



## Financial Services Audit Committee Communication

**Date:** April 24, 2026

**To:** Great Lakes Water Authority Audit Committee

**From:** Nick Fedewa, CPA, Public Finance Manager

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

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

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

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

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

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

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

**Analysis:** This report addresses five key areas.

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

## Financial Position of the GRS as a Whole

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

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

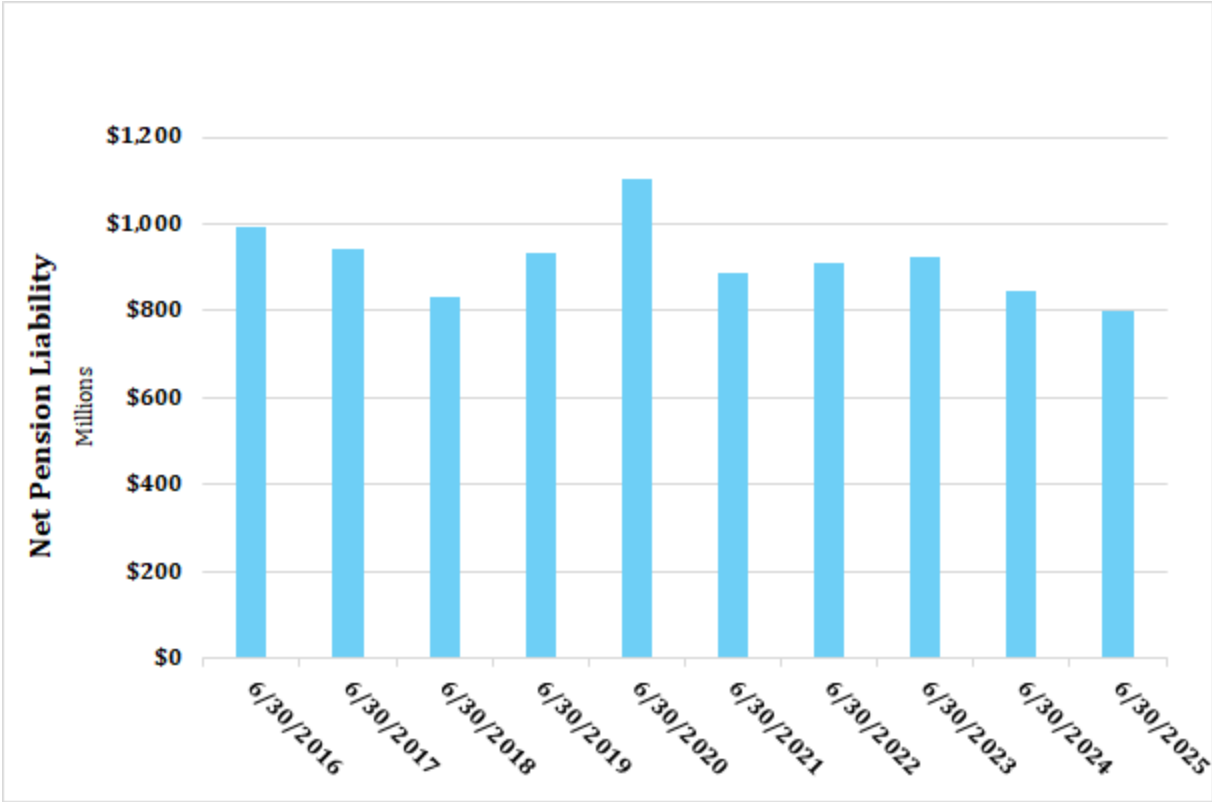
### Executive Summary as of June 30, 2025

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

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

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

**Chart 1: Net Pension Liability Trend for GRS in Total**



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

## Financial Position of the DWSD Unit with the GRS

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

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

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

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

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

\* Totals may not add due to rounding.

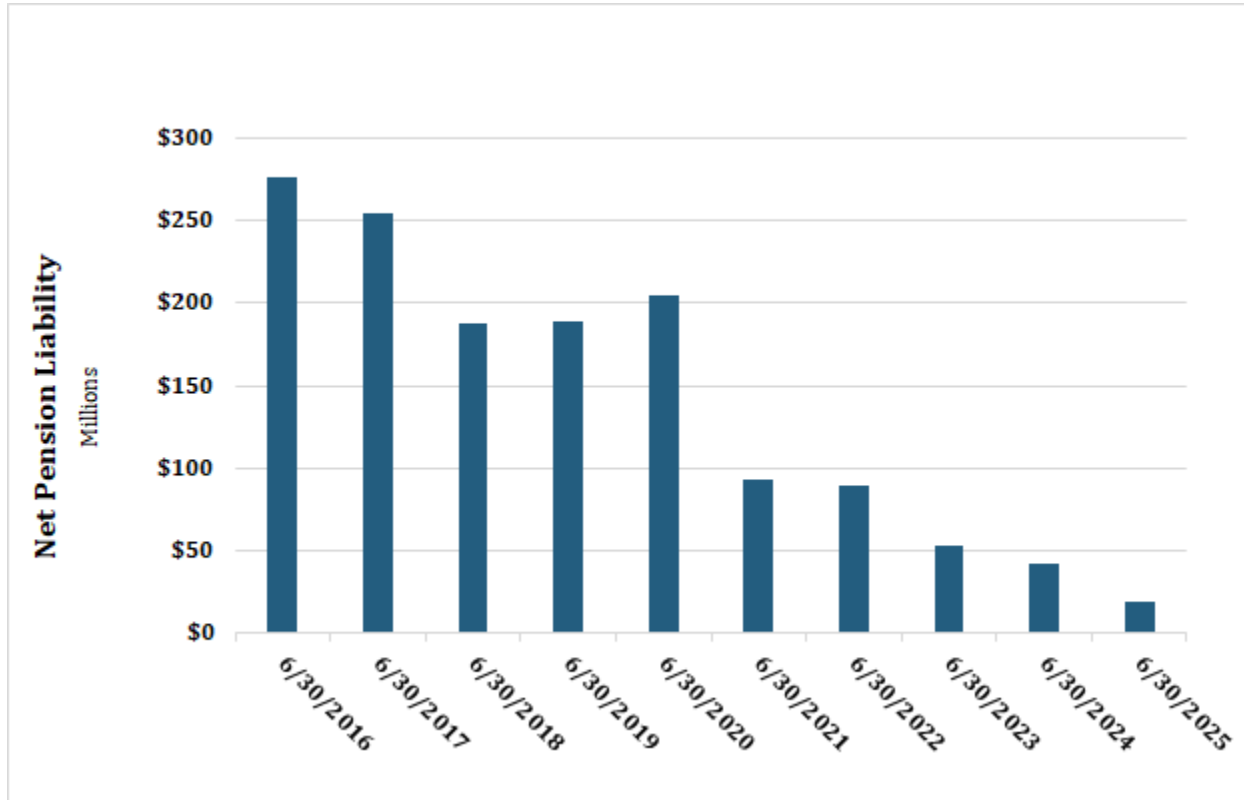
<sup>^</sup> Includes \$5,000,000 contribution from the City to finance one-time supplemental checks paid to retirees.

<sup>#</sup> Includes transfer of \$10,761,567 from General to DWSD for aggregate excess administrative expenses paid by the DWSD pension pool.

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

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

**Chart 2: Net Pension Liability Trend for DWSD Unit**



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

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

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

## Administrative Expenses

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

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

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

<u>General Retirement System of the City of Detroit</u>							
<u>Statement of Changes in Fiduciary Net Position by Division - Legacy Defined Benefit Plan</u>							
<u>For the Year Ended June 30, 2025</u>							
	DWSD Subdivisions		General Retirement System - Divisions				
	GLWA	DWSD-R	DWSD - Division Total (all DWSD Subdivisions)	General Division	DOT	Library	Total - General Retirement System (all Divisions)
<b>Beginning Net Position - July 1, 2024</b>	403,996,842	170,661,716	574,618,558	676,841,099	73,287,213	77,856,128	1,402,602,998
<b>Additions:</b>							
Investment income (loss):							
Interest, dividends, and other income	11,473,797	4,847,394	16,321,191	19,477,126	2,282,196	2,292,326	40,372,839
Net increase in fair value of investments	26,139,059	11,043,102	37,182,161	42,080,686	3,822,158	4,710,879	87,795,884
Net unrealized loss on collateralized securities	(2,200)	(935)	(3,135)	(3,548)	(322)	(398)	(7,403)
Investment related expenses	(2,355,153)	(994,994)	(3,350,147)	(3,791,508)	(344,380)	(424,454)	(7,910,489)
Net investment income	35,255,503	14,894,567	50,150,070	57,762,756	5,759,652	6,578,353	120,250,631
<b>Contributions:</b>							
Employer contributions	-	-	-	35,200,000	27,100,000	100,000	62,400,000
General division contribution on behalf of DWSD/GLWA	1,546,600	653,400	2,200,000	(2,200,000)	-	-	-
Foundation for Detroit's Future	-	-	-	12,932,610	5,367,390	-	18,300,000
Employer - Supplemental	-	-	-	5,000,000	-	-	5,000,000
Total contributions	1,546,600	653,400	2,200,000	50,932,610	32,467,390	100,000	85,700,000
ASF recoupment interest	949,492	401,137	1,350,629	2,529,296	904,674	88,631	4,873,230
Other income	80,491	34,005	114,496	160,264	23,675	20,316	318,751
Total additions - net	37,832,086	15,983,109	53,815,195	111,384,926	39,155,391	6,787,300	211,142,812
<b>Deductions:</b>							
Member refunds and withdrawals	491,385	207,598	698,983	3,143,702	1,265,216	613,167	5,721,068
Retirees' pension and annuity benefits	41,299,448	17,447,989	58,747,437	119,806,442	30,511,703	6,573,758	215,639,340
General and administrative expenses	804,628	339,935	1,144,563	1,348,180	145,978	155,079	2,793,800
Transfer from general division to DWSD/GLWA	(7,565,382)	(3,196,185)	(10,761,567)	10,761,567	-	-	-
ASF Recoupment Write-off	515,935	217,970	733,905	2,750,812	966,814	483,434	4,934,965
Total deductions	35,546,014	15,017,207	50,563,221	137,810,703	32,889,711	7,825,438	229,089,173
<b>Net Increase (Decrease) in Net Position</b>	2,286,072	965,802	3,251,874	(26,425,777)	6,265,680	(1,038,138)	(17,946,361)
<b>End of Year Net Position Restricted for Penalties - June 30, 2025</b>	<b>406,242,914</b>	<b>171,627,518</b>	<b>577,870,432</b>	<b>650,415,322</b>	<b>79,552,893</b>	<b>76,817,990</b>	<b>1,384,656,637</b>

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

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

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

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

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

## **Planning for the Tail Liability (UAAL)**

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

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

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

**Valuation Results**

**Determination of FY 2027 Actuarially Determined Employer Contribution**

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

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

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

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

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

City of Detroit Contributions

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

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



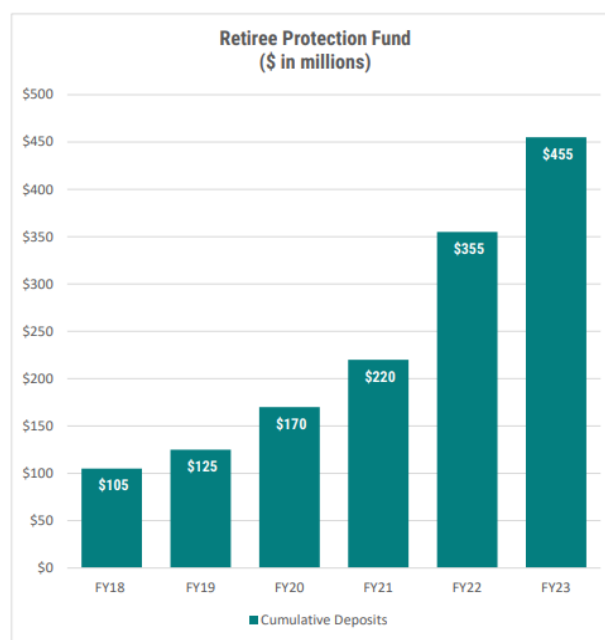
As noted above, the POA established a funding requirement for GLWA and DWSD through June 30, 2023. Starting from fiscal year 2024 (post-bankruptcy) the City is required to make ADEC payments annually in accordance with the plan document. The June 30, 2025 valuation computes the employer contribution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

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

**Chart 3: City of Detroit Retiree Protection Fund**

**Retiree Protection Fund (RPF)**

- In FY24, the City resumed annual pension contributions for its closed and frozen legacy pension plans per the bankruptcy Plan of Adjustment (POA)
- Going beyond the POA requirements over the past 10 years, the City deposited over \$455 million in the RPF, an irrevocable trust fund exclusively for future pension payments
- The RPF strategy has always been two-fold:
  - Build a pension funding resource to gradually draw down every year beginning in FY24
  - Gradually build room in the recurring City budget for annual pension contributions before FY24 began



Source: [Mayor’s Proposed Budget \(detroitmi.gov\)](https://www.detroitmi.gov/mayors-proposed-budget)

**GLWA and DWSD Contributions**

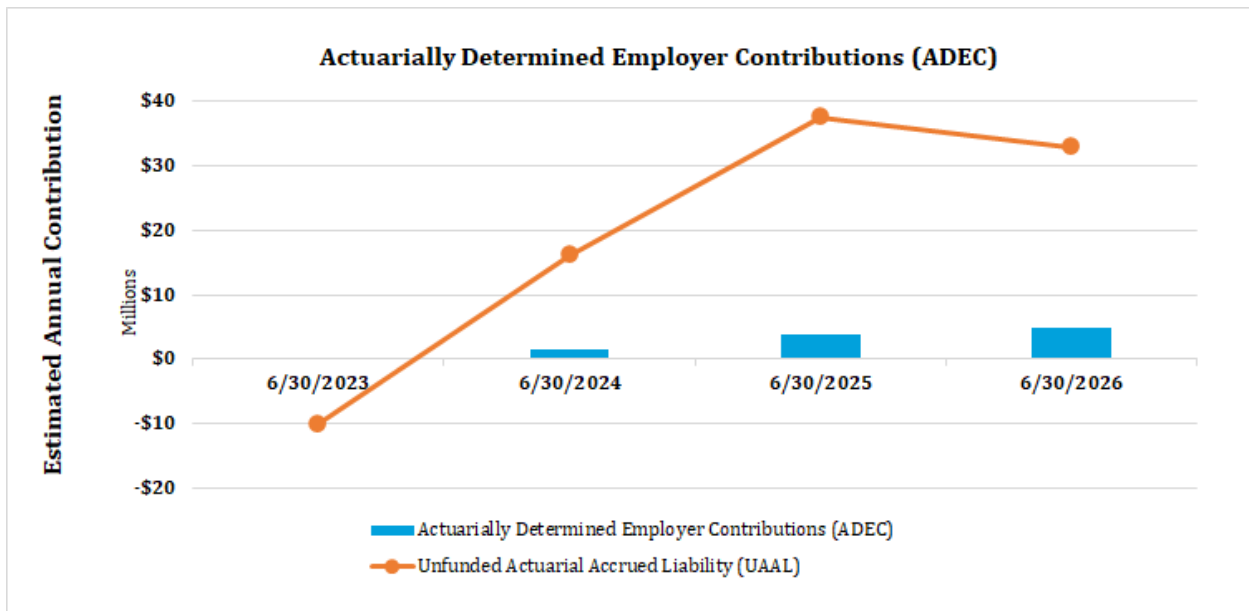
According to the Pension Agreement, “If the Authority Pension Pool is less than 100% funded, then the Authority shall make such level annual contributions to the GRS as necessary to amortize such shortfall over five (5) years (or such greater period not to exceed ten (10) years as agreed upon by GRS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

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

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

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

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

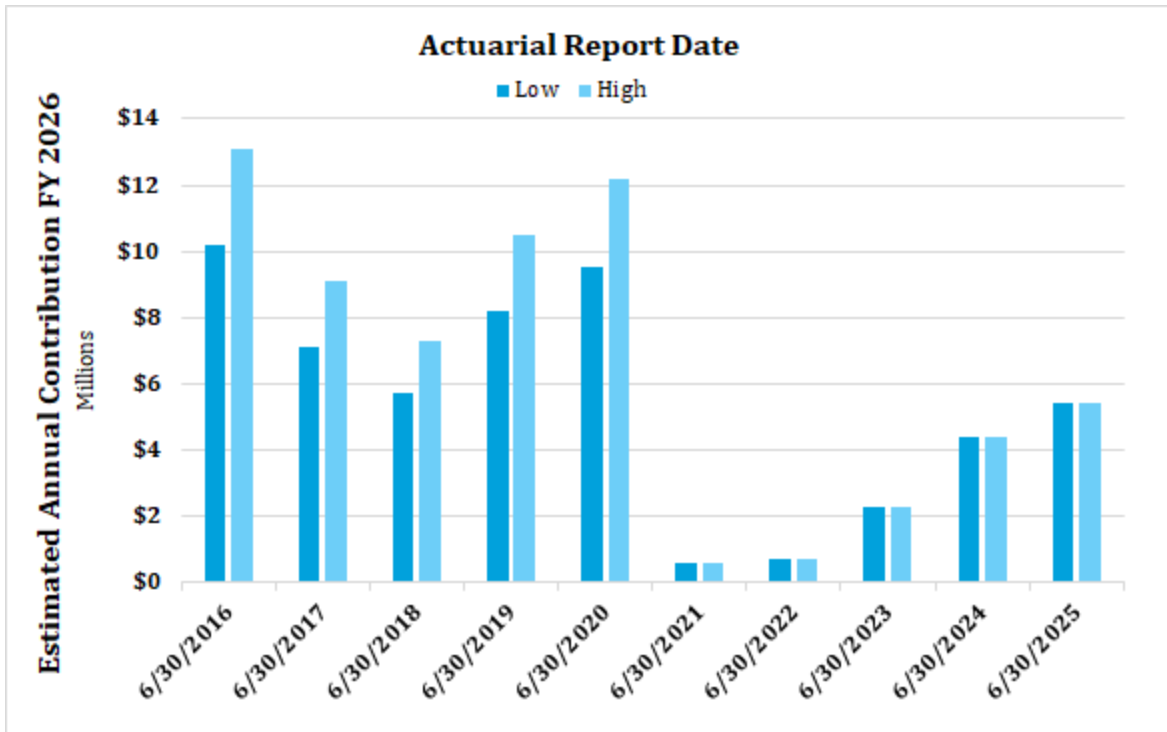


Source: Annual Actuarial Valuation of Component II.

## Impact on GLWA Financial Forecast

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

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



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

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

**Proposed Action:** Receive and file this report.