

GLWA

Great Lakes Water Authority



Monthly Financial Report Binder

August 2025

**Presented to the
Great Lakes Water Authority
Audit Committee on November 21, 2025**

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Financial Report Executive Summary Dashboard for the Month Ended August 31, 2025

Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall or need for year-end budget amendments as follows: No Risk (green) - Potential (yellow) - Likely (red)

Variances are monitored by the Great Lakes Water Authority (GLWA) management and operating and/or budget priorities are re-evaluated where appropriate. The budget is continually monitored with amendments no less than quarterly based on the most current information available. There have been no amendments made to the fiscal year 2026 budget.

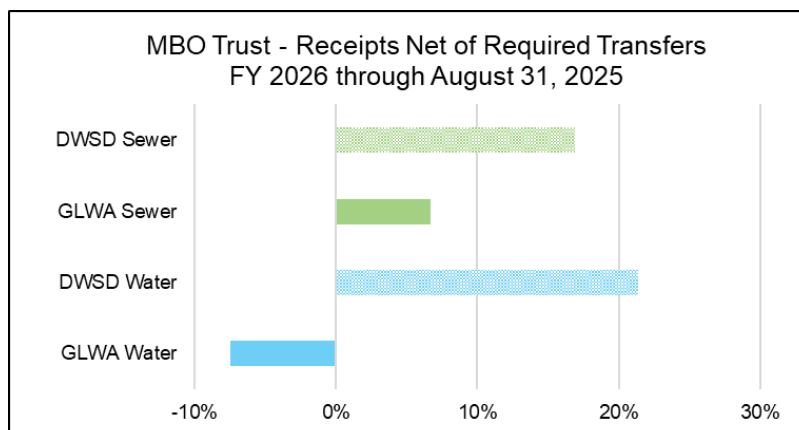
Through August 2025, investment earnings, wholesale water and sewer operations & maintenance, water and sewer prorated capital spend with SRA show budget variances. Water and sewer operations & maintenance variances are largely a result of updates to the methodology used to bill utilities expense back to each system which will be incorporated into FY 2026 first quarter budget amendments, as well as unusually low chemical spend driven by a moderate drought in the region.

Water system capital spend variance relates to several projects delayed early in the fiscal year which have resulted in actual expenses falling below original budget estimates. Sewer system capital spend is substantially above plan because a significant increase in SRF funding for FY 2026 has allowed for the acceleration of certain projects originally anticipated later in the CIP and ten-year plan.

As of August 31, 2025					
Metric	FY 2026 Budget	FY 2026 Amended Budget	FY 2026 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$69.5	\$69.5	\$70.2	1%	49
Wholesale Water Billed Usage (mcf)	2,787,000	2,787,000	2,833,000	2%	
Wholesale Sewer Billed Revenue (\$M)	\$49.9	\$49.9	\$49.9	0%	51
Wholesale Water Operations & Maintenance (\$M)	\$30.4	\$30.4	\$28.4	-7%	5
Wholesale Sewer Operations & Maintenance (\$M)	\$39.3	\$39.3	\$37.1	-6%	
Investment Income (\$M)	\$6.3	\$6.3	\$8.8	40%	38
Water Prorated Capital Spend w/SRA* (\$M)	\$31.0	\$31.00	\$13.0	-58%	29
Sewer Prorated Capital Spend w/SRA* (\$M)	\$32.2	\$32.2	\$51.0	58%	30

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts (page 53)



Net cash flow receipts remain positive for DWSD water, GLWA sewer, and DWSD sewer. The GLWA water net cash flow receipts were negative for August 2025. For GLWA water the shortfall is due to timing of receipts and returns to a positive net receipt status in September 2025. For the items that were positive this means that all legal commitments of the MBO trust and the lease payment are fully

funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD water reports a surplus of \$5.8 million and DWSD sewer reports a surplus of \$10.6 million of net receipts over disbursements through August 2025.

Budget to Actual Analysis (page 3)

- The total revenue requirements are on target through August 2025.
- The total overall Operations & Maintenance expenses are 15.7% of budget through August 2025 which is below the pro-rata benchmark of 16.7%. This variance equates to a dollar amount of \$4.2 million.

Basic Financial Statements (page 9)

- The basic financial statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for August 2025 is \$30.7 million for the Water fund (42.4% of total revenues) and \$27.5 million for the Sewage Disposal fund (34.7% of total revenues).
- Water net position increased by \$21.1 million, and sewage disposal net position increased by \$12.8 million for the year to date through August 2025.

Capital Improvement Plan Financial Summary (page 28)

- Water system costs incurred to date are below the 100% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are above the 100% Capital Spend Ratio assumption.

Master Bond Ordinance Transfers (page 31)

- For August 2025, transfers of \$15.8 million and \$20.6 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for August 2025, transfers of \$6.0 million and \$7.3 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 38)

- Total cash & investments are \$667.0 million for Water and \$659.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2026 investment income through August 2025 is \$8.8 million.

DWSD Retail Revenues, Receivables & Collections (page 42)

- Water usage through August 31, 2025 is 100.35% and revenues are 97.92% of budget.
- Sewer usage through August 31, 2025 is 98.50% and revenues are 98.56% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of \$55.3 million over the prior year.
- Past dues over 180 days make up 74.5% of the total accounts receivable balance. The current bad debt allowance covers 95.3% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 48)

- GLWA accounts receivable past due balance net of Dearborn is 2.36% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance in dispute.
- Average wholesale water collections of \$28.1 million for the period of September 2024 through August 2025 are trending \$547,000 above the prior year.
- Average wholesale sewer collections of \$24.0 million for the period of September 2024 through August 2025 are trending \$1,813,000 above the prior year.

Questions? Contact the Office of the Chief Financial Officer & Treasurer at CFO@glwater.org.



The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

Table 1A – Water Revenue Requirements Budget and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. Since this report is for August 2025 the pro-rata benchmark is 16.7% (2 of 12 months of the fiscal year).

Items noted below are highlighted in **gold** on Tables 1A (Water) and 1B (Sewer).

1. **Revenues:** For the *water* system, total revenues for FY 2026 are above the pro-rata benchmark; the *water* system is at 18.9%. For the *sewer* system, total revenues for FY 2026 are in line with the pro-rata benchmark at 16.7%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.

Water revenues presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through August 31, 2025, these payments total \$0.8 million for FY 2026.

2. **Investment Earnings:** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2026 at 19.5%. The *sewer* system is also above the pro-rata benchmark for FY 2026 at 21.1%. FY 2026 investment earnings are in line with FY 2025 earnings, though expectations are for lower interest income in FY 2026 due to the Federal Reserve moving monetary policy to a more neutral level. GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize investment income while meeting the objectives of safety and liquidity.
3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems' actual amount will vary from budget due to the nature of the items recorded in this category.
4. **Operations & Maintenance Expense:** Actual expenses¹ for the *water* system are below the pro-rata benchmark for FY 2026 at 15.6%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2026 at 15.7%.
5. **Debt Service:** For FY 2026, the *water* system and *sewer* system are in-line with the pro-rata benchmark at 16.7%. The activity is based on the debt payment schedules adjusted for the State Revolving Fund loans that are still being drawn down and may cause temporary variances pending realignment with budget.
6. **Working Capital Contribution:** The overall variance reported represents the difference between revenues and expenses. To the extent that there is a positive budget variance, staff perform a post-year end closing analysis. Based on this analysis and depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.
7. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
8. **Other Revenue Requirements:** The remaining revenue requirements for *both* systems are funded on a 1/12th basis each month in accordance with the Master Bond Ordinance (MBO). An exception is Extraordinary Repair & Replacement Fund deposit which is calculated based on minimum and maximum balance requirements set forth in the MBO and adjusted as needed to maintain compliance.
9. **Overall:** Total revenue requirements for the *water* system are below the pro-rata benchmark at 16.2%. Total revenue requirements for the *sewer* system are below the pro-rata benchmark at 16.3%.

¹The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M "expense" would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account.

All amounts are unaudited unless otherwise noted.

Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2025 Amended Budget	FY 2025 Activity Thru 8/31/2024	Percent Year- to-Date at 8/31/2024	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	Percent Year- to-Date at 8/31/2025
Water System							
Revenues							
Wholesale Charges	\$ 347,758	\$ 63,555	18.3%	\$ 365,646	\$ 365,646	\$ 69,751	19.1%
Charges to Local System	27,095	4,516	16.7%	30,029	30,029	5,005	16.7%
Investment Earnings	15,818	2,722	17.2%	12,784	12,784	2,495	19.5%
Other Revenue	400	48	11.9%	303	303	131	43.3%
Total Revenues	\$ 391,071	\$ 70,840	18.1%	\$ 408,761	\$ 408,761	\$ 77,382	18.9%
Revenue Requirements							
Operations & Maintenance Expense	\$ 182,227	\$ 21,792	12.0%	\$ 182,456	\$ 182,456	\$ 28,481	15.6%
Debt Service	161,945	29,217	18.0%	179,082	179,082	29,847	16.7%
General Retirement System Pension	1,653	381	23.0%	2,731	2,731	455	16.7%
Water Residential Assistance							
Program Contribution	1,877	325	17.3%	1,970	1,970	328	16.7%
Extraordinary Repair & Replacement Deposit	2,650	-	0.0%	320	320	-	0.0%
Regional System Lease	22,500	3,750	16.7%	22,500	22,500	3,750	16.7%
Improvement & Extension Fund							
Transfer Pending	13,263	1,212	9.1%	19,102	19,102	3,184	16.7%
Total Revenue Requirements	\$ 391,071	\$ 56,676	14.5%	\$ 408,761	\$ 408,761	\$ 66,045	16.2%
Net Difference		\$ 14,164				\$ 11,337	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 5,662				\$ 9,255	
Revenue Requirement Variance		8,503				2,081	
Overall Variance		\$ 14,164				\$ 11,337	

Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2025 Amended Budget	FY 2025 Activity Thru 8/31/2024	Percent Year- to-Date at 8/31/2024	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	Percent Year- to-Date at 8/31/2025
Sewer System							
Revenues							
Wholesale Charges	\$ 287,387	\$ 48,117	16.7%	\$ 300,317	\$ 300,317	\$ 50,007	16.7%
Charges to Local System	205,925	34,321	16.7%	215,324	215,324	35,887	16.7%
Industrial Waste Control Charges	8,719	1,473	16.9%	9,150	9,150	1,556	17.0%
Pollutant Surcharges	5,434	453	8.3%	5,113	5,113	664	13.0%
Investment Earnings	20,605	3,735	18.1%	14,615	14,615	3,083	21.1%
Other Revenue	700	29	4.2%	443	443	57	13.0%
Total Revenues	\$ 528,770	\$ 88,129	16.7%	\$ 544,962	\$ 544,962	\$ 91,255	16.7%
Revenue Requirements							
Operations & Maintenance Expense	\$ 235,192	\$ 40,009	17.0%	\$ 236,099	\$ 236,099	\$ 37,100	15.7%
Debt Service	217,449	37,713	17.3%	220,885	220,885	36,814	16.7%
General Retirement System Pension	3,719	808	21.7%	5,633	5,633	939	16.7%
Water Residential Assistance							
Program Contribution	2,542	442	17.4%	2,639	2,639	440	16.7%
Extraordinary Repair & Replacement Deposit	276	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	4,583	16.7%	27,500	27,500	4,583	16.7%
Improvement & Extension Fund							
Transfer Pending	42,094	4,690	11.1%	52,208	52,208	8,701	16.7%
Total Revenue Requirements	\$ 528,770	\$ 88,245	16.7%	\$ 544,962	\$ 544,962	\$ 88,577	16.3%
Net Difference		\$ (116)				\$ 2,677	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ 1				\$ 428	
Revenue Requirement Variance		(117)				2,250	
Overall Variance		\$ (116)				\$ 2,677	

Operations & Maintenance Budget – Major Budget Categories

The year-over-year benchmark ratio as of August 31, 2025, is 16.7% (two months). When comparing FY 2026 to FY 2025 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending in FY2026 is above FY 2025 thru two months at 15.7%.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown in the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

Table 2 – Operations & Maintenance Budget – Major Budget Categories – (\$000)

Service Area	FY 2025 Amended Budget	FY 2025 Activity Thru 8/31/2024	Percent Year-to-Date at 8/31/2024	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 8/31/2025	Percent Year-to-Date at 8/31/2025
A Water System Operations	\$ 94,398	\$ 14,945	15.8%	\$ 101,501	\$ 101,501	\$ 15,838	15.6%
B Wastewater System Operations	145,040	23,869	16.5%	156,573	156,573	25,173	16.1%
C Centralized Services	135,244	18,103	13.4%	117,388	117,388	16,906	14.4%
D Administrative & Other Services	42,737	5,354	12.5%	43,094	43,094	7,821	18.1%
Employee Benefits	-	(470)	0.0%	-	-	(158)	0.0%
Total O&M Budget	\$ 417,419	\$ 61,801	14.8%	\$ 418,555	\$ 418,555	\$ 65,581	15.7%

Totals may be off due to rounding

Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within a natural cost category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities.

Total: In total, the overall O&M expenses are 15.7%, which is below the pro-rata benchmark of 16.7%. This negative variance equates to a dollar amount of \$4.2 million. The expense category commentary is provided below for items highlighted on Table 3.

Personnel Costs: The overall category is above the pro-rata benchmark; coming in at 18.0% through August 2025.

Utilities: The overall category is below with the pro-rata benchmark; coming in at 15.6% through August 2025. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is in line with the pro-rata benchmark, coming in at 15.7%. When compared to the prior fiscal year the year-to-date value represents an approximate \$1.2 million reduction. This is primarily due to a reduction in the Power Supply Cost Recovery (PSCR) charge. It should also be noted that variances are not unexpected as usage varies throughout the year. The first three months of GLWA's fiscal year (July, August, and September) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** comes in at 14.5%, which is below the benchmark of 16.7%. Variances are primarily related to a fluctuating cost of gas.
- **Sewage service** is lower than the benchmark, coming in at 14.0%. This is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.
- **Water service** is lower than the benchmark, coming in at 16.0%. This is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.
- **Chemicals:** This category is lower than the benchmark; coming in at 13.6% through August 2025. Usage volumes for chemicals related to lead and copper rule compliance (that is, orthophosphate and ferric chloride) were lower than original estimates. Additionally, the moderate draught in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events (sodium hypochlorite).

Supplies & Other: This category is lower than the pro-rata benchmark; coming in at 15.8% through August 2025. Given that the nature of the items in this category, such as certain maintenance activities, are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

Contractual Services: The overall category is lower than the pro-rata benchmark; coming in at 14.8% through August 2025. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed from that in which they were budgeted.

Capital Program Allocation: This category is lower than the benchmark; coming in at 15.1% through August 2025. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs section of the Operations & Maintenance (O&M) budget.

Shared Services: This category is lower than benchmark; coming in at 15.8% through August 2025. The shared services reimbursement is comprised of both labor (tracked via BigTime) and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more

All amounts are unaudited unless otherwise noted.

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accurately for FY 2026. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years.

Table 3 – Operations & Maintenance Expense Variance Analysis – (\$000)

Expense Categories	FY 2025 Amended Budget	FY 2025 Activity Thru 7/31/2024	Percent Year-to- Date at 7/31/2024	FY 2023 Activity Thru 6/30/2025	Percent Year-to- Date at 6/30/2025	FY 2026 Amended Budget	FY 2026 Prorated Amended Budget (2 months)	FY 2026 Activity Thru 8/31/2025	Percent Year-to- Date 8/31/2025	FY 2026 Prorated Amended Budget Less FY 2026 Activity
Entity-wide										
Salaries & Wages	\$ 85,807	\$ 9,938	11.6%	\$ 84,979	11.7%	\$ 86,633	\$ 14,439	\$ 15,287	17.6%	\$ (848)
Workforce Development	2,363	436	18.5%	2,811	15.5%	3,747	624	416	11.1%	209
Overtime	9,605	5,300	55.2%	10,125	52.3%	8,911	1,485	1,783	20.0%	(298)
Employee Benefits	32,244	4,346	13.5%	30,773	14.1%	31,123	5,187	6,202	19.9%	(1,014)
Transition Services	8,516	1,317	15.5%	8,195	16.1%	8,491	1,415	1,457	17.2%	(42)
Employee Benefits Fund	-	(470)	0.0%	-	0.0%	-	-	(158)	0.0%	158
Personnel Costs	<u>138,535</u>	<u>20,867</u>	15.1%	<u>136,883</u>	15.2%	<u>138,905</u>	<u>23,151</u>	<u>24,987</u>	18.0%	<u>(1,836)</u>
Electric	48,121	9,216	19.2%	46,578	19.8%	51,308	8,551	8,039	15.7%	512
Gas	7,000	1,058	15.1%	7,661	13.8%	7,113	1,185	1,032	14.5%	154
Sewage Service	2,980	143	4.8%	2,400	6.0%	2,455	409	343	14.0%	66
Water Service	11,602	946	8.2%	10,420	9.1%	12,203	2,034	1,950	16.0%	84
Utilities	<u>69,703</u>	<u>11,364</u>	16.3%	<u>67,059</u>	16.9%	<u>73,079</u>	<u>12,180</u>	<u>11,364</u>	15.6%	<u>816</u>
Chemicals	38,235	5,790	15.1%	34,385	16.8%	38,365	6,394	5,227	13.6%	1,168
Supplies & Other	46,574	6,040	13.0%	45,727	13.2%	45,211	7,535	7,143	15.8%	393
Contractual Services	132,773	18,537	14.0%	128,153	14.5%	120,208	20,035	17,744	14.8%	2,291
Capital Program										
Allocation	(4,582)	(425)	9.3%	(2,901)	14.6%	(3,431)	(572)	(517)	15.1%	(54)
Shared Services	(2,280)	(373)	16.4%	(2,583)	14.4%	(2,309)	(385)	(365)	15.8%	(20)
Intergovernmental										
Agreement	(1,540)	-	0.0%	(1,565)	0.0%	-	-	-	0.0%	-
Unallocated Reserve	-	-	0.0%	-	0.0%	8,526	1,421	-	0.0%	1,421
Total Expenses	<u>\$ 417,419</u>	<u>\$ 61,801</u>	14.8%	<u>\$ 405,160</u>	15.3%	<u>\$ 418,555</u>	<u>\$ 69,759</u>	<u>\$ 65,581</u>	15.7%	<u>\$ 4,178</u>



The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2025 comparative amounts are presented in a draft format. Adjustments related to fiscal year end 2025 audit affect the basic financial statements. The results of these adjustments will be presented in the audited annual report.

Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined
As of August 31, 2025
(\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Assets				
Cash - unrestricted (a)	\$ 154,795	\$ 248,463	\$ 403,257	\$ 435,531
Cash - restricted (a)	79,097	89,260	168,357	631,066
Investments - unrestricted (a)	155,555	159,803	315,359	219,969
Investments - restricted (a)	267,733	187,870	455,604	259,388
Accounts Receivable	109,039	68,115	177,154	163,009
Due from (to) Other Funds (b)	17,104	(17,104)	-	-
Other Assets (c)	614,069	362,549	976,618	977,212
Capital Assets, net of Depreciation	1,197,150	1,812,329	3,009,479	3,048,416
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	562,970	542,265	1,105,235	1,039,383
Total assets	3,451,136	3,580,367	7,031,502	7,194,414
Deferred Outflows (f)	23,809	46,847	70,656	71,631
Liabilities				
Liabilities - Liabilities-ST	220,219	266,703	486,923	538,933
Due to (from) Other Funds (b)	-	-	-	-
Other Liabilities (h)	2,158	5,738	7,895	7,500
Cash Held FBO DWSD (d)	31,891	45,593	77,484	57,578
Liabilities - Long-Term (i)	3,192,359	3,190,986	6,383,345	6,546,932
Total liabilities	3,446,628	3,509,021	6,955,648	7,150,943
Deferred Inflows (f)	83,542	93,413	176,955	179,444
Total net position (j)	\$ (55,226)	\$ 24,780	\$ (30,445)	\$ (64,342)

Totals may be off due to rounding

All amounts are unaudited unless otherwise noted.

In general, the Statement of Net Position reflects a mature organization with no unexpected trends.

An ongoing challenge is the Net Position Deficit. The underlying causes took years to build (largely heavy use of debt to finance capital asset investment versus a strategic blend of debt, state revolving funds, and cash). The effect is reflected in GLWA's high debt interest expense. The GLWA is regularly updating the FY 2032 forecast which helps to provide a pathway to a positive Net Position. This approach has led to a positive net position for the Sewer fund in FY 2025 with a focus now on transitioning to the same for the Water fund in future years.

Footnotes to Statement of Net Position

- a. *Cash and Investments* are reported at book value. Investments at June 30, 2025 are reported at market value. The August 31, 2025 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, GASB 96 and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, GASB 96 and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. GLWA's Water fund net deficit is largely driven by an increase in depreciation expense because of the increase in the acquisition valuation approach for recording capital asset values in the opening Statement of Net Position on January 2016.

Statement of Revenues, Expenses and Changes in Net Position

– All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the August 2026 Financial Report Binder. Prior year ending balances are provided in the June 30, 2025 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

Table 2 – Statement of Revenues, Expenses and Changes in Net Position
– All Funds Combined
For the Two Months ended August 31, 2025
(\$000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2025
Revenue						
Wholesale customer charges	\$ 70,544	93.2%	\$ 50,007	56.7%	\$ 120,551	\$ 636,667
Local system charges	5,005	6.6%	35,887	40.7%	40,892	233,020
Industrial waste charges	-	0.0%	1,556	1.8%	1,556	8,849
Pollutant surcharges	-	0.0%	664	0.8%	664	4,584
Other revenues	128	0.2%	57	0.1%	184	948
Total Revenues	75,677	100.0%	88,171	100.0%	163,848	884,068
Operating expenses						
Operations and Maintenance	28,481	37.6%	37,057	42.0%	65,539	402,118
Depreciation	15,616	20.6%	23,321	26.4%	38,936	242,487
Amortization of intangible assets	863	1.1%	341	0.4%	1,204	6,774
Total operating expenses	44,959	59.4%	60,719	68.9%	105,679	651,379
Operating Income	30,717	40.6%	27,452	31.1%	58,169	232,689
Total Nonoperating (revenue) expense	9,619	12.7%	14,652	16.6%	24,272	106,607
Increase/(Decrease) in Net Position	21,098	27.9%	12,799	14.5%	33,897	126,082
Net Position (deficit), beginning of year	(76,324)		11,981		(64,342)	(190,425)
Net position (deficit), end of year	\$ (55,226)		\$ 24,780		\$ (30,445)	\$ (64,342)
<i>Totals may be off due to rounding</i>						

Water Fund

- ✓ The increase in Water Fund Net Position is \$21.1 million.
- ✓ Wholesale water customer charges of \$70.5 million account for 93.2% of Water System revenues.
- ✓ Operating expenses of \$45.0 million represent 59.4% of total operating revenue. Depreciation is the largest operating expense at \$15.6 million or 34.7% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$30.7 million or 40.6% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$15.4 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$12.8 million.
- ✓ Wholesale customer charges of \$50.0 million account for 56.7% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$35.9 million account for 40.7% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$60.7 million represent 68.9% of total operating revenue. Depreciation is the largest operating expense at \$23.3 million or 38.4% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$27.5 million or 31.1% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$17.2 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the August 20265 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses
– All Funds Combined
For the Two Months ended August 31, 2025
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	5,708	20.0%	11,453	30.9%	17,160	26.2%
Overtime	1,164	4.1%	619	1.7%	1,783	2.7%
Employee Benefits	4,257	14.9%	1,787	4.8%	6,044	9.2%
Total Personnel	\$ 11,129	39.1%	\$ 13,858	37.4%	\$ 24,987	38.1%
Utilities						
Electric	5,040	17.7%	2,999	8.1%	8,039	12.3%
Gas	(12)	0.0%	1,043	2.8%	1,032	1.6%
Sewage	45	0.2%	297	0.8%	343	0.5%
Water	1	0.0%	1,949	5.3%	1,950	3.0%
Total Utilities	\$ 5,075	17.8%	\$ 6,289	17.0%	\$ 11,364	17.3%
Chemicals	2,270	8.0%	2,957	8.0%	5,227	8.0%
Supplies and other	2,673	9.4%	4,383	11.8%	7,055	10.8%
Contractual services	7,959	27.9%	9,830	26.5%	17,788	27.1%
Capital Adjustment	-	0.0%	-	0.0%	-	0.0%
Capital Program allocation	(368)	-1.3%	(150)	-0.4%	(517)	-0.8%
Intergovernmental Agreement	-	0.0%	()	0.0%	()	0.0%
Shared Services allocation	(255)	-0.9%	(110)	-0.3%	(365)	-0.6%
Operations and Maintenance Expenses	\$ 28,481	100.0%	\$ 37,057	100.0%	\$ 65,539	100.0%
<i>Totals may be off due to rounding</i>						

- ✓ Core expenses for water and sewage disposal systems are utilities (17.3% of total O&M expenses) and chemicals (8.0% of total O&M expenses). Utility expenses for Water and Sewer in both systems and Gas in the water system are low due to the receipt of actual activity.
- ✓ Personnel costs (38.1% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (27.1%) includes:
 - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$1.5 million);
 - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$3.0 million); and
 - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Two Months ended August 31, 2025

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2025
Nonoperating (Revenue)/Expense				
Interest income contractual obligation	\$ (4,555)	\$ (2,399)	\$ (6,955)	\$ (38,291)
Investment earnings	(4,484)	(4,270)	(8,754)	(47,263)
Net (incr) decr in fair value of invstmt	(49)	(78)	(127)	(1,532)
Other nonoperating revenue	(3)	(1)	(4)	(18,212)
Interest Expense				
Bonded debt	19,914	19,617	39,531	230,256
Lease obligation	2,691	3,289	5,980	36,218
Other obligations	378	254	632	5,033
	<u>22,983</u>	<u>23,160</u>	<u>46,144</u>	<u>271,507</u>
Capital Contribution	(298)	-	(298)	(40,693)
Amortization, issuance costs, debt	(3,975)	(1,762)	(5,737)	(25,936)
(Gain) loss on disposal of capital assets	-	-	-	172
Water Residential Assistance Program	1	1	2	3,828
Legacy pension expense	-	-	-	3,026
Total Nonoperating (Revenue)/Expense	\$ 9,619	\$ 14,652	\$ 24,272	\$ 106,607

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2024 market value adjustments for Water and Sewer total \$621 thousand and \$1.0 million, respectively. FY 2025 market value adjustments for Water and Sewer total \$49 thousand and \$78 thousand, respectively. Any difference is due to realized gain or loss on investments.
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
 - Bonded debt;
 - Lease obligation for the regional assets from the City of Detroit; and

- Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2025 other non-operating income consists of debt forgiveness for the Sewage Disposal system.
- ✓ The FY 2026 and FY 2025 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.

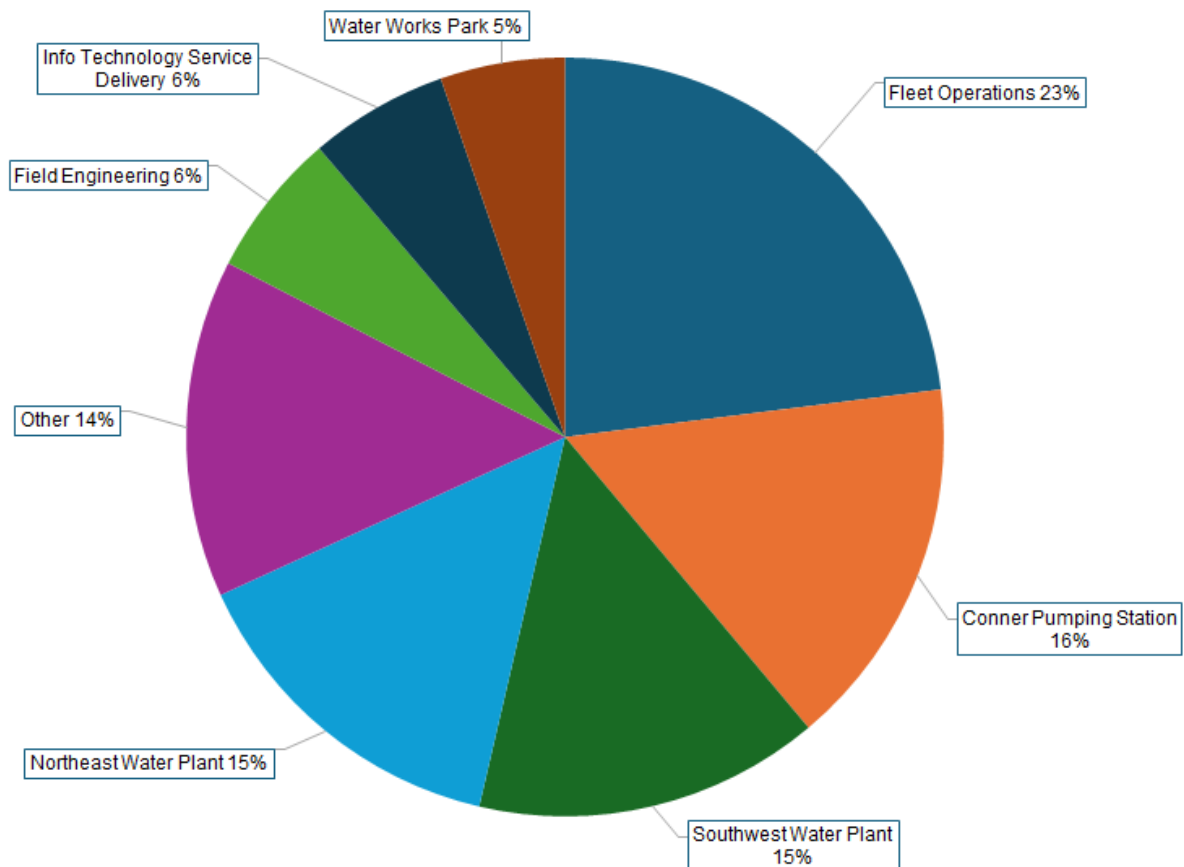
Financial Activity Charts

Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA's capitalization policy.

Through August 31, 2025, total capital outlay spend is \$2.6 million. Following this chart is a sample list of projects and purchases from the total spend of \$2.6 million.

Capital Outlay Expense by Cost Center as of August 31, 2025



Note: Due to rounding totals may not equal 100%.

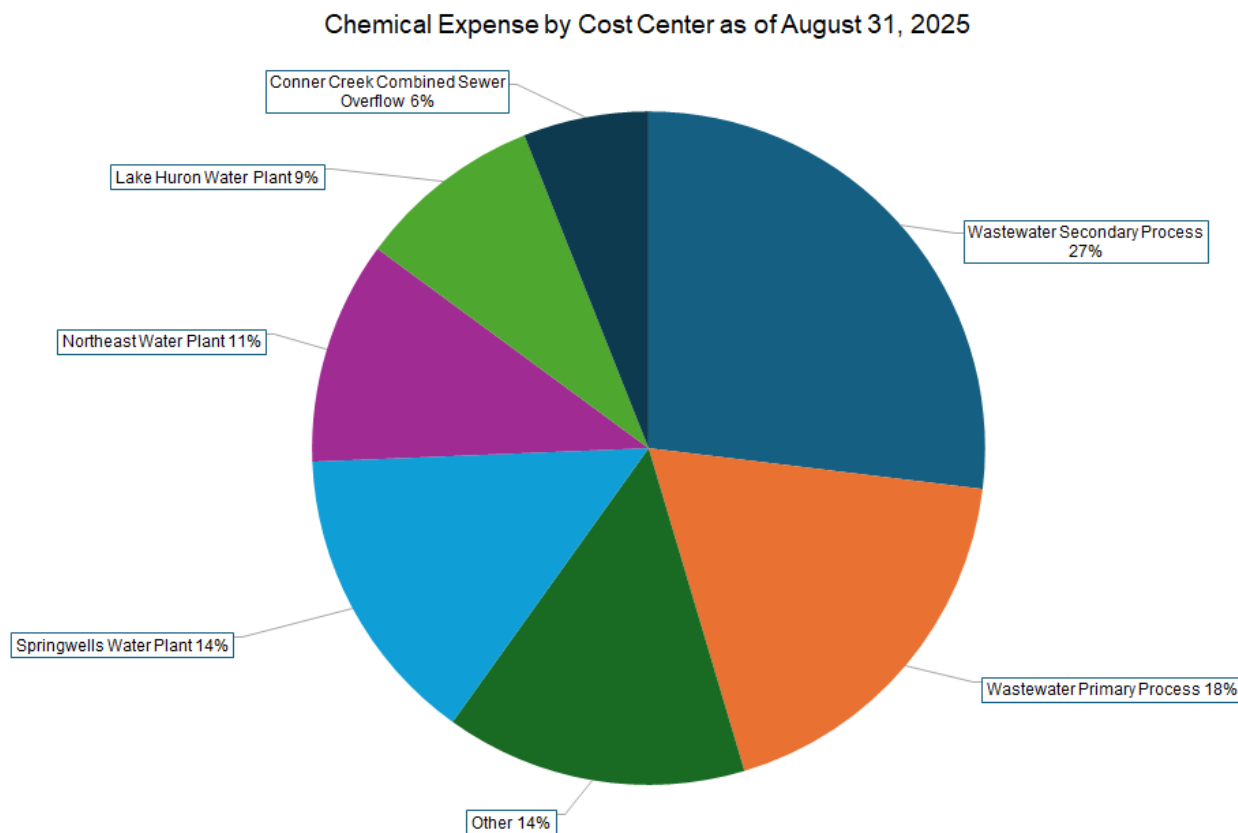
Water Operations: Low lift elevator (\$321k), steam generator replacement (\$291k) and North Service Center variable frequency drive (\$83k).

Wastewater Operations: Conner Creek elevator maintenance (\$340k); WRRF incinerator freight elevator (\$182k), WRRF fire detection system (\$121k), scum hopper pump (\$78k), ferric chloride buffering (\$71k) and Conner Road fire alarm system (\$70k).

Centralized & Administrative Facilities: Trucks and vehicles (\$552k) and hardware and software (\$153k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

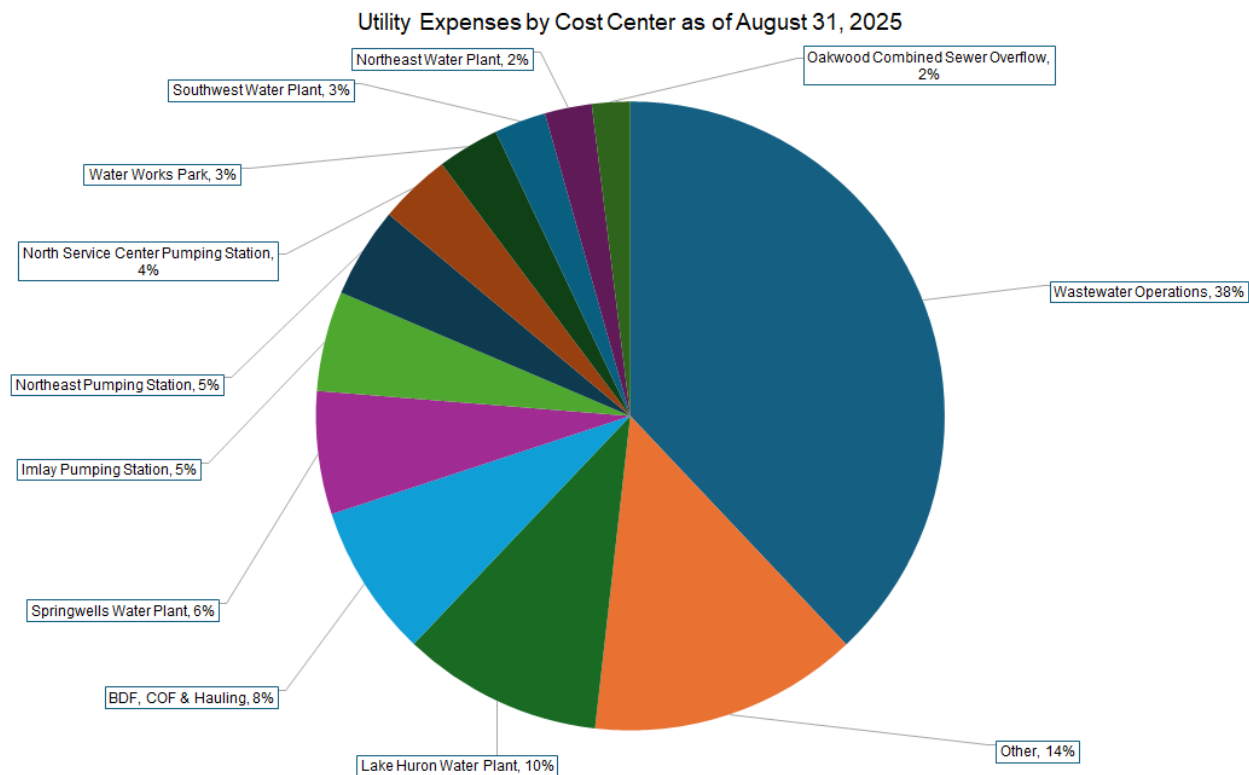
Chemical expenses are \$5.2 million through August 31, 2025. The allocation is shown in the chart below and remains consistent with prior periods.



Note: Due to rounding totals may not equal 100%.

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$11.4 million through August 31, 2025. The allocation is shown in the chart below and consistent with prior periods.



Note: Due to rounding totals may not equal 100%.



Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through August 31, 2025, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

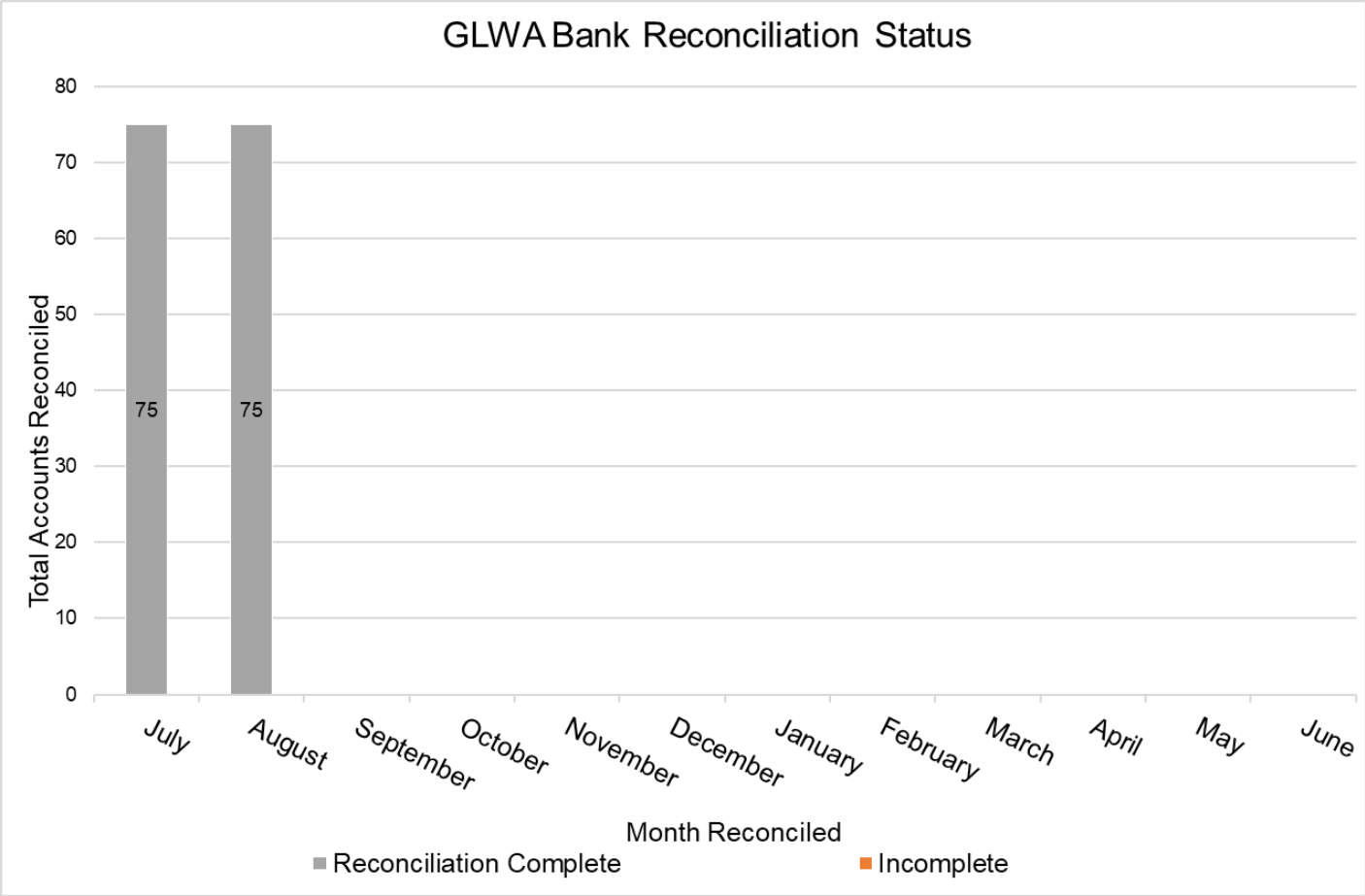


Table 1 – Fiscal Year 2026 GL Cash Account Rollforward

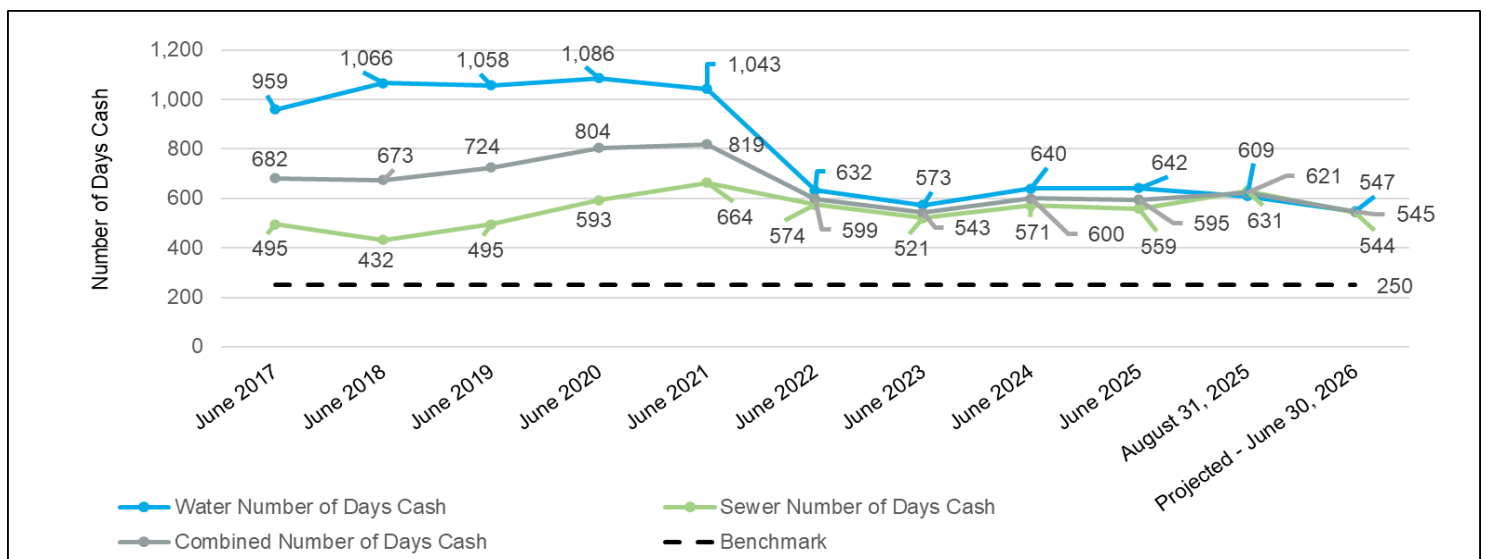
Total GL Cash accounts as of August 1, 2025	75
New GL Cash accounts since August 1	0
Inactivated GL Cash accounts since August 1	0
Total GL Cash accounts as of August 31, 2025	75

Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility's ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization's financial strength. A best practice benchmark for this key performance indicator is greater than 250 days cash on hand as shown by the dashed line in Chart 1 below.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 609 and Sewer at 631 days cash on hand as of August 31, 2025. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. December 2023 and June 2025 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2026 projection is calculated based on values from the GLWA FY 2026 – 2030 Budget & Five-Year Plan.

Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System



Note: The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.

Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System

	June 30, 2025	August 31, 2025	Projected June 30, 2026
Water Fund			
Cash and Investments - Unrestricted	306,420,000	310,350,000	278,800,000
Operating Expense			
Operating Expense (a)	274,020,000	48,637,000	291,823,000
Less: Depreciation (a)	(94,928,000)	(17,039,000)	(102,233,000)
Less: Amortization of Intangible Asset (a)	(4,951,000)	(594,000)	(3,567,000)
Net Operating Expense	174,142,000	31,004,000	186,023,000
Operating Expense per Day	477,000	510,000	510,000
Days Cash			
Number of Days Cash	642	609	547
Sewage Disposal Fund			
Cash and Investments - Unrestricted	349,062,000	408,266,000	351,600,000
Operating Expense			
Operating Expense (a)	377,359,000	64,683,000	388,099,000
Less: Depreciation (a)	(147,559,000)	(25,333,000)	(152,000,000)
Less: Amortization of Intangible Asset (a)	(1,824,000)	-	-
Net Operating Expense	227,976,000	39,350,000	236,099,000
Operating Expense per Day	625,000	647,000	647,000
Days Cash			
Number of Days Cash	559	631	544
Combined			
Cash and Investments - Unrestricted	655,483,000	718,616,000	630,400,000
Operating Expense			
Operating Expense (a)	651,379,000	113,320,000	679,921,000
Less: Depreciation (a)	(242,487,000)	(42,372,000)	(254,233,000)
Less: Amortization of Intangible Asset (a)	(6,774,000)	(594,000)	(3,567,000)
Net Operating Expense	402,118,000	70,354,000	422,121,000
Operating Expense per Day	1,102,000	1,156,000	1,156,000
Days Cash			
Number of Days Cash	595	621	545
<i>Totals may be off due to rounding</i>			

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.



The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

Purpose for Crosswalk: The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12th of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses are reported on an accrual basis
- B&C notes obligation is reported on a cash basis
- Debt Service Allocation is reported on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments are reported on a cash basis
- Water Residential Assistance Program are based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation are reported on a cash basis

Budget: In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

Financial Reporting: The Authority’s financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)
For the Two Months Ended August 31, 2025

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	\$ 11,337	\$ 2,677	\$ 14,014
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	185	331	516
Prior year pension contribution accounted for in current year (d)	-	-	-
Administrative prepaid adjustment (e)	-	-	-
Debt service (f)	14,488	19,596	34,084
B&C notes obligation (g)	169	380	549
Regional System lease (h)	1,059	1,294	2,353
GASB 87 & GASB 96 adjustments (h)	(11)	61	50
WRAP (i)	327	439	766
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	3,184	8,701	11,885
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(16,479)	(23,662)	(40,141)
Amortization - debt related (k)	3,975	1,762	5,737
Other nonoperating income (k)	-	-	-
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	-	-	-
Raw water rights obligation (l)	527	-	527
Investment earnings for construction fund (m)	1,990	1,186	3,176
Interest on DWSD note receivable (n)	-	-	-
Investment earnings unrealized gain/loss (o)	49	78	127
Improvement & extension fund operating expenses (p)	-	(44)	(44)
Capital Contribution (q)	298	-	298
Net Position Increase/(Decrease) per Financial Statements (b)	\$ 21,098	\$ 12,799	\$ 33,897

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee November 21, 2025

Table 2 - Explanatory Notes for Crosswalk

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.
- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. The prepaid portion is adjusted in June each year.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.

- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Extraordinary Repair & Replacement Fund and Improvement & Extension Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.
- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Interest on a DWSD note receivable is budgeted as part of the Sewer improvement and extension fund and is transferred directly to that fund as payments are made. DWSD does not currently have a note receivable due to GLWA.

- (o) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.
- (p) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.
- (q) The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA (\$0.3 million) grant revenue for the Water system. This nonoperating revenue is reported only in the GAAP-basis financial statements.



The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) has adopted a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, 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.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2026 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 100% of the Board approved CIP planned spend for the water fund and 100% of the Board approved CIP planned spend for the sewer fund.

The State Revolving Fund (SRF) activity reported in Charts 1 and 2 has been revised to reflect changes in approved, GLWA SRF funding.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of August 2025, the water system incurred \$13 million of construction costs to date. This spend represents 44% of the original, Board-approved CIP, and 44% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

Several projects were delayed early in the fiscal year which have resulted in actual expenses falling below original budget estimates. Staff anticipate expenses to align closer to budget in the second and third quarters of fiscal year 2026 as alternatives are identified.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted

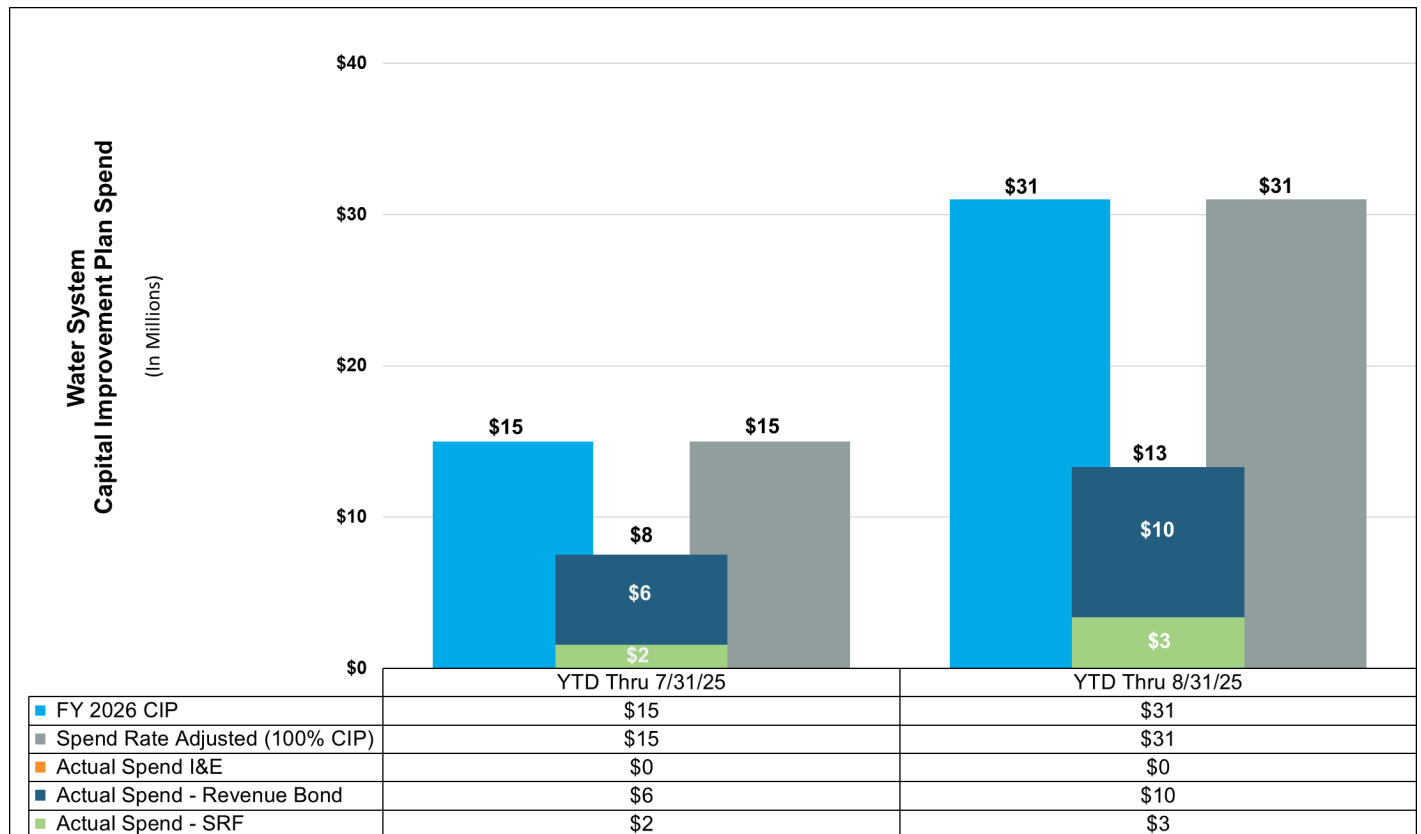


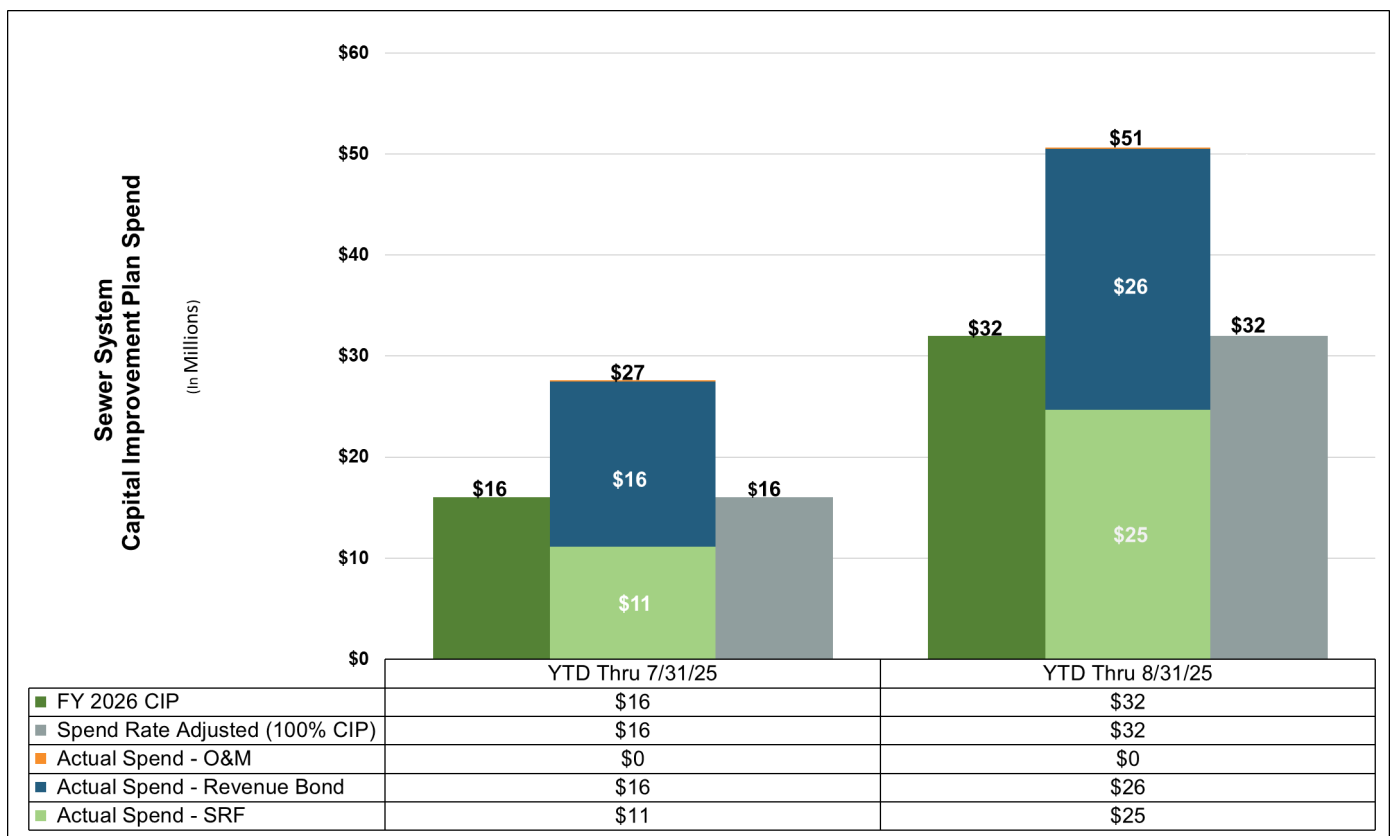
Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of August 2025, the Sewer system incurred \$51 million of construction costs to date. This spend represents 158% of the original, Board-approved CIP, and 158% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

Sewer spending is substantially above plan because a significant increase in SRF funding for FY 2026 has allowed for the acceleration of certain projects originally anticipated later in the CIP and ten-year plan.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted





This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

MBO Transfers to Accounts Held by GLWA

GLWA Transfers: The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through August 2025. MBO transfers for water totaling \$31.7 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through August 2025. MBO transfers for sewer totaling \$41.2 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 1 – GLWA FY 2026 Water MBO Transfers

WATER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water	
FY 2026								
July 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$	15,835,884
August 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$	15,835,884
September 2025								
October 2025								
November 2025								
December 2025								
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$ 30,409,334	\$ -	\$ 776,534	\$ 485,900	\$ -	\$ -	\$	31,671,768

Table 2 – GLWA FY 2026 Sewer MBO Transfers

SEWER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer	
FY 2026								
July 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$	20,607,075
August 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$	20,607,075
September 2025								
October 2025								
November 2025								
December 2025								
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$ 39,349,784	\$ -	\$ 1,186,700	\$ 677,666	\$ -	\$ -	\$	41,214,150

Table 3 – GLWA MBO Transfer History

GLWA MBO Transfer History							
WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024	168,873,100	-	2,568,700	2,710,200	50,000	2,836,000	177,038,000
Total FY 2025	182,227,100	-	2,820,700	2,763,800	(50,000)	2,144,000	189,905,600
Total FY 2026 (year to date)	30,409,334	-	776,534	485,900	-	-	31,671,768
Life to Date	\$ 1,369,215,346	\$ 48,362,300	\$ 90,934,509	\$ 23,534,204	\$ 2,686,900	\$ 7,786,000	\$ 1,542,519,259
SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024	224,873,500	-	3,914,500	3,836,402	150,000	-	232,774,402
Total FY 2025	235,191,600	-	4,701,200	3,903,701	(150,000)	345,000	243,991,500
Total FY 2026 (year to date)	39,349,784	-	1,186,700	677,666	-	-	41,214,150
Life to Date	\$ 1,918,550,976	\$ 86,620,800	\$ 125,979,809	\$ 33,421,465	\$ 8,246,100	\$ 1,124,600	\$ 2,173,943,749

MBO Required and Lease Payment Transfers to DWSD

DWSD Transfers: The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

Table 4 – DWSD FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through August 2025. MBO transfers for Water totaling \$12.0 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through August 2025. MBO transfers for Sewer totaling \$14.6 million have been transferred to accounts held by DWSD.

Table 6 – DWSD Water MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 4 – DWSD FY 2026 Water MBO Transfers

WATER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Water</u>
FY 2026				
July 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
August 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
September 2025				
October 2025				
November 2025				
December 2025				
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 8,280,666	\$ -	\$ 3,750,000	\$ 12,030,666

Table 5 – DWSD FY 2026 Sewer MBO Transfers

SEWER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Sewer</u>
FY 2026				
July 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
August 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
September 2025				
October 2025				
November 2025				
December 2025				
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 10,017,384	\$ -	\$ 4,583,334	\$ 14,600,718

Table 6 – DWSD Water MBO and Lease Payment Transfer History

WATER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
FY 2016 *				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Total MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
FY 2017				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
FY 2018				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Total MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
FY 2019				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Total MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
FY 2020				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Total MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
FY 2021				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Total MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
FY 2022				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Total MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
FY 2023				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Total MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
FY 2024				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	44,776,800	-	22,500,000	67,276,800
FY 2025				
MBO/Lease Requirement	46,468,700	-	22,500,000	68,968,700
Offset to Debt Service	-	-	-	-
Total MBO Transfer	46,468,700	-	22,500,000	68,968,700
FY 2026(year to date)				
MBO/Lease Requirement	8,280,666	-	3,750,000	12,030,666
Offset to Debt Service	-	-	-	-
Total MBO Transfer	8,280,666	-	3,750,000	12,030,666
Life-to-Date				
MBO/Lease Requirement	372,919,070	34,157,100	228,750,000	635,826,170
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	\$ 372,919,070	\$ 34,157,100	\$ 196,902,100	\$ 603,978,270

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History

	SEWER			
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2016 *				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
FY 2017				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
FY 2018				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
FY 2019				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
FY 2020				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
FY 2021				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
FY 2022				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
FY 2023				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
FY 2024				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
Total MBO Transfer	55,705,700	-	27,500,004	83,205,704
FY 2025				
MBO/Lease Requirement	57,356,900	-	27,500,000	84,856,900
Offset to Debt Service	-	-	-	-
Total MBO Transfer	57,356,900	-	27,500,000	84,856,900
FY 2026(year to date)				
MBO/Lease Requirement	10,017,384	-	4,583,334	14,600,718
Offset to Debt Service	-	-	-	-
Total MBO Transfer	10,017,384	-	4,583,334	14,600,718
Life-to-Date				
MBO/Lease Requirement	546,632,396	22,859,800	279,583,338	848,153,987
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	\$ 539,532,396	\$ 22,859,800	\$ 227,802,677	\$ 790,194,873

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.



This report includes the following:

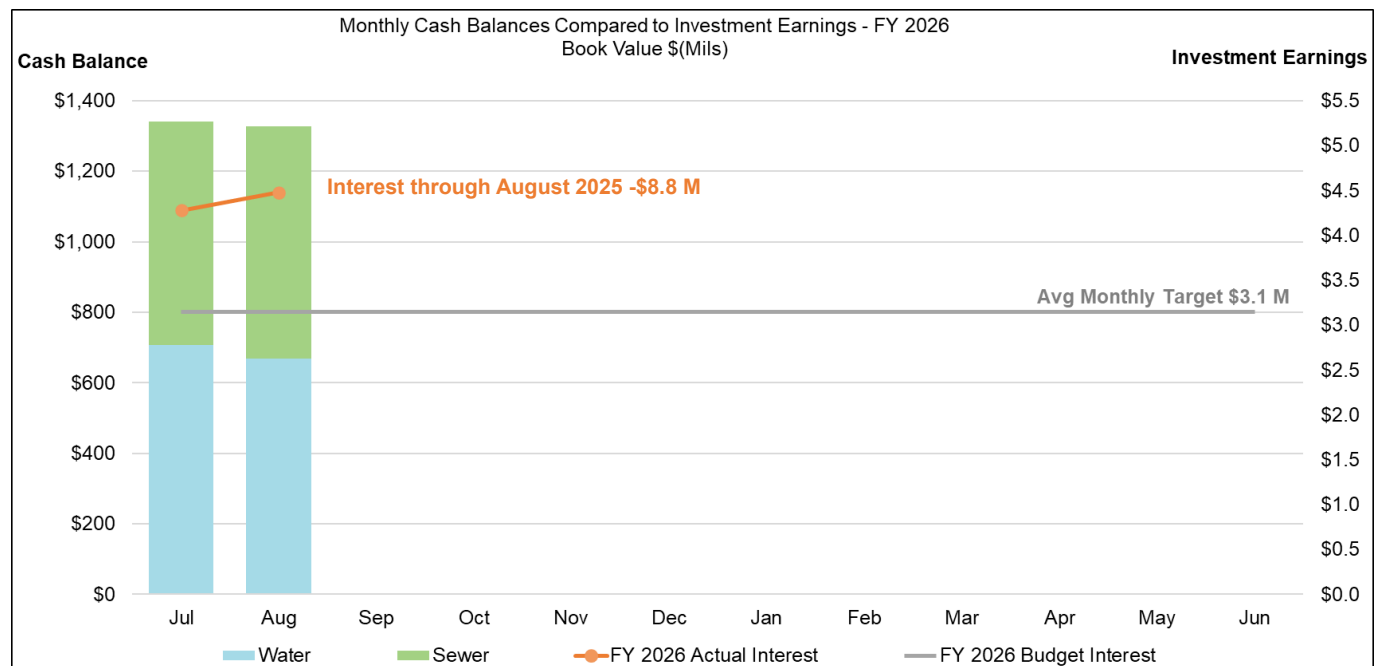
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of August 2025, GLWA earned investment income of \$4.5 million and cumulative FY 2026 earnings through August 2025 of \$8.8 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

Chart 1 – Monthly Cash Balances Compared to Investment Income – Through August 2025



\$(Mils)	July	August
Water	707	667
Sewer	633	659
Total	1,340	1,326
Investment Income	4.3	4.5

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

Cash Balance Detail

Funds Held By GLWA: GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

Funds Held Within Trust:

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

Funds Held Outside Trust:

- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee November 21, 2025

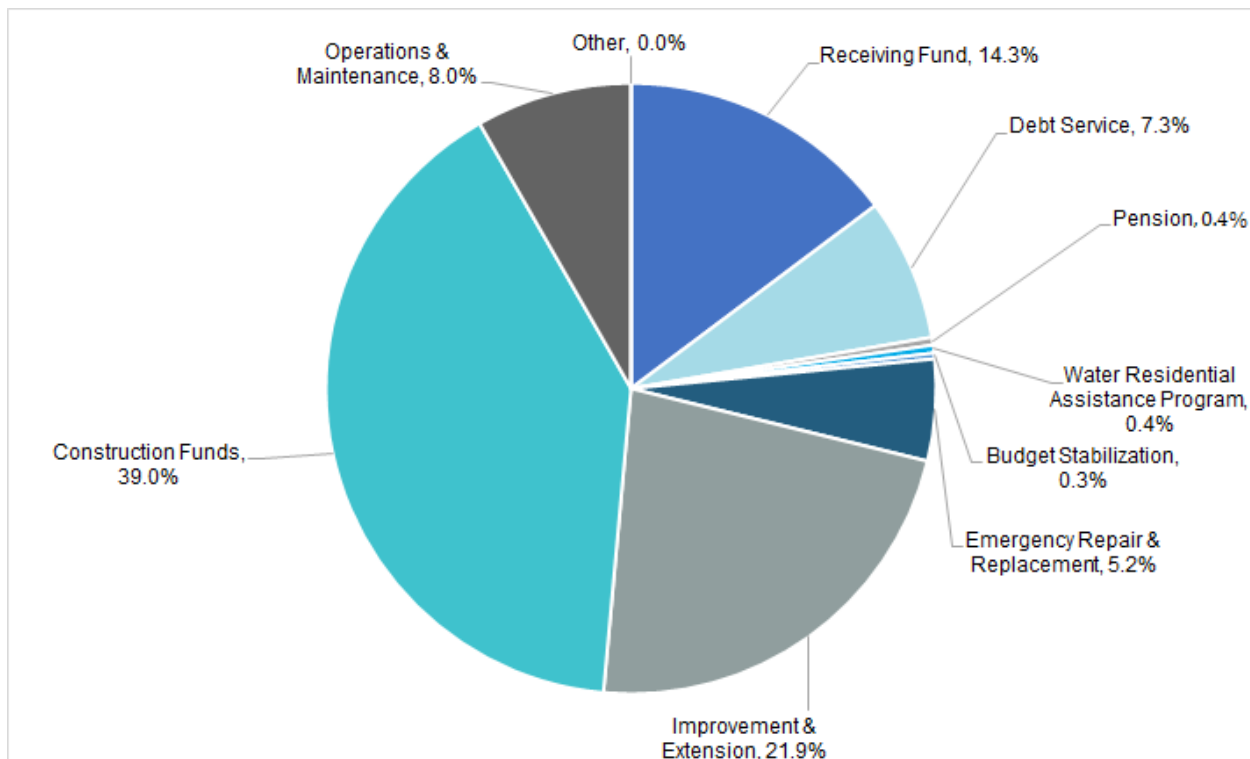
Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at glwater.org as well as the [MBO](#) documents.

Chart 2 – Cash Balances - Water Funds as of August 2025 - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of August 2025 is \$667 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$231.8 million in June 2025 to support water system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

Chart 2 – Cash Balances - Water Funds as of August 2025

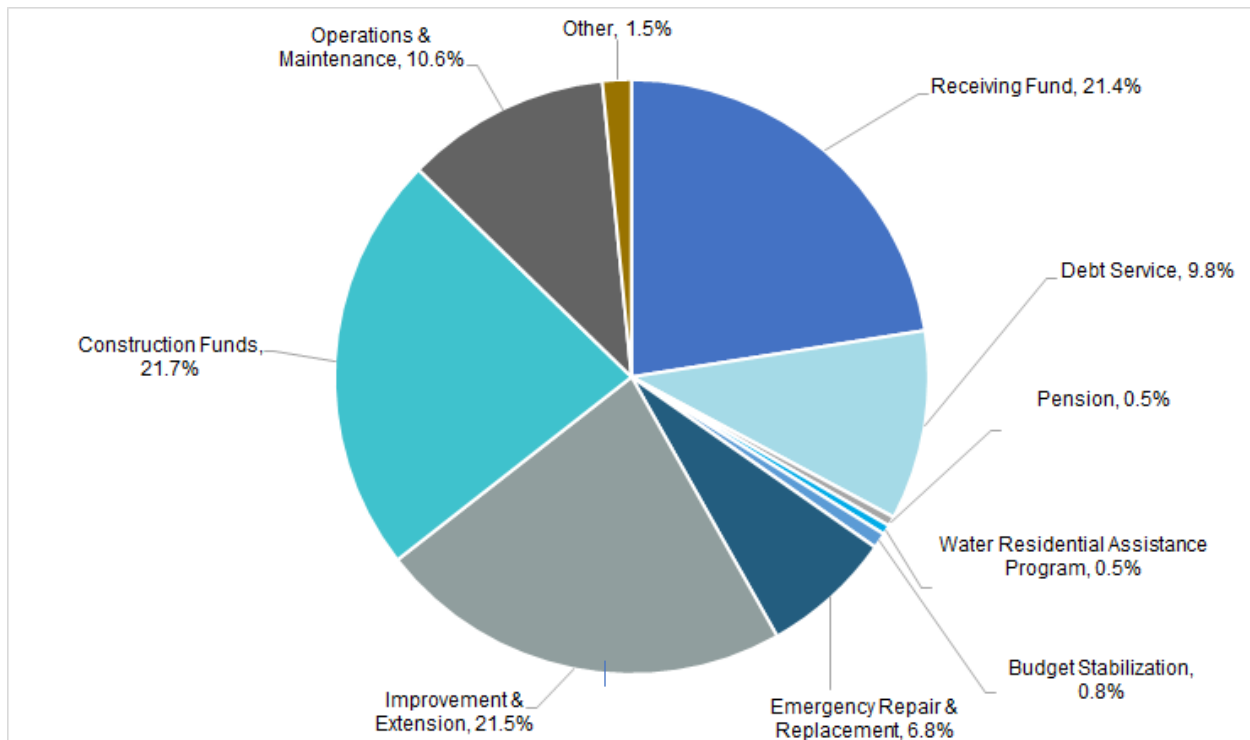


Note: Due to rounding totals may not equal 100%.

Chart 3 – Cash Balances - Sewer Funds as of August 2025 - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of August 2025 is \$659 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$51.7 million in June 2025 to support sewage disposal system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

Chart 3 – Cash Balances - Sewer Funds as of August 2025



Note: Due to rounding totals may not equal 100%.



Retail Revenues, Receivables, and Collections: Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority.

DWSD Retail Water Billings and Collections

Retail Billing Basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 1 - DWSD Retail Billings shows the FY 2026 water usage and billed revenue which are provided by DWSD staff. As of August 31, 2025, the DWSD usage was 100.35% of the budget and billed revenue was 97.92% of budget.

DWSD Retail Water Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Retail Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 1 – DWSD Retail Water Billing

RETAIL WATER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (2) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
1 July	244,000	12,892,300	236,214	12,041,875	(7,786)	(850,425)	226,703	11,590,136
2 August	263,000	13,853,800	272,574	14,148,381	9,574	294,581	240,621	12,171,324
3 September	251,000	13,253,400					238,868	12,205,143
4 October	216,000	11,549,800					216,527	11,222,004
5 November	212,000	11,324,500					212,832	11,115,046
6 December	203,000	10,882,100					212,252	11,100,382
7 January	198,000	10,646,500					190,716	10,661,000
8 February	212,000	11,339,300					222,769	11,469,800
9 March	207,000	11,091,000					229,724	11,649,351
10 April	208,000	11,145,700					222,774	11,403,695
11 May	198,000	10,642,800					209,658	10,767,180
12 June	216,000	11,518,900					219,077	11,249,137
Total	2,628,000	140,140,100	508,789	26,190,257	1,789	(555,843)	2,642,521	136,604,198
Subtotals YTD	507,000	26,746,100	508,789	26,190,257	1,789	(555,843)		
Achievement of Budget			100.35%		97.92%			

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Retail revenues include miscellaneous revenues and penalties

Table 2 – DWSD Retail Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
September	10,837,378	9,790,065	1,047,313	10.70%
October	12,110,080	9,884,937	2,225,143	22.51%
November	8,572,356	10,499,606	(1,927,250)	-18.36%
December	10,277,979	13,663,688	(3,385,709)	-24.78%
January	10,935,031	8,506,008	2,429,023	28.56%
February	9,632,511	8,996,740	635,771	7.07%
March	9,132,694	15,842,538	(6,709,844)	-42.35%
April	11,714,224	13,840,518	(2,126,294)	-15.36%
May	11,107,278	5,960,146	5,147,132	86.36%
June	10,096,555	9,045,195	1,051,360	11.62%
July	16,948,502	12,645,121	4,303,381	34.03%
August	10,140,353	10,203,737	(63,384)	-0.62%
Rolling, 12-Month Total	131,504,940	128,878,298		
Rolling, 12-Month Average	10,958,745	10,739,858		

DWSD Retail Sewer Billings and Collections

Retail billing basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 3 - DWSD Retail Sewer Billings shows the FY 2026 sewer billed revenue which are provided by DWSD staff. As of August 31, 2025, the DWSD usage was at 98.50% of the budget and billed revenue was at 98.56% of budget.

DWSD Retail Sewer Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 4 – DWSD Retail Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 3 - DWSD Retail Sewer Billings

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
1 July	204,000	30,924,900	192,183	28,662,775	(11,817)	(2,262,125)	173,084	26,350,527
2 August	198,000	30,551,600	203,783	31,930,819	5,783	1,379,219	195,207	28,301,325
3 September	213,000	31,445,600					198,474	28,536,169
4 October	182,000	29,612,100					181,932	28,141,699
5 November	180,000	29,458,600					171,499	28,166,266
6 December	176,000	29,233,100					192,915	28,831,326
7 January	156,000	28,015,300					140,835	26,273,695
8 February	181,000	29,507,800					182,920	28,075,547
9 March	174,000	29,074,500					184,249	28,353,310
10 April	173,000	29,059,800					176,337	27,741,237
11 May	172,000	28,967,700					178,327	27,806,874
12 June	179,500	29,415,100					181,839	28,059,145
Total	2,188,500	355,266,100	395,965	60,593,594	(6,035)	(882,906)	2,157,619	334,637,121
Subtotals YTD	402,000	61,476,500	395,965	60,593,594	(6,035)	(882,906)		
Achievement of Budget/Goal			98.50%	98.56%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail revenues include miscellaneous revenues and penalties

Table 4 – DWSD Retail Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
September	22,367,425	23,489,448	(1,122,023)	-4.78%
October	25,231,098	21,610,149	3,620,949	16.76%
November	23,609,169	25,951,736	(2,342,568)	-9.03%
December	23,914,649	23,249,973	664,676	2.86%
January	26,416,591	26,248,512	168,079	0.64%
February	24,116,823	24,230,304	(113,481)	-0.47%
March	23,871,283	26,438,687	(2,567,405)	-9.71%
April	25,340,397	23,532,381	1,808,016	7.68%
May	22,575,530	22,487,372	88,158	0.39%
June	23,278,350	20,945,929	2,332,421	11.14%
July	35,487,541	36,297,569	(810,027)	-2.23%
August	27,119,685	22,591,511	4,528,174	20.04%
Rolling 12-Month Total	303,328,540	297,073,571		
Rolling, 12-Month Average	25,277,378	24,756,131		

DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging is categorized by customer category.

Table 5 is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of August 31, 2025, with comparative totals from June 30, 2025, June 30, 2024, and June 30, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time, days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

Table 6 is a summary of the total, current and non-current Water and Sewer receivables by category as of August 31, 2025, with comparative totals from August 31, 2024. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of August 31, 2025, are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary

Summary					
Period Ending	Monthly Sales	Receivables		Net	Days in AR (1)
		Total	Allowance		
June 30, 2023	39,443,000	327,023,000	(272,012,000)	55,011,000	42
June 30, 2024 (3)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (2)(4)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
August 31, 2025	43,867,000	390,923,000	(321,569,000)	69,354,000	47
Totals may be off due to rounding					

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The annual AR Tax Roll Transfer totaling \$25,890,000 was made in October 2024.

(3) The June 30, 2024 monthly sales amount was updated in April 2025 reporting to include an increase of approximately \$675,000 that was made subsequent to the original reporting.

(4) The June 30, 2025 year-end allowance amount was updated in July 2025 reporting to include an increase of approximately \$153,000 that was made subsequent to the original reporting.

Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined

	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	937.03	15,349,000 6.7%	6,628,000 2.9%	30,196,000 13.2%	177,037,000 77.2%	229,210,000 100.0%
Commercial	1,243.36	7,680,000 21.4%	2,171,000 6.1%	6,030,000 16.8%	19,955,000 55.7%	35,836,000 100.0%
Industrial	3,135.68	5,536,000 28.6%	1,303,000 6.7%	2,640,000 13.6%	9,893,000 51.1%	19,372,000 100.0%
Tax Exempt	526.32	7,248,000 27.8%	1,216,000 4.7%	2,721,000 10.4%	14,881,000 57.1%	26,066,000 100.0%
Government	2,950.41	3,930,000 16.6%	2,152,000 9.1%	2,709,000 11.5%	14,839,000 62.8%	23,630,000 100.0%
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	991.00	39,743,000 11.9%	13,469,000 4.0%	44,297,000 13.3%	236,605,000 70.8%	334,114,000 100.0%
Inactive Accounts	144.01	181,000 0.3%	198,000 0.3%	1,615,000 2.8%	54,814,000 96.5%	56,808,000 100.0%
Total	534.32	39,924,000	13,668,000	45,912,000	291,419,000	390,923,000
% of Total A/R		10.2%	3.5%	11.7%	74.5%	100.0%
Water Fund	115.47	12,018,000	1,483,000	12,142,000	58,836,000	84,478,000
Sewer Fund	418.85	27,906,000	12,185,000	33,770,000	232,583,000	306,444,000
Total August 31, 2025 (a)	534.32	39,924,000	13,668,000	45,912,000	291,419,000	390,923,000
Water Fund- Allowance						(64,124,000)
Sewer Fund- Allowance						(257,445,000)
Total- Bad Debt Allowance						(321,569,000)
Comparative - Aug 2024 (b)	640.96	38,897,000	14,844,000	47,737,000	234,097,000	335,575,000
Difference (a) - (b)		1,027,000	(1,177,000)	(1,825,000)	57,322,000	55,347,000



The Monthly Wholesale Billings, Receivables, and Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Reports

Wholesale Water Billings and Collections

Wholesale Water Contracts: The Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contract	85
Emergency	0
Older Contracts	<u>2</u>
Total	<u>87</u>

Note: Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.

Wholesale Water Billing Basis: Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

Table 1 - Wholesale Water Billings shows the FY 2026 water billed usage and revenues. As of August 31, 2025, the billed usage was at 101.63% of the original plan and billed revenue at 100.97% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2026 Budget.

Wholesale Water Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 2 - Wholesale Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending August 31, 2025.

Table 1 – FY 2026 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
Month (1)	FY 2026 Charges (2)		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (3) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
1 July	1,459,700	35,523,100	1,443,326	35,332,100	(16,374)	(191,000)	1,347,527	32,449,201
2 August	1,327,600	33,953,000	1,389,530	34,819,742	61,930	866,742	1,297,169	31,979,686
3 September	1,270,300	33,143,000					1,315,030	32,104,405
4 October	1,040,600	30,218,400					1,051,234	28,946,404
5 November	887,200	28,529,400					872,926	26,975,632
6 December	962,000	29,287,500					866,671	27,877,869
7 January	977,400	29,446,100					989,175	28,114,300
8 February	873,200	28,325,000					888,053	27,055,774
9 March	946,800	29,098,400					966,088	27,862,863
10 April	905,200	28,703,100					928,903	27,482,932
11 May	1,099,400	31,132,100					1,049,087	28,969,431
12 June	1,393,800	34,734,300					1,325,550	32,157,894
Total	13,143,200	372,093,400	2,832,856	70,151,842	45,556	675,742	12,897,411	351,976,391
Subtotals ytd	2,787,300	69,476,100	2,832,856	70,151,842	45,556	675,742		
Achievement of Original Plan			101.63%		100.97%			

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Charges are based on the approved FY 2026 water supply system charge schedule.

(3) Water Revenues differ from Table 1A within the budget to actual analysis section because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A

Table 2 - Wholesale Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
September	31,569,804	29,955,755	1,614,049	5.39%
October	29,858,946	26,617,271	3,241,675	12.18%
November	29,728,772	35,490,010	(5,761,238)	-16.23%
December	33,080,276	28,246,829	4,833,447	17.11%
January	28,917,330	24,448,936	4,468,394	18.28%
February	25,874,160	29,100,065	(3,225,904)	-11.09%
March	26,649,141	24,740,554	1,908,587	7.71%
April	25,622,706	26,856,179	(1,233,473)	-4.59%
May	26,976,277	25,838,255	1,138,022	4.40%
June	25,164,355	24,182,036	982,319	4.06%
July	30,792,996	30,278,936	514,060	1.70%
August	23,138,830	25,054,796	(1,915,966)	-7.65%
Rolling 12-Month Total	337,373,593	330,809,622		
Rolling, 12-Month Average	28,114,466	27,567,469		

Wholesale Sewer Billings and Collections

Wholesale Sewer Contracts: GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type

Model Contract	14
Emergency	0
Older Contracts	<u>4</u>
Total	<u>18</u>

Note: Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

Wholesale Sewer Billing Basis: Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

Table 3 - Wholesale Sewer Billings shows the FY 2026 sewer billed revenue. As of August 31, 2025, the billed revenue reflects 100.00% of the original plan.

Wholesale Sewer Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 4 - Wholesale Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending above the twelve-month period ending August 31, 2025.

Table 3 – FY 2026 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
Month (1)	FY 2026 Charges		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
1 July	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
2 August	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
3 September	N/A	24,932,600	N/A		N/A		N/A	23,883,900
4 October	N/A	24,932,600	N/A		N/A		N/A	23,883,900
5 November	N/A	24,932,600	N/A		N/A		N/A	23,883,900
6 December	N/A	24,932,600	N/A		N/A		N/A	23,883,900
7 January	N/A	24,932,600	N/A		N/A		N/A	23,883,900
8 February	N/A	24,932,600	N/A		N/A		N/A	23,883,900
9 March	N/A	24,932,600	N/A		N/A		N/A	23,883,900
10 April	N/A	24,932,600	N/A		N/A		N/A	23,883,900
11 May	N/A	24,932,600	N/A		N/A		N/A	23,883,900
12 June	N/A	24,932,600	N/A		N/A		N/A	23,883,900
Total		299,191,200		49,865,200		-		286,606,800
Subtotals ytd		49,865,200		49,865,200		-		
Achievement of Original Plan				100.00%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Not tracked as part of the wholesale sewer charges.

Table 4 - Wholesale Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
September	25,450,281	18,770,419	6,679,862	35.59%
October	13,037,715	23,107,016	(10,069,301)	-43.58%
November	33,933,304	27,958,885	5,974,419	21.37%
December	23,958,644	21,351,498	2,607,146	12.21%
January	23,850,161	21,117,470	2,732,691	12.94%
February	23,509,614	27,856,400	(4,346,786)	-15.60%
March	24,230,161	23,460,900	769,261	3.28%
April	24,138,802	18,685,600	5,453,202	29.18%
May	23,965,586	28,363,300	(4,397,714)	-15.50%
June	24,053,386	23,300,100	753,286	3.23%
July	19,273,207	18,438,961	834,246	4.52%
August	28,754,028	13,987,797	14,766,231	105.57%
Rolling 12-Month Total	288,154,889	266,398,346		
Rolling, 12-Month Average	24,012,907	22,199,862		

Wholesale Water & Sewer Accounts Receivable Aging Report

GLWA operational invoices reflect 45-day payment terms. This allows Member Partners the ability to collect payment for services rendered under typical 30-day payment terms with an additional 15-day window to make payment to GLWA for wholesale services provided during that service period billed.

Table 5 - Wholesale Accounts Receivable Aging Report Summary is a summary of the total, current and non-current receivables by category as of August 31, 2025.

Table 6 - Wholesale Accounts Receivable Aging Report, Net Dearborn is the same summary *without* the past due balances for Dearborn. Ten water accounts comprise the past due balance of \$1,442,041 reported of which \$1,374,078 was paid in September. The Billing team continues to work with the remaining member partners on collection of their balances.

All sewer accounts are current in August. The IWC past due balance reflects five accounts totaling \$18,059 of which \$13,691 was paid in September. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

Table 5 - Wholesale Accounts Receivable Aging Report Summary

	Total	Current	1-45 Days	46-74 Days	75-104	>105 Days
Water	58,754,875	49,131,455	677,115	515,189	442,237	7,988,879
Sewer	14,997,100	14,997,100	-	-	-	-
IWC	668,360	650,963	13,414	(385)	4,367	-
Pollutant	626,267	536,897	50,641	12,976	8,075	17,678
Total	<u>75,046,601</u>	<u>65,316,414</u>	<u>741,171</u>	<u>527,779</u>	<u>454,680</u>	<u>8,006,557</u>
	100.00%	87.03%	0.99%	0.70%	0.61%	10.67%

Table 6 - Wholesale Accounts Receivable Aging Report, Net of Dearborn

	Total	Current	1-45 Days	46-74 Days	75-104	>105 Days
Water	49,445,628	48,003,587	612,948	451,022	378,071	-
Sewer	14,997,100	14,997,100	-	-	-	-
IWC	668,360	650,963	13,414	(385)	4,367	-
Pollutant	626,267	536,897	50,641	12,976	8,075	17,678
Total	<u>65,737,355</u>	<u>64,188,547</u>	<u>677,004</u>	<u>463,613</u>	<u>390,513</u>	<u>17,678</u>
	100.00%	97.64%	1.03%	0.71%	0.59%	0.03%

Note: percentages vary from 100% due to rounding.



The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

GLWA Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects two months of activity to date.

Water fund receipts fell short of required disbursements by 7% through August 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 3% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 7% through August 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Chart 1 – GLWA 12-Month Net Receipts – Water outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Chart 2 – GLWA 12-Month Net Receipts – Sewer outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 through August 31
Water					
1 Receipts	338,117,694	363,335,474	374,252,221	379,199,823	60,272,401
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	338,117,694	363,335,474	374,252,221	379,199,823	60,272,401
4 Disbursements	(316,495,360)	(349,186,375)	(353,639,121)	(367,467,244)	(64,789,828)
5 Receipts Net of Required Transfers	21,622,334	14,149,099	20,613,100	11,732,579	(4,517,427)
6 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(8,289,600)	-
7 Net Receipts	(5,000,528)	4,250,999	(8,005,400)	3,442,979	(4,517,427)
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	104%	106%	103%	93%
Sewer					
9 Receipts	471,979,297	498,888,416	506,731,576	508,344,972	88,005,432
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	471,979,297	498,888,416	506,731,576	508,344,972	88,005,432
12 Disbursements	(450,701,751)	(473,516,238)	(477,450,794)	(481,372,746)	(82,125,750)
13 Receipts Net of Required Transfers	21,277,546	25,372,178	29,280,782	26,972,226	5,879,682
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	-
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	8,296,578	-	-	-	-
17 Net Receipts	(8,077,664)	(1,394,022)	16,812,782	15,517,226	5,879,682
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	105%	105%	106%	106%	107%
Combined					
19 Receipts	810,096,991	862,223,890	880,983,797	887,544,795	148,277,833
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	810,096,991	862,223,890	880,983,797	887,544,795	148,277,833
22 Disbursements	(767,197,111)	(822,702,613)	(831,089,915)	(848,839,991)	(146,915,578)
23 Receipts Net of Required Transfers	42,899,880	39,521,277	49,893,882	38,704,805	1,362,255
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(19,744,600)	-
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	(13,078,192)	2,856,977	8,807,382	18,960,205	1,362,255
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	106%	105%	106%	105%	101%

Chart 1 – GLWA 12-Month Net Receipts – Water

All amounts are unaudited unless otherwise noted.

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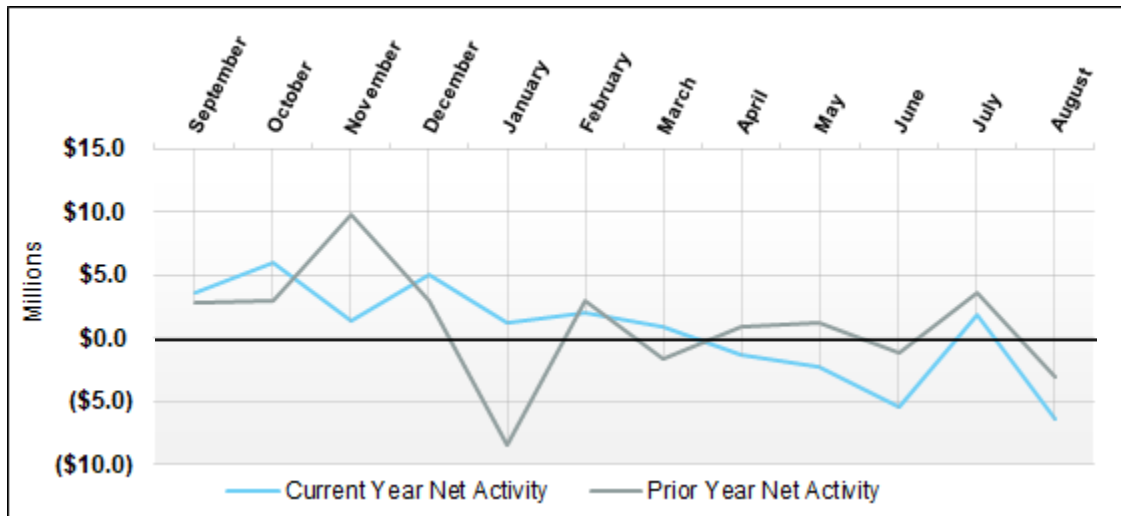
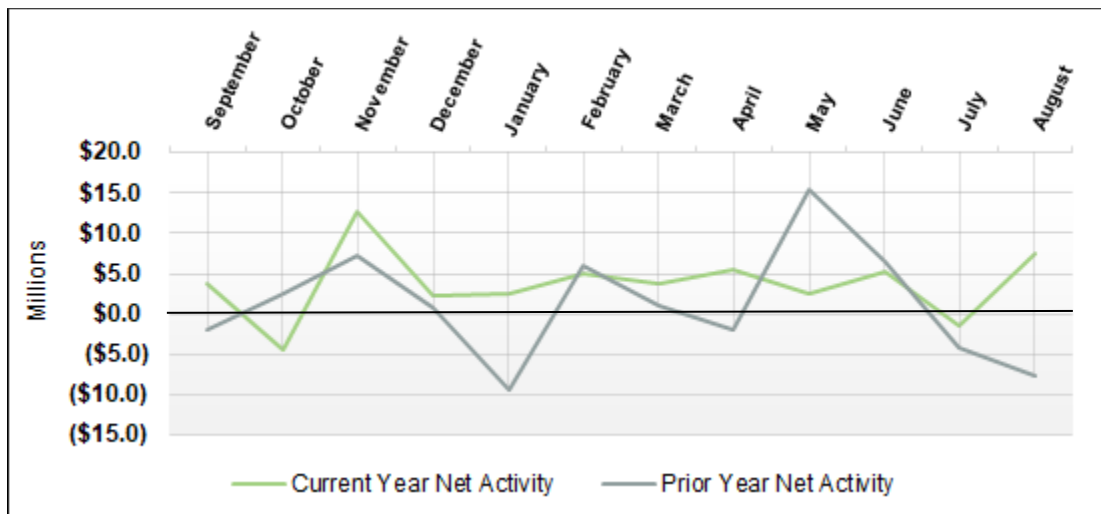


Chart 2 – GLWA 12-Month Net Receipts – Sewer



DWSD Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects two months of activity to date.

Water fund receipts exceeded required disbursements by 27% through August 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 10% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 20% through August 31, 2025 compared to the four-year historical average of required receipts exceeding disbursements by 6% since July 1, 2021.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 through August 31
Water					
1 Receipts	101,964,963	123,766,624	123,818,287	127,313,152	27,092,401
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	101,964,963	123,766,624	123,818,287	127,313,152	27,092,401
4 Disbursements	(94,495,601)	(117,666,100)	(117,290,591)	(119,923,334)	(21,296,788)
5 Receipts Net of Required Transfers	7,469,362	6,100,524	6,527,696	7,389,818	5,795,613
6 I&E Transfer	-	-	-	(8,000,000)	-
7 Net Receipts	7,469,362	6,100,524	6,527,696	(610,182)	5,795,613
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	108%	105%	106%	106%	127%
Sewer					
9 Receipts	291,280,896	298,897,942	296,088,194	299,683,584	62,620,168
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	291,280,896	298,897,942	296,088,194	299,683,584	62,620,168
12 Disbursements	(285,256,000)	(283,095,100)	(288,119,517)	(299,393,959)	(52,035,199)
13 Receipts Net of Required Transfers	6,024,896	15,802,842	7,968,677	289,624	10,584,969
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	6,024,896	15,802,842	7,968,677	289,624	10,584,969
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	102%	106%	103%	100%	120%
Combined					
18 Receipts	393,245,859	422,664,566	419,906,481	426,996,735	89,712,569
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	393,245,859	422,664,566	419,906,481	426,996,735	89,712,569
21 Disbursements	(379,751,601)	(400,761,200)	(405,410,108)	(419,317,293)	(73,331,987)
22 Receipts Net of Required Transfers	13,494,258	21,903,366	14,496,373	7,679,442	16,380,582
23 I&E Transfer	-	-	-	(8,000,000)	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	13,494,258	21,903,366	14,496,373	(320,558)	16,380,582
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	104%	105%	104%	102%	122%

Chart 3 – DWSD 12-Month Net Receipts – Water outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

Chart 4 – DWSD 12-Month Net Receipts – Sewer outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

Chart 3 – DWSD 12-Month Net Receipts – Water

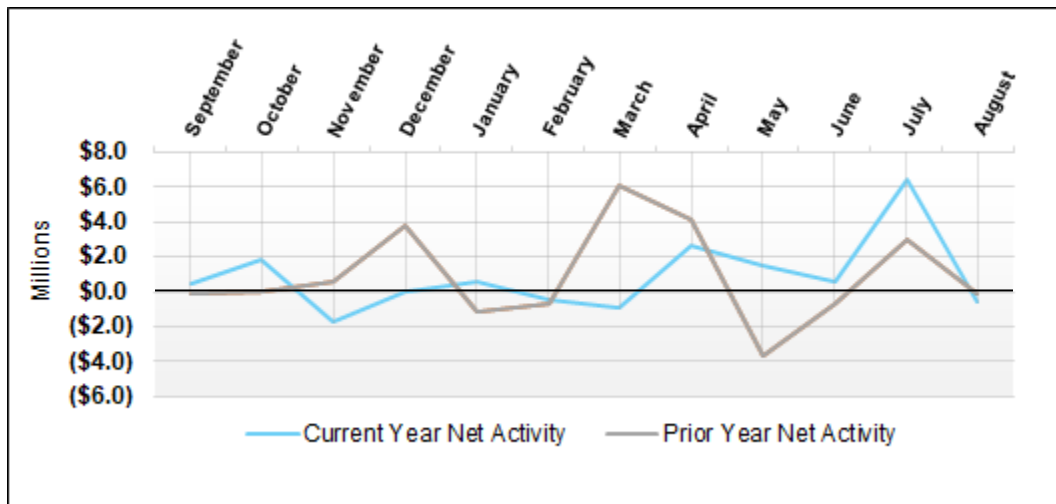
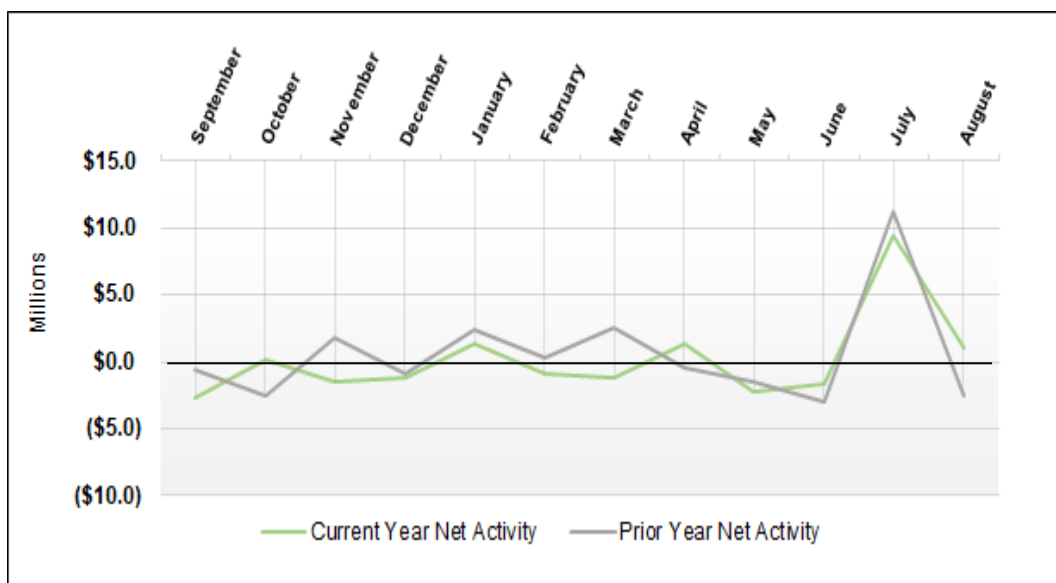


Chart 4 – DWSD 12-Month Net Receipts – Sewer



Combined System Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects two months of activity to date.

Water fund net receipts exceeded required disbursements by 1% through August 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 12% through August 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 through August 31
Water					
1 Receipts	440,082,657	487,102,098	498,070,508	508,868,741	87,364,802
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	440,082,657	487,102,098	498,070,508	508,868,741	87,364,802
4 Disbursements	(410,990,961)	(466,852,475)	(470,929,712)	(487,390,578)	(86,086,616)
5 Receipts Net of Required Transfers	29,091,696	20,249,623	27,140,796	21,478,162	1,278,186
6 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(16,289,600)	-
7 Net Receipts	2,468,834	10,351,523	(1,477,704)	5,188,562	1,278,186
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	104%	106%	104%	101%
Sewer					
9 Receipts	763,260,193	797,785,358	802,819,770	808,374,074	150,625,600
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	763,260,193	797,785,358	802,819,770	808,374,074	150,625,600
12 Disbursements	(735,957,751)	(756,611,338)	(765,570,311)	(780,766,706)	(134,160,949)
13 Receipts Net of Required Transfers	27,302,442	41,174,020	37,249,459	27,607,369	16,464,651
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	-
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	8,296,578	-	-	-	-
17 Net Receipts	(2,052,768)	14,407,820	24,781,459	16,152,369	16,464,651
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	104%	105%	105%	103%	112%
Combined					
19 Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	237,990,402
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	237,990,402
22 Disbursements	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(220,247,565)
23 Receipts Net of Required Transfers	56,394,138	61,423,643	64,390,255	49,085,531	17,742,837
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(27,744,600)	-
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	416,066	24,759,343	23,303,755	21,340,931	17,742,837
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	105%	105%	105%	104%	108%

All amounts are unaudited unless otherwise noted.

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