



# **Financial Review September 2025**

BOWC Finance Committee

December 3, 2025

# September 2025 Highlights

## Year-End Audit Status

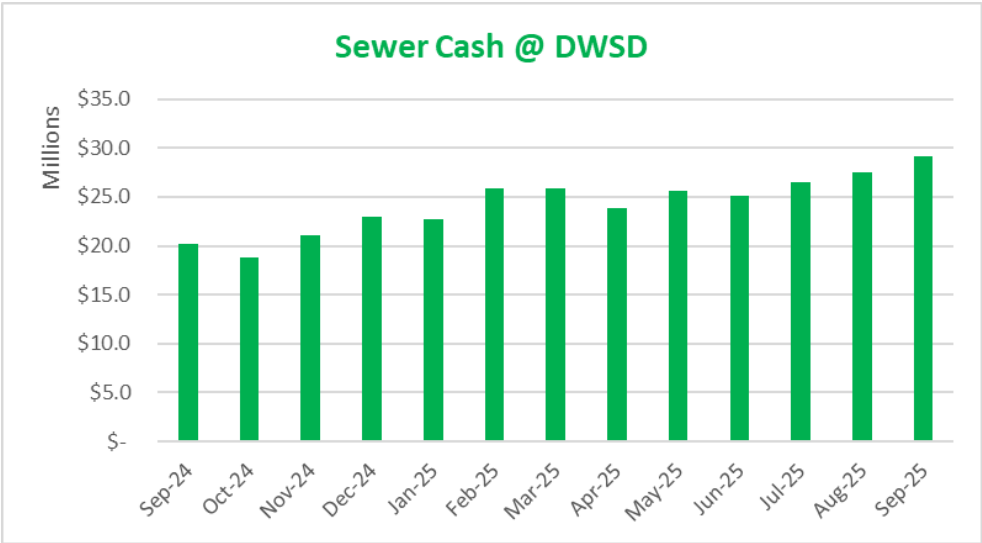
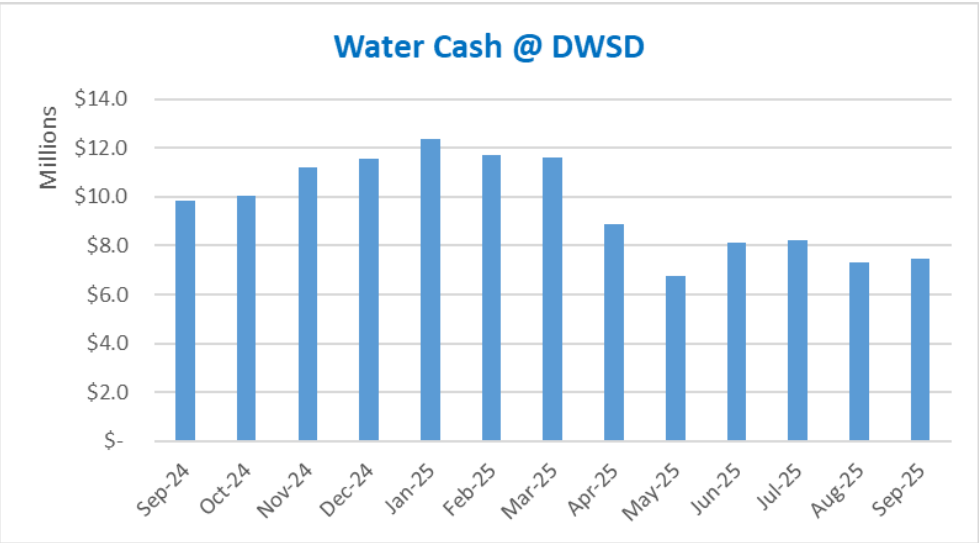
- Plante & Moran, DWSD's external auditor, completed field work for the FY 2025 Financial Statements audit. All entries have been posted and awaiting the issuance of the final audit report.
- Expect the audit report to be issued by mid-December 2025.

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

- 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 the final audit report is issued. Expect this report to be presented in the January Finance Committee meeting.

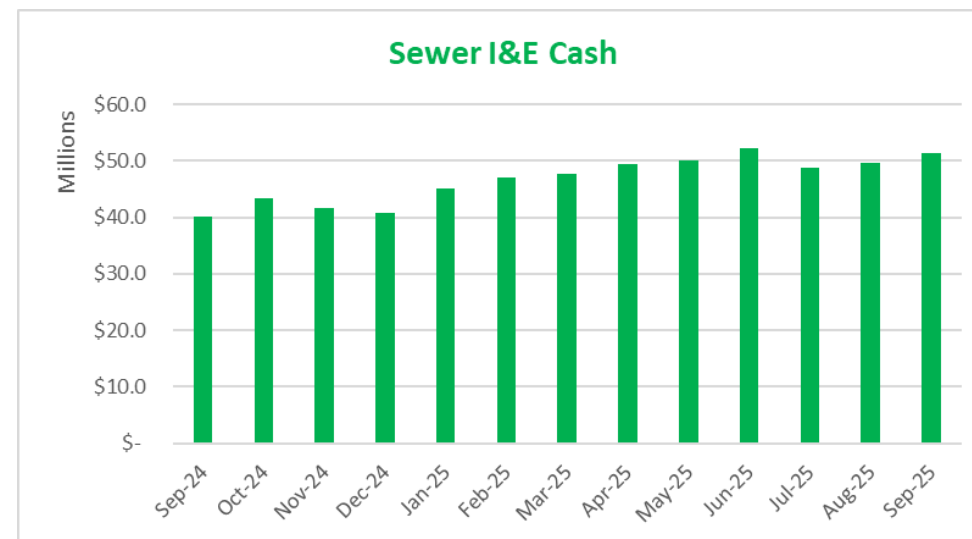
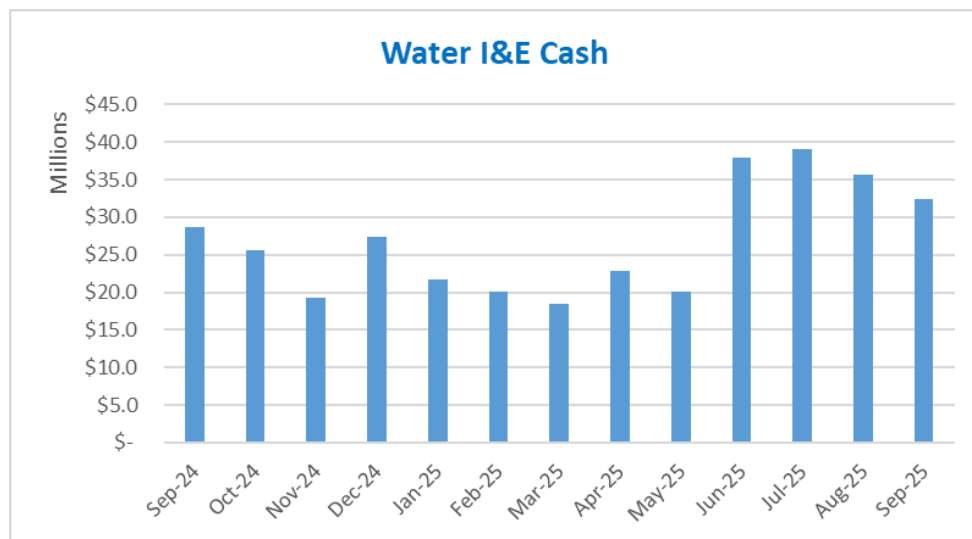
# September 2025 Highlights – Operating Cash

- 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 \$264.9 million (\$98.4 million in the Water Fund and \$166.5 million in the Sewer Fund). This represents an overall increase of \$600,000 over the August balance.
- Water Operating Cash** of \$7.5 million increased by \$161,000 over the previous month.
- Sewer Operating Cash** of \$29.2 million increased by \$1.7 million over the previous month.



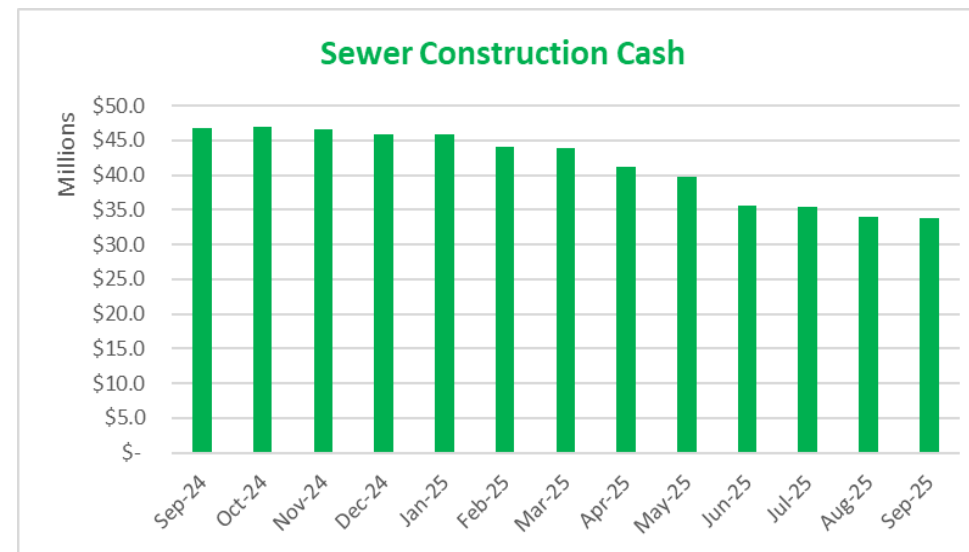
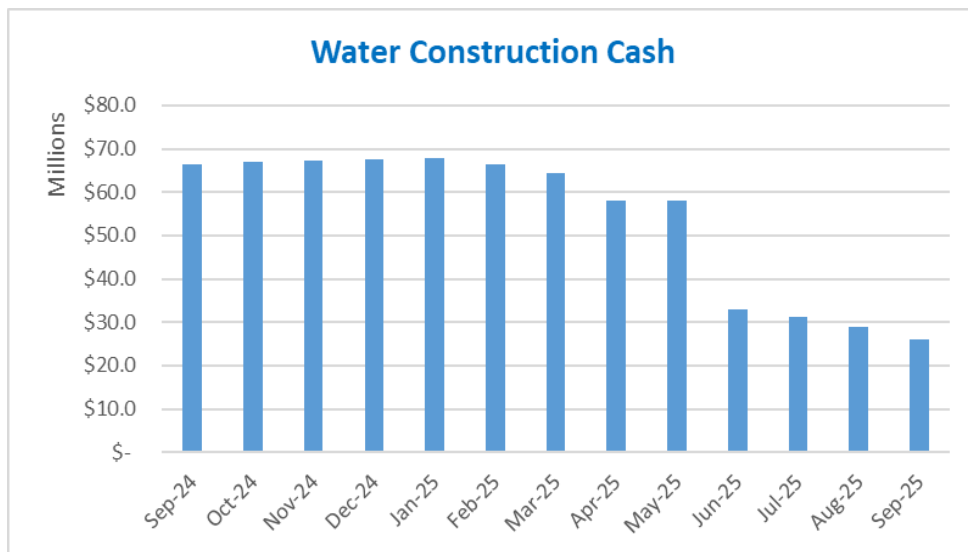
## September 2025 Highlights – Improvement & Extension (I&E) Cash

- DWSD continues to spend down I&E and Construction Cash in support of its Capital Improvement Program.
- Water I&E Cash** amounted to \$32.4 million at the end of September, a decrease of \$3.3 million over August balance.
- Sewer I&E Cash** amounted to \$51.4 million at the end of September, an increase of \$1.7 million over August balance.



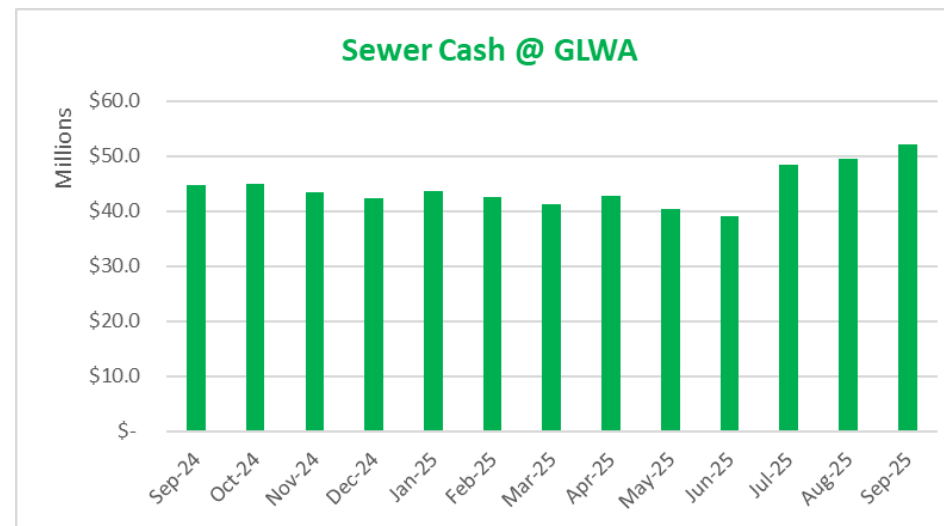
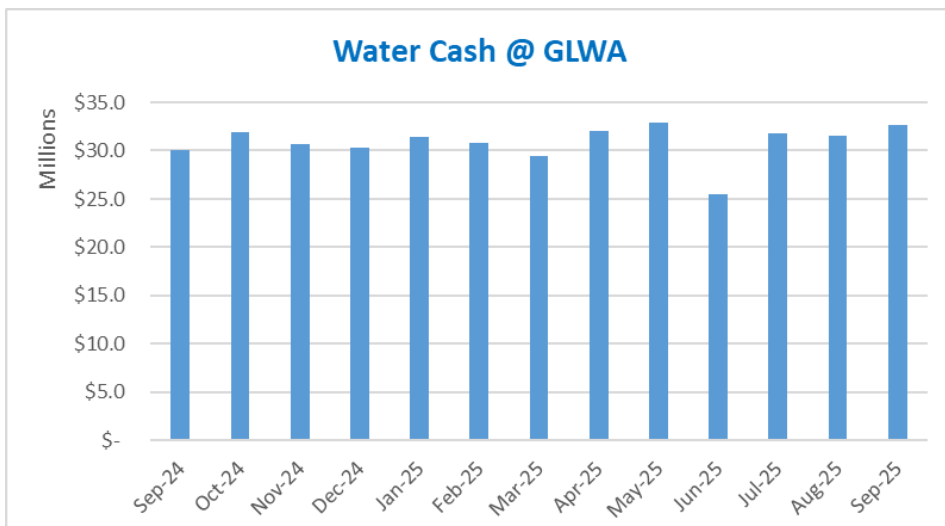
## September 2025 Highlights – Construction Cash

- **Water Construction Cash** amounted to \$25.9 million at the end of September, a decrease of \$3.0 million over August balance.
- **Sewer Construction cash** amounted to \$33.8 million at the end of September, a decrease of \$161,000 over August balance.



## September 2025 Highlights – Cash Held in Trust

- **Water Cash @ GLWA** amounted to \$32.6 million at the end of September, an increase of \$1.2 million over August balance.
- Retail Water receipts of \$11.8 million in September exceeded the target collection by \$1.2 million for the month.
- **Sewer Cash @ GLWA** amounted to \$52.1 million at the end of September, an increase of \$2.5 million over August balance.
- Retail Sewer receipts of \$28.5 million in September exceeded the target collection by \$2.5 million for the month.



# Quarterly Summary of Cash by Fund



(Amounts in thousands)

	<u>12/31/2024</u>		<u>3/31/2025</u>		<u>6/30/2025</u>		<u>9/30/2025</u>	
<b>Water Funds</b>								
Operating	\$ 11,535	5.3%	\$ 11,621	5.5%	\$ 8,145	4.2%	\$ 7,463	4.1%
Improvement & Extension	27,338	12.6%	18,494	8.7%	37,884	19.8%	32,388	18.0%
Construction	67,555	31.3%	64,319	30.3%	32,818	17.1%	25,929	14.4%
	<u>106,428</u>	<u>49.2%</u>	<u>94,434</u>	<u>44.6%</u>	<u>78,847</u>	<u>41.1%</u>	<u>65,779</u>	<u>36.5%</u>
<b>Sewer Funds</b>								
Operating	22,939	10.6%	25,912	12.2%	25,122	13.1%	29,181	16.2%
Improvement & Extension	40,858	18.9%	47,698	22.5%	52,161	27.2%	51,406	28.5%
Construction	45,947	21.3%	43,883	20.7%	35,559	18.6%	33,761	18.7%
	<u>109,744</u>	<u>50.8%</u>	<u>117,492</u>	<u>55.4%</u>	<u>112,842</u>	<u>58.9%</u>	<u>114,348</u>	<u>63.5%</u>
<b>Total Cash and Investments</b>	<u>\$ 216,172</u>	<u>100.0%</u>	<u>\$ 211,926</u>	<u>100.0%</u>	<u>\$ 191,689</u>	<u>100.0%</u>	<u>\$ 180,127</u>	<u>100.0%</u>

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

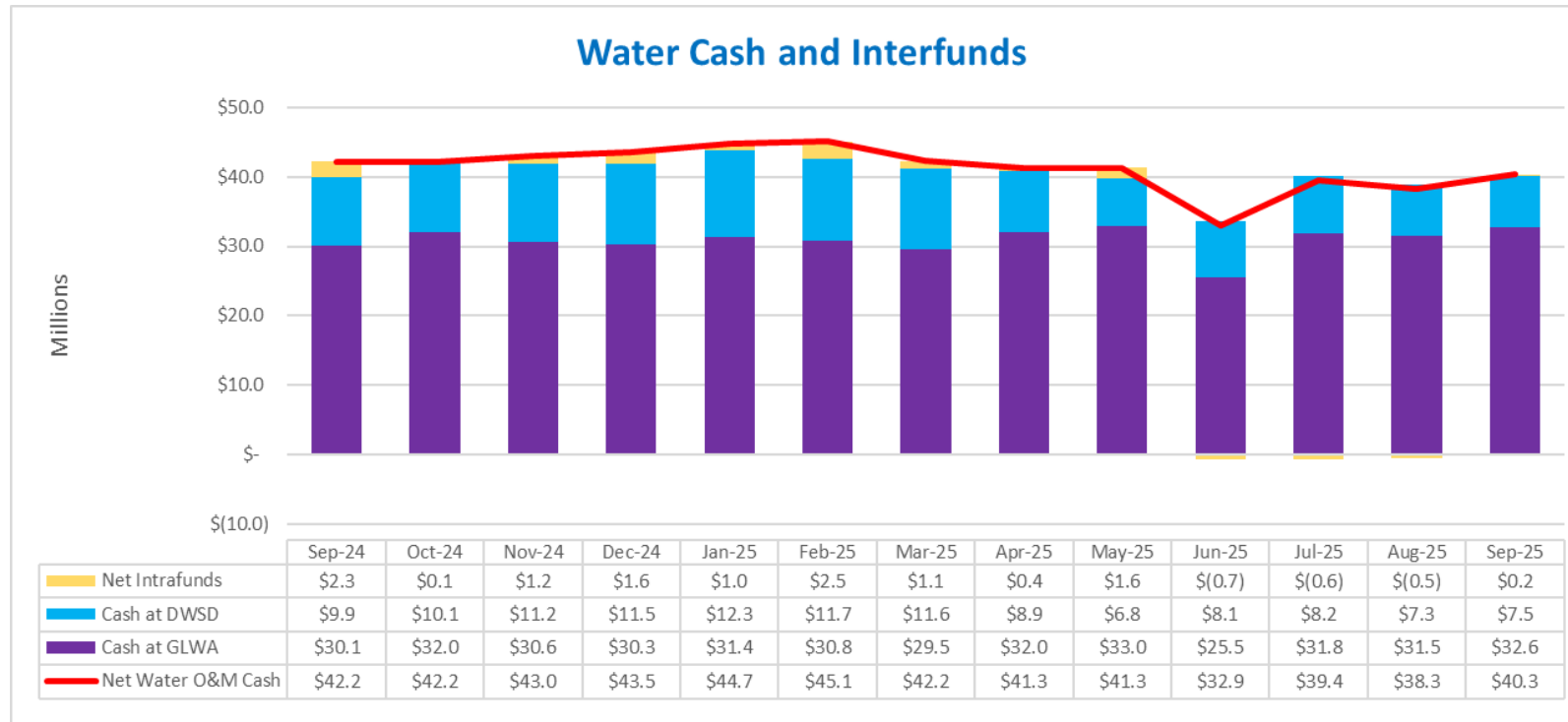
# Quarterly Summary of Cash & Investments by Financial Institution\*



	6/30/2024		3/31/2025		6/30/2025		9/30/2025					
SUMMARY BY INSTITUTION												
US Bank	\$	3,588	1.7%	\$	373	0.2%	\$	502	0.3%	\$	1,847	1.0%
JP Morgan Chase		1,947	0.9%		2,016	0.9%		2,036	1.1%		2,057	1.1%
First Independence		32,970	15.4%		40,762	19.1%		47,205	24.6%		38,885	21.5%
Comerica		10,090	4.7%		21,952	10.3%		23,580	12.3%		27,540	15.3%
GovMIC		164,890	77.2%		148,650	69.5%		118,535	61.8%		110,135	61.0%
Total Cash and Investments	\$	213,485	100.0%	\$	213,753	100.0%	\$	191,859	100.0%	\$	180,464	100.0%
Water Funds												
Operating	\$	10,294	4.8%	\$	12,431	5.8%	\$	8,243	4.3%	\$	8,862	4.9%
Improvement & Extension		16,531	7.7%		18,867	8.8%		37,908	19.8%		32,573	18.0%
Construction Series 2020A		65,532	30.7%		64,550	30.2%		32,818	17.1%		26,091	14.5%
		92,357	43.3%		95,848	44.8%		78,969	41.2%		67,526	37.4%
Sewer Funds												
Operating		14,135	6.6%		26,141	12.2%		25,169	13.1%		29,253	16.2%
Improvement & Extension		60,146	28.2%		47,532	22.2%		52,161	27.2%		47,388	26.3%
Construction Pre-Bifurcation		1	0.0%		1	0.0%		1	0.0%		0	0.0%
Construction Series 2013		46,845	21.9%		44,231	20.7%		35,559	18.5%		36,297	20.1%
		121,128	56.7%		117,905	55.2%		112,890	58.8%		112,938	62.6%
Total Cash and Investments	\$	213,485	100.0%	\$	213,753	100.0%	\$	191,859	100.0%	\$	180,464	100.0%

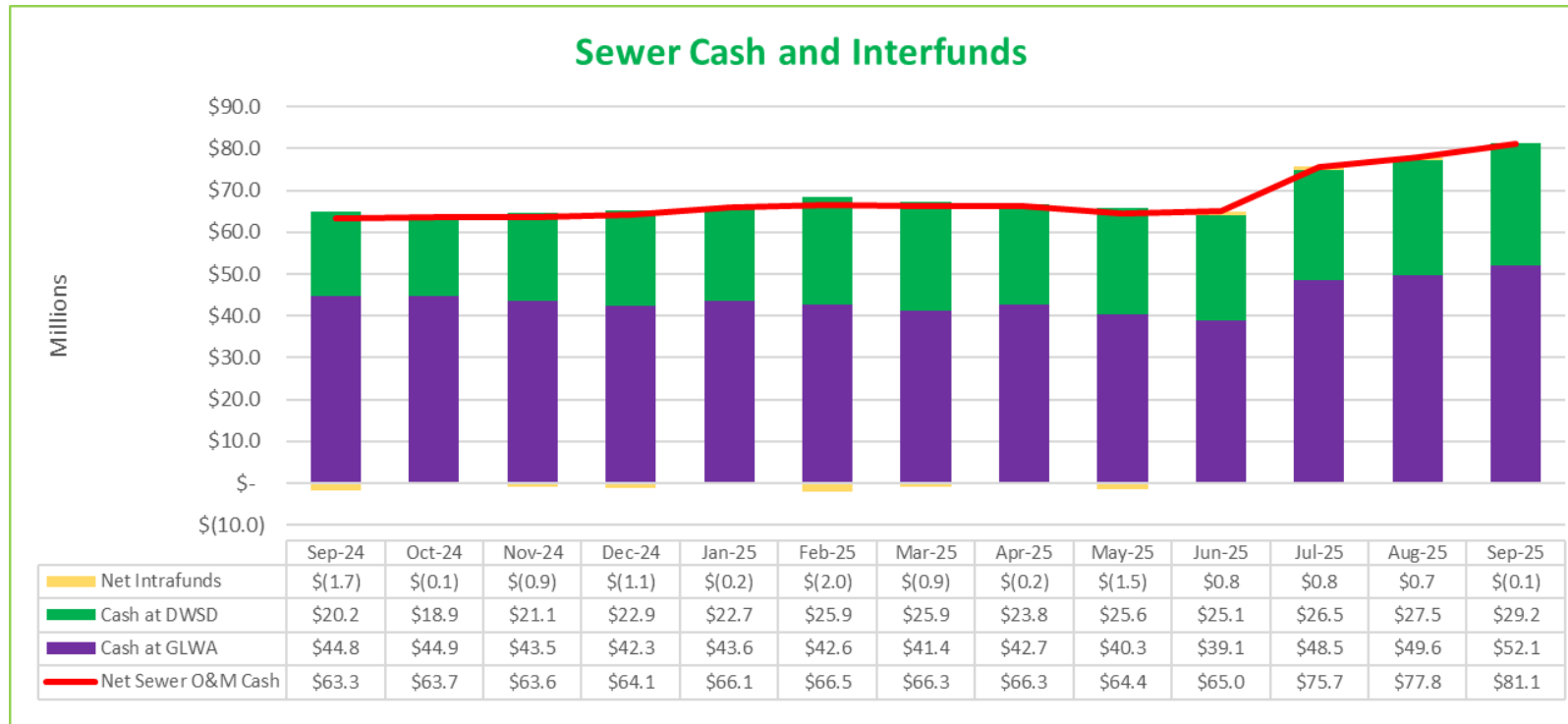
\*Amounts reflect bank balances and may differ from trial balance due to timing difference and reconciling items.

# Quarterly Net Operating Cash and Interfund Balances – Water Fund



- *Net Water Operating Cash* and Interfund balances are on a positive trend beginning for Fiscal 2026.
- *Net Water Operating Cash and Interfund* balances for September amounted to \$40.3 million, representing a decrease of \$1.9 million over the past year.

# Quarterly Net Operating Cash and Interfund – Sewer Fund



- *Net Sewer Operating Cash and Interfund* balances are on a positive trend beginning for Fiscal 2026
- *Net Sewer Operating Cash and Interfund* balances for September amounted to \$81.1 million, representing an increase of \$17.8 million over the past year.

# September 2025 Highlights - Comparative Accounts Receivable



- September sales of \$43.3 million decreased by \$520,000 (1.2%) compared to August sales of \$43.9 million.
- Receivables of \$332.0 million for active accounts decreased by \$2.1 million (0.6%) versus August receivables of \$334.1 million.
- September's cash collection \$40.7 million increased by \$4.2 million (12.2%) over August's cash collection of \$36.5 million.
- September Tax Roll transfer amounted to \$10.5 million, a 2.9% decrease from prior month.
- Active Residential Accounts Receivable increased by \$3.0 million (1.3%) and the aging increased by 4 days in September.
- Allowance for Doubtful Accounts are 75.0% of the Total Accounts Receivable (including Tax Roll Transfer) balance as of September.

Sales Class	June 30, 2025			August 31, 2025			September 30, 2025		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,952,600	\$ 228,181,542	404	\$ 17,558,181	\$ 229,210,368	392	\$ 17,573,099	\$ 232,254,059	396
Commercial	8,683,254	32,053,891	111	9,048,185	35,836,213	119	9,154,938	37,043,166	121
Industrial	5,399,644	13,600,488	76	7,484,493	19,372,250	78	7,166,025	19,080,612	80
Tax Exempt	766,651	3,196,851	125	5,408,544	26,065,760	145	5,056,561	23,233,997	138
Government	4,856,313	23,664,329	146	4,367,336	23,629,830	162	4,395,989	20,385,774	139
Drainage Only	3,568,189	27,969,932	235	-	-	-	-	-	-
<b>Total Active Accounts</b>	<b>\$ 40,226,650</b>	<b>328,667,033</b>	<b>245</b>	<b>\$ 43,866,739</b>	<b>334,114,422</b>	<b>228</b>	<b>\$ 43,346,612</b>	<b>331,997,607</b>	<b>230</b>
Inactive Accounts Receivable		53,084,537			56,808,267			61,070,747	
<b>Total Accounts Receivable</b>		<b>381,751,570</b>			<b>390,922,689</b>			<b>393,068,354</b>	
Allowance for Doubtful Accounts		(310,878,978)			(321,569,106)			(327,310,291)	
<b>Net Accounts Receivable</b>		<b>\$ 70,872,592</b>			<b>\$ 69,353,583</b>			<b>\$ 65,758,063</b>	
Tax Roll Transfer		11,167,067			10,819,480			10,506,099	
<b>Total</b>		<b>\$ 82,039,659</b>			<b>\$ 80,173,063</b>			<b>\$ 76,264,162</b>	

\*DWSD continues to monitor its Receivable balance, and appropriate allowances are made to account for uncertainty of collection.

# Quarterly Accounts Receivable Aging



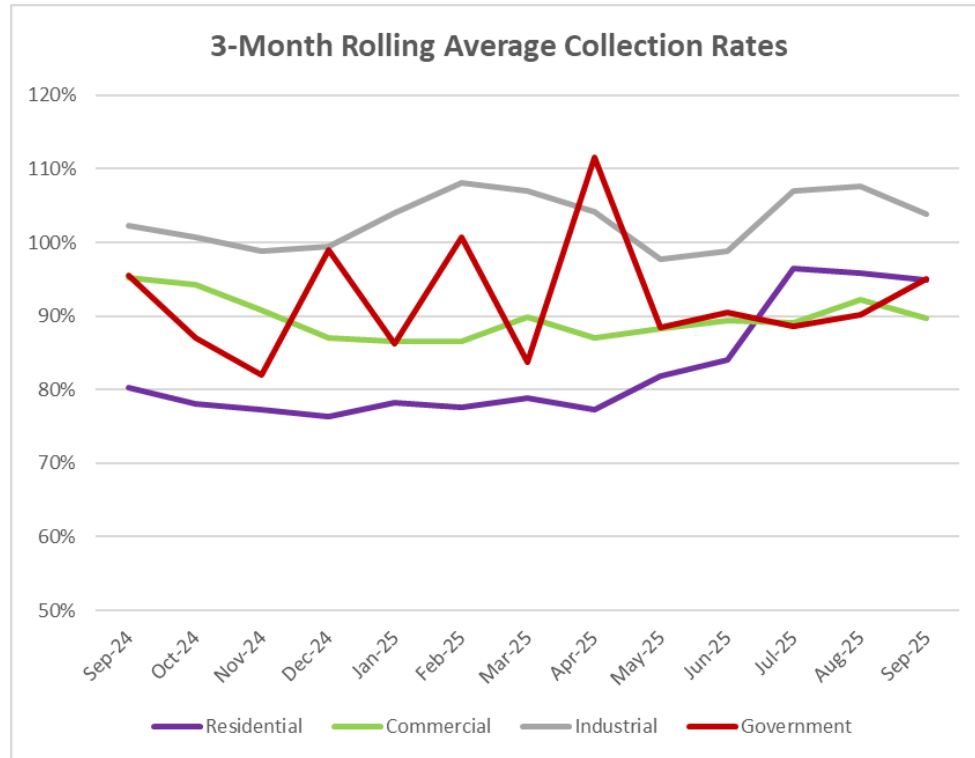
September 30, 2025

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	\$ 15,532,362	\$ 9,351,678	\$ 7,694,541	\$ 20,546,075	\$ 19,134,727	\$ 16,883,949	\$ 143,110,727	\$ 232,254,059
Commercial	7,590,989	2,534,197	1,623,896	4,367,723	4,545,420	3,785,988	12,594,952	37,043,166
Industrial	4,874,267	1,261,194	912,771	2,017,562	1,733,894	1,619,641	6,661,283	19,080,612
Tax Exempt	4,347,772	1,184,023	797,608	1,913,723	1,705,841	1,438,372	11,846,659	23,233,997
Government	3,924,889	1,839,714	1,168,939	1,458,087	(17,400)	3,773,821	8,237,724	20,385,774
<b>Subtotal - Active Accounts</b>	<b>36,270,279</b>	<b>16,170,806</b>	<b>12,197,755</b>	<b>30,303,170</b>	<b>27,102,481</b>	<b>27,501,770</b>	<b>182,451,345</b>	<b>331,997,607</b>
Tax Roll Transfer								10,506,099
Inactive	119,993	258,592	278,996	1,285,613	1,902,841	1,840,577	55,384,134	61,070,747
<b>Total</b>	<b>\$ 36,390,272</b>	<b>\$ 16,429,398</b>	<b>\$ 12,476,751</b>	<b>\$ 31,588,783</b>	<b>\$ 29,005,323</b>	<b>\$ 29,342,347</b>	<b>\$ 237,835,479</b>	<b>\$ 403,574,453</b>
<b>% of Total A/R</b>	<b>9.0%</b>	<b>4.1%</b>	<b>3.1%</b>	<b>7.8%</b>	<b>7.2%</b>	<b>7.3%</b>	<b>58.9%</b>	<b>100.0%</b>

- 58.9% of the total active receivables balance is over one year past due. Additionally, \$55.4 million (90.7%) of Inactive accounts are older than one year.
- The Total Receivables balance was reduced by an allowance for doubtful accounts of \$302.6 million at the end of September 2025.

\*Uncollected accounts receivable are generally carried for five years until the statutory lien expires.

# September 2025 Highlights - Collection Rates



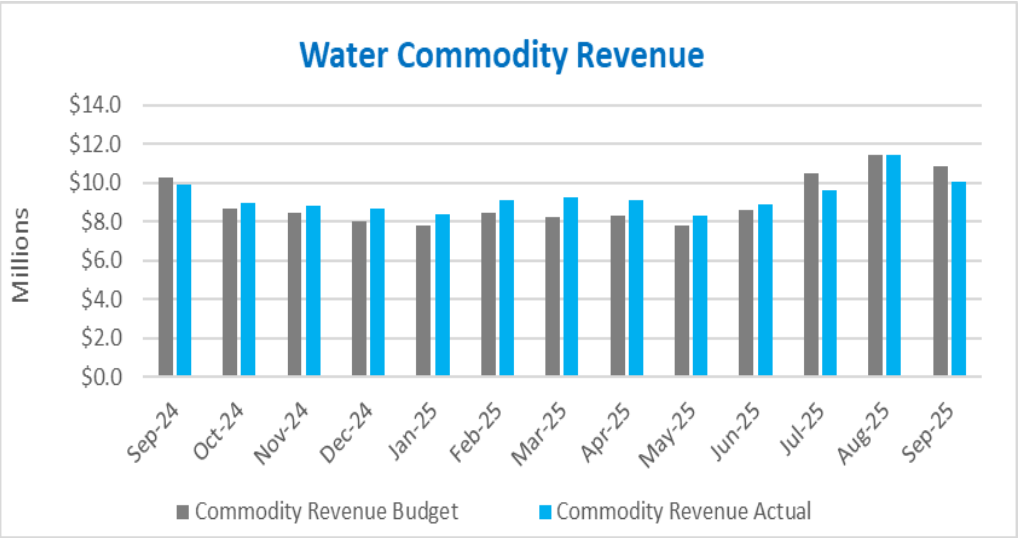
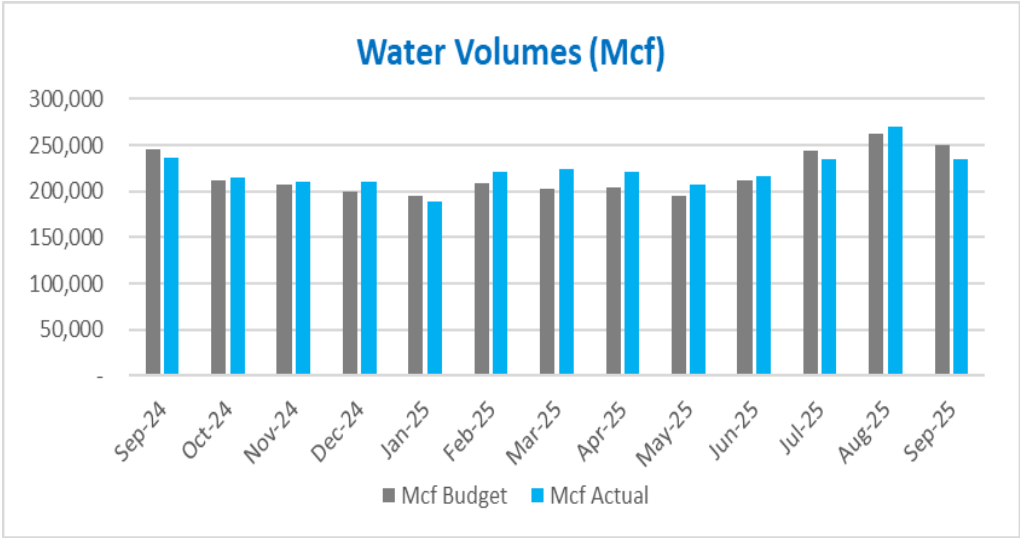
	Jul-25	Aug-25	Sep-25	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	118.2%	85.4%	81.5%	94.9%
Commercial	88.6%	94.2%	86.7%	89.7%
Industrial	132.1%	95.2%	91.5%	103.8%
Tax Exempt	548.1%	88.2%	91.6%	115.3%
Government	119.8%	73.3%	90.2%	95.1%

- **Residential** collection rates for the last three months have averaged at 94.9%. September collections decreased to 81.5% compared to 85.4% in August. The average Residential collection rate increased primarily due to the receipt of payments from Wayne Metro during July and August. However, absent these payments, Residential collection rate continues to be a concern.
- **Commercial and Industrial** - Commercial 3-month rolling averaged at 89.7%, a decrease from August's 3 month average of 92.2%. Industrial 3-month rolling averaged at 103.8%, a decrease from August's 3 month average of 107.6%. Collection rates for both Commercial and Industrial customer classes continue to show positive results.
- **Government** collection rates for the last three months have averaged at 95.1%. September collections increased to 90.2% compared to 73.3% in August.
- September combined collection rate of 86.7% for all active customer classes was 1.1% lower than August's combined collection rate of 87.8%. The 3-month moving average rate for all active customer classes was 94.8%.

# September 2025 Highlights - Water Commodity Metrics and Revenues



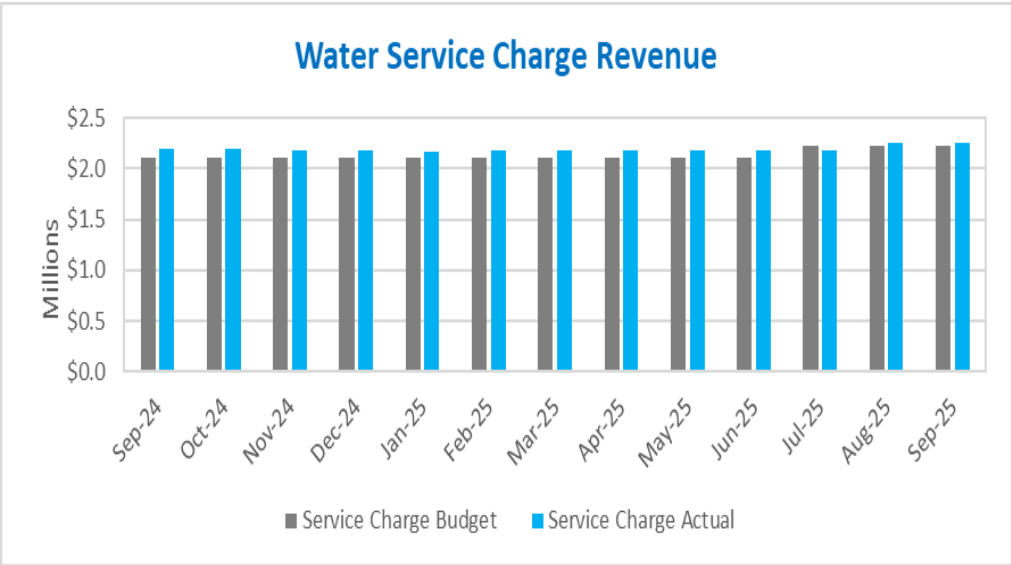
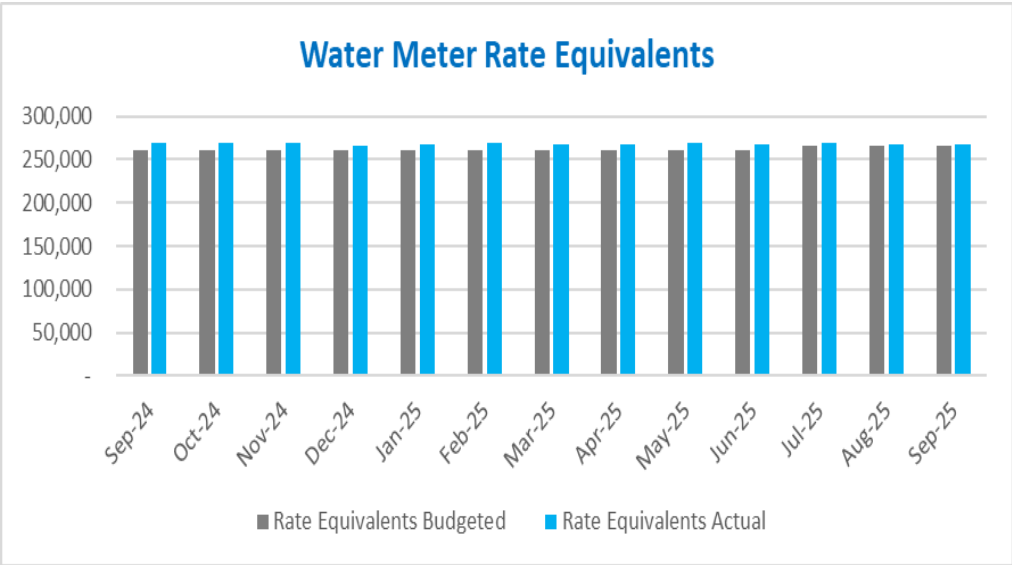
- September actual Volume fell short of the budget for the month by 6.3% and was 13.1% lower than actual August Volume and 0.6% below September 2024 Volume.
- Year-to-date actual Water Volume was 2.3% below seasonally adjusted budget.
- September actual Commodity Revenue fell short of the budget for the month by 7.2% and was 12.1% lower than actual August Revenue but was 1.9% above September 2024 Revenue.
- Year-to-date actual Commodity Revenue was 5.0% below seasonally adjusted budget.





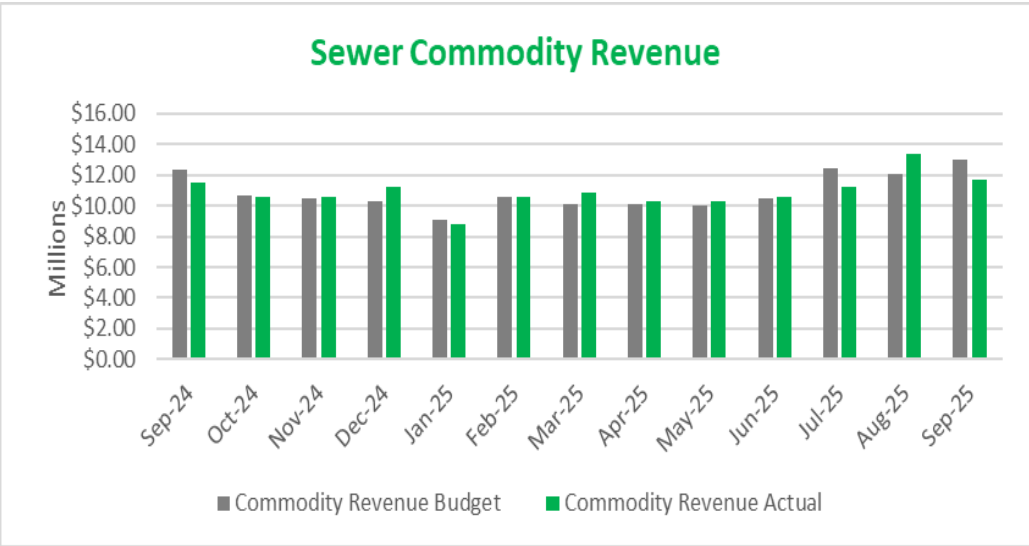
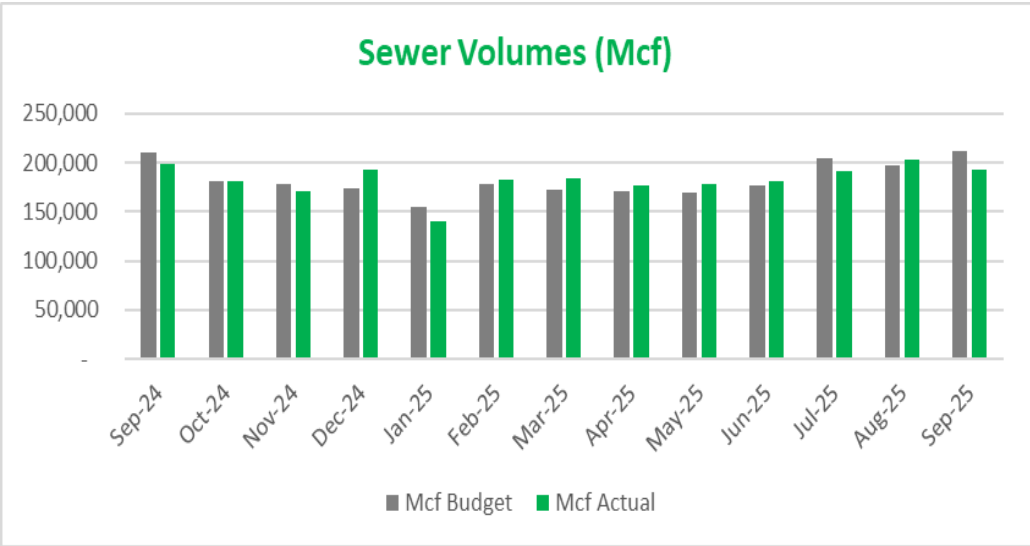
# September 2025 Highlights - Water Service Charge Metrics and Revenues

- September actual Meter Equivalents exceeded the budget for the month by 0.7% and was 0.1% higher than actual August Equivalents but was 0.5% below September 2024 Equivalents.
- Year-to-date actual Water Meter Equivalents exceeded budget by 0.7%.
- September actual Water Service Charge Revenue exceeded the budget for the month by 1.1% and was steady with actual August Revenue and was 2.8% above September 2024 Revenue.
- Year-to-date actual Water Service Charge Revenue is at par with the budget.



# September 2025 Highlights - Sewer Commodity Metrics and Revenues

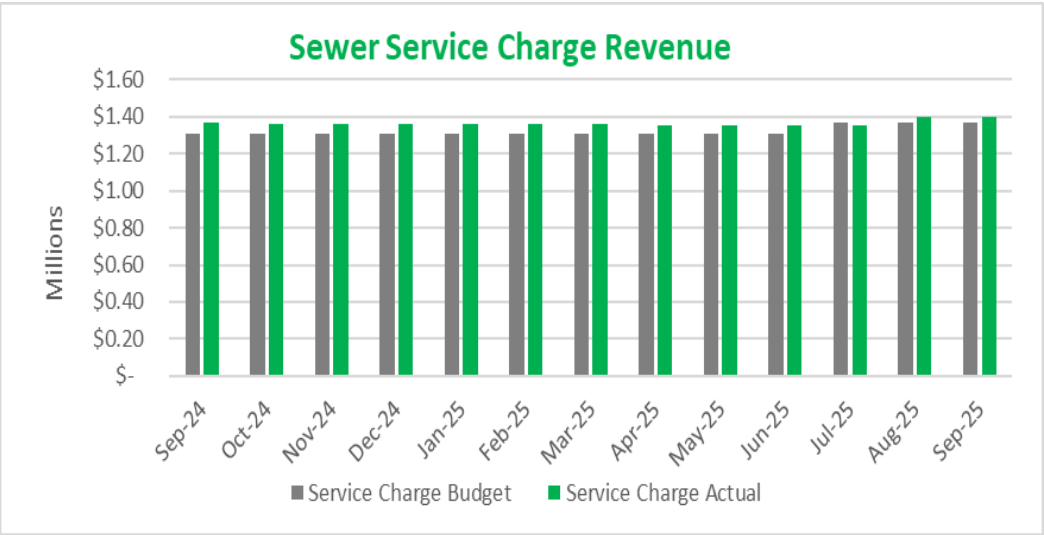
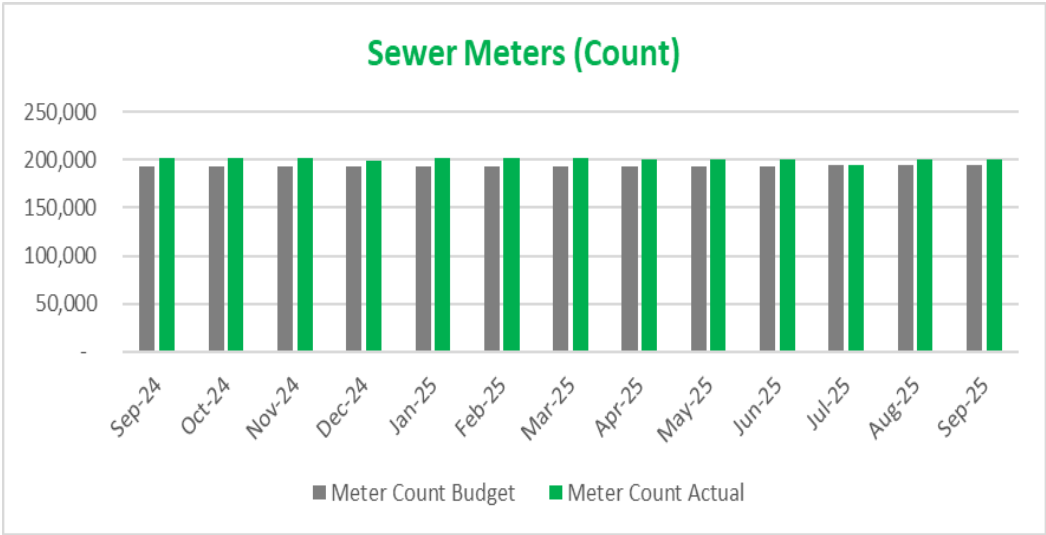
- September actual Volume fell short of the budget for the month by 9.2% and 5.3% lower than actual August Volume and was 2.7% below September 2024 Volume.
- Year-to-date actual Sewer Volume was 4.1% below seasonally adjusted budget.
- September actual Commodity Revenue fell short of the budget for the month by 9.6% and 12.3% lower than actual August Revenue but was 2.1% above September 2024 Revenue.
- Year-to-date actual Commodity Revenue was 3.2% below seasonally adjusted budget.



# September 2025 Highlights - Sewer Service Charge Metrics and Revenues



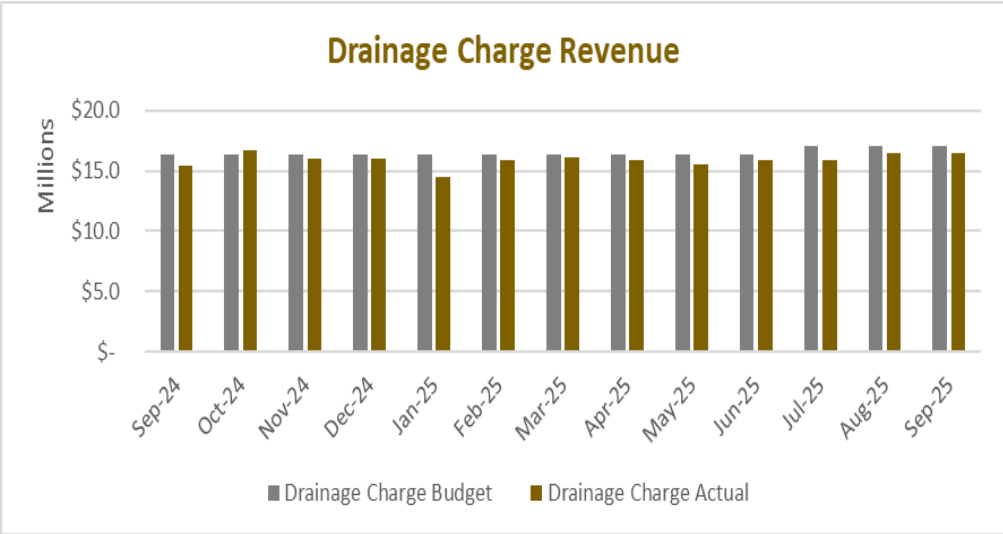
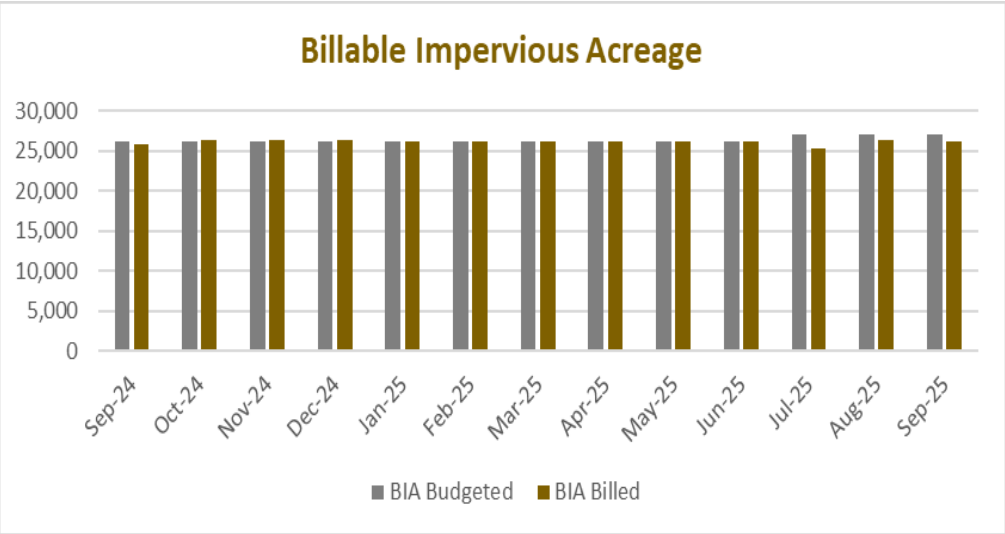
- September actual Sewer Meter Counts exceeded the budget for the month by 2.4% and was at par with actual August Counts but were 1.1% below September 2024 Counts.
- Year-to-date actual Sewer Meter Counts exceeded budget by 1.3%.
- September actual Sewer Service Charge Revenue exceeded the budget for the month by 2.5% and was at par with actual August Revenue and was 2.4% over September 2024 Revenue.
- Year-to-date actual Sewer Service Charge Revenue exceeded budget by 1.4%.



# September 2025 Highlights - Drainage Charge Metrics and Revenues



- September actual Billable Impervious Acreage (BIA) fell short of the budget for the month by 2.9% and was 0.4% lower than compared to August actual BIA but was 1.9% above September 2024 actual BIA.
- Year-to-date actual BIA was 3.9% below budget.
- September actual Drainage Revenue fell short of the budget for the month by 3.8% and was 0.2% lower than actual August Revenue but was 6.5% above September 2024 actual Revenue.
- Year-to-date actual Drainage Charge Revenue was 4.8% below budget.



# Quarterly Lifeline Review – as of September 30, 2025



<u>Lifeline Summary</u>	<u>As of 9/30/2025</u>	
Total amount forgiven at Enrollment	\$ 47,986,000	Since September 2022
Less: Total Received via Governmental funding	(23,594,600)	
Less: Total Adjustments Made	(8,652,300)	
<b>Balance Left (A)</b>	<b>\$ 15,739,100</b>	
Total GAP Arrears	\$ 28,065,300	Since October 2022
Less: Paid by WRAP	(8,275,400)	
<b>Gap Arrears Outstanding (B)</b>	<b>\$ 19,789,900</b>	
<b>Total Outsanding Enrollment + GAP arrears</b>	<b>\$ 35,529,000</b>	

- DWSD reduced account arrears for Lifeline enrollees by \$48.0 million since September 2022.
- Collected \$26.6 million from regional, state and federal grants.
- Wrote off \$8.6 million not covered by grants or not eligible for reimbursement. Currently \$15.7 million outstanding and uncollected arrears (grant eligible).
- Reduced customer obligations by \$28.1 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 \$8.3M against the GAP arrears from Water Residential Assistance Program (WRAP) leaving an outstanding balance of \$19.8 million (WRAP and/or grant eligible, when available).
- A total of \$35.5 million outstanding for Enrollment + GAP arrears. This amount has decreased slightly from \$40.2 million as of June 2025.

# Quarterly Lifeline Review – as of September 30, 2025



Cost  
\$76.1 million

- \$48.0 million Arrears
- \$28.1 million GAP

Collection  
\$31.9 million

- \$23.6 million Arrears
- \$ 8.3 million GAP

- DWSD's net exposure as of September 30, 2025 was \$44.2 million (\$76.1 - \$31.9) 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



				March 31, 2025	June 30, 2025	Sep 30, 2025
Total number of participants since Inception				<u>24,645</u>	<u>29,798</u>	<u>38,177</u>
Total participants who broke payment plan				9,950	11,893	12,099
Total participants who paid off balances in full				2,723	3,117	3,263
Total participants who stayed enrolled				11,972	14,435	22,397
Total Participants canceled and renegotiated					353	418
Total collections (arrears + Current bill)				\$ 20,748,514	\$ 33,015,585	\$ 44,686,828
Total collected towards arrears				\$ 5,248,381	\$ 7,878,777	\$ 11,778,253

# Water and Sewer Operating Revenue – Quarterly Budget vs. Actual

For the Three Month Ended September 30, 2025						
	(Amounts in thousands)					
	Budget		Actual		Variance	%
Water Operating Revenue						
Commodity sales	\$	27,774	\$	31,481	\$ 3,706	13.3%
Service charges	\$	6,688	\$	6,697	\$ 10	0.1%
Private firelines	\$	573	\$	520	\$ (53)	-9.3%
Shared Services	\$	294	\$	265	\$ (30)	-10.0%
Other GLWA reimbursement	\$	683	\$	429	\$ (254)	-37.1%
Penalties and fees	\$	1,281	\$	1,201	\$ (80)	-6.2%
Total Operating Revenue	\$	37,293	\$	40,593	\$ 3,300	8.8%

- *Water Commodity Revenues* for the first quarter were \$3.7 million (13.3%) over budget. The difference is due to seasonal variance. (budgeted at a straight-line).

For the Three Month Ended September 30, 2025						
(Amounts in thousands)						
	Budget		Actual		Variance	%
Sewer Operating Revenue						
Commodity sales	\$	33,378	\$	36,766	\$ 3,388	10.2%
Service charges	\$	4,096	\$	4,100	\$ 4	0.1%
Drainage charges	\$	51,343	\$	48,859	\$ (2,484)	-4.8%
Industrial waste charges	\$	400	\$	417	\$ 17	4.1%
Shared Services	\$	331	\$	298	\$ (33)	-10.0%
Other GLWA reimbursement	\$	1,408	\$	838	\$ (570)	-40.5%
Penalties and fees	\$	2,080	\$	1,891	\$ (189)	-9.1%
Total Operating Revenue	\$	93,035	\$	93,168	\$ 133	0.1%

- *Sewer Commodity Revenues* for the first quarter were over budget by \$3.4 million (10.2%).
- *Drainage Charge Revenue* fell short of budget estimates by \$2.5 million (4.8%).

# Operating Expense By Appropriation – Quarterly Budget vs. Actual

For the Three Month Ended September 30, 2025					
(Amounts in thousands)					
	Budget		Actual	Variance	%
Combined Departmental Expense					
Administration	\$	438	\$	708	\$ (270) -61.7%
Operations	\$	14,816	\$	10,999	\$ 3,816 25.8%
Compliance	\$	7,026	\$	4,710	\$ 2,316 33.0%
Finance	\$	3,944	\$	2,422	\$ 1,522 38.6%
Customer Service	\$	1,851	\$	1,525	\$ 327 17.6%
Total Departmental	\$	28,075	\$	20,363	\$ 7,711 27.5%

For the Three Month Ended September 30, 2025						
(Amounts in thousands)						
	Budget		Actual		Variance	%
Combined Nondepartmental Expense						
Wholesale charges	\$	61,338	\$	61,749	\$ (411)	-0.7%
Legacy pension expense	\$	1,100	\$	1,100	\$ -	0.0%
Retail Assistance Program	\$	993	\$	593	\$ 400	40.3%
Bad debt expense	\$	16,966	\$	17,225	\$ (259)	-1.5%
Total Nondepartmental	\$	80,397	\$	80,667	\$ (270)	-0.3%

- **Operations** savings include: (1) Personnel savings due to a combination of 49 vacancies abated in part by unbudgeted overtime (2) Contractual services savings due to timing differences of actual expenses to be incurred (3) Shared service savings due to over-estimated budget.
- **Compliance** savings include: (1) Personnel savings attributable to 10 vacancies (2) Shared service savings due to over estimated budget (3) Contractual services savings due to timing differences of actual expenses to be incurred.
- **Finance** savings include: (1) Personnel savings due to 10 vacancies (2) Contractual services savings due to timing differences of actual expenses to be incurred (3) Other expense savings due to delayed purchased service expense and over-budgeted Shared service.

# Operating Expense By Object – Quarterly Budget vs. Actual



For the Three Month Ended September 30, 2025

(Amounts in thousands)

	Budget	Actual	Variance	%
<b>Combined Operating Expense</b>				
Salaries and Wages	\$ 11,262	\$ 8,731	\$ 2,530	22.5%
Employee Benefits	\$ 4,683	\$ 3,774	\$ 909	19.4%
Contractual Services	\$ 5,939	\$ 3,521	\$ 2,418	40.7%
Supplies	\$ 3,453	\$ 2,421	\$ 1,032	29.9%
Wholesale Charges	\$ 61,338	\$ 61,749	\$ (410)	-0.7%
Shared Services	\$ 594	\$ 382	\$ 212	35.6%
Utilities	\$ 937	\$ 507	\$ 429	45.8%
Other Operating	\$ 3,300	\$ 2,720	\$ 580	17.6%
Bad Debt Expense	\$ 16,966	\$ 17,225	\$ (259)	-1.5%
<b>Total Operating</b>	<b>\$ 108,471</b>	<b>\$ 101,030</b>	<b>\$ 7,441</b>	<b>6.9%</b>

- **Salaries and Wages** were 22.5% under budget for the year due to 70 vacancies across multiple cost centers.
- **Contractual Services** and **Supplies** budget variances are due to timing of expenses to be incurred.

# THANK YOU!

## **Detroit Water & Sewerage Department**

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



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