



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

**Presented to the Audit Committee
December 19, 2025**

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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.

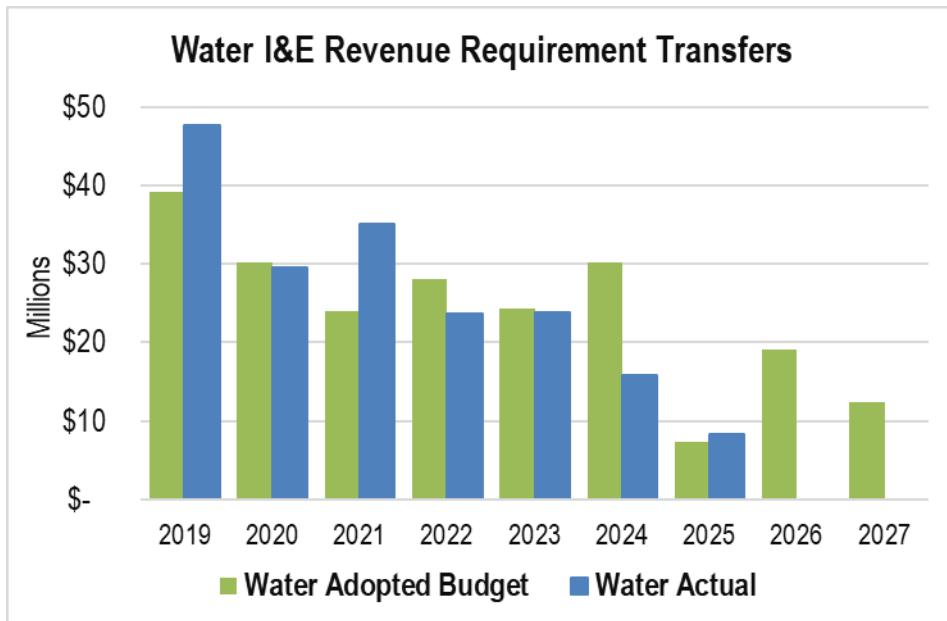
Table 1B - Sewer System Revenue Requirement – Appropriation Level

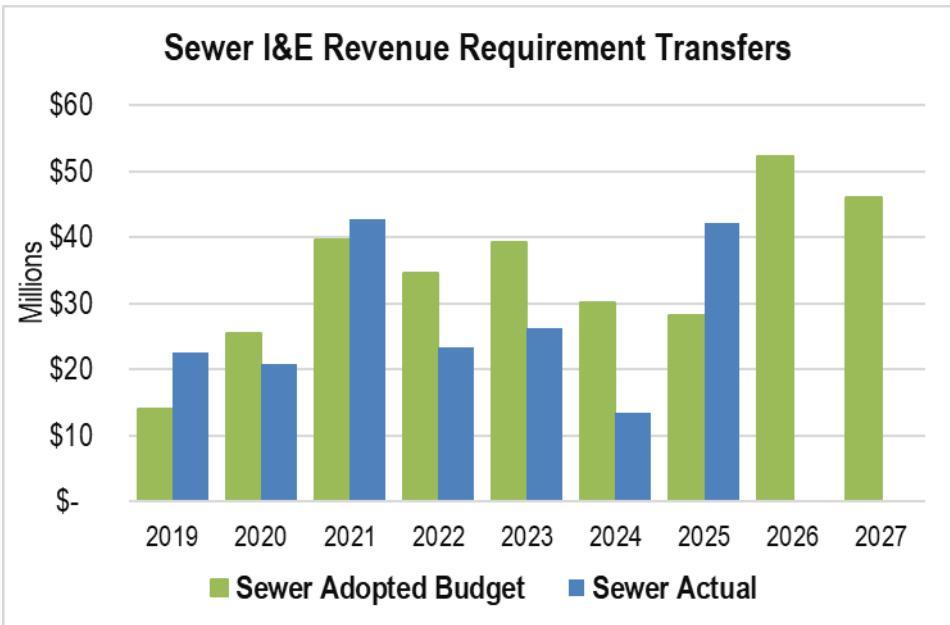
Sewer System	FY 2026			
	Adopted Budget	Amendments 1st Quarter	Amended Budget	Activity Thru 9/30/2025
Revenues				
Revenue from Charges				
Wholesale Customers	\$ 300,316,800	\$ -	\$ 300,316,800	\$ 74,997,168
Less: Bad Debt Expense	-	-	-	-
Charges to Local System	215,324,400	-	215,324,400	53,831,100
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	Adopted Budget	FY 2026			
		Amendments		Adjustment to Adopted Local System	
		1st Quarter			
		Regional System	Local System		Amended Budget
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	Adopted Budget	FY 2026				
		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	FY 2026				
	Adopted Budget	Amendments		Amended Budget	
		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	Adopted Budget	FY 2026			Activity Thru 9/30/2025
		Amendments 1st Quarter	Amended Budget		
Infows					
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 an 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.

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