



January 2022 Financial Review

BOWC Finance Committee

April 6, 2022

January 2022 Highlights

Cash and Investments

- **Operating cash** balances have been stable largely due to budgetary savings.
- **Cash @GLWA** holding steady although retail collections were slightly lower in January for all customer classes for both the Funds.
- **I&E and Construction** cash balances are also holding steady for both the Funds.
- DWSD is currently working with an investment consultant to invest funds held in excess of liquidity requirements in the I&E and Construction Funds to generate and maximize investment income.
- DWSD continues to spend I&E and Constructions Funds in support of the Capital Improvement Program for both the Funds.
- There are no current plans for the issuance of new bonds in the immediate future.
- DWSD continues to inquire, pursue and plan for new governmental infrastructure funding.

Billing/Collection/Receivables

- Water and Sewer volumes and revenue trends reflect normal seasonal drops through the winter season and have exceeded allocated budgets for FY 22.
- Impervious acreage continues to be billed at budgeted targets with no foreseeable variances.

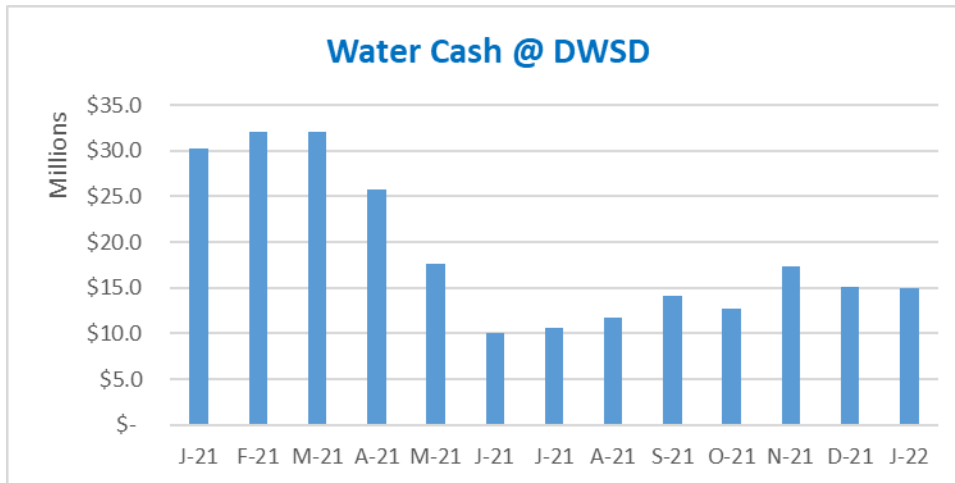
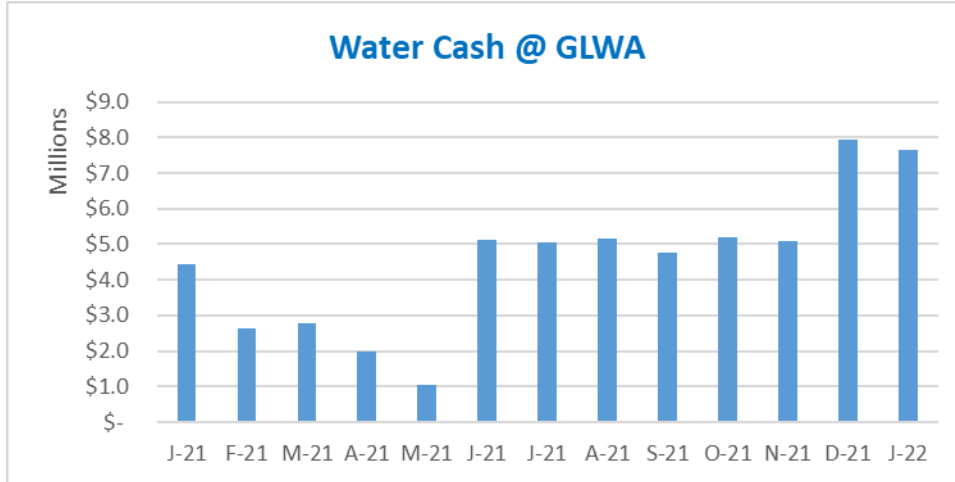
January 2022 Highlights - continued

- Total Water accounts receivable increased \$12.1 million (28.9%) over the past 12 months with residential accounts accounting for 86% of the total increase.
- Total Sewer accounts receivable increased \$35.7 million (19.2%) over the past 12 months with residential accounts accounting for 95% of the total increase.
- Residential receivables as of January 31, 2022 (\$144.15 million) amounted to 59.5% of total active accounts receivable of \$242.32 million and 52.4% of total receivables of \$275.17 million.
- The average age of residential accounts receivable continues to increase. As of January 31, it averaged 268 days representing an increase of 91 days (51%) since June 2020 and an increase of 7 days compared to 261 days as of December 31, 2021.
- The 3-month average collection rate for Residential accounts was 74%, a drop of 1% from December 31, 2021. By comparison, the pre-pandemic collection rate exceeded 95% as of December 2019.
- DWSD continues to increase bad debt expense assumptions due to increase in the average age of residential accounts.
- Allowance for bad debt increased \$84.8 million (59%) since June 2020 while total accounts receivables increased by 28% over the same period reflecting increased risk to collection due to deteriorated ageing.

Actual vs Budgeted Expenses

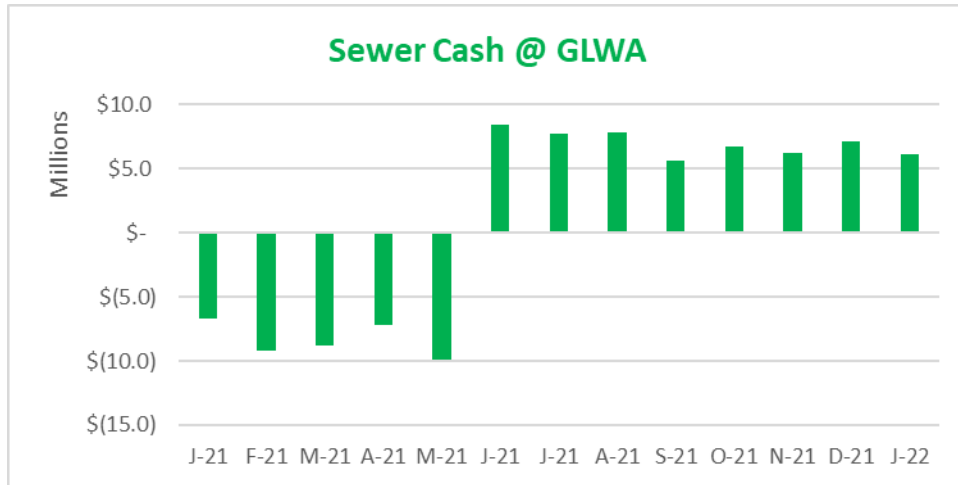
- Actual Expenses are within budgeted expenses and no significant variances as of January 31, 2022

Operating Cash – Water Fund

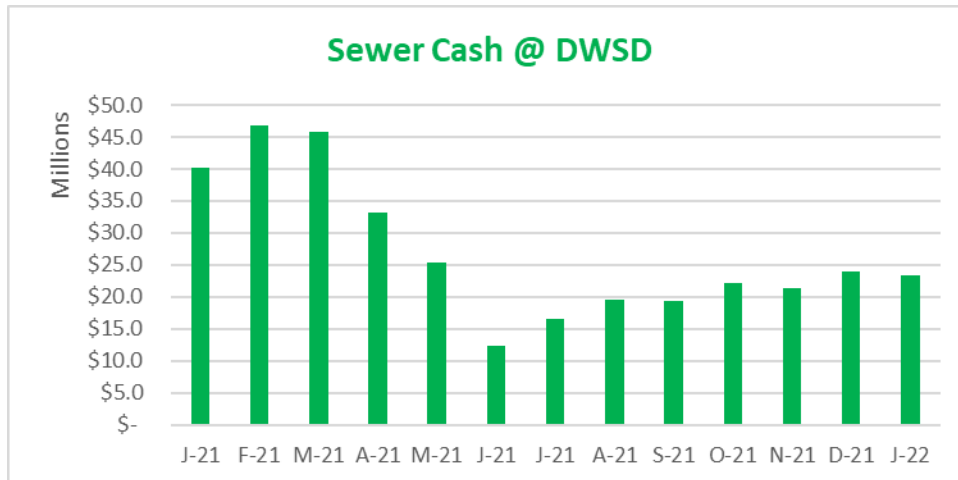


- **Cash @ GLWA** amounted to \$7.7 compared to \$7.9 as of December 31, 2021.
- Retail receipts were approximately \$1.6 million lower than budgeted target for the month of January 2022.
- An amount of \$1.4 million was transferred into this account for debt service.
- **Cash @ DWSD** amounted to \$15.0 compared to \$15.1 as of December 31, 2021.
- Stable cash position is due to budgetary savings.
- Shift in strategy to maintain cash reserves for 90 days as opposed to 120 days amounting to approximately \$7.5 million.

Operating Cash - Sewer Fund

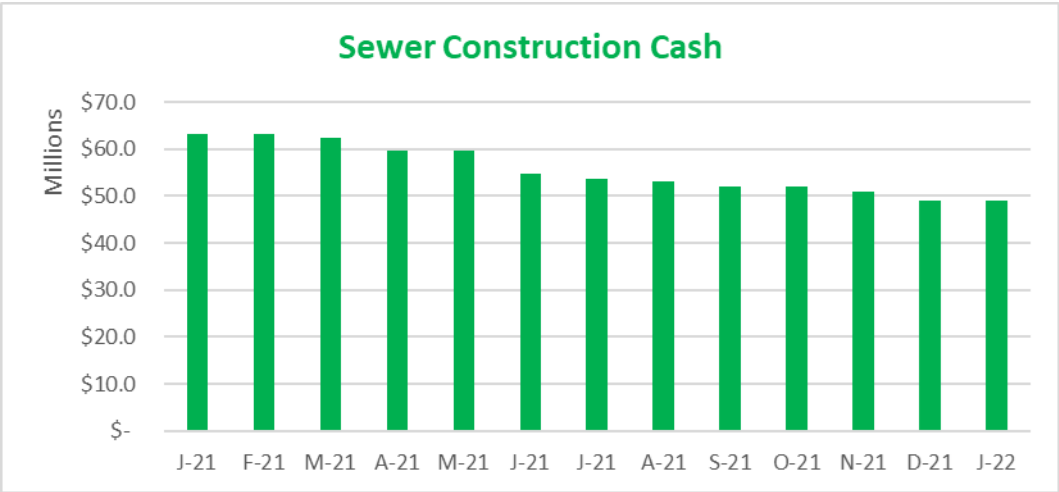
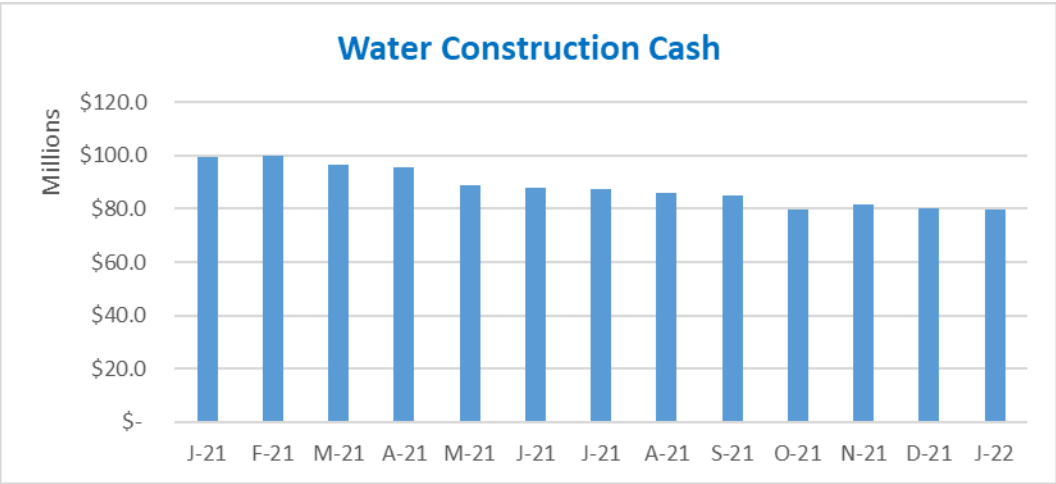
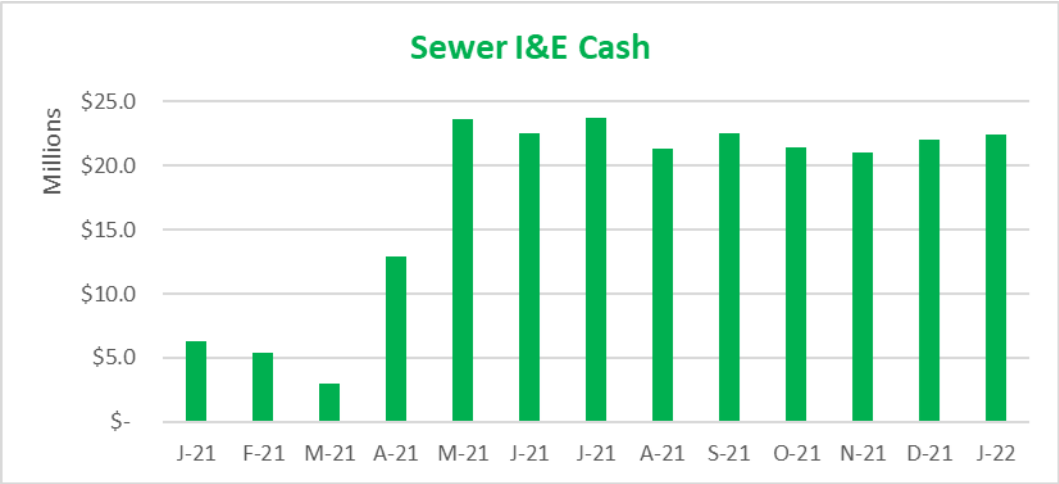
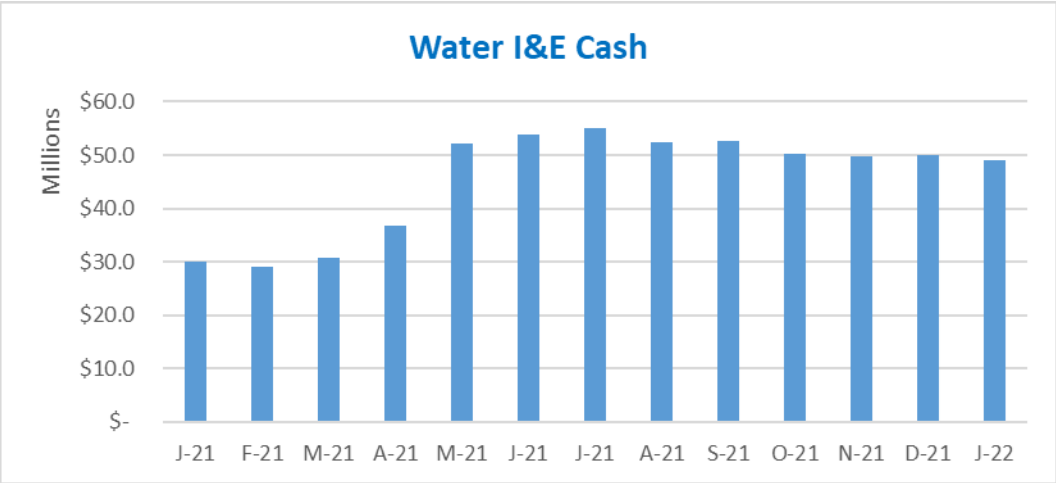


- **Cash @ GLWA** amounted to \$6.2 million compared to \$7.1 million as of December 31, 2021.
- Retail receipts were approximately \$0.9 million lower than budgeted target for the month of January 2022.

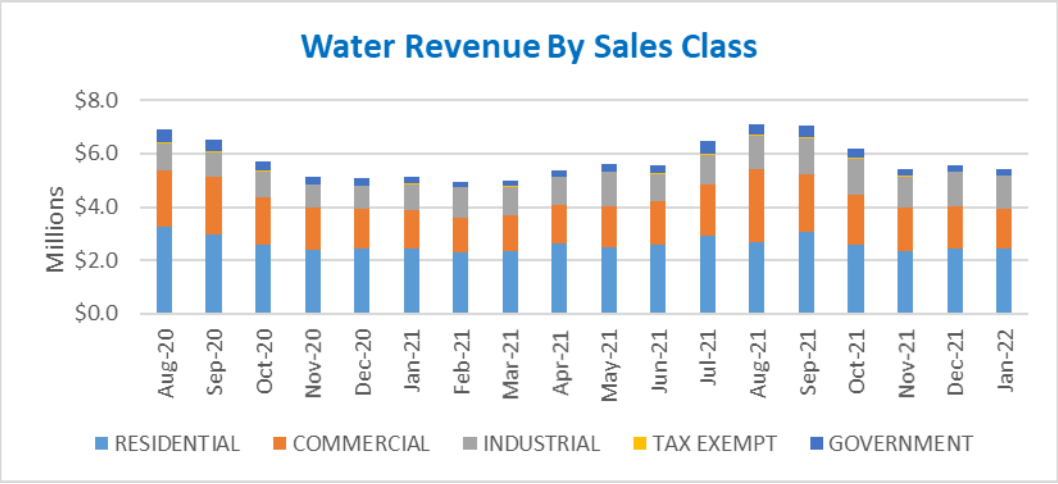
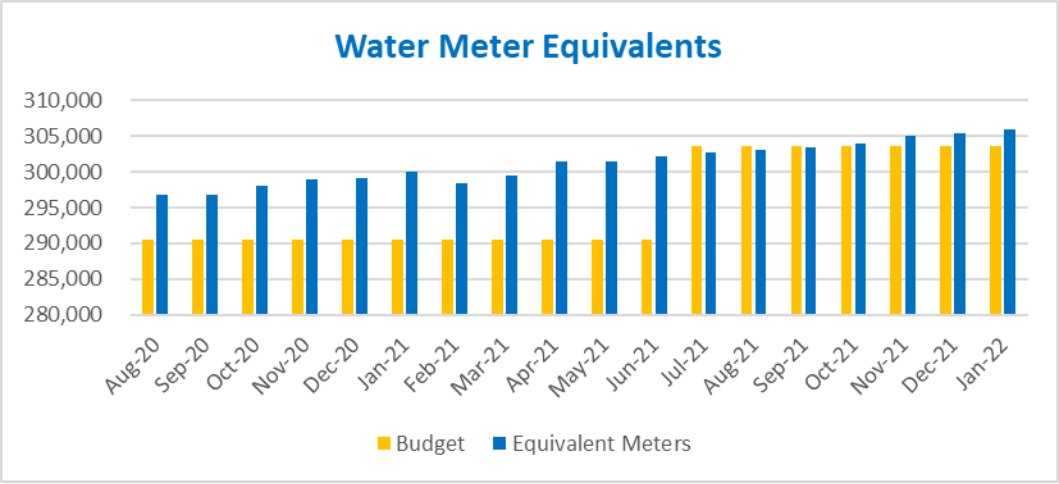
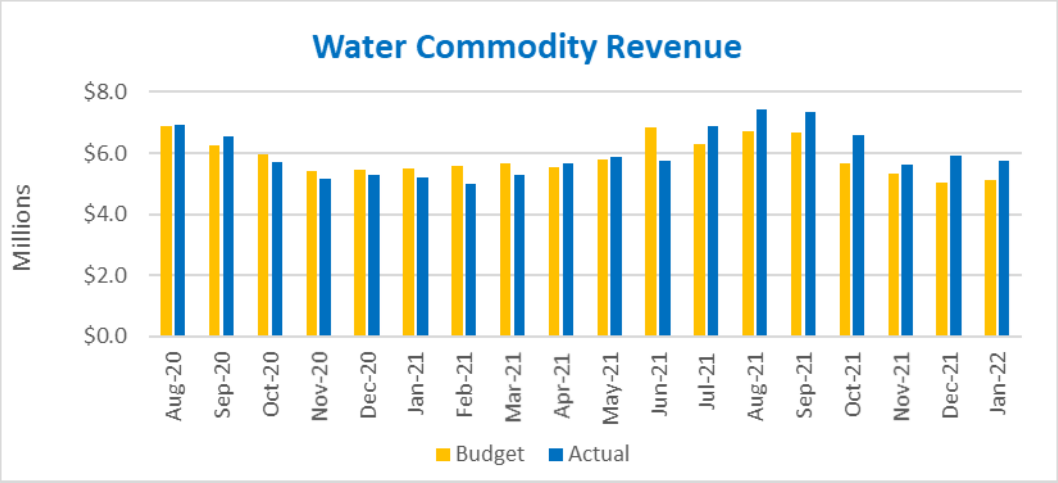
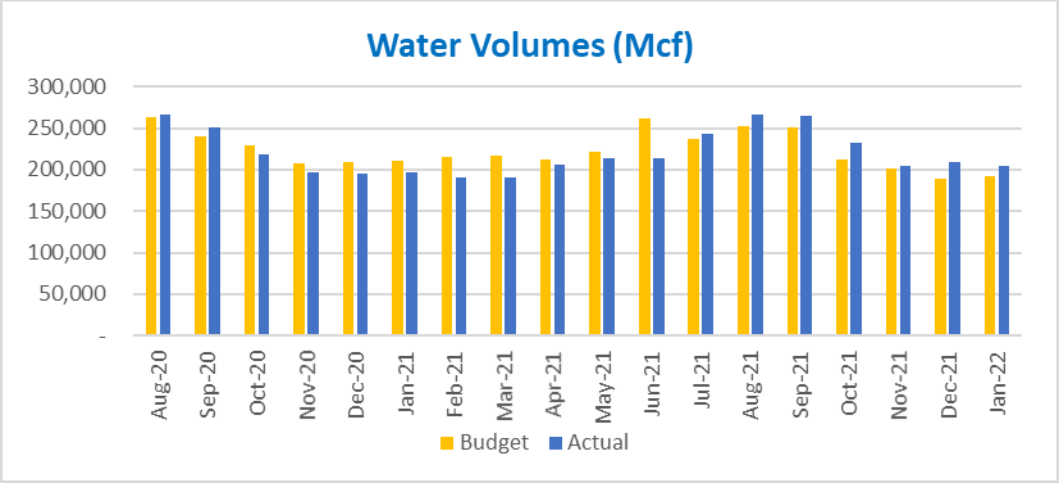


- **Cash @ DWSD** amounted to \$23.3 million compared to \$24.0 million as of December 31, 2021.
- Stable cash position is due to budgetary savings.
- Shift in strategy to maintain cash reserves for 90 days as opposed to 120 days amounting to approximately \$15 million.

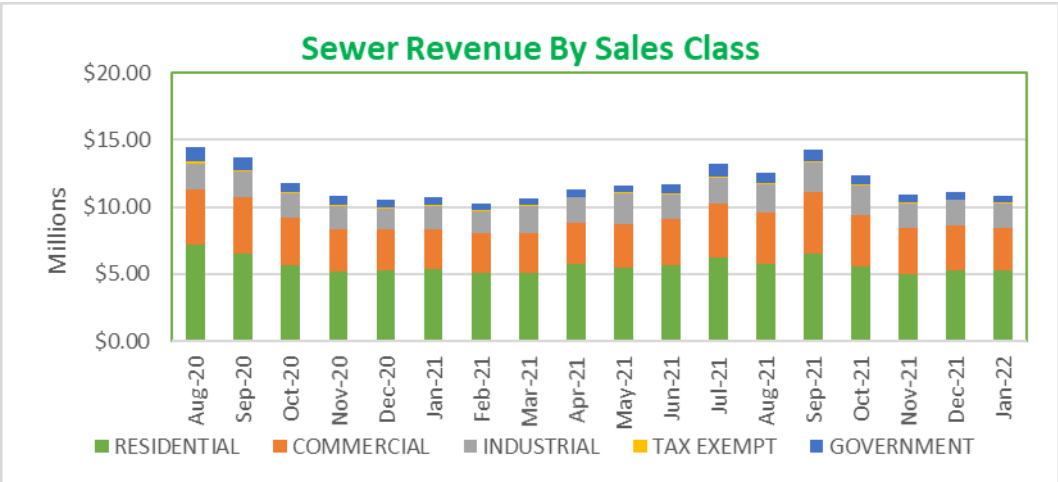
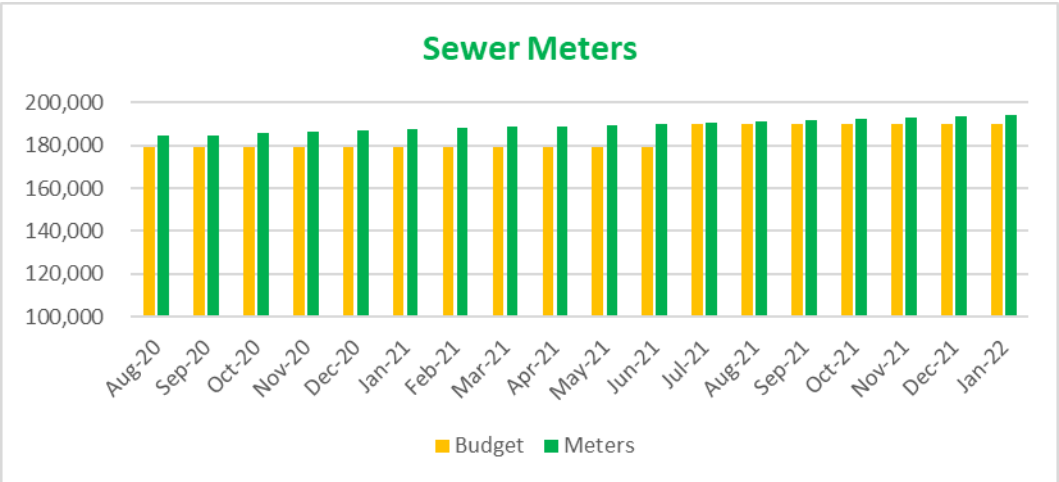
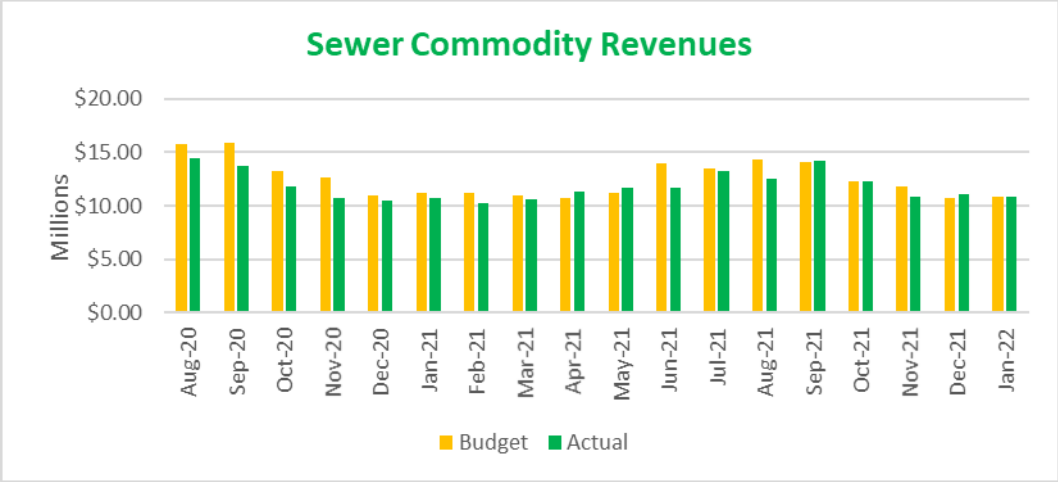
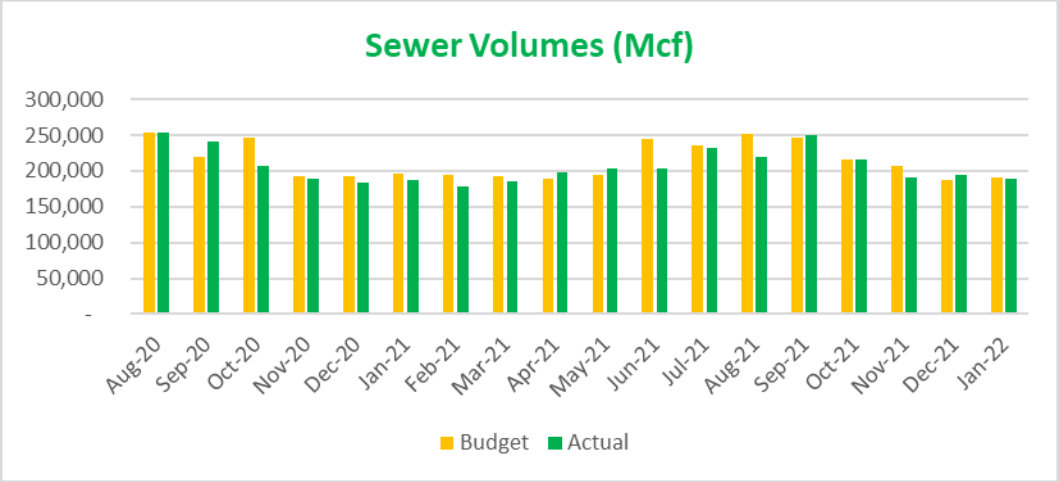
I&E and Construction Cash – Water and Sewer Funds



Water Revenue Metrics and Trends



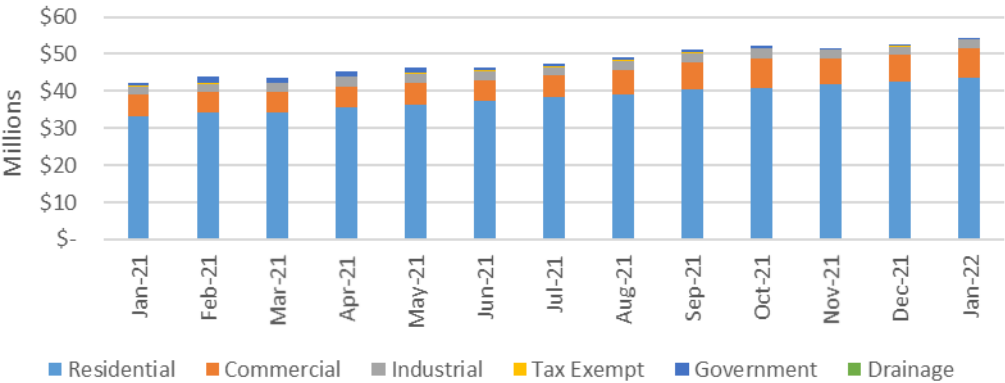
Sewer Revenue Metrics and Trends



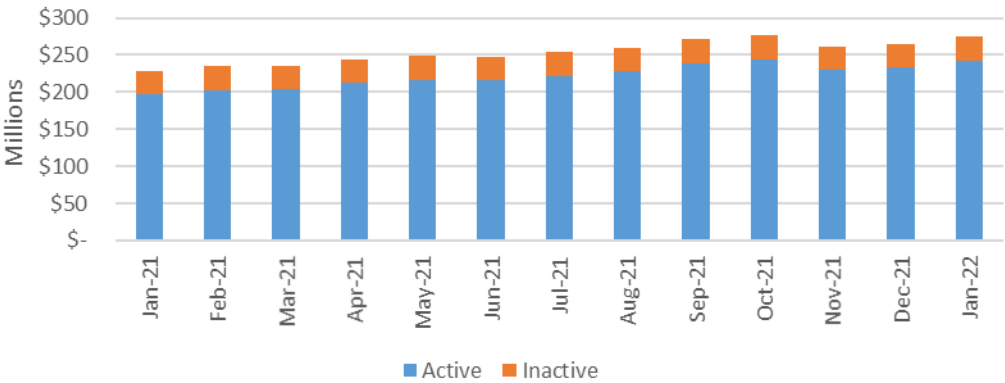
Accounts Receivable Trends



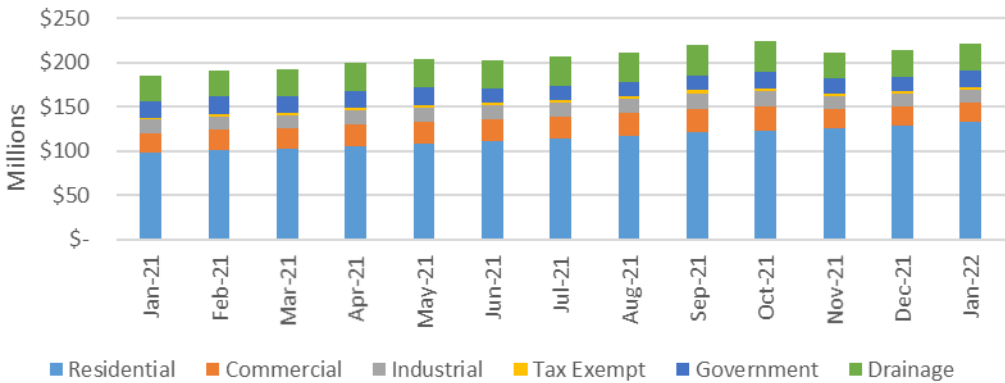
Total Water Accounts Receivable



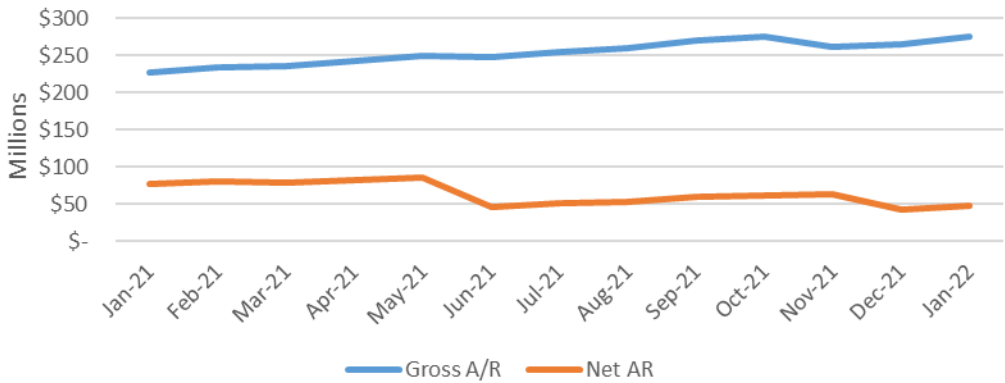
Active vs. Inactive Accounts Receivable



Total Sewer Accounts Receivable



Total Receivables vs. Net Receivables



Historical Accounts Receivable



- The average age of **Active Residential** receivables has increased by 91 days (51%) since June 2020.
- The Allowance for Doubtful Accounts has increased \$84.8 million (59%) since June 2020 reflecting a 28% increase in total accounts receivable and the increased risk to collection due to deteriorated ageing.
- Age of Non-Residential sales classes have shown general improvement due to stepped-up collection efforts.

Sales Class	June 30, 2020			June 30, 2021			January 31, 2022		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 15,433,298	\$ 90,963,941	177	\$ 16,228,584	\$ 118,059,548	218	\$ 16,165,238	\$ 144,145,879	268
Commercial	7,613,552	33,547,848	132	8,168,258	30,456,422	112	7,976,351	30,039,073	113
Industrial	3,493,954	12,613,274	108	4,860,341	16,951,221	105	5,114,326	16,358,213	96
Tax Exempt	491,259	2,914,384	178	571,304	3,258,181	171	615,842	2,731,468	133
Government	2,975,998	17,860,445	180	2,611,085	15,121,194	174	2,476,419	19,457,621	236
Drainage Only	3,052,765	28,034,656	276	3,895,026	31,851,540	245	4,028,821	29,583,666	220
Total Active Accounts	\$ 33,060,825	185,934,549	169	\$ 36,334,597	215,698,107	178	\$ 36,376,997	242,315,920	200
Inactive Accounts Receivable		27,911,704			32,356,774			32,854,732	
Total Accounts Receivable		213,846,253			248,054,881			275,170,653	
Allowance for Doubtful Accounts		(142,881,820)			(202,171,655)			(227,651,264)	
Net Accounts Receivable		\$ 70,964,433			\$ 45,883,226			\$ 47,519,389	



THANK YOU!

Detroit Water & Sewerage Department

For more information visit: www.detroitmi.gov/dwsd

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