSD). The purpose of the pension reporting agreement is to set forth determining the funding status for the DWSD pension pool and for DGRS to agree to provide GLWA with certain actuarial and other reports to enable GLWA to properly manage and pay its portion of the pension obligation that is allocable to DWSD.

Note 1 - Significant Accounting Policies (Continued)

Effective January 1, 2016, GLWA was launched. Accordingly, the prior DWSD division was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail (DWSD-R), and another to represent Great Lakes Water Authority. In accordance with the pension reporting agreement, the net position and liabilities of DWSD were allocated to DWSD-R and GLWA in accordance with written directions received from DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of DWSD. Because GLWA has no employees or retirees in the Combined Plan, GLWA is considered a nonemployer contributing entity in accordance with GASB Statement No. 67.

The financial statements of the Combined Plan reflect the net position and pension liabilities of the plan as a whole, which includes the portion allocable to GLWA. GLWA's portion of the total Component II net pension liability of $797,167,427 at June 30, 2025 was $14,023,569, with the remainder allocable to the City of Detroit, Michigan and related entities.

Component I

As of July 1, 2014, all current and future employees participate in the new hybrid pension plan (the "Hybrid Plan"), or Component I. Active city employees who participated in the Legacy Plan will receive the benefits they have earned under the plan through June 30, 2014 plus an additional benefit under the new hybrid plan formula, assuming all vesting requirements are met.

Other Postemployment Benefit Plans

Death Benefit Plans

Death benefits are provided to certain employees and retirees of the City of Detroit, Michigan through an employee benefit trust. The following are the benefit plans paid through the trust, both of which are defined benefit plans under GAAP:

- Closed Death Benefit Plan (Closed Plan) - This plan covers those retirees who retired on or before December 10, 2014.
- Death Benefit Plan (Open Plan) - This plan is open to all employees providing services after December 10, 2014.

System Reporting

The Combined Plan and the Death Benefit Plans are separate and independent trusts qualified under applicable provisions of the Internal Revenue Code; they are independent entities (separate and distinct from the employer/plan sponsor), as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the Combined Plan and the Death Benefit Plans have a fiduciary obligation and legal liability for any violations of fiduciary duties as independent trustees. The Combined Plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. The Death Benefit Plans provide death benefits for plan members.

The assets of the System include no securities of loans to the City or other related parties.

The basic financial statements include certain prior year summarized 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 System's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Note 1 - Significant Accounting Policies (Continued)

Plan Sponsor Financial Condition - Impact on the System

In the past, the City of Detroit, Michigan (the "plan sponsor") has experienced significant financial difficulty and liquidity concerns. As of June 2013, the City had defaulted on approximately $36 million of pension contributions due to the Combined Plan. During fiscal year 2014, the City did not pay any employer contributions into the Combined Plan, despite the fact that there were actuarially required contributions.

In February 2013, the governor appointed a financial review team, which determined that a local government financial emergency existed in the City. This culminated in bankruptcy proceedings, which the City initiated in July 2013. Part of the federal court's ruling in December 2013 indicated that the bankruptcy status usurped whatever protections may be offered to governmental pensions under the Michigan Constitution. On December 10, 2014, the City exited from bankruptcy through confirmation of the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment" or the "POA"). The POA specifies certain provisions pertinent to the legacy and hybrid plans, including contributions and benefits.

From fiscal year 2015 through fiscal year 2023, the contributions received by the Combined Plan were made in accordance with the provisions of the POA. Beginning in fiscal year 2024, the contributions received by the Combined Plan are made in accordance with actuarially determined amounts. See Note 11 for significant changes that were implemented by the Combined Plan under the POA.

The POA also resulted in the City closing the existing supplemental death benefit plan to new members effective December 10, 2014. Benefits to be paid to individuals retiring prior to that date are limited to the assets allocated to that closed plan. There are no further contribution requirements for the City for plan members who were retired as of that date.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the General Retirement System of the City of Detroit.

Accounting and Reporting Principles

The System follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

The System 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, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Specific Balances and Transactions

Cash and Cash Equivalents

The System considers cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Note 1 - Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. The fair value of real estate investments is based on periodic appraisals, as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value determined by the System's management.

Approximately $913,000,000, or 51 percent, of the System's net position as of June 30, 2025 does not have a readily determinable market value. Of this balance, approximately $12,800,000 has been estimated by management. The remaining $900,200,000 is based on valuations performed by the investee company management as of June 30, 2025, which are also subject to annual audits that are generally performed as of December 31.

Investments for which market quotations are readily available are generally priced by the custodian using nationally recognized pricing services and practices. For investments that do not have readily observable market prices, including, but not limited to, private equity, public and private real estate, alternatives, and direct loans, management's estimate of fair value is based on information provided by investment managers, general partners, real estate advisors, and other means. However, due to the inherent uncertainty and the degree of judgment involved in determining fair value for such investments, the values reflected in the financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed, and the difference could be material.

ASF Recoupment Receivable - Component II (Legacy)

For members who elected to make employee contributions into the defined contributions-style program, referred to as the annuity savings fund (ASF), between July 1, 2003 and June 30, 2013, the POA called for recoupment of amounts that the City calculated were excess interest credited to individual ASF accounts. In 2011, the City Council adopted an ordinance that limited ASF interest credits to the plan's actual net investment return, with a cap of 7.9 percent and a floor of 0 percent. The POA calculation of excess interest applies the interest formula in the 2011 ordinance to the July 1, 2003 - June 30, 2013 recoupment period, recouping all interest paid in excess of the lower of 7.9 percent or the plan's actual return for that year, with a cap on the recoupment amount of 20 percent of the highest ASF balance in this period. The recoupment amount is also capped at 15.5 percent of the retiree's monthly pension check. The City offered a limited lump sum or a monthly payment option. Repayment of these excess interest amounts is not optional. The receivable will be collected, with 6.75 percent interest, as a reduction to monthly pension benefits for those with recoupment balances outstanding. As of June 30, 2025, the System has approximately $83,900,000 to be collected. In fiscal year 2025, the System, based on historic information related to collection history and write-offs, has recorded an allowance of approximately $14,700,000 against this gross receivable balance.

Receivable/Payable from Investment Sales/Purchases

The System liquidated investments prior to year end and reported a receivable from investment sales at June 30, 2025 in the amount of $912,968. The proceeds from the sales were received subsequent to year end. In addition, the System purchased investments prior to year end and reported a payable from investment purchases at June 30, 2025 in the amount of $49,263,038. This amount was paid subsequent to year end.

Note 1 - Significant Accounting Policies (Continued)

Notes Receivable from Participants

In Component II (Legacy) and Component I (Hybrid), any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible for the employee loan program. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity savings fund or $10,000. Members can borrow as either a general purpose loan payable in 1 to 5 years or a residential loan payable in 1 to 15 years. A member can have only two outstanding loans. The balance of these loans for the year ended June 30, 2025 was $1,299,628 and $1,495,080 for Legacy and Hybrid, respectively. The balance is measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible. As of June 30, 2025, there are no allowances recorded for uncollectible participant notes.

Capital Assets

Capital assets for the System include software, office equipment, and furniture. The System's leased assets are also categorized as part of capital assets (see below). Depreciation and amortization expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Leases

The System is a lessee for its office building. The System recognizes a lease liability and an intangible right-to-use lease asset in the statement of fiduciary net position.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the System determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The System uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the System generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the System is reasonably certain to exercise.

The System monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets (reported with other capital assets) and lease liabilities are reported on the statement of fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America 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 financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the System's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the System's financial statements for the year ending June 30, 2026.

Note 2 - Pension Plan Description

Component II (Legacy Plan) and Component I (Hybrid Plan)

Plan Administration

The Combined Plan's governance was modified in December 2014 as part of the City's bankruptcy plan. The Combined Plan's board of trustees and the Investment Committee administer the General Retirement System of the City of Detroit Pension Plan - a single-employer defined benefit and defined contribution plan that provides retirement benefits, as well as survivor and disability benefits, for plan members and beneficiaries. Plan members include active employees, retirees, and beneficiaries from various departments within the City of Detroit, Michigan. Benefit terms have been established by contractual agreements between the City and the employees' collective bargaining unit, as modified by the POA. Future amendments are subject to the same process. However, pursuant to the POA, pension benefit terms presently expressed in the Combined Plan were not subject to amendment before June 30, 2023 unless an amendment was required to maintain the tax-qualified status of the plans. The obligation to contribute to and maintain the Combined Plan was established by the city charter and negotiations with the employees' collective bargaining units.

The board is composed of 10 members. The active membership elects 5 members to serve six-year terms. The retiree membership elects 1 retiree member to serve a two-year term. The mayor of the City of Detroit, Michigan appoints 1 member from the citizens of the City to serve a six-year term. The remaining 3 members, these members being the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council, serve ex officio. Expirations of terms of elected trustees are staggered.

The Investment Committee has five independent members appointed to initial terms, which will all eventually become six years, with staggered expirations. Additionally, two members, one active and one retired, serve on the Investment Committee based on appointment by the board. The Investment Committee will be in place through at least December 2034.

Benefits Provided

The Combined Plan provides retirement and disability benefits. Benefit terms had been established by negotiations between the City Council and the employees' collective bargaining unit and were subject to amendment by the City Council. Further changes to benefits were provided for under the POA.

Note 2 - Pension Plan Description (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Component II (Legacy Plan)	Component I (Hybrid Plan)
Date of member count	June 30, 2024	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	10,713	845
Inactive plan members entitled to but not yet receiving benefits	2,268	897
Active plan members	1,744	5,959
Total employees covered by the plan	14,725	7,701

As of June 30, 2014, Component II has been frozen. As of that date, no new participants were allowed to enter the plan, and no new benefit accruals were allowed for existing participants.

After July 1, 2014, active members will retain existing service credit in the Legacy Plan but will earn only additional service credit in the new Hybrid Plan.

Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, in the past, the Combined Plan had retained an independent actuary to determine the annual contribution. The actuarially determined rate was the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. However, from fiscal years 2015 through 2023, contributions were based on specific provisions in accordance with the Plan of Adjustment. Beginning in fiscal year 2024, the contributions are based on the actuarially determined rate.

Employer and Nonemployer Contributing Entity Contributions

Component II

For Component II, during fiscal year 2025, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. For fiscal year 2025, total employer contributions from the city-related entities and GLWA were $85.7 million, which includes $18.3 million from the Foundation for Detroit's Future (the "Foundation").

Component I

For Component I, during fiscal year 2025, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. The City and related entities were required to contribute the following percentages of base compensation of active members:

- General City - 3.96 percent
- Department of Transportation - 3.99 percent
- Detroit Water and Sewer Department - 4.41 percent
- Library - 4.92 percent

During fiscal year 2025, the City and related entities contributed $14,563,729 into the Hybrid Plan.

Note 2 - Pension Plan Description (Continued)

Employee Contributions

Component II

Contribution requirements of plan members historically were established and amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2025, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014.

Component I

Contribution requirements of plan members are established in Sections 9.3 and 10.1 of Component I of the Combined Plan. For the year ended June 30, 2025, the required active member contribution rate for employees was 4 percent of annual pay. Additionally, employees can make voluntary contributions of 3 percent, 5 percent, or 7 percent of annual pay. During fiscal year 2025, the plan received mandatory and voluntary employee contributions of $15,854,572.

Fiscal Responsibility Provision

To safeguard the long-term actuarial and financial integrity of the Combined Plan, in the event the funding level of Component I projected over a five-year period falls below 100 percent, certain remedial actions are required, as set forth in Section 9.5 of Component I of the Combined Plan, including elimination of COLA, transfers from the rate stabilization fund reserve to the pension accumulation fund reserve, and increases in mandatory employee contributions from 4 percent to 5 percent.

In the event the funding level of Component I is projected to fall below 80 percent, additional remedial actions are required, including further increasing the mandatory employee contributions to 6 percent and the potential for reducing the retirement allowance.

As of June 30, 2025, the enactment of the remedial actions has not been required based on actuarial projections of the funding levels.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest, within the pension and Death Benefit Plans, in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized investments according to Michigan Public Act 314 of 1965, as amended. The System's deposits and investment policies are in accordance with statutory authority.

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of changes in fiduciary net position.

Note 3 - Deposits and Investments (Continued)

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. Approximately $5.2 million of the System's checking account balances was uninsured and uncollateralized at June 30, 2025. The System believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities.

At year end, the System had the following investments and maturities:

Investment (in Thousands)	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 55,164	$ 4,050	$ 39,677	$ 5,175	$ 6,262
U.S. government mortgage-backed securities	19,614	-	52	813	18,749
Mutual funds	50,967	38,072	-	12,895	-
Government securities	409	-	235	143	31
U.S. government securities	18,106	-	2,075	9,700	6,331
Total	$ 144,260	$ 42,122	$ 42,039	$ 28,726	$ 31,373

Not all fixed-income securities are subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices.

At June 30, 2025, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government), as rated by Standard & Poor's, are as follows:

Investment (in Thousands)	AAA	AA	A	BBB	BB	B or lower	NR
Corporate bonds	$ 1,459	$ 199	$ 5,348	$ 9,414	$ 20,120	$ 14,073	$ 4,551
U.S. government mortgage-backed securities	-	19,615	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	50,967
Government securities	-	141	143	-	-	-	125
Total	$ 1,459	$ 19,955	$ 5,491	$ 9,414	$ 20,120	$ 14,073	$ 55,643

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency.

Note 3 - Deposits and Investments (Continued)

The following securities are subject to foreign currency risk:

Currency (in Thousands)	Equity	Cash	Net Investment Receivable
Canadian dollar	$ 7	$ -	$ 124
Eurocurrency unit	-	1	127
Japanese yen	-	-	77
Norwegian krone	-	-	63
Swiss franc	-	-	78
Total	$ 7	$ 1	$ 469

Securities Lending

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System, through the Combined Plan, lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to no less than 102 percent of the market value of the loaned securities.

As of June 30, 2025, the collateral provided was 101.99 percent of the market value of the loaned securities, which is less than the required 102 percent.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2025 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2025, the System had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of the underlying securities on loans for the System as of June 30, 2025 were $43,619,900 and $42,767,530, respectively.

The following represents the balances relating to the securities lending transactions as of June 30, 2025; investments are reported at fair value:

Securities Lent	Underlying Securities
U.S. corporate fixed income	$ 8,110,911
U.S. equities	34,068,243
U.S. governments	588,376
Total	$ 42,767,530

The fair market value of the collateral pool related to securities lending at June 30, 2025 was $43,632,053. The investments were in asset-backed securities, certificate of deposit, commercial paper, corporate bonds, and repurchase agreements. Approximately 96 percent of these securities had a duration of less than one year, and 4 percent had a duration between one and three years.

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2025, as rated by S&P, are as follows:

Ratings	Amount
AAA	$ 551,292
AA	4,138,497
A	8,994,273
NR	29,947,991
Total	$ 43,632,053

Note 4 - Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Fair Value Measurements (Continued)

The System has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Fixed income:				
Government securities (U.S. and other)	$ 18,106,681	$ 409,186	$ -	$ 18,515,867
Corporate bonds	-	61,592,849	-	61,592,849
U.S. government mortgage backed	-	19,615,007	-	19,615,007
Asset-backed securities	-	551,293	-	551,293
Certificate of deposit (negotiable)	-	5,652,529	-	5,652,529
Commercial paper	-	1,051,361	-	1,051,361
Mutual funds	50,967,655	-	-	50,967,655
Total fixed income	69,074,336	88,872,225	-	157,946,561
Equity:				
Common stock	665,518,999	-	-	665,518,999
Preferred stock	-	173,145	-	173,145
Total equity	665,518,999	173,145	-	665,692,144
Real estate private equity funds	-	-	9,510,421	9,510,421
Real estate-related investments	-	-	3,300,000	3,300,000
Total	$ 734,593,335	$ 89,045,370	$ 12,810,421	836,449,126
Investments measured at NAV:				
International equity funds				343,364,873
Fixed-income funds				47,977,714
Hedge funds				144,981,055
Real estate funds				199,375,791
Private equity funds				164,486,180
Total investments measured at NAV				900,185,613
Total investments measured at fair value				$ 1,736,634,739

A total of $30,062,629 in repurchase agreements is recorded at amortized cost is not included in the fair value table above.

Equity securities, U.S. government securities, and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and fixed-income securities at June 30, 2025 was determined primarily based on Level 2 inputs. The System estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals for identical or similar assets.

Note 4 - Fair Value Measurements (Continued)

The fair value of the remaining investments at June 30, 2025 was determined primarily based on Level 3 inputs. The System estimates the fair value of these investments using the System's own pricing estimate methodology, pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The System holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
International equity funds	$ 343,364,873	$ -	Monthly	Up to 30 days
Fixed-income funds	47,977,714	-	Daily	10 business days
Hedge funds	144,981,055	-	Quarterly	100 days
Real estate funds	199,375,791	22,320,054	Quarterly	90 days
Private equity funds	164,486,180	46,019,720	N/A	N/A
Total investments measured at NAV	$ 900,185,613	$ 68,339,774		

Multiple funds are held in each category. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

The international equity funds class includes investments in funds that invest in predominantly equity securities of non-U.S. companies. The funds invest in developed and emerging market countries and utilize investments across the capitalization spectrum from large to small companies. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The fixed-income funds class includes investments in funds that invest in predominantly fixed-income instruments in the U.S. and developed and emerging market countries. The funds invest across a diverse group of security types, including government, corporate, and mortgage-backed debt, and across the credit quality spectrum of investment grade and high yield. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies, including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominantly located in the U.S. The funds acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. The funds predominantly target purchases in office, industrial, retail, or multifamily real estate classes. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalent).

Note 4 - Fair Value Measurements (Continued)

The private equity funds class is an alternative investment class and consists of investments in companies that are not listed on a public exchange. The General Retirement System of the City of Detroit maintains a diversified portfolio of private equity investments by both style (buyout, turnaround, venture capital, etc.) and vintage year exposure. With its private equity allocation, the General Retirement System of the City of Detroit seeks to take advantage of the illiquidity premium associated with these private equity investments. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalent).

Note 5 - Pension Plan Investments - Policy and Rate of Return

Component II (Legacy Plan) and Component I (Hybrid Plan)

Investment Policy

The assets of Components II and I are commingled and invested together, as allowed by the POA. The Combined Plan's policy in regard to the allocation of invested assets is established and may be amended by governance by a majority vote of its members. It is the policy of the governance to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Combined Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the governance's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Global equity	46.00 %
Global fixed income	33.00
Real estate/Real assets	13.00
Diversifying strategies	8.00
Total	100.00 %

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.02 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 - Pension Plan Reserves

Component II (Legacy Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit and state law, the following reserves are required to be set aside within the Component II (Legacy) pension plan:

The annuity reserve fund is an accumulation of transfers that is made from the annuity savings fund when an employee retires or becomes disabled or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contribution, net of the annuities paid. The balance is currently negative and, as a result, has been combined with the pension reserve fund for disclosure.

The pension reserve fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the pension accumulation fund. The transfers from the pension accumulation fund to the pension reserve fund for fiscal year 2025 retirements have not yet been determined.

Note 6 - Pension Plan Reserves (Continued)

The employee reserve (annuity savings fund) is credited as employee contributions are received throughout the year; the ASF maintains a record of the amount contributed by each employee and credits interest annually at a rate approved by the board. During fiscal year 2025, the board approved the interest rate at 5.25 percent. Eligible active members may elect to withdraw their accumulated (annuity) contributions plus investment earnings. Upon retirement, members can elect to annuitize or receive a lump sum of their accumulated contribution and interest earnings. When an employee retires or becomes disabled or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions, the balance is transferred to the annuity reserve fund. See Note 11 for disclosure of significant changes to the ASF going forward.

The pension accumulation fund is the fund that will accumulate reserves for the pensions and other benefits payable from the contributions made by the City, including various departments thereof, and certain third parties pursuant to the POA and from which pensions and other benefits will be paid on account of members with prior service credit and transfers, as provided in Section E-18. Due to the required transfers to fund the pension reserve fund, the fund as of June 30, 2025 is negative and has been combined with the pension reserve fund for disclosure.

The expense fund is the fund that will be credited with all money provided by the City to pay the administrative expenses of the Combined Plan and from which all the expenses necessary in connection with the administration and operation of the Combined Plan will be paid. At year end, this reserve balance is zero, as all employer contributions were credited to the pension accumulation fund.

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component II of the Combined Plan will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the Combined Plan in accordance with the provisions of Component II of the combined plan document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the Combined Plan, as provided in Component II, for any plan year shall be transferred to the pension accumulation fund and used to pay retirement allowances and other benefits on account of members. During fiscal year 2025, the income fund reserve was not utilized, and all investment income was credited to the pension accumulation fund.

The balances of the reserve accounts for Component II (excluding the Income Stabilization Fund) as of June 30, 2025 are included in the table below. The reserve balances as of June 30, 2025 shown below do not include the current year transfer amount related to fiscal year 2025 retirements for amounts that are transferred from the pension accumulation fund to the pension reserve fund.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Annuity savings fund	$ 71,803,717	$ 71,803,717
Pension reserve fund	1,770,534,302	1,312,852,920
Annuity reserve fund	-	-
Pension accumulation fund	-	-

Component I (Hybrid Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit and state law, the following reserves are required to be set aside within the Component I (Hybrid) pension plan:

The accumulated mandatory employee contribution fund shall be the fund in which shall be accumulated the contributions of members to provide their retirement allowances. Upon the retirement, termination, or death of a member with a vested retirement allowance, the member's accumulated mandatory employee contributions shall be deemed to be part of the pension reserve that shall be used to pay the member's retirement allowance.

Note 6 - Pension Plan Reserves (Continued)

The accumulated voluntary employee contribution fund shall be the fund in which shall be accumulated the voluntary after-tax contributions of members together with earnings thereon (the board approved a 5.25 percent rate of return for fiscal year ended June 30, 2025).

The pension accumulation fund shall be the fund in which shall be accumulated reserves for the retirement allowances and other benefits payable from that portion of the employer's annual contribution that is not credited to the rate stabilization fund and amounts transferred to Component I and from which shall be paid retirement allowances and other benefits on account of members. During fiscal year 2025, all employer contributions were directed by the City into the pension accumulation fund, and no amounts were credited to the rate stabilization fund.

The rate stabilization fund shall be the fund that shall be credited with the employer's annual contributions in excess of the amount of the employer's contribution that is credited to the pension accumulation fund and amounts transferred to Component I, as provided in Section E-16(C) of Component II. During fiscal year 2025, no amounts were credited to the rate stabilization fund. Therefore, this reserve balance is zero.

The medical benefit fund shall be the fund that will be credited with contributions made for the purpose of funding medical benefits. During the year, no such contributions were made, and, therefore, this reserve balance is zero.

The expense fund shall be the fund to which will be credited any money provided by the employers to pay the administrative expenses of the Combined Plan and from which certain expenses incurred in connection with the administration and operation of the Combined Plan will be paid. At year end, this reserve balance is zero, as all employer contributions were credited to the pension accumulation fund.

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component I of the Combined Plan will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the Combined Plan in accordance with the provisions of Component I of the combined plan document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the Combined Plan, as provided in Component I, for any plan year shall be transferred to the pension accumulation fund. During fiscal year 2025, investment income was transferred to other reserve funds, and, therefore, this reserve balance at June 30, 2025 remains unfunded.

The balances of the reserve accounts for Component I as of June 30, 2025 are included in the table below. As of June 30, 2025, not all transfers from the accumulated mandatory employee contribution fund to the pension accumulation fund for retirements have occurred.

The balances of the above reserves for Component I that were funded as of June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Accumulated mandatory employee contribution fund	$ 92,883,959	$ 92,883,959
Accumulated voluntary employee contribution fund	40,576,777	40,576,777
Pension accumulation fund*	N/A	237,768,791

*Required reserve has not been calculated as of June 30, 2025.

Note 7 - Net Pension Liability for Component II (Legacy Plan)

The net pension liability has been measured as of June 30, 2025 and is composed of the following:

Total pension liability	$ 2,181,824,064
Plan fiduciary net position	1,384,656,637
City's pension liability	$ 797,167,427
Plan fiduciary net position as a percentage of the total pension liability	63.46 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The valuation used the following actuarial assumptions applied to all periods included in the measurement:

Inflation	N/A	
Salary increases	N/A	No inflation assumption or salary increases due to plan freeze as of June 30, 2014
Investment rate of return	6.75%	Net of pension plan investment expense, 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. Although in the current year the assumptions are identical, the investment return used for financial reporting purposes 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.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

During the fiscal year, an additional $5,000,000 contribution from the City was made to the System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad hoc and included as a current year benefit change.

Attribution Period

As addressed more fully in Note 11, as of June 30, 2014, the plan was frozen such that no new benefit accruals were allowed, and no new members could join. Starting on July 1, 2014, the participants in the Legacy Plan (Component II) will now be earning benefits under a newly created defined benefit plan (Component I). GASB Statement No. 67 requires that the service costs of all pensions be attributed through all assumed exit ages through retirement. Neither GASB Statement No. 67 nor any other GASB standard has set forth guidance specifically related to frozen plans with successor plans in place. Absent any guidance to the contrary, due to the status as a frozen plan combined with the fact that individuals are now earning service in a new defined benefit pension plan, the retirement date for the purpose of attribution was assumed to be June 30, 2014 for all members. Therefore, the total pension liability at June 30, 2025 is equal to the present value of projected benefit payments.

Note 7 - Net Pension Liability for Component II (Legacy Plan) (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on the above assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees at both the beginning of the year and the end of the year. 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. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions to the Combined Plan are projected based on actuarially determined amounts. The projection of cash flows assumes full funding of the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 30-year period, based on the System's adopted funding policy.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges 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 geometric real rates of return as of June 30, 2025 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.54 %
Global fixed income	4.62
Real estate/Real assets	3.91
Diversifying strategies	4.01

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability	$ 969,981,142	$ 797,167,427	$ 647,187,166

Note 8 - Net Pension Asset of the City for Component I (Hybrid Plan)

The net pension asset of the City has been measured as of June 30, 2025 based on benefits in force as of that date and is composed of the following:

Total pension liability	$ 344,507,889
Plan fiduciary net position	371,229,527
City's net pension asset	$ (26,721,638)
Plan fiduciary net position as a percentage of the total pension liability	107.76 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The following are the significant assumptions:

Wage inflation assumption was 3 percent.

The investment rate of return (net of pension plan investment expense, including inflation) applied to the beginning of year total pension liability was 6.75 percent, which matched the assumed long-term rate of return as of the end of year. The rates were 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. Although in the current year the assumptions are identical, the investment return used for financial reporting purposes 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 Mortality Table. The tables are projected to be fully generational, based on the two-dimensional, sex-distinct mortality scale MP-2021.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

Cost of living adjustments (COLA): This plan has a postretirement COLA feature known as the Variable Pension Improvement Factor (VPIF) of a 2 percent simple COLA. It can be granted beginning on July 1, 2018 only if the five-year projection shows the plan's funded status at 100 percent based upon 6.75 percent future investment return. For the purpose of the total pension liability, the actuary assumed a 2 percent simple COLA to model the potential average COLA over time.

There were no changes in benefit provisions during the year affecting the total pension liability.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 8 - Net Pension Asset of the City for Component I (Hybrid Plan) (Continued)

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees at both the beginning of the year and the end of the year. 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. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions to the Combined Plan are projected to be at the actuarially determined amounts. The projection of cash flows assumes full funding of the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 15-year period, based on the System's adopted funding policy.

The long-term expected rate of return on future pension plan investments is the same as Component II given that the assets are commingled (see Note 7).

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability (asset) of the City	$ 23,792,209	$ (26,721,638)	$ (67,844,980)

Note 9 - Other Postemployment Benefit Plan

Closed Death Benefit Plan (Closed Plan) and Death Benefit Plan (Open Plan)

<u>Plan Description</u>

The City of Detroit Employees Death Benefit Board of Trustees administers the Death Benefit Plans, which are single-employer defined benefit OPEB plans used to provide death benefits to employees and retirees. The Death Benefit Board of Trustees is the same as the board of trustees of the General Retirement System of the City of Detroit, with the exception of the civilian member. Also, the one representative from the Detroit City Council is the City Council president.

In accordance with the City of Detroit, Michigan's plan of adjustment, the Death Benefit Plans were split into two parts: an Open Plan and a Closed Plan. Members retired on or before December 10, 2014 are in the Closed Plan. Members who retire after December 10, 2014 (provided they were active on or after December 10, 2014) are in the Open Plan. The City has no further obligations to Closed Plan members. Closed Plan members will receive benefits only if the Closed Plan assets are sufficient.

<u>Benefits Provided</u>

In accordance with the City of Detroit, Michigan Code of Ordinances, effective July 1, 1999, prior to retirement from city services, a death benefit in the amount of $10,000 or the amount designated in the member's labor agreement, shall be paid. After retirement of the member from the City, the amount of death benefits paid is based upon the retiree's years of city service ranging from $1,860 (for 8 to 10 years of service) to $3,720 (for 30 years of service). For years of service beyond 30 years, $93 will be added per year for each additional year of service.

<u>Employees Covered by Benefit Terms</u>

Closed plan: As of June 30, 2024, 8,556 retirees are covered by the benefit terms in the Closed Plan.

Note 9 - Other Postemployment Benefit Plan (Continued)

Open plan: The following members were covered by the benefit terms in the Open Plan:

Date of member count	June 30, 2024
Inactive, nonretired members	379
Retirees and beneficiaries	2,888
Active plan members	8,984
Total participants covered by the plan	12,251

Contributions

Open Plan

The City of Detroit Employee Benefit Plan board establishes contribution rates for the Open Death Benefit Plan; however, the City of Detroit, Michigan is under no legal obligation to prefund the plan benefits. The board's policy is to develop an employer contribution that is the greater of (1) the per active person rate provided for in the City of Detroit, Michigan Ordinance or (2) normal cost plus a 26-year closed (30-year closed period beginning with the June 30, 2021 valuation) amortization of unfunded actuarial accrued liability on a per active person basis.

For the year ended June 30, 2025, the employer contribution rate for each active member was $19.63 per year. Active plan members are required to contribute $10.40 per year, except for police lieutenants and sergeants and fire equivalents, who must contribute $13.00 a year. For retired plan members, required contributions are $1.08 a year. During the year ended June 30, 2025, the Open Plan received employer contributions of $136,379 and employee/retiree contributions of $45,497.

Closed Plan

The City of Detroit, Michigan allocated $30,423,997 to the Closed Death Benefit Plan as of December 31, 2014 to fully fund the plan. There are no required additional employer contributions. For retired plan members, required contributions are $1.08 per year. Total retiree contributions for the year ended June 30, 2025 for the Closed Plan were $73,041.

Net OPEB Liability

Closed Plan

The Closed Death Benefit Plan will provide future benefits only to the extent that plan assets are available to pay them. After the contribution in 2014, no further employer contributions will be made to the Plan. As such, the total OPEB liability as of June 30, 2025 is equal to the plan net position of $25,934,465.

Open Plan

The net OPEB liability has been measured as of June 30, 2025 and is composed of the following:

Total OPEB liability	$ 6,660,745
Plan fiduciary net position	6,309,144
Net OPEB liability of the City	$ 351,601
Plan fiduciary net position as a percentage of the total OPEB liability	94.72 %

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

The inflation assumption was 2.5 percent. The investment rate of return (net of pension plan investment expense, including inflation) was 5.50 percent, which was also the investment rate of return used at the beginning of the year. The rate was determined in accordance with generally accepted accounting principles.

For members in the general retirement system, the mortality table assumption was based on the PubG-2010(B) Below-Median General Retiree Table. For members in the police and fire retirement system, the mortality table assumption was based on the PubS-2010 Safety Retiree Table. All mortality tables are projected to 2021 based on the two-dimensional, sex-distinct mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent, which was also the single discount rate used at the beginning of the year. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 OPEB liability.

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2024 valuation to calculate the total pension liability as of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges 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. The board has not adopted a formal investment policy; however, the pension board approved a formal investment allocation in August 2014. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	26.00 %	4.68 %
International equities	25.00	5.15
Bonds	25.00	3.16
REITs	4.00	3.97
Global multisector fixed income	20.00	2.74
Total	100.00 %	

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the City's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 5.50 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.50 percent) or 1 percentage point higher (6.50 percent) than the current rate:

	1 Percentage Point Decrease (4.50%)	Current Discount Rate (5.50%)	1 Percentage Point Increase (6.50%)
Net OPEB liability of the City	$ 1,633,746	$ 351,601	$ 653,621

Since the OPEB benefits in this plan are life insurance only, there is no health care trend assumption. The sensitivity of net OPEB liability using +/-1 percent health care trend is not applicable to this plan.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 15.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 10 - Leases

The System leases its office building from a third party. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability, such as common area maintenance (CAM) and taxes.

The lease asset of the System, reported with other capital assets on the statement of fiduciary net position, is $2,320,754, with accumulated amortization of $982,673 as of June 30, 2025.

Future principal and interest payment requirements related to the System’s lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	$ 241,081	$ 79,891	$ 320,972
2027	264,556	66,046	330,602
2028	289,651	50,869	340,520
2029	316,466	34,269	350,735
2030	355,274	15,918	371,192
2031	94,943	872	95,815
Total	$ 1,561,971	$ 247,865	$ 1,809,836

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan

In March 2013, after enduring years of financial difficulty, the City of Detroit, Michigan filed for bankruptcy protection. The Eighth Amended Plan for Adjustment of Debts of the City of Detroit was filed with the Bankruptcy Court on October 22, 2014. In November 2014, after a confirmation hearing lasting several weeks, the Bankruptcy Court confirmed the Plan of Adjustment, which became effective on December 10, 2014.

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

Legacy Plan (Component II)

The pension settlement, as part of the Plan of Adjustment, compromised pension claims and provided funding support for legacy pension benefit obligations under the General Retirement System of the City of Detroit Component II from the State of Michigan, the Detroit Institute of Arts, and certain foundation donors. The Plan of Adjustment also required certain governance changes for DGRS. Those governance changes included establishment of the Investment Committee effective December 10, 2014, which officially marked the beginning of implementation of the Plan of Adjustment, although DGRS had for months already undertaken contingency planning for all of the pension adjustments. In addition to governance changes, the POA requires of the System, through its board of trustees and the Investment Committee, certain periodic and interim reporting obligations to the City, the Foundation for Detroit's Future, and the State of Michigan. Although there were some delays in meeting certain obligations because of new actuarial reporting requirements for governmental systems, which in turn impacted the preparation of the System's audited financial statements, the System believes it has ultimately met its special reporting obligations in fiscal year 2016 and continued to do so in fiscal years 2017 through 2025.

For DGRS, with respect to Component II benefit adjustments, the pension settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions) is provided for the following:

- A loss of cost of living adjustments, or escalators, paid after July 1, 2014
- A 4.5 percent cut to the remaining accrued pension benefit after the COLA loss
- For DGRS members who participated in the annuity savings fund plan between 2003 and 2013, subject to certain caps, recoupment of certain amounts of interest deemed by the City to be in excess of that which should have been credited to individual ASF accounts, referred to as "ASF Recoupment." ASF Recoupment, like other provisions of the pension settlement, was not optional. Most members will pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All members were offered a lump-sum cash option, which was limited in the aggregate to $30 million in member recoupment. In fiscal year 2016, the Bankruptcy Court approved certain additional members whose application submissions were not timely received to participate in the lump-sum cash option.
- The possibility of restoration of certain pension benefit cuts, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department, as well as a new feature of Component II allowing restoration depending on the System's funding level over time
- An Income Stabilization Program (the “ISF Program”) was established as part of the State Contribution Agreement, another facet of the pension settlement. The ISF Program, supported by city funds arising from an unlimited tax general obligation bonds settlement, is intended to ensure that the most financially vulnerable retirees and beneficiaries do not fall below the poverty line as a result of bankruptcy-related pension changes. Beginning on March 1, 2015, certain DGRS members also received benefit pension cut restoration under the ISF Program administered by DGRS, pursuant to the State Contribution Agreement, based on eligibility and benefit payments calculated by the State of Michigan. Following the close of the fiscal year ended June 30, 2016 and pursuant to Component II of the Combined Plan and the State Contribution Agreement, the System implemented the first annual ISF Program benefit adjustments effective July 1, 2016.

Note 11 - City of Detroit, Michigan's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

- The POA also discusses a restoration plan. Terms of the pension restoration are contained in Exhibit II.B.3.r.ii.C of the POA, and the terms govern how accrued pensions, including COLA benefits that were reduced as a part of the POA, may be restored over the 30-year period following the confirmation order. The Investment Committee will supervise the restoration process in accordance with the restoration plan. The restoration plan shall be deemed a part of Component II. The funding levels have not been attained as of June 30, 2025 for the restoration process to initiate.

The obligations for contributions to support Component II of the System through 2023 was determined as fixed amounts by the provisions in the Plan of Adjustment. Pursuant to the Plan of Adjustment, the System was expected to receive contributions totaling $718.6 million through fiscal year 2023. The Plan of Adjustment calls for the System to receive $98.8 million from the State of Michigan; $428.5 million from DWSD; $31.7 million from UTGO settlement proceeds; the actual or present value equivalent of $50 million from the DIA and its foundation donors; and $114.6 million from the other city-related employer contribution sources, such as the General Fund, Detroit Library Commission, and COBO Authority, over a 10-year period covering fiscal year 2014 through fiscal year 2023. Between 2025 and 2034, DGRS will receive $18.3 million per year from certain foundation donors. After 2023, the City, and various other employer constituents, such as the Library, DWSD, and COBO Authority, will retain responsibility for the full funding obligations of Component I of the System, consistent with Michigan law.

In fiscal year 2017, DGRS received from the City, its employer-related contribution sources, and the DIA and its foundation donors all contributions required by the Plan of Adjustment. The City was to remit payments on the UTGO Stub Bonds to the Combined Plan through 2028. In fiscal year 2017, the City of Detroit, Michigan refunded all of its outstanding UTGO Stub Bonds. Upon refunding, the payments to the Combined Plan were accelerated, with a majority of the outstanding balance paid to the Combined Plan in fiscal year 2017; as a result, the Combined Plan received approximately $9.4 million in the ISF and $18.3 million in the Component II Defined Benefit Fund related to this transaction.

DGRS continues to implement the POA, which includes ongoing compliance and additional reporting requirements by the board and the Investment Committee, annual review of benefit levels, and essentially provides for a 40-year plan to close the DGRS Legacy Component II underfunded liability. ASF Recoupment, in particular, is a notable facet of the Plan of Adjustment that will continue to be implemented as members apply for Component II pension benefits over time.

Note 12 - City of Detroit, Michigan Commitment to Future Funding

In anticipation of significant actuarially required contributions commencing in fiscal year 2024, the City, independent of the System, has established a Retiree Protection Trust Fund (the "Trust"). The Trust, a permanent irrevocable trust under Sections 115 and 414(d) of the Internal Revenue Code, is to receive, maintain, and invest city funds restricted for future deposits to the General Retirement System Plan and the Police and Fire Retirement System Plan as part of an effort to manage and stabilize future required city contributions to the plans. The City has set aside approximately $354 million for this Trust as of June 30, 2025 for future contributions to the General Retirement System Plan and the Police and Fire Retirement System Plan. Contributions to the System will be recognized as the City makes distributions from this independent trust to the System.

Note 13 - Pension Reporting Agreement

Effective January 1, 2016, Great Lakes Water Authority was launched. Accordingly, the prior DWSD division in Component II was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail, and another to represent the GLWA serving water and sewer customers in areas outside of the City.

Note 13 - Pension Reporting Agreement (Continued)

On December 1, 2015, a triparty agreement referred to as the pension reporting agreement between the City of Detroit, Michigan; the General Retirement System of the City of Detroit; and GLWA was signed. Per the Plan of Adjustment and Section 4.3 of the lease agreements, GLWA is required to pay a portion of the pension obligation that would otherwise have been allocated in full to the DWSD pension pool.

The purpose of the pension reporting agreement is to set forth determining the funding status for the DWSD pension pool and for DGRS to agree to provide GLWA with certain actuarial and other reports to enable GLWA to properly manage and pay its portion of the pension obligation that is allocable to the DWSD pension pool. In accordance with the pension reporting agreement, the net position and liabilities of the DWSD pension pool were allocated between DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of the DWSD pension pool.

Additionally, per Section 2.3 of the pension reporting agreement, the DWSD pension pool was to pay $2.5 million annually for administrative expenses into the System. This annual payment occurred for the nine years ending with fiscal year June 30, 2023. According to the pension reporting agreement, DGRS was to track the actual annual administrative expenses allocable to the DWSD pension pool, and then, beginning with the fiscal year commencing on July 1, 2023, DGRS was required to calculate the actual aggregate amount of administrative expenses allocable to the DWSD pension pool during such nine-year period. In the event that the aggregate amount paid by the DWSD pension pool was more than the actual aggregate amount of administrative expenses allocable to the DWSD pension pool during such nine-year period, such amount was to be considered the aggregate excess of administrative expenses as of June 30, 2023. Based on this required reporting by DGRS, as of June 30, 2023, the aggregate excess of administrative expenses paid by the DWSD pension pool was approximately $13 million.

During the fiscal year beginning on July 1, 2023, the parties to the pension reporting agreement were to mutually determine and resolve whether any aggregate excess or shortfall of administrative expenses as of June 30, 2023 shall have any effect on the obligation of DWSD-R or GLWA to make payments to the General Retirement System of the City of Detroit under the pension reporting agreement. During fiscal year 2025, the parties agreed to have the City make the DWSD-R/GLWA annual required contribution until such time that the aggregate excess of approximately $13 million is exhausted. The City did make the annual payment of $2.2 million for fiscal year 2025 on behalf of DWSD-R/GLWA in accordance with this verbal agreement. During fiscal year 2025, it was agreed-upon that the remaining amount will be transferred from the general division reserve at the System to the DWSD division.

Required Supplementary Information

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Legacy Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	$ 144,174,353	$ 150,743,003	$ 157,105,662	$ 168,079,194	$ 182,140,105	$ 192,888,245	$ 195,489,643	$ 192,359,745	$ 201,919,236	$ 214,011,164
Changes in benefit terms	5,168,751	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	7,244,823	(24,103,038)	(27,014,766)	(12,568,209)	(59,232,849)	(55,836,749)	13,596,902	34,154,327	(27,508,380)	(43,719,112)
Changes in assumptions	-	1,677,964	(1,789,161)	(181,357,524)	119,876,694	67,677,535	-	(110,274,515)	76,925,957	90,034,927
Benefit payments, including refunds	(221,360,408)	(223,294,949)	(228,438,915)	(236,552,949)	(237,123,777)	(239,881,652)	(248,790,017)	(253,442,630)	(267,249,539)	(292,282,179)
Net Change in Total Pension Liability	(64,772,481)	(94,977,020)	(100,137,180)	(262,399,488)	5,660,173	(35,152,621)	(39,703,472)	(137,203,073)	(15,912,726)	(31,955,200)
Total Pension Liability - Beginning of year	2,246,596,545	2,341,573,565	2,441,710,745	2,704,110,233	2,698,450,060	2,733,602,681	2,773,306,153	2,910,509,226	2,926,421,952	2,958,377,152
Total Pension Liability - End of year	**$ 2,181,824,064**	**$ 2,246,596,545**	**$ 2,341,573,565**	**$ 2,441,710,745**	**$ 2,704,110,233**	**$ 2,698,450,060**	**$ 2,733,602,681**	**$ 2,773,306,153**	**$ 2,910,509,226**	**$ 2,926,421,952**
Plan Fiduciary Net Position										
Contributions - Employer, state, and foundation	$ 85,700,000	$ 105,685,142	$ 48,281,252	$ 48,275,000	$ 48,275,000	$ 48,275,000	$ 68,275,000	$ 68,275,000	$ 91,238,402	$ 104,792,657
Net investment income (loss)	120,250,831	114,261,078	80,971,836	(102,790,030)	406,977,916	(14,002,111)	47,170,004	155,423,193	206,896,568	(12,450,547)
Administrative expenses	(2,793,800)	(2,838,846)	(2,680,907)	(2,541,080)	(1,987,194)	(2,351,273)	(3,023,939)	(3,313,418)	(6,021,837)	(3,742,618)
Benefit payments, including refunds	(221,360,408)	(223,294,949)	(228,438,915)	(236,552,949)	(237,123,777)	(239,881,652)	(248,790,017)	(253,442,630)	(267,249,539)	(292,282,179)
Other (includes ASF recoupment)	257,016	(9,818,707)	(9,370,281)	4,806,056	6,405,364	5,155,198	(5,347,863)	6,952,522	8,324,074	5,945,783
Net Change in Plan Fiduciary Net Position	(17,946,361)	(16,006,282)	(111,237,015)	(288,803,003)	222,547,309	(202,804,838)	(141,716,815)	(26,105,333)	33,187,668	(197,736,904)
Plan Fiduciary Net Position - Beginning of year	1,402,602,998	1,418,609,280	1,529,846,295	1,818,649,298	1,596,101,989	1,798,906,827	1,940,623,642	1,966,728,975	1,933,541,307	2,131,278,211
Plan Fiduciary Net Position - End of year	**$ 1,384,656,637**	**$ 1,402,602,998**	**$ 1,418,609,280**	**$ 1,529,846,295**	**$ 1,818,649,298**	**$ 1,596,101,989**	**$ 1,798,906,827**	**$ 1,940,623,642**	**$ 1,966,728,975**	**$ 1,933,541,307**
Net Pension Liability - Ending	**$ 797,167,427**	**$ 843,993,547**	**$ 922,964,285**	**$ 911,864,450**	**$ 885,460,935**	**$ 1,102,348,071**	**$ 934,695,854**	**$ 832,682,511**	**$ 943,780,251**	**$ 992,880,645**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.46 %	62.43 %	60.58 %	62.65 %	67.25 %	59.15 %	65.81 %	69.98 %	67.57 %	66.07 %
Covered Payroll	$ -	$ 78,724,515	$ 78,649,527	$ 83,104,746	$ 102,653,636	$ 111,124,304	$ 142,215,060	$ 149,373,313	$ 141,454,717	$ 143,882,722
Net Pension Liability as a Percentage of Covered Payroll	- %	1,072.08 %	1,173.52 %	1,097.25 %	862.57 %	992.00 %	657.24 %	557.45 %	667.20 %	690.06 %

GASB Statement No. 67, as amended, requires covered payroll to be presented, as well as the net pension liability as a percentage of covered payroll. Covered payroll for 2025 is not available.

See notes to required supplementary information.

Required Supplementary Information
Schedule of Investment Returns
Legacy and Hybrid Plans

Last Ten Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	9.02 %	9.38 %	4.94 %	(7.27)%	28.31 %	(0.78)%	3.28 %	6.70 %	12.60 %	1.10 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Legacy Plan

Last Ten Fiscal Years

Years Ended June 30

	2025**	2024	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Actuarially determined contribution	$ 80,700,000	$ 82,500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	80,700,000	82,500,000	-	-	-	-	-	-	-	-
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ -	$ 78,724,515	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a Percentage of Covered Payroll	- %	104.80 %	- %	- %	- %	- %	- %	- %	- %	- %

*The contributions starting with fiscal year 2016 through 2023 were determined by the provisions of the POA; the contributions were not actuarially determined and, therefore, not subject to disclosure in accordance with GASB Statement No. 67 within this schedule.

**Excludes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees. Covered payroll for 2025 is not available.

Notes to Schedule of Pension Contributions Legacy Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Unit Credit
Amortization method	Level principal, closed
Remaining amortization period	29 years (beginning with fiscal year 2024 contribution)
Asset valuation method	3-year smoothed market
Inflation	2.50 percent price inflation
Salary increase	N/A
Investment rate of return	6.75 percent
Mortality	PubG-2010(B) Below-Median General Mortality Table

See notes to required supplementary information.

Required Supplementary Information
Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios
Hybrid Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 29,291,015	$ 23,496,093	$ 22,742,191	$ 27,040,658	$ 25,208,118	$ 22,532,002	$ 20,171,596	$ 17,056,732	$ 18,417,036	$ 18,302,706
Interest	20,509,458	16,505,580	14,296,616	14,050,863	12,218,430	10,270,622	7,531,400	5,438,061	4,084,390	2,495,896
Differences between expected and actual experience	331,837	(11,142,531)	(6,162,346)	(18,137,902)	(10,183,406)	(7,464,424)	7,556,858	4,546,865	(4,667,487)	(1,263,760)
Changes in assumptions	-	31,718,494	(278,694)	(22,668,570)	14,453,739	6,518,200	-	(5,758,189)	2,780,462	2,111,451
Changes in benefit terms	-	-	3,617,374	-	-	-	-	-	-	-
Voluntary employee contributions	1,464,194	6,582,488	6,588,107	5,691,594	5,183,291	5,723,982	5,804,274	5,302,650	5,043,347	5,213,744
Benefit payments, including refunds	(8,601,641)	(8,133,900)	(7,013,532)	(7,395,729)	(5,118,404)	(3,629,833)	(3,539,384)	(2,390,592)	(2,134,809)	(2,287,214)
Net Change in Total Pension Liability	42,994,863	59,026,224	33,789,716	(1,419,086)	41,761,768	33,950,549	37,524,744	24,195,527	23,522,939	24,572,823
Total Pension Liability - Beginning of year	301,513,026	242,486,802	208,697,086	210,116,172	168,354,404	134,403,855	96,879,111	72,683,584	49,160,645	24,587,822
Total Pension Liability - End of year	**$ 344,507,889**	**$ 301,513,026**	**$ 242,486,802**	**$ 208,697,086**	**$ 210,116,172**	**$ 168,354,404**	**$ 134,403,855**	**$ 96,879,111**	**$ 72,683,584**	**$ 49,160,645**
Plan Fiduciary Net Position										
Contributions - Employer	$ 14,563,729	$ 13,673,679	$ 15,126,876	$ 15,689,188	$ 11,690,984	$ 12,515,861	$ 12,205,699	$ 14,673,644	$ 9,484,992	$ 9,048,831
Mandatory employee contributions	14,390,378	13,238,970	12,149,463	10,418,809	9,333,975	10,205,770	9,765,911	8,837,967	7,752,058	7,345,515
Net investment income (loss)	28,367,535	23,576,401	12,717,757	(13,857,941)	41,527,492	(2,216,167)	3,270,862	8,445,590	9,109,732	(76,608)
Administrative expenses	(2,107,602)	(2,143,618)	(2,022,440)	(1,894,415)	(1,316,430)	(1,540,433)	(1,942,064)	(2,171,693)	(2,648,385)	(3,094,197)
Voluntary employee contributions	1,464,194	6,582,488	6,588,107	5,691,594	5,183,291	5,723,982	5,804,274	5,302,650	5,043,347	5,213,744
Benefit payments, including refunds of mandatory contributions	(5,994,577)	(4,888,237)	(4,621,285)	(4,058,032)	(2,743,760)	(2,048,198)	(1,920,550)	(1,308,550)	(1,021,847)	(1,031,060)
Refunds based on voluntary contributions	(2,607,064)	(3,245,663)	(2,392,247)	(3,337,697)	(2,374,644)	(1,581,635)	(1,618,834)	(1,082,042)	(1,112,962)	(1,256,154)
Other	96,820	486,864	15,642,655	40,981	32,244	1,237,613	9,066,288	12,436	61,834	6,586
Net Change in Plan Fiduciary Net Position	48,173,413	47,280,884	53,188,886	8,692,487	61,333,152	22,296,793	34,631,586	32,710,002	26,668,769	16,156,657
Plan Fiduciary Net Position - Beginning of year	323,056,114	275,775,230	222,586,344	213,893,857	152,560,705	130,263,912	95,632,326	62,922,324	36,253,555	20,096,898
Plan Fiduciary Net Position - End of year	**$ 371,229,527**	**$ 323,056,114**	**$ 275,775,230**	**$ 222,586,344**	**$ 213,893,857**	**$ 152,560,705**	**$ 130,263,912**	**$ 95,632,326**	**$ 62,922,324**	**$ 36,253,555**
City's Net Pension (Asset) Liability - Ending	**$ (26,721,638)**	**$ (21,543,088)**	**$ (33,288,428)**	**$ (13,889,258)**	**$ (3,777,685)**	**$ 15,793,699**	**$ 4,139,943**	**$ 1,246,785**	**$ 9,761,260**	**$ 12,907,090**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.76 %	107.14 %	113.73 %	106.66 %	101.80 %	90.62 %	96.92 %	98.71 %	86.57 %	73.75 %
Covered Payroll	$ 359,593,090	$ 330,528,688	$ 293,017,696	$ 260,683,104	$ 233,681,019	$ 245,732,111	$ 224,726,503	$ 246,173,916	$ 199,307,987	$ 185,147,364
City's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(7.43)%	(6.52)%	(11.36)%	(5.33)%	(1.62)%	6.43 %	1.84 %	0.51 %	4.90 %	6.97 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Hybrid Plan

Last Two Fiscal Years

Year Ended June 30

	2025	2024
Actuarially determined contribution	$ 14,563,729	$ 13,673,679
Contributions in relation to the actuarially determined contribution	14,563,729	13,673,679
Contribution Deficiency (Excess)	**$ -**	**$ -**
Covered Payroll	$ 359,593,090	$ 330,528,688
Contributions as a Percentage of Covered Payroll	4.05 %	4.14 %

Contributions before fiscal year 2024 were determined by the provisions of the POA; the contributions were not actuarially determined and, therefore, not subject to disclosure in accordance with GASB Statement No. 67 within this schedule.

Notes to Schedule of Pension Contributions Hybrid Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14 years
Asset valuation method	3-year smoothed market
Inflation	3.00 percent wage inflation
Salary increase	3.00 percent to 7.90 percent, including inflation
Investment rate of return	6.75 percent
VPIF	2.00 percent per year
Mortality	PubG-2010(B) Below-Median General Mortality Table

Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Open Death Benefit Plan

Last Nine Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	$ 168,360	$ 159,364	$ 132,945	$ 154,693	$ 129,692	$ 142,198	$ 129,558	$ 114,919	$ 103,457
Interest	348,060	323,009	326,131	331,758	311,172	281,348	255,501	223,231	215,053
Differences between expected and actual experience	176,059	(289,588)	21,270	33,174	2,304	215,945	197,652	325,148	-
Changes in assumptions	(1,756)	-	-	117,486	806,689	-	-	-	-
Benefit payments, including refunds	(196,200)	(218,724)	(260,207)	(186,198)	(213,821)	(205,148)	(234,422)	(184,826)	(230,000)
Net Change in Total OPEB Liability	494,523	(25,939)	220,139	450,913	1,036,036	434,343	348,289	478,472	88,510
Total OPEB Liability - Beginning of year	6,166,222	6,192,161	5,972,022	5,521,109	4,485,073	4,050,730	3,702,441	3,223,969	3,135,459
Total OPEB Liability - End of year	**$ 6,660,745**	**$ 6,166,222**	**$ 6,192,161**	**$ 5,972,022**	**$ 5,521,109**	**$ 4,485,073**	**$ 4,050,730**	**$ 3,702,441**	**$ 3,223,969**
Plan Fiduciary Net Position									
Contributions - Employer	$ 136,379	$ 140,610	$ 126,937	$ 106,510	$ 114,790	$ 113,842	$ 92,990	$ 107,627	$ 88,709
Contributions - Employee	45,497	94,319	89,485	85,236	96,996	86,147	73,457	96,337	80,151
Net investment income (loss)	814,075	724,251	393,971	(671,339)	1,128,321	11,617	246,685	296,957	315,310
Administrative expenses	(30,837)	(5,824)	(5,104)	(6,584)	(18,094)	(55,108)	(61,160)	(32,001)	(61,755)
Benefit payments, including refunds	(196,200)	(218,724)	(260,207)	(186,198)	(213,821)	(205,148)	(234,422)	(184,826)	(230,000)
Other	-	-	-	-	-	-	-	(221,948)	-
Net Change in Plan Fiduciary Net Position	768,914	734,632	345,082	(672,375)	1,108,192	(48,650)	117,550	62,146	192,415
Plan Fiduciary Net Position - Beginning of year	5,540,230	4,805,598	4,460,516	5,132,891	4,024,699	4,073,349	3,955,799	3,893,653	3,701,238
Plan Fiduciary Net Position - End of year	**$ 6,309,144**	**$ 5,540,230**	**$ 4,805,598**	**$ 4,460,516**	**$ 5,132,891**	**$ 4,024,699**	**$ 4,073,349**	**$ 3,955,799**	**$ 3,893,653**
City's Net OPEB Liability (Asset) - Ending	**$ 351,601**	**$ 625,992**	**$ 1,386,563**	**$ 1,511,506**	**$ 388,218**	**$ 460,374**	**$ (22,619)**	**$ (253,358)**	**$ (669,684)**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	94.72 %	89.85 %	77.61 %	74.69 %	92.97 %	89.74 %	100.56 %	106.84 %	120.77 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

GASB Statement No. 74 was implemented on June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions
Open Death Benefit Plan

Last Nine Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 136,379	$ 140,610	$ 126,937	$ 106,510	$ 114,790	$ 113,842	$ 92,990	$ 93,797	$ 104,659
Contributions in relation to the actuarially determined contribution	136,379	140,610	126,937	106,510	114,790	113,842	92,990	107,627	88,709
Contribution Excess (Deficiency)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 13,830**	**$ (15,950)**

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Level dollar entry age normal
Amortization method	Level dollar, closed beginning with contribution for fiscal year ended June 30, 2021
Remaining amortization period	26-year, board policy
Asset valuation method	3-year smoothed market, no corridor
Inflation	N/A
Investment rate of return	5.50 percent - Net of OPEB plan expenses, including price inflation at 2.50 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For members in the General Retirement System, the PubG-2010(B) Below-Median General Retiree table for males and females with male rates multiplied by 97 percent and female rates multiplied by 126 percent For members in the Police and Fire Retirement System, the PubS-2010 Safety Retiree table for males and females with male rates multiplied by 115 percent and female rates multiplied by 125 percent All mortality tables are projected to 2021, based on the two-dimensional, sex-distinct mortality improvement scale MP-2021. This table contains no margin for future improvements in life expectancies for conservatism in this valuation.
Other information	There were no benefit changes during the year.

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Investment Returns
Open and Closed Death Benefit Plans

Last Nine Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	15.57 %	14.69 %	10.19 %	(14.46)%	24.52 %	0.30 %	2.97 %	5.93 %	7.23 %

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

See notes to required supplementary information.

Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Closed Death Benefit Plan

Last Nine Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability -									
Increase (decrease) in total OPEB liability due to availability of assets	$ 2,522,225	$ 2,101,745	$ 553,487	$ (4,209,561)	$ 4,496,393	$ (944,616)	$ 12,295	$ 38,822	$ (15,035)
Total OPEB Liability - Beginning of year	23,412,240	21,310,495	20,757,008	24,966,569	20,470,176	21,414,792	21,402,497	21,363,675	21,378,710
Total OPEB Liability - End of year	**$ 25,934,465**	**$ 23,412,240**	**$ 21,310,495**	**$ 20,757,008**	**$ 24,966,569**	**$ 20,470,176**	**$ 21,414,792**	**$ 21,402,497**	**$ 21,363,675**
Plan Fiduciary Net Position									
Retiree contribution	$ 73,041	$ 12,890	$ 9,244	$ 9,390	$ 19,867	$ 12,925	$ 9,080	$ 9,528	$ -
Net investment income (loss)	3,405,552	3,097,095	1,880,092	(3,277,720)	5,538,571	63,605	1,295,090	1,416,686	1,996,352
Administrative expenses	(100,159)	(25,829)	(24,922)	(32,147)	(18,096)	-	-	-	-
Benefit payments, including refunds	(856,209)	(982,411)	(1,310,927)	(909,084)	(1,043,949)	(1,074,935)	(1,230,715)	(1,355,391)	(1,949,612)
Other	-	-	-	-	-	53,789	(61,160)	(32,001)	(61,775)
Net Change in Plan Fiduciary Net Position	2,522,225	2,101,745	553,487	(4,209,561)	4,496,393	(944,616)	12,295	38,822	(15,035)
Plan Fiduciary Net Position - Beginning of year	23,412,240	21,310,495	20,757,008	24,966,569	20,470,176	21,414,792	21,402,497	21,363,675	21,378,710
Plan Fiduciary Net Position - End of year	**$ 25,934,465**	**$ 23,412,240**	**$ 21,310,495**	**$ 20,757,008**	**$ 24,966,569**	**$ 20,470,176**	**$ 21,414,792**	**$ 21,402,497**	**$ 21,363,675**
City's Net OPEB Liability - Ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

As the plan will provide future benefits only to the extent that plan assets are available to pay them, the total OPEB liability is equal to the plan's ending net position.

Contributions to the OPEB plan are not based on a measure of pay, nor is there applicable payroll; therefore, no covered payroll is presented.

Pension Information

Benefit Changes

Legacy Plan

In 2025, an additional $5,000,000 contribution from the City was made to the System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad hoc and included as a current year benefit change.

Hybrid Plan

In 2023, the bankruptcy court granted a change to the Hybrid Plan to allow members in the work share program during the period April 1, 2020 through December 31, 2022 to get credited service for that period.

Changes in Assumptions

Legacy and Hybrid Plan

In 2016, amounts reported as changes of 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.

OPEB Information

Changes in Assumptions

In 2021, the discount rate changed from 7.00 percent to 5.99 percent.

In 2022, the discount rate changed from 5.99 percent to 5.50 percent and updating the mortality tables from the RP-2014 Blue Collar Annuitant Table to the PubG-2010(B) Below-Median General Retiree table for members in the general retirement system and to the PubS-2010 Safety Retiree table for members in the police and fire retirement system, as well as updates to the withdrawal and disability rates.

Supplementary Information

Statement of Changes in Fiduciary Net Position by Division - Legacy Defined Benefit Plan

For the Year Ended June 30, 2025

	DWSD Subdivisions		General Retirement System - Divisions				
	GLWA	DWSD-R	DWSD - Division Total (all DWSD Subdivisions)	General Division	DOT	Library	Total - General Retirement System (all Divisions)
Beginning Net Position - July 1, 2024	403,956,842	170,661,716	574,618,558	676,841,099	73,287,213	77,856,128	1,402,602,998
Additions:							
Investment income (loss):							
Interest, dividends, and other income	11,473,797	4,847,394	16,321,191	19,477,126	2,282,196	2,292,326	40,372,839
Net increase in fair value of investments	26,139,059	11,043,102	37,182,161	42,080,686	3,822,158	4,710,879	87,795,884
Net unrealized loss on collateralized securities	(2,200)	(935)	(3,135)	(3,548)	(322)	(398)	(7,403)
Investment related expenses	(2,355,153)	(994,994)	(3,350,147)	(3,791,508)	(344,380)	(424,454)	(7,910,489)
Net investment income	35,255,503	14,894,567	50,150,070	57,762,756	5,759,652	6,578,353	120,250,831
Contributions:							
Employer contributions	-	-	-	35,200,000	27,100,000	100,000	62,400,000
General division contribution on behalf of DWSD/GLWA	1,546,600	653,400	2,200,000	(2,200,000)	-	-	-
Foundation for Detroit's Future	-	-	-	12,932,610	5,367,390	-	18,300,000
Employer - Supplemental	-	-	-	5,000,000	-	-	5,000,000
Total contributions	1,546,600	653,400	2,200,000	50,932,610	32,467,390	100,000	85,700,000
ASF recoupment interest	949,492	401,137	1,350,629	2,529,296	904,674	88,631	4,873,230
Other income	80,491	34,005	114,496	160,264	23,675	20,316	318,751
Total additions - net	37,832,086	15,983,109	53,815,195	111,384,926	39,155,391	6,787,300	211,142,812
Deductions:							
Member refunds and withdrawals	491,385	207,598	698,983	3,143,702	1,265,216	613,167	5,721,068
Retirees' pension and annuity benefits	41,299,448	17,447,989	58,747,437	119,806,442	30,511,703	6,573,758	215,639,340
General and administrative expenses	804,628	339,935	1,144,563	1,348,180	145,978	155,079	2,793,800
Transfer from general division to DWSD/GLWA	(7,565,382)	(3,196,185)	(10,761,567)	10,761,567	-	-	-
ASF Recoupment Write-off	515,935	217,970	733,905	2,750,812	966,814	483,434	4,934,965
Total deductions	35,546,014	15,017,307	50,563,321	137,810,703	32,889,711	7,825,438	229,089,173
Net Increase (Decrease) in Net Position	2,286,072	965,802	3,251,874	(26,425,777)	6,265,680	(1,038,138)	(17,946,361)
End of Year Net Position Restricted for Pensions - June 30, 2025	**406,242,914**	**171,627,518**	**577,870,432**	**650,415,322**	**79,552,893**	**76,817,990**	**1,384,656,637**

Schedule of DWSD/GLWA Excess of Contributions Paid Toward Administrative Expenses

For the Year Ended June 30, 2025

	DWSD Division Total	
	GLWA	DWSD-R
Amount Paid in Excess of Administrative Expenses Otherwise Allocable - June 30, 2024	$ 9,111,980	$ 3,849,587
Annual required contribution made by City of Detroit on behalf of DWSD/GLWA	(1,546,600)	(653,400)
General Division transfer to DWSD	(7,565,380)	(3,196,187)
Cumulative Amount Paid in Excess of Administrative Expenses Otherwise Allocable - June 30, 2025	**$ -**	**$ -**

Allocation Between Divisions

The Combined Plan's allocation methodology to allocate fiscal year 2025 activity between the four main divisions (General Division, DOT, DWSD, and Library) is dependent upon each revenue or expense type. Below is a description of the allocation methodology used by the Combined Plan. Where applicable, the allocation methodology outlined in the pension reporting agreement was utilized.

Investment Income - Investment income (including income from securities lending activity) and investment expenses were allocated to the divisions, with the exception of the allocation between DWSD-R and GLWA, based on the net position of each division compared to total net position (excluding the Annuity Savings Fund) as of fiscal year ended June 30, 2025. The investment income and expenses allocated were after adjusting for interest credited to the Annuity Savings Fund.

Administrative Expenses - In accordance with Section 2.3 of the pension reporting agreement, DWSD-R and GLWA's collective allocable share of administrative expenses through fiscal year 2023 had been allocated to the general division. Correspondingly, the expenses transferred to the general division were offset by a $2.5 million contribution made by DWSD-R and GLWA, collectively, for administrative expenses, which was credited to the general division. This occurred until 2023, at which point the City and GLWA were to mutually determine and resolve whether any aggregate over- or underpayment will impact the obligation of DWSD-R and GLWA to make payments to GRS under the pension reporting agreement. As of June 30, 2023, the aggregate excess of administrative expenses paid by DWSD-R and GLWA were $12,961,567. The parties agreed to have the City make the DWSD-R/GLWA annual required contribution until such time that the aggregate excess is exhausted. The City did make the annual payment of $2.2m for fiscal year 2025 on behalf of DWSD-R/GLWA in accordance with this verbal agreement. During fiscal year 2025, it was agreed-upon that the remaining amount will be transferred from the general division reserve at the System to the DWSD division.

Contributions - In fiscal year 2025, the Plan received contributions from the divisions and the Foundation for Detroit's Future. The employer contributions were allocated between the divisions according to which division the contribution was received from. The payment from the Foundation was allocated based on a common understanding from the bankruptcy proceedings, which was ultimately determined by the City of Detroit and agreed to by the other divisions. The Foundation proceeds were allocated solely to the general division and DOT (approximately 70% and 30%, respectively).

ASF Recoupment - Revenue from the ASF recoupment was allocated between the divisions, other than between DWSD-R and GLWA, according to the division under which the individual's ASF earnings were originally accumulated and paid out.

Member Refunds, Withdrawals, Retirees' Pension, and Annuity Benefits - These deductions were allocated, other than the allocation between DWSD-R and GLWA, based on the original division from which benefits were being provided and withdrawals were being made.

Allocation between DWSD-R and GLWA - Once the above activity was allocated to the divisions, the DWSD division was further subdivided between DWSD-R and GLWA in accordance with the pension reporting agreement, which stipulated such allocation would be dictated to the Plan by DWSD-R and GLWA. Per those instructions, the Plan allocated the DWSD activity between GLWA (70.3 percent) and DWSD-R (29.7 percent).

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

June 30, 2025

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

October 7, 2025

Board of Trustees
The General Retirement System of the City of Detroit

Dear Board Members:

This report provides information required for the General Retirement System of the City of Detroit in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67 "Financial Reporting for Pension Plans" and Statement No. 68 "Employer Reporting for Pension Plans." These calculations have been made on a basis that is consistent with our understanding of these Statements. This information is subject to a review by the City's and the System's auditor. Please let us know if the City's or the System's auditor recommends any changes. This report covers the General Retirement System Plan known as Component II (also known as the Legacy Plan). Since Component I is a separate plan, it is detailed in a separate report.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement Nos. 67 and 68. The calculation of the plan's liability for this report is not applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 67 and 68 may produce significantly different results. In particular, this is not a funding report and nothing in this report should be construed as a funding recommendation. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. Gabriel, Roeder, Smith & Company is not responsible for unauthorized use of this report.

The Appendix of this report also provides some of the information necessary to complete the reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form 5572). This information is not required to be included in your financial statements. The calculations in the Appendix are based on assumptions that satisfy the Uniform Assumptions criteria published by the Michigan Treasury for Fiscal Year 2025 reporting requirements.

This report is based upon information, furnished to us by the System's staff, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This report is based on the valuation date of June 30, 2024. The Total Pension Liability was rolled forward from the valuation date to the plan year ending June 30, 2025 using generally accepted actuarial principles. The asset information as of June 30, 2025 was provided by the System. This information was checked for internal consistency, but it was not audited by Gabriel, Roeder, Smith & Company. A description of the adjustments made to the data is incorporated in this report (either directly or by reference). Gabriel, Roeder, Smith & Company is not responsible for the accuracy of the data provided by the Retirement System. This report is based upon estimates of frozen accrued benefits. Future measurements based on final calculation of benefit amounts will differ.

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the System on the measurement date for purposes of GASB Statement Nos. 67 and 68 reporting. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing actuaries are independent of the plan sponsor.

Judith A. Kermans, James R. Sparks and Kevin T. Noelke are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA
Senior Consultant and President

James R. Sparks

James R. Sparks, ASA, FCA, MAAA
Consultant

Kevin Noelke

Kevin T. Noelke, ASA, FCA, MAAA
Consultant

JAK/JRS/KTN:ah

GRS

Table of Contents

SECTION A

EXECUTIVE SUMMARY

Executive Summary
as of June 30, 2025

Actuarial Valuation Date	June 30, 2024
Measurement Date of the Net Pension Liability	June 30, 2025
Employer's Fiscal Year Ending Date (GASB No. 68 Reporting Date)	June 30, 2026
Membership	
Number of	
- Retirees and Beneficiaries	10,713
- Inactive, Nonretired Members	2,268
- Active Members	1,744
- Total	14,725
Covered Payroll^	$ 78,724,515
Net Pension Liability	
Total Pension Liability	$ 2,181,824,064
Plan Fiduciary Net Position	1,384,656,637
Net Pension Liability	$ 797,167,427
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.46%
Net Pension Liability as a Percentage of Covered Payroll	1,012.60%
Development of the Single Discount Rate	
Single Discount Rate	6.75%
Long-Term Expected Rate of Investment Return	6.75%
Long-Term Municipal Bond Rate*	5.20%
Last year ending June 30 in the 2026 to 2125 projection period for which projected benefit payments are fully funded	2125
Total Pension Expense	$ 44,503,887

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	49,557,145	38,094,593
Total	$ 49,557,145	$ 38,094,593

**Source:* *20-Bond GO Index is The Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, The Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of June 26, 2025, the most recent date available on or before the measurement date.*

^Based on the June 30, 2024 census data. Covered employee payroll for employer's disclosure may differ.

Discussion

Changes Compared to Funding Valuation

All actuarial assumptions were the same as those used in the June 30, 2024 actuarial valuation (the funding valuation).

Changes Compared to Prior Year's GASB Report

All actuarial assumptions were the same as those used in the June 30, 2024 GASB Statement Nos. 67 and 68 reporting.

Current-Period Benefit Changes

During the 2025 fiscal year, an additional $5 million contribution from the City was made to the Retirement System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad-hoc and included (with interest assuming mid-year payment to the measurement date) in the Pension Expense.

Data Approximations and Assumptions

A description of the data approximations and assumptions used in completing this report are included in the June 30, 2024 funding valuation report.

Discussion

Development of Employer Proportionate Shares

As instructed, we have developed the proportionate employer shares as follows:

- General, DOT, DWSD, and Library have contribution rates assessed on separate relationships and are, therefore, accounted for separately under Paragraph 49 of GASB Statement No. 68.
- The component units in the General Division were 1) General City; 2) Parking; and 3) Airport.
- Proportionate shares in the General Division were determined by prorating based on the Total Pension Liability.

Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68 establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the Net Pension Liability, Pension Expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement system and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

Financial Statements

GASB Statement No. 68 requires state or local governments to recognize the Net Pension Liability and the Pension Expense on their financial statements. The Net Pension Liability is the difference between the Total Pension Liability and the plan's Fiduciary Net Position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 57 of GASB Statement No. 68 states, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective Net Pension Liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to the General Retirement System of the City of Detroit subsequent to the measurement date of June 30, 2024.

Financial Statements (Continued)

The Pension Expense recognized each fiscal year is equal to the change in the Net Pension Liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a statement of Fiduciary Net Position and a statement of changes in Fiduciary Net Position in accordance with GASB Statement No. 67. The *statement of Fiduciary Net Position* presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The *statement of changes in Fiduciary Net Position* presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the Fiduciary Net Position.

Notes to Financial Statements

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total Pension Expense, the pension plan's liabilities and assets, and deferred outflows and inflows of resources related to pensions.

GASB Statement Nos. 67 and 68 require the notes of the financial statements for the employers and pension plans to include certain additional information. The list of disclosure items should include:

- A description of benefits provided by the plan;
- The type of employees and number of members covered by the pension plan;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The pension plan's investment policies;
- The pension plan's Fiduciary Net Position and the Net Pension Liability;
- The Net Pension Liability using a discount rate that is 1% higher and 1% lower than used to calculate the Total Pension Liability and Net Pension Liability for financial reporting purposes;
- Significant assumptions and methods used to calculate the Total Pension Liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 67. This information includes:

- The composition of the pension plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

Discussion

Required Supplementary Information

GASB Statement No. 67 requires a 10-year fiscal history of:

- Sources of changes in the Net Pension Liability;
- Information about the components of the Net Pension Liability and related ratios, including the pension plan's Fiduciary Net Position as a percentage of the Total Pension Liability, and the Net Pension Liability as a percent of covered-employee payroll; and
- A comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

Timing of the Valuation

An actuarial valuation to determine the Total Pension Liability is required to be performed at least every two years. The Net Pension Liability and Pension Expense should be measured as of the pension plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the Total Pension Liability is not calculated as of the measurement date, the Total Pension Liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The Total Pension Liability shown in this report is based on an actuarial valuation performed as of June 30, 2024, rolled forward to the plan year end of June 30, 2025.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's Fiduciary Net Position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 5.20% (based on the weekly rate closest to but not later than the measurement date of The Bond Buyer "20-Bond GO Index"); and the resulting Single Discount Rate is 6.75%.

Discussion

Limitation of Assets as a Percent of Total Pension Liability Measurements

This report includes a measure of the plan Fiduciary Net Position as a percent of Total Pension Liability (63.46% as of June 30, 2025). Unless otherwise indicated, with regard to any such measurements presented in this report:

(1) This measurement is not intended to be a funded ratio or a measure of funded progress.
(2) This measurement is inappropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations.
(3) The measurement is inappropriate for assessing the need for or amount of future employer contributions.

Limitations of Project Scope

Actuarial Standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entities to make required contributions when due. Such an evaluation was not within the scope of this project and is not within our area of expertise. Consequently, we have not made such an evaluation.

SECTION B

FINANCIAL STATEMENTS

This information is subject to the System's auditor's review. Please let us know if the System's auditor recommends any changes.

Statement of Fiduciary Net Position
as of June 30, 2025

Assets		
Cash and Cash Equivalents	$	5,260,368
Receivables		73,561,859
Investments at Fair Value		1,351,694,873
Cash and Investments held as collateral for securities lending		34,565,313
Capital Assets - Net		3,723,081
Total Assets	$	1,468,805,494
Liabilities		
Accounts Payable	$	84,148,857
Total Liabilities	$	84,148,857
Net Position Restricted for Pensions	$	1,384,656,637
ASF Reserve	$	71,803,718
Other Reserves		1,312,852,919
Plan Fiduciary Net Position	$	1,384,656,637

Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2025

Additions		
Contributions		
Employer*	$	67,400,000
Employee		-
Foundation Contribution		18,300,000
Total Contributions	$	85,700,000
Investment Income		
Investment Income	$	120,250,829
Net Investment Income	$	120,250,829
Other Income (Including ASF Interest)^	$	5,191,981
Total Additions	$	211,142,810
Deductions		
Benefit Payments, including Refunds of Employee Contributions	$	221,360,408
Pension Plan Administrative Expense		2,793,798
Other (including ASF write-offs and transfers to Comp I)		4,934,965
Total Deductions	$	229,089,171
Net Increase in Net Position	$	(17,946,361)
Net Position Restricted for Pensions		
Beginning of Year	$	1,402,602,998
End of Year	$	1,384,656,637

** Includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.*

^ Following discussions with the auditor, we understand that for purposes of determining the Pension Expense for GASB Statement No. 68, ASF Interest should be treated as Other Changes in Plan Fiduciary Net Position and recognized immediately.

Statement of Pension Expense Under GASB Statement No. 68
Fiscal Year Ended June 30, 2025*

A. Expense	General	DOT	DWSD	Library	Total
1. Service Cost	$ -	$ -	$ -	$ -	$ -
2. Interest on the Total Pension Liability	77,568,776	22,285,186	39,616,508	4,703,883	144,174,353
3. Current-Period Benefit Changes^	2,950,416	761,049	1,299,184	158,102	5,168,751
4. Employee Contributions (made negative for addition here)	-	-	-	-	-
5. Projected Earnings on Plan Investments (made negative for addition here)	(42,845,411)	(4,963,965)	(37,203,939)	(4,998,232)	(90,011,547)
6. Pension Plan Administrative Expense	1,348,177	145,978	1,144,564	155,079	2,793,798
7. Other Changes in Plan Fiduciary Net Position[#]	10,822,819	38,465	(11,492,787)	374,487	(257,016)
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	13,914,066	(5,398,660)	(285,097)	(985,486)	7,244,823
9. Recognition of Outflow (Inflow) of Resources due to Assets	(14,026,921)	(1,683,635)	(7,990,447)	(908,272)	(24,609,275)
10. Total Pension Expense	**$ 49,731,922**	**$ 11,184,418**	**$ (14,912,014)**	**$ (1,500,439)**	**$ 44,503,887**

** Totals may not add due to rounding.*
^ $5,000,000 in one-time supplemental checks paid to retirees, with assumed interest from mid-year to the measurement date.
[#] Includes transfer of $10,761,567 from General to DWSD for aggregate excess administrative expenses paid by the DWSD pension pool.

Statement of Outflows and Inflows Arising from Current Reporting Period Fiscal Year Ended June 30, 2025

A. Outflows (Inflows) of Resources due to Liabilities	General	DOT	DWSD	Library	Total
1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	$ 13,914,066	$ (5,398,660)	$ (285,097)	$ (985,486)	$ 7,244,823
2. Assumption Changes (gains) or losses	$ -	$ -	$ -	$ -	$ -
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}*	1.0000	1.0000	1.0000	1.0000	1.0000
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	$ 13,914,066	$ (5,398,660)	$ (285,097)	$ (985,486)	$ 7,244,823
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	$ -	$ -	$ -	$ -	$ -
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	$ 13,914,066	$ (5,398,660)	$ (285,097)	$ (985,486)	$ 7,244,823
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	$ -	$ -	$ -	$ -	$ -
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	$ -	$ -	$ -	$ -	$ -
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	$ -	$ -	$ -	$ -	$ -
B. Outflows (Inflows) of Resources due to Assets					
1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	$ (14,917,342)	$ (795,687)	$ (12,946,132)	$ (1,580,121)	$ (30,239,282)
2. Recognition period for Assets {in years}	5.0000	5.0000	5.0000	5.0000	5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	$ (2,983,468)	$ (159,137)	$ (2,589,226)	$ (316,024)	$ (6,047,856)
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	$ (11,933,874)	$ (636,550)	$ (10,356,906)	$ (1,264,097)	$ (24,191,426)

** A 1-year period (immediate recognition) is used, since the Plan is closed and no benefits are accruing and, therefore, future participation service is zero.*

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
Fiscal Year Ended June 30
General

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	$ 13,914,066	$ -	$ 13,914,066
2. Due to Assets	23,822,810	37,849,731	(14,026,921)
3. Total	$ 37,736,876	$ 37,849,731	$ (112,855)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ 13,914,066	$ -	$ 13,914,066
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	23,822,810	37,849,731	(14,026,921)
4. Total	$ 37,736,876	$ 37,849,731	$ (112,855)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	25,232,692	18,297,284	6,935,408
4. Total	$ 25,232,692	$ 18,297,284	$ 6,935,408

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources General Total
2026	$ 18,718,203
2027	(3,694,721)
2028	(5,104,604)
2029	(2,983,470)
2030	-
Thereafter	-
Total	$ 6,935,408

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025
General

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ 13,914,066	1.0000	$ 13,914,066	$ -	0.0000
Total			**$ 13,914,066**	**$ -**	
Deferred Outflow (Inflow) due to Assumption Changes					
2025	$ -	1.0000	$ -	$ -	0.0000
Total			**$ -**	**$ -**	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	$ (163,725,622)	5.0000	$ (32,745,126)	$ -	0.0000
2022	112,064,628	5.0000	22,412,926	22,412,924	1.0000
2023	7,049,420	5.0000	1,409,884	2,819,768	2.0000
2024	(10,605,684)	5.0000	(2,121,137)	(6,363,410)	3.0000
2025	(14,917,342)	5.0000	(2,983,468)	(11,933,874)	4.0000
Total			**$ (14,026,921)**	**$ 6,935,408**	

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
Fiscal Year Ended June 30
DOT

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	$ -	$ 5,398,660	$ (5,398,660)
2. Due to Assets	3,074,235	4,757,870	(1,683,635)
3. Total	$ 3,074,235	$ 10,156,530	$ (7,082,295)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ -	$ 5,398,660	$ (5,398,660)
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	3,074,235	4,757,870	(1,683,635)
4. Total	$ 3,074,235	$ 10,156,530	$ (7,082,295)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	3,321,783	636,550	2,685,233
4. Total	$ 3,321,783	$ 636,550	$ 2,685,233

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2026	$ 2,915,098
2027	7,249
2028	(77,975)
2029	(159,139)
2030	-
Thereafter	-
Total	$ 2,685,233

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025
DOT

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ (5,398,660)	1.0000	$ (5,398,660)	$ -	0.0000
Total			**$ (5,398,660)**	**$ -**	
Deferred Outflow (Inflow) due to Assumption Changes					
2025	$ -	1.0000	$ -	$ -	0.0000
Total			**$ -**	**$ -**	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	$ (22,993,665)	5.0000	$ (4,598,733)	$ -	0.0000
2022	14,539,245	5.0000	2,907,849	2,907,849	1.0000
2023	426,115	5.0000	85,223	170,446	2.0000
2024	405,814	5.0000	81,163	243,488	3.0000
2025	(795,687)	5.0000	(159,137)	(636,550)	4.0000
Total			**$ (1,683,635)**	**$ 2,685,233**	

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
Fiscal Year Ended June 30
DWSD

A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	$ -	$ 285,097	$ (285,097)
2. Due to Assets	17,026,389	25,016,836	(7,990,447)
3. Total	$ 17,026,389	$ 25,301,933	$ (8,275,544)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ -	$ 285,097	$ (285,097)
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	17,026,389	25,016,836	(7,990,447)
4. Total	$ 17,026,389	$ 25,301,933	$ (8,275,544)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	18,497,320	17,255,809	1,241,511
4. Total	$ 18,497,320	$ 17,255,809	$ 1,241,511

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2026	$ 12,137,527
2027	(3,417,929)
2028	(4,888,859)
2029	(2,589,228)
2030	-
Thereafter	-
Total	$ 1,241,511

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025
DWSD

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ (285,097)	1.0000	$ (285,097)	$ -	0.0000
Total			**$ (285,097)**	**$ -**	
Deferred Outflow (Inflow) due to Assumption Changes					
2025	$ -	1.0000	$ -	$ -	0.0000
Total			**$ -**	**$ -**	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	$ (100,639,867)	5.0000	$ (20,127,975)	$ -	0.0000
2022	77,777,294	5.0000	15,555,459	15,555,458	1.0000
2023	7,354,652	5.0000	1,470,930	2,941,862	2.0000
2024	(11,498,173)	5.0000	(2,299,635)	(6,898,903)	3.0000
2025	(12,946,132)	5.0000	(2,589,226)	(10,356,906)	4.0000
Total			**$ (7,990,447)**	**$ 1,241,511**	

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
Fiscal Year Ended June 30
Library

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	$ -	$ 985,486	$ (985,486)
2. Due to Assets	2,310,240	3,218,512	(908,272)
3. Total	$ 2,310,240	$ 4,203,998	$ (1,893,758)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ -	$ 985,486	$ (985,486)
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	2,310,240	3,218,512	(908,272)
4. Total	$ 2,310,240	$ 4,203,998	$ (1,893,758)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	2,505,350	1,904,950	600,400
4. Total	$ 2,505,350	$ 1,904,950	$ 600,400

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2026	$ 1,780,600
2027	(334,532)
2028	(529,643)
2029	(316,025)
2030	-
Thereafter	-
Total	$ 600,400

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025
Library

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ (985,486)	1.0000	$ (985,486)	$ -	0.0000
Total			**$ (985,486)**	**$ -**	
Deferred Outflow (Inflow) due to Assumption Changes					
2025	$ -	1.0000	$ -	$ -	0.0000
Total			**$ -**	**$ -**	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	$ (13,444,363)	5.0000	$ (2,688,871)	$ -	0.0000
2022	10,575,646	5.0000	2,115,129	2,115,130	1.0000
2023	975,553	5.0000	195,111	390,220	2.0000
2024	(1,068,087)	5.0000	(213,617)	(640,853)	3.0000
2025	(1,580,121)	5.0000	(316,024)	(1,264,097)	4.0000
Total			**$ (908,272)**	**$ 600,400**	

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Fiscal Year Ended June 30 Total

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	$ 13,914,066	$ 6,669,243	$ 7,244,823
2. Due to Assets	46,233,674	70,842,949	(24,609,275)
3. Total	$ 60,147,740	$ 77,512,192	$ (17,364,452)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	$ 13,914,066	$ 6,669,243	$ 7,244,823
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	46,233,674	70,842,949	(24,609,275)
4. Total	$ 60,147,740	$ 77,512,192	$ (17,364,452)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	49,557,145	38,094,593	11,462,552
4. Total	$ 49,557,145	$ 38,094,593	$ 11,462,552

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2026	$ 35,551,428
2027	(7,439,933)
2028	(10,601,081)
2029	(6,047,862)
2030	-
Thereafter	-
Total	$ 11,462,552

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025
Total

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ 7,244,823	1.0000	$ 7,244,823	$ -	0.0000
Total			**$ 7,244,823**	**$ -**	
Deferred Outflow (Inflow) due to Assumption Changes					
2025	$ -	1.0000	$ -	$ -	0.0000
Total			**$ -**	**$ -**	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	$ (300,803,517)	5.0000	$ (60,160,705)	$ -	0.0000
2022	214,956,813	5.0000	42,991,363	42,991,361	1.0000
2023	15,805,740	5.0000	3,161,148	6,322,296	2.0000
2024	(22,766,130)	5.0000	(4,553,226)	(13,659,678)	3.0000
2025	(30,239,282)	5.0000	(6,047,855)	(24,191,427)	4.0000
Total			**$ (24,609,275)**	**$ 11,462,552**	

Schedule of Proportionate Employer Share
for Year Ended June 30, 2025
General Subgroup*

Employer	TPL	Prop. Share	Net Pension Liability	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Outflows of Resources: Changes of Assum.	Deferred Outflows of Resources: Changes in Proportion and Differences Between Employer Cont. and Share of Cont.	Deferred Outflows of Resources: Total Deferred Outflows of Resources
General City	$ 1,161,792,687	98.28%	$ 522,564,508	$ -	$ 24,798,690	$ -	$ -	$ 24,798,690
Parking	17,968,304	1.52%	8,081,991	-	383,537	-	-	383,537
Airport	2,364,250	0.20%	1,063,420	-	50,465	-	-	50,465
Total for All Employers	**$ 1,182,125,241**	**100.00%**	**$ 531,709,919**	**$ -**	**$ 25,232,692**	**$ -**	**$ -**	**$ 25,232,692**

Employer	Deferred Inflows of Resources: Differences Between Expected and Actual Experience	Deferred Inflows of Resources: Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Inflows of Resources: Changes of Assum.	Deferred Inflows of Resources: Changes in Proportion and Differences Between Employer Cont. and Share of Cont.	Deferred Inflows of Resources: Total Deferred Inflows of Resources	Pension Expense: Prop. Share of Plan Pension Expense	Pension Expense: Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Pension Expense: Total Employer Pension Expense
General City	$ -	$ 17,982,571	$ -	$ -	$ 17,982,571	$ 48,876,533	$ 774,664	$ 49,651,197
Parking	-	278,119	-	-	278,119	755,925	(819,728)	(63,803)
Airport	-	36,595	-	-	36,595	99,464	45,064	144,528
Total for All Employers	**$ -**	**$ 18,297,285**	**$ -**	**$ -**	**$ 18,297,285**	**$ 49,731,922**	**$ -**	**$ 49,731,922**

** Totals may not add due to rounding.*

Schedule of Proportionate Employer Share
for Year Ended June 30, 2025
General Subgroup*

Employer	Employer Allocation Percentage	2026	2027	2028	2029	2030	Thereafter	Total
		Schedule of Deferred Inflows and Outflows						
General City	98.28%	$ 18,396,250	$ (3,631,172)	$ (5,016,805)	$ (2,932,154)	$ -	$ -	$ 6,816,119
Parking	1.52%	284,517	(56,160)	(77,590)	(45,349)	-	-	105,418
Airport	0.20%	37,436	(7,389)	(10,209)	(5,967)	-	-	13,871
TOTAL	100.00%	$ 18,718,203	$ (3,694,721)	$ (5,104,604)	$ (2,983,470)	$ -	$ -	$ 6,935,408

** Totals may not add due to rounding.*

Determination of Employer Contribution Allocation
for Year Ended June 30, 2025

Employer	General City	Parking	Airport	General Total	DOT	DWSD	Library	Total
Contributions Before General Breakdown^				$ 50,932,610	$ 32,467,390	$ 2,200,000	$ 100,000	$ 85,700,000
General Employer Allocation Percent	100.00%	0.00%	0.00%	100.00%	N/A	N/A	N/A	N/A
Times General Total	$ 50,932,610	$ 50,932,610	$ 50,932,610	50,932,610	N/A	N/A	N/A	N/A
Contribution Allocation Dollar	$ 50,932,610	$ -	$ -	$ 50,932,610	$ 32,467,390	$ 2,200,000	$ 100,000	$ 85,700,000

^ Includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.

We understand that the General contributions should be split between the General component units (General City, Parking, and Airport) according to the above schedule. Please let us know if a different allocation should be used.

SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios Current Period
Fiscal Year Ended June 30, 2025*

A. Total Pension Liability	General	DOT	DWSD	Library	Total
1. Service Cost	$ -	$ -	$ -	$ -	$ -
2. Interest on the Total Pension Liability	77,568,776	22,285,186	39,616,508	4,703,883	144,174,353
3. Changes of benefit terms	2,950,416	761,049	1,299,184	158,102	5,168,751
4. Difference between expected and actual experience of the Total Pension Liability	13,914,066	(5,398,660)	(285,097)	(985,486)	7,244,823
5. Changes of assumptions	-	-	-	-	-
6. Benefit payments, including refunds of employee contributions	(122,950,144)	(31,776,919)	(59,446,420)	(7,186,925)	(221,360,408)
7. Net change in Total Pension Liability	$ (28,516,886)	$ (14,129,344)	$ (18,815,825)	$ (3,310,426)	$ (64,772,481)
8. Total Pension Liability – Beginning	1,210,642,127	346,039,362	616,634,435	73,280,621	2,246,596,545
9. Total Pension Liability – Ending	**$ 1,182,125,241**	**$ 331,910,018**	**$ 597,818,610**	**$ 69,970,195**	**$ 2,181,824,064**
B. Plan Fiduciary Net Position					
1. Contributions – employer^	$ 50,932,610	$ 32,467,390	$ 2,200,000	$ 100,000	$ 85,700,000
2. Contributions – employee	-	-	-	-	-
3. Net investment income	57,762,753	5,759,652	50,150,071	6,578,353	120,250,829
4. Benefit payments, including refunds of employee contributions	(122,950,144)	(31,776,919)	(59,446,420)	(7,186,925)	(221,360,408)
5. Pension Plan Administrative Expense	(1,348,177)	(145,978)	(1,144,564)	(155,079)	(2,793,798)
6. Other[#]	(10,822,819)	(38,465)	11,492,787	(374,487)	257,016
7. Net change in Plan Fiduciary Net Position	$ (26,425,777)	$ 6,265,680	$ 3,251,874	$ (1,038,138)	$ (17,946,361)
8. Plan Fiduciary Net Position – Beginning	676,841,099	73,287,213	574,618,558	77,856,128	1,402,602,998
9. Plan Fiduciary Net Position – Ending	**$ 650,415,322**	**$ 79,552,893**	**$ 577,870,432**	**$ 76,817,990**	**$ 1,384,656,637**
C. Net Pension Liability	**$ 531,709,919**	**$ 252,357,125**	**$ 19,948,178**	**$ (6,847,795)**	**$ 797,167,427**
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability	**55.02%**	**23.97%**	**96.66%**	**109.79%**	**63.46%**
E. Covered-employee payroll	**$ 50,825,168**	**$ 10,879,191**	**$ 11,214,925**	**$ 5,805,231**	**$ 78,724,515**
F. Net Pension Liability as a percentage of covered-employee payroll	**1,046.15%**	**2,319.63%**	**177.87%**	**-117.96%**	**1,012.60%**

** Totals may not add due to rounding.*
^ Includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.
 # Includes transfer of $10,761,567 from General to DWSD for aggregate excess administrative expenses paid by the DWSD pension pool.

A Special Funding Situation may occur if a non-city entity has a legal obligation to contribute directly to the Retirement System. The Net Pension Liability shown here has not been adjusted for any potential Special Funding Situation. Our understanding is that the City makes all the employer contributions into the fund, even though the City may receive monies from other entities as a result of the POA.

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

	Last 10 Fiscal Years									
Fiscal year ending June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	144,174,353	150,743,004	157,105,662	168,079,194	182,140,105	192,888,245	195,489,643	192,359,745	201,919,236	214,011,164
Benefit Changes	5,168,751	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	7,244,823	(24,103,038)	(27,014,766)	(12,568,209)	(59,232,849)	(55,836,749)	13,596,900	34,154,327	(27,508,380)	(43,719,112)
Assumption Changes	-	1,677,964	(1,789,161)	(181,357,524)	119,876,694	67,677,535	-	(110,274,515)	76,925,957	90,034,927
Benefit Payments	(215,639,339)	(214,776,802)	(217,569,517)	(222,756,595)	(225,790,173)	(230,537,598)	(235,153,732)	(239,301,938)	(242,938,006)	(242,470,451)
Refunds*	(5,721,069)	(8,518,148)	(10,869,398)	(13,796,354)	(11,333,604)	(9,344,054)	(13,636,283)	(14,140,692)	(24,311,533)	(49,811,728)
Net Change in Total Pension Liability	(64,772,481)	(94,977,020)	(100,137,180)	(262,399,488)	5,660,173	(35,152,621)	(39,703,472)	(137,203,073)	(15,912,726)	(31,955,200)
Total Pension Liability - Beginning	2,246,596,545	2,341,573,565	2,441,710,745	2,704,110,233	2,698,450,060	2,733,602,681	2,773,306,153	2,910,509,226	2,926,421,952	2,958,377,152
Total Pension Liability - Ending (a)	$ 2,181,824,064	$ 2,246,596,545	$ 2,341,573,565	$ 2,441,710,745	$ 2,704,110,233	$ 2,698,450,060	$ 2,733,602,681	$ 2,773,306,153	$ 2,910,509,226	$ 2,926,421,952
Plan Fiduciary Net Position										
Employer Contributions^	$ 85,700,000	$ 105,685,142	$ 48,275,000	$ 48,275,000	$ 48,275,000	$ 47,900,000	$ 67,900,000	$ 68,275,000	$ 91,238,402	$ 104,792,657
Employee Contributions	-	-	-	-	-	-	-	-	-	-
Pension Plan Net Investment Income	120,250,829	114,261,080	80,971,836	(102,790,030)	406,977,917	(14,002,111)	47,170,007	155,423,193	206,896,567	(7,865,094)
Benefit Payments	(215,639,339)	(214,776,802)	(217,569,517)	(222,756,595)	(225,790,173)	(230,537,598)	(235,153,732)	(239,301,938)	(242,938,006)	(242,470,451)
Refunds*	(5,721,069)	(8,518,148)	(10,869,398)	(13,796,354)	(11,333,604)	(9,344,054)	(13,636,283)	(14,140,692)	(24,311,533)	(49,811,728)
Pension Plan Administrative Expense	(2,793,798)	(2,838,847)	(2,680,907)	(2,541,080)	(1,987,193)	(2,351,273)	(3,023,943)	(3,313,418)	(6,021,837)	(3,742,618)
Other	257,016	(9,818,707)	(9,364,029)	4,806,056	6,405,362	5,530,198	(4,972,864)	6,952,522	8,324,075	1,360,330
Net Change in Plan Fiduciary Net Position	(17,946,361)	(16,006,282)	(111,237,015)	(288,803,003)	222,547,309	(202,804,838)	(141,716,815)	(26,105,333)	33,187,668	(197,736,904)
Plan Fiduciary Net Position - Beginning	1,402,602,998	1,418,609,280	1,529,846,295	1,818,649,298	1,596,101,989	1,798,906,827	1,940,623,642	1,966,728,975	1,933,541,307	2,131,278,211
Plan Fiduciary Net Position - Ending (b)	$ 1,384,656,637	$ 1,402,602,998	$ 1,418,609,280	$ 1,529,846,295	$ 1,818,649,298	$ 1,596,101,989	$ 1,798,906,827	$ 1,940,623,642	$ 1,966,728,975	$ 1,933,541,307
Net Pension Liability - Ending (a) - (b)	$ 797,167,427	$ 843,993,547	$ 922,964,285	$ 911,864,450	$ 885,460,935	$ 1,102,348,071	$ 934,695,854	$ 832,682,511	$ 943,780,251	$ 992,880,645
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	63.46 %	62.43 %	60.58 %	62.65 %	67.25 %	59.15 %	65.81 %	69.98 %	67.57 %	66.07 %
Covered-Employee Payroll	$ 78,724,515	$ 78,649,527	$ 83,104,746	$ 102,653,636	$ 111,124,304	$ 142,215,060	$ 149,373,313	$ 141,454,717	$ 143,882,722	$ 200,722,197
Net Pension Liability as a Percentage										
of Covered-Employee Payroll	1,012.60 %	1,073.11 %	1,110.60 %	888.29 %	796.82 %	775.13 %	625.74 %	588.66 %	655.94 %	494.65 %
Notes to Schedule:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** For FY 2017, includes approximately $2.9 million of adjusted loan balances that were treated as refunds of ASF contributions.*
^ For FY 2025, includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.

A Special Funding Situation may occur if a non-city entity has a legal obligation to contribute directly to the Retirement System. The Net Pension Liability shown here has not been adjusted for any potential funding situation. Our understanding is that the City makes all the employer contributions into the fund, even though the City may receive monies from other entities as a result of the POA.

Schedules of Required Supplementary Information
Schedule of the Net Pension Liability Multiyear

Last 10 Fiscal Years

FY Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2016	$ 2,926,421,952	$ 1,933,541,307	$ 992,880,645	66.07%	$ 200,722,197	494.65%
2017	2,910,509,226	1,966,728,975	943,780,251	67.57%	143,882,722	655.94%
2018	2,773,306,153	1,940,623,642	832,682,511	69.98%	141,454,717	588.66%
2019	2,733,602,681	1,798,906,827	934,695,854	65.81%	149,373,313	625.74%
2020	2,698,450,060	1,596,101,989	1,102,348,071	59.15%	142,215,060	775.13%
2021	2,704,110,233	1,818,649,298	885,460,935	67.25%	111,124,304	796.82%
2022	2,441,710,745	1,529,846,295	911,864,450	62.65%	102,653,636	888.29%
2023	2,341,573,565	1,418,609,280	922,964,285	60.58%	83,104,746	1,110.60%
2024	2,246,596,545	1,402,602,998	843,993,547	62.43%	78,649,527	1,073.11%
2025	2,181,824,064	1,384,656,637	797,167,427	63.46%	78,724,515	1,012.60%

** Covered payroll shown is the reported payroll on the actuarial valuation date (census date). Actual covered payroll paid during the year was unavailable.*

Schedule of Contributions Multiyear

Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2016	N/A	$ 104,792,657	N/A	$ 200,722,197	52.21%
2017	N/A	91,238,402	N/A	143,882,722	63.41%
2018	N/A	68,275,000	N/A	141,454,717	48.27%
2019	N/A	68,275,000	N/A	149,373,313	45.71%
2020	N/A	48,275,000	N/A	142,215,060	33.95%
2021	N/A	48,275,000	N/A	111,124,304	43.44%
2022	N/A	48,275,000	N/A	102,653,636	47.03%
2023	N/A	48,275,000	N/A	83,104,746	58.09%
2024	$ 82,406,705	82,500,000	$ (93,295)	78,649,527	104.90%
2025	80,700,000	80,700,000 ^	-	78,724,515	102.51%

** Covered payroll shown is the reported payroll from the actuarial valuation date (census date). Actual covered payroll paid during the year was unavailable.*

^ Excludes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.

Notes to Schedule of Contributions

Valuation Date:	June 30, 2023
Notes	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine FY 2025 Contribution Rates:

Actuarial Cost Method	Unit Credit
Amortization Method	Level Principal, Closed
Remaining Amortization Period	29 years (Beginning with fiscal year 2025 contribution)
Asset Valuation Method	3-Year smoothed market
Inflation	2.50% price inflation
Salary Increases	N/A
Investment Rate of Return	6.75%

Other Information:

Notes	N/A

Schedule of Investment Returns

This information should be provided by the plan's investment consultant.

SECTION D

NOTES TO FINANCIAL STATEMENTS

Long-Term Expected Return on Plan Assets

This information will be provided by the plan's investment consultant.

Single Discount Rate

A Single Discount Rate of 6.75% was used to measure the Total Pension Liability as of June 30, 2025. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.75%. 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 the 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.

Regarding the sensitivity of the Net Pension Liability to changes in the Single Discount Rate, the following presents the plan's Net Pension Liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's Net Pension Liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
Total Pension Liability (TPL)	$2,354,637,779	$2,181,824,064	$2,031,843,803
Net Position Restricted for Pensions	1,384,656,637	1,384,656,637	1,384,656,637
Net Pension Liability (NPL)	$ 969,981,142	$ 797,167,427	$ 647,187,166

Summary of Population Statistics

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	10,713
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2,268
Active Plan Members	1,744
Total Plan Members	14,725

Additional information regarding the plan population may be found in the June 30, 2024 actuarial valuation of the System.

SECTION E

SUMMARY OF BENEFITS

Summary of Benefit Provisions Evaluated

Component II Frozen Benefits

All Component II benefits are frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the Detroit General Retirement System as it existed on June 30, 2014. Frozen benefits are further reduced by 4.5% and all future Cost-of-Living Adjustments ("COLAs") were eliminated. Benefits resulting from the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a "Claw-back." Details of the claw-back provision are complicated and can be found in the Eighth Amended Plan of Adjustment. The benefits evaluated in this report are the frozen reduced benefits after adjusting the assets for the claw-back. Component II benefits are payable after separation from service, upon meeting the eligibility conditions of the plan as it existed on June 30, 2014, regardless of whether the individual is eligible to receive a Component I benefit at that time.

Our understanding of the June 30, 2014 plan provisions is provided below for completeness. The material below does not have legal standing and is not intended to cover all potential situations that could occur. If there are discrepancies between the description below, and appropriate legal documents, the latter necessarily govern.

Age and Service Pension

Eligibility - Any age (minimum age 55 for non-EMS members hired after 1995) with 30 years of service (25 for EMS members), or age 60 with 10 years of service, or age 65 with 8 years of service.

Annual Amount - **EMS Members:** Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to 2.0% of AFC multiplied by years of service. Maximum benefit is 90% of AFC.

Other Members: Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years. Future benefit accruals for certain active members (depending on bargaining unit) were reduced to 1.5% of final average compensation per year of service.

Type of Average Final Compensation (AFC) - Highest 3 consecutive years out of the last 10. Pension benefits will not be diminished if compensation is reduced because of a fiscal emergency. Effective July 1, 1999, in computing the AFC, a member shall have the option of adding the value of 25% of unused accrued sick leave to the earnings used in computing the AFC. Longevity is added to AFC in accordance with the following schedule: $150 after 5 years, $300 after 10 years, $450 after 15 years, $600 after 20 years, and $750 after 25 years.

Early Retirement

Eligibility - Any age with 25 or more years of service (min. age 55 for members hired after 1995).

Annual Amount - Same as regular retirement but actuarially reduced.

Summary of Benefit Provisions Evaluated (Continued)

Deferred Retirement (Vested Benefit)

Eligibility - Hired prior to 7-1-80: Age 40 with 8 years of service. Hired on or after 7-1-80: Any age with 10 years of service.

Benefit Commencement - APTE hired prior to July 1, 1988: Benefit begins at the age the member would have become eligible for regular retirement if service had continued. ***SAAA, Non-Union and lawyers hired prior to June 30, 1986:*** Benefit begins at the age the member would have become eligible for regular retirement. ***Others:*** Benefits based on service rendered by June 30, 1986 begin at the age the member would have become eligible for regular retirement. Benefits based on service rendered after July 1, 1986 begin at age 62.

Annual Amount - Same as regular retirement but based on average final compensation and service at the time of termination.

Duty Disability Retirement

Eligibility - Service related disability before eligibility for service retirement prior to July 1, 2014. No service requirement.

Annual Amount - An annuity which is the actuarial equivalent of the accumulated contributions at date of disability plus a pension of two-thirds of average final compensation at time of disability. The maximum annual pension is $5,700 ($9,000 for EMS). At the earliest of when the member would have accrued 30 years of service credit (25 for EMS) or age 60, the annuity is recomputed assuming contributions would have continued at a salary level equal to final compensation. The pension is recomputed with additional service credit granted from the date of disability to age 60 (or 30 years of service credit) or June 30, 2014, whichever is earlier. **Benefits payable prior to conversion/re-computation, if any, were assumed to be paid outside the trust.**

Non-Duty Disability Retirement

Eligibility - Disability from any cause before age 60 with 10 or more years of service prior to July 1, 2014.

Annual Amount - Computed in the same manner as a regular retirement benefit. Maximum annual pension to age 60 is $6,000. Benefit is recomputed at age 60 with no maximum. **Benefits payable prior to age 60, if any, were assumed to be paid from outside the trust.**

Duty Death Before Retirement

Eligibility - Death from service related causes. No age or service requirements.

Annual Amount - One-third of final compensation as of June 30, 2014 to the surviving spouse for life or until remarriage, plus an equal share of 1/4 of final compensation to each unmarried child under age 18. If there is no eligible spouse, eligible children each receive 1/4 of final compensation; if there are more than 2 such children, each child shares an equal part of 1/2 of final compensation. Maximum total amount for spouse and children is $9,000 annually. If there is no eligible spouse or children, dependent parents each receive 1/6 of deceased's final compensation, to a total maximum of $600 annually.

Summary of Benefit Provisions Evaluated
(Concluded)

Non-Duty Death Before Retirement

Eligibility - Death-in-service at any age with 15 years of service; or after age 60 with 10 years of service; or after age 65 with 8 years of service.

Annual Amount - To Surviving Spouse: Computed as a regular retirement benefit but reduced in accordance with a 100% joint and survivor election for members with 20 or more years of service. For members with 15 years of service but less than 20, benefit is reduced in accordance with a 50% joint and survivor election. To Dependent Children if no Surviving Spouse: $9,000 payable to age 19 of the youngest child or for life if child is physically or mentally impaired for members with 20 or more years of service ($6,000 if less than 20 years of service).

Post-Retirement Cost-of-Living Adjustments

Benefit is increased annually by 2.25% of the **original** pension amount at retirement. Post-retirement cost-of-living increases were eliminated on future accruals for certain active members (depending on bargaining unit).

Member Contributions

Members had the option of choosing one of four contribution amounts: (1) 0%; (2) 3.0% of compensation up to the Social Security wage base, plus 5.0% of compensation in excess of the Social Security wage base; (3) 5.0% of total compensation; or (4) 7.0% of total compensation. Member contributions can be paid as a lump sum or annuitized at retirement to provide an annuity in addition to the pension (which is not affected by the level of member contributions).

SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Summary of Assumptions and Methods Used for GRSD Actuarial Valuations Assumptions Adopted by Board of Trustees After Consulting with the Actuary

All assumptions are estimates of future experience except as noted. The rationale for the assumptions is based on experience studies where noted.

Economic Assumptions

The investment return rate is 6.75% per year, compounded annually (net of investment expenses) as of June 30, 2024. This assumption was provided by the Retirement System.

Price inflation is not directly used in the valuation. For purposes of assessing the reasonability of the investment return assumptions, we assumed price inflation of 2.50% per year.

Future ***administrative expenses*** are assumed to be 1.01% of benefit payments and refunds.

Non-Economic Assumptions

For healthy post-retirement mortality, the PubG-2010(B) Below-Median General Retiree table was used for mortality assumptions going forward, decreased by 3% for males and increased by 26% for females.

For disabled post-retirement mortality, the PubNS-2010 Non-Safety Disabled Retiree mortality table was used, increased 4% for males and decreased 2% for females.

For pre-retirement mortality rates, the PubG-2010(B) Below-Median General Employee mortality table was used for both males and females.

The tables are projected to be fully generational, based on the 2-dimensional, sex distinct mortality improvement scale MP-2021 (which was intended to be used with the Pub-2010). 75% of all deaths-in-service are assumed to be non-duty related. This table was first used as of June 30, 2021. The rationale for the mortality assumption is based on the 2015-2020 Experience Study issued February 4, 2022.

The probabilities of retirement for members eligible to retire are shown on the following pages. These probabilities were revised for the June 30, 2021 valuation. The rationale is based on the 2015-2020 Experience Study.

The probabilities of separation from service (including *death-in-service* and *disability*) are shown for sample ages on the following pages. These probabilities were revised for the June 30, 2021 valuation. The rationale is based on the 2015-2020 Experience Study.

Data adjustments: See the June 30, 2024 actuarial valuation issued February 6, 2025.

Single Life Retirement Values

Based on PubG-2010(B)
97% of Male Rates/126% of Female Rates
Using Projection Scale MP-2021

Sample Attained Ages in 2024	Future Life Expectancy (years) Men	Women
45	37.76	40.22
50	32.83	35.16
55	28.45	30.57
60	24.20	26.03
65	20.07	21.56
70	16.07	17.21
75	12.40	13.19
80	9.19	9.63

Probabilities of Age/Service Retirement for Members Eligible to Retire

Retirement Ages	Percent of Eligible Active Members Retiring within Next Year with Unreduced Benefits		
	EMS	D.O.T.	Others
62	40%	20%	20%
63	40%	20%	20%
64	40%	20%	20%
65	40%	20%	20%
66	40%	20%	20%
67	40%	30%	20%
68	40%	30%	20%
69	40%	30%	20%
70	100%	100%	20%
71			20%
72			20%
73			20%
74			20%
75			20%
76			20%
77			20%
78			20%
79			20%
80			100%
Ref	851	3304	3305

All members are assumed to retire while eligible for Component I (Hybrid) retirement only. The rationale is based on the 2015-2020 Experience Study.

Probabilities of Early Retirement for Members Eligible for Early Retirement

Retirement Ages	Percent of Eligible Active Members Retiring within Next Year with Reduced Benefits
55	6.5%
56	6.5%
57	6.5%
58	7.5%
59	8.5%
60	9.5%
61	9.5%
62	9.5%
Ref	3303

All members are assumed to retire while eligible for Component I (Hybrid) retirement only. The rationale is based on the 2015-2020 Experience Study.

Sample Rates of Separation from Active Employment Before Retirement

Sample Ages	Years of Service	% of Active Members Separating Withdrawal EMS	Other
ALL	0	16.00%	28.00%
	1	15.00%	19.00%
	2	15.00%	15.00%
	3	11.00%	14.00%
	4	11.00%	14.00%
25	5 & Over	10.05%	13.00%
30		8.85%	11.91%
35		7.80%	9.25%
40		6.60%	7.19%
45		5.10%	5.91%
50		3.60%	5.00%
55		3.00%	5.00%
60		3.00%	5.00%
Ref		1405 1608	1406 1609

Sample Ages	% of Active Members Becoming Disabled within Next Year D.O.T. Ordinary	D.O.T. Duty	Others Ordinary	Others Duty
25	0.16%	0.24%	0.03%	0.03%
30	0.19%	0.28%	0.04%	0.04%
35	0.26%	0.39%	0.05%	0.05%
40	0.37%	0.56%	0.08%	0.08%
45	0.56%	0.84%	0.12%	0.12%
50	0.70%	1.05%	0.15%	0.15%
55	0.82%	1.23%	0.17%	0.17%
60	0.94%	1.41%	0.20%	0.20%
Ref	1238 x 1.20	1238 x 1.80	1238 x 0.25	1238 x 0.25

Rationale for assumption is based upon a 2015-2020 Experience Study.

Miscellaneous and Technical Assumptions

Administrative Expenses	Administrative expenses are assumed to be 1.01% of benefit payments and are to be included in the employer contribution.
Average Final Compensation (AFC)	Frozen AFC is reported in the data provided for the annual valuation. Longevity payments and Sick Leave are included directly in the reported frozen AFC. We annually test the reported AFC against a sample set of retirees to determine if any additional adjustments should be made to the liability. No additional adjustment was made for this report.
Benefit Service	Exact Fractional service is used to determine the amount of benefit payable.
Data Adjustments	Assumptions regarding incomplete or missing data are reviewed annually with the System and adjusted as directed by the System.
Decrement Operation	Disability and mortality decrements do not operate during the first five years of service. Disability and withdrawal do not operate during retirement eligibility.
Decrement Relativity	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Timing	Decrements of all types are assumed to occur mid-year.
Deferred Vested Benefit Commencement Age	Members are assumed to commence benefits at the age in which they are first eligible for unreduced benefits.
Disability Change Age	For active members that become duty disabled, the Component II (Legacy) plan is assumed to only be responsible for the frozen benefit which becomes payable starting at the earliest of when the member would have accrued 30 years of service credit (25 for EMS) or age 60.

Miscellaneous and Technical Assumptions

Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and rounded service on the date the decrement is assumed to occur.
Forfeiture Assumption	It is assumed that 0% of members will elect to forfeit their benefit.
Incidence of Contributions	Employer contributions are assumed to be received in equal quarterly installments on the last day of each quarter of the fiscal year.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Member Contributions	Member contributions to this Component II plan are assumed to have ceased with the bankruptcy.
New Entrant Assumption	No assumption is made for experience related to members rehiring/reentering active service.
Normal Form of Benefit	Straight life is the normal form of benefit. The Board adopted assumptions for Actuarial Equivalence to be an 80%/20% unisex blend of RP-2014 mortality (Male/Female) with Blue Collar Adjustment, set ahead one year for males and females, projected 11 years with MP-2014, an interest rate of 6.75%, and no COLA for optional forms of payment and early retirement reduction. Assumptions for annuitizing member contributions are the same except for using a 60%/40% unisex blend and a 5.25% assumed rate of interest. Prior to the use of these factors, actuarial equivalent factors were based on 7.5% interest and the 1984 Group Annuity Mortality table.
Pop-Up Benefits	For current retirees with a pop-up benefit, the value of the pop-up was estimated by valuing a non-pop-up option and increasing the associated liabilities by 2%.
Service Credit Accruals	Service accruals for calculating benefits end as of June 30, 2014 for Component II (Legacy) and begin as of June 30, 2014 for Component I (Hybrid). However, service in Component I (Hybrid) and Component II (Legacy) may be used to satisfy benefit eligibility requirements in both plans.

The rationale for the miscellaneous and technical assumptions is based on the 2015-2020 Experience Study, modified as necessary for changes in data or administration.

SECTION G

CALCULATION OF THE SINGLE DISCOUNT RATE

Calculation of the Single Discount Rate at End of Year

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the Fiduciary Net Position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 5.20%; and the resulting SDR is 6.75% as of June 30, 2025.

The tables in this section provide background for the development of the SDR.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities). For purposes of determining the discount rate as of June 30, 2025, employer contributions were determined by a closed 28-year level principle amortization of any unfunded actuarial accrued liability using 6.75% interest, net of investment expenses.

Note that these projections are specifically used to determine the GASB discount rate and should not be interpreted as a funding projection or recommendation.

Rates of Return: Note that these projections are specifically used to determine the SDR and should not be interpreted as a funding recommendation. The 6.75% rate of return was before administrative expenses. Therefore, the projections assumed that any administrative expenses incurred by the plan will directly increase employer contributions beginning with FY 2025. The rate is net of investment expenses.

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

Unfunded Actuarial Accrued Liabilities. Actual employer contributions through June 30, 2023 are set by the POA. For contributions starting with the fiscal year ending June 30, 2024, a closed 30-year level principal period is used to amortize Unfunded Actuarial Accrued Liabilities (if any).

The **Present Values of Projected Benefit Payments** table shows the development of the SDR. It breaks down the benefit payments into present values for funded and unfunded portions (if any) and shows the equivalent total at the SDR. For purposes of determining the discount rate as of June 30, 2025, the benefit payments reflect the plan provisions in force as of June 30, 2025.

Single Discount Rate Development
Projection of Contributions

Fiscal Year Ending June 30,	Projected Contributions from Current Employees	Projected Service Cost	Administrative Expense Contributions (Quarterly)	Projected UAL Contributions (Quarterly)	Projected Total Contributions (Quarterly)
2026	$ -	$ -	$ 2,189,164	$ 85,780,333	$ 87,969,497
2027	-	-	2,150,454	77,824,295	79,974,749
2028	-	-	2,109,128	75,963,130	78,072,258
2029	-	-	2,064,593	74,101,964	76,166,557
2030	-	-	2,018,309	72,240,798	74,259,107
2031	-	-	1,968,680	70,379,633	72,348,313
2032	-	-	1,916,488	68,518,467	70,434,956
2033	-	-	1,860,048	66,657,301	68,517,349
2034	-	-	1,799,727	64,796,136	66,595,863
2035	-	-	1,734,288	62,934,970	64,669,258
2036	-	-	1,665,471	61,073,805	62,739,275
2037	-	-	1,593,772	59,212,639	60,806,411
2038	-	-	1,520,539	57,351,473	58,872,013
2039	-	-	1,445,145	55,490,308	56,935,452
2040	-	-	1,368,330	53,629,142	54,997,472
2041	-	-	1,290,341	51,767,977	53,058,318
2042	-	-	1,211,726	49,906,811	51,118,537
2043	-	-	1,133,549	48,045,645	49,179,195
2044	-	-	1,056,163	46,184,480	47,240,643
2045	-	-	979,719	44,323,314	45,303,033
2046	-	-	904,717	42,462,149	43,366,866
2047	-	-	831,876	40,600,983	41,432,859
2048	-	-	761,683	38,739,817	39,501,500
2049	-	-	694,371	36,878,652	37,573,022
2050	-	-	630,227	35,017,486	35,647,713
2051	-	-	569,527	33,156,321	33,725,848
2052	-	-	512,419	31,295,155	31,807,574
2053	-	-	459,016	29,433,989	29,893,005
2054	-	-	409,385	-	409,385
2055	-	-	363,535	-	363,535
2056	-	-	321,425	-	321,425
2057	-	-	282,977	-	282,977
2058	-	-	248,089	-	248,089
2059	-	-	216,619	-	216,619
2060	-	-	188,395	-	188,395
2061	-	-	163,221	-	163,221
2062	-	-	140,894	-	140,894
2063	-	-	121,194	-	121,194
2064	-	-	103,900	-	103,900
2065	-	-	88,787	-	88,787
2066	-	-	75,644	-	75,644
2067	-	-	64,257	-	64,257
2068	-	-	54,434	-	54,434
2069	-	-	45,988	-	45,988
2070	-	-	38,752	-	38,752
2071	-	-	32,572	-	32,572
2072	-	-	27,312	-	27,312
2073	-	-	22,847	-	22,847
2074	-	-	19,069	-	19,069
2075	-	-	15,882	-	15,882

Employer contributions as shown may differ substantially from those determined by a funding valuation.

Single Discount Rate Development
Projection of Plan Fiduciary Net Position

Fiscal Year Ending June 30,	Projected Beginning Plan Net Position	Projected Total Contributions (Quarterly)	Projected Benefit Payments	Projected ASF Refund	Projected Administrative Expenses	Projected Investment Earnings at 6.75% (5.25% for ASF)	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)	(g)=(a)+(b)-(c)-(d)-(e)+(f)
2026	$ 1,384,656,637	$ 87,969,497	$ 215,022,203	$ 9,174,393	$ 2,171,724	$ 87,135,345	$ 1,333,393,160
2027	1,333,393,160	79,974,749	211,220,076	9,174,393	2,133,323	83,687,585	1,274,527,702
2028	1,274,527,702	78,072,258	207,161,028	9,174,393	2,092,326	79,891,862	1,214,064,075
2029	1,214,064,075	76,166,557	202,786,745	9,174,393	2,048,146	76,003,431	1,152,224,779
2030	1,152,224,779	74,259,107	198,240,567	9,174,393	2,002,230	72,032,785	1,089,099,481
2031	1,089,099,481	72,348,313	193,366,065	9,174,393	1,952,997	67,991,441	1,024,945,779
2032	1,024,945,779	70,434,956	188,239,654	9,174,393	1,901,221	63,894,515	959,959,982
2033	959,959,982	68,517,349	182,696,032	9,174,393	1,845,230	59,761,048	894,522,723
2034	894,522,723	66,595,863	176,771,329	9,174,393	1,785,390	55,615,829	829,003,303
2035	829,003,303	64,669,258	170,343,759	9,174,393	1,720,472	51,488,156	763,922,093
2036	763,922,093	62,739,275	163,584,413	-	1,652,203	47,645,543	709,070,296
2037	709,070,296	60,806,411	156,542,070	-	1,581,075	44,130,947	655,884,508
2038	655,884,508	58,872,013	149,349,102	-	1,508,426	40,733,818	604,632,811
2039	604,632,811	56,935,452	141,943,716	-	1,433,632	37,474,310	555,665,225
2040	555,665,225	54,997,472	134,398,912	-	1,357,429	34,373,620	509,279,976
2041	509,279,976	53,058,318	126,738,836	-	1,280,062	31,451,073	465,770,470
2042	465,770,470	51,118,537	119,017,105	-	1,202,073	28,724,691	425,394,520
2043	425,394,520	49,179,195	111,338,530	-	1,124,519	26,208,388	388,319,054
2044	388,319,054	47,240,643	103,737,572	-	1,047,749	23,912,285	354,686,661
2045	354,686,661	45,303,033	96,229,135	-	971,914	21,845,509	324,634,154
2046	324,634,154	43,366,866	88,862,375	-	897,510	20,015,661	298,256,796
2047	298,256,796	41,432,859	81,707,832	-	825,249	18,426,823	275,583,398
2048	275,583,398	39,501,500	74,813,355	-	755,615	17,079,348	256,595,276
2049	256,595,276	37,573,022	68,201,832	-	688,839	15,971,211	241,248,839
2050	241,248,839	35,647,713	61,901,575	-	625,206	15,098,530	229,468,301
2051	229,468,301	33,725,848	55,939,615	-	564,990	14,455,288	221,144,831
2052	221,144,831	31,807,574	50,330,353	-	508,337	14,033,660	216,147,376
2053	216,147,376	29,893,005	45,085,080	-	455,359	13,824,425	214,324,368
2054	214,324,368	409,385	40,210,339	-	406,124	13,128,694	187,245,984
2055	187,245,984	363,535	35,706,854	-	360,639	11,450,779	162,992,805
2056	162,992,805	321,425	31,570,693	-	318,864	9,951,341	141,376,013
2057	141,376,013	282,977	27,794,395	-	280,723	8,617,883	122,201,756
2058	122,201,756	248,089	24,367,632	-	246,113	7,437,663	105,273,763
2059	105,273,763	216,619	21,276,582	-	214,893	6,397,894	90,396,801
2060	90,396,801	188,395	18,504,317	-	186,894	5,485,960	77,379,945
2061	77,379,945	163,221	16,031,825	-	161,921	4,689,607	66,039,027
2062	66,039,027	140,894	13,838,787	-	139,772	3,997,079	56,198,442
2063	56,198,442	121,194	11,903,815	-	120,229	3,397,236	47,692,828
2064	47,692,828	103,900	10,205,104	-	103,072	2,879,640	40,368,191
2065	40,368,191	88,787	8,720,841	-	88,080	2,434,623	34,082,680
2066	34,082,680	75,644	7,429,758	-	75,041	2,053,318	28,706,844
2067	28,706,844	64,257	6,311,430	-	63,745	1,727,667	24,123,593
2068	24,123,593	54,434	5,346,527	-	54,000	1,450,410	20,227,910
2069	20,227,910	45,988	4,516,994	-	45,622	1,215,058	16,926,341
2070	16,926,341	38,752	3,806,263	-	38,443	1,015,855	14,136,242
2071	14,136,242	32,572	3,199,294	-	32,313	847,724	11,784,931
2072	11,784,931	27,312	2,682,560	-	27,094	706,207	9,808,796
2073	9,808,796	22,847	2,244,014	-	22,665	587,413	8,152,377
2074	8,152,377	19,069	1,872,953	-	18,917	487,954	6,767,530
2075	6,767,530	15,882	1,559,913	-	15,755	404,894	5,612,638

Employer contributions as shown may differ substantially from those determined by a funding valuation. Projected ASF refunds assume the ASF balance will be depleted in equal amounts over ten years.

Single Discount Rate Development
Projection of Plan Fiduciary Net Position
(Concluded)

Fiscal Year Ending June 30,	Projected Beginning Plan Net Position	Projected Total Contributions (Quarterly)	Projected Benefit Payments	Projected ASF Refund	Projected Administrative Expenses	Projected Investment Earnings at 6.75% (5.25% for ASF)	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)	(g)=(a)+(b)-(c)-(d)-(e)+(f)
2076	$ 5,612,638	$ 13,201	$ 1,296,590	$ -	$ 13,096	$ 335,703	$ 4,651,856
2077	4,651,856	10,952	1,075,710	-	10,865	278,201	3,854,434
2078	3,854,434	9,070	890,937	-	8,998	230,524	3,194,093
2079	3,194,093	7,502	736,792	-	7,442	191,081	2,648,442
2080	2,648,442	6,195	608,543	-	6,146	158,517	2,198,466
2081	2,198,466	5,112	502,119	-	5,071	131,686	1,828,074
2082	1,828,074	4,216	414,038	-	4,182	109,616	1,523,685
2083	1,523,685	3,475	341,322	-	3,447	91,490	1,273,880
2084	1,273,880	2,865	281,432	-	2,842	76,621	1,069,092
2085	1,069,092	2,364	232,227	-	2,345	64,435	901,319
2086	901,319	1,954	191,884	-	1,938	54,453	763,903
2087	763,903	1,618	158,867	-	1,605	46,276	651,325
2088	651,325	1,343	131,884	-	1,332	39,575	559,027
2089	559,027	1,118	109,847	-	1,109	34,079	483,267
2090	483,267	935	91,866	-	928	29,563	420,972
2091	420,972	786	77,214	-	780	25,846	369,610
2092	369,610	664	65,297	-	659	22,776	327,095
2093	327,095	567	55,634	-	562	20,227	291,692
2094	291,692	487	47,819	-	483	18,098	261,974
2095	261,974	422	41,506	-	419	16,302	236,774
2096	236,774	371	36,413	-	368	14,770	215,134
2097	215,134	329	32,299	-	326	13,447	196,284
2098	196,284	295	28,966	-	293	12,285	179,605
2099	179,605	267	26,254	-	265	11,250	164,603
2100	164,603	245	24,028	-	243	10,311	150,888
2101	150,888	226	22,174	-	224	9,447	138,163
2102	138,163	210	20,599	-	208	8,640	126,206
2103	126,206	196	19,228	-	194	7,879	114,859
2104	114,859	183	18,000	-	182	7,154	104,015
2105	104,015	171	16,867	-	170	6,460	93,609
2106	93,609	160	15,788	-	159	5,793	83,615
2107	83,615	150	14,730	-	149	5,154	74,040
2108	74,040	139	13,673	-	138	4,543	64,910
2109	64,910	128	12,600	-	127	3,962	56,273
2110	56,273	117	11,504	-	116	3,416	48,185
2111	48,185	106	10,391	-	105	2,907	40,702
2112	40,702	95	9,269	-	94	2,439	33,873
2113	33,873	83	8,152	-	82	2,015	27,737
2114	27,737	72	7,060	-	71	1,637	22,315
2115	22,315	61	6,012	-	61	1,306	17,609
2116	17,609	51	5,030	-	51	1,021	13,601
2117	13,601	42	4,134	-	42	781	10,248
2118	10,248	34	3,332	-	34	581	7,498
2119	7,498	27	2,627	-	27	419	5,290
2120	5,290	20	2,022	-	20	290	3,558
2121	3,558	15	1,516	-	15	190	2,232
2122	2,232	11	1,104	-	11	114	1,242
2123	1,242	8	781	-	8	58	518
2124	518	5	536	-	5	17	0
2125	0	-	-	-	-	0	0

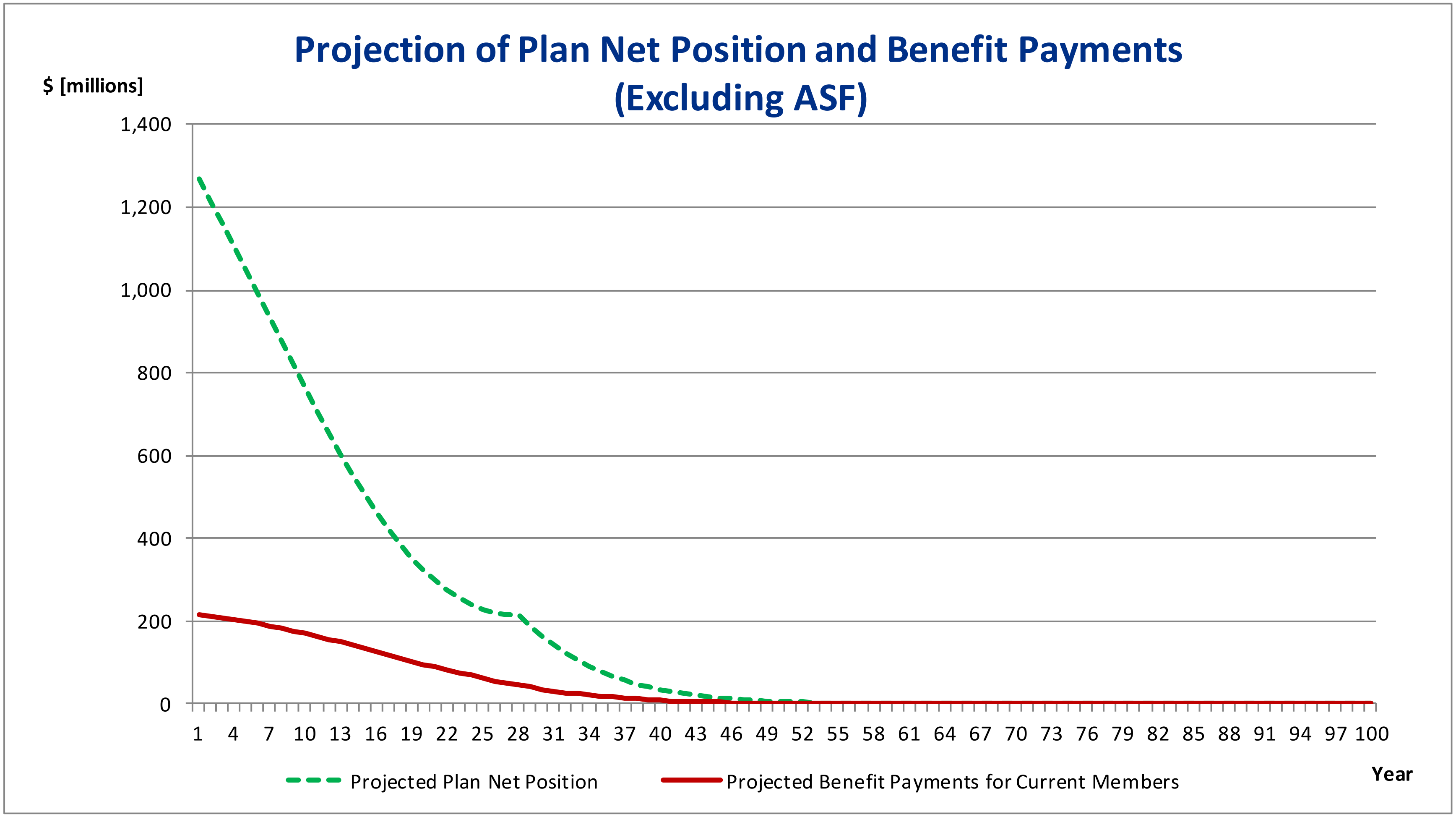
Employer contributions as shown may differ substantially from those determined by a funding valuation.

Single Discount Rate Development
Present Values of Projected Benefits
(Excluding ASF)

Fiscal Year Ending June 30,	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (SDR)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-.5)	(g)=(e)*vf ^((a)-.5)	(h)=(c)/(1+sdr)^(a-.5)
2026	$ 1,312,852,919	$ 215,022,203	$ 215,022,203	$ -	$ 208,113,074	$ -	$ 208,113,074
2027	1,267,231,887	211,220,076	211,220,076	-	191,506,434	-	191,506,434
2028	1,214,305,103	207,161,028	207,161,028	-	175,949,626	-	175,949,626
2029	1,160,091,930	202,786,745	202,786,745	-	161,343,685	-	161,343,685
2030	1,104,831,237	198,240,567	198,240,567	-	147,753,254	-	147,753,254
2031	1,048,629,918	193,366,065	193,366,065	-	135,007,190	-	135,007,190
2032	991,763,705	188,239,654	188,239,654	-	123,117,524	-	123,117,524
2033	934,447,989	182,696,032	182,696,032	-	111,936,052	-	111,936,052
2034	877,083,491	176,771,329	176,771,329	-	101,457,654	-	101,457,654
2035	820,060,651	170,343,759	170,343,759	-	91,586,472	-	91,586,472
2036	763,922,093	163,584,413	163,584,413	-	82,390,880	-	82,390,880
2037	709,070,296	156,542,070	156,542,070	-	73,858,487	-	73,858,487
2038	655,884,508	149,349,102	149,349,102	-	66,009,139	-	66,009,139
2039	604,632,811	141,943,716	141,943,716	-	58,769,195	-	58,769,195
2040	555,665,225	134,398,912	134,398,912	-	52,126,845	-	52,126,845
2041	509,279,976	126,738,836	126,738,836	-	46,047,655	-	46,047,655
2042	465,770,470	119,017,105	119,017,105	-	40,507,860	-	40,507,860
2043	425,394,520	111,338,530	111,338,530	-	35,498,297	-	35,498,297
2044	388,319,054	103,737,572	103,737,572	-	30,983,483	-	30,983,483
2045	354,686,661	96,229,135	96,229,135	-	26,923,583	-	26,923,583
2046	324,634,154	88,862,375	88,862,375	-	23,290,365	-	23,290,365
2047	298,256,796	81,707,832	81,707,832	-	20,061,074	-	20,061,074
2048	275,583,398	74,813,355	74,813,355	-	17,206,865	-	17,206,865
2049	256,595,276	68,201,832	68,201,832	-	14,694,363	-	14,694,363
2050	241,248,839	61,901,575	61,901,575	-	12,493,627	-	12,493,627
2051	229,468,301	55,939,615	55,939,615	-	10,576,414	-	10,576,414
2052	221,144,831	50,330,353	50,330,353	-	8,914,173	-	8,914,173
2053	216,147,376	45,085,080	45,085,080	-	7,480,249	-	7,480,249
2054	214,324,368	40,210,339	40,210,339	-	6,249,612	-	6,249,612
2055	187,245,984	35,706,854	35,706,854	-	5,198,751	-	5,198,751
2056	162,992,805	31,570,693	31,570,693	-	4,305,897	-	4,305,897
2057	141,376,013	27,794,395	27,794,395	-	3,551,149	-	3,551,149
2058	122,201,756	24,367,632	24,367,632	-	2,916,467	-	2,916,467
2059	105,273,763	21,276,582	21,276,582	-	2,385,491	-	2,385,491
2060	90,396,801	18,504,317	18,504,317	-	1,943,484	-	1,943,484
2061	77,379,945	16,031,825	16,031,825	-	1,577,332	-	1,577,332
2062	66,039,027	13,838,787	13,838,787	-	1,275,470	-	1,275,470
2063	56,198,442	11,903,815	11,903,815	-	1,027,757	-	1,027,757
2064	47,692,828	10,205,104	10,205,104	-	825,380	-	825,380
2065	40,368,191	8,720,841	8,720,841	-	660,734	-	660,734
2066	34,082,680	7,429,758	7,429,758	-	527,321	-	527,321
2067	28,706,844	6,311,430	6,311,430	-	419,624	-	419,624
2068	24,123,593	5,346,527	5,346,527	-	332,994	-	332,994
2069	20,227,910	4,516,994	4,516,994	-	263,540	-	263,540
2070	16,926,341	3,806,263	3,806,263	-	208,031	-	208,031
2071	14,136,242	3,199,294	3,199,294	-	163,801	-	163,801
2072	11,784,931	2,682,560	2,682,560	-	128,660	-	128,660
2073	9,808,796	2,244,014	2,244,014	-	100,821	-	100,821
2074	8,152,377	1,872,953	1,872,953	-	78,829	-	78,829
2075	6,767,530	1,559,913	1,559,913	-	61,502	-	61,502

Single Discount Rate Development
Present Values of Projected Benefits
(Excluding ASF) (Concluded)

Fiscal Year Ending June 30,	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (SDR)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-.5)	(g)=(e)*vf ^((a)-.5)	(h)=(c)/(1+sdr)^(a-.5)
2076	$ 5,612,638	$ 1,296,590	$ 1,296,590	$ -	$ 47,888	$ -	$ 47,888
2077	4,651,856	1,075,710	1,075,710	-	37,218	-	37,218
2078	3,854,434	890,937	890,937	-	28,876	-	28,876
2079	3,194,093	736,792	736,792	-	22,370	-	22,370
2080	2,648,442	608,543	608,543	-	17,308	-	17,308
2081	2,198,466	502,119	502,119	-	13,378	-	13,378
2082	1,828,074	414,038	414,038	-	10,334	-	10,334
2083	1,523,685	341,322	341,322	-	7,980	-	7,980
2084	1,273,880	281,432	281,432	-	6,164	-	6,164
2085	1,069,092	232,227	232,227	-	4,765	-	4,765
2086	901,319	191,884	191,884	-	3,688	-	3,688
2087	763,903	158,867	158,867	-	2,860	-	2,860
2088	651,325	131,884	131,884	-	2,224	-	2,224
2089	559,027	109,847	109,847	-	1,736	-	1,736
2090	483,267	91,866	91,866	-	1,360	-	1,360
2091	420,972	77,214	77,214	-	1,071	-	1,071
2092	369,610	65,297	65,297	-	848	-	848
2093	327,095	55,634	55,634	-	677	-	677
2094	291,692	47,819	47,819	-	545	-	545
2095	261,974	41,506	41,506	-	443	-	443
2096	236,774	36,413	36,413	-	364	-	364
2097	215,134	32,299	32,299	-	303	-	303
2098	196,284	28,966	28,966	-	254	-	254
2099	179,605	26,254	26,254	-	216	-	216
2100	164,603	24,028	24,028	-	185	-	185
2101	150,888	22,174	22,174	-	160	-	160
2102	138,163	20,599	20,599	-	139	-	139
2103	126,206	19,228	19,228	-	122	-	122
2104	114,859	18,000	18,000	-	107	-	107
2105	104,015	16,867	16,867	-	94	-	94
2106	93,609	15,788	15,788	-	82	-	82
2107	83,615	14,730	14,730	-	72	-	72
2108	74,040	13,673	13,673	-	62	-	62
2109	64,910	12,600	12,600	-	54	-	54
2110	56,273	11,504	11,504	-	46	-	46
2111	48,185	10,391	10,391	-	39	-	39
2112	40,702	9,269	9,269	-	33	-	33
2113	33,873	8,152	8,152	-	27	-	27
2114	27,737	7,060	7,060	-	22	-	22
2115	22,315	6,012	6,012	-	17	-	17
2116	17,609	5,030	5,030	-	14	-	14
2117	13,601	4,134	4,134	-	10	-	10
2118	10,248	3,332	3,332	-	8	-	8
2119	7,498	2,627	2,627	-	6	-	6
2120	5,290	2,022	2,022	-	4	-	4
2121	3,558	1,516	1,516	-	3	-	3
2122	2,232	1,104	1,104	-	2	-	2
2123	1,242	781	781	-	1	-	1
2124	518	536	536	-	1	-	1
2125	0	-	-	-	-	-	-
				Totals	$ 2,110,020,346	$ -	$ 2,110,020,346



Projection of Plan Net Position and Benefit Payments
(Excluding ASF)
$ [millions]
1,400
1,200
1,000
800
600
400
200
0
1 4 7 10 13 16 19 22 25 28 31 34 37 40 43 46 49 52 55 58 61 64 67 70 73 76 79 82 85 88 91 94 97 100
Year
Projected Plan Net Position
Projected Benefit Payments for Current Members

SECTION H

GLOSSARY OF TERMS

Glossary of Terms

Actuarial Accrued Liability (AAL)	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
Actuarial Assumptions	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
Actuarial Gain (Loss)	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
Actuarial Present Value (APV)	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
Actuarial Valuation	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions.
Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

Glossary of Terms

AFC	Average Final Compensation.
Amortization Payment	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
Amortization Method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase. Under the Level Principal method, the Amortization Payment is one of a stream of decreasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Principal method, the principal payment remains constant, while the interest portion is reduced over time.
APTE	Association of Professional and Technical Employees.
ASF	Annuity Savings Fund.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered-Employee Payroll	The payroll of covered employees, which is typically only the pensionable pay and does not include pay above any pay cap.
Deferred Inflows and Outflows	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual Pension Expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in Pension Expense should be included in the deferred inflows or outflows of resources.
DIA	Detroit Institute of Art.

Glossary of Terms

Discount Rate	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: 1. The benefit payments to be made while the pension plans' Fiduciary Net Position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.
DWSD	Detroit Water and Sewerage Department.
EMS	Emergency Medical Service.
Entry Age Actuarial Cost Method (EAN)	The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit age(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.
GASB	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
GLWA	Great Lakes Water Authority.
Fiduciary Net Position	The Fiduciary Net Position is the value of the assets of the trust.
Long-Term Expected Rate of Return	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
Money-Weighted Rate of Return	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

Glossary of Terms

Non-Employer Contribution Entities	Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting statement plan members are not considered non-employer contribution entities.
Normal Cost	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method. Also known as service cost.
POA	The 8th Amended Plan for the Adjustment of the Debt of the City of Detroit.
SAAA	Senior Accountants, Analysts, and Appraisers Association.
UTGO	Unlimited Tax General Obligation.
Multiple-Employer Defined Benefit Pension Plan	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Municipal Bond Rate	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
Net Pension Liability (NPL)	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.

APPENDIX

MICHIGAN PUBLIC ACT 202

State Reporting Assumptions for Fiscal Year 2025
Calculations as of June 30, 2024

The Protecting Local Government Retirement and Benefits Act, Public Act 202 (PA 202) of 2017, was put into law effective December 20, 2017. One outcome of the law is the requirement for the local unit of government to provide select reporting disclosures to the State. Sec. 5(1) of the Act provides the State treasurer with the authority to annually establish uniform actuarial assumptions for purposes of developing the requisite disclosures. Below you will find information which may be used to assist the local unit of government with required reporting.

Uniform Assumptions, as applicable to the measurement and the required disclosures under uniform assumptions, are denoted below. Additional discussion of PA 202 and uniform assumptions published for Fiscal Year 2025 reporting may be found on the State website in the uniform assumptions memo dated March 4, 2025.

	PA 202	Assumptions Used for Valuation	Uniform Assumptions Used for Fiscal Year 2025
Investment Rate of Return Discount Rate	Maximum of 7.00%	**6.75%**	**6.75%**
Salary Increase	Minimum of 3.65% or based on experience study within last 5 years	**N/A**	**N/A**
Mortality	Version of Pub-2010 with future mortality improvement projected generationally using Scale MP-2021 or later if available	**Version of Pub-2010 with future mortality improvement projected generationally using Scale MP-2021 based on the 2015-2020 Experience Study**	**Version of Pub-2010 with future mortality improvement projected generationally using Scale MP-2021 based on the 2015-2020 Experience Study**
Amortization of the Unfunded Accrued Actuarial Liability: Period	Maximum Period of 14 Years	28 years	**14 years**
Method	**Closed Plans: Level Dollar Open Plans: Level Percent of Payroll or Level Dollar**	Other	**Level Dollar**

The calculations for PA 202 use a June 30, 2024 valuation date. With the exception of the assumptions and methods listed above, all other assumptions and methods are the same as those listed in the June 30, 2025 GASB report which has a valuation date of June 30, 2024.

State Reporting for Fiscal Year 2025
Calculations as of June 30, 2024

The following information has been prepared to provide some of the information necessary to complete the pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form 5572). The local unit of government is required to complete/develop all of the remaining reporting requirements necessary for Form 5572. Additional resources are available on the State website.

Line	Descriptive Information	
18	**Actuarial Assumptions**	
19	Actuarial assumed Rate of Investment Return	6.75%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Other
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	28
22	Is each division within the system closed to new employees? ~	yes
23	**Uniform Assumptions^**	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	$ 1,390,176,114
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	$ 2,257,911,862
26	Funded ratio using uniform assumptions	61.6%
27	Actuarially Determined Contribution (ADC) using uniform assumptions	$ 100,043,761
28	All systems combined ADC/Governmental fund revenues	Auto*

^ *Information on lines 24-28 is based on the Uniform Assumptions used, listed on the prior page, as of the most recent valuation date, June 30, 2024.*

* *Automatically calculated by State of Michigan Form 5572.*

~ *This Component II plan is closed to new employees. The Component I plan is open to new employees and its PA 202 information is in the Component I GASB Statement Nos. 67 and 68 report.*

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

October 7, 2025

Mr. David Cetlinski, Executive Director
The General Retirement System of the City of Detroit
One Detroit Center
500 Woodward Avenue, Suite 3000
Detroit, Michigan 48226

Dear Mr. Cetlinski:

Please find enclosed 30 copies of the GASB Statement Nos. 67 and 68 report of the General Retirement System of the City of Detroit Component II.

Sincerely,
Gabriel, Roeder, Smith & Company

Judith A. Kermans

Judith A. Kermans, EA, FCA, MAAA
Senior Consultant and President

JAK:ah
Enclosures

cc: Gail Oxendine
Ramzee Jackson

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

The General Retirement System of the City of Detroit

Annual Actuarial Valuation of Component II (Legacy)

June 30, 2025

GRS

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

February 18, 2026

Board of Trustees
The General Retirement System of the City of Detroit

Re: The General Retirement System of the City of Detroit Actuarial Valuation of Component II as of June 30, 2025

Dear Board Members:

This report provides key results from the **Annual Actuarial Valuation** of the annuity and pension liabilities of the General Retirement System of the City of Detroit – Component II (Legacy) benefits. The date of the valuation was **June 30, 2025.**

In very general terms, Component II provides benefits for service rendered prior to July 1, 2014. The results provided herein relate solely to the Component II benefits. Benefits provided under Component I are the subject of a separate report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the funding progress and to calculate the fiscal year 2027 Actuarially Determined Employer Contribution (ADEC) of Component II. The Component II ADEC shown on page 3 assumes payments will be received on a quarterly basis during the 2027 fiscal year. If the City is unable to make the quarterly contribution in any given quarter, we recommend a catch-up contribution equal to 25% of what the ADEC would have been if the entire employer contribution was expected to be received at the end of the 2027 fiscal year. See Comments and Recommendations for more information.

At the February 18, 2026 Board Meeting, the Board of Trustees approved for the Unfunded Actuarial Accrued Liability (UAAL) attributable to the GLWA portion of the DWSD division to be amortized over a closed 10-year level principal amortization period. In subsequent years, any unexpected gain/(loss) which occurs to the GLWA portion of the DWSD division as a result of System experience and/or assumption or method changes will be amortized over new closed 10-year level principal amortization periods (i.e., layered amortization). See page 13 for more background information.

This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different. In particular, the information provided in this report is not suitable for financial reporting in connection with GASB Statement No. 67. Such information is provided in a separate report. Information regarding potential benefit restoration as allowed for in the POA will also be provided in a separate report, at the Board's request.

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

The ADEC shown in this report are determined using the actuarial assumptions and methods disclosed in Section D of this report. Users of this report should be aware that contributing these amounts shown does not guarantee benefit security. This report includes risk metrics but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed. Given the funded level of this plan, plan sponsor contributions are critical if further benefit reductions are to be avoided.

This valuation was based upon records maintained and furnished by the Retirement System staff concerning active members, retirees and beneficiaries, and financial accounts as of the valuation date. Data was checked for year-to-year consistency, but was not audited by the actuary. We are not responsible for the completeness or accuracy of the data.

The assumptions used in the valuations concerning future experience are summarized in Section D of this report. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Component II Plan of the General Retirement System of the City of Detroit as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Judith A. Kermans, James R. Sparks and Kevin Noelke are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The actuaries signing the report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Judith A. Kermans, EA, FCA, MAAA

James R. Sparks, ASA, FCA, MAAA

Kevin Noelke, ASA, FCA, MAAA

JAK/JRS/KN:rmn

Table of Contents

SECTION A

VALUATION RESULTS

Executive Summary

Valuation Date	June 30, 2025	June 30, 2024
Contributions for Fiscal Year Ending	June 30, 2027	June 30, 2026
Remaining Amortization Years (Excluding GLWA)	27	28
(Closed Level Principal Amortization)		
Actuarially Determined Employer Contribution*	$ 86,064,098	$ 87,969,497
(To Be Paid in Quarterly Installments)		
Membership		
Number of:		
Active Members	1,799	1,744
Retirees and Beneficiaries	10,564	10,713
Inactive, Nonretired Members	2,119	2,268
Total	14,482	14,725
Assets		
Funding Value of Assets (FVA)	$ 1,351,261,603	$ 1,390,176,114
Market Value of Assets (MVA)	$ 1,384,656,637	$ 1,402,602,998
Return on Funding Value	7.92 %	1.85 %
Return on Market Value	9.43 %	9.28 %
Actuarial Information (FVA)		
Actuarial Accrued Liability (AAL)	**$ 2,185,387,646**	**$ 2,257,911,862**
Unfunded Actuarial Accrued Liability: (AAL) - (FVA)	**$ 834,126,043**	**$ 867,735,748**
Funded Ratio: (FVA) / (AAL)	**61.83 %**	**61.57 %**
Actuarial Information (MVA)		
Actuarial Accrued Liability (AAL)	$ 2,185,387,646	$ 2,257,911,862
Unfunded Actuarial Accrued Liability: (AAL) - (MVA)	$ 800,731,009	$ 855,308,864
Funded Ratio: (MVA) / (AAL)	63.36 %	62.12 %

** Contributions are assumed to be paid into the Retirement System quarterly (i.e., ¼ on September 30, 2026; ¼ on December 31, 2026; ¼ on March 31, 2027; and ¼ on June 30, 2027).*

Valuation Results

Liability by Division

	General	D.O.T.	DWSD	Library	Totals
Accrued Pension Liabilities					
Retirees and beneficiaries	$ 925,418,456	$ 263,210,173	$ 483,136,084	$ 45,887,093	$ 1,717,651,806
Inactive members future deferred pensions	92,876,000	18,775,915	57,248,185	4,350,233	173,250,333
Active members	79,198,287	27,412,616	18,642,676	10,558,130	135,811,709
Total accrued pension liabilities	$ 1,097,492,743	$ 309,398,704	$ 559,026,945	$ 60,795,456	$ 2,026,713,848
Pension fund balance (MVA)#	649,572,540	69,121,267	586,261,844	73,758,408	1,378,714,059
Unfunded accrued pension liabilities	$ 447,920,203	$ 240,277,437	$ (27,234,899)	$ (12,962,952)	$ 647,999,789
Accrued Annuity Liabilities					
Retirees and beneficiaries#	$ 47,324,541	$ 8,967,218	$ 27,475,281	$ 3,103,040	$ 86,870,080
Members annuities & future refunds	38,942,365	14,818,328	11,857,280	6,185,745	71,803,718
Total accrued annuity liabilities	$ 86,266,906	$ 23,785,546	$ 39,332,561	$ 9,288,785	$ 158,673,798
Annuity fund balances (MVA)	842,781	10,431,629	(8,391,412)	3,059,580	5,942,578
Unfunded accrued annuity liabilities#	$ 85,424,125	$ 13,353,917	$ 47,723,973	$ 6,229,205	$ 152,731,220
Totals - Funding Value of Assets (FVA)					
Actuarial Accrued Liabilities	**$ 1,183,759,649**	**$ 333,184,250**	**$ 598,359,506**	**$ 70,084,241**	**$ 2,185,387,646**
Funding Value of Assets	**634,728,658**	**77,634,246**	**563,933,401**	**74,965,298**	**1,351,261,603**
Unfunded Actuarial Accrued Liabilities	**$ 549,030,991**	**$ 255,550,004**	**$ 34,426,105**	**$ (4,881,057)**	**$ 834,126,043**
Funded Ratio	**53.6%**	**23.3%**	**94.2%**	**107.0%**	**61.8%**
Totals - Market Value of Assets (MVA)					
Actuarial Accrued Liabilities#	$ 1,183,759,649	$ 333,184,250	$ 598,359,506	$ 70,084,241	$ 2,185,387,646
Market Value of Assets#	650,415,321	79,552,896	577,870,432	76,817,988	1,384,656,637
Unfunded Actuarial Accrued Liabilities	$ 533,344,328	$ 253,631,354	$ 20,489,074	$ (6,733,747)	$ 800,731,009
Funded Ratio	54.9%	23.9%	96.6%	109.6%	63.4%

The pension fund balance includes a receivable for future claw-back payments. Liabilities are shown gross, before the annuity savings claw-back.

Totals may not add due to rounding.

Valuation Results

Determination of FY 2027 Actuarially Determined Employer Contribution

Beginning with the 2024 fiscal year, a closed 30-year level principal amortization has been used for determining the contribution dollar amount. Beginning with the 2025 fiscal year, the dollar amount is to be contributed in quarterly installments paid on the last day of each quarter to the Retirement System. Beginning with the 2027 fiscal year, the GLWA portion of the UAAL in the DWSD division is amortized over a closed 10-year level principal amortization period. Future gain/(loss) which occurs to the GLWA portion of the DWSD division as a result of System experience and/or assumption or method changes will be amortized over new closed 10-year level principal amortization periods (i.e., layered amortization).

Development of FY 2027 Contributions

	General City	D.O.T.	DWSD: DWSD-R	DWSD: GLWA	DWSD: DWSD Total	Library	System Total
As of June 30, 2025:							
Actuarial Accrued Liability[1]	$ 1,183,759,649	$ 333,184,250	$ 177,712,773	$ 420,646,733	$ 598,359,506	$ 70,084,241	**$ 2,185,387,646**
Funding Value of Assets (FVA)[1]	634,728,658	77,634,246	167,488,220	396,445,181	563,933,401	74,965,298	**1,351,261,603**
Unfunded Actuarial Accrued Liability (UAAL)	$ 549,030,991	$ 255,550,004	$ 10,224,553	$ 24,201,552	$ 34,426,105	$ (4,881,057)	**$ 834,126,043**
During Fiscal Year 2026:							
Assumed Contribution[2]	(56,971,865)	(26,522,698)	(1,306,517)	(3,092,531)	(4,399,048)	(75,886)	**(87,969,497)**
Assumed Administrative Expenses[3]	1,257,605	330,077	181,721	430,133	611,854	74,318	**2,273,854**
Interest at 6.75%	35,678,866	16,598,363	663,569	1,570,670	2,234,239	(328,899)	**54,182,569**
Projected UAAL as of June 30, 2026	$ 528,995,597	$ 245,955,746	$ 9,763,326	$ 23,109,824	$ 32,873,150	$ (5,211,524)	**$ 802,612,969**
Remaining Amortization Years *(Closed Level Principal Amortization)*	27	27	27	10		27	**27**
UAAL Contribution	$ 53,952,542	$ 25,085,157	$ 995,767	$ 3,776,601	$ 4,772,368	$ (531,526)	**$ 83,278,541**
$0 Minimum UAAL Contribution	53,952,542	25,085,157	995,767	3,776,601	4,772,368	-	**83,810,067**
Administrative Expense Contribution[3]	1,241,745	329,757	180,556	427,377	607,933	74,596	**2,254,031**
Actuarially Determined Employer Contribution[4]	**$ 55,194,287**	**$ 25,414,914**	**$ 1,176,323**	**$ 4,203,978**	**$ 5,380,301**	**$ 74,596**	**$ 86,064,098**

[1] Actuarial Accrued Liability and Funding Value of Assets attributable to DWSD in total were split 29.7%/70.3% between DWSD-R and GLWA as of June 30, 2025.

[2] Contributions are assumed to be made in equal quarterly installments on the last day of each quarter of the fiscal year. As instructed by the Retirement System, contributions for the 2026 fiscal year attributable to DWSD in total were split 29.7%/70.3% between DWSD-R and GLWA.

[3] Administrative expenses were allocated (see Section D of the report) and assumed to be paid by the individual units. As instructed by the Retirement System, the DWSD administrative expenses assumed for the 2026 and 2027 fiscal years were split 29.7%/70.3% between DWSD-R and GLWA.

[4] Total employer contributions, including amounts paid by the employer but funded from other sources as required by POA, if any.

If the City is unable to make the quarterly contribution in any given quarter, we recommend a catch-up contribution equal to 25% of the full end of year amount (see Comments and Recommendations for more information).

Valuation Results

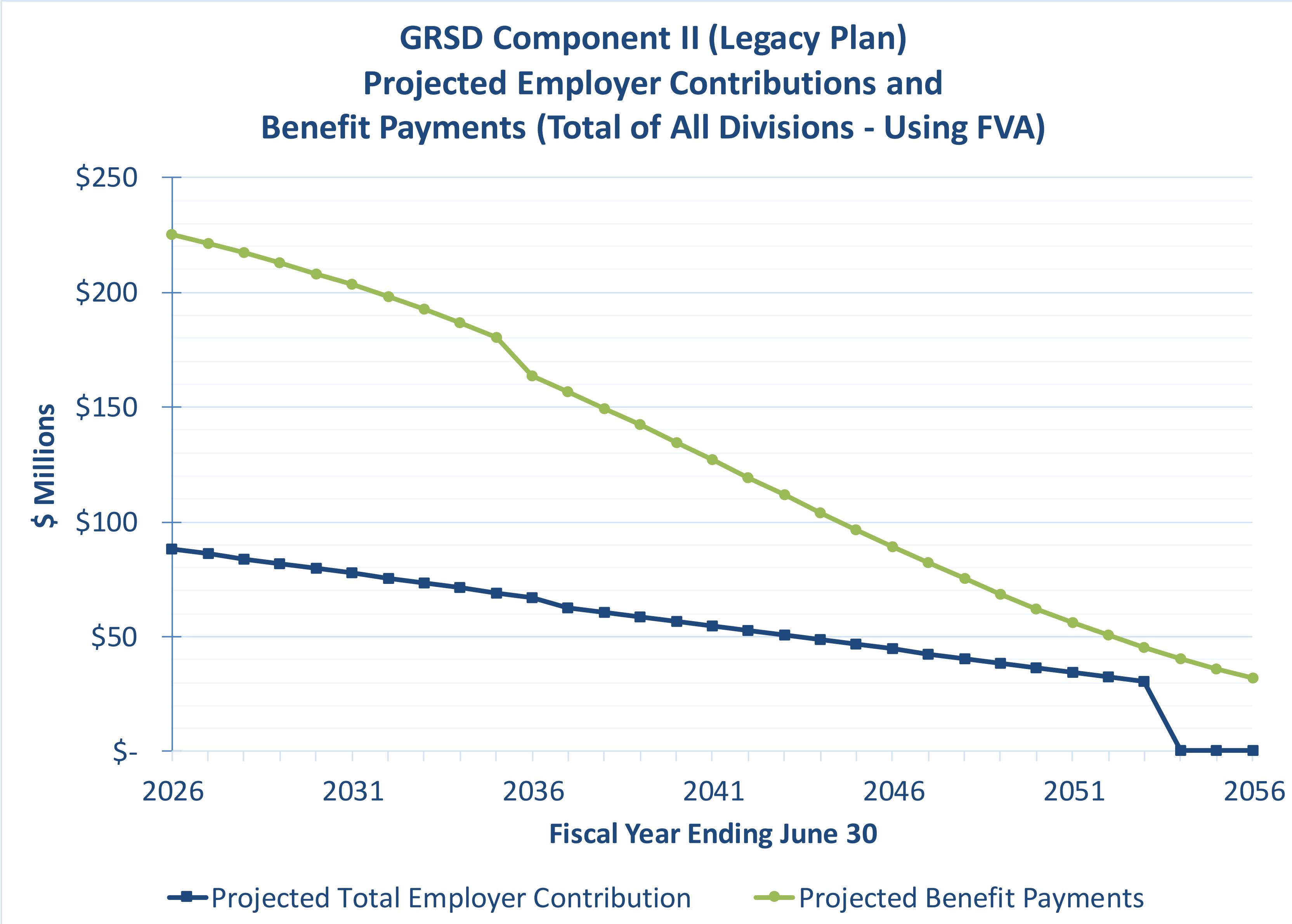
Projections of Employer Contributions, Benefits and Funded Status

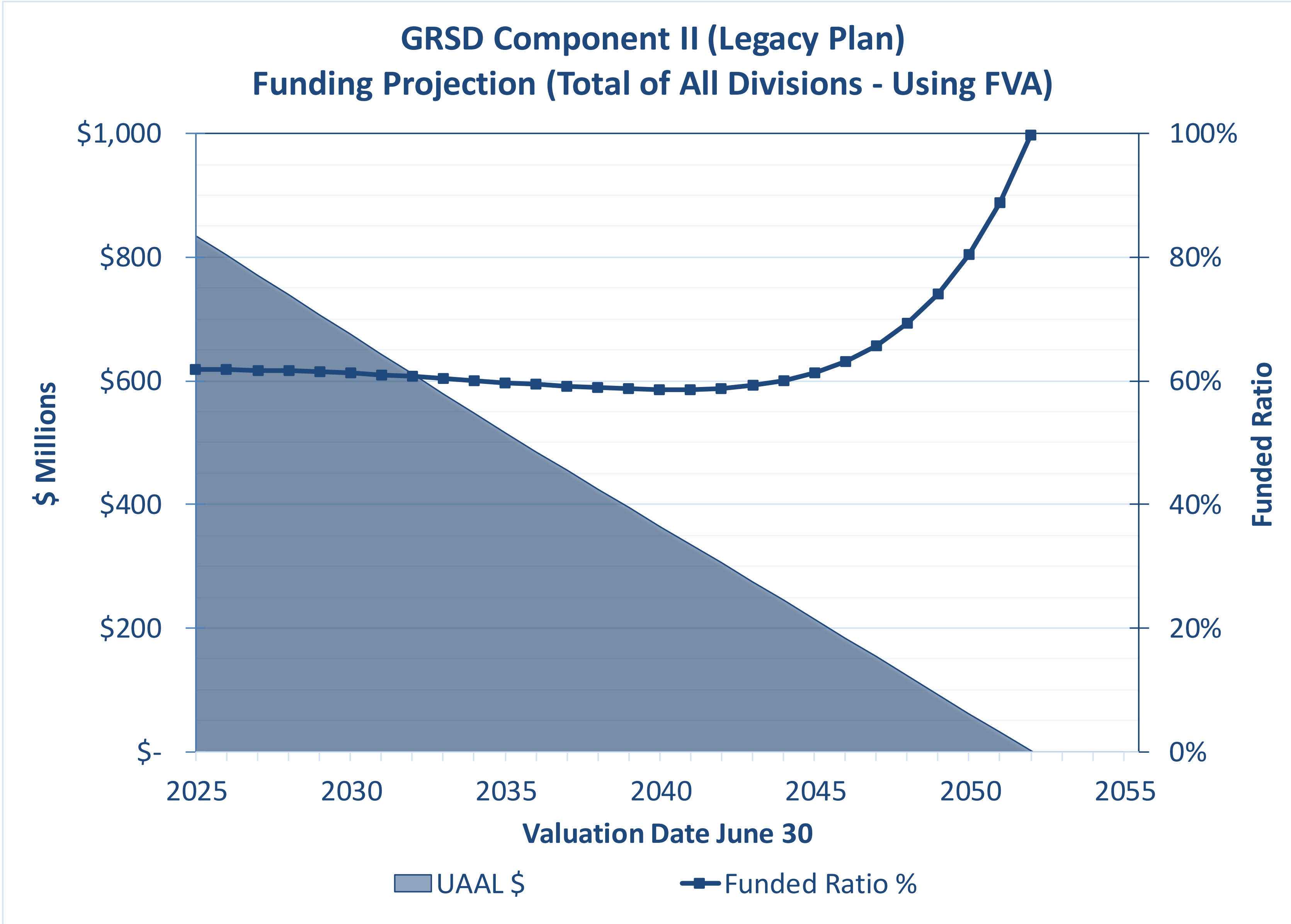
The charts that follow show a projection of the employer contributions, benefit payments and funded status using the Funding Value of Assets (FVA) and a closed 30-year (27 years remaining as of the June 30, 2025 valuation) level principal amortization period for non-GLWA contributions. All actuarial assumptions are assumed to be met exactly each year in the projection (i.e., no future gains or losses). Employer contributions are equal to only the administrative expenses after the end of the amortization period. For purposes of these projections, we have assumed that the Funding Value of Assets would have a recognized rate of return of 6.75%.

As shown on the next page, employer contributions are expected to be significantly less than benefit payments for many years. The assets in the plan are not sufficient to cover current retiree liabilities and the ratio of assets (Market Value) to projected benefit payments for the upcoming fiscal year is about 6.4. This means that without additional contributions or investment income, plan assets can only pay retiree pensions for another several years. In a closed/frozen mature plan such as this one, it may become difficult to manage the significant amount of cash needed to pay retirement benefits and still earn the assumed rate of return if assets must be liquidated to pay retiree pensions.

The charts on the following pages are based upon the System in aggregate. Individual division results may appear materially different. Specifically:

- The Library group is already more than 100% funded and is projected to have a funded ratio that continues growing, resulting in the total plan being above 100% funded at the end of the amortization period.
- The only contributions for divisions that are more than 100% funded is for administrative expenses (in accordance with the Funding Policy included in Section G).
- The GLWA portion of the unfunded liabilities in the DWSD division were amortized as of June 30, 2025 over a closed 10-year level principal amortization period. Future gains or losses to the GLWA portion of the DWSD division will be amortized over additional closed 10-year level principal amortization periods (i.e., layered amortization).


GRSD Component II (Legacy Plan)
Projected Employer Contributions and
Benefit Payments (Total of All Divisions - Using FVA)
$250
$200
$150
$100
$50
$-
$ Millions
2026
2031
2036
2041
2046
2051
2056
Fiscal Year Ending June 30
Projected Total Employer Contribution
Projected Benefit Payments


GRSD Component II (Legacy Plan)
Funding Projection (Total of All Divisions - Using FVA)
$1,000
$800
$600
$400
$200
$-
$ Millions
100%
80%
60%
40%
20%
0%
Funded Ratio
2025
2030
2035
2040
2045
2050
2055
Valuation Date June 30
UAAL $
Funded Ratio %

Valuation Results – Comparative Statement

Present Value	June 30, 2025	June 30, 2024
Accrued Pension Liabilities (Employer Financed)		
Retirees and beneficiaries	$ 1,717,651,806	$ 1,770,534,303
Inactive members future deferred pensions	173,250,333	181,320,932
Active members	135,811,709	142,849,557
Total accrued pensions	$ 2,026,713,848	$ 2,094,704,792
Pension fund balances (MVA)	1,378,714,059	1,386,286,360
Unfunded accrued pension liabilities	$ 647,999,789	$ 708,418,432
Accrued Annuity Liabilities (Member Financed)		
Retirees and beneficiaries future annuities	$ 86,870,080	$ 90,716,766
Member annuities & future refunds	71,803,718	72,490,304
Total accrued annuity liabilities	$ 158,673,798	$ 163,207,070
Annuity fund balances (MVA)	5,942,578	16,316,638
Unfunded accrued annuity liabilities*	$ 152,731,220	$ 146,890,432
Totals - Funding Value of Assets (FVA)		
Actuarial Accrued Liabilities (AAL)	**$ 2,185,387,646**	**$ 2,257,911,862**
Funding Value of Assets (FVA)	**1,351,261,603**	**1,390,176,114**
Unfunded Actuarial Accrued Liabilities (UAAL)	**$ 834,126,043**	**$ 867,735,748**
Funded Ratio	**61.8%**	**61.6%**
Totals - Market Value of Assets (MVA)		
Actuarial Accrued Liabilities (AAL)	$ 2,185,387,646	$ 2,257,911,862
Market Value of Assets (MVA)	1,384,656,637	1,402,602,998
Unfunded Actuarial Accrued Liabilities (UAAL)	$ 800,731,009	$ 855,308,864
Funded Ratio	63.4%	62.1%

* *Liabilities are gross before accounting for ASF claw-back. We understand that assets currently include a receivable related to the ASF claw-back. We believe the receivable is included in the pension fund balances.*

Historical Results ($ Millions)

	2023	2022	2021	2020	2019	2018	2017	2016
Total AAL	$ 2,327.5	$ 2,438.6	$ 2,542.6	$ 2,716.5	$ 2,866.1	$ 2,929.1	$ 2,995.8	$ 3,032.3
FVA^	1,501.0	1,671.6	1,818.6	1,596.1	1,798.9	1,940.6	1,966.7	1,933.5
UAAL	$ 826.5	$ 767.0	$ 724.0	$ 1,120.4	$ 1,067.2	$ 988.4	$ 1,029.1	$ 1,098.8
Funded Ratio	64.5%	68.5%	71.5%	58.8%	62.8%	66.3%	65.6%	63.8%

^MVA (Market Value of Assets) shown for June 30, 2021 valuation results and prior.

Liabilities Related to Restoration and the Restoration Reserve Account

Section G-4 (Restoration of Pension Benefits) of the Combined Plan, provides that benefits eliminated as part of the POA may be restored if certain conditions are met. Restored benefits are paid out of the Restoration Reserve Account (RRA), the balance of which depends on the Plan's funded ratio. As of the June 30, 2023 actuarial valuation and in accordance with Section G-4(2)(g), the Funded Level was below the target of 70% and the resulting RRA balance was $0.

Beginning July 1, 2023, rules for restoration are based upon Section G-4(3) (Restoration of Benefits from July 1, 2023 to June 30, 2033). According to Section G-4(3)(a), the 2023 Funded Level was 61% (which is below 69%) and; therefore, the resulting 2033 Funding Target and Restoration Target are expected to be 61% and 73%, respectively (note, legal review may be required to determine whether the Funding Target should be rounded to the nearest percent). Determination of whether restoration payments can be paid on or after July 1, 2023 follows similar rules that applied during the period ending June 30, 2023 (see Section G-4(3)(a)).

Based upon the projection included in the June 30, 2023 actuarial valuation using a 30-year level principal amortization, the funded level of the System is not projected to go above 61% by 2033. **Additional instruction from the System would be required to interpret the exact methodology that the Plan Actuary shall use to determine whether the 2033 Restoration Target has been satisfied. This valuation assumes no future restoration of Component II benefits.**

Comments and Recommendations

Component II History

The City of Detroit filed for bankruptcy on July 18, 2013. A final Plan of Adjustment ("POA") was confirmed on November 7, 2014 and the official exit from bankruptcy was on December 10, 2014. In connection with the POA, very significant changes were made to the benefits that the General Retirement System provides and to the contributions that it will receive. In particular, the benefits provided by the Retirement System were divided into two separate plans, referred to as "Component I" and "Component II." The benefits provided in each component were effective July 1, 2014 and are described in detail in the Emergency Manager Order No. 44, dated December 8, 2014.

Experience

Experience was more favorable than assumed in total during the year ending June 30, 2025. The main source of the gain was the phasing in of investment gains from the 2024 and 2025 fiscal years, increasing the Funding Value of Assets. The chart below shows the estimated gain/(loss) by division.

Development of Actuarial Gain or Loss

	($ Millions)				
	General City	D.O.T.	DWSD	Library	System Total
(1) UAAL as of June 30, 2024 (BOY)	$ 555.4	$ 269.3	$ 47.6	$ (4.6)	$ 867.7
(2) Transfers and Adjustments (if any)[1]	(10.8)	-	10.8	-	-
(3) Actual Contributions[2]	50.9	32.5	2.2	0.1	85.7
(4) Actual Administrative Expenses	1.3	0.1	1.1	0.2	2.8
(5) Interest at 6.75%	36.5	17.1	2.4	(0.3)	55.8
(6) Benefit Changes[2]	3.0	0.8	1.3	0.2	5.2
(7) Assumption Changes	-	-	-	-	-
(8) Projected UAAL as of June 30, 2025	$ 556.1	$ 254.9	$ 39.5	$ (4.7)	$ 845.8
(9) Actual UAAL as of June 30, 2025	549.0	255.6	34.4	(4.9)	834.1
Gain or (Loss) (FVA): (8) - (9)	$ 7.0	$ (0.7)	$ 5.1	$ 0.2	$ 11.6
Gain or (Loss) from Liabilities	(1.7)	(1.2)	(0.5)	(0.4)	(3.8)
Gain or (Loss) from Investments (FVA)	8.8	0.5	5.6	0.6	15.5
Total Gain or (Loss) (FVA)	$ 7.0	$ (0.7)	$ 5.1	$ 0.2	$ 11.6

[1] *Transfer of $10,761,567 from General to DWSD for aggregate excess administrative expenses paid by the DWSD pension pool.*

[2] *Includes $5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees. For the purposes of this gain/loss analysis, item 6 (benefit changes) is computed as a year-end value and includes interest.*

Comments and Recommendations

Experience (Continued)

Source of Actuarial Gain or Loss

Type of Risk Area		Gain (Loss) in Period Totals ($ in Millions)	Gain (Loss) in Period Percent of AAL^
Risks Related to Experience			
Economic Risk Areas:			
Investment Return (FVA)	$	15.5	0.7 %
Demographic Risk Areas:			
Active Experience		3.7	0.2 %
Post-Retirement Mortality		(2.2)	(0.1)%
Total Gain or (Loss) Related to Experience	$	17.0	0.8 %
Other Experience		(5.4)	(0.2)%
Total Gain or (Loss) during Period (FVA)	$	11.6	0.5 %

^ Beginning of year Actuarial Accrued Liabilities were $2,258 million (i.e., $2.3 billion).

Active Experience is an estimate of the gain/loss attributable to the experience of members who were active at the beginning of the year (retirements, withdrawals, etc.). Post-Retirement Mortality experience is an estimate of the gain/loss attributable to the mortality of retirees and beneficiaries in payment status at the beginning of the year. Other Experience includes all other gain/loss that occurred during the year including items such as: unexpected changes in data, inactive member experience, actual vs. expected benefit payments during the year, ASF experience, etc.

Demographic Experience

A summary of Actual (A) to Expected (E) activity is shown in the table below.

Year Ended 30-Jun	Retiree Deaths A	Retiree Deaths E	A/E%
2025	459	459	100%
2024	406	461	88%
2023	450	458	98%

Note: Significant differences between actual vs. expected deaths may be as a result of data changes and not reflect actual mortality.

Comments and Recommendations

Recommendation

In order to minimize the risk of insolvency, it is important that timely employer contributions in an amount equal to or greater than the actuarially calculated amount are received, in accordance with the funding policy.

Quarterly Contributions

The Component II Actuarially Determined Employer Contribution (ADEC) of $86,064,098 on page 3 assumes that contributions of $21,516,025 would be made on a quarterly basis, rather than once per year (at the end of the 2027 fiscal year). The ADEC is $88,212,952 if a single, lump-sum contribution is made at the end of the fiscal year. **If the City is unable to make the quarterly contribution in any given quarter, we recommend a catch-up contribution equal to 25% of the end of year amount ($88,212,952 x 25% = $22,053,238).**

Actuarial Assumptions

There were no changes in actuarial assumptions since the June 30, 2024 actuarial valuation. The next comprehensive review of experience is scheduled to occur prior to the June 30, 2026 actuarial valuation and will to cover the period from July 1, 2020 to June 30, 2025.

Benefit Changes – Supplemental Checks in 2025 Fiscal Year

During the 2025 fiscal year, an additional $5 million contribution from the City was made to the Retirement System to finance one-time supplemental checks paid to retirees. This one-time benefit payment was treated as ad-hoc and included (with interest assuming mid-year payment to the measurement date) in the gain/loss analysis as a benefit change to the Plan.

Annuity Reserve Fund (ARF)

Typically, we would compare the Annuity Reserve Fund (ARF) to the ARF liabilities and recommend a transfer if liabilities exceed assets. However, the annuity claw-back receivable created by the Bankruptcy (which relates to the ARF and the ASF) makes this analysis much more complicated. If the System would like us to perform this calculation, we will need additional information not routinely provided for the valuation. Please let us know if this is needed.

In general, assets are reviewed for reasonableness. In recent years, we have observed that the ARF does not appear to have been credited with any interest. As a result, we recommend that all the reserve amounts be reviewed.

Comments and Recommendations

Annuity Savings Fund (ASF) Claw-Back Data

For the June 30, 2015 valuation, the System's auditors determined a receivable in accordance with GAAP accounting that was included in the reported June 30, 2015 assets. The reported assets for the June 30, 2025 status valuation also included a receivable for the remaining claw-back payments. We have assumed this information, received by the System's auditors, was reasonable. This assumption complies with the Actuarial Standards of Practice.

Option Factors

The Board adopted option factors for the Plan in 2018. It is our understanding that the new factors have been fully implemented as of this valuation.

An experience study is scheduled to be performed following the June 30, 2025 valuation. We recommenced the System consider whether the assumptions for optional forms of payment should be updated in conjunction with the next experience study.

Divisional Results

Divisional results are shown on page 2. One result that stands out is the funded status (market value basis) of the DOT division at 23.9%. This is much lower than the other divisions. We expect that all of the assets in the Retirement System back all of the liabilities in the Retirement System. Therefore, if this division runs out of money before all of its benefits are paid, the Retirement System will pay DOT benefits from other divisional assets. In that case, the total Retirement System funded status is a better measure than individual division funded ratios. However, the Funding Policy states that divisions "shall not be permitted to have a funded status below 0% and contributions shall be accelerated as appropriate." This low funded status for the DOT (relative to the other divisions) could result in a higher DOT employer contribution (relative to the other divisions). Consistent with the Funding Policy, the Board may want to consider more aggressive funding for the DOT division. Please let us know if the Board would like us to do any calculations related to this situation, such as divisional cash flow projections or divisional funding policy suggestions.

Comments and Recommendations

DWSD (Water/Sewer) Contributions

We understand that the City, System and GLWA have a Memorandum of Understanding dated December 1, 2015 for assessing contributions, if any, to GLWA.

Per the General Retirement System's June 30, 2024 Notes to Financial Statements (Note 14):

> During the fiscal year beginning on July 1, 2023, the parties to the pension reporting agreement were to mutually determine and resolve whether any aggregate excess or shortfall of administrative expenses as of June 30, 2023 shall have any effect on the obligation of DWSD-R or GLWA to make payments to the General Retirement System of the City of Detroit under the pension reporting agreement. Pending a formalized agreement, the parties verbally agreed to have the City make the DWSD-R/GLWA annual required contribution until such time that the aggregate excess of approximately $13 million is exhausted.

It is further our understanding that the approximately $13 million was scheduled to be transferred from the General City to division to the DWSD division during the 2025 fiscal year (actual transfer was $10.8 million after incorporation of GLWA's employer contribution for the fiscal year) and it is both parties' intention for the DWSD to begin making annual required contribution payments beginning with the 2026 fiscal year based upon an agreed to allocation of 29.7%/70.3% DWSD-R/GLWA split.

Per Section 2.2 from the Memorandum of Understanding dated December 1, 2015:

> (b) For each Fiscal Year commencing from and after July 1, 2023, on its normal schedule for determining the current Fiscal Year's contributions to the GRS, the GRS shall provide the Authority with a determination of the UAAL for the Authority Pension Pool using the market value of assets for the Authority Pension Pool and whether the Authority Pension Pool is funded at 100%. If the Authority Pension Pool is fully funded at 100% or more, no contributions for the current Fiscal Year will be required of the Authority. If the Authority Pension Pool is less than 100% funded, then the Authority shall make such level annual contributions to the GRS as necessary to amortize such shortfall over five (5) years (or such greater period not to exceed ten (10) years as agreed upon by GRS and the Authority) at an interest rate equal to the then current GRS investment return assumption. Except for the additional payments required by this subsection (b), if any, the Authority shall have no further liability whatsoever to the City or the GRS in connection with any other shortfalls that that may occur with respect to the GRS Plan.
>
> (c) The UAAL calculations required to be furnished pursuant to this Agreement shall be calculated by the GRS Actuary using actuarial standards of the actuary industry.

In accordance with the above and at the direction of the interested parties, for the computation of the 2027 fiscal year Actuarial Determined Employer Contribution, the estimated UAAL as of June 30, 2026 for DWSD was split 29.7%/70.3% for DWSD-R/GLWA. The UAAL attributable to GLWA was then amortized over a closed 10-year level principal amortization. The calculation of the ADEC is based upon the use of the Funding Value of Assets. In subsequent years, any unexpected gain/(loss) which occurs to the GLWA portion of the DWSD division as a result of System experience and/or assumption or method changes will be amortized over new closed 10-year level principal amortization periods (i.e., layered amortization).

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

Plan Risk Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk.

In our discussions with the Board and Investment Committee, we illustrated various investment return scenarios as part of the funding policy analysis. This type of analysis may also be considered a quantitative risk assessment. We recommend that the Board consider similar periodic analysis as appropriate under the Risk Controls of the newly approved funding policy.

The Board approved funding policy calls for illustrating the table of risk measures shown below. Please see the funding policy for additional information. In the table below, the acronyms are as follows: FVA = Funding Value of Assets; MVA = Market Value of Assets; AAL = Actuarial Accrued liability; UAAL = Unfunded Actuarial Accrued Liability.

Funded Ratio

The funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

Rate of Return, Geometric Average, and Standard Deviation

Investment return is probably the largest single risk that most systems face. The year-by-year return and the geometric average give an indicator of the realism of the System's assumed return.

Duration of the Actuarial Accrued Liability

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, a duration of 10 indicates that the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Ratio of Unfunded Actuarial Accrued Liability to Payroll

The ratio of unfunded liability to payroll gives an indication of the plan's sensitivity to differences between assumed and actual experience related to the employer contributions. A value above approximately 300% or 400% may indicate high volatility relative to small gains and losses.

Ratio of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

Ratio of Non-Investment Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, and stress tests. We can provide additional risk assessments at the Board's request.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

	2025	2024	2023	2022
(i) Classic measures				
− Funded ratio				
MVA	63.4%	62.1%	60.9%	62.7%
FVA	61.8%	61.6%	64.5%	68.5%
− UAAL amortization period (non-GLWA)	27	28	29	30
− Portfolio rate of return				
MVA	9.43%	9.28%	6.20%	-5.77%
FVA	7.92%	1.85%	1.80%	2.58%
− Geometric average portfolio rate of return [1]				
5-year				
MVA	4.59%	3.03%	0.04%	-5.77%
FVA	3.51%	2.08%	2.19%	2.58%
10-year				
MVA	N/A	N/A	N/A	N/A
FVA	N/A	N/A	N/A	N/A
− Standard deviation of return [1]				
5-year (to be built prospectively)				
MVA	7.19%	7.95%	8.46%	0.00%
FVA	2.94%	0.44%	0.55%	0.00%
10-year (to be built prospectively)				
MVA	N/A	N/A	N/A	N/A
FVA	N/A	N/A	N/A	N/A
(ii) Duration of the Actuarial Accrued Liability	7.6	7.8	7.9	8.1
(iii) Total UAAL / Covered Payroll [2]				
MVA	2.2	2.6	2.8	3.2
FVA	2.3	2.6	2.6	2.7
(iv) Total Assets / Covered Payroll [2]				
MVA	3.8	4.2	4.4	5.4
FVA	3.7	4.2	4.6	5.9
(v) Total AAL / Covered Payroll [2]	6.0	6.8	7.2	8.6
(vi) Non-Investment Cash flow / Beginning of year MVA	-10.2%	-9.6%	-13.0%	-10.5%
(vii) MVA / Benefit Payments	6.3	6.3	6.2	6.5
(viii) Solvency Liability ($ millions) [3]	$ 2,576	$ 2,729	$ 2,964	$ 3,185

[1] These are developed prospectively from 2022 and consequently do not yet reflect full 5 or 10 years of experience.

[2] Payroll for this purpose is Component I payroll.

[3] See discussion on next page.

Low-Default-Risk Obligation Measure (Solvency Liability)

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the "Low-Default-Risk Obligation Measure" (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

> "The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure **is not intended to suggest that this is the "right" liability** measure for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**"

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the System is to finance each member's retirement benefits. To fulfill this objective, the discount rate that is used to value the accrued liabilities is set equal to the **expected return** on the System's diversified portfolio of assets (referred to sometimes as the investment return assumption). For the System, the investment return assumption is 6.75%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the projected unit credit actuarial cost method and discount rates based upon the June 2025 Treasury Yield Curve Spot Rates (monthly average). The 1-, 5-, 10- and 30-year rates follow: 4.10%, 4.00%, 4.43% and 5.05%. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation.

Presented below are the Valuation Accrued Liability and the LDROM (Solvency Liability) as of June 30, 2025.

Valuation Accrued Liabilities	LDROM
$ 2,185,387,646	**$ 2,575,568,602**

Low-Default-Risk Obligation Measure (Solvency Liability)

Commentary Regarding the LDROM

Some ways in which the LDROM can assist the Board of Trustees in a decision-making process include:

(1) It provides information to potentially allow for better risk management for the System;
(2) It places the appropriateness of potential employer contribution rate reductions or benefit enhancements in a better context; and
(3) It provides more complete information regarding the benefit security of the membership's benefits earned as of the measurement date.

Potentially Allows for Better Risk Management: A very useful risk metric to exhibit potential contribution rate volatility (or amortization period volatility for fixed rate plans) is the ratio of assets to payroll or AAL to payroll. How could we reduce that potential contribution rate volatility (or amortization period volatility for fixed rate plans)? The LDROM and liability driven investing (LDI) are closely related concepts.

Other than reducing benefits, all other things being equal, the only way to reduce that volatility is to immunize (i.e., LDI) a portion of the System's liability. This does not mean that the System needs to immunize all of the liability. For example, if they could immunize half of it, they could reduce the contribution rate volatility in half. This would require the actuary to use a cash flow matching method to value that portion of the liabilities. This means that the actuary would not use the System's investment return assumption for this portion of the liability, but the yield curve resulting from the fixed income portfolio that is being used to immunize the liability. The value of the assets (i.e., fixed income portfolio) and the value of the immunized liability would move in tandem with any changes (up or down) in future interest rates. The result being that the immunized portion of the System's liability would reduce the potential of producing new unfunded actuarial accrued liabilities. However, the fixed income portfolio would still have the minor potential for credit default risk.

Places the Appropriateness of Potential Employer Contribution Rate Reductions or Benefit Enhancements in a Better Context: Many PERS have adopted a funding policy. Many funding policies already take into account the System's funded ratio (based upon the AAL) when considering whether to allow for benefit enhancements or contribution rate reductions. For example, a System may not allow for a benefit enhancement if the funded ratio does not exceed a certain threshold. Similarly, a System may not allow for an employer contribution rate reduction in some circumstances. For example, a reduction to the employer normal cost contribution may not be allowed until the System reaches a funded ratio of 120%. Given the fact that most criteria are based upon the expectation of earning the investment return assumption, a System may want to consider extending these criteria to a funded ratio based upon the LDROM in addition to the AAL.

Provides more Complete Information Regarding the Benefit Security of the Membership's Benefits Earned as of the Measurement Date: Too often a high funded ratio (i.e., 100% funded) on an AAL basis is interpreted as benefit security for the participants. The fact that this funded ratio is based upon an expected measure is many times overlooked. If the AAL and LDROM measures are relatively close, then the System at least has the opportunity to make benefits payable in the future more secure.

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 6.75% on the funding value of assets), it is expected that:

1) The unfunded actuarial accrued liabilities will be fully amortized 30 years after June 30, 2023.
2) The funded status and unfunded accrued liability will follow the pattern shown on page 6.

We have assessed that the Actuarially Determined Employer Contribution (ADEC) in this report is reasonable.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the funding value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future administrative expense contributions.
3) The measurement would produce a different result if the market value of assets were used instead of the funding value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

Risks to Future Employer Contribution Requirements

There are ongoing risks to future employer contribution requirements to which the Retirement System is exposed, such as:

- Actual and Assumed Investment Rate of Return;
- Actual and Assumed Mortality Rates; and
- Amortization Policy.

Scenario Testing/Sensitivity Testing

If the Board would like to see additional projections, we would be happy to perform such projections.

Section B

Fund Assets

Statement of Plan Assets
(Reported Assets at Market Value)

Market Value - June 30, 2025	
Cash and Cash Equivalents	$ 5,260,368
Investments at Fair Value	1,351,694,873
Receivables	73,561,859
Cash and Investments held as collateral for securities lending	34,565,313
Capital Assets - Net	3,723,081
Accounts Payable	(84,148,857)
Total Current Assets	**$ 1,384,656,637**

Market Value of Assets

Reserve Accounts

Funds	Fund Balances June 30, 2025	Fund Balances June 30, 2024
Annuity Savings	$ 71,803,718	$ 72,490,304
Annuity Reserve	(65,861,140)	(56,173,666)
Pension Accumulation	(185,868,378)	(211,008,876)
Pension Reserve	1,564,582,437	1,597,295,236
Total Fund Balances	**$ 1,384,656,637**	**$ 1,402,602,998**

Revenues and Expenditures

	Pension Funds	Annuity Funds	Total Funds
Balance, July 1, 2024	$ 1,386,286,360	$ 16,316,638	$ 1,402,602,998
Prior valuation audit adjustment	-	-	-
Market Value July 1, 2024	$ 1,386,286,360	$ 16,316,638	$ 1,402,602,998
Revenues			
Employer Contributions	$ 67,400,000	$ -	$ 67,400,000
Employee Contributions	-	-	-
Foundation Contributions	18,300,000	-	18,300,000
Annuity Interest	-	2,989,487	2,989,487
Investment Income (Net of Investment Expenses)	117,325,889	-	117,325,889
Other Income	5,127,434	-	5,127,434
Transfers	(2,044,995)	2,044,995	-
Total	$ 206,108,328	$ 5,034,482	$ 211,142,810
Expenditures			
Benefit Payments	$ 205,951,866	$ 9,687,473	$ 215,639,339
Refund of Member Contributions	-	5,721,069	5,721,069
ASF Recoupment /Write Off	4,934,965	-	4,934,965
Transfer to Component I (Transition Cost)	-	-	-
Administrative Expenses	2,793,798	-	2,793,798
Total	$ 213,680,629	$ 15,408,542	$ 229,089,171
Market Value June 30, 2025	$ 1,378,714,059	$ 5,942,578	$ 1,384,656,637
Market Value Rate of Return (Net of all expenses)	9.27%	31.03%	9.43%
Net Cash Flow as Percent of Assets	(9.38)%	(81.90)%	(10.22)%

Rates of return are dollar-weighted estimates assuming contributions occur quarterly (treated as mid-year) and remaining items are also mid-year cash flows. “Annuity Interest” and “Other” items are treated as investment cash flows.

Note that interest credits to the ASF (and other reserves) are determined by Plan provisions and Board policy (including any timing issues) as calculated by the Retirement System’s staff.

Allocation of Assets Used for Valuation by Reserve Account and Division

	June 30, 2024	Adjustments	Contributions	Benefit Payments	Admin. Expenses	Investment and Other[^]	June 30, 2025
Annuity Savings Fund							
General	$ 39,316,290	$ -	$ -	$ (3,143,703)	$ -	$ 2,769,778	$ 38,942,365
D.O.T.	15,381,306	-	-	(1,265,216)	-	702,238	14,818,328
DWSD	11,306,667	-	-	(698,982)	-	1,249,595	11,857,280
Library	6,486,041	-	-	(613,167)	-	312,871	6,185,745
Totals	$ 72,490,304	$ -	$ -	$ (5,721,068)	$ -	$ 5,034,482	$ 71,803,718
Annuity Reserve Fund							
General	$ (32,668,579)	$ -	$ -	$ (5,431,005)	$ -	$ -	$ (38,099,584)
D.O.T.	(3,502,544)	-	-	(884,155)	-	-	(4,386,699)
DWSD	(17,253,284)	-	-	(2,995,408)	-	-	(20,248,692)
Library	(2,749,259)	-	-	(376,906)	-	-	(3,126,165)
Totals	$ (56,173,666)	$ -	$ -	$ (9,687,474)	$ -	$ -	$ (65,861,140)
Pension Accumulation Fund							
General	$ (185,805,224)	$ (111,347,906)	$ 50,932,610	$ -	$ (1,348,177)	$ 54,931,723	$ (192,636,974)
D.O.T.	(181,899,727)	(25,446,140)	32,467,390	-	(145,978)	5,018,949	(170,005,506)
DWSD	124,467,864	(31,091,400)	2,200,000	-	(1,144,564)	49,631,696	144,063,596
Library	32,228,212	(5,353,622)	100,000	-	(155,079)	5,890,995	32,710,506
Totals	$ (211,008,875)	$ (173,239,068)	$ 85,700,000	$ -	$ (2,793,798)	$ 115,473,363	$ (185,868,378)
Pension Reserve Fund							
General	$ 855,998,612	$ 100,586,339	$ -	$ (114,375,437)	$ -	$ -	$ 842,209,514
D.O.T.	243,308,181	25,446,140	-	(29,627,548)	-	-	239,126,773
DWSD	456,097,310	41,852,967	-	(55,752,029)	-	-	442,198,248
Library	41,891,132	5,353,622	-	(6,196,852)	-	-	41,047,902
Totals	$ 1,597,295,235	$ 173,239,068	$ -	$ (205,951,866)	$ -	$ -	$ 1,564,582,437
Retirement System Totals	$ 1,402,602,998	$ -	$ 85,700,000	$ (221,360,408)	$ (2,793,798)	$ 120,507,845	$ 1,384,656,637

[^] *Includes ASF Write-off /allowance and transfers from ASF to PAF.*

Funding Value of Assets

	2023	2024	2025	2026	2027
A. Funding Value Beginning of Year	$ 1,671,628,547	$ 1,501,039,291	$ 1,390,176,114		
B. Market Value End of Year	1,418,609,280	1,402,602,998	1,384,656,637		
C. Market Value Beginning of Year	1,529,846,295	1,418,609,280	1,402,602,998		
D. Additions during Year:					
D1. City Contributions (Quarterly)	48,275,000	105,685,142	85,700,000		
D2. Member Contributions	0	0	0		
D3. Total	48,275,000	105,685,142	85,700,000		
E. Deductions during Year:					
E1. Benefits Paid During Year	217,569,517	214,776,801	215,639,339		
E2. Refunds	10,869,398	8,518,149	5,721,069		
E3. Transfers/ASF Recoupment/Write Off	15,592,259	16,000,245	4,934,965		
E4. Administrative Expenses	2,680,907	2,838,846	2,793,798		
E5. Total	246,712,081	242,134,041	229,089,171		
F. Investment Income:					
F1. Average Funding Value	1,548,272,507	1,379,972,271	1,318,481,529		
F2. Assumed Rate	6.75%	6.75%	6.75%		
F3. Amount for Immediate Recognition: F1 X F2	104,508,394	93,148,128	88,997,503		
F4. Market Total: B - C - D3 + E5	87,200,066	120,442,617	125,442,810		
F5. Amount for Phased-In Recognition: F4-F3	(17,308,328)	27,294,489	36,445,307		
G. Phased-In Recognition of Investment Income:					
G1. Current Year: F5/3	(5,769,443)	9,098,163	12,148,436		
G2. 1st Prior Year	(70,891,126)	(5,769,443)	9,098,163	$ 12,148,436	
G3. 2nd Prior Year	0	(70,891,126)	(5,769,442)	$ 9,098,163	$ 12,148,435
G4. Total Recognized Investment Gain	(76,660,569)	(67,562,406)	15,477,157	21,246,599	12,148,435
H. Total Interest Distributed - Current Year: F3 + G4	27,847,825	25,585,722	104,474,660		
I. Funding Value End of Year:					
I1. Preliminary Funding Value End of Year: A + D - E + H	1,501,039,291	1,390,176,114	1,351,261,603		
I2. Upper Corridor Limit 115% x B	1,631,400,672	1,612,993,448	1,592,355,133		
I3. Lower Corridor Limit 85% x B	1,205,817,888	1,192,212,548	1,176,958,141		
I4. **Funding Value End of Year**	**$ 1,501,039,291**	**$ 1,390,176,114**	**$ 1,351,261,603**		
J. Difference between Market & Funding Value: B - I4	(82,430,011)	12,426,884	33,395,034		
K. Recognized Rate of Return: H / F1	1.80%	1.85%	7.92%		
L. Market Rate of Return: F4 / (F1 + C - A)	6.20%	9.28%	9.43%		
M. Ratio of Funding Value to Market Value: I4 / B	105.81%	99.11%	97.59%		

The Funding Value of Assets recognizes assumed investment income (line F3) fully each year. Differences between actual and assumed investment income (line F5) are phased-in over a closed 3-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to Market Value. At any time, it may be either greater or less than Market Value.

SECTION C

PARTICIPANT DATA

Reconciliation of Data

Active Members

A) Count reported in Active file	10,631
B) Duplicate Records	(14)
C) PFRS Revenue Group	(3,331)
D) No Reported Legacy Service	(5,187)
E) Non-eligible class code & bargaining unit	(42)
F) Refunded Hybrid Mandatory Contributions	(257)
G) Defective Data	(1)
H) Number of records to value	1,799

Inactive Vested Members

A) Number of records reported on data file	4,461
B) Records on Retiree File	(8)
C) PFRS Revenue Group	(1,074)
D) Less than 8 years of Legacy plus Hybrid vesting service	(882)
E) Records already receiving Legacy benefits and included in Legacy retiree data	(389)
F) Terminated after 6/30/2025	(4)
G) In Active File with Legacy service but refunded Hybrid mandatory contributions	15
H) No Legacy benefit service	-
I) Number of records to value	2,119

Retired Members and Beneficiaries

A) Number of records reported on data file	20,210
B) Number of records in PFRS	(8,698)
C) GRS Comp I (Hybrid) Records	(948)
D) Number of records valued	10,564

Notes:

Active members are assumed to be DWSD if they are currently reported in Revenue Group “3” or the 2014 Water/Sewage identifier is populated.

Active Row B: It is our understanding that through the course of the year these members were terminated from either GRS or PFRS and are active in the other plan. This resulted in there being two records for these members. These people will only be included in their current reported revenue group.

Active Row C: Are records that were reported with a Revenue Group of “7” (police) or “8” (fire).

Active Row D: In prior years, records with reported date of hire after June 30, 2014 were removed from the Legacy active rolls. For the 2025 valuation, only members with no reported Legacy service were removed. This resulted in an increase in the number count from the prior year.

Active Row E: We have received a separate list of Class Codes and Bargaining Units that are not eligible to receive Legacy benefits. Individuals reported with these codes/units were excluded.

Active Row H: One record was reported with 93 years of Legacy service. This record was excluded.

Inactive Row C: Are records that were reported with a Revenue Group of “7” (police) or “8” (fire). For members reported with a missing revenue group identifier, agency code was used.

Inactive Row D: Service provided in the data file is benefit service. Vesting service was determined by combining Legacy and Hybrid service in the vested data file.

Reconciliation of Year-to-Year Data
as of June 30, 2025

	Active	Term. Vested	Retirees		Totals
	Count	Count	Count	Annual Benefits*	Count
2024	**1,744**	**2,268**	**10,713**	**$ 201,719,034**	**14,725**
Change in Pay/Pensions	N/A	N/A	N/A	-	
Rehired (Not Vested)	-	-			-
Rehired (Vested)	17	(17)	-	-	-
New Beneficiary			92	1,099,527	92
Retired	(89)	(97)	219	3,592,536	33
Non-Duty Disabled			-	-	-
Duty Disabled			-	-	-
Assumed Death/Removals		(28)	(459)	(7,293,180)	(487)
Vested Term	(16)	16			-
Non-Vested Terminated	(55)				(55)
Data Adjustment	198	(23)	(1)	(512,425)	174
2025	**1,799**	**2,119**	**10,564**	**$ 198,605,493**	**14,482**

** Excluding annuities*

Notable Data Changes:

33 new retirees came from nowhere. We believe some of these are a result of new EDRO's.

The data adjustments relate to records where we could not specifically identify the activity during the year. 28 Terminated Vested members were valued last year but will not be valued this year because there is no record in this year's data. This, in effect, is assuming that these members refunded and forfeited their defined benefit.

Data Approximations and Assumptions

As part of our review of the data received from the System, we discussed questionable or missing data with System staff and developed approximations and assumptions in order to perform the valuation. We provided System staff with a letter dated December 16, 2025 with additional information regarding data reconciliation, processing instructions, and assumptions regarding unresolved issues. Note, that letter disclosed our remaining data processing procedures and assumptions and details our reconciliation.

The purpose of this section in this report is to summarize any unresolved concerns about questionable data that are relevant and could have a significant effect on the valuation as disclosed in that letter. This summary also discusses any significant steps we have taken to improve the data due to identifying questionable data values or relationships, significant judgments, or assumptions we have applied to the data.

Active

In prior years, records with reported date of hire after June 30, 2014 were removed from the Legacy active rolls. For the 2025 valuation, only members with no reported Legacy service were removed. This resulted in an increase in the number count from the prior year.

For active members, frozen AFC amounts and frozen service as of June 30, 2014 was reported in the June 30, 2025 census data. For purposes of this valuation, the reported frozen AFCs were used for determining a member's Legacy benefit. Records where the frozen AFC as reported was not provided or appeared unreasonably low (less than $1,000), $45,000 was used (the average frozen AFC of the active membership as of June 30, 2025).

This year's valuation data file indicated the DWSD status of members as of June 30, 2014. Any members that were indicated as being DWSD division members as of June 30, 2014 were valued under the DWSD for this valuation, regardless of the division reported as of 2025.

Deferred Vested

As part of the processing of deferred member data, in cases where the reported frozen AFC was not provided or appeared unreasonably low (less than $1,000), $45,000 was used. Members with vesting service of less than 8 years (Legacy plus Hybrid) were assumed to be non-vested and were not valued. We estimated the commencement date with the following rules:

- Age 55 if 30 or more years of service and hired before July 1986;
- Age 60 if less than 30 years of service, but more than 10 years of service and hired before 1986; and
- Age 62 for all others.

The entire amount of the deferred benefit was assumed to commence at the same time regardless of the date of hire.

Data Approximations and Assumptions

Retired and Beneficiary

It is our understanding that the current pension amount provided in the retiree data includes the 4.5% reduction as mandated in the POA. However, for members that retired prior to July 1, 2015, the other pension amounts provided in the data (original pension amount, equated pension amount) did not reflect the 4.5% reduction and, as such, were reduced by 4.5% when valuing any related liability. Other adjustments/assumptions include:

- In cases where the benefit is identified to be a joint and survivor benefit and a beneficiary is not listed in the data, it was assumed that male spouses were 3 years older than females;
- Benefits for dependent children are assumed to cease at age 21; and
- For non-converted disabled members, converted benefits are:
  - assumed to commence at age 60; and
  - estimated, based on reported service and projected service from the date of disability to age 60.

Summary of Member Data
June 30, 2025

Active Members

	General	D.O.T.	DWSD	Library	Totals^
Number	1,094	298	273	134	1,799
% Change in active members	3.1 %	7.6 %	2.6 %	(4.3)%	3.2 %
Average reported 2014 AFC^	$45,288	$50,181	$43,702	$41,024	$45,540
Average age	56.8	57.4	56.8	57.7	57.0
Average benefit service	12.5	13.1	12.7	15.5	12.8
Average eligibility service	21.3	22.2	22.0	25.2	21.8

^ In cases where the frozen AFC was not provided or appeared unreasonably low, $45,000 was used.

Inactive Vested Members

	General^	D.O.T.	DWSD	Library	Totals
Number	1,147	257	626	89	2,119
Average AFC*	$40,298	$44,298	$48,456	$32,384	$42,861
Average years of service	14.5	12.7	14.6	12.4	14.3
Annual benefits ($ millions)	$ 11.1	$ 2.4	$ 7.3	$ 0.6	$ 21.3
Average benefits	$ 9,697	$ 9,169	$11,640	$ 6,559	$10,075
% Change in average years of service	(0.0)%	(1.2)%	(0.8)%	0.8 %	(0.3)%
% Change in average AFC	1.5 %	0.3 %	(0.2)%	(0.1)%	0.8 %

^ 1 record was reported with no date of birth and was assumed to be age 65.
** In cases where the frozen AFC was not provided or appeared unreasonably low, $45,000 was used.*

Retired Members and Survivor Beneficiaries

	General	D.O.T.	DWSD	Library	Totals
Number	6,053	1,550	2,639	322	10,564
Annual benefits ($ millions) #	$ 115.2	$ 29.6	$ 57.0	$ 6.3	$ 208.2
Average benefits #	$19,039	$19,093	$21,604	$19,576	$19,704
% Change in reported average benefit	(0.1)%	0.6 %	(0.8)%	(1.8)%	(0.2)%

 # Includes annuities. Does not include reductions resulting from the annuity claw-backs.

Active Members as of June 30, 2025
by Attained Age and Years of Service
Retirement System Totals

Attained Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Total No.
Under 20								0
20-24								0
25-29								0
30-34	4	3	1					8
35-39	7	15	19	7				48
40-44	16	16	24	11	13	1		81
45-49	15	15	37	35	57	14	3	176
50-54	13	22	48	45	72	79	16	295
55-59	12	21	46	57	98	144	79	457
60-64	12	22	41	43	64	115	140	437
65-69	10	8	31	26	27	31	74	207
70-74	4	5	12	12	3	6	21	63
75-79	1	2	2	6	4	7	5	27
Totals	**94**	**129**	**261**	**242**	**338**	**397**	**338**	**1,799**

Group Averages:

Age: 57.0 years
Benefit Service: 12.8 years
Eligibility Service: 21.8 years

Service shown in this schedule is Legacy Benefit service plus Hybrid Benefit service.

Retirees and Beneficiaries as of June 30, 2025
Tabulated by Attained Ages
Retirement System Totals

Attained Ages	Age & Years of Service# No.	Age & Years of Service# Annual Allowances^	Disability No.	Disability Annual Allowances^	Death-in-Service No.	Death-in-Service Annual Allowances^	Totals No.	Totals Annual Allowances^
Under 20*	1	$ 3,216					1	$ 3,216
20-24	7	46,344					7	46,344
25-29	8	78,876					8	78,876
30-34	13	130,632					13	130,632
35-39	21	118,404					21	118,404
40-44	24	134,448	1	$ 9,132	3	$ 48,360	28	191,940
45-49	26	232,704	8	49,884	1	9,276	35	291,864
50-54	119	1,530,672	20	191,124	6	46,968	145	1,768,764
55-59	316	6,206,604	55	654,036	15	190,452	386	7,051,092
60-64	1,188	21,165,720	112	1,692,888	31	428,616	1,331	23,287,224
65-69	2,045	39,333,480	207	3,004,788	33	504,744	2,285	42,843,012
70-74	1,951	40,755,552	150	2,116,812	46	800,652	2,147	43,673,016
75-79	1,750	37,877,664	113	1,608,792	35	750,792	1,898	40,237,248
80-84	1,028	20,512,668	35	369,816	24	315,588	1,087	21,198,072
85-89	593	9,754,596	26	258,684	12	159,576	631	10,172,856
90-94	316	4,767,912	6	66,420	16	168,132	338	5,002,464
95 and Over	184	2,323,776	5	32,796	14	153,816	203	2,510,388
Totals	**9,590**	**$184,973,268**	**738**	**$10,055,172**	**236**	**$3,576,972**	**10,564**	**$198,605,412**

** May include records with defective birth dates.*
 # Includes survivor beneficiaries of deceased retirees.
^ Excludes annuities.

Retirees and Beneficiaries as of June 30, 2025
Tabulated by Year of Retirement

Year of Retirement	No.	Annual Allowances^ Total	Average
1961-1965	1	$ 4,668	$ 4,668
1966-1970	3	19,200	6,400
1971-1975	16	114,756	7,172
1976-1980	30	259,860	8,662
1981-1985	93	1,248,264	13,422
1986-1990	216	2,755,248	12,756
1991-1995	576	8,577,192	14,891
1996-2000	948	17,500,980	18,461
2001-2005	1,488	33,483,192	22,502
2006-2010	1,848	41,440,608	22,425
2011-2015	2,342	47,508,672	20,286
2016-2020	1,593	25,322,460	15,896
2021	327	4,746,780	14,516
2022	285	4,152,564	14,570
2023	301	4,207,692	13,979
2024	323	4,810,788	14,894
2025	174	2,452,488	14,095
Totals	**10,564**	**$198,605,412**	**$18,800**

^ Excludes annuities.

SECTION D

METHODS AND ASSUMPTIONS

Summary of Assumptions and Methods Used for Actuarial Valuations Adopted by the Board of Trustees

All assumptions are estimates of future experience except as noted. The rationale for the assumptions is based on experience studies where noted.

Economic Assumptions

The investment return rate used in making the valuation was 6.75% per year, compounded annually (net after investment expenses). This assumption is set by the Board.

Price inflation is not directly used in the valuation. For purposes of assessing the reasonability of the investment return assumptions, we assumed price inflation of 2.50% per year.

Future ***administrative expenses*** are assumed to be 1.01% of benefit payments and refunds.

Non-Economic Assumptions

For healthy post-retirement mortality, the PubG-2010(B) Below-Median General Retiree table was used for mortality assumptions going forward, decreased by 3% for males and increased by 26% for females.

For disabled post-retirement mortality, the PubNS-2010 Non-Safety Disabled Retiree mortality table was used, increased 4% for males and decreased 2% for females.

For pre-retirement mortality rates, the PubG-2010(B) Below-Median General Employee mortality table was used for both males and females.

The tables are projected to be fully generational, based on the 2-dimensional, sex distinct mortality improvement scale MP-2021 (which was intended to be used with the Pub-2010). 75% of all deaths-in-service are assumed to be non-duty related. This table was first used as of June 30, 2021. The rationale for the mortality assumption is based on the 2015-2020 Mortality Experience Study issued February 4, 2022.

The probabilities of retirement for members eligible to retire are shown on the following pages. These probabilities were revised for the June 30, 2021 valuation. The rationale is based on the 2015-2020 Experience Study.

The probabilities of separation from service (including *death-in-service* and *disability*) are shown for sample ages on the following pages. These probabilities were revised for the June 30, 2021 valuation. The rationale is based on the 2015-2020 Experience Study.

Summary of Assumptions and Methods Used for Actuarial Valuations Adopted by the Board of Trustees (Concluded)

Funding Methods

The unit credit cost method was used in determining age & service pension liabilities, vesting liabilities, and casualty pension liabilities. Under this method, there is no normal cost since benefits are frozen and there are no future accruals and actuarial accrued liability is the present value of each individual's accrued benefit.

Unfunded Actuarial Accrued Liabilities. Actual employer contributions through June 30, 2023 are set by the POA. For contributions starting with the fiscal year ending June 30, 2024, a closed 30-year level principal period is used to amortize Unfunded Actuarial Accrued Liabilities (if any). A separate amortization schedule is used for the GLWA portion of the DWSD division.

Employer contribution dollars were assumed to be paid in quarterly installments at the end of each quarter of the employer fiscal year.

Present assets are set equal to Funding Value of Assets for purposes of calculating the Actuarially Determined Employer Contribution.

The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary.

Single Life Retirement Values

Based on PubG-2010(B)
97% of Male Rates/126% of Female Rates
Using Projection Scale MP-2021

Sample Attained Ages in 2025	Future Life Expectancy (Years)	
	Men	Women
45	37.86	40.31
50	32.93	35.25
55	28.55	30.65
60	24.29	26.11
65	20.14	21.62
70	16.13	17.27
75	12.45	13.24
80	9.23	9.67

Probabilities of Age/Service Retirement for Members Eligible to Retire

Retirement Ages	Percent of Eligible Active Members Retiring within Next Year with Unreduced Benefits		
	EMS	D.O.T.	Others
62	40%	20%	20%
63	40%	20%	20%
64	40%	20%	20%
65	40%	20%	20%
66	40%	20%	20%
67	40%	30%	20%
68	40%	30%	20%
69	40%	30%	20%
70	100%	100%	20%
71			20%
72			20%
73			20%
74			20%
75			20%
76			20%
77			20%
78			20%
79			20%
80			100%
Ref	851	3304	3305

The above probabilities of unreduced retirement are only applicable to members who are also eligible for Component I (Hybrid) unreduced retirement. The rationale for this assumption is based on the 2015-2020 Experience Study.

Probabilities of Early Retirement
for Members Eligible for Early Retirement

Retirement Ages	Percent of Eligible Active Members Retiring within Next Year with Reduced Benefits
55	6.5%
56	6.5%
57	6.5%
58	7.5%
59	8.5%
60	9.5%
61	9.5%
62	9.5%
Ref	3303

The above probabilities of early retirement are only applicable to members who are also eligible for Component I (Hybrid) early retirement. The rationale for this assumption is based on the 2015-2020 Experience Study.

Sample Rates of Separation from Active Employment Before Retirement

		% of Active Members Separating within Next Year	
		Withdrawal	
Sample Ages	**Years of Service**	**EMS**	**Other**
ALL	0	16.00%	28.00%
	1	15.00%	19.00%
	2	15.00%	15.00%
	3	11.00%	14.00%
	4	11.00%	14.00%
25	5 & Over	10.05%	13.00%
30		8.85%	11.91%
35		7.80%	9.25%
40		6.60%	7.19%
45		5.10%	5.91%
50		3.60%	5.00%
55		3.00%	5.00%
60		3.00%	5.00%
	Ref	1405	1406
		1608	1609

	% of Active Members Becoming Disabled within Next Year			
Sample	**D.O.T.**		**Others**	
Ages	**Ordinary**	**Duty**	**Ordinary**	**Duty**
25	0.16%	0.24%	0.03%	0.03%
30	0.19%	0.28%	0.04%	0.04%
35	0.26%	0.39%	0.05%	0.05%
40	0.37%	0.56%	0.08%	0.08%
45	0.56%	0.84%	0.12%	0.12%
50	0.70%	1.05%	0.15%	0.15%
55	0.82%	1.23%	0.17%	0.17%
60	0.94%	1.41%	0.20%	0.20%
Ref	1238 x 1.20	1238 x 1.80	1238 x 0.25	1238 x 0.25

The rationale is based on the 2015-2020 Experience Study.

Miscellaneous and Technical Assumptions

Administrative Expenses	Administrative expenses are assumed to be 1.01% of benefit payments and are to be included in the employer contribution.
Average Final Compensation (AFC)	Frozen AFC is reported in the data provided for the annual valuation. Longevity payments and Sick Leave are included directly in the reported frozen AFC. We annually test the reported AFC against a sample set of retirees to determine if any additional adjustments should be made to the liability. No additional adjustment was made for this report.
Benefit Service	Exact Fractional service is used to determine the amount of benefit payable.
Data Adjustments	Assumptions regarding incomplete or missing data are reviewed annually with the System and adjusted as directed by the System.
Decrement Operation	Disability and mortality decrements do not operate during the first five years of service. Disability and withdrawal do not operate during retirement eligibility.
Decrement Relativity	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Timing	Decrements of all types are assumed to occur mid-year.
Deferred Vested Benefit Commencement Age	Members are assumed to commence benefits at the age in which they are first eligible for unreduced benefits.
Disability Change Age	For active members that become duty disabled, the Component II (Legacy) plan is assumed to only be responsible for the frozen benefit which becomes payable starting at the earliest of when the member would have accrued 30 years of service credit (25 for EMS) or age 60.

Miscellaneous and Technical Assumptions

Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and rounded service on the date the decrement is assumed to occur.
Forfeiture Assumption	It is assumed that 0% of members will elect to forfeit their benefit.
Incidence of Contributions	Employer contributions are assumed to be received in equal quarterly installments on the last day of each quarter of the fiscal year.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Member Contributions	Member contributions to this Component II plan are assumed to have ceased with the bankruptcy.
New Entrant Assumption	No assumption is made for experience related to members rehiring/reentering active service.
Normal Form of Benefit	Straight life is the normal form of benefit. The Board adopted assumptions for Actuarial Equivalence to be an 80%/20% unisex blend of RP-2014 mortality (Male/Female) with Blue Collar Adjustment, set ahead one year for males and females, projected 11 years with MP-2014, an interest rate of 6.75%, and no COLA for optional forms of payment and early retirement reduction. Assumptions for annuitizing member contributions are the same except for using a 60%/40% unisex blend and a 5.25% assumed rate of interest. Prior to the use of these factors, actuarial equivalent factors were based on 7.5% interest and the 1984 Group Annuity Mortality table.
Pop-Up Benefits	For current retirees with a pop-up benefit, the value of the pop-up was estimated by valuing a non-pop-up option and increasing the associated liabilities by 2%.
Service Credit Accruals	Service accruals for calculating benefits end as of June 30, 2014 for Component II (Legacy) and begin as of June 30, 2014 for Component I (Hybrid). However, service in Component I (Hybrid) and Component II (Legacy) may be used to satisfy benefit eligibility requirements in both plans.

The rationale is based on the 2015-2020 Experience Study, modified as necessary for changes in data or administration.

SECTION E

PLAN PROVISIONS

Summary of Benefit Provisions Evaluated

Component II Frozen Benefits

All Component II benefits are frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the Detroit General Retirement System as it existed on June 30, 2014. Frozen benefits are further reduced by 4.5% and all future cost-of-living adjustments ("COLAs") were eliminated. Benefits resulting from the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a "Claw-back." Details of the claw-back provision are complicated and can be found in the Eighth Amended Plan of Adjustment. The benefits evaluated in this report are the frozen reduced benefits after adjusting the assets for the claw-back. Component II benefits are payable after separation from service, upon meeting the eligibility conditions of the plan as it existed on June 30, 2014, regardless of whether the individual is eligible to receive a Component I benefit at that time.

Our understanding of the June 30, 2014 plan provisions is provided below for completeness. The material below does not have legal standing and is not intended to cover all potential situations that could occur. If there are discrepancies between the description below and appropriate legal documents, the latter necessarily govern.

Age and Service Pension

Eligibility - Any age (minimum age 55 for non-EMS members hired after 1995) with 30 years of service (25 for EMS members), or age 60 with 10 years of service, or age 65 with 8 years of service.

Annual Amount - **EMS Members:** Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to 2.0% of AFC multiplied by years of service. Maximum benefit is 90% of AFC.

Other Members: Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years. Future benefit accruals for certain active members (depending on bargaining unit) were reduced to 1.5% of final average compensation per year of service.

Type of Average Final Compensation (AFC) - Highest 3 consecutive years out of the last 10. Pension benefits will not be diminished if compensation is reduced because of a fiscal emergency. Effective July 1, 1999, in computing the AFC, a member shall have the option of adding the value of 25% of unused accrued sick leave to the earnings used in computing the AFC. Longevity is added to AFC in accordance with the following schedule: $150 after 5 years, $300 after 10 years, $450 after 15 years, $600 after 20 years, and $750 after 25 years.

Early Retirement

Eligibility - Any age with 25 or more years of service (min. age 55 for members hired after 1995).

Annual Amount - Same as regular retirement but actuarially reduced.

Summary of Benefit Provisions Evaluated (Continued)

Deferred Retirement (Vested Benefit)

Eligibility - Hired prior to 7-1-80: Age 40 with 8 years of service. Hired on or after 7-1-80: Any age with 10 years of service.

Benefit Commencement - APTE hired prior to July 1, 1988: Benefit begins at the age the member would have become eligible for regular retirement if service had continued. ***SAAA, Non-Union and lawyers hired prior to June 30, 1986:*** Benefit begins at the age the member would have become eligible for regular retirement. ***Others:*** Benefits based on service rendered by June 30, 1986 begin at the age the member would have become eligible for regular retirement. Benefits based on service rendered after July 1, 1986 begin at age 62.

Annual Amount - Same as regular retirement but based on average final compensation and service at the time of termination.

Duty Disability Retirement

Eligibility - Service related disability before eligibility for service retirement prior to and July 1, 2014. No service requirement.

Annual Amount - An annuity which is the actuarial equivalent of the accumulated contributions at date of disability plus a pension of two-thirds of average final compensation at time of disability. The maximum annual pension is $5,700 ($9,000 for EMS). At the earliest of when the member would have accrued 30 years of service credit (25 for EMS) or age 60, the annuity is recomputed assuming contributions would have continued at a salary level equal to final compensation. The pension is recomputed with additional service credit granted from the date of disability to age 60 (or 30 years of service credit) or June 30, 2014, whichever is earlier. **Benefits payable prior to conversion/re-computation, if any, were assumed to be paid outside the trust.**

Non-Duty Disability Retirement

Eligibility - Disability from any cause before age 60 with 10 or more years of service prior to July 1, 2014.

Annual Amount - Computed in the same manner as a regular retirement benefit. Maximum annual pension to age 60 is $6,000. Benefit is recomputed at age 60 with no maximum. **Benefits payable prior to age 60, if any, were assumed to be paid from outside the trust.**

Duty Death before Retirement

Eligibility - Death from service related causes. No age or service requirements.

Annual Amount - One-third of final compensation as of June 30, 2014 to the surviving spouse for life or until remarriage, plus an equal share of 1/4 of final compensation to each unmarried child under age 18. If there is no eligible spouse, eligible children each receive 1/4 of final compensation; if there are more than 2 such children, each child shares an equal part of 1/2 of final compensation. Maximum total amount for spouse and children is $9,000 annually. If there is no eligible spouse or children, dependent parents each receive 1/6 of deceased's final compensation, to a total maximum of $600 annually.

Summary of Benefit Provisions Evaluated (Concluded)

Non-Duty Death before Retirement

Eligibility - Death-in-service at any age with 15 years of service; or after age 60 with 10 years of service; or after age 65 with 8 years of service.

Annual Amount - To Surviving Spouse: Computed as a regular retirement benefit but reduced in accordance with a 100% joint and survivor election for members with 20 or more years of service. For members with 15 years of service but less than 20, benefit is reduced in accordance with a 50% joint and survivor election. To Dependent Children if no Surviving Spouse: $9,000 payable to age 19 of the youngest child or for life if child is physically or mentally impaired for members with 20 or more years of service ($6,000 if less than 20 years of service).

Post-Retirement Cost-of-Living Adjustments

Benefit is increased annually by 2.25% of the **original** pension amount at retirement. Post-retirement cost-of-living increases were eliminated on future accruals for certain active members (depending on bargaining unit).

Member Contributions

Members have the option of choosing one of four contribution amounts: (1) 0%; (2) 3.0% of compensation up to the Social Security wage base, plus 5.0% of compensation in excess of the Social Security wage base; (3) 5.0% of total compensation; or (4) 7.0% of total compensation. Member contributions can be paid as a lump sum or annuitized at retirement to provide an annuity in addition to the pension (which is not affected by the level of member contributions).

SECTION F

GLOSSARY

Glossary

Accrued Service	The service credited under the plan which was rendered before the date of the actuarial valuation.
Actuarial Accrued Liability (AAL)	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
Actuarial Cost Method	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of future Normal Costs and the Actuarial Accrued Liability.
Actuarially Determined Employer Contribution	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's actuarial funding policy.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV)	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
Actuarial Present Value of Future Benefits (APVFB)	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Funding Value of Assets, and related Actuarial Present Values for a plan.

Glossary

AFC	Average Final Compensation.
Amortization Method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase. Under the Level Principal method, the Amortization Payment is one of a stream of decreasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Principal method, the principal payment remains constant, while the interest portion is reduced over time.
Amortization Payment	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Amortization Period	The period used in calculating the Amortization Payment.
ARF	Annuity Reserve Fund.
ASF	Annuity Savings Fund of the Component II (Legacy) Plan.
Closed Amortization Period	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc.
COLA	Cost-of-Living Adjustment.
Contribution Budgeting Liability	An expected return-based measure of pension obligation.
DIA	Detroit Institute of Arts.
D.O.T	Department of Transportation.
Duration	An approximate measure of sensitivity to changes in interest rates.
DWSD	Detroit Water and Sewerage Department.
Employer Normal Cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Glossary

E.M.S.	Emergency Medical Service.
Equivalent Single Amortization Period	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
Experience Gain/Loss	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, i.e., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
Funded Ratio	The ratio of the Funding Value of Assets to the Actuarial Accrued Liability.
Funding Value of Assets (FVA)	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined Employer Contribution (ADEC).
FY	Fiscal Year.
GASB	Governmental Accounting Standards Board.
GASB Statement No. 67 and GASB Statement No. 28	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. GASB Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while GASB Statement No. 67 sets the rules for the systems themselves.
GLWA	Great Lakes Water Authority.
MVA	Market Value Assets.
Normal Cost	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Glossary

Open Amortization Period	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
PAF	Pension Accumulation Fund.
POA	The 8th Amended Plan for the Adjustment of the Debt of the City of Detroit.
Reserve Account	An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.
RSF	Rate Stabilization Fund.
Solvency Liability	A market-based measurement of the pension obligations.
Transition Cost	Initial unfunded liability as described in Section E-16 of the Plan document.
Unfunded Actuarial Accrued Liability	The difference between the Actuarial Accrued Liability and Funding Value of Assets.
Valuation Date	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.
VPIF	Variable Pension Improvement Factor. Discussed in Section 6.2 of the Plan Document.

SECTION G

FUNDING POLICY

I. Introduction

The purpose of this Actuarial Funding Policy is to record the funding objectives and policy set by the Board of Trustees (Board) and the Investment Committee (Investment Committee) for the General Retirement System of the City of Detroit (the GRSD). The Board and the Investment Committee establish this Actuarial Funding Policy to help ensure the systematic funding of future benefit payments for members of the Plan.

In 2014, the Combined Plan document for the GRSD was written and approved by the bankruptcy court as part of the City's Plan of Adjustment (POA). At that time, the original retirement plan was split into two retirement plans: Component I (Hybrid) and Component II (Legacy) (collectively the "Plans"). In accordance with the POA, employer contributions and certain assumptions cannot be changed until fiscal year 2024. This Policy is intended to establish a funding policy for the period beginning in fiscal year 2024, when employer contributions must be determined on an actuarial basis. Nothing in this Policy is intended to prevent the Board and the Investment Committee from altering the Policy prior to fiscal year 2024 as conditions change or additional information becomes available to the Board.

This Policy shall be regularly reviewed by the Board and the Investment Committee.

II. Definitions

"Actuarial Accrued Liability (AAL)" means the difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

"Actuarial Assumptions" means the estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

"Actuarial Cost Method" means a mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

"Actuarial Gain (Loss)" means a measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or "actuarial gain" as of the next valuation. These include contribution gains and losses that result from actual contributions made being greater or less than the level determined under the policy.

"Actuary" means a person who is trained in the applications of probability and compound interest to problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries (MAAA). The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation ASA and ultimately to Fellowship with the designation FSA.

"Amortization" means paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

"*Board*" or "*Board of Trustees*" shall mean the Board of Trustees of the General Employees Retirement System of the City of Detroit.

"*Committee*" or "*Investment Committee*" shall mean the Investment Committee of the General Employees Retirement System of the City of Detroit.

"Division" shall mean the General City, DDOT, Library and/or DWSD divisions in the City of Detroit.

"Experience Study" means an actuarial investigation of demographic and economic experiences of the system during the period studied. The investigation was made for the purpose of updating the actuarial assumptions used in valuing the actuarial liabilities.

"Funding Value of Assets" means the value of current plan assets recognized for valuation purposes. Generally based on a phased-in recognition of all or a portion of market related investment return. Sometimes referred to as Actuarial Value of Assets or Smoothed value of Assets.

"*GRSD*" shall mean the General Employees Retirement System of the City of Detroit.

"Market Value of Assets" means the fair value of plan assets as reported in the plan's audited financial statements.

"Normal Cost (NC)" means the annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

"Unfunded Actuarial Accrued Liability (UAAL)" means the positive difference, if any, between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

"Unit Credit Normal Actuarial Cost Method" means a funding method that calculates the Normal Cost as the present value of the change in accrued benefits for active members.

II. Funding Objectives

1. Provide benefit security to members of the GRSD:

   A. For purposes of this policy, benefit security means having adequate liquidity to pay benefits when due.

2. Establish an appropriate employer contribution based on the following objectives:

   A. Upon the recommendation of the GRSD Actuary and after review and consideration of the decision of Judge Thomas J. Tucker with respect to the City of Detroit's Motion to Enforce Plan of Adjustment and Require 30-Year Amortization of the Accrued Liability in the Police and Fire Retirement System filed in the US Bankruptcy Court In re: City of Detroit, Michigan (Case No. 13-53846) (herein after the "Legacy Amortization Motion"); to fully fund the Legacy Plan liability in 30 years from June 30, 2023; and

   B. Fully funding the Hybrid plan liability in 15 years from June 30, 2023; and

   C. Managing employer contribution volatility.

3. Provide a reasonable margin for adverse experience to help offset risks.
4. Measure and monitor funding status, post-2024 contribution estimates and risks.
   A. Perform annual valuations; and
   B. Include post-2024 actuarial determined employer contributions (based on this Policy) in annual actuarial valuations performed for fiscal years before 2024.

III. Elements of the Actuarial Funding Policy

The Plans will have annual actuarial valuations each June 30. Employer contributions will be determined for the fiscal year ending two years after the valuation date. For example, the actuarially determined employer contribution for the fiscal year ending June 30, 2024 will be determined by the June 30, 2022 annual actuarial valuation.

Annual actuarial valuations may or may not also serve other purposes such as for Legacy plan restoration, Hybrid plan Section 9.5 fiscal responsibility calculations, and/or Annuity Savings Fund excess interest transfers between components. Unless otherwise stated, those purposes are not subject to this Policy.

For funding purposes, annual actuarial valuations will include the following elements of the Actuarial Funding Policy:

1. Actuarial Cost Method

A. Hybrid Plan: The Entry Age actuarial cost method shall be used in determining the Actuarial Accrued Liability (AAL) and Normal Cost with the entry age based on the date of hire. Since this component was created in July 2014 and granted eligibility and vesting service prior to July 2014 (for members hired before that date), this plan had an unfunded actuarial accrued liability on the plan effective date, known as the transition liability.

B. Legacy Plan: The Unit Credit Normal actuarial cost method shall be used in determining Actuarial Accrued Liability (AAL) and Normal Cost. Since this component is closed and accrued benefits are frozen as of June 30, 2014, this method results in no normal costs and an AAL that equals the Present Value of Accrued Benefits (PVAB) of each member.

2. Asset Smoothing Method

A. For determining (or estimating) employer contributions on or after fiscal year 2024, the Funding Value of Assets will be based on a method that employs smoothing of market gains and losses over a closed period. The smoothing period for recognize market gains and losses (above or below the assumed rate of return) will be a 3-year period.

B. The Funding Value of Assets shall not diverge from the Market Value of Assets by more than 15%.

C. The annual valuation will calculate results on both the smoothed value of assets and the (non-smoothed) Market Value of Assets beginning with the June 30, 2022 valuation (the Funding Value of Assets will initially be set to the Market Value of Assets as of June 30, 2021 with smoothing beginning prospectively). The post-2024 contribution estimate will always be based on the smoothed value of assets. Other results (UAAL, Funded Status, etc.) will be based on the Market Value of Assets prior to 2024 and the smoothed value of assets starting in 2024.

3. Amortization Method

A. Hybrid Plan

a) A Level Percent of Payroll amortization method shall be used to systematically eliminate (pay off) the Unfunded Actuarial Accrued Liability (UAAL) over a closed 15-year period from the later of July 1, 2023 or the applicable fiscal year after the funded status falls below 100%.

b) If the funded status for a division is above 100%, the contribution requirements for the division's UAAL will be $0 (thereby creating a minimum employer contribution of employer normal cost).

c) Layered amortizations will be considered by the Board for contributions after fiscal year 2024. Considerations for layering could include:

(i) Length of initial period remaining;

(ii) Source of liability being amortized (i.e., new liabilities related to benefit changes and assumptions changes may be amortized over specific shorter periods (i.e., less than 15 years)). It is the intention of the Board and IC to align the amortization period in the appropriate circumstances with the corresponding benefit payment time-period;

(iii) Magnitude of base that could be added in the current year;

(iv) The change in contribution levels from the prior year (i.e., if a previous base is falling off and the current base is going in the opposite direction, it might be better to roll it into an existing base in order to levelized contributions).

d) Each division shall be responsible for funding its liability. Funding for any division that is at risk of depleting its divisional assets may be accelerated. Divisions shall not be permitted to have a funded status below 0% and contributions shall be accelerated as appropriate.

B. Legacy Plan

a) The Level Principal amortization method shall be used to systematically eliminate (pay off) the Unfunded Actuarial Accrued Liability (UAAL) over a closed period of 30 years from July 1, 2023, as reflected in the Plan of Adjustment (POA) and consistent with the decision of Judge Thomas J. Tucker with respect to the City's Legacy Amortization Motion.

b) If the funded status for a division is above 100%, the contribution requirements for the division's UAAL will be $0 (thereby creating a minimum employer contribution of administrative expenses).

c) Layered amortizations will be considered by the Board for contributions after fiscal year 2024. Considerations for layering could include:

(i) Length of initial period remaining;

(ii) Source of liability being amortized (i.e., new liabilities related to benefit changes and assumptions changes may be amortized over specific shorter periods (i.e., less than the UAAL amortization period adopted by the Board and IC)). It is the intention of the Board and IC to align the amortization period in the appropriate circumstances with the corresponding benefit payment time period;

(iii) Magnitude of base that could be added in the current year;

(iv) The change in contribution levels from the prior year (i.e., if a previous base is falling off and the current base is going in the opposite direction, it might be better to roll it into an existing base in order to levelized contributions); and

(v) The City has applied for the Protecting MI Grant Program. If approved, any new liabilities related to benefit changes for active employees or retirees in the Legacy Plan must be fully funded when granted.

d) Each division shall be responsible for funding its liability. Funding for any division that is at risk of depleting its divisional assets may be accelerated. Divisions shall not be permitted to have a funded status below 0% and contributions shall be accelerated as appropriate.

4. Funding Target and Cash Flow Projections

A. The targeted funded ratio shall be 100%.

B. The Legacy annual actuarial valuation shall include projections of estimated employer contributions, expected benefit payments and estimated funded status to the later of fiscal year 2054 or 30 years after the applicable employer contribution fiscal year.

C. Section 9.5 of the plan details the actions to be taken if the 5-year projected funded status falls below 100% (Hybrid, only).

5. Risk Management

A. Assumption Changes

a) The actuarial assumptions to be used shall be those last adopted by the Board based on the most recent experience study and upon the advice and recommendation of the actuary. In accordance with the City Ordinance, the actuary shall conduct an experience study at least every five years. The results of the study shall be the basis for the actuarial assumption changes recommended to the Board;

b) The actuarial assumptions may be updated at any time, as advised by the actuary, if significant plan design changes or other significant events occur that would dictate such a change; and

c) Even though the investment rate of return may not be changed for determining employer contributions until after June 30, 2023, the Board may elect to show valuation results under an alternative reasonable assumed rate of investment return prior to 2023.

B. Risk Measures

a) Risk measures will be included in the annual actuarial valuations. Below is a list of potential measures to be included. The measures may be changed over time as deemed appropriate.

(i) Classic measures

- Funded ratio (assets / liability) on both a market value and funding value (if funding value is not equal to market).
- UAAL amortization period (years required to pay down the UAAL based on current funding rates).
- Portfolio rate of return for the year on both the market value and funding value of assets.
- 5-year and 10-year geometric average portfolio rate of return on both the market value and funding value of assets (developed prospectively).

- 5-year and 10-year standard deviation of return on both the market value and funding value of assets (developed prospectively).

(ii) Duration of the Actuarial Accrued Liability

- Measures the sensitivity of the liability to a 1% change in assumed rate of return. A decrease in this measure indicates a decrease in assumed rate sensitivity and vice versa.

(iii) Total UAAL / Covered Payroll

- Measures the risk associated with contribution rates relative to the impact on the ability to fund the UAAL. A decrease in this measure indicates a decrease in UAAL contribution risk and vice versa.
- Consideration will be given to using total payroll or revenue source, if available.

(iv) Total Assets / Covered Payroll

- Measures the risk associated with the potential impact of asset experience on contributions. A decrease in this measure indicates a decrease in asset risk and vice versa.
- Consideration will be given to using total payroll or revenue source, if available.

(v) Total AAL / Covered Payroll

- Measures the risk associated with the potential impact of liability experience on contributions. A decrease in this measure indicates a decrease in experience risk and vice versa. This also provides a long-term measure of the asset risk where the GRSD has a target funded ratio of 100%.
- Consideration will be given to using total payroll or revenue source, if available.

(vi) Non-Investment Cash Flow / Beginning of year assets

- Measures depletion risk, sensitivity to annual investment gains and losses risk and the maturity of the plan. For a mature open plan, this may converge to the negative of the real rate of return assumption (investment return less wage inflation). A less negative number (or a positive number) indicates a less mature plan and/or a plan that is at lower risk of fund depletion and less sensitive to annual gains and losses. A more negative number indicates a more mature plan and/or a plan that is more at risk of fund depletion and more sensitive to annual gains and losses. For a super-mature closed plan such as the Legacy plan, this may become more negative over time as liquidity needs increase.

(vii) Market Value of Assets / Benefit Payments

- Measure depletion risk. A low value estimates the number of years to depletion disregarding future contributions and investment return.

(viii) Solvency Liability

- Measures the estimated cost of accrued benefits as a result of minimizing investment risk in the portfolio.

b) Risk Control: The Board shall carefully monitor the risk measures above and shall consider steps to mitigate risk, particularly as the Legacy Plan funded ratio increases. Examples of risk mitigating techniques include, but are not limited to:

(i) Reviewing investment risk in accordance with the Board's Investment Policy;

(ii) Adding provisions for adverse deviation in the actuarial assumptions; and

(iii) Increasing employer contributions (through a change in methods, assumptions, or amortization period).

IV. Hybrid Plan Section 9.5 Projection Assumptions

Section 9.5 of the Combined Plan titled *"Fiscal Responsibility: Increased Funding Obligations and Benefit Reductions"*, provides generally in the event the funding level of Component I of the Retirement System, projected over a five-year period, falls below specified targets, the Board is required to take established remedial actions. The stated intention of this Section is to "safeguard the long-term actuarial and financial integrity of the Retirement System." Section 9.5(3) further provides that "the actuarial accrued liability of Component I shall be calculated by the Plan's Actuary utilizing an interest rate assumption of six and three-quarters percent (6.75%) and other reasonable assumptions as directed by the Board upon the recommendation of the Investment Committee."

In December, 2016, both the Board and the Investment Committee adopted the following guidelines to be utilized by the actuary in completing the five-year projections as required in Section 9.5 of the Hybrid Plan:

1. The five-year projections should be based on the general valuation assumptions as previously adopted by the Board (e.g., inflation, mortality, retirement, withdrawal, etc.).
2. Section 9.5(1) provides that Variable Pension Improvement Factor ("VPIF") benefits will only be granted in the event the plan is projected to be over 100% funded. It is the considered opinion of the Board and the Investment Committee that the mandatory employee contributions as set forth in the plan based upon the five-year projections required by Section 9.5 are intended to fund base benefits in the normal course and not VPIF benefits. Accordingly, it is the funding policy of the Board to not include any projected future VPIF benefits in the five-year projection calculations. However, in the future and to the extent that VPIF benefits have been granted to retirees at the time of the five-year projection, that Actuary shall assume continuation of those previously granted VPIF benefits except as otherwise provided in Section 9.5(2) of the Combined Plan.
3. For purposes of completing the five-year projection in any given year, an initial projection is to be completed demonstrating the effect of an award of the VPIF benefit to qualified retirees in the following Plan Year. If the Plan continues to be funded at a level greater than 100%. the VPIF may be awarded by the Board and IC in accordance with the Plan provisions. In the event the funding level in the initial projection is less than 100%, a second projection shall be performed to verify if any of the remedial measures required under Section 9.5 are necessary.
4. Transition Costs should not include an assumption of future VPIF benefits. Since there is a separate funding source established in the Combined Plan for payment of Transition costs through 2023 [Section E-16(c)], Transition Costs should be excluded from the Section 9.5 tests until fiscal year 2024. The Transition Costs shall be determined as of July 1, 2014 (without an assumption for payment of future VPIF benefits and financing of the Transition costs shall be calculated based upon a level dollar amortization of the Initial Transition Cost over a 9-year fixed amortization period and the Retirement System's Investment Return Assumption of 6.75%.
5. Component II (Legacy Plan) ASF balances are assumed to be withdrawn as a level dollar amount over the next 10 years, however voluntary employee contributions into the Component Annuity Savings Fund shall be assumed to continue at the historical levels as previously contributed to the Component II ASF. For Transition Funding purposes, an appropriate arbitrage of the difference between the assumed rate of investment return of 6.75% and the maximum interest rate that can be credited to the ASF Accounts of 5.25% should be used for both the Hybrid Plan

(Component I) and Legacy Plan (Component II) ASF Accounts. However, for asset transfers based on a lookback period, actual market returns will be used, if known.

6. The Hybrid Plan assets shall include the Rate Stabilization Fund to the extent the plan is less than 100% funded.
7. The Annual Actuarial Valuation for the fiscal year ending June 30, 2015, shall generate the first five-year projection. Upon receipt of the June 30, 2015 valuation, a determination shall be made whether any remedial action is required. In the event remedial action is required, such remedial action shall be effective July 1, 2017 [Section 9.5(1)].
8. The funding value of plan assets for purposes of Section 9.5 testing of the Hybrid Plan (Component I) funding level would otherwise be based upon a three (3) year smoothing method wherein the assumed investment income of 6.75% will be recognized fully each year and the differences between actual and assumed investment income shall be phased in over a closed three (3) year period. The Actuary has opined that since the projection period is for a five (5) year period, the use of a three (3) year smoothing period is of no consequence and would result in an asset value that is not materially different than projecting the current market value of assets out five (5) years at the assumed rate of return of 6.75%. Accordingly, the projection shall utilize the market value of the portfolio using the 6.75% rate of return [Section 9.5(3)].
9. The forgoing assumptions shall be utilized for both the 100% projection test in Section 9.5(1) and the 80% projection test in Section 9.5(2).
10. The required actions set for in Section 9.5(2), if any, shall be reflected in the projections by the addition of each item in the order listed until the appropriate threshold is reached. Illustrated as follows:

> Perform the first projection ignoring all the 9.5(2) actions. If the projected funded status was less than 80%, then the Actuary is to re-perform the projection reflecting the action in 9.5(2)(a). If the projection results in a funding level that is still below 80%, the projection is to be re-performed reflecting the action in 9.5(2)(b): and so on. Once the 80% threshold is met, such projection would reflect the required actions under Section 9.5(2) that are to be taken.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Scott Garrigan, Financial Services Director

Re: Water Funding Task Force Update as of April 20, 2026

Background: The Water Funding Task Force (WFTF) was formed in January 2026 with the goal of addressing long-term water infrastructure needs facing our state to adequately mitigate economic, environmental, and social risks without adversely impacting affordability. The deliverables are research and analysis that supports companion funding and policy recommendations.

The task force is composed of various GLWA staff, industry experts, and consultants.

Analysis: Current actions items include the following.

- Researching and compiling Michigan's history of infrastructure funding and infrastructure funding alternatives that have been implemented in other states.
- Engaging with Member Partners to better understand their financial and infrastructure pressures. An open call for Member Partners to participate in one of three focus groups was emailed on Monday afternoon (April 20, 2026). By end of the next day on Tuesday (April 21, 2026), ten individuals from ten different Member Partners signed up. Participants so far include city managers, public works directors, finance professionals, and others. This is the type of type of multidisciplinary representation that we were hoping to garner. Responses are due April 27, 2026.
- Engaging with peer utilities across the United States to better understand their financial and infrastructure pressures – as well as other funding mechanisms that they have explored in their state. Invitations were sent to 16 peer utilities in the US. Those meetings are currently being scheduled.
- Estimate a statewide funding gap based on a combination of available data.
- Developing a slate of funding proposals and/or state policy recommendations.

Proposed Action: Receive and file this report.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Cindy Cezat, Financial Management and Planning Director

Re: FY 2027 Approved Budget and Charge Resolutions – DWSD Informational Data

Background: At the time the GLWA Board of Directors adopted the budget and approved the schedule of charges on February 25, 2026, certain informational items for the related resolutions were not available from the Detroit Water & Sewerage Department (DWSD). Since then, their Board has adopted their budget which has allowed GLWA to update these items in our documents. This impacts informational only items the following resolutions.

- ✓ Resolution 2026-070 Resolution Adopting the FY 2027 & FY 2028 Biennial Budget
- ✓ Resolution 2026-071 Approval of FY 2027 Schedule of Water and Sewer Service Charges

The resolutions authorized the GLWA Administration to revise, update, and report back the final schedules pending receipt of action by the Board of Water Commissioners for DWSD. No updates impacted the substance of the resolutions. The importance of this information is for users of budget information and related analysis.

Analysis: For 2026-070 Resolution Adopting the FY 2027 & FY 2028 Biennial Budget – Schedule 10 (shown below) was added to the resolution file and the asterisks were removed from the resolution language related to the debt service amounts. The footnote **Amounts are subject to change pending receipt of final DWSD budget information* was removed.

Schedule 10 – Flow of Funds and Debt Service Coverage Consistent with the Master Bond Ordinance

Line No	Flow of Funds Basis	FY 2027 Water Fund	FY 2027 Sewer Fund	FY 2027 Combined (Info Only)	FY 2028 Water Fund	FY 2028 Sewer Fund	FY 2028 Combined (Info Only)
	Revenues						
	GLWA Revenue						
1	Wholesale Charges	$ 384,435,600	$ 326,945,100	$ 711,380,700	$ 406,033,200	$ 341,874,900	$ 747,908,100
2	Charges to Local System [a]	33,087,600	225,283,200	258,370,800	36,139,800	235,235,000	271,374,800
3	Total GLWA Revenue from Charges	417,523,200	552,228,300	969,751,500	442,173,000	577,109,900	1,019,282,900
4	Investment Earnings & Other Revenues	9,234,900	10,953,900	20,188,800	8,669,100	10,649,900	19,319,000
5	Total GLWA Revenues	426,758,100	563,182,200	989,940,300	450,842,100	587,759,800	1,038,601,900
6	DWSD Local System Revenues [b]	104,113,600	100,599,000	204,712,600	109,221,400	106,983,300	216,204,700
7	**Total Revenues**	**$ 530,871,700**	**$ 663,781,200**	**$1,194,652,900**	**$ 560,063,500**	**$ 694,743,100**	**$1,254,806,600**
	Revenue Requirements						
	Operations & Maintenance Expense						
8	GLWA Regional System	$ 193,563,400	$ 237,763,400	$ 431,326,800	$ 200,736,600	$ 248,410,600	$ 449,147,200
9	DWSD Local System	54,218,900	64,186,900	118,405,800	56,387,700	66,754,400	123,142,100
10	Less Shared Service Revenue	(1,537,300)	(1,455,800)	(2,993,100)	(1,537,300)	(1,455,800)	(2,993,100)
11	Net Local System O&M Transfer	52,681,600	62,731,100	115,412,700	54,850,400	65,298,600	120,149,000
12	Total Operations & Maintenance Expense	246,245,000	300,494,500	546,739,500	255,587,000	313,709,200	569,296,200
	Debt Service by Lien (Regional & Local)						
13	Senior Lien Bonds	157,116,600	163,909,100	321,025,700	175,772,000	167,966,100	343,738,100
14	Second Lien Bonds	58,357,600	60,283,100	118,640,700	59,135,400	60,060,700	119,196,100
15	SRF Junior Lien Bonds	18,998,000	42,023,000	61,021,000	19,116,600	48,726,600	67,843,200
16	Total Debt Service	$ 234,472,200	$ 266,215,200	$ 500,687,400	$ 254,024,000	$ 276,753,400	$ 530,777,400
17	GRS Pension	4,540,800	6,748,400	11,289,200	4,295,700	6,339,900	10,635,600
18	WRAP Contribution	3,066,300	4,224,400	7,290,700	3,248,100	4,436,900	7,685,000
19	Lease Payment to Local System I&E Account	22,500,000	27,500,000	50,000,000	22,500,000	27,500,000	50,000,000
20	ER&R Deposit	216,800	-	216,800	618,900	-	618,900
21	Working Capital Requirements	600,000	1,500,000	2,100,000	5,300,000	4,700,000	10,000,000
	Available for Revenue Financed Capital						
22	GLWA Regional System	16,152,800	54,568,000	70,720,800	11,540,700	56,907,800	68,448,500
23	DWSD Local System	3,077,800	2,530,700	5,608,500	2,949,100	4,395,900	7,345,000
24	**Total Revenue Requirements**	**$ 530,871,700**	**$ 663,781,200**	**$1,194,652,900**	**$ 560,063,500**	**$ 694,743,100**	**$1,254,806,600**
25	**Pledged Revenue**	**284,626,700**	**363,286,700**	**647,913,400**	**304,476,500**	**381,033,900**	**685,510,400**
	Debt Service Coverage						
26	Senior Lien Bonds *(25) / (13)*	1.81	2.22		1.73	2.27	
27	Second Lien Bonds *(25) / [(13)+(14)]*	1.32	1.62		1.30	1.67	
28	All Bonds, including SRF Junior Lien Bonds *(25) / (16)*	1.21	1.36		1.20	1.38	

Schedule 10 includes the budget for both GLWA and the Local System(DWSD). The DWSD budget was approved by the DWSD Board of Commissioners on March 18, 2026.

[a] Charges to the Local System are for water and sewer services provided by GLWA to DWSD under Section 3.1 of the Water and Sewer Services Agreement.

[b] DWSD Local System Revenues is net of the GLWA Charges to Local System on line 2 which are paid from the local system revenues.

For Resolution 2026-071 Approval of FY 2027 Schedule of Water and Sewer Service Charges, the **Schedule of Water Service Charges,** the "TBD" on pages 3 and 4 were updated with final numbers.

	Detroit Customer Class -Other		
93	Indirect Retail Revenue Requirements (e)	$	48,354,200

Approved 2/25/2026 WILLDAN 3 of 4

GREAT LAKES WATER AUTHORITY
WATER SUPPLY SYSTEM
Service Charges and Allocated Revenue Requirements
Approved as of February 25, 2026 - Effective July 1, 2026 for bills issued on or after August 1, 2026

Line No,	Member Partner	Contract	Fixed Monthy Charge (a)	Commodity Charge (a)		Projected Revenue From Charges
			$/mo	$/mcf		$
94	less: Use of Lease Payment for Debt Service				$	-
95	**Net Indirect Retail Revenue Requirements (e)**				**$**	**48,354,200**
96	Subtotal Subject to GLWA Board Approval (91) + (95)				$	81,441,800
97	Direct Retail Revenue Requirements (f)				$	55,759,400
98	Total Local Retail Revenue Requirement (95) + (97)				$	104,113,600
99	**Total Requirement Detroit Customer Class** (91) + (98) (agrees with GLWA Budget Schedule 3)				**$**	**137,201,200**

On the **Schedule of Sewer Service Charges,** the "TBD" on page 2 was updated with final numbers.

	Detroit Customer Class -Other		
27	Indirect Retail Revenue Requirements (e)	$	35,337,200
28	less: Use of Lease Payment for Debt Service	$	-
29	**Net Indirect Retail Revenue Requirements (e)**	**$**	**35,337,200**
30	Subtotal Subject to GLWA Board Approval (25) + (29)	$	260,620,400
31	Direct Retail Revenue Requirements (f)	$	65,261,800
32	Total Local System Revenue Requirement (29) + (31)	$	100,599,000
33	**Total Requirement from Detroit Customer Class** (25) + (32)	**$**	**325,882,200**

Proposed Action: Receive and file.

Financial Services
Audit Committee Communication

Date: April 24, 2026

To: Great Lakes Water Authority Audit Committee

From: Matthew S. Lane, MPA – Manager, Charges Outreach & Modeling

Re: Member Partner Contract Status Report

Background: Charges Outreach and Modeling has updated the Member Partner Contract status report for both the Water and Sewer Systems. This information is published periodically for reference purposes and to respond to inquiries.

Analysis: The report includes each Member Partner's contract type, contract date, and term of contract.

Proposed Action: Receive and file.

GREAT LAKES WATER AUTHORITY
WATER SUPPLY SYSTEM
Member Partner Contract Status Report
As of 4/15/2026

Line No,	Member Partner	Contract Type	Contract Date	Term of Contract
1	City of Allen Park	Model	9/9/2008	30 Years
2	Village of Almont	Model	7/1/2015	30 Years
3	Ash Township	Model	4/28/2009	30 Years
4	City of Belleville	Model	9/23/2008	30 Years
5	Berlin Charter Township	Model	3/17/2009	30 Years
6	Charter Township of Brownstown	Model	3/17/2009	30 Years
7	Township of Bruce	Model	3/23/2010	30 Years
8	Burtchville Township	Model	7/27/2010	30 Years
9	Charter Township of Canton	Model	5/20/2008	30 Years
10	City of Centerline	Model	10/14/2008	30 Years
11	Charter Township of Chesterfield	Model	1/21/2014	30 Years
12	Charter Township of Clinton	Model	2/24/2009	30 Years
13	Charter Township of Commerce	Model	7/27/2010	30 Years
14	City of Dearborn	Model	In Process *(1)*	30 Years
15	City of Dearborn Heights	Model	9/9/2008	30 Years
16	City of Eastpointe	Model	9/30/2008	30 Years
17	City of Ecorse	Model	7/27/2010	30 Years
18	City of Farmington	Model	6/23/2009	30 Years
19	City of Farmington Hills	Model	9/15/2009	30 Years
20	City of Ferndale	Model	5/20/2008	30 Years
21	City of Flat Rock	Model	5/4/2010	30 Years
22	City of Flint	Model	12/1/2017	30 Years
23	City of Fraser	Model	1/13/2009	30 Years
24	City of Garden City	Model	3/17/2009	30 Years
25	George W. Kuhn Drainage District	Model	11/20/2009	30 Years
26	City of Gibraltar	Model	5/9/2018	30 Years
27	Greenwood Township	Model	1/26/2022	30 Years
28	Grosse Ile Township	Model	1/1/2019	30 Years
29	City of Grosse Pointe Park	Model	3/24/2021	30 Years
30	Village of Grosse Pointe Shores	Model	9/21/2010	30 Years
31	City of Grosse Pointe Woods	Model	7/21/2009	30 Years

GREAT LAKES WATER AUTHORITY
WATER SUPPLY SYSTEM
Member Partner Contract Status Report
As of 4/15/2026

Line No,	Member Partner	Contract Type	Contract Date	Term of Contract
32	City of Hamtramck	Model	6/15/2010	30 Years
33	City of Harper Woods	Model	5/18/2010	30 years
34	Charter Township of Harrison	Model	7/27/2010	30 Years
35	City of Hazel Park	Model	5/4/2010	30 Years
36	Highland Park	Model	1/1/2014	30 Years
37	Huron Charter Township	Model	5/19/2009	30 Years
38	City of Imlay City	Model	12/16/2015	30 Years
39	Imlay Township	*(2)*		
40	City of Inkster	Model	5/23/2018	30 Years
41	City of Keego Harbor	Model	9/15/2009	30 Years
42	City of Lapeer	Model	12/16/2015	30 Years
43	Lenox Township	Model	9/15/2009	30 Years
44	City of Lincoln Park	Model	1/21/2014	30 Years
45	City of Livonia	Model	7/21/2009	30 Years
46	Macomb Township	Model	7/21/2009	30 Years
47	City of Madison Heights	Model	9/15/2009	30 Years
48	Mayfield Township	Model	12/16/2015	30 Years
49	City of Melvindale	Model	7/21/2009	30 Years
50	Village of New Haven	Model	5/4/2010	30 Years
51	North Oakland County Water Authority	Model	7/1/2015	30 Years
52	City of Northville	Model	6/24/2008	30 Years
53	Charter Township of Northville	Model	6/4/2008	30 Years
54	City of Novi	Model	7/21/2009	30 Years
55	City of Oak Park	Model	3/17/2009	30 Years
56	City of Plymouth	Model	10/14/2008	30 Years
57	Charter Township of Plymouth	Model	5/19/2009	30 Years
58	Charter Township of Redford	Model	8/8/2008	30 Years
59	City of River Rouge	Model	7/27/2010	30 Years
60	City of Riverview	Model	5/11/2016	30 Years
61	City of Rockwood	Model	1/12/2010	30 Years
62	Village of Romeo	Model	7/17/2012	30 Years

GREAT LAKES WATER AUTHORITY
WATER SUPPLY SYSTEM
Member Partner Contract Status Report
As of 4/15/2026

Line No,	Member Partner	Contract Type	Contract Date	Term of Contract
63	City of Romulus	Model	4/28/2009	30 Years
64	City of Roseville	Model	8/14/2008	30 Years
65	Charter Township of Royal Oak	Model	5/18/2010	30 Years
66	Charter Township of Shelby	Model	5/18/2010	30 Years
67	Southeastern Oakland County Water Authority	Model	9/15/2009	30 Years
68	Village of South Rockwood	Model	2/24/2009	30 Years
69	City of Southgate	Model	3/17/2009	30 Years
70	City of St. Clair Shores	Model	9/30/2008	30 Years
71	City of Sterling Heights	Model	7/22/2008	30 Years
72	Sumpter Township	Model	7/27/2010	30 Years
73	City of Sylvan Lake	Model	9/21/2010	30 Years
74	City of Taylor	Model	9/9/2008	30 Years
75	City of Trenton	Model	2/13/2019	30 Years
76	City of Troy	Model	6/24/2008	30 Years
77	City of Utica	Model	1/27/2009	30 Years
78	Charter Township of Van Buren	Model	6/24/2008	30 Years
79	City of Walled Lake	Model	10/6/2009	30 Years
80	City of Warren	Model	2/22/2011	30 Years
81	Charter Township of Washington	Model	6/24/2008	30 Years
82	City of Wayne	Model	10/14/2008	30 Years
83	Charter Township of West Bloomfield	Model	6/24/2008	30 Years
84	City of Westland	Model	3/17/2009	30 Years
85	City of Wixom	Model	2/2/2008	30 Years
86	City of Woodhaven	Model	9/23/2008	30 Years
87	Ypsilanti Community Utilities Authority	Model	5/20/2008	30 Years

(1) GLWA and the City of Dearborn are in the process of implementing an agreement.

(2) Single user – No model contract in place

GREAT LAKES WATER AUTHORITY
SEWAGE DISPOSAL SYSTEM
Member Partner Contract Status Report
As of 4/15/2026

Line No.	Member Partner	Contract Type	Contract Date	Term of Contract
1	City of Allen Park	Model	1/28/2015	30 Years
2	City of Center Line	Model	9/24/2014	30 Years
3	City of Dearborn	Model	1/28/2015	30 Years
4	Evergreen-Farmington Sanitary Drain Drainage District	Model	12/14/2022	30 Years
5	City of Farmington	Model	11/19/2014	30 Years
6	George W. Kuhn Drainage District	Older	11/10/1962	(1) (3)
7	City of Grosse Pointe	Model	11/19/2014	30 Years
8	City of Grosse Pointe Farms	Other	6/21/2011	(2)
9	City of Grosse Pointe Park	Model	9/14/2014	30 Years
10	City of Hamtramck	Model	11/19/2014	30 Years
11	City of Harper Woods	Model	11/19/2014	30 Years
12	City of Highland Park	Model	1/1/2014	30 Years (4)
13	City of Melvindale	Model	11/19/2014	30 Years
14	Oakland-Macomb Interceptor Drain Drainage District	Model	10/22/2009	30 Years
15	Charter Township of Redford	Model	11/19/2014	30 Years
16	Southeast Macomb Sanitary District	Model	10/25/2023	30 Years
17	County of Wayne #3	Older	7/3/1950	(1)
18	County of Wayne - Rouge Valley	Older	8/15/1961	(1) (3)

(1) Minimum term expired; automatic renewal may be canceled with one year's notice.
(2) Duration is indefinite with no initial term. Contracts with indefinite terms are generally terminable either by mutual consent or within a specified period after a notice.
(3) Contract indicates that renewal is by mutual agreement of the parties. Although no formal written renewal is in place, the parties' course of conduct has been to recognize the continuing enforceability of the contract.
(4) Contract executed in April 2024 with the agreement that the effective date would be January 1, 2014.

GLWA Great Lakes Water Authority

Procurement Pipeline

Great Lakes Water Authority (313) 964-9157 www.glwater.org **April 2026 - Volume 80**

Welcome to the April edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

Procurement Tip of the Month: How to Properly Secure and Submit Bid Bonds

Vendors submitting a bid or proposal response to an open GLWA opportunity may be required to include a bid bond with their submission. Bid bonds are a type of surety bond that act as a financial guarantee that a vendor bidding on a project will honor their proposal if awarded. This means that bid bonds help to protect GLWA if an awarded vendor elects not to enter into a contract or withdraws their bid. Bid bonds are also important because they help to ensure that participating bidders have the capacity to fulfill the contract requirements.

Information on whether bid bonds are required, as well as details on how to properly submit bid bonds, are provided in the Solicitation Cover document on the project's Euna Procurement page. When securing and submitting bid bonds, vendors should be aware of the following.

- Vendors must contact their surety company early enough to have the required documents ready to submit with their completed bid or proposal response.
- The bid bond must be executed by a surety licensed to do business in the State of Michigan, or that has an A.M. Best's rating of A-/VIII or greater.
- Bid bonds must be submitted using GLWA's bid bond form (FSA_PRO_SUP_0004) which is included with the solicitation documents.
- The bid bond must name the Vendor as the principal.
- The bid bond must be for 5% of the bid price, meaning 5% of the total amount a vendor offers in their bid or proposal.

For non-awarded vendors, GLWA will retain the bid bonds until the end of the solicitation period, or seven business days after contract award.

For the awarded vendor, GLWA will retain the bid bond until the vendor has submitted all required information, delivered evidence of insurance, furnished the required performance and payment bonds (if applicable), and executed the contract. If the contract requirements are not executed as specified, a vendor's bid bond is forfeited to GLWA. Vendors interested to learn more about GLWA's bid bond requirements to support their solicitation planning efforts are encouraged to reach out to GLWAVendorOutreach@glwater.org. Questions related to securing and submitting bid bonds for a specific GLWA solicitation may be directed to the GLWA Buyer of Record for that project.

Virtual Vendor Introduction Meetings

If you are interested in learning more about doing business with GLWA, contact us at GLWAVendorOutreach@glwater.org to schedule a virtual vendor introduction meeting. Topics include information on submitting a competitive bid or proposal to any GLWA solicitation.

Keeping up with GLWA

Our Chief Executive Officer (CEO) Monthly Report provides a wealth of information and news about important initiatives within GLWA's service territory that impact GLWA, its member partners, and the public. To read the March 2026 Monthly Report, please click here.

What's Coming Down the Pipe?

Current Solicitations: Register in GLWA's Euna Procurement Portal for new solicitations and contract award information.

Upcoming Procurements: Next Three to Nine Months—See newsletter page 2.

Visit GLWA online!

To see the GLWA vendor homepage, please visit www.glwater.org or contact us via email at procurement@glwater.org.

Upcoming Solicitations April 2026

Category	CIP #	Description/Project Title	Budget Estimate
Water System (next four to nine months)			
Construction	111012	Lake Huron Water Treatment Plant Flocculation Improvements	$60,000,000
Construction	111001	Lake Huron Water Treatment Plant – LH-401 Switchgear and Low Lift Improvements	$125,000,000
Wastewater Systems (next four to nine months)			
Construction	232002	Conner Creek Sanitary Pump Station	$167,000,000
Construction	260206	Rehabilitation of 7 Mile Sewer System	$9,800,000
Design	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1	$8,000,000
Construction	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1 -	$30,000,000
Enterprise (next four to nine months)			
Information Technology	O&M	Computer Aided Dispatch	$400,000
Enterprise (next three months)			
Information Technology	O&M	Contact Management System Request for Information	$250,000
Information Technology	O&M	Tracking software for Shift Logs and Operational Rounds	$600,000
Information Technology	O&M	Accounts Payable Automation	$350,000
Water System (next three months)			
Professional Services	116101	Design/ Inspection of Raw Water Tunnels	$4,242,000
Construction	132016	North Service Center Pumping Station Improvements	$108,322,551
Construction	132015	Newburgh Road Booster Pumping Station Improvements	$66,000,000
Wastewater (next three months)			
Design	270002	Meldrum Sewer Diversion and VR-15 Improvements	$2,000,000
Construction	260210	Rehabilitation of GLWA Sewers: Ashland Relief, Linwood, Second, and Shiawassee (AL2S)	$14,100,000
Professional Services	O&M	Staffing Services	$500,000
Construction	122020	Concord Nevada Flow Control Valves	$7,000,000
Construction	122021	Grosse Pointe Woods & Harper Woods 24” Transmission Main	$17,000,000
Design-Build	170803	Reservoir Rehabilitation Phase III	$51,830,000
Professional Services	O&M 170507	Water Transmission, Valve, Emergency and Other Urgent Repairs	$22,000,000
Construction	122007	Merriman Road 24-inch Water Transmission Main	$6,817,000
Construction	132015	Newburgh Road Booster Pumping Station Improvements	$66,000,000
Construction	122023	Adams Road Transmission Main	$8,400,000
Professional Services	O&M	Preventative Maintenance and Repair of Electrical Equipment	$9,684,080
Professional Services	O&M	Communications and Marketing Services	$979,000
Design	270009	Site Improvements at Baby Creek, Belle Isle and St. Aubin CSO	$1,500,000

Vendors should continue to monitor Euna for solicitation updates.

Acronyms		
WRRF: Water Resource Recovery Facility	**CSO:** Combined Sewer Overflow	**WTP:** Water Treatment Plant