



**FY 2026 First Quarter
Budget Amendment Report
Through September 30, 2025
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
December 19, 2025



Quarterly Budget Amendment Report FY 2026 Ending September 30, 2025

Contents

| | |
|---|-----------|
| Executive Summary | 3 |
| First Quarter Revenue Requirement Budget Amendment Analysis | 4 |
| Section 1 - Revenue Requirement - Water and Sewer Systems | 4 |
| Table 1A - Water System Revenue Requirement – Appropriation Level | 5 |
| Table 1B - Sewer System Revenue Requirement – Appropriation Level | 6 |
| Section 1 - Supplemental Information | 7 |
| Table 1C - Historical I&E Funding – Water and Sewer System | 7 |
| Table 1D - Operations & Maintenance by Fund..... | 8 |
| Table 1E - Operations and Maintenance by Service Area..... | 9 |
| Table 1F - Unallocated Reserve by Service Area | 9 |
| Table 1G - Enterprise-wide Operations & Maintenance by Expense Category | 10 |
| Table 1H -Operations & Maintenance Expense by Service Area and Expense Category..... | 11 |
| Section 2 - Debt Service – Water and Sewer Systems..... | 13 |
| Table 2A- Debt Service Coverage Calculation – Water System- Appropriation Level..... | 14 |
| Table 2B- Debt Service Coverage Calculation – Sewer System- Appropriation Level..... | 15 |
| Section 2 – Supplemental Information | 15 |
| Table 2C – Water System Flow of Funds Basis..... | 16 |
| Table 2D – Sewer System Flow of Funds Basis | 17 |
| Section 3 - Improvement & Extension Funds..... | 18 |
| Table 3A - Water System Improvement & Extension Fund - Appropriation Level | 18 |
| Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level..... | 20 |
| Section 4 – Construction Funds | 21 |
| Table 4A - Water System Construction Fund – Appropriation Level | 22 |
| Table 4B - Sewer System Construction Fund – Appropriation Level | 24 |
| Section 5 – Proposed Budget Amendment Resolution | 27 |

Executive Summary

In accordance with the budget amendment policy, articles, and by-laws 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

Water System Executive Summary - Year-to-Date

For the first quarter FY 2026 budget amendment, the focus is on updating the debt payments for the June 2025 bond transactions as well as other items that changed since the FY 2026 budget was presented in December 2024 and subsequently adopted in February 2025. Further details are provided in the accompanying budget analysis.

Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1A

Positive Variances

- ✓ \$1.4 million debt service reduction due to June 2025 refunding transaction
- ✓ \$0.6 million working capital requirement reduction due to actual financial performance

Negative Variances

- ✓ \$1.5 million operations and maintenance expense due to increased allocation for centralized and administrative expenses most of which is related to increase in costs for facilities shared with DWSD

The net impact of the above is positive with a \$0.5 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. There are increasing capital program needs for aging infrastructure, especially linear assets, which has been communicated over the last few months.

Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3A

Aside from the transfer in of \$0.5 million from operations noted above, the other amendment is to decrease the use of I&E funds for construction in FY 2026. The original adopted budget for FY 2026 targeted a five percent use of I&E funds for construction. With an underspend in budget for the capital program in FY 2025 (capital spend ratio of 77%) the targeted use of I&E for construction this year was adjusted to zero.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4A

The FY 2026 capital spending rate assumption is 100% of the \$183 million CIP value. The proposed amendments are for the decrease in targeted I&E funding noted above, and an update to the inflows based on current information.

Sewer System Executive Summary - Year-to-Date

For the first quarter FY 2026 budget amendment, the focus is on updating the debt payments for the June 2025 bond transactions as well as other items that changed since the FY 2026 budget was presented in December 2024 and subsequently adopted in February 2025. Further details are provided in the accompanying budget analysis.

Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1B

Positive Variances

- ✓ \$4.6 million debt service reduction due to June 2025 refunding

Negative Variances

- ✓ \$1.5 million operations and maintenance expense due to increased allocation for centralized and administrative expenses most of which is related to increase in costs for facilities shared with DWSD

The net impact of the above is positive with a \$3.2 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. The headwind, however, is increasing capital program needs for aging infrastructure which has been communicated over the last few months.

Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3B

Aside from the transfer in of \$3.2 million from operations noted above, there is one other amendment proposed. That is an increase in the amount of the transfer to the construction fund. The target of I&E funding for capital projects was 15% for the adopted budget. With the increase in the expected spend for construction, additional use of I&E in FY 2026 for construction is included in the amendment.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4B

The capital spending rate assumption is 90% of the \$193 million CIP value. The proposed amendments are for the increase in targeted I&E funding noted above, an increase in capital expenditure based on state revolving fund loans recently granted for projects nearing construction start. This allows for a faster pace of spend and an increase in funding inflows.

First Quarter Revenue Requirement Budget Amendment Analysis

Section 1 - Revenue Requirement - Water and Sewer Systems

Table 1A - Water System Revenue Requirement – Appropriation Level

| Water System | FY 2026 | | | |
|--|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Revenues | | | | |
| Revenue from Charges | | | | |
| Wholesale Customers | \$ 365,646,100 | \$ - | \$ 365,646,100 | \$ 103,211,898 |
| Less: Bad Debt Expense | - | - | - | - |
| Charges to Local System | 30,028,800 | - | 30,028,800 | 7,507,200 |
| Total Revenue from Charges | 395,674,900 | - | 395,674,900 | 110,719,098 |
| Investment Earnings | | | | |
| Unrestricted | 4,654,800 | - | 4,654,800 | 1,663,764 |
| I&E Fund Unrestricted | 4,868,800 | - | 4,868,800 | 1,592,045 |
| Restricted for Debt Service | 3,260,100 | - | 3,260,100 | 513,131 |
| Total Investment Earnings | 12,783,700 | - | 12,783,700 | 3,768,940 |
| Other Revenue | 302,800 | - | 302,800 | 143,564 |
| Total Revenues | \$ 408,761,400 | \$ - | \$ 408,761,400 | \$ 114,631,602 |
| Revenue Requirements | | | | |
| Operations & Maintenance Expense | \$ 182,456,000 | \$ 1,453,400 | \$ 183,909,400 | \$ 47,233,008 |
| Debt Service | 179,082,200 | (1,395,800) | 177,686,400 | 44,770,539 |
| General Retirement System Pension | 2,730,800 | - | 2,730,800 | 682,701 |
| Water Residential Assistance | | | | |
| Program Contribution | 1,970,000 | - | 1,970,000 | 492,501 |
| Extraordinary Repair & Replacement Deposit | 320,000 | - | 320,000 | - |
| Regional System Lease | 22,500,000 | - | 22,500,000 | 5,625,000 |
| Working Capital Requirement | 600,000 | (600,000) | - | - |
| Improvement & Extension Fund | | | | |
| Transfer Pending | 19,102,400 | 542,400 | 19,644,800 | 4,775,601 |
| Total Revenue Requirements | \$ 408,761,400 | \$ - | \$ 408,761,400 | \$ 103,579,350 |
| Net Actual to Date | | | | \$ 11,052,252 |

Table 1A Commentary - Water System Revenue Requirement – Appropriation Level
Revenue Requirements

Net increase to the Revenue Requirements of \$0.5 million is net of the following.

- *Increase of \$1.5 million in Operation & Maintenance Expense* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *\$1.4 million Debt Service decrease* – Related to the refunding savings in the June 2025 bond transaction. Table 2A has the detail by lien.

- *\$0.6 million decrease in the Working Capital Requirement* – Adjustment is based on current analysis of working capital requirements for the O&M and receiving accounts.
- The overall net increase to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$0.5 million.

Table 1B - Sewer System Revenue Requirement – Appropriation Level

| Sewer System | FY 2026 | | | |
|---|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Revenues | | | | |
| Revenue from Charges | | | | |
| Wholesale Customers | \$ 300,316,800 | \$ - | \$ 300,316,800 | \$ 74,997,168 |
| Less: Bad Debt Expense | - | - | - | - |
| Charges to Local System | 215,324,400 | - | 215,324,400 | 53,831,100 |
| Industrial Waste Control | 9,150,300 | - | 9,150,300 | 2,309,835 |
| Pollutant Surcharges | 5,112,700 | - | 5,112,700 | 1,234,087 |
| Total Revenue from Charges | 529,904,200 | - | 529,904,200 | 132,372,190 |
| Investment Earnings | | | | |
| Unrestricted | 5,087,300 | - | 5,087,300 | 2,532,091 |
| I&E Fund Unrestricted | 5,451,500 | - | 5,451,500 | 1,485,291 |
| Restricted for Debt Service | 4,076,400 | - | 4,076,400 | 669,140 |
| Total Investment Earnings | 14,615,200 | - | 14,615,200 | 4,686,522 |
| Other Revenue | 442,600 | - | 442,600 | 114,927 |
| Total Revenues | \$ 544,962,000 | \$ - | \$ 544,962,000 | \$ 137,173,639 |
| Revenue Requirements | | | | |
| Operations & Maintenance Expense | \$ 236,098,700 | \$ 1,453,300 | \$ 237,552,000 | \$ 57,479,610 |
| Debt Service | 220,884,500 | (4,610,700) | 216,273,800 | 55,221,123 |
| General Retirement System Pension | 5,632,800 | - | 5,632,800 | 1,408,200 |
| Water Residential Assistance Program Contribution | 2,638,500 | - | 2,638,500 | 659,625 |
| Extraordinary Repair & Replacement Deposit | - | - | - | - |
| Regional System Lease | 27,500,000 | - | 27,500,000 | 6,875,001 |
| Working Capital Requirement | - | - | - | - |
| Improvement & Extension Fund Transfer Pending | 52,207,500 | 3,157,400 | 55,364,900 | 13,051,875 |
| Total Revenue Requirements | \$ 544,962,000 | \$ - | \$ 544,962,000 | \$ 134,695,434 |
| Net Actual to Date | | | | \$ 2,478,205 |

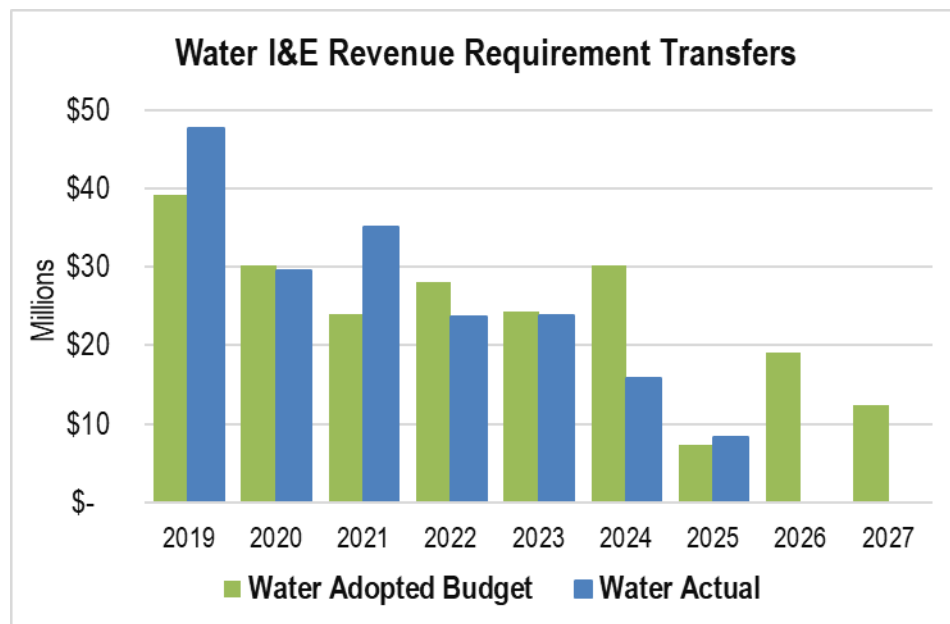
Table 1B Commentary - Sewer System Revenue Requirement – Appropriation Level Revenue Requirements

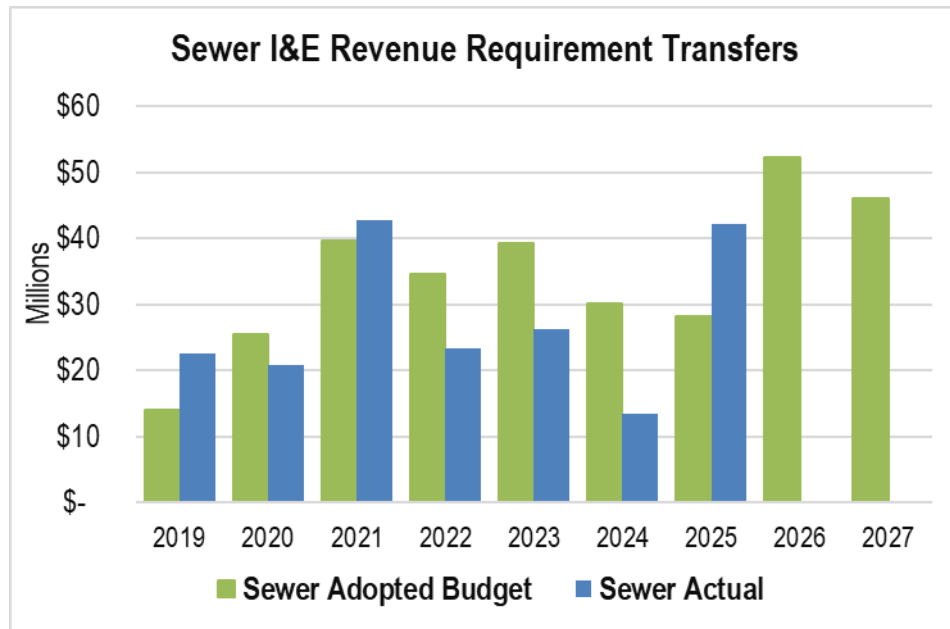
Net increase to the Revenue Requirements of \$3.2 million is the result of the following.

- *Increase in Operations & Maintenance Expense of \$1.5 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *\$4.6 million Debt Service decrease* – Related to the June 2025 bond transaction. Table 2A has the detail by lien.
- The overall net increase to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$3.2 million.

Section 1 - Supplemental Information

Table 1C - Historical I&E Funding – Water and Sewer System





The current FY 2026 budget amendment results in additional funds available for I&E purposes assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. It should be noted that these increases help to offset the declining nature of the funds set aside to reduce capital financing.

Table 1D - Operations & Maintenance by Fund

This table summarizes the total Operations and Maintenance Expense for each System.

| System | FY 2026 | | | |
|--------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Water System | \$ 182,456,000 | \$ 1,453,400 | \$ 183,909,400 | \$ 47,233,008 |
| Sewer System | 236,098,700 | 1,453,300 | 237,552,000 | 57,479,610 |
| Total | \$ 418,554,700 | \$ 2,906,700 | \$ 421,461,400 | \$ 104,712,618 |

Totals may be off due to rounding.

Table 1E - Operations and Maintenance by Service Area

| Operating Area | FY 2026 | | | |
|--------------------------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| A Water System Operations | \$ 101,500,700 | \$ - | \$ 101,500,700 | \$ 25,420,137 |
| B Wastewater System Operations | 156,572,600 | - | 156,572,600 | 37,994,511 |
| C Centralized Services | 117,387,600 | 2,860,200 | 120,247,800 | 28,517,201 |
| D Administrative Services | 43,093,800 | 46,500 | 43,140,300 | 11,761,089 |
| Employee Benefits | - | - | - | 1,019,680 |
| Total | \$ 418,554,700 | \$ 2,906,700 | \$ 421,461,400 | \$ 104,712,618 |

Totals may be off due to rounding.

The \$2.9 million increase in FY 2026 Q1 budget amendments is attributable) increase in centralized services (e.g., systems resiliency, field services, security, information technology, facilities, and fleet), D) increase in administrative services (e.g., financial services, public affairs, general counsel, and organizational development). The costs of the latter two categories, centralized and administrative, are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

Table 1F - Unallocated Reserve by Service Area

| O&M Unallocated Reserves | FY 2026 | | |
|---------------------------------|---------------------|------------------------|---------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget |
| Water System Operations | \$ 2,113,200 | \$ (1,625,300) | \$ 487,900 |
| Wastewater System Operations | 3,176,400 | (692,800) | 2,483,600 |
| Centralized Services | 2,388,800 | (2,388,800) | - |
| Administrative & Other Services | 847,800 | (847,800) | - |
| Total | \$ 8,526,200 | \$ (5,554,700) | \$ 2,971,500 |

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. A portion of the unallocated reserves were used to offset the increase in costs for operations and maintenance for the first quarter.

Table 1G - Enterprise-wide Operations & Maintenance by Expense Category

| O&M Expense Categories | FY 2026 | | | |
|-----------------------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Personnel Costs | \$ 138,905,400 | \$ 5,228,700 | \$ 144,134,100 | \$ 39,860,930 |
| Utilities | 73,078,800 | - | 73,078,800 | 17,302,353 |
| Chemicals | 38,364,600 | (1,175,600) | 37,189,000 | 7,798,289 |
| Supplies & Other | 45,211,200 | 304,800 | 45,516,000 | 10,672,770 |
| Contractual Services | 120,208,200 | 4,058,200 | 124,266,400 | 30,440,750 |
| Capital Program Allocation | (3,430,600) | - | (3,430,600) | (790,824) |
| Shared Services | (2,309,100) | 45,300 | (2,263,800) | (571,650) |
| Intergovernmental Agreement | - | - | - | - |
| Unallocated Reserve | 8,526,200 | (5,554,700) | 2,971,500 | - |
| Total | \$ 418,554,700 | \$ 2,906,700 | \$ 421,461,400 | \$ 104,712,618 |

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 Table 1H and explained by the four service areas: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

Table 1H -Operations & Maintenance Expense by Service Area and Expense Category

| Operating Area | FY 2026 | | | |
|--|-----------------------|-----------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendment 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| A Water System Operations | \$ 101,500,700 | \$ - | \$ 101,500,700 | \$ 25,420,137 |
| Personnel Costs | 27,021,300 | 1,097,300 | 28,118,600 | 8,161,601 |
| Utilities | 33,668,800 | 528,000 | 34,196,800 | 7,659,941 |
| Chemicals | 14,904,300 | - | 14,904,300 | 3,285,109 |
| Supplies & Other | 6,117,900 | - | 6,117,900 | 1,963,620 |
| Contractual Services | 19,295,100 | - | 19,295,100 | 4,765,137 |
| Capital Program Allocation | (1,619,900) | - | (1,619,900) | (415,272) |
| Unallocated Reserve | 2,113,200 | (1,625,300) | 487,900 | - |
| B Wastewater System Operations | \$ 156,572,600 | \$ - | \$ 156,572,600 | \$ 37,994,511 |
| Personnel Costs | 44,276,900 | 1,363,400 | 45,640,300 | 12,111,287 |
| Utilities | 39,029,400 | (528,000) | 38,501,400 | 9,592,696 |
| Chemicals | 23,460,300 | (1,175,600) | 22,284,700 | 4,513,180 |
| Supplies & Other | 19,286,600 | 304,800 | 19,591,400 | 4,779,827 |
| Contractual Services | 29,655,800 | 728,200 | 30,384,000 | 7,431,050 |
| Capital Program Allocation | (1,598,500) | - | (1,598,500) | (269,032) |
| Shared Services | (714,300) | - | (714,300) | (164,496) |
| Unallocated Reserve | 3,176,400 | (692,800) | 2,483,600 | - |
| C Centralized Services | \$ 117,387,600 | \$ 2,860,200 | \$ 120,247,800 | \$ 28,517,201 |
| Personnel Costs | 43,371,200 | 1,883,700 | 45,254,900 | 11,786,912 |
| Utilities | 174,400 | - | 174,400 | 33,846 |
| Supplies & Other | 17,139,900 | - | 17,139,900 | 3,240,934 |
| Contractual Services | 55,935,900 | 3,330,000 | 59,265,900 | 13,928,716 |
| Capital Program Allocation | (212,200) | - | (212,200) | (106,519) |
| Shared Services | (1,410,400) | 35,300 | (1,375,100) | (366,687) |
| Unallocated Reserve | 2,388,800 | (2,388,800) | - | - |
| D Administrative & Other Services | \$ 43,093,800 | \$ 46,500 | \$ 43,140,300 | \$ 11,761,089 |
| Personnel Costs | 24,236,000 | 884,300 | 25,120,300 | 6,781,450 |
| Utilities | 206,200 | - | 206,200 | 15,870 |
| Supplies & Other | 2,666,800 | - | 2,666,800 | 688,389 |
| Contractual Services | 15,321,400 | - | 15,321,400 | 4,315,847 |
| Shared Services | (184,400) | 10,000 | (174,400) | (40,467) |
| Unallocated Reserve | 847,800 | (847,800) | - | - |
| Employee Benefits | | | | \$ 1,019,680 |
| Grand Total | \$ 418,554,700 | \$ 2,906,700 | \$ 421,461,400 | \$ 104,712,618 |

Table 1H Commentary – Operations & Maintenance Expense by Service Area and Expense Category

A – Water System Operations – Net decrease = \$0.0 million

- Personnel – Increase of \$1.1 million – Due to annual wage adjustments and the corresponding 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.
- Utilities – Increase of \$0.5 million – Correction due to billing percentage issue in Capturis between Northeast Water Plant and Northeast Sewer pumping station that was identified in November 2025.
- Unallocated Reserve - Decrease \$1.6 million – Adjusted down to offset the Water O&M cost increases.

B – Wastewater System Operations – Net decrease = \$0.0 million.

- Personnel - \$1.4 million increase – Due to annual wage adjustments and the corresponding 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.
- Utilities – Decrease of \$0.5 million - Correction due to billing percentage issue in Capturis between Northeast Water Plant and Northeast Sewer pumping station that was identified in November 2025.
- Chemicals - \$1.2 million decrease – Adjusted for a new contract for sodium hypochlorite that has a lower price than previous contract at time of FY 2026 budget development
- Supplies & Other – Increase of \$0.3 million – For purchase of new 800 Mhz radios for wastewater and licensing of radios.
- Contractual Services – Increase of \$0.7 million – For contracted boiler operators due to delay in moving boiler operators in-house from what was expected at time of FY 2026 budget preparation.
- Unallocated Reserve - Decrease of \$0.7 million – Adjusted down to offset the Wastewater O&M cost increases of .

C – Centralized Services – Net Increase = \$2.9 million

- Personnel – Increase of \$1.9 million – Due to annual wage adjustments and the corresponding 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.
- Contractual Services – Increase of \$3.3 million – Due to increase charge to GLWA for DWSD improvements on shared facilities.
- Shared Services – Decrease reimbursement by \$35.3 thousand – Per updated schedule of expected services for security.
- Unallocated Reserve - Decrease \$2.4 million – Adjusted down to a \$0 balance to offset the increased of Centralized Services O&M costs.

D – Administrative & Other Services – Net increase = \$46.5 thousand

- Personnel - Increase \$0.9 million – Due to annual wage adjustments and the corresponding 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.
- Shared Services – Decrease reimbursement by \$10 thousand – Per updated schedule of expected bank fees
- Unallocated Reserve - Decrease \$0.8 million – Adjusted down to a \$0 balance to offset the net increase in O&M.

Section 2 - Debt Service – Water and Sewer Systems

For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service** amount shown on the Water System Debt Service Coverage Calculation Table 2A and the Sewer System Debt Service Coverage Calculation Table 2B. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds.

Table 2A– Debt Service Coverage Calculation – Water System- Appropriation Level

| Water System Debt Service Coverage Calculation | FY 2026 | | | | |
|---|-----------------------|----------------------|--------------------|--|-----------------------|
| | Adopted Budget | Amendments | | | Amended Budget |
| | | 1st Quarter | | | |
| | | Regional System | Local System | Adjustment to Adopted Local System | |
| Revenues | | | | | |
| GLWA Revenues | | | | | |
| Wholesale Charges | \$ 365,646,100 | \$ - | | | \$ 365,646,100 |
| Local System Charges | 30,028,800 | - | | | 30,028,800 |
| Investment Earnings & Other Revenues | 13,086,500 | - | | | 13,086,500 |
| Total GLWA Revenues | 408,761,400 | - | | - | 408,761,400 |
| Local System Revenues | 94,132,300 | | - | (100) | 94,132,200 |
| Miscellaneous Revenue (Local System) | 5,124,000 | | - | - | 5,124,000 |
| Total Revenues | 508,017,700 | - | - | (100) | 508,017,600 |
| Operations & Maintenance Transfers | | | | | |
| GLWA Regional System | 182,456,000 | 1,453,400 | | - | 183,909,400 |
| DWSD Local System | 49,661,500 | | - | 1,200,000 | 50,861,500 |
| Total Operations & Maintenance Transfers | 232,117,500 | 1,453,400 | - | 1,200,000 | 234,770,900 |
| Pledged Revenue | \$ 275,900,200 | \$(1,453,400) | \$ - | \$ (1,200,100) | \$ 273,246,700 |
| Debt Service by Lien | | | | | |
| Senior Lien Bonds | \$ 153,735,500 | \$(6,752,700) | \$ - | \$ - | \$ 146,982,800 |
| Second Lien Bonds | 50,697,200 | 5,548,200 | - | - | 56,245,400 |
| Junior Lien Bonds | 19,843,600 | (191,300) | (40,900) | - | 19,611,400 |
| Total Debt Service ** | \$ 224,276,300 | \$(1,395,800) | \$ (40,900) | \$ - | \$ 222,839,600 |
| Debt Service Coverage | | | | | |
| Senior Lien Bonds | 1.79 | | | | 1.86 |
| Senior and Second Lien Bonds | 1.35 | | | | 1.34 |
| All bonds, including SRF Junior Lien Bonds | 1.23 | | | | 1.23 |

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Adopted Local System column is to align the schedule with the DWSD budget which was adopted on March 19, 2025.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

Table 2B– Debt Service Coverage Calculation – Sewer System- Appropriation Level

| Sewer System Debt Service Coverage Calculation | FY 2026 | | | | |
|---|-------------------|--------------------|-----------------|-------------------------------|-------------------|
| | Adopted Budget | Amendments | | | Amended Budget |
| | | 1st Quarter | | | |
| | | Regional System | Local System | Adjustment to Local System | |
| Revenues | | | | | |
| GLWA Revenues | | | | | |
| Wholesale Charges | \$ 300,316,800 | \$ - | | | \$ 300,316,800 |
| Local System Charges | 215,324,400 | - | | | 215,324,400 |
| Investment Earnings & Other Revenues | 15,057,800 | - | | | 15,057,800 |
| Total GLWA Revenues | 530,699,000 | - | | | 530,699,000 |
| Local System Revenues | 90,218,500 | | - | (2,160,600) | 88,057,900 |
| Miscellaneous Revenue (Local System) | 8,320,000 | | - | - | 8,320,000 |
| Total Revenues | 629,237,500 | - | - | (2,160,600) | 627,076,900 |
| Operations & Maintenance Transfers | | | | | |
| GLWA Regional System | 236,098,700 | 1,453,300 | | | 237,552,000 |
| DWSD Local System | 61,426,900 | | - | (100) | 61,426,800 |
| Total Operations & Maintenance Transfers | 297,525,600 | 1,453,300 | - | (100) | 298,978,800 |
| Pledged Revenue | \$ 331,711,900 | \$(1,453,300) | \$ - | \$ (2,160,500) | \$ 328,098,100 |
| Debt Service by Lien | | | | | |
| Senior Lien Bonds | \$ 158,579,500 | \$(4,318,500) | \$ - | \$ - | \$ 154,261,000 |
| Second Lien Bonds | 56,447,200 | 144,000 | - | - | 56,591,200 |
| Junior Lien Bonds | 38,107,400 | (436,200) | (90,600) | - | 37,580,600 |
| Total Debt Service ** | \$ 253,134,100 | \$(4,610,700) | \$ (90,600) | \$ - | \$ 248,432,800 |
| Debt Service Coverage | | | | | |
| Senior Lien Bonds | 2.09 | | | | 2.13 |
| Senior and Second Lien Bonds | 1.54 | | | | 1.56 |
| All bonds, including SRF Junior Lien Bonds | 1.31 | | | | 1.32 |

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Adopted Local System column is to align the schedule with the DWSD budget which was adopted on March 19, 2025.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

Section 2 – Supplemental Information

Tables 2C and 2D are provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

Table 2C – Water System Flow of Funds Basis

| Water System Flow of Funds Basis | Adopted Budget | Amendments | | | Amended Budget |
|---|-------------------|--------------------|-----------------|--|-------------------|
| | | 1st Quarter | | | |
| | | Regional System | Local System | Adjustment to Adopted Local System | |
| Revenues | | | | | |
| Regional System Revenues | | | | | |
| Wholesale Charges | \$ 365,646,100 | \$ - | | | \$ 365,646,100 |
| Charges to Local System | 30,028,800 | - | | | 30,028,800 |
| Total Regional System Wholesale Revenues | 395,674,900 | - | | | 395,674,900 |
| DWSD Local System Revenues - | | | | | |
| Detroit Customers | 94,132,300 | | - | (100) | 94,132,200 |
| Miscellaneous Revenue (Local System) | 5,124,000 | | - | - | 5,124,000 |
| Investment Earnings & Other | | | | | |
| Revenues (Regional System) | 13,086,500 | - | | - | 13,086,500 |
| Total Revenues | \$ 508,017,700 | \$ - | \$ - | \$ (100) | \$ 508,017,600 |
| Revenue Requirements | | | | | |
| Operations & Maintenance Expense | | | | | |
| Regional System | \$ 182,456,000 | \$ 1,453,400 | | | \$ 183,909,400 |
| Local System | 49,661,500 | | - | 1,200,000 | 50,861,500 |
| Less Shared Service Revenue | (1,177,500) | | - | - | (1,177,500) |
| Net Local System O&M Transfer | 48,484,000 | | | 1,200,000 | 49,684,000 |
| Total Operations & Maintenance Expense | 230,940,000 | 1,453,400 | - | 1,200,000 | 233,593,400 |
| Nonoperating Requirements | | | | | |
| Allocable Debt Service | | | | | |
| Regional System | 179,082,200 | (1,395,800) | | | 177,686,400 |
| Local System | 45,194,100 | | (40,900) | - | 45,153,200 |
| GRS Pension | | | | | |
| Regional System | 2,730,800 | - | | | 2,730,800 |
| Local System | 1,928,400 | | - | - | 1,928,400 |
| WRAP Contribution | | | | | |
| Regional System | 1,970,000 | - | | | 1,970,000 |
| Local System | 945,400 | | - | - | 945,400 |
| Regional System | | | | | |
| ER&R Fund Deposit | 320,000 | - | | | 320,000 |
| Working Capital Requirement | 600,000 | (600,000) | | | - |
| Lease Payment to Local System I&E Account | 22,500,000 | - | | | 22,500,000 |
| Reserve for Revenue Financed Capital from Net Revenues | | | | | |
| Regional System | 19,102,400 | 542,400 | | | 19,644,800 |
| Local System | 2,704,400 | | 40,900 | (1,200,100) | 1,545,200 |
| Total Revenue Requirements | \$ 508,017,700 | \$ - | \$ - | \$ (100) | \$ 508,017,600 |

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Adopted Local System column is to align the schedule with the DWSD budget which was adopted on March 19, 2025.

Table 2D – Sewer System Flow of Funds Basis

| Sewer System Flow of Funds Basis | Adopted Budget | FY 2026 | | | Amended Budget |
|---|-------------------|--------------------|-----------------|--|-------------------|
| | | Amendments | | | |
| | | 1st Quarter | | | |
| | | Regional System | Local System | Adjustment to Adopted Local System | |
| Revenues | | | | | |
| Regional System Revenues | | | | | |
| Wholesale Charges | \$ 300,316,800 | \$ - | | | \$ 300,316,800 |
| Charges to Local System | 215,324,400 | - | | | 215,324,400 |
| Industrial Waste Control | 9,150,300 | - | | | 9,150,300 |
| Pollutant Surcharges | 5,112,700 | - | | | 5,112,700 |
| Total Regional System Wholesale Revenues | 529,904,200 | - | | | 529,904,200 |
| DWSD Local System Revenues - | | | | | |
| Detroit Customers | 90,218,500 | | - | (2,160,600) | 88,057,900 |
| Miscellaneous Revenue (Local System) | 8,320,000 | | - | - | 8,320,000 |
| Other Revenues & Investment | | | | | |
| Earnings (Regional System) | 15,057,800 | - | | | 15,057,800 |
| Total Revenues | \$ 643,500,500 | \$ - | \$ - | \$ (2,160,600) | \$ 641,339,900 |
| Revenue Requirements | | | | | |
| Operations & Maintenance Expense | | | | | |
| Regional System | \$ 236,098,700 | \$ 1,453,300 | | | \$ 237,552,000 |
| Local System | 61,426,900 | | - | (100) | 61,426,800 |
| Less Shared Service Revenue | (1,322,500) | | - | - | (1,322,500) |
| Net Local System O&M Transfer | 60,104,400 | | - | (100) | 60,104,300 |
| Total Operations & Maintenance Expense | 296,203,100 | 1,453,300 | - | (100) | 297,656,300 |
| Nonoperating Requirements | | | | | |
| Allocable Debt Service | | | | | |
| Regional System | 220,884,500 | (4,610,700) | | | 216,273,800 |
| Local System | 32,249,600 | | (90,600) | - | 32,159,000 |
| GRS Pension | | | | | |
| Regional System | 5,632,800 | - | | | 5,632,800 |
| Local System | 1,487,400 | | - | - | 1,487,400 |
| WRAP Contribution | | | | | |
| Regional System | 2,638,500 | - | | | 2,638,500 |
| Local System | 1,433,200 | | - | (5,700) | 1,427,500 |
| Regional System | | | | | |
| ER&R Fund Deposit | - | - | | | - |
| Working Capital Requirement | - | - | | | - |
| Lease Payment to Local System I&E Account | 27,500,000 | - | - | | 27,500,000 |
| Reserve for Revenue Financed Capital from Net Revenues | | | | | |
| Regional System | 52,207,500 | 3,157,400 | | | 55,364,900 |
| Local System | 3,263,900 | | 90,600 | (2,154,800) | 1,199,700 |
| Total Revenue Requirements | \$ 643,500,500 | \$ - | \$ - | \$ (2,160,600) | \$ 641,339,900 |

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Adopted Local System column is to align the schedule with the DWSD budget which was adopted on March 19, 2025.

Section 3 - Improvement & Extension Funds

Table 3A - Water System Improvement & Extension Fund - Appropriation Level

| Water Improvement & Extension Fund | FY 2026 | | | |
|--|-------------------|---------------------------|-------------------|----------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Inflows | | | | |
| Transfer from Water Operations Fund - Revenue Transfers | \$ 19,102,400 | \$ 542,400 | \$ 19,644,800 | \$ 4,775,601 |
| Grant Revenues & Capital Contributions | - | - | - | - |
| Investment Earnings (a) | 4,868,800 | - | 4,868,800 | 1,592,045 |
| Total Inflows | 23,971,200 | 542,400 | 24,513,600 | 6,367,646 |
| Outflows | | | | |
| Capital Outlay | 11,691,400 | - | 11,691,400 | 1,553,584 |
| Transfer to Water Operations Fund - Investment Earnings (a) | 4,868,800 | - | 4,868,800 | 938,425 |
| Capital Improvement Plan funded by I&E | - | - | - | - |
| Transfer to Construction Fund- Revenue Financed Capital | 9,250,000 | (9,250,000) | - | - |
| Total Outflows | 25,810,200 | (9,250,000) | 16,560,200 | 2,492,009 |
| Net Increase (Use) of Reserves | (1,839,000) | 9,792,400 | 7,953,400 | 3,875,637 |
| Non-budgeted Inflows (Outflows) | | | | |
| Unrealized gain on investments | - | - | - | 149,201 |
| Change in Net Position | (1,839,000) | 9,792,400 | 7,953,400 | 4,024,838 |
| Beginning Net Position | 147,797,600 | | 147,797,600 | 147,797,649 |
| Projected Ending Net Position | \$ 145,958,600 | \$ 9,792,400 | \$ 155,751,000 | \$ 151,822,487 |

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.

**Table 3A Commentary – Water System Improvement & Extension Fund -
Appropriation Level***Inflows*

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - There is no change in the budget for this quarter related to investment earnings.

Outflows

- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Transfer to Construction Fund - Revenue Financed Capital* – Decrease \$9.3 million - There are adequate bond funds for the current year, and the target I&E funding being used is zero, decreasing from five percent that was used when the budget was adopted.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level

| Sewer Improvement & Extension Fund | FY 2026 | | | |
|---|-----------------------|------------------------|-----------------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Inflows | | | | |
| Transfer from Sewer Operations Fund - Revenue Transfers | \$ 52,207,500 | \$ 3,157,400 | \$ 55,364,900 | \$ 13,051,875 |
| Grant Revenues & Capital Contributions | - | - | - | - |
| Investment Earnings (a) | 5,451,500 | - | 5,451,500 | 1,485,291 |
| Total Inflows | 57,659,000 | 3,157,400 | 60,816,400 | 14,537,166 |
| Outflows | | | | |
| Capital Outlay | 11,779,500 | - | 11,779,500 | 1,203,543 |
| Transfer to Sewer Operations Fund - Investment Earnings (a) | 5,451,500 | - | 5,451,500 | 924,566 |
| Capital Spending Other (net of ILAG) | - | - | - | 197 |
| Capital Improvement Plan funded by I&E | - | - | - | - |
| Transfer to Construction Fund- Revenue Financed Capital | 26,250,000 | 9,750,000 | 36,000,000 | - |
| Total Outflows | 43,481,000 | 9,750,000 | 53,231,000 | 2,128,306 |
| Net Increase (Use) of Reserves | 14,178,000 | (6,592,600) | 7,585,400 | 12,408,860 |
| Non-budgeted Inflows (Outflows) | | | | |
| Unrealized gain on investments | - | - | - | 171,901 |
| Change in Net Position | 14,178,000 | (6,592,600) | 7,585,400 | 12,580,761 |
| Beginning Net Position | 173,729,100 | | 173,729,100 | 173,729,094 |
| Projected Ending Net Position | \$ 187,907,100 | \$ (6,592,600) | \$ 181,314,500 | \$ 186,309,855 |

(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.

Table 3B Commentary- Sewer System Improvement & Extension Fund - Appropriation Level
Inflows

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1B -

Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).

- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - There is no change in the budget for this quarter related to investment earnings.

Outflows

- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* - There are no proposed budget amendments for this quarter.
- *Transfer to Construction Fund - Revenue Financed Capital* – Increase \$9.8 million - The target I&E funding used was 15% in the adopted budget. With the amendment of the increase in capital expenditures the result is and increase in this revenue category to reduce the amount needed in revenue bonds.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Section 4 – Construction Funds

Table 4A - Water System Construction Fund – Appropriation Level

| Water Construction Fund | FY 2026 | | | |
|--|----------------|------------------------|----------------|-------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Inflows | | | | |
| Transfer from Water Improvement & Extension Fund | \$ 9,250,000 | \$ (9,250,000) | \$ - | \$ - |
| Transfers in from Water Operations Fund | | | | |
| Bond Proceeds | 222,000,000 | (20,000,000) | 202,000,000 | - |
| SRF loan proceeds | 1,369,200 | 5,000,000 | 6,369,200 | 4,954,296 |
| Grant Revenues & Capital Contributions | 2,300,000 | 2,000,000 | 4,300,000 | 298,168 |
| Investment Earnings | 5,565,100 | (2,000,000) | 3,565,100 | 2,928,891 |
| Total Inflows | 240,484,300 | (24,250,000) | 216,234,300 | 8,181,355 |
| Outflows | | | | |
| Capital Program | 185,000,000 | - | 185,000,000 | 19,309,813 |
| Transfer to Water Operations Fund | | | | |
| Bond Cost of Issuance | 1,665,000 | - | 1,665,000 | (27,279) |
| Total Outflows | 186,665,000 | - | 186,665,000 | 19,282,534 |
| Net Increase (Use) of Reserves | 53,819,300 | (24,250,000) | 29,569,300 | (11,101,179) |
| Beginning Net Position | 270,178,200 | | 270,178,200 | 270,178,152 |
| Projected Ending Net Position | \$ 323,997,500 | \$ (24,250,000) | \$ 299,747,500 | \$ 259,076,973 |
| | | | | |
| CIP Plan | | | | |
| Capital Improvement Plan | \$ 183,064,000 | | \$ 183,064,000 | \$ 183,064,000 |
| Capital Spend Rate Assumption | 100% | | 100% | |
| Actual Capital Spend to CIP Ratio | | | | 11% |
| | | | | |
| CIP Financial Plan | | | | |
| CIP Expenditures paid through Construction Fund | \$ 185,000,000 | \$ - | \$ 185,000,000 | \$ 19,309,813 |
| CIP Expenditures paid through I&E Fund | - | - | - | - |
| Financial Plan (Budgeted) CIP Expenditures | \$ 185,000,000 | \$ - | \$ 185,000,000 | \$ 19,309,813 |
| | | | | |
| Actual Capital Spend to Amended Financial Plan Ratio | | | | 10% |

Table 4A Commentary - Water System Construction Fund – Appropriation Level

Inflows

- *Transfers from Water Improvement & Extension Fund* - Decrease \$9.3 million - There are adequate bond funds for the current year therefore the targeted use of I&E funds was set to zero instead of five percent that was used when the budget was developed.
- *Bond Proceeds* – Amendment is based on current expected needs.
- *State Revolving Fund Loans* – Amendment is based on current activity. State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [October 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Grant Revenues & Capital Contributions* - The budget increase is related to anticipated grant funds and loan forgiveness through the State Revolving Fund.
- *Investment Earnings* - The proposed budget amendment reflects a decrease based on a projected arbitrage accrual on the 2023 bond issue.

Outflows

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. No budget amendment is being proposed for this quarter.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2026](#).
- *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.

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.

Table 4B - Sewer System Construction Fund – Appropriation Level

| Sewer Construction Fund | FY 2026 | | | |
|--|-------------------|---------------------------|-------------------|----------------------------|
| | Adopted Budget | Amendments 1st Quarter | Amended Budget | Activity Thru 9/30/2025 |
| Inflows | | | | |
| Transfer from Sewer Improvement & Extension Fund | \$ 26,250,000 | \$ 9,750,000 | \$ 36,000,000 | \$ - |
| Transfers in from Sewer Operations Fund | | | | |
| Bond Proceeds | 101,000,000 | (75,000,000) | 26,000,000 | - |
| SRF loan proceeds | 52,936,600 | 49,696,300 | 102,632,900 | 15,211,157 |
| Grant Revenues & Capital Contribution | 23,191,650 | 10,431,350 | 33,623,000 | - |
| Investment Earnings | 3,936,400 | (1,825,150) | 2,111,250 | 1,683,347 |
| Total Inflows | 207,314,650 | (6,947,500) | 200,367,150 | 16,894,504 |
| Outflows | | | | |
| Capital Program | 175,000,000 | 65,000,000 | 240,000,000 | 69,265,263 |
| Transfer to Sewer Operations Fund | | | | |
| Bond Cost of Issuance | 757,500 | - | 757,500 | (27,561) |
| Total Outflows | 175,757,500 | 65,000,000 | 240,757,500 | 69,237,702 |
| Net Increase (Use) of Reserves | 31,557,150 | (71,947,500) | (40,390,350) | (52,343,198) |
| Beginning Net Position | 149,360,300 | | 149,360,300 | 149,360,302 |
| Projected Ending Net Position | \$ 180,917,450 | \$ (71,947,500) | \$ 108,969,950 | \$ 97,017,104 |
| CIP Plan | | | | |
| Capital Improvement Plan | \$ 193,221,000 | | \$ 193,221,000 | \$ 193,221,000 |
| Capital Spend Rate Assumption | 90% | | 90% | |
| Actual Capital Spend to CIP Ratio | | | | 36% |
| CIP Financial Plan | | | | |
| CIP Expenditures paid through Construction Fund | \$ 175,000,000 | \$ 65,000,000 | \$ 240,000,000 | \$ 69,265,263 |
| CIP Expenditures paid through I&E Fund | - | - | - | - |
| Financial Plan (Budgeted) CIP Expenditures | \$ 175,000,000 | \$ 65,000,000 | \$ 240,000,000 | \$ 69,265,263 |
| Actual Capital Spend to Amended Financial Plan Ratio | | | | 29% |

Table 4B Commentary - Sewer System Construction Fund – Appropriation Level

Inflows

- *Transfers from Sewer Improvement & Extension Fund* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 Improvement & Extension Fund (see Table 3B - Appropriation Level - Sewer System Improvement & Extension Fund line item Revenue Financed Capital - Transfer to Construction Fund). The increase is to keep the target I&E funding at the 15% of capital expenditures which was used when the budget was adopted.
- *Bond Proceeds* - Amendment is based on current expected needs. The large decrease is due to an increase in State Revolving Fund (SRF) loans awarded.
- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [October 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects a decrease based on a projected arbitrage accrual on the 2023 bond issue.
- *Grant Revenues & Capital Contributions* - The budget increase is related to anticipated grant funds and loan forgiveness through the State Revolving Fund.

Outflows

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year based on Draft #2 of the 2027-2031 CIP plan.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2026](#).
- *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.



Quarterly Budget Amendment Report FY 2026 Ending September 30, 2025

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.



Quarterly Budget Amendment Report
FY 2026 Ending September 30, 2025

Section 5 – Proposed Budget Amendment Resolution