



Financial Review

April 2023

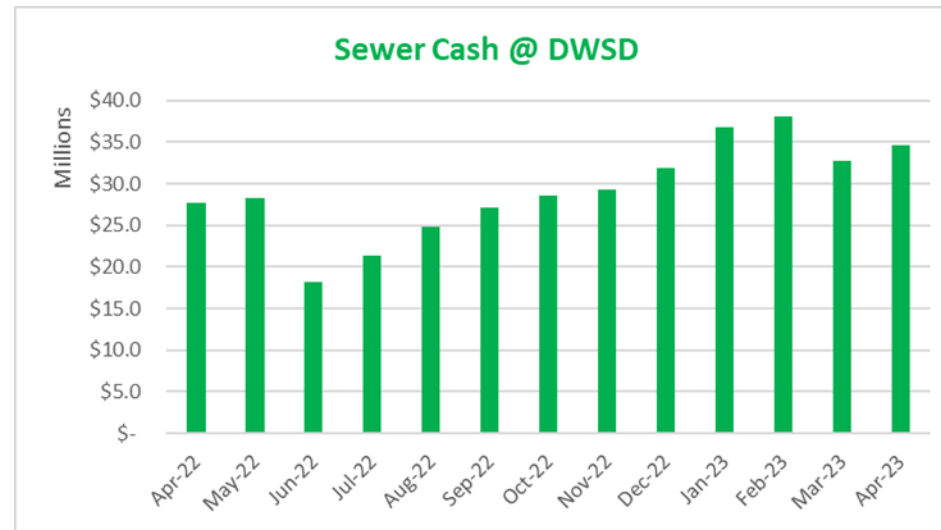
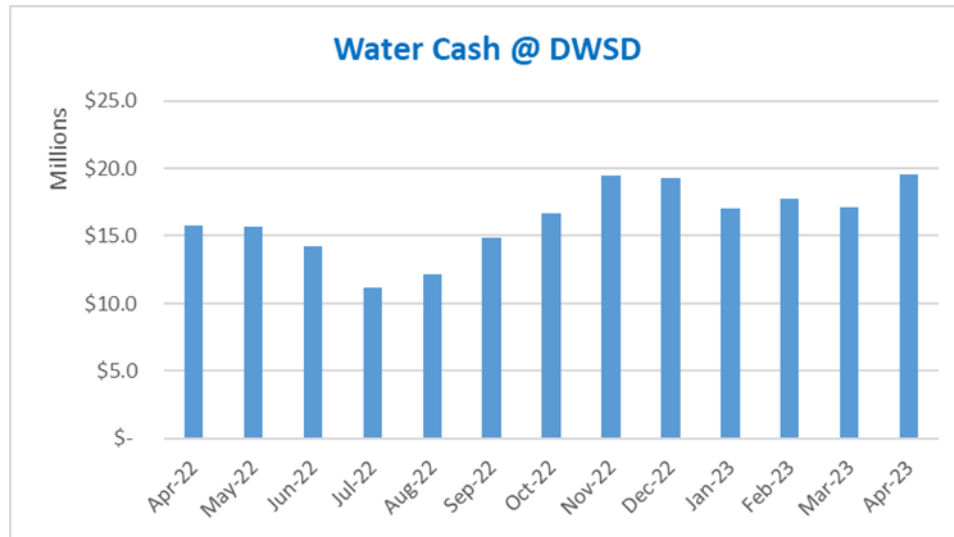
BOWC Finance Committee

July 10, 2023

Cash and Investments - Water and Sewer Operating Funds



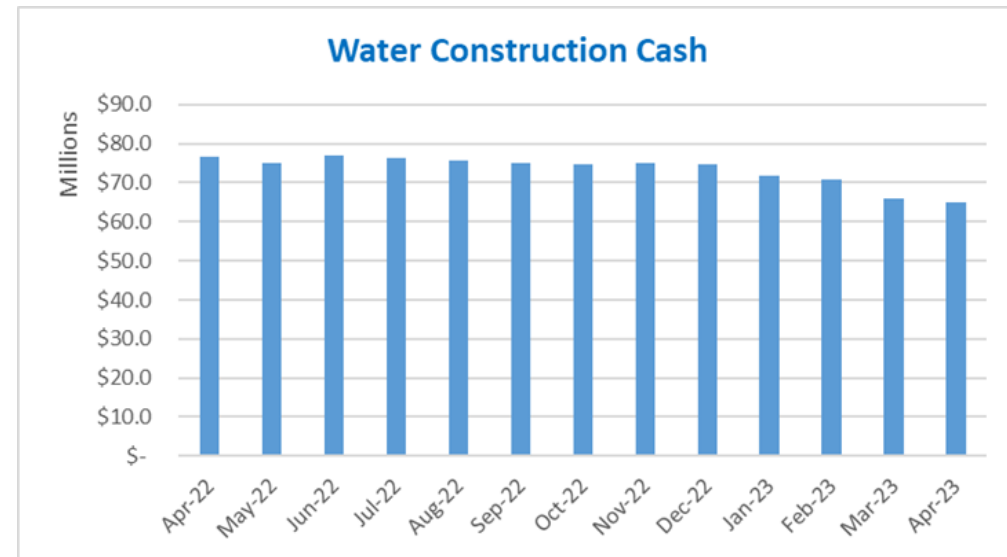
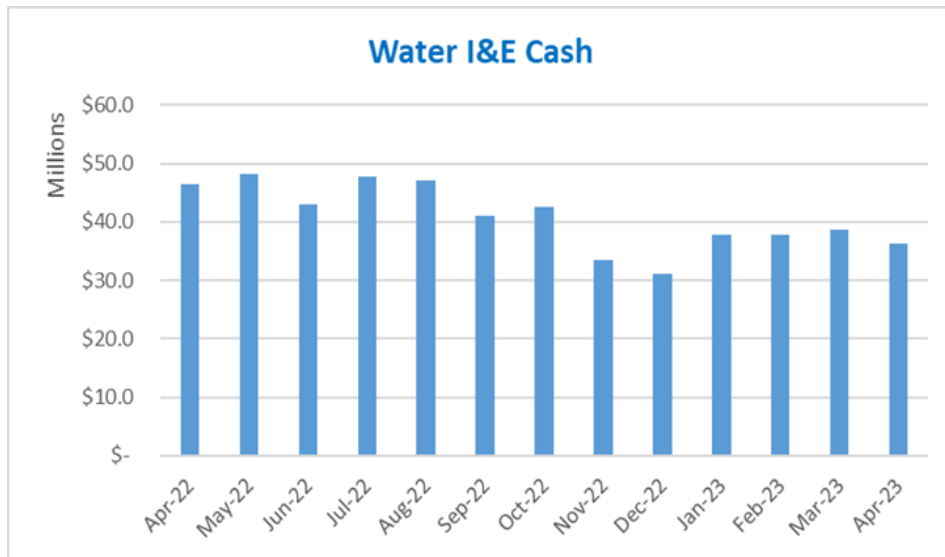
- DWSD continues to maintain adequate cash reserves to support its Operating and Capital Programs.
- On a Systemwide basis, Cash and Investments in the Operating, Improvement & Extension (I&E) and Construction Funds amounted to \$230.8 million (\$120.8 million in the Water Fund and \$110.0 million in the Sewer Fund). This is an increase of approximately \$1.3 million from the previous month.
- **Water Operating Cash** amounted to \$19.5 million, an increase of \$2.4 million from the previous month.
- **Sewer Operating Cash** amounted to \$34.5 million, an increase of \$1.8 million from the previous month.



Cash and Investments – Water I&E/Construction Funds



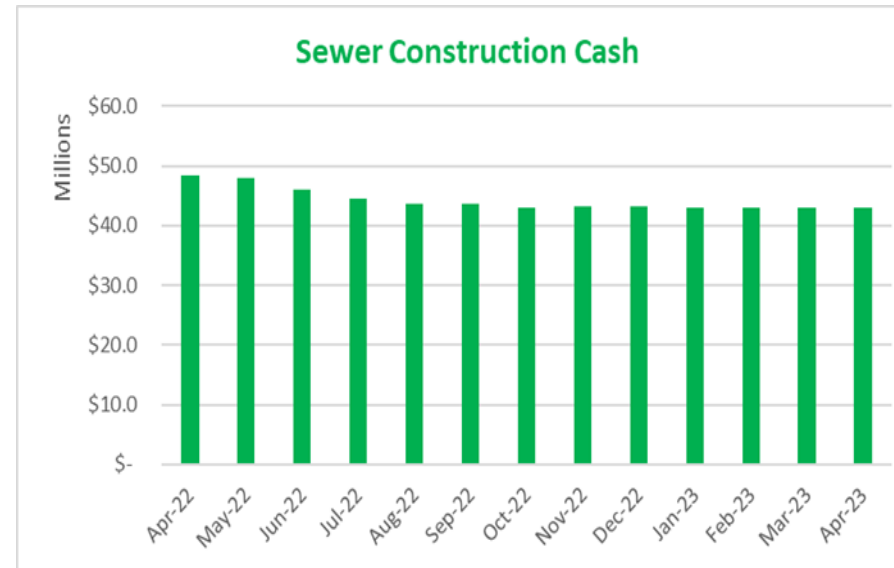
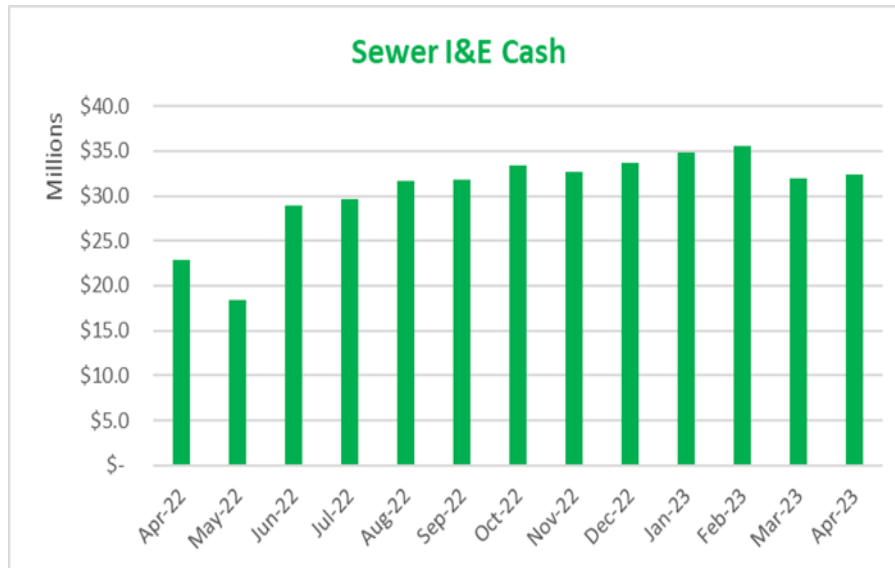
- DWSD continues to spend down I&E and Construction Cash in support of its Capital Improvement Program.
- **Water I&E Cash** amounted to \$36.3 million, a decrease of \$2.4 million from the previous month.
- **Water Construction Cash** amounted to \$64.9 million, a decrease of \$900,000 from the previous month. This is due to increased level of disbursements for construction activities.
- DWSD spent approximately \$11.9 million of Water construction funds over the last twelve months.



Cash and Investments – Sewer I&E/Construction Funds



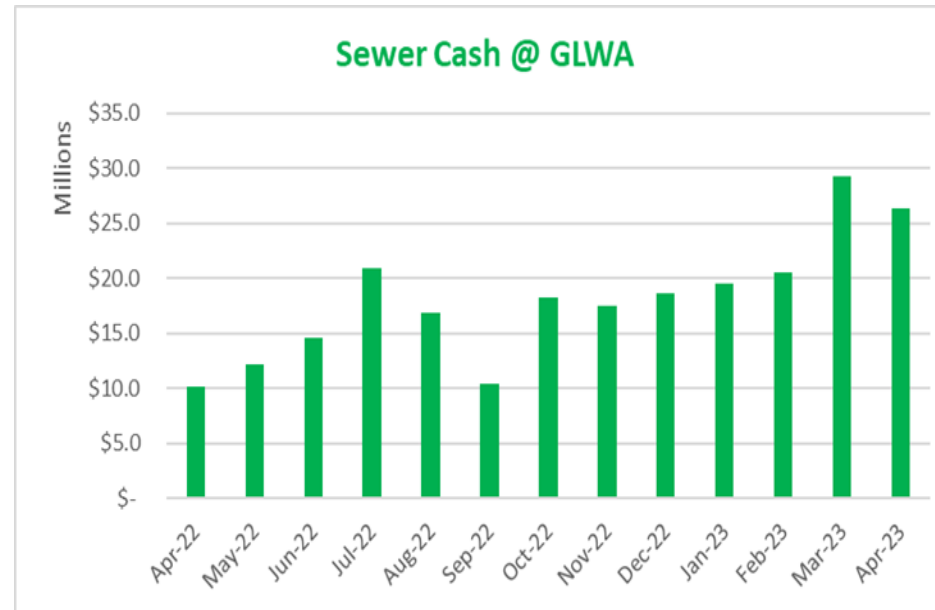
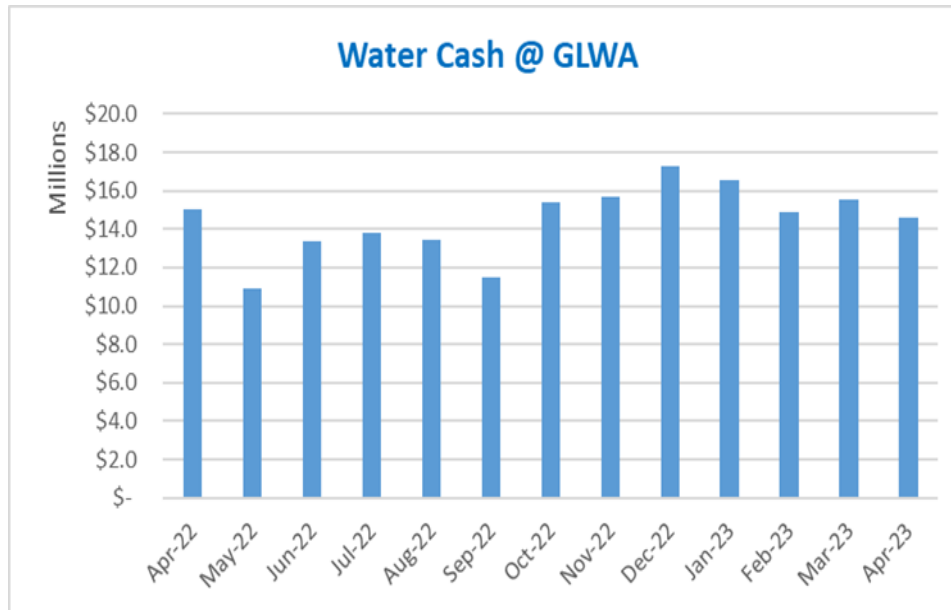
- **Sewer I&E Cash** amounted to \$32.3 million, an increase of \$400,000 from the previous month.
- **Sewer Construction Cash** amounted to \$43.1 million with no change from the previous month.
- DWSD spent approximately \$5.4 million of Sewer construction funds over the last twelve months.



Cash and Investments – Cash Held in Trust



- **Water Cash @ GLWA** amounted to \$14.6 million, a decrease of approximately \$1 million from the previous month.
- Retail Water receipts of approximately \$9.2 million in April fell short of March collection by approximately \$1.6 million and fell short of the target collection amount of \$10.2 million for the month by approximately \$1 million.
- **Sewer Cash @ GLWA** amounted to \$26.4 million, a decrease of \$2.9 million from the previous month.
- Retail Sewer receipts of approximately \$20.4 million in April fell short of March collection by approximately \$11.6 million and fell short of target collection amount of \$23.3 million for the month by approximately \$2.9 million.

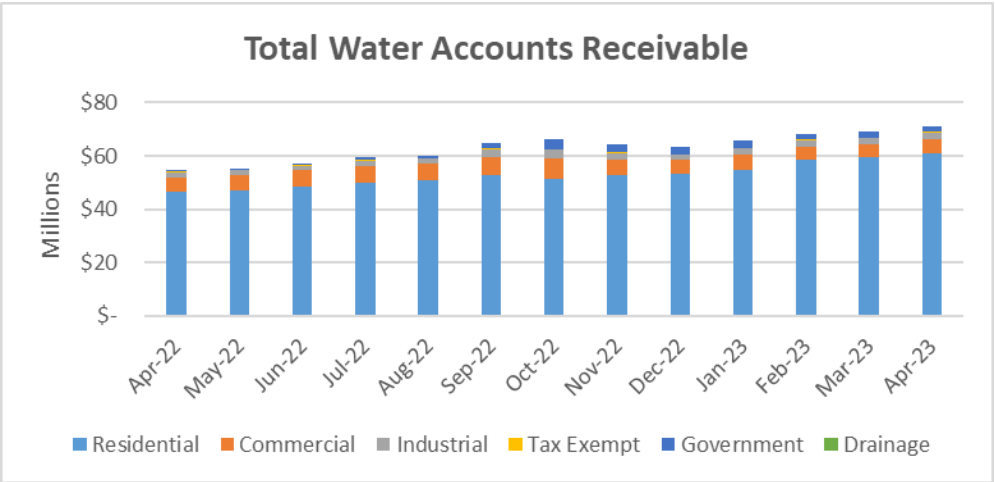


Comparative Accounts Receivable

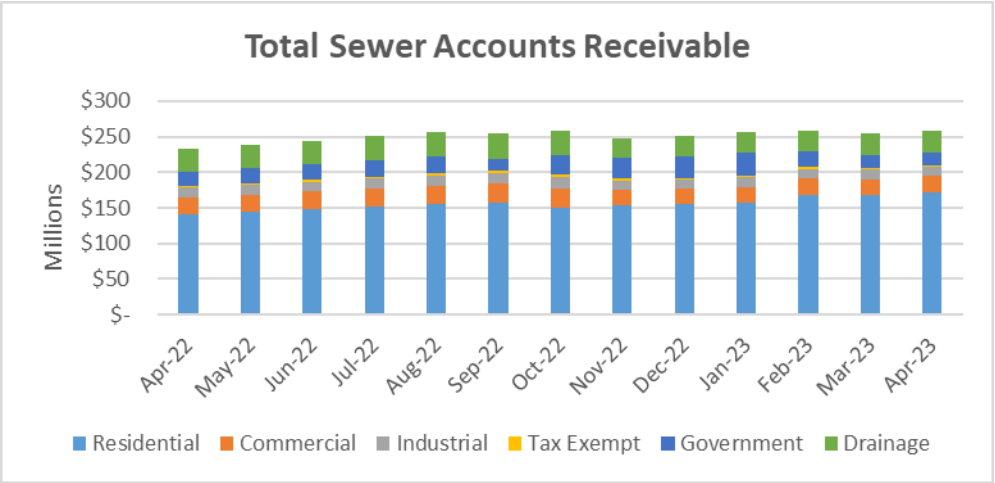
- Total April sales amounted to \$38.2 million, an increase of \$1.7 million over the previous month.
- Total receivables for active accounts amounted to \$286.1 million, an increase of \$5.4 million over the previous month.
- Part of the increase can be attributed to increased sales in April. Receivable balance also include arrears of Lifeline participants that have not yet been adjusted by receipt of governmental assistance dollars. Such receivables amounted to approximately \$13 million at the end of April.
- The average age of Residential receivables decreased by 6 days in the month of April compared to the previous month.

Sales Class	June 30, 2022			March 31, 2023			April 30, 2023		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 17,389,839	\$ 162,666,809	281	\$ 15,086,489	\$ 187,310,042	372	\$ 15,633,043	\$ 190,531,888	366
Commercial	9,107,898	30,495,851	100	7,652,151	26,714,159	105	8,263,014	28,819,320	105
Industrial	5,198,283	14,879,472	86	5,468,566	14,701,698	81	5,960,377	14,568,251	73
Tax Exempt	669,630	3,166,661	142	715,587	3,002,493	126	722,990	3,110,710	129
Government	2,628,550	21,786,979	249	3,841,153	20,022,438	156	3,985,998	19,649,702	148
Drainage Only	4,027,746	32,295,477	241	3,732,810	28,958,418	233	3,644,749	29,411,609	242
Total Active Accounts	\$ 39,021,947	265,291,250	204	\$ 36,496,755	280,709,248	231	\$ 38,210,170	286,091,480	225
Inactive Accounts Receivable		35,054,997			41,987,113			43,030,080	
Total Accounts Receivable		300,346,247			322,696,361			329,121,560	
Allowance for Doubtful Accounts		(233,062,456)			(268,375,775)			(273,224,158)	
Net Accounts Receivable		\$ 67,283,791			\$ 54,320,586			\$ 55,897,402	

Accounts Receivable Trends

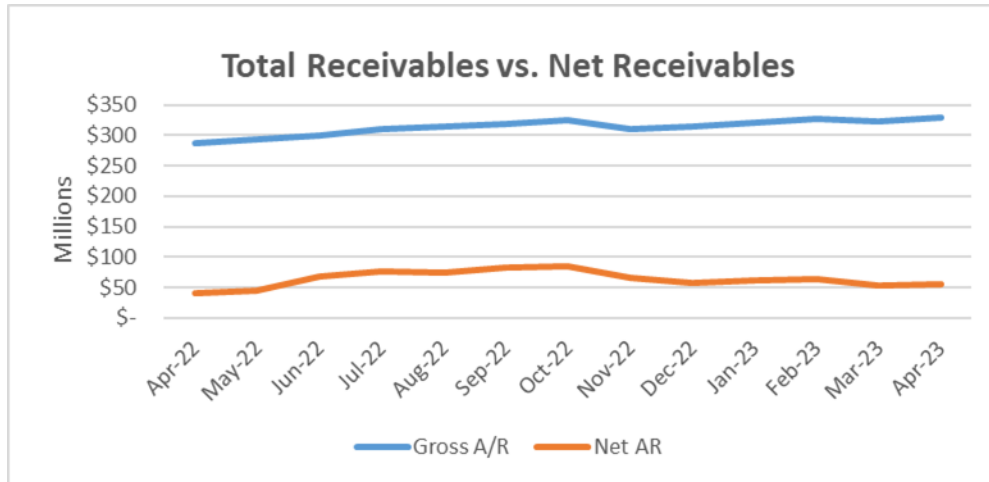


- Total *Water Accounts Receivable* have increased by \$16.3 million (23.1%) over the past 12 months.
- *Residential Water Accounts Receivable* increased \$14.6 million (24%) over the past 12 months. *Nonresidential* account balances have increased approximately \$1.6 million over the same period.



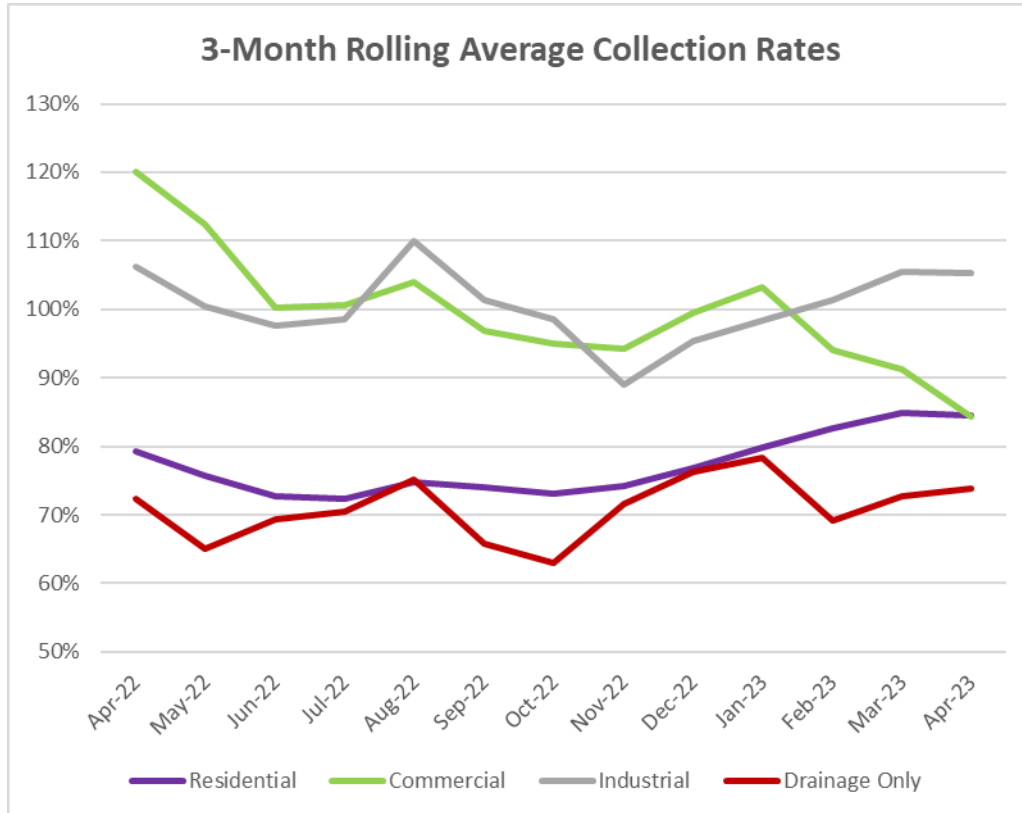
- Total *Sewer Accounts Receivable* have increased \$26.1 million (10.1%) over the past 12 months.
- *Residential Sewer Accounts Receivable* increased \$30 million (17.6%) over the past 12 months. *Nonresidential* account balances have decreased by \$4 million over the same period.

Accounts Receivable Trends



- DWSD continues to increase Bad Debt allowance due to high average age of active residential accounts.
- Bad Debt allowance increased by \$40.1 million since June 2022 and \$4.8 million over last month.
- The total Allowance for Bad Debt of \$273.2 million represents 83% of total accounts receivable leaving \$55.9 million net receivable balance at the end of April.
- DWSD anticipates resuming service interruptions on delinquent residential accounts in the near future.
- *Net Accounts Receivable* has increased by \$14.4 million (25.8%) over the past twelve months.

Collection Rates

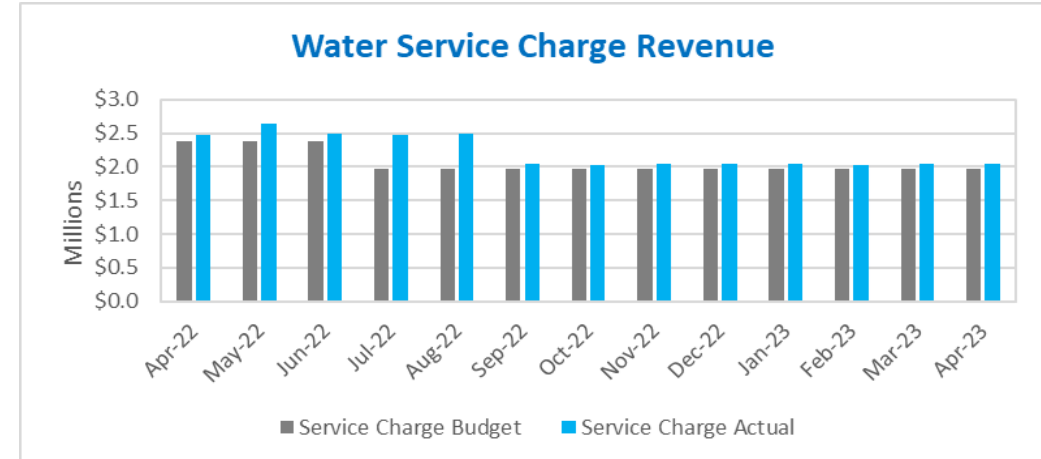
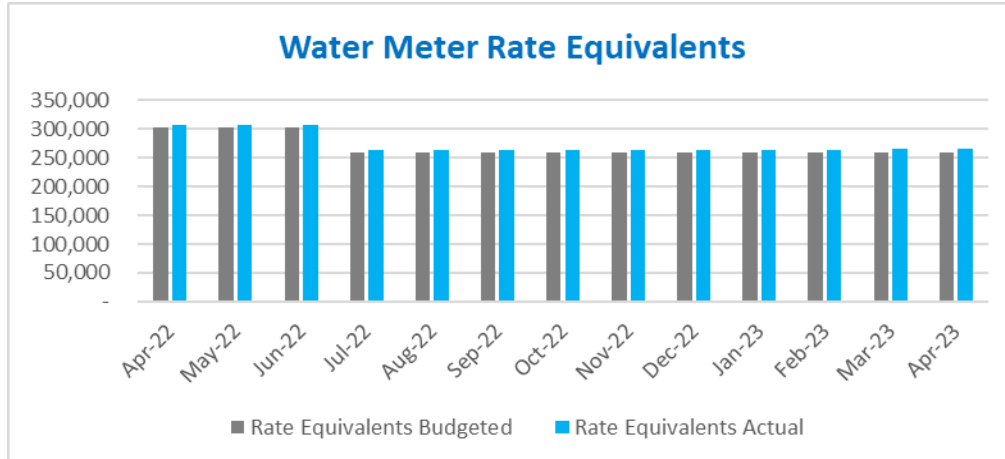
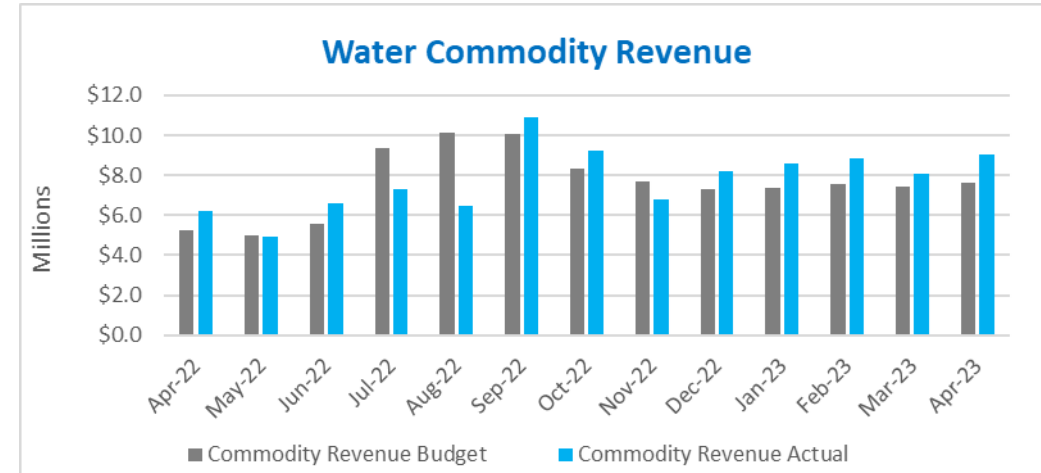
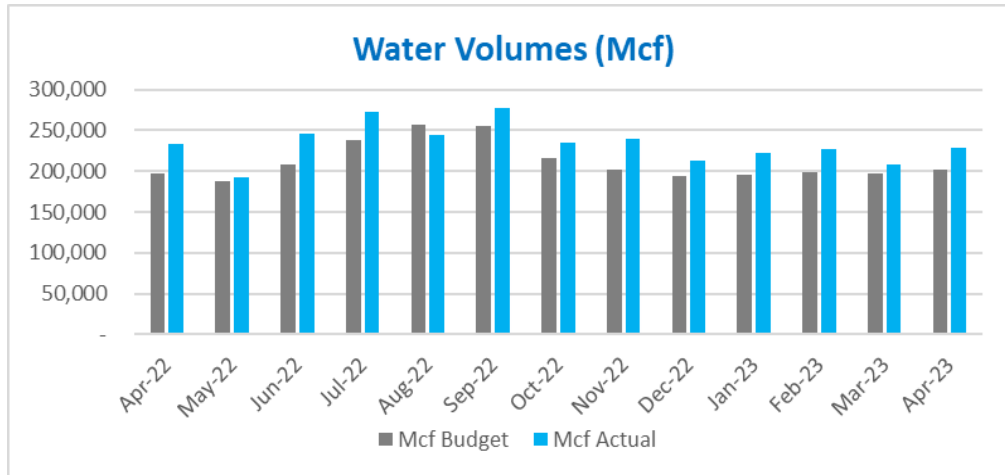


- **Residential** collections rates have shown steady improvement over several months due to (1) the recent receipt of governmental assistance payments, (2) the customer response to the anticipated re-start of service interruptions in 2023, and (3) a historically higher rate of customer cash payments during the tax season.
- **Commercial and Industrial** collection rates have fluctuated over the last few months due to delays in processing wire transfer payments to specific customer accounts. This is due to the number of large customers submitting single payments for multiple accounts without clear allocation instructions. For January and February of 2023, the processing delays caused 20% decreases in commercial and drainage only cash collections.

Water Commodity/Service Charge Metrics and Revenues



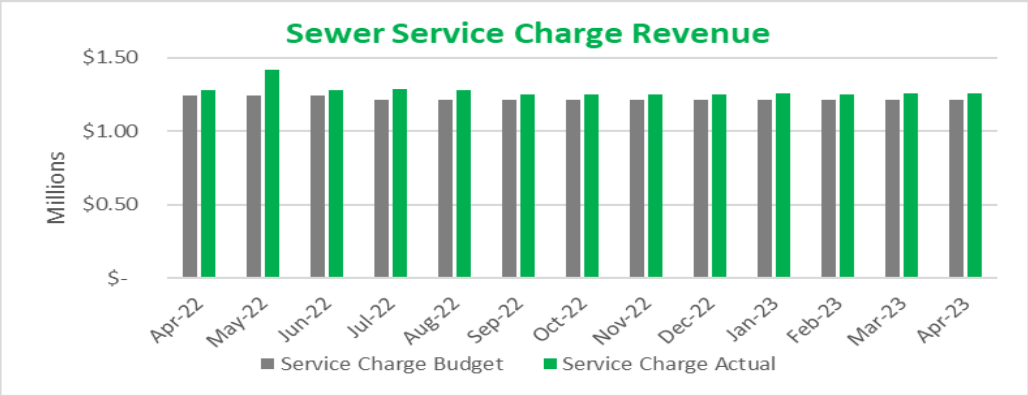
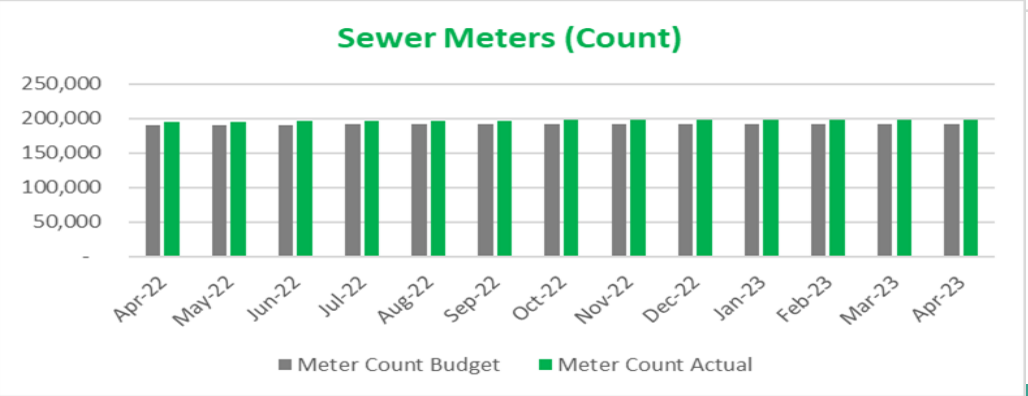
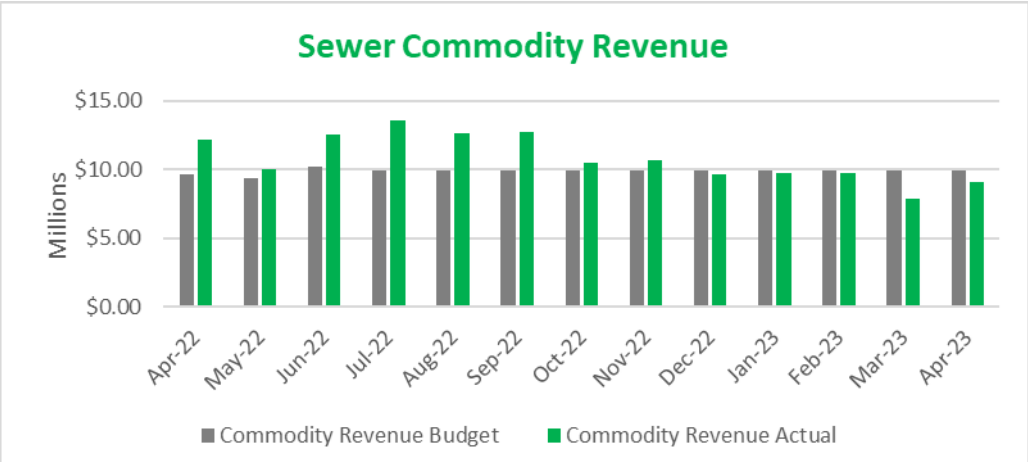
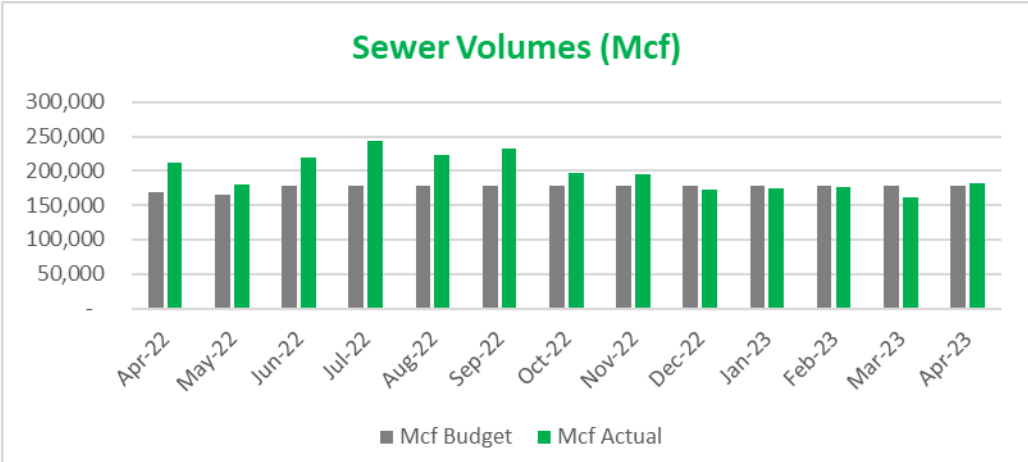
- Year-to-date **Water Volumes** trended at 9.9% over budget for the last ten months. Year-to-date **Water Commodity Revenues** were \$4.1 million or 5.1% over budget.
- Year-to-date **Water Meter Equivalents** remained slightly ahead (2.3%) of budgeted levels through the last ten months. Year-to-date **Water Service Charge Revenues** were \$1.6 million or 8.0% above budget.



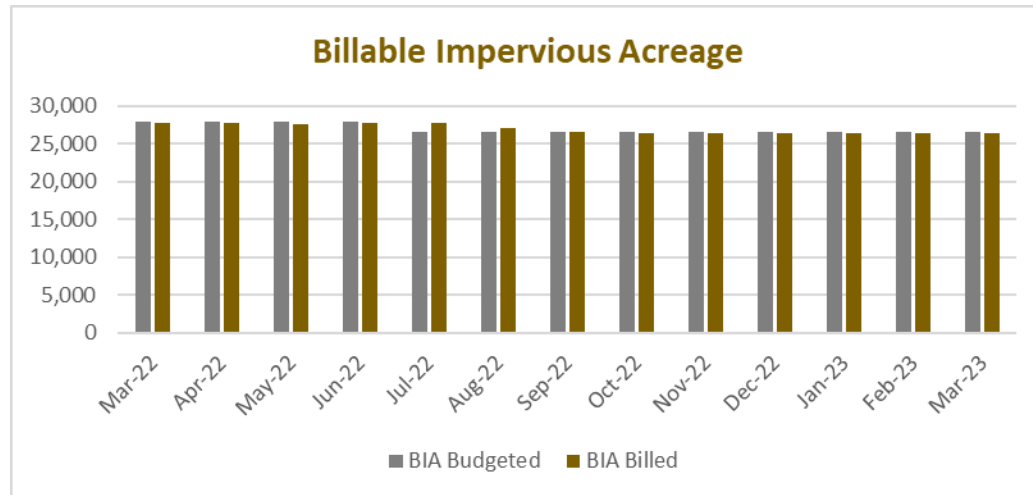
Sewer Commodity/Service Charge Metrics and Revenues



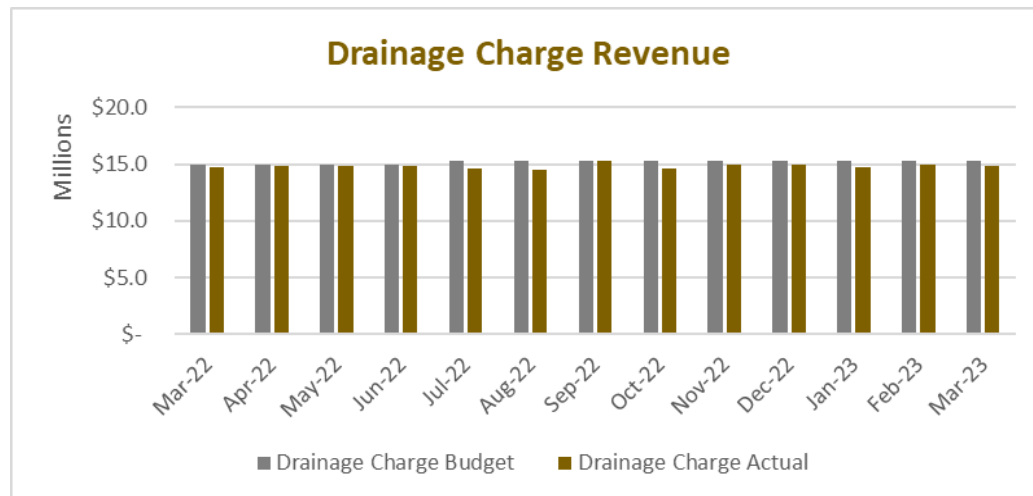
- Year-to-date **Sewer Volumes** trended over budget by 163.4 Mcf for the first ten months . Year-to-date **Sewer Revenues** exceeded budgeted revenues by \$7.2 million (7.3%). April revenues fell below budget due to an adjustment to revenues for a settlement.
- **Sewer Meter Counts** have exceeded budgeted levels in each month of Fiscal 2023. Year to date counts are trending 2.9 % ahead of budget estimates and Year-to-date **Sewer Service Charge Revenues** exceeded budget by \$391K (3.2%) consistent with positive variances on total meter counts.



Drainage Metrics and Revenues



- Fiscal 2023 year-to-date *Billed Impervious Acreage* has exceeded budget estimates by 0.4%. Trends in recent months, however, have been slightly negative.



- Drainage Charge Revenue* fell short of budget estimates by \$4.4million (2.9%). Monthly Highway Drainage credits are currently \$170,000 more than budget as Wayne County Roads continue to be billed at pre-MDOT Settlement rates. Additionally, Green credits currently exceed budgets by approximately \$95,000 per month.



THANK YOU!

Detroit Water & Sewerage Department

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