GLWA
Great Lakes Water Authority

Audit Committee Meeting
Friday, November 20, 2026 at 8:00 a.m.
www.glwater.org

Join Zoom Meeting
Meeting ID: **810 3669 5178** Passcode: **113801**
US Toll-free: **877 853 5247 or 888 788 0099**

AGENDA

Note: Binders 1 and 2 have been combined and PDF was renumbered

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
    A. October 23, 2026 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
7. NEW BUSINESS
    A. *Action Item:* FY 2026 Annual Financial Audit Reports & Presentation (Page 8)
    B. *Action Item:* Proposed Resolution for the FY 2027 First Quarter Budget Amendments through September 2026 (Page 292)
    C. *Action Item:* Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request (Page 326)
    D. *Action Item:* Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges (Page 333)
8. REPORTS
    A. CFO Report (Page 56)
    B. Monthly Financial Report
        i. July 2026 (Page 342)
        ii. August 2026 (Page 343)
    C. Grants, Gifts, and Other Resources Report Through October 31, 2026 (Page 344)
    D. Water Funding Task Force Update as of November 13, 2026 (Page 355)
    E. Quarterly Economic Outlook Task Force Update (Page 356)
    F. Quarterly Investment Report (Unaudited) through September 30, 2026 (Page 369)
    G. Affordability & Assistance Update & WRAP FY 2026 Program Review (Page 398)
    H. Semiannual Debt Report through September 30, 2026 (Page 425)
9. COMMUNICATIONS
    A. The Procurement Pipeline November 2026 (Page 442)
10. LOOK AHEAD
    A. Next Audit Committee Meeting December 18, 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, October 23, 2026 | **8:00 AM** | **Zoom Telephonic Meeting**

Join Zoom Meeting:
https://glwater.zoom.us/j/88919586622?pwd=yinV8FbDqkpDWhbaSDo9v8D7Ca4yOJ.1

Join by Telephone
US Toll-Free:
877 853 5247; or 888 788 0099
Meeting ID: 889 1958 6622 Passcode: 636832

1. Call To Order

Chairperson Baker called the meeting to order at 8:00 a.m.

2. Quorum Call

Present: 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

3. Approval of Agenda

Nicolette Bateson, Chief Financial Officer/Treasurer, requested to move item 8.E. (Quarterly Investment Report) to new Item 7.B.

Chairperson Baker requested a Motion to Approve the Agenda as Amended.

Motion By: Jaye Quadrozzi
Support By: Gary Brown
Action: Approved as Amended
The motion carried by a unanimous vote.

4. Approval of Minutes

A. 2026-318 Minutes of August 28, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 4A Minutes - August 28 2026 Audit Committee Meeting

Chairperson Baker requested a Motion to Approve the Minutes of August 28, 2026.

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

5. Public Comment

There were no public comments.

6. Old Business

A. 2026-428 FY 2026 Annual Financial Audit Update

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 6A1 FY 2026 Annual Financial Audit Update 10.23.2026
6A2 FY 2026 Annual Financial Audit BT Timeline 10.23.2026

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

7. New Business

A. 2026-429 Proposed Calendar Year 2027 Audit Committee Meeting Dates

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 7A1 Proposed Calendar Year 2027 Audit Committee Meeting Dates

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

7.B. (8.E) 2026-434 Quarterly Investment Report (Unaudited)

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8E1 Quarterly Investment Report Cover Memo June 2026
8E2 GLWA_Quarterly Investment_Report_Q2 2026 - June 2026

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

8. Reports

A. 2026-430 CFO Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8A1 CFO Report October 2026
8A2 OWP Finance and 14 Mile Road Updates 10.1.2026
8A3 OWP Water Funding Task Force 10.1.2026

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

B. 2026-431 Monthly Financial Report for June 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8B June 2026 Monthly Financial Report

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

C. 2026-432 Grants, Gifts, and Other Resources Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8Ci August Grants Gifts and Other Resources Report
8Cii September Grants Gifts and Other Resources Report

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

D. 2026-433 Water Funding Task Force Update as of October 21, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8D1 Water Funding Task Force Update
8D2 Michigan Water Infrastructure Funding Gap Report
8D3 US Water Aliance Michigan+Fact+Sheet 2025

Motion By: Gary Brown,
Support By: Jaye Quadrozzi,
Action: Received and Filed
The motion carried by a unanimous vote.

F. 2026-435 Qualified Financial Institution Review

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8F1 Cover Memo Qualified Financial Institution Review

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

G. 2026-436

Business Inclusion and Diversity (B.I.D.) FY 2026 Update

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8G1 Memo B.I.D. FY2026 Update
8G2 B.I.D. Update FY2026

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

H. 2026-441 Annual Conflict of Interest Distribution Notice

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8H Conflict of Interest 2026 Program Launch

Motion By: Gary Brown
Support By: Jaye Quadrozzi,
Action: Received and Filed.
The motion carried by a unanimous vote.

I. 2026-437 FY 2026 Q4 Construction Work-in-Progress Report through June 30, 2026 (Unaudited)

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8I Quarterly CWIP Report FY 2026 Q4 - Cover Memo
8I Quarterly CWIP Report FY 2026 Q4

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

J. 2026-438 Max Day - Peak Hour Annual Report 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 8J Max Day - Peak Hour Annual Report 2026 Final

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

9. Communications

A. 2026-439 The Procurement Pipeline September 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 9A Procurement Pipeline for September 2026

No Action Taken

B. 2026-440 The Procurement Pipeline October 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: 9B Procurement Pipeline for October 2026

No Action Taken

10. Look Ahead

A. The next Audit Committee Meeting will be held Friday, November 20, 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: Jaye Quadrozzi,
Action: Approved
The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 9:24 a.m.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Steve Hoover, CPA, Manager – Financial Reporting Governance

Re: FY 2026 Annual Financial Audit Reports & Presentation

Background: Each year, the Great Lakes Water Authority (GLWA) prepares an Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards (SEFA) in accordance with financial accounting standards and federal guidelines.

Baker Tilly US, LLP (Baker Tilly) has been engaged to perform the annual financial audit for GLWA and issue an independent opinion as to whether the financial statements are fairly stated in accordance with generally accepted accounting principles. This engagement covers the fiscal years ending June 30, 2025, 2026 and 2027.

Analysis: Below are the attached draft reports for review and discussion as approach finalizing the FY 2026 Annual Financial Audit Reports and related presentations.

- Draft Board Letter - FY 2026 Audit and Financial Reports
- Presented by Baker Tilly
  - Independent Auditor Presentation
  - Independent Auditor FY 2026 Reporting and Insights from the FY 2026 Audit (including the Draft Management Representation Letter)
  - Independent Auditor Management Comments Summary
- Presented by GLWA
  - FY 2026 Annual Financial Results
  - One Pager Series: FY 2026 Audit & Financial Results
  - Draft FY 2026 Annual Comprehensive Financial Report (ACFR) (with audit opinion)
  - Draft FY 2026 Single Audit Act Compliance Report
  - Memo Regarding Unrecorded Accruals

Proposed Action: The Audit Committee recommends that the Board of Directors (Board) of the Great Lakes Water Authority (GLWA),

A. Receives the reports pertaining to the Fiscal Year Ended June 30, 2026 Financial Audit including the FY 2026 Annual Comprehensive Financial Report, FY 2026 Report on

Federal Awards, and FY 2026 Independent Auditor's Communication with those Charged with Governance,

B. Authorizes staff to proceed with filing the annual audit reports prior to the due date with the state of Michigan; and
C. authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

..Title

Approval of Audit and Related Financial Reports Pertaining to the Fiscal Year Ended June 30, 2026

..Body

Agenda of: December 9, 2026
Item No.: 2026-460
Amount: Not Applicable

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: December 9, 2026

RE: **Approval of Audit and Related Financial Reports Pertaining to the Fiscal Year Ended June 30, 2026**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA),

A. Receives the reports pertaining to the Fiscal Year Ended June 30, 2026 Financial Audit including the FY 2026 Annual Comprehensive Financial Report, FY 2026 Report on Federal Awards, and FY 2026 Independent Auditor's Communication with those Charged with Governance,
B. Authorizes staff to proceed with filing the annual audit reports prior to the due date with the state of Michigan; and
C. authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA's By-laws, ARTICLE XII, Section 2 states the following.

> The Board shall obtain an annual audit of the GLWA's financial statements by an independent certified public accountant and report on the audit and auditing procedures in accordance with state law and generally accepted government auditing standards, as well as federal grant compliance audit requirements. The Board shall furnish at least two copies of the annual audit to each Incorporating Municipality. The audited financial statements shall be posted on the GLWA's website. In addition, the audited financial statements shall be filed with the Michigan Department of Treasury upon approval of the GLWA Board.

Annually, the Great Lakes Water Authority (GLWA) prepares an Annual Comprehensive Financial Report (ACFR) and the Report on Federal Awards in accordance with financial accounting standards and federal guidelines.

Baker Tilly US LLP (Baker Tilly) has been engaged to perform the GLWA annual financial audit and issue an independent opinion as to whether the financial statements are fairly stated in accordance with generally accepted accounting principles. Baker Tilly also performs the federal single audit process for the Report on Federal Awards which includes the SEFA (Schedule of Expenditures of the Federal Awards), an opinion on the financial statements and a report on compliance with the federal requirements through a risk-based approach to audit specific federal programs. Baker Tilly was selected by the Board of Directors to perform these services for fiscal years ending 2025, 2026 and 2027.

With GLWA's reports nearly complete, the next step is review by the GLWA Board of Directors with a request to approve and authorize staff to proceed with filing the report with the Michigan Department of Treasury. It should also be noted that staff will file those reports and related information with other parties such as the federal clearinghouse for the single audit report, and the Electronic Municipal Market Access system ("EMMA") for Municipal Securities Rulemaking Board ("MSRB") requirements.

JUSTIFICATION

The following are attached pertaining to the Fiscal Year Ended June 30, 2026.

Presented by Baker Tilly US, LLP

1. Independent Auditor Presentation by Ms. Jodi Dobson, Partner, Baker Tilly US, LLP (external auditor)

2. Independent Auditor FY 2026 Reporting and Insights from the FY 2026 Audit (including the Draft Management Representation Letter)

3. Independent Auditor Management Comments Summary

Presented by GLWA

4. FY 2026 Annual Financial Results

5. One Pager Series: FY 2026 Audit & Financial Results

6. Final Draft FY 2026 Annual Comprehensive Financial Report (ACFR) (with audit opinion)

7. Final Draft FY 2026 Single Audit Act Compliance Report

8. Memo Regarding Unrecorded Accruals

Contingent paragraph: **It should be noted the Office of Management and Budget (OMB) is currently reviewing the final 2026 federal compliance supplement. As of [date], 2026, the OMB has not provided a release date. This delay affects only the FY 2026 Report on Federal Awards. Baker Tilly will complete the Federal awards auditing procedures once the supplement is issued.**

BUDGET IMPACT

Not applicable for the proposed action.

COMMITTEE REVIEW

The Audit Committee has received updates from staff and auditors monthly during the course of the year-end audit. On November 20, 2026, the Audit Committee [*insert action*] that the Board of Directors (Board) of the Great Lakes Water Authority (GLWA),

A. Receives the reports pertaining to the Fiscal Year Ended June 30, 2026 Financial Audit including the FY 2026 Annual Comprehensive Financial Report, FY 2026 Report on Federal Awards, and FY 2026 Independent Auditor's Communication with those Charged with Governance,
B. Authorizes staff to proceed with filing the annual audit reports prior to the due date with the state of Michigan; and
C. authorizes the 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.

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Great Lakes Water Authority
Audit Committee
Draft Report on Fiscal Year 2026 Financial and Single Audit

Presented by:

Jodi Dobson, CPA, Principal
Baker Tilly US, LLP

November 20, 2026



GLWA
Great Lakes Water Authority



Today's agenda

- Audit overview
- Auditor Communication with Those Charged with Governance
- Internal control communication
- Questions

Audit overview

- Audit was conducted smoothly with no major snags or difficulties.
- Management and staff were cooperative and readily available.
- Audit schedule was maintained and communication between management and auditors was good.
- Remote fieldwork began September 8th and concluded September 18th.
- ACFR preparation and review through November.
- No audit adjusting journal entries were noted.
- No single audit findings anticipated at this time.

Audit overview

- Audit performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards.
- Audit is based on assessment of control risk in key business process areas. Below are several key areas of review:
  - Cash and investments
  - Revenues and receivables
  - General disbursements
  - Payroll
  - Pension liabilities
  - Long-term debt
  - Intangible asset and related obligation
  - Assets under construction and plant in service
  - Leased assets
  - Net position calculations
  - Analytical review of statement of net position and statement of revenues, expenses and changes in net position

Audit overview

> Audit objective – obtain reasonable assurance that financial statements are free from material misstatement.

> Financial statements receive an *Unmodified Opinion* (clean opinion).

> Single audit is waiting on the Federal Government to finalize the 2026 Compliance Supplement. No findings related to compliance or controls identified to date.

Communication with those charged with governance

Area to Be Communicated	Auditor's Response
Auditor's View on Qualitative Aspects of Significant Accounting Policies	> The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements. > Accounting estimates are an integral part of the financial statements prepared by management's knowledge and experience about past and current events and assumptions about future events. We feel that all estimates made by management are in accordance with generally accepted accounting principles.

Communication with those charged with governance

Area to be Communicated	Auditor's Response
Significant Difficulties Encountered in Performing the Audit	> We encountered no difficulties in performing our audit.
Uncorrected Misstatements	> By Professional Auditing Standards, uncorrected misstatements refer to immaterial passed audit adjustments.

Communication with those charged with governance

Area to be Communicated	Auditor's Response
Disagreements with Management	> Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements were encountered during the course of the audit.
Other Findings or Issues	> There are no other issues to disclose as part of the audit in connection with these Professional Auditing Standards.

Communication with those charged with governance

Area to be Communicated	Auditor's Response
Material Corrected 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. > There were no adjustments as part of this year's audit.

Communication with those charged with governance

Area to be Communicated	Auditor's Response
Management Representations	> We have requested certain representations from management that are included in the management representation letter. A copy of this letter is included with our final communication document.

Communication with those charged with governance

Area to Be Communicated	Auditor's Response
Management's Consultations with Other Accountants	> Professional standards require the consulting accountant to discuss any such contacts with the current auditor to determine that the consultant has all the relevant facts. We have been involved in any such consultations with other accountants.

Communication with those charged with governance

Area to be Communicated	Auditor's Response
Auditor Independence	> We are not aware of any relationships between Baker Tilly US, LLP, and Great Lakes Water Authority that, in our professional judgment, may reasonably be thought to bear on our independence.

Internal control communication

AU-C Section 265

Communicating Internal Control Related Matters Identified in an Audit

Material weaknesses noted in GLWA's internal control:

None noted

Significant deficiencies noted in GLWA's internal control:

None noted

Thank You!

We appreciate the work performed by GLWA's accounting staff and management in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the audit.

DRAFT 11.13.26

bakertilly

Reporting and insights from the 2026 audit:

Great Lakes Water Authority

June 30, 2026

Executive summary

December 9, 2026

To the Board of Directors
Great Lakes Water Authority
Detroit, Michigan

We have completed our audit of the financial statements of Great Lakes Water Authority (the Authority) for the year ended June 30, 2026, and have issued our report thereon dated December 9, 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Authority's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Great Lakes Water Authority should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Jodi L Dobson, Principal: jodi.dobson@bakertilly.com or +1 (608) 240 2469

Sincerely,

Baker Tilly US, LLP

[Insert PIC signature graphic]

Jodi L Dobson, CPA, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

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DRAFT 11.13.26

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Authority's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Considering internal control over compliance with requirements that could have a direct and material effect on major federal programs to design tests of both controls and compliance with identified requirements
- Forming and expressing an opinion based on our audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) about the entity's compliance with requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs.
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Internal control matters
- Qualitative aspects of Authority’s accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management

DRAFT 11.13.26

- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

DRAFT 11.13.26

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

DRAFT 11.13.26

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Authority and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Authority's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

DRAFT 11.13.26

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures
Shared services with and received from DSWD	Lease payables	Due to and due from other governments

Internal control matters

We considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Authority'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

DRAFT 11.13.26

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. There were no changes to the application of existing policies, with the exception of those required by the implementation of GASB Statement No.103 *Financial Reporting Model Improvements* and GASB Statement No. 105 *Subsequent Events*. We noted no transactions entered into by the Authority during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Accrued compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Self-insurance claims	Historical claims analysis and report provided by a 3rd party administrator	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Shared services subject to joint review and true up	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation/Amortization	Evaluate estimated useful life of the asset and original acquisition between parties	Reasonable in relation to the financial statements as a whole

DRAFT 11.13.26

Leased assets/liabilities and/or lease receivable and related deferral	Evaluation of leases by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole
Subscription assets/liabilities	Evaluation of subscriptions by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

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

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size or nature. We note that the regional system lease liability was adjusted as a result of the term of the new debt issued in fiscal year 2026 as outlined in the original system agreement. This was the first time this occurred and required additional effort by management to document the process which will be followed in future periods.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

DRAFT 11.13.26

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the attachments summarizes the uncorrected misstatements that include items both provided to and provided by management. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have had a significant effect on the Authority's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters outside of the discussions related to the contractual adjustment to the regional system lease liability.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Authority’s ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

DRAFT 11.13.26

Independence

We are not aware of any relationships between Baker Tilly and the Authority's that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Authority's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

DRAFT 11.13.26

Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at https://www.bakertilly.com/insights/audit-committee-resource-page.



Capital project oversight

Public sector capital projects face increasing pressure from cost escalation, supply chain disruption, regulatory complexity and heightened scrutiny around transparency and accountability. Strong planning, governance and controls are critical across the full project life cycle, from feasibility and funding strategy through execution and closeout.

Independent oversight helps chart a clear course from planning to delivery. Our teams work alongside leadership to strengthen governance, establish financial and contractual controls, align funding with project goals and monitor performance throughout execution, helping projects stay on schedule, within budget and aligned with community priorities.



Succession planning

An aging workforce, rising retirement rates and competition for specialized talent make succession planning a fiscal and operational a priority for public sector organizations.

By identifying critical roles, assessing workforce risk, building internal talent pipelines and integrating succession planning with broader workforce strategies, Baker Tilly helps organizations preserve institutional knowledge and maintain continuity, today and into the future.



Economic development

Successful economic development depends on disciplined planning, sound financial analysis and coordinated execution. Public sector leaders must balance incentives, infrastructure investment, funding opportunities and stakeholder priorities while maintaining fiscal responsibility.

Baker Tilly's supports local governments with strategic and financial planning, incentive structuring and negotiation, tax increment financing administration, project financing, grant strategy, and economic and fiscal impact analysis. This integrated approach helps leaders move from vision to action, strengthening communities and advancing sustainable, long-term growth.

DRAFT 11.13.26

Management representation letter

GLWA
Great Lakes Water Authority

December 9, 2026

Baker Tilly US, LLP
4807 Innovate Ln
PO Box 7398
Madison, WI 53707

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Great Lakes Water Authority (Authority) as of June 30, 2026 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the financial position of the Authority, each major enterprise fund, and the respective changes in financial position and cash flows, where applicable, in conformity with generally accepted accounting principles (GAAP) in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with GAAP. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.

2) The financial statements referred to above are fairly presented in conformity with GAAP and include all properly classified funds and other financial information of the Authority required by GAAP to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable.

6) All events subsequent to the date of the financial statements and for which GAAP require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

7) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.

8) We believe the effects of the uncorrected year-end accruals identified and evaluated by management through its financial reporting and closing processes and summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

9) The effects of all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements, have been accounted for and disclosed in accordance with GAAP.

10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.

19) We have a process to track the status of audit findings and recommendations.

20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.

21) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.

22) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

23) There are no:

a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GAAP.

c) Charges and/or rates being charged to customers other than the charges and/or rates as authorized by the applicable authoritative body.

d) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

24) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

26) The financial statements properly classify all funds and activities.

27) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

28) The Authority has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

29) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

30) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

31) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

32) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

33) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

34) Tax-exempt bonds issued have retained their tax-exempt status.

35) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.

36) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

37) With respect to the supplementary information (SI):

a) We acknowledge our responsibility for presenting the SI in accordance with GAAP, and we believe the SI, including its form and content, is fairly presented in accordance with GAAP, as applicable. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

38) We have evaluated and considered all debt reported as defeased in substance and believe all material amounts held in trust that are not expressly prohibited from substitution in monetary assets that are not essentially risk-free are properly disclosed.

39) We have identified any leases or other contracts that are required to be reported as leases or Subscription-Based Information Technology Arrangements (SBITA) and have documented the key assumptions used in the measurement of any lease or subscription related assets, liabilities or deferred inflows of resources.

40) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.

41) We have implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with this Standard.

42) We have implemented GASB Statement No. 105, *Subsequent Events*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with this Standard.

43) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

44) We have evaluated the existing outstanding debt for potential arbitrage liability. All arbitrage liabilities have been properly identified and recorded.

45) We have evaluated existing contracts and agreements and are responsible for the accounting and financial reporting of any related capital or intangible assets, liabilities, receivables or deferred items in compliance with generally accepted accounting principles.

46) We are responsible for compliance with the funding requirements and the flow of funds as outlined in the Master Bond Ordinance.

47) We are responsible for the fair presentation of the Authority's net pension liability based upon calculations by the City of Detroit General Employees' Retirement System (GRS) and related amounts. We appropriately allocated the net pension liability based on the assumptions in the regional lease agreements, pension agreement and the allocation letter signed by the Authority's Chief Executive Officer and the Detroit Water & Sewerage Department (DWSD) Director on January 24, 2017. We have properly disclosed our special funding situation under GASB 68, Accounting and Financial Reporting for Pension Plans. We have reviewed the information provided by GRS for inclusions in the Authority's financial statements.

48) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners or similar stakeholders with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. The annual comprehensive financial report (ACFR) is an annual report. We have provided you with the final version of the annual report. There are no material inconsistencies between the financial statements and any other information contained within the annual report.

49) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b) We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are administering our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement relating to federal awards.

j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.

l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

m) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

o) We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, subsequent to the date as of which compliance was audited.

q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

s) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.

t) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditors' reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.

u) We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.

v) We have charged costs to federal awards in accordance with applicable cost principles.

w) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and passthrough entities, including all management decisions.

x) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Sincerely,

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

Nicolette N. Bateson, CPA, Chief Financial Officer/ Treasurer

DRAFT 11.13.26

Great Lakes Water Authority
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

June 30, 2026

	Financial Statements Effect - Debit (Credit) to Financial Statement Total									
	Current Assets	Noncurrent Assets	Total Assets/ Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Revenues	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances
Business-Type Activities	-	-	-	(377,208)	(1,350,000)	(1,727,208)	1,727,208	-	1,727,208	1,727,208
Water Fund	-	-	-	(377,208)	(1,350,000)	(1,727,208)	1,727,208	-	1,727,208	1,727,208

DRAFT 11.13.26

Client service team



Jodi L Dobson, CPA

Principal

4807 Innovate Ln.
Madison, WI 53707
United States

T +1 (608) 240 2469
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901 MoPac Expressway S
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Austin, TX 78746
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T +1 (737) 209 2470
stephanie.silva@bakertilly.com

DRAFT 11.13.26

Accounting changes relevant to Great Lakes Water Authority

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date

GLWA has implemented all known future accounting standards as of the date of this letter.

Further information on upcoming GASB pronouncements.

DRAFT 11.13.26

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   - Identify types of potential misstatements
   - Consider factors that affect the risks of material misstatement
   - Design tests of controls, when applicable and substantive procedures

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with Government Auditing standards in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards, OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the

DRAFT 11.13.26

scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and the Uniform Guidance, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.

d. We anticipate that the Authority will receive an unmodified opinion on its financial statements.

e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

f. Have you had any significant communications with regulators or grantor agencies?

g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?

We also need to know if you have taken action in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of August or September. Our final financial fieldwork is scheduled during the fall to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.



bakertilly

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DRAFT 11.9.2026

December 9, 2026

Great Lakes Water Authority
735 Randolph Street, 15th Floor
Detroit, Michigan 48226

To the Great Lakes Water Authority Audit Committee:

We are presenting, for your consideration, our comments and management recommendations which were identified during our audit of the financial statements of the Great Lakes Water Authority (Authority) for the year ended June 30, 2026.

This letter, by its nature, focuses on improvements and does not comment on the many strong areas of the Authority's systems and procedures. The comments and suggestions are not intended to reflect in any way on the integrity or ability of the personnel of Authority's operations. Additionally, this letter is meant to provide management with information which may be useful when considering operating enhancements to your operation and are provided in the spirit of advisory assistance. The comments in this report are not required as part of our annual audit but are offered only as a process to assist your operations.

Information Technology Overview

The focus for the 2026 Information Technology (IT) review was to continue developing our understanding of the general computer control (GCC) environment at Authority and perform detailed tests as part of our annual audit of the financial statements. This document is intended to summarize the results of our review and provide any additional guidance regarding the IT environment at Authority.

The GCC review utilized the IT Risk Assessment Standards framework to obtain a more detailed understanding of the Authority IT control environment. As part of the GCC review, the following areas related to the IT function were reviewed:

- Application changes
- Database changes and access
- Application and operating system access
- Privileged access
- Authentication
- User account management, new and modified access
- User account terminations
- User access reviews
- Backups
- Job scheduling and interfaces
- New systems implementations or significant changes to existing systems
- IT Tools

DRAFT 11.9.2026

Observations and recommendations

Recommendations from previous fiscal years have been cleared and we have not identified any recommendations in connection with the scope applications and IT functions reviewed for fiscal year 2026.

We appreciate the courtesy and assistance extended to us by all your personnel during the audit. If you have any questions on our comments, or if we can offer our services in any other way during the year, please do not hesitate to contact us. Thank you for allowing us to serve you.

Sincerely,

BAKER TILLY US, LLP

GLWA
Great Lakes Water Authority



FY 2026 Annual Audit and Financial Reports

Audit Committee | November 20, 2026

Financial Services Area

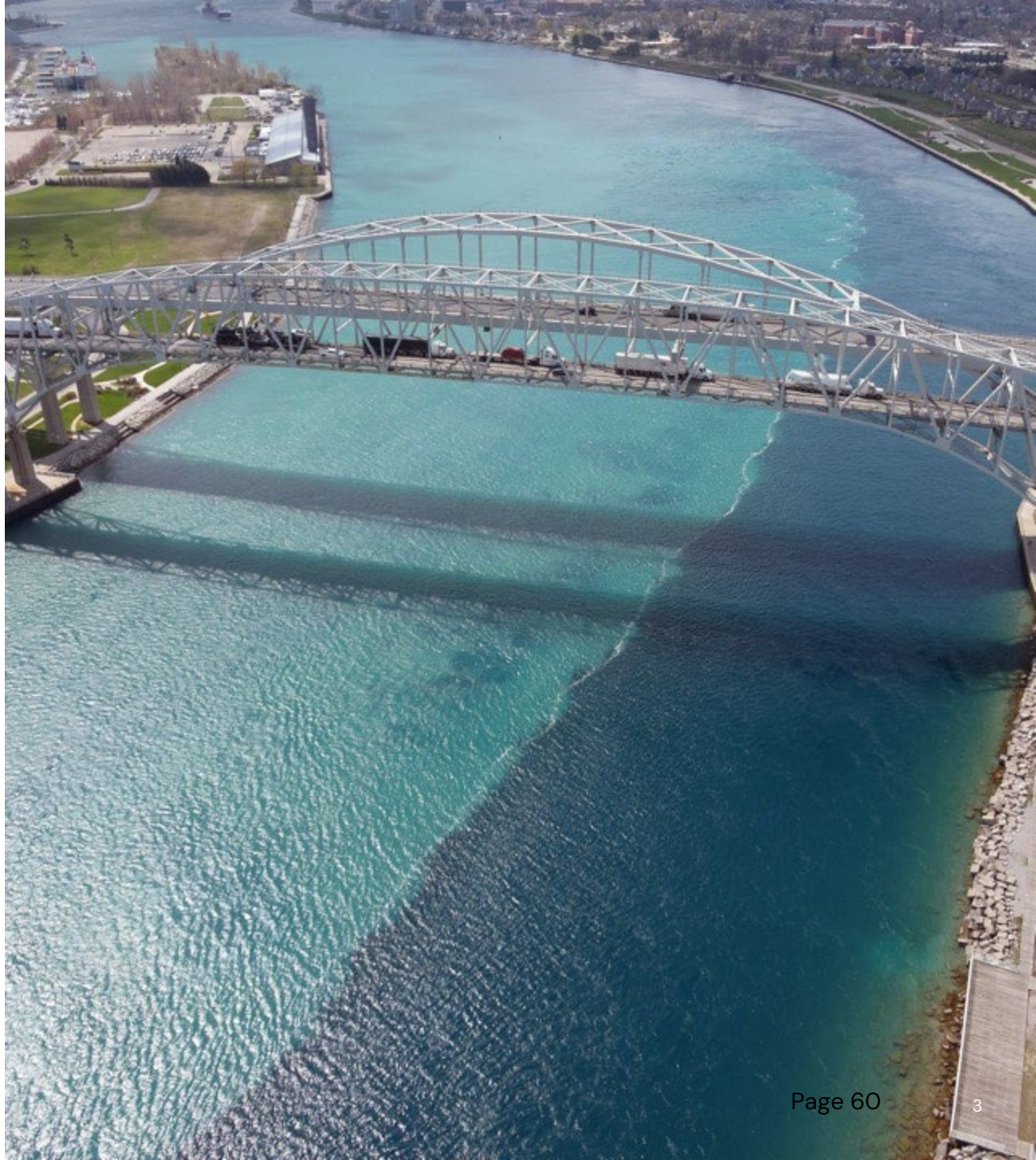
Annual Audit Results
Key Highlights

- Audit Firm
  - Baker Tilly was selected by the Audit Committee and approved by the Board of Directors in June 2025
  - Audit Services are bid every three years; second year of the contract
- Sewage Disposal system – second consecutive year of positive equity
- Water system – equity was nearly positive and is trending in the same path as the Sewage Disposal system
- Great News! Unqualified opinion with no auditor adjustments for the Annual Comprehensive Financial Report and Report on Federal Awards
  - Also known as a "clean" audit opinion
- Third year in a row with a clean IT Risk Assessment audit report!



ACFR
Contents

- ACFR = Annual Comprehensive Financial Report
- Prepared in accordance with Generally Accepted Accounting Principles (GAAP)
- Report content aligns with criteria to apply for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting (earned by GLWA in prior seven years – 2019 through 2025).





ACFR
Contents

Key Sections:

- Transmittal Letter
- Independent Auditors Report
- Management's Discussion & Analysis
- Basic Financial Statements (including footnotes)
- Required Supplementary Information
- Supplementary Information
- Statistical Section
  - Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information

FY 2026 Financial Report Highlights

Fiscal Year 2026



- FY 2026 Overall Financial Results
- Changes in Net Position
- Budget to Actual
- Revenue Requirements

FY 2026 Overall Financial Results

- Management Discussion & Analysis summarizes the Basic Financial Statements for the combined Water & Sewer Funds
- Positive Operating Income offset largely by Other Nonoperating revenues (expenses) mainly from interest on debt
- Following slides provide further analysis

Changes in Net Position ($000)							
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Operating revenues	$ 945,244	$ 884,068	$ 835,531	$ 61,176	6.9%	$ 48,537	5.8%
Operating expenses	662,172	651,379	646,638	10,793	1.7%	4,742	0.7%
Operating income	283,072	232,689	188,893	50,383	21.7%	43,795	23.2%
Noncapital Subsidies	(1,134)	(7,277)	(14,028)	6,142	-84.4%	6,751	-48.1%
Operating Income (Loss) and Noncapital Subsidies	281,938	225,412	174,865	56,525	25.1%	50,547	28.9%
Nonoperating revenues (expenses)	(118,410)	(99,330)	(133,708)	(19,080)	19.2%	34,378	-25.7%
Change in net position	163,527	126,082	37,445	37,445	29.7%	88,637	236.7%
Net position (deficit), beginning of year	(64,342)	(190,425)	(231,582)	126,082	-66.2%	41,157	-17.8%
Net position (deficit), end of year	$ 99,185	$ (64,342)	$ (194,137)	$ 163,527	-254.2%	$ 129,794	-66.9%

Source: FY 2026 ACFR, 11.16.2026 Draft Page 9

FY 2026 Changes in Net Position

- Total Net Position is positive
- The increase in net investments in capital assets is due to capital asset additions exceeding depreciation expense
- The increase in restricted for debt service is due to an increase in the funds set aside due to the debt requirements.
- The increase in unrestricted net position is due to a positive increase in unrestricted account activities for the year

Net Position ($000)							
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Net position (deficit)							
Net investment in capital assets	(307,890)	(355,298)	(428,662)	47,408	-13.3%	73,364	-17.1%
Restricted for construction	2,382	2,328	2,258	54	2.3%	70	3.1%
Restricted for debt service	224,277	203,653	213,674	20,624	10.1%	(10,021)	-4.7%
Restricted for payment assistance program	2,440	2,306	1,716	135	5.8%	590	34.4%
Unrestricted	177,976	82,669	20,589	95,307	115.3%	62,080	301.5%
Total net position (deficit)	$ 99,185	$ (64,342)	$ (190,425)	$ 163,527	-254.2%	$ 126,082	-66.2%

Source: FY 2026 ACFR, 11.16.2026 Draft Page 5

How did the Operating Expense Budget perform?

- Audited Operating Expenses of $426 million align with preliminary results reported in October 2026
- The operating budget is dynamic; during the year the operations budget was increased by $9.8 million (2.35%) for cost increases seen mainly in contractual services
- Personnel increases are budgeted in unallocated reserves; budget amendments then move funds from unallocated to personnel
- Actual results were higher than the original adopted budget. The reasons for the variance shown in the table between actual and the amended budget are described below:
  - Chemicals came in lower than original estimates due to reduced consumption
  - Supplies and other is higher due to an increase in prices and an increase in anticipated repairs
- Intergovernmental reimbursement activity varies from year to year

SCHEDULE OF OPERATING EXPENSES FOR COMBINED WATER AND SEWER OPERATIONS FUNDS - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

	Adopted Budget	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses					
Personnel	$ 138,905,400	$ 151,813,600	$ 150,458,103	$ (1,355,497)	-0.89%
Contractual services	120,208,200	130,552,490	129,746,532	(805,958)	-0.62%
Utilities	73,078,800	72,554,700	71,593,031	(961,669)	-1.33%
Chemicals	38,364,600	33,635,600	31,334,431	(2,301,169)	-6.84%
Supplies and other expenses	45,211,200	45,085,010	46,322,385	1,237,375	2.74%
Capital program allocation	(3,430,600)	(3,430,600)	(3,391,613)	38,987	1.14%
Intergovernmental reimbursements	(2,309,100)	(2,263,800)	(2,740,143)	(476,343)	-21.04%
Unallocated reserve	8,526,200	443,000	-	(443,000)	-100.00%
Total operating expenses before depreciation and amortization financial reporting basis	418,554,700	428,390,000	423,322,726	(5,067,274)	
SBITA	-	2,284,600	2,284,519	(81)	0.00%
Warehouse lease	-	523,600	523,580	(20)	0.00%
TOTAL OPERATING EXPENSES BUDGET BASIS	$ 418,554,700	$ 431,198,200	$ 426,130,825	$ (5,067,375)	-1.18%

Source: FY 2026 ACFR, 11.16.2026 Draft Page 120

Water System Revenue Requirements Performance

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
Revenues				
Revenue from Charges				
Wholesale Charges [1]	$ 365,646,100	$ 365,646,100	$ 378,418,038	$ 12,771,938
Charges to Local System	30,028,800	30,028,800	30,028,800	-
Total Revenue from Charges	395,674,900	395,674,900	408,446,838	12,771,938
Investment Earnings [2]				
Unrestricted	4,654,800	6,677,000	7,027,564	350,564
I&E Funds Unrestricted	4,868,800	5,659,000	5,741,128	82,128
Restricted for Debt Service	3,260,100	3,721,000	3,659,863	(61,137)
Total Investment Earnings	12,783,700	16,057,000	16,428,555	371,555
Other Revenue [3]	302,800	629,800	645,799	15,999
Total Revenues	408,761,400	412,361,700	425,521,192	13,159,492
Revenue Requirements				
Operations and Maintenance Expense [4]	182,456,000	192,768,400	191,034,011	(1,734,389)
Debt Service	179,082,200	177,731,700	176,022,489	(1,709,211)
General Retirement System Pension	2,730,800	2,730,800	2,730,800	-
Water Residential Assistance Program Contribution	1,970,000	1,970,000	1,970,000	-
Extraordinary Repair & Replacement Deposit	320,000	-	-	-
Regional System Lease	22,500,000	22,500,000	22,500,000	-
Working Capital Requirement [5]	600,000	-	-	-
Transfer to the Improvement & Extension Fund	19,102,400	14,660,800	14,660,800	-
Total Revenue Requirements	408,761,400	412,361,700	408,918,100	(3,443,600)
Revenue Requirement Variance [5]	$ -	$ -	$ 16,603,092	$ 16,603,092

- Revenue Requirements are the basis for establishing Member Partner Charges
- The goal is to net to zero as the "bottom line"
- To extent there is a positive variance, those funds support an improved financial position for subsequent years
- Depending on working capital requirements the net positive variance of $16.6 million may be transferred to the I&E Fund in the subsequent year
- This schedule also shows that the Water System met its financial and contractual commitments for the General Retirement System legacy pension, Water Residential Assistance Program, and Regional System Lease
- All debt payments were made as required; variance relates to final calculations related to State Revolving Fund (SRF) at year end based on actual draws

Source: FY 2026 ACFR, 11.16.2026 Draft Page 121
Footnote references are found in the complete ACFR

Sewage Disposal System Revenue Requirements Performance

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
Revenues				
Revenue from Charges				
Wholesale Charges	$ 300,316,800	$ 300,316,800	$ 300,094,904	$ (221,896)
Charges to Local System	215,324,400	215,324,400	215,324,400	-
Industrial Waste Control	9,150,300	9,150,300	9,258,505	108,205
Pollutant Surcharges	5,112,700	5,112,700	5,557,359	444,659
Total Revenue from Charges	529,904,200	529,904,200	530,235,168	330,968
Investment Earnings [1]				
Unrestricted	5,087,300	9,338,000	9,059,942	(278,058)
I&E Funds Unrestricted	5,451,500	6,568,000	6,556,534	(11,466)
Restricted for Debt Service	4,076,400	4,229,000	4,272,502	43,502
Total Investment Earnings	14,615,200	20,135,000	19,888,978	(246,022)
Other Revenue (Expense) [2]	442,600	442,600	471,648	29,048
Total Revenues	544,962,000	550,481,800	550,595,794	113,994
Revenue Requirements				
Operations and Maintenance Expense [3]	236,098,700	238,429,800	235,096,814	(3,332,986)
Debt Service	220,884,500	216,027,200	215,657,578	(369,622)
General Retirement System Pension	5,632,800	5,632,800	5,632,800	-
Water Residential Assistance Program Contribution	2,638,500	2,638,500	2,638,500	-
Extraordinary Repair & Replacement Deposit	-	-	-	-
Regional System Lease	27,500,000	27,500,000	27,499,998	(2)
Working Capital Requirement [4]	-	-	-	-
Transfer to the Improvement & Extension Fund	52,207,500	60,253,500	60,253,500	-
Total Revenue Requirements	544,962,000	550,481,800	546,779,190	(3,702,610)
Revenue Requirement Variance [4]	$ -	$ -	$ 3,816,604	$ 3,816,604

- Revenue Requirements are the basis for establishing Member Partner Charges
- The goal is to net to zero as the “bottom line”
- To extent there is a positive variance, those funds support an improving financial position for subsequent years
- This schedule also shows that the Sewage Disposal System met all of its financial and contractual commitments for the General Retirement System legacy pension, Water Residential Assistance Program, and Regional System Lease
- All debt payments were made as required; variance relates to final calculations related to SRF at year end based on actual draws.

Source: FY 2026 ACFR, 11.16.2026 Draft Page 122
Footnote references are found in the complete ACFR

How did the Water Improvement & Extension Fund Perform?

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Water Operations Fund				
Revenue transfers	$ 19,102,400	$ 14,660,800	$ 14,660,800	$ -
Investment earnings [1]	4,868,800	5,659,000	5,741,128	82,128
Total Inflows	23,971,200	20,319,800	20,401,928	82,128
Outflows				
Capital outlay	11,691,400	12,487,200	7,185,749	(5,301,451)
Transfers out to Water Operations Fund				
Investment earnings [1]	4,868,800	5,659,000	4,129,043	(1,529,957)
Transfer out to Water Construction Fund				
Revenue financed capital	9,250,000	-	-	-
Total Outflows	25,810,200	18,146,200	11,314,792	(6,831,408)
Net Increase (Decrease) - Budget Basis	$ (1,839,000)	$ 2,173,600	9,087,136	$ 6,913,536
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			(314,263)	
Combining Schedule Water Improvement and Extension Fund Change in Net Position [2]			$ 8,772,873	

- Transfers in from the Water Operations Fund increased from last year ($8M), however much more is needed to be able to deleverage the system
- I&E cash balances help support the days cash which rating agency's use when determining credit ratings
- The positive variance from budget was mainly due to capital outlay being less than anticipated
- I&E funds were not used to fund any projects in the CIP plan in FY 2026

Source: FY 2026 ACFR, 11.16.2026 Draft Page 124
Footnote references are found in the complete ACFR

How did the Sewer Improvement & Extension Fund Perform?

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Operations Fund				
Revenue transfers	$ 52,207,500	$ 60,253,500	$ 60,253,500	$ -
Investment earnings [1]	5,451,500	6,568,000	6,556,534	(11,466)
Total Inflows	57,659,000	66,821,500	66,810,034	(11,466)
Outflows				
Capital outlay	11,779,500	10,284,800	9,906,721	(378,079)
Capital spending other (net operating expenses)			23,633	23,633
Transfers out to Sewer Operations Fund				
Investment earnings [1]	5,451,500	6,568,000	4,832,512	(1,735,488)
Capital Improvement Plan funded by I&E		42,000,000	38,267,231	(3,732,769)
Transfer out to Sewer Construction Fund				
Revenue financed capital	26,250,000	-		-
Total Outflows	43,481,000	58,852,800	53,030,097	(5,822,703)
Net Increase (Decrease) - Budget Basis	$ 14,178,000	$ 7,968,700	13,779,937	$ 5,811,237
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			(307,323)	
Combining Schedule Sewer Improvement and Extension Fund Change in Net Position [2]			$ 13,472,614	

- Transfers in from the Sewer Operations Fund are improving from previous years which will help to deleverage the system
- Starting in FY 2026 CIP Project 211007- WRRF PS #2 Bar Racks Replacement and Grit Collection System Improvement is being funded through the I&E Fund

Source: FY 2026 ACFR, 11.16.2026 Draft Page 125
Footnote references are found in the complete ACFR

How did the Water Construction Fund perform?

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers from Water Improvement & Extension Fund				
Revenue financed capital	$ 9,250,000	$ -	$ -	$ -
Transfers in from Water Operations Fund				
Bond proceeds	222,000,000	214,161,300	209,644,007	(4,517,293)
State revolving loans	1,369,200	6,742,400	6,622,722	(119,678)
Grants and Capital Contributions	2,300,000	298,100	298,167	67
Investment earnings [1]	5,565,100	7,557,000	8,424,030	867,030
Total Inflows	240,484,300	228,758,800	224,988,926	(3,769,874)
Outflows				
Capital Program	185,000,000	165,000,000	136,582,821	(28,417,179)
Transfers out to Water Operations Fund				
Bond cost of issuance	1,665,000	5,736,300	920,068	(4,816,232)
Total Outflows	186,665,000	170,736,300	137,502,889	(33,233,411)
Net Increase (Decrease) - Budget Basis	$ 53,819,300	$ 58,022,500	87,486,037	$ 29,463,537
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			24,291	
Combining Schedule Water Construction Fund Change in Net Position [2]			$ 87,510,328	

- New money bonds issued in June 2026 will provide for FY 2027 Capital Program expenditures
- Capital Program expenditures were $28 million less than the amended budget based on pace of actual capital spending as a result of project delays into the next fiscal year

Source: FY 2026 ACFR, 11.16.2026 Draft Page 126
Footnote references are found in the complete ACFR

How did the Sewer Construction Fund perform?

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Improvement & Extension Fund				
Revenue financed capital	$ 26,250,000	$ -	$ -	$ -
Transfers in from Sewer Operations Fund				
Bond proceeds	101,000,000	33,675,100	32,579,258	(1,095,842)
State revolving loans	52,936,600	122,970,600	88,223,399	(34,747,201)
Grants and Capital Contributions	23,191,650	11,145,100	8,604,351	(2,540,749)
Investment earnings [1]	3,936,400	2,686,000	2,844,575	158,575
Total Inflows	207,314,650	170,476,800	132,251,583	(38,225,217)
Outflows				
Capital Program	175,000,000	198,000,000	165,263,491	(32,736,509)
Transfers out to Sewer Operations Fund				
Bond cost of issuance	757,500	1,915,100	557,176	(1,357,924)
Total Outflows	175,757,500	199,915,100	165,820,667	(34,094,433)
Net Increase (Decrease) - Budget Basis	$ 31,557,150	$ (29,438,300)	(33,569,084)	$ (4,130,784)
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			-	
Combining Schedule Sewer Construction Fund Change in Net Position [2]			$ (33,569,084)	

- New money bonds issued in June 2026 will provide for FY 2027 Capital Program expenditures
- Variance from budget relates to timing differences. Even though SRF loan draw requests have been submitted they cannot be recognized as loans until the funds are received. Requests cannot be submitted until the contractor is paid. Therefore, although the construction costs are accrued, reimbursement lags until the contractor's invoice is actual paid and submitted for reimbursement.
- Capital Program expenditures were $32.7 million less than the amended budget

Source: FY 2026 ACFR, 11.16.2026 Draft Page 127
Footnote references are found in the complete ACFR

Direct Contributors and Participants in the Annual Financial Audit

Excellence in financial management and a commitment to strong internal controls is supported by all GLWA team members.

Every successful audit is the result of collaboration and partnership between GLWA team members and our auditors. We are pleased to acknowledge the efforts of those directly involved in the audit from all areas of GLWA in addition to the Board of Directors, Audit Committee, and Executive Leadership Team.



Direct Contributors and Participants in the Annual Financial Audit

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Audit Highlights

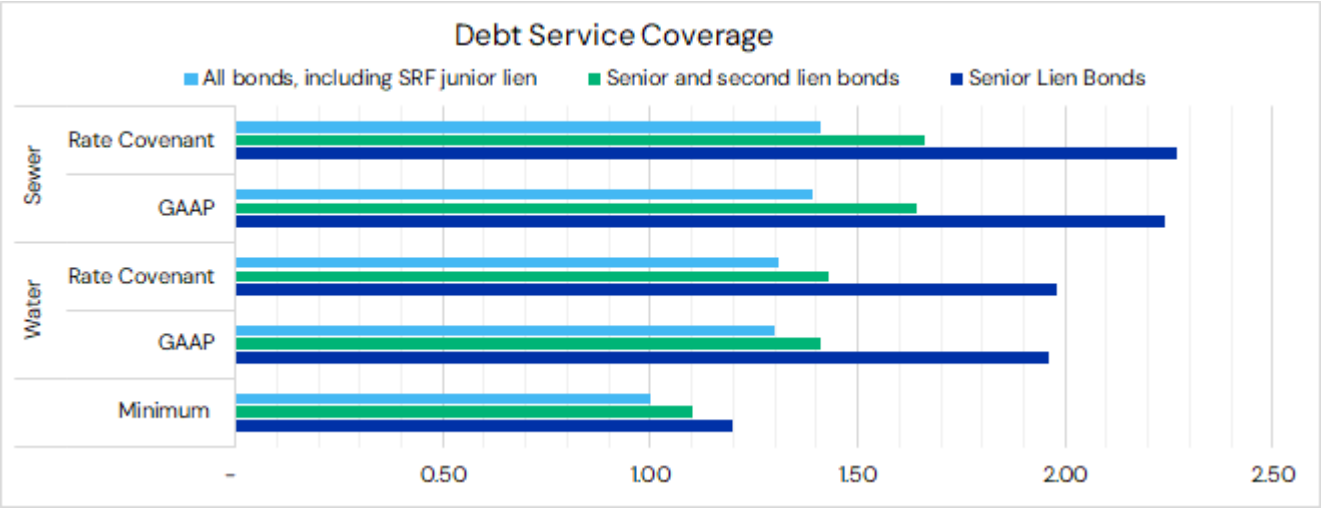
- Unmodified or "clean" audit opinion for FY 2026 Annual Comprehensive Financial Report
- Eleventh year the audit closed without an auditor adjustment – a hallmark of excellence
- GLWA is a low-risk auditee as noted in audit of federal awards totaling $113.7 million

Positive Budget Performance (in millions)

	Water Operations					Sewage Disposal Operations				
	Adopted Budget	Amended Budget	Actual	% Adopted Budget	% Amended Budget	Adopted Budget	Amended Budget	Actual	% Adopted Budget	% Amended Budget
Revenue from charges	$ 395.7	$ 395.7	$ 408.4	103.2%	103.2%	$ 529.9	$ 529.9	$ 530.2	100.1%	100.1%
Other revenue	13.1	16.7	17.1	130.5%	102.3%	15.1	20.6	20.4	135.2%	98.9%
Total revenues	408.8	412.4	425.5	104.1%	103.2%	545.0	550.5	550.6	101.0%	100.0%
Revenue requirements	408.8	412.4	408.9	100.0%	99.2%	545.0	550.5	546.8	100.3%	99.3%
Variance	$ -	$ -	$ 16.6			$ -	$ -	$ 3.8		

GLWA operated within the adopted and amended budgets with a modest positive variance at year-end of $16.6 million for the water system and $3.8 million for the sewage disposal system. Positive budget variances result in positive cashflow that is used for working capital needs or to fund future years' capital projects.

Debt Service Coverage (DSC) is one of two key measures of a water utility's ability to repay bondholders, support investor confidence, demonstrate credit worthiness, secure future borrowing capacity, and strengthen long-term financial stability. DSC is calculated on both an *accrual basis* using generally accepted accounting principles (GAAP) and on the *cash basis* (rate covenant). GLWA's bonds include senior lien, second lien, and state revolving fund (SRF) junior lien. GLWA's DSC is at a level that balances affordability with cost escalation. The debt service coverage is at an acceptable level and in line with long-term financial plans.



Source: FY 2026 ACFR, 11.16.2026 Draft Pages 162-165

Days Cash on Hand (DCOH) is the second key measure. It demonstrates that sufficient funds are available to maintain and operate the systems. DCOH is key to GLWA maintaining its AA category credit rating status, reducing borrowing, and addressing affordability concerns. It is calculated as unrestricted cash and investments divided by one day of operating expense. At fiscal year-end 2026, DCOH is excellent for the water system at 604 days and at 633 days for the sewer system.

DRAFT 11/16/2026

PLEASE NOTE: This is a draft financial report as of November 16, 2026.

The final draft is scheduled to presented to the Board of Directors on December 9, 2026.

GLWA
Great Lakes Water Authority

FY 2026 Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2026

WATER THAT CARRIES US FORWARD

Prepared by Great Lakes Water Authority
Financial Services Area
Detroit, Michigan

GREAT LAKES WATER AUTHORITY

Southeast Michigan

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Including Independent Auditors' Report

Fiscal Year Ended June 30, 2026

Open Items as of November 16, 2026:

Pg. 75: Note 12 Pledges of Future Revenue reflects preliminary amounts as it pertains to financial information form the Detroit Water and Sewerage Department. These amounts may be revised prior to final issuance of this report.

Prepared By:

Great Lakes Water Authority Financial Services Area

GREAT LAKES WATER AUTHORITY

TABLE OF CONTENTS
Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2026

	Page
INTRODUCTORY SECTION	
Transmittal Letter	viii-xx
Organizational Line of Reporting Chart	xxi
Board of Directors, Executive Leadership Team, Mission and Vision Statement	xxii
GFOA Certificate of Achievement	xxiii
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis (Required Supplementary Information)	6-27
Basic Financial Statements	
Statement of Net Position	30-31
Statement of Revenues, Expenses and Changes in Net Position	33
Statement of Cash Flows	34-36
Index to Notes to Financial Statements	38
Notes to Financial Statements	41-101
Required Supplementary Information other than MD&A	
Nonemployer Contributing Entity Share of City of Detroit General Employees Retirement System – Component II:	
Schedule of Changes in Net Pension Liability and Related Ratios:	
Business-Type Activities	104
Water Fund	105
Sewage Disposal Fund	106
Schedule of Contributions	107
Notes to Required Supplementary Information	108
Supplementary Information	
Combining Schedule of Net Position – Water Fund	110-111
Combining Schedule of Revenues, Expenses and Changes in Net Position – Water Fund	113
Combining Schedule of Net Position – Sewage Disposal Fund	114-115
Combining Schedule of Revenues, Expenses and Changes in Net Position – Sewage Disposal Fund	116
Schedule of Interfund Receivables and Payables	117
Schedule of Operating Expenses for Water Operations Fund – Budget to Actual	118
Schedule of Operating Expenses for Sewer Operations Fund – Budget to Actual	119
Schedule of Operating Expenses for Combined Water and Sewer Operations Funds – Budget to Actual	120
Schedule of Revenue Requirements – Budget to Actual – Water Operations	121
Schedule of Revenue Requirements – Budget to Actual – Sewage Disposal Operations	122
Schedule of Revenue Requirements to Statement of Revenues, Expenses and Changes in Net Position Crosswalk	123

Page

FINANCIAL SECTION (cont.)

Supplementary Information (cont.)
- Water Improvement and Extension Fund – Budget to Actual 124
- Sewer Improvement and Extension Fund – Budget to Actual 125
- Water Construction Fund – Budget to Actual 126
- Sewer Construction Fund – Budget to Actual 127
- Schedule of Days Cash – Liquidity 128
- Notes to Supplementary Information 129-131

STATISTICAL SECTION

FINANCIAL TRENDS

Schedules of Net Position:
- Business-Type Activities 136-137
- Water Fund 138-139
- Sewage Disposal Fund 140-141

Changes in Net Position:
- Business-Type Activities 142
- Water Fund 143
- Sewage Disposal Fund 144

REVENUE CAPACITY

Charge Adjustments 146
Water Fund Operating Revenues / Largest Water Customers 147
Sewage Disposal Fund Operating Revenues / Largest Sewer Customers 148
Water System Service Charges 149
Sewage Disposal System Service Charges 150
Industrial Waste Control Charges and Pollutant Surcharges 151

DEBT CAPACITY

Ratios of Outstanding Debt by Type 154
Debt by Lien 155-157
Schedule of Debt Service Requirements 158-159
Debt Credit Rating History 160
Debt Service Coverage
- Debt Service Coverage Overview 161
- GAAP Basis – Water System 162
- Rate Covenant Basis – Water System 163
- GAAP Basis – Sewage Disposal System 164
- Rate Covenant Basis – Sewage Disposal System 165

	Page
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Service Area Demographics	168
Largest Employers	169
OPERATING INFORMATION	
Produced and Billed Water Volumes	172
Wastewater Volumes	173
Additional Summary Statistics	174

INTRODUCTORY SECTION

GLWA
Great Lakes Water Authority

TRANSMITTAL LETTER

December 9, 2026

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

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) for the Great Lakes Water Authority (“GLWA” or “Authority”) for the fiscal year which ended June 30, 2026.

About this Annual Comprehensive Report

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

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

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

Baker Tilly US, LLP, Certified Public Accountants, has been retained by GLWA to serve as its independent auditors and has issued an unmodified ("clean") opinion on GLWA's financial statements for the year ended June 30, 2026, with comparative amounts for June 30, 2025.

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

Overview of GLWA

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

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

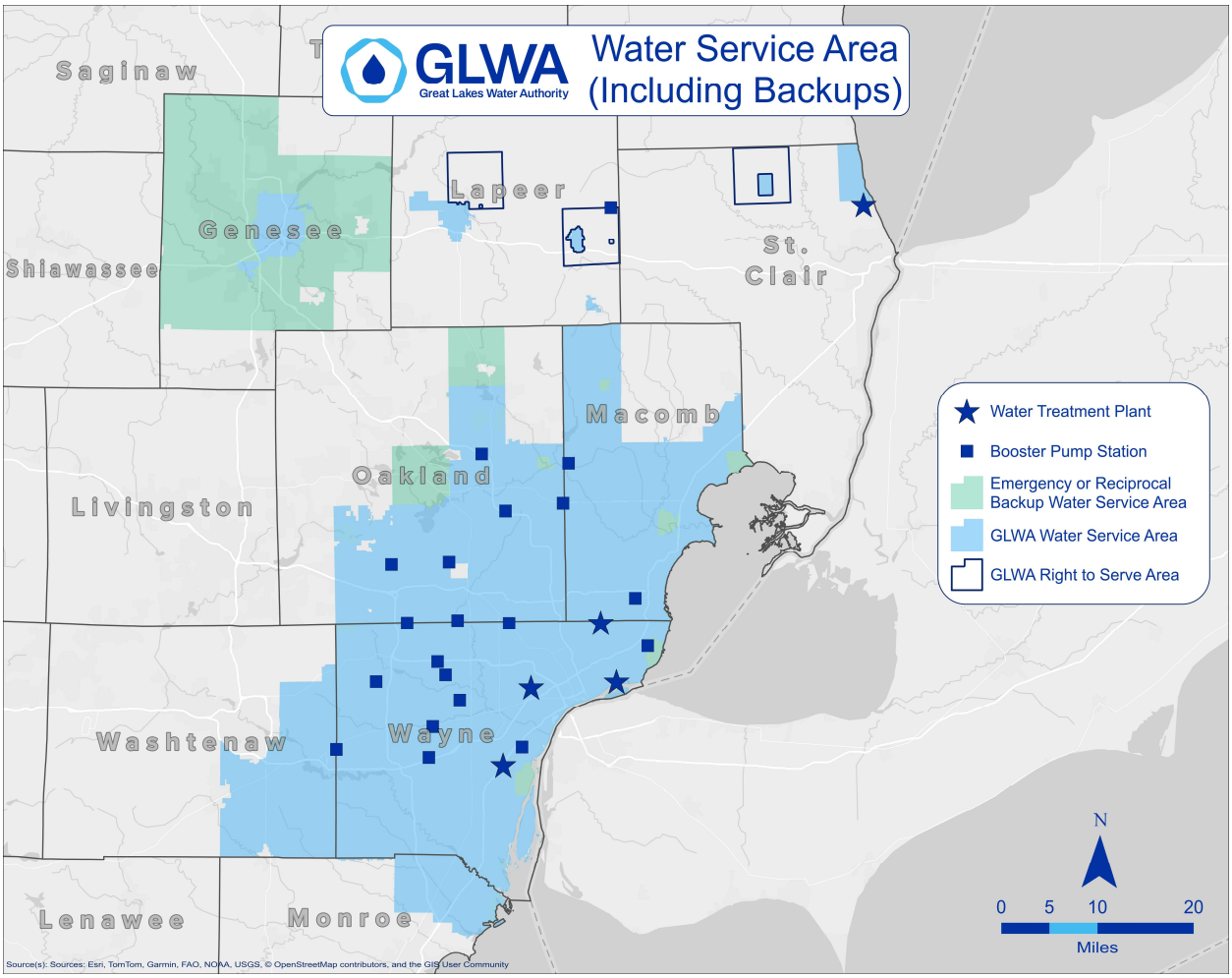
Regional Water System

Our regional water system is one of the largest in the United States, both in terms of water produced and population served. The system currently serves an area of 1,647 square miles with an estimated population of nearly 3.7 million or approximately 38 percent of Michigan's population. The water system provides service to 115 communities through 87 wholesale water service contracts and the Water and Sewer Services Agreement with the City of Detroit. As we turn our attention to calendar year 2027, we look forward to beginning to provide service to the City of Mount Clemens as they have entered the. construction phase of becoming a new wholesale water service customer.

Fortunately, GLWA has certain geographic and source water advantages to other options for municipal drinking water systems. GLWA is surrounded by the Great Lakes with three water intakes. Of particular note is that PFAS is non-detect in the finished drinking water. The size and complexity of the GLWA water treatment plants supports the operation of two pilot water plants which allow GLWA to test and assess changes in water treatment in real time without impacting current operations.



The following map depicts the water service area.



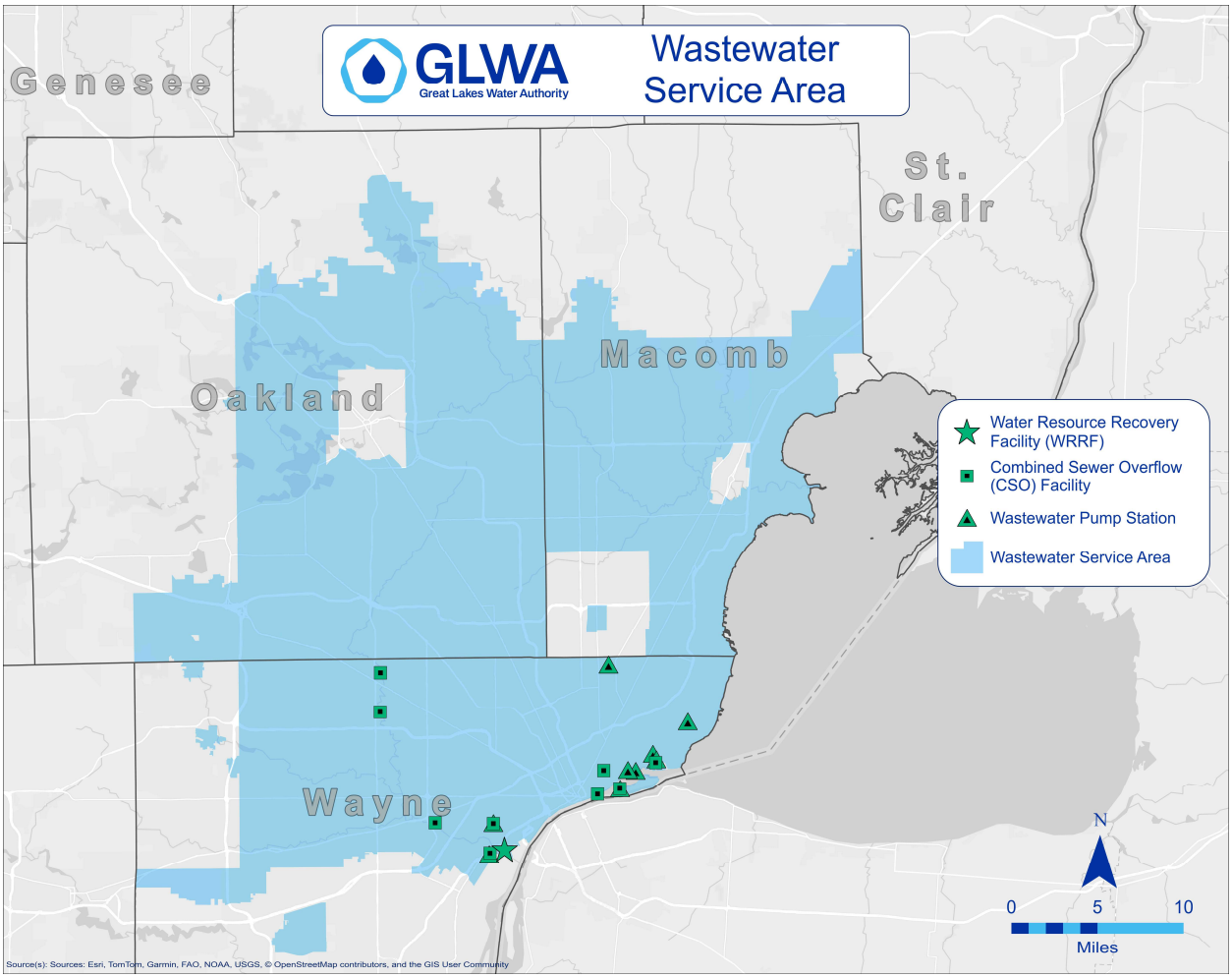
Regional Wastewater System

The wastewater system consists of the largest single-site water resource recovery facilities in North America with a treatment capacity of 1,700 million gallons per day. The wastewater system currently serves an area of 952 square miles with an estimated population of nearly 2.8 million or approximately 28 percent of Michigan's population. The wastewater system serves 83 communities through 18 wholesale sewer service contracts and the Water and Sewer Services Agreement with the City of Detroit.

The long-term strategy for the wastewater treatment and sewage disposal system is a focus on regional efficiencies. The 2020 Wastewater Master Plan ("WWMP") was adopted by the Board in September 2020. The WWMP was created with incredible energy, insight, and direction from a broad cross section of our Member Partners working collaboratively with our team members and consultants and other regional stakeholders. The focus, approach and outcomes of the plan demonstrate the true spirit of the One Water Partnership which GLWA and our Member Partners are committed to for the benefit of southeast Michigan. The 40-year master plan focuses on water quality, leveraging the entire region's existing infrastructure, maximizing the use of dynamic wet weather operations, strategic use of green infrastructure, addressing

changes in weather patterns and rain event intensities, extensive system modeling including surface water and wastewater treatment, evaluation of resource recovery options and energy reduction opportunities.

The following map depicts the wastewater service area.



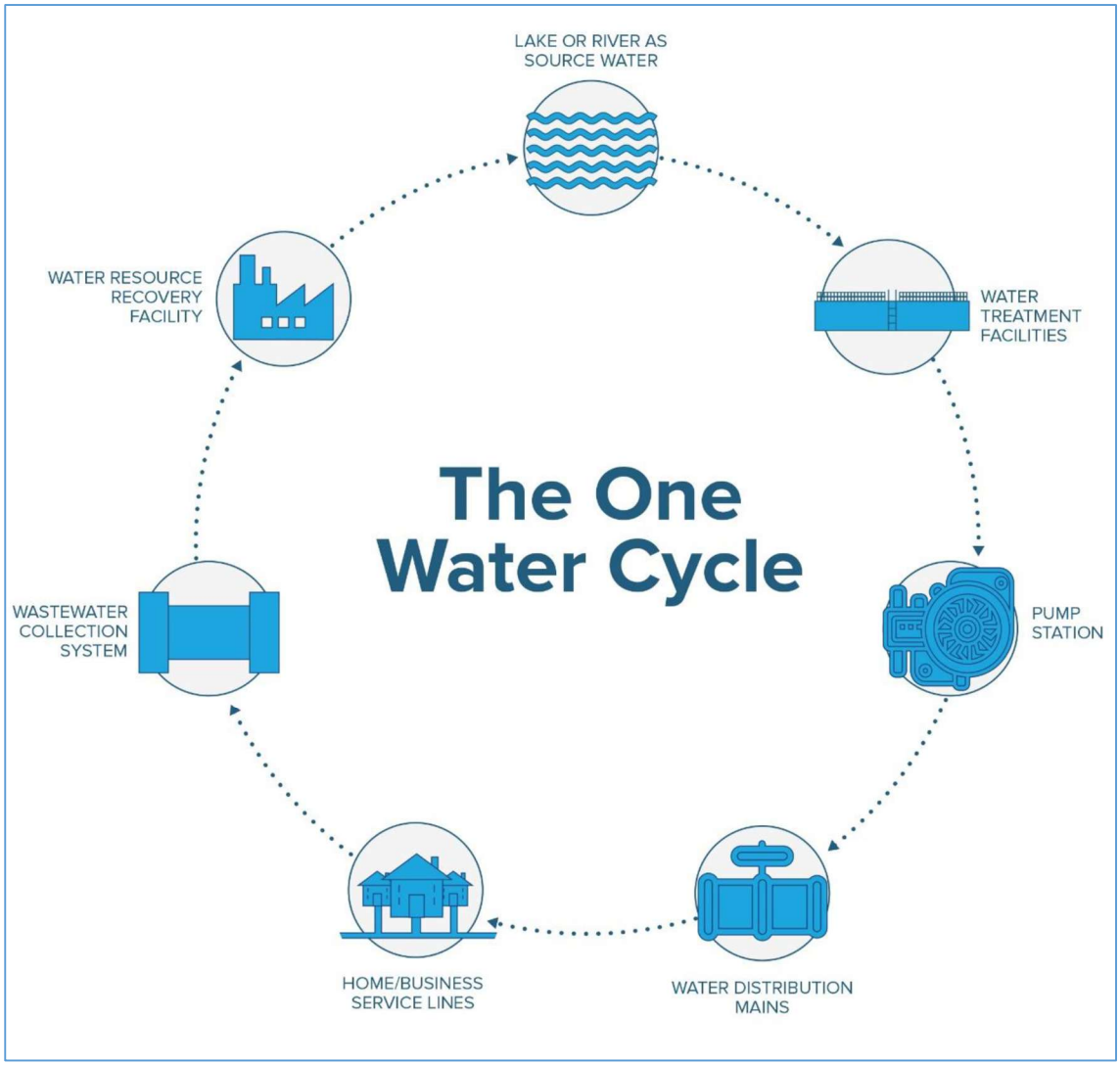
One Water Concept

GLWA is all about One Water - the movement of water from the environment to its Member Partners, and back to the environment.

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

Working hand in hand with its Member Partners, GLWA provides high-quality water and efficient and effective wastewater services.

Together, GLWA is **One Water** with its Member Partner communities.



Regional Service Area Economy

The GLWA service area is largely located in the Detroit Metropolitan Service Area (MSA), which is ranked the 19th largest metropolitan area in terms of population in the country. The current unemployment rate in Metro Detroit is 5.4 percent, which is slightly higher than the national unemployment rate of 4.4 percent. Despite this difference, the region continues to see steady economic momentum supported by major redevelopment efforts and increased investment from corporations expanding their presence. These initiatives are helping to diversify employment opportunities for residents. Professional, business, education, and health services account for approximately 35 percent of total employment, with trade, transportation, and utilities making up 19 percent, and manufacturing representing 12 percent. Population levels remain stable, and per capita income has continued to rise steadily over recent years.

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

- Oakland County Aaa/AAA/Not Rated (M/S/F)
- Macomb County Aaa/AA+/Not Rated (M/S/F)
- Wayne County Aa3/A+/AA (M/S/F)
- City of Detroit A3/BBB+/Not Rated (M/S/F)
- State of Michigan Aa1/AA/AA+ (M/S/F)

Water Residential Assistance Program

While the economic metrics are strong, there will always be households in need throughout the service area. For this reason, the founding legal structure for GLWA provided that 0.5 percent of the base budgeted operating revenues be directed to funding the Water Residential Assistance Program ("WRAP"). For the year ended June 30, 2026, the funding level was $4.6 million. This program provides payment assistance and support services to address home repairs to assist eligible low-income residential households in our Member Partner communities. This means that qualified households can receive payment assistance, as well as take steps to sustainably reduce their bills in the future. The WRAP program is delivered through a network of governmental and nonprofit service delivery partners who can provide a wholistic approach to supporting households in need with other services.

Budget Process

GLWA has a rigorous budget process. Annually, a biennial budget and five-year plan are prepared concurrently. This process begins soon after the current fiscal year begins in July with the operating area budget managers. A financial plan update is provided to the Board at a workshop in the fall, where operational, capital, economic, and financial briefings are presented. A preliminary budget is presented to the Audit Committee in December and then to the full Board in January. The preliminary budget and accompanying schedule of service charges are presented to Member Partners for comments during January and February. The final proposed biennial budget and five-year financial plan, as well as a five-year capital improvement plan ("CIP"), are presented to the Board during a public hearing in February. Once approved, the budget takes effect on July 1st.

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

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

In preparation of the budget for FY 2026, GLWA adhered to the following Financial Plan Objectives that are discussed in detail in our budget document:

1. Revenue Stability for the System – This is achieved by utilizing a charge model to provide revenue stability despite changes in climate conditions that vary from year to year without compromising water conservation objectives;
2. Managing Charge Stability for Our Member Partners – The goal is to adjust charges on a modest incremental basis systemwide to prevent unpredictable cost increases for our Member Partners in the future;
3. WRAP – This program is required to be funded at 0.5 percent of the base budgeted operating revenue;
4. Closed Loop Lease Payment – The regional system lease payments stay within the local, retail water and sewage disposal systems for the benefit of the DWSD;
5. Closed Legacy Benefit Plan Costs – GLWA's share of the required DWSD commitment for the Detroit General Retirement System closed plan is funded consistent with the terms of pension and lease agreements.

Long-Term Financial Planning Aligns with Successful Debt Management

GLWA regularly updates its 10-year financial forecast as a roadmap to achieve one of the organizational goals of a solid AA category rating, by meeting or exceeding rating agency criteria. In advance of the June 2026 bond transaction, GLWA secured affirmation of the 'AA' category from all three bond rating agencies. More details on the credit ratings are described in the MD&A and in Note 12.

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

During FY 2026, there was a debt refunding transaction, for both the water system and sewage disposal system. For the water system, the transactions resulted in future budgeted (gross) cash flow savings of $63.6 million which resulted in a net present value economic gain of $45.4 million. For the sewage disposal system, the transaction resulted in future budgeted (gross) cash flow savings of $28.1 million which resulted in a net present value economic gain of $22.5 million. Since GLWA's operational inception in 2016, through June 2026, refunding transactions have reduced debt reserve requirements of $139.9 million and future budgeted cash flow by $1.065 billion resulting in a net present value economic gain of $675.7 million. These savings have a material impact on GLWA's ability to keep the annual revenue requirement adjustments and related charge adjustments at an amount well below the consumer price index.

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

Major Initiatives

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

Statewide Water Funding Task Force

In 2026, GLWA advanced its leadership role statewide and in the water sector through the release of *The Crisis Beneath Us: The Urgent Need to Invest in Michigan's Water Infrastructure.* This report is the inaugural report of the Water Funding Task Force, which was established by GLWA in January 2026. This comprehensive analysis quantifies Michigan's growing infrastructure funding gap and outlines potential statewide solutions to ensure safe, reliable, and affordable water services for generations to come. With this effort, GLWA has helped to elevate water infrastructure investment as a statewide policy priority, and in the coming year we will continue to engage with stakeholders to help shape sustainable funding strategies that serve residents across the state for current and future generations.

Linear System Integrity Program

GLWA is taking action to enhance system and operational resiliency. One way is through the ongoing Linear System Integrity Program (LSIP). This program uses innovative technology to support the regional system's capacity to deliver drinking water and collect wastewater data. As an example, electromagnetic and acoustical devices can be inserted into drinking water transmission mains with minimal disruption. This allows the utility to target its efforts to plan and execute proactive repairs and replacements to help prevent main breaks. This allows GLWA to better target specific assets that must be either repaired or replaced.

As part of the LSIP, a risk framework was developed to guide GLWA in making decisions about prioritizing pipelines for attention. The risk factors include likelihood of failure and consequence of failure to assign an overall risk and prioritization. At a Board workshop last year, the "Water Transmission Main Renewal Strategy" concept was explained. The LSIP's findings include that approximately 13 percent of GLWA's mains are currently beyond their useful life (and more are continuing to age) and that 15 percent are candidates from decommissioning. While the cost of carrying out the LSIP strategy is significant, efforts continue to shape and begin its implementation. In fact, this level of information derived from LSIP has served as a key illustration of the growing infrastructure need outlined in *The Crisis Beneath Us*. With the LSIP, we now have a quantified assessment of the infrastructure gap over the next 20 years. This need goes well beyond modest annual charge increases to needing a new source of water infrastructure funding.

United States Army Corps of Engineers Partnership

In September 2024, GLWA announced a partnership with the U.S. Army Corps of Engineers (USACE) to study flooding problems across southeast Michigan and formulate alternatives to help reduce flood risk. A study of this magnitude, and potential impact, is unprecedented in the state of Michigan. At the study's completion, a tentatively selected plan will be presented for consideration of further federal and non-federal funding to improve infrastructure and flood resiliency across the region.

The flood mitigation study initially had a projected cost of $3 million. USACE will contribute federal funding of 50% the study cost while GLWA will provide the remaining 50% with in-kind-services.. In May of 2026, the Assistant Secretary of the Army of Civil Works approved a budget of $5 million for a four-year

timeline pending availability of federal funds. A summary of the project, public meeting materials, and project updates can be found at the Southeast Michigan Flood Risk Management Feasibility Study webpage.

Proactive Capital improvement Plan

As it relates to the Capital Improvement Program (CIP), the majority of the GLWA FY 2027–2031 five-year CIP is driven by optimizing the system and maintaining reliability. The Authority has a low level of regulatory mandated CIP projects. The water system calls for $1.2 billion of major capital expenditures over the next five fiscal years (2027-2031) and the wastewater (sewer) system calls for $1.3 billion of capital expenditures over the same period. The staff from Michigan Department of Environment, Great Lakes, and Energy ("EGLE") regularly engage with GLWA on capital project matters to ensure alignment and open dialog to achieve optimal results.

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

Investment in Information Technology Systems

GLWA completed the development and beta release of a new mobile application for the Wholesale Automated Meter Reading (WAMR) system, expanding accessibility of real-time flow and pressure information for Member Partners. The app enhances transparency, supports operational decision-making, and empowers Member Partners with more timely system data. This innovation represents an important step toward modernizing the customer experience while improving system planning and regional coordination.

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

FY 2026 marked meaningful progress in GLWA's long-term asset management strategy. The Enterprise Asset Management Group launched a risk-based modeling program for the sewer system and introduced a new Operations & Summary Dashboard that integrates NEXGEN asset data with advanced analytics. These tools provide deeper visibility into asset condition, system performance, and long-term investment needs. The enhanced analytical framework strengthens our ability to prioritize rehabilitation activities, reduce operational risk, and extend the useful life of critical infrastructure.

Kahua, a project management information system that will be used for capital improvement planning and program and project management, is now in the implementation stage. The anticipated in-service date for phase one is in FY 2027 and phase two in FY 2028.

Professional Grants Management

The Authority has established a dedicated Grants Management Team to support subject matter experts across the organization in seeking, applying for, and administering grants. As recently reported to the Audit Committee, over $131 million in grants have been actively managed since FY 2020. This grant activity is in addition to a strong participation in the state revolving fund program with project submittals and awards on an annual basis.

Building and Strengthening the Water Sector Talent Pool

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

Our apprenticeship and internship programs are helping to build the next generations of water professionals. Our apprenticeship program targets positions that are challenging to recruit and fill such as electricians, water technicians, instrumentation technicians, and maintenance technicians.

GLWA advanced its workforce development and talent pipeline initiatives in 2026 through expanded apprenticeship and internship programs, strengthened technical training, and enhanced knowledge-transfer systems. These efforts formalized and broadened opportunities for skill development, supported long-term succession planning, and reinforced the Authority's commitment to cultivating a highly capable and resilient workforce.

Strong Vendor Engagement & Procurement Transparency

GLWA is fortunate in that it routinely receives multiple competitive responses on procurement solicitations. Vendor engagement is a top priority. One way that occurs is through in-person and online vendor outreach events.

GLWA publishes an annual procurement report which provides analysis, as well as the amount and number of purchase orders and contracts for each vendor, and quantity and dollar amount of invoices paid to each vendor. Not only does this report demonstrate the highest level of transparency in procurement, it also outlines the positive economic impact GLWA has on the service area and state.

Member Partner Relations

The One Water Partnership Agreement, between GLWA and its Member Partners, outlines the mutual commitments to working together for the greater good of the region, detailing the responsibilities of all parties and a commitment to a multi-jurisdictional, multi-agency approach to infrastructure renewal and investment. GLWA's collaborative relationship with its customers is foundational to its operations wherein GLWA works with its customers as Member Partners. Every two years, GLWA's Third Party Facilitator conducts a Member Partner satisfaction survey called the GLWA Scorecard. The biennial survey took take place in September of this year. Overall satisfaction climbed to 95 percent, up from 90 percent in 2024.

FY 2026 Financial Results

Most important to our Member Partners is the Authority's budget results. The Schedule of Revenue Requirements Budget to Actual in the Supplementary Information provides an overall view of the financial results for FY 2026.

The bottom-line revenue requirement result based on the budget basis that is utilized to prepare Member Partner charges is that the water operations ended the year with a $16.6 million positive variance after meeting all of the revenue requirements. The sewage disposal operations ended the year with a positive variance of $3.8 million after meeting all of the revenue requirements. Positive variances are analyzed after year end. Depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year to offset capital program costs.

Wholesale charges for water operations were 103.5 percent of the adopted budget and 99.9 percent of the adopted budget for the sewage disposal operations. These ratios reflect a high degree of accuracy in forecasting revenues.

A further discussion of FY 2026 results is presented in the MD&A. The MD&A provides further analysis of the water and sewage disposal systems individually in addition to GLWA overall.

Solid Foundation for Sustainability

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

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

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

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

Awards

Government Finance Officers Association Distinguished Budget Presentation Award – The Government Finance Officers Association of the United States and Canada ("GFOA") presented a Distinguished Budget Presentation Award to Great Lakes Water Authority, Michigan, for its Biennial Budget for the biennium beginning July 1, 2026. This was the Authority's eighth year receiving the award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting - GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to Great Lakes Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2025, for the seventh year in a row. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report. The Certificate of Achievement is the highest form of recognition, in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

10-Year Anniversary – Looking Back and Looking Forward

GLWA celebrated its 10-year operating anniversary on January 1, 2026. As we looked back, so much has been accomplished. Yet we are also very much focused on the future. This brought us to an inflection of who we are and how best to convey the progress of the organization and expand creative possibilities in the water sector, to increase accessibility and user experience with our brand, to expand public trust in our work, and to create a logo mark that represents our team members and the communities we serve. With the leadership in our Public Affairs Team, we are excited to share our new mission statement:

> **To deliver safe, reliable water services that support strong communities and protect our environment for generations to come.**

And our new values are:

> **We are People Focused:** From the organization's team members to the communities they serve, people are the driving force behind the "how" and the "why" at GLWA. Comprehensive training and inclusive decision making ensure individuals are seen, heard, and valued. The diverse, intergenerational stories of GLWA's workforce reflect the very communities it serves, fueling a commitment to quality.
>
> **We are Dedicated Stewards:** GLWA treats and returns wastewater to its source often cleaner than how it was found, solidifying a commitment to environmental sustainability and cultivating a brighter future for our communities. As guardians of Michigan's most valuable natural resource, GLWA is committed to investing in the next generation of water professionals through education, job creation, and research-based collaboration.
>
> **We are Trustworthy Leaders:** GLWA provides safe, high-quality drinking water and wastewater services to millions of people across southeast Michigan, consistently surpassing state and federal standards. Through research-based innovation and operational transparency, GLWA is continuously working to maintain the public's trust and raise the bar for the water sector around the world.
>
> **We are Approachable Experts:** As a leader in the water sector, GLWA seeks to educate everyone, from elected officials to our region's youth, about the value of water in our world. Using personal stories, engaging visuals, and approachable language simplifies complex systems and creates a shared sense of ownership across Southeast Michigan.

Our new logo, which is prominently displayed throughout this report, encompasses a shield to reinforce GLWA as a steward of our regional waterways; a water droplet to send a clear and accessible message to our communities that we are the providers of clean and reliable water services; a house shape, or pentagon, to represent community and the Member Partners we serve across our region; and finally, the outer ripple shape that links together to create five segments, representing the five Great Lakes and the five founding partners of GLWA.

We hope you enjoy engaging with our new brand and that it offers a clear understanding of who we are and what we do. It is our goal to bring our communities together, through water, now and for generations to come.

Acknowledgements

The positive financial results presented in the annual comprehensive financial report is the demonstration of the commitment that each GLWA team member has to accountability for the resources we are given. In addition, a special acknowledgement is in order for the members of the Financial Services Area – who consistently excel in delivering quality, transparent financial reporting all year in addition to this annual comprehensive financial report.

Collaboration is at the Core of a Successful Regional Water Authority

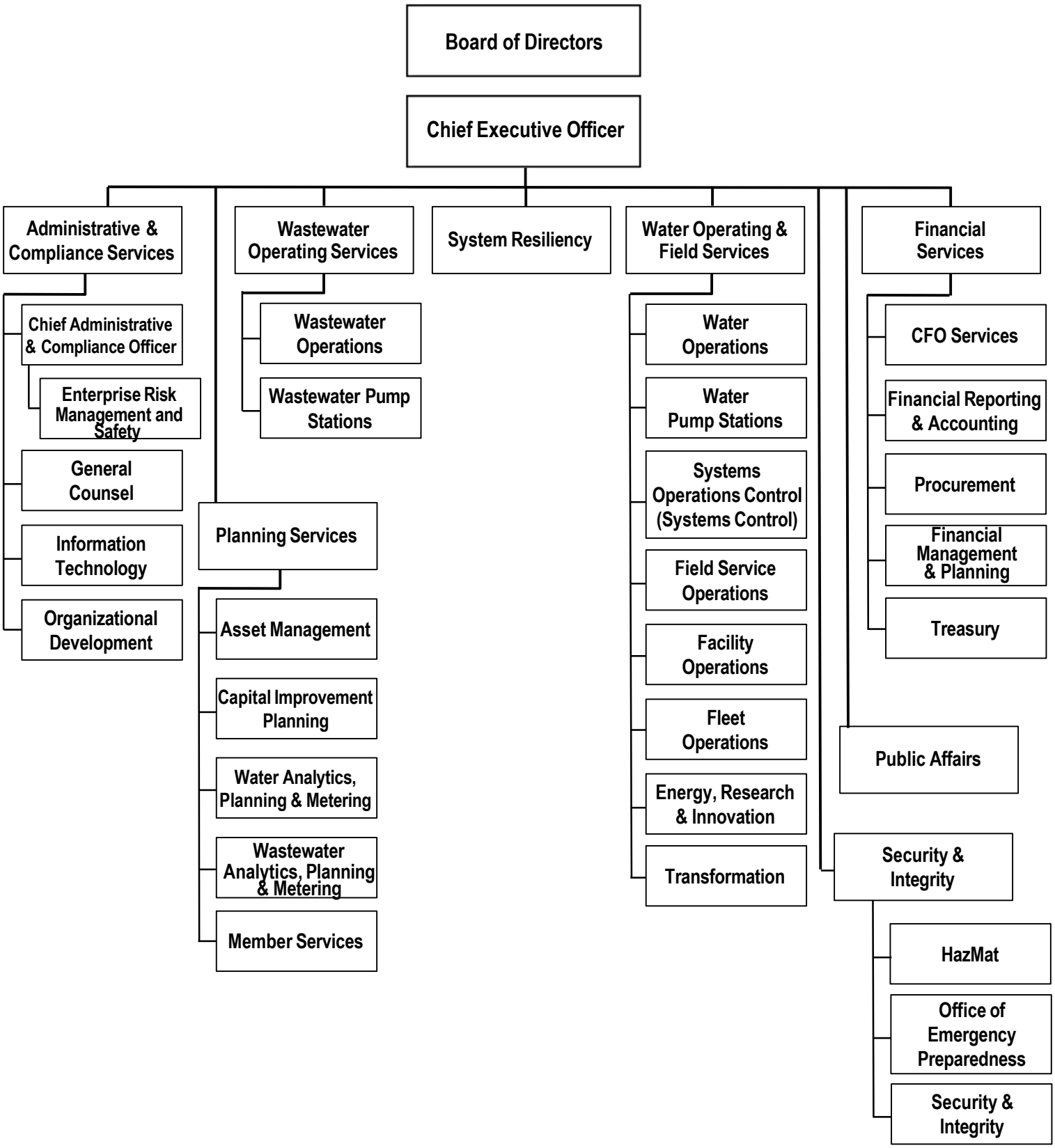
When we say "our" system, it is "our" system that we mutually support and foster in collaboration with our Member Partners, team members, vendor community, Board of Directors, other stakeholders, and the public at-large. Now, more than ever, thank you for your continued engagement.

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

Nicolette N. Bateson, CPA
Chief Financial Officer & Treasurer

GLWA
Great Lakes Water Authority

Organizational Line of Reporting Chart



GLWA
Great Lakes Water Authority

Great Lakes Water Authority Board of Directors
as of June 30, 2026

John J. Zech ..... GLWA Board Chairman; GLWA Board Representative for Wayne County

Jaye Quadrozzi ..... GLWA Board Vice-Chair; GLWA Board Representative for Oakland County

Freman Hendrix ..... GLWA Board Secretary; GLWA Board Representative for the City of Detroit

Mark Miller ..... Representative for the State of Michigan

Brian Baker ..... Representative for Macomb County

Gary A. Brown. ..... GLWA Board Representative for the City of Detroit

Great Lakes Water Authority Executive Leadership Team
as of June 30, 2026

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

William M. Wolfson ..... Deputy Chief Executive Officer

Nicolette N. Bateson, CPA ..... Chief Financial Officer/Treasurer - Financial Services

Cheryl D. Porter ..... Chief Operating Officer – Water Operating Services

Navid Mehram, P.E. ..... Chief Operating Officer – Wastewater Operating Services

Jody Caldwell, P.E. ..... Chief Planning Officer

Jeffrey E. Small ..... Chief Information Officer

W. Barnett Jones ..... Chief Security & Integrity Officer

Phyllis Hurks ..... General Counsel

Michelle A. Zdrodowski ..... Chief Public Affairs Officer

Jordie Kramer ..... Chief Organizational Development Officer

Todd King, P.E. ..... Chief Resiliency Officer

Gary Mekjian, P.E. ..... Legislative and Community Relations Officer

Mission Statement

Our mission is to deliver safe, reliable water services that support strong communities and protect our environment for generations to come.

Our Vision

WATER THAT CARRIES US FORWARD

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Great Lakes Water Authority
Michigan

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

and issued to the public 163 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Directors of
Great Lakes Water Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Great Lakes Water Authority (the Authority), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Authority as of June 30, 2026 and the respective changes in the financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's fiscal year 2025 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities, and each major fund in our report dated December 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Madison, Wisconsin
December 9, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

June 30, 2026

The management of the Great Lakes Water Authority (GLWA or Authority) presents this discussion and analysis of GLWA's financial position and changes in financial position as of and for the fiscal year ended June 30, 2026. Information in condensed format compares the fiscal year ended June 30, 2026 to the fiscal year ended June 30, 2025. Comparison analysis is also provided for the fiscal year ended June 30, 2025 to the fiscal year ended June 30,2024. The Authority has re-presented the prior year amounts for comparability under GASB 103 presentation of the current year amounts; no amounts were restated. The Management's Discussion and Analysis (MD&A) should be read in conjunction with GLWA's basic financial statements and the related notes to the financial statements in addition to the transmittal letter provided in this report.

Overview of the Financial Statements

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

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

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

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

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

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

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

Management's Discussion and Analysis

Financial Summary and Detailed Analysis

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

Net Position (Deficit)

Net position is defined by the accounting standards as the residual of all other elements presented in a statement of financial position. Specifically, it is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. Deferred inflows and deferred outflows generally relate to financing activity and GLWA's share of the GRS pension obligation.

	Net Position ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Assets							
Current assets	$ 911,021	$ 851,153	$ 789,255	$ 59,868	7.0%	$ 61,898	7.8%
Restricted assets	945,791	890,454	770,716	55,337	6.2%	119,738	15.5%
Capital assets	4,730,963	4,604,326	4,480,135	126,637	2.8%	124,191	2.8%
Other noncurrent assets	808,782	853,665	891,416	(44,883)	-5.3%	(37,751)	-4.2%
Total assets	7,396,558	7,199,598	6,931,521	196,959	2.7%	268,077	3.9%
Deferred outflows of resources	97,362	71,631	89,954	25,731	35.9%	(18,323)	-20.4%
Liabilities							
Current liabilities	631,486	601,695	602,464	29,790	5.0%	(769)	-0.1%
Long-term debt	5,636,849	5,655,948	5,556,630	(19,100)	-0.3%	99,318	1.8%
Net pension liability	14,024	29,537	37,046	(15,514)	-52.5%	(7,509)	-20.3%
Other liabilities	887,086	868,947	882,396	18,139	2.1%	(13,449)	-1.5%
Total liabilities	7,169,444	7,156,128	7,078,536	13,316	0.2%	77,592	1.1%
Deferred inflows of resources	225,291	179,444	133,364	45,847	25.5%	46,080	34.6%
Net position (deficit)							
Net investment in capital assets	(307,890)	(355,298)	(428,662)	47,408	-13.3%	73,364	-17.1%
Restricted for construction	2,382	2,328	2,258	54	2.3%	70	3.1%
Restricted for debt service	224,277	203,653	213,674	20,624	10.1%	(10,021)	-4.7%
Restricted for payment assistance program	2,440	2,306	1,716	135	5.8%	590	34.4%
Unrestricted	177,976	82,669	20,589	95,307	115.3%	62,080	301.5%
Total net position (deficit)	$ 99,185	$ (64,342)	$ (190,425)	$ 163,527	-254.2%	$ 126,082	-66.2%

Management's Discussion and Analysis

Over time, net position may serve as a useful indicator of GLWA's financial position. In the case of FY 2026, GLWA ended June 30,2026 with a $99.2 million net position, an increase of $163.5 million from the previous year. This represents the net deficit for the water fund of $22.1 million and a net position of $121.3 million for the sewage disposal fund. The net deficit as of June 30, 2025 was $64.3 million. This was the combined net deficit of $76.3 million for the water fund and $12.0 million net position for the sewage disposal fund. The improvement in the net position for the year ended June 30, 2026 of $163.5 million was due to a $54.2 million increase in the water fund and a $109.3 million increase in the sewer fund. These amounts are reported in the Statement of Revenues, Expenses, and Changes in Net Position.

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

Net investment in capital assets is computed as the capital assets acquired (net of depreciation and amortization) less the debt incurred to acquire those assets. The balance for 2026 was a deficit balance of $307.9 million and the balance for 2025 was a deficit balance of $355.3 million. A unique historical driver of this deficit is the accounting requirement for the start-up of GLWA on January 1, 2016, pursuant to GASB Statement No. 69, Government Combinations and Disposals of Government Operations. GASB 69 requires that government acquisitions measurement of assets acquired and liabilities assumed be based upon their acquisition values (market-based). The acquisition values were determined by an appraiser for the capital assets and a financial advisor for the debt. The GASB 69 adjustment related to the debt was not significant. The GASB 69 adjustment related to capital assets resulted in a significant increase in the book value of capital assets of $1.6 billion which, in turn, has increased annual depreciation expense over the remaining life of the asset. Over time, the valuation impact will diminish. The improvement of $47.4 million in 2026 was largely due to capital additions, primarily construction work in progress and other capital additions, being more than depreciation and change in capital related debt. The improvement of $73.4 million in 2025 was also mainly due to capital additions, primarily construction work in progress and other capital additions, being larger than depreciation and the change in capital related debt.

Restricted Net Position for construction relates to a capital contribution received during the prior year that is to be used for a future capital project. The total amount restricted at June 30, 2026 is $2.4 million and in 2025 was $2.3 million. The increase is related to investment earnings.

Restricted Net Position for debt service represents amounts that are required by the related MBO or other third-party agreements to be used for the repayment of debt. The MBO requires funds to be set aside monthly for debt service so that the funds are available when the debt service payments are due. Changes in this category can be related to a change in the debt reserve requirement or in the amount of funds being set aside. The total amount restricted at June 30, 2026 was $224.3 million, compared to $203.7 million at June 30, 2025. The change in 2026 and 2025 are mainly related to the required debt service amounts associated with existing debt and the bond transactions completed in June 2026 and 2025.

Restricted Net Position for payment assistance program represents WRAP funds that have not been spent by the service delivery partners who disburse the funds to those who meet the qualifications for assistance. WRAP funding is budgeted annually at 0.5% of revenue to help support the program. Service delivery partners submit monthly statements of expenditures outlining commitments made to clients qualifying for assistance. Funds are disbursed upon review of the monthly statements of

expenditure and funds available by service area. Amounts will vary year to year depending on timing of the expenditures. The total amount restricted at June 30, 2026 was $2.4 million and the amount at June 30, 2025 was $2.3 million.

Unrestricted net position is generally defined as the net result of the other components of total net position. The unrestricted net position is $178.0 million as of June 30, 2026 and $82.7 million as of June 30, 2025. Unrestricted account activities, such as current and prior year positive operating results, contributed to an increase in unrestricted net position in 2026 and in 2025 of $95.3 million and $62.1 million, respectively.

Changes in Net Position

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

Changes in Net Position ($000)							
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Operating revenues	$ 945,244	$ 884,068	$ 835,531	$ 61,176	6.9%	$ 48,537	5.8%
Operating expenses	662,172	651,379	646,638	10,793	1.7%	4,742	0.7%
Operating income	283,072	232,689	188,893	50,383	21.7%	43,795	23.2%
Noncapital Subsidies	(1,134)	(7,277)	(14,028)	6,142	-84.4%	6,751	-48.1%
Operating Income (Loss) and Noncapital Subsidies	281,938	225,412	174,865	56,525	25.1%	50,547	28.9%
Other Nonoperating revenues (expenses)	(118,410)	(99,330)	(133,708)	(19,080)	19.2%	34,378	-25.7%
Change in net position	163,527	126,082	37,445	37,445	29.7%	88,637	236.7%
Net position (deficit), beginning of year	(64,342)	(190,425)	(231,582)	126,082	-66.2%	41,157	-17.8%
Net position (deficit), end of year	$ 99,185	$ (64,342)	$ (194,137)	$ 163,527	-254.2%	$ 129,794	-66.9%

Net position increased $163.5 million in 2026 which is an improvement of $37.4 million when compared to 2025. This is mostly attributed to an increase in operating income of $50.4 million mostly due to an increase in operating revenue. Operating revenue increased $61.2 million, of which $48.1 million was expected based on the FY 2026 budget when compared to FY 2025 actual results. A positive adjustment to the allowance for doubtful accounts of $8.2 million and an increase in usage and reduction in the KWA credit make up the most of the remaining $4.8 million increase.

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

Management's Discussion and Analysis

Centralized Services and Administrative Services

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

Centralized and Administrative Services ($000)											
	Fiscal Year			Change 2026 vs 2025		Variance Allocation		Change 2025 vs 2024		Variance Allocation	
	2026	2025	2024	Amount	Percent	Water	Sewer	Amount	Percent	Water	Sewer
Centralized Services											
Personnel	$ 44,710	$ 40,145	$ 37,475	$ 4,565	11.4%	$ 3,200	$ 1,366	$ 2,670	7.1%	$ 1,436	$ 1,234
Contractual Services	55,912	64,824	57,897	(8,912)	-13.7%	(543)	(8,369)	6,927	12.0%	4,778	2,149
Utilities	207	243	184	(36)	-14.8%	22	(58)	59	32.1%	31	28
Supplies and other expenses	13,390	15,129	11,838	(1,739)	-11.5%	(2,420)	681	3,291	27.8%	3,151	141
Total Centralized Services	$ 114,219	$ 120,341	$ 107,394	$(6,122)	-5.1%	$ 259	$(6,380)	$12,947	12.1%	$ 9,396	$ 3,552
Administrative Services											
Personnel	$ 25,502	$ 23,335	$ 21,821	$ 2,167	9.3%	$ 1,084	$ 1,084	$ 1,514	6.9%	$ 757	$ 757
Contractual Services	15,889	14,326	12,671	1,563	10.9%	(147)	1,709	1,655	13.1%	(380)	2,035
Utilities	141	154	152	(13)	-8.4%	(6)	(6)	1	0.7%	1	1
Supplies and other expenses	2,133	1,655	1,854	478	28.9%	219	260	(200)	-10.8%	(24)	(176)
Total Administrative Services	$ 43,665	$ 39,470	$ 36,498	$ 4,195	10.6%	$ 1,150	$ 3,047	$ 2,970	8.1%	$ 354	$ 2,617

Centralized services personnel costs increased $4.6 million in 2026. This increase is due to an increase in employee benefits ($1.2 million) mostly due to increased health care costs and salaries and wages ($3.4 million). Salaries and wages increased due to annual mid-year wage increases and merit adjustments and an increase of 14 team members for the following areas: Security & Integrity (5), Information Technology (5), System Resiliency (1), Systems Operations Control (1), Facility Operations (1), Field Services (1), Planning Services (1) and Transformation (-1). The twelve vacant positions for security personnel and control systems which were filled during 2025 also resulted in increased 2026 personnel costs due to a full year of salary and benefits for these personnel positions. The 2025 personnel costs increase of $2.7 million was due to the filling of the twelve vacant positions as well as an annual mid-year pay adjustment.

Administrative services personnel costs increased $2.2 million in 2026. The increase is due to an increase in employee benefits ($0.6 million) due to increased health care costs and salaries and wages ($1.6 million). Salaries and wages increased due to annual mid-year wage and merit adjustments as well as an increase of six team members for the following areas: General Counsel (1), Enterprise Risk Management (1), and the Financial Services Area (7). Administrative services personnel costs increased $1.5 million in 2025. This increase is due to the filling of two vacant positions (one in both Organizational Development and Financial Services), as well as a mid-year adjustment affecting both wages and benefits.

Centralized contractual services include field services contracts for timely repairs to minimize and address disruption in service, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions.

Centralized contractual services decreased $8.9 million in 2026 as expected due to:

- Decrease of $3.2 million for emergency sewer maintenance costs moved out of centralized services and reported in the wastewater department as this group has taken on the day-to-day maintenance of this system.
- Decrease of $2.3 million due to the wind down of the implementation of Workday enterprise resource planning (ERP) and Nexgen enterprise asset management (EAM) systems.
- Decrease of $2.1 million in network charges being paused by the network provider due to a rate discrepancy. The pause resulted in recognizing lower expenditures and accruals in FY 2026. Once resolved any adjustments will be applied next year.

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

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

Administrative contractual services increased $1.6 million in 2026. There are six departments in the administrative area. The department with the largest increase was General Counsel ($0.8 million) with the remaining increases spread across the other five departments with no specific item causing the increase.

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

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

Centralized supplies and other expenses decreased in 2026 by $1.7 million. This is mainly due to a recovery of $3 million from the contractor that caused the water main break in 2025. There was an increase of $1.2 million for technology supplies allowing for utilization of cloud-based applications, cyber security and storage, and an increase of $0.6 million for annual software as service payments to Nexgen EAM and Workday ERP systems.

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

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

Management's Discussion and Analysis

Water Fund

Water Fund Changes in Net Position ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Operating Revenue	2025	2024	Amount	Percent	Amount	Percent
Wholesale charges	$ 383,879	92.6%	$ 348,976	$ 337,511	$ 34,903	10.0%	$ 11,465	3.4%
Charges to local system	30,029	7.2%	27,095	25,537	2,934	10.8%	1,558	6.1%
Bad debt recovery credit	-	0.0%	-	(5,153)	-	0.0%	5,153	100.0%
Other revenues	632	0.2%	383	655	249	64.8%	(272)	-41.5%
Total operating revenues	414,540	100.0%	376,455	358,551	38,086	10.1%	17,904	5.0%
Operating expenses	286,979	69.2%	274,020	272,350	12,959	4.7%	1,670	0.6%
Operating Income	127,561	30.8%	102,434	86,201	25,127	24.5%	16,234	18.8%
Noncapital Subsidies	(715)	-0.2%	(2,862)	(5,143)	2,147	75.0%	2,280	44.3%
Operating Income (Loss) and Noncapital Subsidies	126,846	30.6%	99,572	81,058	27,274	27.4%	18,514	22.8%
Other Nonoperating Revenues (Expenses)	(72,619)	-17.5%	(64,765)	(68,330)	(7,855)	-12.1%	3,565	5.2%
Change in net position	54,227		34,807	12,729	19,419	55.8%	22,079	173.5%
Net position (deficit), beginning of year	(76,324)		(111,131)	(123,860)	34,807	31.3%	12,729	10.3%
Net position (deficit), end of year	$ (22,097)		$ (76,324)	$ (111,131)	$ 54,227	71.0%	$ 34,807	31.3%

The 2026 wholesale charges increase of $34.9 million of which approximately $26.7 million is due to a 5.9% board-approved system wide service charge increase, usage increases and a reduction in the KWA credit. The remaining increase of $8.2 million is due to a positive adjustment to the allowance for doubtful accounts. The 2025 wholesale charges increase is mainly due to the board approved charge increase which averaged 3.0% for the wholesale charges.

The increase in the charges to the local system in 2026 and in 2025 were as expected based on the board approved charges.

WATER THAT CARRIES US FORWARD

Management's Discussion and Analysis

The following table outlines the Water Fund operating expenses.

	Water Fund Operating Expenses ($000)							
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Operating Revenue	2025	2024	Amount	Percent	Amount	Percent
Personnel	$ 64,890	22.6%	$ 57,470	$ 52,363	$ 7,420	12.9%	$ 5,106	9.8%
Contractual services	62,695	21.8%	55,173	49,221	7,522	13.6%	5,952	12.1%
Utilities	33,521	11.7%	30,875	32,695	2,647	8.6%	(1,821)	-5.6%
Chemicals	13,496	4.7%	14,112	11,947	(616)	-4.4%	2,165	18.1%
Supplies and other	15,290	5.3%	16,513	11,584	(1,222)	-7.4%	4,929	42.5%
Total operating expenses before depreciation and amortization	189,892	66.2%	174,142	157,811	15,750	9.0%	16,331	10.3%
Depreciation and amortization	97,087	33.8%	99,879	114,539	(2,792)	-2.8%	(14,661)	-12.8%
Total Operating Expenses	$ 286,979	100.0%	$ 274,020	$ 272,350	$ 12,959	4.7%	$ 1,670	0.6%

Operating expenses of $287.0 million represent 69.2 percent of total operating revenues. Depreciation and amortization is the larger category of expense at 33.8 percent of operating expense. Given the nature of GLWA's water operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

The personnel costs increase of $7.4 million in FY26 and $5.1 million in 2025. The personnel cost allocations from both Centralized and Administrative charges increased $4.3 million and $2.2 million respectively. The remaining personnel increase of $3.1 million is due to annual wage increases and merit adjustments as well as a full year of costs for the vacant positions filled in 2025. There was an increase of seven team members in 2026, four of which were at the Springwells Water Plant. The remaining personnel increase of $2.9 million in 2025 is due to 21 vacant positions being filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits.

Contractual services increased by $7.5 million in 2026 the major variances were for:

- Increase of $9.5 million for water treatment plants costs, the largest of which was for sludge removal ($8.6 million) due to schedule delays in 2025 and unplanned removal needed in April and May 2026. There was also an increase in the use of contracted skilled trades services ($1.4 million).
- Decrease of $1.3 million in costs for water support services primarily due to reduced use of Task Order Engineering Services (TOES) for non-CIP projects based on work demand ($0.8 million) and the wind down of an operational controls project ($0.3 million)
- Decrease of $0.7 million in the centralized and administrative services allocation.

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

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

The utilities cost increase in 2026 was mainly related to an increase in the electric Power Supply Cost Recovery (PSCR) factor to the maximum allowed beginning March 1 , 2026 which resulted in a 650.8% increase in the PSCR charge for the last four months of the fiscal year. The utilities cost decrease in 2025 was mainly related to a decrease in the electric PSCR factor of 78%.

Chemical costs decreased in 2026 mostly due to a decrease in usage of aluminum sulfate which is used in the water treatment process to remove suspended particles. Usage will vary year to year based on the raw water turbidity. Chemical costs increased in 2025 due to compliance with new lead and copper rules for water treatment. The new rules required increased use orthophosphates for the Corrosion Control Program.

Supplies and Other cost decreased in 2026 by $1.2 million. The centralized and administrative services allocation decrease by $2.2 million which was offset by increases at the water treatment plants for laboratory supplies ($0.5 million), equipment repairs ($0.4 million) and other equipment ($0.3 million). Supplies and Other cost increased in 2025 by $4.9 million. Major variances include an increase of $3.1 million in the allocated from centralized and administrative services, an increase of $1.6 million for equipment reliability maintenance at the water treatment facilities ($1.1 million), and water booster stations ($0.5 million).

The following table details the Water Fund noncapital subsidies:

	Water Fund Noncapital Subsidies ($000)							
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Noncapital Subsidies	2025	2024	Amount	Percent	Amount	Percent
Water Residential Assistance Program	(1,912)	267.3%	(1,626)	(2,938)	(286)	-17.6%	1,311	44.6%
Legacy pension recovery (expense)	1,197	-167.3%	(1,085)	(2,403)	2,282	210.3%	1,318	54.9%
Other - Noncapital subsidies	-	0.0%	(151)	198	151	100.0%	(349)	-176.4%
Total Noncapital Subsidies	$ (715)	100.0%	$ (2,862)	$ (5,143)	$ 2,147	75.0%	$ 2,280	44.3%

WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2026 was $1.9 million and represents 97% of regional system contributions. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP.

The legacy pension expense decreased in 2026 and 2025. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

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

Water Fund Other Nonoperating Revenue (Expenses) ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Nonoperating Expense	2025	2024	Amount	Percent	Amount	Percent
Earnings (loss) on investments	$ 24,316	-33.5%	$ 22,277	$ 27,287	$ 2,039	9.2%	$ (5,010)	-18.4%
Interest income on other receivables	22,051	-30.4%	23,205	24,107	(1,154)	-5.0%	(901)	-3.7%
Interest expense	(139,025)	191.4%	(132,358)	(134,601)	(6,667)	-5.0%	2,243	1.7%
Other	19,740	-27.2%	18,762	4,564	977	5.2%	14,199	311.1%
Capital Contributions	298	-0.4%	3,349	10,314	(3,050)	-91.1%	(6,965)	-67.5%
Total Other Nonoperating Revenue (Expenses)	$ (72,619)	100.0%	$ (64,765)	$ (68,330)	$ (7,855)	-12.1%	$ 3,565	5.2%

Earnings on investments increased $2.0 million in 2026 and decreased by $5.0 million in 2025. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025. In fiscal year 2026, although forecasts were predicting continuing rate cuts, rates again remained steady.

Interest income on other receivables decreased for 2026 and 2025 as the balances are being paid down.

The increase in interest expense of $6.7 million in 2026 is a result of $219 million in new money bonds issued in June 2025. The decrease in interest expense in 2025 is a result of two bond refinancing transactions that occurred during fiscal year June 2024.

Other revenue (expense) increased in fiscal year 2026 of $1.0 million mainly due to a positive increase of $2.4 million in the amortization of debt related items offset by $1.3 related to a loss on the disposal of assets. Other revenue (expense) had a positive increase in fiscal year 2025 of $14.2 million mainly due to a positive increase of $11.6 million in the amortization of debt related items. The largest of which is the increase in amortization of bond premium ($3 million) and decrease in amortization of insurance on debt ($6 million) related to the release of reserves in 2024.

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

Management's Discussion and Analysis

Sewage Disposal Fund

Sewage Disposal Fund Changes in Net Position ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Operating Revenue	2025	2024	Amount	Percent	Amount	Percent
Wholesale charges	$ 300,095	56.5%	$ 287,691	$ 282,767	$ 12,404	4.3%	$ 4,924	1.7%
Charges to local system	215,324	40.6%	205,925	196,570	9,400	4.6%	9,355	4.8%
Industrial waste charges	9,259	1.7%	8,849	8,617	409	4.6%	232	2.7%
Pollutant surcharges	5,557	1.0%	4,584	4,089	973	21.2%	495	12.1%
Bad debt recovery credit	-	0.0%	-	(15,557)	-	0.0%	15,557	100.0%
Other revenues	469	0.1%	565	494	(96)	-17.0%	70	14.2%
Total operating revenues	530,704	100.0%	507,614	476,980	23,090	4.5%	30,633	6.4%
Operating expenses	375,193	70.7%	377,359	374,287	(2,166)	-0.6%	3,071	0.8%
Operating Income	155,510	29.3%	130,255	102,693	25,256	19.4%	27,562	26.8%
Noncapital Subsidies	(419)	-0.1%	(4,415)	(7,781)	3,996	90.5%	3,367	43.3%
Operating Income (Loss) and Noncapital Subsidies	155,092	29.2%	125,840	94,912	29,251	23.2%	30,929	32.6%
Nonoperating revenues (expenses)	(45,791)	-8.6%	(34,565)	(66,483)	(11,225)	-32.5%	31,918	48.0%
Change in net position	109,301	20.6%	91,275	28,429	18,026	19.7%	62,846	221.1%
Net position (deficit), beginning of year	11,981	2.3%	(79,294)	(107,722)	91,275	115.1%	28,429	26.4%
Net position (deficit), end of year	$ 121,282	22.9%	$ 11,981	$ (79,294)	$ 109,301	912.3%	$ 91,275	115.1%

The 2026 wholesale charges $12.4 million positive variance is mainly due to a 4.5% board-approved, system wide service charge increase. Operating revenues are primarily from wholesale sewer charges of $300.1 million (56.5 percent of Sewage Disposal Fund revenues). The 2025 wholesale charges $4.9 million positive variance is mainly due to a 3.0% board-approved, system wide service charge increase.
The charges to local system increases in 2026 and 2025 were as expected based on the adopted budget and the calculation of charges.

Industrial waste charges and pollutant surcharges represent 1.7 and 1.0 percent of operating revenue, respectively, which are charged to non-residential users.



GLWA Oakwood Retention Treatment Basin

Management's Discussion and Analysis

The following table details the Sewage Disposal Fund operating expenses.

Sewage Disposal Fund Operating Expenses ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Operating Revenue	2025	2024	Amount	Percent	Amount	Percent
Personnel	$ 81,306	21.7%	$ 75,500	$ 69,507	$ 5,807	7.7%	$ 5,992	8.6%
Contractual services	65,206	17.4%	68,614	60,558	(3,408)	-5.0%	8,056	13.3%
Utilities	38,072	10.1%	36,184	39,243	1,887	5.2%	(3,059)	-7.8%
Chemicals	17,839	4.8%	20,273	19,128	(2,435)	-12.0%	1,145	6.0%
Supplies and other	31,032	8.3%	27,405	30,510	3,627	13.2%	(3,105)	-10.2%
Total operating expenses before depreciation and amortization	233,455	62.2%	227,976	218,946	5,479	2.4%	9,030	4.1%
Depreciation and amortization	141,739	37.8%	149,383	155,341	(7,644)	-5.1%	(5,958)	-3.8%
Total Operating Expenses	$ 375,193	100.0%	$ 377,359	$ 374,287	$ (2,166)	-0.6%	$ 3,071	0.8%

Operating expenses of $375.2 million represent 70.7 percent of total operating revenue which consists primarily of depreciation and amortization expense and operations and maintenance activities. Depreciation and amortization are the larger category of expense at 37.8 percent of operating expense. Given the nature of GLWA's wastewater operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

Personnel costs increased $5.8 million in 2026 and $6 million in 2025. The personnel cost allocations from both Centralized and Administrative charges increased $2.4 million for 2026. Employee benefit costs increased $1.2 million partially due to rising health care costs. Salaries and wages increased $2.3 million in 2026 is due to annual wage increases and merit adjustments as well as an increase of 20 team members in 2026. There was an increase of eight team members in the engineering department, five in operations, four in wastewater processing, two in the CSO area, two in the COO department and a decrease of one in the wastewater director area. The personnel cost allocations from both Centralized and Administrative charges increased $2.0 million for 2025. The remaining increase of $4.0 million in 2025 is due to 20 vacant positions filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits.

Contractual services include operation and management of the Biosolids Dryer Facility (BDF), timely repairs for the Water Resources Recovery Facility (WRRF), staff augmentation for operations, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions.

Contractual services decreased by $3.4 million in 2026. The major variances are detailed below:

- Decrease of $6.9 million from centralized and administrative services allocation.
- Increase of $3.2 million for emergency and urgent sewer maintenance previously charged through the centralized services allocation.
- Increase of $1.1 million for boiler operations staffing required by the city ordinance.

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

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

- Increase of $4.2 million from centralized and administrative services allocation.

Utilities increased $1.9 million in 2026 mainly due to the following:

- Electric – Decrease of $1.4 million was primarily due to the reduction in the PSCR factor in 2025.
- Gas – Increase of $1.7 million due to increase in usage.
- Water – Increase of $1.3 million due to higher billing rate.
- Sewage – Increase of $0.3 million due to higher billing rate.

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

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

The decrease in chemicals in 2026 is due to a decrease in sodium hypochlorite cost due fewer wet weather events. The increase in chemicals in 2025 is due to increased volume of ferric chloride to remove phosphorus from primary influent and sodium hypochlorite due to wet weather events.

The supplies and other expenses increased $3.6 million in 2026. The increases include:

- Increase of $0.9 million from the centralized and administrative services allocation.
- Increase of $2.7 in wastewater operations mostly in the facilities area for electrical system upgrades, demolishing electrical building no longer needed, adding three new breakers to an electrical building, demolishing a storage building and carbon dioxide abatement.

The supplies and other expenses decreased of $3.1 million in 2025 mainly due to a decrease of $2.6 million in repairs and maintenance of equipment and facilities which was elevated in 2024. The reductions include:

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

The following table details the Sewage Disposal Fund noncapital subsidies:

Sewer Fund Noncapital Subsidies ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Noncapital Subsidies	2025	2024	Amount	Percent	Amount	Percent
Water Residential Assistance Program	(2,561)	611.4%	(2,202)	(3,835)	(359)	-16.3%	1,633	42.6%
Legacy pension recovery (expense)	2,142	-511.4%	(1,942)	(4,300)	4,084	210.3%	2,359	54.9%
Other - Noncapital Subsidies	-	0.0%	(271)	354	271	100.0%	(625)	-176.4%
Total Noncapital Subsidies	$ (419)	100.0%	$ (4,415)	$ (7,781)	$ 3,996	90.5%	$ 3,367	43.3%

WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2026 was $2.6 million which represents 97% of regional system contributions. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP.

The legacy pension expense decreased in 2026 and in 2025. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

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

Sewer Fund Other Nonoperating Revenue (Expenses) ($000)								
	Fiscal Year				Change 2026 vs 2025		Change 2025 vs 2024	
	2026	Percentage of Nonoperating Expense	2025	2024	Amount	Percent	Amount	Percent
Earnings (loss) on investments	$ 22,187	-48.5%	$ 26,518	$ 34,566	$ (4,330)	-16.3%	$ (8,049)	-23.3%
Interest income on other receivables	14,402	-31.5%	15,086	15,748	(684)	-4.5%	(662)	-4.2%
Interest expense	(135,267)	295.4%	(139,149)	(144,357)	3,882	2.8%	5,208	3.6%
Other	9,231	-20.2%	25,635	(2,559)	(16,404)	-64.0%	28,194	1101.7%
Capital Contributions	43,655	-95.3%	37,344	30,118	6,311	16.9%	7,226	24.0%
Total Other Nonoperating Revenues (Expenses)	$ (45,791)	100.0%	$ (34,565)	$ (66,483)	$ (11,225)	-32.5%	$ 31,918	48.0%

Earnings on investments decreased by $4.3 million in 2026 and by $8.1 million in 2025. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates increased during fiscal year 2023 and remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025. In fiscal year 2026, although forecasts were predicting continuing rate cuts, rates again remained steady.

Interest earnings on other receivables have decreased for 2026 and 2025 as the balances are being paid down.

The decrease in interest expense in 2026 is a result of a June 2025 bond refunding transaction and a decrease in the overall debt balance at June 30, 2025. The decrease in interest expense in 2025 is a result of two refinancing bond transactions that occurred during fiscal year June 2024.

Other revenue (expense) had a decrease in fiscal year 2026 of $16.4 million mainly due to $18.5 million in grants and loan forgiveness which is now classified as capital contributions in 2026. There was a positive variance in amortization of debt related items of $1.9 million. Other revenue (expense) had a positive increase in fiscal year 2025 of $28.2 million mainly due to a positive increase of $18.5 million in the amortization of debt related items. The largest of which is the increase in the amortization of bond premium ($3.7 million) and decrease in amortization of insurance on debt ($9 million) related to the release of reserves in 2024. The other largest item is an increase in grants and loan forgiveness of $17.3 million offset by a decrease in insurance proceeds of $7.3 million.

Capital contributions vary year by year. The capital contributions in 2026 are from $35.6 million in grants and an OMIDD capital asset turnover of $8.1 million. The capital contributions in 2025 are from grants of $15 million and an OMIDD capital asset turnovers of $22 million.

Management's Discussion and Analysis

Significant capital assets and long-term financing activity

Capital Assets

GLWA's investment in capital assets is $4.7 billion (net of accumulated depreciation) with $2.2 billion assigned to the Water Fund and $2.5 billion assigned to the Sewage Disposal Fund. See Note 9 to the financial statements for more information on capital assets. The Authority implemented GASB 89 during FY 2018 and no longer capitalizes interest expense.

	Capital Assets, Net ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Land	$ 65,041	$ 62,975	$ 62,975	$ 2,065	3.3%	$ -	0.0%
Easements	358,293	357,465	357,465	829	0.2%	-	0.0%
Construction in progress	988,882	1,038,756	747,901	(49,874)	-4.8%	290,854	38.9%
Site improvements	30,660	32,857	33,486	(2,196)	-6.7%	(629)	-1.9%
Buildings and structures	1,150,381	1,156,003	1,198,512	(5,622)	-0.5%	(42,509)	-3.5%
Infrastructure	1,191,646	958,615	986,225	233,031	24.3%	(27,610)	-2.8%
Machinery and equipment	837,113	883,056	974,016	(45,943)	-5.2%	(90,959)	-9.3%
Vehicles	8,721	8,217	8,323	504	6.1%	(106)	-1.3%
Leasehold improvements	9,237	9,668	10,471	(431)	-4.5%	(803)	-7.7%
Intangible assets	90,989	96,715	100,762	(5,726)	-5.9%	(4,047)	-4.0%
Total capital assets (net of depreciation and amortization)	$ 4,730,963	$4,604,326	$4,480,135	$ 126,637	2.8%	$ 124,191	2.8%



GLWA Northeast Water Treatment Plant

Water Fund

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

	Water Fund Capital Assets, Gross ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Land	$ 36,081	$ 34,478	$ 34,478	$ 1,604	4.7%	$ -	0.0%
Easements	259,269	259,146	259,146	123	0.0%	-	0.0%
Construction in progress	330,304	547,906	412,632	(217,602)	-39.7%	135,275	32.8%
Site improvements	87,002	86,196	82,863	806	0.9%	3,333	4.0%
Buildings and structures	657,609	619,359	613,476	38,249	6.2%	5,883	1.0%
Infrastructure	1,042,392	796,107	791,207	246,285	30.9%	4,899	0.6%
Machinery and equipment	957,408	889,293	874,929	68,116	7.7%	14,363	1.6%
Vehicles	9,409	7,996	6,742	1,412	17.7%	1,254	18.6%
Leasehold improvements	8,526	8,422	8,422	104	1.2%	-	0.0%
Intangible assets	116,492	115,842	114,479	650	0.6%	1,364	1.2%
Accumulated depreciation and amortization	(1,317,181)	(1,223,453)	(1,123,660)	(93,728)	7.7%	(99,793)	8.9%
Total water fund capital assets (net of depreciation and amortization)	$ 2,187,312	$2,141,292	$2,074,715	$ 46,020	2.1%	$ 66,577	3.2%

	Water Fund Capital Assets, Net ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Land	$ 36,081	$ 34,478	$ 34,478	$ 1,604	4.7%	$ -	0.0%
Easements	259,269	259,146	259,146	123	0.0%	-	0.0%
Construction in progress	330,304	547,906	412,632	(217,602)	-39.7%	135,275	32.8%
Site improvements	17,447	18,721	17,801	(1,274)	-6.8%	920	5.2%
Buildings and structures	377,003	356,634	369,910	20,370	5.7%	(13,276)	-3.6%
Infrastructure	690,654	463,698	477,494	226,956	48.9%	(13,796)	-2.9%
Machinery and equipment	385,035	364,639	403,379	20,395	5.6%	(38,740)	-9.6%
Vehicles	3,891	3,484	3,150	408	11.7%	334	10.6%
Leasehold improvements	5,140	5,590	6,142	(450)	-8.0%	(552)	-9.0%
Intangible assets	82,486	86,996	90,583	(4,510)	-5.2%	(3,587)	-4.0%
Total water fund capital assets (net of depreciation and amortization)	$ 2,187,312	$2,141,292	$2,074,715	$ 46,020	2.1%	$ 66,577	3.2%

Water Fund additions to the depreciable asset categories in 2026 and 2025 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2026 was $136.6 million and amount placed in service was $354.2 million. The $342.5 million was placed in service as a result of project capitalizations. Projects 122004, 122013, 132010 and 115001 comprise the majority of the dollars placed in service totaling $297.2 million. Capital asset disposals were significantly less than additions with net losses of $1.3 million from machinery and equipment. Total additions to construction in progress in FY 2025 were $156.2 million and amount placed in service was $20.9 million. The $20.9 million place in service as a result of project capitalizations. Projects 115001, 170802 and 114017 made up all of the capitalizations. Capital asset disposals were significantly less than additions with a gain of $12 thousand for the year.

Management's Discussion and Analysis

The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at https://www.glwater.org/cip/.

Water Fund (millions)								
				Expenditures		Placed in Service		
Project Number	Description	Expected Completion Date	Project Plan Estimate	FY 2025	FY 2026	FY 2025	FY 2026	CIP at 6/30/2026
114002	Springwells WTP Low-lift and High-Lift Pumping Station Improvements	FY32	$ 257.4	$ 30.1	$ 6.9	$ -	$ 4.4	$ 58.3
122004	96-Inch Water Transmission Main Relocation and Isolation Valve Installations	FY25	287.3	29.2	28.7	-	108.3	40.4
170802	Reservoir Inspection, Design, and Construction Management Services Phase II	FY35	25.2	16.7	14.3	4.9	9.8	25.6
116002	Pennsylvania and Springwells Raw Water Supply Tunnel Improvements	FY27	108.0	10.0	11.1	-	-	21.4
170602	36-Inch 24 Mile Road Transmission Main Condition Assessments	FY26	21.0	17.8	0.8	-	-	21.1
111009	Lake Huron WTP - High Lift Pumping, Water Production Flow Metering and yard Piping Improvements	FY27	33.2	5.6	2.9	-	-	19.0
122013	14 Mile Transmission Main Loop	FY26	112.7	4.6	0.1	-	93.8	0.1
132010	West Service Center Pumping Station - Reservoir, Reservoir Pumping, and Division Valve Upgrades	FY26	47.4	1.3	0.2	-	47.1	-
170302	SW SCADA System Upgrade	FY28	28.5	1.4	0.4	-	9.6	-
115001	Water Works Park Water Treatment Plant Yard Piping,	FY26	56.1	8.4	1.5	4.1	48.0	0.1
	Other projects			31.1	69.7	11.9	33.2	144.3
	Total			$ 156.2	$ 136.6	$ 20.9	$ 354.2	$ 330.3



GLWA Leib facility

Sewage Disposal Fund

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

	Sewage Disposal Fund Capital Assets, Gross ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Land	$ 28,959	$ 28,498	$ 28,498	$ 462	1.6%	$ -	0.0%
Easements	99,024	98,319	98,319	706	0.7%	-	0.0%
Construction in progress	658,578	490,850	335,270	167,728	34.2%	155,580	46.4%
Site improvements	55,293	54,176	53,028	1,117	2.1%	1,148	2.2%
Buildings and structures	1,205,150	1,197,418	1,192,543	7,732	0.6%	4,875	0.4%
Infrastructure	645,618	625,708	625,708	19,910	3.2%	-	0.0%
Machinery and equipment	1,500,412	1,478,512	1,435,846	21,899	1.5%	42,666	3.0%
Vehicles	12,314	10,886	9,958	1,427	13.1%	928	9.3%
Leasehold improvements	6,011	5,612	5,499	399	7.1%	113	2.1%
Intangible assets	14,203	13,386	12,023	817	6.1%	1,364	11.3%
Accumulated depreciation and amortization	(1,681,910)	(1,540,330)	(1,391,271)	(141,580)	9.2%	(149,059)	10.7%
Total sewage disposal fund capital assets (net of depreciation and amortization)	$ 2,543,651	$ 2,463,034	$ 2,405,420	$ 80,617	3.3%	$ 57,614	2.4%

	Sewage Disposal Fund Capital Assets, Net ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Land	$ 28,959	$ 28,498	$ 28,498	$ 462	1.6%	$ -	0.0%
Easements	99,024	98,319	98,319	706	0.7%	-	0.0%
Construction in progress	658,578	490,850	335,270	167,728	34.2%	155,580	46.4%
Site improvements	13,213	14,135	15,684	(922)	-6.5%	(1,549)	-9.9%
Buildings and structures	773,377	799,370	828,602	(25,992)	-3.3%	(29,233)	-3.5%
Infrastructure	500,992	494,917	508,731	6,075	1.2%	(13,814)	-2.7%
Machinery and equipment	452,079	518,417	570,636	(66,338)	-12.8%	(52,219)	-9.2%
Vehicles	4,830	4,733	5,173	96	2.0%	(440)	-8.5%
Leasehold improvements	4,096	4,078	4,328	19	0.5%	(251)	-5.8%
Intangible assets	8,503	9,718	10,178	(1,216)	-12.5%	(460)	-4.5%
Total sewage disposal fund capital assets (net of depreciation and amortization)	$ 2,543,651	$2,463,034	$2,405,420	$ 80,617	3.3%	$ 57,614	2.4%

Sewage Disposal Fund additions to the depreciable asset categories in 2026 and 2025 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2026 was $203.5 million and the amount placed in service was $35.8 million. The $35.8 million was placed in service as a result of project capitalizations. Projects 260201, 211011 and 260802 comprise the majority of the dollars placed in service totaling $29.6 million. Capital asset disposals were significantly less than additions with a gain of $13 thousand for the year. Total additions to construction in progress in FY 2025 was $196.8 million and the amount placed in service was $41.2 million. The $41.2 million was placed in service as a result of project capitalizations. Projects 211008 and Oakland Macomb Interceptor Drainage District comprise the majority of the dollars placed in service totaling $35.0 million. Capital asset disposals were significantly less than additions with a net loss for the year of $184 thousand.

Management's Discussion and Analysis

The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at https://www.glwater.org/cip/.

Sewage Disposal Fund (millions)								
				Expenditures		Placed in Service		
Project Number	Description	Expected Completion Date	Project Plan Estimate	FY 2025	FY 2026	FY 2025	FY 2026	CIP at 6/30/2026
222002	Detroit River Interceptor Evaluation and Rehabilitation	FY33	$ 113.7	$ 19.3	$ 8.3	$ -	$ 0.1	$ 85.3
211006	WRRF PS No. 1 Improvements	FY31	114.1	23.1	18.5	-	-	61.8
260701	Conveyance System Infrastructure Improvements	FY26	58.5	12.4	6.3	-	-	52.8
211007	WRRF PS #2 Bar Racks Replacements and Grit Collection System Improvements	FY31	242.4	5.4	38.4	-	-	52.7
222001	Oakwood District Intercommunity Relief Sewer Modification at Oakwood	FY29	88.1	12.3	30.7	-	0.7	45.5
260204	Conveyance System Engineering Services	FY28	55.3	11.4	5.4	-	-	44.1
260201	CON-149, Emergency Sewer Repair	FY26	38.8	-	-	-	19.9	-
211011	PS 1 Rack and Grit HVAC System Upgrade	FY41	307.5	1.5	0.6	-	5.5	-
260802	2022 WRRF Roof Improvements Project	FY27	4.5	3.5	0.2	-	4.2	-
211008	WRRF Rehabilitation of Ferric Chloride Feed System in PS-1 and Complex B Sludge Lines	FY26	13.1	0.1	-	12.9	-	-
260901	Rehabilitation of HAZMAT Facility at WRRF	FY26	3.8	0.5	0.1	3.7	0.1	-
260623	CSO Baby Creek Screen Rehabilitation	FY25	2.3	-	-	2.3	-	-
	Other projects			107.3	95.0	22.3	5.3	316.4
	Total			$ 196.8	$ 203.5	$ 41.2	$ 35.8	$ 658.6

Long-term financing

The Authority's long-term debt consists of revenue bonds and loans as well as an obligation payable related to the City of Detroit's Financial Recovery bonds and a liability related to raw water rights that the Authority will own at the end of the agreement. See Note 12 for a complete analysis of the long-term debt. The following analysis focuses on the revenue bonds and loans.

	Revenue Bonds and Loans ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Revenue bonds	$ 4,832,740	$ 4,840,960	$ 4,813,825	$ (8,220)	-0.2%	$ 27,135	0.6%
State revolving loans	663,147	636,565	577,829	26,582	4.2%	58,736	10.2%
Total revenue bonds and loans	$ 5,495,887	$ 5,477,525	$ 5,391,654	$ 18,362	0.3%	$ 85,871	1.6%

Water Fund

As shown in the table below, the total outstanding debt for the Water System is $2.8 billion, increasing by $71.6 million from the prior year. The Authority issued $786.2 million in revenue bonds during the fiscal year, $584.1 million of which were used to refund bonds which resulted in a net present value savings of $45.4 million. The remaining amount of $202.1 million will be used for water system capital improvements.

The Water System received $6.8 million in new state revolving fund loans and received $54 thousand in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was $54 thousand as well as $54 thousand in loan forgiveness.

Raw water rights obligation decreased $3.2 million for the year. See Note 12 for more details.

Subscription based information technology arrangement (SBITA) liabilities decreased by $425 thousand. See Note 14 for more details.

	Water Fund Revenue Bonds and Loans ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Revenue bonds	$ 2,505,005	$ 2,427,660	$ 2,317,305	$ 77,345	3.2%	$ 110,355	4.8%
State revolving loans	280,064	285,768	241,021	(5,704)	-2.0%	44,747	18.6%
Total water revenue bonds and loans	$ 2,785,069	$ 2,713,428	$ 2,558,326	$ 71,641	2.6%	$ 155,102	6.1%

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

Sewage Disposal Fund

As shown in the table below, the total outstanding debt for the Sewage Disposal System is $2.7 billion, decreasing by $53.3 million from the prior year. The Authority issued $239.7 million in revenue bonds during the year, $210.0 million of which was used to refund bonds which resulted in a net present value savings of $22.5 million. The new money portion of $30.0 million will be used for sewage disposal system capital improvements.

The Sewage Disposal System received $91.1 million in new state revolving fund loans and received $27.0 million in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was $2.2 million and $57 thousand in loan forgiveness.

Right-to-use lease liability was for warehouse space decreased a net $270 thousand for the year. The liability increased $167 thousand due to a contract amendment and decreased $437 thousand from monthly payments. See Note 14 for more details.

Subscription based information technology arrangement (SBITA) liabilities decreased by $425 thousand. See Note 14 for more details.

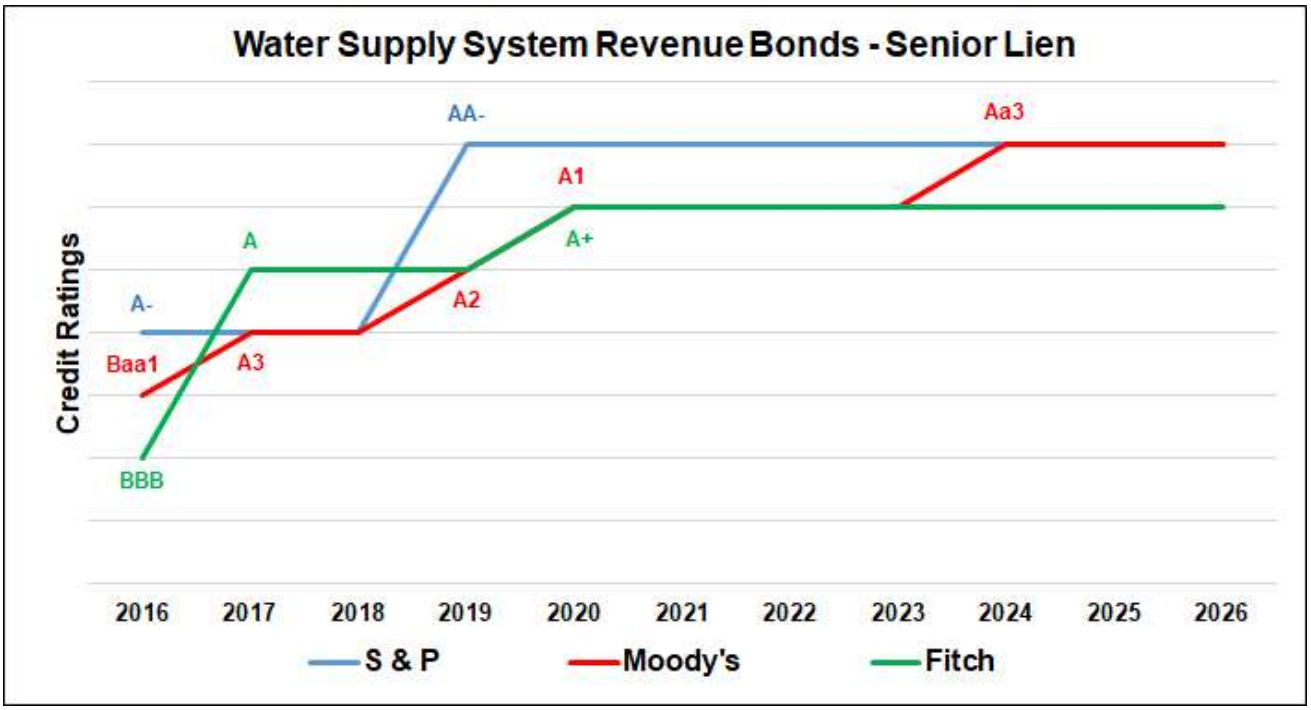
	Sewage Disposal Fund Revenue Bonds and Loans ($000)						
	Fiscal Year			Change 2026 vs 2025		Change 2025 vs 2024	
	2026	2025	2024	Amount	Percent	Amount	Percent
Revenue bonds	$ 2,327,735	$ 2,413,300	$ 2,496,520	$ (85,565)	-3.5%	$ (83,220)	-3.3%
State revolving loans	383,083	350,798	336,808	32,285	9.2%	13,990	4.2%
Total sewer revenue bonds and loans	$ 2,710,818	$ 2,764,098	$ 2,833,328	$ (53,280)	-1.9%	$ (69,230)	-2.4%

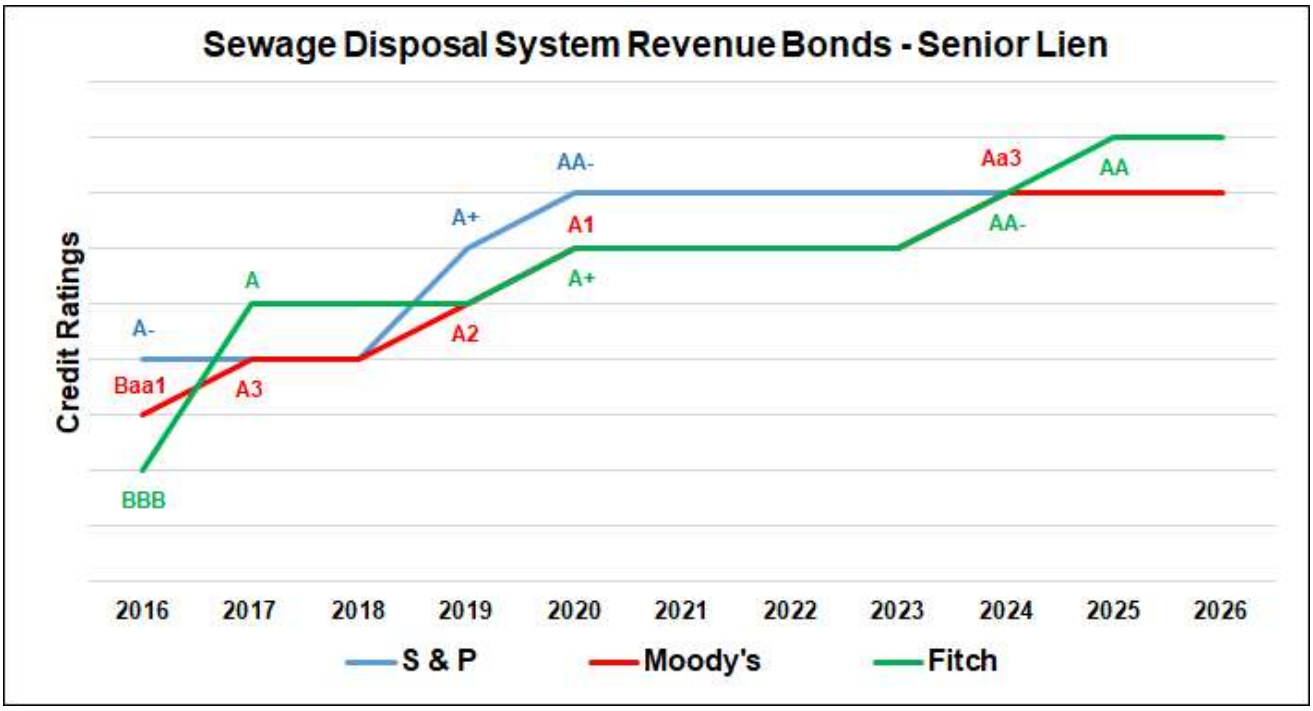
Repayment of GLWA bonds issued are funded by charges to all member partners. Repayment of the debt service assigned to DWSD for local system improvements is paid from retail customer collections by DWSD.

Credit Ratings

In May 2025, Moody and S&P Global Ratings affirmed the credit ratings. Fitch upgraded the sewage disposal system for the senior lien rating from AA- to AA and the second lien from A+ to AA-. Fitch affirmed the water supply ratings. In May 2026, all three agencies affirmed the credit ratings.

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





Current Known Facts, Decisions or Conditions

Economic Factors Affecting Next Year's Operations and Rates

On February 25, 2026, the GLWA Board adopted the biennial budget for the Authority for fiscal years 2027 and 2028. Charges to Member Partners increased more than the budget increase for both systems due to investment earnings projected to be down by approximately $4 million for each system. At the time the budget was adopted interest rates dropped significantly from the prior year due to declining economic conditions that impacts all public investment portfolios.

Water Fund

The FY 2027 the budget increased by 4.4 percent. This translated into a regional system average charge increase of 5.8 percent and a wholesale member partner average charge increase of 5.4 percent . The charge to the local system increased 6.0 percent.

Sewage Disposal Fund

For FY 2027 the budget increased by 3.3 percent. This translated into a regional system average charge increase of 4.26 percent and a wholesale member partner average charge increase of 4.0 percent. The charge to the local system increased 4.5 percent.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

STATEMENT OF NET POSITION
As of June 30, 2026
With Comparative Amounts at June 30, 2025

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
Assets				
Current Assets				
Cash and cash equivalents	$ 152,180,901	$ 212,372,135	$ 364,553,036	$ 435,531,483
Restricted cash and cash equivalents	113,757,779	154,578,178	268,335,957	151,677,335
Restricted cash for the benefit of DWSD	28,527,726	45,211,506	73,739,232	57,578,032
Investments	162,092,198	192,638,098	354,730,296	219,969,415
Restricted investments	73,608,506	83,186,406	156,794,912	252,318,964
Receivables, net	73,251,380	43,474,920	116,726,300	110,338,247
Due from other governments	716,714	3,544,114	4,260,828	11,799,139
Due from other funds	4,542,260	1,454,201	5,996,461	5,428,371
Contractual obligation receivable	23,803,483	18,519,055	42,322,538	40,627,253
Prepaid items and other assets	9,106,587	1,441,738	10,548,325	16,443,107
Inventories	-	11,883,097	11,883,097	11,016,188
Total Current Assets	641,587,534	768,303,448	1,409,890,982	1,312,727,534
Noncurrent Assets				
Restricted cash and cash equivalents	289,962,166	83,158,720	373,120,886	421,810,935
Restricted investments	68,347,343	5,452,904	73,800,247	7,068,834
Contractual obligation receivable	477,747,715	306,034,695	783,782,410	828,665,071
Prepaid lease	11,250,000	13,750,000	25,000,000	25,000,000
Capital assets				
Nondepreciable/nonamortizable	626,617,571	787,524,731	1,414,142,302	1,459,822,766
Depreciated/amortized, net	1,560,694,071	1,756,126,729	3,316,820,800	3,144,503,289
Total Noncurrent Assets	3,034,618,866	2,952,047,779	5,986,666,645	5,886,870,895
Total Assets	3,676,206,400	3,720,351,227	7,396,557,627	7,199,598,429
Deferred Outflows of Resources				
Deferred charge on refunding	20,284,878	40,012,678	60,297,556	66,149,659
Deferred pension amounts	1,421,420	2,543,894	3,965,314	5,481,429
Lease extension	11,611,343	21,487,993	33,099,336	-
Total Deferred Outflows of Resources	33,317,641	64,044,565	97,362,206	71,631,088

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

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
Liabilities				
Current Liabilities				
Accounts and contracts payable	$ 63,275,537	$ 79,231,581	$ 142,507,118	$ 147,852,649
Accrued salaries, wages and benefits	2,261,932	930,514	3,192,446	4,444,630
Accrued liabilities	29,141,013	45,986,264	75,127,277	60,926,566
Due to other governments	9,966,961	1,020,000	10,986,961	11,549,038
Due to other funds	1,454,201	4,542,260	5,996,461	5,428,371
Interest payable	47,705,059	50,306,415	98,011,474	94,865,886
Current portion of				
Revenue bonds and loans	119,598,668	142,659,796	262,258,464	244,265,752
Raw water rights obligation	3,345,194	-	3,345,194	3,212,750
BC Note obligation	885,004	1,990,654	2,875,658	3,294,492
Regional system leases	6,223,493	7,296,351	13,519,844	14,318,162
Other liabilities	5,783,974	7,880,659	13,664,633	11,537,032
Total Current Liabilities	289,641,036	341,844,494	631,485,530	601,695,328
Noncurrent Liabilities				
Revenue bonds and loans	2,831,508,486	2,682,467,679	5,513,976,165	5,526,854,851
Raw water rights obligation	79,908,216	-	79,908,216	83,253,410
BC Note obligation	13,222,620	29,741,874	42,964,494	45,840,152
Regional system leases	386,931,408	480,522,657	867,454,065	847,874,572
Other liabilities	4,661,144	14,970,596	19,631,740	21,072,044
Net pension liability	5,026,940	8,996,627	14,023,567	29,537,160
Total Noncurrent Liabilities	3,321,258,814	3,216,699,433	6,537,958,247	6,554,432,189
Total Liabilities	3,610,899,850	3,558,543,927	7,169,443,777	7,156,127,517
Deferred Inflows of Resources				
Deferred gain on refunding	120,678,553	104,569,936	225,248,489	179,397,002
Deferred amounts for swap terminations	42,534	196	42,730	47,478
Total Deferred Inflows of Resources	120,721,087	104,570,132	225,291,219	179,444,480
Net Position (Deficit)				
Net investment in capital assets	(218,465,370)	(89,424,411)	(307,889,781)	(355,297,558)
Restricted for construction	-	2,381,700	2,381,700	2,327,795
Restricted for debt service	100,808,544	123,468,272	224,276,816	203,652,563
Restricted for payment assistance program	1,239,009	1,201,392	2,440,401	2,305,750
Unrestricted	94,320,921	83,654,780	177,975,701	82,668,970
TOTAL NET POSITION (DEFICIT)	$ (22,096,896)	$ 121,281,733	$ 99,184,837	$ (64,342,480)

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

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DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2026
With Comparative Amounts at June 30, 2025

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities *
Operating Revenues				
Wholesale charges	$ 383,879,333	$ 300,094,904	$ 683,974,237	$ 636,667,038
Charges to local system	30,028,800	215,324,400	245,353,200	233,019,600
Industrial waste charges	-	9,258,505	9,258,505	8,849,415
Pollutant surcharges	-	5,557,359	5,557,359	4,583,986
Other revenues	632,089	468,554	1,100,643	948,069
Total Operating Revenues	414,540,222	530,703,722	945,243,944	884,068,108
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	64,889,505	81,306,302	146,195,807	132,969,383
Contractual services	62,694,825	65,205,880	127,900,705	123,786,304
Utilities	33,521,463	38,071,568	71,593,031	67,059,281
Chemicals	13,495,641	17,838,790	31,334,431	34,385,123
Supplies and other expenses	15,290,316	31,032,069	46,322,385	43,917,542
Total operating expenses before depreciation and amortization	189,891,750	233,454,609	423,346,359	402,117,633
Depreciation	91,927,474	139,706,069	231,633,543	242,487,488
Amortization of intangible assets	5,159,588	2,032,628	7,192,216	6,774,048
Total Operating Expenses	286,978,812	375,193,306	662,172,118	651,379,169
Operating Income	127,561,410	155,510,416	283,071,826	232,688,939
Noncapital Subsidies				
Water Residential Assistance Program	(1,912,488)	(2,561,363)	(4,473,851)	(3,828,438)
Legacy pension recovery (expense)	1,197,113	2,142,454	3,339,567	(3,026,451)
Other	-	-	-	(421,800)
Total Noncapital Subsidies	(715,375)	(418,909)	(1,134,284)	(7,276,689)
Operating Income (Loss) and Noncapital Subsidies	126,846,035	155,091,507	281,937,542	225,412,250
Other Nonoperating Revenues (Expenses)				
Earnings (loss) on investments	24,316,376	22,187,478	46,503,854	48,794,868
Interest income from other receivables	22,051,315	14,402,318	36,453,633	38,291,449
Interest expense	(139,024,773)	(135,266,724)	(274,291,497)	(271,506,568)
Amortization of debt related items and cost of issuance	21,013,710	9,215,453	30,229,163	25,935,507
Other	(1,274,121)	15,645	(1,258,476)	18,461,836
Capital contributions	298,167	43,654,931	43,953,098	40,692,774
Total Other Nonoperating Revenues (Expenses)	(72,619,326)	(45,790,899)	(118,410,225)	(99,330,134)
Change in Net Position	54,226,709	109,300,608	163,527,317	126,082,116
NET POSITION (DEFICIT), Beginning of Year	(76,323,605)	11,981,125	(64,342,480)	(190,424,596)
NET POSITION (DEFICIT), END OF YEAR	$ (22,096,896)	$ 121,281,733	$ 99,184,837	$ (64,342,480)

* Prior-year amounts have been re-presented for comparability under GASB 103; no amounts were restated.

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

GREAT LAKES WATER AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2026
With Comparative Amounts at June 30, 2025

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
Cash Flows From Operating Activities				
Cash received from customers	$ 405,395,723	$ 527,992,650	$ 933,388,373	$ 857,784,731
Cash received from intergovernmental reimbursements	2,018,093	1,110,281	3,128,374	7,523,386
Cash payments for intergovernmental services provided	(1,724,076)	(1,126,255)	(2,850,331)	(6,663,523)
Cash payments to suppliers for goods and services	(130,312,099)	(140,122,836)	(270,434,935)	(264,766,002)
Cash payments for employee services	(66,002,234)	(80,898,589)	(146,900,823)	(131,754,557)
Cash payments to other governments for obligation payable	(1,622,198)	(3,648,835)	(5,271,033)	(5,372,127)
Cash payments for WRAP	(2,719,970)	(3,714,370)	(6,434,340)	(755,847)
Cash payments for GLWA share pension agreement	(1,108,561)	(1,983,970)	(3,092,531)	-
Cash payment to customer (return deposit)	-	-	-	(4,074,693)
Cash received from grants	5,000	-	5,000	126,102
Cash received (paid) nonoperating income (expense)	13,710	3,093	16,803	6,959
Cash payments to DWSD local system for cash held for EFSD	-	(1,262,965)	(1,262,965)	(8,557,957)
Cash received for DWSD local system for cash held for EFSD	-	164,482	164,482	340,881
Cash received for DWSD nonoperating pension	1,928,400	1,487,400	3,415,800	2,149,800
Cash paid for DWSD nonoperating pension	(1,928,459)	(1,487,358)	(3,415,817)	(2,149,753)
Cash received for DWSD WRAP	945,400	1,427,500	2,372,900	2,249,500
Cash payments for DWSD WRAP	(562,500)	(849,341)	(1,411,841)	(2,249,500)
Cash increase from DWSD budgetary surplus (1)	8,390,976	11,438,851	19,829,827	7,678,746
Cash payment to DWSD I&E for surplus	(3,900,900)	-	(3,900,900)	(8,000,000)
Principal payments received on obligation receivable	22,044,200	17,341,400	39,385,600	37,806,951
Interest received on obligation receivable	23,071,364	14,821,406	37,892,770	39,509,129
Advanced payments received (used) on obligation receivable	12,733	8,808	21,541	(238,314)
Cash received from DWSD for debt related costs	93,165	51,450	144,615	2,748,105
Payments of state revolving fund loan proceeds to DWSD	(54,215)	(2,479,076)	(2,533,291)	(5,063,908)
Net Cash Provided by Operating Activities	253,983,552	338,273,725	592,257,277	518,278,109
Cash Flows From Noncapital Financing Activities				
Proceeds from state revolving fund loans for DWSD	54,215	2,241,494	2,295,709	5,306,540
Cash received from grants	-	242,632	242,632	195,598
Debt related costs	(165,197)	(79,400)	(244,597)	(2,720,155)
Proceeds from revenue bonds	72,032	-	72,032	-
Payments to bond escrow agent	(1,057,083)	-	(1,057,083)	-
Principal payments	(21,134,100)	(16,627,900)	(37,762,000)	(36,242,251)
Interest payments	(23,531,041)	(15,177,281)	(38,708,322)	(40,297,241)
Net Cash Used in Noncapital Financing Activities	(45,761,174)	(29,400,455)	(75,161,629)	(73,757,509)

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

Continued on Next Page

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of assets	$ 23,846	$ 13,981	$ 37,827	$ 18,570
Cash received from capital contribution	677,718	15,221,027	15,898,745	14,663,778
Proceeds from revenue bonds	209,571,975	32,579,258	242,151,233	283,551,294
Proceeds from state revolving fund loans	6,742,355	88,829,549	95,571,904	139,803,676
Payments to bond escrow agent	(11,794,766)	(4,732,313)	(16,527,079)	(18,690,995)
Payment of debt related costs	(4,554,132)	(6,379,346)	(10,933,478)	(333,124)
Principal payments on bonds	(72,152,081)	(108,507,100)	(180,659,181)	(198,834,171)
Principal payments on regional system leases	(6,443,172)	(7,874,989)	(14,318,161)	(13,734,366)
Principal payments on right to use lease	-	(436,959)	(436,959)	(414,719)
Principal payments on subscription liability	(425,129)	(425,129)	(850,258)	(823,150)
Interest payments	(100,574,664)	(110,053,673)	(210,628,337)	(208,284,104)
Purchase of capital assets	(149,541,198)	(216,881,414)	(366,422,612)	(336,612,631)
Net Cash Used in Capital and Related Financing Activities	(128,469,248)	(318,647,108)	(447,116,356)	(339,689,942)
Cash Flows From Investing Activities				
Investment purchases	(555,193,516)	(534,188,210)	(1,089,381,726)	(760,356,745)
Investment sales and maturities	482,978,000	515,227,000	998,205,000	579,293,457
Interest received	17,640,461	16,708,299	34,348,760	36,417,662
Net Cash Provided in Investing Activities	(54,575,055)	(2,252,911)	(56,827,966)	(144,645,626)
Net change in cash and cash equivalents	25,178,075	(12,026,749)	13,151,326	(39,814,968)
CASH AND CASH EQUIVALENTS, Beginning of Year	559,250,497	507,347,288	1,066,597,785	1,106,412,753
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 584,428,572	$ 495,320,539	$ 1,079,749,111	$ 1,066,597,785
STATEMENT OF NET POSITION CLASSIFICATION OF CASH				
Cash and cash equivalents	$ 152,180,901	$ 212,372,135	$ 364,553,036	$ 435,531,483
Restricted cash and cash equivalents	113,757,779	154,578,178	268,335,957	151,677,335
Restricted cash for the benefit of DWSD	28,527,726	45,211,506	73,739,232	57,578,032
Noncurrent restricted cash and cash equivalents	289,962,166	83,158,720	373,120,886	421,810,935
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 584,428,572	$ 495,320,539	$ 1,079,749,111	$ 1,066,597,785
NONCASH OPERATING ACTIVITIES				
Credits given on billings-Flint KWA obligation (2)	$ (5,461,295)	$ -	$ (5,461,295)	$ (5,859,708)
Interest income obligation receivable premium amortization (3)	$ (799,154)	$ (427,189)	$ (1,226,343)	$ (1,232,545)

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

GREAT LAKES WATER AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2026
With Comparative Amounts at June 30, 2025

Continued From Previous Page

	Enterprise Funds		Total	2025 Total
	Water Fund	Sewage Disposal Fund	Business-type Activities	Business-type Activities
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Bond proceeds deposited into an escrow account for refunding revenue bonds	$ 628,670,531	$ 232,183,768	$ 860,854,299	$ 763,111,684
Bond proceeds paid directly to underwriters for cost of issuance	2,164,294	723,014	2,887,308	2,889,084
Capital asset additions contributed by others	-	8,101,975	8,101,975	22,083,722
Capital assets financed through accounts and retainage payable	37,696,057	56,353,634	94,049,691	123,883,309
Increase in regional system lease	11,611,343	21,487,993	33,099,336	-
Increase in lease payable warehouse	-	167,201	167,201	-
Increase in subscription liability	-	-	-	1,151,912
Decrease in raw water rights obligation	3,212,750	-	3,212,750	3,085,995
Interest paid for raw water rights obligation	2,248,545	-	2,248,545	2,773,713
Increase in unrealized gain (loss) on investments	536,210	600,615	1,136,825	1,536,077
Amortization income (expense)	24,128,013	11,597,231	35,725,244	31,877,289
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities:				
Operating income	$ 127,561,410	$ 155,510,416	$ 283,071,826	$ 232,688,939
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
to net cash provided by operating activities:				
Depreciation	91,927,474	139,706,069	231,633,543	242,487,488
Amortization of intangible assets	5,159,588	2,032,628	7,192,216	6,774,048
Credits for raw water rights	(5,461,295)	-	(5,461,295)	(5,859,708)
Miscellaneous nonoperating income (expense)	13,710	3,093	16,803	6,959
Legacy pension recovery (expense) and administrative fee	1,197,113	2,142,454	3,339,567	(3,448,251)
WRAP (Water Residential Assistance Program)	(1,912,488)	(2,561,363)	(4,473,851)	(3,828,438)
Loan forgiveness pass-through to DWSD	(54,215)	(56,500)	(110,715)	(2,124,873)
Cash payments from DWSD for debt related costs	93,165	51,450	144,615	2,748,105
Decrease in obligation receivable applicable to refunded bonds	(4,755,378)	-	(4,755,378)	-
Interest income on contractual obligation receivable	22,051,315	14,402,318	36,453,633	38,291,449
Interest expense on obligation payable	(607,736)	(1,366,989)	(1,974,725)	(2,112,227)
Changes in:				
Receivables	(3,678,204)	(2,711,072)	(6,389,276)	(20,326,382)
Due from other governments	1,228,963	(929,511)	299,452	(1,297,915)
Due from other funds	(3,792,673)	3,224,583	(568,090)	1,289,117
Contractual obligation receivable	27,598,732	15,588,644	43,187,376	35,857,829
Prepaid items and other assets (operating)	2,212,632	4,870,868	7,083,500	2,097,597
Inventories	-	(866,909)	(866,909)	(595,921)
Accounts payable (operating)	2,386,442	5,541,536	7,927,978	5,760,556
Accrued salaries, wages and benefits	(1,531,365)	279,181	(1,252,184)	1,676,722
Accrued liabilities	3,906,235	10,294,476	14,200,711	(1,541,918)
Due to other governments	(659,445)	97,368	(562,077)	4,345,475
Due to other funds	(3,224,583)	3,792,673	568,090	(1,289,117)
Obligation payable including accrued interest	(1,014,462)	(2,281,847)	(3,296,308)	(3,259,899)
Other liabilities	356,205	490,049	846,254	(11,963,177)
Net pension liability and deferred items	(5,017,588)	(8,979,890)	(13,997,478)	1,901,651
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 253,983,552	$ 338,273,725	$ 592,257,277	$ 518,278,109

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

(2) Flint is responsiblie for the full amounts billed for charges. Credits given are for the monthly payments Flint makes for Flint's monthly bond payment obligaton to Karengondi Water Authority. These payments correspond to the decrease in the raw water rights obligation payable. See Note 9 Raw Water Rights and Note 12 Raw Water Rights Obligation.

(3) GLWA issues debt on behalf of the local system (Note 8). Premiums or discounts on GLWA debt issued on behalf of the local system debt has a

NOTES TO FINANCIAL STATEMENTS

GREAT LAKES WATER AUTHORITY

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2026

NOTE 1	Summary of Significant Accounting Policies	41
NOTE 2	Budgetary Information	51
NOTE 3	Cash Deposits and Investments	52
NOTE 4	Restricted Assets	56
NOTE 5	Receivables, Net	60
NOTE 6	Due from other Governments	60
NOTE 7	Due To and Due From Other Funds	61
NOTE 8	Contractual Obligation Receivable	61
NOTE 9	Capital Assets	64
NOTE 10	Accrued Liabilities	66
NOTE 11	Due to Other Governments	67
NOTE 12	Long-term Debt	67
	Revenue Bonds	70
	State Revolving Fund Loans	72
	Pledges of Future Revenue	75
	Credit Ratings	76
	Raw Water Rights Obligation	76
	BC Note Obligation	77
	Interest Expense	79
NOTE 13	Regional Systems Leases Payable and Related Prepaid Lease	79
NOTE 14	Other Liabilities	82
	Lease Payable – Warehouse	83
	Subscription Liability – Right to Use Asset	84
	Compensated Absences	85
	Workers' Compensation	85
	Claims and Judgements	86
	DWSD Local System Capital Contribution from EFSD	86
	Cash Held for the Benefit of DWSD Budget Stabilization	86
	Water Residential Assistance Program (WRAP) Liability	86
NOTE 15	Risk Management/Self-Insurance Programs	86
NOTE 16	Defined Contribution Pension Plans	89
NOTE 17	Net Pension Liability (Special Funding Situation)	90

GREAT LAKES WATER AUTHORITY

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2026

NOTE 18	Commitments and Contingencies	96
NOTE 19	Net Investment in Capital Assets	99
NOTE 20	Subsequent Events	100

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING AND REPORTING PRINCIPLES

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

REPORTING ENTITY

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

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

The Authority's water system is one of the largest in the United States, both in terms of water produced and population served. The water system currently serves an area of 1,647 square miles located in eight Michigan counties and an estimated population of approximately 3.7 million or approximately 38% of Michigan's population. Wholesale customers comprise approximately 82% of the population in the service area, and the DWSD retail water customers comprise the remainder.

The Authority's sewage disposal system is one of the largest in the United States, both in terms of treatment capacity and population served. The sewer disposal system currently serves an area of 952 square miles located in three Michigan counties and an estimated population of approximately 2.8 million or approximately 28% of Michigan's population. Wholesale customers comprise approximately 76% of the population in the service area, and the DWSD retail sewer customers comprise the remainder.

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

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

GOVERNANCE

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

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

BASIS OF PRESENTATION

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

COMPARATIVE INFORMATION

The basic financial statements include certain prior-year comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

BASIS OF ACCOUNTING

The accounting policies of the Authority conform to GAAP as applicable to governmental entities. The accounts of the Authority are used to account for its activities, which are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the grantor have been met.

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

Proprietary funds distinguish operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expense. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A subsidy represents amounts received from or provided to another party or fund of the Authority. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the proprietary fund charging higher fees in the future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

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

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

Cash and Cash Equivalents and Investments

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

Restricted Assets

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

Accounts Receivable, Net

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

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

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

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

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

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

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

Prepaid Lease
As described in Note 13, the Authority has recorded a prepaid lease for cash paid to DWSD on the date GLWA began operations equivalent to six months of lease payments. As noted in the 2018 MOU dated June 2018, this amount will be applied at the end of the extended lease and, hence, it is classified as a noncurrent asset.

Capital Assets
Capital assets are recorded at historical cost. All acquisitions of land and land improvements are capitalized regardless of cost. The capitalization threshold is $5,000 for capital assets with an estimated useful life greater than one year, except for information technology assets and the right to use lease assets. The capitalization threshold for information technology assets is $1,000,000 with an estimated useful life greater than three years.

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

Subscription-Based Information Technology Arrangement (SBITA) contracts greater than $1,000,000 are analyzed for both the quantitative and qualitative aspects of materiality to determine if they will be recorded as an intangible asset under GASB 96. Right to use lease assets have a capitalization threshold of $1,000,000 for leases greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

The Authority has recorded an intangible asset for raw water rights which is being amortized on a straight-line basis over 30 years in the water fund. See Note 9 for a description of these rights. The Authority has recorded a right to use intangible asset for the lease of a warehouse in the sewage disposal fund. The Authority has also recorded an intangible asset for subscription-based information technology arrangements in both the water and sewage disposal fund. See Note 14 "Lease Payable – Warehouse" and the "Subscription Liability – Right To Use Asset" for a description of these assets. Right-to-use leased assets are amortized systematically over the shorter of the lease term or the useful life of the underlying asset. Such assets are included within capital assets and are reported net of accumulated amortization.

Deferred Outflows of Resources

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

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

Extension reflect the lease modification required to align the lease term with the maturity dates of newly issued debt. More details regarding the deferred outflow can be found in Note 13.

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

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

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

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

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

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

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

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

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

Net Pension Liability

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

Deferred Inflows of Resources

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

Net Position (Deficit)

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

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

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

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

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Classification of Revenues and Expenses
The Authority classifies its revenues and expenses as either operating or nonoperating.

Operating revenues are those revenues generated from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are wholesale charges for providing water and wastewater treatment. The local system charges are the charges to the City of Detroit under the Water and Sewer Services Agreement (WSSA), dated June 12, 2015. Wholesale customer charges are shown net of loss contingency income of $8,245,546 for the Water Fund and $399 for the Sewage Disposal Fund.

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

- The capital program allocation represents personnel costs that support the project delivery of the Capital Improvement Plan and have been capitalized.

- Intergovernmental reimbursements represent reimbursement of costs related to shared facilities and personnel which the Authority provides to DWSD through a shared services agreement or
  separate interlocal agreement. It also includes reimbursement of costs for contracted services that are billed to member partners under an intergovernmental agreement.

Centralized Services and Administrative Services
Certain costs incurred by the Authority are allocated between the Water and Sewage Disposal Funds. The allocations are based on an annual cost allocation analysis. The following table shows the allocation of these common costs for the year ended June 30, 2026:

Common Costs	Water % Allocation	Water Allocation	Sewer % Allocation	Sewer Allocation	Total Common Costs
Centralized services	54.9%	$ 63,916,040	45.1%	$52,587,499	$ 116,503,539
Administrative services	44.3%	$ 19,580,978	55.7%	$24,607,578	$ 44,188,556

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

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

In addition, all revenues and expenses not meeting the definitions below for subsidies and other nonoperating revenues (expenses) are categorized as operating revenues and expenses.

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

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

Noncapital Subsidies

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

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

Other
This line represents expenses for the GRS pension.

Other Nonoperating Revenues (Expenses)

Interest Income from Other Receivables
Interest income is the interest earned on the contractual obligation receivable.

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

Other
Items in this category are gains and losses on disposal of assets and miscellaneous other items.

Capital Contribution
The water fund received grants of $298,167. The sewage disposal fund received grants of $35,552,956 and $8,101,975 in capital assets for a total of $43,654,931 in capital contributions.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 13). During the fiscal year ending June 30, 2026, OMIDD transferred to GLWA and GLWA accepted and placed into service capital assets of

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

$8,101,975 which has been recognized as a capital contribution in the sewage disposal fund as noted above.

USE OF ESTIMATES

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

ADOPTION OF NEW ACCOUNTING STANDARDS

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

- Statement No. 103, *Financial Reporting Model Improvements* (effective for the fiscal years beginning after June 15, 2025). This standard enhances the clarity, consistency, and usefulness of governmental financial reporting. The adoption of Statement No. 103 is considered a change in accounting principle pursuant to GASB Statement No. 100, Accounting Changes and Error Corrections.

  Statement No. 103 introduces several significant changes to our financial reporting, including:

  - <u>Financial Reporting changes to the Proprietary fund Statement of Revenues, Expenses, and Changes in Net Position:</u>
    - A new classification of items is the consideration of subsidies. For example, the Residential Assistance Program was previously recorded as other non-operating expense, but it is now classified as a non-capital subsidy.
    - Non-operating revenues and expenses are now limited to items such as investment income, interest expense, capital expenses, and other financing related activity.
    - Transfers in and out are now presented as either capital or non-capital subsidies depending on their underlying nature.

  - <u>Changes to Management's Discussion & Analysis</u>:
    GASB 103 also changes the structure and content of the MD&A to promote a more concise and analytical narrative in accordance with the new guidance:
    - MD&A now focuses on key changes and trends rather than repeating detailed financial data already shown in the financial statements.
    - Prior period comparative data may still be presented, but the emphasis is on explaining material changes rather than reiterating schedules.
  - The Authority has re-presented the prior year amounts for comparability purposes only to agree with GASB 103 presentation of the current year amounts. No amounts were restated.

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

- Statement No. 105, *Subsequent Events (early Implementation - effective for the fiscal years beginning after June 15, 2026)*. The Statement clarifies the definition of subsequent events, distinguishes between recognized events (those providing evidence of conditions existing at the reporting date) and nonrecognized events (those occurring after the reporting date that require disclosure only), and requires disclosure of the date through which subsequent events were evaluated. The Authority adopted GASB 105 on a prospective basis as permitted. Early adoption did not result in adjustments to previously reported amounts but enhanced the disclosures related to subsequent events.

NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE

- The Authority has implemented all applicable GASB pronouncements issues as of June 30, 2026.

RECLASSIFICATIONS

Prior-year amounts have been re-presented for comparability under GASB 103; no amounts were restated.

NOTE 2 – BUDGETARY INFORMATION

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

BUDGET PROCESS

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

NOTE 2 – BUDGETARY INFORMATION (cont.)

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

SCHEDULE OF CHARGES PROCESS

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

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

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

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

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

The deposits and investments of the Authority at June 30, 2026 are reported in the basic financial statements as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Statement of Net Position			
Cash and cash equivalents	$ 152,180,901	$ 212,372,135	$ 364,553,036
Restricted cash and cash equivalents	113,757,779	154,578,178	268,335,957
Restricted cash for the benefit of DWSD	28,527,726	45,211,506	73,739,232
Investments	162,092,198	192,638,098	354,730,296
Restricted investments	73,608,506	83,186,406	156,794,912
Noncurrent restricted cash and cash equivalents	289,962,166	83,158,720	373,120,886
Noncurrent restricted investments	68,347,343	5,452,904	73,800,247
Total	$ 888,476,619	$ 776,597,947	$ 1,665,074,566
Cash deposits and investments			
Bank deposits - checking and savings accounts	$ 38,471,248	$ 56,293,427	$ 94,764,675
Money market accounts	545,957,324	439,027,112	984,984,436
Investments in securities	304,048,047	281,277,408	585,325,455
Total	$ 888,476,619	$ 776,597,947	$ 1,665,074,566

CUSTODIAL RISK OF BANK DEPOSITS

Deposits and Money Market Accounts. Deposits and money market accounts are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the Authority's deposits and money market accounts was $584,428,572 for the Water fund and $495,320,539 for the Sewage disposal fund. The bank balance of the Water fund deposits and money market accounts was $604,320,638 of which $586,748,132 was uninsured and uncollateralized. The bank balance of the Sewage disposal fund deposits and money market accounts was $479,294,821 of which $479,044,821 was uninsured and uncollateralized.

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

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

INVESTMENTS

Following is a summary of the Authority's investments as of June 30, 2026:

	Amount	Standard & Poors Rating	Weighted Maturity in Years
Water Fund			
U.S. treasuries	$ 232,067,319	AAA/AA+	0.91
Commercial paper	71,980,728	A1	0.03
Total Water Fund	$ 304,048,047		
Sewage Disposal Fund			
U.S. treasuries	$ 199,087,703	AAA/AA+	1.07
Commercial paper	82,189,705	A1	0.05
Total Sewage Disposal Fund	$ 281,277,408		
Total Business-type Activities			
U.S. treasuries	$ 431,155,022	AAA/AA+	0.98
Commercial paper	154,170,433	A1	0.04
Total Business-type Activities	$ 585,325,455		

CUSTODIAL RISK OF INVESTMENTS

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

CREDIT RISK

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

As of June 30, 2026, all of the Authority's investments in securities of U.S. agencies were rated AA+ or AAA by Standard & Poor's and Aa1 or AAA by Moody's. The Authority's commercial paper was rated A1 by Standard and Poor's and P1 by Moody's. U.S Treasury notes are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Authority's money market accounts were not rated.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

CONCENTRATION OF CREDIT RISK

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

At June 30, 2026, the Authority had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
Sewage Disposal Fund		
Commercial paper	Macquarie Bank Limited	5.48%

INTEREST RATE RISK

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

FAIR VALUE MEASUREMENTS

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

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

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

Level 3: Inputs are significant unobservable inputs.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

The following is a summary of the Authority's investments at fair value by level as of June 30, 2026:

	Level 1	Level 2
Water Fund		
U.S. treasuries	$ 232,067,319	$ -
Commercial paper	-	71,980,728
Total Water Fund	232,067,319	71,980,728
Sewage Disposal Fund		
U.S. treasuries	199,087,703	-
Commercial paper	-	82,189,705
Total Sewage Disposal Fund	199,087,703	82,189,705
Total Business-type Activities	$ 431,155,022	$ 154,170,433

The Authority has no Level 3 inputs on June 30, 2026.

NOTE 4 – RESTRICTED ASSETS

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

NOTE 4 – RESTRICTED ASSETS (cont.)

The following schedules provide, in the order of the flow of funds per the Master Bond Ordinance, the assignment of Water and Sewage Disposal Funds cash and investments between restricted and unrestricted assets based on the source of the monies as of June 30, 2026.

	Funded from Revenue and Other		Funded from Debt Issuance	
	Unrestricted	Restricted	Restricted	Total
Water Fund				
Receiving fund	$ 61,839,666 *	$ -	$ -	$ 61,839,666
Operations and maintenance	62,831,120	-	-	62,831,120
Senior lien debt service	-	103,977,253	-	103,977,253
Second and junior lien debt service	-	42,877,566	-	42,877,566
Legacy pension obligation	-	1,740,320	-	1,740,320
Water residential assistance program (WRAP)	-	2,190,407	-	2,190,407
Budget stabilization	-	2,000,000	-	2,000,000
Extraordinary repair and replacement	35,052,642	-	-	35,052,642
Improvement and extension - regional	154,117,981	-	-	154,117,981
Total - Reserves Defined by Ordinance	313,841,409	152,785,546	-	466,626,955
Cash held for the benefit of DWSD	-	28,527,726	-	28,527,726
Construction retainage		16,446,129		16,446,129
Construction funds	431,690	64,427	376,379,692	376,875,809
Total Cash, Cash Equivalents and Investments Water Fund	$ 314,273,099	$ 197,823,828	$ 376,379,692	$ 888,476,619

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

NOTE 4 – RESTRICTED ASSETS (cont.)

	Funded from Revenue and Other		Funded from Debt Issuance	
	Unrestricted	Restricted	Restricted	Total
Sewage Disposal Fund				
Receiving fund	$ 70,255,906 *	$ -	$ -	$ 70,255,906
Operations and maintenance	62,077,257	-	-	62,077,257
Senior lien debt service	-	118,195,186	-	118,195,186
Second and junior lien debt service	-	53,698,055	-	53,698,055
Legacy pension obligation	-	2,381,142	-	2,381,142
Water residential assistance program (WRAP)	-	2,554,308	-	2,554,308
Budget stabilization	-	5,500,000	-	5,500,000
Extraordinary repair and replacement	44,717,207	-	-	44,717,207
Improvement and extension - regional	192,317,902	-	-	192,317,902
Total - Reserves Defined by Ordinance	369,368,272	182,328,691	-	551,696,963
Cash held for the benefit of DWSD	-	45,211,506	-	45,211,506
Construction deposit intergovernmental	-	6,737,003	-	6,737,003
Construction retainage and deposits	-	35,317,673	-	35,317,673
Construction funds	35,641,961	1,826,735	100,166,106	137,634,802
Total Cash, Cash Equivalents and Investments Sewage Disposal Fund	$ 405,010,233	$ 271,421,608	$ 100,166,106	$ 776,597,947
Total Cash, Cash Equivalents and Investments – Business-type Activities	$ 719,283,332	$ 469,245,436	$ 476,545,798	$ 1,665,074,566

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

NOTE 4 – RESTRICTED ASSETS (cont.)

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

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Restricted assets from schedule above			
From revenue and other	$ 197,823,828	$ 271,421,608	$ 469,245,436
From debt issuance	376,379,692	100,166,106	476,545,798
Amounts payable for liabilities and debt	(472,155,967)	(244,536,350)	(716,692,317)
Restricted Net Position	$ 102,047,553	$ 127,051,364	$ 229,098,917
Restricted net position for:			
Construction	$ -	$ 2,381,700	$ 2,381,700
Debt service	100,808,544	123,468,272	224,276,816
Payment assistance program	1,239,009	1,201,392	2,440,401
Total Restricted Net Position	$ 102,047,553	$ 127,051,364	$ 229,098,917

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

	Unrestricted	Restricted Current	Restricted Noncurrent	Total
Water Fund				
Cash and cash equivalents	$ 152,180,901	$ 113,757,779	$ 289,962,166	$ 555,900,846
Cash held for the benefit of DWSD	-	28,527,726	-	28,527,726
Investments	162,092,198	73,608,506	68,347,343	304,048,047
Total Water Fund	314,273,099	215,894,011	358,309,509	888,476,619
Sewage Disposal Fund				
Cash and cash equivalents	212,372,135	154,578,178	83,158,720	450,109,033
Cash held for the benefit of DWSD	-	45,211,506	-	45,211,506
Investments	192,638,098	83,186,406	5,452,904	281,277,408
Total Sewage Disposal Fund	405,010,233	282,976,090	88,611,624	776,597,947
Total Business-type Activities	$ 719,283,332	$ 498,870,101	$ 446,921,133	$ 1,665,074,566

NOTE 5 – RECEIVABLES, NET

The following is a summary of the net receivables as of June 30, 2026:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Receivables, net:			
Billed	$ 38,758,410	$ 16,888,519	$ 55,646,929
Unbilled	33,901,552	26,601,366	60,502,918
Other	591,418	-	591,418
Subtotal	73,251,380	43,489,885	116,741,265
Allowance for doubtful accounts	-	(14,965)	(14,965)
Total Receivables, net	$ 73,251,380	$ 43,474,920	$ 116,726,300

NOTE 6 – DUE FROM OTHER GOVERNMENTS

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

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
DWSD-Billed shared services and agreements	$ 90,676	$ 195,248	$ 285,924
DWSD-Unbilled shared services and agreements	81,673	81,469	163,142
DWSD-Accrued interest on obligation receivable	306,715	26,309	333,024
Grants-Federal and State	142,180	987,347	1,129,527
State of Michigan FEMA	95,470	2,253,741	2,349,211
Total Due From Other Governments	$ 716,714	$ 3,544,114	$ 4,260,828

NOTE 7 – DUE TO AND DUE FROM OTHER FUNDS

Interfund balances result from the time lag between the dates the interfund reimbursements occur and the payment between the funds are made. Interfund balances for the year ended June 30, 2026 consisted of the following:

	Water Fund Due from Sewage Disposal Fund	Sewage Disposal Fund Due from Water Fund	Total Due To
Water Fund - Due to Sewage Disposal Fund	$ -	$ 1,454,201	$ 1,454,201
Sewage Disposal Fund - Due to Water Fund	4,542,260	-	4,542,260
Total Due From	$ 4,542,260	$ 1,454,201	$ 5,996,461

NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE

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

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

NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

Changes in obligation receivable for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increase	Decrease	Debt Forgiveness	Ending Balance	Due Within One Year
Water Fund						
Obligation Receivable						
Bifurcated debt	$ 318,697,900	$ -	$ (18,268,800)	$ -	$ 300,429,100	$ 19,138,400
New money bonds	132,885,000	48,010,000	(52,585,000)	-	128,310,000	1,935,000
State revolving fund loans	61,070,082	54,215	(1,930,400)	(54,215)	59,139,682	1,978,500
Total Obligation Receivable	512,652,982	48,064,215	(72,784,200)	(54,215)	487,878,782	23,051,900
Deferred amounts for:						
Unamortized premiums	16,496,948	2,989,628	(5,814,160)	-	13,672,416	751,583
Total Water Fund	529,149,930	51,053,843	(78,598,360)	(54,215)	501,551,198	23,803,483
Sewage Disposal Fund						
Obligation Receivable						
Bifurcated debt	257,047,200	-	(15,141,400)	-	241,905,800	15,797,000
New money bonds	72,560,000	-	(1,750,000)	-	70,810,000	1,840,000
State revolving fund loans	3,225,752	2,236,444	(450,000)	(56,500)	4,955,696	455,000
Total Obligation Receivable	332,832,952	2,236,444	(17,341,400)	(56,500)	317,671,496	18,092,000
Deferred amounts for:						
Unamortized premiums	7,309,442	-	(427,188)	-	6,882,254	427,055
Total Sewage Disposal Fund	340,142,394	2,236,444	(17,768,588)	(56,500)	324,553,750	18,519,055
Total Business-type Activities	$ 869,292,324	$ 53,290,287	$ (96,366,948)	$ (110,715)	$ 826,104,948	$ 42,322,538

NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

The current obligation receivable payment schedule is as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2027	$ 23,051,900	$ 22,133,529	$ 45,185,429
	2028	24,096,000	20,884,545	44,980,545
	2029	25,208,400	19,786,525	44,994,925
	2030	26,341,300	18,636,753	44,978,053
	2031	27,551,800	17,433,654	44,985,454
	2032-2036	157,918,900	67,046,228	224,965,128
	2037-2041	92,542,400	32,116,591	124,658,991
	2042-2046	83,117,477	16,882,006	99,999,483
	2047-2051	26,660,442	2,358,803	29,019,245
	2052	1,390,163	27,803	1,417,966
Total Water Fund		487,878,782	217,306,437	705,185,219
Sewage Disposal Fund				
	2027	18,092,000	14,110,475	32,202,475
	2028	18,876,000	13,324,203	32,200,203
	2029	19,704,600	12,505,153	32,209,753
	2030	20,554,100	11,649,966	32,204,066
	2031	21,445,900	10,757,334	32,203,234
	2032-2036	121,619,120	38,968,310	160,587,430
	2037-2041	66,254,776	13,579,904	79,834,680
	2042-2046	21,120,000	5,772,250	26,892,250
	2047-2048	10,005,000	756,500	10,761,500
Total Sewage Disposal Fund		317,671,496	121,424,095	439,095,591
Total Business-type Activities		$ 805,550,278	$ 338,730,532	$ 1,144,280,810

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Water Fund					
Nondepreciable and nonamortizable capital assets					
Land	$ 34,477,659	$ -	$ -	$ 1,603,634	$ 36,081,293
Easements	259,146,066	97,500	-	25,750	259,269,316
Construction in progress	547,906,092	136,582,821	-	(354,185,222)	330,303,691
Prepaid subscription assets	313,521	649,750	-	-	963,271
Total Nondepreciable and Nonamortizable Capital Assets	841,843,338	137,330,071	-	(352,555,838)	626,617,571
Depreciated and amortized capital assets					
Site improvements	86,195,857	-	-	806,420	87,002,277
Buildings and structures	619,359,267	806,599	-	37,442,856	657,608,722
Infrastructure	796,106,673	-	-	246,284,915	1,042,391,588
Machinery and equipment	889,292,538	4,642,938	(4,548,745)	68,021,647	957,408,378
Vehicles	7,996,475	1,534,518	(122,447)	-	9,408,546
Leasehold improvements	8,422,223	104,195	-	-	8,526,418
Raw water rights	106,999,919	-	-	-	106,999,919
Subscription assets	8,529,002	-	-	-	8,529,002
Total Depreciable and Amortizable Assets	2,522,901,954	7,088,250	(4,671,192)	352,555,838	2,877,874,850
Less: Accumulated depreciation and amortization					
Site improvements	(67,474,499)	(2,080,670)	-	-	(69,555,169)
Buildings and structures	(262,725,623)	(17,879,684)	-	-	(280,605,307)
Infrastructure	(332,408,735)	(19,328,823)	-	-	(351,737,558)
Machinery and equipment	(524,653,104)	(50,958,387)	3,237,742	-	(572,373,749)
Vehicles	(4,512,864)	(1,126,144)	121,771	-	(5,517,237)
Leasehold improvements	(2,832,255)	(553,766)	-	-	(3,386,021)
Raw water rights	(27,047,202)	(3,566,664)	-	-	(30,613,866)
Subscription assets	(1,798,948)	(1,592,924)	-	-	(3,391,872)
Total Accumulated Depreciation and Amortization	(1,223,453,230)	(97,087,062)	3,359,513	-	(1,317,180,779)
Total Depreciated and Amortized Capital Assets, Net	1,299,448,724	(89,998,812)	(1,311,679)	352,555,838	1,560,694,071
Water Fund Net Capital Assets	$ 2,141,292,062	$ 47,331,259	$ (1,311,679)	$ -	$ 2,187,311,642

NOTE 9 – CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Sewage Disposal Fund					
Nondepreciable and nonamortizable capital assets					
Land	$ 28,497,697	$ -	$ -	$ 461,582	$ 28,959,279
Easements	98,318,513	-	-	705,650	99,024,163
Construction in progress	490,849,697	203,530,722	-	(35,802,401)	658,578,018
Prepaid subscription assets	313,521	649,750	-	-	963,271
Total Nondepreciable and Nonamortizable Capital Assets	617,979,428	204,180,472	-	(34,635,169)	787,524,731
Depreciated and amortized capital assets					
Site improvements	54,176,125	18,865	-	1,098,237	55,293,227
Buildings and structures	1,197,417,793	2,048,174	-	5,683,792	1,205,149,759
Infrastructure	625,707,645	-	-	19,910,069	645,617,714
Machinery and equipment	1,478,512,426	14,260,622	-	7,638,532	1,500,411,580
Vehicles	10,886,179	1,586,607	(159,213)	-	12,313,573
Leasehold improvements	5,612,077	94,429	-	304,539	6,011,045
Lease asset: warehouse	4,543,607	167,201	-	-	4,710,808
Subscription assets	8,529,002	-	-	-	8,529,002
Total Depreciable and Amortizable Assets	3,385,384,854	18,175,898	(159,213)	34,635,169	3,438,036,708
Less: Accumulated depreciation and amortization					
Site improvements	(40,040,762)	(2,039,091)	-	-	(42,079,853)
Buildings and structures	(398,048,251)	(33,724,220)	-	-	(431,772,471)
Infrastructure	(130,790,550)	(13,834,804)	-	-	(144,625,354)
Machinery and equipment	(960,095,684)	(88,237,396)	-	-	(1,048,333,080)
Vehicles	(6,152,905)	(1,490,103)	159,007	-	(7,484,001)
Leasehold improvements	(1,534,447)	(380,455)	-	-	(1,914,902)
Lease asset: warehouse	(1,868,742)	(439,704)	-	-	(2,308,446)
Subscription assets	(1,798,948)	(1,592,924)	-	-	(3,391,872)
Total Accumulated Depreciation and Amortization	(1,540,330,289)	(141,738,697)	159,007	-	(1,681,909,979)
Total Depreciated and Amortized Capital Assets, Net	1,845,054,565	(123,562,799)	(206)	34,635,169	1,756,126,729
Sewage Disposal Fund Net Capital Assets	2,463,033,993	80,617,673	(206)	-	2,543,651,460
Business-type Activities Net Capital Assets	$ 4,604,326,055	$ 127,948,932	$ (1,311,885)	$ -	$ 4,730,963,102

There are no material capital assets for sale as of June 30, 2026.

NOTE 9 – CAPITAL ASSETS (cont.)

ASSET IMPAIRMENT

Capital assets are evaluated annually to determine if any asset impairments exist, defined as a significant, unexpected decline in the service utility of a capital asset. There were no recorded impairments for the Authority for the year ended June 30, 2026.

RAW WATER RIGHTS

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

The 30-year water service contract with the City of Flint includes a license to raw water rights on 17.46 MGD of the 18 MGD purchased by Flint as part of KWA bond obligation. These license rights constitute an intangible asset under governmental accounting standards. Therefore, the Authority recorded an intangible asset and purchase obligation of approximately $107 million associated with this agreement as part of the fiscal year ending June 30, 2018 financial statements. The Authority is amortizing the intangible asset over 30 years. As the City of Flint satisfies its monthly bond payment obligations to KWA, the Authority credits Flint's water invoice for that payment and reduces the Authority's purchase obligation. This process will continue each year over the 30-year life of the asset.

PREPAID SUBSCRIPTION ASSETS

The Kahua Subscription-Based Information Technology Arrangement (SBITA) is in the initial implementation stage, therefore costs have been recorded as prepaid subscription assets. Once the subscription asset is placed in service, the costs incurred, and any future subscription liability (present value of expected future payments) will be recognized as an intangible right-to-use subscription asset and amortized over the subscription term.

NOTE 10 – ACCRUED LIABILITIES

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

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Cash held for the benefit of DWSD	$ 28,527,726	$ 45,211,506	$ 73,739,232
Due to WRAP service delivery partners	568,498	774,758	1,343,256
Advanced billings	44,789	-	44,789
Total Accrued Liabilities	$ 29,141,013	$ 45,986,264	$ 75,127,277

NOTE 11 – DUE TO OTHER GOVERNMENTS

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

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Shared services	$ 9,966,961	$ -	$ 9,966,961
Green infrastructure	-	1,020,000	1,020,000
Total Due to Other Governments	$ 9,966,961	$ 1,020,000	$ 10,986,961

NOTE 12 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
Water Fund						
Bonds and Loans						
Revenue bonds	$ 2,427,660,000	$ 786,215,000	$ (708,870,000)	$ -	$ 2,505,005,000	$ 88,485,000
Notes from direct borrowings and direct placements - State revolving loans	285,767,618	6,796,570	(12,446,181)	(54,215)	280,063,792	14,690,598
Total Bonds and Loans	2,713,427,618	793,011,570	(721,316,181)	(54,215)	2,785,068,792	103,175,598
Deferred amounts for:						
Unamortized premiums	179,350,884	54,263,832	(67,551,942)	-	166,062,774	16,442,434
Unamortized discounts	(74,290)	-	49,878	-	(24,412)	(19,364)
Total Bonds and Loans, Net	2,892,704,212	847,275,402	(788,818,245)	(54,215)	2,951,107,154	119,598,668
Other Debt						
Raw water rights obligation	86,466,160	-	(3,212,750)	-	83,253,410	3,345,194
BC Note obligation	15,121,527	-	(1,013,903)	-	14,107,624	885,004
Total Water Fund Debt	$ 2,994,291,899	$ 847,275,402	$ (793,044,898)	$ (54,215)	$ 3,048,468,188	$ 123,828,866

* Of the $708,870,000 decrease in revenue bonds, $628,030,000 relates to the refunding of bonds. Of the $67,551,942 decrease in unamortized premiums, $50,279,969 relates to the refunding of bonds.

NOTE 12 – LONG-TERM DEBT (cont.)

	Beginning Balance	Increase	Decrease*	Debt Forgiveness	Ending Balance	Due Within One Year
Sewage Disposal Fund						
Bonds and Loans						
Revenue bonds	$ 2,413,300,000	$ 239,740,000	$ (325,305,000)	$ -	$ 2,327,735,000	$ 103,805,000
Notes from direct borrowings and direct placements - State revolving loans	350,797,556	91,071,043	(31,780,000)	(27,005,105)	383,083,494	29,365,000
Total Bonds and Loans	2,764,097,556	330,811,043	(357,085,000)	(27,005,105)	2,710,818,494	133,170,000
Deferred amounts for:						
Unamortized premiums	148,075,705	25,746,040	(33,697,592)	-	140,124,153	16,480,644
Unamortized discounts	(33,756,870)	-	7,941,698	-	(25,815,172)	(6,990,848)
Total Bonds and Loans, Net	2,878,416,391	356,557,083	(382,840,894)	(27,005,105)	2,825,127,475	142,659,796
Other Debt						
BC Note obligation	34,013,117	-	(2,280,589)	-	31,732,528	1,990,654
Total Sewage Disposal Fund Debt	$ 2,912,429,508	$ 356,557,083	$ (385,121,483)	$ (27,005,105)	$ 2,856,860,003	$ 144,650,450
Total Business-type Activities	$ 5,906,721,407	$ 1,203,832,485	$ (1,178,166,381)	$ (27,059,320)	$ 5,905,328,191	$ 268,479,316

* Of the $325,305,000 decrease in revenue bonds, $231,950,000 relates to the refunding of bonds. Of the $33,697,592 decrease in unamortized premiums, $17,671,117 relates to the refunding of bonds.

NOTE 12 – LONG-TERM DEBT (cont.)

As of June 30, 2026, aggregate debt service requirements of the Authority's bonds and loans (fixed and variable-rate) were as follows. These amounts assume that current interest rates on variable-rate bonds will remain the same for their respective terms. As these rates vary, interest payments on variable-rate bonds will vary.

Year Ended June 30	Bonds		Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Principal	Interest	Total
Water Fund					
2027	$ 88,485,000	$ 102,933,745	$ 14,690,598	$ 5,349,893	$ 211,459,236
2028	94,580,000	114,251,492	13,335,278	5,074,512	227,241,282
2029	100,625,000	109,504,244	13,611,219	4,814,504	228,554,967
2030	105,595,000	104,395,698	13,735,278	4,550,690	228,276,666
2031	113,735,000	100,751,711	14,020,278	4,283,557	232,790,546
2032-2036	654,485,000	420,465,850	71,981,639	17,307,016	1,164,239,505
2037-2041	476,540,000	274,308,457	78,742,487	10,066,702	839,657,646
2042-2046	408,285,000	181,146,499	47,889,334	3,168,515	640,489,348
2047-2051	241,870,000	93,545,769	10,667,518	722,395	346,805,682
2052-2057	220,805,000	42,585,169	1,390,163	27,803	264,808,135
Total Water Fund	2,505,005,000	1,543,888,634	280,063,792	55,365,587	4,384,323,013
Sewage Disposal Fund					
2027	103,805,000	99,096,861	29,365,000	8,020,592	240,287,453
2028	119,015,000	99,106,891	33,590,000	7,290,448	259,002,339
2029	122,680,000	93,687,508	40,965,000	6,583,351	263,915,859
2030	123,260,000	88,100,343	43,682,447	5,742,602	260,785,392
2031	127,700,000	82,529,145	31,885,763	4,926,354	247,041,262
2032-2036	753,175,000	319,221,251	141,797,918	14,473,233	1,228,667,402
2037-2041	580,045,000	146,521,182	55,436,309	3,244,225	785,246,716
2042-2046	200,785,000	73,502,974	6,361,057	121,619	280,770,650
2047-2051	123,240,000	36,180,244	-	-	159,420,244
2052-2057	74,030,000	6,855,600	-	-	80,885,600
Total Sewage Disposal Fund	2,327,735,000	1,044,801,999	383,083,494	50,402,424	3,806,022,917
Total Business-type Activities	$ 4,832,740,000	$ 2,588,690,633	$ 663,147,286	$ 105,768,011	$ 8,190,345,930

NOTE 12 – LONG-TERM DEBT (cont.)

REVENUE BONDS

Net revenues of the Authority are pledged to repayment of bonds; following are the revenue bonds payable at June 30, 2026:

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
Water Fund						
Series 2003A	1/30/2003	$ 234,805,000	5.00%	7/1/2034	$ 100,000	$ 100,000
Series 2003B	1/30/2003	172,945,000	5.00%	7/1/2034	100,000	100,000
Series 2005B	5/14/2008	194,900,000	5.25%	7/1/2035	100,000	100,000
Series 2006A	8/16/2006	280,000,000	5.00%	7/1/2034	100,000	100,000
Series 2006B	4/1/2009	120,000,000	6.25%	7/1/2036	100,000	100,000
Series 2016A	10/27/2016	88,000,000	5.00%	7/1/2026	5,000	-
Series 2016B	10/27/2016	163,830,000	5.00%	7/1/2026	5,000	-
Series 2016C	10/27/2016	443,930,000	5.00%	7/1/2026	17,385,000	-
Series 2016D	10/27/2016	222,045,000	5.00%	7/1/2026	1,680,000	-
Series 2018A	10/3/2018	155,595,000	5.00%	7/1/26-29	68,120,000	-
Series 2020A	5/12/2020	42,445,000	5.00%	7/1/26-49	40,740,000	35,685,000
Series 2020B	5/12/2020	43,135,000	5.00%	7/1/26-49	41,405,000	36,265,000
Series 2020C**	5/12/2020	377,515,000	2.03-3.47%	7/1/26-41	243,055,000	227,550,000
Series 2022A	9/13/2022	137,470,000	5.00-5.25%	7/1/26-52	137,190,000	132,900,000
Series 2022B	9/13/2022	69,745,000	5.00-5.50%	7/1/26-52	69,570,000	66,710,000
Series 2023A	12/5/2023	67,210,000	5.00%	7/1/26-38	65,965,000	62,650,000
Series 2023B	12/5/2023	148,535,000	5.00-5.25	7/1/26-53	148,535,000	126,780,000
Series 2024A	6/6/2024	348,175,000	5.00%	7/1/26-37	322,385,000	84,110,000
Series 2024B	6/6/2024	35,930,000	5.00%	7/1/26-36	34,030,000	32,035,000
Series 2025A	6/30/2025	254,725,000	5.00%	7/1/27-38	254,725,000	66,245,000
Series 2025B	6/30/2025	54,530,000	5.00%	7/1/31-34	54,530,000	-
Series 2025C	6/30/2025	109,830,000	5.00-5.25%	7/1/27-55	109,830,000	89,775,000
Series 2025D	6/30/2025	109,135,000	5.00-5.50%	7/1/27-55	109,135,000	89,305,000
Series 2026A	6/1/2026	251,080,000	5.00%	7/1/27-46	251,080,000	79,730,000
Series 2026B	6/1/2026	333,060,000	5.00%	7/1/27-46	333,060,000	237,410,000
Series 2026C	6/1/2026	101,650,000	5.00%	7/1/27-51	101,650,000	71,115,000
Series 2026D	6/1/2026	100,425,000	3.45%	7/1/27-56	100,425,000	100,425,000
Total Water Fund Revenue Bonds Payable					$ 2,505,005,000	

NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Original Issue Amount	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance	Callable at Par
Sewage Disposal Fund						
Series 2001B	9/15/2001	$ 110,550,000	5.50%	7/1/26-29	$ 53,710,000	$ -
Series 2003B	6/17/2009	150,000,000	7.50%	7/1/2033	100,000	100,000
Series 2005A	3/17/2005	273,355,000	4.50%	7/1/2035	100,000	100,000
Series 2005C	4/5/2005	63,160,000	5.00%	7/1/2026	-	-
Series 2006B	8/10/2006	250,000,000	5.00%	7/1/2036	100,000	100,000
Series 2006D	12/14/2006	370,000,000	Variable (*)	7/1/26-32	239,475,000	239,475,000
Series 2016B	10/27/2016	126,105,000	5.00%	7/1/2026	380,000	-
Series 2018A	10/3/2018	81,595,000	5.00%	7/1/26-48	72,560,000	67,040,000
Series 2018B	10/3/2018	131,690,000	5.00%	7/1/26-29	113,485,000	-
Series 2020A**	6/16/2020	594,930,000	1.65-3.51%	7/1/26-44	286,610,000	94,700,000
Series 2020B**	6/16/2020	92,525,000	2.61-3.61%	7/1/35-44	50,730,000	11,315,000
Series 2022A	9/13/2022	125,975,000	5.00-5.25%	7/1/26-52	125,775,000	122,440,000
Series 2022B	9/13/2022	71,990,000	5.00-5.50%	7/1/26-52	71,775,000	68,405,000
Series 2023A	12/5/2023	185,235,000	5.00%	7/1/32-40	185,235,000	172,770,000
Series 2023B	12/5/2023	14,965,000	5.00%	7/1/2034	14,965,000	14,965,000
Series 2023C	12/5/2023	96,860,000	5.00-5.25%	7/1/28-53	96,860,000	90,850,000
Series 2024A	6/6/2024	347,305,000	5.00%	7/1/26-33	305,435,000	-
Series 2024B	6/6/2024	40,260,000	5.00%	7/1/26-35	35,650,000	1,685,000
Series 2025A	6/30/2025	104,280,000	5.00%	7/1/30-40	104,280,000	30,425,000
Series 2025B	6/30/2025	283,300,000	5.00%	7/1/26-39	283,300,000	148,150,000
Series 2025C	6/30/2025	47,470,000	5.00-5.50%	7/1/26-55	47,470,000	35,780,000
Series 2026A	6/1/2026	30,155,000	5.00%	7/1/30-34	30,155,000	-
Series 2026B	6/1/2026	179,565,000	5.00%	7/1/30-36	179,565,000	-
Series 2026C	6/1/2026	30,020,000	5.00-5.25%	7/1/30-56	30,020,000	25,060,000
Total Sewage Disposal Fund Revenue Bonds Payable					2,327,735,000	
Total Business-type Activities					$4,832,740,000	

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

** Taxable bond

Refunded Debt and New Money Bond – Water Fund

On June 1, 2026, the Authority completed a water supply system revenue bond refunding and new money transaction. The Authority issued $251,080,000 in Series 2026A senior lien revenue refunding bonds, $333,060,000 in Series 2026B second lien revenue refunding bond, $101,650,000 in Series 2026C senior lien revenue new money bonds, and $100,425,000 in Series 2026D second lien revenue new money bonds for a total issue of $786,215,000. The net proceeds of the Series 2026A and 2026B were used to refund $87,970,000 of Series 2016A revenue bonds, and $163,800,000 of Series 2016B revenue bonds which were called on July 1, 2026. It was also used for $180,950,000 of Series 2016C

NOTE 12 – LONG-TERM DEBT (cont.)

revenue bonds, and $195,310,000 of Series 2016D revenue bonds. A total of $628,030,000 in bonds were refunded resulting in a net present value savings of $45,412,141.

Refunded Debt and New Money Bond – Sewage Disposal Fund

On June 1, 2026, the Authority completed a sewer supply system revenue bond refunding and new money transaction. The Authority issued $30,155,000 in Series 2026A senior lien revenue refunding bonds, $179,565,000 in Series 2026B second lien revenue refunding bond, and $30,020,000 in Series 2026C senior lien revenue new money bonds for a total issue of $239,740,000. The net proceeds of the Series 2026A and 2026B were used to refund $33,390,000 of Series 2016B revenue bonds, and $198,560,000 of Series 2016C revenue bonds, which were called on July 1, 2026. A total of $231,950,000 in bonds were refunded resulting in net present value savings of $22,541,842.

Arbitrage Rebate Payable

The Authority issues tax-exempt bonds to finance various capital projects. Under federal tax law, the city is required to rebate certain earnings on the gross proceeds of these bonds to the federal government. This liability, which represents the accumulated excess of earnings over the bond yield, is calculated every five years or upon maturity of the debt. In accordance with Governmental Accounting Standards Board (GASB) pronouncements, for government-wide and proprietary fund financial statements, an arbitrage rebate liability is accrued for any estimated future payment to the federal government. As of June 30, 2026, the estimated arbitrage rebate liability on the 2023 Water Bonds was $34,721 and on the 2023 Sewer Bonds was $1,800,000, which are included in the accompanying financial statements as a noncurrent liability.

State Revolving Fund Loans

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

The Authority received direct borrowing loans from the State of Michigan Revolving Loan Fund during the year ended June 30, 2026 for the Water Fund totaling $6,796,570 of which $54,215 has been forgiven, and the Sewage Disposal Fund received $91,071,043 of which $27,005,105 has been forgiven. The $54,215 of the water loans forgiven and $54,215 of the proceeds of the Water Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Water Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional water system. The $56,500 of the sewer loans forgiven and $2,236,444 of the proceeds of the Sewage Disposal Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Sewage Disposal Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional sewage disposal system. At June 30, 2026, $23,020,350 for the Water Fund and $587,106,034 for the Sewage Disposal Fund was authorized and unissued. Of the authorized and unissued $23,020,350 for the Water Fund and $12,939,554 for the Sewage Disposal Fund are for pass through loans to DWSD. At June 30, 2026 the DWSD local water system has $8,445,731 and sewage disposal system has

NOTE 12 – LONG-TERM DEBT (cont.)

$7,217,592 of additional undrawn amounts that qualify for loan forgiveness. The GLWA regional water supply system has $0 and the sewage disposal system has $1,046,556 of additional undrawn amounts that qualify for loan forgiveness. Net revenues of the Authority are pledged for repayment of the loans.

The following is a schedule of the state revolving loans payable at June 30, 2026:

Issue	Bond Date	Amount Issued*	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
Water Fund					
Series 2005 SRF-1	9/22/2005	$ 13,805,164	2.13%	10/1/25-26	$ 805,164
Series 2005 SRF-2	9/22/2005	8,891,730	2.13%	10/1/25-26	506,730
Series 2006 SRF-1	9/21/2006	5,180,926	2.13%	10/1/25-26	295,926
Series 2008 SRF-1	9/29/2008	2,590,941	2.50%	10/1/25-28	340,941
Series 2016 SRF-1	9/16/2016	8,273,168	2.50%	4/1/26-48	6,603,168
Series 2016 SRF-2	9/16/2016	3,393,543	2.50%	4/1/26-48	2,703,543
Series 2017 SRF-1	6/23/2017	5,807,931	2.50%	10/1/25-48	4,707,931
Series 2019 SRF-1	6/7/2019	8,330,000	2.00%	10/1/25-50	6,545,000
Series 2019 SRF-2	8/30/2019	29,078,820	2.00%	4/1/26-42	24,100,618
Series 2019 SRF-3	8/30/2019	11,117,931	2.00%	4/1/26-52	9,664,875
Series 2020-SRF-1	7/31/2020	20,276,166	2.00%	4/1/26-52	18,207,265
Series 2020-SRF-2	8/28/2020	7,159,988	2.00%	10/1/25-42	6,132,211
Series 2020 SRF-3	8/28/2020	8,960,000	2.00%	10/1/25-43	7,034,097
Series 2020-SRF-4	9/30/2020	11,158,947	2.00%	4/1/26-41	9,957,897
Series 2021-SRF-1	6/21/2021	4,209,249	1.88%	10/1/25-40	3,209,249
Series 2021-SRF-2	8/30/2021	100,423,498	1.88%	4/1/26-43	91,628,498
Series 2021-SRF-3	8/30/2021	10,629,827	1.88%	10/1/25-31	9,713,177
Series 2022-SRF-2	9/20/2022	34,075,000	1.88%	10/1/25-43	29,735,001
Series 2023-SRF-1	7/17/2023	48,172,500	1.88%	10/1/26-45	48,172,501
Series 2025-SRF-2	8/28/2025	12,429,000	1.00%	-	-
Series 2026-SRF-1	3/31/2026	10,591,350	1.00%	-	-
Total Water Fund State Revolving Loans Payable					280,063,792

* Amount Issued is net of loan forgiveness.

NOTE 12 – LONG-TERM DEBT (cont.)

Issue	Bond Date	Amount Issued*	Range of Interest Rates	Maturity Dates	Outstanding Ending Balance
Sewage Disposal Fund					
Series 2007 SRF-1	9/20/2007	167,540,598	1.63%	10/1/26-29	37,970,598
Series 2009 SRF-1	4/17/2009	13,970,062	2.50%	4/1/27-30	3,250,062
Series 2010 SRF-1	1/22/2010	4,214,763	2.50%	4/1/27-31	1,235,763
Series 2012 SRF-1	8/30/2012	14,950,000	2.50%	10/1/26-34	7,650,000
Series 2015A SRF	3/20/2015	79,500,000	2.50%	4/1/27-36	44,640,000
Series 2015B SRF	3/20/2015	27,175,304	2.50%	10/1/26-35	14,980,304
Series 2015D SRF	12/11/2015	15,321,478	2.50%	10/1/26-35	8,281,478
Series 2016 SRF-1	9/16/2016	15,463,628	2.50%	4/1/27-38	10,183,628
Series 2016 SRF-2	9/16/2016	48,315,683	2.50%	4/1/27-39	33,545,683
Series 2017 SRF-1	6/23/2017	33,566,682	2.50%	10/1/26-38	23,346,682
Series 2018 SRF-2	9/14/2018	17,510,000	2.00%	10/1/26-42	15,305,000
Series 2020 SRF-1	3/27/2020	28,350,000	2.00%	10/1/26-42	24,780,000
Series 2020 SRF-2	9/30/2020	3,232,000	2.00%	10/1/26-37	1,952,076
Series 2021 SRF-1	3/26/2021	11,950,372	1.88%	10/1/26-40	10,300,372
Series 2021 SRF-2	9/24/2021	6,881,250	1.88%	4/1/27-34	3,003,620
Series 2022 SRF-1	6/6/2022	34,195,000	1.88%	10/1/26-40	22,076,743
Series 2022 SRF-2	8/29/2022	50,245,000	1.88%	4/1/27-40	35,801,496
Series 2022 SRF-3	9/20/2022	19,035,000	1.88%	4/1/27-41	14,485,686
Series 2023 SRF-1	6/5/2023	88,820,000	1.88%	10/1/27-34	30,352,257
Series 2024 SRF-1	5/6/2024	126,800,000	2.00%	4/1/29-33	25,088,689
Series 2024 SRF-2	5/6/2024	155,000,000	2.00%	4/1/2030	1,956,787
Series 2024 SRF-3	9/6/2024	60,500,000	2.00%	10/1/28-37	11,279,899
Series 2024 SRF-4***	8/28/2024	-	2.00%	-	-
Series 2025 SRF-1	9/5/2025	60,418,000	2.00%	4/1/2032	1,616,671
Series 2025 SRF-2***	8/28/2025	8,944,000	1.00%	-	-
Series 2026 SRF-1***	2/9/2026	90,710,550	2.00%	4/1/2029	-
Series 2026 SRF-2**	5/7/2026	25,000,000	2.00%	-	-
Series 2026 SRF-3***	5/7/2026	12,519,300	2.00%	-	-
Total Sewage Disposal Fund State Revolving Loans					383,083,494
Total Business-type Activities					$ 663,147,286

* Amount Issued is net of loan forgiveness.
** Loan has been authorized, no draws on loan as of June 30, 2026.
*** Current draws on loan fall under loan forgiveness, therefore there is no outstanding balance at June 30, 2026.

NOTE 12 – LONG-TERM DEBT (cont.)

PLEDGES OF FUTURE REVENUE

The Authority has pledged assets to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The Water System bonds and loans are paid solely from the net revenues of the Water System and the Sewer Disposal System bonds and loans are paid solely from the net revenues of the Sewer System. Net revenues are defined in the Great Lakes Water Authority Water and Sewer Master Bond Ordinances as all revenues except those transferred to the Operation and Maintenance funds. These revenues are further defined to include the revenues from the Retail Customers who are serviced under the Water and Sewer Services Agreement with the City of Detroit which are reported in the financial statements of the City of Detroit Water and Sewerage Department. The pledged revenues calculation for the fiscal year ending June 30, 2026 includes revenues reported by the Great Lakes Water Authority and the City of Detroit Water and Sewerage Department as this revenue is pledged for payment of the bonds and loans of the Great Lakes Water Authority.

The general purpose of the Water System debt is to provide funding for various water treatment and transmission capital improvements, refund certain water revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The general purpose of the Sewer System bonds is to provide funding for various wastewater treatment and collection activities, capital improvements, refund certain sewage disposal revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The term of pledge commitment for the water bonds is through fiscal year 2057 and the sewage disposal bonds is through 2057.

The table below has the pledged revenue coverage as of June 30, 2026:

	Water Fund	Sewage Disposal Fund
Remaining principal and interest requirement	$ 4,384,323,013	$ 3,806,022,917
Principal and interest funding requirement for the year ending June 30, 2026 (calculated on a debt set aside basis consistent with rate covenant basis for rate determination)	$ 221,139,225	$ 247,829,735
Pledged revenue for the year ending June 30, 2026	$ 286,694,754	$ 343,778,342
Pledged revenue collected as a percentage of funding requirement	130%	139%

At the date of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. The local system amounts used for the calculation above reflect DWSD's management representation of preliminary financial results for the year ended June 30, 2026.

NOTE 12 – LONG-TERM DEBT (cont.)

CREDIT RATINGS

In May 2026, S&P Global Ratings affirmed the Authority's senior lien water supply and sewage disposal systems ratings of AA- and its second lien ratings of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water supply and sewer disposal systems senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable. Fitch affirmed the Authority's sewage disposal system senior lien rating of AA, and its second lien bonds of AA-. Fitch affirmed the Authority's ratings for its water supply system senior lien of A+, and its second lien ratings of A. The outlook remained stable.

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

RAW WATER RIGHTS OBLIGATION

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

The future credits to be issued are detailed below:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2027	$ 3,345,194	$ 3,439,802	$ 6,784,996
	2028	3,483,226	3,307,356	6,790,582
	2029	3,626,806	3,169,448	6,796,254
	2030	3,775,483	3,025,850	6,801,333
	2031	3,930,292	2,876,345	6,806,637
	2032-2036	22,226,263	11,914,757	34,141,020
	2037-2041	27,203,739	7,136,560	34,340,299
	2042-2046	15,662,407	1,749,069	17,411,476
Total Water Fund		$ 83,253,410	$ 36,619,187	$ 119,872,597

NOTE 12 – LONG-TERM DEBT (cont.)

BC NOTE OBLIGATION

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

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

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

The following is a schedule of the BC Note obligation for the Financial Recovery Bonds as of June 30, 2026:

Bond Issue (GLWA share)	Original Issue Amount (GLWA share)	Range of Interest Rates	Maturity Date	Outstanding Ending Balance
Water Fund				
Series 2014-B	$ 26,540,080	4.00% and variable	4/1/2044	$ 14,000,421
Series 2014-C	3,829,794	5.00%	6/30/2027	107,203
Total Water Fund				14,107,624
Sewage Disposal Fund				
Series 2014-B	44,233,463	4.00% and variable	4/1/2044	31,491,395
Series 2014-C	6,382,990	5.00%	6/30/2027	241,133
Total Sewage Disposal Fund				31,732,528
Total Business-type Activities				$ 45,840,152

NOTE 12 – LONG-TERM DEBT (cont.)

BC NOTE OBLIGATION (cont.)

As of June 30, 2026, debt service requirements of the BC Note obligation for the Financial Recovery Bonds were as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2027	$ 885,004	$ 565,377	$ 1,450,381
	2028	777,802	528,905	1,306,707
	2029	777,802	497,793	1,275,595
	2030	777,802	466,681	1,244,483
	2031	777,802	435,569	1,213,371
	2032-2036	3,889,008	2,006,728	5,895,736
	2037-2041	3,889,008	1,400,043	5,289,051
	2042-2044	2,333,396	280,009	2,613,405
Total Water Fund		14,107,624	6,181,105	20,288,729
Sewage Disposal Fund				
	2027	1,990,654	1,271,711	3,262,365
	2028	1,749,522	1,189,675	2,939,197
	2029	1,749,522	1,119,694	2,869,216
	2030	1,749,522	1,049,713	2,799,235
	2031	1,749,522	979,732	2,729,254
	2032-2036	8,747,608	4,513,765	13,261,373
	2037-2041	8,747,608	3,149,139	11,896,747
	2042-2044	5,248,570	629,828	5,878,398
Total Sewage Disposal Fund		31,732,528	13,903,257	45,635,785
Total Business-type Activities		$ 45,840,152	$ 20,084,362	$ 65,924,514

NOTE 12 – LONG-TERM DEBT (cont.)

INTEREST EXPENSE

The following represents the amounts recorded as interest expense for the year ended June 30, 2026:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Revenue bonds and loans	$ 119,995,255	$ 114,154,782	$ 234,150,037
Regional System Lease	16,034,437	19,597,643	35,632,080
Raw water rights obligation	2,325,565	-	2,325,565
BC Note obligation	607,736	1,366,989	1,974,725
Lease payable - warehouse	-	85,530	85,530
Subscription liability	61,780	61,780	123,560
Total Interest Expense	$ 139,024,773	$ 135,266,724	$ 274,291,497

NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE

On January 1, 2016, the Authority effectuated lease agreements with the City for the regional water and sewage disposal systems for a term of 40 years, to be extended automatically to coincide with the final maturity of any bonds, for an annual lease payment of $50 million. Currently, $22,500,000 is allocated to the Water Fund and $27,500,000 is allocated to the Sewage Disposal Fund. The lease for the water system provides service to the wholesale customers and the retail water customers of the City up to the point of connection to the local water system facilities of the City. The lease for the sewage disposal system provides service to the wholesale customers and the retail sewage disposal customers of the City up to the point of connection to the local sewage disposal system facilities of the City.

In accordance with the lease provisions, the issuance of new bonds with maturities extending beyond the original 40-year lease term triggered an automatic extension of the lease term. Under GASB 69, the resulting increase in the length of the lease requires the Authority to record a deferred outflow of resources. The adjustment reflects the increase in the present value of future lease payments attributable to the extended lease term.

In addition, both leases provide that certain other assets, including cash and investments held by DWSD as of December 31, 2015, be transferred to GLWA; that all revenues of the regional and local water and sewage disposal systems are assigned to GLWA; and that GLWA assumes all DWSD bonded debt and certain other liabilities. The long-term leases are recorded as the present value of all future debt payments.

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

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

Amounts reported as a liability at year-end represent the net present value of all future lease payments. The increase in the balance reflects the automatic extension of the lease term, and represents the difference between the ending balance under the original amortization schedule and the present value of lease payments through the end of the extended lease term. Changes in the Regional Systems leases payable for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Water Fund	$387,986,730	$11,611,343	$ (6,443,172)	$393,154,901	$ 6,223,493
Sewage Disposal Fund	474,206,004	21,487,993	(7,874,989)	487,819,008	7,296,351
Total Business-type Activities	$862,192,734	$33,099,336	$(14,318,161)	$880,973,909	$13,519,844

* The current portion of the Regional Systems leases payable represents the 12 monthly payments required from July 1, 2026 through June 30, 2027. Future revenues are intended to cover these payments.

As of June 30, 2026, aggregate requirements of the Regional Systems leases were as follows:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2027	$ 6,223,493	$ 16,276,507	$ 22,500,000
	2028	6,488,031	16,011,969	22,500,000
	2029	6,763,813	15,736,187	22,500,000
	2030	7,051,318	15,448,682	22,500,000
	2031	7,351,043	15,148,957	22,500,000
	2032-2036	41,716,447	70,783,553	112,500,000
	2037-2041	51,368,957	61,131,043	112,500,000
	2042-2046	63,254,901	49,245,099	112,500,000
	2047-2051	77,891,060	34,608,940	112,500,000
	2052-2056	95,913,788	16,586,212	112,500,000
	2057-2058	29,132,050	867,950	30,000,000
Total Water Fund		393,154,901	311,845,099	705,000,000

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

	Year Ended June 30	Principal	Interest	Total
Sewage Disposal Fund				
	2027	$ 7,296,351	$ 20,203,649	$ 27,500,000
	2028	7,606,492	19,893,508	27,500,000
	2029	7,929,815	19,570,185	27,500,000
	2030	8,266,882	19,233,118	27,500,000
	2031	8,618,277	18,881,723	27,500,000
	2032-2036	48,907,876	88,592,124	137,500,000
	2037-2041	60,224,366	77,275,634	137,500,000
	2042-2046	74,159,308	63,340,692	137,500,000
	2047-2051	91,318,570	46,181,430	137,500,000
	2052-2056	112,448,207	25,051,793	137,500,000
	2057-2058	61,042,864	3,123,804	64,166,668
Total Sewage Disposal Fund		487,819,008	401,347,660	889,166,668
Total Business-type Activities		$ 880,973,909	$ 713,192,759	$ 1,594,166,668

As part of the 2018 MOU, the MBO requirement for six months of lease payments made to DWSD on January 1, 2016 will be treated as a prepaid lease payment. The initial term of the regional system leases began on the effective date and ends on October 1, 2057 for Water and October 1, 2058 for Sewer. GLWA's last monthly payment shall be April 1, 2057 and April 1, 2058 for Water and Sewer, respectively. GLWA's $25 million lease pre-payment on January 1, 2016 shall be applied to the period of May 1, 2057 through October 1, 2057 and October 1, 2058 for Water and Sewer, respectively. Of the $25 million recorded as a prepaid on the statement of net position, $11,250,000 is recorded in the Water Fund and $13,750,000 is in the Sewage Disposal Fund.

DEFERRED OUTFLOW

Under GASB 69, the extension of the lease term requires the Authority to recognize a deferred outflow of resources. This deferred outflow coincides with the increase in the present value of future lease payments resulting from the longer lease term. In accordance with GASB 69, the deferred outflow will be amortized over the remaining life of the extended lease. Additional deferred outflows will be recorded in future periods as new bonds are issued with maturities that extend beyond the revised lease term. Changes in the Lease Extension Deferred Outflow for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increase	Amortization	Ending Balance
Water Fund	$ -	$ 11,611,343	$ -	$ 11,611,343
Sewage Disposal Fund	-	21,487,993	-	21,487,993
Total Business-type Activities	$ -	$ 33,099,336	$ -	$ 33,099,336

NOTE 14 – OTHER LIABILITIES

Changes in other liabilities for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Water Fund					
Subscription liability	$ 1,739,439	$ -	$ (425,128)	$ 1,314,311	$ 463,276
Compensated absences	5,517,102	4,469,968	(3,902,770)	6,084,300	4,349,191
Workers' compensation	749,601	385,204	(601,198)	533,607	458,607
Claims and judgements	125,000	65,000	(60,000)	130,000	130,000
Cash held for the benefit of DWSD budget stabilization	2,000,000	-	-	2,000,000	-
WRAP Funds Payable - Retail	-	2,017,032	(1,634,132)	382,900	382,900
Total Water Fund	10,131,142	6,937,204	(6,623,228)	10,445,118	5,783,974

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Sewage Disposal Fund					
Lease payable – warehouse	$ 3,086,605	$ 167,201	$ (436,958)	$ 2,816,848	$ 622,698
Subscription liability	1,739,439	-	(425,128)	1,314,311	463,276
Compensated absences	2,236,403	2,100,140	(1,971,609)	2,364,934	1,306,526
Claim and judgements	2,080,000	4,475,000	(3,015,000)	3,540,000	3,540,000
DWSD local system capital contribution from EFSD	7,835,487	164,481	(1,262,965)	6,737,003	1,370,000
Cash held for the benefit of DWSD budget stabilization	5,500,000	-	-	5,500,000	-
WRAP Funds Payable - Retail	-	3,068,030	(2,489,871)	578,159	578,159
Total Sewage Disposal Fund	22,477,934	9,974,852	(9,601,531)	22,851,255	7,880,659
Total Business-type Activities	$32,609,076	$ 16,912,056	$ (16,224,759)	$33,296,373	$13,664,633

NOTE 14 – OTHER LIABILITIES (cont.)

LEASE PAYABLE – WAREHOUSE

The Authority entered into a lease agreement for a warehouse to store inventory used to operate and maintain equipment. The lease commenced on April 1, 2021 and amended June 2, 2026. The amended lease was recorded under GASB 87 using a discount rate of 3.7 percent. The lease term is for two years with one two-year renewal option. The Authority has included the renewal period when recording the lease. An estimate of a 3.15% CPI at the time of renewal was used in calculating the payments for the renewal period.

The future lease payments are detailed below:

	Year Ended June 30	Principal	Interest	Total
Sewage Disposal Fund				
	2027	$ 622,698	$ 91,933	$ 714,631
	2028	661,967	70,033	732,000
	2029	708,345	44,791	753,136
	2030	759,132	17,728	776,860
	2031	64,706	200	64,906
Total Sewage Disposal Fund		$ 2,816,848	$ 224,685	$ 3,041,533

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

	Cost	Accumulated Amortization	Ending Book Value
Sewage Disposal Fund			
Warehouse	$ 4,710,808	$ (2,308,446)	$ 2,402,362

NOTE 14 – OTHER LIABILITIES (cont.)

SUBSCRIPTION LIABILITY – RIGHT TO USE ASSET

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

The future contract payments are detailed below:

	Year Ended June 30	Principal	Interest	Total
Water Fund				
	2027	$ 463,276	$ 51,020	$ 514,296
	2028	496,136	33,232	529,368
	2029	354,899	14,196	369,095
Total Water Fund		1,314,311	98,448	1,412,759
Sewage Disposal Fund				
	2027	463,276	51,020	514,296
	2028	496,136	33,232	529,368
	2029	354,899	14,196	369,095
Total Sewage Disposal Fund		1,314,311	98,448	1,412,759
Total Business-type Activities		$ 2,628,622	$ 196,896	$ 2,825,518

NOTE 14 – OTHER LIABILITIES (cont.)

The subscription asset was recorded based on the subscription liability amount plus implementation cost. The subscription assets at June 30, 2026 are summarized below:

	Cost	Accumulated Amortization	Ending Book Value
Water Fund			
Workday SaaS	$ 5,967,718	$ (2,346,450)	$ 3,621,268
NEXGEN	2,561,284	(1,045,422)	1,515,862
Total Water Fund	$ 8,529,002	$ (3,391,872)	$ 5,137,130
Sewage Disposal Fund			
Workday SaaS	$ 5,967,718	$ (2,346,450)	$ 3,621,268
NEXGEN	2,561,284	(1,045,422)	1,515,862
Total Sewage Disposal Fund	8,529,002	(3,391,872)	5,137,130
Total Business-type Activities	$ 17,058,004	$ (6,783,744)	$ 10,274,260

COMPENSATED ABSENCES

The Authority has a paid time off (PTO) policy which has an annual accrual period ending September 30 each year. Starting September 30, 2024, employees are allowed to carry over a maximum bank of 100 hours to the next accrual period. Balances greater than 100 hours up to a maximum of 180 hours are converted to the retiree health saving program at 100% of the value of the PTO time. Hours in excess of 180 hours are forfeited if unused by September 30 of each accrual period. The accrued compensated absences on June 30, 2026 for PTO accruals are $4,222,128 for the Water Fund and $1,229,019 for the Sewage Disposal Fund which is current.

The Authority has an accrued compensated absence liability that was assumed on January 1, 2016 relating to the accumulated unpaid vacation and sick leave balances for those employees who retired from the City or resigned from the City and accepted employment with the Authority on January 1, 2016. All but approximately $1,900 of the vacation time has been paid. Employees hired after January 1, 2016 do not have accumulated sick leave. With the adoption of GASB Statement 101, the Authority accrued an additional amount related to the remaining sick leave balances at June 30, 2026 based on the payment history since 2016. The amount included in the accrued compensated absences is $1,862,172 of which $127,063 is current for the Water Fund and $1,135,915 of which $77,507 is current for the Sewage Disposal Fund.

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

WORKERS' COMPENSATION

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

NOTE 14 – OTHER LIABILITIES (cont.)

CLAIMS AND JUDGEMENTS

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

DWSD LOCAL SYSTEM CAPITAL CONTRIBUTION FROM EFSD

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

CASH HELD FOR THE BENEFIT OF DWSD BUDGET STABILIZATION

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

WATER RESIDENTIAL ASSISTANCE PROGRAM (WRAP) LIABILITY

At year-end, the Detroit Water and Sewerage Departments (DWSD) local share of funding for WRAP, did not have a service delivery partner. Since these funds were collected and designated for WRAP purposes, the outstanding amount is recorded as a WRAP liability.

NOTE 15 – RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

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

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

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

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

The Authority assumes all risk for motor vehicle physical damage.

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

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

MEDICAL AND PRESCRIPTION DRUG INSURANCE

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

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

	2026	2025
Unpaid (Prepaid) claims, beginning of year	$ 1,491,591	$ 534,615
Incurred claims (including change in IBNR provisions)	15,249,802	12,743,091
Claims payments	(17,037,082)	(11,786,115)
Unpaid (Prepaid) Claims, End of Year	$ (295,689)	$ 1,491,591

WORKERS' COMPENSATION

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

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

	2026	2025
Unpaid claims, beginning of year	$ 749,601	$ 657,892
Incurred claims (including change in IBNR provisions)	385,204	240,276
Claims payments	(601,198)	(148,567)
Unpaid Claims, End of Year	$ 533,607	$ 749,601

NOTE 16 – DEFINED CONTRIBUTION PENSION PLANS

DEFINED CONTRIBUTION PLANS

The Great Lakes Water Authority Defined Contribution Retirement Plan is a 401(a) governmental money purchase plan administered by Mission Square Retirement Corporation (the "Administrator") to provide benefits at retirement to all full-time employees of the Authority. The Authority contributes 6.0% of an employees base pay to the plan. The Authority will make an additional contribution to the 401(a) plan to match employee contributions under the Great Lakes Water Authority 457 Plan up to 3% of compensation. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. The Authority recognized expense of $7,924,241 which is net of forfeitures of $235,881 for the year ended June 30, 2026. The Authority has accrued approximately $210,000 of 401(a) expense on the accrued payroll at June 30, 2026. At June 30, 2026, there were 1,434 plan members, of which 981 are active.

The Great Lakes Water Authority Defined Contribution Plan Make-Up Benefit is a 401(a) governmental money purchase plan administered by Mission Square Retirement Corporation (the "Administrator") to provide benefits at retirement to all employees who terminated employment with DWSD on or around January 1, 2016 and were not vested in the City of Detroit General Retirement System (GRS). Eligible employees are required to rollover to the Authority's Section 457 Deferred Compensation Plan their refunded employee mandatory contribution from GRS. The amount of the make-up benefit was determined by an actuary based on the present value of the lost GRS benefit. It was accrued in fiscal year 2018 and funded during fiscal year 2019. No additional contributions are required for this plan. Employees are 100% vested after one year of service. At June 30, 2026 there are 22 participants in the plan.

The Authority has a Section 457 Deferred Compensation Plan which employees can make pre-tax or post-tax (Roth) contributions which are immediately 100% vested. At June 30, 2026 there were 1,482 plan members, of which 1,127 are active.

The Authority has a Roth IRA Plan which allows employees to make post-tax contributions which are immediately 100% vested. At June 30, 2026 there are 161 participants in the plan.

RETIREMENT HEALTH SAVINGS PLAN

The Authority also provides a Retirement Health Savings Program for full-time employees. Employees are required to contribute $10 per pay period and the Authority contributes $80 per pay period. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. Members can access their account for reimbursement of qualified medical expenses and payment of insurance premiums for their dependents when they separate from GLWA and reach age 60. The Authority recognized an expense $2,603,666 which is net of forfeitures of $170,042 for the year ended June 30, 2026. The Authority has accrued approximately $57,242 of expense on the accrued payroll at June 30, 2026. Employee contributions were $637,860 for the year ended June 30, 2026. At June 30, 2026, there were 2,133 plan members, of which 1,056 are active.

NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)

As part of the City of Detroit bankruptcy plan of adjustment (POA) and the Regional System Leases (Section 4.3), the City, the General Employees' Retirement System of the City of Detroit (GRS or the System) and the Authority entered into an agreement on December 1, 2015 that set forth the terms for contributions and reporting of the DWSD share of the GRS pension pool. GRS provides the information necessary for the Authority and DWSD to report the proportionate share separately in their respective statements. On January 24, 2017, DWSD and the Authority provided a supplement to the agreement whereby GRS is directed to allocate investments and pension liabilities of the DWSD division on the basis of 70.3% to the Authority and 29.7% to DWSD effective January 1, 2016. This agreement constitutes a special funding situation pursuant to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As such, while no Authority employees earn service credit in the legacy or hybrid plans, GLWA is legally responsible for making contributions to a legacy pension plan of another entity and, accordingly, must record a net pension liability for its proportion and make the following disclosures regarding the plan as repaired by the standard. Information is available in a separate audit report for the "General Retirement System of the City of Detroit Financial Report with Supplemental Information" as well as "The General Retirement System of the City of Detroit GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II" as of June 30, 2025 which are available by contacting the Authority's management.

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

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

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

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

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

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").

Subsequent to 2023, DWSD and the Authority will be responsible for paying their allocable share of any additional amounts that are actuarially determined to be payable. The 2026 contribution was included in the GRS annual actuarial valuation of Component II dated June 30, 2025. The total share for the DWSD is estimated to be $4.4 million for Unfunded Actuarial Accrued Liability (UAAL) and administrative expense. GLWA's share of the 2026 estimated contribution will be $3.09 million with approximately $1.11 million allocated to the Water Fund and approximately $1.98 million allocated to the Sewage Disposal Fund.

DWSD Employee Contributions. Contribution requirements of plan members are established and may be amended by the GRS Board of Trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2025, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014; contributions into Component I began thereafter.

Actuarial Assumptions. The total pension liability was actuarial determined as of June 30, 2024 which used updated procedures to roll forward the estimated liability to June 30, 2025. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement.

Inflation	Not applicable
Salary increases	No inflation assumption or salary increases due to plan freeze as of June 30, 2014
Investment rate of return	6.75%, net of investment expense and including inflation

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

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

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

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. The assumptions were first used in the June 30, 2021 actuarial valuation and assumption changes included mortality tables (change from the RP-2014 Blue Collar Annuitant Table), withdrawal rates, and disability rates.

Investment Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term expected real rate of return as of June 30, 2025 for each major asset class and the target allocations are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	46.0%	4.54%
Global fixed income	33.0%	4.62%
Real estate	13.0%	3.91%
Diversifying strategies	8.0%	4.01%
	100.0%	

Single Discount Rate. A Single Discount Rate of 6.75%, net of investment expenses, was used to measure the total pension liability as of June 30, 2025. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.75% as directed by the System and approved by the System's auditor. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions have ceased and that employer contributions will be made at rates equal to those set by System's funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability. As permitted by GASB Statement No. 68, the net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

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

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

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Total pension liability	$ 150,650,289	$ 269,616,194	$ 420,266,483
Plan fiduciary net position	(145,623,349)	(260,619,567)	(406,242,916)
Authority's net pension liability	$ 5,026,940	$ 8,996,627	$ 14,023,567

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Water Fund			
Balances at June 30, 2025	$ 155,391,878	$ 144,803,877	$ 10,588,001
Changes for the year:			
Interest	9,983,360	-	9,983,360
Changes to benefit terms	327,394		327,394
Differences between expected and actual experience	(71,845)	-	(71,845)
Changes in assumptions	-	-	-
Employer contributions	-	554,400	(554,400)
Net investment income	-	12,637,818	(12,637,818)
Benefit payments, including refunds of employee contributions	(14,980,498)	(14,980,498)	-
Administrative expenses*	-	(288,430)	288,430
Other changes	-	2,896,182	(2,896,182)
Net changes	(4,741,589)	819,472	(5,561,061)
Balances at June 30, 2026	$ 150,650,289	$ 145,623,349	$ 5,026,940

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Sewage Disposal Fund			
Balances at June 30, 2025	$ 278,102,130	$ 259,152,971	$ 18,949,159
Changes for the year:			
Interest	17,867,045	-	17,867,045
Changes to benefit terms	585,932		585,932
Differences between expected and actual experience	(128,578)	-	(128,578)
Changes in assumptions	-	-	-
Employer contributions	-	992,200	(992,200)
Net investment income	-	22,617,682	(22,617,682)
Benefit payments, including refunds of employee contributions	(26,810,335)	(26,810,335)	-
Administrative expenses*	-	(516,198)	516,198
Other changes	-	5,183,247	(5,183,247)
Net changes	(8,485,936)	1,466,596	(9,952,532)
Balances at June 30, 2026	$ 269,616,194	$ 260,619,567	$ 8,996,627

* Includes application of prepaid administrative fees applied of $2,711,915 for the water fund and $4,853,467 for the sewer fund.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Water Fund	$ 6,116,705	$ 5,026,940	$ 4,081,165
Sewage Disposal Fund	10,946,960	8,996,627	7,303,989
Authority's Net Pension Liability	$ 17,063,665	$ 14,023,567	$ 11,385,154

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

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

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended June 30, 2026, the Authority recognized pension recovery of $1,197,113 and $2,142,451 for the water and sewage disposal funds, respectively. At June 30, 2026, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Water fund			
Net difference between projected and actual earnings on pension plan investments	$ 312,860	$ -	$ 312,860
Employer contributions to the plan subsequent to the measurement date	1,108,560	-	1,108,560
Total Water Fund	1,421,420	-	1,421,420
Sewage disposal fund			
Net difference between projected and actual earnings on pension plan investments	559,922	-	559,922
Employer contributions to the plan subsequent to the measurement date	1,983,972	-	1,983,972
Total Sewage Disposal Fund	2,543,894	-	2,543,894
Total Business-type Activities	$ 3,965,314	$ -	$ 3,965,314

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

Year Ended June 30	Water Fund	Sewage Disposal Fund	Total Business-type Activities
2027	$ 3,058,657	$ 5,474,025	$ 8,532,682
2028	(861,319)	(1,541,487)	(2,402,806)
2029	(1,231,993)	(2,204,876)	(3,436,869)
2030	(652,485)	(1,167,740)	(1,820,225)
Total	$ 312,860	$ 559,922	$ 872,782

Payable to the Pension Plan. At June 30, 2026, the Authority did not have any outstanding contributions payable to the pension plan for the year then ended.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

CAPITAL IMPROVEMENT PROGRAM

The Authority is engaged in a variety of projects that are part of its five-year capital improvement program (the Program). The total cost of this Program for the Water Fund is anticipated to be approximately $1.2 billion with a 100% spend rate assumption through fiscal year 2031. The total cost for the Sewage Disposal Fund is anticipated to be approximately $1.3 billion with a 100% spend rate assumption through fiscal year 2031. The Program is being financed from revenue bond and state revolving fund loan proceeds in addition to the Improvement and Extension Funds.

The total amount of construction contract commitments outstanding at June 30, 2026 was approximately $419 million for the Water Fund and $920 million for the Sewage Disposal Fund.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 13). The amount of capital improvements in progress related to the contract are estimated by OMIDD to be worth $67.3 million for the Sewage Disposal Fund at June 30, 2026. At a future date, in accordance with the contract, OMIDD will offer and transfer the assets, following GLWA's acceptance, as the assets are placed in service.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority has one SBITA that is in the implementation phase. A summary of the commitments for the SBITA is detailed below:

Kahua is a project management information system subscription service. The contract is for $3.9 million, for a duration of seven years, with an additional $0.9 million optional allowance for add-ons. The contract ends December 31, 2031. The anticipated in-service date for phase 1 is expected during fiscal year 2027 and phase 2 is expected during fiscal year 2028. There is a separate implementation contract which ends in December 2031 for a not to exceed cost of $3.15 million. Implementation costs incurred up to the date placed in service will be capitalized. The Authority's remaining commitment for the two contracts is $5.7 million, which will be split 50/50 between the water fund and sewage disposal fund.

NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

2021 RAIN EVENTS

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

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

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

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

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

NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

CONTINGENCIES

The Authority is subject to various government environmental laws and regulations. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remedial activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care. The Authority determined that there were no estimated pollution remediation obligations to be recorded at June 30, 2026.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, established accounting and financial reporting standards for legally enforceable liabilities related to the retirement of tangible capital asset(s) where the tangible capital asset is permanently removed from service. The retirement of a tangible capital asset can occur via sale, abandonment, recycling or disposal in some other manner and excludes the temporary idling of a tangible capital asset. An asset retirement obligation does not apply to obligations resulting from the disposal, or plan to dispose, of a tangible capital asset; obligation(s) associated with using a tangible capital asset for a different purpose; obligation(s) for pollution remediation; obligation(s) from regular maintenance or the cost to replace a component. The Authority determined there were no legally enforceable asset retirement obligations to be recorded at June 30, 2026.

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

The Authority is a defendant in numerous alleged claims, lawsuits, billing disputes, and other stated and pending demands. The Authority's Legal Department has estimated a reserve of $130,000 for the Water Fund and $3,540,000 for the Sewage Disposal Fund, which are included in the accompanying financial statements, for the potential outcome of such claims or the amount of potential damages in the event of an unfavorable outcome for each of the above contingencies. The Authority's management believes that any differences in reserved amounts and final settlement, after consideration of claims covered by insurance, resulting from such litigation will not materially impact the Authority's financial position or results of operations.

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

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2026 was as follows:

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Capital Assets			
Nondepreciable/nonamortizable	$ 626,617,571	$ 787,524,731	$ 1,414,142,302
Depreciated/amortized – net	1,560,694,071	1,756,126,729	3,316,820,800
Total Capital Assets	2,187,311,642	2,543,651,460	4,730,963,102
Less: Related Debt			
Total bonds and loans, net (Note 12)	2,951,107,154	2,825,127,475	5,776,234,629
Less outstanding bonds used for:			
SWAP termination agreements	(148,098,229)	(181,097,098)	(329,195,327)
Gross unspent bond proceeds	(376,409,398)	(100,192,842)	(476,602,240)
Construction AP and Retainage	20,070,182	24,803,186	44,873,368
Obligation receivable-local system share of debt (Note 8)	(501,551,198)	(324,553,750)	(826,104,948)
Capital related deferred charge on refunding	(18,172,958)	(34,068,521)	(52,241,479)
Capital related deferred gain on refunding	115,163,074	93,258,292	208,421,366
Capital portion of regional system lease	279,100,665	325,667,971	604,768,636
Raw water rights obligation (Note 12)	83,253,410	-	83,253,410
Lease payable-Warehouse (Note 14)	-	2,816,848	2,816,848
Subscription liability (Note 14)	1,314,310	1,314,310	2,628,620
Total Related Debt	2,405,777,012	2,633,075,871	5,038,852,883
Net Investment in Capital Assets	$ (218,465,370)	$ (89,424,411)	$ (307,889,781)

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

NOTE 20 – SUBSEQUENT EVENTS

JUNIOR LIEN REVENUE BONDS

Management evaluated subsequent events through December 9, 2026, the date the financial statements were available to be issued. Subsequent to fiscal year-end, the Authority completed several debt transactions as described below. Because these debt issuances occurred subsequent to the fiscal year-end and are related to conditions arising after June 30, 2026, no amounts associated with these transactions have been recognized in the accompanying financial statements.

On July 16, 2026, Sewage Disposal System Revenue Bonds, Series 2026 SRF-4, were issued for $62.985 million to fund regional sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $107.563 million (Ordinance No. 2026-04) was approved by the GLWA Board on May 28, 2026. The loan bears a fixed interest rate of 2.00% for a term of twenty (20) years. This loan qualifies for $8.189 million of loan forgiveness.

On July 16, 2026, Sewage Disposal System Revenue Bonds, Series 2026 SRF-5, were issued for $30.705 million to fund regional sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $107.563 million (Ordinance No. 2026-04) was approved by the GLWA Board on May 28, 2026. The loan bears a fixed interest rate of 2.00% for a term of twenty (20) years. This loan qualifies for $3.4515 million of loan forgiveness.

On September 3, 2026, Sewage Disposal System Revenue Bonds, Series 2026 SRF-6, were issued for $9.805 million to fund local sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $12.9635 million (Ordinance No. 2026-05) was approved by the GLWA Board on May 28, 2026. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for $1.7649 million of loan forgiveness.

On September 3, 2026, Water Supply System Revenue Bonds, Series 2026 SRF-2, were issued for $33.185 million to fund local water supply system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $59.295 million (Ordinance No. 2026-06) was approved by the GLWA Board on May 28, 2026. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for $7.6326 million of loan forgiveness.

On September 3, 2026, Water Supply System Revenue Bonds, Series 2026 SRF-3, were issued for $8.45 million to fund local water supply system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $59.295 million (Ordinance No. 2026-06) was approved by the GLWA Board on May 28, 2026. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for $4.225 million of loan forgiveness.

NOTE 20 – SUBSEQUENT EVENTS

NPDES PERMIT

The NPDES permit was issued after year-end and is effective October 1, 2026 through October 1, 2027.

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REQUIRED SUPPLEMENTARY INFORMATION

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

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

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement Date	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Share of Total Pension Liability										
Interest	$ 27,850,405	$ 29,027,694	$ 30,292,306	$ 31,826,069	$ 34,312,239	$ 36,284,099	$ 36,700,388	$ 36,577,126	$ 37,829,066	$ 40,381,626
Differences between expected and actual experience	(200,423)	(4,382,713)	(7,055,528)	(122,224)	(9,204,321)	(10,265,139)	3,462,000	(320,610)	2,369,183	(5,063,923)
Changes in assumptions	-	330,058	(351,196)	(28,651,715)	23,270,230	13,103,099	-	(21,345,359)	15,153,104	17,627,395
Benefit changes	913,326	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(41,790,833)	(41,769,565)	(42,743,893)	(45,074,231)	(44,436,536)	(45,098,368)	(46,507,916)	(47,396,240)	(51,081,380)	(69,639,576)
Net change	(13,227,525)	(16,794,526)	(19,858,311)	(42,022,101)	3,941,612	(5,976,309)	(6,345,528)	(32,485,083)	4,269,973	(16,694,478)
Share of total pension liability, beginning of year	433,494,008	450,288,534	470,146,845	512,168,946	508,227,334	514,203,643	520,549,171	553,034,254	548,764,281	565,458,759
Share of Total Pension Liability, End of Year	420,266,483	433,494,008	450,288,534	470,146,845	512,168,946	508,227,334	514,203,643	520,549,171	553,034,254	548,764,281
Share of Plan Fiduciary Net Position										
Employer contributions	1,546,600	492,100	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700
Employee contributions	-	-	-	-	-	-	-	-	-	-
Net investment income (loss)	35,255,500	34,537,196	21,776,954	(26,077,522)	95,985,249	(3,614,092)	9,194,433	30,347,172	38,812,244	(1,311,974)
Benefit payments, including refunds of employee contributions	(41,790,833)	(41,769,565)	(42,743,893)	(45,074,231)	(44,436,536)	(45,098,368)	(46,507,916)	(47,396,240)	(51,081,380)	(69,639,576)
Administrative expense	(804,628)	(826,959)	-	-	-	-	-	-	-	-
Other changes	8,079,429	(1,718,406)	(2,921,517)	1,017,672	1,318,070	1,182,142	(119,469)	1,386,027	1,494,049	252,263
Net change	2,286,068	(9,285,634)	6,270,244	(39,975,381)	83,025,483	(17,371,618)	(7,274,252)	14,495,659	19,383,613	(40,540,587)
Share of plan fiduciary net position, beginning of year	403,956,848	413,242,482	406,972,238	446,947,619	363,922,136	381,293,754	388,568,006	374,072,347	354,688,734	395,229,321
Share of Plan Fiduciary Net Position, End of Year	406,242,916	403,956,848	413,242,482	406,972,238	446,947,619	363,922,136	381,293,754	388,568,006	374,072,347	354,688,734
SHARE OF NET PENSION LIABILITY	$ 14,023,567	$ 29,537,160	$ 37,046,052	$ 63,174,607	$ 65,221,327	$ 144,305,198	$ 132,909,889	$ 131,981,165	$ 178,961,907	$ 194,075,547
Nonemployer contributing entity share of collective net pension liability	1.8%	3.5%	4.0%	6.9%	7.4%	13.1%	14.2%	15.9%	19.0%	19.5%
Plan fiduciary net position as a percentage of total pension liability	96.7%	93.2%	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

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

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement Date	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Share of Total Pension Liability										
Interest	$ 9,983,360	$ 10,405,375	$ 10,858,693	$ 11,408,491	$ 12,299,693	$ 13,006,533	$ 13,155,758	$ 13,111,573	$ 13,560,348	$ 14,475,348
Differences between expected and actual experience	(71,845)	(1,571,043)	(2,529,151)	(43,813)	(3,299,415)	(3,679,680)	1,241,001	(114,927)	849,266	(1,815,233)
Changes in assumptions	-	118,314	(125,891)	(10,270,600)	8,341,534	4,696,986	-	(7,651,537)	5,431,838	6,318,782
Benefit changes	327,394	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(14,980,498)	(14,972,874)	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)
Net change	(4,741,589)	(6,020,228)	(7,118,484)	(15,063,399)	1,412,926	(2,142,290)	(2,274,642)	(11,644,724)	1,530,630	(5,984,365)
Share of total pension liability, beginning of year	155,391,878	161,412,106	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089	202,696,454
Share of Total Pension Liability, End of Year	150,650,289	155,391,878	161,412,106	168,530,590	183,593,989	182,181,063	184,323,353	186,597,995	198,242,719	196,712,089
Share of Plan Fiduciary Net Position										
Employer contributions	554,400	176,400	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800
Employee contributions	-	-	-	-	-	-	-	-	-	-
Net investment income (loss)	12,637,818	12,380,332	7,806,248	(9,347,846)	34,407,230	(1,295,521)	3,295,871	10,878,360	13,912,782	(470,295)
Benefit payments, including refunds of employee contributions	(14,980,498)	(14,972,874)	(15,322,135)	(16,157,477)	(15,928,886)	(16,166,129)	(16,671,401)	(16,989,833)	(18,310,822)	(24,963,262)
Administrative expense	(288,430)	(296,435)	-	-	-	-	-	-	-	-
Other changes	2,896,182	(615,986)	(1,047,258)	364,799	472,481	423,755	(42,826)	496,841	535,562	90,427
Net change	819,472	(3,328,563)	2,247,655	(14,329,724)	29,761,625	(6,227,095)	(2,607,556)	5,196,168	6,948,322	(14,532,330)
Share of plan fiduciary net position, beginning of year	144,803,877	148,132,440	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045	141,675,375
Share of Plan Fiduciary Net Position, End of Year	145,623,349	144,803,877	148,132,440	145,884,785	160,214,509	130,452,884	136,679,979	139,287,535	134,091,367	127,143,045
SHARE OF NET PENSION LIABILITY	$ 5,026,940	$ 10,588,001	$ 13,279,666	$ 22,645,805	$ 23,379,480	$ 51,728,179	$ 47,643,374	$ 47,310,460	$ 64,151,352	$ 69,569,044
Nonemployer contributing entity share of collective net pension liability - Water Fund	0.6%	1.3%	1.4%	2.5%	2.6%	4.7%	5.1%	5.7%	6.8%	7.0%
Plan fiduciary net position as a percentage of total pension liability	96.7%	93.2%	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

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

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement Date	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
Share of Total Pension Liability										
Interest	$ 17,867,045	$ 18,622,319	$ 19,433,613	$ 20,417,578	$ 22,012,546	$ 23,277,566	$ 23,544,630	$ 23,465,553	$ 24,268,718	$ 25,906,278
Differences between expected and actual experience	(128,578)	(2,811,670)	(4,526,377)	(78,411)	(5,904,906)	(6,585,459)	2,220,999	(205,683)	1,519,917	(3,248,690)
Changes in assumptions	-	211,744	(225,305)	(18,381,115)	14,928,696	8,406,113	-	(13,693,822)	9,721,266	11,308,613
Benefit changes	585,932	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(26,810,335)	(26,796,691)	(27,421,758)	(28,916,754)	(28,507,650)	(28,932,239)	(29,836,515)	(30,406,407)	(32,770,558)	(44,676,314)
Net change	(8,485,936)	(10,774,298)	(12,739,827)	(26,958,702)	2,528,686	(3,834,019)	(4,070,886)	(20,840,359)	2,739,343	(10,710,113)
Share of total pension liability, beginning of year	278,102,130	288,876,428	301,616,255	328,574,957	326,046,271	329,880,290	333,951,176	354,791,535	352,052,192	362,762,305
Share of Total Pension Liability, End of Year	269,616,194	278,102,130	288,876,428	301,616,255	328,574,957	326,046,271	329,880,290	333,951,176	354,791,535	352,052,192
Share of Plan Fiduciary Net Position										
Employer contributions	992,200	315,700	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900
Employee contributions	-	-	-	-	-	-	-	-	-	-
Net investment income (loss)	22,617,682	22,156,864	13,970,706	(16,729,676)	61,578,019	(2,318,571)	5,898,562	19,468,812	24,899,462	(841,679)
Benefit payments, including refunds of employee contributions	(26,810,335)	(26,796,691)	(27,421,758)	(28,916,754)	(28,507,650)	(28,932,239)	(29,836,515)	(30,406,407)	(32,770,558)	(44,676,314)
Administrative expense	(516,198)	(530,524)	-	-	-	-	-	-	-	-
Other changes	5,183,247	(1,102,420)	(1,874,259)	652,873	845,589	758,387	(76,643)	889,186	958,487	161,836
Net change	1,466,596	(5,957,071)	4,022,589	(25,645,657)	53,263,858	(11,144,523)	(4,666,696)	9,299,491	12,435,291	(26,008,257)
Share of plan fiduciary net position, beginning of year	259,152,971	265,110,042	261,087,453	286,733,110	233,469,252	244,613,775	249,280,471	239,980,980	227,545,689	253,553,946
Share of Plan Fiduciary Net Position, End of Year	260,619,567	259,152,971	265,110,042	261,087,453	286,733,110	233,469,252	244,613,775	249,280,471	239,980,980	227,545,689
SHARE OF NET PENSION LIABILITY	$ 8,996,627	$ 18,949,159	$ 23,766,386	$ 40,528,802	$ 41,841,847	$ 92,577,019	$ 85,266,515	$ 84,670,705	$ 114,810,555	$ 124,506,503
Nonemployer contributing entity share of collective net pension liability - Sewer Fund	1.1%	2.2%	2.6%	4.4%	4.7%	8.4%	9.1%	10.2%	12.2%	12.5%
Plan fiduciary net position as a percentage of total pension liability	96.7%	93.2%	91.8%	86.6%	87.3%	71.6%	74.2%	74.6%	67.6%	64.6%

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

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

GREAT LAKES WATER AUTHORITY

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

	Fiscal Year									
	2026*	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*
Total Business-Type Activities										
Contractually required contribution**	$ -	$ -	$ -	$ 30,158,700	$ 30,158,700	$ 30,158,700	$ 30,158,700	$ 30,158,700	$ 30,158,700	$ 30,158,700
Actuarially determined contribution	3,092,531	1,124,800	-	-	-	-	-	-	-	-
Actual contribution	3,092,531	1,124,800	-	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700	30,158,700
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Fund										
Contractually required contribution**	$ -	$ -	$ -	$ 10,810,800	$ 10,810,800	$ 10,810,800	$ 10,810,800	$ 10,810,800	$ 10,810,800	$ 10,810,800
Actuarially determined contribution	1,108,560	403,200	-	-	-	-	-	-	-	-
Actual contribution	1,108,560	403,200	-	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800	10,810,800
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid administrative fees applied	$ 2,711,915	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sewage Disposal Fund										
Contractually required contribution**	$ -	$ -	$ -	$ 19,347,900	$ 19,347,900	$ 19,347,900	$ 19,347,900	$ 19,347,900	$ 19,347,900	$ 19,347,900
Actuarially determined contribution	1,983,971	721,600	-	-	-	-	-	-	-	-
Actual contribution	1,983,971	721,600	-	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900	19,347,900
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid administrative fees applied	$ 4,853,467	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

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

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

GREAT LAKES WATER AUTHORITY

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2026

Changes in Assumptions

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.

There were no changes in actuarial assumptions since the June 30, 2024 actuarial valuation.

SUPPLEMENTARY INFORMATION

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF NET POSITION – WATER FUND

As of June 30, 2026

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
Assets				
Current Assets				
Cash and cash equivalents	$ 124,699,909	$ 27,049,302	$ 431,690	$ 152,180,901
Restricted cash and cash equivalents	77,713,919	-	36,043,860	113,757,779
Restricted cash for the benefit of DWSD	28,527,726	-	-	28,527,726
Investments	35,023,519	127,068,679	-	162,092,198
Restricted investments	73,608,506	-	-	73,608,506
Receivables				
Billed	38,758,410	-	-	38,758,410
Unbilled	33,901,552	-	-	33,901,552
Other	591,418	-	-	591,418
Due from other governments	716,714	-	-	716,714
Due from other funds	3,887,245	655,015	-	4,542,260
Due from other water funds	155,072	2,465,271	253,413	2,873,756
Contractual obligation receivable	23,803,483	-	-	23,803,483
Prepaid items and other assets	7,745,120	650,289	711,178	9,106,587
Total Current Assets	449,132,593	157,888,556	37,440,141	644,461,290
Noncurrent Assets				
Restricted cash and cash equivalents	28,104	-	289,934,062	289,962,166
Restricted investments	1,971,896	-	66,375,447	68,347,343
Contractual obligation receivable	477,747,715	-	-	477,747,715
Prepaid lease	11,250,000	-	-	11,250,000
Capital assets				
Nondepreciable/nonamortizable	626,617,571	-	-	626,617,571
Depreciated/amortized, net	1,560,694,071	-	-	1,560,694,071
Total noncurrent assets	2,678,309,357	-	356,309,509	3,034,618,866
Total Assets	3,127,441,950	157,888,556	393,749,650	3,679,080,156
Deferred outflows of resources				
Deferred charge on refunding	20,284,878	-	-	20,284,878
Deferred pension amounts	1,421,420	-	-	1,421,420
Lease Extension	11,611,343	-	-	11,611,343
Total Deferred Outflows of Resources	33,317,641	-	-	33,317,641

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

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
Liabilities				
Current Liabilities				
Accounts and contracts payable	$ 26,133,142	$ 1,162,962	$ 35,979,433	$ 63,275,537
Accrued salaries, wages and benefits	2,261,932	-	-	2,261,932
Accrued liabilities	29,141,013	-	-	29,141,013
Due to other governments	9,950,178	-	16,783	9,966,961
Due to other funds	1,435,319	-	18,882	1,454,201
Due to other water funds	2,672,612	155,072	46,072	2,873,756
Interest payable	47,705,059	-	-	47,705,059
Current portion of:				
Revenue bonds and loans	119,598,668	-	-	119,598,668
Raw water rights obligation	3,345,194	-	-	3,345,194
BC Note obligation	885,004	-	-	885,004
Regional system lease	6,223,493	-	-	6,223,493
Other liabilities	5,783,974	-	-	5,783,974
Total Current Liabilities	255,135,588	1,318,034	36,061,170	292,514,792
Noncurrent Liabilities				
Revenue bonds and loans	2,831,508,486	-	-	2,831,508,486
Raw water rights obligation	79,908,216	-	-	79,908,216
BC Note obligation	13,222,620	-	-	13,222,620
Regional system lease	386,931,408	-	-	386,931,408
Other liabilities	4,661,144	-	-	4,661,144
Net pension liability	5,026,940	-	-	5,026,940
Total Noncurrent Liabilities	3,321,258,814	-	-	3,321,258,814
Total Liabilities	3,576,394,402	1,318,034	36,061,170	3,613,773,606
Deferred Inflows of Resources				
Deferred gain on refunding	120,678,553	-	-	120,678,553
Deferred amounts for swap terminations	42,534	-	-	42,534
Total Deferred Inflows of Resources	120,721,087	-	-	120,721,087
Net Position (Deficit)				
Net investment in capital assets	(576,153,850)	-	357,688,480	(218,465,370)
Restricted for debt service	100,808,544	-	-	100,808,544
Restricted for payment assistance program	1,239,009	-	-	1,239,009
Unrestricted	(62,249,601)	156,570,522	-	94,320,921
TOTAL NET POSITION	$ (536,355,898)	$ 156,570,522	$ 357,688,480	$ (22,096,896)

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

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DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER FUND
For the Year Ended June 30, 2026

	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total Water Fund
Operating Revenues				
Wholesale charges	$ 383,879,333	$ -	$ -	$ 383,879,333
Local system charges	30,028,800	-	-	30,028,800
Other revenues	632,089	-	-	632,089
Total Operating Revenues	414,540,222	-	-	414,540,222
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	67,740,497	-	-	67,740,497
Contractual services	63,711,820	-	-	63,711,820
Utilities	33,521,463	-	-	33,521,463
Chemicals	13,495,641	-	-	13,495,641
Supplies and other expenses	15,290,316	-	-	15,290,316
Capital program allocation	(2,143,911)	-	-	(2,143,911)
Intergovernmental reimbursements	(1,724,076)	-	-	(1,724,076)
Total operating expenses before depreciation and amortization	189,891,750	-	-	189,891,750
Depreciation	91,927,474	-	-	91,927,474
Amortization of intangible assets	5,159,588	-	-	5,159,588
Total Operating Expenses	286,978,812	-	-	286,978,812
Operating Income (Loss)	127,561,410	-	-	127,561,410
Noncapital Subsidies				
Water Residential Assistance Program	(1,912,488)	-	-	(1,912,488)
Legacy pension recovery (expense)	1,197,113	-	-	1,197,113
Transfer in	4,129,043	14,660,800	-	18,789,843
Transfer out	(14,660,800)	(4,129,043)	-	(18,789,843)
Total Noncapital Subsidies	(11,247,132.00)	10,531,757.00	-	(715,375.00)
Operating Income (Loss) and Noncapital Subsidies	116,314,278.00	10,531,757.00	-	126,846,035.00
Other Nonoperating Revenues (Expenses)				
Earnings on investments	10,441,190	5,426,865	8,448,321	24,316,376
Interest income from other receivables	22,051,315	-	-	22,051,315
Interest expense	(139,024,773)	-	-	(139,024,773)
Amortization of debt related items and cost of issuance	21,013,710	-	-	21,013,710
Other	(1,274,121)	-	-	(1,274,121)
Capital projects	143,768,570	(7,185,749)	(136,582,821)	-
Capital Contributions	-	-	298,167	298,167
Transfer in Related to Capital and Financing	920,068	-	216,266,729	217,186,797
Transfer out Related to Capital and Financing	(216,266,729)	-	(920,068)	(217,186,797)
Total Other Nonoperating Revenues (Expenses)	(158,370,770)	(1,758,884)	87,510,328	(72,619,326)
Change in Net Position	(42,056,492)	8,772,873	87,510,328	54,226,709
NET POSITION (DEFICIT), Beginning of Year	(494,299,406)	147,797,649	270,178,152	(76,323,605)
NET POSITION (DEFICIT), END OF YEAR	$ (536,355,898)	$ 156,570,522	$ 357,688,480	$ (22,096,896)

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF NET POSITION – SEWAGE DISPOSAL FUND

As of June 30, 2026

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
Assets				
Current Assets				
Cash and cash equivalents	$ 132,368,018	$ 44,362,156	$ 35,641,961	$ 212,372,135
Restricted cash and cash equivalents	95,084,493	93,910	59,399,775	154,578,178
Restricted cash for the benefit of DWSD	45,211,506	-	-	45,211,506
Investments	44,682,352	147,955,746	-	192,638,098
Restricted investments	83,186,406	-	-	83,186,406
Receivables:				
Billed	16,888,519	-	-	16,888,519
Unbilled	26,601,366	-	-	26,601,366
Allowance for doubtful accounts	(14,965)	-	-	(14,965)
Due from other governments	395,726	85,102	3,063,286	3,544,114
Due from other funds	1,454,201	-	-	1,454,201
Due from other sewage disposal funds	175,582	139,412	-	314,994
Contractual obligation receivable	18,519,055	-	-	18,519,055
Prepaid items and other assets	672,766	768,972	-	1,441,738
Inventories	11,883,097	-	-	11,883,097
Total Current Assets	477,108,122	193,405,298	98,105,022	768,618,442
Noncurrent assets				
Restricted cash and cash equivalents	7,795,799	-	75,362,921	83,158,720
Restricted investments	5,452,904	-	-	5,452,904
Contractual obligation receivable	306,034,695	-	-	306,034,695
Prepaid lease	13,750,000	-	-	13,750,000
Capital assets				
Nondepreciable/nonamortizable	787,524,731	-	-	787,524,731
Depreciated/amortized, net	1,756,126,729	-	-	1,756,126,729
Total Noncurrent Assets	2,876,684,858	-	75,362,921	2,952,047,779
Total Assets	3,353,792,980	193,405,298	173,467,943	3,720,666,221
Deferred Outflows of Resources				
Deferred charge on refunding	40,012,678	-	-	40,012,678
Deferred pension amounts	2,543,894	-	-	2,543,894
Lease Extension	21,487,993	-	-	21,487,993
Total Deferred Outflows of Resources	64,044,565	-	-	64,044,565

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

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
Liabilities				
Current Liabilities				
Accounts and contracts payable	$ 16,187,915	$ 5,470,626	$ 57,573,040	$ 79,231,581
Accrued salaries, wages and benefits	930,514	-	-	930,514
Accrued liabilities	45,986,264	-	-	45,986,264
Due to other governments	1,020,000	-	-	1,020,000
Due to other funds	3,881,193	655,380	5,687	4,542,260
Due to other sewage disposal funds	139,412	77,584	97,998	314,994
Interest payable	50,306,415	-	-	50,306,415
Current portion of:				
Revenue bonds and loans	142,659,796	-	-	142,659,796
BC Note obligation	1,990,654	-	-	1,990,654
Regional system lease	7,296,351	-	-	7,296,351
Other liabilities	7,880,659	-	-	7,880,659
Total Current Liabilities	278,279,173	6,203,590	57,676,725	342,159,488
Noncurrent Liabilities				
Revenue bonds and loans	2,682,467,679	-	-	2,682,467,679
BC Note obligation	29,741,874	-	-	29,741,874
Regional system lease	480,522,657	-	-	480,522,657
Other liabilities	14,970,596	-	-	14,970,596
Net pension liability	8,996,627	-	-	8,996,627
Total Noncurrent Liabilities	3,216,699,433	-	-	3,216,699,433
Total Liabilities	3,494,978,606	6,203,590	57,676,725	3,558,858,921
Deferred Inflows of Resources				
Deferred gain on refunding	104,569,936	-	-	104,569,936
Deferred amounts for swap terminations	196	-	-	196
Total Deferred Inflows of Resources	104,570,132	-	-	104,570,132
Net Position (Deficit)				
Net investment in capital assets	(205,215,629)	-	115,791,218	(89,424,411)
Restricted for construction	2,381,700	-	-	2,381,700
Restricted for debt service	123,468,272	-	-	123,468,272
Restricted for payment assistance program	1,201,392	-	-	1,201,392
Unrestricted	(103,546,928)	187,201,708	-	83,654,780
TOTAL NET POSITION	$ (181,711,193)	$ 187,201,708	$ 115,791,218	$ 121,281,733

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND
For the Year Ended June 30, 2026

	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total Sewage Disposal Fund
Operating Revenues				
Wholesale charges	$ 300,094,904	$ -	$ -	$ 300,094,904
Charges to local system	215,324,400	-	-	215,324,400
Industrial waste charges	9,258,505	-	-	9,258,505
Pollutant surcharges	5,557,359	-	-	5,557,359
Other revenues	468,554	-	-	468,554
Total Operating Revenues	530,703,722	-	-	530,703,722
Operating Expenses				
Operating expenses before depreciation and amortization				
Personnel	82,717,606	-	-	82,717,606
Contractual services	66,034,712	133,821	-	66,168,533
Utilities	38,071,568	-	-	38,071,568
Chemicals	17,838,790	-	-	17,838,790
Supplies and other expenses	31,032,069	-	-	31,032,069
Capital program allocation	(1,247,702)	-	-	(1,247,702)
Intergovernmental reimbursements	(1,016,067)	(110,188)	-	(1,126,255)
Total operating expenses before depreciation and amortization	233,430,976	23,633	-	233,454,609
Depreciation	139,706,069	-	-	139,706,069
Amortization of intangible assets	2,032,628	-	-	2,032,628
Total Operating Expenses	375,169,673	23,633	-	375,193,306
Operating Income (Loss)	155,534,049	(23,633)	-	155,510,416
Noncapital Subsidies				
Water Residential Assistance Program	(2,561,363)	-	-	(2,561,363)
Legacy pension recovery (expense)	2,142,454	-	-	2,142,454
Transfer in	4,832,512	60,253,500	-	65,086,012
Transfer out	(60,253,500)	(4,832,512)	-	(65,086,012)
Total Noncapital Subsidies	(55,839,897)	55,420,988	-	(418,909)
Operating Income (Loss) and Noncapital Subsidies	99,694,152	55,397,355	-	155,091,507
Other Nonoperating Revenues (Expenses)				
Earnings on investments	13,093,692	6,249,211	2,844,575	22,187,478
Interest income from other receivables	14,402,318	-	-	14,402,318
Interest expense	(135,266,724)	-	-	(135,266,724)
Amortization of debt related items and cost of issuance	9,215,453	-	-	9,215,453
Other	15,645	-	-	15,645
Capital projects	213,437,443	(48,173,952)	(165,263,491)	-
Capital Contributions	35,050,580	-	8,604,351	43,654,931
Transfer in Related to Capital and Financing	557,176	-	120,802,657	121,359,833
Transfer out Related to Capital and Financing	(120,802,657)	-	(557,176)	(121,359,833)
Total Other Nonoperating Revenues (Expenses)	29,702,926	(41,924,741)	(33,569,084)	(45,790,899)
Change in Net Position	129,397,078	13,472,614	(33,569,084)	109,300,608
NET POSITION (DEFICIT), Beginning of Year	(311,108,271)	173,729,094	149,360,302	11,981,125
NET POSITION (DEFICIT), END OF YEAR	$ (181,711,193)	$ 187,201,708	$ 115,791,218	$ 121,281,733

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES
For the Year Ended June 30, 2026

Interfund balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and when the payment between funds are made. Interfund balances for the year ended June 30, 2026 consisted of the following:

	Sewage Disposal Fund due to Water Fund			
	Sewer Operations Fund	Sewer Improvement and Extension Fund	Sewer Construction Fund	Total
Water Operations Fund	$ 3,881,193	$ 365	$ 5,687	$ 3,887,245
Water Improvement and Extension Fund	-	655,015	-	655,015
Water Construction Fund	-	-	-	-
TOTALS	$ 3,881,193	$ 655,380	$ 5,687	$ 4,542,260

	Water Fund due to Sewage Disposal Fund			
	Water Operations Fund	Water Improvement and Extension Fund	Water Construction Fund	Total
Sewer Operations	$ 1,435,319	$ -	$ 18,882	$ 1,454,201
Sewer Improvement and Extension	-	-	-	-
Sewer Construction Fund	-	-	-	-
TOTALS	$ 1,435,319	$ -	$ 18,882	$ 1,454,201

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

GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR WATER OPERATIONS FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses							
Personnel	$ 94,628,500	$ 103,911,000	$ (35,552,800)	$ 68,358,200	$ 67,740,497	$ (617,703)	-0.90%
Contractual services	90,552,400	98,799,900	(36,337,200)	62,462,700	63,711,820	1,249,120	2.00%
Utilities	34,049,400	33,764,100	(150,800)	33,613,300	33,521,463	(91,837)	-0.27%
Chemicals	14,904,300	14,322,000	-	14,322,000	13,495,641	(826,359)	-5.77%
Supplies and other expenses	25,924,600	27,210,200	(10,958,700)	16,251,500	15,290,316	(961,184)	-5.91%
Capital program allocation	(1,832,100)	(1,832,100)	-	(1,832,100)	(2,143,911)	(311,811)	-17.02%
Intergovernmental reimbursements	(1,594,800)	(1,549,500)	-	(1,549,500)	(1,724,076)	(174,576)	-11.27%
Unallocated reserve	5,349,800	-	-	-	-	-	0.00%
Total before allocation to sewer [1]	261,982,100	274,625,600					
Centralized services allocation	(56,384,100)	(57,665,800)	57,665,800	-	-	-	0.00%
Administrative services allocation	(23,142,000)	(24,191,400)	24,191,400	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	182,456,000	192,768,400	(1,142,300)	191,626,100	189,891,750	(1,734,350)	
SBITA [2]	-	-	1,142,300	1,142,300	1,142,261	(39)	0.00%
TOTAL OPERATING EXPENSES BUDGET BASIS	$ 182,456,000	$ 192,768,400	$ -	$ 192,768,400	$ 191,034,011	$ (1,734,389)	-0.90%

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

Operating Area	Adopted Budget	Amended Budget
A - Water	$ 101,500,700	$ 108,690,800
C - Centralized Services	117,387,600	120,261,800
D - Administrative Services	43,093,800	45,673,000
Total	$ 261,982,100	$ 274,625,600

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR SEWER OPERATIONS FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

	Adopted Budget	Amended Budget	Administrative and Centralized Services Reclassification	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses							
Personnel	$ 44,276,900	$ 47,902,600	$ 35,552,800	$ 83,455,400	82,717,606	$ (737,794)	-0.88%
Contractual services	29,655,800	32,528,790	35,561,000	68,089,790	66,034,712	(2,055,078)	-3.02%
Utilities	39,029,400	38,790,600	150,800	38,941,400	38,071,568	(869,832)	-2.23%
Chemicals	23,460,300	19,313,600	-	19,313,600	17,838,790	(1,474,810)	-7.64%
Supplies and other expenses	19,286,600	19,906,810	8,926,700	28,833,510	31,032,069	2,198,559	7.63%
Capital program allocation	(1,598,500)	(1,598,500)	-	(1,598,500)	(1,247,702)	350,798	21.95%
Intergovernmental reimbursements	(714,300)	(714,300)	-	(714,300)	(1,016,067)	(301,767)	-42.25%
Unallocated reserve	3,176,400	443,000	-	443,000	-	(443,000)	0.00%
Centralized services allocation	56,384,100	57,665,800	(57,665,800)	-	-	-	0.00%
Administrative services allocation	23,142,000	24,191,400	(24,191,400)	-	-	-	0.00%
Total operating expenses before depreciation and amortization financial reporting basis	236,098,700	238,429,800	(1,665,900)	236,763,900	233,430,976	(3,332,924)	
SBITA [1]	-	-	1,142,300	1,142,300	1,142,258	(42)	0.00%
Warehouse lease [2]	-	-	523,600	523,600	523,580	(20)	0.00%
TOTAL OPERATING EXPENSES BUDGET BASIS	$ 236,098,700	$ 238,429,800	$ -	$ 238,429,800	235,096,814	$ (3,332,986)	-1.40%

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

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR COMBINED WATER AND SEWER OPERATIONS FUNDS – BUDGET TO ACTUAL
For the Year Ended June 30, 2026

	Adopted Budget	Final Amended Budget	Actual	Variance Over (Under) Amended Budget	Percent Over (Under) Amended Budget
Operating Expenses					
Personnel	$ 138,905,400	$ 151,813,600	$ 150,458,103	$ (1,355,497)	-0.89%
Contractual services	120,208,200	130,552,490	129,746,532	(805,958)	-0.62%
Utilities	73,078,800	72,554,700	71,593,031	(961,669)	-1.33%
Chemicals	38,364,600	33,635,600	31,334,431	(2,301,169)	-6.84%
Supplies and other expenses	45,211,200	45,085,010	46,322,385	1,237,375	2.74%
Capital program allocation	(3,430,600)	(3,430,600)	(3,391,613)	38,987	1.14%
Intergovernmental reimbursements	(2,309,100)	(2,263,800)	(2,740,143)	(476,343)	-21.04%
Unallocated reserve	8,526,200	443,000	-	(443,000)	-100.00%
Total operating expenses before depreciation and amortization financial reporting basis	418,554,700	428,390,000	423,322,726	(5,067,274)	
SBITA	-	2,284,600	2,284,519	(81)	0.00%
Warehouse lease	-	523,600	523,580	(20)	0.00%
TOTAL OPERATING EXPENSES BUDGET BASIS	$ 418,554,700	$ 431,198,200	$ 426,130,825	$ (5,067,375)	-1.18%

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

GREAT LAKES WATER AUTHORITY

SCHEDULE OF REVENUE REQUIREMENTS
BUDGET TO ACTUAL - WATER OPERATIONS
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budgeted, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Water Operations experienced a positive variance of $16.6 million.

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
Revenues				
Revenue from Charges				
Wholesale Charges [1]	$ 365,646,100	$ 365,646,100	$ 378,418,038	$ 12,771,938
Charges to Local System	30,028,800	30,028,800	30,028,800	-
Total Revenue from Charges	395,674,900	395,674,900	408,446,838	12,771,938
Investment Earnings [2]				
Unrestricted	4,654,800	6,677,000	7,027,564	350,564
I&E Funds Unrestricted	4,868,800	5,659,000	5,741,128	82,128
Restricted for Debt Service	3,260,100	3,721,000	3,659,863	(61,137)
Total Investment Earnings	12,783,700	16,057,000	16,428,555	371,555
Other Revenue [3]	302,800	629,800	645,799	15,999
Total Revenues	408,761,400	412,361,700	425,521,192	13,159,492
Revenue Requirements				
Operations and Maintenance Expense [4]	182,456,000	192,768,400	191,034,011	(1,734,389)
Debt Service	179,082,200	177,731,700	176,022,489	(1,709,211)
General Retirement System Pension	2,730,800	2,730,800	2,730,800	-
Water Residential Assistance Program Contribution	1,970,000	1,970,000	1,970,000	-
Extraordinary Repair & Replacement Deposit	320,000	-	-	-
Regional System Lease	22,500,000	22,500,000	22,500,000	-
Working Capital Requirement [5]	600,000	-	-	-
Transfer to the Improvement & Extension Fund	19,102,400	14,660,800	14,660,800	-
Total Revenue Requirements	408,761,400	412,361,700	408,918,100	(3,443,600)
Revenue Requirement Variance [5]	$ -	$ -	$ 16,603,092	$ 16,603,092

[1] Revenue from Charges - Wholesale Charges presented in this schedule differs from those presented on the Statement of Revenues, Expenses and Changes in Net Position due to $5,461,295 of revenue which was credited for the KWA debt service which is a non-cash transaction that is the payment obligation on the raw water rights.

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

[3] Other revenue includes other operating revenues and other nonoperating revenues for the Water Operations Fund. Amounts will not match the Combining Schedules as other nonoperating is net of income and expenses.

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

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

GREAT LAKES WATER AUTHORITY

SCHEDULE OF REVENUE REQUIREMENTS
BUDGET TO ACTUAL - SEWAGE DISPOSAL OPERATIONS
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budgeted, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, the Sewage Disposal Operations had a positive variance of $3.8 million.

	Adopted Budget	Amended Budget	Actual	Variance Over (Under) Amended Budget
Revenues				
Revenue from Charges				
Wholesale Charges	$ 300,316,800	$ 300,316,800	$ 300,094,904	$ (221,896)
Charges to Local System	215,324,400	215,324,400	215,324,400	-
Industrial Waste Control	9,150,300	9,150,300	9,258,505	108,205
Pollutant Surcharges	5,112,700	5,112,700	5,557,359	444,659
Total Revenue from Charges	529,904,200	529,904,200	530,235,168	330,968
Investment Earnings [1]				
Unrestricted	5,087,300	9,338,000	9,059,942	(278,058)
I&E Funds Unrestricted	5,451,500	6,568,000	6,556,534	(11,466)
Restricted for Debt Service	4,076,400	4,229,000	4,272,502	43,502
Total Investment Earnings	14,615,200	20,135,000	19,888,978	(246,022)
Other Revenue (Expense) [2]	442,600	442,600	471,648	29,048
Total Revenues	544,962,000	550,481,800	550,595,794	113,994
Revenue Requirements				
Operations and Maintenance Expense [3]	236,098,700	238,429,800	235,096,814	(3,332,986)
Debt Service	220,884,500	216,027,200	215,657,578	(369,622)
General Retirement System Pension	5,632,800	5,632,800	5,632,800	-
Water Residential Assistance Program Contribution	2,638,500	2,638,500	2,638,500	-
Extraordinary Repair & Replacement Deposit	-	-	-	-
Regional System Lease	27,500,000	27,500,000	27,499,998	(2)
Working Capital Requirement [4]	-	-	-	-
Transfer to the Improvement & Extension Fund	52,207,500	60,253,500	60,253,500	-
Total Revenue Requirements	544,962,000	550,481,800	546,779,190	(3,702,610)
Revenue Requirement Variance [4]	$ -	$ -	$ 3,816,604	$ 3,816,604

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

[2] Other revenue (expense) includes other operating revenues and other nonoperating revenues for the Sewer Operations Fund. Amounts will not match the Combining Schedules as other nonoperating is net of income and expenses.

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

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

GREAT LAKES WATER AUTHORITY

SCHEDULE OF REVENUE REQUIREMENTS TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION CROSSWALK
For the Year Ended June 30, 2026

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

- Defined Benefit Pension related to the City of Detroit General Employees Retirement System. Annual contributions are an expense for the budget basis while the accrual basis financial report reflects the current year payment as a deferred outflow.
- Debt Service, BC Note obligation and Regional system lease (principal and interest) are an expense for the budget basis while the accrual basis financial report treats interest as an expense and principal payments as a reduction of a liability.
- WRAP funds are expensed for budget purposes when they are set aside. For financial reporting purposes they are expensed when the service delivery partners provide statements of expenditures.
- Contributions to the Extraordinary Repair & Replacement Fund and Regional System Improvement & Extension Fund are an expense for the budget basis while the accrual basis financial report treats this activity as an increase in assets.
- Payments for the warehouse lease and subscription based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). For software as a service that is in the implementation phase the SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset. For software as a service that has been implemented the payments are treated as a reduction of the subscription liability and interest expense.
- Depreciation and amortization are not a components of the budget basis while the accrual basis financial report treats these as an expense.

	Water Fund	Sewage Disposal Fund	Total Business-type Activities
Revenue Requirement Variance from Schedule of Revenue Requirements	$ 16,603,092	$ 3,816,604	$ 20,419,696
Budgetary adjustments to financial reporting basis			
Pension delayed accounting election adjustments:			
Current year pension payments recorded as deferral	1,108,560	1,983,972	3,092,532
Prior year pension deferral accounted for in current year	1,197,113	2,142,454	3,339,567
Debt service	78,078,549	115,905,114	193,983,663
BC Note obligation	1,014,507	2,281,839	3,296,346
Regional system lease	6,465,563	7,902,355	14,367,918
Water Residential Assistance Program (WRAP)	57,512	77,137	134,649
Improvement & Extension Fund transfers	14,660,800	60,253,500	74,914,300
GASB 87 & GASB 96 adjustments	1,080,478	1,518,528	2,599,006
Nonbudgeted financial reporting adjustments			
Depreciation and amortization	(97,087,062)	(141,738,697)	(238,825,759)
Amortization - debt related	21,013,710	9,215,453	30,229,163
Improvement & Extension Fund operating expenses	-	(23,633)	(23,633)
Investment earnings on bond funds in Construction Fund	8,448,321	2,844,575	11,292,896
Investment earnings unrealized gain (loss)	(560,500)	(600,615)	(1,161,115)
Raw water rights obligation	3,135,730	-	3,135,730
Gain(loss) on disposal of capital assets	(1,287,831)	12,552	(1,275,279)
Other nonoperating income (expenses)	-	54,539	54,539
Capital contribution	298,167	43,654,931	43,953,098
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	$ 54,226,709	$ 109,300,608	$ 163,527,317

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

WATER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water I&E Fund. The Water I&E Fund experienced an increase of $8.8 million in net position. The system experienced a positive budget variance of $6.9 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Water Operations Fund				
Revenue transfers	$ 19,102,400	$ 14,660,800	$ 14,660,800	$ -
Investment earnings [1]	4,868,800	5,659,000	5,741,128	82,128
Total Inflows	23,971,200	20,319,800	20,401,928	82,128
Outflows				
Capital outlay	11,691,400	12,487,200	7,185,749	(5,301,451)
Transfers out to Water Operations Fund				
Investment earnings [1]	4,868,800	5,659,000	4,129,043	(1,529,957)
Transfer out to Water Construction Fund				
Revenue financed capital	9,250,000	-	-	-
Total Outflows	25,810,200	18,146,200	11,314,792	(6,831,408)
Net Increase (Decrease) - Budget Basis	$ (1,839,000)	$ 2,173,600	9,087,136	$ 6,913,536
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			(314,263)	
Combining Schedule Water Improvement and Extension Fund Change in Net Position [2]			$ 8,772,873	

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SEWER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer I&E Fund. The Sewer I&E Fund experienced an increase of $13.5 million in net position. The system experienced a positive budget variance of $5.8 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Operations Fund				
Revenue transfers	$ 52,207,500	$ 60,253,500	$ 60,253,500	$ -
Investment earnings [1]	5,451,500	6,568,000	6,556,534	(11,466)
Total Inflows	57,659,000	66,821,500	66,810,034	(11,466)
Outflows				
Capital outlay	11,779,500	10,284,800	9,906,721	(378,079)
Capital spending other (net operating expenses)			23,633	23,633
Transfers out to Sewer Operations Fund				
Investment earnings [1]	5,451,500	6,568,000	4,832,512	(1,735,488)
Capital Improvement Plan funded by I&E		42,000,000	38,267,231	(3,732,769)
Transfer out to Sewer Construction Fund				
Revenue financed capital	26,250,000	-		-
Total Outflows	43,481,000	58,852,800	53,030,097	(5,822,703)
Net Increase (Decrease) - Budget Basis	$ 14,178,000	$ 7,968,700	13,779,937	$ 5,811,237
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			(307,323)	
Combining Schedule Sewer Improvement and Extension Fund Change in Net Position [2]			$ 13,472,614	

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

WATER CONSTRUCTION FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water Construction Fund. The Water Construction Fund had an increase of $87.5 million in net position. The system experienced a positive budget variance of $29.5 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers from Water Improvement & Extension Fund				
Revenue financed capital	$ 9,250,000	$ -	$ -	$ -
Transfers in from Water Operations Fund				
Bond proceeds	222,000,000	214,161,300	209,644,007	(4,517,293)
State revolving loans	1,369,200	6,742,400	6,622,722	(119,678)
Grants and Capital Contributions	2,300,000	298,100	298,167	67
Investment earnings [1]	5,565,100	7,557,000	8,424,030	867,030
Total Inflows	240,484,300	228,758,800	224,988,926	(3,769,874)
Outflows				
Capital Program	185,000,000	165,000,000	136,582,821	(28,417,179)
Transfers out to Water Operations Fund				
Bond cost of issuance	1,665,000	5,736,300	920,068	(4,816,232)
Total Outflows	186,665,000	170,736,300	137,502,889	(33,233,411)
Net Increase (Decrease) - Budget Basis	$ 53,819,300	$ 58,022,500	87,486,037	$ 29,463,537
Non-budgeted inflows (outflows)				
Unrealized net decrease in fair value of investments			24,291	
Combining Schedule Water Construction Fund Change in Net Position [2]			$ 87,510,328	

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SEWER CONSTRUCTION FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2026

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer Construction Fund. The Sewer Construction Fund had an decrease of $33.6 million in net position. The system experienced a negative budget variance of $4.1 million.

	Adopted Budget	Amended Budget	Actual [2]	Variance Over (Under) Amended Budget
Inflows				
Transfers in from Sewer Improvement & Extension Fund				
Revenue financed capital	$ 26,250,000	$ -	$ -	$ -
Transfers in from Sewer Operations Fund				
Bond proceeds	101,000,000	33,675,100	32,579,258	(1,095,842)
State revolving loans	52,936,600	122,970,600	88,223,399	(34,747,201)
Grants and Capital Contributions	23,191,650	11,145,100	8,604,351	(2,540,749)
Investment earnings [1]	3,936,400	2,686,000	2,844,575	158,575
Total Inflows	207,314,650	170,476,800	132,251,583	(38,225,217)
Outflows				
Capital Program	175,000,000	198,000,000	165,263,491	(32,736,509)
Transfers out to Sewer Operations Fund				
Bond cost of issuance	757,500	1,915,100	557,176	(1,357,924)
Total Outflows	175,757,500	199,915,100	165,820,667	(34,094,433)
Net Increase (Decrease) - Budget Basis	$ 31,557,150	$ (29,438,300)	(33,569,084)	$ (4,130,784)
Non-budgeted inflows (outflows)				
Unrealized net increase in fair value of investments			-	
Combining Schedule Sewer Construction Fund Change in Net Position [2]			$ (33,569,084)	

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

SCHEDULE OF DAYS CASH - LIQUIDITY

For the Fiscal Years Ended June

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water Fund										
Unrestricted Cash and investments	$ 314,273,099	$ 306,425,014	$ 276,591,461	$ 243,707,322	$ 238,690,879	$ 353,308,385	$ 394,440,814	$ 347,204,928	$ 317,089,746	$ 267,335,558
Operating Expense										
Operating expense	$ 286,978,812	$ 274,020,292	$ 272,350,168	$ 285,219,474	$ 264,578,659	$ 250,476,297	$ 263,282,730	$ 263,959,730	$ 254,602,752	$ 245,868,861
Less: depreciation	(91,927,474)	(94,928,085)	(110,557,350)	(126,485,762)	(123,196,027)	(123,271,541)	(127,183,228)	(140,571,120)	(143,991,815)	(144,137,912)
Less: amortization of intangible asset	(5,159,588)	(4,950,504)	(3,981,772)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(3,566,664)	(2,080,554)	-
Net Operating Expense	$ 189,891,750	$ 174,141,703	$ 157,811,046	$ 155,167,048	$ 137,815,968	$ 123,638,092	$ 132,532,838	$ 119,821,946	$ 108,530,383	$ 101,730,949
Operating Expense per Day	$ 520,251	$ 477,101	$ 432,359	$ 425,115	$ 377,578	$ 338,734	$ 363,104	$ 328,279	$ 297,344	$ 278,715
Number of days cash	604	642	640	573	632	1,043	1,086	1,058	1,066	959
Sewage Disposal Fund										
Unrestricted Cash and investments	$ 405,010,233	$ 349,075,884	$ 342,252,746	$ 302,269,621	$ 294,173,630	$ 323,972,718	$ 287,464,920	$ 236,057,128	$ 208,563,268	$ 205,179,312
Operating Expense										
Operating expense	$ 375,193,306	$ 377,358,877	$ 374,287,436	$ 375,566,668	$ 345,372,010	$ 328,983,415	$ 329,870,427	$ 342,585,175	$ 363,629,987	$ 336,946,731
Less: depreciation	(139,706,069)	(147,559,403)	(154,486,270)	(163,470,838)	(158,013,629)	(150,772,065)	(152,920,967)	(168,544,370)	(187,250,583)	(185,628,465)
Less: amortization of intangible asset	(2,032,628)	(1,823,544)	(854,812)	(439,704)	(439,704)	(109,926)	-	-	-	-
Net Operating Expense	$ 233,454,609	$ 227,975,930	$ 218,946,354	$ 211,656,126	$ 186,918,677	$ 178,101,424	$ 176,949,460	$ 174,040,805	$ 176,379,404	$ 151,318,266
Operating Expense per Day	$ 639,602	$ 624,592	$ 599,853	$ 579,880	$ 512,106	$ 487,949	$ 484,793	$ 476,824	$ 483,231	$ 414,571
Number of days cash	633	559	571	521	574	664	593	495	432	495
Combined										
Unrestricted Cash and investments	$ 719,283,332	$ 655,500,898	$ 618,844,207	$ 545,976,943	$ 532,864,509	$ 677,281,103	$ 681,905,734	$ 583,262,056	$ 525,653,014	$ 472,514,870
Operating Expense										
Operating expense	$ 662,172,118	$ 651,379,169	$ 646,637,604	$ 660,786,142	$ 609,950,669	$ 579,459,712	$ 593,153,157	$ 606,544,905	$ 618,232,739	$ 582,815,592
Less: depreciation	(231,633,543)	(242,487,488)	(265,043,620)	(289,956,600)	(281,209,656)	(274,043,606)	(280,104,195)	(309,115,490)	(331,242,398)	(329,766,377)
Less: amortization of intangible asset	(7,192,216)	(6,774,048)	(4,836,584)	(4,006,368)	(4,006,368)	(3,676,590)	(3,566,664)	(3,566,664)	(2,080,554)	-
Net Operating Expense	$ 423,346,359	$ 402,117,633	$ 376,757,400	$ 366,823,174	$ 324,734,645	$ 301,739,516	$ 309,482,298	$ 293,862,751	$ 284,909,787	$ 253,049,215
Operating Expense per Day	$ 1,159,853	$ 1,101,692	$ 1,032,212	$ 1,004,995	$ 889,684	$ 826,684	$ 847,897	$ 805,103	$ 780,575	$ 693,286
Number of days cash	620	595	600	543	599	819	804	724	673	682

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

GREAT LAKES WATER AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2026

Note 1 – Combining Fund Schedules

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

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

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

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

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

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

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

Note 2 – Budget to Actual Schedules

Schedule of Operating Expenses – Budget to Actual

The schedule of operating expenses for the water operations and the sewer operations provides the detail of the major expense categories of the operations budget compared to the actual results. The schedule includes the actual operating expenses before depreciation and amortization for the Water Operations Fund and the Sewer Operations Fund reported in the Combining Schedule of Revenues, Expenses and Changes in Net position for the Water Fund and the Sewage Disposal Fund. The warehouse lease line represents the total lease payments made for the warehouse which is included in the budget as an operating lease. For financial reporting purposes the warehouse payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The subscription-based information technology arrangements (SBITA) payments line represents the payments made for the SBITA's which is included in the budget as a contractual service for the implementation portion and under supplies and other expenses for the payment of the software as a service. For financial reporting purposes the implementation costs have been treated as a prepaid subscription asset for the software that is not in service as of June 30, 2026. For the software that has been placed in service, payments made are treated as a reduction to the subscription liability for the right to use asset and interest expense.

Schedule of Revenue Requirement – Budget to Actual

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

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

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

GREAT LAKES WATER AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2026

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

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

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STATISTICAL SECTION

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

The statistical section is divided into five sections as follows:

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

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

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FINANCIAL TRENDS

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

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GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION – BUSINESS-TYPE ACTIVITIES

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Assets										
Current Assets										
Cash and cash equivalents	$ 364,553,036	$ 435,531,483	$ 443,798,752	$ 482,735,648	$ 347,655,417	$ 354,351,132	$ 208,356,720	$ 309,015,559	$ 509,141,777	$ 470,231,842
Restricted cash and cash equivalents	268,335,957	151,677,335	307,389,483	264,777,942	87,643,974	151,186,044	65,364,730	164,495,839	105,929,392	132,967,081
Restricted cash for the benefit of DWSD	73,739,232	57,578,032	58,146,817	42,463,972	20,469,633	6,064,197	1,544,529	3,318,316	8,418,827	288,378
Investments	354,730,296	219,969,415	175,045,455	63,241,295	185,209,092	322,929,971	473,549,014	274,246,497	16,511,237	2,283,028
Restricted investments	156,794,912	252,318,964	100,776,070	43,673,481	103,754,094	31,690,982	117,966,914	34,852,593	33,025,340	32,541,021
Receivables										
Billed	55,646,929	61,374,779	59,831,592	111,310,366	118,892,413	108,247,576	95,159,661	98,886,172	88,712,190	88,694,341
Unbilled	60,502,918	57,164,651	36,096,073	57,768,194	54,395,207	54,387,680	54,893,266	50,441,488	54,429,817	53,818,603
Other	591,418	59,727	89,591	401,558	1,292,666	574,906	310,373	1,137,526	3,728,886	3,158,350
Allowance for doubtful accounts	(14,965)	(8,260,910)	(6,006,614)	(58,846,688)	(56,823,732)	(50,884,273)	(44,991,966)	(42,257,915)	(39,084,816)	(35,352,009)
Due from other governments	4,260,828	11,799,139	6,517,578	11,881,282	13,454,460	13,240,859	31,802,636	30,243,156	47,927,860	50,789,041
Due from other funds	5,996,461	5,428,371	6,717,488	3,247,468	2,328,086	2,948,712	2,134,191	2,889,522	3,778,220	-
Contractual obligation receivable	42,322,538	40,627,253	38,734,494	36,669,011	33,529,695	31,195,900	29,661,490	26,418,147	24,813,886	23,339,242
Shortfall receivable - DWSD	-	-	-	-	-	8,296,578	18,206,431	17,542,669	9,367,355	-
Prepaid items and other assets	10,548,325	16,443,107	18,010,354	16,473,691	13,622,385	11,744,542	10,150,336	8,448,932	4,949,631	3,526,568
Inventories	11,883,097	11,016,188	10,420,267	10,649,496	8,366,771	7,795,152	7,007,208	5,832,593	8,471,626	8,509,454
Total Current Assets	1,409,890,982	1,312,727,534	1,255,567,400	1,086,446,716	933,790,161	1,053,769,958	1,071,115,533	985,511,094	880,121,228	834,794,940
Noncurrent Assets										
Restricted cash and cash equivalents	373,120,886	421,810,935	297,077,701	162,962,263	5,264,591	5,395,501	47,505,584	94,185,040	48,263,059	306,318,331
Restricted investments	73,800,247	7,068,834	7,325,544	134,324,735	40,691,319	38,533,910	39,819,506	150,978,512	293,697,988	101,708,122
Contractual obligation receivable	783,782,410	828,665,071	866,415,659	899,049,912	919,288,110	936,811,819	954,297,909	883,248,672	812,613,943	830,432,680
Shortfall receivable - DWSD	-	-	-	-	-	-	8,296,578	26,503,010	19,932,645	-
Prepaid lease	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Capital assets										
Nondepreciable/nonamortizable	1,414,142,302	1,459,822,766	1,172,921,362	1,088,758,476	887,940,328	813,485,421	719,865,490	786,405,120	706,046,995	730,471,792
Depreciated/amortized, net	3,316,820,800	3,144,503,289	3,307,213,601	3,319,883,704	3,527,083,870	3,644,679,801	3,786,833,157	3,849,136,489	4,089,136,230	4,178,315,045
Prepaid insurance on debt	-	-	-	15,142,970	16,773,793	18,357,442	19,988,764	22,635,151	29,933,631	32,694,221
Total Noncurrent Assets	5,986,666,645	5,886,870,895	5,675,953,867	5,645,122,060	5,422,042,011	5,482,263,894	5,601,606,988	5,838,091,994	6,024,624,491	6,204,940,191
Total Assets	7,396,557,627	7,199,598,429	6,931,521,267	6,731,568,776	6,355,832,172	6,536,033,852	6,672,722,521	6,823,603,088	6,904,745,719	7,039,735,131
Deferred Outflows of Resources										
Deferred charge on refunding	60,297,556	66,149,659	75,062,279	133,948,479	152,338,303	163,387,050	174,435,795	241,879,138	280,975,963	297,646,441
Deferred pension amounts	3,965,314	5,481,429	14,891,972	47,723,960	30,158,700	61,687,252	42,661,204	31,717,285	52,015,636	59,954,478
Lease extension	33,099,336	-	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	97,362,206	71,631,088	89,954,251	181,672,439	182,497,003	225,074,302	217,096,999	273,596,423	332,991,599	357,600,919

Schedule 1

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Liabilities										
Current Liabilities										
Accounts and contracts payable	$ 142,507,118	$ 147,852,649	$ 122,248,743	$ 113,308,498	$ 94,379,034	$ 85,221,415	$ 74,070,629	$ 74,662,036	$ 67,832,136	$ 64,298,400
Accrued salaries, wages and benefits	3,192,446	4,444,630	2,767,908	2,063,359	2,060,030	6,028,598	5,321,864	4,284,220	4,734,956	3,190,038
Accrued liabilities	75,127,277	60,926,566	62,468,484	53,951,292	25,004,633	11,573,811	5,357,056	7,109,589	12,679,692	2,252,616
Due to other governments	10,986,961	11,549,038	7,203,563	6,874,058	21,360,601	19,443,993	20,032,254	15,963,934	11,983,407	61,242,386
Due to other funds	5,996,461	5,428,371	6,717,488	3,247,468	2,328,086	2,948,712	2,134,191	2,889,522	3,778,220	-
Interest payable	98,011,474	94,865,886	95,118,780	82,190,367	70,965,548	71,811,380	58,452,960	84,456,284	80,431,318	80,340,520
Current portion of:										
Revenue bonds and loans	262,258,464	244,265,752	261,405,480	149,725,340	127,403,800	119,909,733	121,998,075	117,602,109	81,756,050	89,314,212
Raw water rights obligation	3,345,194	3,212,750	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-
BC Note obligation	2,875,658	3,294,492	3,257,960	695,845	662,710	631,153	601,097	572,474	545,213	519,251
Regional system leases	13,519,844	14,318,162	13,734,365	13,174,371	12,637,211	12,121,951	11,627,700	11,153,602	10,698,835	10,262,609
Other liabilities	13,664,633	11,537,032	24,455,219	29,182,845	6,813,946	5,867,203	6,380,583	5,751,747	5,687,043	6,714,210
Total Current Liabilities	631,485,530	601,695,328	602,463,984	457,377,062	366,460,881	338,292,195	308,601,229	326,966,513	283,126,328	318,134,242
Noncurrent Liabilities										
Revenue bonds and loans	5,513,976,165	5,526,854,851	5,421,029,379	5,491,493,953	5,149,961,142	5,319,896,659	5,474,913,736	5,630,571,800	5,714,095,283	5,842,482,161
Raw water rights obligation	79,908,216	83,253,410	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-
BC Note obligation	42,964,494	45,840,152	49,134,645	52,392,606	53,088,452	53,751,162	54,382,315	54,983,412	55,555,887	56,101,100
Regional system lease	867,454,065	847,874,572	862,192,735	875,927,100	889,101,471	901,738,681	913,860,632	925,488,338	936,641,935	947,340,770
Other liabilities	19,631,740	21,072,044	20,202,991	33,578,631	21,122,269	21,514,839	18,757,906	18,771,285	18,437,517	11,340,902
Net pension liability	14,023,567	29,537,160	37,046,052	63,174,607	65,221,327	144,305,198	132,909,889	131,981,165	178,961,907	194,075,547
Total Noncurrent Liabilities	6,537,958,247	6,554,432,189	6,476,071,963	6,606,119,052	6,271,010,435	6,536,567,595	6,692,919,780	6,862,516,123	7,006,933,647	7,051,340,480
Total Liabilities	7,169,443,777	7,156,127,517	7,078,535,947	7,063,496,114	6,637,471,316	6,874,859,790	7,001,521,009	7,189,482,636	7,290,059,975	7,369,474,722
Deferred Inflows of Resources										
Deferred gain on refunding	225,248,489	179,397,002	133,311,884	81,269,853	88,783,069	96,296,284	103,809,499	108,300,657	105,907,267	112,080,430
Deferred amounts for swap terminations	42,730	47,478	52,283	57,089	61,895	84,205	106,515	240,839	270,150	299,461
Deferred capital contribution	-	-	-	-	-	-	5,960,000	-	-	-
Deferred pension amounts	-	-	-	-	31,311,922	-	-	-	20,254,690	18,316,430
Total Deferred Inflows of Resources	225,291,219	179,444,480	133,364,167	81,326,942	120,156,886	96,380,489	109,876,014	108,541,496	126,432,107	130,696,321
Net Position (Deficit)										
Net investment in capital assets	(307,889,781)	(355,297,558)	(428,661,605)	(336,552,993)	(194,715,306)	(302,012,473)	(351,218,780)	(228,867,586)	(49,720,885)	140,378,223
Restricted for construction	2,381,700	2,327,795	2,258,067	2,180,985	-	-	-	-	-	-
Restricted for debt service	224,276,816	203,652,563	213,673,818	147,436,260	123,414,653	114,544,694	105,282,969	146,977,835	125,235,904	134,125,957
Restricted for payment assistance program	2,440,401	2,305,750	1,716,187	4,652,563	12,318,423	11,043,109	8,988,078	8,001,369	5,771,110	5,336,117
Unrestricted	177,975,701	82,668,970	20,588,937	(49,298,656)	(160,316,797)	(33,707,455)	15,370,230	(126,936,239)	(260,040,893)	(382,675,290)
TOTAL NET POSITION (DEFICIT)	$ 99,184,837	$ (64,342,480)	$ (190,424,596)	$ (231,581,841)	$ (219,299,027)	$ (210,132,125)	$ (221,577,503)	$ (200,824,621)	$ (178,754,764)	$ (102,834,993)

GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION – WATER FUND

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Assets										
Current Assets										
Cash and cash equivalents	$ 152,180,901	$ 207,381,565	$ 190,551,656	$ 222,625,550	$ 147,191,020	$ 162,766,427	$ 88,786,996	$ 148,643,793	$ 310,085,221	$ 266,483,138
Restricted cash and cash equivalents	113,757,779	58,223,438	141,618,876	127,679,570	49,069,747	65,677,030	39,304,453	68,564,311	51,097,342	60,753,268
Restricted cash for the benefit of DWSD	28,527,726	23,814,008	24,695,007	17,474,699	11,371,285	3,144,400	1,544,529	2,690,397	8,418,827	288,378
Investments	162,092,198	99,043,449	86,039,805	21,081,772	91,499,859	190,541,958	305,653,818	198,561,135	7,004,525	852,420
Restricted investments	73,608,506	123,128,174	43,009,504	9,975,144	30,711,544	2,932,400	30,900,352	1,468,148	1,234,954	1,169,187
Receivables										
Billed	38,758,410	45,998,943	44,621,471	55,359,908	54,169,640	48,694,817	38,769,605	38,336,701	38,272,740	36,459,563
Unbilled	33,901,552	31,761,275	26,015,465	33,527,694	30,349,758	30,066,884	31,032,237	26,144,348	29,229,709	29,539,433
Other	591,418	58,504	82,346	286,079	295,791	85,494	214,997	916,074	5,850	1,300
Allowance for doubtful accounts	-	(8,245,546)	(6,000,000)	(16,225,907)	(13,917,234)	(11,562,519)	(8,634,075)	(7,455,747)	(6,221,815)	(4,941,777)
Due from other governments	716,714	2,325,228	2,607,102	5,785,565	11,246,188	11,889,748	20,343,238	30,063,571	23,588,754	21,327,713
Due from other funds	4,542,260	749,587	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-
Contractual obligation receivable	23,803,483	22,858,664	21,990,092	20,608,286	18,126,021	16,558,716	15,620,163	14,328,368	13,560,086	12,076,942
Prepaid items and other assets	9,106,587	10,411,532	11,528,504	10,795,086	8,701,487	7,601,239	6,458,613	5,647,661	3,265,972	2,437,047
Inventories	-	-	-	-	-	794,521	636,621	386,612	-	-
Total Current Assets	641,587,534	617,508,821	591,315,590	510,006,200	441,143,192	531,977,459	572,765,738	531,172,326	479,872,458	426,446,612
Noncurrent Assets										
Restricted cash and cash equivalents	289,962,166	269,831,486	128,140,663	96,480,165	2,773,291	2,519,127	20,491,397	32,154,262	18,261,706	177,939,494
Restricted investments	68,347,343	1,892,680	1,953,942	22,002,166	9,506,991	8,651,762	10,770,585	77,075,423	150,436,225	20,530,374
Contractual obligation receivable	477,747,715	506,291,266	528,292,868	544,820,801	549,493,189	552,093,376	554,942,283	468,481,719	477,039,443	483,604,380
Prepaid lease	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000
Capital assets										
Nondepreciable/nonamortizable	626,617,571	841,843,338	708,545,333	670,557,112	567,414,021	498,010,970	418,996,654	467,830,218	434,684,895	452,185,674
Depreciated/amortized, net	1,560,694,071	1,299,448,724	1,366,169,471	1,330,639,811	1,384,312,298	1,418,773,460	1,487,915,510	1,492,118,136	1,604,038,058	1,587,291,603
Prepaid insurance on debt	-	-	-	5,995,322	6,649,782	7,304,243	7,958,703	8,754,897	13,002,376	14,112,324
Total Noncurrent Assets	3,034,618,866	2,930,557,494	2,744,352,277	2,681,745,377	2,531,399,572	2,498,602,938	2,512,325,132	2,557,664,655	2,708,712,703	2,746,913,849
Total Assets	3,676,206,400	3,548,066,315	3,335,667,867	3,191,751,577	2,972,542,764	3,030,580,397	3,085,090,870	3,088,836,981	3,188,585,161	3,173,360,461
Deferred Outflows of Resources										
Deferred charge on refunding	20,284,878	22,155,705	24,498,242	39,316,288	41,997,055	44,677,823	47,358,590	82,508,971	94,431,823	99,294,499
Deferred pension amounts	1,421,420	1,964,893	5,338,231	17,107,308	10,810,800	22,112,642	15,292,494	11,369,496	18,645,719	21,491,506
Lease Extension	11,611,343	-	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	33,317,641	24,120,598	29,836,473	56,423,596	52,807,855	66,790,465	62,651,084	93,878,467	113,077,542	120,786,005

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Liabilities										
Current Liabilities										
Accounts and contracts payable	$ 63,275,537	$ 67,866,834	$ 64,672,188	$ 60,207,304	$ 56,890,771	$ 53,039,330	$ 43,231,679	$ 36,657,714	$ 33,754,534	$ 36,751,842
Accrued salaries, wages and benefits	2,261,932	3,793,297	2,261,789	1,757,758	1,046,674	4,892,033	5,321,864	4,284,220	4,734,956	3,190,038
Accrued liabilities	29,141,013	25,234,778	28,883,806	25,111,216	15,261,427	6,958,556	5,357,056	6,481,670	12,679,692	1,353,816
Due to other governments	9,966,961	10,626,406	2,903,115	3,124,058	17,610,601	15,693,993	18,282,254	15,963,934	11,935,868	25,393,813
Due to other funds	1,454,201	4,678,784	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-
Interest payable	47,705,059	48,494,681	48,294,351	41,789,634	36,398,995	36,621,768	30,887,915	40,325,682	39,322,324	39,329,322
Current portion of:										
Revenue bonds and loans	119,598,668	110,897,236	111,145,612	62,332,082	40,091,255	32,500,450	33,058,615	29,244,447	20,569,843	23,393,905
Raw water rights obligation	3,345,194	3,212,750	3,085,994	2,963,619	2,845,282	2,734,246	2,624,820	2,520,996	2,999,458	-
BC Note obligation	885,004	1,013,903	1,002,660	214,151	203,954	194,242	184,992	176,183	167,794	159,803
Regional system lease	6,223,493	6,443,173	6,180,464	5,928,467	5,686,745	5,454,878	5,232,465	5,019,121	4,814,476	4,618,174
Other liabilities	5,783,974	5,054,910	4,651,922	3,743,223	3,378,083	3,123,843	5,331,161	4,938,308	4,635,565	2,182,888
Total Current Liabilities	289,641,036	287,316,752	275,243,627	209,386,226	179,413,787	161,375,707	149,512,821	145,624,843	139,062,437	136,373,601
Noncurrent Liabilities										
Revenue bonds and loans	2,831,508,486	2,781,806,976	2,628,339,128	2,592,206,224	2,359,238,286	2,407,391,624	2,459,730,737	2,467,177,447	2,545,529,255	2,606,465,431
Raw water rights obligation	79,908,216	83,253,410	86,466,161	89,552,155	92,515,774	95,361,056	98,095,302	100,720,123	103,241,118	-
BC Note obligation	13,222,620	14,107,624	15,121,527	16,124,188	16,338,339	16,542,293	16,736,534	16,921,526	17,097,709	17,265,503
Regional system lease	386,931,408	381,543,557	387,986,731	394,167,195	400,095,662	405,782,406	411,237,284	416,469,750	421,488,871	426,303,346
Other liabilities	4,661,144	5,076,232	5,249,266	3,713,668	4,132,979	4,138,780	4,840,615	4,979,604	4,933,977	5,170,201
Net pension liability	5,026,940	10,588,001	13,279,666	22,645,805	23,379,480	51,728,179	47,643,374	47,310,460	64,151,352	69,569,044
Total Noncurrent Liabilities	3,321,258,814	3,276,375,800	3,136,442,479	3,118,409,235	2,895,700,520	2,980,944,338	3,038,283,846	3,053,578,910	3,156,442,282	3,124,773,525
Total Liabilities	3,610,899,850	3,563,692,552	3,411,686,106	3,327,795,461	3,075,114,307	3,142,320,045	3,187,796,667	3,199,203,753	3,295,504,719	3,261,147,126
Deferred Inflows of Resources										
Deferred gain on refunding	120,678,553	84,770,706	64,897,267	44,182,654	48,216,421	52,250,187	56,283,953	60,317,719	59,252,431	62,822,646
Deferred amounts for swap terminations	42,534	47,260	51,986	56,712	61,438	66,164	70,890	75,616	80,342	85,068
Deferred pension amounts	-	-	-	-	11,224,189	-	-	-	7,260,572	6,565,776
Total Deferred Inflows of Resources	120,721,087	84,817,966	64,949,253	44,239,366	59,502,048	52,316,351	56,354,843	60,393,335	66,593,345	69,473,490
Net Position (Deficit)										
Net investment in capital assets	(218,465,370)	(229,515,406)	(243,351,501)	(198,390,747)	(109,163,683)	(191,352,010)	(237,858,820)	(166,485,092)	(84,133,546)	(2,321,309)
Restricted for debt service	100,808,544	90,366,871	89,928,545	56,139,482	31,660,045	23,688,943	19,479,656	29,731,576	23,239,368	26,194,280
Restricted for payment assistance program	1,239,009	1,181,497	931,099	2,289,905	5,272,708	4,614,294	3,754,368	3,369,875	2,462,214	2,218,373
Unrestricted	94,320,921	61,643,433	41,360,838	16,101,706	(37,034,806)	65,783,239	118,215,240	56,502,001	(2,003,397)	(62,565,494)
TOTAL NET POSITION (DEFICIT)	$ (22,096,896)	$ (76,323,605)	$ (111,131,019)	$ (123,859,654)	$ (109,265,736)	$ (97,265,534)	$ (96,409,556)	$ (76,881,640)	$ (60,435,361)	$ (36,474,150)

GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION – SEWAGE DISPOSAL FUND

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Assets										
Current Assets										
Cash and cash equivalents	$ 212,372,135	$ 228,149,918	$ 253,247,096	$ 260,110,098	$ 200,464,397	$ 191,584,705	$ 119,569,724	$ 160,371,766	$ 199,056,556	$ 203,748,704
Restricted cash and cash equivalents	154,578,178	93,453,897	165,770,607	137,098,372	38,574,227	85,509,014	26,060,277	95,931,528	54,832,050	72,213,813
Restricted cash for the benefit of DWSD	45,211,506	33,764,024	33,451,810	24,989,273	9,098,348	2,919,797	-	627,919	-	-
Investments	192,638,098	120,925,966	89,005,650	42,159,523	93,709,233	132,388,013	167,895,196	75,685,362	9,506,712	1,430,608
Restricted investments	83,186,406	129,190,790	57,766,566	33,698,337	73,042,550	28,758,582	87,066,562	33,384,445	31,790,386	31,371,834
Receivables										
Billed	16,888,519	15,375,836	15,210,121	55,950,458	64,722,773	59,552,759	56,390,056	60,549,471	50,439,450	52,234,778
Unbilled	26,601,366	25,403,376	10,080,608	24,240,500	24,045,449	24,320,796	23,861,029	24,297,140	25,200,108	24,279,170
Other	-	1,223	7,245	115,479	996,875	489,412	95,376	221,452	3,723,036	3,157,050
Allowance for doubtful accounts	(14,965)	(15,364)	(6,614)	(42,620,781)	(42,906,498)	(39,321,754)	(36,357,891)	(34,802,168)	(32,863,001)	(30,410,232)
Due from other governments	3,544,114	9,473,911	3,910,476	6,095,717	2,208,272	1,351,111	11,459,398	179,585	24,339,106	29,461,328
Due from other funds	1,454,201	4,678,784	2,161,726	2,214,714	-	162,368	-	12,568	3,447,927	-
Contractual obligation receivable	18,519,055	17,768,589	16,744,402	16,060,725	15,403,674	14,637,184	14,041,327	12,089,779	11,253,800	11,262,300
Shortfall receivable - DWSD	-	-	-	-	-	8,296,578	18,206,431	17,542,669	9,367,355	-
Prepaid items and other assets	1,441,738	6,031,575	6,481,850	5,678,605	4,920,898	4,143,303	3,691,723	2,801,271	1,683,659	1,089,521
Inventories	11,883,097	11,016,188	10,420,267	10,649,496	8,366,771	7,000,631	6,370,587	5,445,981	8,471,626	8,509,454
Total Current Assets	768,303,448	695,218,713	664,251,810	576,440,516	492,646,969	521,792,499	498,349,795	454,338,768	400,248,770	408,348,328
Noncurrent Assets										
Restricted cash and cash equivalents	83,158,720	151,979,449	168,937,038	66,482,098	2,491,300	2,876,374	27,014,187	62,030,778	30,001,353	128,378,837
Restricted investments	5,452,904	5,176,154	5,371,602	112,322,569	31,184,328	29,882,148	29,048,921	73,903,089	143,261,763	81,177,748
Contractual obligation receivable	306,034,695	322,373,805	338,122,791	354,229,111	369,794,921	384,718,443	399,355,626	414,766,953	335,574,500	346,828,300
Shortfall receivable - DWSD	-	-	-	-	-	-	8,296,578	26,503,010	19,932,645	-
Prepaid lease	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000
Capital assets										
Nondepreciable/nonamortizable	787,524,731	617,979,428	464,376,029	418,201,364	320,526,307	315,474,451	300,868,836	318,574,902	271,362,100	278,286,118
Depreciated/amortized, net	1,756,126,729	1,845,054,565	1,941,044,130	1,989,243,893	2,142,771,572	2,225,906,341	2,298,917,647	2,357,018,353	2,485,098,172	2,591,023,442
Prepaid insurance on debt	-	-	-	9,147,648	10,124,011	11,053,199	12,030,061	13,880,254	16,931,255	18,581,897
Total Noncurrent Assets	2,952,047,779	2,956,313,401	2,931,601,590	2,963,376,683	2,890,642,439	2,983,660,956	3,089,281,856	3,280,427,339	3,315,911,788	3,458,026,342
Total Assets	3,720,351,227	3,651,532,114	3,595,853,400	3,539,817,199	3,383,289,408	3,505,453,455	3,587,631,651	3,734,766,107	3,716,160,558	3,866,374,670
Deferred Outflows of Resources										
Deferred charge on refunding	40,012,678	43,993,954	50,564,037	94,632,191	110,341,248	118,709,227	127,077,205	159,370,167	186,544,140	198,351,942
Deferred pension amounts	2,543,894	3,516,536	9,553,741	30,616,652	19,347,900	39,574,610	27,368,710	20,347,789	33,369,917	38,462,972
Lease extension	21,487,993	-	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	64,044,565	47,510,490	60,117,778	125,248,843	129,689,148	158,283,837	154,445,915	179,717,956	219,914,057	236,814,914

Schedule 1b

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Liabilities										
Current Liabilities										
Accounts and contracts payable	$ 79,231,581	$ 79,985,815	$ 57,576,555	$ 53,101,194	$ 37,488,263	$ 32,182,085	$ 30,838,950	$ 38,004,322	$ 34,077,602	$ 27,546,558
Accrued salaries, wages and benefits	930,514	651,333	506,119	305,601	1,013,356	1,136,565	-	-	-	-
Accrued liabilities	45,986,264	35,691,788	33,584,678	28,840,076	9,743,206	4,615,255	-	627,919	-	898,800
Due to other governments	1,020,000	922,632	4,300,448	3,750,000	3,750,000	3,750,000	1,750,000	-	47,539	35,848,573
Due to other funds	4,542,260	749,587	4,555,762	1,032,754	2,328,086	2,786,344	2,134,191	2,876,954	330,293	-
Interest payable	50,306,415	46,371,205	46,824,429	40,400,733	34,566,553	35,189,612	27,565,045	44,130,602	41,108,994	41,011,198
Current portion of:										
Revenue bonds and loans	142,659,796	133,368,516	150,259,868	87,393,258	87,312,545	87,409,283	88,939,460	88,357,662	61,186,207	65,920,307
BC Note obligation	1,990,654	2,280,589	2,255,300	481,694	458,756	436,911	416,105	396,291	377,419	359,448
Regional system lease	7,296,351	7,874,989	7,553,901	7,245,904	6,950,466	6,667,073	6,395,235	6,134,481	5,884,359	5,644,435
Other liabilities	7,880,659	6,482,122	19,803,297	25,439,622	3,435,863	2,743,360	1,049,422	813,439	1,051,478	4,531,322
Total Current Liabilities	341,844,494	314,378,576	327,220,357	247,990,836	187,047,094	176,916,488	159,088,408	181,341,670	144,063,891	181,760,641
Noncurrent Liabilities										
Revenue bonds and loans	2,682,467,679	2,745,047,875	2,792,690,251	2,899,287,729	2,790,722,856	2,912,505,035	3,015,182,999	3,163,394,353	3,168,566,028	3,236,016,730
BC Note obligation	29,741,874	31,732,528	34,013,118	36,268,418	36,750,113	37,208,869	37,645,781	38,061,886	38,458,178	38,835,597
Regional system lease	480,522,657	466,331,015	474,206,004	481,759,905	489,005,809	495,956,275	502,623,348	509,018,588	515,153,064	521,037,424
Other liabilities	14,970,596	15,995,812	14,953,725	29,864,963	16,989,290	17,376,059	13,917,291	13,791,681	13,503,540	6,170,701
Net pension liability	8,996,627	18,949,159	23,766,386	40,528,802	41,841,847	92,577,019	85,266,515	84,670,705	114,810,555	124,506,503
Total Noncurrent Liabilities	3,216,699,433	3,278,056,389	3,339,629,484	3,487,709,817	3,375,309,915	3,555,623,257	3,654,635,934	3,808,937,213	3,850,491,365	3,926,566,955
Total Liabilities	3,558,543,927	3,592,434,965	3,666,849,841	3,735,700,653	3,562,357,009	3,732,539,745	3,813,724,342	3,990,278,883	3,994,555,256	4,108,327,596
Deferred Inflows of Resources										
Deferred gain on refunding	104,569,936	94,626,296	68,414,617	37,087,199	40,566,648	44,046,097	47,525,546	47,982,938	46,654,836	49,257,784
Deferred amounts for swap terminations	196	218	297	377	457	18,041	35,625	165,223	189,808	214,393
Deferred capital contribution	-	-	-	-	-	-	5,960,000	-	-	-
Deferred pension amounts	-	-	-	-	20,087,733	-	-	-	12,994,118	11,750,654
Total Deferred Inflows of Resources	104,570,132	94,626,514	68,414,914	37,087,576	60,654,838	44,064,138	53,521,171	48,148,161	59,838,762	61,222,831
Net Position (Deficit)										
Net investment in capital assets	(89,424,411)	(125,782,152)	(185,310,104)	(138,162,246)	(85,551,623)	(110,660,463)	(113,359,960)	(62,382,494)	34,412,661	142,699,532
Restricted for construction	2,381,700	2,327,795	2,258,067	2,180,985	-	-	-	-	-	-
Restricted for debt service	123,468,272	113,285,692	123,745,273	91,296,778	91,754,608	90,855,751	85,803,313	117,246,259	101,996,536	107,931,677
Restricted for payment assistance program	1,201,392	1,124,253	785,088	2,362,658	7,045,715	6,428,815	5,233,710	4,631,494	3,308,896	3,117,744
Unrestricted	83,654,780	21,025,537	(20,771,901)	(65,400,362)	(123,281,991)	(99,490,694)	(102,845,010)	(183,438,240)	(258,037,496)	(320,109,796)
TOTAL NET POSITION (DEFICIT)	$ 121,281,733	$ 11,981,125	$ (79,293,577)	$ (107,722,187)	$ (110,033,291)	$ (112,866,591)	$ (125,167,947)	$ (123,942,981)	$ (118,319,403)	$ (66,360,843)

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 2

CHANGES IN NET POSITION – BUSINESS-TYPE ACTIVITIES

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Wholesale customer charges	$ 683,974,237	$ 636,667,038	$ 620,278,257	$ 616,511,308	$ 591,839,582	$ 589,991,584	$ 578,705,063	$ 584,171,596	$ 592,096,175	$ 594,426,876
Charges to local system	245,353,200	233,019,600	222,106,800	213,876,500	210,359,500	209,885,200	207,102,800	201,340,700	194,099,800	202,794,400
Industrial waste charges	9,258,505	8,849,415	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106
Pollutant surcharges	5,557,359	4,583,986	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294
Bad debt recovery (credit)	-	-	(20,709,400)	-	-	-	-	-	-	40,172,155
Other revenues	1,100,643	948,069	1,149,414	2,011,011	663,953	766,943	778,257	527,663	4,455,345	576,195
Total Operating Revenues	945,243,944	884,068,108	835,531,085	845,686,489	816,345,129	815,368,630	800,889,221	801,078,783	811,894,703	857,557,026
Operating Expenses										
Personnel	150,458,103	136,882,729	125,455,261	114,808,018	107,053,390	106,945,131	104,266,420	98,588,599	95,525,457	86,156,304
Contractual services	129,880,353	129,437,061	116,144,078	116,946,973	114,094,006	103,324,025	109,448,358	101,743,758	99,877,310	90,135,859
Utilities	71,593,031	67,059,281	71,938,730	77,276,536	59,655,751	52,749,654	51,152,735	51,395,385	53,694,380	55,661,469
Chemicals	31,334,431	34,385,123	31,075,405	30,542,063	20,382,163	13,982,136	14,241,843	13,275,860	12,877,813	14,765,181
Supplies and other expenses	46,322,385	43,917,542	42,093,447	34,571,711	29,069,352	31,097,071	35,427,273	37,120,915	34,526,388	20,162,690
Capital adjustment	-	-	-	-	-	-	26,780	2,258,351	-	-
Capital program allocation	(3,391,613)	(2,900,580)	(2,847,434)	(2,189,642)	(2,632,136)	(3,191,809)	(3,347,401)	(3,380,755)	(1,683,450)	(2,128,078)
Intergovernmental reimbursements	(2,850,331)	(6,663,523)	(7,102,087)	(5,132,485)	(2,887,881)	(3,166,692)	(1,733,710)	(7,139,362)	(9,908,111)	(11,704,210)
Depreciation	231,633,543	242,487,488	265,043,620	289,956,600	281,209,656	274,043,606	280,104,195	309,115,490	331,242,398	329,766,377
Amortization of intangible assets	7,192,216	6,774,048	4,836,584	4,006,368	4,006,368	3,676,590	3,566,664	3,566,664	2,080,554	-
Total Operating Expenses	662,172,118	651,379,169	646,637,604	660,786,142	609,950,669	579,459,712	593,153,157	606,544,905	618,232,739	582,815,592
Operating Income	283,071,826	232,688,939	188,893,481	184,900,347	206,394,460	235,908,918	207,736,064	194,533,878	193,661,964	274,741,434
Noncapital Subsidies										
Legacy pension recovery (expense)	3,339,567	(3,026,451)	(6,703,433)	20,765,202	(13,915,303)	(22,527,961)	(20,143,505)	16,778,381	(24,922,162)	(7,021,006)
Water Residential Assistance Program	(4,473,851)	(3,828,438)	(6,772,438)	(12,342,512)	(2,792,837)	(1,517,453)	(3,315,117)	(2,024,119)	(3,755,534)	(2,127,333)
Other	-	(421,800)	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	(1,134,284)	(7,276,689)	(13,475,871)	8,422,690	(16,708,140)	(24,045,414)	(23,458,622)	14,754,262	(28,677,696)	(9,148,339)
Operating Income (Loss) and Noncapital Subsidies	281,937,542	225,412,250	175,417,610	193,323,037	189,686,320	211,863,504	184,277,442	209,288,140	164,984,268	265,593,095
Other Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	46,503,854	48,794,868	61,853,367	37,601,830	(5,384,278)	1,259,624	25,416,706	26,517,802	11,395,785	4,042,790
Interest on obligations receivable	36,453,633	38,291,449	39,854,908	41,059,361	42,264,765	43,722,511	42,434,884	41,777,702	38,856,520	42,332,428
Interest expense	(274,291,497)	(271,506,568)	(278,957,613)	(271,291,054)	(256,196,504)	(263,485,014)	(288,947,856)	(296,597,333)	(300,395,306)	(291,592,097)
Amortization of debt related items and COI	30,229,163	25,935,507	(4,154,979)	3,998,310	13,318,015	12,965,639	10,302,560	3,995,230	8,684,285	(14,937,182)
Other	(1,258,476)	18,461,836	6,711,713	1,752,328	153,741	(840,886)	(196,618)	(524,198)	554,677	379,409
Capital contributions	43,953,098	40,692,774	40,432,239	2,176,000	6,991,039	5,960,000	5,960,000	-	-	320,707
Total Other Nonoperating Expenses	(118,410,225)	(99,330,134)	(134,260,365)	(184,703,225)	(198,853,222)	(200,418,126)	(205,030,324)	(224,830,797)	(240,904,039)	(259,453,945)
Income (loss) before unusual or infrequent items	163,527,317	126,082,116	41,157,245	8,619,812	(9,166,902)	11,445,378	(20,752,882)	(15,542,657)	(75,919,771)	6,139,150
Unusual or Infrequent Items										
Discontinued capital projects	-	-	-	(20,902,626)	-	-	-	-	-	-
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	-	(94,290,263)
Sewer lookback - MOU adjustment	-	-	-	-	-	-	-	(6,527,200)	-	-
Change in Net Position	163,527,317	126,082,116	41,157,245	(12,282,814)	(9,166,902)	11,445,378	(20,752,882)	(22,069,857)	(75,919,771)	(88,151,113)
NET POSITION (DEFICIT), Beginning of Year	(64,342,480)	(190,424,596)	(231,581,841)	(219,299,027)	(210,132,125)	(221,577,503)	(200,824,621)	(178,754,764)	(102,834,993)	(14,683,880)
NET POSITION (DEFICIT), END OF YEAR	$ 99,184,837	$ (64,342,480)	$ (190,424,596)	$ (231,581,841)	$ (219,299,027)	$ (210,132,125)	$ (221,577,503)	$ (200,824,621)	$ (178,754,764)	$ (102,834,993)

Prior year comparative presentation updated for consistency in implementing GASB 103.

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 2a

CHANGES IN NET POSITION – WATER FUND

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Wholesale customer charges	$ 383,879,333	$ 348,976,278	$ 337,511,167	$ 340,593,806	$ 323,026,213	$ 322,423,768	$ 312,701,777	$ 311,399,136	$ 323,117,344	$ 331,115,131
Charges to local system	30,028,800	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300
Bad debt recovery (credit)	-	-	(5,152,500)	-	-	-	-	-	-	5,107,125
Other revenues	632,089	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388
Total Operating Revenues	414,540,222	376,454,528	358,550,856	363,779,097	344,957,975	344,615,090	334,253,577	331,601,876	338,312,144	351,749,944
Operating Expenses										
Personnel	67,740,497	60,047,778	54,404,612	48,855,342	44,892,622	43,889,495	43,946,225	42,085,546	41,845,295	38,261,393
Contractual services	63,711,820	59,229,854	54,036,139	52,817,187	50,683,897	40,410,811	46,097,405	43,083,078	35,794,549	34,257,419
Utilities	33,521,463	30,874,851	32,695,479	33,436,545	28,725,292	28,828,226	27,719,754	26,247,858	26,871,081	28,469,603
Chemicals	13,495,641	14,111,802	11,947,114	12,689,666	7,788,784	6,028,141	5,569,437	5,088,827	4,804,768	5,340,753
Supplies and other expenses	15,290,316	16,512,555	11,583,805	11,926,150	9,157,367	9,158,990	12,034,192	11,797,279	9,543,615	7,982,562
Capital adjustment	-	-	-	-	-	-	26,780	-	-	-
Capital program allocation	(2,143,911)	(1,700,664)	(1,451,128)	(1,172,302)	(1,618,459)	(2,123,060)	(2,164,003)	(2,054,913)	(713,779)	(977,762)
Intergovernmental reimbursements	(1,724,076)	(4,934,473)	(5,404,975)	(3,385,540)	(1,813,535)	(2,554,511)	(696,952)	(6,425,729)	(9,615,146)	(11,603,019)
Depreciation	91,927,474	94,928,085	110,557,350	126,485,762	123,196,027	123,271,541	127,183,228	140,571,120	143,991,815	144,137,912
Amortization of intangible asset	5,159,588	4,950,504	3,981,772	3,566,664	3,566,664	3,566,664	3,566,664	3,566,664	2,080,554	-
Total Operating Expenses	286,978,812	274,020,292	272,350,168	285,219,474	264,578,659	250,476,297	263,282,730	263,959,730	254,602,752	245,868,861
Operating Income	127,561,410	102,434,236	86,200,688	78,559,623	80,379,316	94,138,793	70,970,847	67,642,146	83,709,392	105,881,083
Noncapital Subsidies										
Legacy pension recovery (expense)	1,197,113	(1,084,873)	(2,402,938)	7,443,572	(4,988,132)	(8,075,457)	(7,220,716)	6,014,441	(8,933,691)	(2,516,776)
Water Residential Assistance Program	(1,912,488)	(1,626,102)	(2,937,520)	(5,023,436)	(1,049,908)	(593,206)	(1,393,179)	(855,455)	(1,506,554)	(884,327)
Other	-	(151,200)	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	(715,375)	(2,862,175)	(5,340,458)	2,420,136	(6,038,040)	(8,668,663)	(8,613,895)	5,158,986	(10,440,245)	(3,401,103)
Operating Income (Loss) and Noncapital Subsidies	126,846,035	99,572,061	80,860,230	80,979,759	74,341,276	85,470,130	62,356,952	72,801,132	73,269,147	102,479,980
Other Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	24,316,376	22,277,144	27,287,141	16,724,485	(2,361,396)	768,918	13,744,774	14,754,401	6,129,530	1,832,918
Interest on obligations receivable	22,051,315	23,205,372	24,106,563	24,662,083	25,107,207	25,474,904	22,945,866	22,921,380	23,351,220	25,269,750
Interest expense	(139,024,773)	(132,358,016)	(134,600,821)	(131,161,860)	(125,086,379)	(128,257,367)	(133,537,621)	(136,704,033)	(139,343,204)	(132,434,945)
Amortization of debt related items and COI	21,013,710	18,629,609	7,047,178	14,577,852	15,610,434	15,988,278	14,258,569	10,771,937	13,837,585	2,403,018
Other	(1,274,121)	132,608	(2,285,643)	526,389	388,656	(300,841)	703,544	(991,096)	(1,205,489)	878,305
Capital contributions	298,167	3,348,636	10,313,987	-	-	-	-	-	-	-
Total Other Nonoperating Revenues (Expenses)	(72,619,326)	(64,764,647)	(68,131,595)	(74,671,051)	(86,341,478)	(86,326,108)	(81,884,868)	(89,247,411)	(97,230,358)	(102,050,954)
Income (loss) before unusual or infrequent items	54,226,709	34,807,414	12,728,635	6,308,708	(12,000,202)	(855,978)	(19,527,916)	(16,446,279)	(23,961,211)	429,026
Unusual or Infrequent Items										
Discontinued capital projects	-	-	-	(20,902,626)	-	-	-	-	-	-
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	-	(32,811,581)
Change in Net Position	54,226,709	34,807,414	12,728,635	(14,593,918)	(12,000,202)	(855,978)	(19,527,916)	(16,446,279)	(23,961,211)	(32,382,555)
NET POSITION (DEFICIT), Beginning of Year	(76,323,605)	(111,131,019)	(123,859,654)	(109,265,736)	(97,265,534)	(96,409,556)	(76,881,640)	(60,435,361)	(36,474,150)	(4,091,595)
NET POSITION (DEFICIT), END OF YEAR	$ (22,096,896)	$ (76,323,605)	$ (111,131,019)	$ (123,859,654)	$ (109,265,736)	$ (97,265,534)	$ (96,409,556)	$ (76,881,640)	$ (60,435,361)	$ (36,474,150)

Prior year comparative presentation updated for consistency in implementing GASB 103.

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 2b

CHANGES IN NET POSITION – SEWAGE DISPOSAL FUND

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Wholesale customer charges	$ 300,094,904	$ 287,690,760	$ 282,767,090	$ 275,917,502	$ 268,813,369	$ 267,567,816	$ 266,003,286	$ 272,772,460	$ 268,978,831	$ 263,311,745
Charges to local system	215,324,400	205,924,800	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100
Industrial waste charges	9,258,505	8,849,415	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106
Pollutant surcharges	5,557,359	4,583,986	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294
Bad debt recovery (credit)	-	-	(15,556,900)	-	-	-	-	-	-	35,065,030
Other revenues	468,554	564,619	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807
Total Operating Revenues	530,703,722	507,613,580	476,980,229	481,907,392	471,387,154	470,753,540	466,635,644	469,476,907	473,582,559	505,807,082
Operating Expenses										
Personnel	82,717,606	76,834,951	71,050,649	65,952,676	62,160,768	63,055,636	60,320,195	56,503,053	53,680,162	47,894,911
Contractual services	66,168,533	70,207,207	62,107,939	64,129,786	63,410,109	62,913,214	63,350,953	58,660,680	64,082,761	55,878,440
Utilities	38,071,568	36,184,430	39,243,251	43,839,991	30,930,459	23,921,428	23,432,981	25,147,527	26,823,299	27,191,866
Chemicals	17,838,790	20,273,321	19,128,291	17,852,397	12,593,379	7,953,995	8,672,406	8,187,033	8,073,045	9,424,428
Supplies and other expenses	31,032,069	27,404,987	30,509,642	22,645,561	19,911,985	21,938,081	23,393,081	25,323,636	24,982,773	12,180,128
Capital adjustment	-	-	-	-	-	-	-	2,258,351	-	-
Capital program allocation	(1,247,702)	(1,199,916)	(1,396,306)	(1,017,340)	(1,013,677)	(1,068,749)	(1,183,398)	(1,325,842)	(969,671)	(1,150,316)
Intergovernmental reimbursements	(1,126,255)	(1,729,050)	(1,697,112)	(1,746,945)	(1,074,346)	(612,181)	(1,036,758)	(713,633)	(292,965)	(101,191)
Depreciation	139,706,069	147,559,403	154,486,270	163,470,838	158,013,629	150,772,065	152,920,967	168,544,370	187,250,583	185,628,465
Amortization of intangible assets	2,032,628	1,823,544	854,812	439,704	439,704	109,926	-	-	-	-
Total Operating Expenses	375,193,306	377,358,877	374,287,436	375,566,668	345,372,010	328,983,415	329,870,427	342,585,175	363,629,987	336,946,731
Operating Income	155,510,416	130,254,703	102,692,793	106,340,724	126,015,144	141,770,125	136,765,217	126,891,732	109,952,572	168,860,351
Noncapital Subsidies										
Legacy pension recovery (expense)	2,142,454	(1,941,578)	(4,300,495)	13,321,630	(8,927,171)	(14,452,504)	(12,922,789)	10,763,940	(15,988,471)	(4,504,230)
Water Residential Assistance Program	(2,561,363)	(2,202,336)	(3,834,918)	(7,319,076)	(1,742,929)	(924,247)	(1,921,938)	(1,168,664)	(2,248,980)	(1,243,006)
Other	-	(270,600)	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	(418,909)	(4,414,514)	(8,135,413)	6,002,554	(10,670,100)	(15,376,751)	(14,844,727)	9,595,276	(18,237,451)	(5,747,236)
Operating Income (Loss) and Noncapital Subsidies	155,091,507	125,840,189	94,557,380	112,343,278	115,345,044	126,393,374	121,920,490	136,487,008	91,715,121	163,113,115
Other Nonoperating Revenues (Expenses)										
Earnings (loss) on investments	22,187,478	26,517,724	34,566,226	20,877,345	(3,022,882)	490,706	11,671,932	11,763,401	5,266,255	2,209,872
Interest on obligations receivable	14,402,318	15,086,077	15,748,345	16,397,278	17,157,558	18,247,607	19,489,018	18,856,322	15,505,300	17,062,678
Interest expense	(135,266,724)	(139,148,552)	(144,356,792)	(140,129,194)	(131,110,125)	(135,227,647)	(155,410,235)	(159,893,300)	(161,052,102)	(159,157,152)
Amortization of debt related items and COI	9,215,453	7,305,898	(11,202,157)	(10,579,542)	(2,292,419)	(3,022,639)	(3,956,009)	(6,776,707)	(5,153,300)	(17,340,200)
Other	15,645	18,329,228	8,997,356	1,225,939	(234,915)	(540,045)	(900,162)	466,898	1,760,166	(498,896)
Capital contributions	43,654,931	37,344,138	30,118,252	2,176,000	6,991,039	5,960,000	5,960,000	-	-	320,707
Total Other Nonoperating Revenues (Expenses)	(45,790,899)	(34,565,487)	(66,128,770)	(110,032,174)	(112,511,744)	(114,092,018)	(123,145,456)	(135,583,386)	(143,673,681)	(157,402,991)
Income (loss) before unusual or infrequent items	109,300,608	91,274,702	28,428,610	2,311,104	2,833,300	12,301,356	(1,224,966)	903,622	(51,958,560)	5,710,124
Unusual or Infrequent Items										
Special Item - MOU with DWSD	-	-	-	-	-	-	-	-	-	(61,478,682)
Sewer lookback - MOU adjustment	-	-	-	-	-	-	-	(6,527,200)	-	-
Change in Net Position	109,300,608	91,274,702	28,428,610	2,311,104	2,833,300	12,301,356	(1,224,966)	(5,623,578)	(51,958,560)	(55,768,558)
NET POSITION (DEFICIT), Beginning of Year	11,981,125	(79,293,577)	(107,722,187)	(110,033,291)	(112,866,591)	(125,167,947)	(123,942,981)	(118,319,403)	(66,360,843)	(10,592,285)
NET POSITION (DEFICIT), END OF YEAR	$ 121,281,733	$ 11,981,125	$ (79,293,577)	$ (107,722,187)	$ (110,033,291)	$ (112,866,591)	$ (125,167,947)	$ (123,942,981)	$ (118,319,403)	$ (66,360,843)

Prior year comparative presentation updated for consistency in implementing GASB 103.

REVENUE CAPACITY

Revenue capacity information is intended to show the factors affecting the Authority's ability to generate its own-source revenue.

GREAT LAKES WATER AUTHORITY

Schedule 3

CHARGE ADJUSTMENTS

As Originally Adopted by the Board of Directors

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water Fund										
Budgeted revenue requirement [1]	$ 408,761,400	$ 385,127,100	$ 370,314,500	$ 356,071,600	$ 344,030,500	$ 341,642,000	$ 339,664,200	$ 331,400,500	$ 328,119,300	$ 331,213,200
Percent change in budgeted revenue requirement	6.1%	4.0%	4.0%	3.5%	0.7%	0.6%	2.5%	1.0%	-0.9%	4.0%
Average annual charge adjustment [2]										
Total regional system	5.9%	3.25%	2.75%	3.7%	1.5%	3.2%	0.6%	1.8%	1.8%	4.5%
Wholesale	5.5%	3.0%	2.1%	3.5%	1.9%	3.1%	0.3%	0.2%	2.0%	3.4%
Local system charge [3]	6.1%	3.4%	6.2%	3.0%	-2.0%	3.0%	2.7%	14.1%	-1.0%	11.6%
Number of wholesale water customers [4]	87	87	87	87	87	87	87	87	87	88
Sewage Disposal Fund										
Budgeted revenue requirement [1]	$ 544,962,000	$ 520,652,100	$ 500,627,000	$ 481,372,100	$ 475,429,200	$ 486,751,300	$ 480,605,300	$ 470,156,000	$ 465,500,100	$ 464,078,500
Percent change in budgeted revenue requirement	4.7%	4.0%	4.0%	1.3%	-2.3%	1.3%	2.2%	1.0%	0.3%	4.0%
Average annual charge adjustment [2]										
Total regional system	4.5%	3.0%	2.75%	2.4%	-0.6%	2.0%	0.8%	0.1%	-0.7%	8.3%
Wholesale	4.5%	1.7%	2.6%	3.2%	-0.1%	1.7%	-0.1%	1.3%	1.8%	4.9%
Local system charge [3]	4.4%	4.6%	2.8%	1.2%	-0.7%	2.3%	2.5%	1.2%	-4.2%	13.9%
Number of wholesale sewer customers [4]	18	18	18	18	18	18	18	18	18	18

[1] This is the revenue requirements in the original adopted budget for the fiscal year which is used in the calculation of charges. The revenue requirement represents the funding requirements which are defined in the Master Bond Ordinance.

[2] Average annual charge adjustment percentages is the required charge adjustment required when calculating revenue with the prior year existing charges, usage projections and any other specific individual contract requirements. For the sewage disposal system, this also includes the bad debt adjustment.

[3] Represents the annual change in the local system charges to the Detroit customer class before the annual credit of $20.7 million for water and $5.5 million for sewer. Does not include any lookback charges in the percentage increase/decrease calculation. Does not include any Detroit local system operating costs or charges included in the Detroit retail rate. Also does not include any impact of Detroit's use of the regional system lease payment to finance allocated debt service obligations.

[4] Does not include the City of Detroit. The water system includes one emergency basis contract.

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 4a

WATER FUND OPERATING REVENUES/ LARGEST WATER CUSTOMERS

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Wholesale charges [1]	$ 383,879,333	$ 348,976,278	$ 337,511,167	$ 340,593,806	$ 323,026,213	$ 322,423,768	$ 312,701,777	$ 311,399,136	$ 323,117,344	$ 331,115,131
Charges to local system	30,028,800	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300
Bad debt recovery	-	-	(5,152,500)	-	-	-	-	-	-	5,107,125
Other revenue	632,089	383,450	654,989	350,991	234,462	265,822	256,300	21,340	64,200	37,388
Total Operating Revenues	$ 414,540,222	$ 376,454,528	$ 358,550,856	$ 363,779,097	$ 344,957,975	$ 344,615,090	$ 334,253,577	$ 331,601,876	$ 338,312,144	$ 351,749,944
Wholesale charges % of total operating revenue	92.60%	92.70%	94.13%	93.63%	93.64%	93.56%	93.55%	93.91%	95.51%	94.13%
Charges to local system % of total operating revenue	7.24%	7.20%	7.12%	6.28%	6.29%	6.36%	6.37%	6.09%	4.47%	4.40%
Ten Largest Wholesale Member Partners										
Southeast Oakland County Water Authority	$ 29,132,551	$ 27,103,796	$ 25,731,006	$ 25,534,464	$ 24,035,255	$ 23,722,602	$ 23,089,967	$ 23,311,743	$ 23,118,160	$ 22,434,129
North Oakland County Water Authority	27,276,763	25,549,125	24,349,266	24,485,805	22,798,372	22,667,931	22,293,795	23,464,096	23,365,866	22,913,261
Sterling Heights	18,205,758	16,867,238	16,267,123	16,661,863	16,235,356	16,375,729	15,242,912	14,644,368	15,571,146	15,480,008
Troy	17,026,882	15,660,704	14,999,893	14,538,261	13,811,983	14,324,990	13,607,770	13,700,093	13,842,135	13,939,815
Macomb Township	15,934,634	14,690,426	13,745,227	14,279,105	13,065,395	13,388,385	12,870,377	11,063,225	11,167,739	10,945,117
Livonia	14,345,692	13,307,416	12,755,400	12,383,989	11,860,410	11,806,151	11,553,730	14,001,058	13,669,376	13,483,657
Shelby Township	14,198,007	13,104,301	12,064,807	16,043,316	14,885,135	15,690,553	14,482,451	13,719,053	13,554,398	13,462,808
West Bloomfield Township	12,998,478	12,242,629	11,697,907	11,824,605	11,229,363	11,010,166	-	10,733,617	-	-
Flint [2]	12,890,569	11,738,411	-	-	-	10,980,526	10,325,345	11,604,504	12,235,483	13,256,330
Ypsilanti Community Utilities Authority	12,874,829	12,139,426	11,492,791	11,464,455	11,059,703	-	10,450,861	-	11,038,134	-
Canton Township	-	-	11,591,745	11,802,563	-	10,919,607	10,491,407	-	13,334,615	13,872,584
Warren	-	-	-	-	10,940,909	-	-	10,648,162	-	-
Genesee County Drain Commission [3]	-	-	-	-	-	-	-	-	-	18,493,530
Total Revenue Ten Largest Wholesale Member Partners	$ 174,884,163	$ 162,403,472	$ 154,695,165	$ 159,018,426	$ 149,921,881	$ 150,886,640	$ 144,408,615	$ 146,889,919	$ 150,897,052	$ 158,281,239
Ten largest wholesale member partners % of total operating revenues	42.19%	43.14%	43.14%	43.71%	43.46%	43.78%	43.20%	44.30%	44.60%	45.00%

[1] Net of bad debt expense.

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

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

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

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 4b

SEWAGE DISPOSAL FUND OPERATING REVENUES/ LARGEST SEWER CUSTOMERS

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues										
Wholesale charges [1]	$ 300,094,904	$ 287,690,760	$ 282,767,090	$ 275,917,502	$ 268,813,369	$ 267,567,816	$ 266,003,286	$ 272,772,460	$ 268,978,831	$ 263,311,745
Charges to local system	215,324,400	205,924,800	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100
Industrial waste and surcharges	14,815,864	13,433,401	12,706,014	13,287,670	13,482,094	14,724,903	14,303,101	15,038,824	21,243,383	19,587,400
Bad debt recovery	-	-	(15,556,900)	-	-	-	-	-	-	35,065,030
Other revenue	468,554	564,619	494,425	1,660,020	429,491	501,121	521,957	506,323	4,391,145	538,807
Total Operating Revenues	$ 530,703,722	$ 507,613,580	$ 476,980,229	$ 481,907,392	$ 471,387,154	$ 470,753,540	$ 466,635,644	$ 469,476,907	$ 473,582,559	$ 505,807,082
Wholesale charges % of total operating revenue	56.55%	56.68%	59.28%	57.26%	57.03%	56.84%	57.00%	58.10%	56.80%	52.06%
Charges to local system % of total operating revenue	40.57%	40.57%	41.21%	39.64%	40.02%	39.93%	39.82%	38.59%	37.79%	37.03%
Ten Largest Wholesale Member Partners										
Oakland-Macomb Interceptor Drainage District	$ 78,256,505	$ 75,132,031	$ 69,631,257	$ 71,614,874	$ 70,683,993	$ 70,355,029	$ 69,870,786	$ 77,533,200	$ 72,816,000	$ 69,627,600
Wayne County - Rouge Valley	60,362,400	57,848,400	54,168,200	55,930,800	55,267,200	54,536,400	54,162,000	53,761,200	55,022,400	55,486,800
Oakland County - George W Kuhn Drainage District	50,408,400	48,309,600	44,764,100	46,377,600	45,828,000	45,558,000	45,264,000	44,972,400	45,751,200	45,682,800
Evergreen Farmington	39,560,400	37,912,800	35,207,600	36,195,600	35,766,000	35,084,400	34,839,600	34,578,000	33,733,200	32,179,200
Southeast Macomb Sanitary District	27,234,000	26,100,000	24,215,100	25,070,400	24,772,800	25,000,800	24,837,600	24,672,000	24,637,200	24,120,000
Dearborn	22,430,400	21,496,800	19,625,600	20,299,200	20,058,000	19,628,400	19,502,400	19,372,800	19,628,400	19,603,200
Highland Park	5,196,000	4,850,400	5,382,785	5,420,400	5,356,800	5,708,400	5,670,000	5,614,800	5,642,400	5,818,800
Hamtramck	4,690,800	4,497,600	3,878,900	4,041,600	3,993,600	4,019,400	3,994,800	3,962,400	3,958,800	4,086,000
Grosse Pointe Farms	2,911,200	2,790,000	2,659,700	2,748,000	2,715,600	2,769,000	2,750,400	2,727,600	2,696,400	2,667,600
Grosse Pointe Park	2,077,200	1,990,800	1,849,800	1,904,400	1,882,800	1,824,000	1,812,000	1,801,200	1,740,000	1,626,000
Total Revenue Ten Largest Wholesale Member Partners	$ 293,127,305	$ 280,928,431	$ 261,383,042	$ 269,602,874	$ 266,324,793	$ 264,483,829	$ 262,703,586	$ 268,995,600	$ 265,626,000	$ 260,898,000
Ten largest wholesale member partners % of total operating revenues	55.23%	55.34%	54.80%	55.94%	56.50%	56.18%	56.30%	57.30%	56.09%	51.58%

[1] Net of bad debt expense.

GREAT LAKES WATER AUTHORITY

WATER SYSTEM SERVICE CHARGES*

Community Name	Fixed Monthly Charge	Commodity $/Mcf
Allen Park	$ 141,600	$ 9.81
Almont, Village of	14,200	12.97
Ash Township	50,200	10.72
Belleville	19,400	11.01
Berlin Township	42,500	12.66
Brownstown Township	228,000	13.11
Bruce Township	18,600	51.89
Burtchville Township	24,500	20.11
Canton Township	634,200	13.29
Center Line	29,300	7.41
Chesterfield Township	265,300	11.93
Clinton Township	458,700	9.72
Commerce Township	210,600	16.00
Dearborn	584,200	8.91
Dearborn Heights	229,000	9.41
Eastpointe	97,900	7.74
Ecorse	67,500	7.01
Farmington	59,900	11.05
Farmington Hills	542,400	12.49
Ferndale	64,900	8.05
Flat Rock	87,400	13.26
Flint (1)	593,100	12.04
Fraser	76,600	10.94
Garden City	103,700	11.45
Gibraltar	21,300	9.91
Greenwood Township (DTE)	81,600	20.05
Grosse Ile Township	72,300	13.50
Grosse Pointe Park	80,400	12.75
Grosse Pointe Shores	36,400	16.35
Grosse Pointe Woods	78,700	9.45
Hamtramck	50,700	6.54
Harper Woods	54,800	8.01
Harrison Township	101,800	8.58
Hazel Park	46,000	7.88
Highland Park	51,900	5.38
Huron Township	93,400	11.40
Imlay City	92,000	15.73
Imlay Township	600	520.00
Inkster	80,200	6.52
Keego Harbor	18,400	15.10
Lapeer	95,700	14.12
Lenox Township	19,800	9.84
Lincoln Park	141,200	6.55
Livonia	710,100	12.64
Macomb Township	$ 763,200	$ 18.08
Madison Heights	127,900	8.35
Mayfield Township	3,100	47.55
Melvindale	40,700	7.02
New Haven, Village of	27,000	10.90
North Oakland County Water Authority	1,358,700	12.48
Northville, City	47,500	12.91
Northville Township	284,000	16.86
Novi	565,700	14.94
Oak Park	86,600	7.65
Oakland County Drain Commission	5,500	4.97
Plymouth, City	67,400	12.36
Plymouth Township	273,800	14.23
Redford Township	182,000	9.51
River Rouge	32,400	6.47
Riverview	53,300	9.55
Rockwood	15,300	12.89
Romeo	10,900	28.03
Romulus	226,200	9.06
Roseville	158,500	7.43
Royal Oak Township	12,800	10.23
Shelby Township	682,500	13.47
Southeastern Oakland County Water Authority	1,448,300	9.49
South Rockwood	7,300	12.15
Southgate	128,900	8.80
St. Clair Shores	192,900	7.78
Sterling Heights	900,300	12.69
Sumpter Township	44,900	10.26
Sylvan Lake	14,300	17.47
Taylor	284,300	8.49
Trenton	108,500	10.64
Troy	833,000	15.71
Utica	36,500	12.13
Van Buren Township	207,700	13.27
Walled Lake	48,800	13.54
Warren	588,700	7.65
Washington Township	144,200	13.45
Wayne	110,400	8.74
West Bloomfield Township	654,300	18.89
Westland	373,600	9.51
Wixom	152,300	15.93
Woodhaven	89,800	13.11
Ypsilanti Community Utilities Authority	640,000	10.53

Annual Detroit Wholesale Revenue Requirement $30,028,800

* Water charges went into effect July 1, 2025.

(1) Flint receives a monthly credit of $537,275 related to KWA debt service in accordance with service agreements.

GREAT LAKES WATER AUTHORITY

Schedule 6

SEWAGE DISPOSAL SYSTEM SERVICE CHARGES*

Community Name	Fixed Monthly Charge
Oakland Macomb Interceptor District (OMID)	$ 6,539,900
Rouge Valley	5,030,200
Oakland County - George W. Kuhn (GWK)	4,200,700
Evergreen Farmington	3,296,700
SE Macomb Sanitary District	2,269,500
Dearborn	1,869,200
Grosse Pointe Farms	242,600
Grosse Pointe Park	173,100
Melvindale	143,000
Farmington	109,000
Center Line	95,400
Allen Park	76,900
Grosse Pointe	106,600
Highland Park	433,000
Hamtramick	390,900
Harper Woods	14,800
Redford Township	30,600
Wayne County #3	4,300

Annual Detroit Wholesale Revenue Requirement $215,324,400

* Wholesale charges went into effect July 1, 2025.

GREAT LAKES WATER AUTHORITY

INDUSTRIAL WASTE CONTROL CHARGES AND POLLUTANT SURCHARGES
EFFECTIVE JULY 1, 2025

Industrial Waste Control Charges

Meter size (inches)	Admin Only Charge (1)	Full Monthly Charge (2)
5/8	$ 0.97	$ 3.89
3/4	$ 1.46	$ 5.84
1	$ 2.43	$ 9.73
1 1/2	$ 5.34	$ 21.40
2	$ 7.76	$ 31.12
3	$ 14.07	$ 56.41
4	$ 19.40	$ 77.80
6	$ 29.10	$ 116.70
8	$ 48.50	$ 194.50
10	$ 67.90	$ 272.30
12	$ 77.60	$ 311.20
14	$ 97.00	$ 389.00
16	$ 116.40	$ 466.80
18	$ 135.80	$ 544.60
20	$ 155.20	$ 622.40
24	$ 174.60	$ 700.20
30	$ 194.00	$ 778.00
36	$ 213.40	$ 855.80
48	$ 232.80	$ 933.60

(1) Administration only charge is applicable to member partners that are within a geographical area defined in a specific agreement.
(2) Includes both administration and field work components charges for all other member partners.

Pollutant Surcharges

Pollutant		Charge per Pound
Biochemical Oxygen Demand (BOD)	for concentrations > 275 mg/l	$ 0.409
Total Suspended Solids (TSS)	for concentrations > 350 mg/l	$ 0.548
Phosphorus (P)	for concentrations > 12 mg/l	$ 7.907
Fats, Oil and Grease (FOG)	for concentrations > 100 mg/l	$ 0.131
Septage Disposal Fee	per 500 gallons of disposal	$ 40.00

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DEBT CAPACITY

Debt capacity information is intended to show the Authority's debt burden and its ability to issue additional debt.

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 8

RATIOS OF OUTSTANDING DEBT BY TYPE

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water Fund										
Revenue bonds [1]	$ 2,671,043,362	$ 2,606,936,594	$ 2,498,464,120	$ 2,447,181,498	$ 2,289,900,079	$ 2,368,632,473	$ 2,453,471,088	$ 2,466,561,092	$ 2,540,663,196	$ 2,612,607,101
State revolving loans	280,063,792	285,767,618	241,020,620	207,356,808	109,429,462	71,259,601	39,318,264	29,860,802	25,435,902	17,252,235
Raw water rights obligation	83,253,410	86,466,160	89,552,155	92,515,774	95,361,056	98,095,302	100,720,122	103,241,119	106,240,576	-
BC Note obligation	14,107,624	15,121,527	16,124,187	16,338,339	16,542,293	16,736,535	16,921,526	17,097,709	17,265,503	17,425,306
Total Water Fund	$ 3,048,468,188	$ 2,994,291,899	$ 2,845,161,082	$ 2,763,392,419	$ 2,511,232,890	$ 2,554,723,911	$ 2,610,431,000	$ 2,616,760,722	$ 2,689,605,177	$ 2,647,284,642
Sewage Disposal Fund										
Revenue bonds [1]	$ 2,442,043,981	$ 2,527,618,834	$ 2,606,141,911	$ 2,636,761,869	$ 2,498,387,185	$ 2,577,642,399	$ 2,643,788,368	$ 2,764,196,915	$ 2,739,090,653	$ 2,797,168,264
Capital appreciation bonds [1]	-	-	-	-	-	5,504,069	10,667,560	13,377,972	14,984,042	19,501,737
State revolving loans	383,083,494	350,797,556	336,808,208	349,919,118	379,648,216	416,767,850	449,666,531	474,177,128	475,677,540	485,267,036
BC Note obligation	31,732,528	34,013,118	36,268,418	36,750,112	37,208,869	37,645,780	38,061,886	38,458,177	38,835,597	39,195,045
Lease payable-Warehouse	2,649,647	3,086,605	3,501,324	3,891,394	4,258,178	4,447,297	-	-	-	-
Total Sewage Disposal Fund	$ 2,859,509,650	$ 2,915,516,113	$ 2,982,719,861	$ 3,027,322,493	$ 2,919,502,448	$ 3,042,007,395	$ 3,142,184,345	$ 3,290,210,192	$ 3,268,587,832	$ 3,341,132,082
Total taxable value [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total population served [3]:										
Water	3,700,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Sewage disposal	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Total debt per capita:										
Water	$ 824	$ 788	$ 749	$ 727	$ 661	$ 672	$ 687	$ 689	$ 708	$ 697
Sewage disposal	$ 1,021	$ 1,041	$ 1,065	$ 1,081	$ 1,043	$ 1,086	$ 1,122	$ 1,175	$ 1,167	$ 1,193
Per capita income [4]	$ 72,619	$ 71,494	$ 68,889	$ 66,189	$ 61,322	$ 60,488	$ 56,901	$ 52,855	$ 51,429	$ 49,309
Total debt as a percentage of income:										
Water	1.13%	1.10%	1.09%	1.10%	1.08%	1.11%	1.21%	1.30%	1.38%	1.41%
Sewage disposal	1.41%	1.46%	1.55%	1.63%	1.70%	1.80%	1.97%	2.22%	2.27%	2.42%

[1] Amounts are reported net of premiums and discounts.
[2] GLWA is not authorized to levy property taxes; therefore, presentation of taxable values and the ratio of total debt to taxable value is not applicable.
[3] Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).
[4] Source: FRED Economic Data, St. Louis Fed and Michigan State University Center for Economic Analysis. (Prior year amounts have changed to match revised data from sources).

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

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

GREAT LAKES WATER AUTHORITY

DEBT BY LIEN
As of June 30, 2026

Continued on Next Page

	Original Principal Amount [1]	Outstanding as of June 30, 2026
Water Supply System Revenue Bonds		
Senior Lien Bonds		
Water Supply System Revenue Senior Lien Bonds, Series 2003A	$ 234,805,000	$ 100,000
Water Supply System Revenue Senior Lien Bonds, Series 2005B	194,900,000	100,000
Water Supply System Revenue Senior Lien Bonds, Series 2006A	280,000,000	100,000
Water Supply System Revenue Senior Lien Bonds, Series 2016A	88,000,000	5,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2016C	443,930,000	17,385,000
Water Supply System Revenue Senior Lien Bonds, Series 2020A	42,445,000	40,740,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C	377,515,000	243,055,000
Water Supply System Revenue Senior Lien Bonds, Series 2022A	137,470,000	137,190,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2023A	67,210,000	65,965,000
Water Supply System Revenue Senior Lien Bonds, Series 2023B	148,535,000	148,535,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2024A	348,175,000	322,385,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A	254,725,000	254,725,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025C	109,830,000	109,830,000
Water Supply System Revenue Refunding Senior Lien Bonds, Series 2026A	251,080,000	251,080,000
Water Supply System Revenue Senior Lien Bonds, Series 2026C	101,650,000	101,650,000
Total Senior Lien Bonds	3,080,270,000	1,692,845,000
Second Lien Bonds		
Water Supply System Revenue Second Lien Bonds, Series 2003B	172,945,000	100,000
Water Supply System Revenue Second Lien Bonds, Series 2006B	120,000,000	100,000
Water Supply System Revenue Second Lien Bonds, Series 2016B	163,830,000	5,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2016D	222,045,000	1,680,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2018A	155,595,000	68,120,000
Water Supply System Revenue Second Lien Bonds, Series 2020B	43,135,000	41,405,000
Water Supply System Revenue Second Lien Bonds, Series 2022B	69,745,000	69,570,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2024B	35,930,000	34,030,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B	54,530,000	54,530,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2025D	109,135,000	109,135,000
Water Supply System Revenue Refunding Second Lien Bonds, Series 2026B	333,060,000	333,060,000
Water Supply System Revenue Second Lien Bonds, Series 2026D	100,425,000	100,425,000
Total Second Lien Bonds	1,580,375,000	812,160,000
SRF Junior Lien Bonds		
Water Supply System Revenue Bonds, Series 2005 SRF-1	13,805,164	805,164
Water Supply System Revenue Bonds, Series 2005 SRF-2	8,891,730	506,730
Water Supply System Revenue Bonds, Series 2006 SRF-1	5,180,926	295,926
Water Supply System Revenue Bonds, Series 2008 SRF-1	2,590,941	340,941
Water Supply System Revenue Bonds, Series 2016 SRF-1	8,273,168	6,603,168
Water Supply System Revenue Bonds, Series 2016 SRF-2	3,393,543	2,703,543
Water Supply System Revenue Bonds, Series 2017 SRF-1	5,807,931	4,707,931
Water Supply System Revenue Bonds, Series 2019 SRF-1	8,330,000	6,545,000
Water Supply System Revenue Bonds, Series 2019 SRF-2	29,078,820	24,100,618
Water Supply System Revenue Bonds, Series 2019 SRF-3	11,117,931	9,664,875
Water Supply System Revenue Bonds, Series 2020 SRF-1	20,276,166	18,207,266
Water Supply System Revenue Bonds, Series 2020 SRF-2	7,159,988	6,132,211
Water Supply System Revenue Bonds, Series 2020 SRF-3	8,960,000	7,034,097
Water Supply System Revenue Bonds, Series 2020 SRF-4	11,158,947	9,957,897
Water Supply System Revenue Bonds, Series 2021 SRF-1	4,209,249	3,209,249
Water Supply System Revenue Bonds, Series 2021 SRF-2	100,423,498	91,628,498
Water Supply System Revenue Bonds, Series 2021 SRF-3	10,629,827	9,713,177
Water Supply System Revenue Bonds, Series 2022 SRF-2	34,075,000	29,735,000
Water Supply System Revenue Bonds, Series 2023 SRF-1	48,172,500	48,172,501
Water Supply System Revenue Bonds, Series 2025 SRF-2	12,429,000	-
Water Supply System Revenue Bonds, Series 2026 SRF-1	10,591,350	-
Total SRF Junior Lien Bonds	364,555,679	280,063,792
Total Water Supply System Revenue Bonds	$ 5,025,200,679	$ 2,785,068,792

GREAT LAKES WATER AUTHORITY

DEBT BY LIEN
As of June 30, 2026

Continued on Next Page

	Original Principal Amount [1] [2]	Outstanding as of June 30, 2026
Sewage Disposal System Revenue Bonds		
Senior Lien Bonds		
Sewage Disposal System Senior Lien Revenue Bonds, Series 2003B	$ 150,000,000	$ 100,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2006D	370,000,000	239,475,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2016B	126,105,000	380,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018A	81,595,000	72,560,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018B	131,690,000	113,485,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A	594,930,000	286,610,000
Sewage Disposal System Senior Lien Revenue Bonds, Series 2022A	125,975,000	125,775,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2023A	185,235,000	185,235,000
Sewage Disposal System Revenue Senior Lien Bonds, Series 2023C	96,860,000	96,860,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2024A	347,305,000	305,435,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A	104,280,000	104,280,000
Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A	30,155,000	30,155,000
Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C	30,020,000	30,020,000
Total Senior Lien Bonds	2,374,150,000	1,590,370,000
Second Lien Bonds		
Sewage Disposal System Second Lien Revenue Bonds, Series 2001B	110,550,000	53,710,000
Sewage Disposal System Revenue Second Lien Bonds, Series 2005A	273,355,000	100,000
Sewage Disposal System Revenue Second Lien Bonds, Series 2006B	250,000,000	100,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B	92,525,000	50,730,000
Sewage Disposal System Second Lien Revenue Bonds, Series 2022B	71,990,000	71,775,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2023B	14,965,000	14,965,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2024B	40,260,000	35,650,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B	283,300,000	283,300,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025C	47,470,000	47,470,000
Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B	179,565,000	179,565,000
Total Second Lien Bonds	1,363,980,000	737,365,000

	Original Principal Amount [1] [2]	Outstanding as of June 30, 2026
Sewage Disposal System Revenue Bonds (cont.)		
SRF Junior Lien Bonds		
Sewage Disposal System Revenue Bonds, Series 2007 SRF-1	$ 167,540,598	$ 37,970,598
Sewage Disposal System Revenue Bonds, Series 2009 SRF-1	13,970,062	3,250,062
Sewage Disposal System Revenue Bonds, Series 2010 SRF-1	4,214,763	1,235,763
Sewage Disposal System Revenue Bonds, Series 2012 SRF-1	14,950,000	7,650,000
Sewage Disposal System Revenue Bonds, Series 2015A SRF	79,500,000	44,640,000
Sewage Disposal System Revenue Bonds, Series 2015B SRF	27,175,304	14,980,304
Sewage Disposal System Revenue Bonds, Series 2015D SRF	15,321,478	8,281,478
Sewage Disposal System Revenue Bonds, Series 2016 SRF-1	15,463,628	10,183,628
Sewage Disposal System Revenue Bonds, Series 2016 SRF-2	48,315,683	33,545,683
Sewage Disposal System Revenue Bonds, Series 2017 SRF-1	33,566,682	23,346,682
Sewage Disposal System Revenue Bonds, Series 2018 SRF-2	17,510,000	15,305,000
Sewage Disposal System Revenue Bonds, Series 2020 SRF-1	28,350,000	24,780,000
Sewage Disposal System Revenue Bonds, Series 2020 SRF-2	3,232,000	1,952,076
Sewage Disposal System Revenue Bonds, Series 2021 SRF-1	11,950,372	10,300,372
Sewage Disposal System Revenue Bonds, Series 2021 SRF-2	6,881,250	3,003,620
Sewage Disposal System Revenue Bonds, Series 2022 SRF-1	34,195,000	22,076,743
Sewage Disposal System Revenue Bonds, Series 2022 SRF-2	50,245,000	35,801,496
Sewage Disposal System Revenue Bonds, Series 2022 SRF-3	19,035,000	14,485,686
Sewage Disposal System Revenue Bonds, Series 2023 SRF-1	88,820,000	30,352,257
Sewage Disposal System Revenue Bonds, Series 2024 SRF-1	126,800,000	25,088,689
Sewage Disposal System Revenue Bonds, Series 2024 SRF-2	155,000,000	1,956,787
Sewage Disposal System Revenue Bonds, Series 2024 SRF-3	60,500,000	11,279,899
Sewage Disposal System Revenue Bonds, Series 2024 SRF-4	-	-
Sewage Disposal System Revenue Bonds, Series 2025 SRF-1	60,418,000	1,616,671
Sewage Disposal System Revenue Bonds, Series 2025 SRF-2	8,944,000	-
Sewage Disposal System Revenue Bonds, Series 2026 SRF-1	90,710,550	-
Sewage Disposal System Revenue Bonds, Series 2026 SRF-2	25,000,000	-
Sewage Disposal System Revenue Bonds, Series 2026 SRF-3	12,519,300	-
Total SRF Junior Lien Bonds	1,220,128,670	383,083,494
Total Sewage Disposal System Revenue Bonds	$ 4,958,258,670	$ 2,710,818,494

[1] Reflects original amount issued by predecessor entity, DWSD, for bonds issued prior to January 1, 2016.
[2] Amount Issued is net of loan forgiveness.

GREAT LAKES WATER AUTHORITY

SCHEDULE OF DEBT SERVICE REQUIREMENTS
As of June 30, 2026

Continued on Next Page

Fiscal Year Ending [1]	Senior Lien Bonds ($000) Principal	Interest	Total	Second Lien Bonds ($000) Principal	Interest	Total	Junior Lien Bonds ($000) Principal	Interest	Total	All Bonds ($000) Total Debt Service
Water Fund										
2027	$ 68,930	$ 72,263	$ 141,193	$ 19,555	$ 30,671	$ 50,226	$ 14,691	$ 5,350	$ 20,040	$ 211,459
2028	73,630	76,211	149,841	20,950	38,040	58,990	13,335	5,075	18,410	227,241
2029	77,850	72,557	150,407	22,775	36,947	59,722	13,611	4,815	18,426	228,555
2030	81,710	68,615	150,325	23,885	35,781	59,666	13,735	4,551	18,286	228,277
2031	85,780	64,484	150,264	27,955	36,267	64,222	14,020	4,284	18,304	232,791
2032	90,930	60,125	151,055	28,450	36,640	65,090	14,265	4,011	18,276	234,420
2033	94,455	55,562	150,017	30,830	35,158	65,988	14,020	3,739	17,759	233,763
2034	88,420	51,081	139,501	43,045	33,311	76,356	14,280	3,466	17,746	233,603
2035	98,465	46,492	144,957	38,850	31,264	70,114	14,571	3,188	17,759	232,830
2036	123,935	40,970	164,905	17,105	29,865	46,970	14,845	2,904	17,749	229,624
2037	27,585	37,182	64,767	123,280	26,354	149,634	15,131	2,615	17,746	232,147
2038	63,325	34,909	98,234	7,485	23,085	30,570	15,445	2,320	17,765	146,569
2039	72,465	31,678	104,143	6,525	22,734	29,259	15,741	2,019	17,761	151,162
2040	81,400	28,459	109,859	4,845	22,450	27,295	16,050	1,713	17,763	154,917
2041	84,545	25,256	109,801	5,085	22,202	27,287	16,374	1,400	17,774	154,862
2042	86,515	21,947	108,462	5,345	21,937	27,282	15,635	1,086	16,721	152,465
2043	40,020	19,260	59,280	33,440	20,958	54,398	14,159	782	14,941	128,619
2044	38,765	17,266	56,031	38,265	19,153	57,418	7,634	552	8,186	121,635
2045	40,720	15,245	55,965	40,195	17,173	57,368	5,173	426	5,599	118,932
2046	42,795	13,113	55,908	42,225	15,094	57,319	5,288	322	5,610	118,838
2047	44,985	10,873	55,858	44,355	12,905	57,260	2,473	243	2,716	115,833
2048	27,940	8,995	36,935	11,085	11,487	22,572	2,520	189	2,709	62,215
2049	26,045	7,584	33,629	11,750	10,877	22,627	2,021	135	2,156	58,412
2050	27,405	6,188	33,593	12,375	10,227	22,602	1,809	96	1,905	58,101
2051	25,885	4,793	30,678	10,045	9,618	19,663	1,844	60	1,904	52,244
2052	27,240	3,398	30,638	10,600	9,050	19,650	1,390	28	1,418	51,706
2053	21,380	2,122	23,502	17,815	8,219	26,034	-	-	-	49,536
2054	15,995	1,141	17,136	16,815	7,139	23,954	-	-	-	41,089
2055	6,690	545	7,235	28,035	5,668	33,703	-	-	-	40,938
2056	7,040	185	7,225	29,900	3,744	33,644	-	-	-	40,869
2057	-	-	-	39,295	1,375	40,670	-	-	-	40,670
Total	$ 1,692,845	$ 898,496	$ 2,591,341	$ 812,160	$ 645,393	$ 1,457,553	$ 280,064	$ 55,366	$ 335,429	$ 4,384,323

GREAT LAKES WATER AUTHORITY

SCHEDULE OF DEBT SERVICE REQUIREMENTS
As of June 30, 2026

Continued From Previous Page

Fiscal Year Ending [1]	Senior Lien Bonds ($000) Principal	Interest	Total	Second Lien Bonds ($000) Principal	Interest	Total	Junior Lien Bonds ($000) Principal	Interest	Total	All Bonds ($000) Total Debt Service
Sewage Disposal Fund										
2027	$ 84,390	$ 66,888	$ 151,278	$ 19,415	$ 32,209	$ 51,624	$ 29,365	$ 8,021	$ 37,386	$ 240,287
2028	95,255	64,300	159,555	23,760	34,807	58,567	33,590	7,290	40,880	259,002
2029	97,490	60,172	157,662	25,190	33,516	58,706	40,965	6,583	47,548	263,916
2030	102,860	55,795	158,655	20,400	32,306	52,706	43,682	5,743	49,425	260,785
2031	97,315	51,529	148,844	30,385	31,000	61,385	31,886	4,926	36,812	247,041
2032	104,275	47,487	151,762	31,090	29,463	60,553	33,802	4,234	38,036	250,351
2033	122,100	43,141	165,241	21,655	28,145	49,800	30,819	3,504	34,323	249,363
2034	123,220	37,682	160,902	24,450	26,992	51,442	27,880	2,831	30,711	243,055
2035	53,000	33,349	86,349	106,255	23,724	129,979	27,261	2,228	29,489	245,817
2036	10,815	31,804	42,619	156,315	17,435	173,750	22,037	1,676	23,713	240,082
2037	9,810	31,335	41,145	166,415	9,837	176,252	14,555	1,211	15,766	233,163
2038	117,205	28,198	145,403	630	5,856	6,486	14,809	897	15,706	167,596
2039	116,340	22,440	138,780	5,635	5,700	11,335	13,111	588	13,699	163,814
2040	127,480	17,525	145,005	1,785	5,523	7,308	7,130	343	7,473	159,786
2041	32,865	14,654	47,519	1,880	5,453	7,333	5,831	205	6,037	60,888
2042	38,355	13,055	51,410	3,410	5,345	8,755	3,606	94	3,700	63,866
2043	39,990	11,391	51,381	3,555	5,195	8,750	2,755	28	2,783	62,914
2044	40,140	9,695	49,835	5,230	4,998	10,228	-	-	-	60,063
2045	41,615	7,964	49,579	5,475	4,752	10,227	-	-	-	59,806
2046	19,525	6,573	26,098	3,490	4,534	8,024	-	-	-	34,123
2047	20,535	5,536	26,071	3,680	4,344	8,024	-	-	-	34,095
2048	21,605	4,443	26,048	3,885	4,140	8,025	-	-	-	34,073
2049	15,150	3,491	18,641	11,585	3,717	15,302	-	-	-	33,943
2050	10,560	2,822	13,382	12,225	3,063	15,288	-	-	-	28,670
2051	11,115	2,253	13,368	12,900	2,372	15,272	-	-	-	28,640
2052	11,700	1,654	13,354	13,615	1,642	15,257	-	-	-	28,612
2053	12,325	1,024	13,349	14,370	873	15,243	-	-	-	28,591
2054	7,915	492	8,407	2,740	402	3,142	-	-	-	11,550
2055	1,715	240	1,955	2,895	247	3,142	-	-		5,097
2056	1,805	147	1,952	3,050	84	3,134	-	-		5,086
2057	1,900	50	1,950	-	-	-	-	-	-	1,950
Total	$ 1,590,370	$ 677,130	$ 2,267,500	$ 737,365	$ 367,672	$ 1,105,037	$ 383,083	$ 50,402	$ 433,486	$ 3,806,023

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

Schedule may not foot due to rounding

GREAT LAKES WATER AUTHORITY

DEBT CREDIT RATING HISTORY

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water Supply System Revenue										
Standards & Poor's										
Senior Lien	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	A-	A-
Second Lien	A+	A+	A+	A+	A+	A+	A+	A+	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A+	A+	A+	N/A	N/A
Moody's										
Senior Lien	Aa3	Aa3	Aa3	A1	A1	A1	A1	A2	A3	A3
Second Lien	A1	A1	A1	A2	A2	A2	A2	A3	Baa1	Baa1
Fitch										
Senior Lien	A+	A+	A+	A+	A+	A+	A+	A	A	A
Second Lien	A	A	A	A	A	A	A	A-	A-	A-
Sewage Disposal System Revenue										
Standard's & Poor's										
Senior Lien	AA-	AA-	AA-	AA-	AA-	AA-	AA-	A+	A-	A-
Second Lien	A+	A+	A+	A+	A+	A+	A+	A	BBB+	BBB+
Junior Lien	A+	A+	A+	A+	A+	A+	A+	A	N/A	N/A
Moody's										
Senior Lien	Aa3	Aa3	Aa3	A1	A1	A1	A1	A2	A3	A3
Second Lien	A1	A1	A1	A2	A2	A2	A2	A3	Baa1	Baa1
Fitch										
Senior Lien	AA-	AA-	AA-	A+	A+	A+	A+	A	A	A
Second Lien	A+	A+	A+	A	A	A	A	A-	A-	A-

GREAT LAKES WATER AUTHORITY

CALCULATION OF DEBT SERVICE COVERAGE - OVERVIEW

As of June 30, 2026

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

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

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

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

GREAT LAKES WATER AUTHORITY

Schedule 12a

DEBT SERVICE COVERAGE - GAAP BASIS - WATER SYSTEM

	Fiscal Year									
	2026	2025 [7]	2024	2023	2022	2021	2020	2019	2018	2017
GLWA Revenues										
Wholesale charges	$ 383,879,333	$ 348,976,278	$ 337,511,167	$ 340,593,806	$ 323,026,213	$ 322,423,768	$ 312,701,777	$ 311,399,136	$ 323,117,344	$ 331,115,131
KWA debt service credits	(5,461,295)	(5,776,961)	(5,990,831)	(6,452,573)	(6,496,428)	(6,652,253)	(6,652,348)	(6,979,503)	(3,176,073)	-
Charges to local system	30,028,800	27,094,800	25,537,200	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300
Bad Debt Recovery Credit	-	-	(5,152,500)	-	-	-	-	-	-	5,107,125
Other revenue	645,799	503,708	901,919	1,378,706	775,537	267,562	1,912,636	21,340	64,200	37,388
Earnings on investments [1]	16,428,555	16,456,333	18,336,395	9,161,614	1,945,613	4,195,305	9,115,115	11,818,203	4,489,397	1,348,898
Total GLWA Revenues	425,521,192	387,254,158	371,143,350	367,515,853	340,948,235	342,159,882	338,372,680	336,440,576	339,625,468	353,098,842
DWSD Local System Revenues [6]										
Local System revenues [2]	99,718,600	98,564,179	102,734,888	107,558,342	83,591,720	67,464,986	73,817,339	69,777,041	83,983,786	69,680,402
Other Revenue	2,197,261	6,949,703	2,831,424	1,749,998	2,349,445	1,958,151	7,289,468	1,013,276	1,635,430	5,265,229
Total DWSD Local System Revenues	101,915,861	105,513,882	105,566,312	109,308,340	85,941,165	69,423,137	81,106,807	70,790,317	85,619,216	74,945,631
Total Revenue	527,437,053	492,768,040	476,709,662	476,824,193	426,889,400	411,583,019	419,479,487	407,230,893	425,244,684	428,044,473
Operating Costs										
GLWA operating expenses	189,891,750	174,141,703	157,811,046	155,167,048	137,815,968	123,638,092	132,532,838	119,821,946	108,530,383	101,730,949
GASB 96 expenditures [3]	1,142,261	1,263,928	3,226,137	2,282,630	413,924	-	-	-	-	-
O&M transfers:										
DWSD Local System operations	49,684,002	46,468,700	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400
Legacy Pension Regional System [4]	-	-	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000
Legacy Pension DWSD Local System [4]	-	-	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000
Total Operating Costs	240,718,013	221,874,331	205,813,983	210,351,278	178,538,892	169,791,992	177,515,238	165,626,246	153,910,087	145,647,349
Pledged Revenue	$ 286,719,040	$ 270,893,709	$ 270,895,679	$ 266,472,915	$ 248,350,508	$ 241,791,027	$ 241,964,249	$ 241,604,647	$ 271,334,597	$ 282,397,124
Principal and interest funding requirement [5]:										
Senior lien bonds	$ 146,536,928	$ 138,778,693	$ 138,521,701	$ 133,773,102	$ 124,309,692	$ 123,798,304	$ 122,318,928	$ 119,230,820	$ 127,687,420	$ 134,234,660
Second lien bonds	56,506,654	50,697,219	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023
Total senior and second lien bonds	203,043,582	189,475,912	190,124,462	183,890,292	171,150,042	175,529,462	170,168,278	165,445,205	170,540,233	173,224,683
Junior lien bonds	18,095,643	17,713,735	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328
Total All Bonds	$ 221,139,225	$ 207,189,647	$ 205,677,204	$ 192,800,887	$ 176,589,315	$ 179,214,379	$ 172,869,073	$ 167,966,454	$ 172,549,891	$ 175,010,011
GAAP Basis Debt Service Coverage										
Senior lien bonds	1.96	1.95	1.96	1.99	2.00	1.95	1.98	2.03	2.12	2.10
Senior and second lien bonds	1.41	1.43	1.42	1.45	1.45	1.38	1.42	1.46	1.59	1.63
All bonds, including SRF junior lien	1.30	1.31	1.32	1.38	1.41	1.35	1.40	1.44	1.57	1.61

[1] Excludes investment earnings on bond proceeds in construction fund.
[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.
[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.
[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.
[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.
[6] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2026.
[7] DWSD local system revenues for 2025 were based on DWSD preliminary financial results. Amounts have been updated to actual.

GREAT LAKES WATER AUTHORITY

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - WATER SYSTEM

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GLWA Receipts										
Wholesale charges	$ 376,154,737	$ 339,149,401	$ 334,931,872	$ 332,337,913	$ 313,964,381	$ 310,032,178	$ 303,568,071	$ 308,690,722	$ 319,728,881	$ 336,362,250
Charges to local system	30,028,800	26,468,500	25,521,300	22,834,300	21,697,300	21,925,500	21,295,500	20,181,400	15,130,600	15,490,300
Earnings on investments	10,382,258	13,581,922	13,799,049	8,163,261	2,456,013	4,684,353	7,742,625	7,722,112	3,592,524	579,546
Total GLWA Receipts	416,565,795	379,199,823	374,252,221	363,335,474	338,117,694	336,642,031	332,606,196	336,594,234	338,452,005	352,432,096
DWSD Local System Receipts [1]	106,076,930	100,844,652	98,296,987	98,010,223	80,267,663	80,141,924	75,590,223	79,686,819	85,962,882	80,960,806
Total Receipts	522,642,725	480,044,475	472,549,208	461,345,697	418,385,357	416,783,955	408,196,419	416,281,053	424,414,887	433,392,902
Operation and Maintenance Transfers										
GLWA Regional System operations [2]	182,768,400	182,227,100	168,873,100	156,747,700	143,933,800	124,167,627	126,188,192	116,356,994	114,426,522	105,431,843
DWSD Local System operations	49,684,002	46,468,700	44,776,800	42,581,600	29,989,000	35,833,900	34,662,400	35,484,300	35,059,704	33,596,400
Legacy Pension Regional System [3]	-	-	-	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000	6,048,000
Legacy Pension DWSD Local System [3]	-	-	-	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000	4,272,000
Total Operations and Maintenance Transfers	232,452,402	228,695,800	213,649,900	209,649,300	184,242,800	170,321,527	171,170,592	162,161,294	159,806,226	149,348,243
Pledged Revenue	$ 290,190,323	$ 251,348,675	$ 258,899,308	$ 251,696,397	$ 234,142,557	$ 246,462,428	$ 237,025,827	$ 254,119,759	$ 264,608,661	$ 284,044,659
Principal and interest funding requirement [4]:										
Senior lien bonds	$ 146,536,928	$ 138,778,693	$ 138,521,701	$ 133,773,102	$ 124,309,692	$ 123,798,304	$ 122,318,928	$ 119,230,820	$ 127,687,420	$ 134,234,660
Second lien bonds	56,506,654	50,697,219	51,602,761	50,117,190	46,840,350	51,731,158	47,849,350	46,214,385	42,852,813	38,990,023
Total senior and second lien bonds	203,043,582	189,475,912	190,124,462	183,890,292	171,150,042	175,529,462	170,168,278	165,445,205	170,540,233	173,224,683
Junior lien bonds	18,095,643	17,713,735	15,552,742	8,910,595	5,439,273	3,684,917	2,700,795	2,521,249	2,009,658	1,785,328
Total All Bonds	$ 221,139,225	$ 207,189,647	$ 205,677,204	$ 192,800,887	$ 176,589,315	$ 179,214,379	$ 172,869,073	$ 167,966,454	$ 172,549,891	$ 175,010,011
Rate Covenant Basis Debt Service Coverage										
Senior lien bonds	1.98	1.81	1.87	1.88	1.88	1.99	1.94	2.13	2.07	2.12
Senior and second lien bonds	1.43	1.33	1.36	1.37	1.37	1.40	1.39	1.54	1.55	1.64
All bonds, including SRF junior lien	1.31	1.21	1.26	1.31	1.33	1.38	1.37	1.51	1.53	1.62

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.
[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.
[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.
[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

DRAFT 11/16/2026

GREAT LAKES WATER AUTHORITY

Schedule 12c

DEBT SERVICE COVERAGE - GAAP BASIS - SEWAGE DISPOSAL SYSTEM

	Fiscal Year									
	2026	2025 [7]	2024	2023	2022	2021	2020	2019	2018	2017
GLWA Revenues										
Wholesale Charges	$ 300,094,904	$ 287,690,760	$ 282,767,090	$ 275,917,502	$ 268,813,369	$ 267,567,816	$ 266,003,286	$ 272,772,460	$ 268,978,831	$ 298,376,775
Charges to local system	215,324,400	205,924,800	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100
Industrial waste charges	9,258,505	8,849,415	8,617,495	8,393,103	8,300,278	8,004,939	7,854,593	9,106,274	14,334,979	14,381,106
Pollutant surcharges	5,557,359	4,583,986	4,088,519	4,894,567	5,181,816	6,719,964	6,448,508	5,932,550	6,908,404	5,206,294
Bad Debt Recovery Credit	-	-	(15,556,900)	-	-	-	-	-	-	-
Other Revenue	471,648	685,291	(827,846)	4,901,316	817,448	6,481,905	6,491,617	506,323	4,391,145	538,807
Earnings on investments [1]	19,888,978	21,643,264	23,168,806	12,498,292	1,842,475	2,802,041	7,775,080	9,592,270	4,022,582	1,384,225
Total GLWA Revenues	550,595,794	529,377,516	498,826,764	497,646,980	473,617,586	479,536,365	480,380,384	479,069,177	477,605,141	507,191,307
DWSD Local System Revenues [6]										
Local system revenues [2]	85,988,815	87,775,778	99,182,251	106,468,842	132,274,680	79,360,298	80,935,263	71,542,770	84,018,973	45,587,339
Other Revenue	2,418,478	638,443	1,706,726	286,763	1,797,906	915,216	914,969	346,821	159,535	4,617,148
Total DWSD Local System Revenues	88,407,293	88,414,221	100,888,977	106,755,605	134,072,586	80,275,514	81,850,232	71,889,591	84,178,508	50,204,487
Total Revenue	639,003,087	617,791,737	599,715,741	604,402,585	607,690,172	559,811,879	562,230,616	550,958,768	561,783,649	557,395,794
Operating Costs										
GLWA operating expenses	233,454,609	227,975,930	218,946,354	211,656,126	186,918,677	178,101,424	176,949,460	174,040,805	176,379,404	151,318,266
GASB 87 and GASB 96 expenditures [3]	1,665,838	1,778,051	3,727,649	2,464,377	1,041,308	118,759	-	-	-	-
O&M transfers:										
DWSD Local System operations	60,104,298	57,356,900	55,705,700	51,396,400	61,301,000	69,915,700	55,243,500	56,767,920	60,517,992	41,535,600
Legacy Pension Regional System [4]	-	-	-	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000
Legacy Pension DWSD Local System [4]	-	-	-	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000
Total Operating Costs	295,224,745	287,110,881	278,379,703	279,196,903	262,940,985	261,815,883	245,872,960	244,488,725	250,577,396	206,533,866
Pledged revenue	$ 343,778,342	$ 330,680,856	$ 321,336,038	$ 325,205,682	$ 344,749,187	$ 297,995,996	$ 316,357,656	$ 306,470,043	$ 311,206,253	$ 350,861,928
Principal and interest funding requirement [5]:										
Senior lien bonds	$ 153,675,531	$ 151,533,904	$ 157,403,423	$ 152,866,129	$ 130,404,294	$ 119,217,128	$ 147,310,565	$ 145,795,507	$ 141,718,836	$ 140,854,010
Second lien bonds	56,578,417	53,311,091	53,227,095	39,847,153	51,893,038	57,778,951	45,878,850	43,922,600	43,990,100	47,918,639
Total senior and second lien bonds	210,253,948	204,844,995	210,630,518	192,713,282	182,297,332	176,996,079	193,189,415	189,718,107	185,708,936	188,772,649
Junior lien bonds	37,575,787	44,587,324	50,498,804	50,145,516	53,550,614	53,166,797	52,593,843	49,454,156	46,571,896	45,782,165
Total All Bonds	$ 247,829,735	$ 249,432,319	$ 261,129,322	$ 242,858,798	$ 235,847,946	$ 230,162,876	$ 245,783,258	$ 239,172,263	$ 232,280,832	$ 234,554,814
GAAP Basis Debt Service Coverage										
Senior lien bonds	2.24	2.18	2.04	2.13	2.64	2.50	2.15	2.10	2.20	2.49
Senior and second lien bonds	1.64	1.61	1.53	1.69	1.89	1.68	1.64	1.62	1.68	1.86
All bonds, including SRF junior lien	1.39	1.33	1.23	1.34	1.46	1.29	1.29	1.28	1.34	1.50

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

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

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

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

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

[6] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2026.

[7] DWSD local system revenues for 2025 were based on DWSD preliminary financial results. Amounts have been updated to actual.

GREAT LAKES WATER AUTHORITY

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - SEWAGE DISPOSAL SYSTEM

	Fiscal Year									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GLWA Receipts										
Wholesale charges	$ 312,641,041	$ 286,313,028	$ 292,811,429	$ 297,751,807	$ 281,636,430	$ 288,132,728	$ 293,321,993	$ 281,485,522	$ 294,503,834	$ 281,528,551
Charges to local system	215,324,400	205,924,800	196,569,600	191,042,200	188,662,200	187,959,700	185,807,300	181,159,300	178,969,200	187,304,100
Earnings on investments	13,414,645	16,107,144	17,350,547	10,094,409	1,680,667	2,739,425	5,372,063	5,098,922	2,796,727	372,505
Total GLWA Receipts	541,380,086	508,344,972	506,731,576	498,888,416	471,979,297	478,831,853	484,501,356	467,743,744	476,269,761	469,205,156
DWSD Local System Receipts [1]	106,629,663	92,137,454	97,911,598	101,900,942	101,030,510	118,699,151	77,444,540	82,349,510	60,314,827	43,553,820
Total Receipts	648,009,749	600,482,426	604,643,174	600,789,358	573,009,807	597,531,004	561,945,896	550,093,254	536,584,588	512,758,976
Operations and Maintenance Transfers										
GLWA Regional System operations [2]	238,429,800	235,191,600	224,873,500	204,122,500	191,908,600	165,588,970	176,416,149	171,899,072	172,614,312	172,965,094
DWSD Local System operations	60,104,298	57,356,900	55,705,700	51,396,400	61,301,000	69,915,700	55,243,500	56,767,920	60,517,992	41,535,600
Legacy Pension Regional System [3]	-	-	-	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000	10,824,000
Legacy Pension DWSD Local System [3]	-	-	-	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000	2,856,000
Total Operations and Maintenance Transfers	298,534,098	292,548,500	280,579,200	269,198,900	266,889,600	249,184,670	245,339,649	242,346,992	246,812,304	228,180,694
Pledged Revenue	$ 349,475,651	$ 307,933,926	$ 324,063,974	$ 331,590,458	$ 306,120,207	$ 348,346,334	$ 316,606,247	$ 307,746,262	$ 289,772,284	$ 284,578,282
Principal and interest funding requirement [4]:										
Senior lien bonds	$ 153,675,531	$ 151,533,904	$ 157,403,423	$ 152,866,129	$ 130,404,294	$ 119,217,128	$ 147,310,565	$ 145,795,507	$ 141,718,836	$ 140,854,010
Second lien bonds	56,578,417	53,311,091	53,227,095	39,847,153	51,893,038	57,778,951	45,878,850	43,922,600	43,990,100	47,918,639
Total senior and second lien bonds	210,253,948	204,844,995	210,630,518	192,713,282	182,297,332	176,996,079	193,189,415	189,718,107	185,708,936	188,772,649
Junior lien bonds	37,575,787	44,587,324	50,498,804	50,145,516	53,550,614	53,166,797	52,593,843	49,454,156	46,571,896	45,782,165
Total All Bonds	$ 247,829,735	$ 249,432,319	$ 261,129,322	$ 242,858,798	$ 235,847,946	$ 230,162,876	$ 245,783,258	$ 239,172,263	$ 232,280,832	$ 234,554,814
Rate Covenant Basis Debt Service Coverage										
Senior lien bonds	2.27	2.03	2.06	2.17	2.35	2.92	2.15	2.11	2.04	2.02
Senior and second lien bonds	1.66	1.50	1.54	1.72	1.68	1.97	1.64	1.62	1.56	1.51
All bonds, including SRF junior lien	1.41	1.23	1.24	1.37	1.30	1.51	1.29	1.29	1.25	1.21

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.
[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.
[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.
[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

GREAT LAKES WATER AUTHORITY

SERVICE AREA DEMOGRAPHICS
Last Ten Years

Year	Population (1)	Unemployment (2)	Per Capita Income (3)	Total Debt Service (5)	Debt Per Capita	Debt Service as a Percentage of Income
Water Fund						
2026	3,700,000	5.4%	$ 72,619 (4)	$ 221,139,225	$ 59.77	0.08%
2025	3,800,000	5.0%	71,494 (4)	207,189,647	$ 54.52	0.08%
2024	3,800,000	4.5%	68,889 (4)	205,677,204	54.13	0.08%
2023	3,800,000	3.6%	66,189 (4)	192,800,887	50.74	0.08%
2022	3,800,000	3.9%	61,322	176,589,315	46.47	0.08%
2021	3,800,000	6.0%	60,488	179,214,379	47.16	0.08%
2020	3,800,000	11.6%	56,901	172,869,073	45.49	0.08%
2019	3,800,000	4.2%	52,855	167,966,454	44.20	0.08%
2018	3,800,000	4.3%	51,429	172,549,891	45.41	0.09%
2017	3,800,000	4.5%	49,309	175,010,011	46.06	0.09%
Sewage Disposal Fund						
2026	2,800,000	5.4%	$ 72,619 (4)	$ 247,829,735	$ 88.51	0.12%
2025	2,800,000	5.0%	71,494 (4)	249,432,319	$ 89.08	0.12%
2024	2,800,000	4.5%	68,889 (4)	261,129,322	93.26	0.14%
2023	2,800,000	3.6%	66,189 (4)	242,858,798	86.74	0.13%
2022	2,800,000	3.9%	61,322	235,847,946	84.23	0.14%
2021	2,800,000	6.0%	60,488	230,162,876	82.20	0.14%
2020	2,800,000	11.6%	56,901	245,783,258	87.78	0.15%
2019	2,800,000	4.2%	52,855	239,172,263	85.42	0.16%
2018	2,800,000	4.3%	51,429	232,280,832	82.96	0.16%
2017	2,800,000	4.5%	49,309	234,554,814	83.77	0.17%

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

(2) Source: Bureau of Labor Statistics (BLS) Detroit-Warren-Dearborn MSA Annual Average (For 2025 the average rate through August was used). The Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA) is comprised of six counties: Wayne, Oakland, Macomb, Livingston, Lapeer and St. Clair. This represents the majority of the service area customers. (Prior year amounts have been updated to match current information from BLS)

(3) Source: FRED Economic Data, St. Louis Fed (Prior year amounts have been updated to match current information from FRED)

(4) Source: Michigan State University Center for Economic Analysis (Prior year amounts have been updated to match current information from MSU)

(5) Debt service is based on set aside debt service requirements for the fiscal year which includes the subsequent year July 1st debt payment.

GREAT LAKES WATER AUTHORITY

LARGEST EMPLOYERS

Current Year and 10 years prior

		Fiscal Year 2026			Fiscal Year 2017		
Employer	Type of Business	Full- Time Employees (a)	Rank	Percent of Total Employment (b)	Full- Time Employees (c)	Rank	Percent of Total Employment (d)
Ford Motor Co.	Automobile Manufacturer	47,750	1	2.32%	48,000	1	2.32%
Henry Ford Health System	Health Care System	45,640	2	2.22%	17,608	7	0.85%
University of Michigan	Public University and Health System	40,112	3	1.95%	32,749	3	1.59%
General Motors Co.	Automobile Manufacturer	34,454	4	1.68%	37,713	2	1.83%
Stellantis NV (Formerly FCA US LLC)	Automobile Manufacturer	32,613	5	1.59%	32,514	4	1.57%
U.S. Government	Federal Government	21,000	6	1.02%	18,920	6	0.92%
Corewell Health (formerly Beaumont Health)	Health Care System	20,358	7	0.99%	28,038	5	1.36%
Trinity Health Michigan	Health Care System	18,218	8	0.89%	14,676	9	0.71%
Amazon.com Inc.	E-Commerce, tech and telecom	14,500	9	0.71%	n/a	n/a	n/a
City of Detroit	City Government	10,309	10	0.50%	n/a	n/a	n/a
Rock Ventures	Umbrella managing a portfolio of companies, investments and real estate	n/a	n/a	n/a	16,617	8	0.80%
Ascension Michigan	Health Care System	n/a	n/a	n/a	11,893	10	0.58%
Total		284,954		13.86%	258,728		12.53%

(a) January 2026 Employment data from Largest Employers in the Detroit Area - Ranked by full-time employees as of 2026 in the March 31st, 2026 Crain's Detroit Business

(b) Percentage base on U.S. Bureau of Labor Statistics from January 2026 of 2,055,396 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

(c) Employment data for July 2017 from Largest Southeast Michigan Employers - Ranked by full-time employees from Crain's Detroit Business issued December 25, 2017

(d) Percentage base on U.S. Bureau of Labor Statistics from July 2017 of 2,065,452 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

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OPERATING INFORMATION

Operating information is intended to show contextual information about the Authority's operations and resources to assist in using financial statement information to understand and assess the Authority's economic condition.

GREAT LAKES WATER AUTHORITY

PRODUCED AND BILLED WATER VOLUMES (Mcf)

Fiscal Year	Water Produced [1]	Water Sales Volume			Estimated Non-Revenue Water	Estimated Non-Revenue Water as % of Production
		Wholesale Billed [2]	Local System Billed [3]	Total Water Billed		
2026	20,472,600	13,379,300	4,199,800	17,579,100	2,893,500	14.1%
2025	19,997,800	12,997,400	4,163,700	17,161,100	2,836,700	14.2%
2024	19,601,200	12,888,500	4,209,100	17,097,600	2,503,600	12.8%
2023	21,159,700	13,838,200	4,342,400	18,180,600	2,979,100	14.1%
2022	19,725,700	13,205,300	4,297,300	17,502,600	2,223,100	11.3%
2021	20,565,800	14,258,300	4,120,000	18,378,300	2,187,500	10.6%
2020	19,989,500	13,578,700	4,161,300	17,740,000	2,249,500	11.3%
2019	20,968,100	13,708,600	4,354,600	18,063,200	2,904,900	13.9%
2018	23,228,600	14,391,800	4,428,200	18,820,000	4,408,600	19.0%
2017	23,915,600	14,824,000	4,465,800	19,289,800	4,625,800	19.3%

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

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

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

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

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

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

GREAT LAKES WATER AUTHORITY

WASTEWATER VOLUMES (Mgd)

Fiscal Year		Wastewater Influent [1]	Master Metered Sanitary Volume	Non-Sanitary Volume	Unmetered [2] Sanitary Volume	Non-Sanitary Volume
2026	*	467.350	133.193	103.889	53.691	176.577
2025		551.440	131.205	132.435	62.162	225.639
2024		578.105	129.163	140.725	62.644	245.573
2023		533.677	128.925	112.269	62.920	229.563
2022		737.980	132.968	187.440	61.591	355.981
2021		564.497	132.664	111.157	57.913	262.762
2020		632.381	128.857	156.844	59.490	287.191
2019		698.471	134.563	167.698	65.444	330.765
2018		656.612	136.775	145.231	65.789	308.817
2017		685.711	133.914	157.747	57.983	336.068

Wastewater volumes are monitored by GLWA operations and engineering teams throughout the year then go through a formal review and approval process over a period of six to nine months following the end of the fiscal year. The formal, annual, data analytic review is led by an outside consultant. As part of this process preliminary data is shared with member partners to confirm. Current and historic data does change at times as system improvements are made and reporting refinements occur.

The GLWA Sewer Charge Methodology uses historical wastewater volumes to allocate annual revenue requirements to the member partners based on historical wastewater volumes, and recovers the allocated revenue requirements via fixed monthly charges.

[1] Represents total influent volume to the System, including volumes treated and discharged at the Water Resource Recovery Facility and volumes discharged via Combined Sewer Overflow facilities.

[2] The GLWA Sewer Charge Methodology assigns a portion of the unmetered non-sanitary flow volume as a "system" responsibility allocable to all member partners. The remaining amount of unmetered non-sanitary flow and the unmetered sanitary flow is assigned to unmetered customers, which includes the Local System and certain wholesale customers.

* Data is preliminary

GREAT LAKES WATER AUTHORITY

ADDITIONAL SUMMARY STATISTICS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Capital Asset Statistics - Water										
Water Treatment Plants	5	5	5	5	5	5	5	5	5	5
Intake Facilities	3	3	3	3	3	3	3	3	3	3
Booster Pumping Stations	19	19	19	19	19	19	19	19	19	19
Water Storage Reservoirs	32	32	32	32	32	32	32	32	32	32
Miles of Transmission Lines	797	797	797	816	816	816	816	816	803	803
Capital Asset Statistics - Sewer										
Water Resource Recovery Facility	1	1	1	1	1	1	1	1	1	1
Major Interceptors	3	3	3	3	3	3	3	3	3	3
Pump Stations [1]	9	9	9	9	9	9	9	9	9	9
Combined Sewer Overflow Facilities:										
Retention Treatment Basins [2]	6	6	6	5	5	5	5	5	5	5
Flow-through Type Facilities	3	3	3	3	3	3	3	3	3	3
Miles of Trunk Sewers and Interceptors	207	207	207	195	195	195	195	195	181	181
GLWA Employees										
Water Operations	254	247	226	217	203	211	211	213	205	180
Sewage Disposal Operations	352	332	312	289	298	320	344	369	358	342
Centralized Services	351	337	325	321	295	298	302	295	276	249
Administrative Services	193	184	182	181	152	156	152	147	129	110
Total Employees	1,150	1,100	1,045	1,008	948	985	1,009	1,024	968	881

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

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

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GLWA
Great Lakes Water Authority

Financial Services Area
735 Randolph, Suite 1608
Detroit, Michigan 48226

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Steve Hoover, CPA, Manager – Financial Reporting Governance

Re: Summary of Uncorrected FY 2026 Year-end Accruals

Background: In accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards AU-C Section 260, *The Auditor's Communication With Those Charged With Governance*, the auditor is required to communicate to those charged with governance any "uncorrected misstatements", other than those considered trivial, and their potential effect on the auditor's opinion (AU-C §260.13(a)). Accordingly, as noted in the presentation by Baker Tilly on November 20, 2026, uncorrected misstatements refer to immaterial passed audit adjustments by professional auditing standards. Also attached to the report from Baker Tilly is a copy of the attached "Summary of Uncorrected Financial Misstatements" which highlights two uncorrected accruals identified by the GLWA Financial Reporting and Accounting team after year-end close. These items are discussed below.

Analysis: The nature of the two uncorrected year-end accruals identified and evaluated by GLWA are explained below.

1. The current liability accrual of $377,000 relates to emergency repair services performed in FY 2026 that were not fully accrued at year-end. Accruals from this supplier are recorded based on estimates provided by the vendor. The estimate received for the year-end accrual was lower than the final invoiced amount, which was received after the accounts payable close process had been completed.
2. The non-current liability of $1,350,000 relates to estimated reimbursements associated with three *potential* claims. As of this date, the parties to the potential claims have either not responded to the claim data request or have not provided documentation to support the claim. GLWA typically errs on the side of recording potential claims as they often take an extended period of time to resolve.

Because the estimated amounts were determined to be immaterial, management elected not to re-open its closed fiscal year to record these items. These adjustments are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. In addition, they are not considered a deficiency in the GLWA's internal control environment.

DRAFT 11.13.26

Great Lakes Water Authority
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

June 30, 2026

	Financial Statements Effect - Debit (Credit) to Financial Statement Total									
	Current Assets	Noncurrent Assets	Total Assets/ Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Revenues	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances
Business-Type Activities	-	-	-	(377,208)	(1,350,000)	(1,727,208)	1,727,208	-	1,727,208	1,727,208
Water Fund	-	-	-	(377,208)	(1,350,000)	(1,727,208)	1,727,208	-	1,727,208	1,727,208

DRAFT 11.16.2026

Great Lakes Water Authority

Report on Federal Awards

June 30, 2026

DRAFT 11.16.2026

	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8

DRAFT 11.16.2026

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Directors of
Great Lakes Water Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, and each major fund of the Great Lakes Water Authority (the Authority), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

DRAFT 11.16.2026

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Madison, Wisconsin
December 9, 2026

DRAFT 11.16.2026

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Directors of
Great Lakes Water Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Great Lakes Water Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2026. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

DRAFT 11.16.2026

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, and the major funds of the Authority as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's financial statements. We have issued our report thereon dated December 9, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Madison, Wisconsin
December XX, 2026

DRAFT 11.16.2026

Great Lakes Water Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2026

Federal Grantor/Pass-Through Agency Program Title	Assistance Listing Number	Grant/Contract Number	Pass-Through Agency Grant Number	Payments Made to Subrecipients	Federal Expenditures
Federal Programs					
U.S. DEPARTMENT OF TREASURY					
Passed-Through the Michigan Department of Environment Great Lakes and Energy					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
Infrastructure Grants					
5.4 Clean Water: Combined Sewer Overflows	21.027		A5840-01	$ -	$ 6,739,584
5.4 Clean Water: Combined Sewer Overflows	21.027		A5890-01	8,104,065	8,104,065
5.11 Drinking Water: Transmission & Distribution	21.027		A7532-02	-	298,168
Total U.S. Department of Treasury				8,104,065	15,141,817
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Programs					
Congressionally Mandated Projects	66.202	00E06094		-	959,752
Congressionally Mandated Projects	66.202	00E04078		-	82,332
Total Direct Programs				-	1,042,084
Passed-Through the Michigan Department of Environment, Great Lakes and Energy					
Clean Water State Revolving Fund					
State Revolving Fund Loan	66.458		5655-03	-	10,356,696
State Revolving Fund Loan	66.458		5673-01	-	21,409
State Revolving Fund Loan	66.458		5742-01	-	7,595,266
State Revolving Fund Loan	66.458		5836-01	-	15,138,223
State Revolving Fund Loan	66.458		5838-01	-	10,085,159
State Revolving Fund Loan	66.458		5839-01	-	17,421,061
State Revolving Fund Loan	66.458		5840-01	-	17,620,235
State Revolving Fund Loan	66.458		6001-01	-	10,509,788
State Revolving Fund Loan	66.458		6025-01	-	1,638,848
Total Clean Water State Revolving Fund				-	90,386,685
Passed-Through the Michigan Department of Environment, Great Lakes and Energy					
Drinking Water State Revolving Fund					
State Revolving Fund Loan	66.468		7532-02	-	6,742,355
State Revolving Fund Loan	66.468		7888-01	54,215	54,215
Total Drinking Water State Revolving Fund				54,215	6,796,570
Total U.S. Environmental Protection Agency				54,215	98,225,339
U.S DEPARTMENT OF ENERGY					
Direct Programs					
Hydrothermal Liquification to Convert Organic Wet Wastes to Transportation Fuels	81.087	DE-EE0010307		251,636	299,417
Total U.S. Department of Energy				251,636	299,417
Total Federal Programs				$ 8,409,916	$ 113,666,573

See notes to schedule of expenditures of federal awards

DRAFT 11.16.2026

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Great Lakes Water Authority (the Authority) under programs of the federal government for the year ended June 30, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which is described as follows:

Basis of Accounting for U.S. Environmental Protection Agency Loan Programs

In general, expenditures are reported in the Schedule when the Authority remits payment to a vendor or contractor, rather than when an expense is incurred by the Authority in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, any amount paid to subrecipients are included when paid or transferred instead of when incurred. The Authority reports its expenditures using this method based on guidance it received from the Michigan Department of Environment, Great Lakes, and Energy (EGLE), which serves as the pass-through entity for all of the Authority's federally funded loan programs.

Pre-Award Costs for U.S. Environmental Protection Agency Programs

In addition to the above, awarding agencies may approve reimbursement of costs related to projects undertaken (and paid to vendors) in prior periods. In those cases, as the payments were not previously reported as federal expenditures, they are reported on the Schedule in the period reimbursement is approved by the awarding agency. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available.

Basis of Accounting for All Other Federal Grants

In general, the Authority reports expenditures in the Schedule when expenditures have been incurred and when the funds have been obligated. Additionally, any amounts paid to subrecipients are included when paid or transferred instead of when incurred.

During the fiscal year ended June 30, 2025, the Authority incurred eligible expenditures totaling $14,668 and $204,930 under grants from the U.S. Department of Energy and the U.S. Environmental Protection Agency, respectively. These expenditures were approved by the respective federal agencies during the fiscal year ended June 30, 2026.

3. Indirect Cost Rate

The Authority has not elected to use the 10% de minimis indirect cost rate.

DRAFT 11.16.2026

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	____ yes	X no
Auditee qualified as low-risk auditee?	X yes	____ no
Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Fund
66.468	Drinking Water State Revolving Fund

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Cindy Cezat, Director, Financial Management & Planning
Robert Arbaugh, Manager, Financial Planning & Analysis

Re: Proposed Resolution for the FY 2027 First Quarter Budget Amendments through September 2026

Background / Analysis: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the fiscal year budget adoption resolution, the Audit Committee reviews the proposed budget amendments and forwards them to the Board of Directors with a recommendation. See attached report.

Proposed Action: The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopts the Proposed Resolution for the FY 2027 First Quarter Budget Amendments through September 2026 as presented.

..Title

Proposed Resolution for the FY 2027 First Quarter Budget Amendments through September 2026

..Body

Agenda of: December 9, 2026
Item No.: **2026-459**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: December 9, 2026

RE: **Proposed Resolution for the FY 2027 First Quarter Budget Amendments through September 2026**

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), adopts the resolution **for the FY 2027 First Quarter Budget Amendments through September 2026** as presented; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The founding legal documents for the Great Lakes Water Authority (GLWA) provide a structure for budget preparation, adoption, and amendment. The Board of Directors adopts a biennial budget by resolution which specifies appropriation amounts which may be modified through budget amendments. To the extent that there is a proposed

amendment of the budget among the appropriation categories, the matter is brought to the Audit Committee for review and consideration of a recommendation to the Board of Directors for their consideration for approval.

JUSTIFICATION

Attached is the communication to the Audit Committee, dated November 20, 2026 which presents the proposed budget amendments for the first quarter of FY 2027. The reports included in this communication include the following.

1. FY 2027 First Quarter Budget Amendment Report for September 2026.
2. Resolution Adopting the FY 2027 First Quarter Budget Amendments for September 2026

BUDGET IMPACT

The overall budget, despite amendment, continues to be balanced.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on November 20, 2026. The Audit Committee [insert action] that the Board of Directors for the Great Lakes Water Authority adopt Resolution # 2026-459 for the FY 2027 First Quarter Budget Amendments through September 2026.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.

FY 2027 First Quarter Budget Amendment Report Through September 2026 & Proposed Budget Amendment Resolution

Presented to the Audit Committee
November 20, 2026

Contents

Executive Summary 3

First Quarter Revenue Requirement Budget Amendment Analysis 5

Section I - Revenue Requirement - Water and Sewer Systems 6

Schedule 1 - Water System Revenue Requirement – Appropriation Level 6

Schedule 2 - Sewer System Revenue Requirement – Appropriation Level 8

Section I - Supplemental Information 9

Historical I&E Funding – Water and Sewer System 9

Section II - Improvement & Extension Funds 11

Schedule 4A - Water System Improvement & Extension Fund – Appropriation Level 11

Schedule 4B - Sewer System Improvement & Extension Fund – Appropriation Level 13

Section III – Construction Funds 15

Schedule 5A - Water System Construction Fund – Appropriation Level 15

Schedule 5B - Sewer System Construction Fund – Appropriation Level 18

Section IV – Supplemental Information Operations and Maintenance Expense 20

Operations & Maintenance by Fund 20

Schedule 8 - Operations & Maintenance – Water & Sewer Operations Combined 20

Schedule 9 - Operations and Maintenance by Service Area 21

Schedule 9 - Operations & Maintenance Expense by Service Area and Expense Category 22

Unallocated Reserve by Service Area 24

Section V – Flow of Funds and Debt Service Coverage – Water and Sewer Systems 25

Schedule 10A - Water System – Flow of Funds and Debt Service Coverage Calculation Consistent with the Master Bond Ordinance – Appropriation Level 26

Schedule 10B - Sewer System – Flow of Funds and Debt Service Coverage Calculation Consistent with the Master Bond Ordinance – Appropriation Level 27

Section VI – Proposed Budget Amendment Resolution Item No. 2026-459 28

Executive Summary

In accordance with the budget amendment policy, articles, and bylaws for the Great Lakes Water Authority, a quarterly budget amendment report is presented in addition to a corresponding budget amendment resolution. This budget amendment report is presented with tables followed by commentary.

The water and sewer system each have three funds for managing the budget.

- ✓ Revenue Requirement (Operations Fund) – Accounts for operations and maintenance activity and recurring annual financial commitments.
- ✓ Improvement & Extension Fund – Accounts for capital outlay programs and projects as well as future pay-as-you funding to manage the level of bonded debt. This is sometimes referred to as revenue financed capital or Pay-As-You-Go (PAYGO).
- ✓ Construction Fund – Accounts for capital improvement program related activity.

It should be noted that the actual activity through September 30, 2026 in the following schedules are preliminary numbers. Final reviews of the September 2026 activity are not complete at the time this report was being written.

Water System Executive Summary

For the first quarter FY 2027 budget amendment, the focus is on adjusting the debt service requirements as a result of the June 2026 bond transaction as well as other items that have changed since the FY 2027 budget was adopted in February 2026. Further details are provided in the accompanying budget analysis.

Revenue Requirement (Operations Fund) – Schedule 1

Positive Variances

- ✓ $3.1 million decrease in the debt service requirement due to the June 2026 debt refunding transaction
- ✓ $0.6 million decrease in the Working Capital Requirement due to a positive budget variance in FY 2026 that improved cash balances

Negative Variances

- ✓ $1.6 million increase to the Extraordinary Repair & Replacement Deposit for August transfer based on FY 2027 O&M requirements and fund balance on July 1 to align with Master Bond Ordinance requirements
- ✓ $0.4 million increase to the General Retirement System Pension requirement based upon the actuarial report dated February 18, 2026
- ✓ $0.2 million increase in Operation and Maintenance expenses based on operational needs

The net impact of the above is a positive $1.5 million increase in the Improvement & Extension Transfer pending year-end close for future PAYGO capital funding.

Improvement & Extension Fund - Schedule 4A

Aside from the transfer in of $1.5 million from operations noted above, the proposed amendment removes the $7.5 million from capital outlay that was planned for the linear system integrity program as that is being replaced by the new 14 Mile Road project in the Construction Fund.

Construction Fund– Schedule 5A

The amendment will recognize Project #122026 West 14-Mile Transmission Main Emergency Improvements being added to the CIP ($54 million) as well as the $1.9 million state grant awarded for the project (total project cost is $84.5 million that spans FY 2026 through FY 2028). Despite the addition of this project, the total projected FY 2027 CIP is expected to continue to be in aligned with the financial plan from what was approved in February 2026 based on current spending.

Sewer System Executive Summary

For the first quarter FY 2027 budget amendment, the focus is on adjusting the debt service requirements as a result of the June 2026 bond transaction as well as other items that have

changed since the FY 2027 budget was adopted in February 2026. Further details are provided in the accompanying budget analysis.

Revenue Requirement (Operations Fund) – Schedule 2

Positive Variances

- ✓ $2.5 million decrease in debt service requirements due to the June 2026 debt refunding transaction
- ✓ $1.7 million decrease in Operation & Maintenance expenses
- ✓ $1.5 million decrease in the Working Capital Requirement due to positive budget variance in FY 2026

Negative Variances

- ✓ $0.7 million increase to the General Retirement System Pension requirement
- ✓ $0.2 million increase to the Extraordinary Repair & Replacement Deposit for August transfer based on FY 2027 O&M requirements and fund balance on July 1

The impact of the above is a net positive variance of $4.8 million. This positive variance is shown as an increase in the Improvement & Extension Transfer pending year-end close for future PAYGO capital funding. The actual transfer occurs when actual cash flows align with budget.

Improvement & Extension Fund - Schedule 4B

Aside from the transfer in increase of $4.8 million noted above, the amendment includes an adjustment for Project 211007-WRRF PS #2 Bar Racks Replacement and Grit Collection System Improvement which will be funded directly from the I&E Fund instead of the Construction Fund. This change started at the end of FY 2026 after the FY 2027 budget was adopted.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Schedule 5B

The amendment is to adjust for the project referenced above that is now being accounted for in the I&E Fund as noted above.

First Quarter Revenue Requirement Budget Amendment Analysis

The following schedules are identified using the schedule numbers from the FY 2027 and FY 2028 Biennial Budget. The schedules labeled as "Appropriation Level" refer to the schedules in GLWA Board Item No. 2026-070 Resolution Adopting the Biennial FY 2027 & FY 2028 Budget, adopted by the Board on February 25, 2026.

Section I - Revenue Requirement - Water and Sewer Systems

Schedule 1 - Water System Revenue Requirement – Appropriation Level

Water System	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Revenues				
Revenue from Charges				
Wholesale Customers	$ 384,435,600	$ -	$ 384,435,600	$ 109,379,647
Less: Bad Debt Expense		-	-	-
Charges to Local System	33,087,600	-	33,087,600	8,271,900
Total Revenue from Charges	417,523,200	-	417,523,200	117,651,547
Investment Earnings				
Unrestricted	3,171,000	-	3,171,000	1,562,107
I&E Fund Unrestricted	3,414,900	-	3,414,900	1,452,570
Restricted for Debt Service	2,150,500	-	2,150,500	561,294
Total Investment Earnings	8,736,400	-	8,736,400	3,575,971
Other Revenue	498,500	-	498,500	66,657
Total Revenues	$ 426,758,100	$ -	$ 426,758,100	$ 121,294,175
Revenue Requirements				
Operations & Maintenance Expense	$ 193,563,400	$ 161,700	$ 193,725,100	$ 51,022,137
Debt Service	189,086,400	(3,086,000)	186,000,400	47,271,600
General Retirement System Pension	2,559,000	398,400	2,957,400	639,750
Water Residential Assistance Program Contribution	2,079,700	-	2,079,700	519,924
Extraordinary Repair & Replacement Deposit	104,800	1,648,200	1,753,000	1,753,000
Regional System Lease	22,500,000	-	22,500,000	5,625,000
Working Capital Requirement	600,000	(600,000)	-	-
Improvement & Extension Fund Transfer Pending	16,264,800	1,477,700	17,742,500	4,066,200
Total Revenue Requirements	$ 426,758,100	$ -	$ 426,758,100	$ 110,897,611
Net Actual to Date				$ 10,396,564

Schedule 1 Commentary - Water System Revenue Requirement

Revenue Requirements

The changes to the Revenue Requirements consist of the following:

- *Operation & Maintenance Expense increased $0.2 million* – See Section IV - Supplemental Information Schedule 9 - Operations & Maintenance by Service Area and Expense

Category for a detailed explanation of the operations and maintenance budget amendments.

- *Debt Service decreased $3.1 million* – The refunding savings of $4.8 million on existing debt was offset with an increase of $1.7 million for the larger new money bond issued than what was originally budgeted due to the addition of the West 14 Mile Transmission Main Emergency Improvements project.
- *General Retirement System Pension Increase $0.4 million* – Based on the actuarial report for the Actuarially Determined Employer Contribution for FY 2027 that was received after the budget was developed.
- *Extraordinary Repair & Replacement Fund increase $1.6 million* – Based on the balance in the ER&R fund as of July 1, 2026, and the FY 2027 adopted O&M budgets for both GLWA and DWSD. Based on a 2018 Memorandum of Understanding, GLWA funds the ER&R requirement required by the Master Bond Ordinance. The computation was based on the 15% maximum allowed under that ordinance.
- *Working Capital Requirement decrease $0*.6 million – Due to the positive budget variance in FY 2026.

The overall net of the changes to the revenue and revenue requirements results in an increase in transfers to the Improvement & Extension Fund of $1.5 million.

Schedule 2 - Sewer System Revenue Requirement – Appropriation Level

Sewer System	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Revenues				
Revenue from Charges				
Wholesale Customers	$ 312,321,600	$ -	$ 312,321,600	$ 78,082,015
Less: Bad Debt Expense	-	-	-	-
Charges to Local System	225,283,200	-	225,283,200	56,320,800
Industrial Waste Control	9,508,000	-	9,508,000	2,311,229
Pollutant Surcharges	5,115,500	-	5,115,500	1,258,322
Total Revenue from Charges	552,228,300	-	552,228,300	137,972,366
Investment Earnings				
Unrestricted	3,969,200	-	3,969,200	2,159,577
I&E Fund Unrestricted	3,985,100	-	3,985,100	1,966,174
Restricted for Debt Service	2,513,800	-	2,513,800	653,284
Total Investment Earnings	10,468,100	-	10,468,100	4,779,035
Other Revenue	485,800	-	485,800	128,113
Total Revenues	$ 563,182,200	$ -	$ 563,182,200	$ 142,879,514
Revenue Requirements				
Operations & Maintenance Expense	$ 237,763,400	$ (1,671,300)	$ 236,092,100	$ 58,321,902
Debt Service	233,854,700	(2,486,200)	231,368,500	58,463,676
General Retirement System Pension	5,246,300	713,000	5,959,300	1,311,576
Water Residential Assistance Program Contribution	2,749,800	-	2,749,800	687,450
Extraordinary Repair & Replacement Deposit	-	187,000	187,000	187,000
Regional System Lease	27,500,000	-	27,500,000	6,875,001
Working Capital Requirement	1,500,000	(1,500,000)	-	-
Improvement & Extension Fund Transfer Pending	54,568,000	4,757,500	59,325,500	13,641,999
Total Revenue Requirements	$ 563,182,200	$ -	$ 563,182,200	$ 139,488,604
Net Actual to Date				$ 3,390,910

Schedule 2 Commentary - Sewer System Revenue Requirement

Revenue Requirements

The changes to the Revenue Requirements consist of the following:

- *Operations & Maintenance Expense decrease $1.7 million* – See Section IV - Supplemental Information Schedule 9 - Operations & Maintenance by Service Area and Expense

Category for a detailed explanation of the operations and maintenance budget amendments.

- *Debt Service decreased $2.5 million* – The refunding saving on existing debt was $2.5 million. There is an increase in projected debt service for junior lien of $0.4 million which is being offset by a decrease in projected senior lien debt for the June 2027 planned transaction.
- *General Retirement System Pension Increase $0.7 million* – Based on the actuarial report for the Actuarially Determined Employer Contribution for FY 2027 that was received after the budget was developed.
- *Extraordinary Repair & Replacement Fund increase $0.2 million* – Based on the balance in the ER&R fund as of July 1, 2026, and the FY 2027 adopted O&M budgets for both GLWA and DWSD. Based on a 2018 Memorandum of Understanding, GLWA funds the ER&R requirement required by the Master Bond Ordinance. The computation was based on the 15% maximum allowed under that ordinance.
- *Working Capital Requirement decrease $1*.5 million – Due to the positive budget variance in FY 2026.

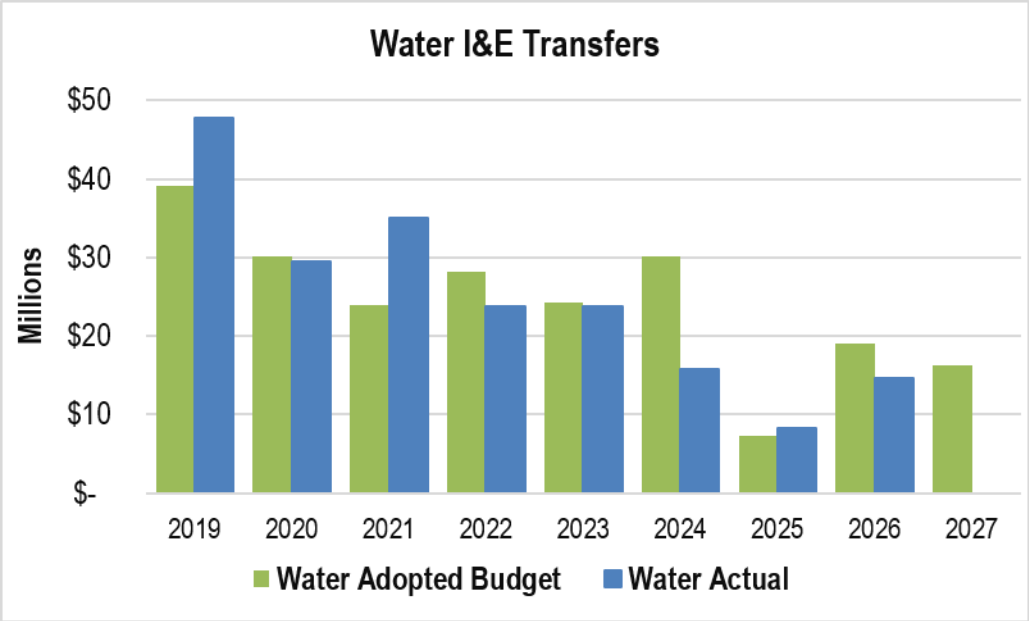
The overall net of the changes to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of $4.8 million.

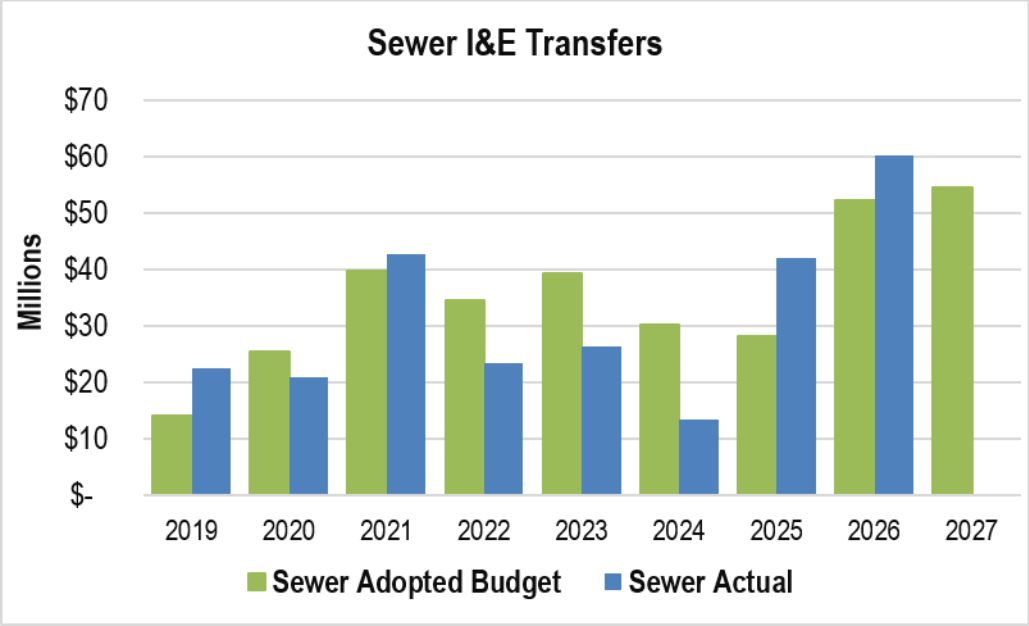
Section I - Supplemental Information

Historical I&E Funding – Water and Sewer System

As illustrated above, after the budget is adopted, the budgeted transfer from the Revenue Requirement Fund to the I&E Fund is increased if there is a net positive budget variance in the Revenue Requirement Fund. Similarly negative variances in the Revenue Requirement Fund decrease the I&E Fund transfer if other areas cannot be reduced.

The table below compares the budgeted I&E transfer to the actual experience for the water and sewer systems. For the water system, only three of the past eight years resulted in a transfer to the I&E Fund that exceeded the budget. For the sewer system, only four of the past eight years resulted in a transfer to the I&E Fund that exceeded the budget





The current FY 2027 budget amendment results in additional funds being available for I&E purposes for the water fund and the sewage disposal fund, assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. There have not been any cash transfers for FY 2027 through September 30, 2026. The first quarter transfers were approved at the October internal monthly cash management meeting and will occur in November. It should be noted that increases to I&E help reduce the amount of bond funding needed for capital financing and deleverage the systems.

Section II - Improvement & Extension Funds

Schedule 4A - Water System Improvement & Extension Fund – Appropriation Level

Water Improvement & Extension Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Inflows				
Transfer from Water Operations Fund - Revenue Transfers	$ 16,264,800	$ 1,477,700	$ 17,742,500	$ 4,066,200
Grant Revenues & Capital Contributions	-	-	-	-
Investment Earnings (a)	3,414,900	-	3,414,900	1,452,570
Total Inflows	19,679,700	1,477,700	21,157,400	5,518,770
Outflows				
Capital Outlay	24,976,300	(7,500,000)	17,476,300	3,223,148
Transfer to Water Operations Fund - Investment Earnings (a)	3,414,900	-	3,414,900	1,035,333
Capital Improvement Plan funded by I&E	-	-	-	-
Transfer to Construction Fund-Revenue Financed Capital	-		-	-
Total Outflows	28,391,200	(7,500,000)	20,891,200	4,258,481
Net Increase (Use) of Reserves	(8,711,500)	8,977,700	266,200	1,260,289
Non-budgeted Inflows (Outflows)				
Unrealized gain on investments	-	-	-	463,464
Change in Net Position	$ (8,711,500)	$ 8,977,700	266,200	1,723,753
Beginning Net Position			156,570,500	156,570,522
Projected Ending Net Position			$ 156,836,700	$ 158,294,275

a) *Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.*

Schedule 4A Commentary – Water System Improvement & Extension Fund

Inflows

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment matches the corresponding amount available for transfer from the FY 2027 revenue requirement based upon general operating fund performance (see Schedule 1 - Water System Revenue Requirement Appropriation Level line item for I&E Fund Transfer Pending).

Outflows

- *Capital Outlay* – Decrease of $7.5 Million – At the time the FY 2027 budget was prepared it was known that costs would be incurred related to the Linear System Integrity Program. With the 14 Mile Emergency Replacement Project being added to the CIP, this amount is being removed.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Schedule 4B - Sewer System Improvement & Extension Fund – Appropriation Level

Sewer Improvement & Extension Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Inflows				
Transfer from Sewer Operations Fund - Revenue Transfers	$ 54,568,000	$ 4,757,500	$ 59,325,500	$ 13,641,999
Grant Revenues & Capital Contributions	-	-	-	-
Investment Earnings (a)	3,985,100	-	3,985,100	1,966,174
Total Inflows	58,553,100	4,757,500	63,310,600	15,608,173
Outflows				
Capital Outlay	15,431,100	-	15,431,100	1,452,513
Transfer to Sewer Operations Fund - Investment Earnings (a)	3,985,100	-	3,985,100	1,300,974
Capital Spending Other (net of ILAG)	-	-	-	(17,285)
Capital Improvement Plan funded by I&E	-	40,570,000	40,570,000	8,972,894
Transfer to Construction Fund-Revenue Financed Capital	38,250,000	(38,250,000)	-	-
Total Outflows	57,666,200	2,320,000	59,986,200	11,709,096
Net Increase (Use) of Reserves	886,900	2,437,500	3,324,400	3,899,077
Non-budgeted Inflows (Outflows)				
Unrealized gain on investments	-	-	-	479,224
Change in Net Position	$ 886,900	$ 2,437,500	3,324,400	4,378,301
Beginning Net Position			187,201,700	187,201,708
Projected Ending Net Position			$ 190,526,100	$ 191,580,009

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Schedule 4B Commentary- Sewer System Improvement & Extension Fund

Inflows

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment matches the corresponding amount available for transfer from the FY 2027

revenue requirement based upon general operating fund performance (see Schedule 2 - Sewer System Revenue Requirement Appropriation Level line item for I&E Fund Transfer Pending).

Outflows

- *Capital Improvement Plan funded by I&E* - This line represents the construction and design costs of projects in the Board adopted capital improvement plan (CIP) that will be targeted as PAYGO projects. As we noted in the last quarterly amendment for FY 2026 we have created new procedures on how to implement using I&E funds within the accounting system. It was determined that identifying specific projects for I&E funding would work best, as transferring I&E funds into the Construction Fund creates additional accounting for the arbitrage calculations. Project 211007-WRRF PS #2 Bar Racks Replacement and Grit Collection System Improvement has been identified as a project that aligns with the current targeted use of I&E funds. The design and construction portion of project 211007 costs will be paid for with I&E funds. This amendment is for the estimated construction and design costs currently estimated at $40.6 million for FY 2027. This amount will continue to change as the project progresses.
- *Transfer to Construction Fund - Revenue Financed Capital* –This line represents the target use of I&E funds for capital expenditures that are not tied to any specific project. A specific project has been identified for use of I&E funds for FY 2027, see previous paragraph. The amendment is to decrease the transfer to the construction fund.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Section III – Construction Funds

Schedule 5A - Water System Construction Fund – Appropriation Level

Water Construction Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Inflows				
Transfer from Water Improvement & Extension Fund	$ -	$ -	$ -	$ -
Transfers in from Water Operations Fund				
Bond Proceeds	243,000,000	-	243,000,000	-
SRF loan proceeds	-	-	-	
Grant Revenues & Capital Contributions	1,154,900	1,900,000	3,054,900	1,900,000
Investment Earnings	3,828,400	-	3,828,400	3,461,728
Total Inflows	247,983,300	1,900,000	249,883,300	5,361,728
Outflows				
Capital Program	245,000,000	-	245,000,000	41,893,486
Transfer to Water Operations Fund				
Bond Cost of Issuance	1,822,500	-	1,822,500	284,076
Total Outflows	246,822,500	-	246,822,500	42,177,562
Net Increase (Use) of Reserves	1,160,800	1,900,000	3,060,800	(36,815,834)
Non-budgeted Inflows (Outflows)				
Unrealized gain on investments				(24,290)
Change in Net Position	$ 1,160,800	$ 1,900,000	3,060,800	(36,840,124)
Beginning Net Position			357,688,500	357,688,480
Projected Ending Net Position			$ 360,749,300	$ 320,848,356

Schedule 5A Commentary - Water System Construction Fund

Inflows

- *Grant Revenues & Capital Contributions* - The budget increase is related to the $1.9 million State of Michigan Grant for the 14 Mile Road transmission main emergency improvements project.

Outflows

- *Capital Program* – There is no change to the projected Capital Program total. However, the amendment will add Project # 122026 West 14-Mile Transmission Main Emergency Improvements $54 million budget to the lists of CIP projects in Workday. An offsetting negative $54 million will be entered in Workday which will be allocated to the individual projects with the third quarter budget amendment. The third quarter budget amendment will adjust the Capital Program to align with the projected FY 2027 spend when the FY 2028 CIP is adopted in February 2027.

Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Water Construction Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
CIP Plan				
Capital Improvement Plan	$ 302,768,000	$ -	$ 302,768,000	
Capital Spend Rate Adjustment	(60,554,000)	-	(60,554,000)	
Projected CIP	$ 242,214,000	$ -	$ 242,214,000	$ 41,893,486
Capital Spend Rate Assumption	*80%*		*80%*	
Actual Capital Spend to Projected CIP Ratio				*17%*
CIP Financial Plan				
CIP Expenditures paid through Construction Fund	$ 245,000,000	$ -	$ 245,000,000	$ 41,893,486
CIP Expenditures paid through I&E Fund	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	$ 245,000,000	$ -	$ 245,000,000	$ 41,893,486
Actual Capital Spend to Amended Financial Plan Ratio				*17%*

CIP Plan

- *Capital Improvement Plan* – This first column of this line represents the original CIP Plan approved by the Board for FY 2027. The change in the first quarter is to adjust the CIP Plan by $67.5 million and maintain the capital spend ratio at 80% for a net of $54 million for the West 14 Mile Transmission Main Emergency Improvements.

- *Capital Spend Rate Assumption* - 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. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest $5 million. This is to recognize the dynamic nature of the CIP. As noted above, this is being amended by $54 million for the West 14 Mile Transmission Main Emergency Improvements.

Schedule 5B - Sewer System Construction Fund – Appropriation Level

Sewer Construction Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
Inflows				
Transfer from Sewer Improvement & Extension Fund	$ 38,250,000	$(38,250,000)	$ -	$ -
Transfers in from Sewer Operations Fund				
Bond Proceeds	76,000,000	-	76,000,000	-
SRF Loan Proceeds	159,595,800	-	159,595,800	53,907,808
Grant Revenues & Capital Contribution	10,157,500	-	10,157,500	959,752
Investment Earnings	2,019,200	-	2,019,200	1,142,391
Total Inflows	286,022,500	(38,250,000)	247,772,500	56,009,951
Outflows				
Capital Program	255,000,000	(40,570,000)	214,430,000	46,164,825
Transfer to Sewer Operations Fund				
Bond Cost of Issuance	570,000	-	570,000	252,528
Total Outflows	255,570,000	(40,570,000)	215,000,000	46,417,353
Net Increase (Use) of Reserves	$ 30,452,500	$ 2,320,000	32,772,500	9,592,598
Beginning Net Position			115,791,200	115,791,218
Projected Ending Net Position			$ 148,563,700	$ 125,383,816

Schedule 5B Commentary - Sewer System Construction Fund – Appropriation Level

Inflows

- *Transfers from Sewer Improvement & Extension Fund* – Decrease $38 million – See explanation on Schedule 4B for *Capital Improvement Plan funded by I&E* and *Transfer to Construction Fund.*

Outflows

- *Capital Program* - Decrease $40.6 million – See explanation on Schedule 4B for *Capital Improvement Plan funded by I&E* and *Transfer to Construction Fund.* There is no change in the CIP plan. See the *CIP Plan* and the *CIP Financial Plan* section.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Sewer Construction Fund	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
CIP Plan				
Capital Improvement Plan	$ 287,641,000	$ -	$ 287,641,000	
Capital Spend Rate Adjustment	(34,517,000)	-	(34,517,000)	
Projected CIP	$ 253,124,000	$ -	$ 253,124,000	$ 55,137,719
Capital Spend Rate Assumption	*88%*		*88%*	
Actual Capital Spend to Projected CIP Ratio				22%
CIP Financial Plan				
CIP Expenditures paid through Construction Fund	$ 255,000,000	$(40,570,000)	$ 214,430,000	$ 46,164,825
CIP Expenditures paid through I&E Fund	-	40,570,000	40,570,000	8,972,894
Financial Plan (Budgeted) CIP Expenditures	$ 255,000,000	$ -	$ 255,000,000	$ 55,137,719
Actual Capital Spend to Amended Financial Plan Ratio				22%

CIP Plan

- *Capital Improvement Plan* - This line represents the original CIP Plan approved by the Board for FY 2027. There is no change to the CIP for the First quarter.
- *Capital Spend Rate Assumption* - 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. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change in the SRA for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest $5 million. This is to recognize the dynamic nature of the CIP. The change for the first quarter recognizes a change in the process of paying construction expenditures for a specific project with I&E funds. See explanation

on Schedule 4B for *Capital Improvement Plan funded by I&E* and *Transfer to Construction Fund.*

Section IV – Supplemental Information Operations and Maintenance Expense

Operations & Maintenance by Fund

As we transition to using Workday Adaptive Reporting for our quarterly budget amendments, the following table will be replaced by Schedule 6 - O&M – Water Operations Fund and Schedule 7 - O&M – Sewer Operations Fund as presented in the published budget. Those schedules include the detail by expense category for each system after the centralized and administrative services allocations. The table below provides the total operations and maintenance for each system.

System	FY 2027 Adopted Budget	FY 2027 Amendments 1st Quarter	FY 2027 Amended Budget	FY 2027 Activity Thru 9/30/2026
Water System	$ 193,563,400	$ 161,700	$ 193,725,100	$ 51,022,137
Sewer System	237,763,400	(1,671,300)	236,092,100	58,321,902
Total	**$ 431,326,800**	**$ (1,509,600)**	**$ 429,817,200**	**$ 109,344,039**

Totals may be off due to rounding.

Schedule 8 - Operations & Maintenance – Water & Sewer Operations Combined

Expense Category	FY 2027 Adopted Budget	FY 2027 Amendments 1st Quarter	FY 2027 Amended Budget	FY 2027 Activity Thru 9/30/2026
Personnel Costs	$ 147,921,200	$ 7,823,900	$ 155,745,100	$ 39,906,882
Utilities	72,410,200	-	72,410,200	19,677,351
Chemicals	34,306,700	-	34,306,700	8,340,720
Supplies & Other	48,086,100	-	48,086,100	11,302,859
Contractual Services	120,455,600	1,000,000	121,455,600	31,328,321
Capital Program Allocation	(3,419,000)	-	(3,419,000)	(636,377)
Shared Services	(2,374,800)	-	(2,374,800)	(575,715)
Intergovernmental Agreement	-	-	-	-
Unallocated Reserve	13,940,800	(10,333,500)	3,607,300	-
Total	**$ 431,326,800**	**$ (1,509,600)**	**$ 429,817,200**	**$ 109,344,041**

Totals may be off due to rounding.

The table above presents the Operations & Maintenance budget by the major expense categories enterprise wide. Further explanation of the proposed amendment is shown in Schedule 9 by the four service areas: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

The first quarter amendment includes the realignment of the Centralized Services area Field Service Operations cost center 882431 which had budgeted costs of $13.11 million. The majority of the budget ($11.67 million) was moved to the following Water Operations area cost centers:

- 882310 Water Transmission ($0.89 million)
- 882315 Maintenance & Repair ($4.44 million),
- 882318 Electrical & Mechanical Maintenance ($6.34 million)

The remaining $1.44 million remained in the Centralized Services area and was moved to the following cost centers:

- 882430 Utility Review and Permits (URAP) ($1.42 million)
- 882301 Systems Operations Control ($0.2 million)

A portion of the Centralized Services unallocated reserve ($0.4 million) was also transferred to the Water System Operations as part of the realignment.

Schedule 9 - Operations and Maintenance by Service Area

	FY 2027			
Operating Area	Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
A Water System Operations	$ 103,653,900	$ 10,531,600	$ 114,185,500	$ 32,495,656
B Wastewater System Operations	158,646,800	-	158,646,800	39,486,165
C Centralized Services	123,428,800	(12,041,200)	111,387,600	25,569,060
D Administrative Services	45,597,300	-	45,597,300	11,497,500
Employee Benefits	-	-	-	289,185
Total	**$ 431,326,800**	**$ (1,509,600)**	**$ 429,817,200**	**$ 109,337,566**

Totals may be off due to rounding.

Schedule 9 - Operations & Maintenance Expense by Service Area and Expense Category

Operating Area	FY 2027 Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2026
A Water System Operations	**$ 103,653,900**	**$ 10,531,600**	**$ 114,185,500**	**$ 32,495,656**
Personnel Costs	30,573,800	8,577,400	39,151,200	10,151,789
Utilities	33,026,100	-	33,026,100	10,510,853
Chemicals	14,906,600	-	14,906,600	4,262,584
Supplies & Other	7,047,900	446,000	7,493,900	1,740,663
Contractual Services	16,496,600	5,136,600	21,633,200	6,171,123
Capital Program Allocation	(1,819,900)	(205,600)	(2,025,500)	(341,356)
Unallocated Reserve	3,422,800	(3,422,800)	-	-
B Wastewater System Operations	**$ 158,646,800**	**$ -**	**$ 158,646,800**	**$ 39,486,165**
Personnel Costs	45,847,700	2,415,700	48,263,400	12,133,391
Utilities	38,943,200	-	38,943,200	9,114,394
Chemicals	19,400,100	-	19,400,100	4,078,136
Supplies & Other	19,745,200	-	19,745,200	4,872,165
Contractual Services	31,921,000	-	31,921,000	9,770,671
Capital Program Allocation	(1,393,500)	-	(1,393,500)	(295,020)
Shared Services	(750,300)	-	(750,300)	(187,572)
Unallocated Reserve	4,933,400	(2,415,700)	2,517,700	-
C Centralized Services	**$ 123,428,800**	**$ (12,041,200)**	**$ 111,387,600**	**$ 25,569,060**
Personnel Costs	45,807,900	(4,449,200)	41,358,700	10,258,746
Utilities	241,300	-	241,300	34,124
Supplies & Other	18,511,500	(446,000)	18,065,500	4,007,390
Contractual Services	56,440,400	(4,136,600)	52,303,800	11,617,126
Capital Program Allocation	(205,600)	205,600	-	-
Shared Services	(1,443,800)	-	(1,443,800)	(348,327)
Unallocated Reserve	4,077,100	(3,215,000)	862,100	-
D Administrative & Other Services	**$ 45,597,300**	**$ -**	**$ 45,597,300**	**$ 11,497,500**
Personnel Costs	25,691,800	1,280,000	26,971,800	7,073,770
Utilities	199,600	-	199,600	17,979
Supplies & Other	2,781,500	-	2,781,500	676,167
Contractual Services	15,597,600	-	15,597,600	3,769,400
Capital Program Allocation	-	-	-	-
Shared Services	(180,700)	-	(180,700)	(39,816)
Unallocated Reserve	1,507,500	(1,280,000)	227,500	-
Employee Benefits				**$ 289,185**
Grand Total	**$431,326,800**	**$ (1,509,600)**	**$429,817,200**	**$109,337,566**

Schedule 9 Commentary – Operations & Maintenance Expense by Service Area and Expense Category

A – Water System Operations – Net increase = $10.5 million

- *Personnel* – Increase of $8.6 million – $6.3 million of this increase is related to the transfer of the majority of the Field Services cost center budget (centralized) to Water Operations for better alignment of the budget with the operations. *$2.3* million is due to annual wage adjustments and the corresponding fringe benefits costs which were budgeted in the unallocated reserves. Unallocated reserves account for cost types (like wage adjustments) estimated at the time the budget is prepared in October but not quantifiable until a market analysis is performed in the subsequent May for implementation in July.
- *Supplies & Other* – Increase $0.4 million – This increase is related to the amount of the Field Services cost center moved to the Water System Operations area.
- *Contractual Services* - Increase $5.1 million – This increase is related to the amount of the Field Services cost center moved to the Water System Operations area.
- *Capital Program Allocated* – Increase in the allocation of $0.2 million – This increase is related to the amount of the Field Services cost center moved to the Water System Operations area.
- *Unallocated Reserve* - Decrease of $3.4 million – Decreased to offset the personnel increase of $2.3 million for wage and fringe benefit adjustments. Also impacted by net O&M cost increases of $1.1 million related to the Field Services cost center realignment ($1.5 million in cost offset by $0.4 million unallocated reserve transferred).

B – Wastewater System Operations – Net change = $0.0 million.

- *Personnel* – Increase of $2.4 million – Due to annual wage adjustments and the corresponding fringe benefits which would not have been determined at the time the FY 2026 budget was created. This is budgeted as an intended use of unallocated reserves.
- *Unallocated Reserve* - Decrease of $2.4 million – Decreased to offset the cost increase for Personnel.

C – Centralized Services – Net Decrease = $12.0 million – This decrease represents the Field Services activity (cost center 882431) being transferred to the Water System Operations area.

- *Personnel – De*crease of $4.4 million – $6.3 million represents the amount transferred to the Water Operations service area. This was offset by $1.8 million due to annual wage adjustments and the corresponding fringe benefits which would not have been determined at the time the FY 2026 budget was created. This is intentionally budgeted in unallocated reserves.
- *Supplies & Other* – Decrease $0.4 million – This decrease is related to the amount of the Field Services cost center moved to the Water System Operations area.

- *Contractual Services* - Decrease $4.1 million – This decrease is related to the transfer of $5.1 million of the Field Services cost center to the Water System Operations area. This decrease was offset with an increase of $1.0 million for work being performed at the Main Office Building.
- *Capital Program Allocated* - Decrease in the allocation of $0.2 million – This decrease is related to the amount of the Field Services cost center moved to the Water System Operations area.
- *Unallocated Reserve* - Decrease of $3.2 million – Decreased to offset the Centralized personnel increase of $1.8 million and the contractual services increase of $1.0 million. The remaining $0.4 million was moved to the Water Operations service area as part of the realignment of Field Services.

D – Administrative & Other Services – Net change = $0.0 million

- *Personnel* – Increase of $1.3 million – Due to annual wage adjustments and the corresponding fringe benefits which would not have been determined at the time the FY 2026 budget was created. This is budgeted as an intended use of unallocated reserves.
- *Unallocated Reserve* - Decrease of $1.3 million – Adjusted down to offset the Administrative personnel increase.

Unallocated Reserve by Service Area

	FY 2027		
O&M Unallocated Reserves	Adopted Budget	Amendments 1st Quarter	Amended Budget
Water System Operations	$ 3,422,800	$ (3,422,800)	$ -
Wastewater System Operations	4,933,400	(2,415,700)	2,517,700
Centralized Services	4,077,100	(3,215,000)	862,100
Administrative & Other Services	1,507,500	(1,280,000)	227,500
Total	**$ 13,940,800**	**$ (10,333,500)**	**$ 3,607,300**

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four service areas. A budget is assigned to these accounts to cover expenditures not known or quantifiable at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If a service area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased.

Section V – Flow of Funds and Debt Service Coverage – Water and Sewer Systems

While the prior schedules provide the GLWA budget as a wholesale provider of service, Schedule 10A and Schedule 10B includes both the GLWA regional system budget and the DWSD local system budget to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance (MBO) Flow of Funds. The Board adopts the Total Debt Service* amount shown on the following schedules. This is the amount necessary to pay the principal and interest on all bonds. This schedule is the most important for stakeholders that want to understand the Authority's financial plan as it relates to the payment of outstanding debt, other long-term commitments, and compliance with lease terms and the Master Bond Ordinance (MBO).

These footnotes are for the next two schedules:

(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.

* *Total Debt Service is adopted by the GLWA Board.*

The Adjustment to Local System column is for changes in debt requirements related to SRF loans, the June 2026 debt refunding transaction as well as the General Retirement System Pension requirement. The net variance falls to line 23. DWSD has not amended their budget, however it is reflected here to accurately show the debt service and MBO requirements.

Schedule 10A - Water System – Flow of Funds and Debt Service Coverage Calculation Consistent with the Master Bond Ordinance – Appropriation Level

Line No	Water System Flow of Funds Basis	FY 2027 Adopted Budget	Amendments 1st Quarter Regional System	Amendments 1st Quarter Adjustment to Local System	FY 2027 Amended Budget
	Revenues				
	GLWA Revenues				
1	Wholesale Charges	$ 384,435,600	$ -		$ 384,435,600
2	Charges to Local System (a)	33,087,600	-		33,087,600
3	Total GLWA Revenue from Charges	417,523,200	-		417,523,200
4	Investment Earnings & Other Revenues	9,234,900	-		9,234,900
5	Total GLWA Revenues	426,758,100	-		426,758,100
6	DWSD Local System Revenues (b)	104,113,600		-	104,113,600
7	**Total Revenues**	**$ 530,871,700**	**$ -**	**$ -**	**$ 530,871,700**
	Revenue Requirements				
	Operations & Maintenance Expense				
8	GLWA Regional System	193,563,400	161,700		193,725,100
9	DWSD Local System	54,218,900		-	54,218,900
10	Less Shared Service Revenue	(1,537,300)		-	
11	Net Local System O&M Transfer	52,681,600		-	
12	Total Operations & Maintenance Expense	246,245,000	161,700	-	247,944,000
	Debt Service by Lien				
13	Senior Lien Bonds	157,116,600	(4,327,600)	(51,500)	152,737,500
14	Second Lien Bonds	58,357,600	1,241,600	(85,000)	59,514,200
15	Junior Lien Bonds	18,998,000	-	-	18,998,000
16	Total Debt Service *	234,472,200	(3,086,000)	(136,500)	231,249,700
17	GRS Pension	4,540,800	398,400	(252,700)	4,686,500
18	WRAP Contribution	3,066,300			3,066,300
19	Lease Payment to Local System I&E Account	22,500,000	-		22,500,000
20	ER&R Deposit	104,800	112,000		216,800
21	Working Capital Requirements	600,000	(600,000)		-
	Available for Revenue Financed Capital				-
22	GLWA Regional System	16,264,800	1,477,700		17,742,500
23	DWSD Local System	3,077,800		389,200	3,467,000
24	**Total Revenue Requirements**	**$ 530,871,700**	**$ (1,536,200)**	**$ -**	**$ 530,872,800**
25	**Pledged Revenue** *(7)-(12)*	**$ 284,626,700**	**$ (161,700)**	**$ -**	**$ 282,927,700**
	Debt Service Coverage				
26	Senior Lien Bonds (25) / (13)	1.81			1.86
27	Second Lien Bonds (25) / [(13)+(14)]	1.32			1.34
28	All Bonds, including SRF Junior Lien Bonds (25) / (16)	1.21			1.23

Schedule 10B - Sewer System – Flow of Funds and Debt Service Coverage Calculation Consistent with the Master Bond Ordinance – Appropriation Level

Line No	Sewer System Flow of Funds Basis	FY 2027 Adopted Budget	Amendments 1st Quarter Regional System	Amendments 1st Quarter Adjustment to Local System	FY 2027 Amended Budget
	Revenues				
	GLWA Revenues				
1	Wholesale Charges	$ 326,945,100	$ 187,000		$ 327,132,100
2	Charges to Local System (a)	225,283,200	(1,500,000)		223,783,200
3	Total GLWA Revenue from Charges	552,228,300	(1,313,000)		550,915,300
4	Investment Earnings & Other Revenues	10,953,900	-		10,953,900
5	Total GLWA Revenues	563,182,200	(1,313,000)		561,869,200
6	DWSD Local System Revenues (b)	100,599,000		-	100,599,000
7	**Total Revenues**	**$ 663,781,200**	**$ (1,313,000)**	**$ -**	**$ 662,468,200**
	Revenue Requirements				
	Operations & Maintenance Expense				
8	GLWA Regional System	237,763,400	(1,671,300)		236,092,100
9	DWSD Local System	64,186,900		-	64,186,900
10	Less Shared Service Revenue	(1,455,800)		-	
11	Net Local System O&M Transfer	62,731,100		-	
12	Total Operations & Maintenance Expense	300,494,500	(1,671,300)	-	300,279,000
	Debt Service by Lien				
13	Senior Lien Bonds	163,909,100	(1,781,300)	-	162,127,800
14	Second Lien Bonds	60,283,100	(1,089,800)	-	59,193,300
15	Junior Lien Bonds	42,023,000	384,900	(1,800)	42,406,100
16	Total Debt Service *	266,215,200	(2,486,200)	(1,800)	263,727,200
17	GRS Pension	6,748,400	713,000	(169,000)	7,292,400
18	WRAP Contribution	4,224,400			4,224,400
19	Lease Payment to Local System I&E Account	27,500,000	-		27,500,000
20	ER&R Deposit	-	187,000		187,000
21	Working Capital Requirements	1,500,000	(1,500,000)		-
22	Available for Revenue Financed Capital				-
23	GLWA Regional System	54,568,000	4,757,500		59,325,500
24	DWSD Local System	2,530,700		170,800	2,701,500
25	**Total Revenue Requirements**	**$ 663,781,200**	**$ -**	**$ -**	**$ 665,237,000**
26	**Pledged Revenue** *(7)-(12)*	**$ 363,286,700**	**$ 358,300**	**$ -**	**$ 362,189,200**
	Debt Service Coverage				
27	Senior Lien Bonds (25) / (13)	2.22			2.24
28	Second Lien Bonds (25) / [(13)+(14)]	1.62			1.64
29	All Bonds, including SRF Junior Lien Bonds (25) / (16)	1.36			1.38

Section VI – Proposed Budget Amendment Resolution Item No. 2026-459

Great Lakes Water Authority

Resolution 2026-459
Resolution Adopting the FY 2027 First Quarter Budget Amendments through September 2026

By Board Member:

WHEREAS The Great Lakes Water Authority ("GLWA" or the "Authority") assumed the operation of the regional water and sewer systems on January 1, 2016 (the "Effective Date") pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2027 budget on February 25, 2026, for the twelve-month fiscal year beginning July 1, 2026;

WHEREAS Following a review of the budget amendment report for the FY 2027 First Quarter through September 2026, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating	Water System		Sewer System	
Appropriation Category	Adopted	Amended	Adopted	Amended
Revenues				
Wholesale Customers	$ 384,435,600	No Change	$ 312,321,600	No Change
Less: Bad Debt	-	No Change	-	No Change
Charges to Local System	33,087,600	No Change	225,283,200	No Change
Industrial Waste Control	NA	NA	9,508,000	No Change
Pollutant Surcharges	NA	NA	5,115,500	No Change
Investment Earnings - Unrestricted	3,171,000	No Change	3,969,200	No Change
Investment Earnings - I&E Fund Unrestricted	3,414,900	No Change	3,985,100	No Change
Investment Earnings - Restricted for Debt Service	2,150,500	No Change	2,513,800	No Change
Other Revenue	498,500	No Change	485,800	No Change
Total Revenues	**$ 426,758,100**	**$ 426,758,100**	**$ 563,182,200**	**$ 563,182,200**
Revenue Requirements				
Operations & Maintenance Expense	$ 193,563,400	$ 193,725,100	$ 237,763,400	$ 236,092,100
Debt Service	189,086,400	$ 186,000,400	233,854,700	$ 231,368,500
General Retirement System Pension	2,559,000	$ 2,957,400	5,246,300	$ 5,959,300
Water Residential Assistance Program Contributio	2,079,700	No Change	2,749,800	No Change
Extraordinary Repair & Replacement Deposit	104,800	$ 1,753,000	-	$ 187,000
Regional System Lease	22,500,000	No Change	27,500,000	No Change
Working Capital Requirement	600,000	$ -	1,500,000	$ -
Improvement & Extension Fund Transfer	16,264,800	$ 17,742,500	54,568,000	$ 59,325,500
Total Revenue Requirements	**$ 426,758,100**	**$ 426,758,100**	**$ 563,182,200**	**$ 563,182,200**

WHEREAS Following a review of the FY 2027 First Quarter Budget Amendment Report through September 2026, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund	Water System		Sewer System	
Appropriation Category	**Adopted**	**Amended**	**Adopted**	**Amended**
Inflows				
Transfers In from Operating	$ 16,264,800	$ 17,742,500	$ 54,568,000	$ 59,325,500
Grant Revenues & Capital Contributions	-	No Change	-	No Change
Investment Earnings	3,414,900	No Change	3,985,100	No Change
Total Inflows	**19,679,700**	**21,157,400**	**58,553,100**	**63,310,600**
Outflows				
Capital Outlay	24,976,300	17,476,300	15,431,100	No Change
Transfer out Investment Earnings	3,414,900	No Change	3,985,100	No Change
Capital Improvement Plan funded by I&E	-	No Change	-	40,570,000
Transfer out Revenue Financed Capital	-	No Change	38,250,000	-
Total Outflows	**28,391,200**	**20,891,200**	**57,666,200**	**59,986,200**
Net Increase (Use) of Reserves	**$ (8,711,500)**	**$ 266,200**	**$ 886,900**	**$ 3,324,400**

WHEREAS Following a review of the budget amendment report through the FY 2027 First Quarter through September 2026, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund	Water System		Sewer System	
Appropriation Category	**Adopted**	**Amended**	**Adopted**	**Amended**
Inflows				
Transfer from Improvement & Extension Fund	$ -	No Change	$ 38,250,000	$ -
Bond Proceeds	243,000,000	No Change	76,000,000	No Change
SRF loan proceeds	-	No Change	159,595,800	No Change
Grant Revenues & Capital Contributions	1,154,900	3,054,900	10,157,500	No Change
Investment Earnings	3,828,400	No Change	2,019,200	No Change
Total Inflows	**$ 247,983,300**	**$ 249,883,300**	**$ 286,022,500**	**$ 247,772,500**
Outflows				
Capital Program	245,000,000	299,000,000	255,000,000	214,430,000
Bond Cost of Issuance	1,822,500	No Change	570,000	No Change
Total Outflows	**$ 246,822,500**	**$ 300,822,500**	**$ 255,570,000**	**$ 215,000,000**
Net (Use) Increase of Reserves	**1,160,800**	**(50,939,200)**	**30,452,500**	**32,772,500**
CIP Plan	**$ 302,768,000**	**$ 370,268,000**	**$ 287,641,000**	**No Change**
Capital Spend Rate Assumption	80%	No Change	88%	No Change

WHEREAS Following a review of the budget amendment report through the FY 2027 First Quarter through September 2026, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Water and Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation	Water System		Sewer System	
Appropriation Category	Adopted	Amended	Adopted	Amended
Debt Service by Lien				
Senior Lien Bonds	$ 157,116,600	$ 152,737,500	$ 163,909,100	$ 162,127,800
Second Lien Bonds	58,357,600	59,514,200	60,283,100	59,193,300
SRF Junior Lien Bonds	18,998,000	No Change	42,023,000	42,406,100
Total Debt Service	**$ 234,472,200**	**$ 231,249,700**	**$ 266,215,200**	**$ 263,727,200**

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on November 20, 2026; and

WHEREAS An affirmative vote of five Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board approves the FY 2027 First Quarter Budget Amendments through September 2026; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Lisa Mancini, Financial Services Chief of Staff

Re: Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request

Background / Analysis: See attached draft Board Letter.

Proposed Action: The GLWA Audit Committee recommends that the Board of Directors authorizes staff to schedule a Public Hearing on the FY 2028 & FY 2029 Biennial Budget Request to be held at a meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027.

It should be noted that the Board meeting on February 24, 2027 has been scheduled to start at 2 pm. To provide additional time for public input, the recommendation is for the meeting to start at 1 pm to be coordinated by GLWA Administration.

..Title

Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request

..Body

Agenda of: December 9, 2026
Item No.: **2026-452**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: December 9, 2026

RE: **Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **authorizes staff to schedule a Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request to be held at a Meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027**; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The timing of the proposed public hearings is guided largely by contractual commitments that seek to align the budget and annual service charges approval process as well as following general practice in the public sector.

Contractual Commitments

Section 7.02 of the GLWA Model Water Contract requires a Public Hearing prior to adoption of the FY 2028 & FY 2029 Biennial Budget. Section 7.02 provides:

> "Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board shall meet with Customer to review the rate and the data."

The GLWA Model Sewer contract has the similar wording in Section 20.02 of that contract.

> "Notification of Rates. As soon as possible in the ratemaking process, DWSD *[now GLWA]* shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, DWSD *[now GLWA]* shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. DWSD *[now GLWA]* shall meet with Customer to review the rate and the data." *[Note that the contracts still reference DWSD; italics noted to infer GLWA.]*

General Practice in the Public Sector

> Michigan Public Act 279 provides that a water or sewerage system which serves more than 40% of the population must hold at least one public hearing at least 120 days before a proposed rate increase is scheduled to take effect. The hearing(s) must be conducted in compliance with the Open Meetings Act (OMA). Notice of the time, date and place of each hearing must be in compliance with the OMA and must be mailed to each city, village

or township served by the system not less than 30 days before each hearing.

Although Act 279 does not currently apply to GLWA operations as the population served is close to, but less than, 40%, counsel has been in agreement that GLWA should continue to abide by the notice requirements of Act 279 as the most faithful interpretation of the contract requirements.

JUSTIFICATION

The timing of the proposed public hearing aligns with the annual financial planning and charge development cycle in process.

BUDGET IMPACT

A public hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request is necessary for the establishment of a budget effective July 1, 2027.

COMMITTEE REVIEW

At its meeting on November 20, 2026, the Audit Committee [insert action] that the Board of Directors authorizes staff to schedule a Public Hearing on the Proposed FY 2028 & FY 2029 Biennial Budget Request to be held at a meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027.

It should be noted that the Board meeting on February 24, 2027 has been scheduled to start at 2 pm. To provide additional time for public input, the Audit Committee discussed a preference for the meeting to start at 1 pm to be coordinated by GLWA Administration.

A discussion draft budget will be presented to the Audit Committee on December 18, 2026, with further discussion scheduled for the Audit Committee meeting on January 22, 2027, and the Board of Directors meeting on January 27, 2027 as needed.

GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED BIENNIAL BUDGET
For the Two-Year Period ended June 30, 2029 (FY 2028 and FY 2029)

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the proposed FY 2028 and FY 2029 biennial budget.

DATE: **Wednesday, February 24, 2027**

TIME: **1:00 p.m.**

PLACE: **In person, Zoom Videoconferencing, and Zoom Telephonic Hearing**

In Person
Board Room, 5th Floor
735 Randolph Street
Detroit, Michigan 48226

Join Zoom Meeting
https://glwater.zoom.us/j/87101876417?pwd=OBZbunaBbbAKrh80YjWHPVPYguy8SC.1
Meeting ID: 871 0187 6417
Passcode: 834869

Join Zoom Telephonic
Public Call-In Number: 877 853 5247 US Toll-Free
or 888 788 0099 US Toll-Free
Meeting ID: 871 0187 6417
Passcode: 834869

The proposed biennial budget is scheduled to take effect on July 1, 2027.

The proposed biennial budget is available for public inspection online at https://www.glwater.org/financials/.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed biennial budget may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person or participate via the Zoom as indicated in this notice.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A three minute time limit will be observed.

The Public Hearing on the FY 2028 and FY 2029 biennial budget proposed by the Great Lakes Water Authority scheduled for February 24, 2027 at 1:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

In Person: Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend: https://glwater.zoom.us/j/87101876417?pwd=OBZbunaBbbAKrh80YjWHPVPYguy8SC.1 During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

By Telephone via Zoom: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 23, 2027 and should reference "February 24, 2027 Public Hearing on proposed FY 2028 and FY 2029 biennial budget" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Written comments by U.S. mail should reference “February 24, 2027 Public Hearing on proposed FY 2028 and FY 2029 biennial budget” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Lisa Mancini, Financial Services Chief of Staff

Re: Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges

Background / Analysis: See attached draft Board Letter.

Proposed Action: The GLWA Audit Committee recommends that the Board of Directors authorizes staff to schedule a Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges to be held at a meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027.

It should be noted that the Board meeting on February 24, 2027 has been scheduled to start at 2 pm. To provide additional time for public input, the recommendation is for the meeting to start at 1 pm to be coordinated by GLWA Administration.

..Title

Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges

..Body

Agenda of: December 9, 2026
Item No.: **2026-453**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: December 9, 2026

RE: **Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **authorizes staff to schedule a Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges to be held at a Meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027**; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The timing of the proposed public hearings is guided largely by contractual commitments that seek to align the budget and annual service charges approval process as well as following general practice in the public sector.

Contractual Commitments

Section 7.02 of the GLWA Model Water Contract requires a Public Hearing prior to adoption of the FY 2028 & FY 2029 Biennial Budget. Section 7.02 provides:

> "Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board shall meet with Customer to review the rate and the data."

The GLWA Model Sewer contract has the similar wording in Section 20.02 of that contract.

> "Notification of Rates. As soon as possible in the ratemaking process, DWSD *[now GLWA]* shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, DWSD *[now GLWA]* shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. DWSD *[now GLWA]* shall meet with Customer to review the rate and the data." *[Note that the contracts still reference DWSD; italics noted to infer GLWA.]*

General Practice in the Public Sector

> Michigan Public Act 279 provides that a water or sewerage system which serves more than 40% of the population must hold at least one public hearing at least 120 days before a proposed rate increase is scheduled to take effect. The hearing(s) must be conducted in compliance with the Open Meetings Act (OMA). Notice of the time, date and place of each hearing must be in compliance with the OMA and must be mailed to each city, village or township served by the system not less than 30 days before each hearing.

Although Act 279 does not currently apply to GLWA operations as the population served is close to, but less than, 40%, counsel has been in agreement that GLWA should continue to abide by the notice requirements of Act 279 as the most faithful interpretation of the contract requirements.

JUSTIFICATION

The timing of the proposed public hearing aligns with the annual financial planning and charge development cycle in process.

BUDGET IMPACT

A Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges is necessary for the establishment of a current budget and schedule of service charges effective July 1, 2027.

COMMITTEE REVIEW

At its meeting on November 20, 2026, the Audit Committee [insert action] that the Board of Directors authorizes staff to schedule a Public Hearing on the Proposed FY 2028 Schedule of Revenues and Service Charges to be held at a meeting of the Great Lakes Water Authority Board on February 24, 2027, at 1 pm, directs that notice of this Public Hearing be published in a daily newspaper of general circulation, and directs that notice of this Public Hearing be mailed to GLWA member partner communities on or before January 25, 2027.

It should be noted that the Board meeting on February 24, 2027 has been scheduled to start at 2 pm. To provide additional time for public input, the Audit Committee discussed a preference for the meeting to start at 1 pm to be coordinated by GLWA Administration.

A discussion draft budget will be presented to the Audit Committee on December 18, 2026, with further discussion scheduled for the Audit Committee meeting on January 22, 2027, and the Board of Directors meeting on January 27, 2027 as needed.

GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2028 WATER AND SEWAGE DISPOSAL SERVICE CHARGES

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewage Disposal service charges proposed by the Great Lakes Water Authority for Fiscal Year 2028.

DATE: **Wednesday, February 24, 2027**

TIME: **1:00 p.m.**

PLACE: **In person, Zoom Videoconferencing, and Zoom Telephonic Hearing**

In Person
Board Room, 5th Floor
735 Randolph Street
Detroit, Michigan 48226

Join Zoom Meeting
https://glwater.zoom.us/j/87101876417?pwd=OBZbunaBbbAKrh80YjWHPVPYguy8SC.1
Meeting ID: 871 0187 6417
Passcode: 834869

Join Zoom Telephonic
Public Call-In Number: 877 853 5247 US Toll-Free
or 888 788 0099 US Toll-Free
Meeting ID: 871 0187 6417
Passcode: 834869

The proposed service charges are scheduled to take effect on July 1, 2027.

The proposed schedule of service charges is available for public inspection online at https://www.glwater.org/financials/.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person or participate via the Zoom as indicated in this notice.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A three minute time limit will be observed.

The Public Hearing on the FY 2028 Water and Sewage Disposal service charges proposed by the Great Lakes Water Authority scheduled for February 24, 2027 at 1:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

In Person: Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend: https://glwater.zoom.us/j/87101876417?pwd=OBZbunaBbbAKrh80YjWHPVPYguy8SC.1 During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

By Telephone via Zoom: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 23, 2027 and should reference "February 24, 2027 Public Hearing on service charges proposed for Fiscal Year 2028" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226

Written comments by U.S. mail should reference “February 24, 2027 Public Hearing on service charges proposed for Fiscal Year 2028” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Nicolette Bateson, CPA, Chief Financial Officer/Treasurer

Re: CFO Report

Workday Rising 2026 Conference

Workday is GLWA's financial and human resources system. Workday is a cloud-based enterprise software platform used by businesses to manage human resources, finance, and operations in one unified system. With more than 11,500 customers worldwide, Workday is continually releasing new features and is striving to lead in deploying artificial intelligence.

In order to be ensure that GLWA is well informed of new features and evolving technology, a several GLWA team members from Financial Services, Information Technology, and Organizational Development attended the U.S. Workday Rising Conference ion October. The event offered valuable learning opportunities through sessions with Workday experts and global users, highlighting tools and emerging features that could support improvements to GLWA's systems.

Attendees also connected with vendors and industry peers participated in hands-on demonstrations and attended the Workday State and Local Summit to learn about emerging Workday capabilities. Both in-person and virtual participants gained knowledge and insights that will support the ongoing effectiveness of GLWA's Workday system.

While attending the conference, Procurement Director Sonya Collins, Accounts Payable Manager Dionna Wilson, and Contract Management Manager Kim Ungerman earned Procure-to-Pay certification after successfully completing a four-day training program focused on tenant configuration, system maintenance, and business process administration as well as passing the in-person exam. Given the complexity of the Procure-to-Pay process within Workday, developing and achieving this level of expertise illustrates our team's commitment to excellence.

***The Crisis Beneath Us* – Connecting with the Next Generation**

I have the honor of sitting on the Masters' of Public Administration (MPA) Advisory Board for Eastern Michigan University. The MPA program provides opportunity for students to pursue coursework with a multidisciplinary approach. For example, Dr. Shu Wang, Associate Professor in the Department of Political Science developed a course this semester, *Local Governance for Water Justice*. Dr. Wang invited me to speak with the class last week, which included students in the environmental sciences program. We discussed the creation of GLWA and *The Crisis Beneath Us*. The students asked thoughtful, insightful questions that reflected a strong engagement with the subject matter. Dr. Wang's educational vision and her focus on water-sector governance provides students with valuable perspectives on public administration and environmental policy. Her efforts are greatly appreciated.

Charges Rollout

Charges Rollout #1 – Units of Service was held last week via Zoom. This week, the Charges Outreach & Modeling Team is performing the following tasks.

1. Finalizing the Units of Service Reports (one for water and one for sewer)
2. Conducting one-on-one Member Partner meetings for those who would like to better understand their units of service calculation.
3. Sending an email to each Member Partner with their individual calculation.

GLWA
Great Lakes Water Authority

Monthly Financial Report Binder

July 2026 (unaudited)

Presented to the
Great Lakes Water Authority
Audit Committee on November 20, 2026

TABLE OF CONTENTS

Executive Summary Dashboard 1

Revenue Requirements Budget

Budget to Actual Analysis 4

GAAP-Basis Financial Statements

Basic Financial Statements 13

Financial Activity Charts 21

Crosswalk 24

Financial Operations Key Performance Indicators 28

Bank Reconciliations 28

Supplemental Sections

Capital Improvement Plan Financial Summary 30

Master Bond Ordinance Transfers 33

Cash and Investments 40

Retail Revenues, Receivables, & Collections 44

Wholesale Billings, Receivables, & Collections 49

Trust Receipts and Disbursements 54

Liquidity 62

Key Financial Metrics

The table below highlights risks related to financial performance: No risk is green, potential risk is yellow, and likely risk is red.

Budget variances are monitored by the Great Lakes Water Authority (GLWA) management. Operating and/or budget priorities are re-evaluated where appropriate. The budget is continually monitored with amendments no less than quarterly based on the most current information available. There have been no amendments made to the fiscal year 2027 budget to date.

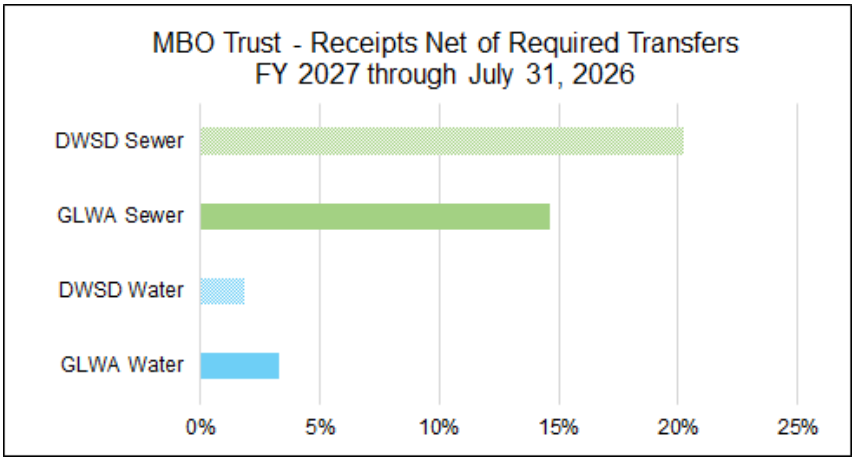
Through July 2026, investment earnings, wholesale water revenue and water usage show budget variances of note. Wholesale water revenue variances are a result of significant increase in usage during the month of July 2026 attributable summer weather. The positive Investment earning variances are a result of fluctuating market conditions that lead to higher than anticipated interest rate returns.

Water system variances for capital spend relate to supplier procurement and project interdependency delays (reported in Key Performance Indicator Report - Legistar #2026-412).

As of July 31, 2026					
Metric	FY 2027 Budget	FY 2027 Amended Budget	FY 2027 Actual	Variance from Budget	Report Page Reference
Wholesale Water Revenue ($M)	$32.0	$32.0	$38.9	22%	5
Wholesale Water Billed Usage (mcf)	1,384,000	1,384,000	1,570,000	13%	50
Wholesale Sewer Revenue ($M)	$26.0	$26.0	$26.0	0%	6
Wholesale Water Investment Earnings ($M)	$0.7	$0.7	$1.1	51%	5
Wholesale Sewer Investment Earnings ($M)	$0.9	$0.9	$1.5	74%	6
Wholesale Water Operations & Maintenance ($M)	$16.1	$16.1	$16.0	0%	5
Wholesale Sewer Operations & Maintenance ($M)	$19.8	$19.8	$20.3	2%	6
Water Prorated Capital Spend w/SRA* ($M)	$20.2	$20.2	$12.2	-40%	31
Sewer Prorated Capital Spend w/SRA* ($M)	$21.1	$21.1	$20.2	-4%	32

*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 54)



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 $207 thousand in positive net receipts and DWSD sewer reports $6.8 million in positive net receipts over disbursements through July 2027.

Budget to Actual Analysis (page 4)

- The total revenue requirements are on target through July 2026.
- The total overall Operations & Maintenance expenses are 8.4% of budget through July 2026 which is slightly above the pro-rata benchmark of 8.3% 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 July 2026 is $17.4 million for the Water fund (41.3% of total revenues) and $14.7 million for the Sewage Disposal fund (31.9% of total revenues).
- Water net position increased by $12.3 million, and sewage disposal net position increased by $8.6 million for the year to date through July 2026.

Capital Improvement Plan Financial Summary (page 30)

- Water system costs incurred to date are below the 80% Capital Spend Ratio adjustment.
- Sewer system costs incurred to date are below the 88% Capital Spend Ratio adjustment.

Master Bond Ordinance Transfers (page 33)

- For July 2026, transfers of $16.8 million and $20.7 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for July 2026, transfers of $6.3 million and $7.5 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 40)

- Total cash & investments are $770.0 million for Water and $667.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2027 investment income through July 2026 is $4.2 million.

DWSD Retail Revenues, Receivables & Collections (page 44)

- Water usage through July 31, 2026, is 94.58% and revenues are 91.33% of budget.
- Sewer usage through July 31, 2026, is 95.00% and revenues are 92.41% of budget.
- DWSD experienced a technical issue affecting the July 31, 2026 retail accounts receivable aging report. Detailed aging information was unavailable at month-end, but the issue was subsequently corrected. Retail aging detail is included in the August 31, 2026 report.

GLWA Wholesale Billing, Receivables & Collections (page 49)

- GLWA accounts receivable past due balance net of Highland Park is 0.29% of the total accounts receivable balance.
- Discussions between GLWA and Highland Park regarding the sewer balance are underway. The past due amount is escrowed in accordance with contract terms pending resolution of the underlying dispute.
- Average wholesale water collections of $31.4 million for the period of August 2025 through July 2026 are trending $3.0 million above the prior year.
- Average wholesale sewer collections of $25.6 million for the period of August 2025 through July 2026 are trending $2.8 million above the prior year.

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

Revenue Requirements Budget

GLWA
Great Lakes Water Authority

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 many stakeholder groups.

Table 1A – Water Revenue Requirements Budget and ***Table 1B – Sewer 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 July 2026 therefore the pro-rata benchmark is 8.3% (1 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 July 31, 2026, these credits total $0.5 million for FY 2027.

Table 1A – *Water System* Revenue Requirements Budget ($000)

Water System	FY 2026 Amended Budget	FY 2026 Activity Thru 7/31/2025	FY 2026 Percent of Amended Budget	FY 2027 Board Adopted Budget	FY 2027 Amended Budget	FY 2027 Activity Thru 7/31/2026	FY 2027 Percent of Amended Budget
Revenues							
Wholesale Charges	$ 365,646	$ 35,192	9.6%	$ 384,436	$ 384,436	$ 38,940	10.1%
Charges to Local System	30,029	2,502	8.3%	33,088	33,088	2,757	8.3%
Investment Earnings	16,057	1,195	7.4%	8,736	8,736	1,133	13.0%
Other Revenue	630	57	9.0%	499	499	64	12.8%
Total Revenues	$ 412,362	38,946	9.4%	$ 426,758	426,758	42,895	10.1%
Revenue Requirements							
Operations & Maintenance Expense	$ 192,768	$ 13,724	7.1%	$ 193,563	$ 193,563	$ 16,036	8.3%
Debt Service	177,732	14,924	8.4%	189,086	189,086	15,757	8.3%
General Retirement System Pension	2,731	228	8.3%	2,559	2,559	213	8.3%
Water Residential Assistance Program Contribution	1,970	164	8.3%	2,080	2,080	173	8.3%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	105	105	-	0.0%
Regional System Lease	22,500	1,875	8.3%	22,500	22,500	1,875	8.3%
Working Capital Requirement	-	-	0.0%	600	600	-	0.0%
Improvement & Extension Fund Transfer Pending	14,661	1,592	10.9%	16,265	16,265	1,355	8.3%
Total Revenue Requirements	$ 412,362	32,506	7.9%	$ 426,758	426,758	35,411	8.3%
Net Difference		$ 6,440				$ 7,484	
Recap of Net Difference							
Revenue Variance		$ 4,583				$ 7,332	
Revenue Requirement Variance		1,857				153	
Net Difference		$ 6,440				$ 7,484	

Table 1B – Sewer System Revenue Requirements Budget ($000)

Sewer System	FY 2026 Amended Budget	FY 2026 Activity Thru 7/31/2025	FY 2026 Percent of Amended Budget	FY 2027 Board Adopted Budget	FY 2027 Amended Budget	FY 2027 Activity Thru 7/31/2026	FY 2027 Percent of Amended Budget
Revenues							
Wholesale Charges	$ 300,317	$ 25,012	8.3%	$ 312,322	$ 312,322	$ 26,030	8.3%
Charges to Local System	215,324	17,944	8.3%	225,283	225,283	18,774	8.3%
Industrial Waste Control Charges	9,150	720	7.9%	9,508	9,508	762	8.0%
Pollutant Surcharges	5,113	309	6.0%	5,116	5,116	361	7.1%
Investment Earnings	20,135	1,472	7.3%	10,468	10,468	1,516	14.5%
Other Revenue	443	26	5.8%	486	486	37	7.6%
Total Revenues	$ 550,482	45,482	8.3%	$ 563,182	563,182	47,479	8.4%
Revenue Requirements							
Operations & Maintenance Expense	$ 238,430	$ 16,944	7.1%	$ 237,763	$ 237,763	$ 20,267	8.5%
Debt Service	216,027	18,407	8.5%	233,855	233,855	19,488	8.3%
General Retirement System Pension	5,633	469	8.3%	5,246	5,246	437	8.3%
Water Residential Assistance Program Contribution	2,639	220	8.3%	2,750	2,750	229	8.3%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	2,292	8.3%	27,500	27,500	2,292	8.3%
Working Capital Requirement	-	-	0.0%	1,500	1,500	-	0.0%
Improvement & Extension Fund Transfer Pending	60,254	4,351	7.2%	54,568	54,568	4,547	8.3%
Total Revenue Requirements	$ 550,482	42,683	7.8%	$ 563,182	563,182	47,260	8.4%
Net Difference		$ 2,799				$ 220	
Recap of Net Difference							
Revenue Variance		$ (392)				$ 548	
Revenue Requirement Variance		3,191				(328)	
Net Difference		$ 2,799				$ 220	

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 2027 are above the pro-rata benchmark; the *water* system is 10.1%. For the *sewer* system, total revenues for FY 2027 are above the pro-rata benchmark at 8.4%. 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 2027 at 13.0%. The *sewer* system is above the pro-rata benchmark for FY 2027 at 14.5%. FY 2027 investment earnings are slightly lower for the water system and slightly higher for the sewer system when compared to earnings in July of FY 2026. Interest rates started to fall in FY 2025 and had a small recovery in the spring of 2026. The length of investment maturities during this environment of changing interest rates will result in variances when compared to the prior year and to budget. 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 in-line with the pro-rata benchmark for FY 2027 at 8.3%, and the *sewer* system O&M is slightly above the pro-rata benchmark for FY 2027 at 8.5%.
5. ***Debt Service:*** For FY 2027, the *water* system is in-line with the pro-rata benchmark at 8.3% and *sewer* system is in-line with the pro-rata benchmark at 8.3%. Monthly transfers have been made based on the original adopted budget. The first quarter budget amendment will adjust the debt service for the June 2026 bond transactions. The State Revolving Fund (SRF) loans that are still being drawn down in the sewer system may cause temporary variances until the budget is realigned with the revised payment schedules. There currently are no SRF loans being drawn on in the water system.
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 with the pro-rata benchmark at 8.3%. Total revenue requirements for the sewer system are slightly above the pro-rata benchmark at 8.4%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of July 31, 2026, is 8.3% (one month), with the total O&M budget above the benchmark at 8.4%. When comparing FY 2027 to FY 2026 in ***Table 2 – Operations & Maintenance Budget – Major Budget Categories***, the overall spending in FY 2027 is above FY 2026 for one month 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 positive variance in the internal cost center. A moderate positive

variance is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on February 1 each year) as well as managing risk as the program is partially self-insured.

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

			Activity	Percent of	Board		Activity	Percent of
A Water System Operations	$	108,691	$ 7,101	6.5%	$ 103,654	$ 103,654	$ 9,903	9.6%
B Wastewater System Operations		156,573	11,532	7.4%	158,647	158,647	13,692	8.6%
C Centralized Services		120,304	7,516	6.2%	123,429	123,429	8,742	7.1%
D Administrative & Other Services		45,631	4,089	9.0%	45,597	45,597	3,656	8.0%
Employee Benefits		-	430	100.0%	-	-	304	100.0%

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 2026 Amended Budget	FY 2026 Actual Thru 6/30/2026	FY 2026 Activity Thru 7/31/2025	FY 2026 Percent of Amended Budget	FY 2026 Percent of Actual 6/30/2026	FY 2027 Amended Budget	FY 2027 Prorated Amended Budget (1 Month)	FY 2027 Activity Thru 7/31/2026	FY 2027 Percent of Amended Budget	FY 2027 Variance (Over) Under Prorated Amended Budget
	A	B	C	= C / A	= C / B	D	E	F	= F / D	= E - F
Personnel Costs										
Salaries & Wages	$ 94,195	$ 94,585	$ 7,920	8.4%	8.4%	$ 95,548	$ 7,962	$ 9,294	9.7%	$ (1,332)
Workforce Development	2,142	2,140	223	10.4%	10.4%	2,426	202	185	7.6%	17
Overtime	10,432	10,588	892	8.5%	8.4%	9,642	803	910	9.4%	(106)
Employee Benefits	36,781	34,773	2,783	7.6%	8.0%	33,877	2,823	2,960	8.7%	(137)
Transition Services	8,263	8,373	709	8.6%	8.5%	6,429	536	479	7.5%	57
Employee Benefits Fund	-	-	430	100.0%	100.0%	-	-	304	100.0%	(304)
Total Personnel Costs	*151,814*	*150,458*	*12,956*	8.5%	8.6%	*147,921*	*12,327*	*14,133*	9.6%	*(1,806)*
Utilities										
Electric	49,096	47,586	4,240	8.6%	8.9%	49,878	4,157	5,068	10.2%	(911)
Gas	8,443	9,659	888	10.5%	9.2%	9,061	755	711	7.9%	44
Sewage Service	2,455	2,600	(13)	-0.5%	-0.5%	2,312	193	174	7.5%	18
Water Service	12,561	11,748	(36)	-0.3%	-0.3%	11,158	930	942	8.4%	(12)
Total Utilities	*72,555*	*71,593*	*5,079*	7.0%	7.1%	*72,410*	*6,034*	*6,895*	9.5%	*(861)*
Chemicals	33,636	31,334	2,726	8.1%	8.7%	34,307	2,859	2,321	6.8%	538
Supplies & Other	47,117	48,354	3,186	6.8%	6.6%	48,086	4,007	3,415	7.1%	592
Contractual Services	131,329	130,523	7,228	5.5%	5.5%	120,456	10,038	9,883	8.2%	155
Capital Program Allocation	(3,431)	(3,392)	(315)	9.2%	9.3%	(3,419)	(285)	(151)	4.4%	(134)
Shared Services	(2,264)	(2,519)	(191)	8.4%	7.6%	(2,375)	(198)	(193)	8.1%	(5)
Intergovernmental Agreement	-	(221)	-	0.0%	0.0%	-	-	-	0.0%	-
Unallocated Reserve	443	-	-	0.0%	0.0%	13,941	1,162	-	0.0%	1,162
Total Expenses	$ 431,198	$ 426,131	$ 30,668	7.1%	7.2%	$ 431,327	$ 35,944	$ 36,303	8.4%	$ (359)

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 8.4%, which is slightly above the pro-rata benchmark of 8.3%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through July 2026 are at 9.6%, which is above the pro-rata benchmark of 8.3%. 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. The first quarter budget amendment will move part of the unallocated reserve into the personnel costs.

Utilities: The overall category is above the pro-rata benchmark; coming in at 9.5% through July 2026. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is above the pro-rata benchmark, coming in at 10.2%. When compared to the prior fiscal year there is a $0.8 million increase (20%). This is primarily due to the Power Supply Cost Recovery (PSCR) charge being increased to the maximum allowed beginning March 1, 2026, which resulted in a 650.8% increase in the PSCR charge. This change, which is based on kilowatt hours used (kWh)

had a significant impact on electric cost in July. This will continue to impact FY 2027, with the first three months of GLWA's fiscal year (July, August, and September) typically being peak months for the usage of electricity.

- **Gas** is below the pro-rata benchmark, coming in at 7.9%. The Wastewater Resource Recovery (WRRF) facility took significant incineration capacity off-line during this period, utilizing the Biosolids Drying Facility more for disposal of bio-solids. GLWA works with the State of Michigan to secure favorable rates of natural gas for the majority of the anticipated annual usage. As reported by the U.S. Energy Administration the Henry Hub natural gas spot price 12-month average has increased, on average, 17.5% as of July 2026, over the preceding 12-month period. Variances are primarily related to these fluctuating costs.
- **Sewage service** is lower than the benchmark, coming in at 7.5%. This is largely due to the Southwest water plant which is under budget. Sewer is not based on water usage at this plant. It has a separate sewer meter; therefore costs are based on a measured discharge. During sludge removal the liquid portion is drained back to the sewer system.
- **Water service** is in-line with the benchmark, coming in at 8.4%.

Chemicals: This category is lower than the benchmark; coming in at 6.8%. The abnormally dry conditions in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events, as well as the seasonal use to control zebra mussels in the fall (sodium hypochlorite). Additionally, fewer wet weather events result in lower particulate matter (turbidity) in the source water leading to reduced aluminum sulfate used as a flocculent (to remove the suspended impurities).

Supplies & Other: This category is below the pro-rata benchmark; coming in at 7.1%. The are many different items in this expense category, some of which, such as certain maintenance activities and non-capitalized equipment purchases, are subject to one-time expenses that do not occur evenly throughout the year. Variances are not unexpected. Additionally, a budget classification issued has been noted totaling $1.6 million for sewer linear maintenance work, which should be classified as a contract service. This is anticipated to be corrected in the first quarter budget amendment.

Contractual Services: This category is slightly below the pro-rata benchmark; coming in at 8.2%. 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 below the benchmark; coming in at 4.4%. 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. Amounts will vary throughout the year based on capital activity.

Shared Services: This category is lower than benchmark; coming in at 8.1%. 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 2027. 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 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

(Unaudited)



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 2026 comparative amounts are unaudited. Adjustments related to fiscal year end 2026 audit may affect the basic financial statements. The results of these adjustments will be presented in the audited annual report.

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 July 31, 2026 ($000)

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2026
Assets				
Cash - unrestricted (a)	173,841	271,216	445,057	364,553
Cash - restricted (a)	335,521	164,067	499,588	715,196
Investments - unrestricted (a)	157,465	189,251	346,716	354,730
Investments - restricted (a)	88,726	53,547	142,273	230,595
Accounts Receivable	103,668	70,142	173,811	212,875
Due from (to) Other Funds (b)	13,902	(13,902)	-	-
Other Assets (c)	577,796	340,236	918,032	920,277
Capital Assets, net of Depreciation	1,470,839	1,737,681	3,208,520	3,227,758
Land	295,351	127,983	423,334	423,334
Construction Work in Process (e)	343,913	679,932	1,023,845	990,808
Total assets	3,561,021	3,620,154	7,181,176	7,440,127
Deferred Outflows (f)	33,162	63,713	96,875	97,362
Liabilities			-	-
Liabilities - Liabilities-ST	223,043	254,145	477,188	600,354
Other Liabilities (h)	2,465	6,201	8,666	8,461
Cash Held FBO DWSD (d)	29,896	52,726	82,622	73,739
Liabilities - Long-Term (i)	3,228,572	3,137,064	6,365,636	6,530,458
Total liabilities	3,483,976	3,450,136	6,934,112	7,213,013
Deferred Inflows (f)	120,010	103,814	223,824	225,291
Total net position (j)	(9,803)	129,918	120,115	99,185

Totals may be off due to rounding

The Statement of Net Position reflects a maturing organization with an ongoing trend related to Net Position. See note j for further explanation.

Footnotes to Statement of Net Position

a. *Cash and Investments* are reported at book value. Investments at June 30, 2026 are reported at market value. The July 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 consist 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 87, 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 87, GASB 96 and legacy General Retirement System pension liabilities.
j. *Net Position* 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 had 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 July 2026 Financial Report Binder. Prior year ending balances are provided in the June 30, 2026 column as a reference for comparative purposes. ***The June 2026 comparative amounts are presented in draft format.*** 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 One Month ended July 31, 2026
($000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business-Type Activities	Comparative June 30, 2026
Revenue						
Wholesale customer charges	39,425	93.4%	26,030	56.6%	65,455	683,974
Local system charges	2,757	6.5%	18,774	40.8%	21,531	245,353
Industrial waste charges	-	0.0%	762	1.7%	762	9,259
Pollutant surcharges	-	0.0%	361	0.8%	361	5,557
Other revenues	48	0.1%	37	0.1%	85	1,101
Total Revenues	**42,230**	**100.0%**	**45,964**	**100.0%**	**88,194**	**945,244**
Operating expenses						
Operations and Maintenance	16,038	38.0%	20,223	44.0%	36,262	423,346
Depreciation	8,332	19.7%	10,907	23.7%	19,238	231,634
Amortization of intangible assets	430	1.0%	169	0.4%	599	7,192
Total operating expenses	**24,800**	**58.7%**	**31,299**	**68.1%**	**56,099**	**662,172**
Operating Income	17,430	41.3%	14,665	31.9%	32,094	283,072
Noncapital Subsidies						
Water Residential Assistance Program	-	0.0%	-	0.0%	-	(4,474)
Legacy pension expense	-	0.0%	-	0.0%	-	3,340
Total Noncapital Subsidies	-	-	-	-	-	**(1,134)**
Operating Income and Noncapital Subsidies	17,430	0.41	14,665	0.32	32,094	281,938
Total Nonoperating revenue (expense)	(5,136)	-12.2%	(6,028)	-13.1%	(11,164)	(118,410)
Increase/(Decrease) in Net Position	**12,294**	**29.1%**	**8,636**	**18.8%**	**20,930**	**163,527**
Net Position (deficit), beginning of year	(22,097)		121,282		99,185	(64,342)
Net position (deficit), end of year	(9,803)		129,918		120,115	99,185

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is $12.3 million.
- ✓ Wholesale water customer charges of $39.4 million account for 93.4% of Water System revenues.
- ✓ Operating expenses of $24.8 million represent 58.7% of total operating revenue. Depreciation is the largest operating expense at $8.3 million or 33.6% 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 $17.4 million or 41.3% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $8.4 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).
- ✓ 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.

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is $8.6 million.
- ✓ Wholesale customer charges of $26.0 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 $18.8 million account for 40.8% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of $31.3 million represent 68.1% of total operating revenue. Depreciation is the largest operating expense at $10.9 million or 34.8% 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 $14.7 million or 31.9% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $8.1 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).
- ✓ 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.

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 July 2027 Financial Report Binder. Explanatory notes follow this schedule.

Table 3 – Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
For the One Month ended July 31, 2026
($000)

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business-Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	3,985	24.8%	5,973	29.5%	9,958	27.5%
Overtime	632	3.9%	278	1.4%	910	2.5%
Employee Benefits	2,402	15.0%	863	4.3%	3,265	9.0%
Total Personnel	7,019	43.8%	7,114	35.2%	14,133	39.0%
Utilities						
Electric	3,798	23.7%	1,270	6.3%	5,068	14.0%
Gas	(21)	-0.1%	732	3.6%	711	2.0%
Sewage	15	0.1%	159	0.8%	174	0.5%
Water	0	0.0%	942	4.7%	942	2.6%
Total Utilities	3,793	23.6%	3,103	15.3%	6,895	19.0%
Chemicals	939	5.9%	1,382	6.8%	2,321	6.4%
Supplies and other	1,256	7.8%	2,117	10.5%	3,373	9.3%
Contractual services	3,210	20.0%	6,673	33.0%	9,883	27.3%
Capital Program allocation	(48)	-0.3%	(103)	-0.5%	(151)	-0.4%
Shared Services allocation	(130)	-0.8%	(63)	-0.3%	(193)	-0.5%
Operations and Maintenance Expenses	**16,038**	**100.0%**	**20,223**	**100.0%**	**36,262**	**100.0%**

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (19.0% of total O&M expenses) and chemicals (6.4% of total O&M expenses).
- ✓ Personnel costs (39.0% 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 (27.3%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately $0.6 million);

- Sewage Disposal System costs for the operation and maintenace of the biosolids dryer facility (approximately $1.6 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 One Month ended July 31, 2026
($000)

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2026
Nonoperating Revenue/(Expense)				
Investment Income and Expenses				
Interest income contractual obligation	1,766	1,141	2,906	36,454
Investment earnings	2,323	1,862	4,185	47,631
Net (incr) decr in fair value of invstmt	585	678	1,263	(1,128)
Total Investment Income and Expenses	4,673	3,681	8,355	82,957
Revenue and expenses related to financing				
Interest Expense				
Bonded debt	(10,163)	(9,217)	(19,380)	(234,150)
Lease obligation	(1,324)	(1,618)	(2,942)	(35,632)
Other obligations	(262)	(117)	(379)	(4,509)
Amortization, issuance costs, debt	1,924	1,145	3,069	30,229
Total Revenue and expenses related to financing	(9,825)	(9,807)	(19,632)	(244,062)
Capital Subsidies				
Capital Contribution	-	-	-	16,322
Resources from Disposal of Capital Assets and Inventory	-	-	-	(1,275)
Total Capital Subsidies	-	-	-	15,046
Other Nonoperating Revenue (Expense)	16	98	113	27,648
Total Other Nonoperating Revenue/(Expense)	**(5,136)**	**(6,028)**	**(11,164)**	**(118,410)**

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. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2025 market value adjustments for Water and Sewer total $49 thousand and $78 thousand, respectively. FY 2026 market value adjustments for Water and Sewer total $585 thousand and $678 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 2026 other non-operating revenue includes $26.9 million in debt forgiveness on CWSRF for the Sewage Disposal system.

✓ The FY 2027 and FY 2026 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.

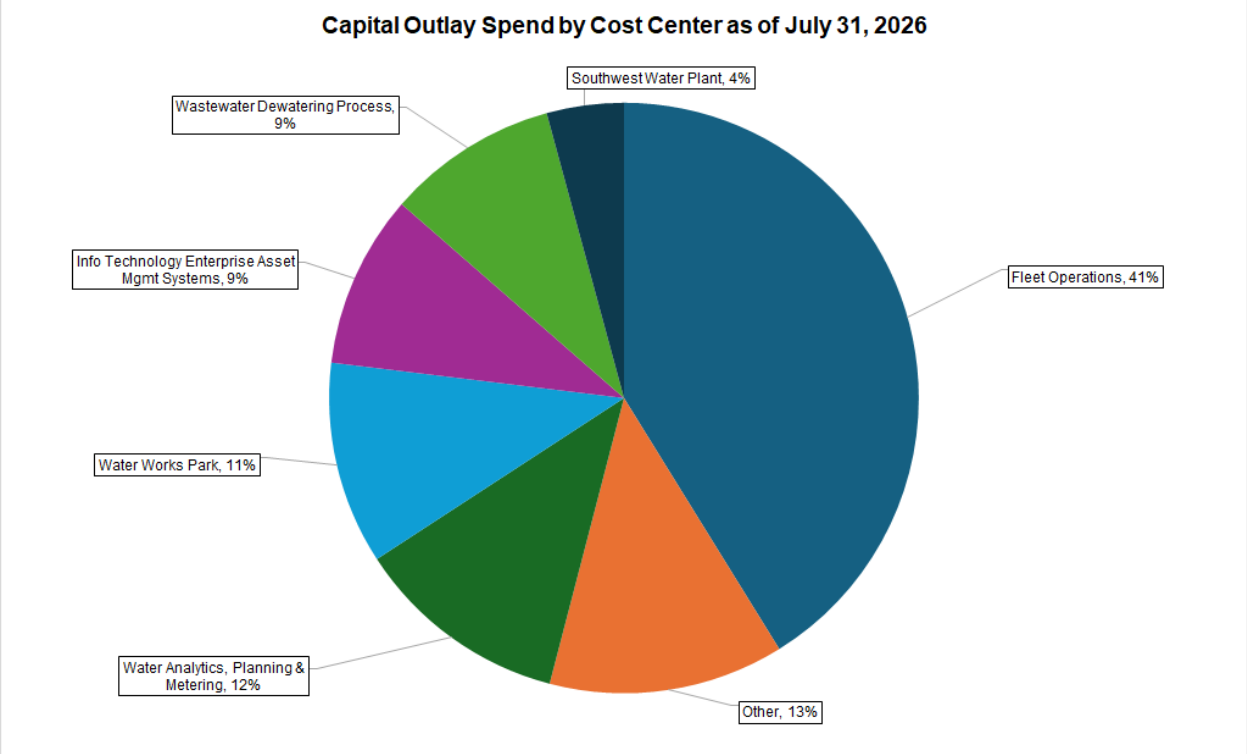
✓ The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA ($298 thousand) grant revenue for the Water system and ($8.6 million) grant revenue for the Sewage Disposal system.

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 July 31, 2026, total capital outlay spend is $0.8 million. Following this chart is a sample list of projects and purchases from the total spend of $0.8 million.



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

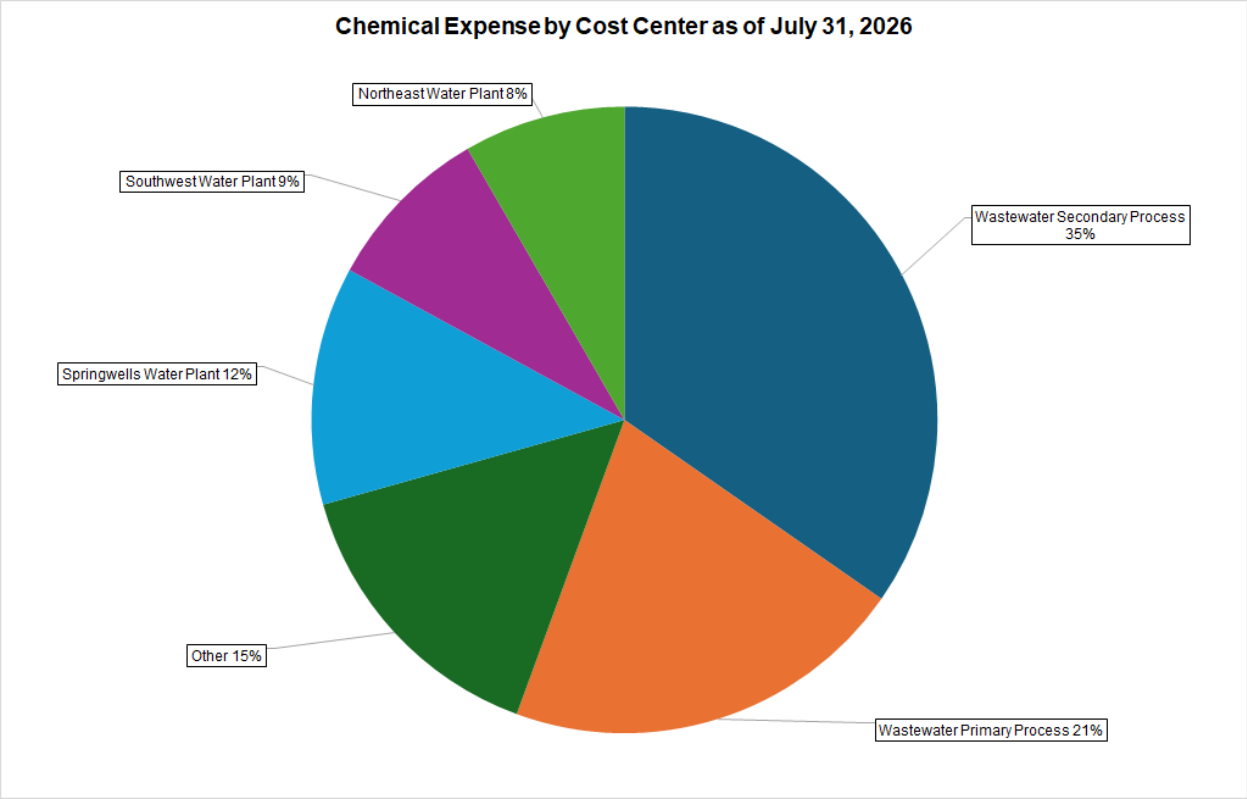
Water Operations: Phosphate Colorimetric Analyzer ($78k) and gearbox ($26k).

Wastewater Operations: Caterpillar 250 skid steer ($67k).

Centralized & Administrative Facilities: Trucks and vehicles ($337k); computer hardware and software ($93k); sewer meter support ($50k) and floor covering ($45k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

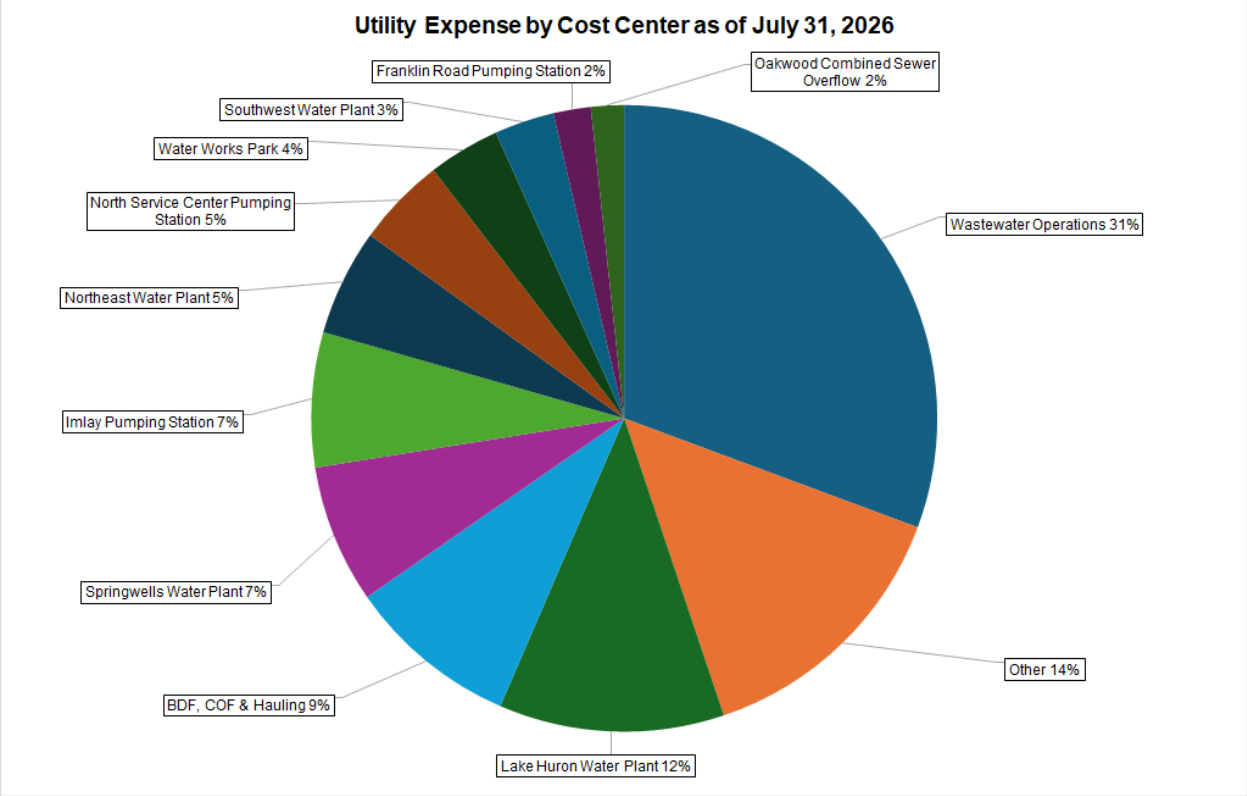
Chemical expenses are $2.3 million through July 31, 2026. The allocation is shown in the chart below and remains consistent with prior periods.



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

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are $6.9 million through July 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 One Month Ended July 31, 2026

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	$ 7,484	220	$ 7,704
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension requirement recorded as deferral (c)	92	165	257
Debt service (f)	7,360	11,412	18,772
Accelerated pension B&C notes obligation portion (g)	74	166	240
Regional System lease (h)	551	674	1,225
GASB 87 & GASB 96 adjustments (h)	(6)	33	27
WRAP (i)	173	229	402
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	1,355	4,547	5,902
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(8,762)	(11,076)	(19,838)
Amortization - debt related (k)	1,924	1,145	3,069
Other nonoperating income (k)	-	98	98
Other nonoperating expense (k)	-		-
Gain(loss) on disposal of capital assets (k)	-	-	-
Raw water rights obligation (l)	273	-	273
Investment earnings for construction fund (m)	1,191	341	1,532
Other	-	-	-
Investment earnings unrealized gain/loss (n)	585	682	1,267
Improvement & extension fund operating expenses (o)	-	-	-
Capital Contribution (p)	-	-	-
Net Position Increase/(Decrease) per Financial Statements (b)	$ 12,294	$ 8,636	$ 20,930

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.

(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 adjustments 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) Capital contributions classified as nonoperating (revenue) expense are 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 July 31, 2026, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

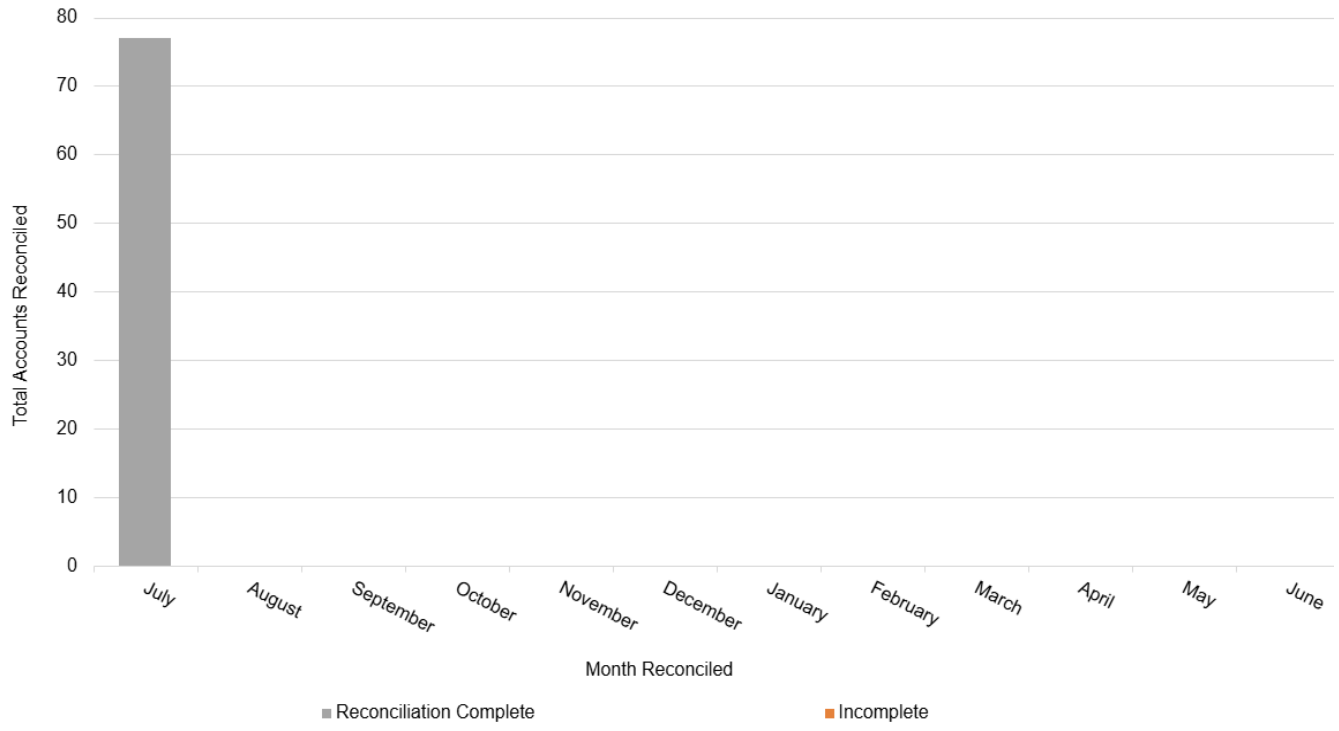


Table 1 – Fiscal Year 2027 GL Cash Account Roll-forward

Total GL Cash accounts as of July 1, 2026	77
New GL Cash accounts since July 1, 2026	0
Inactivated GL Cash accounts since July 1, 2026	0
Total GL Cash accounts as of July 31, 2026	77

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 2027 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.

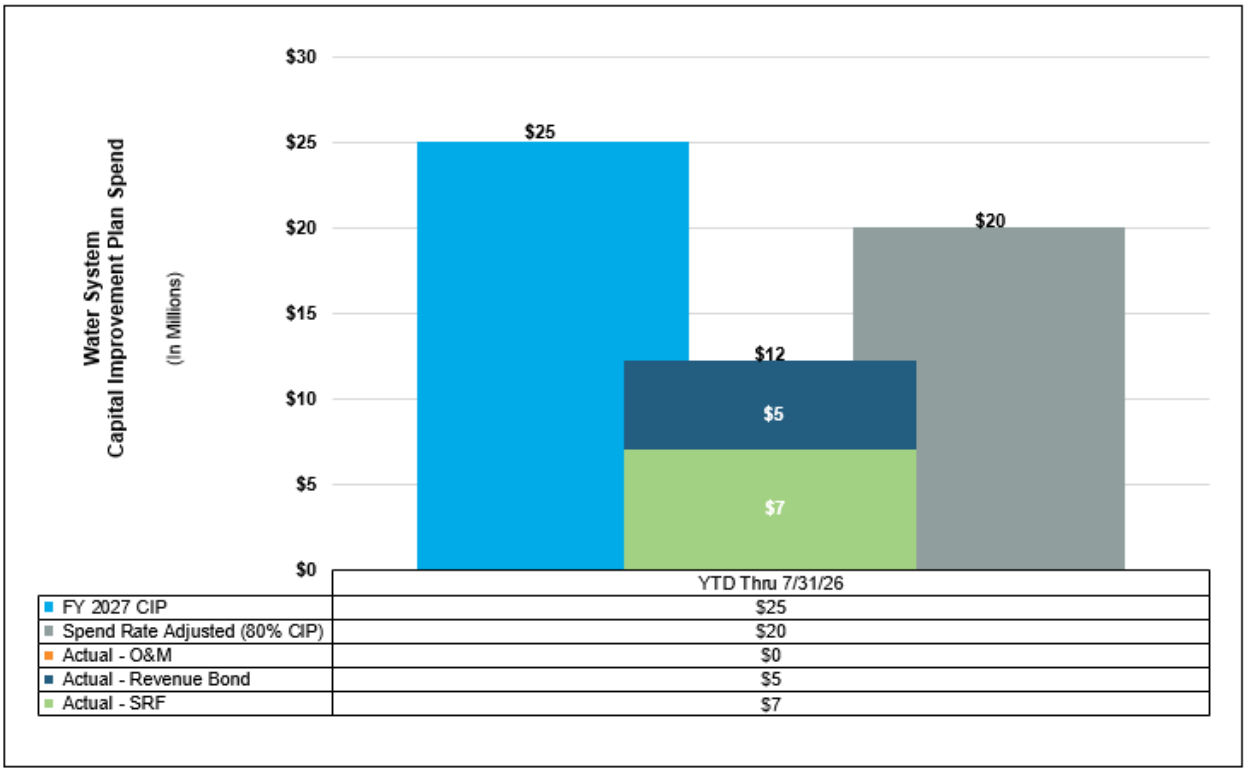
For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 80% of the Board approved CIP planned spend for the water fund and 88% 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 July 2026, the water system incurred $12 million of construction costs to date. This spend represents 49% of the original, Board-approved CIP, and 61% of the Board-reviewed spend rate adjustment.

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

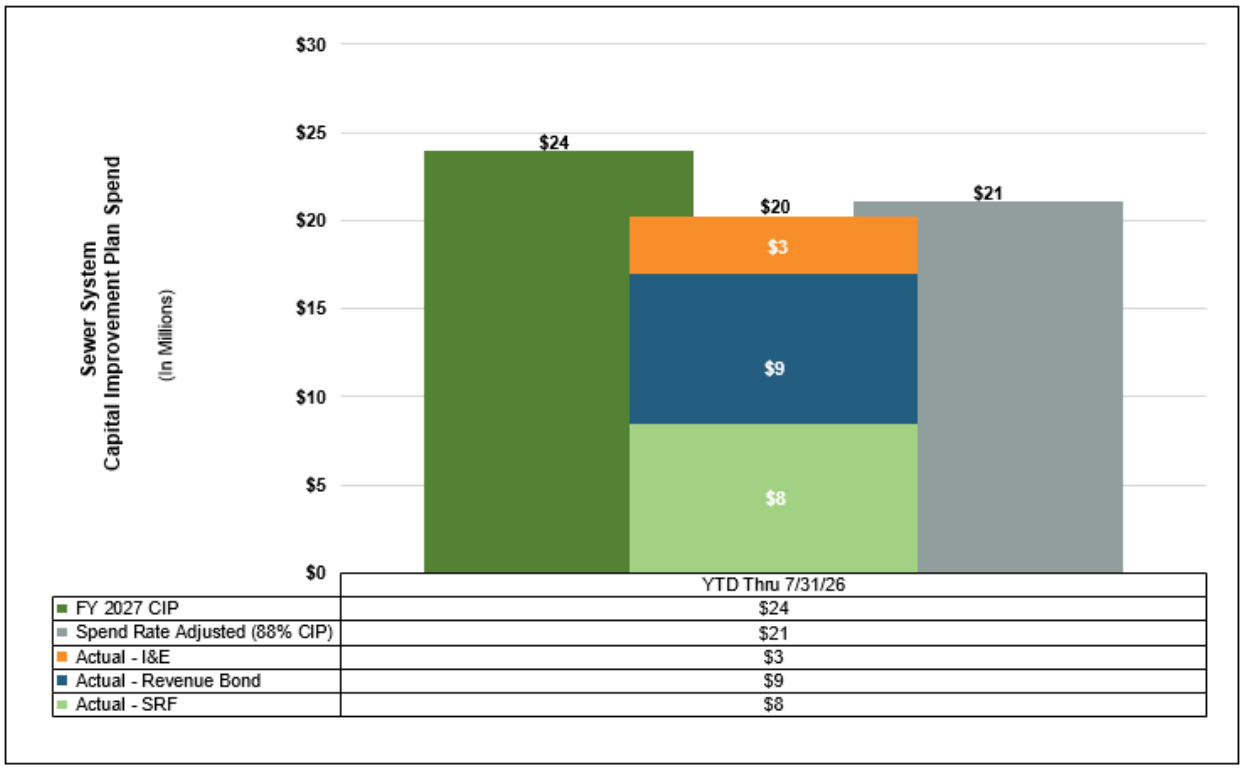


Note: *SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.*

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

As of July 2026, the Sewer system incurred $20 million of construction costs to date. This spend represents 84% of the original, Board-approved CIP, and 96% of the Board-reviewed spend rate adjustment.

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



Note: *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 are completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2027 Water MBO Transfers reflects the required transfers for FY 2027 completed through July 2026. MBO transfers for water totaling $16.8 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2027 Sewer MBO Transfers reflects the required transfers for FY 2027 completed through July 2026. MBO transfers for sewer totaling $20.7 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2027 to date.

Table 1 – GLWA FY 2027 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 2027							
July 2026	$ 16,130,283	$ -	$ 378,400	$ 255,525	$ -	$ -	$ 16,764,208
August 2026							
September 2026							
October 2026							
November 2026							
December 2026							
January 2027							
February 2027							
March 2027							
April 2027							
May 2027							
June 2027							
Total FY 2027	$ 16,130,283	$ -	$ 378,400	$ 255,525	$ -	$ -	$ 16,764,208

Table 2 – GLWA FY 2027 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 2027							
July 2026	$ 19,813,617	$ -	$ 562,367	$ 352,033	$ -	$ -	$ 20,728,017
August 2026							
September 2026							
October 2026							
November 2026							
December 2026							
January 2027							
February 2027							
March 2027							
April 2027							
May 2027							
June 2027							
Total FY 2027	$ 19,813,617	$ -	$ 562,367	$ 352,033	$ -	$ -	$ 20,728,017

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	182,768,400	-	4,659,200	2,915,400	-	-	190,343,000
Total FY 2027 (year to date)	16,130,283	-	378,400	255,525	-	-	16,764,208
Life to Date	$ 1,521,574,412	$ 48,362,300	$ 94,817,175	$ 25,963,704	$ 2,686,900	$ 7,786,000	$ 1,701,190,491

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	238,429,800	-	7,120,200	4,066,000	-	-	249,616,000
Total FY 2027 (year to date)	19,813,617	-	562,367	352,033	-	-	20,728,017
Life to Date	$ 2,117,630,992	$ 86,620,800	$ 131,913,309	$ 36,809,799	$ 8,246,100	$ 1,124,600	$ 2,382,345,599

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 2027 Water MBO Transfers reflects the required transfers for FY 2027 completed through July 2026. MBO transfers for Water totaling $6.3 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2027 Sewer MBO Transfers reflects the required transfers for FY 2027 completed through July 2026. MBO transfers for Sewer totaling $7.5 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 2027 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2027 to date.

Table 4 – DWSD FY 2027 Water MBO Transfers

WATER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Water
FY 2027				
July 2026	$ 4,390,133	$ -	$ 1,875,000	$ 6,265,133
August 2026				$ -
September 2026				$ -
October 2026				$ -
November 2026				$ -
December 2026				$ -
January 2027				$ -
February 2027				$ -
March 2027				$ -
April 2027				$ -
May 2027				$ -
June 2027				$ -
Total FY 2027	$ 4,390,133	$ -	$ 1,875,000	$ 6,265,133

Table 5 – DWSD FY 2027 Sewer MBO Transfers

SEWER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2027				
July 2026	$ 5,227,592	$ -	$ 2,291,667	$ 7,519,259
August 2026				$ -
September 2026				$ -
October 2026				$ -
November 2026				$ -
December 2026				$ -
January 2027				$ -
February 2027				$ -
March 2027				$ -
April 2027				$ -
May 2027				$ -
June 2027				$ -
Total FY 2027	$ 5,227,592	$ -	$ 2,291,667	$ 7,519,259

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				
MBO/Lease Requirement	49,684,002	-	22,500,000	72,184,002
Offset to Debt Service	-	-	-	-
Total MBO Transfer	49,684,002	-	22,500,000	72,184,002
FY 2027(year to date)				
MBO/Lease Requirement	4,390,133	-	1,875,000	6,265,133
Offset to Debt Service			-	-
Total MBO Transfer	4,390,133	-	1,875,000	6,265,133
Life-to-Date				
MBO/Lease Requirement	418,712,539	34,157,100	249,375,000	702,244,639
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	**$ 418,712,539**	**$ 34,157,100**	**$ 217,527,100**	**$ 670,396,739**

* 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				
MBO/Lease Requirement	60,104,298	-	27,499,998	87,604,296
Offset to Debt Service	-	-	-	-
Total MBO Transfer	60,104,298	-	27,499,998	87,604,296
FY 2027(year to date)				
MBO/Lease Requirement	5,227,592	-	2,291,667	7,519,259
Offset to Debt Service	-	-	-	-
Total MBO Transfer	5,227,592	-	2,291,667	7,519,259
Life-to-Date				
MBO/Lease Requirement	601,946,902	22,859,800	304,791,669	928,676,824
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	**$ 589,619,310**	**$ 22,859,800**	**$ 250,719,341**	**$ 863,198,451**

* 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 July 2026, GLWA earned investment income of $4.2 million and cumulative FY 2027 earnings through July 2026 of $4.2 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 July 2026

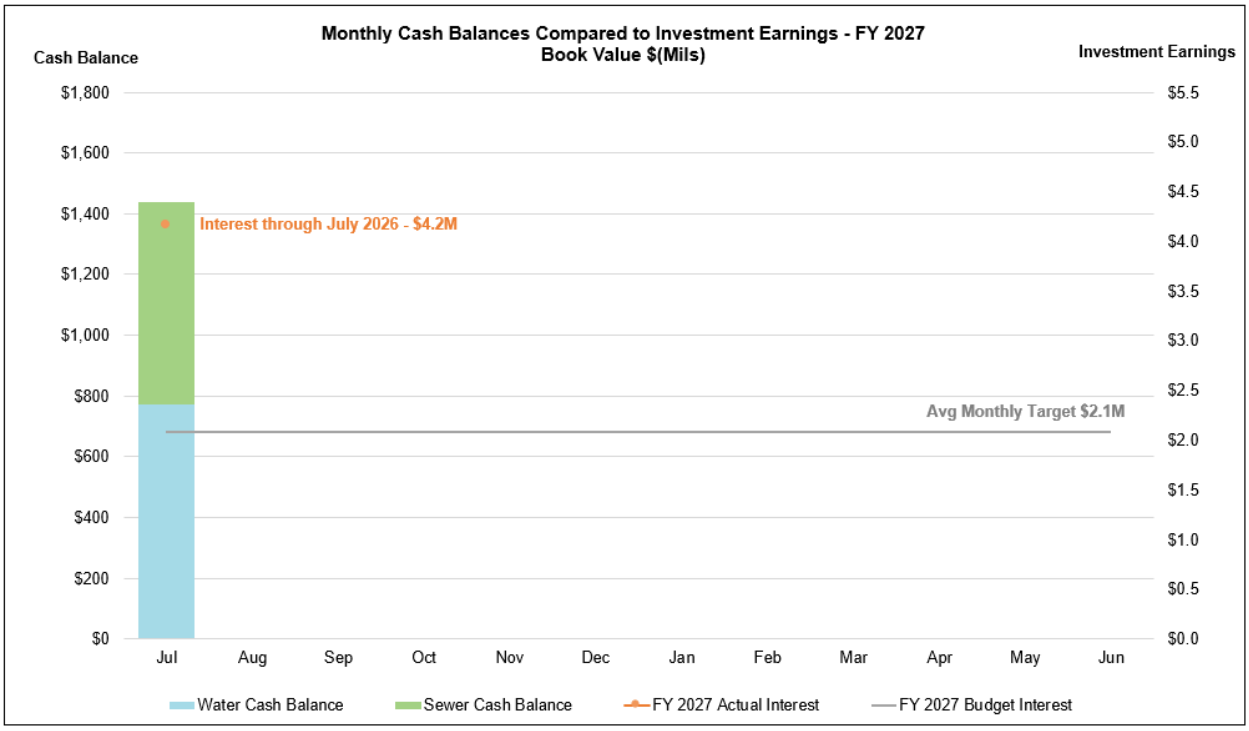


Table 1 – Monthly Balance Detail – Through July 31, 2026

$(Mils)	July
Water	770
Sewer	667
Total	1,437
Investment Income	4.2

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:

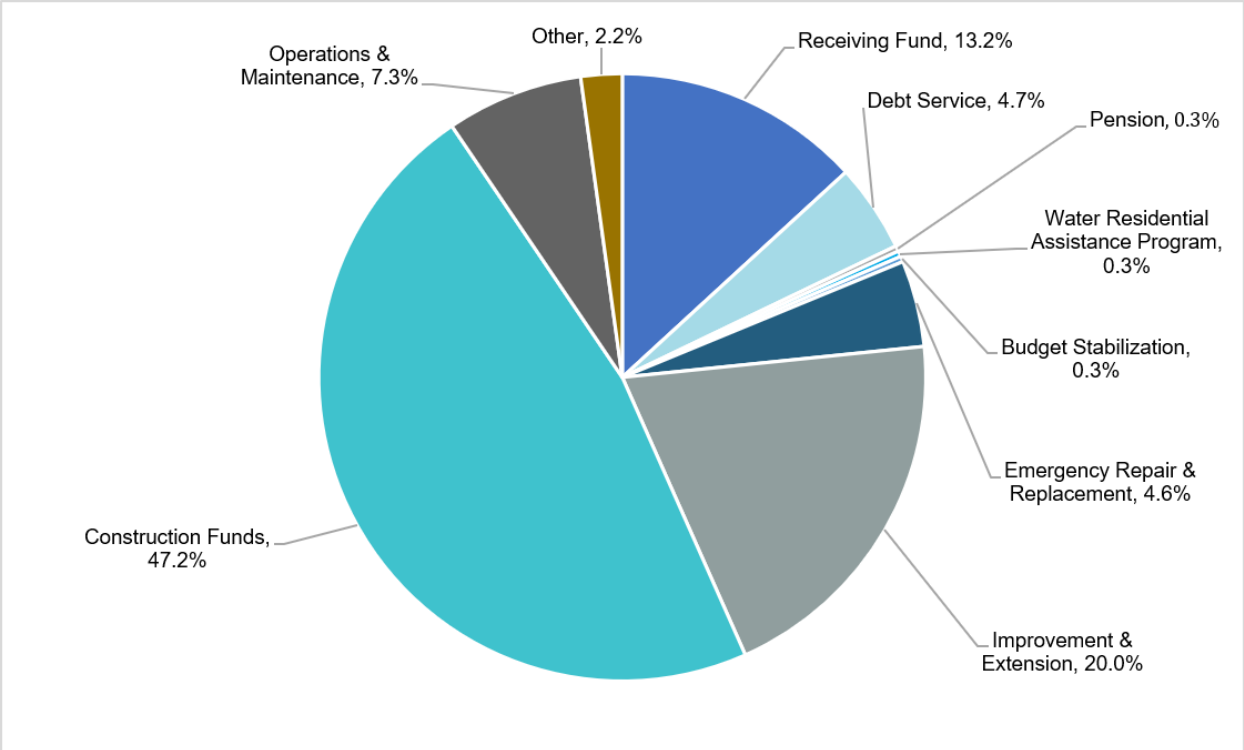
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system

- 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 July 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 July 2026 is $770 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.

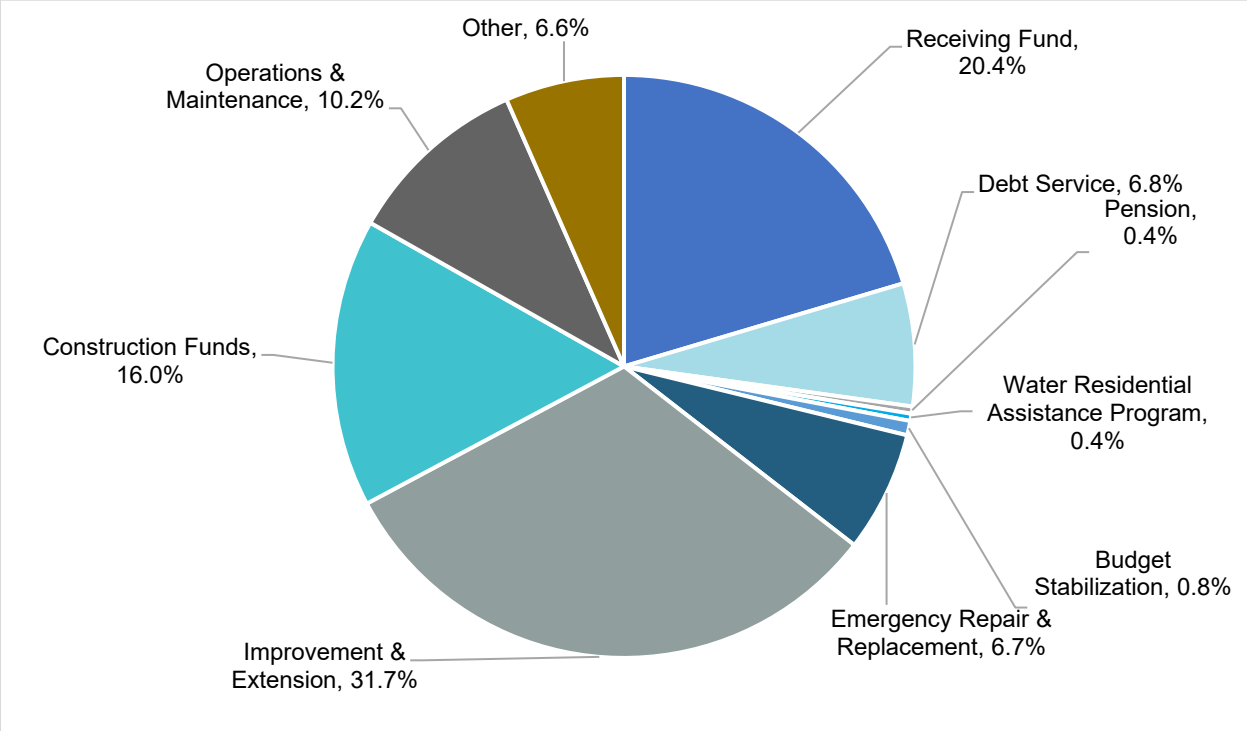
GLWA completed a bond transaction of $209.6 million in June 2026 to support water system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.



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

Chart 3 – Cash Balances - Sewer Funds as of July 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 July 2026 is $667 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 $32.6 million in June 2026 to support sewage disposal system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.



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 2027 water usage and billed revenue which are provided by DWSD staff. As of July 31, 2026, the DWSD usage was 94.58% of the budget and billed revenue was 91.33% 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 2027 - Original Budget		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume *Mcf*	Revenue *$*	Volume *Mcf*	Revenue (2) *$*	Volume *Mcf*	Revenue *$*	Volume Mcf	Revenue *$*
July	248,000	13,587,100	234,560	12,408,941	(13,440)	(1,178,159)	236,214	12,041,875
August	270,000	14,698,600					272,574	14,148,381
September	255,000	13,932,800					237,179	12,513,086
October	222,000	12,270,800					226,626	12,063,899
November	217,000	12,023,000					221,379	11,775,893
December	207,000	11,508,300					203,161	10,958,929
January	205,000	11,398,000					223,074	11,821,439
February	218,000	12,038,700					221,065	11,770,966
March	213,000	11,799,300					220,445	11,735,551
April	213,000	11,771,800					206,866	11,115,979
May	204,000	11,315,700					209,965	11,391,462
June	219,000	12,101,700					205,442	10,992,016
Total	2,691,000	148,445,800	234,560	12,408,941	(13,440)	(1,178,159)	2,683,991	142,329,477
Subtotals YTD	*248,000*	*13,587,100*	*234,560*	*12,408,941*	*(13,440)*	*(1,178,159)*		
Achievement of Budget			*94.58%*	*91.33%*				

(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**
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%
March	10,393,304	9,132,694	1,260,610	13.80%
April	10,206,517	11,714,224	(1,507,707)	-12.87%
May	11,033,776	11,107,278	(73,502)	-0.66%
June	10,743,044	10,096,555	646,489	6.40%
July	11,381,887	16,948,502	(5,566,615)	-32.84%
Rolling, 12-Month Total	130,514,797	131,568,325		
Rolling, 12-Month Average	10,876,233	10,964,027		

Source: Trust Receipts and Disbursements File

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 2027 sewer billed revenue which is provided by DWSD staff. As of July 31, 2026, the DWSD usage was at 95.00% of the budget and billed revenue was at 92.41% 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 2027 - Original Budget		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume *Mcf*	Revenue *$*	Volume (2) *Mcf*	Revenue (3) *$*	Volume *Mcf*	Revenue *$*	Volume Mcf	Revenue *$*
July	204,000	32,166,500	193,793	29,724,404	(10,207)	(2,442,096)	192,183	28,662,775
August	202,000	32,047,400					203,783	31,930,819
September	210,000	32,594,400					193,046	29,790,797
October	185,000	30,963,400					181,876	28,479,034
November	182,000	30,770,300					177,741	28,733,319
December	175,000	30,371,900					162,984	27,880,945
January	163,000	29,616,700					176,949	28,716,193
February	182,000	30,812,700					177,466	28,747,508
March	177,000	30,484,600					178,557	28,815,945
April	175,000	30,363,100					171,406	28,329,009
May	175,000	30,374,700					176,941	28,844,379
June	180,000	30,688,700					173,829	28,522,275
Total	2,210,000	371,254,400	193,793	29,724,404	(10,207)	(2,442,096)	2,166,760	347,452,998
Subtotals YTD	*204,000*	*32,166,500*	*193,793*	*29,724,404*	*(10,207)*	*(2,442,096)*		
Achievement of Budget/Goal			*95.00%*	*92.41%*				

(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**
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%
March	27,561,130	23,871,284	3,689,846	15.46%
April	24,766,958	25,340,397	(573,439)	-2.26%
May	25,107,504	22,575,530	2,531,975	11.22%
June	27,431,889	23,278,350	4,153,539	17.84%
July	33,948,833	35,487,541	(1,538,708)	-4.34%
Rolling 12-Month Total	321,975,651	298,800,367		
Rolling, 12-Month Average	26,831,304	24,900,031		

Source: Trust Receipts and Disbursements File

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 July 31, 2026, with comparative totals from June 30, 2026, June 30, 2025, and June 30, 2024. 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 typically provides a summary of the total, current and non-current Water and Sewer receivables by category with comparative totals. However, during July 2026, DWSD experienced a technical issue affecting the report provided to GLWA for the Accounts Receivable Aging. Detailed aging information was unavailable at July 31, 2026 but the issue was subsequently corrected in August 2026 and we have included in the August 31, 2026 Monthly Financial Report.

Table 5 – DWSD Retail Accounts Receivable Aging Report – <u>Summary</u>

Accounts Receivable Aging Balances as of July 31, 2026
Water and Sewer Fund
Detroit Water and Sewerage Department

Summary

		Receivables			
Period Ending	**Monthly Sales**	**Total**	**Allowance**	**Net**	**Days in AR (1)**
June 30, 2024 (1)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (2)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
June 30, 2026 (3)	40,402,000	423,043,000	(376,522,000)	46,521,000	35
July 31, 2026	43,098,000	431,587,000	(382,355,000)	49,232,000	34

Totals may be off due to rounding

(1) 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.

(2) 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.

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

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	86
No Contracts	1
Total	87

Note: *Not included in this count are services 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.*

Imlay Township does not have a water contract. The connection exists solely for emergency use related to a past fire and remains in place as a safety precaution.

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 2027 water billed usage and revenues. As of July 31, 2026, the billed usage was at 113.42% of the original plan and billed revenue at 107.06% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2027 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 July 31, 2026.

Table 1 – FY 2027 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
	FY 2027 Charges (2)		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume Mcf	Revenue $	Volume Mcf	Revenue (3) $	Volume Mcf	Revenue $	Volume Mcf	Revenue $
July	1,384,400	36,486,200	1,570,243	39,063,622	185,843	2,577,422	1,443,326	35,332,100
August	1,315,900	35,725,500	-	-	-	-	1,389,530	34,819,742
September	1,273,100	35,025,500	-	-	-	-	1,322,813	33,872,313
October	1,055,200	32,100,500	-	-	-	-	1,098,074	31,097,156
November	878,400	29,985,800	-	-	-	-	886,345	28,592,350
December	956,100	30,806,800	-	-	-	-	978,599	29,497,185
January	976,700	31,062,700	-	-	-	-	981,881	29,568,986
February	887,600	30,021,200	-	-	-	-	920,661	28,874,247
March	949,500	30,715,000	-	-	-	-	976,718	29,476,822
April	907,600	30,290,500	-	-	-	-	930,635	29,004,248
May	1,070,800	32,456,400	-	-	-	-	1,088,848	31,023,398
June	1,322,900	35,718,700	-	-	-	-	1,361,867	34,386,024
Total	12,978,200	390,394,800	1,570,243	39,063,622	185,843	2,577,422	13,379,297	375,544,571
Subtotals YTD	1,384,400	36,486,200	1,570,243	39,063,622	185,843	2,577,422		
Achievement of Original Plan			113.42%	107.06%				

(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 2027 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**
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%
February	28,036,322	25,874,160	2,162,162	8.36%
March	30,058,097	26,649,141	3,408,956	12.79%
April	27,843,783	25,622,706	2,221,077	8.67%
May	26,618,291	26,976,277	(357,986)	-1.33%
June	39,988,365	25,164,355	14,824,010	58.91%
July	31,967,393	30,792,996	1,174,397	3.81%
Rolling 12-Month Total	376,443,586	339,289,559		
Rolling, 12-Month Average	31,370,299	28,274,130		

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 2027 sewer billed revenue. As of July 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 July 31, 2026.

Table 3 – FY 2026 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
	FY 2027 Charges		FY 2027 – Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	$	Mcf	$	Mcf	$	Mcf	$
July	N/A	25,951,700	N/A	25,951,700	N/A	-	N/A	24,932,600
August	N/A	25,951,700	-	-	-	-	N/A	24,932,600
September	N/A	25,951,700	-	-	-	-	N/A	24,932,600
October	N/A	25,951,700	-	-	-	-	N/A	24,932,600
November	N/A	25,951,700	-	-	-	-	N/A	24,932,600
December	N/A	25,951,700	-	-	-	-	N/A	24,932,600
January	N/A	25,951,700	-	-	-	-	N/A	24,932,600
February	N/A	25,951,700	-	-	-	-	N/A	24,932,600
March	N/A	25,951,700	-	-	-	-	N/A	24,932,600
April	N/A	25,951,700	-	-	-	-	N/A	24,932,600
May	N/A	25,951,700	-	-	-	-	N/A	24,932,600
June	N/A	25,951,700	-	-	-	-	N/A	24,932,600
Total		311,420,400		25,951,700		-		299,191,200
Subtotals YTD		25,951,700		25,951,700		-		
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**
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%
February	31,514,572	23,509,614	8,004,958	34.05%
March	18,243,900	24,230,161	(5,986,261)	-24.71%
April	26,575,849	24,138,802	2,437,047	10.10%
May	20,902,723	23,965,586	(3,062,863)	-12.78%
June	27,296,846	24,053,386	3,243,460	13.48%
July	28,138,612	19,273,207	8,865,405	46.00%
Rolling, 12-Month Total	306,608,580	273,388,658		
Rolling, 12-Month Average	25,550,715	22,782,388		

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 total, current and non-current receivables by category as of July 31, 2026.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Highland Park Sewer is the same summary *without* the past due balances for Highland Park Sewer. Discussions between GLWA and Highland Park regarding the sewer balance are underway. The past due amount is escrowed in accordance with standard contract terms pending resolution of the underlying dispute.

There are no past due Water accounts in July.

One sewer account comprises the total past due balance of $106,600 which was paid in September. The IWC past due balance reflects three accounts totaling $9,109 of which $7,379 was paid in August and the remaining balance of $1,730 was paid in September. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

Table 5 - Wholesale Accounts Receivable Aging Summary

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	40,686,169	40,686,169	-	-	-	-
Sewer	12,244,039	11,444,260	462,119	337,660	-	-
IWC	531,605	522,497	1,730	7,379	-	-
Pollutant	768,257	728,193	8,415	3,307	7,091	21,251
Total	54,230,071	53,381,119	472,264	348,345	7,091	21,251
	100.00%	98.43%	0.87%	0.64%	0.01%	0.04%

Table 6 - Wholesale Accounts Receivable Aging Summary, Net of Highland Park Sewer

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	40,686,169	40,686,169	-	-	-	-
Sewer	11,117,860	11,011,260	-	106,600	-	-
IWC	531,605	522,497	1,730	7,379	-	-
Pollutant	768,257	728,193	8,415	3,307	7,091	21,251
Total	53,103,892	52,948,119	10,145	117,286	7,091	21,251
	100.00%	99.71%	0.02%	0.22%	0.01%	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 2027 reflects one month of activity to date.

Water fund receipts exceeded required disbursements by 3% through July 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2022.

Sewer fund receipts exceeded required disbursements by 17% through July 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 9% since July 1, 2022.

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 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through July 31
	Water					
1	Receipts	363,335,474	374,252,221	379,199,823	416,565,795	35,304,613
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	363,335,474	374,252,221	379,199,823	416,565,795	35,304,613
4	Disbursements	(349,186,375)	(353,639,121)	(367,467,244)	(384,900,675)	(34,149,041)
5	Receipts Net of Required Transfers	14,149,099	20,613,100	11,732,579	31,665,120	1,155,572
6	I&E Transfer	(9,898,100)	(28,618,500)	(8,289,600)	(17,241,601)	
7	Net Receipts	4,250,999	(8,005,400)	3,442,979	14,423,519	1,155,572
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*104%*	*106%*	*103%*	*108%*	*103%*
	Sewer					
9	Receipts	498,888,416	506,731,576	508,344,972	541,380,085	49,491,138
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	498,888,416	506,731,576	508,344,972	541,380,085	49,491,138
12	Disbursements	(473,516,238)	(477,450,794)	(481,372,746)	(487,228,266)	(42,259,518)
13	Receipts Net of Required Transfers	25,372,178	29,280,782	26,972,226	54,151,819	7,231,620
14	I&E Transfer	(26,766,200)	(12,468,000)	(11,455,000)	(75,538,274)	
15	Net Receipts	(1,394,022)	16,812,782	15,517,226	(21,386,455)	7,231,620
16	*Ratio of Receipts to Required Disbursements (Line 11/Line*	*105%*	*106%*	*106%*	*111%*	*117%*
	Combined					
17	Receipts	862,223,890	880,983,797	887,544,795	957,945,881	84,795,751
18	MOU Adjustments	-	-	-	-	-
19	Adjusted Receipts	862,223,890	880,983,797	887,544,795	957,945,881	84,795,751
20	Disbursements	(822,702,613)	(831,089,915)	(848,839,991)	(872,128,941)	(76,408,559)
21	Receipts Net of Required Transfers	39,521,277	49,893,882	38,704,805	85,816,940	8,387,192
22	I&E Transfer	(36,664,300)	(41,086,500)	(19,744,600)	(92,779,875)	-
23	Net Receipts	2,856,977	8,807,382	18,960,205	(6,962,935)	8,387,192
24	*Ratio of Receipts to Required Disbursements (Line 19/Line 20)*	*105%*	*106%*	*105%*	*110%*	*111%*

All amounts are unaudited unless otherwise noted.

Chart 1 – GLWA 12-Month Net Receipts – Water

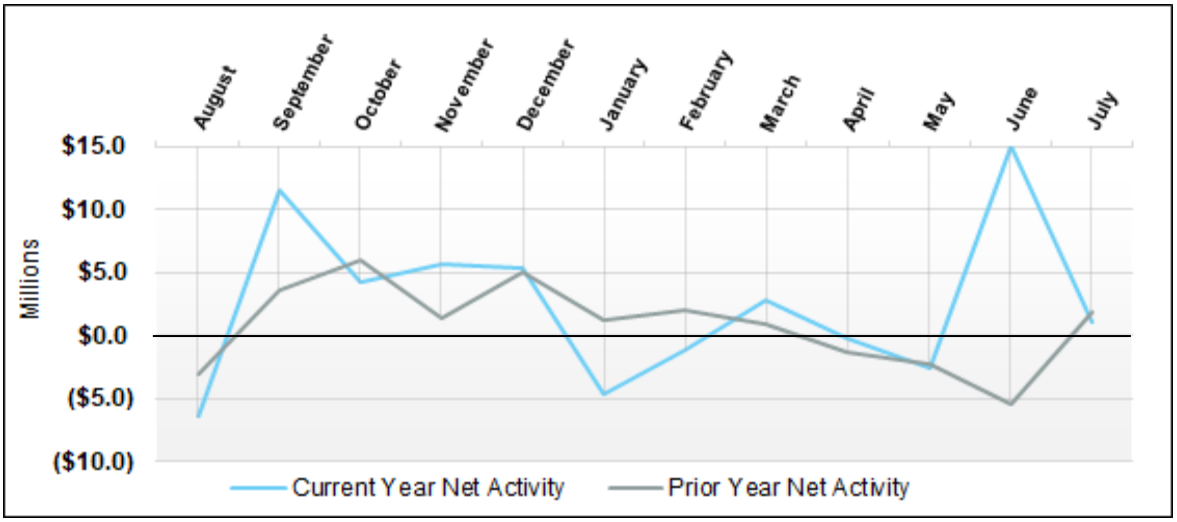
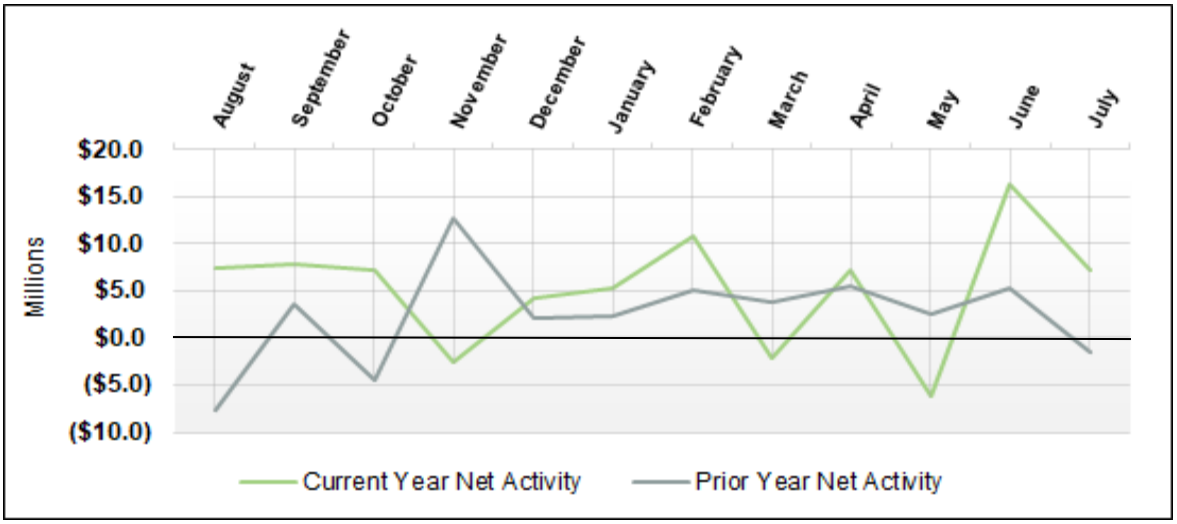


Chart 2 – GLWA 12-Month Net Receipts – Sewer



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 one month of activity to date.

Water fund receipts exceeded required disbursements by 2% through July 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2022.

Sewer fund receipts exceeded required disbursements by 25% through July 31, 2026 compared to the four-year historical average of required receipts exceeding disbursements by 8% since July 1, 2022.

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

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through July 31
	Water					
1	Receipts	123,766,624	123,818,287	127,313,152	136,105,730	11,384,754
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	123,766,624	123,818,287	127,313,152	136,105,730	11,384,754
4	Disbursements	(117,666,100)	(117,290,591)	(119,923,334)	(127,714,900)	(11,176,950)
5	Receipts Net of Required Transfers	6,100,524	6,527,696	7,389,818	8,390,830	207,804
6	I&E Transfer	-	-	(8,000,000)	(3,900,900)	-
7	Net Receipts	6,100,524	6,527,696	(610,182)	4,489,930	207,804
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*105%*	*106%*	*106%*	*107%*	*102%*
	Sewer					
9	Receipts	298,897,942	296,088,194	299,683,584	323,597,726	33,953,758
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	298,897,942	296,088,194	299,683,584	323,597,726	33,953,758
12	Disbursements	(283,095,100)	(288,119,517)	(299,393,959)	(312,158,875)	(27,072,247)
13	Receipts Net of Required Transfers	15,802,842	7,968,677	289,624	11,438,851	6,881,511
14	I&E Transfer	-	-	-	-	-
15	Net Receipts	15,802,842	7,968,677	289,624	11,438,851	6,881,511
16	*Ratio of Receipts to Required Disbursements (Line 11/Line 12)*	*106%*	*103%*	*100%*	*104%*	*125%*
	Combined					
17	Receipts	422,664,566	419,906,481	426,996,735	459,703,457	45,338,512
18	MOU Adjustments	-	-	-	-	-
19	Adjusted Receipts	422,664,566	419,906,481	426,996,735	459,703,457	45,338,512
20	Disbursements	(400,761,200)	(405,410,108)	(419,317,293)	(439,873,775)	(38,249,197)
21	Receipts Net of Required Transfers	21,903,366	14,496,373	7,679,442	19,829,682	7,089,315
22	I&E Transfer	-	-	(8,000,000)	(3,900,900)	-
23	Net Receipts	21,903,366	14,496,373	(320,558)	15,928,782	7,089,315
24	*Ratio of Receipts to Required Disbursements (Line 19/Line 20)*	*105%*	*104%*	*102%*	*105%*	*119%*

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

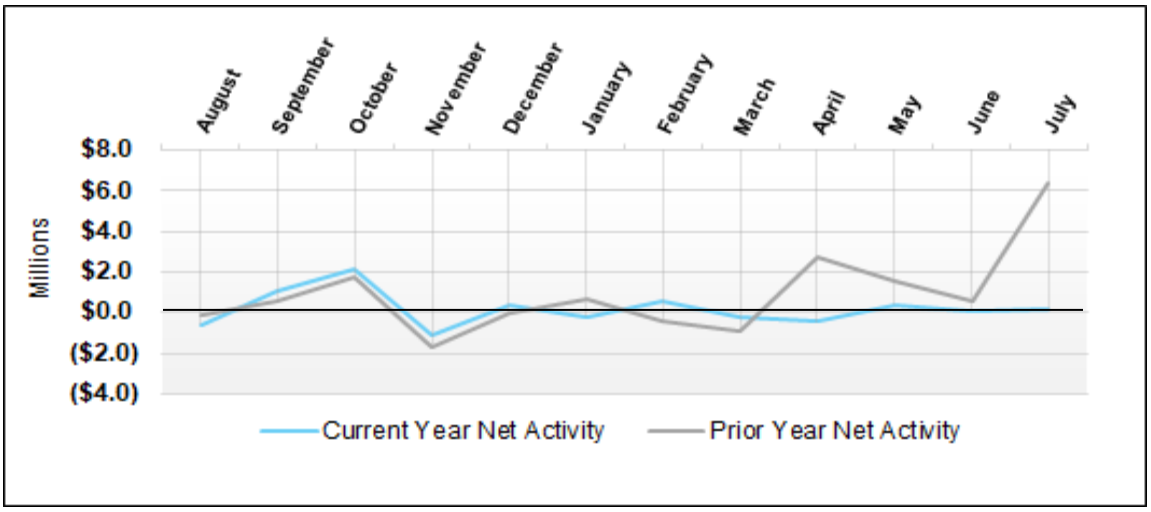
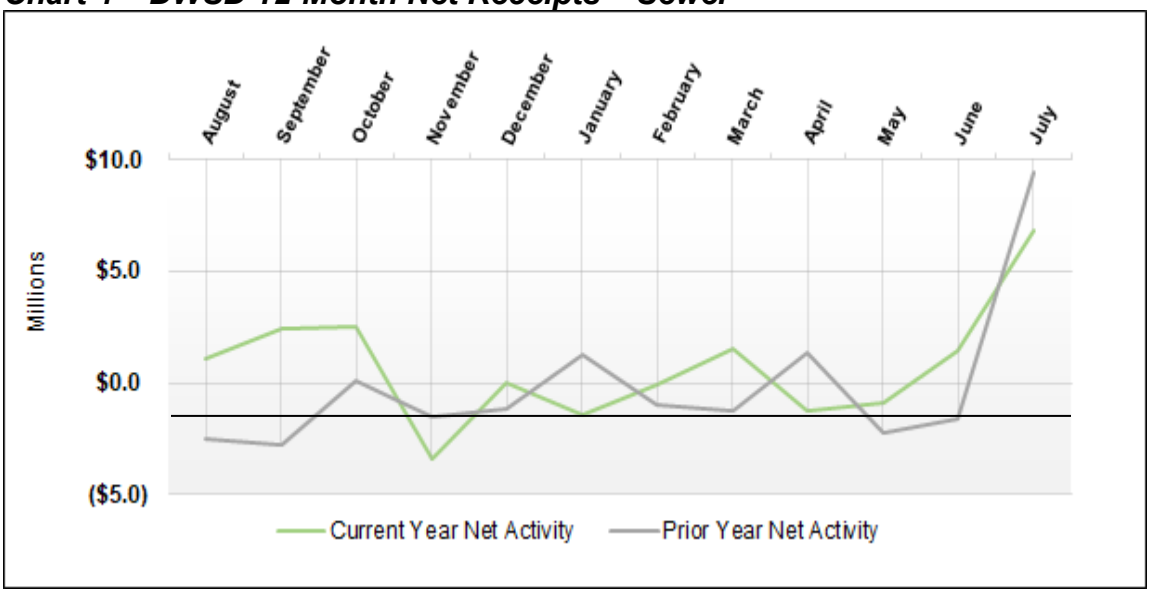


Chart 4 – DWSD 12-Month Net Receipts – Sewer



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 2027 reflects one month of activity to date.

Water fund net receipts exceeded required disbursements by 3% through July 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2022.

Sewer fund receipts exceeded required disbursements by 20% through July 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 8% since July 1, 2022.

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

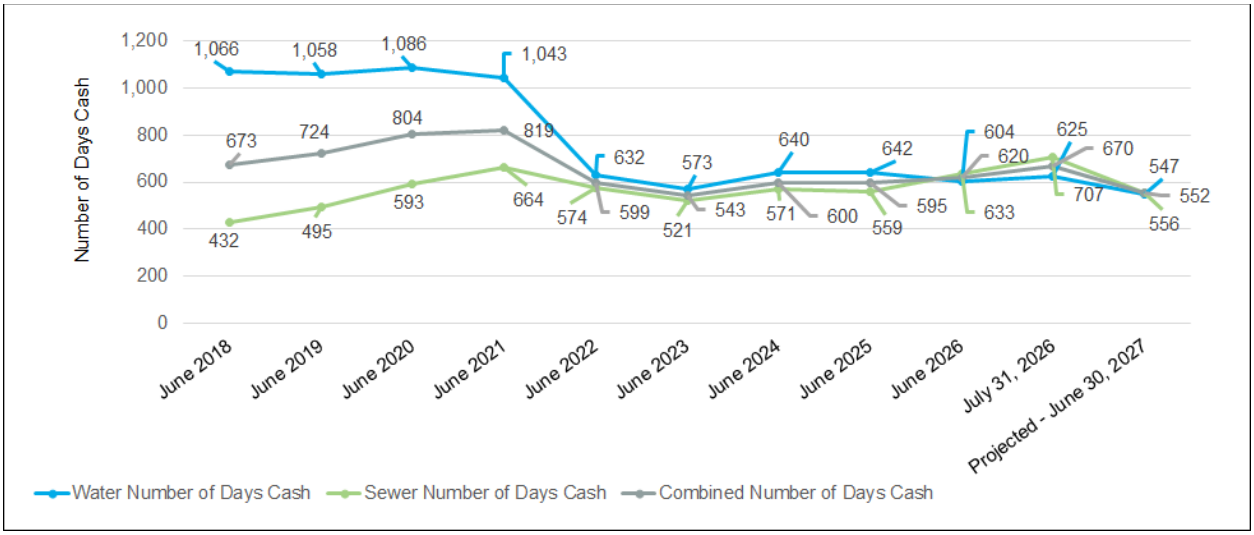
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through July 31
	487,102,098	498,070,508	508,868,741	552,671,526	46,689,367
Receipts Net of Required	20,249,623	27,140,796	21,478,162	40,055,951	1,363,376
Ratio of Receipts to Required					
	797,785,358	802,819,770	808,374,074	864,977,812	83,444,897
Receipts Net of Required	41,174,020	37,249,459	27,607,369	65,590,671	14,113,132
Ratio of Receipts to Required					
	1,284,887,456	1,300,890,278	1,317,242,815	1,417,649,337	130,134,264
Receipts Net of Required					
Ratio of Receipts to Required					

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 625 and Sewer at 707 days cash on hand as of July 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. The June 2025 and 2026 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2027 projection is calculated based on values from the GLWA FY 2027 – 2031 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, 2026	July 31, 2026	Projected June 30, 2027
Water Fund			
Cash and Investments - Unrestricted	314,273,000	331,306,000	290,000,000
Operating Expense			
Operating Expense (a)	286,979,000	24,872,000	298,463,000
Less: Depreciation (a)	(91,927,000)	(8,308,000)	(99,700,000)
Less: Amortization of Intangible Asset (a)	(5,160,000)	(433,000)	(5,200,000)
Net Operating Expense	189,892,000	16,130,000	193,563,000
Operating Expense per Day	520,000	530,000	530,000
Days Cash			
Number of Days Cash	604	625	547
Sewage Disposal Fund			
Cash and Investments - Unrestricted	405,010,000	460,467,000	362,300,000
Operating Expense			
Operating Expense (a)	375,193,000	31,980,000	383,763,000
Less: Depreciation (a)	(139,706,000)	(12,000,000)	(144,000,000)
Less: Amortization of Intangible Asset (a)	(2,033,000)	(167,000)	(2,000,000)
Net Operating Expense	233,455,000	19,814,000	237,763,000
Operating Expense per Day	640,000	651,000	651,000
Days Cash			
Number of Days Cash	633	707	556
Combined			
Cash and Investments - Unrestricted	719,283,000	791,773,000	652,300,000
Operating Expense			
Operating Expense (a)	662,172,000	56,852,000	682,227,000
Less: Depreciation (a)	(231,634,000)	(20,308,000)	(243,700,000)
Less: Amortization of Intangible Asset (a)	(7,192,000)	(600,000)	(7,200,000)
Net Operating Expense	423,346,000	35,944,000	431,327,000
Operating Expense per Day	1,160,000	1,182,000	1,182,000
Days Cash			
Number of Days Cash	620	670	552

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.



Monthly Financial Report Binder

August 2026 (unaudited)

Presented to the
Great Lakes Water Authority
Audit Committee on November 20, 2026

TABLE OF CONTENTS

Executive Summary Dashboard 1

Revenue Requirements Budget

Budget to Actual Analysis 4

GAAP-Basis Financial Statements

Basic Financial Statements 13

Financial Activity Charts 21

Crosswalk 24

Financial Operations Key Performance Indicators 28

Bank Reconciliations 28

Supplemental Sections

Capital Improvement Plan Financial Summary 30

Master Bond Ordinance Transfers 33

Cash and Investments 40

Retail Revenues, Receivables, & Collections 44

Wholesale Billings, Receivables, & Collections 50

Trust Receipts and Disbursements 55

Liquidity 63

Financial Report
Executive Summary Dashboard
for the Month Ended August 31, 2026

Key Financial Metrics

The table below highlights risks related to financial performance: No risk is green, potential risk is yellow, and likely risk is red.

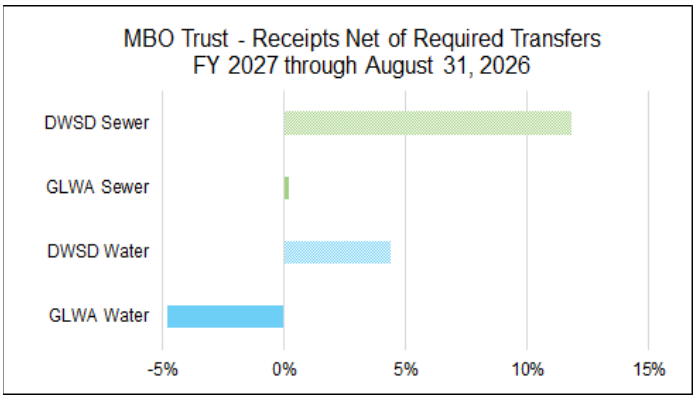
Budget variances are monitored by the Great Lakes Water Authority (GLWA) management. Operating and/or budget priorities are re-evaluated where appropriate. The budget is continually monitored with amendments no less than quarterly based on the most current information available. There have been no amendments made to the fiscal year 2027 budget to date.

Through August 2026, investment earnings, wholesale water revenue, water usage, water capital spend and sewer capital spend show budget variances of note. Wholesale water revenue variances are a result of significant increase in usage attributable to summer weather. The positive investment earnings are a result of market conditions that lead to higher than anticipated returns. Water system variances for capital spend relate to supplier procurement and project interdependency delays as reported in a Key Performance Indicator Report (Legistar #2026-412). The sewer system capital spend variance equates to less than $4 million and is expected to realign with plan over the course of the fiscal year.

As of August 31, 2026					
Metric	FY 2027 Budget	FY 2027 Amended Budget	FY 2027 Actual	Variance from Budget	Report Page Reference
Wholesale Water Revenue ($M)	$64.1	$64.1	$76.1	19%	5
Wholesale Water Billed Usage (mcf)	2,700,000	2,700,000	3,010,000	11%	51
Wholesale Sewer Revenue ($M)	$52.1	$52.1	$52.1	0%	6
Wholesale Water Investment Earnings ($M)	$1.5	$1.5	$2.4	62%	5
Wholesale Sewer Investment Earnings ($M)	$1.7	$1.7	$3.1	78%	6
Wholesale Water Operations & Maintenance ($M)	$32.3	$32.1	$31.8	-1%	5
Wholesale Sewer Operations & Maintenance ($M)	$39.6	$39.6	$37.7	-5%	6
Water Prorated Capital Spend w/SRA* ($M)	$40.4	$40.4	$26.8	-34%	31
Sewer Prorated Capital Spend w/SRA* ($M)	$42.2	$42.2	$38.5	-8%	32

*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 55)



Net cash flow receipts remain positive for DWSD Water and GLWA and DWSD 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 $1.0 million net positive receipts and DWSD sewer reports $7.2 million net positive receipts over disbursements through August 2027. Looking ahead, GLWA Water returns to positive net receipts over disbursements in September 2026. Strong cash balances mitigate monthly shortfalls.

Budget to Actual Analysis (page 4)

- The total revenue requirements are on target through August 2026.
- The total overall Operations & Maintenance expenses are 16.1% of budget through August 2026 which is slightly below the pro-rata benchmark of 16.7% 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 August 2026 is $33.2 million for the Water fund (40.2% of total revenues) and $31.8 million for the Sewage Disposal fund (34.6% of total revenues).
- Water net position increased by $22.2 million, and sewage disposal net position increased by $22.9 million for the year to date through August 2026.

Capital Improvement Plan Financial Summary (page 30)

- Water system costs incurred to date are below the 80% Capital Spend Ratio adjustment.
- Sewer system costs incurred to date are above the 88% Capital Spend Ratio adjustment.

Master Bond Ordinance Transfers (page 33)

- For August 2026, transfers of $18.5 million and $20.9 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for August 2026, transfers of $6.3 million and $7.5 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 40)

- Total cash & investments are $780.0 million for Water and $696.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2027 investment income through August 2026 is $8.4 million.

DWSD Retail Revenues, Receivables & Collections (page 44)

- Water usage through August 31, 2026, is 91.78% and revenues are 90.21% of budget.
- Sewer usage through August 31, 2026, is 95.70% and revenues are 94.49% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of $44.6 million over the prior year.
- Past due balances over 180 days make up 77.4% of the total accounts receivable balance. The current bad debt allowance covers 102% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 50)

- GLWA accounts receivable past due balance net of Highland Park is 0.62% of the total accounts receivable balance.
- Discussions between GLWA and Highland Park regarding the sewer balance are underway. The past due amount is escrowed in accordance with contract terms pending resolution of the underlying dispute.
- Average wholesale water collections of $31.8 million for the period of September 2025 through August 2026 are trending $3.8 million above the prior year.
- Average wholesale sewer collections of $24.9 million for the period of September 2025 through August 2026 are trending $927 thousand above the prior year.

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

Revenue Requirements Budget

GLWA
Great Lakes Water Authority

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 many stakeholder groups.

Table 1A – Water Revenue Requirements Budget and ***Table 1B – Sewer 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 August 2026 therefore the pro-rata benchmark is 16.7% (2 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 August 31, 2026, these credits total $1.0 million for FY 2027.

Table 1A – *Water System* Revenue Requirements Budget ($000)

Water System	FY 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	FY 2026 Percent of Amended Budget	FY 2027 Board Adopted Budget	FY 2027 Amended Budget	FY 2027 Activity Thru 8/31/2026	FY 2027 Percent of Amended Budget
Revenues							
Wholesale Charges	$ 365,646	$ 69,751	19.1%	$ 384,436	$ 384,436	$ 76,097	19.8%
Charges to Local System	30,029	5,005	16.7%	33,088	33,088	5,515	16.7%
Investment Earnings	16,057	2,495	15.5%	8,736	8,736	2,353	26.9%
Other Revenue	630	131	20.8%	499	499	64	12.9%
Total Revenues	$ 412,362	77,382	18.8%	$ 426,758	426,758	84,029	19.7%
Revenue Requirements							
Operations & Maintenance Expense	$ 192,768	$ 28,481	14.8%	$ 193,563	$ 193,563	$ 31,796	16.4%
Debt Service	177,732	29,847	16.8%	189,086	189,086	31,514	16.7%
General Retirement System Pension	2,731	455	16.7%	2,559	2,559	427	16.7%
Water Residential Assistance Program Contribution	1,970	328	16.7%	2,080	2,080	347	16.7%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	105	105	-	0.0%
Regional System Lease	22,500	3,750	16.7%	22,500	22,500	3,750	16.7%
Working Capital Requirement	-	-	0.0%	600	600	-	0.0%
Improvement & Extension Fund Transfer Pending	14,661	3,184	21.7%	16,265	16,265	2,711	16.7%
Total Revenue Requirements	$ 412,362	66,045	16.0%	$ 426,758	426,758	70,544	16.5%
Net Difference		$ 11,337				$ 13,485	
Recap of Net Difference							
Revenue Variance		$ 8,655				$ 12,902	
Revenue Requirement Variance		2,681				582	
Net Difference		$ 11,337				$ 13,485	

Table 1B – Sewer System Revenue Requirements Budget ($000)

Sewer System	FY 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	FY 2026 Percent of Amended Budget	FY 2027 Board Adopted Budget	FY 2027 Amended Budget	FY 2027 Activity Thru 8/31/2026	FY 2027 Percent of Amended Budget
Revenues							
Wholesale Charges	$ 300,317	$ 50,007	16.7%	$ 312,322	$ 312,322	$ 52,057	16.7%
Charges to Local System	215,324	35,887	16.7%	225,283	225,283	37,547	16.7%
Industrial Waste Control Charges	9,150	1,556	17.0%	9,508	9,508	1,577	16.6%
Pollutant Surcharges	5,113	664	13.0%	5,116	5,116	684	13.4%
Investment Earnings	20,135	3,083	15.3%	10,468	10,468	3,112	29.7%
Other Revenue	443	57	13.0%	486	486	70	14.3%
Total Revenues	$ 550,482	91,255	16.6%	$ 563,182	563,182	95,047	16.9%
Revenue Requirements							
Operations & Maintenance Expense	$ 238,430	$ 37,100	15.6%	$ 237,763	$ 237,763	$ 37,745	15.9%
Debt Service	216,027	36,814	17.0%	233,855	233,855	38,976	16.7%
General Retirement System Pension	5,633	939	16.7%	5,246	5,246	874	16.7%
Water Residential Assistance Program Contribution	2,639	440	16.7%	2,750	2,750	458	16.7%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	4,583	16.7%	27,500	27,500	4,583	16.7%
Working Capital Requirement	-	-	0.0%	1,500	1,500	-	0.0%
Improvement & Extension Fund Transfer Pending	60,254	8,701	14.4%	54,568	54,568	9,095	16.7%
Total Revenue Requirements	$ 550,482	88,577	16.1%	$ 563,182	563,182	91,732	16.3%
Net Difference		$ 2,677				$ 3,315	
Recap of Net Difference							
Revenue Variance		$ (492)				$ 1,183	
Revenue Requirement Variance		3,170				2,132	
Net Difference		$ 2,677				$ 3,315	

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 2027 are above the pro-rata benchmark; the *water* system is 19.7%. For the *sewer* system, total revenues for FY 2027 are slightly above the pro-rata benchmark at 16.9%. 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 2027 at 26.9%. The *sewer* system is above the pro-rata benchmark for FY 2027 at 29.7%. FY 2027 investment earnings are slightly lower for the water system and slightly higher for the sewer system when compared to earnings in August of FY 2026. Interest rates started to fall in FY 2025 and had a small recovery in the spring of 2026. The length of investment maturities during this environment of changing interest rates will result in variances when compared to the prior year and to budget. 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 below the pro-rata benchmark for FY 2027 at 16.4%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2027 at 15.9%.
5. ***Debt Service:*** For FY 2027, the water system is in-line with the pro-rata benchmark at 16.7%, and sewer system is in-line with the pro-rata benchmark at 16.7%. Monthly transfers have been made based on the original adopted budget. The first quarter budget amendment will adjust the debt service for the June 2026 bond transactions. The State Revolving Fund (SRF) loans that are still being drawn down in the sewer system may cause temporary variances until the budget is realigned with the revised payment schedules. There currently are no SRF loans being drawn on in the water system.
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 slightly below the pro-rata benchmark at 16.5%. Total revenue requirements for the sewer system are below the pro-rata benchmark at 16.3%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of August 31, 2026, is 16.7% (two months), with the total O&M budget under the benchmark at 16.1%. When comparing FY 2027 to FY 2026 in ***Table 2 – Operations & Maintenance Budget – Major Budget Categories***, the overall spending in FY 2027 is above FY 2026 for two 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 positive variance in the internal cost center. A moderate positive variance is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on February 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 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	FY 2026 Percent of Amended Budget	FY 2027 Board Adopted Budget	FY 2027 Amended Budget	FY 2027 Activity Thru 8/31/2026	FY 2027 Percent of Amended Budget
A Water System Operations	$ 108,691	$ 15,838	14.6%	$ 103,654	$ 103,654	$ 20,267	19.6%
B Wastewater System Operations	156,573	25,173	16.1%	158,647	158,647	25,884	16.3%
C Centralized Services	120,304	16,906	14.1%	123,429	123,429	15,348	12.4%
D Administrative & Other Services	45,631	7,821	17.1%	45,597	45,597	7,948	17.4%
Employee Benefits	-	(158)	-100.0%	-	-	87	100.0%
Total O&M Budget	$ 431,198	$ 65,581	15.2%	$ 431,327	$ 431,327	$ 69,535	16.1%

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 2026 Amended Budget	FY 2026 Actual Thru 6/30/2026	FY 2026 Activity Thru 8/31/2025	FY 2026 Percent of Amended Budget	FY 2026 Percent of Actual 6/30/2026	FY 2027 Amended Budget	FY 2027 Prorated Amended Budget (2 Months)	FY 2027 Activity Thru 8/31/2026	FY 2027 Percent of Amended Budget	FY 2027 Variance (Over) Under Prorated Amended Budget
	A	B	C	= C / A	= C / B	D	E	F	= F / D	= E - F
Personnel Costs										
Salaries & Wages	$ 94,195	$ 94,585	$ 15,287	16.2%	16.2%	$ 95,548	$ 15,925	$ 17,377	18.2%	$ (1,452)
Workforce Development	2,142	2,140	416	19.4%	19.4%	2,426	404	387	15.9%	18
Overtime	10,432	10,588	1,783	17.1%	16.8%	9,642	1,607	1,794	18.6%	(187)
Employee Benefits	36,781	34,773	6,202	16.9%	17.8%	33,877	5,646	6,541	19.3%	(895)
Transition Services	8,263	8,373	1,457	17.6%	17.4%	6,429	1,071	1,082	16.8%	(11)
Employee Benefits Fund	-	-	(158)	-100.0%	-100.0%	-	-	87	100.0%	(87)
Total Personnel Costs	*151,814*	*150,458*	*24,987*	16.5%	16.6%	*147,921*	*24,654*	*27,267*	18.4%	*(2,614)*
Utilities										
Electric	49,096	47,586	8,039	16.4%	16.9%	49,878	8,313	10,050	20.1%	(1,737)
Gas	8,443	9,659	1,032	12.2%	10.7%	9,061	1,510	1,239	13.7%	272
Sewage Service	2,455	2,600	343	14.0%	13.2%	2,312	385	446	19.3%	(61)
Water Service	12,561	11,748	1,950	15.5%	16.6%	11,158	1,860	1,836	16.5%	24
Total Utilities	*72,555*	*71,593*	*11,364*	15.7%	15.9%	*72,410*	*12,068*	*13,571*	18.7%	*(1,502)*
Chemicals	33,636	31,334	5,227	15.5%	16.7%	34,307	5,718	5,386	15.7%	331
Supplies & Other	47,117	48,354	7,143	15.2%	14.8%	48,086	8,014	7,030	14.6%	984
Contractual Services	131,329	130,523	17,744	13.5%	13.6%	120,456	20,076	17,218	14.3%	2,858
Capital Program Allocation	(3,431)	(3,392)	(517)	15.1%	15.3%	(3,419)	(570)	(547)	16.0%	(23)
Shared Services	(2,264)	(2,519)	(365)	16.1%	14.5%	(2,375)	(396)	(384)	16.2%	(12)
Intergovernmental Agreement	-	(221)	-	0.0%	0.0%	-	-	-	0.0%	-
Unallocated Reserve	443	-	-	0.0%	0.0%	13,941	2,323	-	0.0%	2,323
Total Expenses	$ 431,198	$ 426,131	$ 65,581	15.2%	15.4%	$ 431,327	$ 71,888	$ 69,541	16.1%	$ 2,347

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 16.1%, which is below the pro-rata benchmark of 16.7%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through August 2026 are at 18.4%, which is above the pro-rata benchmark of 16.7%. 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. The first quarter budget amendment will move part of the unallocated reserve into the personnel costs.

Utilities: The overall category is above the pro-rata benchmark; coming in at 18.7% through August 2026. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is above the pro-rata benchmark, coming in at 20.1%. When compared to the prior fiscal year there is a $2.0 million increase (25%). This is primarily due to the Power Supply Cost Recovery (PSCR) charge being increased to the maximum allowed beginning March 1, 2026, which resulted in a 650.8% increase in the PSCR charge. This change, which is based on kilowatt hours used (kWh) had a significant impact on electric cost. This will continue to impact FY 2027,

with the first three months of GLWA's fiscal year (July, August, and September) typically being peak months for the usage of electricity.

- **Gas** is below the pro-rata benchmark, coming in at 13.7%. The Wastewater Resource Recovery (WRRF) facility took significant incineration capacity off-line during this period, utilizing the Biosolids Drying Facility (BDF) more for disposal of bio-solids. GLWA works with the State of Michigan to secure favorable rates of natural gas for the majority of the anticipated annual usage. As reported by the U.S. Energy Administration the Henry Hub natural gas spot price 12-month average has increased, on average, 14.3% as of August 2026, over the preceding 12-month period. Variances are primarily related to these fluctuating costs.
- **Sewage service** is higher than the benchmark, coming in at 19.3%. This is largely due to the increased biosolids volume processed at the BDF.
- **Water service** is close to the benchmark, coming in at 16.5%.

Chemicals: This category is lower than the benchmark; coming in at 15.7%. The abnormally dry conditions in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events, as well as the seasonal use to control zebra mussels in the fall (sodium hypochlorite).

Supplies & Other: This category is below the pro-rata benchmark; coming in at 14.6%. The are many different items in this expense category, some of which, such as certain maintenance activities and non-capitalized equipment purchases, are subject to one-time expenses that do not occur evenly throughout the year. Variances are not unexpected. Additionally, a budget classification issued has been noted totaling $1.6 million for sewer linear maintenance work, which should be classified as a contract service. This is anticipated to be corrected in the first quarter budget amendment.

Contractual Services: This category is slightly below the pro-rata benchmark; coming in at 14.3%. 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 below the benchmark; coming in at 16.0%. 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 lower than benchmark; coming in at 16.2%. 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 2027. 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 usually is not budgeted for in advance. As activity is incurred, budget amendments will be made to match the activity. There was no activity through May when the last budget amendment was processed. 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

(Unaudited)



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 2026 comparative amounts are unaudited are presented in draft format. Adjustments related to fiscal year end 2026 audit affect the basic financial statements. The results of these adjustments will be presented in the audited annual report.

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 August 31, 2026 ($000)

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2026
Assets				
Cash - unrestricted (a)	$ 183,171	$ 248,896	$ 432,067	$ 364,553
Cash - restricted (a)	288,966	198,042	487,008	715,196
Investments - unrestricted (a)	152,228	185,203	337,431	354,730
Investments - restricted (a)	142,968	76,565	219,533	230,595
Accounts Receivable	110,589	68,255	178,843	163,310
Due from (to) Other Funds (b)	13,208	(13,208)	-	-
Other Assets (c)	576,806	339,834	916,640	920,277
Capital Assets, net of Depreciation	1,462,461	1,741,958	3,204,419	3,227,758
Land	295,351	127,983	423,334	423,334
Construction Work in Process (e)	359,879	682,940	1,042,819	990,808
Total assets	3,585,626	3,656,469	7,242,095	7,390,561
Deferred Outflows (f)	33,006	63,381	96,387	97,362
Liabilities				
Liabilities - Liabilities-ST	238,312	271,312	509,624	550,789
Other Liabilities (h)	2,547	6,324	8,871	8,461
Cash Held FBO DWSD (d)	31,878	53,747	85,625	73,739
Liabilities - Long-Term (i)	3,226,452	3,141,191	6,367,643	6,530,458
Total liabilities	3,499,189	3,472,574	6,971,763	7,163,447
Deferred Inflows (f)	119,299	103,057	222,356	225,291
Total net position (j)	$ 144	$ 144,219	$ 144,363	$ 99,185

Totals may be off due to rounding

The Statement of Net Position reflects a maturing organization with an ongoing trend related to Net Position. See note j for further explanation.

Footnotes to Statement of Net Position

a. *Cash and Investments* are reported at book value. Investments at June 30, 2026 are reported at market value. The August 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 consist of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
d. *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.
e. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
f. *Liabilities - Short-term* include accounts payable, retainage payable, GASB 87, 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.
g. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
h. *Liabilities – Long-term* include bonds payable, lease payable, GASB 87, GASB 96 and legacy General Retirement System pension liabilities.
i. *Net Position* 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 had a positive net position as of June 30, 2025. The Water fund had a net position deficit as of June 30, 2026. 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 August 2026 Financial Report Binder. Prior year ending balances are provided in the June 30, 2026 column as a reference for comparative purposes. ***The June 2026 comparative amounts are unaudited.*** 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 Two Months ended August 31, 2026
($000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business-Type Activities	Comparative June 30, 2026
Revenue						
Wholesale customer charges	77,065	93.3%	52,057	56.6%	129,122	683,974
Local system charges	5,515	6.7%	37,547	40.8%	43,062	245,353
Industrial waste charges	-	0.0%	1,577	1.7%	1,577	9,259
Pollutant surcharges	-	0.0%	684	0.7%	684	5,557
Other revenues	48	0.1%	70	0.1%	118	1,101
Total Revenues	**82,628**	**100.0%**	**91,935**	**100.0%**	**174,563**	**945,244**
Operating expenses						
Operations and Maintenance	31,796	38.5%	37,668	41.0%	69,464	423,346
Depreciation	16,731	20.2%	22,131	24.1%	38,861	231,634
Amortization of intangible assets	860	1.0%	344	0.4%	1,204	7,192
Total operating expenses	**49,386**	**59.8%**	**60,143**	**65.4%**	**109,529**	**662,172**
Operating Income	33,242	40.2%	31,792	34.6%	65,034	283,072
Noncapital Subsidies						
Water Residential Assistance Program	6	0.0%	64	0.1%	70	(4,474)
Legacy pension expense	-	0.0%	-	0.0%	-	3,340
Total Noncapital Subsidies	**6**	**0.00**	**64**	**0.00**	**70**	**(1,134)**
Operating Income and Noncapital Subsidies	33,248	0.40	31,856	0.35	65,104	281,938
Total Nonoperating revenue (expense)	(11,007)	-13.3%	(8,919)	-9.7%	(19,926)	(118,410)
Increase/(Decrease) in Net Position	**22,241**	**26.9%**	**22,937**	**24.9%**	**45,178**	**163,527**
Net Position (deficit), beginning of year	(22,097)		121,282		99,185	(64,342)
Net position (deficit), end of year	144		144,219		144,363	99,185

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is $22.2 million.
- ✓ Wholesale water customer charges of $77.1 million account for 93.3% of Water System revenues.
- ✓ Operating expenses of $49.4 million represent 59.8% of total operating revenue. Depreciation is the largest operating expense at $16.7 million or 33.9% 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 $33.2 million or 40.2% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $16.8 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).
- ✓ 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.

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is $22.9 million.
- ✓ Wholesale customer charges of $52.1 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 $37.5 million account for 40.8% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of $60.1 million represent 65.4% of total operating revenue. Depreciation is the largest operating expense at $22.1 million or 36.8% 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 $31.8 million or 34.6% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $16.2 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).
- ✓ 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.

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 August 2026 Financial Report Binder. Explanatory notes follow this schedule.

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

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business-Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	7,227	22.7%	11,619	30.8%	18,846	27.1%
Overtime	1,245	3.9%	549	1.5%	1,794	2.6%
Employee Benefits	4,736	14.9%	1,892	5.0%	6,627	9.5%
Total Personnel	13,207	41.5%	14,060	37.3%	27,267	39.3%
Utilities						
Electric	7,435	23.4%	2,615	6.9%	10,050	14.5%
Gas	(8)	0.0%	1,247	3.3%	1,239	1.8%
Sewage	87	0.3%	360	1.0%	446	0.6%
Water	0	0.0%	1,835	4.9%	1,836	2.6%
Total Utilities	7,515	23.6%	6,056	16.1%	13,571	19.5%
Chemicals	2,947	9.3%	2,440	6.5%	5,386	7.8%
Supplies and other	2,583	8.1%	4,342	11.5%	6,926	10.0%
Contractual services	6,107	19.2%	11,138	29.6%	17,245	24.8%
Capital Program allocation	(305)	-1.0%	(243)	-0.6%	(547)	-0.8%
Shared Services allocation	(259)	-0.8%	(125)	-0.3%	(384)	-0.6%
Operations and Maintenance Expenses	**31,796**	**100.0%**	**37,668**	**100.0%**	**69,464**	**100.0%**

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (19.5% of total O&M expenses) and chemicals (7.8% of total O&M expenses).
- ✓ Personnel costs (39.3% 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 (24.8%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately $0.7 million);

- Sewage Disposal System costs for the operation and maintenace of the biosolids dryer facility (approximately $3.1 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. ***The June 2026 comparative amounts are presented in draft format.*** Explanatory notes follow this schedule.

Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Two Months ended August 31, 2026
($000)

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2026
Nonoperating Revenue/(Expense)				
Investment Income and Expenses				
Interest income contractual obligation	3,532	2,281	5,813	36,454
Investment earnings	4,685	3,802	8,486	47,631
Net (incr) decr in fair value of invstmt	585	678	1,263	(1,128)
Total Investment Income and Expenses	8,801	6,761	15,563	82,957
Revenue and expenses related to financing				
Interest Expense				
Bonded debt	(20,325)	(18,450)	(38,775)	(234,150)
Lease obligation	(2,767)	(3,459)	(6,226)	(35,632)
Other obligations	(523)	(235)	(758)	(4,509)
Amortization, issuance costs, debt	3,823	2,289	6,112	30,229
Total Revenue and expenses related to financing	(19,793)	(19,855)	(39,647)	(244,062)
Capital Subsidies				
Capital Contribution	-	-	-	16,322
Resources from Disposal of Capital Assets and Inventory	(31)	0	(31)	(1,275)
Total Capital Subsidies	(31)	0	(31)	15,046
Other Nonoperating Revenue (Expense)	16	4,174	4,190	27,648
Total Other Nonoperating Revenue/(Expense)	**(11,007)**	**(8,919)**	**(19,926)**	**(118,410)**

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. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2025 market value adjustments for Water and Sewer total $49 thousand and $78 thousand, respectively. FY 2026 market value adjustments for Water and Sewer total $585 thousand and $678 thousand, respectively. Any difference is due to realized gain or loss on investments.

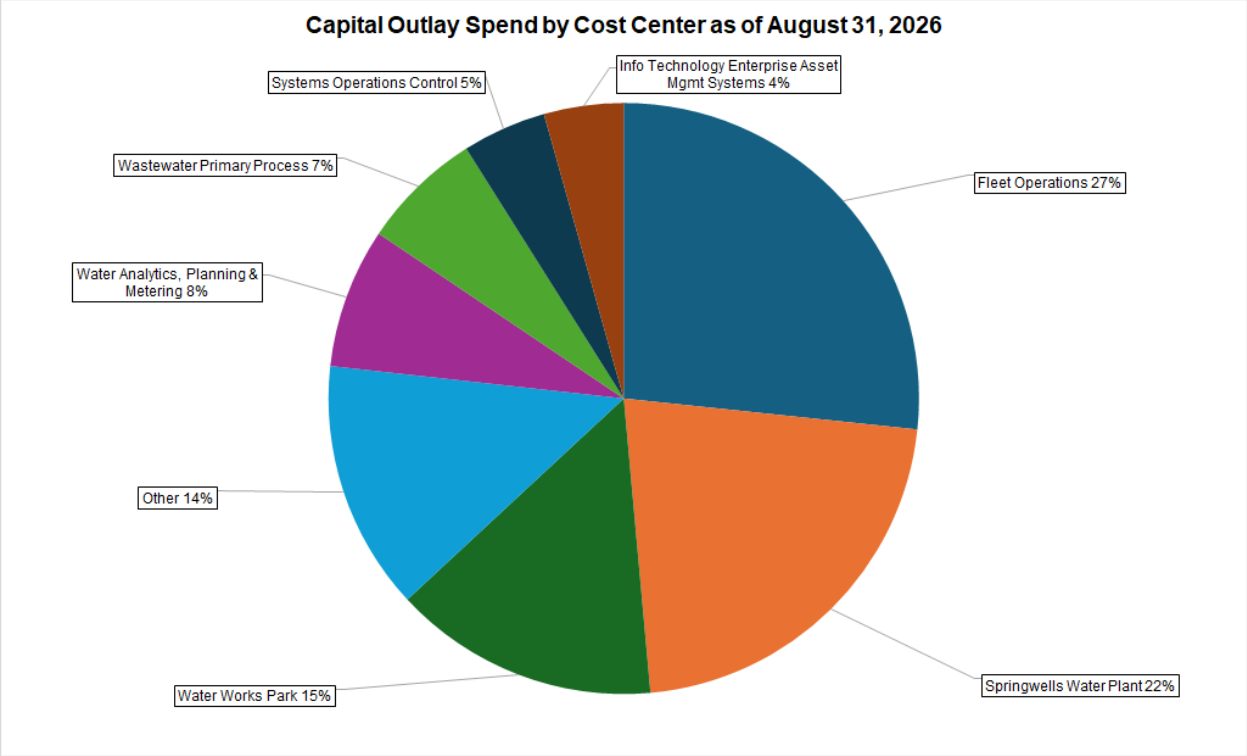
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
  - Bonded debt;
  - Lease obligation for the regional assets from the City of Detroit; and
  - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2026 other non-operating revenue includes $26.9 million in debt forgiveness on CWSRF for the Sewage Disposal system. FY 2027 other non-operating revenue includes $4.2 million in debt forgiveness on CWSRF for the sewage disposal system.
- ✓ The FY 2027 and FY 2026 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.
- ✓ The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA ($298 thousand) grant revenue for the Water system and ($8.6 million) grant revenue for the Sewage Disposal system.

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 August 31, 2026, total capital outlay spend is $2.7 million. Following this chart is a sample list of projects and purchases from the total spend of $2.7 million.



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

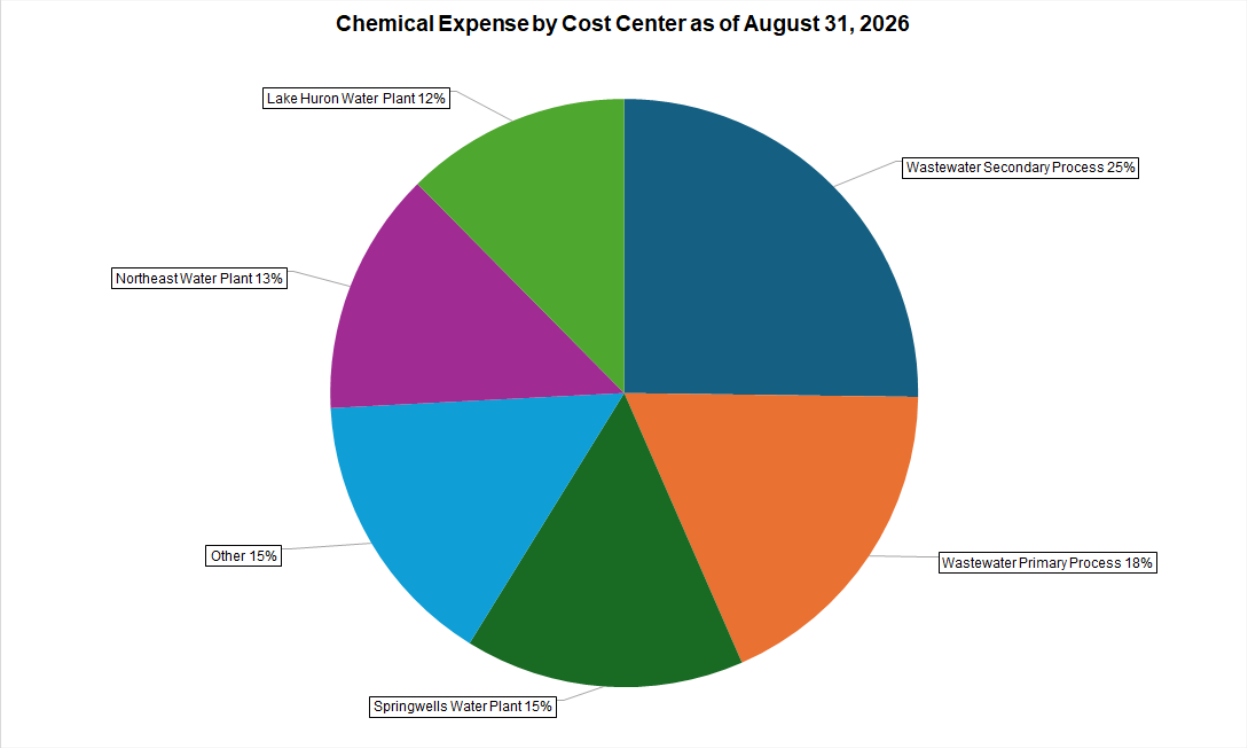
Water Operations: Springwells Low Lift Modernization ($567k); ozone heat exchanger ($124k); suction hose ($85k) and phosphate colorimetric analyzer ($78k).

Wastewater Operations: Scum concentration pump ($150k) and ovation upgrade & cabinet replacement ($55k).

Centralized & Administrative Facilities: Trucks and vehicles ($716k); computer hardware and software ($210k); sewer meter support ($171k); enclosure ($46k); handheld valve operator ($41k) and Polaris UTV ($40k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

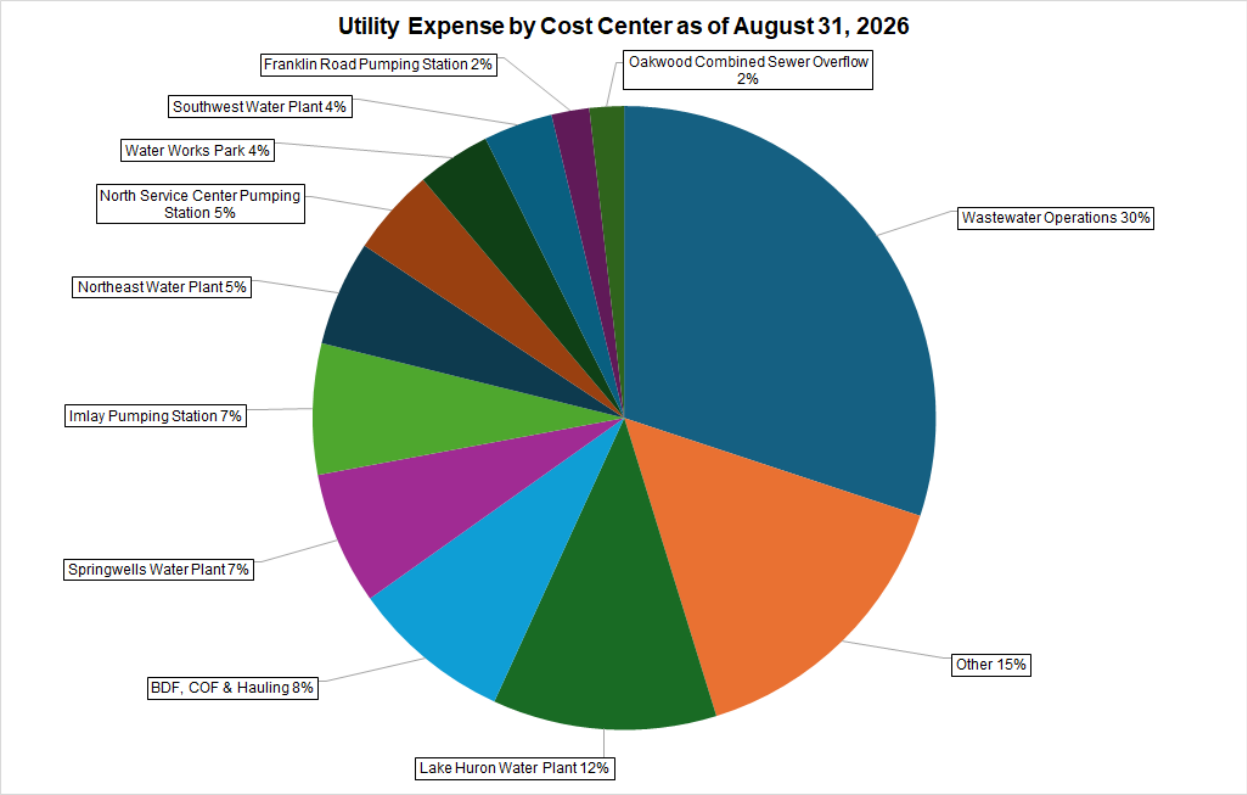
Chemical expenses are $5.4 million through August 31, 2026. The allocation is shown in the chart below and remains consistent with prior periods.



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

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are $13.6 million through August 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 Two Months Ended August 31, 2026

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	$ 13,485	3,315	$ 16,800
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension requirement recorded as deferral (c)	185	331	516
Debt service (f)	14,721	22,807	37,528
Accelerated pension B&C notes obligation portion (g)	148	332	480
Regional System lease (h)	983	1,124	2,107
GASB 87 & GASB 96 adjustments (h)	(9)	109	100
WRAP (i)	347	458	805
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	2,711	9,095	11,806
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(17,591)	(22,475)	(40,066)
Amortization - debt related (k)	3,823	2,289	6,112
Other nonoperating income (k)	-	4,174	4,174
Other nonoperating expense (k)	-		-
Gain(loss) on disposal of capital assets (k)	(31)	-	(31)
Raw water rights obligation (l)	548	-	548
Investment earnings for construction fund (m)	2,336	692	3,028
Other	-	-	-
Investment earnings unrealized gain/loss (n)	585	686	1,271
Improvement & extension fund operating expenses (o)	-	-	-
Capital Contribution (p)	-	-	-
Net Position Increase/(Decrease) per Financial Statements (b)	$ 22,241	$ 22,937	$ 45,178

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.

(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 adjustments 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) Capital contributions classified as nonoperating (revenue) expense are 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 August 31, 2026, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

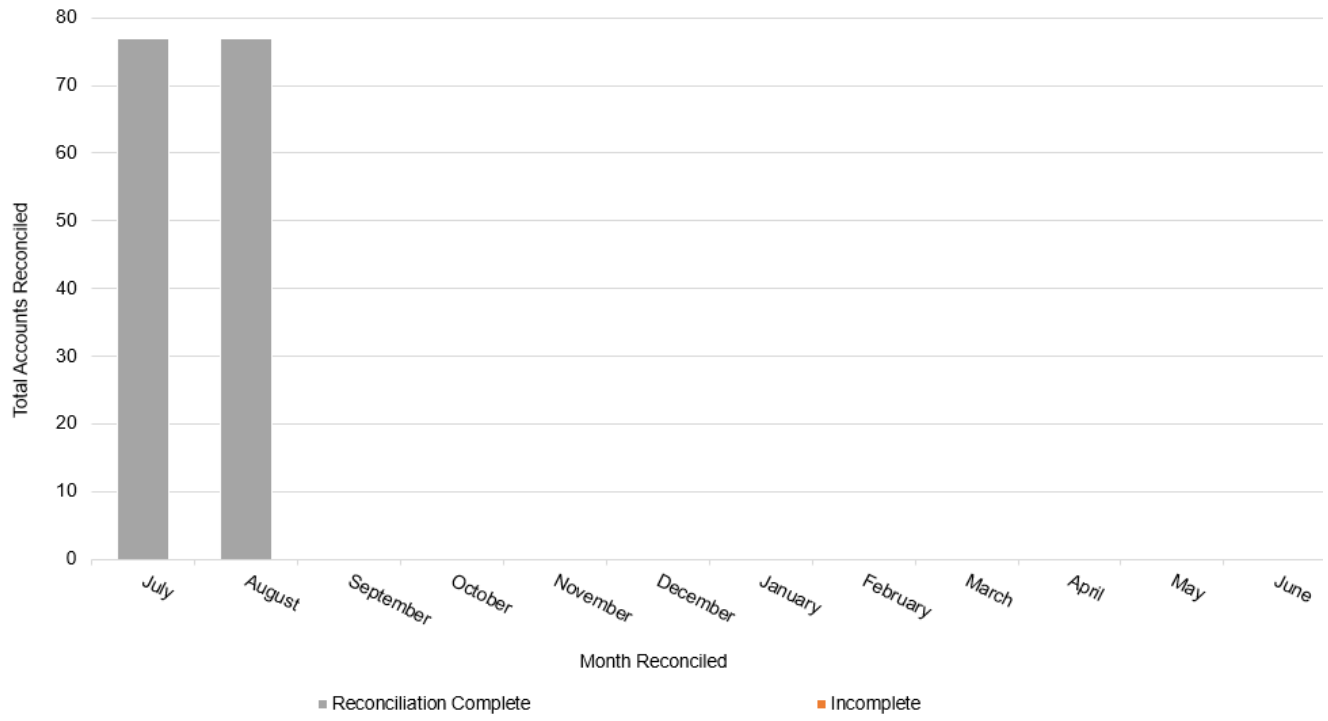


Table 1 – Fiscal Year 2027 GL Cash Account Roll-forward

Total GL Cash accounts as of July 1, 2026	77
New GL Cash accounts since July 1, 2026	0
Inactivated GL Cash accounts since July 1, 2026	0
Total GL Cash accounts as of August 31, 2026	77

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 2027 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.

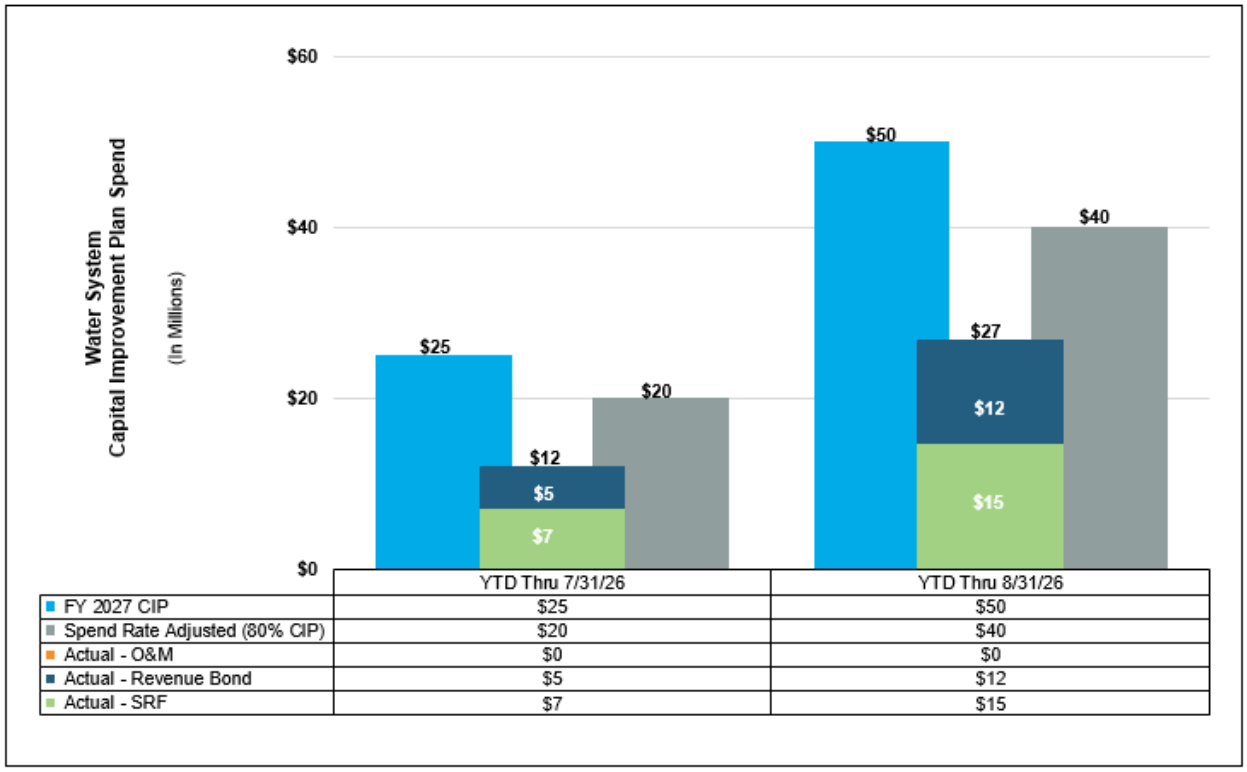
For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 80% of the Board approved CIP planned spend for the water fund and 88% 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 August 2026, the water system incurred $27 million of construction costs to date. This spend represents 54% of the original, Board-approved CIP, and 67% of the Board-reviewed spend rate adjustment.

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



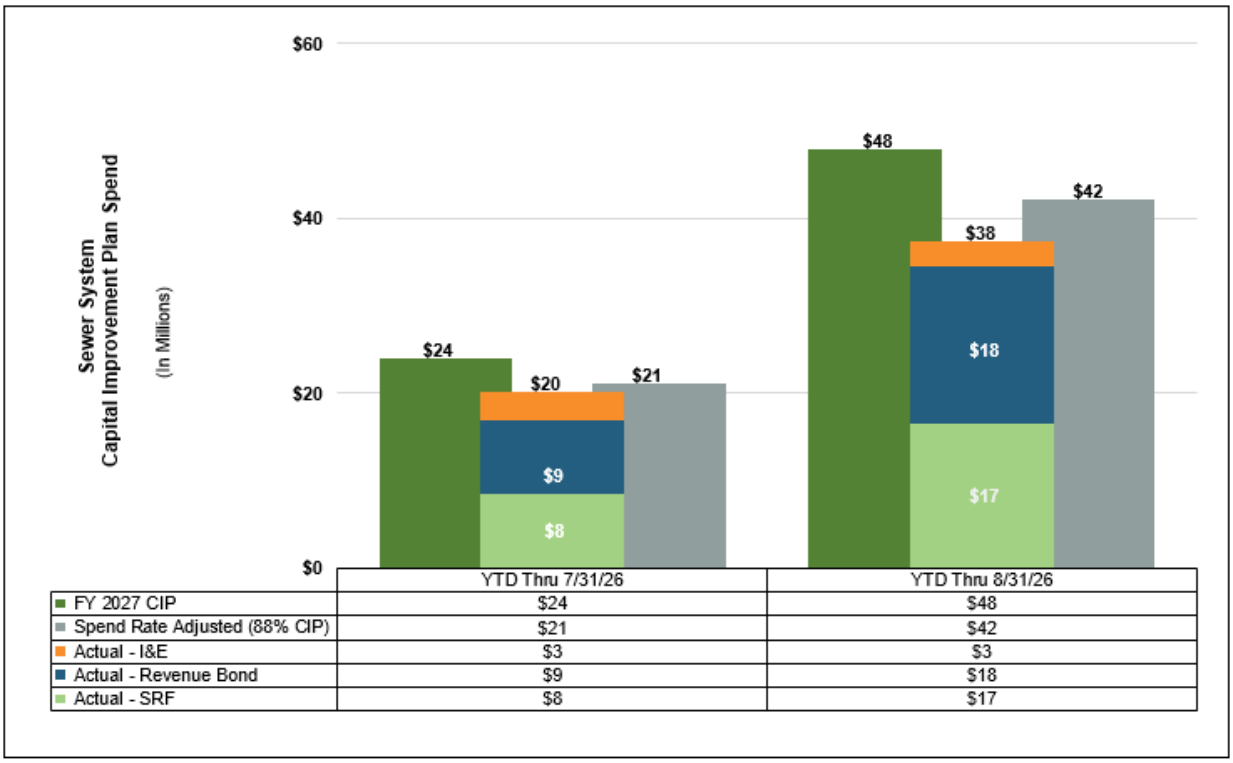
	YTD Thru 7/31/26	YTD Thru 8/31/26
FY 2027 CIP	$25	$50
Spend Rate Adjusted (80% CIP)	$20	$40
Actual - O&M	$0	$0
Actual - Revenue Bond	$5	$12
Actual - SRF	$7	$15

Note: *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 August 2026, the Sewer system incurred $38 million of construction costs to date. This spend represents 80% of the original, Board-approved CIP, and 91% of the Board-reviewed spend rate adjustment.

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



	YTD Thru 7/31/26	YTD Thru 8/31/26
FY 2027 CIP	$24	$48
Spend Rate Adjusted (88% CIP)	$21	$42
Actual - I&E	$3	$3
Actual - Revenue Bond	$9	$18
Actual - SRF	$8	$17

Note: *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 are completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2027 Water MBO Transfers reflects the required transfers for FY 2027 completed through August 2026. MBO transfers for water totaling $35.3 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2027 Sewer MBO Transfers reflects the required transfers for FY 2027 completed through August 2026. MBO transfers for sewer totaling $41.6 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2027 to date.

Table 1 – GLWA FY 2027 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 2027							
July 2026	$ 16,130,283	$ -	$ 378,400	$ 255,525	$ -	$ -	$ 16,764,208
August 2026	16,130,283	-	378,400	255,525	-	1,753,000	18,517,208
September 2026							
October 2026							
November 2026							
December 2026							
January 2027							
February 2027							
March 2027							
April 2027							
May 2027							
June 2027							
Total FY 2027	$ 32,260,566	$ -	$ 756,800	$ 511,050	$ -	$ 1,753,000	$ 35,281,416

Table 2 – GLWA FY 2027 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 2027							
July 2026	$ 19,813,617	$ -	$ 562,367	$ 352,033	$ -	$ -	$ 20,728,017
August 2026	19,813,617	-	562,367	352,033	-	187,000	20,915,017
September 2026							
October 2026							
November 2026							
December 2026							
January 2027							
February 2027							
March 2027							
April 2027							
May 2027							
June 2027							
Total FY 2027	$ 39,627,234	$ -	$ 1,124,734	$ 704,066	$ -	$ 187,000	$ 41,643,034

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	182,768,400	-	4,659,200	2,915,400	-	-	190,343,000
Total FY 2027 (year to date	32,260,566	-	756,800	511,050	-	1,753,000	33,528,416
Life to Date	$ 1,521,574,412	$ 48,362,300	$ 94,817,175	$ 25,963,704	$ 2,686,900	$ 7,786,000	$ 1,701,190,491

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	238,429,800	-	7,120,200	4,066,000	-	-	249,616,000
Total FY 2027 (year to date	39,627,234	-	1,124,734	704,066	-	187,000	41,643,034
Life to Date	$ 2,117,630,992	$ 86,620,800	$ 131,913,309	$ 36,809,799	$ 8,246,100	$ 1,124,600	$ 2,382,345,599

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 2027 Water MBO Transfers reflects the required transfers for FY 2027 completed through August 2026. MBO transfers for Water totaling $12.5 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2027 Sewer MBO Transfers reflects the required transfers for FY 2027 completed through August 2026. MBO transfers for Sewer totaling $15.0 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 2027 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2027 to date.

Table 4 – DWSD FY 2027 Water MBO Transfers

WATER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Water
FY 2027				
July 2026	$ 4,390,133	$ -	$ 1,875,000	$ 6,265,133
August 2026	$ 4,390,133	$ -	$ 1,875,000	$ 6,265,133
September 2026				$ -
October 2026				$ -
November 2026				$ -
December 2026				$ -
January 2027				$ -
February 2027				$ -
March 2027				$ -
April 2027				$ -
May 2027				$ -
June 2027				$ -
Total FY 2027	$ 8,780,266	$ -	$ 3,750,000	$ 12,530,266

Table 5 – DWSD FY 2027 Sewer MBO Transfers

SEWER				
	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2027				
July 2026	$ 5,227,592	$ -	$ 2,291,667	$ 7,519,259
August 2026	$ 5,227,592	-	$ 2,291,667	$ 7,519,259
September 2026				$ -
October 2026				$ -
November 2026				$ -
December 2026				$ -
January 2027				$ -
February 2027				$ -
March 2027				$ -
April 2027				$ -
May 2027				$ -
June 2027				$ -
Total FY 2027	$ 10,455,184	$ -	$ 4,583,334	$ 15,038,518

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				
MBO/Lease Requirement	49,684,002	–	22,500,000	72,184,002
Offset to Debt Service	–	–	–	–
Total MBO Transfer	49,684,002	–	22,500,000	72,184,002
FY 2027(year to date)				
MBO/Lease Requirement	8,780,266	–	3,750,000	12,530,266
Offset to Debt Service			–	–
Total MBO Transfer	8,780,266	–	3,750,000	12,530,266
Life-to-Date				
MBO/Lease Requirement	423,102,672	34,157,100	251,250,000	708,509,772
Offsets	–	–	(31,847,900)	(31,847,900)
Total Water	**$ 423,102,672**	**$ 34,157,100**	**$ 219,402,100**	**$ 676,661,872**

* 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				
MBO/Lease Requirement	60,104,298	–	27,499,998	87,604,296
Offset to Debt Service	–	–	–	–
Total MBO Transfer	60,104,298	–	27,499,998	87,604,296
FY 2027(year to date)				
MBO/Lease Requirement	10,455,184	–	4,583,334	15,038,518
Offset to Debt Service	–	–	–	–
Total MBO Transfer	10,455,184	–	4,583,334	15,038,518
Life-to-Date				
MBO/Lease Requirement	607,174,494	22,859,800	307,083,336	936,196,083
Offsets	(7,100,000)	–	(51,780,661)	(57,959,114)
Total Sewer	**$ 589,619,310**	**$ 22,859,800**	**$ 250,719,341**	**$ 863,198,451**

* 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 August 2026, GLWA earned investment income of $4.2 million and cumulative FY 2027 earnings through August 2026 of $8.4 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 August 2026

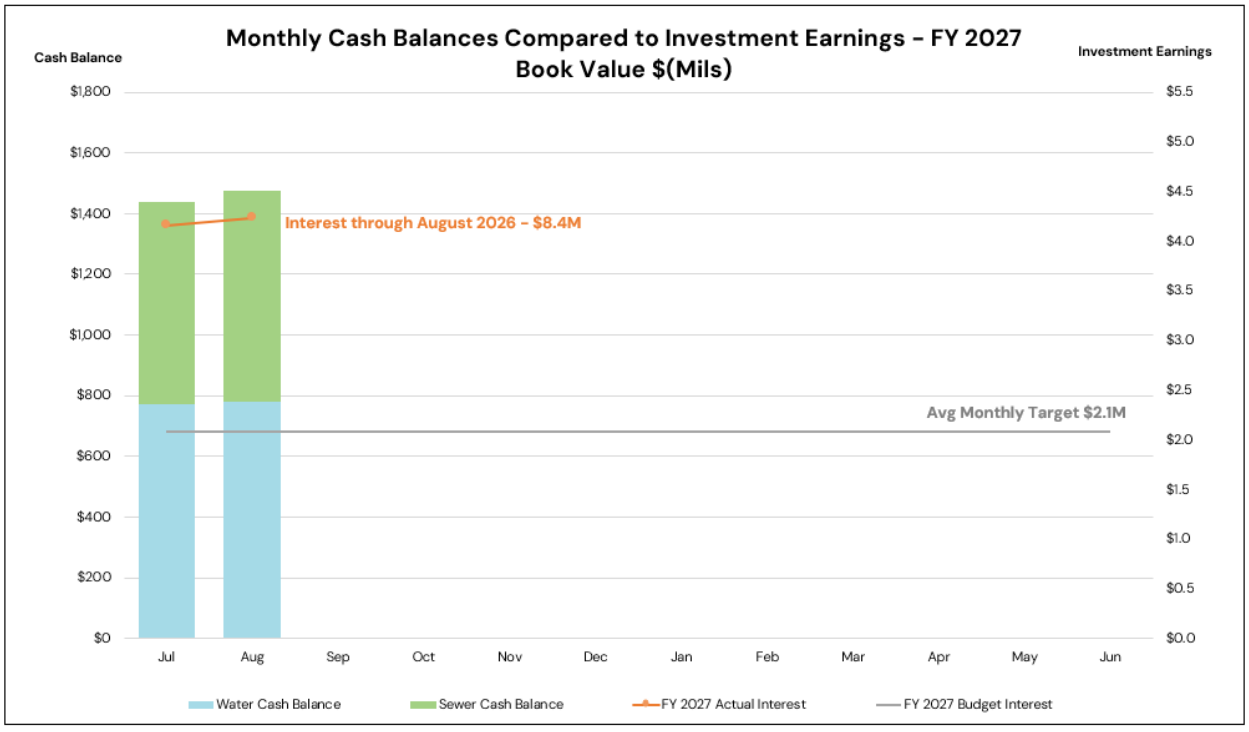


Table 1 – Monthly Balance Detail – Through August 31, 2026

$(Mils)	July	August
Water	770	780
Sewer	667	696
Total	1,437	1,476
Investment Income	4.2	4.2

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:

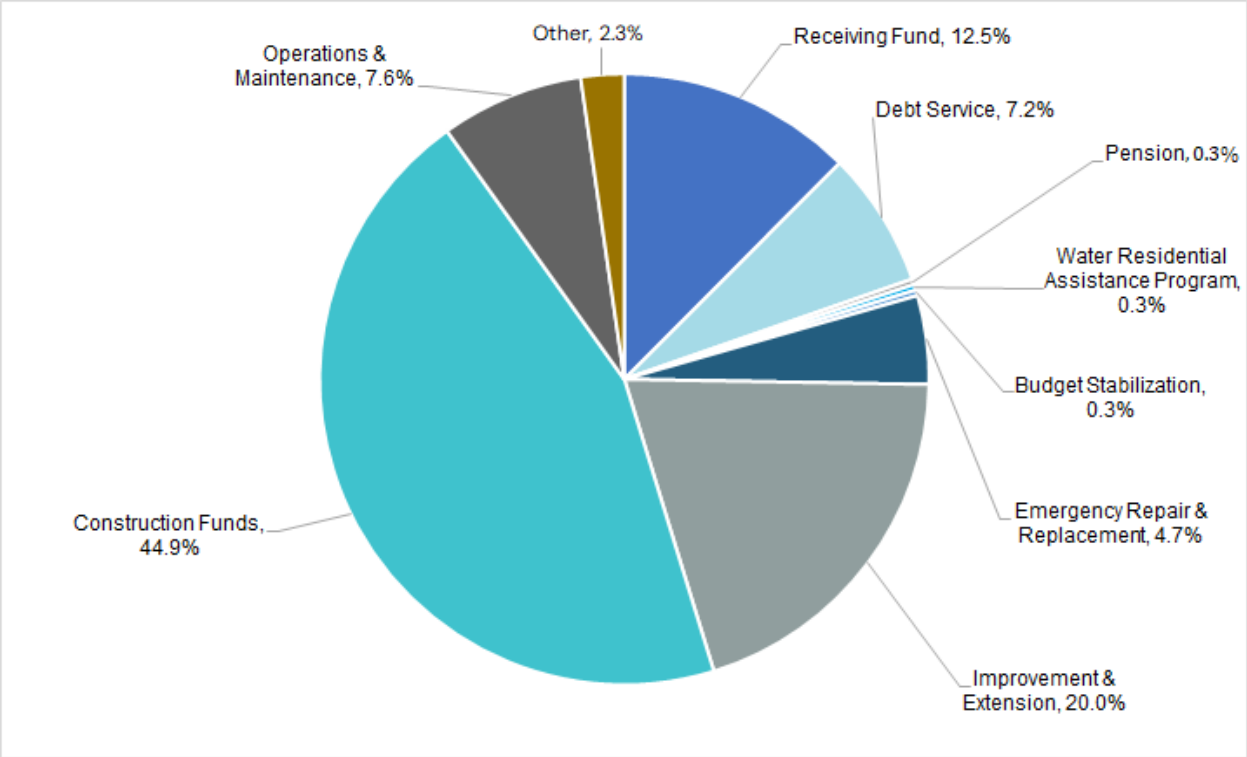
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system

- 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 August 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 August 2026 is $780 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.

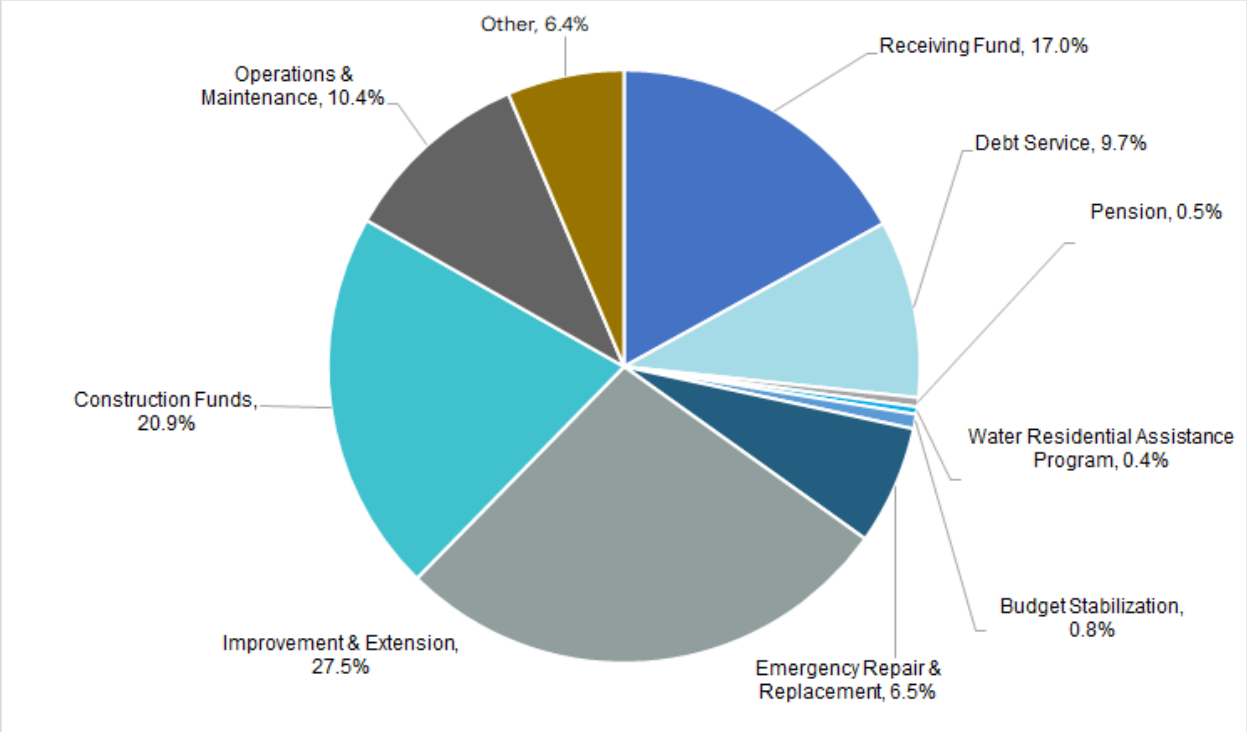
GLWA completed a bond transaction of $209.6 million in June 2026 to support water system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.



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

Chart 3 – Cash Balances - Sewer Funds as of August 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 August 2026 is $696 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 $32.6 million in June 2026 to support sewage disposal system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.



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 2027 water usage and billed revenue which are provided by DWSD staff. As of August 31, 2026, the DWSD usage was 91.78% of the budget and billed revenue was 90.21% 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 2027 - Original Budget		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume *Mcf*	Revenue *$*	Volume *Mcf*	Revenue (2) *$*	Volume *Mcf*	Revenue *$*	Volume Mcf	Revenue *$*
July	248,000	13,587,100	234,560	12,408,941	(13,440)	(1,178,159)	236,214	12,041,875
August	270,000	14,698,600	240,858	13,107,373	(29,142)	(1,591,227)	272,574	14,148,381
September	255,000	13,932,800					237,179	12,513,086
October	222,000	12,270,800					226,626	12,063,899
November	217,000	12,023,000					221,379	11,775,893
December	207,000	11,508,300					203,161	10,958,929
January	205,000	11,398,000					223,074	11,821,439
February	218,000	12,038,700					221,065	11,770,966
March	213,000	11,799,300					220,445	11,735,551
April	213,000	11,771,800					206,866	11,115,979
May	204,000	11,315,700					209,965	11,391,462
June	219,000	12,101,700					205,442	10,992,016
Total	2,691,000	148,445,800	475,418	25,516,314	(42,582)	(2,769,386)	2,683,991	142,329,477
Subtotals YTD	*518,000*	*28,285,700*	*475,418*	*25,516,314*	*(42,582)*	*(2,769,386)*		
Achievement of Budget			*91.78%*	*90.21%*				

(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**
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%
March	10,393,304	9,132,694	1,260,610	13.80%
April	10,206,517	11,714,224	(1,507,707)	-12.87%
May	11,033,776	11,107,278	(73,502)	-0.66%
June	10,743,044	10,096,555	646,489	6.40%
July	11,381,887	16,948,502	(5,566,615)	-32.84%
August	11,995,312	10,140,353	1,854,960	18.29%
Rolling, 12-Month Total	132,369,757	131,504,940		
Rolling, 12-Month Average	11,030,813	10,958,745		

Source: Trust Receipts and Disbursements File

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 2027 sewer billed revenue which is provided by DWSD staff. As of August 31, 2026, the DWSD usage was at 95.70% of the budget and billed revenue was at 94.49% 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 2027 - Original Budget		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume *Mcf*	Revenue *$*	Volume (2) *Mcf*	Revenue (3) *$*	Volume *Mcf*	Revenue *$*	Volume Mcf	Revenue *$*
July	204,000	32,166,500	193,793	29,724,404	(10,207)	(2,442,096)	192,183	28,662,775
August	202,000	32,047,400	194,755	30,953,566	(7,245)	(1,093,834)	203,783	31,930,819
September	210,000	32,594,400					193,046	29,790,797
October	185,000	30,963,400					181,876	28,479,034
November	182,000	30,770,300					177,741	28,733,319
December	175,000	30,371,900					162,984	27,880,945
January	163,000	29,616,700					176,949	28,716,193
February	182,000	30,812,700					177,466	28,747,508
March	177,000	30,484,600					178,557	28,815,945
April	175,000	30,363,100					171,406	28,329,009
May	175,000	30,374,700					176,941	28,844,379
June	180,000	30,688,700					173,829	28,522,275
Total	2,210,000	371,254,400	388,548	60,677,970	(17,452)	(3,535,930)	2,166,760	347,452,998
Subtotals YTD	*406,000*	*64,213,900*	*388,548*	*60,677,970*	*(17,452)*	*(3,535,930)*		
Achievement of Budget/Goal			*95.70%*	*94.49%*				

(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**
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%
March	27,561,130	23,871,284	3,689,846	15.46%
April	24,766,958	25,340,397	(573,439)	-2.26%
May	25,107,504	22,575,530	2,531,975	11.22%
June	27,431,889	23,278,350	4,153,539	17.84%
July	33,948,833	35,487,541	(1,538,708)	-4.34%
August	27,463,121	27,119,685	343,436	1.27%
Rolling 12-Month Total	322,319,087	303,328,541		
Rolling, 12-Month Average	26,859,924	25,277,378		

Source: Trust Receipts and Disbursements File

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 August 31, 2026, with comparative totals from June 30, 2026, June 30, 2025, and June 30, 2024. 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 August 31, 2026, with comparative totals June 30, 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 August 31, 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

Accounts Receivable Aging Balances as of August 31, 2026
Water and Sewer Fund
Detroit Water and Sewerage Department

Summary					
		Receivables			
Period Ending	Monthly Sales	Total	Allowance	Net	Days in AR (1)
June 30, 2024 (1)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (2)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
June 30, 2026 (3)	40,402,000	423,043,000	(376,522,000)	46,521,000	35
August 31, 2026	44,830,000	435,493,000	(387,964,000)	47,529,000	32

Totals may be off due to rounding

(1) 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.

(2) 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.

(3) 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	1,009.66	15,634,000	9,008,000	28,280,000	201,335,000	254,258,000
		6.1%	*3.5%*	*11.1%*	*79.2%*	*100.0%*
Commercial	1,442.73	9,479,000	2,717,000	6,874,000	24,563,000	43,634,000
		21.7%	*6.2%*	*15.8%*	*56.3%*	*100.0%*
Industrial	3,291.15	6,544,000	1,147,000	2,963,000	10,137,000	20,790,000
		31.5%	*5.5%*	*14.3%*	*48.8%*	*100.0%*
Tax Exempt	473.27	3,160,000	824,000	1,803,000	13,120,000	18,907,000
		16.7%	*4.4%*	*9.5%*	*69.4%*	*100.0%*
Government	2,696.37	4,169,000	1,409,000	3,011,000	15,053,000	23,642,000
		17.6%	*6.0%*	*12.7%*	*63.7%*	*100.0%*
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	**1,071.57**	**38,987,000**	**15,105,000**	**42,931,000**	**264,208,000**	**361,231,000**
		10.8%	*4.2%*	*11.9%*	*73.1%*	*100.0%*
Inactive Accounts	180.37	71,000	165,000	1,333,000	72,693,000	74,262,000
		0.1%	*0.2%*	*1.8%*	*97.9%*	*100.0%*
Total	**581.57**	**39,058,000**	**15,270,000**	**44,264,000**	**336,901,000**	**435,493,000**
% of Total A/R		*9.0%*	*3.5%*	*10.2%*	*77.4%*	*100.0%*
Water Fund	131.71	11,412,000	3,748,000	11,342,000	72,126,000	98,628,000
Sewer Fund	449.86	27,646,000	11,523,000	32,921,000	264,776,000	336,866,000
Total August 31, 2026 (a)	581.57	39,058,000	15,270,000	44,264,000	336,901,000	**435,493,000**
Water Fund- Allowance						(79,916,000)
Sewer Fund- Allowance						(308,048,000)
Total- Bad Debt Allowance						**(387,964,000)**
Comparative - August 2025 (b)	694.23	39,924,000	13,668,000	45,912,000	291,419,000	390,923,000
Difference (a) - (b)		(866,000)	1,603,000	(1,648,000)	45,482,000	44,571,000

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	86
No Contracts	1
Total	87

Note: *Not included in this count are services 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.*

Imlay Township does not have a water contract. The connection exists solely for emergency use related to a past fire and remains in place as a safety precaution.

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 2027 water billed usage and revenues. As of August 31, 2026, the billed usage was at 111.47% of the original plan and billed revenue at 106.05% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2027 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 August 31, 2026.

Table 1 – FY 2027 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
	FY 2027 Charges (2)		FY 2027 - Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume Mcf	Revenue $	Volume Mcf	Revenue (3) $	Volume Mcf	Revenue $	Volume Mcf	Revenue $
July	1,384,400	36,486,200	1,570,243	39,063,622	185,843	2,577,422	1,443,326	35,332,100
August	1,315,900	35,725,500	1,439,798	37,514,526	123,898	1,789,026	1,389,530	34,819,742
September	1,273,100	35,025,500	-	-	-	-	1,322,813	33,872,313
October	1,055,200	32,100,500	-	-	-	-	1,098,074	31,097,156
November	878,400	29,985,800	-	-	-	-	886,345	28,592,350
December	956,100	30,806,800	-	-	-	-	978,599	29,497,185
January	976,700	31,062,700	-	-	-	-	981,881	29,568,986
February	887,600	30,021,200	-	-	-	-	920,661	28,874,247
March	949,500	30,715,000	-	-	-	-	976,718	29,476,822
April	907,600	30,290,500	-	-	-	-	930,635	29,004,248
May	1,070,800	32,456,400	-	-	-	-	1,088,848	31,023,398
June	1,322,900	35,718,700	-	-	-	-	1,361,867	34,386,024
Total	12,978,200	390,394,800	3,010,041	76,578,148	309,741	4,366,448	13,379,297	375,544,571
Subtotals YTD	2,700,300	72,211,700	3,010,041	76,578,148	309,741	4,366,448		
Achievement of Original Plan			111.47%	106.05%				

(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 2027 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**
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%
February	28,036,322	25,874,160	2,162,162	8.36%
March	30,058,097	26,649,141	3,408,956	12.79%
April	27,843,783	25,622,706	2,221,077	8.67%
May	26,618,291	26,976,277	(357,986)	-1.33%
June	39,988,365	25,164,355	14,824,010	58.91%
July	31,967,393	30,792,996	1,174,397	3.81%
August	29,193,519	23,138,830	6,054,689	26.17%
Rolling 12-Month Total	382,498,275	337,373,593		
Rolling, 12-Month Average	31,874,856	28,114,466		

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 2027 sewer billed revenue. As of August 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 August 31, 2026.

Table 3 – FY 2027 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
	FY 2027 Charges		FY 2027 – Actual		FY 2027 - Variance		FY 2026 - Actuals	
Month (1)	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	$	Mcf	$	Mcf	$	Mcf	$
July	N/A	25,951,700	N/A	25,951,700	N/A	-	N/A	24,932,600
August	N/A	25,951,700	N/A	25,951,700	N/A	-	N/A	24,932,600
September	N/A	25,951,700	-	-	-	-	N/A	24,932,600
October	N/A	25,951,700	-	-	-	-	N/A	24,932,600
November	N/A	25,951,700	-	-	-	-	N/A	24,932,600
December	N/A	25,951,700	-	-	-	-	N/A	24,932,600
January	N/A	25,951,700	-	-	-	-	N/A	24,932,600
February	N/A	25,951,700	-	-	-	-	N/A	24,932,600
March	N/A	25,951,700	-	-	-	-	N/A	24,932,600
April	N/A	25,951,700	-	-	-	-	N/A	24,932,600
May	N/A	25,951,700	-	-	-	-	N/A	24,932,600
June	N/A	25,951,700	-	-	-	-	N/A	24,932,600
Total		311,420,400		51,903,400		-		299,191,200
Subtotals YTD		51,903,400		51,903,400		-		
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**
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%
February	31,514,572	23,509,614	8,004,958	34.05%
March	18,243,900	24,230,161	(5,986,261)	-24.71%
April	26,575,849	24,138,802	2,437,047	10.10%
May	20,902,723	23,965,586	(3,062,863)	-12.78%
June	27,296,846	24,053,386	3,243,460	13.48%
July	28,138,612	19,273,207	8,865,405	46.00%
August	21,430,500	28,754,028	(7,323,528)	-25.47%
Rolling, 12-Month Total	299,285,052	288,154,889		
Rolling, 12-Month Average	24,940,421	24,012,907		

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 August 31, 2026.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Highland Park Sewer is the same summary *without* the past due balances for Highland Park Sewer. Discussions between GLWA and Highland Park regarding the sewer balance are underway. The past due amount is escrowed in accordance with standard contract terms pending resolution of the underlying dispute.

Two water accounts comprise the total past due balance of $106,900 of which $84,280 was paid in September and the remaining $22,620 was paid in October.

One sewer account comprises the total past due balance of $213,200 which was paid in September. The IWC past due balance reflects two accounts totaling $3,024 which were paid in September. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

Table 5 - Wholesale Accounts Receivable Aging Summary

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	50,126,274	50,019,374	106,900	-	-	-
Sewer	16,840,377	15,702,938	437,163	362,616	231,060	106,600
IWC	701,043	698,019	-	1,730	1,294	-
Pollutant	787,882	697,698	57,664	2,229	2,239	28,052
Total	68,455,576	67,118,029	601,726	366,575	234,593	134,652
	100.00%	98.05%	0.88%	0.54%	0.34%	0.20%

Table 6 - Wholesale Accounts Receivable Aging Summary, Net of Highland Park Sewer

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	50,126,274	50,019,374	106,900	-	-	-
Sewer	15,540,238	15,327,038	106,600	-	-	106,600
IWC	701,043	698,019	-	1,730	1,294	-
Pollutant	787,882	697,698	57,664	2,229	2,239	28,052
Total	67,155,437	66,742,129	271,164	3,959	3,533	134,652
	100.00%	99.38%	0.40%	0.01%	0.01%	0.20%

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 2027 reflects two months of activity to date.

Water fund receipts fell short of required disbursements by 5% through August 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 3% since July 1, 2022.

Sewer fund receipts net of required disbursements were at breakeven through August 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2022.

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 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through August 31
	Water					
1	Receipts	363,335,474	374,252,221	379,199,823	416,565,795	66,838,279
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	363,335,474	374,252,221	379,199,823	416,565,795	66,838,279
4	Disbursements	(349,186,375)	(353,639,121)	(367,467,244)	(384,900,675)	(70,051,082)
5	Receipts Net of Required Transfers	14,149,099	20,613,100	11,732,579	31,665,120	(3,212,803)
6	I&E Transfer	(9,898,100)	(28,618,500)	(8,289,600)	(17,241,601)	(2,419,199)
7	Net Receipts	4,250,999	(8,005,400)	3,442,979	14,423,519	(5,632,002)
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*104%*	*106%*	*103%*	*108%*	*95%*
	Sewer					
9	Receipts	498,888,416	506,731,576	508,344,972	541,380,085	84,855,932
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	498,888,416	506,731,576	508,344,972	541,380,085	84,855,932
12	Disbursements	(473,516,238)	(477,450,794)	(481,372,746)	(487,228,266)	(84,706,036)
13	Receipts Net of Required Transfers	25,372,178	29,280,782	26,972,226	54,151,819	149,896
14	I&E Transfer	(26,766,200)	(12,468,000)	(11,455,000)	(75,538,274)	(16,285,526)
15	Net Receipts	(1,394,022)	16,812,782	15,517,226	(21,386,455)	(16,135,630)
16	*Ratio of Receipts to Required Disbursements (Line 11/Line*	*105%*	*106%*	*106%*	*111%*	*100%*
	Combined					
17	Receipts	862,223,890	880,983,797	887,544,795	957,945,881	151,694,211
18	MOU Adjustments	-	-	-	-	-
19	Adjusted Receipts	862,223,890	880,983,797	887,544,795	957,945,881	151,694,211
20	Disbursements	(822,702,613)	(831,089,915)	(848,839,991)	(872,128,941)	(154,757,118)
21	Receipts Net of Required Transfers	39,521,277	49,893,882	38,704,805	85,816,940	(3,062,907)
22	I&E Transfer	(36,664,300)	(41,086,500)	(19,744,600)	(92,779,875)	(18,704,725)
23	Net Receipts	2,856,977	8,807,382	18,960,205	(6,962,935)	(21,767,632)
24	*Ratio of Receipts to Required Disbursements (Line 19/Line 20)*	*105%*	*106%*	*105%*	*110%*	*98%*

Chart 1 – GLWA 12-Month Net Receipts – Water

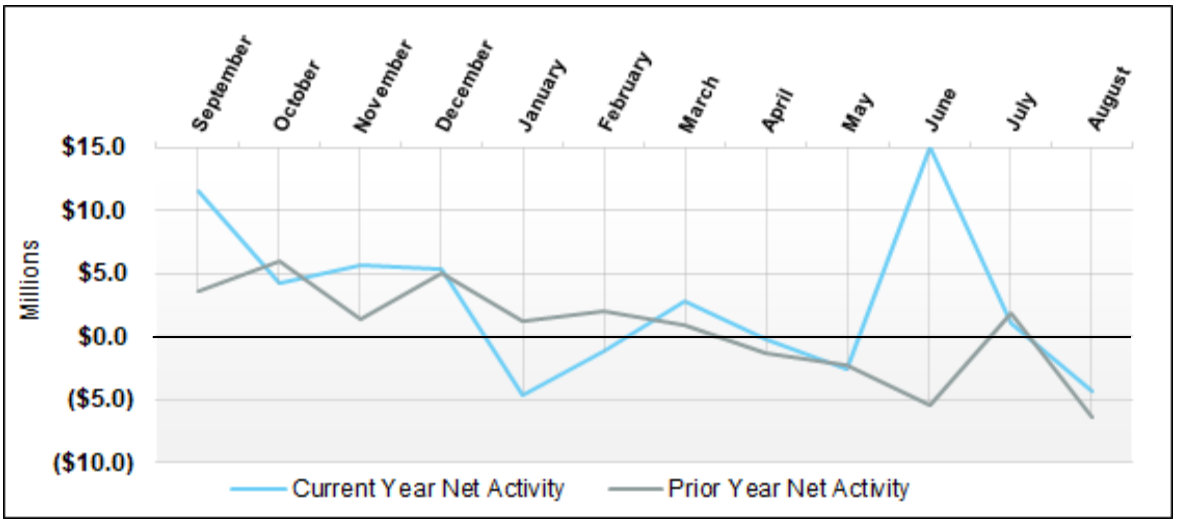
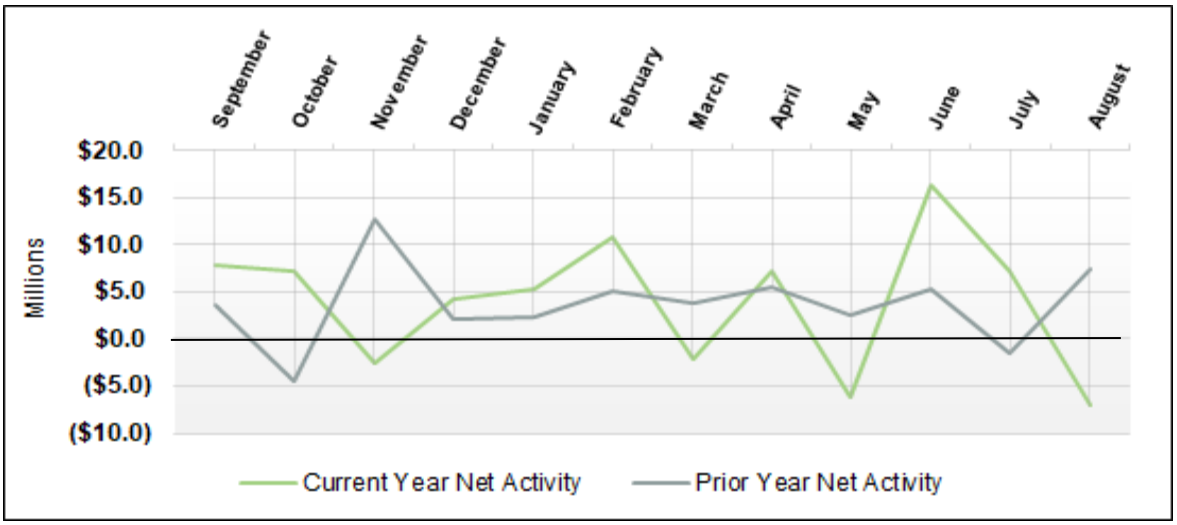


Chart 2 – GLWA 12-Month Net Receipts – Sewer



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 two months of activity to date.

Water fund receipts exceeded required disbursements by 5% through August 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2022.

Sewer fund receipts exceeded required disbursements by 13% through August 31, 2026 compared to the four-year historical average of required receipts exceeding disbursements by 5% since July 1, 2022.

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

		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through August 31
	Water					
1	Receipts	123,766,624	123,818,287	127,313,152	136,105,730	23,382,743
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	123,766,624	123,818,287	127,313,152	136,105,730	23,382,743
4	Disbursements	(117,666,100)	(117,290,591)	(119,923,334)	(127,714,900)	(22,353,900)
5	Receipts Net of Required Transfers	6,100,524	6,527,696	7,389,818	8,390,830	1,028,843
6	I&E Transfer	-	-	(8,000,000)	(3,900,900)	-
7	Net Receipts	6,100,524	6,527,696	(610,182)	4,489,930	1,028,843
8	*Ratio of Receipts to Required Disbursements (Line 3/Line 4)*	*105%*	*106%*	*106%*	*107%*	*105%*
	Sewer					
9	Receipts	298,897,942	296,088,194	299,683,584	323,597,726	61,422,815
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	298,897,942	296,088,194	299,683,584	323,597,726	61,422,815
12	Disbursements	(283,095,100)	(288,119,517)	(299,393,959)	(312,158,875)	(54,152,607)
13	Receipts Net of Required Transfers	15,802,842	7,968,677	289,624	11,438,851	7,270,207
14	I&E Transfer	-	-	-	-	-
15	Net Receipts	15,802,842	7,968,677	289,624	11,438,851	7,270,207
16	*Ratio of Receipts to Required Disbursements (Line 11/Line 12)*	*106%*	*103%*	*100%*	*104%*	*113%*
	Combined					
17	Receipts	422,664,566	419,906,481	426,996,735	459,703,457	84,805,557
18	MOU Adjustments	-	-	-	-	-
19	Adjusted Receipts	422,664,566	419,906,481	426,996,735	459,703,457	84,805,557
20	Disbursements	(400,761,200)	(405,410,108)	(419,317,293)	(439,873,775)	(76,506,507)
21	Receipts Net of Required Transfers	21,903,366	14,496,373	7,679,442	19,829,682	8,299,050
22	I&E Transfer	-	-	(8,000,000)	(3,900,900)	-
23	Net Receipts	21,903,366	14,496,373	(320,558)	15,928,782	8,299,050
24	*Ratio of Receipts to Required Disbursements (Line 19/Line 20)*	*105%*	*104%*	*102%*	*105%*	*111%*

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

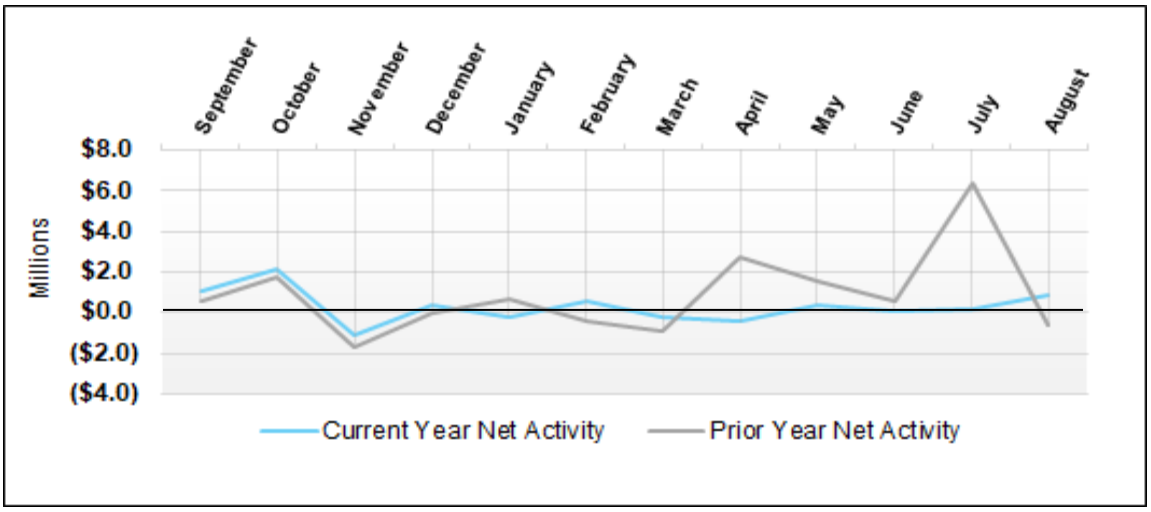
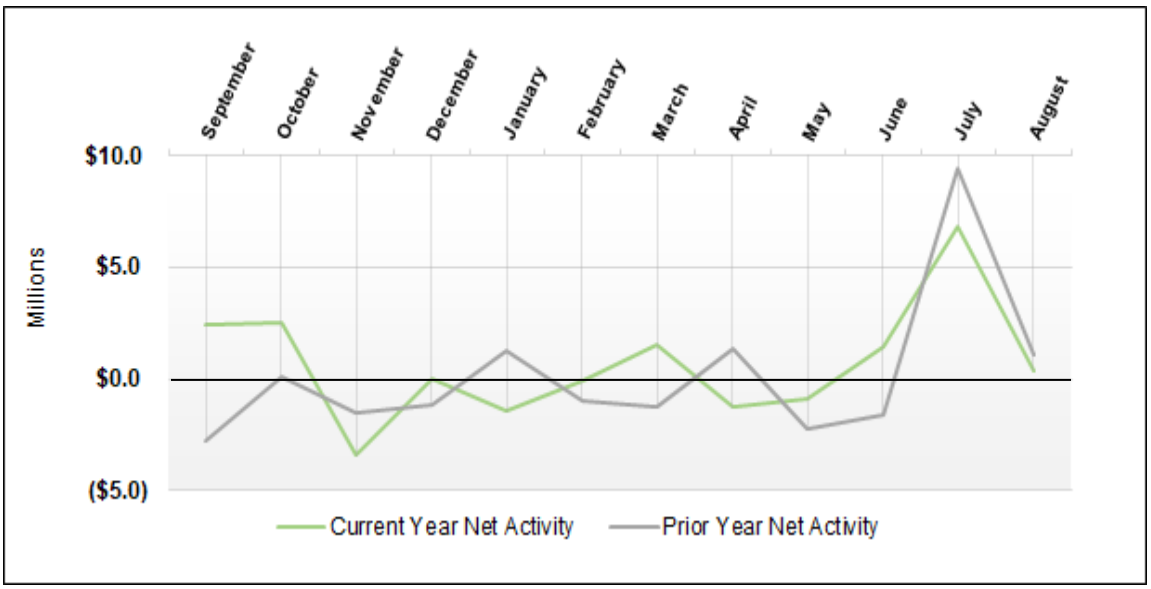


Chart 4 – DWSD 12-Month Net Receipts – Sewer



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 2027 reflects two months of activity to date.

Water fund net receipts fell short of required disbursements by 2% through August 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 4% since July 1, 2022.

Sewer fund receipts exceeded required disbursements by 5% through August 31, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2022.

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

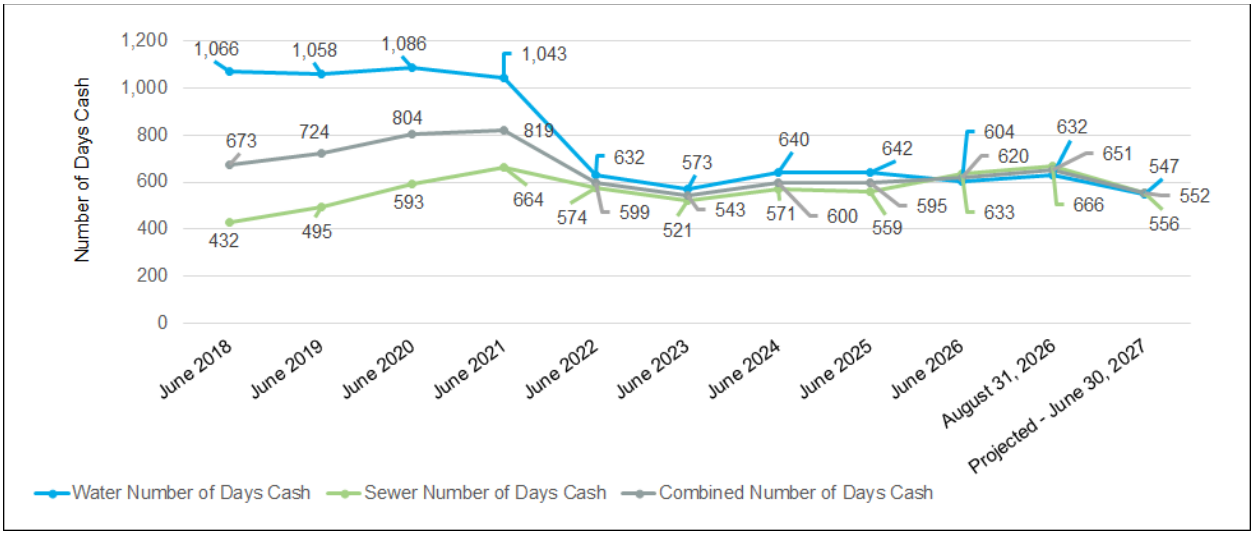
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 Through August 31
	Water					
1	Receipts	487,102,098	498,070,508	508,868,741	552,671,526	90,221,021
2	MOU Adjustments	-	-	-	-	-
3	Adjusted Receipts	487,102,098	498,070,508	508,868,741	552,671,526	90,221,021
4	Disbursements	(466,852,475)	(470,929,712)	(487,390,578)	(512,615,575)	(92,404,982)
5	Receipts Net of Required Transfers	20,249,623	27,140,796	21,478,162	40,055,951	(2,183,961)
6	I&E Transfer	(9,898,100)	(28,618,500)	(16,289,600)	(21,142,4501)	(2,419,199)
7	Net Receipts	10,351,523	(1,477,704)	5,188,562	18,913,450	(4,603,160)
8	Ratio of Receipts to Required Disbursements (Line 3/Line 4)	104%	106%	104%	108%	98%
	Sewer					
9	Receipts	797,785,358	802,819,770	808,374,074	864,977,812	146,278,747
10	MOU Adjustments	-	-	-	-	-
11	Adjusted Receipts	797,785,358	802,819,770	808,374,074	864,977,812	146,278,747
12	Disbursements	(756,611,338)	(765,570,311)	(780,766,706)	(799,387,141)	(138,858,643)
13	Receipts Net of Required Transfers	41,174,020	37,249,459	27,607,369	65,590,671	7,420,103
14	I&E Transfer	(26,766,200)	(12,468,000)	(11,455,000)	(75,538,274)	(16,285,526)
15	Net Receipts	14,407,820	24,781,459	16,152,369	(9,947,603)	(8,865,423)
16	Ratio of Receipts to Required Disbursements (Line 11/Line 12)	105%	105%	103%	108%	105%
	Combined					
17	Receipts	1,284,887,456	1,300,890,278	1,317,242,815	1,417,649,337	236,499,768
18	MOU Adjustments	-	-	-	-	-
19	Adjusted Receipts	1,284,887,456	1,300,890,278	1,317,242,815	1,417,649,337	236,499,768
20	Disbursements	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(1,312,002,716)	(231,263,625)
21	Receipts Net of Required Transfers	61,423,643	64,390,255	49,085,531	105,646,621	5,236,143
22	I&E Transfer	(36,664,300)	(41,086,500)	(27,744,600)	(96,680,775)	(18,704,725)
23	Net Receipts	24,759,343	23,303,755	21,340,931	8,965,846	(13,468,582)
24	Ratio of Receipts to Required Disbursements (Line 19/Line 20)	105%	105%	104%	108%	102%

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 632 and Sewer at 666 days cash on hand as of August 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. The June 2025 and 2026 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2027 projection is calculated based on values from the GLWA FY 2027 – 2031 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, 2026	August 31, 2026	Projected June 30, 2027
Water Fund			
Cash and Investments - Unrestricted	314,273,000	335,399,000	290,000,000
Operating Expense			
Operating Expense (a)	286,979,000	49,744,000	298,463,000
Less: Depreciation (a)	(91,927,000)	(16,617,000)	(99,700,000)
Less: Amortization of Intangible Asset (a)	(5,160,000)	(867,000)	(5,200,000)
Net Operating Expense	189,892,000	32,261,000	193,563,000
Operating Expense per Day	520,000	530,000	530,000
Days Cash			
Number of Days Cash	604	632	547
Sewage Disposal Fund			
Cash and Investments - Unrestricted	405,010,000	434,099,000	362,300,000
Operating Expense			
Operating Expense (a)	375,193,000	63,961,000	383,763,000
Less: Depreciation (a)	(139,706,000)	(24,000,000)	(144,000,000)
Less: Amortization of Intangible Asset (a)	(2,033,000)	(333,000)	(2,000,000)
Net Operating Expense	233,455,000	39,627,000	237,763,000
Operating Expense per Day	640,000	651,000	651,000
Days Cash			
Number of Days Cash	633	666	556
Combined			
Cash and Investments - Unrestricted	719,283,000	769,499,000	652,300,000
Operating Expense			
Operating Expense (a)	662,172,000	113,704,000	682,227,000
Less: Depreciation (a)	(231,634,000)	(40,617,000)	(243,700,000)
Less: Amortization of Intangible Asset (a)	(7,192,000)	(1,200,000)	(7,200,000)
Net Operating Expense	423,346,000	71,888,000	431,327,000
Operating Expense per Day	1,160,000	1,182,000	1,182,000
Days Cash			
Number of Days Cash	620	651	552

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.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Grants, Gifts, and Other Resources Report Through October 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:

- ✓ **2027-002 EPA Innovative Water Infrastructure Workforce Development Grant –** submitted grant proposal for $1.9M on October 9, 2026.
- ✓ **2023-023 I-94 Modernization Project (CIP Project 270001)** - submitted first reimbursement request for $1.4M on October 29, 2026.
- ✓ **2025-007 State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant) –** Received final reimbursement and completed transfer to DWSD. Total reimbursement received and transferred to date $14M.
- ✓ **2024-009 FY 2024 Environmental Protection Agency Community Grant – Pump Station #2 Rack & Grit (CIP Project 211007) –** Received full payment of $960K on October 2, 2026. Grant is in the process of being closed.
- ✓ **2027-001 14 Mile Road Emergency Repair –** received reimbursement request for $1.9M on October 6, 2026. Grant is in the process of being closed.

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):

[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.

(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 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.

[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 2026 and FY 2027. 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
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	FY2026 EPA Community Grant – TBD	Federal Grant (Reimbursement Basis)	$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Initial project selected determined to be not eligible, working to identify eligible projects.
2026-003	2/2/2026	FY2026 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.
2026-004	2/2/2026	FY2206 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.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-005	2/2/2026	FY2026 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	FY2026 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	FY2027 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	FY2027 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	FY2027 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	FY2027 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.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-012	3/31/2026	FY2027 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	FY2027 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.
2026-014	3/31/2026	FY2027 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	FY2027 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	FY2027 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.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-017	3/31/2026	FY2027 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.
2027-002	10/9/2026	EPA Innovative Water Infrastructure Workforce Development Grant	Federal Grant (Reimbursement Basis)	$1,859,136	Federal Audit Requirements	Application submitted October 9, 2026.

Table 2 - Post-Award Phase Programs reflect all open, awarded grants from FY 2023 through FY 2027.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-003	6/3/2025	FY 2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis) - O&M	$3,452,972	Federal Audit Requirements	Submitted and received first reimbursement of $82,332 on September 17, 2026.
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) - Capital	$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) - Capital	$34,400,000	State Audit Requirements	First reimbursement request for $1.4M submitted October 29, 2026.
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) - O&M	$642,000	Federal Audit Requirements	Period of performance extended to September 22, 2028.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal Grant (Cost Share)	$0	Federal Audit Requirements	Cost Share Agreement – GLWA share $2.5M. $1.5M of cost share work performed to date.
2024-014	6/7/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Nonprofit (Reimbursement Basis) - O&M	$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) - O&M	$80,000	Federal Audit Requirements	Received notification of award 2/25/2026. Project timeline to be determined by IT project team.
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) - Capital	$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) - O&M	Reimbursement of $4,000 per apprentice	None	First renewal signed October 2025, provides $4,000 per apprentice. Received $2,500 payment October 9, 2026. Total received to date $112,500.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
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 final reimbursement on October 2, 2026 and transferred to DWSD. Total reimbursement $14M. Closeout will proceed upon completion of related SRF loan.
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	3/21/2026	EGLE Microplastics Grant Agreement	State or Federal pass-through (Reimbursement Basis) - O&M	$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.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis) - O&M	$1,000,000	Federal Audit Requirements	Final reimbursement request submitted and received in July, total reimbursement of $1M. Close-out documentation in process.
2024-009	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Pump Station #2 Rack & Grit (CIP Project 211007)	Federal Grant (Reimbursement Basis) - Capital	$959,752	Federal Audit Requirements	Received full reimbursement on October 2, 2026. Close-out documentation in process.
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	GLWA participation has ended, final contribution report submitted October 7, 2026. Total contribution of $21,919.
2027-001	9/4/2026	14 Mile Road Emergency Repair	State of Michigan Emergency Grant Money (Reimbursement Basis) - O&M	$1,900,000	State Audit Requirements	Received full reimbursement October 6, 2026. Close-out completed.

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 October 2026.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Scott Garrigan, Financial Services Director

Re: Water Funding Task Force Update as of November 13, 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, service sector experts, and consultants. GLWA commissioned a report to be prepared by Public Sector Consultants (PSC).

Analysis: Current activities include the following.

Report: "The Crisis Beneath Us" was presented to the GLWA Board of Directors on September 23, 2026. All materials are now at a dedicated webpage: https://www.glwater.org/crisis-beneath-us/

Coalition Building: The Water Funding Task Force continues to identify speaking and conference attendance opportunities that will provide ways to communicate the findings contained within GLWA's "The Crisis Beneath Us" report. To date, we have had speakers from both GLWA and Public Sector Consultants address eight different organizations, including the American Council of Engineering Companies of Michigan, Michigan Association of Counties, and the Michigan Municipal League, among others. More are being added to the list on a weekly basis. We are scheduling speaking opportunities well into 2027.

Proposed Action: Receive and file this report.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Kim Garland, CPA, Deputy Chief Financial Officer

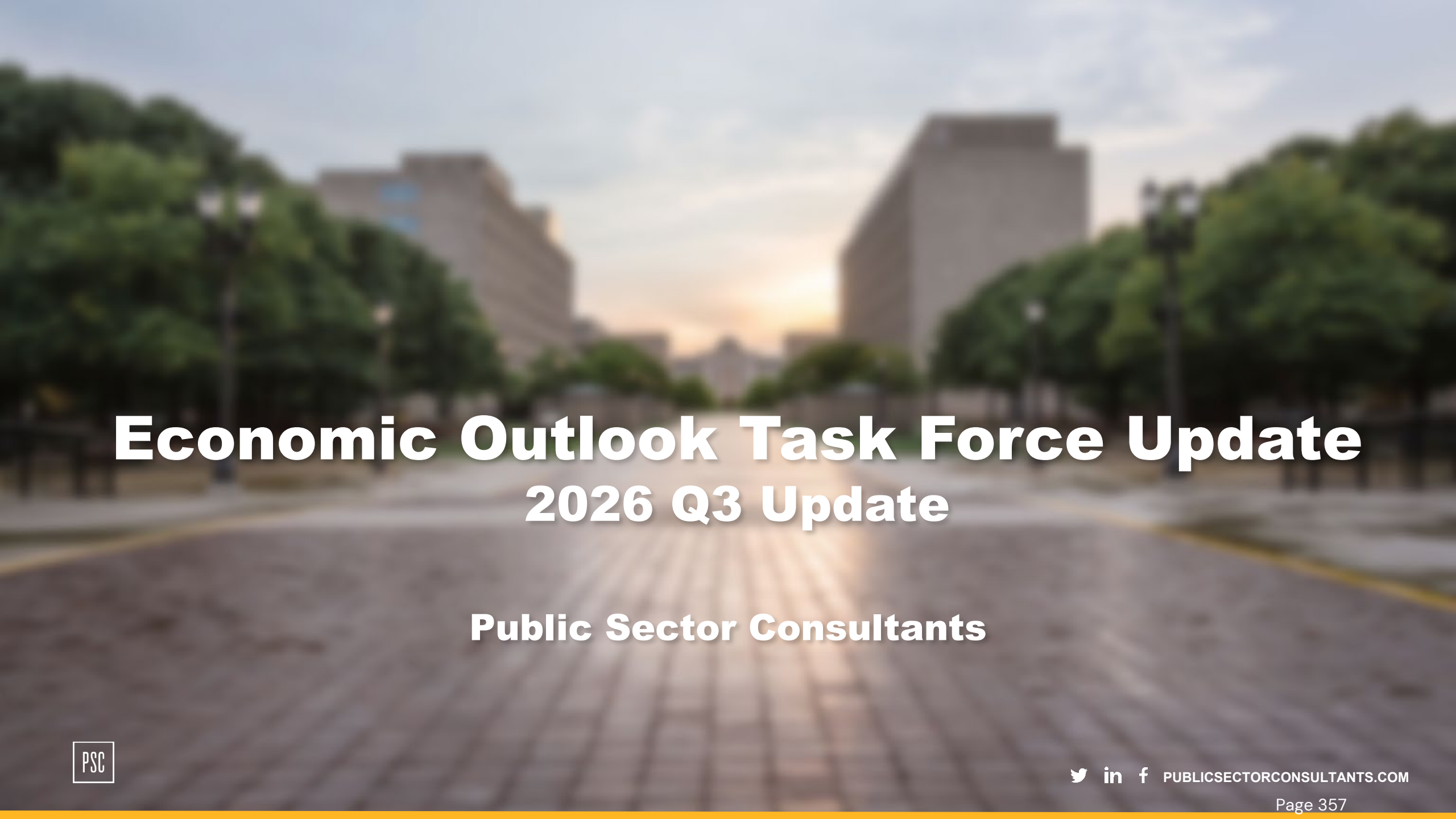
Re: Quarterly Economic Outlook Task Force Update

Background: In July 2021, the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets.

In September 2021, Public Sector Consultants (PSC) was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan. GLWA and its PSC partners provide updates throughout the year to assist in monitoring and responding to ongoing economic changes.

Analysis: GLWA continues to work with PSC in performing quarterly economic updates. Given the impact on state, national, and international events on GLWA's supply chain, capital program costs, and financial planning, this process provides invaluable insight. Included with this memo is the November 2026 EOTF Update providing a summary of economic activity through the third quarter of 2026. This update will be presented by the PSC senior advisory team.

Proposed Action: Receive and file this report.



Economic Outlook Task Force Update

2026 Q3 Update

Public Sector Consultants

Executive Summary: 2026 Q3 in Review

Through Q3 2026, the labor market stayed choppy and energy costs pushed inflation back up:

- **Economy:** Revised monthly payroll change: July −10,000; August +186,000 (up from 133,000); September +60,000 (up from 29,000). Unemployment rose to 4.2%. The combined 84,000 upward revision points to a firmer labor market than first reported.
- **Infrastructure Costs:** Headline inflation reaccelerated to 3.7% in September, the fastest pace since the Q2 peak, as gasoline jumped 9.1% for the month. Construction materials rose 2.6% in Q3 and 11.0% year over year; switchgear and electrical equipment led GLWA's key materials in Q3. Five of six cost 20-72% more than in Sep 2021; steel pipe is flat.
- **Risks:**
  - Energy-driven inflation and ongoing tariff pass-through could re-accelerate construction and material costs
  - Geopolitical conflict has persisted with no clear Iran resolution in sight, driving further energy related inflation
  - Cybersecurity attacks on water utilities are heightened and related to geopolitical conflict

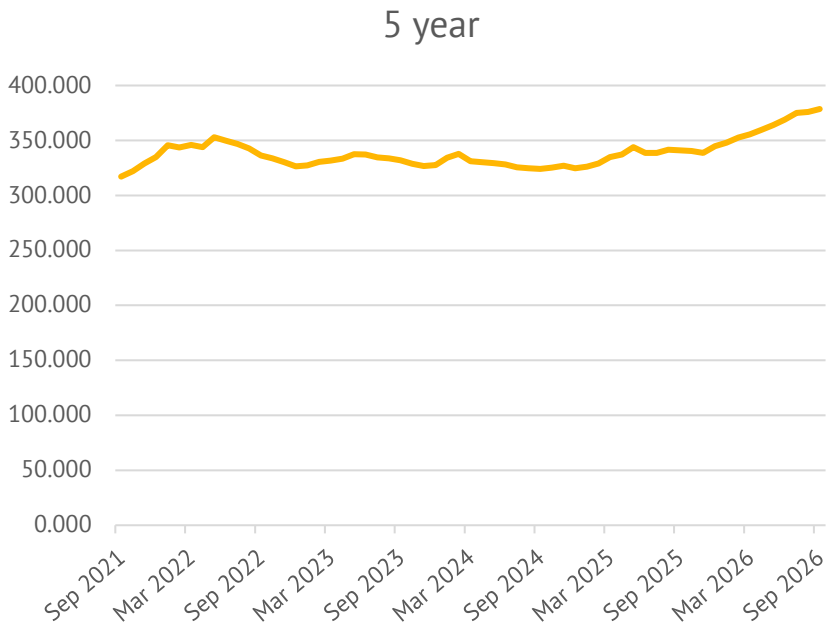
Construction Materials: Producer Price Index

September 2026 marks a record high for construction materials, up 11.0% year-over-year and 19% over five years. Ten straight months of increases have erased the 2024-25 plateau, with little indication of the trend reversing.

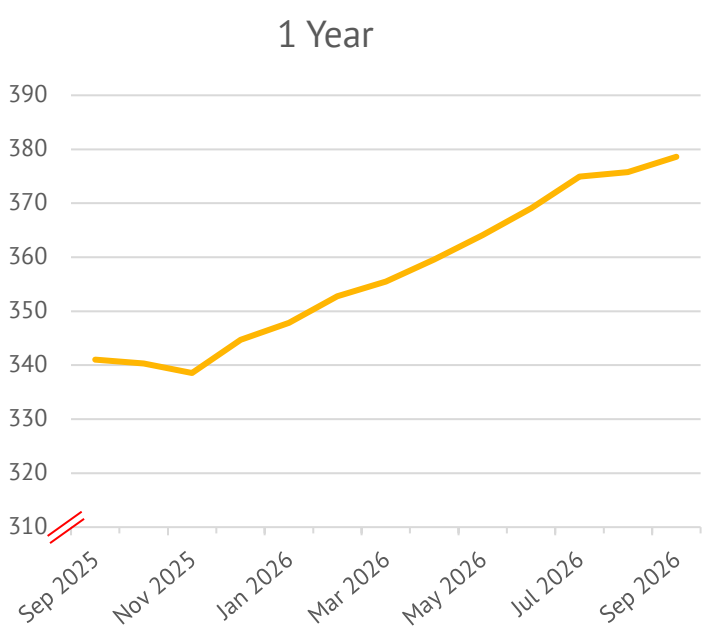
20 YR



5 YR



1 YR*

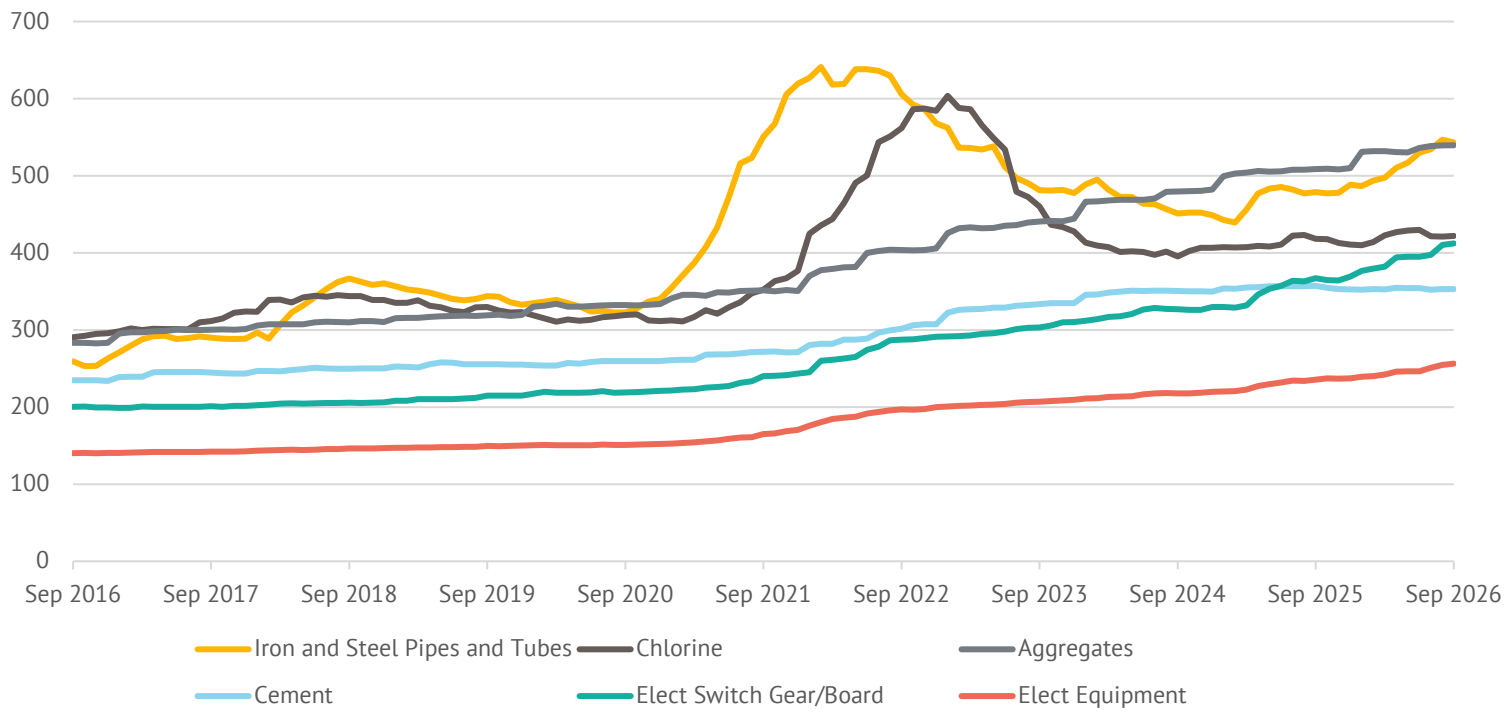


Source: Bureau of Labor Statistics, Producer Price Index, data through September 2026
*Note the different vertical axis for 1YR

Priority Materials: Producer Prices

Prices for priority materials are increasing faster than broader inflation which is hovering around 3-4%, with the exception of chlorine and cement. Rising transportation costs may place upward pressure on material prices.

Producer Price Index by Material, 2016-2026 YTD

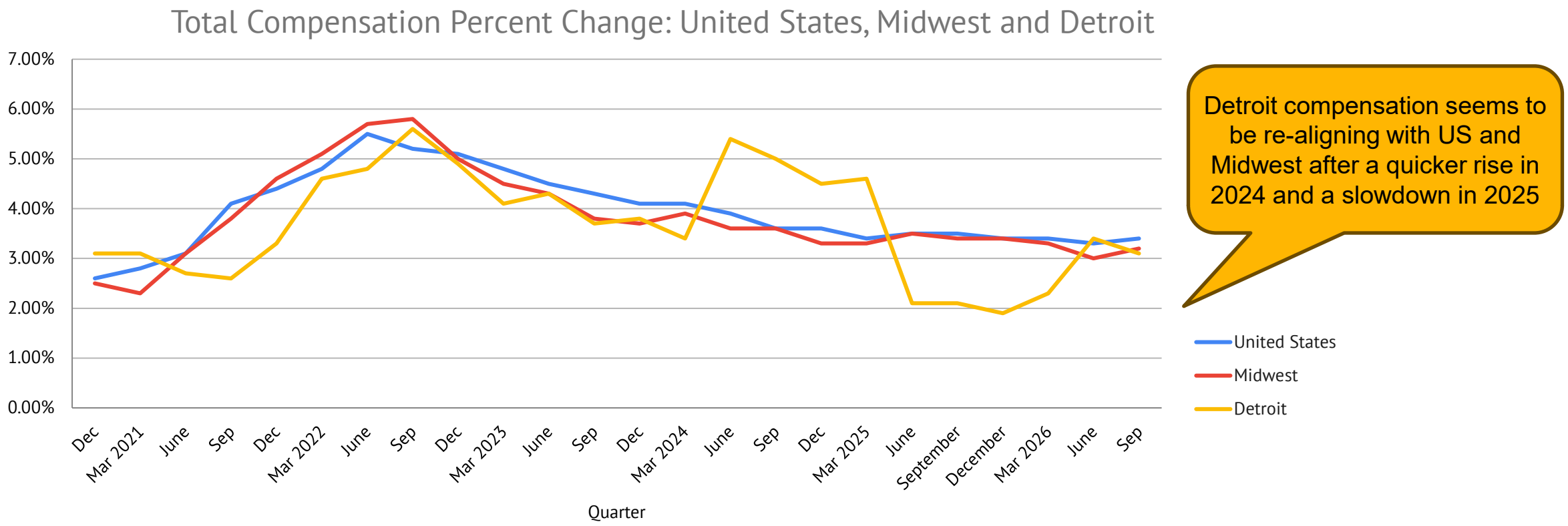


Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	97%	44%	9%
Chlorine	44%	32%	1%
Aggregates	80%	53%	6%
Cement	57%	36%	1%
Electrical Switch Gear/Board	85%	67%	12%
Elect Equipment	70%	56%	8%

PSC Source: Bureau of Labor Statistics, Producer Price Index, data through September 2026

Wages: Total Compensation

The Employment Cost Index (ECI) measures change in labor cost to employers. Growth in total compensation is trending slight downwards from the highs in 2021-22 but remain around 3.0-3.5%.

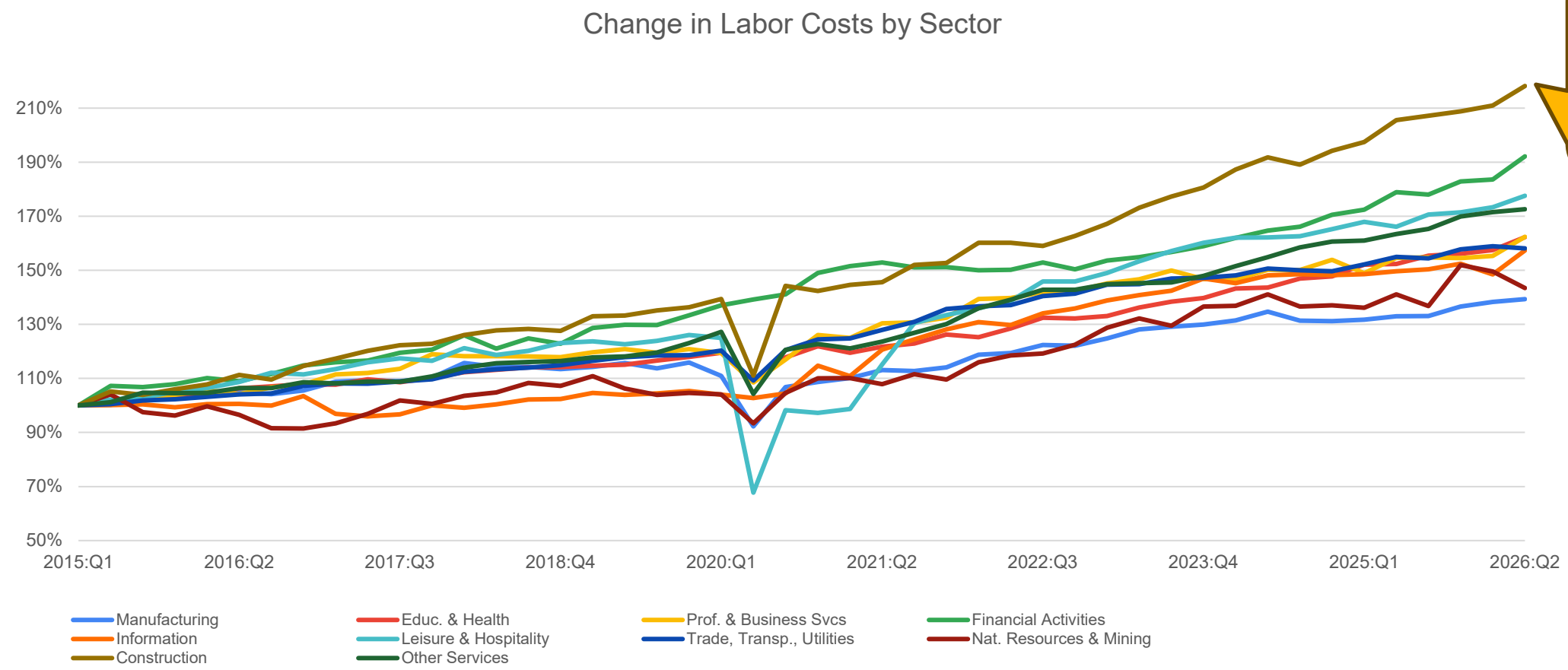


The Employment Cost Index (ECI) uses a fixed "basket" of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

Source: Employment Cost Index, Bureau of Labor Statistics (BLS); data through September 2026

Compensation: Growth by Sector

While all sectors have increased through a combination of higher labor costs and more jobs, Construction has increased the fastest.

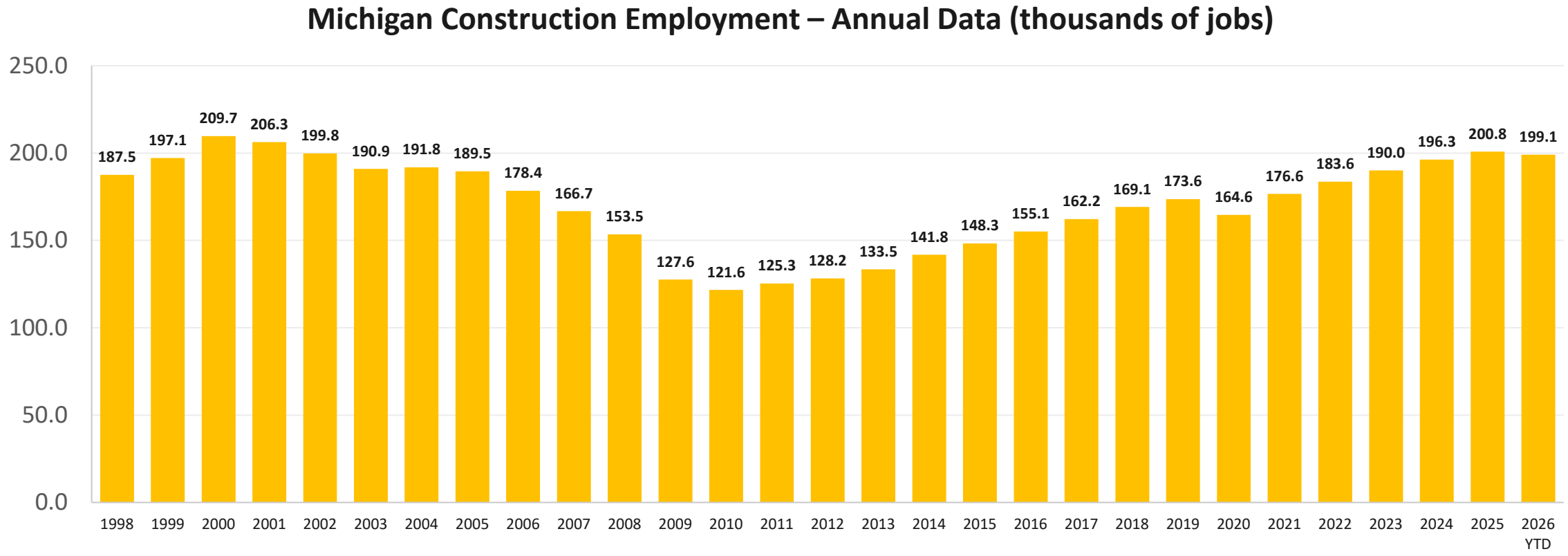


Total Construction compensation in Michigan has more than doubled since 2015, more than any other sector

Source: Compensation of employees by NAICS industry, Bureau of Labor Statistics (BLS); data through Q2 2026

Construction Jobs: Employment in Michigan

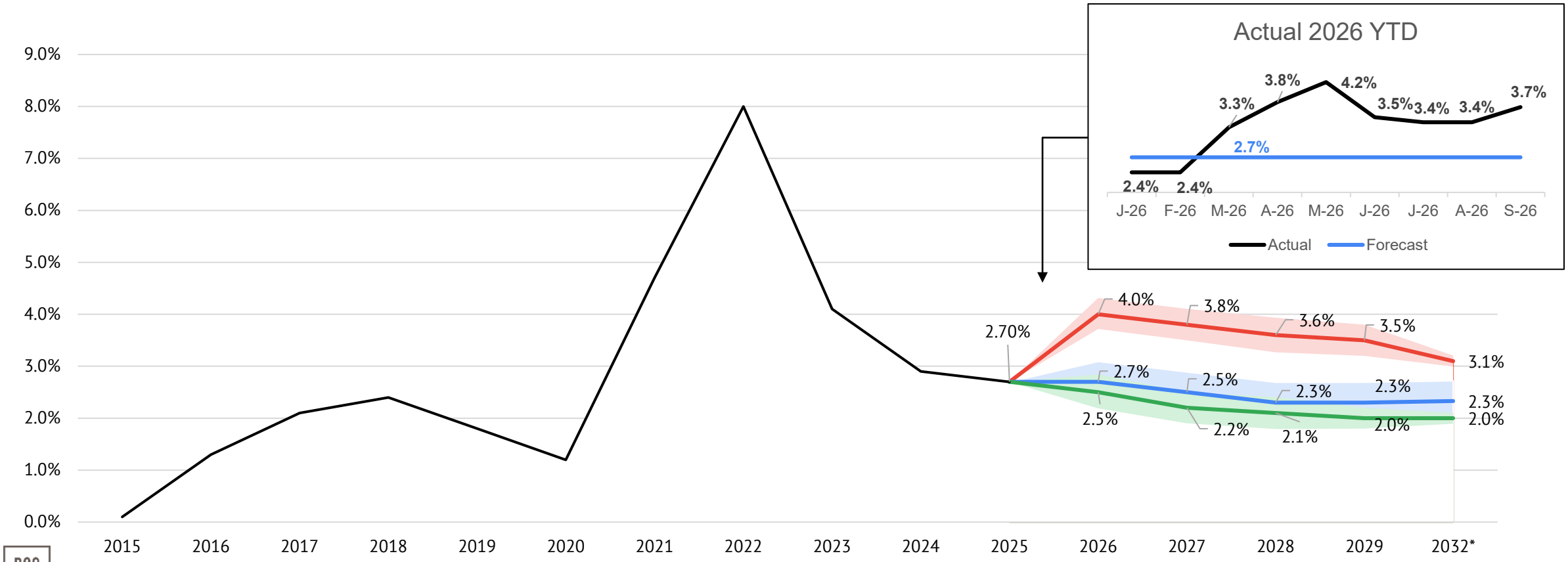
The number of construction jobs in Michigan has steadily recovered since the financial crisis, with 2025 ending at the highest point since 2001 and just shy of the peak in 2000. Seasonally adjusted employment through September 2026 is averaging 199.1, essentially flat versus 2025's record pace, with September reaching 200.2.



Sources: U.S. Bureau of Labor Statistics, Current Employment Statistics (Not Seasonally Adjusted) and PSC calculations. 2026 YTD reflects seasonally adjusted data through September 2026 (preliminary).

Inflation Forecast

While 2025 inflation ended slightly below projections at 2.7%, providing brief relief, **price pressures accelerated significantly in mid-2026**. Nationally, headline CPI eased to 3.4% in July and August before reaccelerating to **3.7% for the 12 months ending in September 2026**, prompting the University of Michigan's forecasters to raise mid-term projections despite mild cooling in core items.



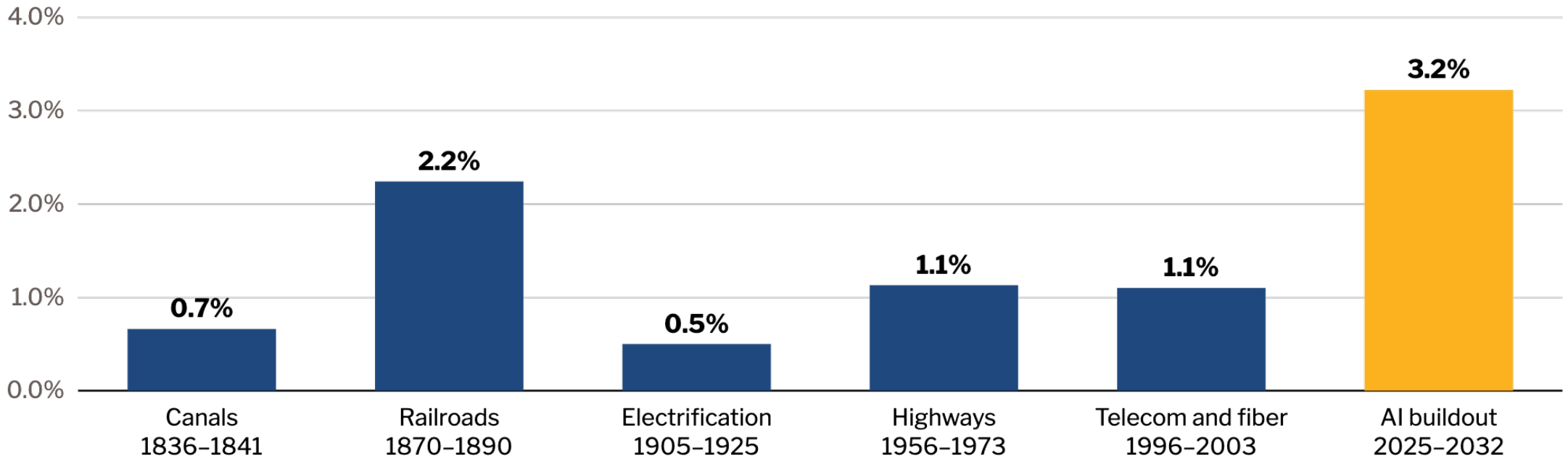
Source: University of Michigan's Research Seminar in Quantitative Economics

Looking Ahead in 2026: Key Drivers to Watch

- **Q3 job growth was firmer than first reported.** Revised payrolls showing a July loss of 10,000 jobs, an August gain of 186,000 (up from 133,000) and 60,000 in September (up from 29,000). The combined 84,000 upward revision came with the October report, which added 165,000 jobs.
  - Unemployment held at 4.1% in July and August before rising to 4.2% in September, then eased to 4.1% in October.
- **Uncertainty around key economic drivers persists.** U.S. tariff policy remains volatile, and its downstream impacts on supply chains, input costs and investment continue to be felt. The U.S. placed 50% tariffs on a broad slate of Canadian goods in August and revised the list effective October 30, 2026; Canada has retaliated with 15–50% counter-tariffs on about C$27.6 billion (in Canadian dollars) of U.S. goods.
- **Federal Reserve has begun raising rates under new leadership**. Facing energy price shocks and above-target inflation, the Fed raised rates 0.25 points to 3.75–4.00% in September, its first hike since 2023, then held in October. Markets expect another hike in December.
- **Artificial Intelligence investment continues to accelerate.** This is driving growing market share, reshaping demand for high-skill labor, and expanding data center infrastructure at a pace that is placing significant pressure on utilities and construction capacity. There has been some fierce opposition to data centers, credit market concerns could also make financing tighter moving into 2027 and 2028.

AI Investment Dwarfs Other Investment Booms

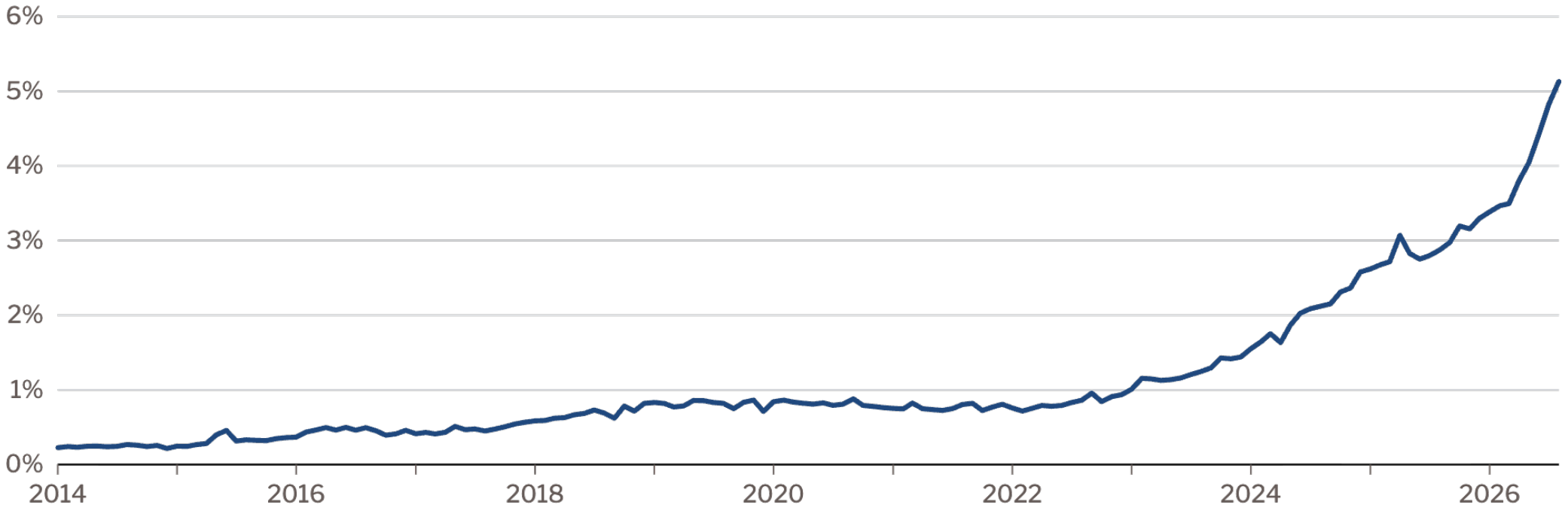
Size of Investment as a Percentage of GDP over Indicated Period



Source: Stijn Van Nieuwerburgh. “Financing the AI Buildout.” NBER Working Paper 35865. October 2026.

Data Center Construction

Data Center Construction as a Percentage of Total Private Construction

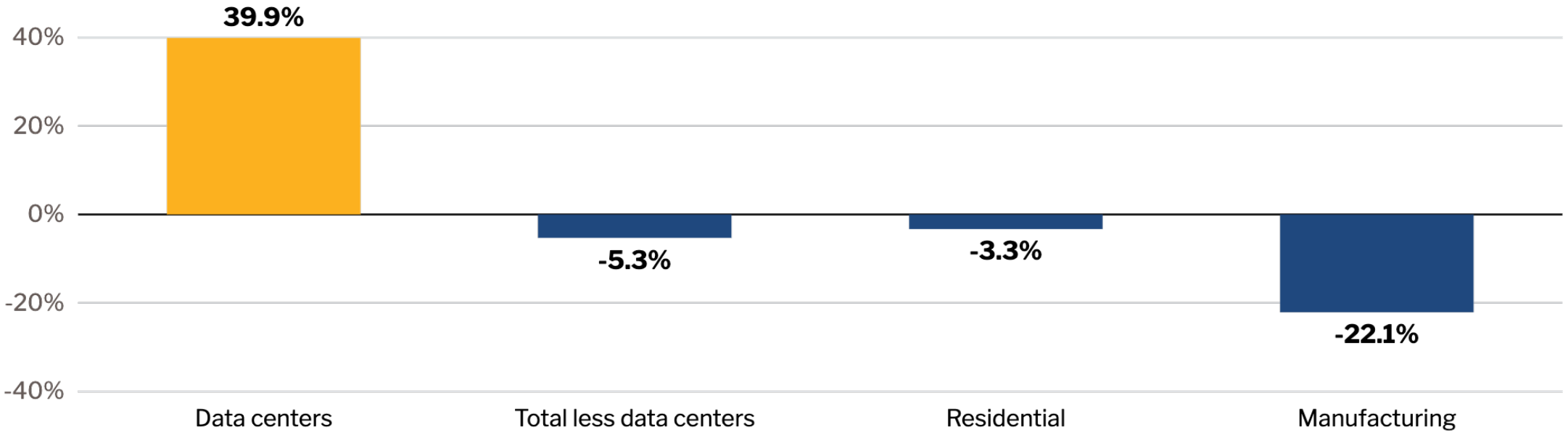


Source: U.S. Department of Commerce, Value of Private Construction Put in Place and PSC Calculations. Data downloaded October 23, 2026.

Year-to-Date Construction Growth

Growth in Value Put in Place

January to August 2026 compared to January to August 2025



Source: U.S. Department of Commerce. “Value of Private Construction Put in Place” and PSC Calculations. Data downloaded October 23, 2026.

GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Gerri Williams, Treasury Manager

Re: Quarterly Investment Report (Unaudited) through September 30, 2026

Background: As stated in section 14 of the Great Lakes Water Authority (GLWA) Investment Policy, quarterly reporting shall be presented to provide a clear picture of the status of the current GLWA investment portfolio. The attached report, prepared and presented by PFM Asset Management LLC, summarizes portfolio information through September 30, 2026 (unaudited).

Analysis: The Quarterly Investment Report complies with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is investing its funds in a diversified portfolio which includes bank deposits, money market funds, a local government investment pool (LGIP), U.S. Treasuries, Federal Agencies, and commercial paper. All securities in the portfolio comply with the GLWA investment policy. Key metrics are provided below with additional commentary in the attached report.

- Yield at Cost:
  - As of September 30, 2026: 3.78%
  - As of June 30, 2026: 3.59%

- Yield at Market:
  - As of September 30, 2026: 4.02%
  - As of June 30, 2026: 3.62%

- Portfolio Allocation in Cash/Money Market/LGIP Securities:
  - As of September 30, 2026: 48%
  - As of June 30, 2026: 64%

Investment income in each of the funds is identified as restricted or unrestricted as defined in the Master Bond Ordinance (MBO). Unrestricted investment income can be used to fund operations and is included in the revenue requirement calculations. Restricted investment income is held within the specific fund and can only be used for the fund's purpose as stipulated in the MBO.

The Treasury group continues to work with PFM Asset Management LLC to identify strategies to maximize investment returns while meeting the GLWA standards for safety and liquidity.

Proposed Action: Receive and file this report.

Great Lakes Water Authority

Investment Performance Report – September 2026

Table of Contents

I. Executive Summary

II. Investment Strategy

III. Fixed Income Market Overview and Outlook

IV. Portfolio Snapshot

- Overall Portfolio Composition Summary
- Investments - Account Purpose
- Portfolio Mix
- Maturity Distribution
- Yield at Cost and Market
- Peer Analysis
- Market Overview and Outlook
- Investment Income by Month
- Investment Income Year over Year
- Monthly Investment Income Compared to Fed Funds Rate
- Fed Dot Plot Outlook
- Allocation and Income by Fund Type
- Investments by Security Type
- Investments by Credit Quality

VI. Appendix

- Economic Update

Executive Summary

PORTFOLIO RECAP

- Safety – The aggregate portfolio is diversified amongst cash, bank deposits, U.S. Treasuries, commercial paper, SEC-registered money market funds, and a local government investment pool. The total credit profile of the portfolio is strong with over 99% of the assets invested in bank deposits or securities that are rated within the two highest short and long-term rating classifications as established by Standard & Poor's rating agency.
- Liquidity – Great Lakes Water Authority ("GLWA") has continued to monitor its portfolio with the goal of limiting the allocation to cash and bank deposit accounts and maximizing the use of short-term investments to meet cash requirements. As of September 30, 2026, approximately 46% of the funds were held in cash and money market accounts maturing overnight.
- Return – The overall yield at market increased to 4.02% as of September 30, 2026, versus 3.62% as of June 30, 2026. The higher yield is reflective of the Federal Reserve increasing interest rates over the quarter. GLWA earned $12.9 million (unaudited) for the first three months of fiscal year 2027 on a book value basis. Investment income includes earnings on all fund types, including restricted and unrestricted funds combined as well as construction and bond proceeds. Investment income for GLWA for FY 2027 is projected to be in line with what was seen in the prior fiscal year at $50.9 million. Given the interest rate environment, we will be monitoring the construction funds for arbitrage rebate liabilities.

AVAILABLE FUNDS (Unaudited)

Type	Book Value	Market Value	Yield @ Cost *(as of 9/30/2026)*	Yield @ Market *(as of 9/30/2026)*
Deposit Accounts	$20,044,397	$20,044,397	0.00%	0.00%
Trust Money Market Fund	$285,849,672	$285,849,672	3.44%	3.44%
Money Market Fund	$7,586,062	$7,586,062	2.06%	2.06%
Local Government Investment Pool	$352,367,758	$352,367,758	3.82%	3.82%
Managed Funds	$772,416,290	$769,033,401	4.00%	4.45%
September 2026 TOTALS:	***$1,438,264,179***	***$1,434,881,291***	***3.78%***	***4.02%***
PREVIOUS QUARTER TOTALS:	*$1,620,887,474*	*$1,619,623,978*	*3.59%*	*3.62%*

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Investment Strategy

OVERALL STRATEGY

- All investment activity is conducted subject to GLWA's investment policy and state statutes while meeting the primary objectives of safety and liquidity. The portfolio is managed to a disciplined investment plan to provide improved safety and diversification while putting every dollar to work.
- GLWA, working with its investment advisor PFM Asset Management ("PFMAM"), has continued to invest its funds in a mixture of short and intermediate-term individual investment securities to ensure adequate liquidity to cover upcoming debt, pension payments, and operational requirements.
- PFMAM will continue to actively manage long-term portfolios with full discretion and align short-term balances with expected liabilities and identify strategies to maximize future investment income in the current interest rate environment, subject to GLWA's investment policy and state statutes.

PORTFOLIO PERFORMANCE – CURRENT PERIOD*

- The overall portfolio's original yield at cost went from 3.59% as of 6/30/2026 to 3.78% as of 9/30/2026.
- The total portfolio had a market yield of 4.02% at the end of September, compared to 3.62% as of June 30, 2026. Yield at market represents what the market would provide in return if the portfolio was purchased on September 30, 2026 (versus purchased in prior months / years); the higher yield is a result of the higher portfolio duration.
- We utilize a variety of investment sectors, and because of that, this 4.02% yield at market as of 9/30/2026 is higher than in the prior quarter due to the increase in overnight and short-term yields.

PORTFOLIO PERFORMANCE – PROJECTIONS

- GLWA earned $12.9 million (unaudited) in investment interest income for fiscal year-to-date 2027 (as of September 30, 2026) on a book value basis.
- The fiscal year 2027 period earnings are expected to be in line with the 2026 fiscal year earnings at $50.9 million due to expectations of higher interest rates for longer period as a result of the Federal Reserve's monetary policy.

** Yield at cost is based on the original cost of the individual investments from the purchase date to maturity. On the other hand, yield at market is calculated on a specific day (in this case, September 30, 2026) and assumes that all the securities in the portfolio are purchased given the market price/yield on that particular day. If one is to generally hold their investments to the stated maturity date, then the yield at cost would be the better number to use to gauge how the portfolio is performing.*

Fixed Income
Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The third quarter of 2026 brought a meaningful shift in the rate environment as resilient economic activity, higher energy prices, and escalating geopolitical risks kept inflation concerns elevated. Oil prices rose sharply in July, while renewed conflict-related uncertainty contributed to higher bond-market volatility. Despite these risks, domestic demand remained firm, supported by consumer spending and continued investment in technology, software, and artificial intelligence infrastructure.
- The quarter marked an important shift in Federal Reserve (Fed) policy. The Federal Open Market Committee (FOMC) held rates unchanged in July amid divided views among policymakers before unanimously raising the federal funds target range by 25 basis points to 3.75% to 4.00% at its September 16 meeting, its first increase since July 2023. Federal funds futures subsequently reflected expectations for at least one additional rate increase in 2026. Given current market pricing, attractive opportunities exist in shorter-duration securities.
- Labor market conditions remained stable as the "low-hire, low-fire" environment continued. The unemployment rate ended the quarter at 4.2%, while the three-month average of 51,000 new jobs remained broadly consistent with the pace needed to keep unemployment stable. However, slower job creation and moderating wage and income growth may weigh on consumer purchasing power.
- Economic growth remained resilient and was increasingly supported by business investment. Second-quarter real gross domestic product (GDP) growth was revised higher to 2.2%, with technology investment contributing approximately 0.4 percentage points as firms continued to invest in information-processing equipment, software, and related infrastructure. Consumer spending remained strong, although slower job creation and moderating wage and income growth may weigh on its durability. Technology investment continued to support domestic demand and potential productivity growth, although related financing and infrastructure needs also contributed to heavier corporate issuance and inflationary pressures in select areas.
- Inflation remained the central economic challenge, with limited progress toward the Fed's 2% target. Higher energy prices continued to affect headline inflation, while elevated core measures and rising business costs increased the risk that price pressures could broaden. Resilient growth and a labor market broadly consistent with full employment gave policymakers confidence that the economy could withstand tighter policy, allowing the Fed to remain focused on restoring price stability.

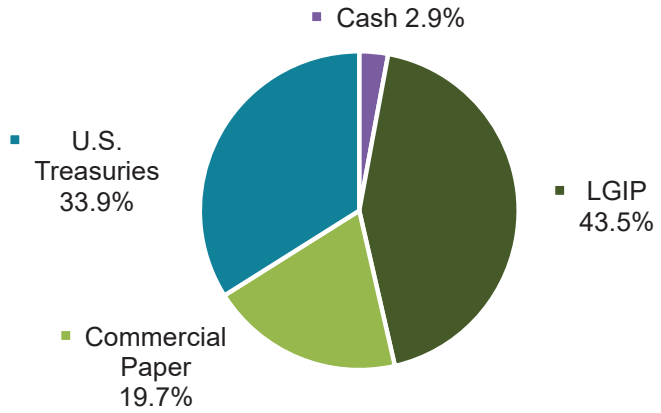
Portfolio Snapshot

Overall Portfolio Composition Summary

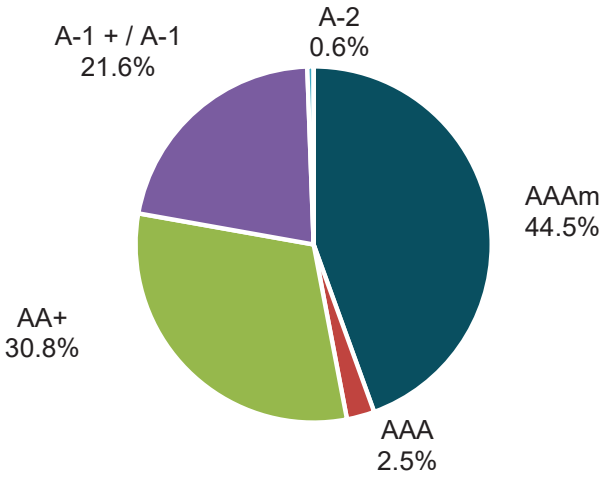
PORTFOLIO STATISTICS

Invested Amount	$1.435 Billion
Duration	0.35 Years
Yield at Cost	3.78%
Yield at Market	4.02%

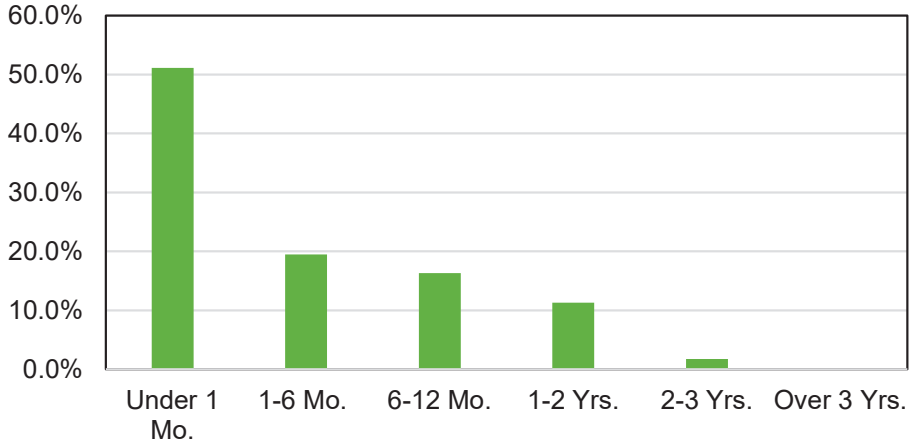
SECTOR ALLOCATION



CREDIT QUALITY



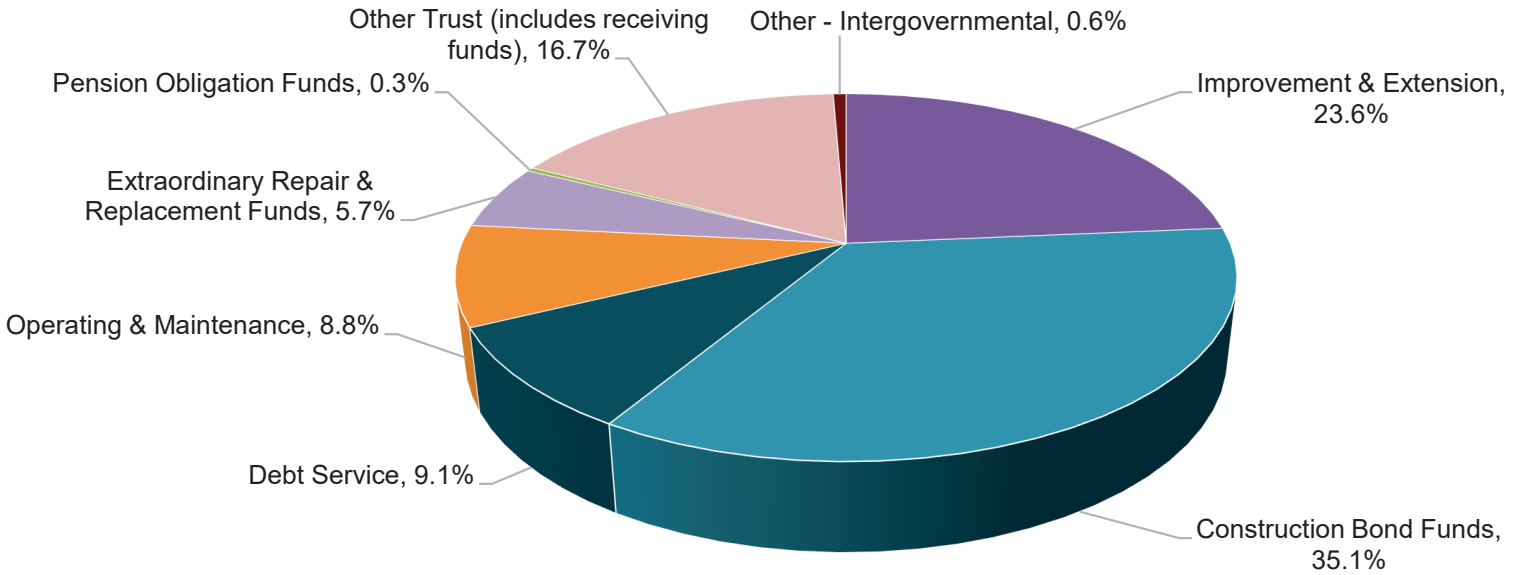
Maturity Distribution



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report. LGIP stands for Local Government Investment Pool.

Portfolio Snapshot

Investments – By Account Purpose



Account Purpose		Market Value	Allocation %	Cost Yield at	Market Yield at	Duration	Strategy
Improvement & Extension	$	338,892,141	23.6%	3.84%	4.43%	0.830 Years	Cash Flow Driven
Construction Bond Funds	$	503,044,248	35.1%	3.95%	4.09%	0.224 Years	Cash Flow Driven
Debt Service	$	130,694,389	9.1%	4.09%	4.31%	0.297 Years	Short-Term
Operating & Maintenance	$	126,932,578	8.8%	3.37%	3.37%	0.000 Years	Short-Term
Extraordinary Repair & Replacement Funds	$	81,333,785	5.7%	4.02%	4.62%	0.803 Years	Long-Term
Pension Obligation Funds	$	4,705,437	0.3%	4.13%	4.38%	0.284 Years	Long-Term
Other Trust (includes receiving funds)	$	240,113,993	16.7%	3.39%	3.41%	0.037 Years	Short-Term
Other - Intergovernmental	$	9,164,721	0.6%	0.54%	0.54%	0.000 Years	Short-Term
Total	**$**	**1,434,881,291**	**100.0%**	**3.78%**	**4.02%**	**0.354 Years**	

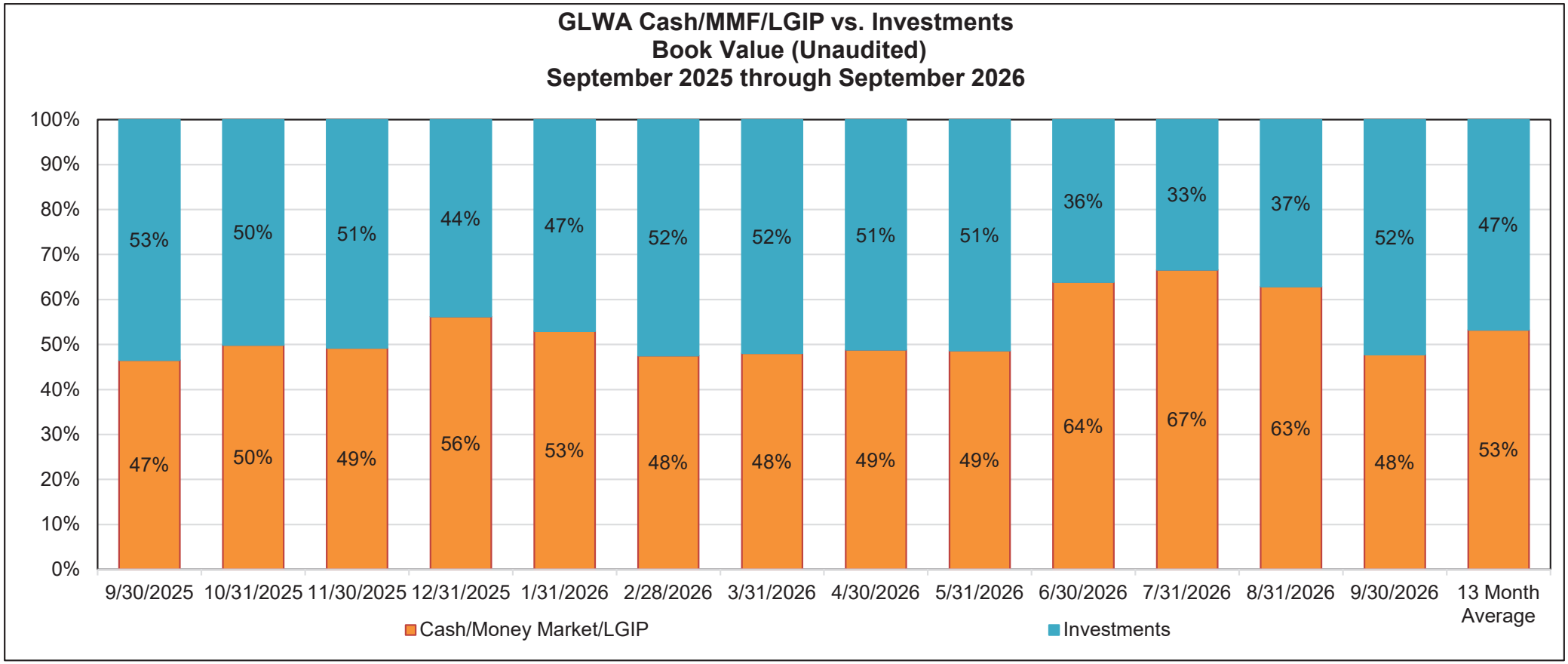
Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Portfolio Mix – Cash / Money Market vs. Investments

- GLWA's liquidity requirements fluctuate each month based on operational requirements, capital funding, and debt payments. Based on a review of historical activity and refinement of cash flow projections, GLWA has continually tried to balance the allocation of the portfolio's holdings to cash & money market accounts versus the allocation to investments for the portfolio holdings.

- The chart below compares the monthly allocation of the portfolio holdings to the 13-month average. The allocation between cash and investments will vary each month based on liquidity requirements. For September of 2026, about 48% of the overall portfolio was invested in cash, LGIP, and/or overnight money market fund accounts. This is lower than the level seen in the previous quarter.

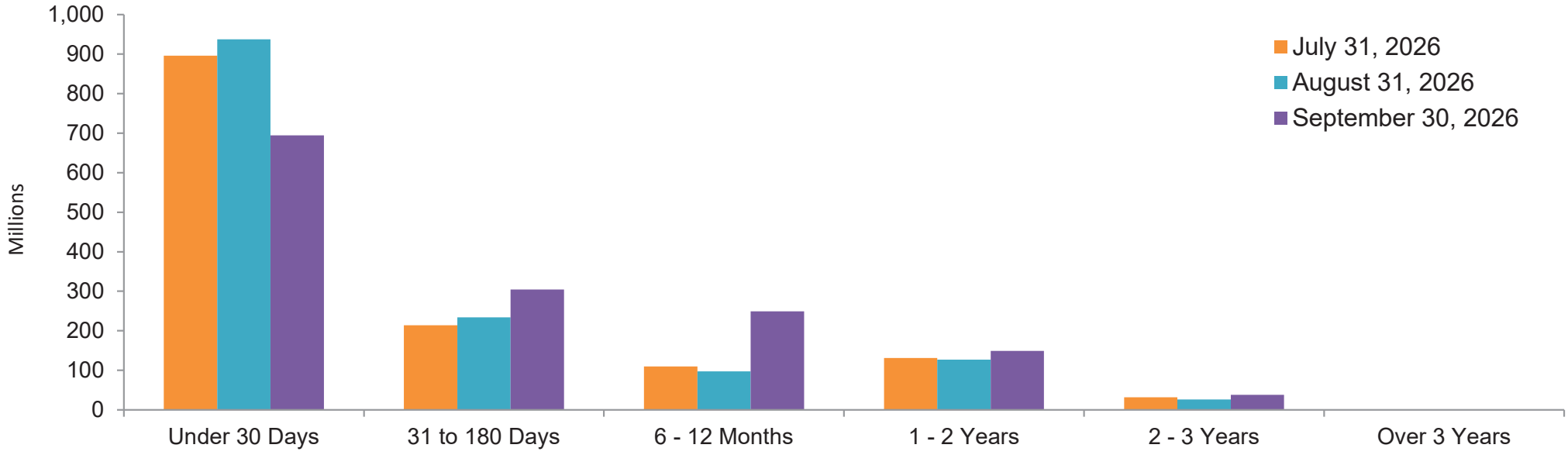


Accounts like the Retainage accounts which are not owned by GLWA are not included in this report. LGIP stands for Local Government Investment Pool.

Portfolio Snapshot

Investments – By Maturity

Maturity Distribution	July 31, 2026	%	August 31, 2026	%	September 30, 2026	%
Under 30 Days	$ 896,195,098	64.8%	$ 937,588,014	65.9%	$ 694,295,426	48.4%
31 to 180 Days	214,290,142	15.5%	233,794,333	16.4%	304,707,630	21.2%
6 - 12 Months	110,094,722	8.0%	97,179,460	6.8%	248,948,867	17.3%
1 - 2 Years	131,521,217	9.5%	127,140,333	8.9%	148,856,414	10.4%
2 - 3 Years	31,637,238	2.3%	26,147,578	1.8%	38,072,953	2.7%
Over 3 Years	-	0.0%	-	0.0%	-	0.0%
Totals	**$ 1,383,738,417**	**100.0%**	**$ 1,421,849,718**	**100.0%**	**$ 1,434,881,291**	**100.0%**



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investment Accounts – Yield at Cost & Market

	As of September 30, 2026		As of June 30, 2026	
	YTM @ Cost	YTM @ Market	YTM @ Cost	YTM @ Market
Bank Deposits				
Bank A	0.01%	0.01%	0.01%	0.01%
Bank C	0.00%	0.00%	0.01%	0.01%
Sub-Total Bank Deposits	**0.00%**	**0.00%**	**0.01%**	**0.01%**
Money Market Funds / LGIPs				
Local Government Investment Pool	3.82%	3.82%	3.70%	3.70%
Trust Money Market Fund	3.44%	3.44%	3.28%	3.28%
Money Market Fund	2.06%	2.06%	2.05%	2.05%
Sub-Total MMF / LGIPs	**3.63%**	**3.63%**	**3.49%**	**3.49%**
Investment Portfolios				
5404 Sewage - Improvement & Extension	3.84%	4.52%	3.77%	4.02%
5506 Water - Improvement & Extension	3.86%	4.07%	-	-
5519 Water - Construction Bond 2025	4.08%	4.85%	4.01%	4.16%
5910 Water - Budget Stabilization	3.94%	4.12%	4.08%	3.76%
5910 Water - Debt Service | Second Lien	4.19%	4.49%	-	-
5910 Water - Debt Service | Senior Lien	4.18%	4.56%	4.10%	4.07%
5910 Water - Debt Service | SRF	4.05%	4.23%	3.88%	3.63%
5910 Water - Extraordinary R & R	4.13%	4.38%	3.89%	3.63%
5960 Sewage - Debt Service | SRF	4.18%	4.54%	3.81%	3.89%
5960 Sewage - Debt Service | Senior Lien [R]	3.66%	4.91%	3.54%	4.17%
5421 Sewage - Construction Bond 2026 [R]	4.15%	4.42%	-	-
5506 Water - Improvement & Extension [UR]	3.92%	3.86%	-	-
Sewer O&M Pension Sub Account	-	-	3.87%	3.90%
Sub-Total Investment Portfolios	**4.00%**	**4.45%**	3.84%	3.79%
Grand Total	***3.78%***	***4.02%***	**3.59%**	**3.62%**

YTM @ Cost is the expected return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis. YTM @ Market is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.
Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot
Peer Analysis Comparison

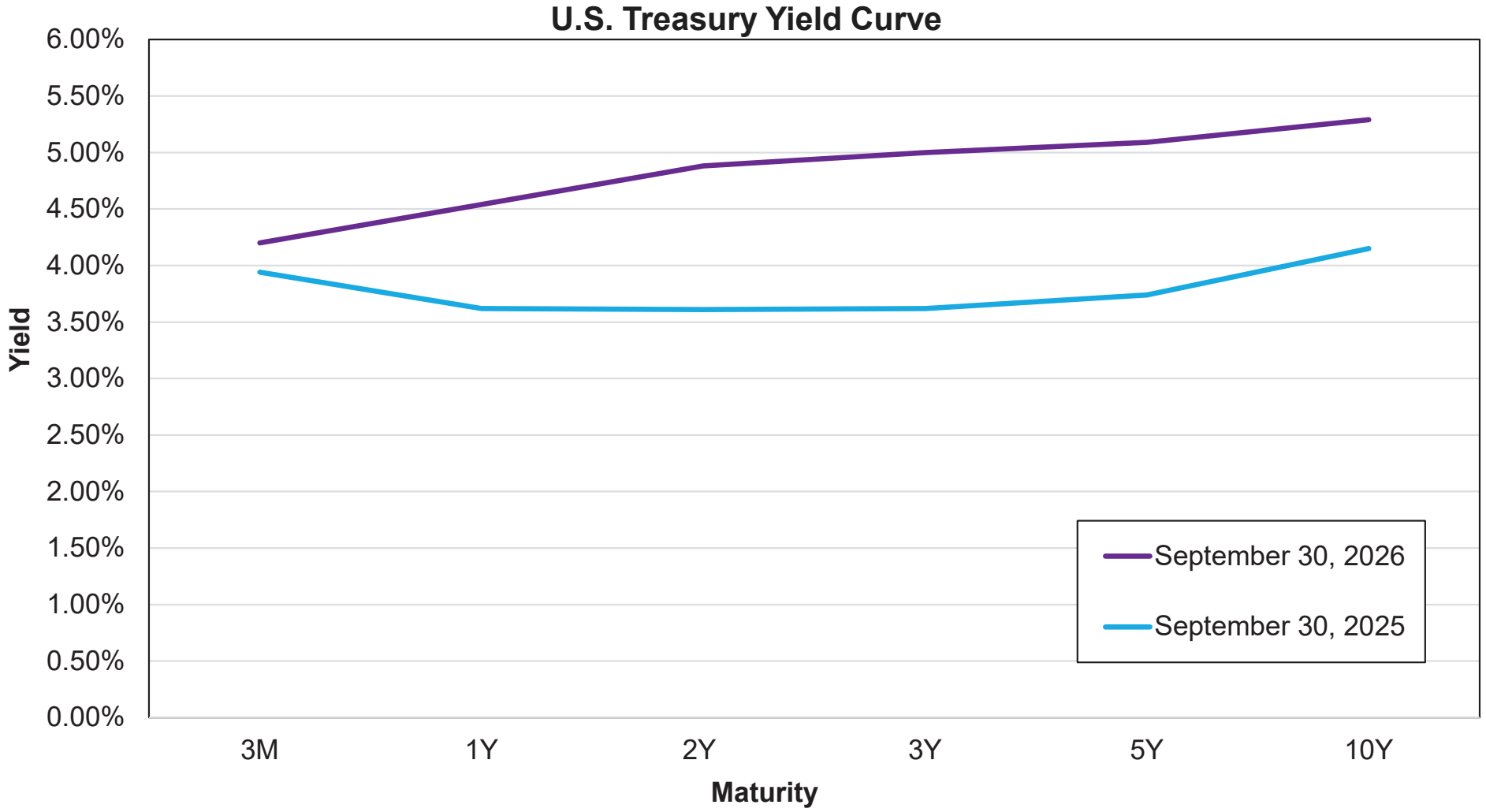
- The overall yield of GLWA's aggregate portfolio compares somewhat similarly to those of other short-term market indices (i.e., the S&P LGIP index and the 3-month U.S. Treasury index), despite the volatility of short-term interest rates and the limited ability in managing assets to a longer-term strategy.
- GLWA does have some limitations and unique constraints related to its ordinance and covenants that restricts the potential for a longer duration portfolio when compared to other similar water agencies.

		As of September 30, 2026			
		Market Value	*YTM @ Market*	*Effective Duration*	*Weighted Average Maturity*
GLWA					
	Great Lakes Water Authority	$ 1,434,881,291	4.02%	0.35 Years	141 Days
Short/Intermediate-Term Indices					
	S&P Rated Government Investment Pool Index		3.57%	0.08 Years	30 Days
	BoA / ML 3-Month Treasury Index		4.08%	0.15 Years	55 Days
	Great Lakes Water Authority		4.02%	0.35 Years	141 Days
	BoA / ML 6-Month Treasury Index		4.25%	0.39 Years	142 Days
	BoA / ML 1-Year Treasury Index		4.44%	0.82 Years	299 Days
	BoA / ML 1-3 Year Treasury Index		4.82%	1.74 Years	635 Days
	BoA / ML 1-5 Year Treasury Index		4.90%	2.44 Years	891 Days

The BoA / ML indexes are unmanaged indexes tracking on-the-run Treasuries. These indexes are produced and maintained by Bank of America / Merrill Lynch & Co. Yield to maturity is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.
Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot - Market Overview and Outlook
Overnight U.S. Treasury Yields Higher

- U.S. Treasury yields rose across the curve during the third quarter as resilient economic activity, persistent inflation concerns, and a more hawkish Federal Reserve caused markets to reprice the expected path of monetary policy. The move accelerated following the Federal Reserve's 25 basis point rate increase in September, with intermediate- and longer-term Treasury yields reaching their highest levels in decades. As a result, rising yields weighed most heavily on longer-duration securities, while shorter-maturity Treasuries outperformed as the yield curve shifted higher.



Portfolio Snapshot - Market Overview and Outlook
Treasury Yields Remain Above Historical Averages



Source: Bloomberg Finance L.P., as of September 30, 2026.

Portfolio Snapshot

Monthly Investment Income

(Book Value in 000's)

FY 2027 INVESTMENT INCOME BY MONTH (Unaudited)

Month	Interest Earned During Period *(in thousands)*	Realized Gain / Loss *(in thousands)*	Investment Income *(in thousands)*
July 2026	$4,161.1	$0.0	$4,161.1
August 2026	$4,237.5	$0.0	$4,237.5
September 2026	$4,485.1	$0.0	$4,485.1
October 2026	$0.0	$0.0	$0.0
November 2026	$0.0	$0.0	$0.0
December 2026	$0.0	$0.0	$0.0
January 2027	$0.0	$0.0	$0.0
February 2027	$0.0	$0.0	$0.0
March 2027	$0.0	$0.0	$0.0
April 2027	$0.0	$0.0	$0.0
May 2027	$0.0	$0.0	$0.0
June 2027	$0.0	$0.0	$0.0
FY 2027 Y-T-D	***$12,883.7***	***$0.0***	***$12,883.7***

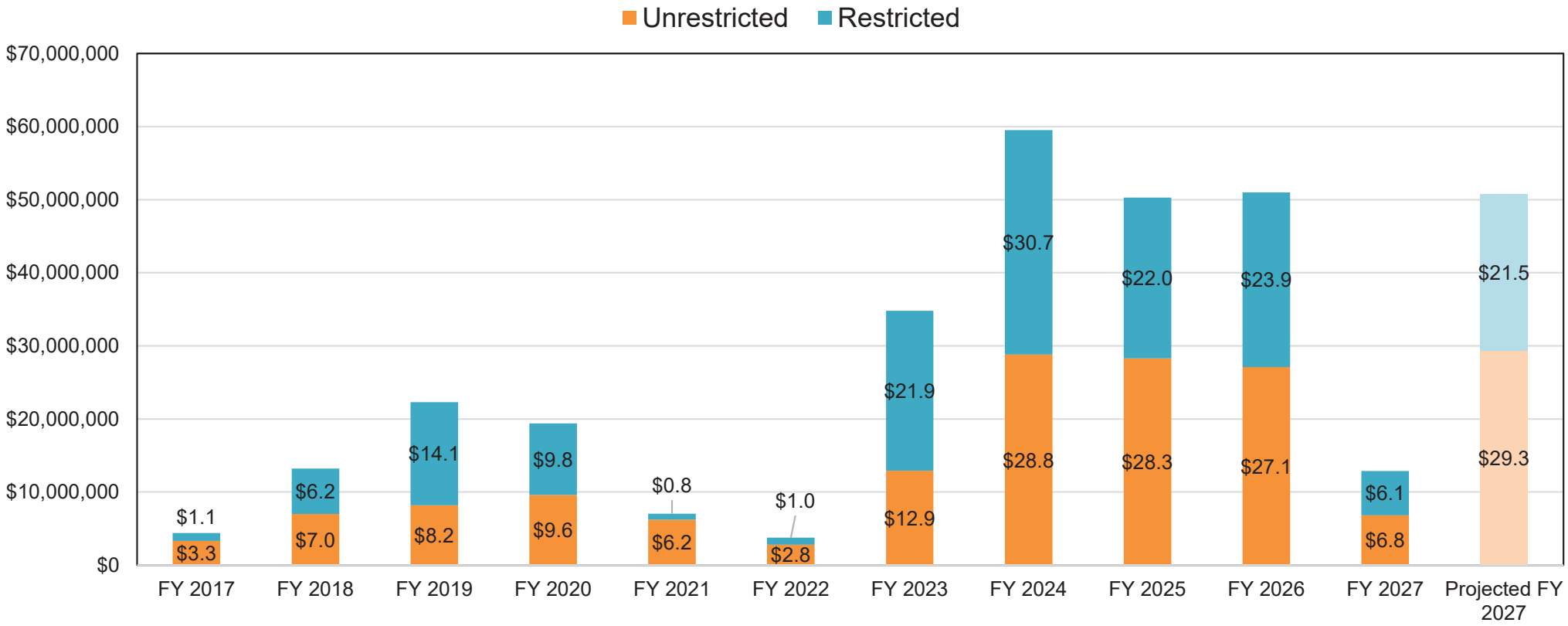
These figures are based upon actual interest earned and posted to the Authority's various accounts via book value and does not include any earnings credit rate tied to the Authority's bank deposits.

Portfolio Snapshot

Year-Over-Year Investment Income

- GLWA earned $12.9M in investment income for the first three months of fiscal year 2027 on a book value basis compared to $13.1M for the first three months of fiscal year 2026.
- Based on current market assumptions, projected total investment income for fiscal year 2027 is forecasted to be generally in line with FY 2026 earnings (for both restricted fund income and unrestricted income combined) at $50.9M as the market expects interest rates to be higher for longer.

GLWA Monthly Interest Income
Book Value (Unaudited)
FY 2017 through FY 2027

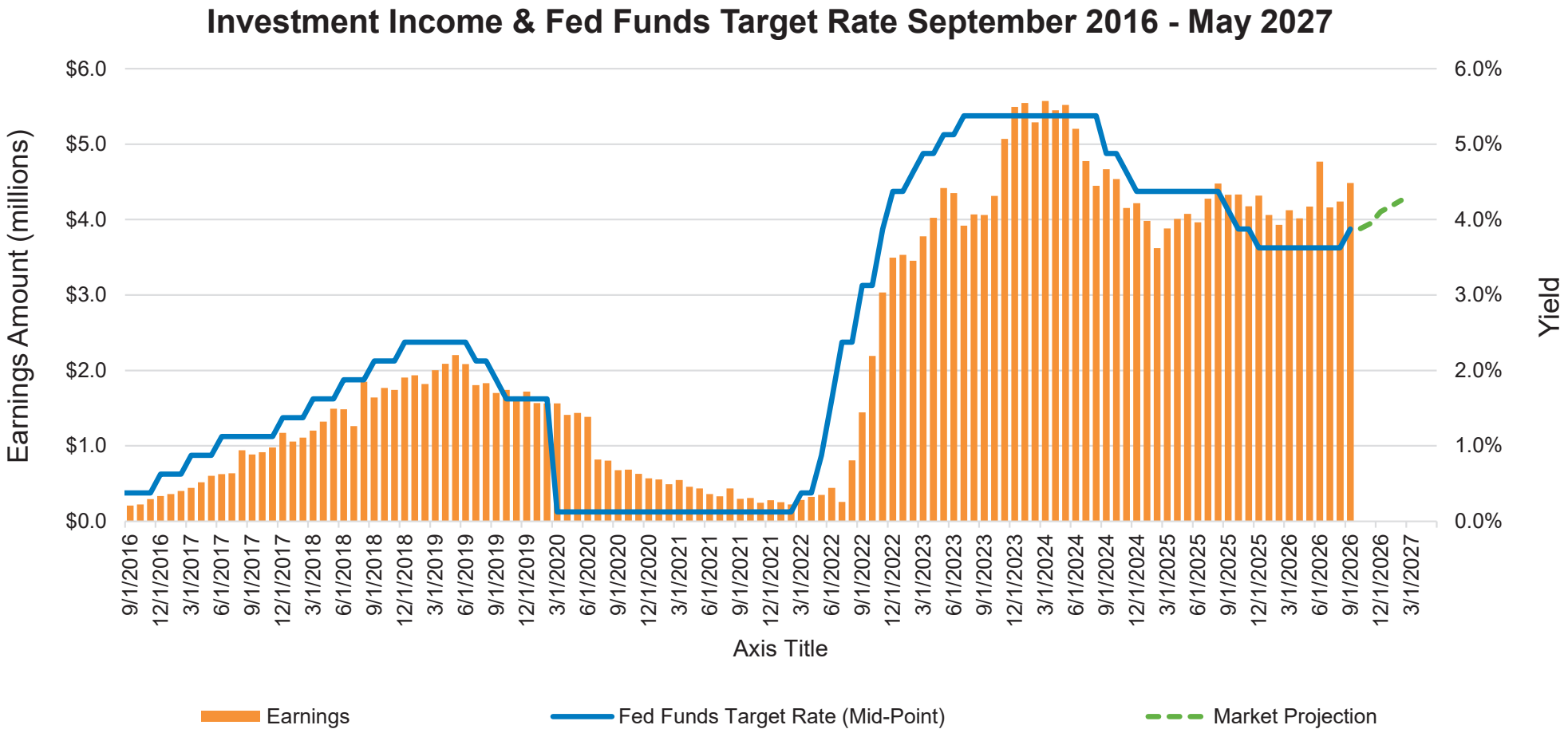


Portfolio Snapshot

Monthly Investment Income Compared to Fed Funds Rate

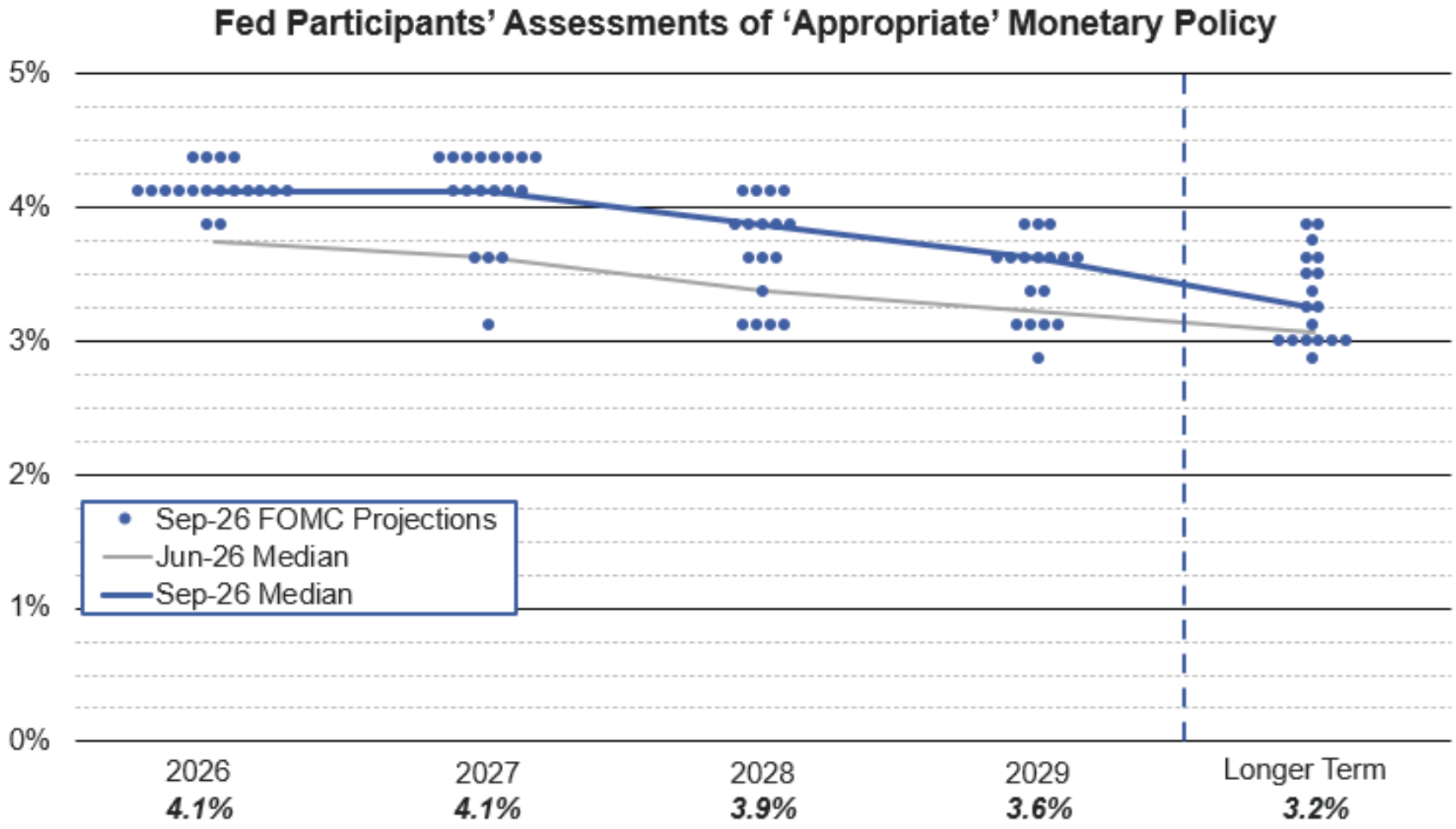
- At least 50% of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA's portfolio, it is heavily impacted by changes in the Fed Funds rate; the chart below shows that GLWA's income has consistently followed the trend of the Fed Funds rate.

- The Federal Reserve held rates steady in July before raising the federal funds target range by 25 basis points to 3.75% to 4.00% in September as persistent inflation pressures supported a more hawkish policy stance. Federal funds futures subsequently reflected expectations for at least one additional rate increase in 2026. Nevertheless, the policy outlook remains uncertain as inflation, labor-market conditions, economic growth, and geopolitical developments continue to influence expectations for future Fed policy actions.



Portfolio Snapshot

Fed's Latest "Dot Plot" Shows One More Hike in 2026

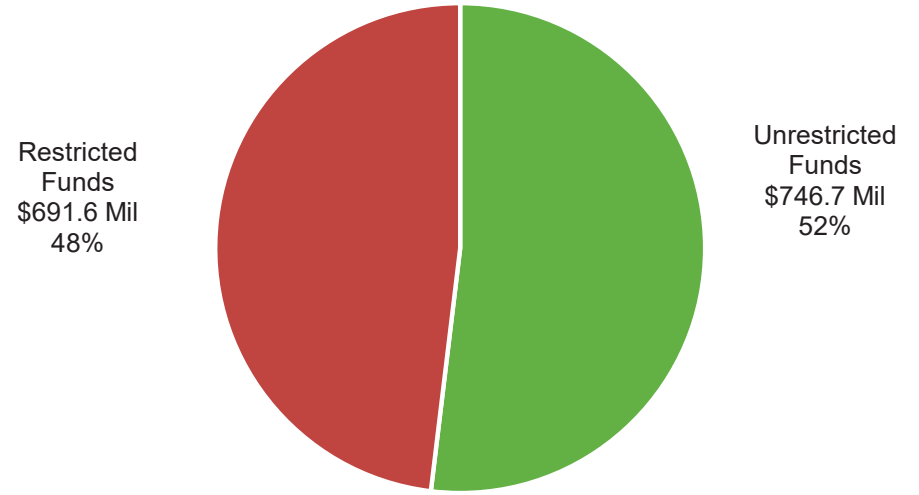


Source: Federal Reserve; Bloomberg Finance L.P. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of September 2026.

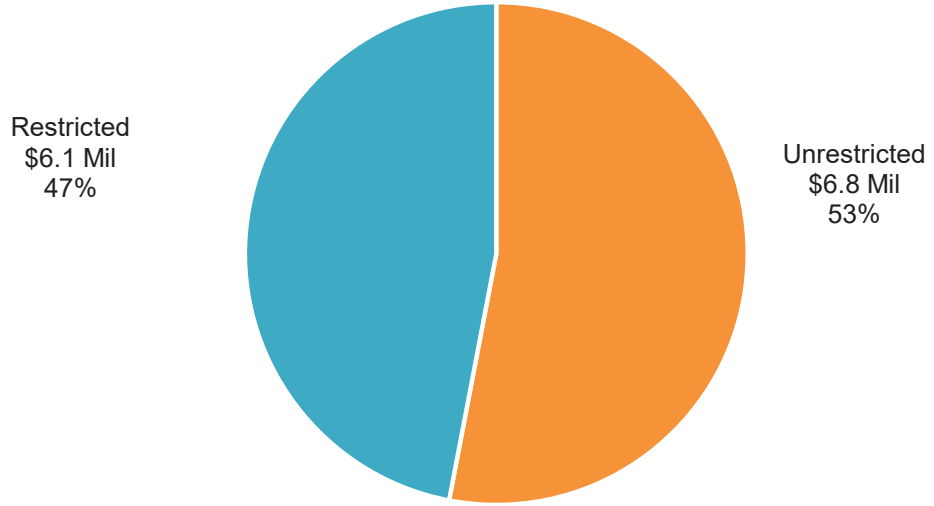
Portfolio Snapshot

Allocation and Income by Fund Type

Bank Balance as of September 30, 2026



July 2026 – September 2026 Interest Earnings



Restricted Principal and Restricted Interest
Construction Bond Funds
Debt Reserves
Debt Service
Evergreen Farmington Regional Account

Unrestricted Principal Unrestricted Interest
Extraordinary Repair & Replacement Funds
Improvement & Extension
Operating & Maintenance
Receiving Funds (includes lockbox account)

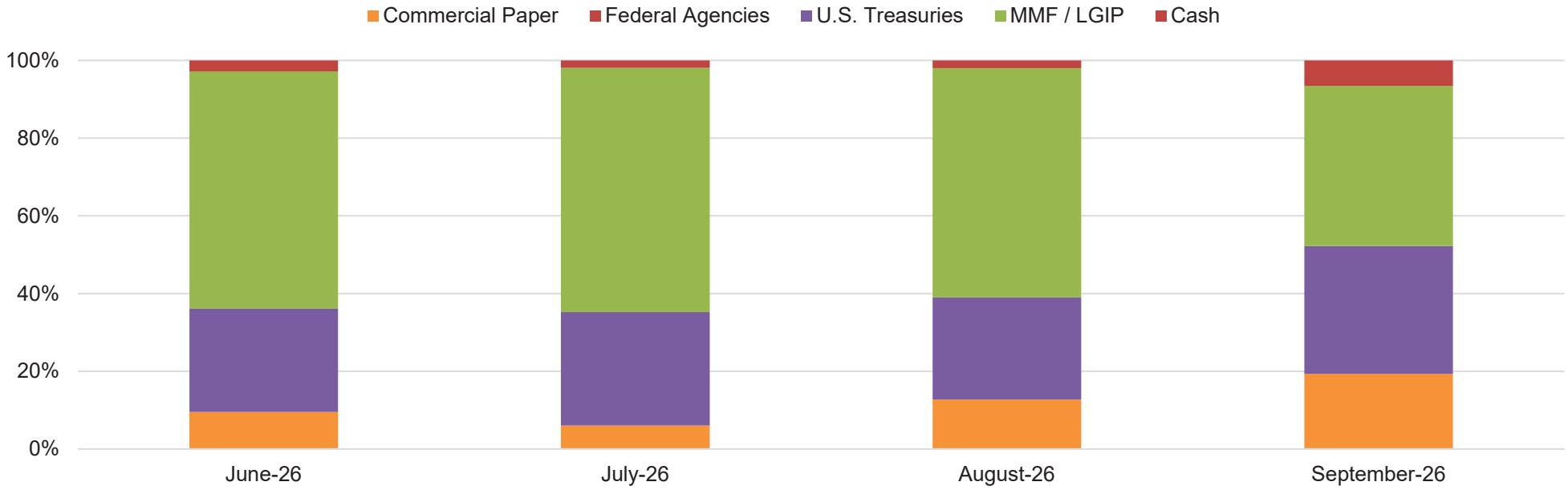
Note: Interest in I&E accounts is sent to the Receiving Funds and can be used for operations; DWSD's portion of the Receiving Funds is restricted and held in trust.

Restricted Principal Unrestricted Interest
Budget Stabilization Funds
Pension Obligation Funds
WRAP Funds

Note: Interest is sent to the Receiving Funds and can be used for operations

Portfolio Snapshot

Investments – By Security Type

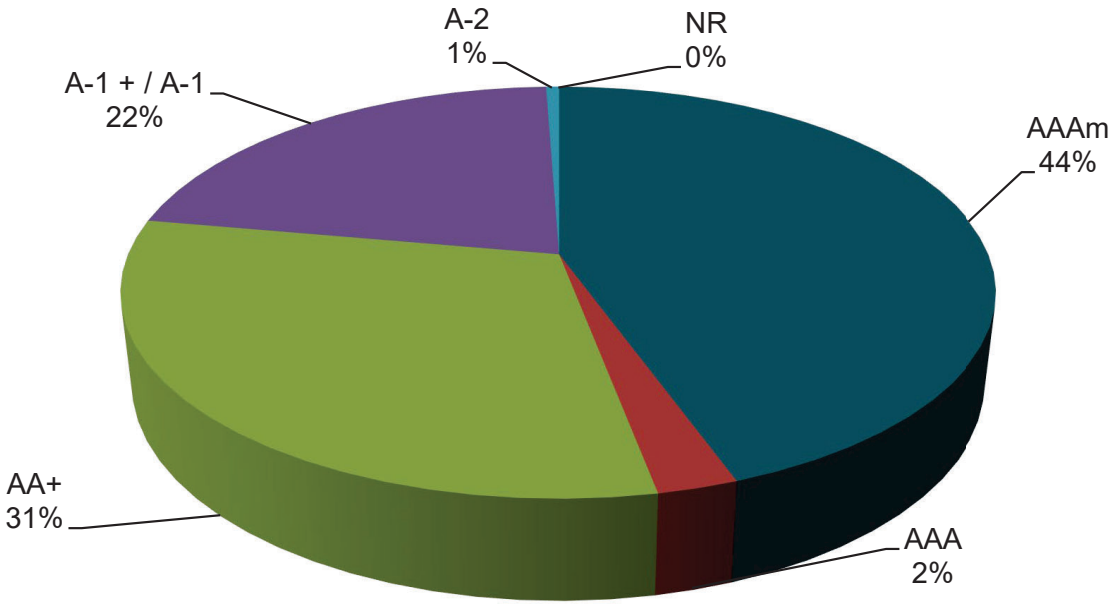


	June-26		July-26		August-26		September-26	
Security Type	Market Value	% Allocation	Market Value	% Allocation	Market Value	% Allocation	Market Value	% Allocation
Commercial Paper	154,170,433	9.5%	84,085,735	6.1%	181,131,454	12.7%	282,052,954	19.7%
Federal Agencies	-	0.0%	-	0.0%	-	0.0%	-	0.0%
U.S. Treasuries	431,155,023	26.6%	403,457,583	29.2%	374,271,721	26.3%	486,980,448	33.9%
MMF / LGIP	987,722,398	61.0%	869,499,778	62.8%	838,560,707	59.0%	623,940,791	43.5%
Cash	46,576,124	2.9%	26,695,320	1.9%	27,885,837	2.0%	41,907,098	2.9%
Total	1,619,623,978.00	100.0%	1,383,738,417	100.0%	1,421,849,718	100.0%	1,434,881,291	100.0%

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Credit Quality

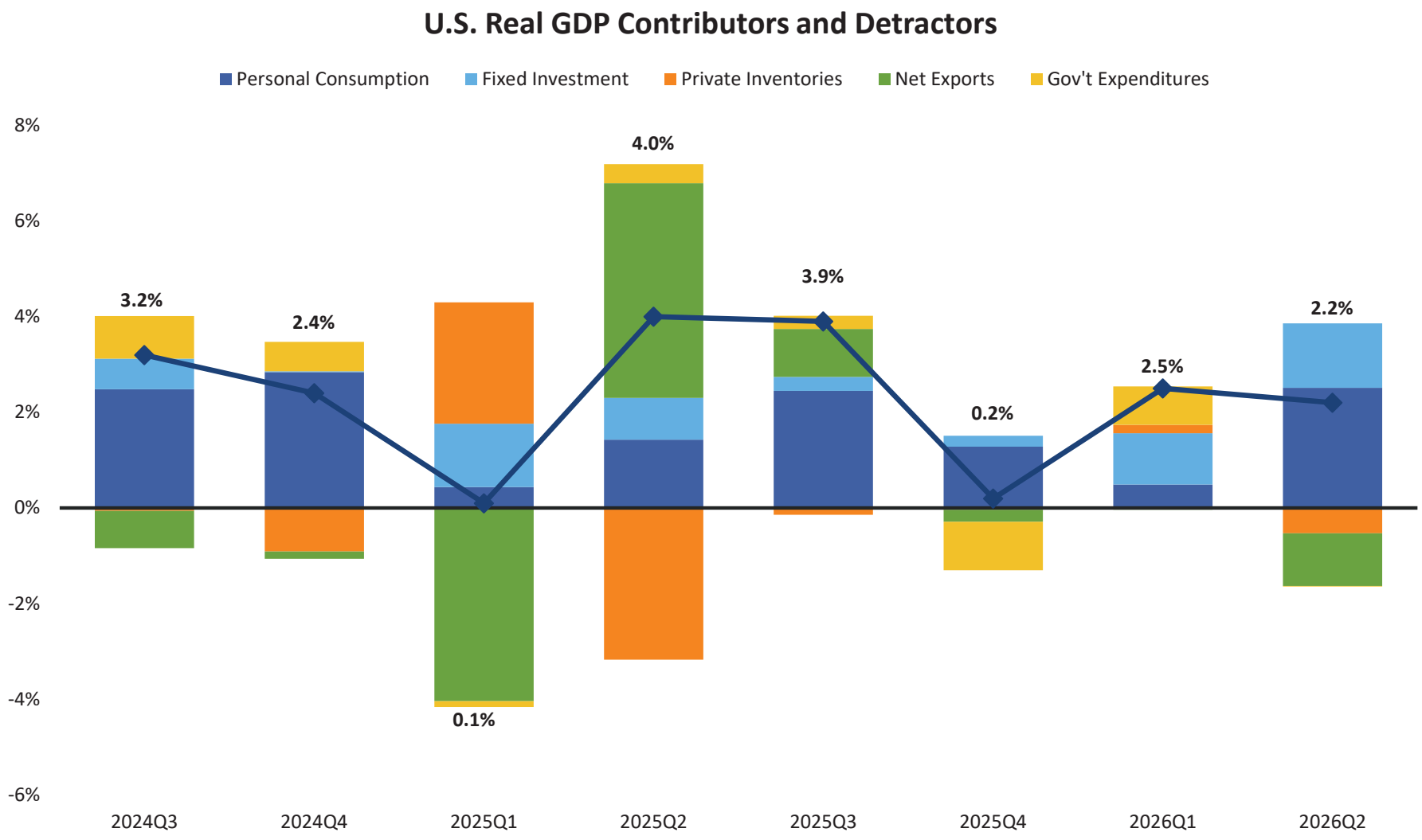


Credit Quality	Market Value	Asset Allocation
Ratings		
AAAm	638,217,430	44.5%
AAA	36,132,422	2.5%
AA+	441,974,566	30.8%
A-1 + / A-1	310,336,245	21.6%
A-2	8,220,627	0.6%
NR	-	0.0%
Totals	**1,434,881,291**	**100.0%**

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Appendix I: Economic Update

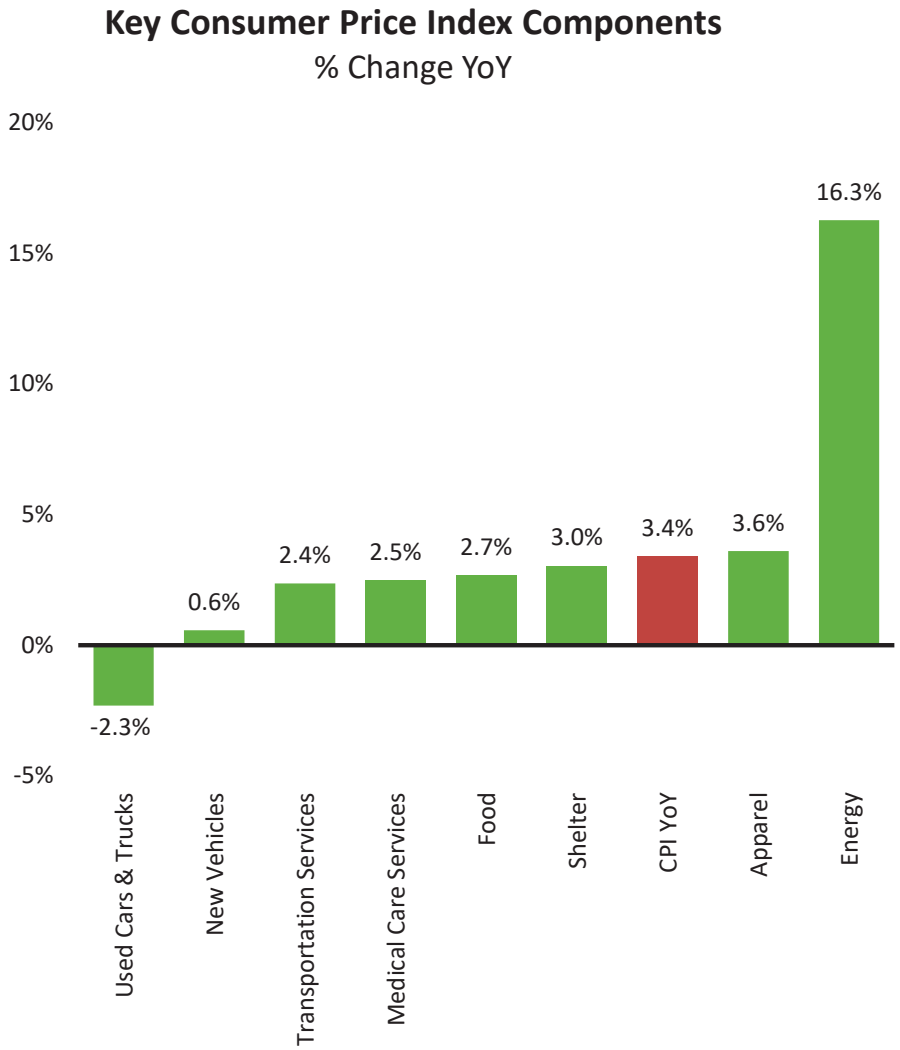
Gross Domestic Product



Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of September 2026.

Consumer Price Index

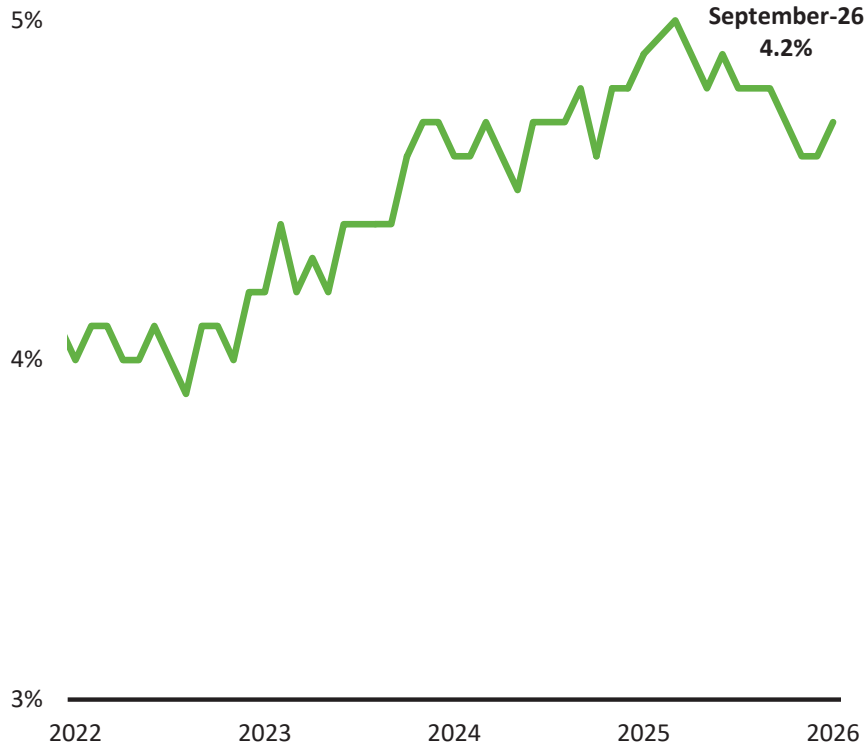




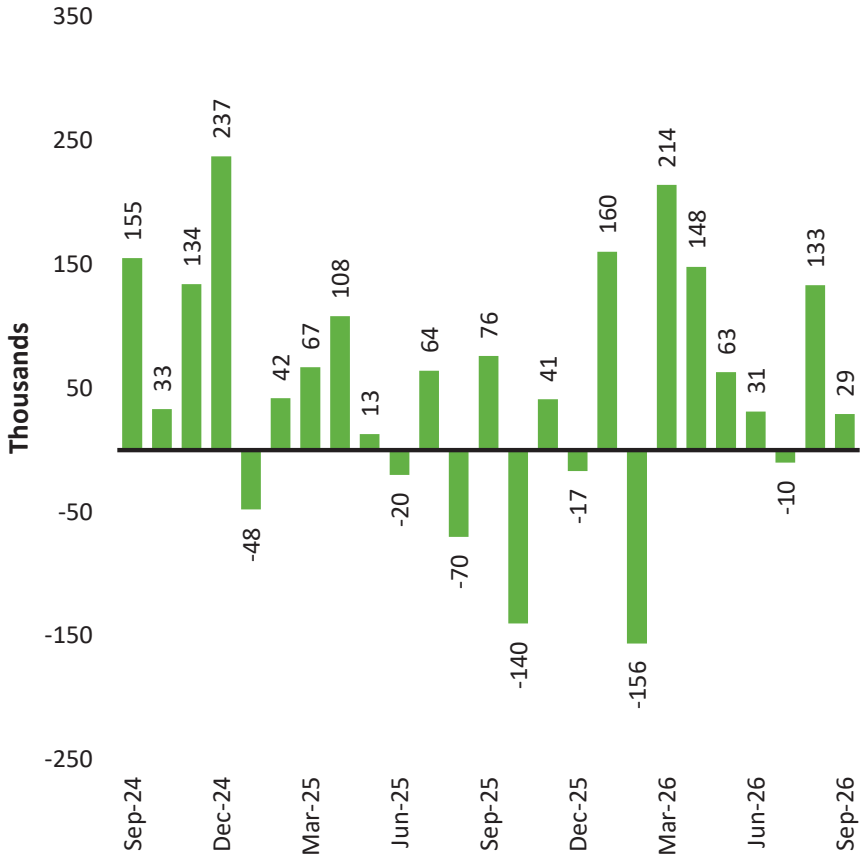
Source: Bloomberg Finance L.P., as of August 2026.

Labor Market Sends Mixed Signals

Unemployment Rate



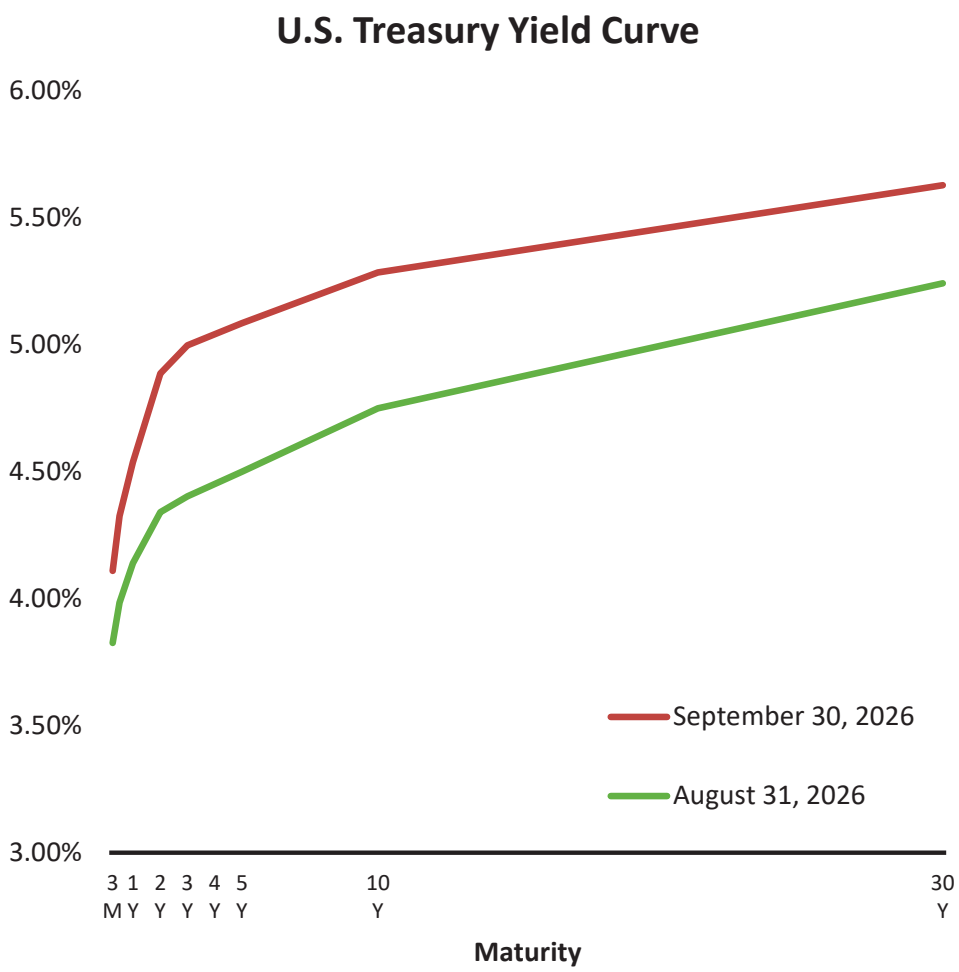
Monthly Change In Nonfarm Payrolls



Left chart: Source: Congressional Budget Office September 2026 economic projections, Bureau of Labor Statistics. Bloomberg Finance L.P., as of September 2026. Data is seasonally adjusted.
Right chart: Source: Bureau of Labor Statistics and Bloomberg Finance L.P. Monthly change in nonfarm payrolls as of September 2026.

Treasury Yield Curve

	9/30/2026	8/31/2026	Change
3 month	**4.11%**	3.83%	0.28%
1 year	**4.54%**	4.14%	0.40%
2 year	**4.89%**	4.34%	0.55%
3 year	**5.00%**	4.40%	0.60%
5 year	**5.09%**	4.50%	0.59%
10 year	**5.28%**	4.75%	0.53%
30 year	**5.63%**	5.24%	0.39%



Source: Bloomberg Finance L.P., as of 9/30/2026 and 8/31/2026, as indicated.

Fixed Income
Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- **U.S. growth remains resilient, supported by business investment and consumer spending**
  - Technology, software, and AI-related investment continues to support domestic demand and potential productivity growth
  - Consumer spending remains strong, though slower job creation and moderating wage and income growth may weigh on its durability
  - Inflation remains elevated, with higher energy prices, elevated core measures, and rising business costs increasing the risk that price pressures broaden

- **The Federal Reserve (Fed) raised policy rates by 25 bps to 3.75% to 4.00%**
  - The Fed held rates in July before unanimously raising rates at its September meeting
  - Resilient growth and a labor market broadly consistent with full employment allowed the Fed to remain focused on restoring price stability
  - Federal funds futures reflected expectations for at least one additional rate increase in 2026

- **Treasury yields moved sharply higher as markets repriced the expected path of Fed Policy**
  - Higher yields weighed most heavily on longer-duration securities, while shorter-maturity securities outperformed
  - Higher all-in yields improved fixed income's prospective return profile, while elevated policy uncertainty continues to favor disciplined duration positioning

Disclosure

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GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Haran Stanley, GLWA Affordability & Assistance Manager

Re: Affordability & Assistance Update & WRAP FY 2026 Program Review

Background: The Water Residential Assistance Program (WRAP) is a first-of-its-kind program in the county that offers essential assistance to households with low income within the Great Lakes Water Authority (GLWA) service area. WRAP's mission is to create a transformative water utility assistance program grounded in the core values of self-sustainability, social responsibility, and affordability. Over the past 10 years, WRAP has led this effort.

The program has sustainable funding, with GLWA funding it at 0.5 percent of budgeted revenues for the Regional System and at least 0.5 percent but no more than 1.0 percent of budgeted revenues for the Detroit Water and Sewerage Department (DWSD) Local System. The budgeted WRAP funding for FY 2026 was $6.9 million for water and sewer services combined.

GLWA works with five WRAP service delivery partners that provide additional support services to households enrolled in the program, such as financial coaching and energy-saving resources. Currently, the following community action agencies (CAA) and nonprofit organizations serve as Service Delivery Partners (SDP) and administer the WRAP program across six WRAP service areas. Macomb Community Agency (MCA) serves Macomb County, Lapeer County, and St. Clair County. Genesee County Community Action Resource Department (GCCARD) serves the City of Flint. United Way for Southeastern Michigan (UWSEM) serves Oakland County and Washtenaw County. Wayne Metropolitan Community Action Agency (Wayne Metro) serves Monroe County and Wayne County. Detroit Water and Sewerage Department (DWSD) and Promise Network serve the City of Detroit's Lifeline H20 program.

Analysis: The FY 2026 WRAP Program Review will highlight the funds used, the number of households enrolled, and notable administrative policy improvements. The routine evaluation of our policies and practices helps us to ensure we adequately and equitably serve our communities.

In January 2026, UWSEM initiated a WRAP pilot study in Areas 4 (Oakland County) and 6 (Washtenaw County) after zero-income applications increased. With over $1 million in fiscal

year 2025 carryforward funds for Area 4 and over $45,000 for Area 6, UWSEM used these funds to support the study without disrupting other services. The pilot ran from January through June 2026. During this period, 38.8% of households enrolled in WRAP in Areas 4 and 6 self-reported having no income.

Previously, the WRAP policy maintained that households declaring $0 in household income were still eligible for the program and received $25 each month to help with their water and/or sewer bills. The UWSEM study found that providing households with zero income a monthly credit equal to half their average water and sewer bill has helped these families receive over $94,000 in additional annual assistance. This approach has promoted more equitable and effective support for households enrolled in the WRAP.

Effective September 2026, all WRAP service areas have adopted the new "Zero Income" calculation, which provides a monthly credit equal to half their average water and sewer bill.

Proposed Action: Receive and file this report.

GLWA
Great Lakes Water Authority



Affordability & Assistance

WRAP FY 2026 PROGRAM REVIEW

PRESENTED NOVEMBER 20, 2026

WHAT IS WRAP?

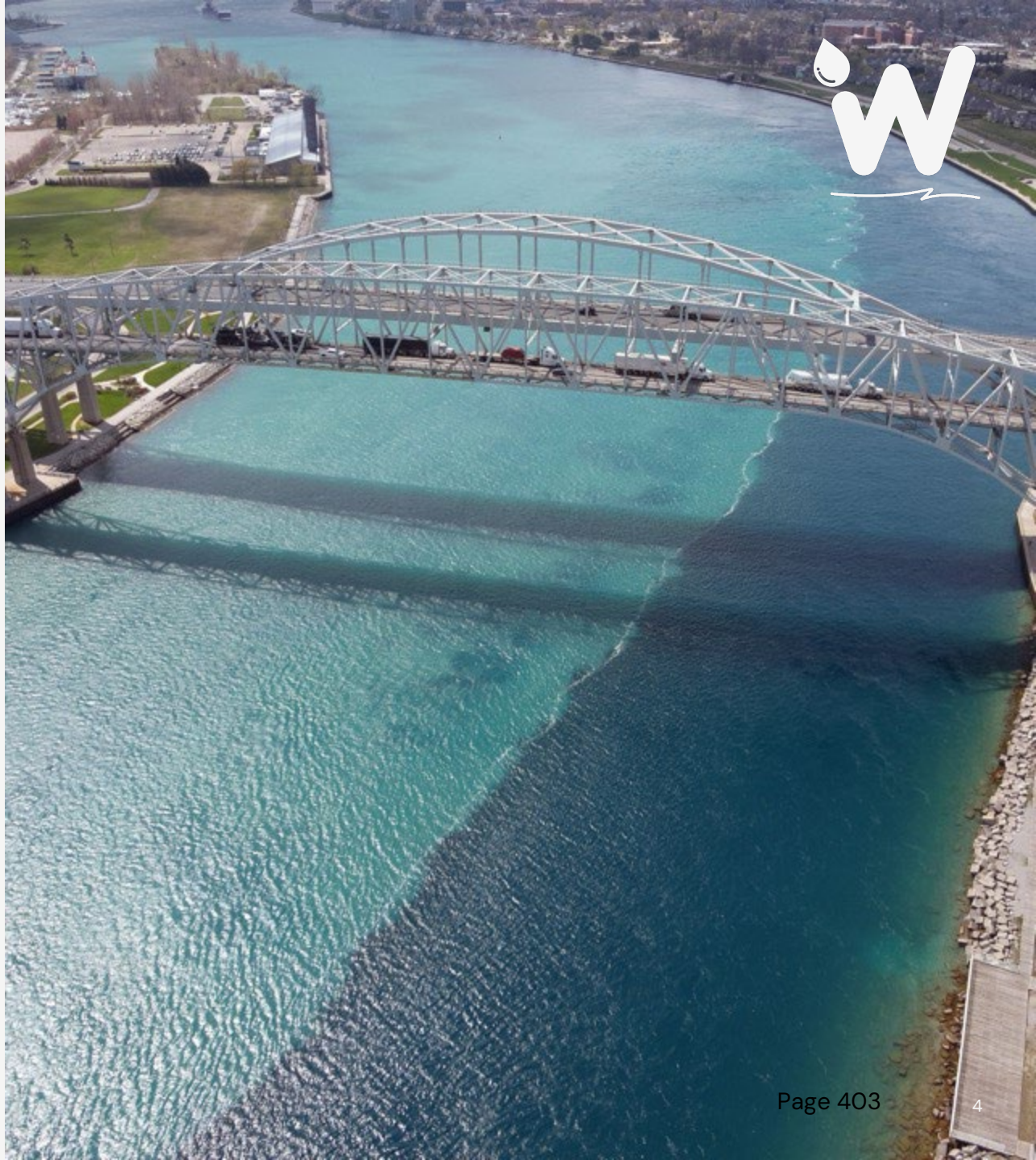
The Water Residential Assistance Program (WRAP) assists eligible low-income households receiving water and/or sewer services through Great Lakes Water Authority (GLWA) Member Partner Communities.

WRAP MISSION

To reduce water bills by providing water bill assistance and conservation measures to qualifying low-income households within the GLWA service area through local service delivery partners.

PROGRAM BACKGROUND

The GLWA Water Residential Assistance Program is the first of its kind in the country and collaborates with agencies such as Genesee County Community Action Resource Department (GCCARD), Macomb Community Action (MCA), United Way for Southeastern Michigan (United Way), and Wayne Metropolitan Community Action Agency (Wayne Metro). These partners provide WRAP services along with a range of other comprehensive services to residents throughout our region.





HOW DOES GLWA FUND WRAP?

One-half of one percent (0.5%) of GLWA's budgeted revenues funds WRAP. Those funds are allocated across service areas based on pro-rata revenue contributions. Each service area's allocations remain available to that service area and are not reallocated to another area unless approved by the GLWA Board of Directors.

WRAP Service Delivery Partners leverage additional funding from federal, state, and local sources to supplement WRAP funding and help ensure households can continue to receive services.



WHO IS ELIGIBLE FOR WRAP?

HOUSEHOLDS WHO ARE ELIGIBLE		
Reside within the GLWA service area	Income at or below 200% of the Federal Poverty Level (FPL)	Live in a home they own OR rent

CATEGORICAL ELIGIBILITY *					
FIP/TANF	FAP	SNAP	SER	SSI	WAP

WRAPfinity

Households with someone with a permanent disability or a person 62 years of age or older can participate for longer than two years

*Categorical Eligibility allows for a simpler application process so that households receiving the benefits listed below automatically qualify for WRAP.

Family Independence Program/Temporary Assistance for Needy Families (FIP/TANF), Food Assistance Program (FAP), Supplemental Nutrition Assistance Program (SNAP), State Emergency Relief (SER), Social Security Supplemental Income (SSI), Weatherization Assistance Program (WAP)

WRAP TIMELINE

Program Milestones & Enhancements

2016

WRAP launched

2019

WRAPfinity launched

2020

Increased Healthy Home/ Conservation from $1,000 to $1,200

2021

Enabled Categorical Eligibility

Increased Arrearage cap to $2,400 from $1,400

2022

Fiscal Year 2021 was the last funding reallocation between service areas

2023

Launched Income-Based Plan (IBP)

2025

Realigned Service Areas

2024

Fiscal Year 2024 Macomb County utilized all allocated funding for the first time

2026

Fiscal Year 2026 Oakland County spent more than $1 million in funding

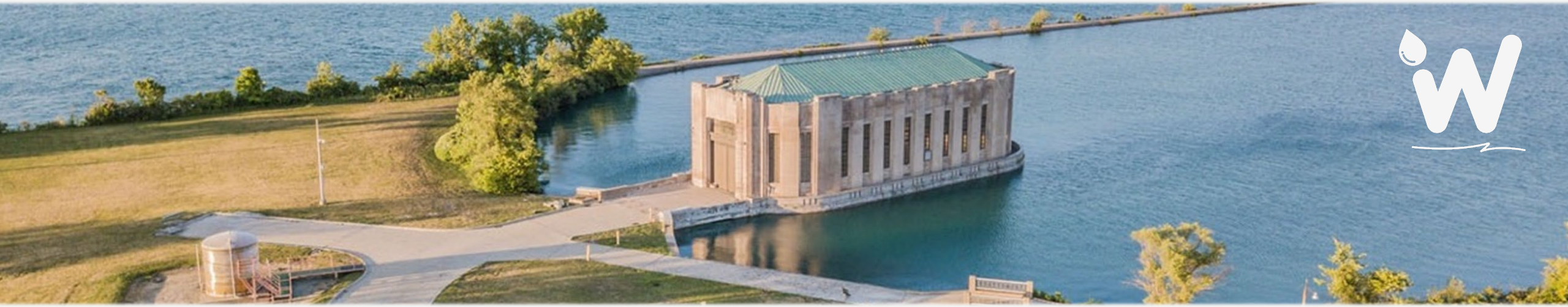
2026

Zero Income policy changed from $25/month to half of the average monthly bill

GLWA WRAP SERVICE AREAS & SERVICE DELIVERY PARTNERS



	Promise Network, Inc.	Genesee County Community Action Resource Department	Wayne Metropolitan Community Action Agency	United Way for Southeastern Michigan	Macomb Community Action Agency
Area 1 - City of Detroit	X				
Area 2 - City of Flint		X			
Area 3 - Wayne and Monroe Counties			X		
Area 4 - Oakland County				X	
Area 5 - Macomb, Lapeer, St. Clair Counties					X
Area 6 - Washtenaw County				X	



GLWA WRAP FUNDING
FISCAL YEAR 2026

WRAP FY 2026 Total Funding Area 1 – Area 6							
	FY 2026 Regional Funding (Wholesale)	FY 2026 Local Funding	FY 2026 Total New Funding	FY 2025 Carryforward	FY 2026 Total Available Funding	FY 2026 Total Spent	Total Funds Remaining at June 30, 2026
Area 1 (City of Detroit) *	$1,251,200	$2,372,900	$3,624,100	$ -	$3,624,100	$1,411,840	$2,212,260
Area 2 (City of Flint)	27,000		27,000	8,780	35,780	33,244	2,536
Area 3 (**Wayne and Monroe Counties)	1,144,000		1,144,000	753,205	1,897,205	1,626,845	270,360
Area 4 (Oakland County)	1,250,000		1,250,000	1,361,570	2,611,570	1,722,511	889,059
Area 5 (Macomb, Lapeer, St. Clair Counties)	872,600		872,600	156,352	1,028,952	873,020	155,933
Area 6 (Washtenaw County)	63,700		63,700	46,005	109,705	98,387	11,318
Total	**$4,608,500**	**$2,372,900**	**$6,981,400**	**$2,325,912**	**$9,307,312**	**$5,765,847**	**$3,541,465**

*Area 1 – City of Detroit spending reflects Direct Assistance gap payments as established by Lifeline H2O.
** Wayne County – Outside the City of Detroit.

WRAP USAGE SUMMARY

SERVICE AREAS 1 – 6

2026 FISCAL YEAR: JULY 2025 – JUNE 2026

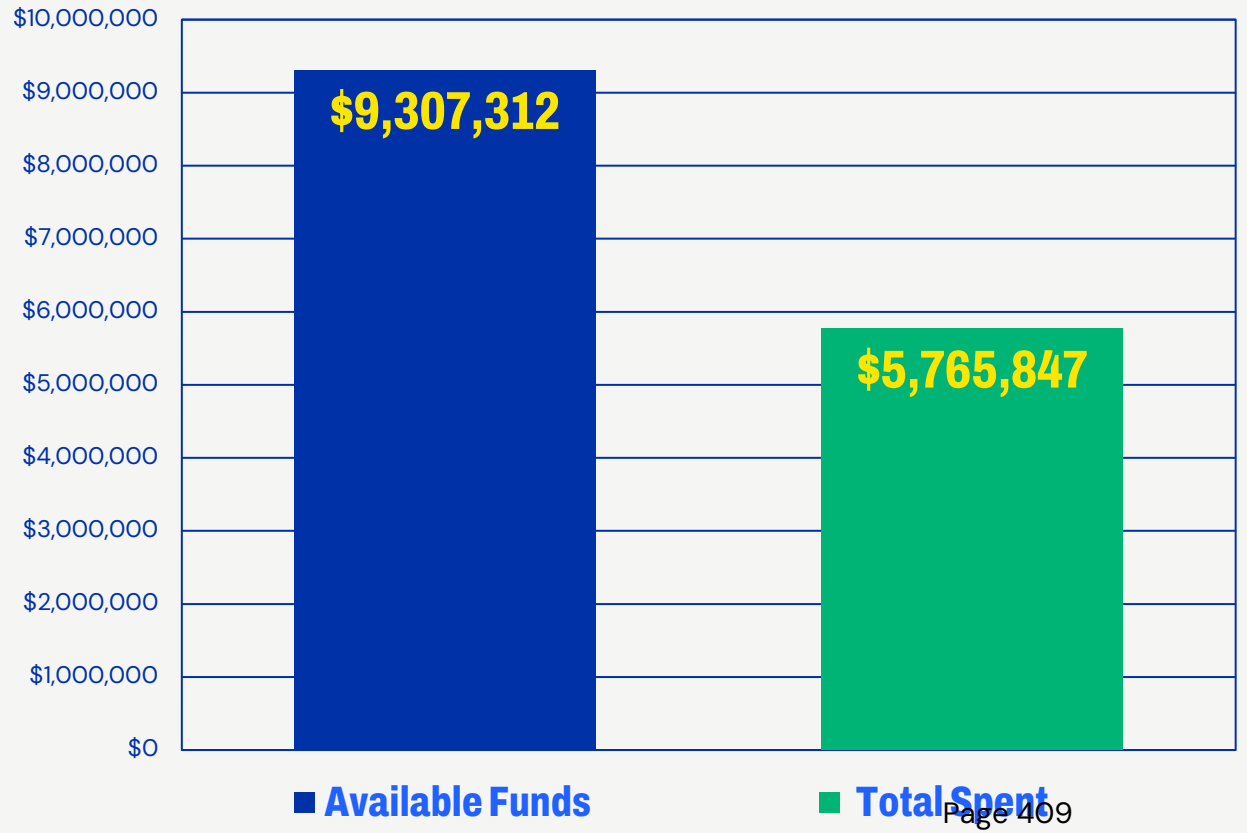
8,268 New households enrolled in Direct Payment Assistance Services

4,709 New households enrolled to Lifeline H2O program gap payments

324 New households enrolled in Conservation/ Healthy Home Services

62% OF FY 2026 AVAILABLE FUNDS SPENT

WRAP FY 2026 USAGE SUMMARY



WRAP HIGHLIGHTS

AREA 1 – AREA 6

$1.41

MILLION SPENT

4,709 New households enrolled in Direct Payment Assistance Services

AREA 1 – CITY OF DETROIT

- DWSD determines its own budget allocation using the available WRAP funds
- The Lifeline H2O Program began accepting applications in November 2025
- The Lifeline H2O Program did not use Conservation funds for FY 2026 and plans to establish a vendor for services in FY 2027

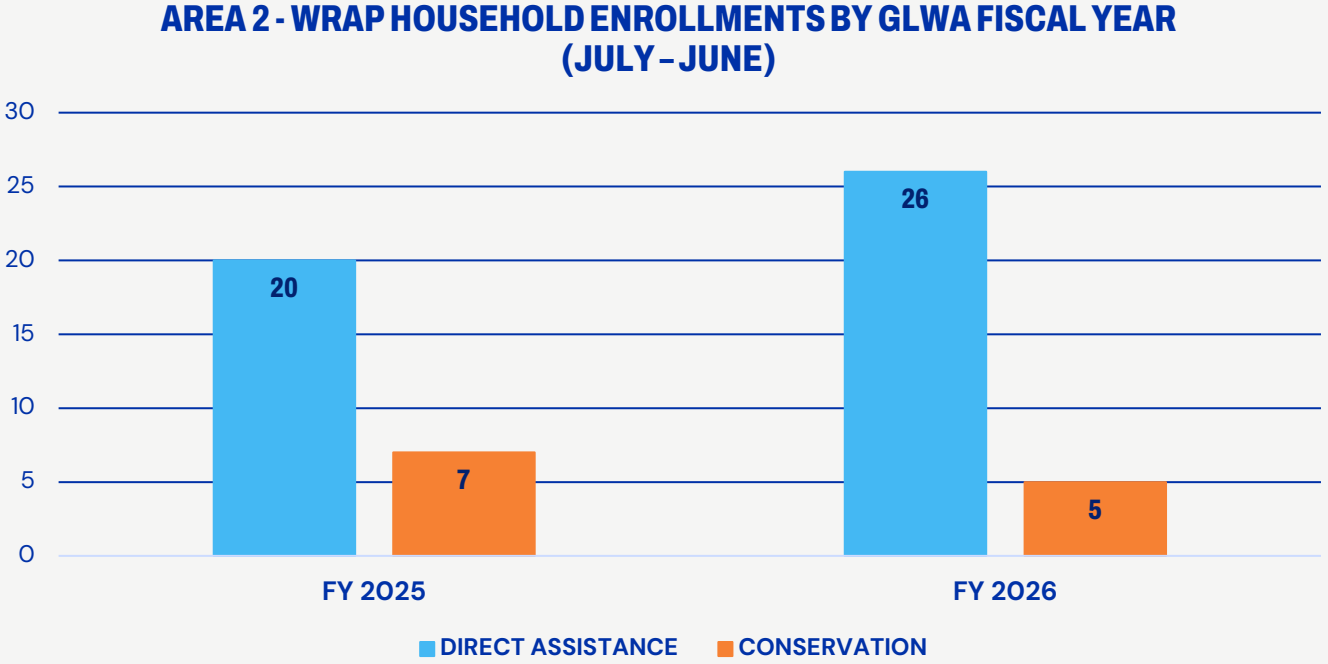
AREA 2 – CITY OF FLINT



THOUSAND SPENT

26 New households enrolled in Direct Payment Assistance Services

5 New households enrolled in Conservation/ Healthy Home Services



Genesee County CARD Community Action Resource Department

FY 2026 TOTAL FUNDING

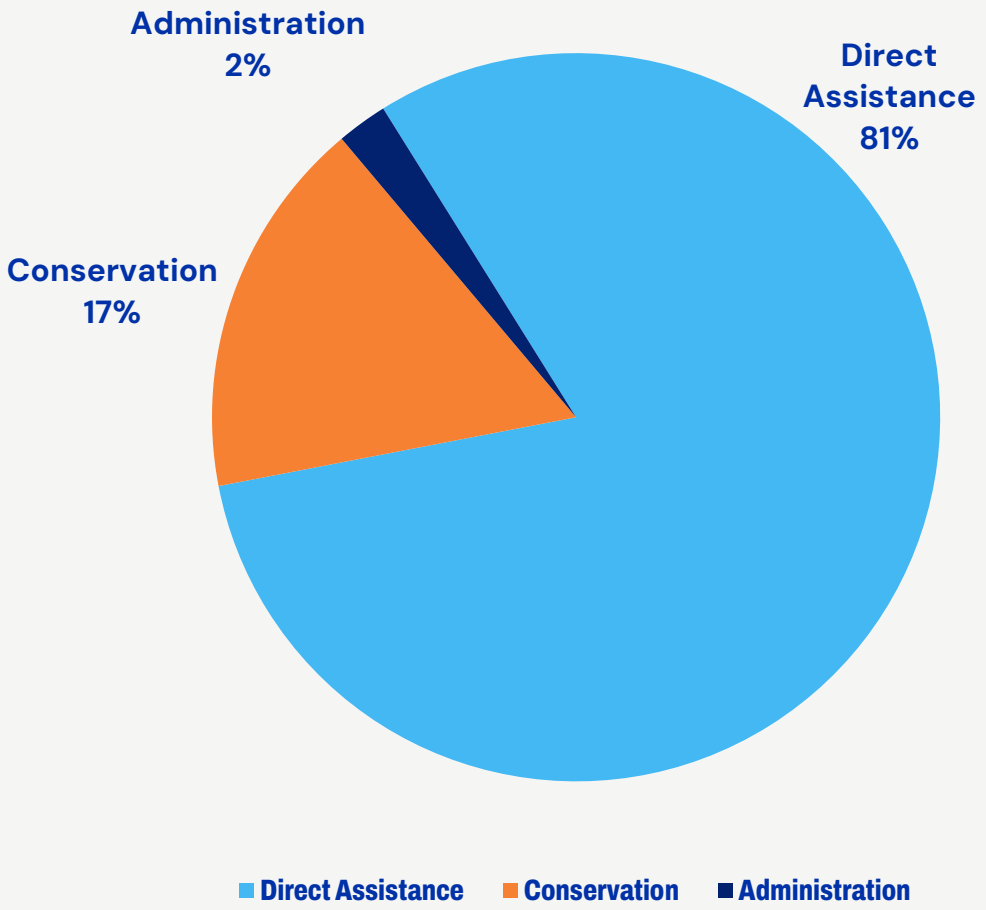
AREA 2 – CITY OF FLINT

	FY 2025 Carryforward	Funding Allocation	Total Funding Available	Funding Used
Direct Assistance	$594	$18,360	$18,954	$26,882
Conservation	2,266	4,590	6,856	5,615
Administration	5,920	4,050	9,970	747
Total	**$8,780**	**$27,000**	**$35,780**	**$33,244**

GCCARD WRAP UPDATES:

- In April of 2026, GCCARD asked that $8,770 be reallocated from Administrative funds to Direct Assistance funds
- GCCARD established a relationship with a plumbing contractor and began conservation services
- **Approximately $9k** was paid as household **BILL CREDITS**, and **$15k** was paid toward **ARREARAGE**

PERCENTAGE OF FUNDING SPENT



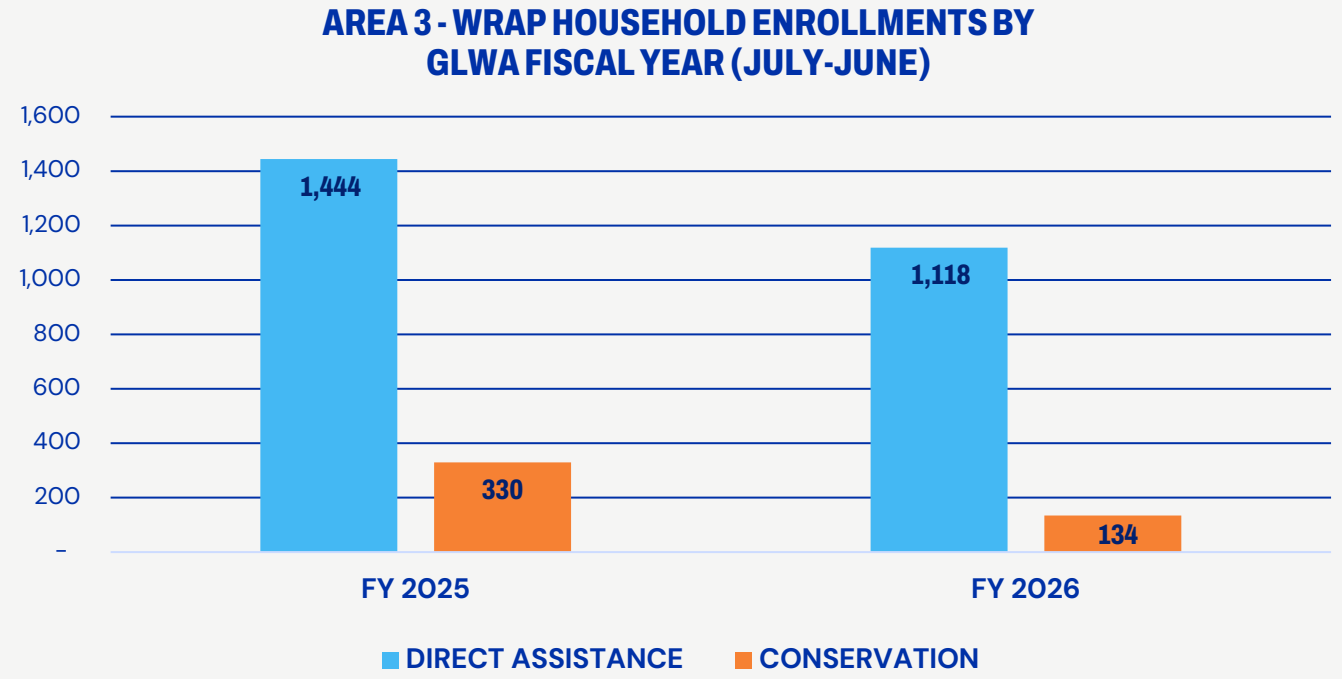
$1.63

MILLION SPENT

1,118 New households enrolled in Direct Payment Assistance Services

134 New households enrolled in Conservation/ Healthy Home Services

AREA 3 – WAYNE COUNTY, MONROE COUNTY



Wayne Metropolitan Community Action Agency

FY 2026 TOTAL FUNDING

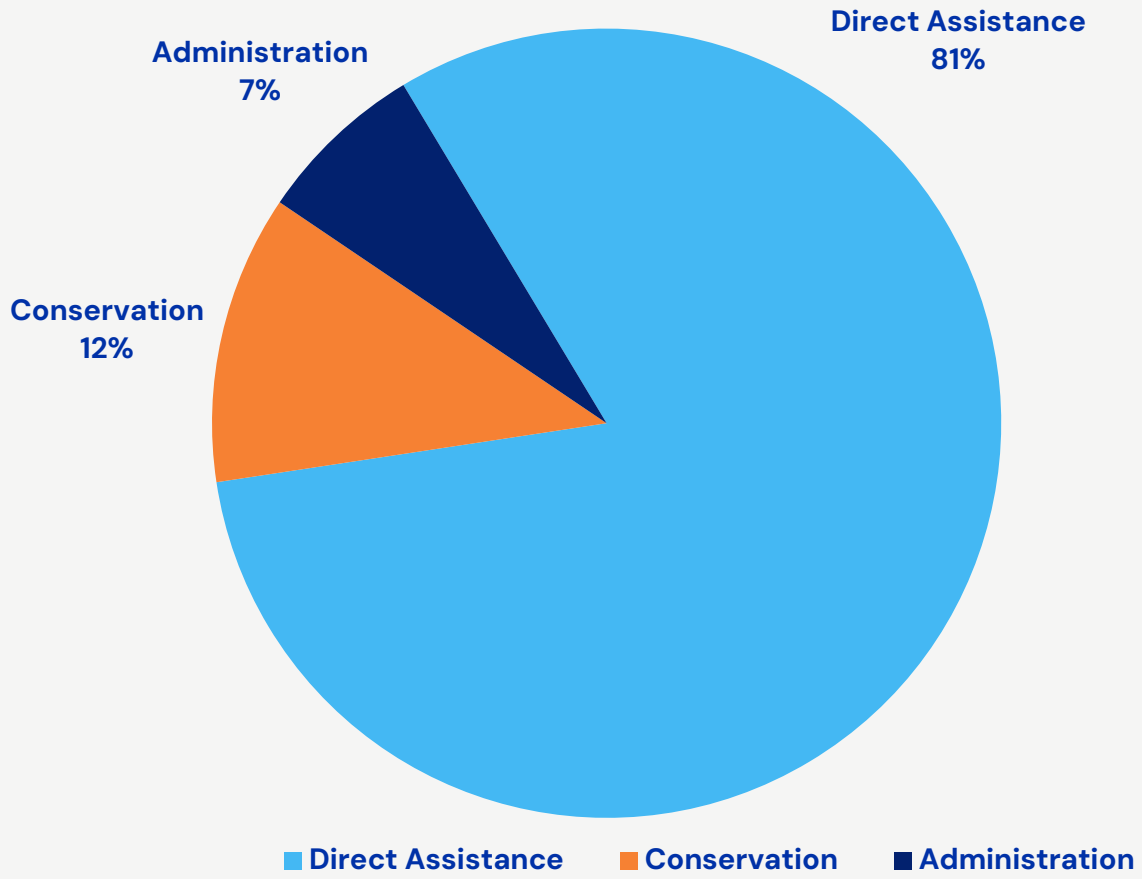
AREA 3 – WAYNE COUNTY, MONROE COUNTY

	FY 2025 Carryforward	Funding Allocation	Total Funding Available	Funding Used
Direct Assistance	$642,427	$777,920	$1,420,347	$1,321,339
Conservation	23,052	194,480	217,532	192,780
Administration	87,726	171,600	259,326	112,726
Total	**$753,205**	**$1,144,000**	**$1,897,205**	**$1,626,845**

WAYNE METRO WRAP UPDATES:

- Wayne Metro continues to leverage state water utility grant funds to braid funding for households needing assistance
- Wayne Metro continues to support outreach in Monroe County to increase WRAP participation
- **Approximately $980k** was paid as household **BILL CREDITS**, and **$344k** was paid toward **ARREARAGE**

PERCENTAGE OF FUNDING SPENT



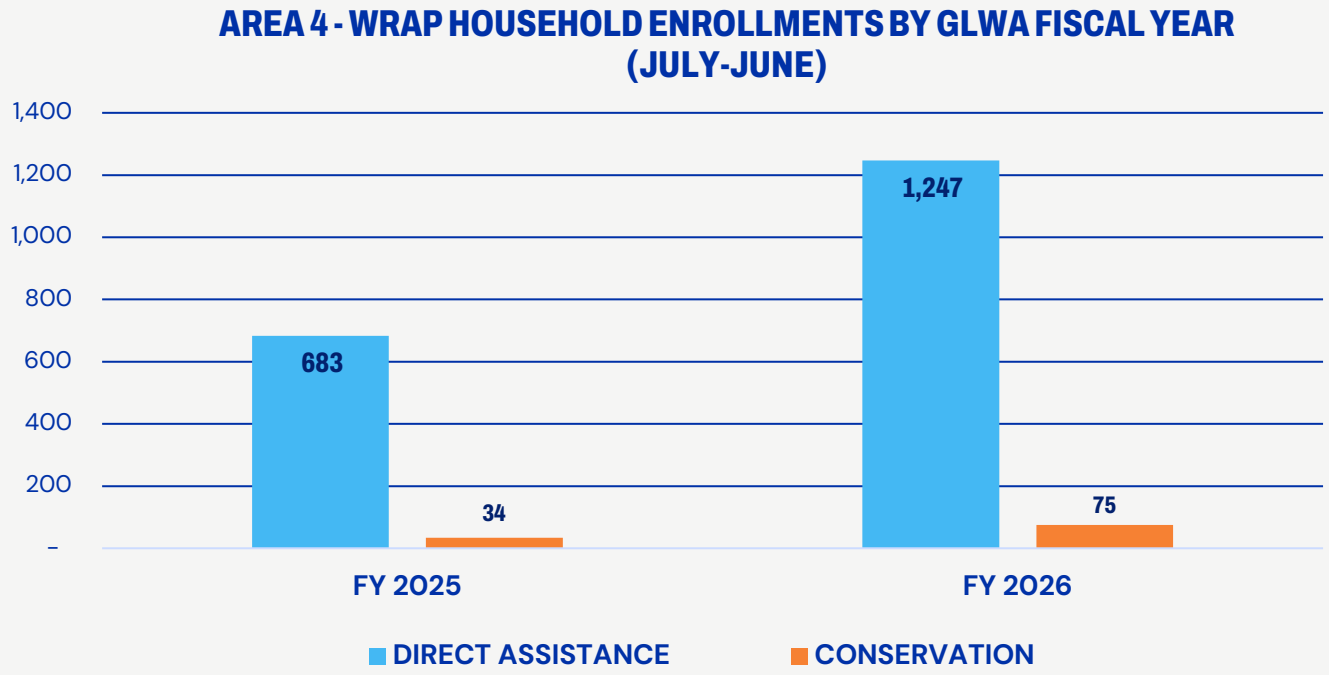
$1.72

MILLION SPENT

1,247 New households enrolled in Direct Payment Assistance Services

75 New households enrolled in Conservation/ Healthy Home Services

AREA 4 – OAKLAND COUNTY



United Way for Southeastern Michigan

FY 2026 TOTAL FUNDING

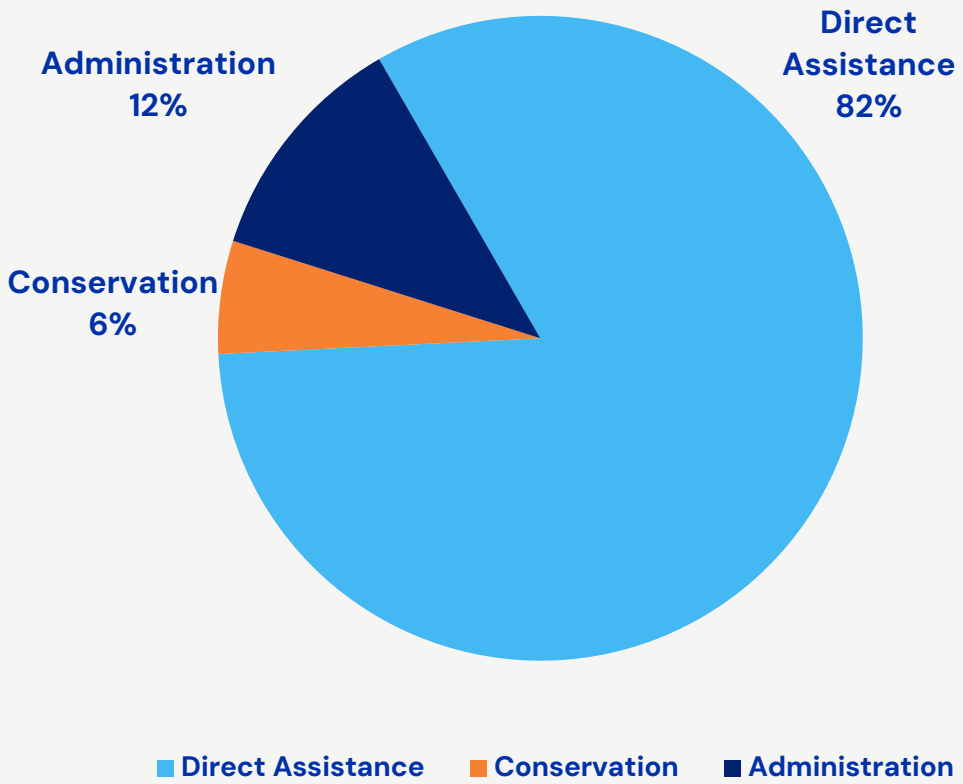
AREA 4 – OAKLAND COUNTY

	FY 2025 Carryforward	Funding Allocation	Total Funding Available	Funding Used
Direct Assistance	$754,568	$850,000	$1,604,568	$1,422,044
Conservation	325,954	212,500	538,454	97,573
Administration	281,048	187,500	468,548	202,894
Total	**$1,361,570**	**$1,250,000**	**$2,611,570**	**$1,722,511**

UWSEM WRAP UPDATES:

- For the first time, more than $1 million of WRAP funding was spent in Oakland County
- UWSEM successfully piloted the Zero Income policy. Over seven months, 36% of enrollees claimed no income
- **Approximately $508k** was paid as household **BILL CREDITS**, and **$914k** was paid toward **ARREARAGE**

PERCENTAGE OF FUNDING SPENT



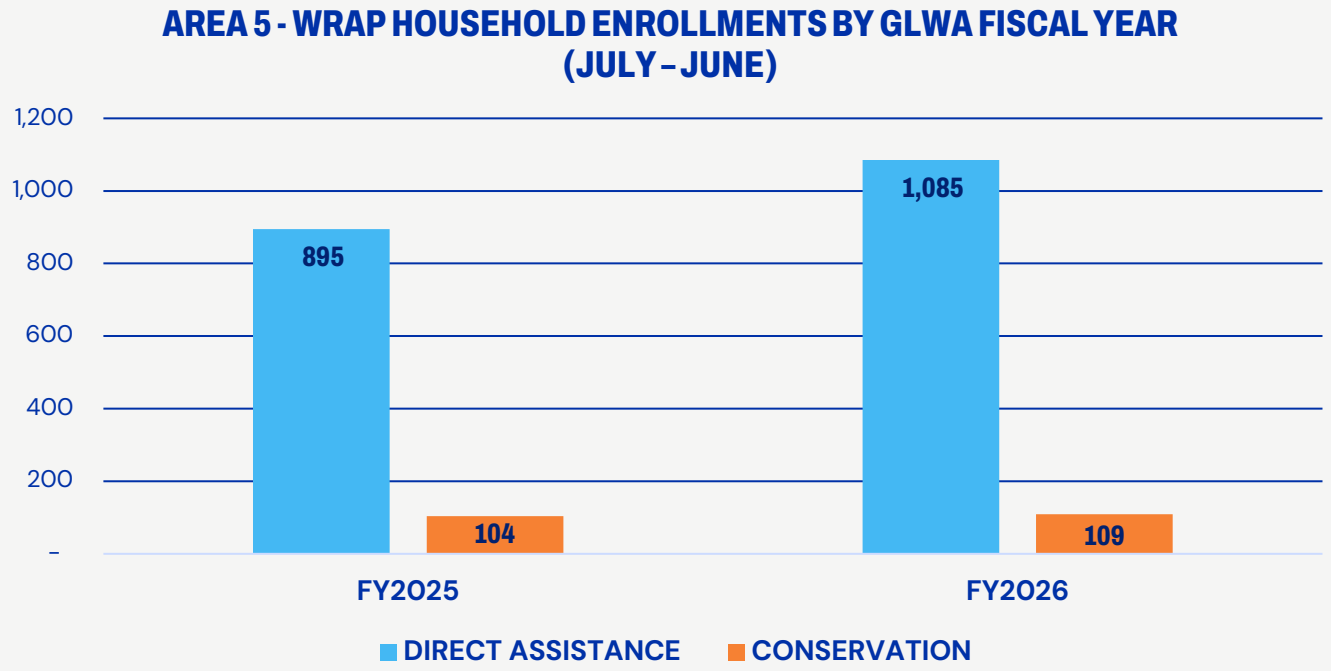
$873

THOUSAND SPENT

1,085 New households enrolled in Direct Payment Assistance Services

109 New households enrolled in Conservation/ Healthy Home Services

AREA 5 – MACOMB COUNTY, LAPEER COUNTY, ST. CLAIR COUNTY



Macomb Community Action

FY 2026 TOTAL FUNDING

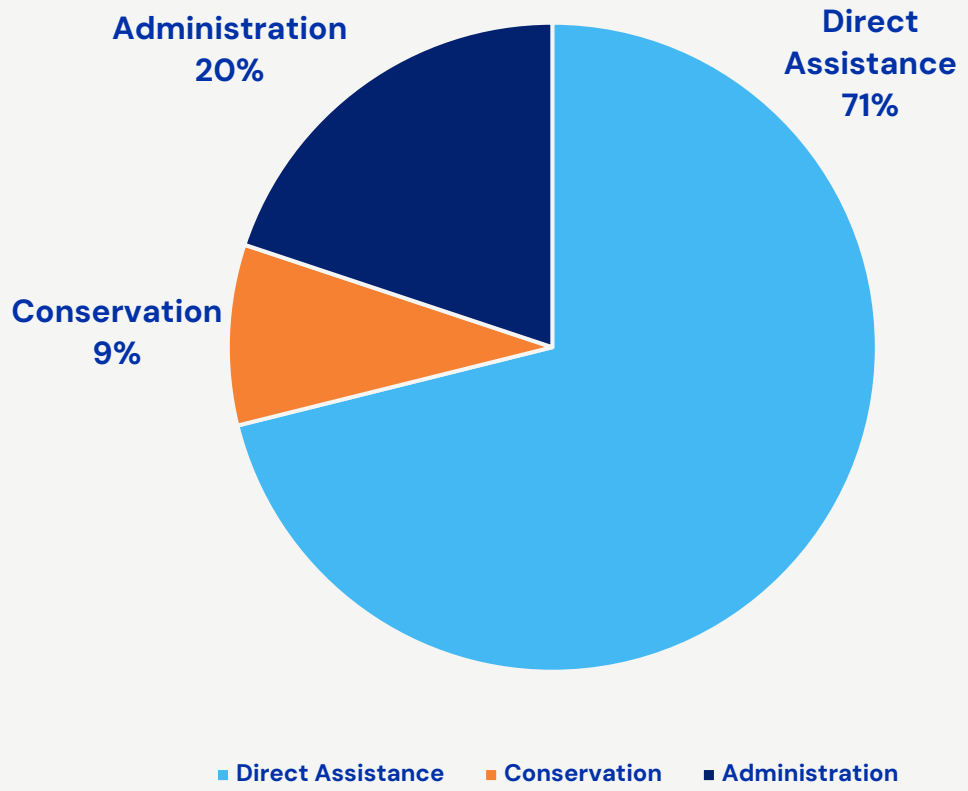
AREA 5 – MACOMB COUNTY, LAPEER COUNTY, ST. CLAIR COUNTY

	FY 2025 Carryforward	Funding Allocation	Total Funding Available	Funding Used
Direct Assistance	$48,448	$572,426	$620,874	$620,874
Conservation	88,564	143,106	231,670	78,546
Administration	19,339	157,068	176,407	173,600
Total	**$156,352**	**$872,600**	**$1,028,952**	**$873,020**

MCA WRAP UPDATES:

- MCA continues to reach out to some of the rural GLWA Member Partners to share information about the availability of WRAP funding
- MCA continues to leverage grant funding
- **Approximately $574K** was paid as household **BILL CREDITS**, and **$50K** was paid toward **ARREARAGE**

PERCENTAGE OF FUNDING SPENT



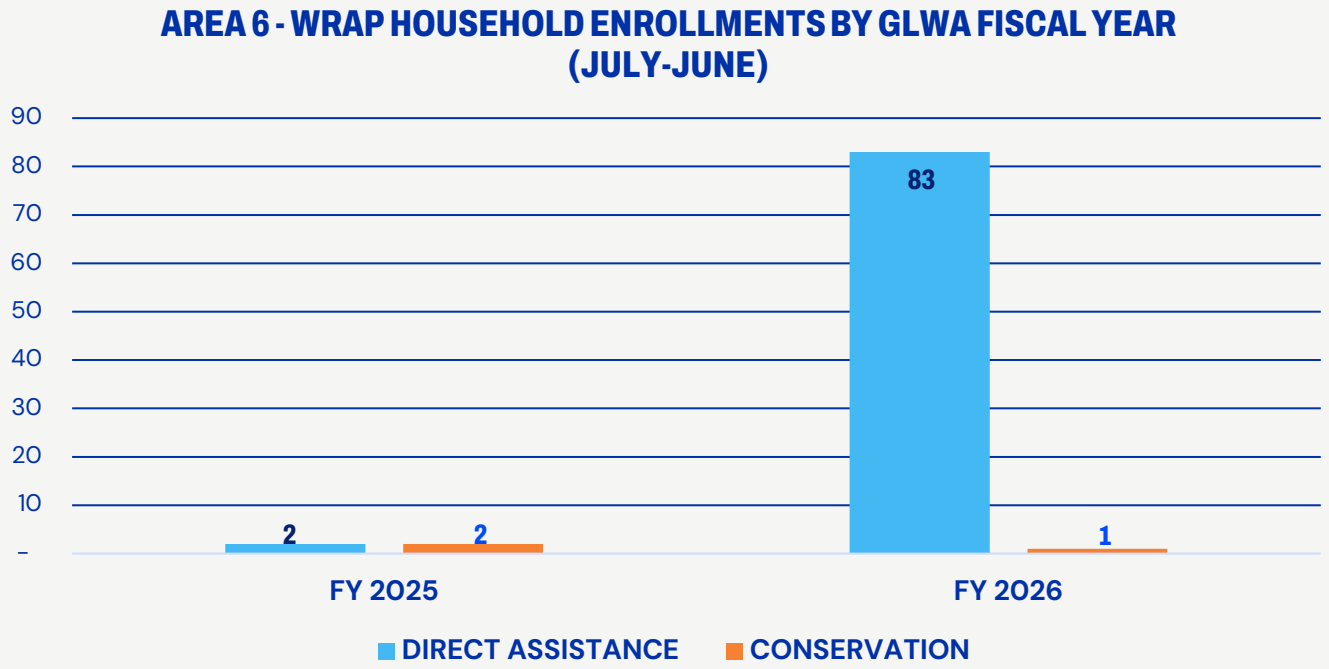


THOUSAND SPENT

83 New households enrolled in Direct Payment Assistance Services

1 New households enrolled in Conservation/ Healthy Home Services

AREA 6 – WASHTENAW COUNTY



United Way for Southeastern Michigan

FY 2026 TOTAL FUNDING

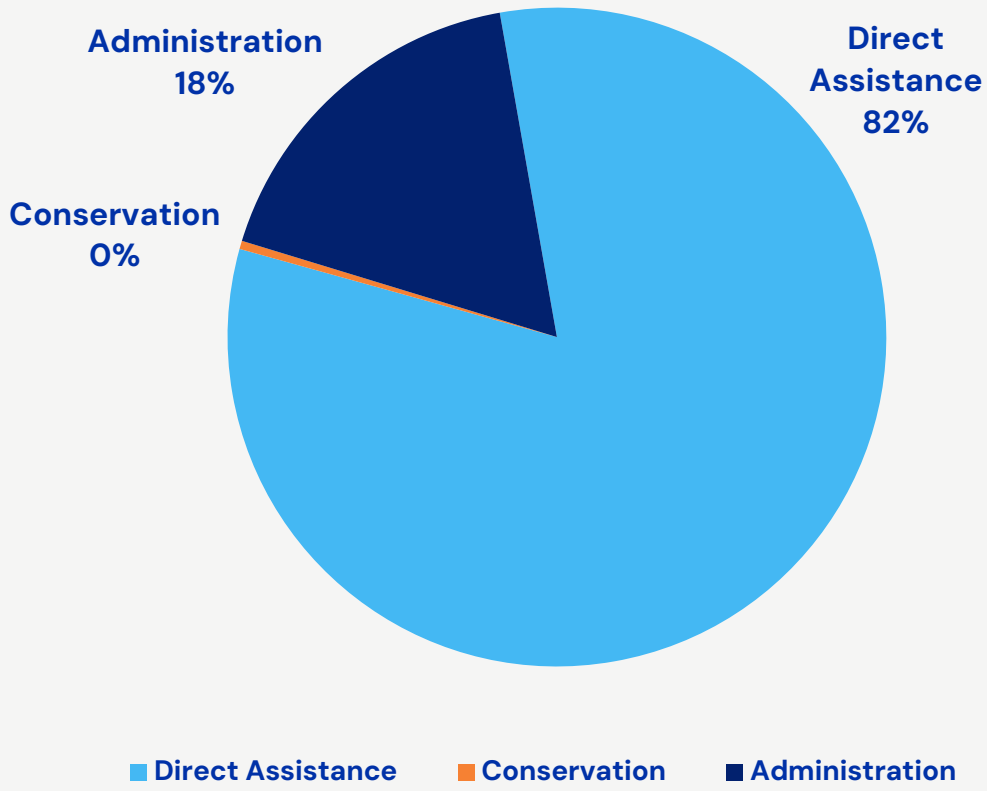
AREA 6 – WASHTENAW COUNTY

	FY 2025 Carryforward	Funding Allocation	Total Funding Available	Funding Used
Direct Assistance	$30,573	$43,316	$73,889	$80,767
Conservation	8,737	10,829	19,566	400
Administration	6,695	9,555	16,250	17,221
Total	**$46,005**	**$63,700**	**$109,705**	**$98,387**

UWSEM WRAP UPDATES:

- For the first time, more than 50 Washtenaw County households (in a year) received services
- UWSEM continues to build Conservation into the AREA 6 services provided
- **Approximately $30k** was paid as household **BILL CREDITS**, and **$50k** was paid toward **ARREARAGE**

PERCENTAGE OF FUNDING SPENT



HOUSEHOLDS WITH ZERO INCOME



An Eligible Household:

- Has zero verifiable earned or unearned income
- Submits a State of Michigan declaration of no income or other documentation
- Bill credit will be equal to one-half of their average monthly bill
- WRAP will provide a minimum bill credit of $25 for households whose average monthly bill credit is less than $25

KEY TAKEAWAYS

OVERALL

- WRAP continues to see growth in areas like Oakland County and Washtenaw County
- Over **8,000** households received WRAP assistance, and **62%** of the FY 2026 available funding was spent leaving adequate reserves to fund enrolled participants in FY 2027

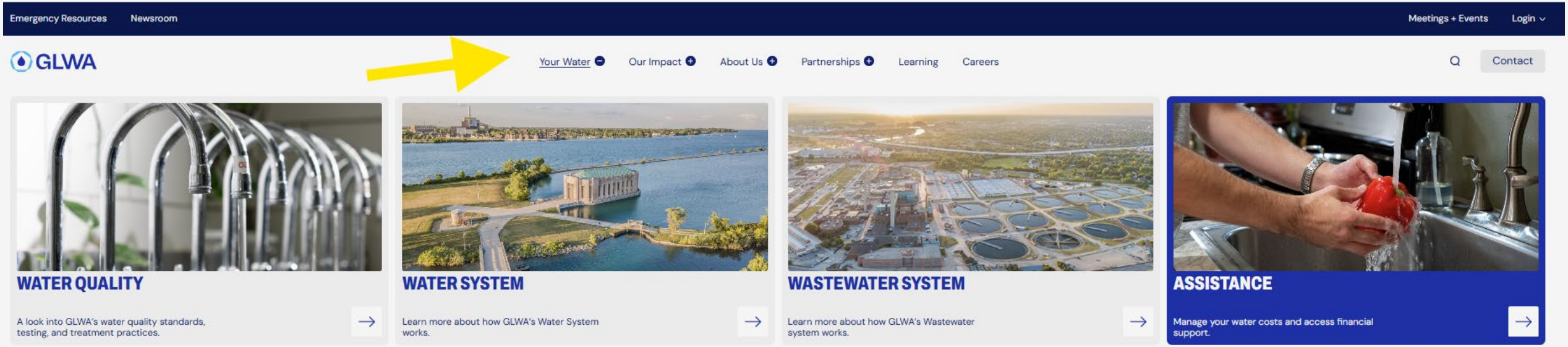
OF NOTE

- The MDHHS Local Water Utility Affordability (LWUA) grant ended September 30, 2026, but the Water Affordability grant has remaining funding
- The Oakland County Water Resource Commissioner's Hardship Assistance Program (HAP) will expire on December 31, 2026

LOOKING AHEAD

- GLWA engages in conversations around statewide water affordability and provides WRAP data support
- The WRAP team will continue to expand participation across the GLWA region as well as grow Conservation and Healthy Home awareness





W TOOLKIT

- Visit www.glwater.org/assistance
- Email WRAP@glwater.org
- WRAP Materials:
  - Service Delivery Partner Information
  - Flyers
  - Frequently Asked Questions
  - Infographics



GLWA Great Lakes Water Authority

Financial Services
Audit Committee Communication

Date: November 20, 2026

To: Great Lakes Water Authority Audit Committee

From: Nick Fedewa, CPA, Public Finance Manager

Re: Semiannual Debt Report through September 30, 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 Report in the Audit Committee Binder semiannually.
- ✓ GLWA has twenty-six active State Revolving Fund (SRF) loans, six for water and twenty for sewer. GLWA administers two of those water loans and five of those sewer loans on behalf of DWSD.
- ✓ GLWA completed a refunding transaction for water and sewer in June 2026.
- ✓ Other key items of interest include the following balances as of September 30, 2026.

As of September 30, 2026 ($ Millions)		
	Water	Sewer
FY 2027 Approved SRF Projects - **Table 5**	$87.0	$260.3
DWSD Obligation Receivable - **Table 6**	$479.2	$311.4
GLWA Outstanding Debt - **Table 9**	$2,686.2	$2,638.4

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 2026 to refinance existing obligations of GLWA for debt service savings. This transaction achieved substantial reductions in future debt service requirements of $63.6 million for water system ($5.2 million of which is allocated to the local water system) and $28.1 million for sewer system.

Table 1 - GLWA Projected Financing FY 2027 – FY 2031 provides a breakdown of projected financing based on the 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 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water					
Revenue Bonds	$ 243,000,000	$ 228,000,000	$ 188,000,000	$ 82,000,000	$ 150,000,000
Estimated SRF loan draws	$ -	$ -	$ -	$ -	$ -
Total projected funding Water	$ 243,000,000	$ 228,000,000	$ 188,000,000	$ 82,000,000	$ 150,000,000
Sewer					
Revenue Bonds	$ 76,000,000	$ 65,000,000	$ 39,000,000	$ 51,000,000	$ 73,000,000
Estimated SRF loan draws	$ 159,595,800	$ 140,710,700	$ 121,598,800	$ 89,140,500	$ 73,212,000
Total projected funding Sewer	$ 235,595,800	$ 205,710,700	$ 160,598,800	$ 140,140,500	$ 146,212,000

Table 2 - DWSD Projected Financing FY 2027 – FY 2031 provides a breakdown of projected financing based on the current FY 2027 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 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water					
Revenue Bonds	$ 40,000,000	$ 35,000,000	$ 35,000,000	$ 25,000,000	$ -
Estimated SRF loan draws	$ 24,400,000	$ 48,560,000	$ 44,000,000	$ 52,000,000	$ 52,000,000
Total projected funding Water	$ 64,400,000	$ 83,560,000	$ 79,000,000	$ 77,000,000	$ 52,000,000
Sewer					
Revenue Bonds	$ 25,000,000	$ 25,000,000	$ 30,000,000	$ 15,000,000	$ -
Estimated SRF loan draws	$ 10,232,000	$ 21,600,000	$ 29,556,000	$ 31,200,000	$ 24,000,000
Total projected funding Sewer	$ 35,232,000	$ 46,600,000	$ 59,556,000	$ 46,200,000	$ 24,000,000

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 2026 bond transaction, GLWA secured affirmation of the 'AA' category from all three bond rating agencies. S&P Global Ratings affirmed the Authority's senior lien water supply and sewage disposal systems ratings of AA- and its second lien ratings of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water supply and sewer disposal systems senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable. Fitch affirmed the Authority's sewage disposal system senior lien rating of AA, and its second lien bonds of AA-. Fitch affirmed the Authority's ratings for its water supply system senior lien of A+, and its second lien ratings of A. The outlook remained stable.

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 over $2.6 billion in sewer system debt for a combined total of over $5.2 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.

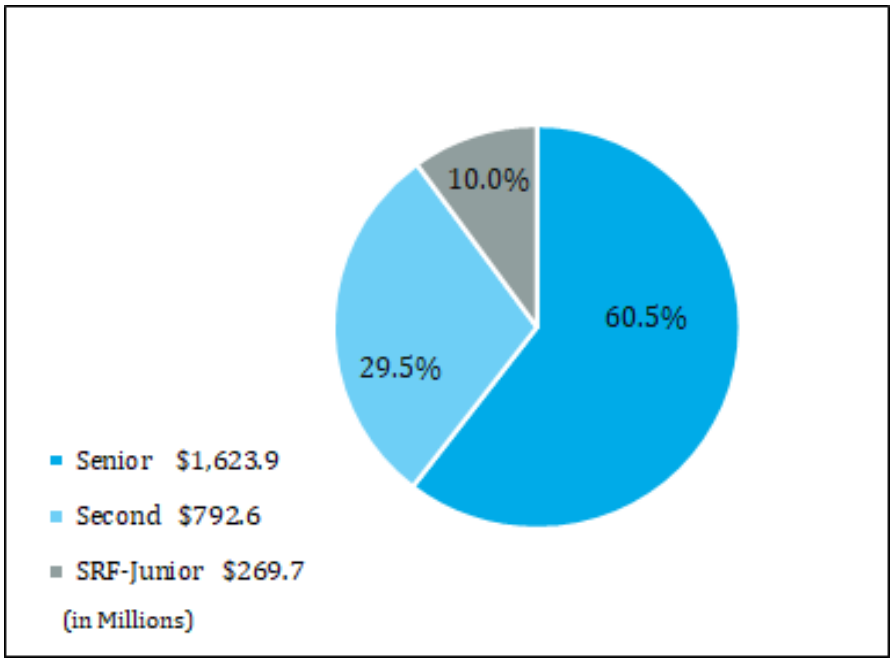
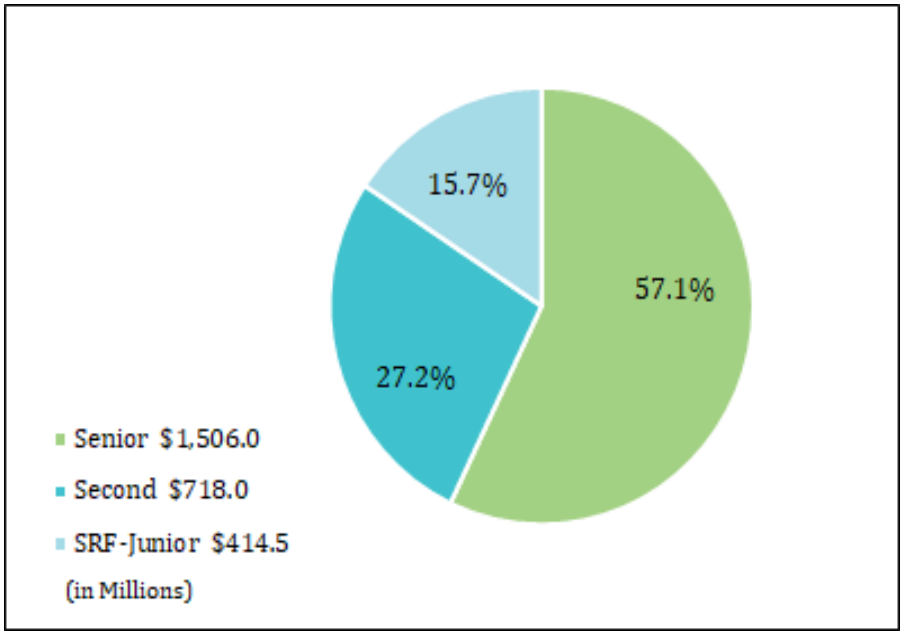


Chart 2 - Debt Type by Lien – Sewer provides a breakdown of the total sewer system debt for both the regional and local systems by lien type.



The figures in Charts 3 and 4 align with fiscal year-end June 30, 2026 amounts. The figures 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.

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

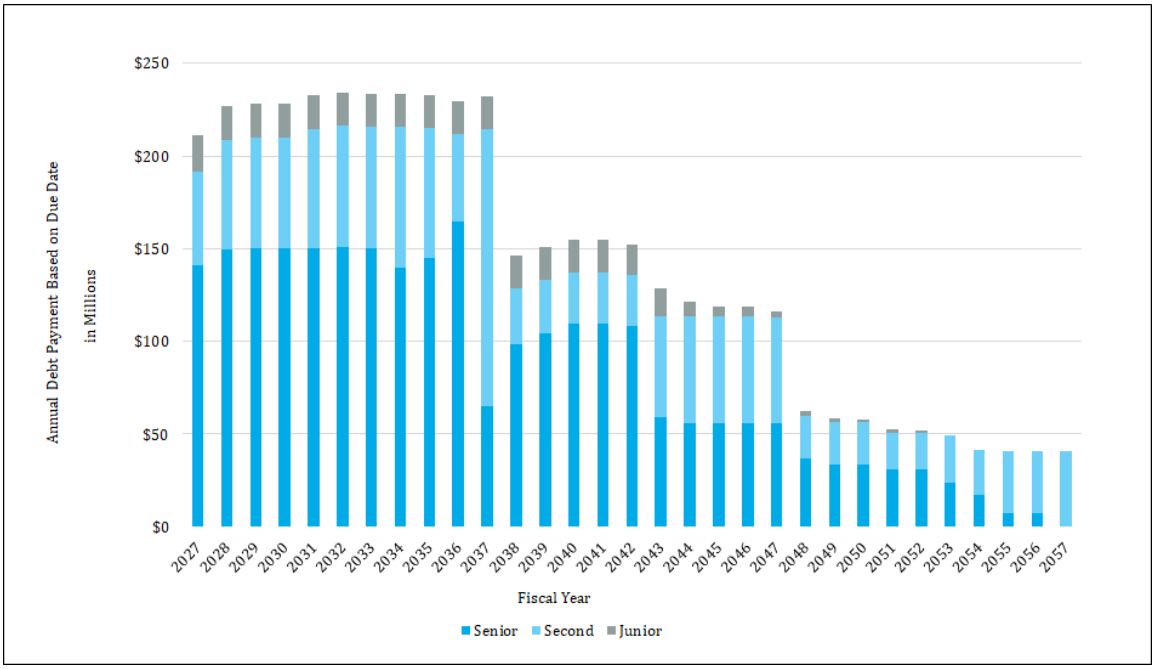
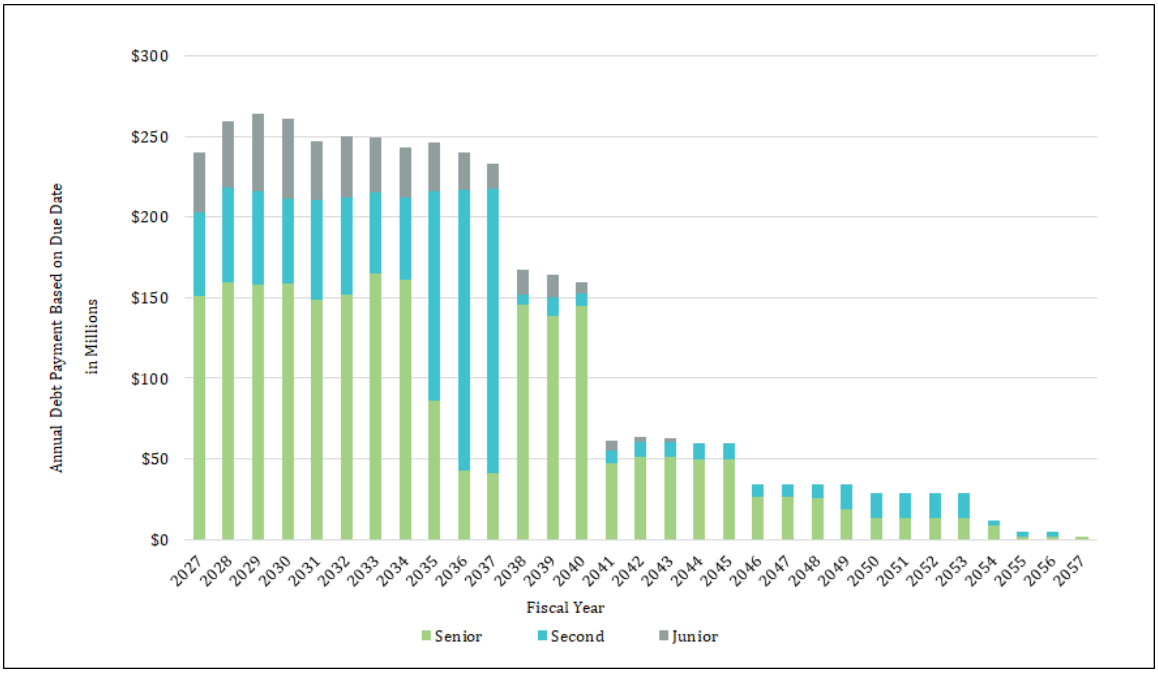


Chart 4 – Annual Debt Service Payments by Lien – Sewer provides the annual debt service installment requirements for each fiscal year base on payment dates.



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 open market interest rates are estimated between 4.5% and 5.0%) and are repaid over 20-30 years. For the State's 2027 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 30year loans. Interest on each loan is based on the amount of funds disbursed and not the full loan amount.

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") for each new project submission by May 1 for DWSRF and June 1 for CWSRF. 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 $269.7 million in outstanding water SRF loans and $414.5 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	$17.8
7932-01	WS-751 & WS-	Water System Improvements in Various District 5 Neighborhoods	9/3/2026	$33.2
7932-02	WS-754	Lead Water Service Line Replacement - Cadillac Heights, Detroit	9/3/2026	$8.5
SRF Water - GLWA Projects				
7461-02	122013	14 Mile Transmission Main Loop - Phase 2	8/6/2021	$100.4
7532-02	122004	96-inch Water Transmission Main Relocation Project - Phase 2	6/26/2023	$48.2
			Total Water	**$221.8**
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
6026-01		Sewer Rehabilitation in the Neighborhoods of Hubbard Farms and North Corktown	9/3/2026	$9.8
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	$12.0
5708-01	232005	Freud Pump Station	4/8/2024	$126.8
5741-01	260701	In-System Storage Device & Dam & Valve Remote Evaluation & Rehabilitation	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	$96.0
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	$60.5
5859-01	211005.2	Pump Station # 2 VFD Replacement	4/13/2026	$25.0
6001-01	270004	CSO Improvement Project - Oakwood & Lieb	8/15/2025	$67.3
6023-01	273001	Hubbell Southfield CSO Facility Improvements	7/16/2026	$63.0
6024-01	213006	Water Resource Recovery Facility (WRRF) Improvements to the Sludge Feed System for Solids Processing	7/16/2026	$30.7
6025-01	270006	CSO Facilities Improvements II	5/7/2026	$14.4
			Total Sewer	**$946.0**

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 September 30, 2026 for each loan. On September 30, 2026, the amount of SRF loans authorized and unissued is $71.3 million for the Water fund and $617.5 million for the Sewage Disposal Fund.

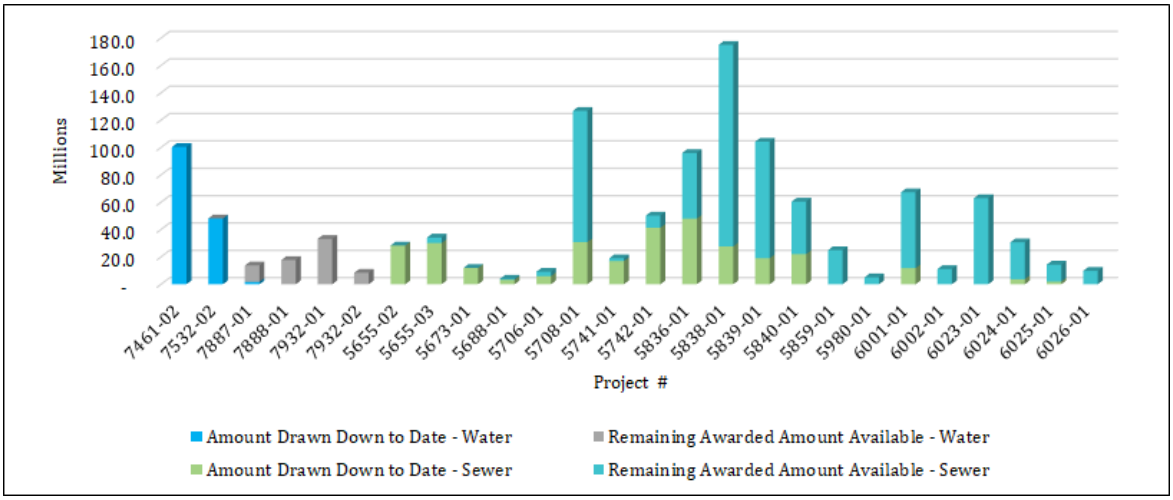


Table 5 - Project Plans Approved by EGLE for FY 2027 provides a list of all projects that were approved for funding in EGLE's Final Intended Use Plan. The Intended Use Plan outlines how EGLE will distribute funds for the upcoming fiscal year.

Project Owner	CIP Number	Description	Estimated Award Amount	Anticipated Funding Date
Water SRF				
DWSD	WS-758	6052-01 Water Main Replacement, Various Locations in Detroit District Seven	$ 26,000,000	06-2027
DWSD	WS-757	6049-01 Water Main Replacement, Various Locations in Detroit District One	$ 26,000,000	06-2027
DWSD	TBD	7952-01 Water Main Replacements-LSLR, Various Locations in Detroit	$ 35,000,000	06-2027
Total Water SRF			**$ 87,000,000**	
Sewer SRF				
GLWA	260210	6051-01 Rehabilitation of Ashland Relief, Linwood, 2nd Avenue, and Shiawassee Sewers	$ 11,800,000	03-2027
GLWA	232002	6050-01 Conner Creek Sanitary Pump Station Replacement	$ 185,985,000	05-2027
GLWA	260206	6003-01 Rehabilitation of 7 Mile Sewer System	$ 10,785,000	05-2027
DWSD	TBD	6049-01 Sewer Improvement in Midtown, Aviation Sub, throughout the city of Detroit, and along Michigan Ave	$ 39,000,000	07-2027
DWSD	TBD	6052-01 Sewer Improvement in Hubbard Farms and North Corktown	$ 12,700,000	08-2027
Total Sewer SRF			**$ 260,270,000**	

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 September 30, 2026 by pre-bifurcation, revenue bond and SRF component.

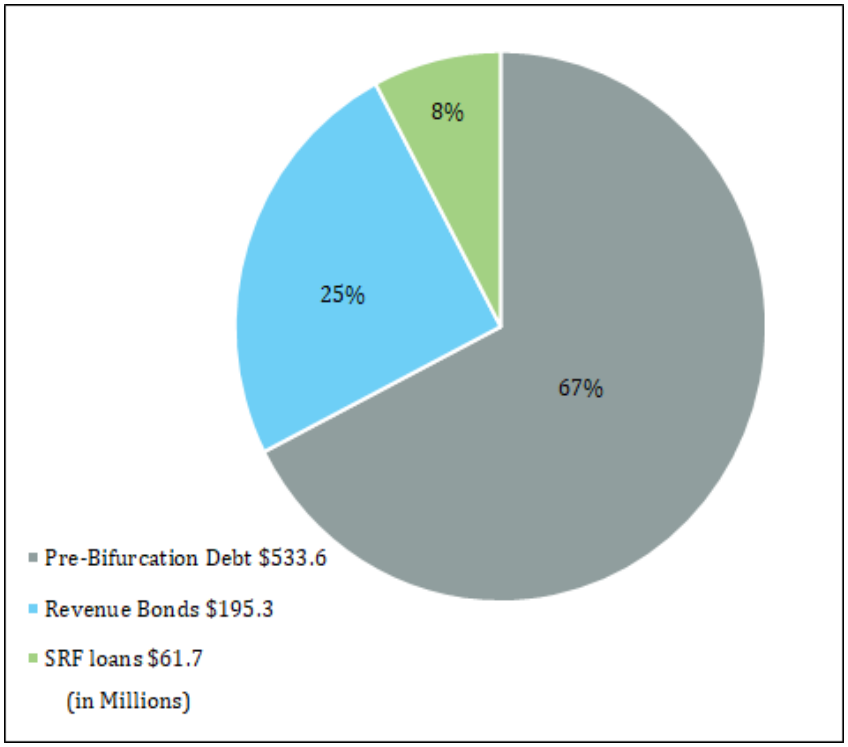


Chart 7 – Obligation Receivable Compared to Total Debt - Water provides context by comparing the Water System Obligation Receivable to the Total Water Debt (excludes unamortized premiums).

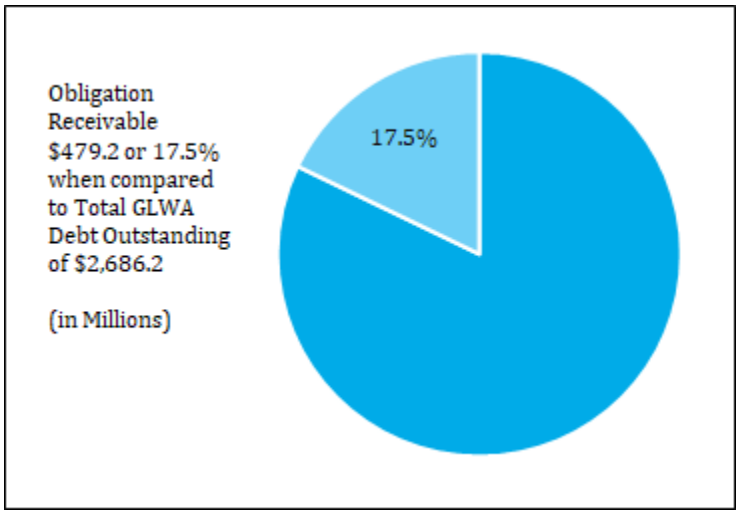


Chart 8 – Obligation Receivable Compared to Total Debt - Sewer provides context by comparing the Sewer System Obligation Receivable to the Total Sewer Debt (excludes unamortized premiums).

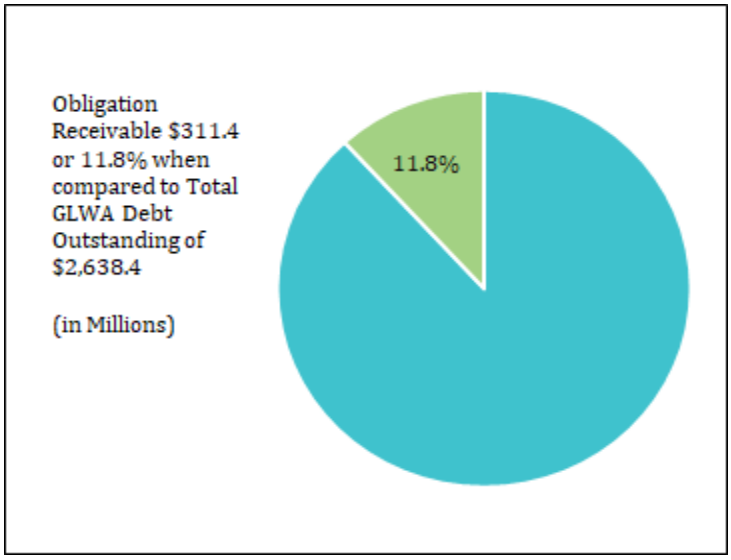


Table 6 - DWSD Obligation Receivable provides obligation receivable detail including fiscal year 2027 beginning balances by debt type and loan issue (for revenue bonds and SRF loans), year-to-date activity and ending balances as of September 30, 2026. Total DWSD debt totals $810.9 million. This differs slightly from the total in Chart 6 due to the inclusion of unamortized premiums.

Debt Type	DWSD Obligation Receivable ($ Thousands) July 1, 2026 Beg Balance	Increase	Decrease	Debt Forgiveness	September 30, 2026 End Balance
Water Fund					
Revenue Bonds	$ 428,739	$ -	$ (6,720)	$ -	$ 422,019
State Revolving Loans	59,140	1,810	(1,979)	(1,810)	57,161
Total Installment Debt	487,879	1,810	(8,698)	(1,810)	479,181
Unamortized Premiums / Discounts	13,672	-	(188)	-	13,484
Subtotal: Water	***501,551***	***1,810***	***(8,886)***	***(1,810)***	***492,665***
Sewer Fund					
Revenue Bonds	$ 312,716	$ -	$ (5,789)	$ -	$ 306,927
State Revolving Loans	4,956	-	(455)	-	4,501
Total Installment Debt	317,671	-	(6,244)	-	311,427
Unamortized Premiums / Discounts	6,882	-	(106)	-	6,777
Subtotal: Sewer	***324,554***	-	***(6,350)***	-	***318,204***
Total Combined, Long Term Debt	**$ 826,105**	**$ 1,810**	**$ (15,236)**	**$ (1,810)**	**$ 810,869**

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 September 30, 2026, $55.3 million 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 7887-01	13,755,000	3,163,650
SRF 7888-01	17,765,296	5,336,296
SRF 7932-01	33,185,000	7,632,550
SRF 7932-02	8,450,000	4,225,000
Subtotal: Water	***170,232,804***	***43,122,008***
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
SRF 6026-01	9,805,000	1,764,900
Subtotal: Sewer	***39,288,092***	***12,190,742***
Total DWSD Debt	**$ 209,520,896**	**$ 55,312,750**

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 September 30, 2026, $61.1 million 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
SRF 6023-01	62,985,000	8,188,050
SRF 6024-01	30,705,000	3,451,500
SRF 6025-01	14,390,000	1,870,700
Subtotal: Sewer	***550,652,720***	***61,134,420***
Total GLWA Debt	**$ 550,652,720**	**$ 61,134,420**

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) financing.

Table 9 - Long-Term Debt Summary provides GLWA's fiscal year 2027 beginning balances by debt type and loan issues, year-to-date activity, and ending balances as of September 30, 2026. GLWA debt includes financing for both the regional and local share.

Debt Type	Long-Term Debt Summary ($ Thousands) July 1, 2026 Beg. Balance	Increase	Decrease	Debt Forgiveness	September 30, 2026 End Balance
			Water Fund		
Revenue Bonds	$ 2,505,005	$ -	$ (88,485)	$ -	$ 2,416,520
State Revolving Loans	280,064	1,810	(10,346)	(1,810)	269,718
Total Installment Debt	2,785,069	1,810	(98,831)	(1,810)	2,686,238
Unamortized Premiums / Discounts	166,038	-	(4,106)	-	161,933
Subtotal: Water	***2,951,107***	***1,810***	***(102,937)***	***(1,810)***	***2,848,171***
			Sewer Fund		
Revenue Bonds	2,327,735	-	(103,805)	-	2,223,930
State Revolving Loans	383,083	49,410	(18,040)	-	414,453
Total Installment Debt	2,710,818	49,410	(121,845)	-	2,638,383
Unamortized Premiums / Discounts	114,309	-	(2,372)	-	111,937
Subtotal: Sewer	***2,825,127***	***49,410***	***(124,217)***	-	***2,750,320***
Total Combined, Long Term Debt	**$ 5,776,235**	**$ 51,219**	**$ (227,154)**	**$ (1,810)**	**$ 5,598,490**

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 2022	Actual 2023	Actual 2024	Actual 2025	Unaudited Actual 2026	Adopted Budget 2027	Adopted Budget 2028
Rate Covenant Basis								
Senior Lien Bonds	1.20	1.88	1.88	1.87	1.81	1.98	1.81	1.73
Senior and second lien bonds	1.10	1.37	1.37	1.36	1.33	1.43	1.32	1.30
All bonds, including SRF junior lien	1.00	1.33	1.31	1.26	1.21	1.31	1.21	1.20
GAAP Basis								
Senior Lien Bonds		2.00	1.99	1.96	1.95	1.96		
Senior and second lien bonds		1.45	1.45	1.42	1.43	1.41		
All bonds, including SRF junior lien		1.41	1.38	1.32	1.31	1.30		

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 2022	Actual 2023	Actual 2024	Actual 2025	Unaudited Actual 2026	Adopted Budget 2027	Adopted Budget 2028
Rate Covenant Basis								
Senior Lien Bonds	1.20	2.35	2.17	2.06	2.03	2.27	2.22	2.27
Senior and second lien bonds	1.10	1.68	1.72	1.54	1.50	1.66	1.62	1.67
All bonds, including SRF junior lien	1.00	1.30	1.37	1.24	1.23	1.41	1.36	1.38
GAAP Basis								
Senior Lien Bonds		2.64	2.13	2.04	2.18	2.24		
Senior and second lien bonds		1.89	1.69	1.53	1.61	1.64		
All bonds, including SRF junior lien		1.46	1.34	1.23	1.33	1.39		

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 1, 2026, $536.1 million of water supply system refunding bonds and $209.7 million of sewage disposal system refunding bonds were issued. GLWA achieved all-in cost of new money borrowing at favorable levels compared to the market on fixed rate new money bonds, during a period of increasing volatility and interest rates.

Key elements of this transaction include:

- $1 billion in cash-flow debt service savings achieved since GLWA's standup in January 2016, reducing pressure on water and sewer service charges.
- All three credit ratings agencies affirmed GLWA's strong credit ratings with stable outlooks.
- New money funding regional system for capital improvement projects.
- $100 million variable rate new money offering lowered debt service and attracted new investors.
- No deposits to Reserve Funds were required.
- Ongoing and proactive investor outreach efforts helped drive strong engagement throughout the financing process.
- As part of Series 2026 plan of finance, GLWA refunded Series 2016A and Series 2016B Water bonds, which funded both Local and Regional Water System projects.
- This was the first opportunity for GLWA to refund post-bifurcation debt issued on behalf of the Local System (DWSD). Key points include the following.
    - The debt service related to the Series 2016A and Series 2015B bonds allocable to the Local System was determined at the time of issuance in 2016.
    - Refunding these post-bifurcation bonds generates savings that requires a re-allocation of bonded indebtedness, consistent with the 2018 MOU.
    - Local System debt service allocation will decline by $5.2 million over the next twenty years, a present value benefit of $3.2 million.

Table 12: History of Combined Cash Flow Savings - since 2016 through the leadership of the Authority's management team, the financing team has been able to achieve over $1 billion 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	Debt Reserve 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
Series 2026	584.1	63.6	-	45.4
Total Water	$ 2,543.8	$ 495.4	$ 53.4	$ 331.8
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
Series 2026	209.7	28.1	-	22.5
Total Sewer	$ 2,482.2	$ 570.2	$ 86.5	$ 343.9
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
Series 2026	793.9	91.7	-	68.0
Total Combined	$ 5,026.0	$ 1,065.5	$ 139.9	$ 675.7

Refundings have generated over $1 billion of debt service savings since standup as GLWA credit has improved and interest rates have been low. However, there are limited near-term opportunities to add to those savings. The next significant call date is 2030 GLWA continues to work with its registered municipal advisor to evaluate opportunities to refinance existing bonds for debt service savings.

GLWA does not have any defeased debt as of September 30, 2026.

Procurement Pipeline

Great Lakes Water Authority (313) 964-9157 www.glwater.org **November 2026 - Volume 87**

Welcome to the November edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

GLWA'S 2026 Vendor Outreach Event

Last month, GLWA hosted its annual Vendor Outreach Event at Schoolcraft College in Livonia with more than 190 vendors in attendance. The event provided a valuable opportunity to connect in person with members of the vendor community, answer important questions, share updates about GLWA, and facilitate business-to-business networking. In this special extended edition of the *Procurement Pipeline* newsletter, we are excited to share highlights and photos from the event.



Before the presentations began, Vendors had the opportunity to enjoy breakfast & coffee while networking with fellow attendees.

The program began with a welcome from Nicolette Bateson, GLWA Chief Financial Officer & Treasurer, who thanked attendees for their partnership and participation in this year's event. The morning continued with a presentation from Suzanne Coffey, GLWA CEO, and Maggie Pallone, Senior Vice President at Public Sector Consultants, who discussed The Crisis Beneath Us, GLWA's landmark report examining Michigan's aging water and wastewater infrastructure and the estimated $85 billion investment needed to address statewide needs.

Attendees also heard from Sonya Collins, GLWA Procurement Director, who provided guidance on where and how vendors can identify opportunities



Suzanne Coffey (left), GLWA CEO, and Maggie Pallone (right), Senior Vice President Public Sector Consultants presenting on *The Crisis Beneath Us*.

to do business with GLWA. Phyllis Hurks, GLWA General Counsel, followed with a presentation on ethical standards in public procurement, emphasizing the importance of integrity, transparency, and accountability throughout the procurement process.



From left to right: Brian Philipps (Vice President and Senior Water & Wastewater Engineer at Fishbeck), Erich Klun (GLWA Life Cycle Project Manager for Water Operating Services), and Ken Swartz (Vice President at F.H. Paschen) offered insights into their successful collaboration on an important GLWA project.

Michelle Zdrodowski, GLWA Chief Public Affairs Officer, and Stefanie Burns, GLWA Marketing Manager, also introduced attendees to GLWA's new

brand and logo. In addition, Adam Little, GLWA IT Security Analyst, presented cybersecurity best practices designed to help vendors strengthen their security and protect critical business information.

The event also featured presentations focused on new GLWA security measures and project successes. Charnelle Sanders, GLWA Security & Integrity Captain, introduced GLWA's new background screening program coming in 2027 and explained its role in supporting a safe and secure



Members of GLWA's Executive Leadership Team in attendance to meet with vendors. From left to right: Navid Mehram, Chief Operating Officer Wastewater Operating Services, Nicolette Bateson, Chief Financial Officer and Treasurer, and William Wolfson, Deputy Chief Executive Officer.

work environment. Attendees then heard from Erich Kluhn, GLWA Life Cycle Project Manager for Water Operating Services, Brian Philipps, PE, Vice President and Senior Water & Wastewater Engineer at Fishbeck, and Ken Swartz, Vice President at F.H. Paschen, who shared lessons learned and insights from a successful GLWA project, demonstrating the value of collaboration between GLWA and its vendor partners.

Beyond the formal presentations, vendors had the opportunity to network with fellow attendees, GLWA team members, and members of GLWA's Executive Leadership Team. Resource tables were staffed by representatives from Procurement, Business Inclusion and Diversity, Accounts Payable, Affordability & Assistance, Construction, Accounting & Reporting, and Organizational Development, as well as the Detroit Water & Sewerage Department (DWSD). These resources provided attendees with direct access to subject matter experts and valuable information about doing business with GLWA.

GLWA extends its sincere thanks to everyone who attended the 2026 Vendor Outreach Event. We value our partnerships with the vendor community and appreciate your role in helping us serve communities throughout Michigan. We look forward to continuing our work together and seeing you again next year!



GLWA team members thank the Vendor Community for attending the 2026 Outreach Event!

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 October 2026 Monthly Report, please click here.

What's Coming Down the Pipe?

Current Solicitations: Register in GLWA's Euna Procurement Portal for new solicitations.

Upcoming Procurements: 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 November 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
Wastewater Systems (next four to nine months)			
Design & Construction	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1 - Design	$8,000,000
Design & Construction	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1 - CMAR	$30,000,000
Enterprise (next four to nine months)			
Information Technology	O&M	Pre-treatment Information Management System Replacement	$450,000
Water System (next three months)			
Professional Services	116101	Inspection of Raw Water Tunnels	$4,242,000
Supplies	O&M	Liquid Chlorine	$4,394,984
Wastewater (next three months)			
Construction	260803	WRRF Roof Improvements - Phase II	$3,000,000
Study	211009	Rehabilitation of the Circular Primary Clarifier Scum Removal - Study	$750,000
Construction	232002	Conner Creek Sanitary Pump Station	$190,000,000
Projects moved to Procurement Team (Preparing for solicitation on Euna Procurement)			
Professional Services	O&M	Staffing Services	$500,000
Construction	260206	Conveyance System Repairs	$14,179,550
Professional Services	O&M	Mechanical, Plumbing and HVAC Repair Services	$395,000
Professional Services	O&M	Alum sludge hauling	$1,391,144
Professional Services/ Equipment	O&M	Installation and maintenance of security equipment and systems	$975,000
Construction	O&M	Imlay Station Retaining Walls Repair	$350,000
Design	112010	Northeast Water Treatment Plant Electrical System Replacement	$15,600,000
Professional Services	O&M	UPS Maintenance	$1,900,234

Vendors should continue to monitor Euna for solicitation updates.

Acronyms		
WRRF: Water Resource Recovery Facility	**CSO:** Combined Sewer Overflow	**WTP:** Water Treatment Plant