



**FY 2026 Fourth Quarter
Budget Amendment Report
For May 2026
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
May 22, 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

For the fourth quarter FY 2026 budget amendment, the focus is on adjusting investment earnings based on actual rates and increases in and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

Revenue Requirement - Table 1A

Positive Variances

- ✓ \$3.3 million increase in investment earnings

Negative Variances

- ✓ \$6.9 million operations and maintenance expense due to an increase in personnel costs and contractual services for the fourth quarter.

The net impact of the above is negative with a \$3.0 million decrease in the Improvement & Extension Transfer pending year-end close for future paygo capital funding for the fourth quarter. Total decrease to date of \$4.4 million from the adopted budget.

Improvement & Extension - Table 3A

Aside from the transfer in decrease of \$3.0 million based on operational needs noted above, investment earnings and capital outlay have been adjusted based on current projections.

Construction Fund Adopted - Table 4A

The amendment is to align with the projected June 2026 bond transaction and adjusted investment earnings based on current projections.

Sewer System Executive Summary

For the fourth quarter FY 2026 budget amendment, the focus is on adjusting investment earnings based on actual rates and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

Revenue Requirement - Table 1B

Positive Variances

- ✓ \$5.5 million increase in investment earnings
- ✓ \$0.1 million decrease in operations and maintenance expense due to a decrease in allocated centralized and administrative services costs.



Negative Variances

✓ None

The net impact of the above is positive with a corresponding \$5.9 million increase in the Improvement & Extension Transfer. Total increase to date of \$8.0 million from the adopted budget. The headwind, however, is increasing capital program needs for aging infrastructure which has been communicated over the last year.

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

Aside from the transfer in increase of \$5.9 million based on operational needs noted above, investment earnings and capital outlay have been adjusted based on current projections. There is also an amendment for a project which will be funded from the I&E Fund instead of the Construction Fund.

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

The amendment is to align with the projected June bond transaction and adjusted investment earnings based on current projections. State revolving fund loan proceeds have also been adjusted to align with current projections.

Fourth Quarter Revenue Requirement Budget Amendment Analysis

Section 1 - Revenue Requirement - Water and Sewer Systems

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

- *Increase of \$3.3 million in Investment Earnings* – A rate of return of 3.3% was used at the time the budget was developed, with a 2% rate used for ER&R funds due to the longer maturity of the investments (which turned over to a higher rate during the year). Most of this increase is related to the actual rate of return being higher than anticipated. Some of the increase is related to cash balances being higher than anticipated.
- *Increase of \$0.3 million in Other Revenue* – Other revenues include mostly lead and copper rule sample testing fees and energy rebates. Energy rebates are not included in the adopted budget as they are not known in advance. Energy rebates of \$313,522 have been received through March 31, 2026.

Revenue Requirements

The increase to the Revenue Requirements consists of the following:

- *Increase of \$6.9 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 \$33,300* – The increase is due to the new money bond issue being higher than anticipated and represents one month interest expense on the increase in the bond issue than was anticipated. See Table 4A - Water System Construction Fund for details on the new bond issue.
- *Decrease of \$0.3 million to the Extraordinary Repair & Replacement Fund* – No additional funds are anticipated for FY 2026. The balance in the fund will be analyzed in June to determine the amount needed to be transferred on July 1, 2026.

The overall net of the changes to the revenue and revenue requirements results in a decrease in transfers to the Improvement & Extension Fund of \$3.0 million.

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

- *Increase of \$5.5 million in Investment Earnings* – A rate of return of 3.3% was used at the time the budget was developed, with a 2% rate used for ER&R funds due to the longer maturity of the investments (which turned over to a higher rate during the year). Part of this increase is related to the actual rate of return being higher than anticipated. Part of the increase is related to cash balances being higher than anticipated.

Revenue Requirements

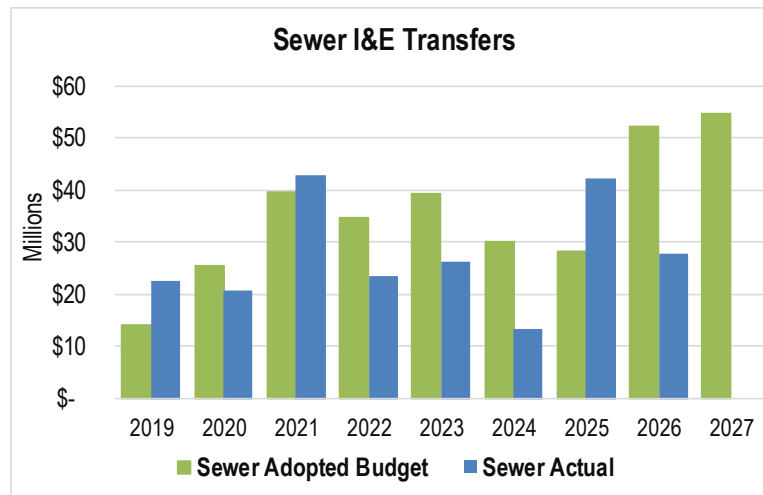
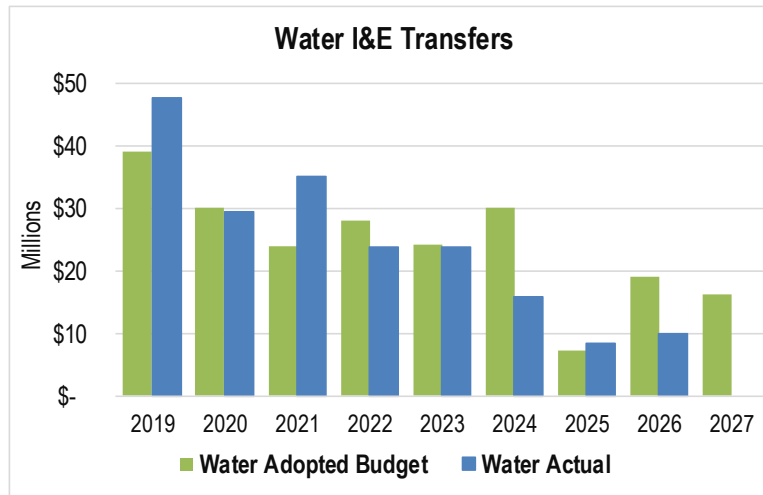
The decrease to the Revenue Requirements consists of the following:

- *Decrease in Operations & Maintenance Expense of \$0.1 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *Debt Service decreased \$0.3 million* – The decrease is due to the interest expense on the variable rate debt being less than anticipated and draws on the state revolving funds being slower than anticipated.

The overall net of the changes to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$5.9 million.

Section 1 - Supplemental Information

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



The current FY 2026 budget amendment results in less funds being available for I&E purposes for the water fund and additional funds being available for the sewage disposal fund, assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. Actual for FY 2026 is based on actual transfers made through March 31, 2026. It should be noted that increases help to offset the amount of bond funding needed for capital financing to help deleverage the systems.

Table 1D - Operations & Maintenance by Fund

System	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Water System	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 6,935,100	\$ 192,768,400	\$ 140,352,170
Sewer System	236,098,700	1,453,300	-	1,010,400	(132,600)	238,429,800	177,770,615
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Totals may be off due to rounding.

Table 1E - Operations and Maintenance by Service Area

Operating Area	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 6,601,300	\$ 108,690,800	\$ 77,556,437
B Wastewater System Operations	156,572,600	-	-	-	-	156,572,600	117,648,231
C Centralized Services	117,387,600	2,871,900	-	1,504,100	(1,501,800)	120,261,800	88,725,089
D Administrative Services	43,093,800	34,800	-	841,400	1,703,000	45,673,000	34,002,731
Employee Benefits	-	-	-	-	-	-	190,297
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Totals may be off due to rounding.

The \$6.8 million increase in FY 2026 Q4 budget amendments is attributable mostly to an increase of \$6.0 million in contractual services.

Table 1F - Unallocated Reserve by Service Area

O&M Unallocated Reserves	FY 2026					
	Adopted Budget	Amendments				Amended Budget
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Water System Operations	\$2,113,200	\$(1,625,300)	\$ -	\$ (487,900)	\$ -	\$ -
Wastewater System Operations	3,176,400	(692,800)	-	(1,491,000)	(549,600)	443,000
Centralized Services	2,388,800	(2,388,800)	-	-	-	-
Administrative & Other Services	847,800	(847,800)	-	-	-	-
Total	\$8,526,200	\$(5,554,700)	\$ -	\$(1,978,900)	\$ (549,600)	\$443,000

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, third and fourth quarter budget amendments.



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 FY 2026 Ending May 31, 2026

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

O&M Expense Categories	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Personnel Costs	\$ 138,905,400	\$ 5,228,700	\$ -	\$ 4,913,200	\$ 2,766,300	\$ 151,813,600	\$ 114,800,396
Utilities	73,078,800	-	-	(105,600)	(418,500)	72,554,700	52,775,622
Chemicals	38,364,600	(1,175,600)	-	(2,669,100)	(884,300)	33,635,600	23,494,821
Supplies & Other	45,211,200	304,800	-	894,210	(113,200)	46,297,010	35,136,433
Contractual Services	120,208,200	4,058,200	-	1,880,490	6,001,800	132,148,690	96,316,023
Capital Program Allocation	(3,430,600)	-	-	-	-	(3,430,600)	(2,312,846)
Shared Services	(2,309,100)	45,300	-	-	-	(2,263,800)	(2,087,664)
Intergovernmental Agreement	-	-	-	-	-	-	-
Unallocated Reserve	8,526,200	(5,554,700)	-	(1,978,900)	(549,600)	443,000	-
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

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	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 6,601,300	\$ 108,690,800	\$ 77,556,437
Personnel Costs	27,021,300	1,097,300	-	1,076,700	2,711,500	31,906,800	24,007,811
Utilities	33,668,800	528,000	-	-	(840,900)	33,355,900	24,113,411
Chemicals	14,904,300	-	-	(669,100)	86,800	14,322,000	9,800,657
Supplies & Other	6,117,900	-	-	669,100	326,500	7,113,500	5,791,858
Contractual Services	19,295,100	-	-	-	4,317,400	23,612,500	15,116,213
Capital Program Allocation	(1,619,900)	-	-	-	-	(1,619,900)	(1,273,514)
Unallocated Reserve	2,113,200	(1,625,300)	-	(487,900)	-	-	-
B Wastewater System Operations	\$ 156,572,600	\$ -	\$ -	\$ -	\$ -	\$ 156,572,600	\$ 117,648,231
Personnel Costs	44,276,900	1,363,400	-	1,491,000	771,300	47,902,600	36,219,667
Utilities	39,029,400	(528,000)	-	(105,600)	394,800	38,790,600	28,380,617
Chemicals	23,460,300	(1,175,600)	-	(2,000,000)	(971,100)	19,313,600	13,694,164
Supplies & Other	19,286,600	304,800	-	225,110	90,300	19,906,810	16,197,149
Contractual Services	29,655,800	728,200	-	1,880,490	264,300	32,528,790	24,669,310
Capital Program Allocation	(1,598,500)	-	-	-	-	(1,598,500)	(776,327)
Shared Services	(714,300)	-	-	-	-	(714,300)	(736,349)
Unallocated Reserve	3,176,400	(692,800)	-	(1,491,000)	(549,600)	443,000	-
C Centralized Services	\$ 117,387,600	\$ 2,871,900	\$ -	\$ 1,504,100	\$ (1,501,800)	\$ 120,261,800	\$ 88,725,089
Personnel Costs	43,371,200	1,895,400	-	1,504,100	(919,500)	45,851,200	34,763,782
Utilities	174,400	-	-	-	27,600	202,000	167,067
Supplies & Other	17,139,900	-	-	-	(730,000)	16,409,900	11,269,336
Contractual Services	55,935,900	3,330,000	-	-	120,100	59,386,000	44,015,646
Capital Program Allocation	(212,200)	-	-	-	-	(212,200)	(263,005)
Shared Services	(1,410,400)	35,300	-	-	-	(1,375,100)	(1,227,737)
Unallocated Reserve	2,388,800	(2,388,800)	-	-	-	-	-
D Administrative & Other Services	\$ 43,093,800	\$ 34,800	\$ -	\$ 841,400	\$ 1,703,000	\$ 45,673,000	\$ 34,002,732
Personnel Costs	24,236,000	872,600	-	841,400	203,000	26,153,000	19,618,839
Utilities	206,200	-	-	-	-	206,200	114,527
Supplies & Other	2,666,800	-	-	820,000	200,000	3,686,800	1,878,090
Contractual Services	15,321,400	-	-	(820,000)	1,300,000	15,801,400	12,514,855
Capital Program Allocation	-	-	-	-	-	-	-
Shared Services	(184,400)	10,000	-	-	-	(174,400)	(123,579)
Unallocated Reserve	847,800	(847,800)	-	-	-	-	-
Employee Benefits							\$ 190,297
Grand Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

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

A – Water System Operations – Net increase = \$6.6 million

- *Personnel* – Increase of \$2.7 million – Due mostly to promotions, progressions and market adjustments, as well as overtime pay for hourly team member positions higher than that was budgeted for in the unallocated category.
- *Utilities* – Decrease of \$0.8 million – Decrease in electric costs due to the impact of the change to the power supply generation factor, in March of 2026, having a smaller impact on water facilities compared to sewer facilities, increasing 23% to 28%. Demand charges also have an impact on the overall cost changes.
- *Chemicals* – Increase of \$0.1 million – Due to a combination increased pricing and of lower volume than forecast.
- *Supplies & Other* – Increase \$0.3 million – Due to maintenance of equipment costs and increased activity.
- *Contractual Services* - Increase \$4.3 million – Due to dredging of sediment removed from the source water through the treatment process.

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

- *Personnel* – Increase of \$0.8 million – Due mostly to filling of positions budgeted at less than full-time as well as hiring for positions budgeted as contractors.
- *Utilities* – Increase of \$0.4 million – Increase in electrical costs due to power supply generation factor having a greater impact on wastewater facilities, in particular the water resource recovery facility compared to water facilities, increasing 24% to 40%. Demand charges also have an impact on the overall cost changes, in particular wet-weather facilities.
- *Chemicals* – Decrease of \$1.0 million – Mostly due to decrease in chemical volumes.
- *Supplies & Other* – Increase of \$0.1 million – Due to maintenance of the combined sewer overflow facilities.
- *Contractual Services* – Increase of \$0.3 million – Mostly due to increased electrical maintenance and odor control at sewage pumping facilities.
- *Unallocated Reserve* - Decrease of \$0.5 million – Adjusted down to offset the Wastewater O&M cost increases.

C – Centralized Services – Net Decrease = \$1.5 million

- *Personnel* – Decrease of \$0.9 million – Due mostly to workforce development positions budgeted where the apprentice may work in a number of locations, with costs incurred in other cost groups.
- *Utilities* – Increase of \$28 thousand – Increase in electrical costs mostly due to power generation charges by the supplier.
- *Supplies & Other* – Decrease of \$0.7 million – Mostly due to reduced need to replace tablets used with the enterprise asset management system.
- *Contractual Services* – Increase of \$0.1 million – Due to several factors. Increase in water main repair costs (\$1.2 million), increased shared services costs with DWSD

(\$0.7 million), and increased costs for on-site fuel tank and vehicle maintenance (\$0.7 million). This is offset by reduced technical labor support (\$1.2 million), decreased project management due to insourcing tasks (\$0.9 million), and reduced cost for technology emergency backup services (\$0.3 million).

D – Administrative & Other Services – Net increase = \$1.7 million

- *Personnel* – Increase of \$0.2 million – Due mostly to filling of positions budgeted at less than full-time.
- *Supplies & Other* – Increase of \$0.2 million – Due to increase team member training.
- *Contractual Services* – Increase of \$1.3 million – Mostly due to risk management forecast.

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 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										
	Adopted Budget	Amendments								Amended Budget	
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter			
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -		\$ -	\$ -	\$ 365,646,100
Local System Charges	30,028,800	-			-		-		-	-	30,028,800
Investment Earnings & Other Revenues	13,086,500	-			-		-		3,600,300	-	16,686,800
Total GLWA Revenues	408,761,400	-	-	-	-	-	-	-	3,600,300	-	412,361,700
Local System Revenues	94,132,300		(100)	-		-		-		-	94,132,200
Local System Miscellaneous Revenue	5,124,000		-	-		-		-		-	5,124,000
Total Revenues	508,017,700	-	(100)	-	-	-	-	-	3,600,300	-	511,617,900
Operations & Maintenance Transfers											
GLWA Regional System	182,456,000	1,453,400	-	-	-	-	1,923,900	-	6,935,100	-	192,768,400
DWSD Local System	48,484,000		1,200,000	-		-		-		-	49,684,000
Total Operations & Maintenance Transfers	230,940,000	1,453,400	1,200,000	-	-	-	1,923,900	-	6,935,100	-	242,452,400
Pledged Revenue	\$ 277,077,700	\$(1,453,400)	\$ (1,200,100)	\$ -	\$ -	\$ -	\$(1,923,900)	\$ -	\$(3,334,800)	\$ -	\$ 269,165,500
Debt Service by Lien											
Senior Lien Bonds	\$ 153,735,500	\$(6,752,700)	\$ -	\$ -	\$ -	\$ -			\$ 33,300	\$ -	\$ 147,016,100
Second Lien Bonds	50,697,200	5,548,200	-	-	-	-			-	-	56,245,400
Junior Lien Bonds	19,843,600	(191,300)	-	(40,900)	-	-	12,000		-	(24,900)	19,598,500
Total Debt Service **	\$ 224,276,300	\$(1,395,800)	\$ -	\$ (40,900)	\$ -	\$ -	\$ 12,000	\$ -	\$ 33,300	\$ (24,900)	\$ 222,860,000
Debt Service Coverage											
Senior Lien Bonds	1.80										1.83
Senior and Second Lien Bonds	1.36										1.32
All bonds, including SRF Junior Lien Bonds	1.24										1.21

* 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 Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for changes in debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately show the debt service requirements.

** 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			2nd Quarter		3rd Quarter		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
Revenues											
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	-			-		-		5,519,800	-	20,577,600
Total GLWA Revenues	544,962,000	-			-		-		5,519,800	-	550,481,800
Local System Revenues	90,218,500		(2,160,600)	-							88,057,900
Local System Miscellaneous Revenue	8,320,000			-							8,320,000
Total Revenues	643,500,500	-	(2,160,600)	-	-		-		5,519,800	-	646,859,700
Operations & Maintenance Transfers											
GLWA Regional System	236,098,700	1,453,300			-		1,010,400		(132,600)	-	238,429,800
DWSD Local System	60,104,400		(100)	-							60,104,300
Total Operations & Maintenance Transfers	296,203,100	1,453,300	(100)	-	-		1,010,400		(132,600)	-	298,534,100
Pledged Revenue	\$ 347,297,400	\$(1,453,300)	\$ (2,160,500)	\$ -	\$ -	\$ -	\$(1,010,400)	\$ -	\$ 5,652,400	\$ -	\$ 348,325,600
Debt Service by Lien											
Senior Lien Bonds	\$ 158,579,500	\$(4,318,500)	\$ -	\$ -	\$ -				\$ (181,600)	\$ -	\$ 154,079,400
Second Lien Bonds	56,447,200	144,000	-	-					-	-	56,591,200
Junior Lien Bonds	38,107,400	(436,200)	-	(90,600)				15,000	(65,000)	(2,300)	37,528,300
Total Debt Service **	\$ 253,134,100	\$(4,610,700)	\$ -	\$ (90,600)	\$ -	\$ -	\$ -	\$ 15,000	\$ (246,600)	\$ (2,300)	\$ 248,198,900
Debt Service Coverage											
Senior Lien Bonds	2.19										2.26
Senior and Second Lien Bonds	1.62										1.65
All bonds, including SRF Junior Lien Bonds	1.37										1.40

* 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 Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for changes in debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately show the debt service requirements.

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



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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	FY 2026 Amendments								Amended Budget
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional 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
Local System Miscellaneous Revenue	5,124,000		-	-		-		-		5,124,000
Investment Earnings & Other Revenues (Regional System)	13,086,500		-	-		-		3,600,300		16,686,800
Total Revenues	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600,300	\$ 511,617,900
Revenue Requirements										
Operations & Maintenance Expense										
Regional System	\$ 182,456,000	\$ 1,453,400			\$ -		\$ 1,923,900	\$ -	\$ 6,935,100	\$ 192,768,400
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	-	-	-	1,923,900	-	6,935,100	242,452,400
Nonoperating Requirements										
Allocable Debt Service										
Regional System	179,082,200	(1,395,800)			-		12,000		33,300	177,731,700
Local System	45,194,100		-	(40,900)		-			(24,900)	45,128,300
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
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					24,900	1,570,100
Total Revenue Requirements	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,648,400	\$ 514,666,000

* 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 Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.



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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		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional 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
Local System Miscellaneous Revenue	8,320,000		-	-	-		-		-	8,320,000
Other Revenues & Investment Earnings (Regional System)	15,057,800		-	-	-		-	5,519,800	-	20,577,600
Total Revenues	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ 5,519,800	\$ -	\$ 646,859,700
Revenue Requirements										
Operations & Maintenance Expense										
Regional System	\$ 236,098,700	\$ 1,453,300			\$ -		\$ 1,010,400	\$ -	\$ (132,600)	\$ 238,429,800
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)	-	-	-	1,010,400	-	(132,600)	298,534,100
Nonoperating Requirements										
Allocable Debt Service										
Regional System	220,884,500	(4,610,700)			-		-	-	(246,600)	216,027,200
Local System	32,249,600		-	(90,600)	-		15,000		(2,300)	32,171,700
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
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)	5,899,000	-	60,253,500
Local System	3,263,900		(2,154,800)	90,600	-		(15,000)		2,300	1,187,000
Total Revenue Requirements	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ 5,519,800	\$ -	\$ 646,859,700

* 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 Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

Section 3 - Improvement & Extension Funds

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

Water Improvement & Extension Fund	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Water Operations Fund - Revenue Transfers	\$ 19,102,400	\$ 542,400	\$ -	\$ (1,935,900)	\$ (3,048,100)	\$ 14,660,800	\$ 13,281,678
Grant Revenues & Capital Contributions	-	-	-	-	-	-	-
Investment Earnings (a)	4,868,800	-	-	-	790,200	5,659,000	4,301,499
Total Inflows	23,971,200	542,400	-	(1,935,900)	(2,257,900)	20,319,800	17,583,177
Outflows							
Capital Outlay	11,691,400	-	-	658,800	137,000	12,487,200	5,463,141
Transfer to Water Operations Fund - Investment Earnings (a)	4,868,800	-	-	-	790,200	5,659,000	3,057,503
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)	-	658,800	927,200	18,146,200	8,520,644
Net Increase (Use) of Reserves	(1,839,000)	9,792,400	-	(2,594,700)	(3,185,100)	2,173,600	9,062,533
Non-budgeted Inflows (Outflows)							
Unrealized gain on investments	-	-	-	-	-	-	149,201
Change in Net Position	(1,839,000)	9,792,400	-	(2,594,700)	(3,185,100)	2,173,600	9,211,734
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)	\$ (3,185,100)	\$ 149,971,200	\$ 157,009,383

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 for 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* – Increase of \$0.8 million – Due to interest rates being higher than budget.

Outflows

- *Capital Outlay* – Increase of \$0.1 Million – Most of this is for four Trane unit heaters for the Water Works Park residual area. They are needed to reduce the icing conditions experienced this past winter. The other item is a \$25,000 allocation for a centralized service project of carpeting for the 11th floor of the MOB.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the construction and design costs of projects in the Board adopted capital improvement plan (CIP) that will be targeted as paygo projects.
- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required. This line represents the target use of I&E funds for capital expenditures that are not tied to any specific project.

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				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Sewer Operations							
Fund - Revenue Transfers	\$ 52,207,500	\$ 3,157,400	\$ -	\$ (1,010,400)	\$ 5,899,000	\$ 60,253,500	\$ 40,765,878
Grant Revenues & Capital Contributions	-	-	-	-	-	-	-
Investment Earnings (a)	5,451,500	-	-	-	1,116,500	6,568,000	4,801,374
Total Inflows	57,659,000	3,157,400	-	(1,010,400)	7,015,500	66,821,500	45,567,252
Outflows							
Capital Outlay	11,779,500	-	-	(1,519,700)	25,000	10,284,800	5,343,116
Transfer to Sewer Operations							
Fund - Investment Earnings (a)	5,451,500	-	-	-	1,116,500	6,568,000	3,357,259
Capital Spending Other (net of ILAG)	-	-	-	-	-	-	3,149
Capital Improvement Plan funded by I&E	-	-	-	-	42,000,000	42,000,000	-
Transfer to Construction Fund- Revenue Financed Capital	26,250,000	9,750,000	-	-	(36,000,000)	-	-
Total Outflows	43,481,000	9,750,000	-	(1,519,700)	7,141,500	58,852,800	8,703,524
Net Increase (Use) of Reserves	14,178,000	(6,592,600)	-	509,300	(126,000)	7,968,700	36,863,728
Non-budgeted Inflows (Outflows)							
Unrealized gain on investments	-	-	-	-	-	-	171,901
Change in Net Position	14,178,000	(6,592,600)	-	509,300	(126,000)	7,968,700	37,035,629
Beginning Net Position	173,729,100					173,729,100	173,729,094
Projected Ending Net Position	\$ 187,907,100	\$ (6,592,600)	\$ -	\$ 509,300	\$ (126,000)	\$ 181,697,800	\$ 210,764,723

(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* - Increase of \$1.1 million – Due to interest rates being higher than projected.

Outflows

- *Capital Outlay* – Increase of \$25 thousand – There are multiple line items for various wastewater departments that net to zero. The \$25 thousand is the allocation for a centralized service project of carpeting for the 11th floor of the MOB.
- *Capital Improvement Plan funded by I&E* - This line represents the construction and design costs of projects in the Board adopted capital improvement plan (CIP) that will be targeted as paygo projects. As we work through creating new procedures on how to implement using I&E funds within the accounting system, it was determined that identifying specific projects for I&E funding would work best, as transferring I&E funds into the Construction Fund creates additional accounting for the arbitrage calculations. Project 211007-WRRF PS #2 Bar Racks Replacement and Grit Collection System Improvement has been identified as a project that aligns with the current targeted use of I&E funds. The design and construction portion of project 211007 costs will be paid for with I&E funds. This amendment is for the estimated construction and design costs on this project in FY 2026.
- *Transfer to Construction Fund - Revenue Financed Capital* –This line represents the target use of I&E funds for capital expenditures that are not tied to any specific project. A specific project has been identified for use of I&E funds for FY 2026, see previous paragraph. The amendment is to decrease the transfer to the construction fund.

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



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Section 4 – Construction Funds

Table 4A - Water System Construction Fund – Appropriation Level

Water Construction Fund	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
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)	-	(44,000,000)	56,161,300	214,161,300	-
SRF loan proceeds	1,369,200	5,000,000	-	373,200	-	6,742,400	6,622,722
Grant Revenues & Capital Contributions	2,300,000	2,000,000	-	(2,102,900)	(1,899,000)	298,100	298,168
Investment Earnings	5,565,100	(2,000,000)	-	-	3,991,900	7,557,000	5,912,844
Total Inflows	240,484,300	(24,250,000)	-	(45,729,700)	58,254,200	228,758,800	12,833,734
Outflows							
Capital Program	185,000,000	-	-	(20,000,000)	-	165,000,000	99,041,488
Transfer to Water Operations Fund							
Bond Cost of Issuance	1,665,000	-	-	(480,000)	4,551,300	5,736,300	-
Total Outflows	186,665,000	-	-	(20,480,000)	4,551,300	170,736,300	99,041,488
Net Increase (Use) of Reserves	53,819,300	(24,250,000)	-	(25,249,700)	53,702,900	58,022,500	(86,207,754)
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)		\$ 328,200,700	\$ 183,970,398
CIP Plan							
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							61%
CIP Financial Plan							
CIP Expenditures paid through Construction Fund	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ -	\$ 165,000,000	\$ 99,041,488
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ -	\$ 165,000,000	\$ 99,041,488
Actual Capital Spend to Amended Financial Plan Ratio							60%

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 projected June 2026 new money bond transaction for capital needs. It also includes the bond proceeds for the cost of issuance for both the refunding and new money bonds which will be paid directly by the Authority.
- *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, paid and submitted for reimbursement. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2026 Audit Committee binder](#) which provides details related to the SRF funding and associated projects. There is no budget amendment for this line item for the fourth quarter.
- *Grant Revenues & Capital Contributions* - The budget decrease is related to the ARP grant through the DWSRF #7532-02 which could only be used for phase 2 of project 122004 96-inch water transmission main relocation and isolation valve installations. The project was completed in November, 2025. Actual design costs incurred on phase 2 were less than the ARP grant awarded.
- *Investment Earnings* - Increase of \$4.0 million – Due to interest rates being higher than budget and bond fund not being used as quickly as projected.

Outflows

- *Capital Program* – There is no change in the CIP plan for this amendment.
- *Bond Cost of Issuance* – Increase of \$4.6 million – Based on the projected June bond transaction. Also includes the bond issuance costs related to the refunded debt as these will be paid directly by the Authority and not out of an escrow account. These are included in the *Bond Proceeds* received line under *Inflows*.

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. There is no change to the CIP for this amendment.
- *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



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made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. There is no change to the CIP Financial Plan for this amendment.

Table 4B - Sewer System Construction Fund – Appropriation Level

Sewer Construction Fund	Adopted Budget	FY 2026 Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
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)	-	-	7,675,100	33,675,100	-
SRF Loan Proceeds	52,936,600	49,696,300	-	-	20,337,700	122,970,600	55,710,669
Grant Revenues & Capital Contribution	23,191,650	10,431,350	-	-	(22,477,900)	11,145,100	7,699,336
Investment Earnings	3,936,400	(1,825,150)	-	-	574,750	2,686,000	1,983,378
Total Inflows	207,314,650	(6,947,500)	-	-	(29,890,350)	170,476,800	65,393,383
Outflows							
Capital Program	175,000,000	65,000,000	-	-	(42,000,000)	198,000,000	159,410,519
Transfer to Sewer Operations Fund							
Bond Cost of Issuance	757,500	-	-	(562,500)	1,720,100	1,915,100	30
Total Outflows	175,757,500	65,000,000	-	(562,500)	(40,279,900)	199,915,100	159,410,549
Net Increase (Use) of Reserves	31,557,150	(71,947,500)	-	562,500	10,389,550	(29,438,300)	(94,017,166)
Beginning Net Position	149,360,300					149,360,300	149,360,302
Projected Ending Net Position	\$ 180,917,450	\$ (71,947,500)	\$ -	\$ 562,500	\$ 10,389,550	\$ 119,922,000	\$ 55,343,136
CIP Plan							
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							68%
CIP Financial Plan							
CIP Expenditures paid through Construction Fund	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$(42,000,000)	\$ 198,000,000	\$ 159,410,519
CIP Expenditures paid through I&E Fund	-	-	-	-	42,000,000	42,000,000	-
Financial Plan (Budgeted) CIP Expenditures	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ -	\$ 240,000,000	\$ 159,410,519
Actual Capital Spend to Amended Financial Plan Ratio							66%

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

Inflows

- *Transfers from Sewer Improvement & Extension Fund* – Decrease \$36 million – See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*.
- *Bond Proceeds* – Amendment is based on projected June new money bond transaction for capital needs. It also includes the bond proceeds for the cost of issuance for both the refunding and new money bonds which will be paid directly by the Authority.
- *State Revolving Fund Loan Proceeds* - 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, paid and submitted for reimbursement. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2026 Audit Committee binder](#) which provides details related to the SRF funding and associated projects. The budget amendment for this quarter aligns with the current expected proceeds and also reclasses loan forgiveness to this line item instead of the *Grant Revenues & Capital Contributions*, to align with the financial reporting of actual activity.
- *Grant Revenues & Capital Contributions* – The budget amendment removes the SRF loan forgiveness that was in this line item and moves it to the *State Revolving Fund Loan Proceeds* to align with the financial reporting of actual activity.
- *Investment Earnings* – Increase \$0.6 million - Due to interest rates being higher than projected.

Outflows

- *Capital Program* - Decrease \$42 million – See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*. There is no change in the CIP plan. See the *CIP Plan* and the *CIP Financial Plan* section.
- *Bond Cost of Issuance* – Increase of \$1.7 million – Based on projected June bond transaction. Also includes the bond issuance costs related to the refunded debt as these are will be paid directly by the Authority and not out of an escrow account. These are included in the *Bond Proceeds* received line under *Inflows*.

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. There is no change to the CIP for the fourth quarter.

- *Capital Spend Rate Assumption* - The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change in the SRA for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. The change for the fourth quarter, recognizes a change in the process of paying for construction expenditures for a specific project with I&E funds. See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*.

Section 5 – Proposed Budget Amendment Resolution