



# **Financial Review**

## **June 2025**

BOWC Finance Committee

October 1, 2025

# June 2025 Highlights

## Year-End Audit Status

- Plante & Moran, DWSD's external auditor, has started the field work for the FY 2025 Financial Statements audit.
- Currently DWSD is waiting on certain employee benefits entries from the City to complete the final close of books. In addition, entries relating to Allowance for Bad Debt and Legal Reserves are also pending.
- These entries will close out FY2025. It is expected that these entries will be posted by end of October 2025. Expect the audit to be completed by December 2025.
- Information in this presentation is preliminary and subject to change pending final closing of books for the fiscal year-end and completion of the audit.

## 4th Quarter and Year-End Budget vs Actual Revenue and Expense Variance Analysis

- Since the June revenue and expense numbers are preliminary (pending posting of certain closing entries and completion of the audit), the Budget vs Actual report for revenues and expenses for the 4<sup>th</sup> quarter and year ended June 30, 2025, will be presented after all the closing entries are posted and audit is completed.

# Quarterly Summary of Cash and Investments

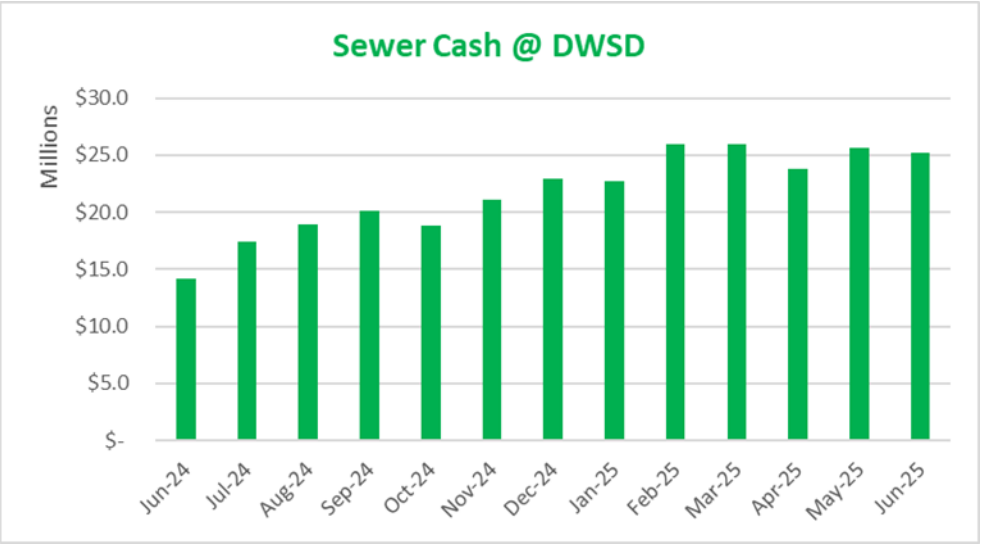
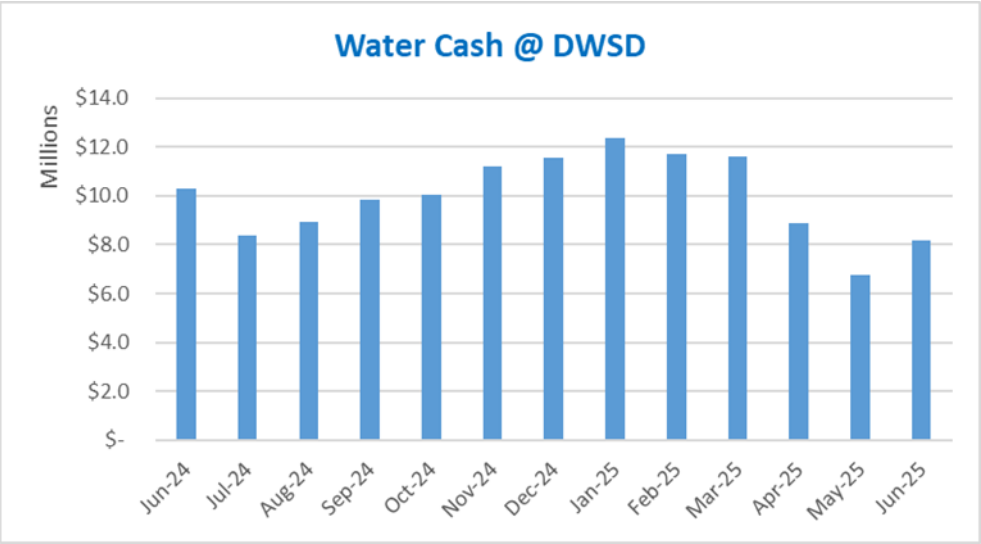


	Apr-25	May-25	Jun-25
	Balance	Balance	Balance
Water - Operating	\$ 8,899,179	\$ 6,767,987	\$ 8,145,174
Water - I&E	\$ 22,843,229	\$ 20,039,755	\$ 37,883,940
Water - Construction	\$ 58,117,045	\$ 58,040,554	\$ 32,818,055
Water - Trust	\$ 31,983,410	\$ 32,958,133	\$ 25,499,334
<b>Water Total</b>	<b>\$ 121,842,863</b>	<b>\$ 117,806,429</b>	<b>\$ 104,346,503</b>
Sewer - Operating	\$ 23,826,086	\$ 25,622,977	\$ 25,121,654
Sewer - I&E	\$ 49,499,271	\$ 50,186,709	\$ 52,160,859
Sewer - Construction	\$ 41,248,403	\$ 39,708,273	\$ 35,559,233
Sewer - Trust	\$ 42,730,965	\$ 40,326,511	\$ 39,038,358
<b>Sewer Total</b>	<b>\$ 157,304,725</b>	<b>\$ 155,844,470</b>	<b>\$ 151,880,104</b>
<b>Combined Total</b>	<b>\$ 279,147,588</b>	<b>\$ 273,650,899</b>	<b>\$ 256,226,607</b>

- On a Systemwide basis, Cash and Investments amounted to \$256.2 million as of June 2025. This represents a decrease of \$17.4 million over May balance.
- The largest decreases are in the Construction accounts for both the Water Fund (\$25.2 million) and Sewer Fund (\$4.1 million) and the Water Trust account (\$7.5 million). This decrease is mainly offset by increase of \$17.9 million in the Water I&E Fund.
- The decrease of \$25.2 million in the Water Construction account is mainly due to construction project expense disbursements of approximately \$10 million and a \$14.5 million transfer to Water I&E Fund due to reimbursements of expenses originally disbursed out of Water I&E Fund.
- The decrease of \$4.1 million in the Sewer Construction account is mainly due to construction project expenses.
- The decrease in Water Trust account is mainly due to a transfer of \$8 million to Water I& E Fund for Revenue Financed Capital accumulated in the Water Fund from the previous years.
- The Water I&E Fund increased by \$17.9 million mainly due transfer from the Water Construction Fund (\$14.5 million) and a transfer from Water Trust Fund (\$8 million) as mentioned above. This is offset by capital expenditure disbursements for the month.
- DWSD continues to maintain adequate Operating cash balances to meet 3 months operating expense requirements for both the Funds.

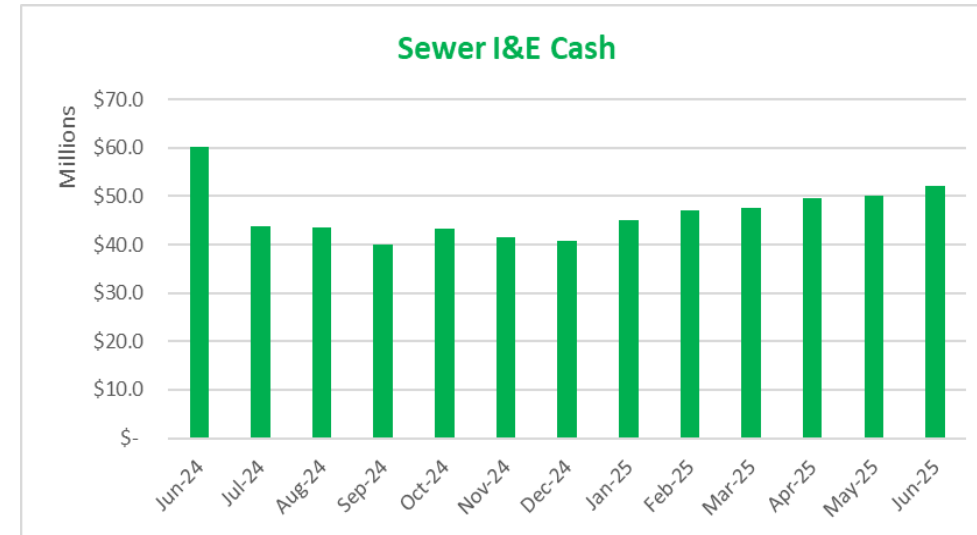
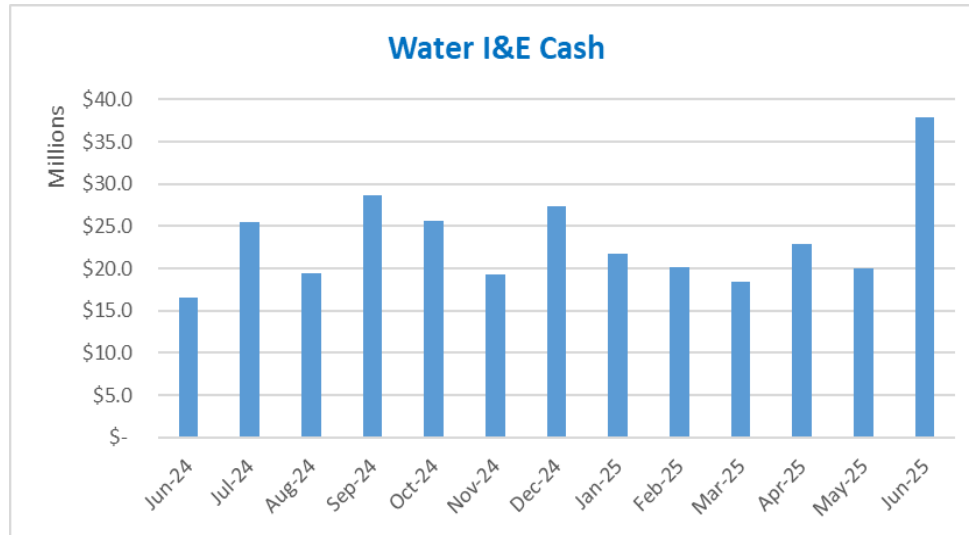
# June 2025 Highlights – Operating Cash

- 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), Trust accounts and Construction accounts amounted to \$256.2 million (\$104.3 million in the Water Fund and \$151.9 million in the Sewer Fund) compared to \$273.6 million as of May end.. As explained in the previous slide, this represents an overall decrease of \$17.4 million over the May balance.
- Water Operating Cash** amounted to \$8.1 million at the end of June, an increase of \$1.4 million over May balance. Increase is mainly due to payroll transfer.
- Sewer Operating Cash** amounted to \$25.1 million at the end of June, a decrease of \$500,000 over May balance.



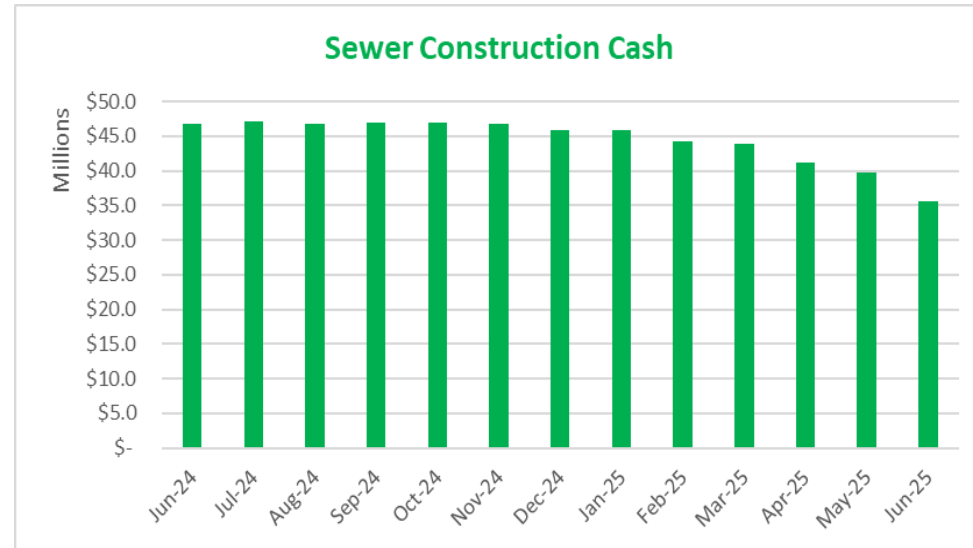
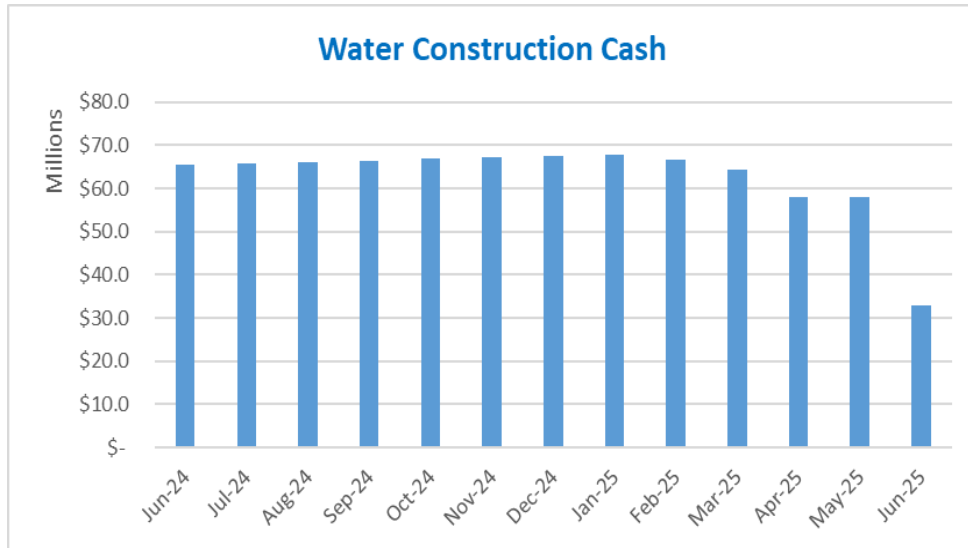
## June 2025 Highlights – Improvement & Extension (I&E) Cash

- **Water I&E Cash** amounted to \$37.9 million at the end of June, an increase of \$17.9 million over May balance. \$14.5 million was transferred from Water Construction Fund, \$8.0 million increase was due to the Master Bond Ordinance transfer from Cash at GLWA Water Fund.
- **Sewer I&E Cash** amounted to \$52.2 million at the end of June, an increase of \$2.0 million over May balance.



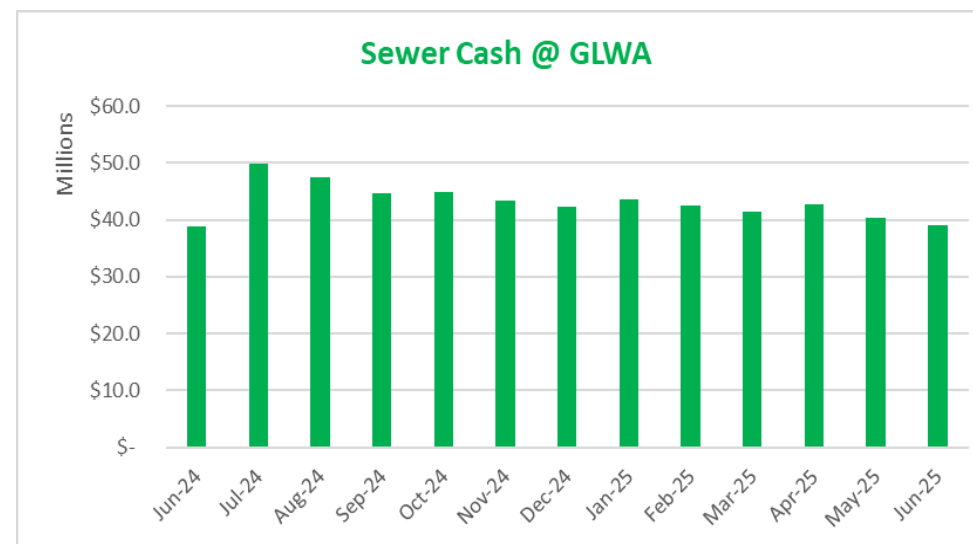
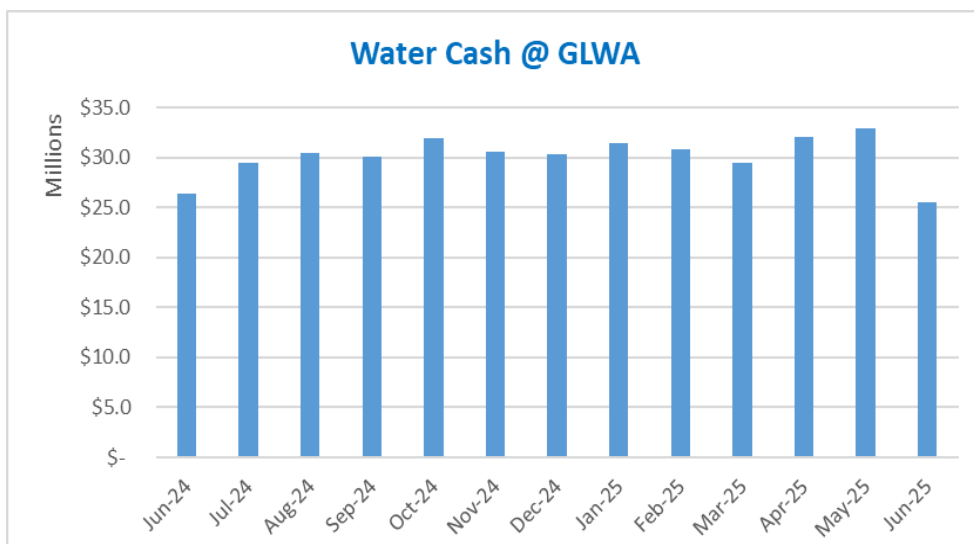
## June 2025 Highlights – Construction Cash

- **Water Construction Cash** amounted to \$32.8 million at the end of June, a decrease of \$25.2 million over May balance. \$14.5 million was transferred to Water I&E and approximately \$10.0 million were expensed for capital projects.
- **Sewer Construction cash** amounted to \$35.6 million at the end of June, a decrease of \$4.1 million over May balance. Decrease was mostly related to Construction Projects expenditures.



## June 2025 Highlights – Cash Held in Trust

- **Water Cash at GLWA** amounted to \$25.5 million at the end of June, a decrease of \$7.5 million over May balance. Per the Master Bond Ordinance, \$8.0 million was transferred to Water I&E Fund as explained on slide 3.
- Retail Water receipts of \$10.1 million in June exceeded the target collection by \$0.5 million for the month.
- **Sewer Cash at GLWA** amounted to \$39.0 million at the end of June, a decrease of \$1.3 million over May balance.
- Retail Sewer receipts of \$23.3 million in June fell short of the target collection by \$1.3 million for the month.



# Quarterly Summary of Cash and Investments by Fund\*

(Amounts in thousands)

	<u>6/30/2024</u>		<u>12/31/2024</u>		<u>3/31/2025</u>		<u>6/30/2025</u>	
<b>Water Funds</b>								
Operating	\$ 10,274	4.8%	\$ 11,535	5.3%	\$ 11,621	5.5%	\$ 8,145	4.2%
Improvement & Extension	16,531	7.7%	27,338	12.6%	18,494	8.7%	37,884	19.8%
Construction	65,532	30.7%	67,555	31.3%	64,319	30.3%	32,818	17.1%
	<b>92,336</b>	<b>43.3%</b>	<b>106,428</b>	<b>49.2%</b>	<b>94,434</b>	<b>44.6%</b>	<b>78,847</b>	<b>41.1%</b>
<b>Sewer Funds</b>								
Operating	14,136	6.6%	22,939	10.6%	25,912	12.2%	25,122	13.1%
Improvement & Extension	60,146	28.2%	40,858	18.9%	47,698	22.5%	52,161	27.2%
Construction	46,845	21.9%	45,947	21.3%	43,883	20.7%	35,559	18.6%
	<b>121,127</b>	<b>56.7%</b>	<b>109,744</b>	<b>50.8%</b>	<b>117,492</b>	<b>55.4%</b>	<b>112,842</b>	<b>58.9%</b>
<b>Total Cash and Investments</b>	<b>\$ 213,463</b>	<b>100.0%</b>	<b>\$ 216,172</b>	<b>100.0%</b>	<b>\$ 211,926</b>	<b>100.0%</b>	<b>\$ 191,689</b>	<b>100.0%</b>

\* Amounts include DWSD Treasury, Common Cash Pool and Imprest cash account balances.



# Quarterly Summary of Cash and Investments by Financial Institution\*

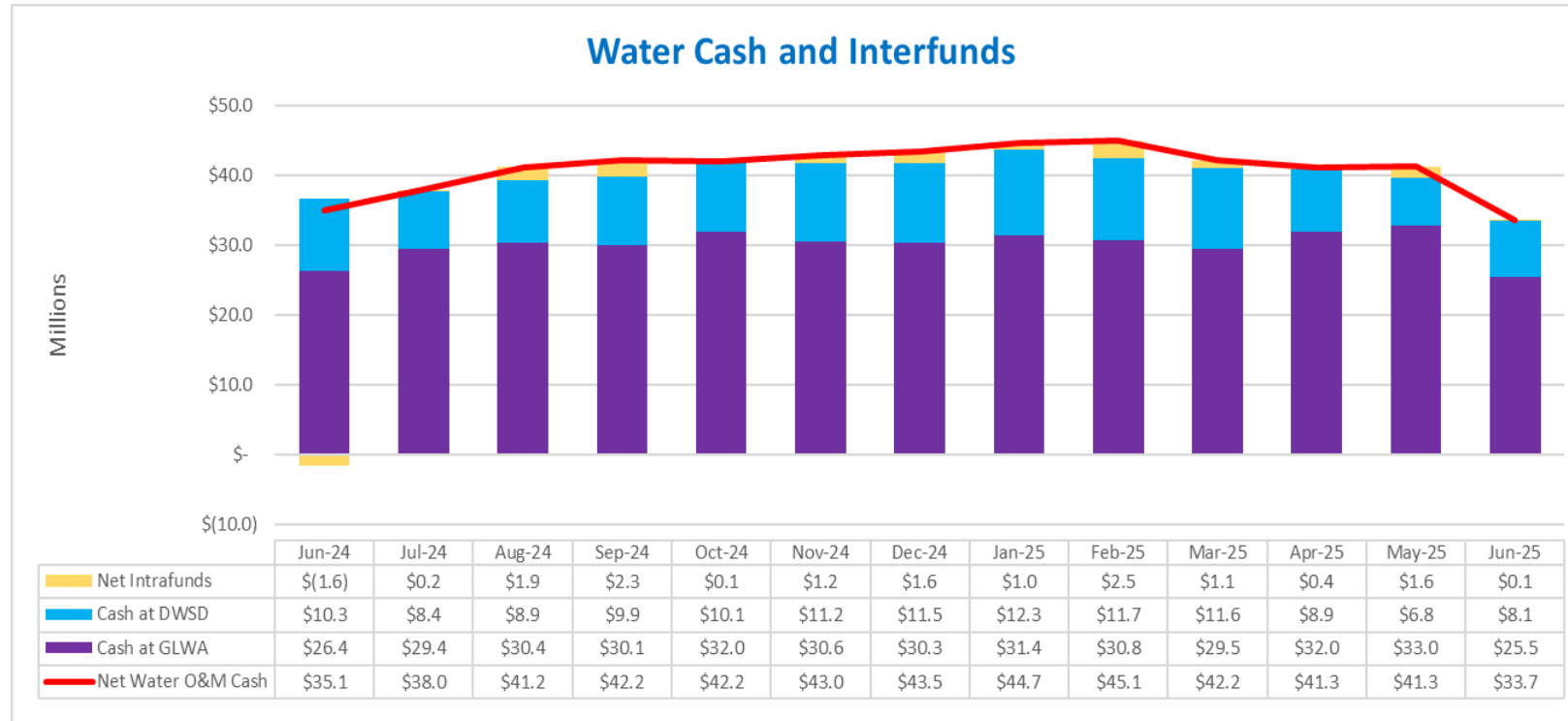


(Amounts in thousands)

	6/30/2024		12/31/2024		3/31/2025		6/30/2025	
<b>SUMMARY BY INSTITUTION</b>								
US Bank	\$ 3,588	1.7%	\$ 30	0.0%	\$ 373	0.2%	\$ 502	0.3%
JP Morgan Chase	1,947	0.9%	1,993	0.9%	2,016	0.9%	2,036	1.1%
First Independence	32,970	15.4%	40,213	18.1%	40,762	19.1%	47,205	24.6%
Comerica	10,090	4.7%	19,834	8.9%	21,952	10.3%	23,580	12.3%
GovMIC	164,890	77.2%	160,076	72.1%	148,650	69.5%	118,535	61.8%
<b>Total Cash and Investments</b>	<b>\$ 213,485</b>	<b>100.0%</b>	<b>\$ 222,145</b>	<b>100.0%</b>	<b>\$ 213,753</b>	<b>100.0%</b>	<b>\$ 191,859</b>	<b>100.0%</b>
<b>Water Funds</b>								
Operating	\$ 10,294	4.8%	\$ 12,417	5.6%	\$ 12,431	5.8%	\$ 8,243	4.3%
Improvement & Extension	16,531	7.7%	28,035	12.6%	18,867	8.8%	37,908	19.8%
Construction Series 2020A	65,532	30.7%	67,555	30.4%	64,550	30.2%	32,818	17.1%
	<b>92,357</b>	<b>43.3%</b>	<b>108,007</b>	<b>48.6%</b>	<b>95,848</b>	<b>44.8%</b>	<b>78,969</b>	<b>41.2%</b>
<b>Sewer Funds</b>								
Operating	14,135	6.6%	23,346	10.5%	26,141	12.2%	25,169	13.1%
Improvement & Extension	60,146	28.2%	44,437	20.0%	47,532	22.2%	52,161	27.2%
Construction Pre-Bifurcation	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Construction Series 2013	46,845	21.9%	46,354	20.9%	44,231	20.7%	35,559	18.5%
	<b>121,128</b>	<b>56.7%</b>	<b>114,138</b>	<b>51.4%</b>	<b>117,905</b>	<b>55.2%</b>	<b>112,890</b>	<b>58.8%</b>
<b>Total Cash and Investments</b>	<b>\$ 213,485</b>	<b>100.0%</b>	<b>\$ 222,145</b>	<b>100.0%</b>	<b>\$ 213,753</b>	<b>100.0%</b>	<b>\$ 191,859</b>	<b>100.0%</b>

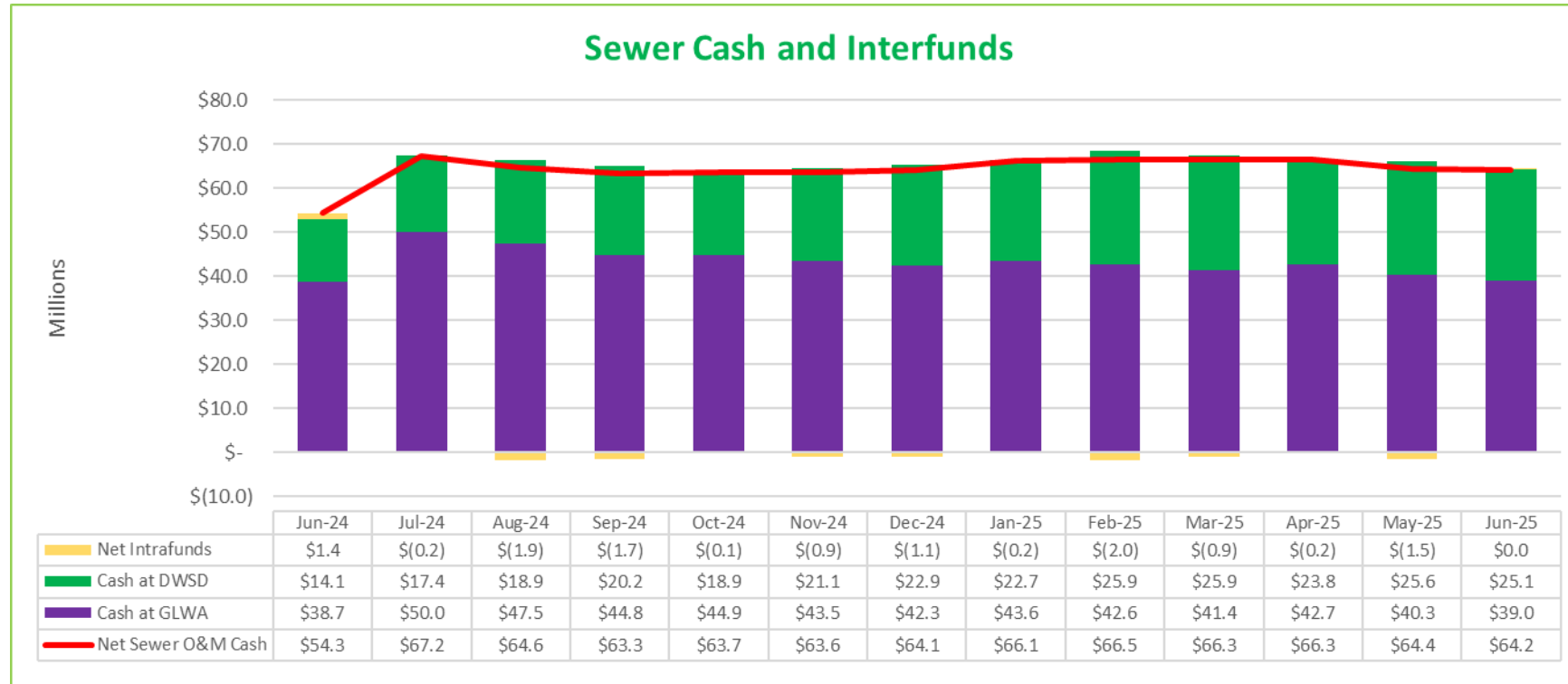
\*Amounts reflect bank balances and may vary from financial statements due to reconciling items' timing difference.

# Quarterly Net Water Operating Cash



- *Net Water Operating Cash* and Interfund balances have increased steadily throughout Fiscal 2025 up to May 2024, reflecting positive trends and results. In June, the curve shows a decline due to year end settlement of certain inter-governmental balances.
- June's *Net Water Operating Cash and Interfund* balances amounted to \$33.7 million, representing a decrease of \$1.4 million over the past twelve months.

# Quarterly Net Sewer Operating Cash



- *Net Sewer Operating Cash* has steadily improved since accruing a \$50 million shortfall in the first two years following bifurcation.
- June's *Net Sewer Operating Cash and Interfund* balances amounted to \$64.2 million, representing an increase of \$9.9 million over the past twelve months.

# Comparative Accounts Receivable



Sales Class	June 30, 2024			May 31, 2025			June 30, 2025		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,323,530	\$ 194,421,286	357	\$ 16,900,831	\$ 227,939,993	405	\$ 16,952,600	\$ 228,181,542	404
Commercial	8,418,084	28,005,835	100	8,207,822	31,285,178	114	8,683,254	32,053,891	111
Industrial	5,410,839	13,952,124	77	5,318,527	13,303,763	75	5,399,644	13,600,488	76
Tax Exempt	714,440	2,738,594	115	745,490	3,107,913	125	766,651	3,196,851	125
Government	4,639,256	19,324,545	125	4,615,481	22,327,145	145	4,856,313	23,664,329	146
Drainage Only	3,522,661	28,647,608	244	3,571,256	27,291,231	229	3,568,189	27,969,932	235
<b>Total Active Accounts</b>	<b>\$ 39,028,810</b>	<b>287,089,991</b>	<b>221</b>	<b>\$ 39,359,407</b>	<b>325,255,223</b>	<b>248</b>	<b>\$ 40,226,650</b>	<b>328,667,033</b>	<b>245</b>
Inactive Accounts Receivable		37,776,601			50,791,231			53,084,537	
<b>Total Accounts Receivable</b>		<b>324,866,592</b>			<b>376,046,454</b>			<b>381,751,570</b>	
Allowance for Doubtful Accounts		(249,922,100)			(305,596,420)			(310,878,978)	
<b>Net Accounts Receivable</b>		<b>\$ 74,944,492</b>			<b>\$ 70,450,034</b>			<b>\$ 70,872,592</b>	
Tax Roll Transfer					21,441,071			11,167,067	
<b>Total</b>					<b>\$ 91,891,105</b>			<b>\$ 82,039,659</b>	

## Comparative Accounts Receivable

- June sales of \$40.2 million increased slightly over \$39.4 million May sales.
- Receivables for all active accounts increased by \$3.4 million (1.0%) over May receivables whereas days in receivables decreased by 3 days to 245 days for all active customer classes.
- Active residential receivables increased by \$242,000 (0.1%) over May receivables. Days in receivables for active residential accounts decreased by 1 day.
- June's combined collection rate of 86.5% for all active customer classes exceeded May collection rate of 83.8%. The 3-month moving average collection rate stood at 87.2%.
- The combined collection rate is also boosted in June by Tax Roll collection of \$10.3 million.
- The Total balance was reduced by an allowance for doubtful accounts of \$310.9 million at the end of June.
- Allowance for Doubtful Accounts are 79.1% of the Total Receivable (including Tax Roll Transfer) balance as of June.

# Quarterly Accounts Receivable Aging

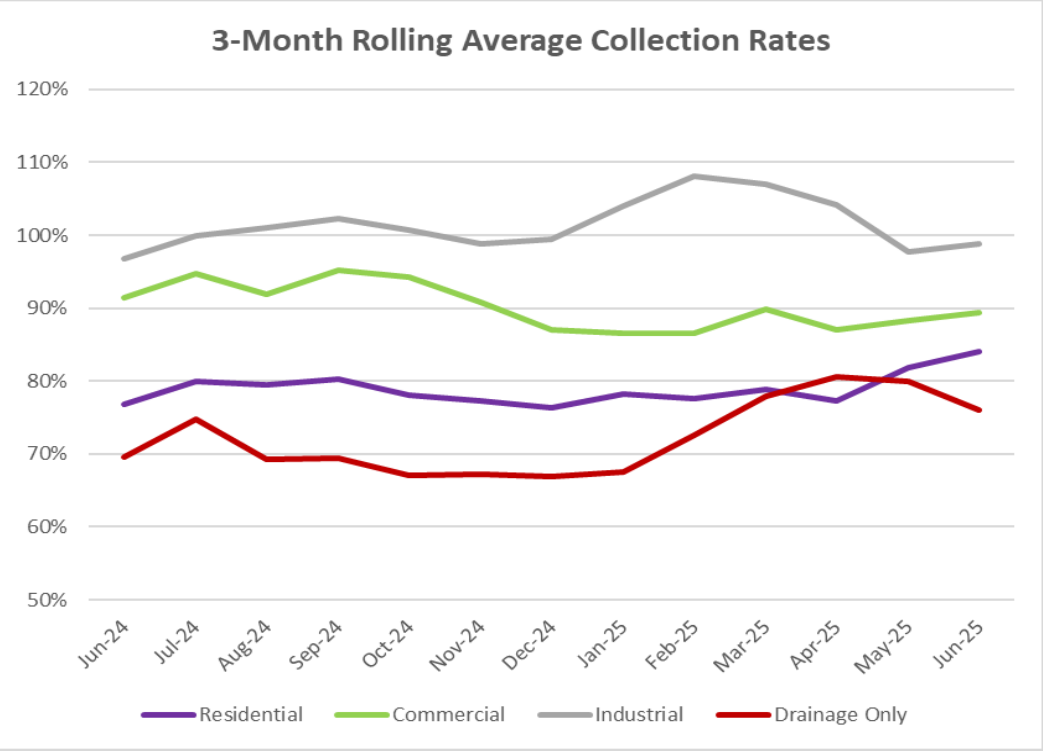


June 30, 2025

Sales Class	0-30 Days	31-60 Days	61-90 Days	91-180 Days	181-270 Days	271-360 Days	Over 1 Year	Total Receivables
Residential	\$ 14,052,625	\$ 9,093,940	\$ 8,448,914	\$ 23,551,640	\$ 20,021,494	\$ 22,502,140	\$ 130,510,788	\$ 228,181,542
Commercial	7,353,970	2,365,483	1,937,710	4,740,865	3,773,019	3,126,804	8,756,040	32,053,891
Industrial	5,012,515	893,487	748,279	1,243,848	1,123,879	912,068	3,666,411	13,600,488
Tax Exempt	584,372	232,730	185,659	455,885	391,479	304,556	1,042,169	3,196,851
Government	4,913,709	2,963,205	1,271,037	437,663	4,081,602	613,615	9,383,497	23,664,329
Drainage	2,004,181	1,169,008	947,322	2,685,569	2,003,985	1,783,766	17,376,100	27,969,932
<b>Subtotal - Active Accounts</b>	<b>33,921,372</b>	<b>16,717,854</b>	<b>13,538,921</b>	<b>33,115,471</b>	<b>31,395,459</b>	<b>29,242,950</b>	<b>170,735,006</b>	<b>328,667,033</b>
Tax Roll Transfer								11,167,067
Inactive	89,958	100,390	386,310	1,314,875	1,362,324	2,063,958	47,766,721	53,084,537
<b>Total</b>	<b>\$ 34,011,330</b>	<b>\$ 16,818,244</b>	<b>\$ 13,925,231</b>	<b>\$ 34,430,346</b>	<b>\$ 32,757,784</b>	<b>\$ 31,306,908</b>	<b>\$ 218,501,727</b>	<b>\$ 392,918,637</b>
<b>% of Total A/R</b>	<b>8.7%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>8.8%</b>	<b>8.3%</b>	<b>8.0%</b>	<b>55.6%</b>	<b>100.0%</b>

- Uncollected accounts receivable are generally carried for five years until the statutory lien expires.
- 51.9% or \$170.7 million of the total active receivables balance is over one year past due. Additionally, \$47.8 million (90.0%) of Inactive accounts are older than one year.
- Of the total active receivables of \$328.7 million, 69.4% or \$228.2 million relate to active residential receivables. \$130.5 million or 57.2% of the \$228.2 million are over a year old.
- Adequate allowance for doubtful collection has been made to address the high percentages of over-due receivable balances.

# Average Collection Rates

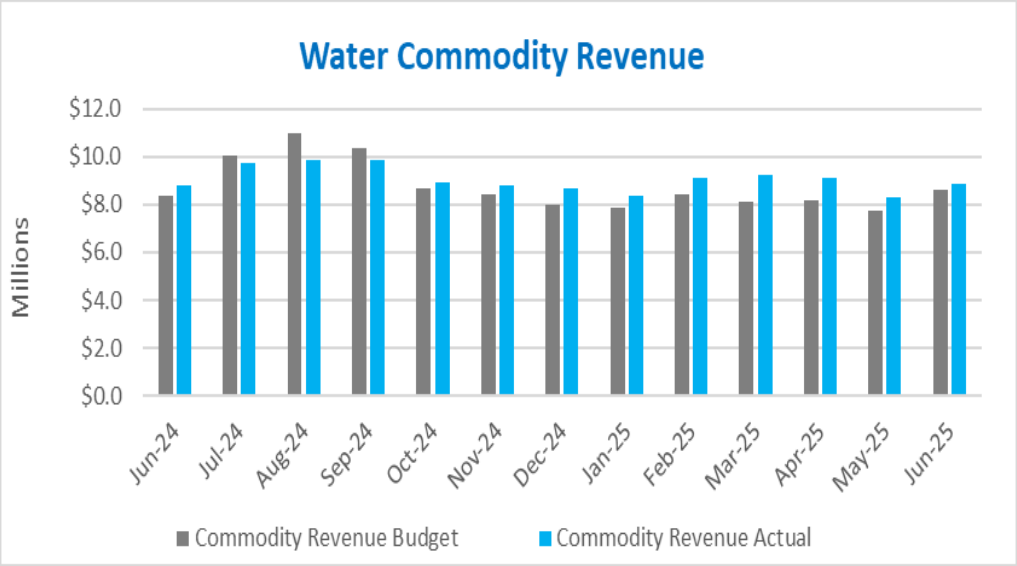
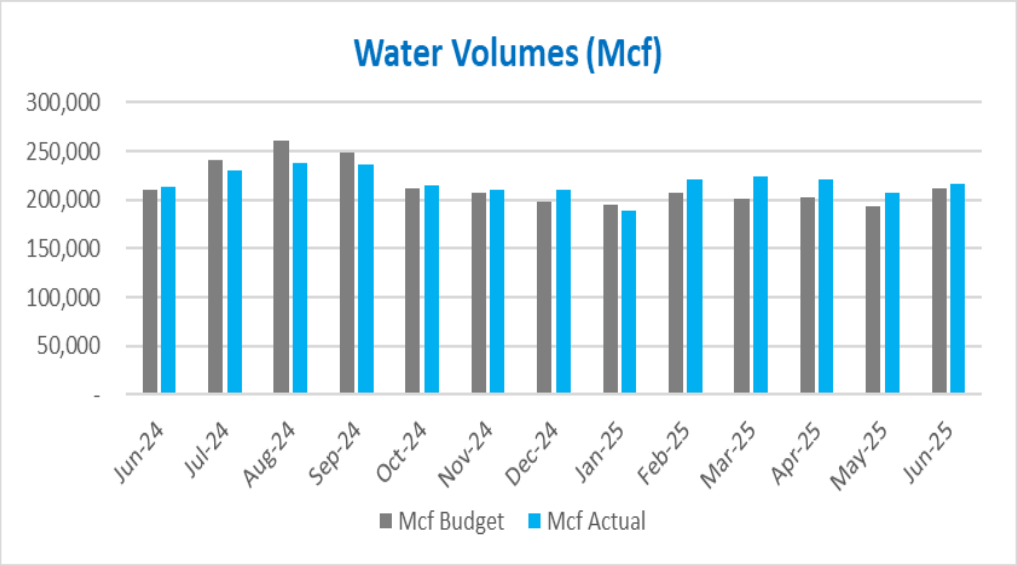


	Apr-25	May-25	Jun-25	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	80.6%	87.5%	84.0%	84.0%
Commercial	89.6%	84.9%	94.0%	89.4%
Industrial	106.9%	90.8%	99.2%	98.9%
Tax Exempt	85.4%	81.7%	89.7%	85.5%
Government	126.1%	68.7%	75.6%	90.5%
Drainage Only	82.2%	71.3%	74.0%	76.0%

- **Residential** collection rates for the last 3-months have averaged at 84.0%. This is a decrease from the average of 81.8% as of May. June collections decreased to 84.0% compared to 87.5% in May.
- **Commercial and Industrial** Commercial 3-month rolling averaged at 89.4%, an increase from May’s 3 month average of 88.3%. Industrial 3-month rolling averaged at 98.9%, an increase from May’s 3 month average of 97.7%. Collection rates for Commercial and Industrial customer classes continue to be positive.
- **Drainage Only** collections rate for June increased to 74.0% compared to 71.3% in May. The 3-month rolling average at 76.0% in June showed a decrease from May’s 3 month average of 79.9%.
- Residential and Drainage only collections rates continue to be a concern.
- June combined collection rate of 86.5% for all active customer classes was higher than May’s combined collection rate of 83.8%. The 3-month moving average rate for all active customer classes was 87.2% compared to the average of 86.0% as of May.

# Water Commodity Metrics and Revenues

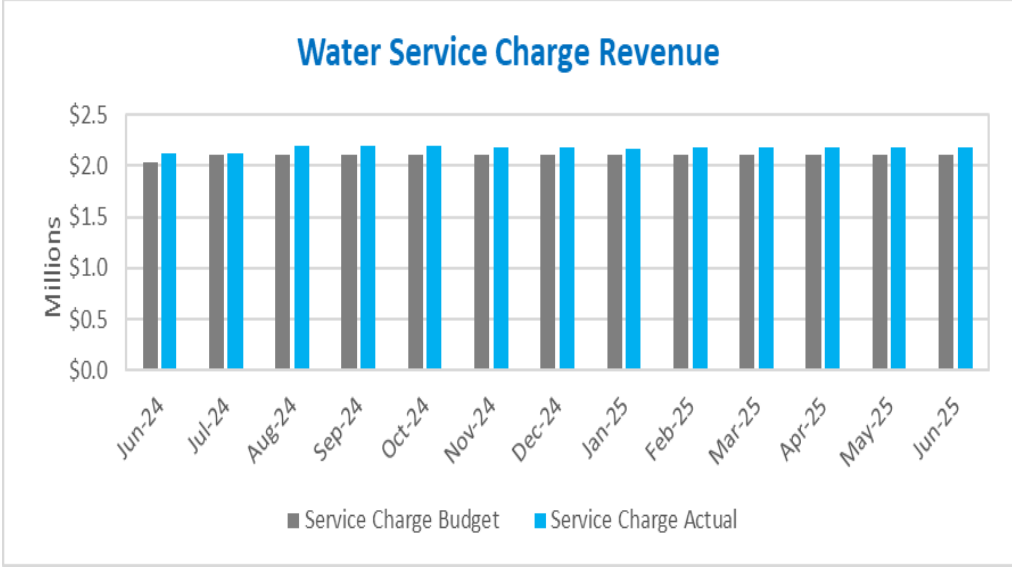
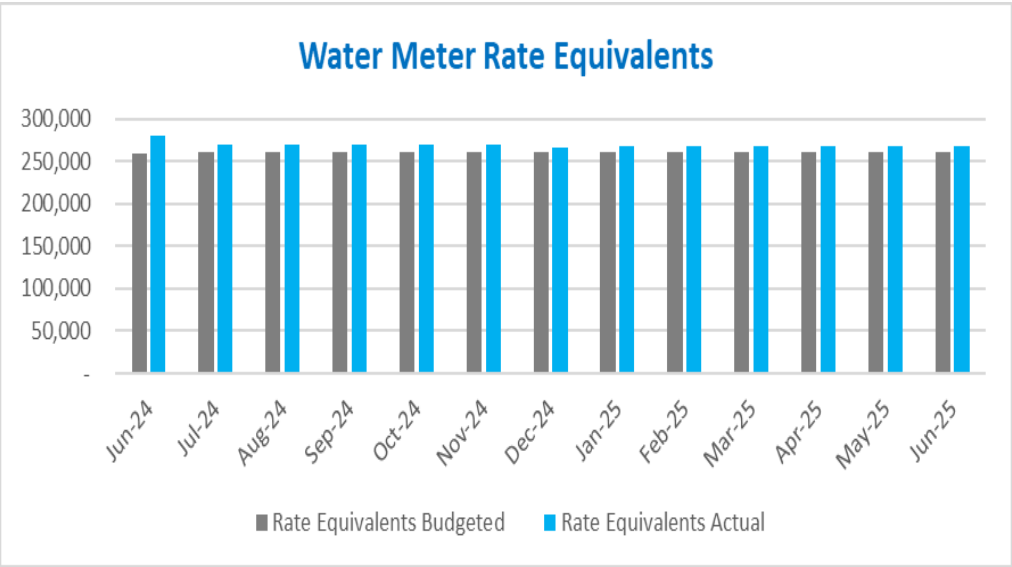
- June actual Volume exceeded the budget for the month by 2.7% and was 4.8% higher than actual May Volume and 2.0% above June 2024 Volume.
- Year-to-date actual Water Volume was 1.7% over seasonally adjusted budget.
- June actual Commodity Revenue exceeded the budget for the month by 3.0% and was 7.0% higher than actual May Revenue and 0.3% above June 2024 Revenue.
- Year-to-date actual Commodity Revenue was 3.3% above seasonally adjusted budget.





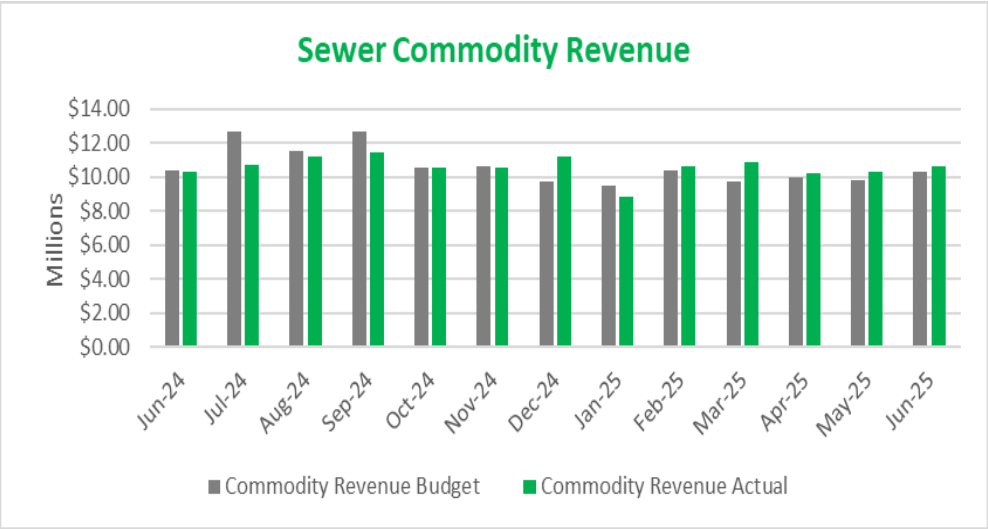
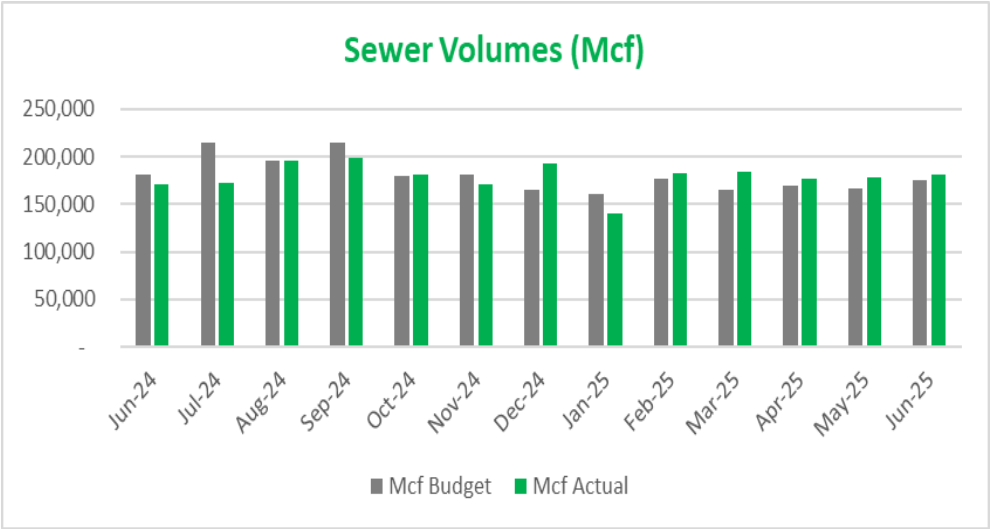
# Water Service Charge Metrics and Revenues

- June actual Meter Equivalents exceeded the budget for the month by 2.8% but was 0.1% lower than May Equivalents, and 4.2% below June 2024 Equivalents.
- Year-to-date actual Water Meter Equivalents exceeded budget by 2.9%.
- June actual Water Service Charge Revenue exceeded the budget for the month by 3.1% but was 0.2% lower than May Revenue, and 2.5% above June 2024 Revenue.
- Year-to-date actual Water Service Charge Revenue exceeded budget by 3.2%.



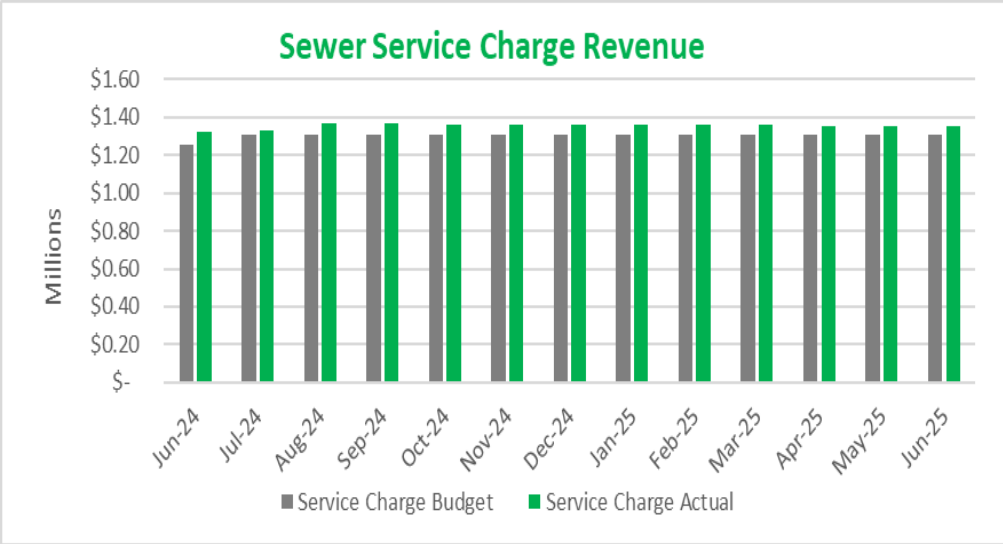
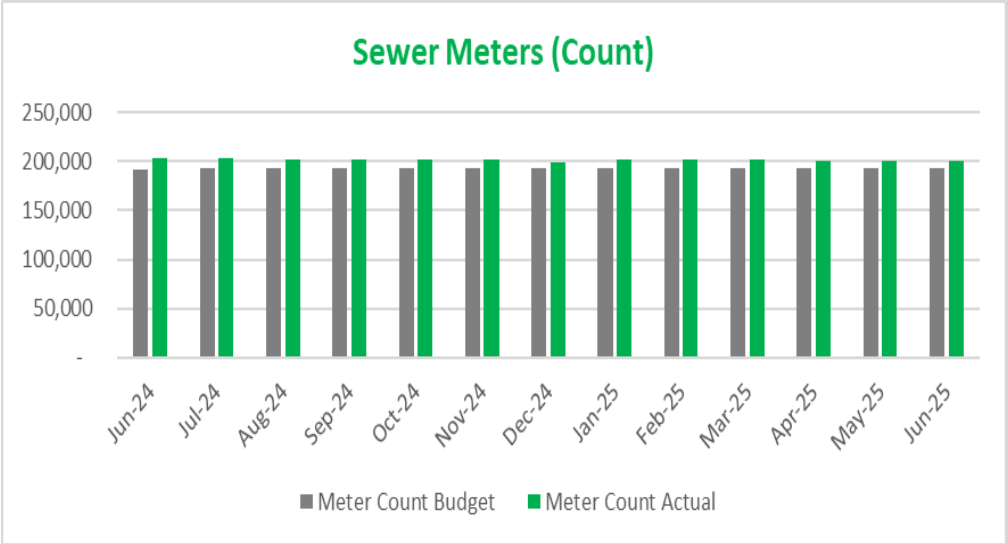
# Sewer Commodity Metrics and Revenues

- June actual Volume exceeded the budget for the month by 3.8% and was 2.0% higher than actual May Volume and was 6.5% above June 2024 Volume.
- Year-to-date actual Sewer Volume was 0.3% under seasonally adjusted budget.
- June actual Commodity Revenue exceeded the budget for the month by 2.8% and was 3.2% higher than actual May Revenue and 3.1% above June 2024 Revenue.
- Year-to-date actual Commodity Revenue was 0.3% under seasonally adjusted budget.



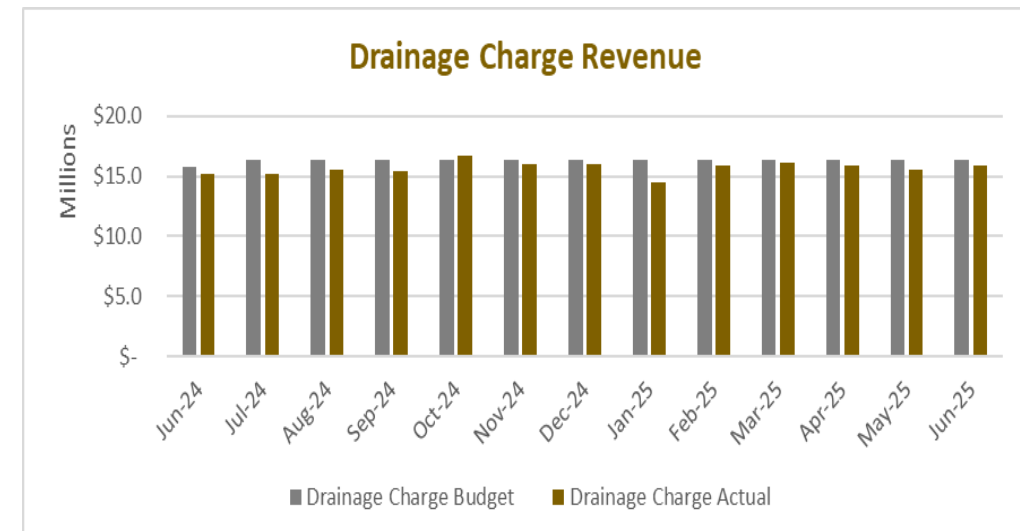
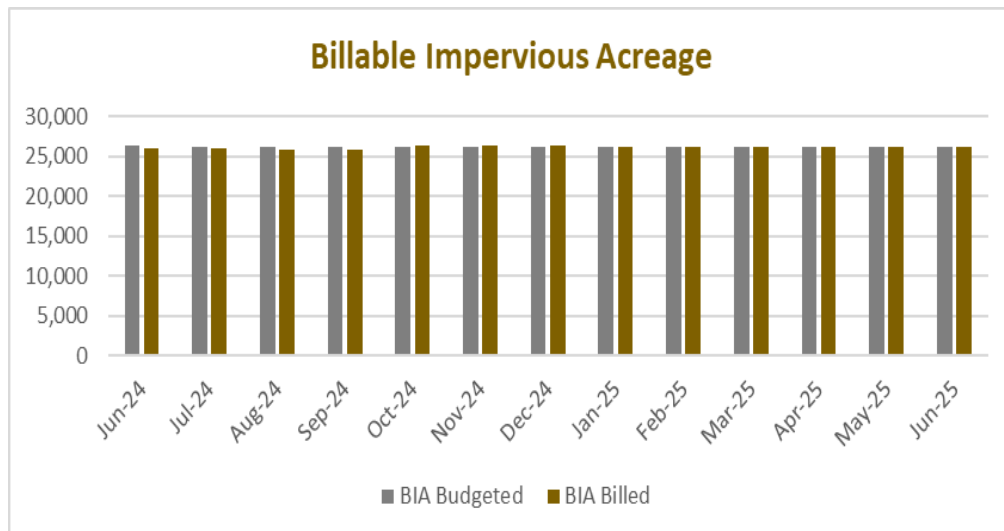
# Sewer Service Charge Metrics and Revenues

- June actual Sewer Meter Counts exceeded the budget for the month by 3.6% but was 0.2% lower than May Counts and 1.6% lower than June 2024 Counts.
- Year-to-date actual Sewer Meter Counts exceeded budget by 4.2%.
- June actual Sewer Service Charge Revenue exceeded the budget for the month by 3.7% but was 0.2% lower than May Revenue, and 2.1% over June 2024 Revenue.
- Year-to-date actual Sewer Service Charge Revenue exceeded budget by 4.1%.



# Drainage Charge Metrics and Revenues

- June actual Billable Impervious Acreage (BIA) exceeded the budget for the month by 0.2% and was consistent with May actual BIA and was 0.4% over June 2024 actual BIA.
- Year-to-date actual BIA was 0.2% over budget.
- June actual Drainage Revenue fell short of the budget for the month by 3.0% but was 2.4% higher than actual May Revenue and was 4.5% above June 2024 actual Revenue.
- Year-to-date actual Drainage Charge Revenue was 4.0% under budget. This variance was primarily driven by \$1.8 million in drainage adjustments and the application of higher drainage credits throughout the Fiscal Year.



# Quarterly Lifeline Review – as of June 30, 2025



<u>Lifeline Summary</u>	<u>As of 6/30/2025</u>	
Total amount forgiven at Enrollment	\$ 48,006,600	Since September 2022
Less: Total Received via Governmental funding	(19,960,600)	
Less: Total Adjustments Made	(8,652,300)	
<b>Balance Left (A)</b>	<b>\$ 19,393,700</b>	
Total GAP Arrears	\$ 26,736,700	Since October 2022
Less: Paid by WRAP	(5,882,000)	
<b>Gap Arrears Outstanding (B)</b>	<b>\$ 20,854,700</b>	
<b>Total Outsanding Enrollment + GAP arrears</b>	<b>\$ 40,248,400</b>	

		<u>As of 6/30/2025</u>	
<u>Lifeline Account Arrears Status</u>	<u># of Accounts</u>		<u>Amount</u>
Total Outstanding Balances	7,528	\$	2,105,800
Total Outstanding Balances > 60 Days	2,441	\$	1,200,200

- DWSD reduced account arrears for Lifeline enrollees by \$48.0 million since September 2022.
- Collected \$20.0 million from regional, state and federal grants.
- Wrote off \$8.6 million not covered by grants or not eligible for reimbursement. Currently \$19.4 million outstanding and uncollected arrears (grant eligible).
- Reduced customer obligations by \$26.7 million by moving the difference between Lifeline Tiered amount(\$18/\$43/\$56) and the actual monthly bill to a GAP holding account (WRAP and/or grant eligible, when available).
- Collected \$5.9M against the GAP arrears from Water Residential Assistance Program (WRAP) leaving an outstanding balance of \$20.8 million (WRAP and/or grant eligible, when available).
- A total of \$40.2 million outstanding for Enrollment + GAP arrears. This amount has decreased slightly from \$41.5 million as of March 2025.
- A total of approximately \$2.1 million outstanding in current arrears for 7,528 Lifeline accounts.
- Approximately \$1.2 million is outstanding for 60 days or more for 2,441 Lifeline accounts.

# Quarterly Lifeline Review – as of June 30, 2025

Cost  
\$74.7 million

- \$48.0 million Arrears
- \$26.7 million GAP

Collection  
\$25.9 million

- \$20.0 million Arrears
- \$5.9 million GAP

- DWSD's net exposure as of June 30, 2025 was \$48.8 million (\$74.7 - \$25.9) million.
- Cost: GAP + Arrears forgiven – Fresh start for all eligible Lifeline enrollees.
- Collected: Funds received from Regional, State and Federal grants (WRAP, LIHWAP, MIWAG).
- GAP: Difference between Lifeline Tiered amount (\$18/\$43/\$56) and the actual monthly bill (typically \$80/90).

# Quarterly EasyPay Plan Status



				<u>March 31, 2025</u>	<u>June 30, 2025</u>
Total participants since Inception (August 2024)				24,645	29,798
Total participants who broke payment plan				9,950	11,893
Total participants who paid off balances in full				2,723	3,117
Total participants who stayed enrolled				11,972	14,435
Total participants canceled and renegotiated					353
Total collections (arrears + current bill)				\$ 20,748,514	\$ 33,015,585
Total collected towards arrears				\$ 5,248,381	\$ 7,878,777



# THANK YOU!

## **Detroit Water & Sewerage Department**

For more information visit: [www.detroitmi.gov/dwsd](http://www.detroitmi.gov/dwsd)

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