



**FY 2026 Third Quarter  
Budget Amendment Report  
Through March 31, 2026  
& Proposed Budget Amendment  
Resolution**

Presented to the Audit Committee  
March 27, 2026



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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 third quarter FY 2026 budget amendment, the focus is on employee benefit increases and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

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

Positive Variances

- ✓ None

Negative Variances

- ✓ \$1.9 million operations and maintenance expense due to an increase in employee benefits, the majority of which is for health care costs.

The net impact of the above is negative with a \$1.9 million decrease in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. This eliminates the positive variance from the first quarter budget amendment.

It should be noted that this budget amendment report is being prepared at the same time as costs are being incurred for water main breaks in Oakland and Macomb counties. The financial impact will be reflected in the next budget amendment report.

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

Aside from the transfer in decrease of \$1.9 million based on operational needs noted above, the other amendment is to increase the capital outlay for projects not known at the time the budget was developed.

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

With the adoption of the FY 2027 budget, and the current capital delivery occurring, the capital spending rate assumption is being decreased to 88%. In addition, the budget was amended to align with the FY 2026 projected in the CIP that was approved by the Board of Directors in February 2026.

## Sewer System Executive Summary - Year-to-Date

For the third quarter FY 2026 budget amendment, the focus is on employee benefit increases and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.



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

Positive Variances

- ✓ None

Negative Variances

- ✓ \$1.0 million operations and maintenance expense due to an increase in employee benefits, the majority of which is for health care costs.

The net impact of the above is negative with a corresponding \$1.0 million decrease in the Improvement & Extension Transfer. This reduces the effect of the positive variance from the first quarter budget amendment but still provides an overall increase in the I&E transfer at this point. 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 decrease of \$1.1 million from operations noted above, the capital outlay is being decreased by \$1.5 million for projects that have been deferred.

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

The budget was amended to align with the FY 2026 projected in the CIP Plan that was approved in February 2026. The financial plan related to this increase was included in the first quarter budget amendment.

**Third Quarter Revenue Requirement Budget Amendment Analysis**

**Section 1 - Revenue Requirement - Water and Sewer Systems**

**Table 1A - Water System Revenue Requirement – Appropriation Level**

Water System	Adopted Budget	FY 2026 Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Revenues</b>						
Revenue from Charges						
Wholesale Customers	\$ 365,646,100	\$ -	\$ -	\$ -	\$ 365,646,100	\$ 191,116,214
Less: Bad Debt Expense	-	-	-	-	-	-
Charges to Local System	30,028,800	-	-	-	30,028,800	15,014,400
<b>Total Revenue from Charges</b>	<b>395,674,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395,674,900</b>	<b>206,130,614</b>
Investment Earnings						
Unrestricted	4,654,800	-	-	-	4,654,800	3,271,658
I&E Fund Unrestricted	4,868,800	-	-	-	4,868,800	2,951,373
Restricted for Debt Service	3,260,100	-	-	-	3,260,100	1,495,381
<b>Total Investment Earnings</b>	<b>12,783,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,783,700</b>	<b>7,718,412</b>
Other Revenue	302,800	-	-	-	302,800	511,688
<b>Total Revenues</b>	<b>\$ 408,761,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 408,761,400</b>	<b>\$ 214,360,714</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 185,833,300	\$ 93,116,435
Debt Service	179,082,200	(1,395,800)	-	12,000	177,698,400	89,541,078
General Retirement System Pension	2,730,800	-	-	-	2,730,800	1,365,402
Water Residential Assistance Program Contribution	1,970,000	-	-	-	1,970,000	985,002
Extraordinary Repair & Replacement Deposit	320,000	-	-	-	320,000	-
Regional System Lease	22,500,000	-	-	-	22,500,000	11,250,000
Working Capital Requirement	600,000	(600,000)	-	-	-	-
Improvement & Extension Fund Transfer Pending	19,102,400	542,400	-	(1,935,900)	17,708,900	9,822,402
<b>Total Revenue Requirements</b>	<b>\$ 408,761,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 408,761,400</b>	<b>\$ 206,080,319</b>
Net Actual to Date						\$ 8,280,395

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

There are no amendments to revenues for this quarter.

*Revenue Requirements*

The increase to the Revenue Requirements consists of the following:

- *Increase of \$1.9 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.
- *Debt Service increased \$12,000* – The increase is related to draws on SRF loans being higher than anticipated. See Table 2A which has the detail by lien.

The overall net of the changes to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$1.9 million.

**Table 1B - Sewer System Revenue Requirement – Appropriation Level**

Sewer System	Adopted Budget	FY 2026 Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Revenues</b>						
Revenue from Charges						
Wholesale Customers	\$ 300,316,800	\$ -	\$ -	\$ -	\$ 300,316,800	\$ 149,970,342
Less: Bad Debt Expense	-	-	-	-	-	-
Charges to Local System	215,324,400	-	-	-	215,324,400	107,662,200
Industrial Waste Control	9,150,300	-	-	-	9,150,300	4,559,887
Pollutant Surcharges	5,112,700	-	-	-	5,112,700	2,462,615
<b>Total Revenue from Charges</b>	<b>529,904,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>529,904,200</b>	<b>264,655,044</b>
Investment Earnings						
Unrestricted	5,087,300	-	-	-	5,087,300	4,894,384
I&E Fund Unrestricted	5,451,500	-	-	-	5,451,500	2,994,759
Restricted for Debt Service	4,076,400	-	-	-	4,076,400	1,749,146
<b>Total Investment Earnings</b>	<b>14,615,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,615,200</b>	<b>9,638,289</b>
Other Revenue	442,600	-	-	-	442,600	204,315
<b>Total Revenues</b>	<b>\$ 544,962,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 544,962,000</b>	<b>\$ 274,497,648</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense	\$ 236,098,700	\$ 1,453,300	\$ -	\$ 1,010,400	\$ 238,562,400	\$ 116,660,470
Debt Service	220,884,500	(4,610,700)	-	-	216,273,800	110,442,246
General Retirement System Pension	5,632,800	-	-	-	5,632,800	2,816,400
Water Residential Assistance Program Contribution	2,638,500	-	-	-	2,638,500	1,319,250
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Regional System Lease	27,500,000	-	-	-	27,500,000	13,750,002
Working Capital Requirement	-	-	-	-	-	-
Improvement & Extension Fund Transfer Pending	52,207,500	3,157,400	-	(1,010,400)	54,354,500	27,682,452
<b>Total Revenue Requirements</b>	<b>\$ 544,962,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 544,962,000</b>	<b>\$ 272,670,820</b>
Net Actual to Date						\$ 1,826,828

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

There are no amendments to revenues for this quarter.

*Revenue Requirements*

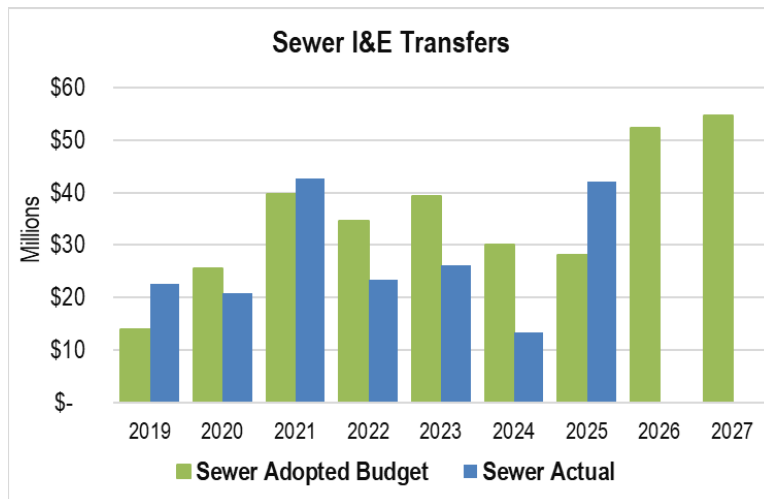
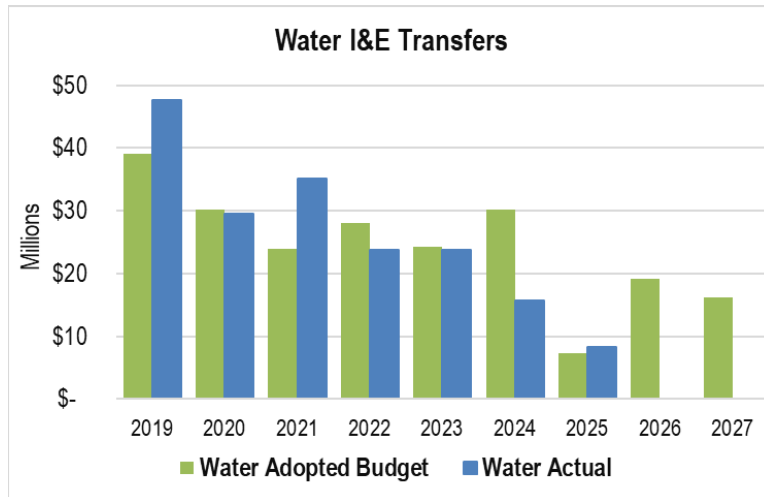
The increase to the Revenue Requirements consists of the following:

- *Increase in Operations & Maintenance Expense of \$1.0 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.

The overall net of the changes to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$1.0 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 being available for I&E purposes for the sewage disposal fund, 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.



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**Table 1D - Operations & Maintenance by Fund**

System	FY 2026					
	Adopted	Amendments			Amended	Activity Thru
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	12/31/2025
Water System	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 185,833,300	\$ 93,116,435
Sewer System	236,098,700	1,453,300	-	1,010,400	238,562,400	116,660,470
<b>Total</b>	<b>\$ 418,554,700</b>	<b>\$ 2,906,700</b>	<b>\$ -</b>	<b>\$ 2,934,300</b>	<b>\$ 424,395,700</b>	<b>\$ 209,776,905</b>

Totals may be off due to rounding.

**Table 1E - Operations and Maintenance by Service Area**

Operating Area	FY 2026					
	Adopted	Amendments			Amended	Activity Thru
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	12/31/2025
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 102,089,500	\$ 51,943,289
B Wastewater System Operations	156,572,600	-	-	-	156,572,600	76,493,591
C Centralized Services	117,387,600	2,871,900	-	1,504,100	121,763,600	59,073,024
D Administrative Services	43,093,800	34,800	-	841,400	43,970,000	22,267,001
Employee Benefits	-	-	-	-	-	-
<b>Total</b>	<b>\$ 418,554,700</b>	<b>\$ 2,906,700</b>	<b>\$ -</b>	<b>\$ 2,934,300</b>	<b>\$ 424,395,700</b>	<b>\$ 209,776,905</b>

Totals may be off due to rounding.

The \$2.9 million increase in FY 2026 Q3 budget amendments is attributable mostly to an increase of \$4.9 million in employee benefits, which has been offset by the use of \$2.0 million of unallocated reserves.

The blue font numbers in the first quarter are revised to reclass \$11,700 in personnel costs that were coded to the wrong operating area. This impacted only the subsidiary schedules and not the total amendment approved by the Board of Directors.

**Table 1F - Unallocated Reserve by Service Area**

O&M Unallocated Reserves	FY 2026					
	Adopted	Amendments			Amended	
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	
Water System Operations	\$ 2,113,200	\$ (1,625,300)	\$ -	\$ (487,900)	\$ -	\$ -
Wastewater System Operations	3,176,400	(692,800)	-	(1,491,000)	992,600	-
Centralized Services	2,388,800	(2,388,800)	-	-	-	-
Administrative & Other Services	847,800	(847,800)	-	-	-	-
<b>Total</b>	<b>\$ 8,526,200</b>	<b>\$ (5,554,700)</b>	<b>\$ -</b>	<b>\$ (1,978,900)</b>	<b>\$ 992,600</b>	

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



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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 both the first and third quarter budget amendments.

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

O&M Expense Categories	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Personnel Costs	\$ 138,905,400	\$ 5,228,700	\$ -	\$ 4,913,200	\$ 149,047,300	\$ 79,071,226
Utilities	73,078,800	-	-	(105,600)	72,973,200	33,778,384
Chemicals	38,364,600	(1,175,600)	-	(2,669,100)	34,519,900	15,633,773
Supplies & Other	45,211,200	304,800	-	894,210	46,410,210	22,605,887
Contractual Services	120,208,200	4,058,200	-	1,880,490	126,146,890	61,810,120
Capital Program Allocation	(3,430,600)	-	-	-	(3,430,600)	(1,583,153)
Shared Services	(2,309,100)	45,300	-	-	(2,263,800)	(1,539,332)
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	8,526,200	(5,554,700)	-	(1,978,900)	992,600	-
<b>Total</b>	<b>\$ 418,554,700</b>	<b>\$ 2,906,700</b>	<b>\$ -</b>	<b>\$ 2,934,300</b>	<b>\$ 424,395,700</b>	<b>\$ 209,776,905</b>

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.



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

Operating Area	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>A Water System Operations</b>	<b>\$ 101,500,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 588,800</b>	<b>\$ 102,089,500</b>	<b>\$ 51,943,289</b>
Personnel Costs	27,021,300	1,097,300	-	1,076,700	29,195,300	16,612,886
Utilities	33,668,800	528,000	-	-	34,196,800	15,582,187
Chemicals	14,904,300	-	-	(669,100)	14,235,200	6,624,390
Supplies & Other	6,117,900	-	-	669,100	6,787,000	3,788,750
Contractual Services	19,295,100	-	-	-	19,295,100	10,183,459
Capital Program Allocation	(1,619,900)	-	-	-	(1,619,900)	(848,383)
Unallocated Reserve	2,113,200	(1,625,300)	-	(487,900)	-	-
<b>B Wastewater System Operations</b>	<b>\$ 156,572,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,572,600</b>	<b>\$ 76,493,591</b>
Personnel Costs	44,276,900	1,363,400	-	1,491,000	47,131,300	24,955,116
Utilities	39,029,400	(528,000)	-	(105,600)	38,395,800	18,042,266
Chemicals	23,460,300	(1,175,600)	-	(2,000,000)	20,284,700	9,009,383
Supplies & Other	19,286,600	304,800	-	225,110	19,816,510	10,006,167
Contractual Services	29,655,800	728,200	-	1,880,490	32,264,490	15,574,387
Capital Program Allocation	(1,598,500)	-	-	-	(1,598,500)	(520,482)
Shared Services	(714,300)	-	-	-	(714,300)	(573,246)
Unallocated Reserve	3,176,400	(692,800)	-	(1,491,000)	992,600	-
<b>C Centralized Services</b>	<b>\$ 117,387,600</b>	<b>\$ 2,871,900</b>	<b>\$ -</b>	<b>\$ 1,504,100</b>	<b>\$ 121,763,600</b>	<b>\$ 59,073,024</b>
Personnel Costs	43,371,200	1,895,400	-	1,504,100	46,770,700	23,958,355
Utilities	174,400	-	-	-	174,400	106,468
Supplies & Other	17,139,900	-	-	-	17,139,900	7,453,850
Contractual Services	55,935,900	3,330,000	-	-	59,265,900	28,653,519
Capital Program Allocation	(212,200)	-	-	-	(212,200)	(214,287)
Shared Services	(1,410,400)	35,300	-	-	(1,375,100)	(884,882)
Unallocated Reserve	2,388,800	(2,388,800)	-	-	-	-
<b>D Administrative &amp; Other Services</b>	<b>\$ 43,093,800</b>	<b>\$ 34,800</b>	<b>\$ -</b>	<b>\$ 841,400</b>	<b>\$ 43,970,000</b>	<b>\$ 22,267,001</b>
Personnel Costs	24,236,000	872,600	-	841,400	25,950,000	13,544,869
Utilities	206,200	-	-	-	206,200	47,462
Supplies & Other	2,666,800	-	-	820,000	3,486,800	1,357,120
Contractual Services	15,321,400	-	-	(820,000)	14,501,400	7,398,755
Capital Program Allocation	-	-	-	-	-	-
Shared Services	(184,400)	10,000	-	-	(174,400)	(81,205)
Unallocated Reserve	847,800	(847,800)	-	-	-	-
<b>Employee Benefits</b>						<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 418,554,700</b>	<b>\$ 2,906,700</b>	<b>\$ -</b>	<b>\$ 2,934,300</b>	<b>\$ 424,395,700</b>	<b>\$ 209,776,905</b>

The blue font numbers in the first quarter are revised to reclass \$11,700 in personnel costs that were coded to the wrong operating area. This impacted only the subsidiary schedules and not the total amendment approved by the Board of Directors.

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

*A – Water System Operations – Net increase = \$0.6 million*

- *Personnel* – Increase of \$1.1 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Chemicals and Supplies & Other* – These amendments offset each other. Budgeted expense in the Operating Supplies-Chemicals category was moved to Laboratory Supplies.
- *Unallocated Reserve* - Decrease \$0.5 million – Adjusted down to offset the Water O&M cost increases.

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

- *Personnel* – Increase of \$1.5 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Utilities* – Decrease of \$0.1 million – Decrease in electrical costs of \$1.8 million, increase in gas cost of \$1.3 million and increase of water cost of \$0.4 million. These adjustments are largely reflective of the current market conditions
- *Chemicals* – Decrease of \$2.0 million – Mostly due to decrease in chemical usage
- *Supplies & Other* – Increase of \$0.2 million – Reclassification of expense from Operating Supplies-Chemicals to Laboratory Supplies.
- *Contractual Services* – Increase of \$1.9 million – \$1.1 million for higher spending on facilities maintenance, field service techs and boiler operations, \$0.3 million on emergency sewer maintenance, and \$0.4 million on Sewer AI service implementation.
- *Unallocated Reserve* - Decrease of \$1.5 million – Adjusted down to offset the Wastewater O&M cost increases.

*C – Centralized Services – Net Increase = \$1.5 million*

- *Personnel* – Increase of \$1.5 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.

*D – Administrative & Other Services – Net increase = \$0.8 million*

- *Personnel* – Increase of \$0.8 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Supplies & Other* – Increase of \$0.8 million – Improvements to network infrastructure for maintenance teams’ connectivity to the enterprise asset management system.



- *Contractual Services* – Decrease of \$0.8 million – Decrease for costs already budgeted in another cost center.

## **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.



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

Water System Debt Service Coverage Calculation	FY 2026								Amended Budget		
	Adopted Budget	Amendments						Regional System		Adjustment to Local System	
		1st Quarter			2nd Quarter		3rd Quarter				
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System				Adjustment to Local System
<b>Revenues</b>											
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		
<b>Total GLWA Revenues</b>	<b>408,761,400</b>	-	-	-	-	-	-	-	<b>408,761,400</b>		
Local System Revenues	94,132,300		(100)	-		-		-	94,132,200		
Local System Miscellaneous Revenue	5,124,000		-	-		-		-	5,124,000		
<b>Total Revenues</b>	<b>508,017,700</b>	-	(100)	-	-	-	-	-	<b>508,017,600</b>		
<b>Operations &amp; Maintenance Transfers</b>											
GLWA Regional System	182,456,000	1,453,400	-		-		1,923,900		185,833,300		
DWSD Local System	48,484,000		1,200,000	-		-		-	49,684,000		
<b>Total Operations &amp; Maintenance Transfers</b>	<b>230,940,000</b>	<b>1,453,400</b>	<b>1,200,000</b>	-	-	-	<b>1,923,900</b>	-	<b>235,517,300</b>		
<b>Pledged Revenue</b>	<b>\$ 277,077,700</b>	<b>\$(1,453,400)</b>	<b>\$(1,200,100)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(1,923,900)</b>	<b>\$ -</b>	<b>\$ 272,500,300</b>		
<b>Debt Service by Lien</b>											
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)	-	-	12,000		19,623,400		
<b>Total Debt Service **</b>	<b>\$ 224,276,300</b>	<b>\$(1,395,800)</b>	<b>\$ -</b>	<b>\$(40,900)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ 222,851,600</b>		
<b>Debt Service Coverage</b>											
Senior Lien Bonds	1.80								1.85		
Senior and Second Lien Bonds	1.36								1.34		
All bonds, including SRF Junior Lien Bonds	1.24								1.22		

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



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

Sewer System Debt Service Coverage Calculation	FY 2026								Amended Budget
	Adopted Budget	Amendments						Amended Budget	
		1st Quarter		2nd Quarter		3rd Quarter			
	Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System		
<b>Revenues</b>									
GLWA Revenues									
Wholesale Charges	\$ 314,579,800	\$ -			\$ -		\$ -	\$ 314,579,800	
Local System Charges	215,324,400	-			-		-	215,324,400	
Investment Earnings & Other Revenues	15,057,800	-			-		-	15,057,800	
<b>Total GLWA Revenues</b>	<b>544,962,000</b>	<b>-</b>			<b>-</b>		<b>-</b>	<b>544,962,000</b>	
Local System Revenues	90,218,500		(2,160,600)	-			-	88,057,900	
Local System Miscellaneous Revenue	8,320,000		-	-			-	8,320,000	
<b>Total Revenues</b>	<b>643,500,500</b>	<b>-</b>	<b>(2,160,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641,339,900</b>	
<b>Operations &amp; Maintenance Transfers</b>									
GLWA Regional System	236,098,700	1,453,300			-		1,010,400	238,562,400	
DWSD Local System	60,104,400		(100)	-			-	60,104,300	
<b>Total Operations &amp; Maintenance Transfers</b>	<b>296,203,100</b>	<b>1,453,300</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,010,400</b>	<b>298,666,700</b>	
<b>Pledged Revenue</b>	<b>\$ 347,297,400</b>	<b>\$ (1,453,300)</b>	<b>\$ (2,160,500)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,010,400)</b>	<b>\$ 342,673,200</b>	
<b>Debt Service by Lien</b>									
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)			15,000	37,595,600	
<b>Total Debt Service **</b>	<b>\$ 253,134,100</b>	<b>\$ (4,610,700)</b>	<b>\$ -</b>	<b>\$ (90,600)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,000</b>	<b>\$ 248,447,800</b>	
<b>Debt Service Coverage</b>									
Senior Lien Bonds	2.19							2.22	
Senior and Second Lien Bonds	1.62							1.63	
All bonds, including SRF Junior Lien Bonds	1.37							1.38	

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\*\* 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.



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**Table 2C – Water System Flow of Funds Basis**

Water System Flow of Funds Basis	Adopted Budget	FY 2026 Amendments						Amended Budget
		1st Quarter		2nd Quarter		3rd Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	
<b>Revenues</b>								
Regional System Revenues								
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -	\$ 365,646,100
Charges to Local System	30,028,800	-			-		-	30,028,800
<b>Total Regional System Wholesale Revenues</b>	<b>395,674,900</b>	<b>-</b>			<b>-</b>		<b>-</b>	<b>395,674,900</b>
DWSD Local System Revenues - Detroit Customers	94,132,300		(100)	-		-		94,132,200
Local System Miscellaneous Revenue	5,124,000		-	-		-		5,124,000
Investment Earnings & Other Revenues (Regional System)	13,086,500	-	-		-		-	13,086,500
<b>Total Revenues</b>	<b>\$508,017,700</b>	<b>\$ -</b>	<b>\$ (100)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 508,017,600</b>
<b>Revenue Requirements</b>								
<b>Operations &amp; Maintenance Expense</b>								
Regional System	\$ 182,456,000	\$ 1,453,400			\$ -		\$ 1,923,900	\$ -
Local System	49,661,500		1,200,000	-		-		-
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
<b>Total Operations &amp; Maintenance Expense</b>	<b>230,940,000</b>	<b>1,453,400</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923,900</b>	<b>-</b>
<b>Nonoperating Requirements</b>								
Allocable Debt Service								
Regional System	179,082,200	(1,395,800)			-		12,000	
Local System	45,194,100		-	(40,900)				-
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			-		(1,935,900)	17,708,900
Local System	2,704,400		(1,200,100)	40,900				1,545,200
<b>Total Revenue Requirements</b>	<b>\$508,017,700</b>	<b>\$ -</b>	<b>\$ (100)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 508,017,600</b>

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**Table 2D – Sewer System Flow of Funds Basis**

Sewer System Flow of Funds Basis	Adopted Budget	FY 2026 Amendments						Amended Budget	
		1st Quarter		2nd Quarter		3rd Quarter			
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
<b>Revenues</b>									
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
<b>Total Regional System Wholesale Revenues</b>	<b>529,904,200</b>	<b>-</b>			<b>-</b>		<b>-</b>	<b>-</b>	<b>529,904,200</b>
DWSD Local System Revenues - Detroit Customers	90,218,500		(2,160,600)	-		-		-	88,057,900
Local System Miscellaneous Revenue	8,320,000		-	-		-		-	8,320,000
Other Revenues & Investment Earnings (Regional System)	15,057,800	-			-		-	-	15,057,800
<b>Total Revenues</b>	<b>\$643,500,500</b>	<b>\$ -</b>	<b>\$ (2,160,600)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$641,339,900</b>
<b>Revenue Requirements</b>									
<b>Operations &amp; Maintenance Expense</b>									
Regional System	\$236,098,700	\$ 1,453,300			\$ -		\$1,010,400	\$ -	\$238,562,400
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
<b>Total Operations &amp; Maintenance Expense</b>	<b>296,203,100</b>	<b>1,453,300</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,010,400</b>	<b>-</b>	<b>298,666,700</b>
<b>Nonoperating Requirements</b>									
Allocable Debt Service									
Regional System	220,884,500	(4,610,700)			-		-	-	216,273,800
Local System	32,249,600		-	(90,600)			-	15,000	32,174,000
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			-		(1,010,400)	-	54,354,500
Local System	3,263,900		(2,154,800)	90,600			-	-	1,199,700
<b>Total Revenue Requirements</b>	<b>\$643,500,500</b>	<b>\$ -</b>	<b>\$ (2,160,600)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$641,354,900</b>

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

Water Improvement & Extension Fund	FY 2026					Activity Thru 12/31/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Water Operations Fund - Revenue Transfers	\$ 19,102,400	\$ 542,400	\$ -	\$ (1,935,900)	\$ 17,708,900	\$ 9,822,402
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	4,868,800	-	-	-	4,868,800	2,951,373
<b>Total Inflows</b>	<b>23,971,200</b>	<b>542,400</b>	<b>-</b>	<b>(1,935,900)</b>	<b>22,577,700</b>	<b>12,773,775</b>
<b>Outflows</b>						
Capital Outlay	11,691,400	-	-	658,800	12,350,200	4,606,550
Transfer to Water Operations Fund - Investment Earnings (a)	4,868,800	-	-	-	4,868,800	2,162,493
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Transfer to Construction Fund- Revenue Financed Capital	9,250,000	(9,250,000)	-	-	-	-
<b>Total Outflows</b>	<b>25,810,200</b>	<b>(9,250,000)</b>	<b>-</b>	<b>658,800</b>	<b>17,219,000</b>	<b>6,769,043</b>
Net Increase (Use) of Reserves	(1,839,000)	9,792,400	-	(2,594,700)	5,358,700	6,004,732
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	149,201
Change in Net Position	(1,839,000)	9,792,400	-	(2,594,700)	5,358,700	6,153,933
Beginning Net Position	147,797,600				147,797,600	147,797,649
Projected Ending Net Position	\$ 145,958,600	\$ 9,792,400	\$ -	\$ (2,594,700)	\$ 153,156,300	\$ 153,951,582

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 proposed budget amendment for this quarter.

*Outflows*

- *Capital Outlay* – Increase of \$0.7 Million - Includes \$0.8 million for elevator renovations at Northeast and Springwells water treatment plants, \$0.7 million for Ovation and power supply upgrades to Springwells, Northeast and Lake Huron water treatment plants, \$0.3 million for other capital outlay items, and \$0.2 million related to share of centralized costs for building renovation and security upgrades. These are offset by a \$1.1 million decrease in pump station Ovation upgrades delayed and a \$0.2 million decrease due to a delay in laboratory improvements at NEWP.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents 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* – No budget amendment is required. This line represents the target use of I&E funds for capital.

*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					Activity Thru 12/31/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Sewer Operations Fund - Revenue Transfers	\$ 52,207,500	\$ 3,157,400	\$ -	\$ (1,010,400)	\$ 54,354,500	\$ 27,682,452
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	5,451,500	-	-	-	5,451,500	2,994,759
<b>Total Inflows</b>	<b>57,659,000</b>	<b>3,157,400</b>	<b>-</b>	<b>(1,010,400)</b>	<b>59,806,000</b>	<b>30,677,211</b>
<b>Outflows</b>						
Capital Outlay	11,779,500	-	-	(1,519,700)	10,259,800	2,823,534
Transfer to Sewer Operations Fund - Investment Earnings (a)	5,451,500	-	-	-	5,451,500	2,342,084
Capital Spending Other (net of ILAG)	-	-	-	-	-	341
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Transfer to Construction Fund- Revenue Financed Capital	26,250,000	9,750,000	-	-	36,000,000	-
<b>Total Outflows</b>	<b>43,481,000</b>	<b>9,750,000</b>	<b>-</b>	<b>(1,519,700)</b>	<b>51,711,300</b>	<b>5,165,958</b>
Net Increase (Use) of Reserves	14,178,000	(6,592,600)	-	509,300	8,094,700	25,511,253
<b>Non-budgeted Inflows (Outflows)</b>						
Unrealized gain on investments	-	-	-	-	-	171,901
Change in Net Position	14,178,000	(6,592,600)	-	509,300	8,094,700	25,683,154
Beginning Net Position	173,729,100				173,729,100	173,729,094
Projected Ending Net Position	\$ 187,907,100	\$ (6,592,600)	\$ -	\$ 509,300	\$ 181,823,800	\$ 199,412,248

(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 proposed budget amendment for this quarter.



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### *Outflows*

- *Capital Outlay* – Decrease of \$1.5 million – Includes increase of \$1.5 million for several network and Ovation upgrades moved forward from FY 2027 and FY 2028, increase \$1.1 million for elevator and other renovations at Conner pumping station not in original budget, \$0.6 million for various other replacement and improvements, and \$0.2 million related to share of centralized costs for building renovation and security upgrades. These are offset by a decrease of \$2.5 million for incinerator upgrades deferred to FY 2029 and other upgrades for the incineration process deferred to FY 2027; decrease of \$1.7 million for equipment replacement at the wastewater primary process deferred to FY 2027, and \$0.7 million for HVAC and exhaust fan replacements deferred to FY 2027.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents 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* – No budget amendment is required. This line represents the target use of I&E funds for capital.

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			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
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)	-	(44,000,000)	158,000,000	-
SRF loan proceeds	1,369,200	5,000,000	-	373,200	6,742,400	5,483,917
Grant Revenues & Capital Contributions	2,300,000	2,000,000	-	(2,102,900)	2,197,100	298,168
Investment Earnings	5,565,100	(2,000,000)	-	-	3,565,100	3,634,842
<b>Total Inflows</b>	<b>240,484,300</b>	<b>(24,250,000)</b>	<b>-</b>	<b>(45,729,700)</b>	<b>170,504,600</b>	<b>9,416,927</b>
<b>Outflows</b>						
Capital Program	185,000,000	-	-	(20,000,000)	165,000,000	52,073,429
Transfer to Water Operations Fund						
Bond Cost of Issuance	1,665,000	-	-	(480,000)	1,185,000	-
<b>Total Outflows</b>	<b>186,665,000</b>	<b>-</b>	<b>-</b>	<b>(20,480,000)</b>	<b>166,185,000</b>	<b>52,073,429</b>
Net Increase (Use) of Reserves	53,819,300	(24,250,000)	-	(25,249,700)	4,319,600	(42,656,502)
Beginning Net Position	270,178,200				270,178,200	270,178,152
Projected Ending Net Position	\$ 323,997,500	\$ (24,250,000)	\$ -	\$ (25,249,700)	\$ 274,497,800	\$ 227,521,650
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 183,064,000			\$ 183,743,000	\$ 183,743,000	
Capital Spend Rate Adjustment	-			(22,049,160)	(22,049,160)	
Projected CIP	\$ 183,064,000			\$ 161,693,840	\$ 161,693,840	
Capital Spend Rate Assumption	100%			88%	88%	
Actual Capital Spend to Projected CIP Ratio						32%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ 165,000,000	\$ 52,073,429
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ 165,000,000	\$ 52,073,429
Actual Capital Spend to Amended Financial Plan Ratio						32%

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

- *Transfers from Water Improvement & Extension Fund* - No budget amendment is required.

- *Bond Proceeds* – Amendment is based on current expected needs due to decrease in capital spend rate adjustment.
- *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* - There is no proposed budget amendment for this quarter.

*Outflows*

- *Capital Program* - This has been adjusted for the change in the capital spend rate assumption.
- *Bond Cost of Issuance* – Adjusted due to change in bond proceeds noted above.

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

*CIP Plan*

- *Capital Improvement Plan* – This first column of this line represents the original [CIP Plan approved by the Board for FY 2026](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 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. The adjustment this quarter is to reflect the expected SRA based on current CIP activity and was done in alignment with the FY 2027 budget approved by the Board in February 2026

*CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. The decrease in the third quarter is to reflect the change in the capital spend rate assumption.



Quarterly Budget Amendment Report  
FY 2026 Ending March 31, 2026

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

Sewer Construction Fund	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
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	30,128,006
Grant Revenues & Capital Contributor	23,191,650	10,431,350	-	-	33,623,000	6,739,584
Investment Earnings	3,936,400	(1,825,150)	-	-	2,111,250	1,075,627
<b>Total Inflows</b>	<b>207,314,650</b>	<b>(6,947,500)</b>	<b>-</b>	<b>-</b>	<b>200,367,150</b>	<b>37,943,217</b>
<b>Outflows</b>						
Capital Program	175,000,000	65,000,000		-	240,000,000	112,113,182
Transfer to Sewer Operations Fund						
Bond Cost of Issuance	757,500	-		(562,500)	195,000	30
<b>Total Outflows</b>	<b>175,757,500</b>	<b>65,000,000</b>	<b>-</b>	<b>(562,500)</b>	<b>240,195,000</b>	<b>112,113,213</b>
Net Increase (Use) of Reserves	31,557,150	(71,947,500)	-	562,500	(39,827,850)	(74,169,995)
Beginning Net Position	149,360,300				149,360,300	149,360,302
Projected Ending Net Position	\$ 180,917,450	\$ (71,947,500)	\$ -	\$ 562,500	\$ 109,532,450	\$ 75,190,307
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 193,221,000			\$ 262,279,000	\$ 262,279,000	
Capital Spend Rate Adjustment	(19,322,100)			(26,227,900)	(26,227,900)	
Projected CIP	\$ 173,898,900			\$ 236,051,100	\$ 236,051,100	
Capital Spend Rate Assumption	90%			90%	90%	
Actual Capital Spend to Projected CIP Ratio						47%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ 240,000,000	\$ 112,113,182
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ 240,000,000	\$ 112,113,182
Actual Capital Spend to Amended Financial Plan Ratio						47%

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

*Inflows*

- *Transfers from Sewer Improvement & Extension Fund* - No budget amendment is required.
- *Bond Proceeds* – There is no proposed budget amendment for this quarter.

- *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. There is no proposed budget amendment for this quarter.
- *Grant Revenues & Capital Contributions* - There is no proposed budget amendment for this quarter.
- *Investment Earnings* - There is no proposed budget amendment for this quarter.

#### *Outflows*

- *Capital Program* - There is no proposed budget amendment for this quarter.
- *Bond Cost of Issuance* - Adjusted due to change in bond proceeds noted in the first 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](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 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. There is no change in the SRA for this amendment.

#### *CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.

## **Section 5 – Proposed Budget Amendment Resolution**