



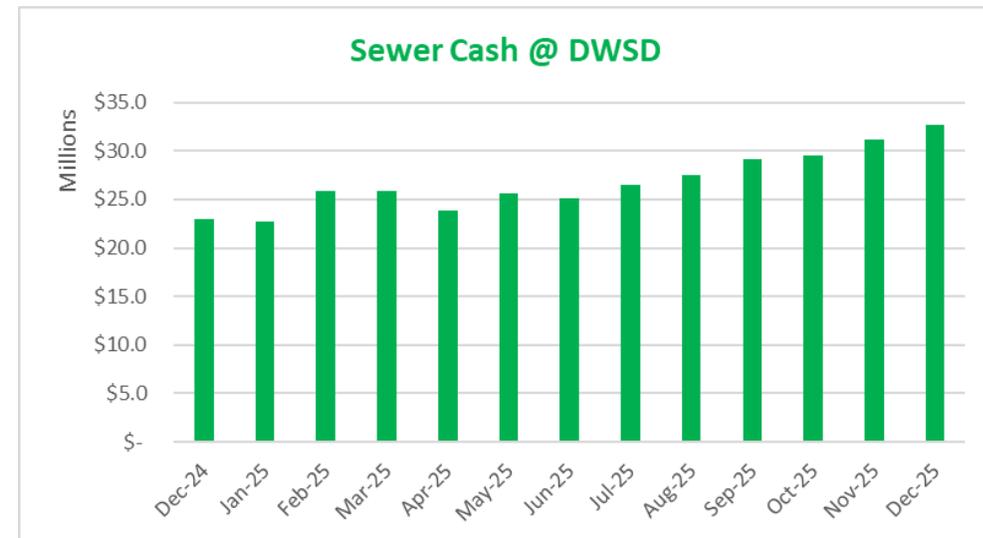
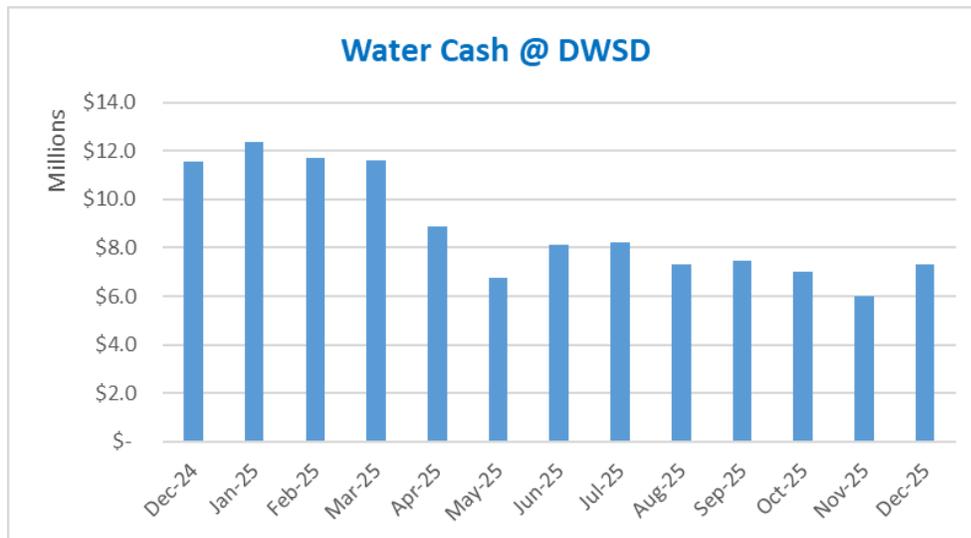
# **Financial Review December 2025**

**BOWC Finance Committee**

March 4, 2026

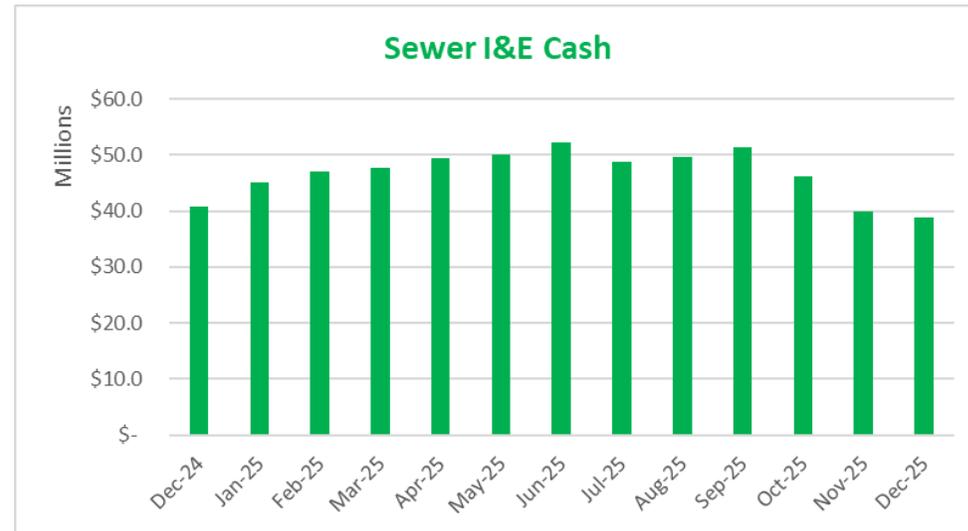
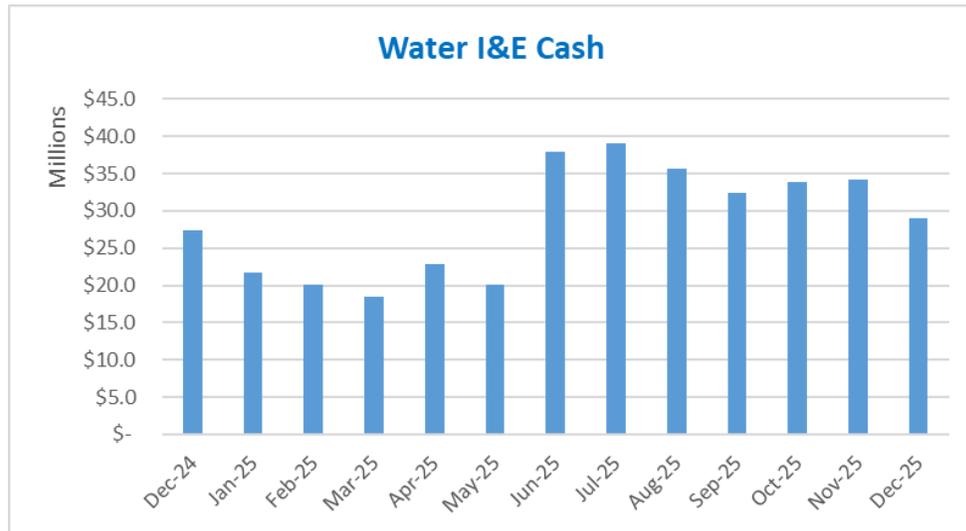
# December 2025 Highlights – Operating Cash

- 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 \$244.1 million (\$89.4 million in the Water Fund and \$154.7 million in the Sewer Fund). This represents an overall decrease of \$5.8 million over the November balance.
- **Water Operating Cash** of \$7.3 million increased by \$1.3 million over the previous month.
- **Sewer Operating Cash** of \$32.7 million increased by \$1.5 million over the previous month.



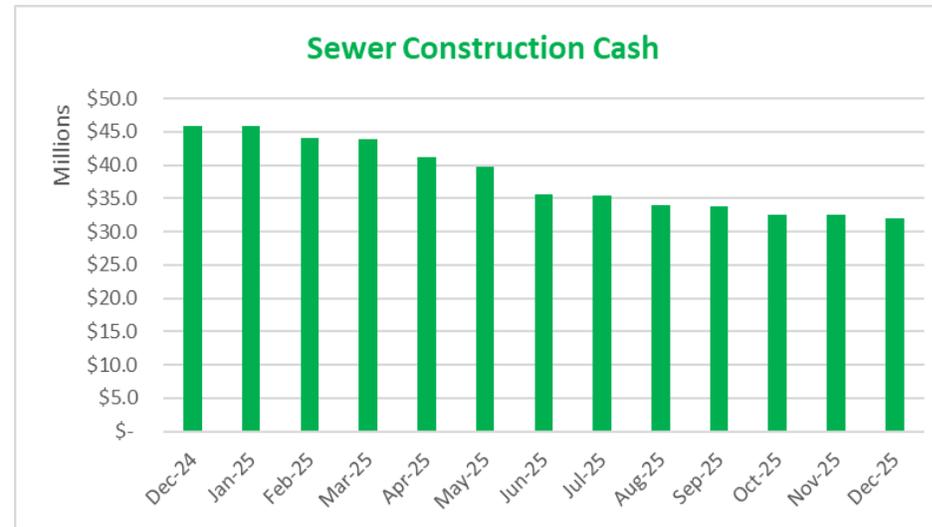
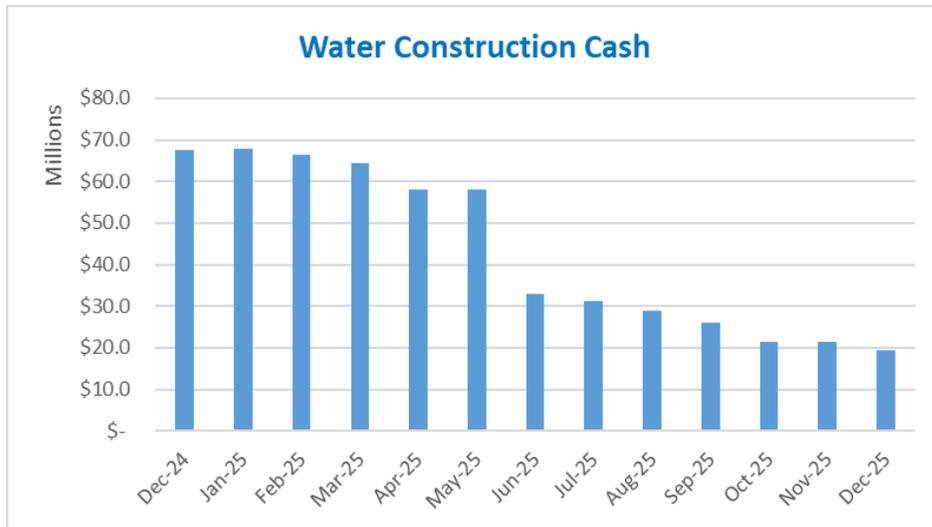
# December 2025 Highlights – Improvement & Extension (I&E) Cash

- DWSD continues to spend down I&E and Construction Cash in support of its Capital Improvement Program.
- Water I&E Cash** amounted to \$29.0 million at the end of December, a decrease of \$5.2 million over November balance.
- Sewer I&E Cash** amounted to \$38.8 million at the end of December, a decrease of \$1.2 million over November balance.
- Decreases in both accounts due to payments for capital projects combined with timing differences for receiving reimbursements for grant and SRF funded projects.



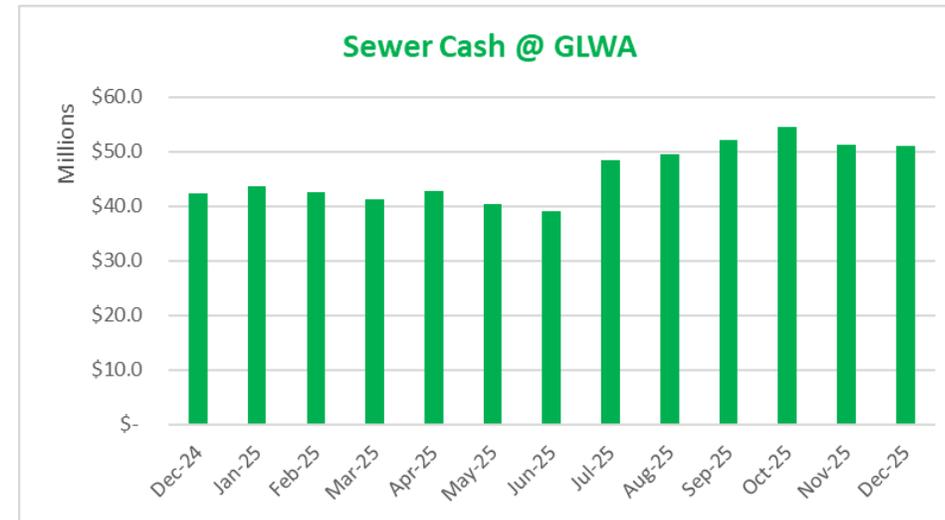
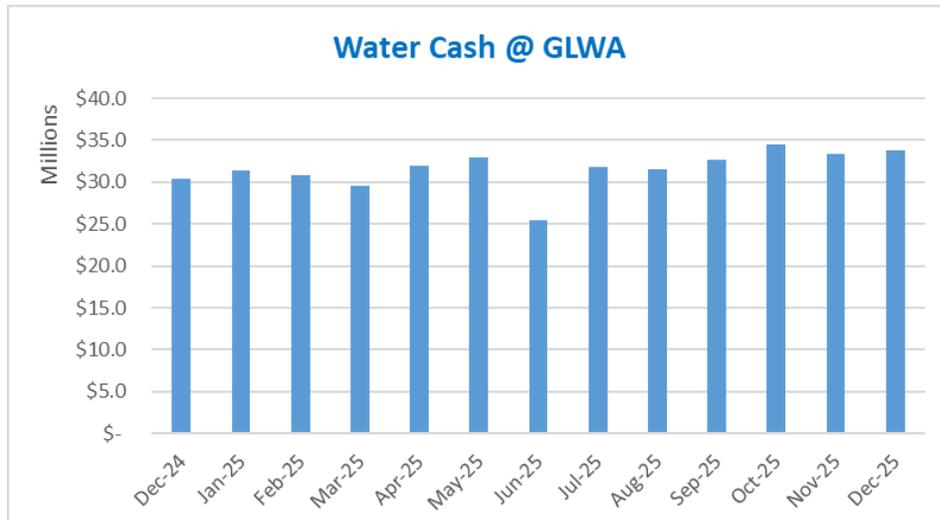
# December 2025 Highlights – Construction Cash

- **Water Construction Cash** amounted to \$19.3 million at the end of December, a decrease of \$2.1 million over November balance.
- **Sewer Construction cash** amounted to \$32.0 million at the end of December, a decrease of \$480,000 over November balance.
- Decreases due to payments made for capital projects.
- As shown in the graph. Water Construction fund cash has been depleting since June of 2025 mainly because of funding of Lead Service Line Replacements using Bond funds for \$30 million.



# December 2025 Highlights – Cash Held in Trust

- **Water Cash @ GLWA** amounted to \$33.8 million at the end of December, an increase of \$0.5 million over November balance.
- Retail Water receipts of \$11.1 million in December exceeded the target collection by \$0.5 million for the month.
- **Sewer Cash @ GLWA** amounted to \$51.2 million at the end of December, with no changes over November balance.
- Retail Sewer receipts of \$26.0 million in December met the target collection for the month.



# Quarterly Summary of Cash by Fund

(Amounts in thousands)

	<u>3/31/2025</u>		<u>6/30/2025</u>		<u>9/30/2025</u>		<u>12/31/2025</u>	
<b>Water Funds</b>								
Operating	\$ 11,621	5.5%	\$ 8,145	4.2%	\$ 7,463	4.1%	\$ 7,294	4.6%
Improvement & Extension	18,494	8.7%	37,884	19.8%	32,388	18.0%	29,049	18.3%
Construction	64,319	30.3%	32,818	17.1%	25,929	14.4%	19,335	12.1%
	<u>94,434</u>	<u>44.6%</u>	<u>78,847</u>	<u>41.1%</u>	<u>65,779</u>	<u>36.5%</u>	<u>55,678</u>	<u>35.0%</u>
<b>Sewer Funds</b>								
Operating	25,912	12.2%	25,122	13.1%	29,181	16.2%	32,681	20.5%
Improvement & Extension	47,698	22.5%	52,161	27.2%	51,406	28.5%	38,802	24.4%
Construction	43,883	20.7%	35,559	18.6%	33,761	18.7%	31,999	20.1%
	<u>117,492</u>	<u>55.4%</u>	<u>112,842</u>	<u>58.9%</u>	<u>114,348</u>	<u>63.5%</u>	<u>103,481</u>	<u>65.0%</u>
<b>Total Cash and Investments</b>	<u>\$ 211,926</u>	<u>100.0%</u>	<u>\$ 191,689</u>	<u>100.0%</u>	<u>\$ 180,127</u>	<u>100.0%</u>	<u>\$ 159,159</u>	<u>100.0%</u>

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

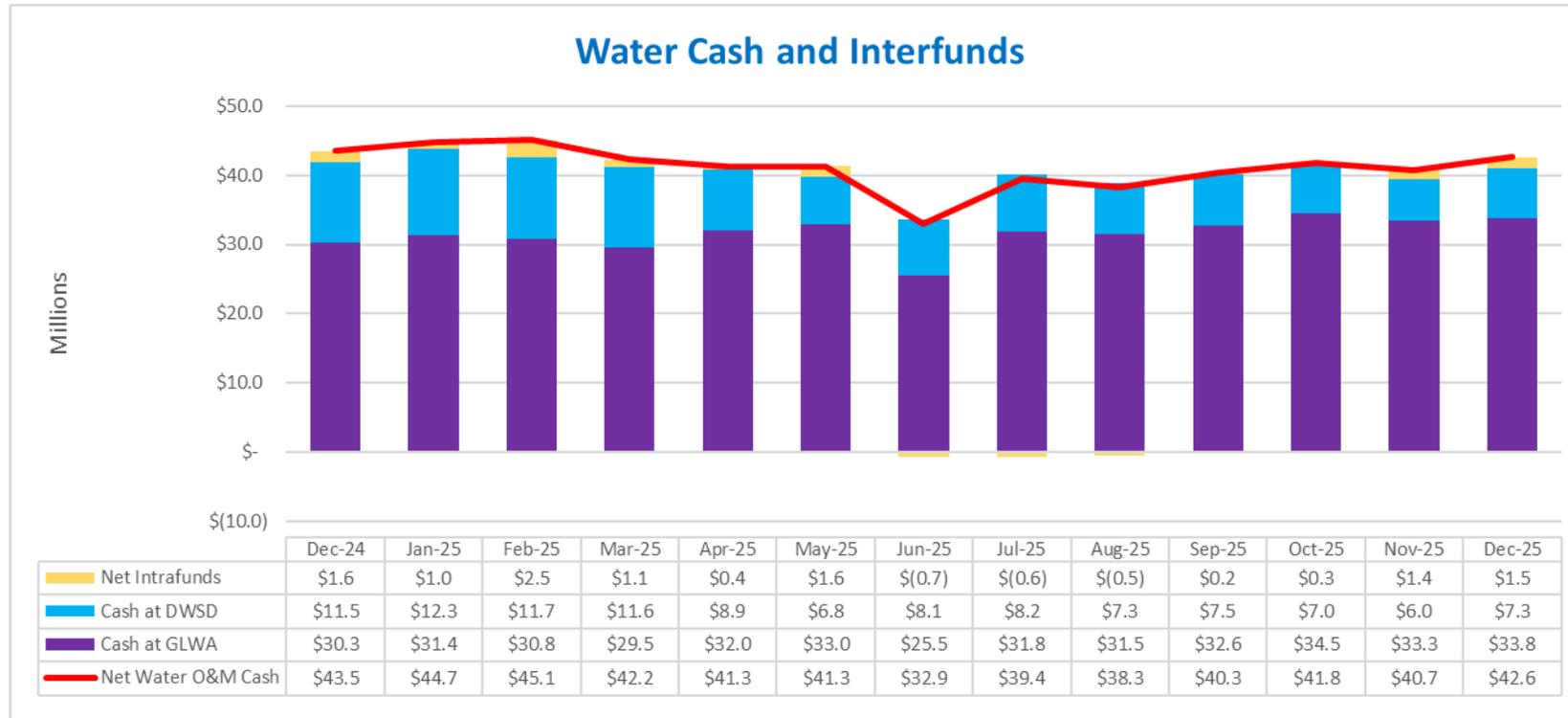
# Quarterly Summary of Cash & Investments by Financial Institution\*

(Amounts in thousands)

	3/31/2025		6/30/2025		9/30/2025		12/31/2025	
<b>SUMMARY BY INSTITUTION</b>								
US Bank	\$ 373	0.2%	\$ 502	0.3%	\$ 1,847	1.0%	\$ 1,233	0.8%
JP Morgan Chase	2,016	0.9%	2,036	1.1%	2,057	1.1%	2,080	1.3%
First Independence	40,762	19.1%	47,205	24.6%	38,885	21.5%	41,028	25.6%
Comerica	21,952	10.3%	23,580	12.3%	27,540	15.3%	30,492	19.0%
GovMIC	148,650	69.5%	118,535	61.8%	110,135	61.0%	85,715	53.4%
<b>Total Cash and Investments</b>	<b>\$ 213,753</b>	<b>100.0%</b>	<b>\$ 191,859</b>	<b>100.0%</b>	<b>\$ 180,464</b>	<b>100.0%</b>	<b>\$ 160,547</b>	<b>100.0%</b>
<b>Water Funds</b>								
Operating	\$ 12,431	5.8%	\$ 8,243	4.3%	\$ 8,862	4.9%	\$ 8,755	5.5%
Improvement & Extension	18,867	8.8%	37,908	19.8%	32,573	18.0%	29,686	18.5%
Construction Series 2020A	64,550	30.2%	32,818	17.1%	26,091	14.5%	19,575	12.2%
	<b>95,848</b>	<b>44.8%</b>	<b>78,969</b>	<b>41.2%</b>	<b>67,526</b>	<b>37.4%</b>	<b>58,016</b>	<b>36.1%</b>
<b>Sewer Funds</b>								
Operating	26,141	12.2%	25,169	13.1%	29,253	16.2%	32,668	20.3%
Improvement & Extension	47,532	22.2%	52,161	27.2%	47,388	26.3%	37,813	23.6%
Construction Series 2013	44,231	20.7%	35,559	18.5%	36,297	20.1%	32,050	20.0%
	<b>117,905</b>	<b>55.2%</b>	<b>112,890</b>	<b>58.8%</b>	<b>112,938</b>	<b>62.6%</b>	<b>102,531</b>	<b>63.9%</b>
<b>Total Cash and Investments</b>	<b>\$ 213,753</b>	<b>100.0%</b>	<b>\$ 191,859</b>	<b>100.0%</b>	<b>\$ 180,464</b>	<b>100.0%</b>	<b>\$ 160,547</b>	<b>100.0%</b>

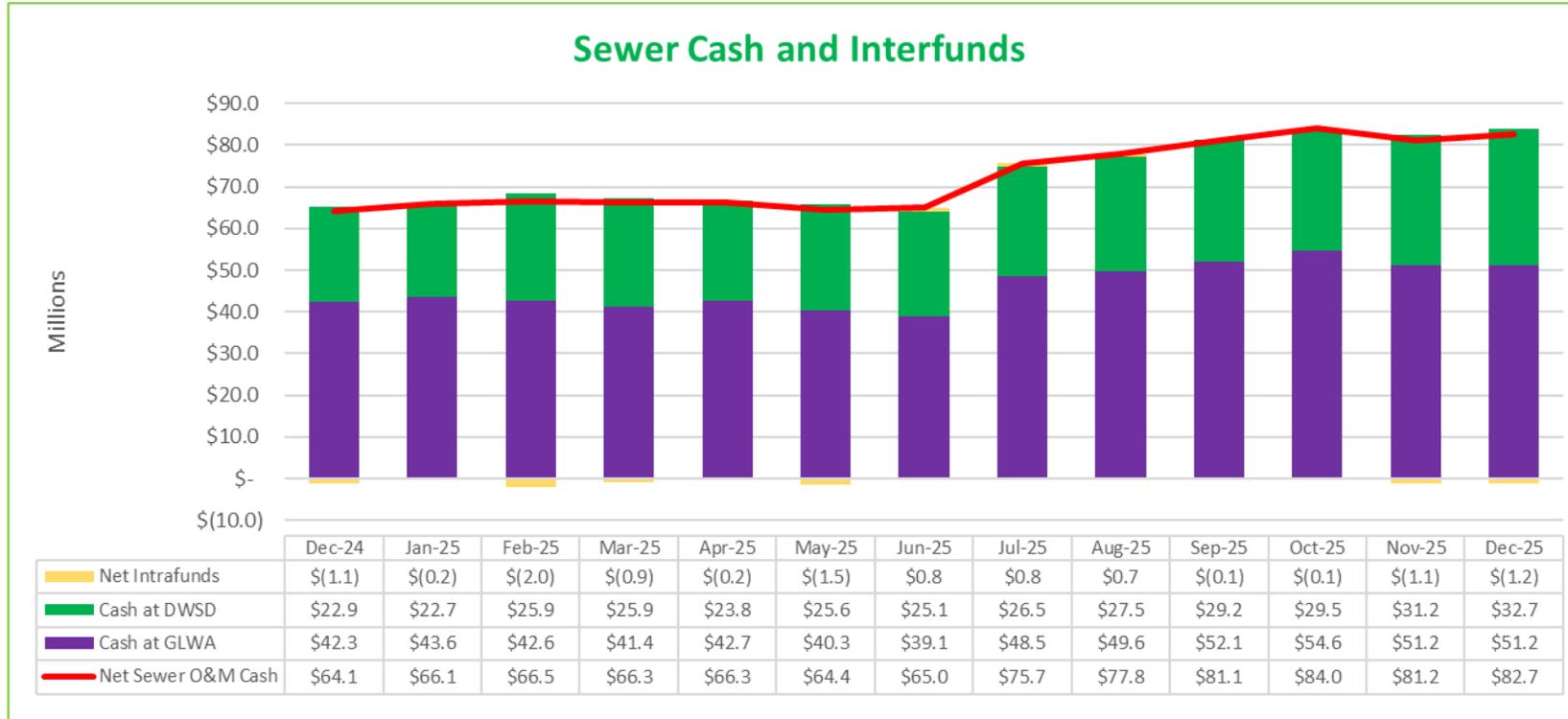
\*Amounts reflect bank balances and differ from trial balance due to timing difference and reconciling items.

# Quarterly Net Operating Cash and Interfund Balances – Water Fund



- *Net Water Operating Cash and Interfund* balances are on a positive trend beginning of Fiscal 2026, reflecting positive financial results.
- *Net Water Operating Cash and Interfund* balances for December amounted to \$42.6 million, representing a decrease of \$900,000 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 of Fiscal 2026, reflecting positive budgetary results.
- *Net Sewer Operating Cash and Interfund* balances for December amounted to \$82.7 million, representing an increase of \$18.6 million over the past year. Increase is mainly due to the tax roll collections and receipts from Wayne Metro.

# December 2025 Highlights - Comparative Accounts Receivable



- December sales were \$39.7 million, a \$1.4 million (3.5%) decrease from November's \$41.1 million.
- Receivables of \$328.3 million for total active accounts decreased by \$13.4 million (3.9%) compared to November receivables of \$341.7 million. Decrease in Receivables is due to Tax Roll transfer of \$16.1 million from regular receivables. This decrease is offset by increase in Tax Roll receivables.
- December's cash collection \$37.4 million increased by \$5.0 million (12.1%) compared to November's cash collection of \$32.4 million.
- December Tax Roll transfer amounted to \$25.8 million, an increase of \$15.6 million from prior month. This was due to addition of 2025 Tax Roll of \$16.1 million.
- Active Residential Accounts Receivable increased by \$2.0 million (0.8%) and the aging increased by 1 day in December.
- Allowance for Doubtful Accounts are 82.2% of the Total Accounts Receivable (including Tax Roll Transfer) balance as of December.

Sales Class	June 30, 2025			November 30, 2025			December 31, 2025		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,952,600	\$ 228,181,542	404	\$ 16,547,493	\$ 237,382,626	430	\$ 16,677,677	\$ 239,347,141	431
Commercial	8,683,254	32,053,891	111	8,635,218	39,006,229	136	7,917,360	29,919,765	113
Industrial	5,399,644	13,600,488	76	6,886,688	21,356,034	93	6,516,721	16,105,637	74
Tax Exempt	766,651	3,196,851	125	4,788,316	23,778,762	149	4,505,422	22,998,537	153
Government	4,856,313	23,664,329	146	4,258,944	20,188,130	142	4,050,999	19,966,540	148
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>\$ 41,116,659</b>	<b>341,711,781</b>	<b>249</b>	<b>\$ 39,668,180</b>	<b>328,337,620</b>	<b>248</b>
Inactive Accounts Receivable		53,084,537			63,603,260			64,029,222	
<b>Total Accounts Receivable</b>		<b>381,751,570</b>			<b>405,315,041</b>			<b>392,366,841</b>	
Allowance for Doubtful Accounts		(310,878,978)			(338,528,772)			(343,893,654)	
<b>Net Accounts Receivable</b>		<b>\$ 70,872,592</b>			<b>\$ 66,786,269</b>			<b>\$ 48,473,187</b>	
Tax Roll Transfer		11,167,067			10,115,459			25,751,905	
<b>Total</b>		<b>\$ 82,039,659</b>			<b>\$ 76,901,728</b>			<b>\$ 74,225,092</b>	

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

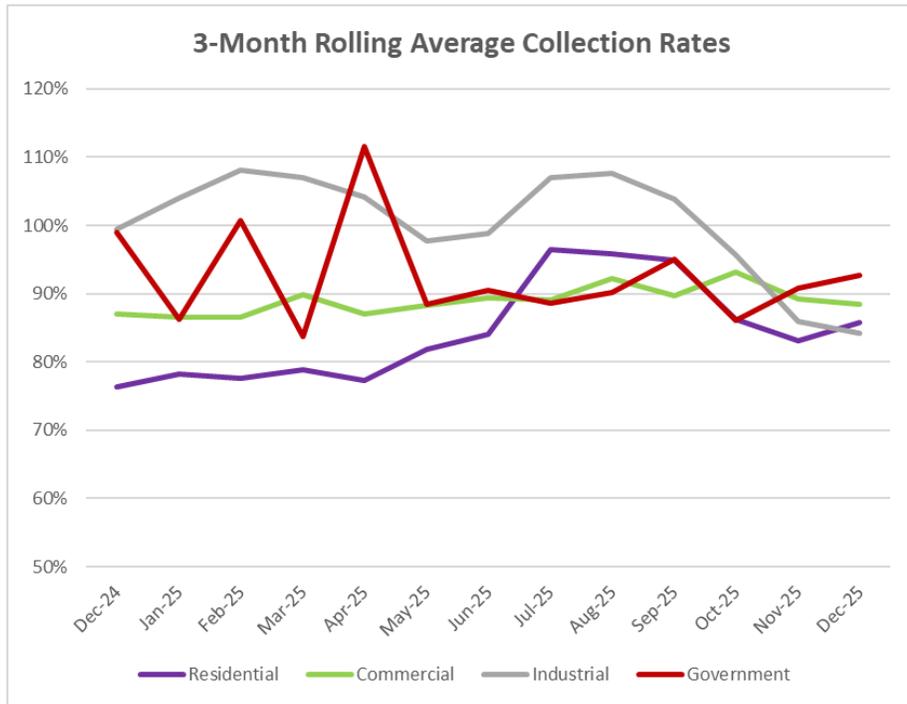
# Quarterly Accounts Receivable Aging

December 31, 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	\$ 14,538,945	\$ 8,577,968	\$ 7,616,116	\$ 20,927,927	\$ 17,806,349	\$ 17,250,811	\$ 152,629,026	\$ 239,347,141
Commercial	6,960,579	2,817,784	1,864,624	4,627,766	3,783,798	2,455,551	7,409,663	29,919,765
Industrial	4,933,658	1,112,468	919,915	2,165,562	1,659,887	1,041,463	4,272,683	16,105,637
Tax Exempt	4,038,935	1,289,682	790,074	1,852,331	1,634,048	1,418,548	11,974,919	22,998,537
Government	3,566,789	1,231,050	1,129,171	1,608,964	1,137,301	(162,253)	11,455,516	19,966,540
<b>Subtotal - Active Accounts</b>	<b>34,038,907</b>	<b>15,028,952</b>	<b>12,319,900</b>	<b>31,182,549</b>	<b>26,021,384</b>	<b>22,004,121</b>	<b>187,741,807</b>	<b>328,337,620</b>
Tax Roll Transfer								25,751,905
Inactive	77,339	150,993	209,847	1,198,587	1,716,314	2,129,884	58,546,258	64,029,222
<b>Total</b>	<b>\$ 34,116,246</b>	<b>\$ 15,179,945</b>	<b>\$ 12,529,746</b>	<b>\$ 32,381,136</b>	<b>\$ 27,737,698</b>	<b>\$ 24,134,004</b>	<b>\$ 246,288,065</b>	<b>\$ 418,118,746</b>
<i>% of Total A/R</i>	<b>8.2%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>7.7%</b>	<b>6.6%</b>	<b>5.8%</b>	<b>58.9%</b>	<b>100.0%</b>

- 58.9% of the **Total Active receivables** balance is over one year past due. Additionally, \$58.5 million (91.4%) of **Inactive** accounts are older than one year. We are starting collection process for inactive accounts via a third-party collection agency. This will start within a few weeks.
- The Total Receivables balance was reduced by an allowance for doubtful accounts of \$343.9 million at the end of December 2025, leaving a net receivable balance of \$48.5 million before including Tax Roll.

# December 2025 Highlights - Collection Rates



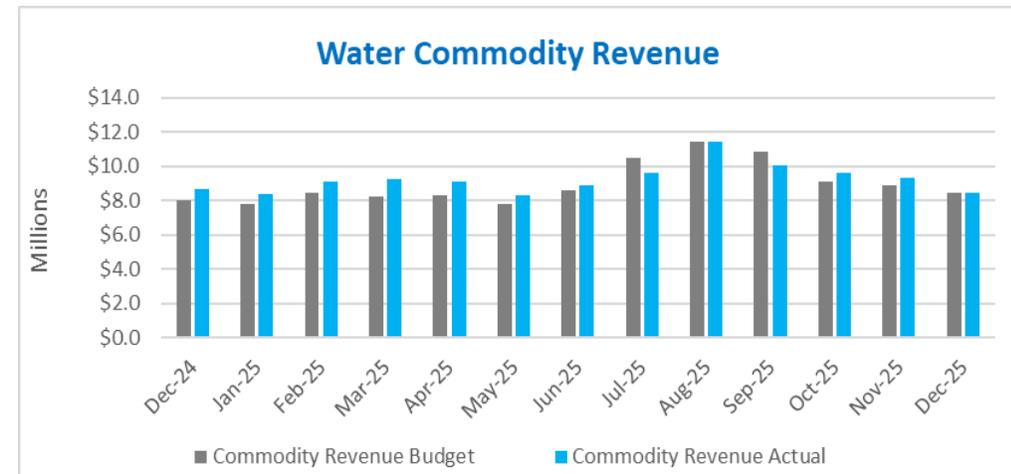
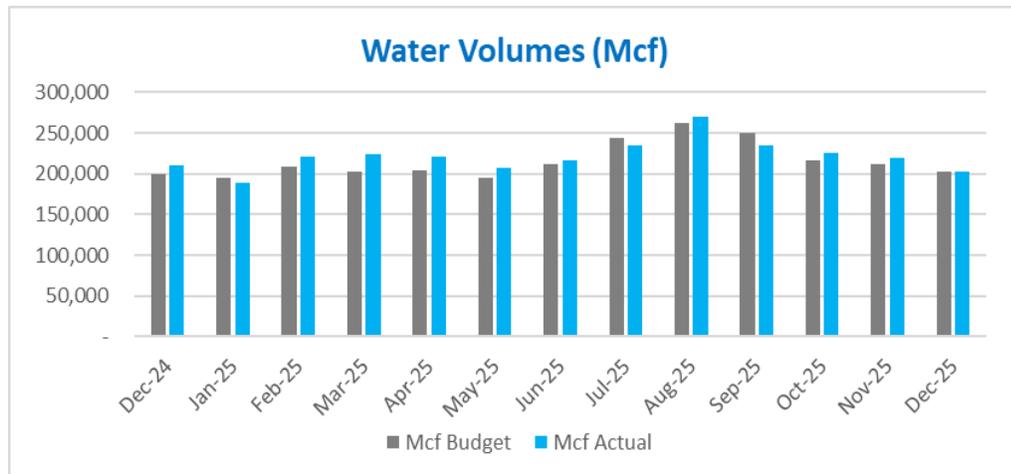
	Oct-25	Nov-25	Dec-25	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	91.6%	76.0%	89.6%	85.8%
Commercial	98.6%	81.9%	84.2%	88.4%
Industrial	100.3%	65.7%	86.5%	84.3%
Tax Exempt	99.0%	89.8%	91.9%	93.6%
Government	94.9%	86.4%	95.5%	92.6%

**December shows increase in collection rates for all customer classes compared to November.**

- **Residential** collection rates for the last three months have averaged at 85.8%. December collections increased to 89.6% compared to 76.0% in November, although 3-month average is still in mid 80%.
- **Commercial and Industrial** - Commercial 3-month rolling averaged at 88.4%, a decrease from November’s 3 month average of 89.2%. Industrial 3-month rolling averaged at 84.3%, a decrease from November’s 3 month average of 86.0%.
- **Government** collection rates for the last three months have averaged at 92.6%. December collections increased to 95.5% compared to 86.4% in November.
- December combined collection rate of 88.8% for all active customer classes was higher than November’s combined collection rate of 78.1%. The 3-month moving average rate for all active customer classes was 87.7% compared to November’s 87%.

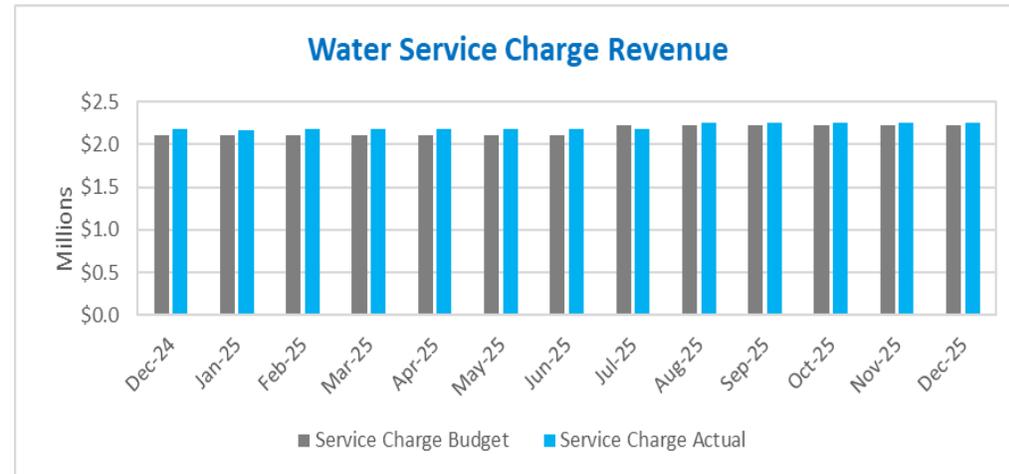
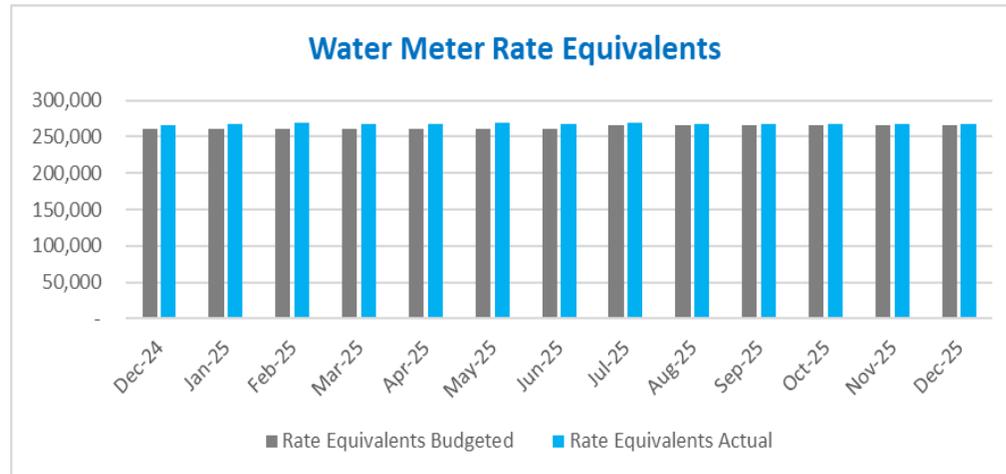
# December 2025 Highlights - Water Commodity Metrics and Revenues

- December actual Volume fell short of the budget for the month by 0.5% and was 7.8% lower than actual November Volume and 4.1% below December 2024 Volume.
- Year-to-date actual Water Volume was 0.2% below seasonally adjusted budget.
- December actual Commodity Revenue exceeded the budget for the month by 0.1% but was 8.9% lower than actual November Revenue and was 2.4% below December 2024 Revenue.
- Year-to-date actual Commodity Revenue was 1.3% below seasonally adjusted budget.



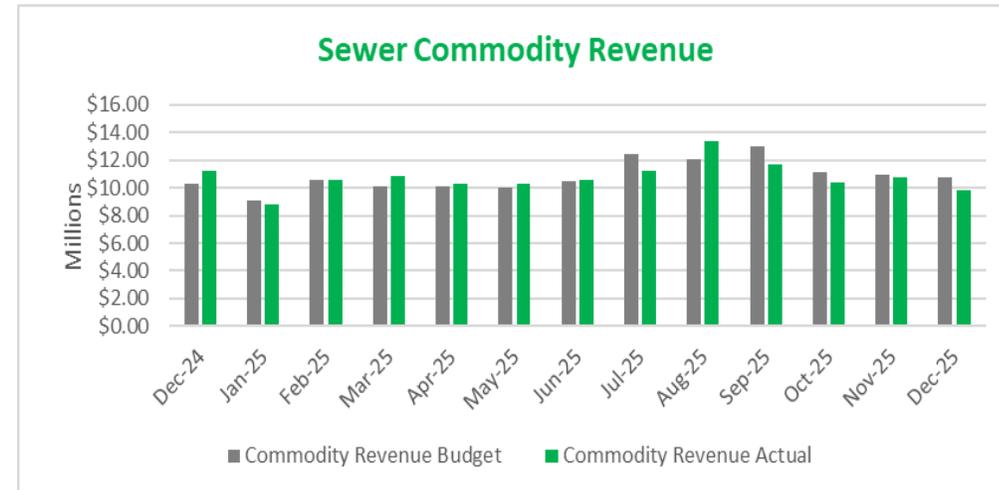
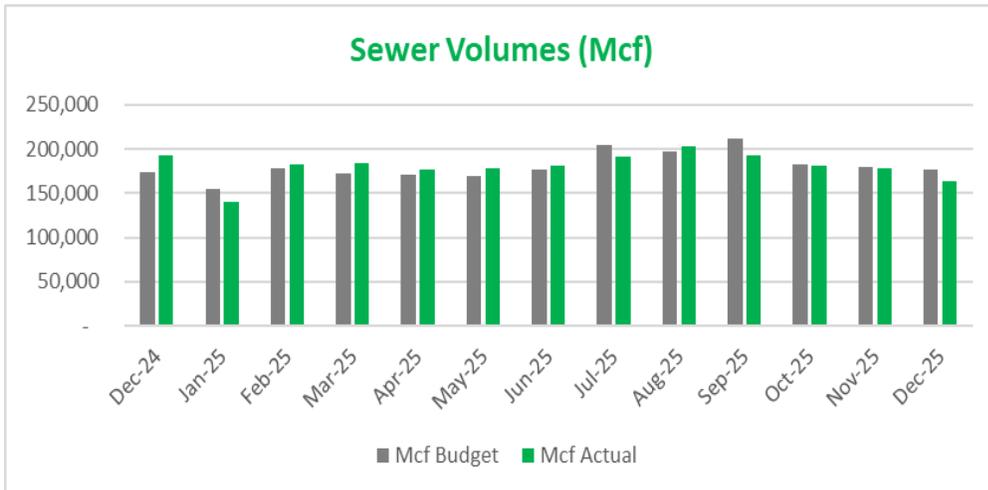
# December 2025 Highlights - Water Service Charge Metrics and Revenues

- December actual Meter Equivalents exceeded the budget for the month by 0.5% and was steady with November Equivalents and was 0.5% above December 2024 Equivalents.
- Year-to-date actual Water Meter Equivalents exceeded budget by 0.6%.
- December actual Water Service Charge Revenue exceeded the budget for the month by 1.0% and was steady with actual November Revenue and was 3.1% above December 2024 Revenue.
- Year-to-date actual Water Service Charge Revenue exceeded the budget by 0.5%.



# December 2025 Highlights - Sewer Commodity Metrics and Revenues

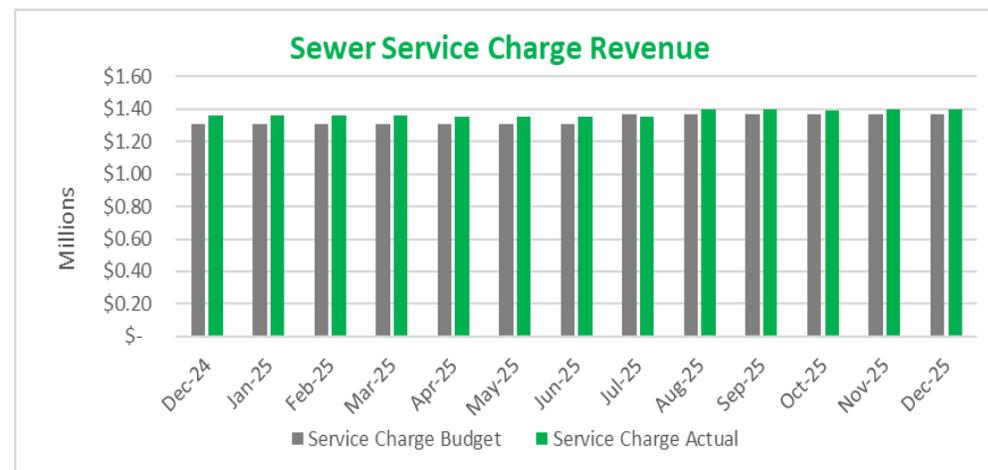
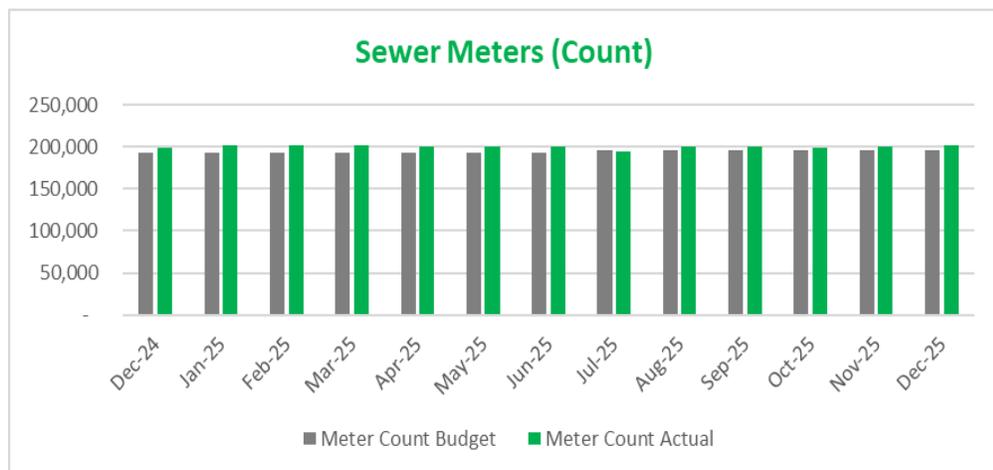
- December actual Volume fell short of the budget for the month by 7.5% and 8.3% lower than actual November Volume and was 15.5% lower than December 2024 Volume.
- Year-to-date actual Sewer Volume was 3.6% below seasonally adjusted budget.
- December actual Commodity Revenue fell short of the budget for the month by 8.7% and was 8.5% lower than actual November Revenue and was 12.4% lower than December 2024 Revenue.
- Year-to-date actual Commodity Revenue was 4.4% below seasonally adjusted budget.





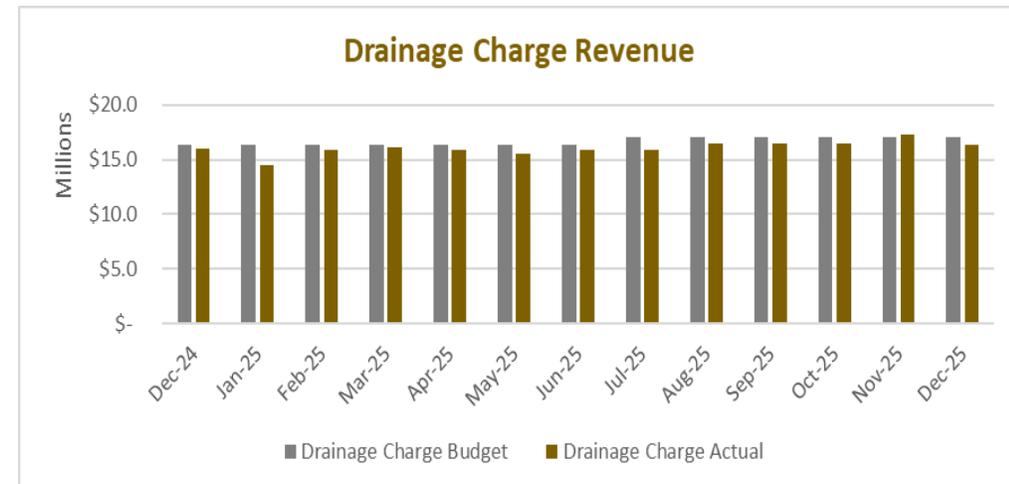
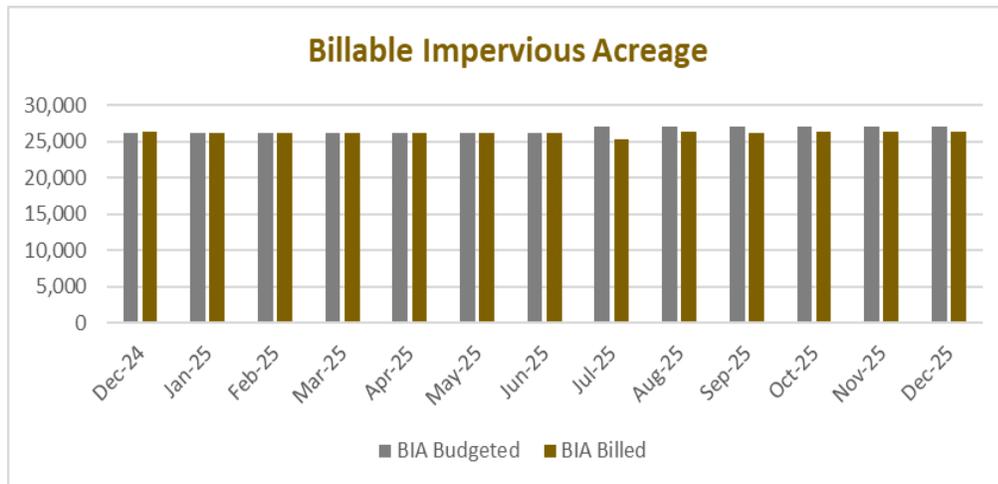
# December 2025 Highlights - Sewer Service Charge Metrics and Revenues

- December actual Sewer Meter Counts exceeded the budget for the month by 3.4% and were 1.2% above actual November Counts and were 1.3% above December 2024 Counts.
- Year-to-date actual Sewer Meter Counts exceeded budget by 1.9%.
- December actual Sewer Service Charge Revenue exceeded the budget for the month by 2.3% and was 0.1% above actual November Revenue and was 2.7% over December 2024 Revenue.
- Year-to-date actual Sewer Service Charge Revenue exceeded budget by 1.8%.



# December 2025 Highlights - Drainage Charge Metrics and Revenues

- December actual Billable Impervious Acreage (BIA) fell short of the budget for the month by 2.7% but was steady with November actual BIA and was 0.5% below December 2024 actual BIA.
- Year-to-date actual BIA was 3.3% below budget.
- December actual Drainage Revenue fell short of the budget for the month by 4.2% and was 5.5% lower than actual November Revenue but, was 2.4% above December 2024 actual Revenue.
- Year-to-date actual Drainage Charge Revenue was 3.5% below budget.



# Quarterly EasyPay Plan Status

	March 31, 2025	June 30, 2025	Sep 30,2025	December 31, 2025
Total number of participants since Inception	<u>24,645</u>	<u>29,798</u>	<u>38,177</u>	<u>43,838</u>
Total participants who broke payment plan	9,950	11,893	12,099	15,577
Total participants who paid off balances in full	2,723	3,117	3,263	3,617
Total participants who stayed enrolled	11,972	14,435	22,397	24,162
Total Participants canceled and renegotiated		353	418	582
Total collections (arrears + Current bill)	\$ 20,748,514	\$ 33,015,585	\$ 44,686,828	\$ 57,436,449
Total collected towards arrears	\$ 5,248,381	\$ 7,878,777	\$ 11,778,253	\$ 16,133,422

- The program has grown steadily and now stands at almost 44,000 participants as of December 31, 2025.
- As of December, collections were \$57.4 million both in arrears and current bill dues.
- Of this, \$16.1 million was collected towards arrears as of December 31, 2025.

# Water and Sewer Operating Revenue – 2<sup>nd</sup> Quarter Budget vs Actual

For the Six Month Ended December 31, 2025				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Water Operating Revenue</b>				
Commodity sales	\$ 55,549	\$ 58,850	\$ 3,301	5.9%
Service charges	\$ 13,375	\$ 13,535	\$ 159	1.2%
Private firelines	\$ 1,146	\$ 1,030	\$ (116)	-10.1%
Shared Services	\$ 589	\$ 442	\$ (147)	-25.0%
Other GLWA reimbursement	\$ 1,365	\$ 858	\$ (507)	-37.1%
Penalties and fees	\$ 2,562	\$ 2,374	\$ (188)	-7.3%
<b>Total Operating Revenue</b>	<b>\$ 74,586</b>	<b>\$ 77,088</b>	<b>\$ 2,502</b>	<b>3.4%</b>

For the Six Month Ended December 31, 2025				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Sewer Operating Revenue</b>				
Commodity sales	\$ 66,755	\$ 67,709	\$ 954	1.4%
Service charges	\$ 8,192	\$ 8,284	\$ 92	1.1%
Drainage charges	\$ 102,686	\$ 99,085	\$ (3,601)	-3.5%
Industrial waste charges	\$ 800	\$ 832	\$ 32	4.0%
Shared Services	\$ 661	\$ 496	\$ (165)	-25.0%
Other GLWA reimbursement	\$ 2,816	\$ 1,676	\$ (1,140)	-40.5%
Penalties and fees	\$ 4,160	\$ 3,889	\$ (271)	-6.5%
<b>Total Operating Revenue</b>	<b>\$ 186,071</b>	<b>\$ 181,972</b>	<b>\$ (4,099)</b>	<b>-2.2%</b>

- Year-to-date fiscal 2026 *Commodity Revenues* were \$3.3 million (5.9%) over budget on a straight-line basis. On a seasonally adjusted basis, the variance is 0.2% below budget (see slide 13)
- Fiscal 2026 year-to-date *Sewer Commodity Revenues* were over budget by \$954,000 (1.4%).
- Drainage Charge Revenue* fell short of budget estimates by \$3.6 million (3.5%). A contributing factor to this variance from the budget is increasing credits (such as residential and green credits).
- Other GLWA reimbursement* fell short of budget due to B&C notes calculations. (The budget accounts for Interest + Principal, however the actuals only reflects Interest).

# Operating Expense By Appropriation – 2<sup>nd</sup> Quarter Budget vs Actual

For the Six Month Ended December 31, 2025				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Combined Departmental Expense</b>				
Administration	\$ 875	\$ 976	\$ (101)	-11.5%
Operations	\$ 29,633	\$ 23,395	\$ 6,238	21.1%
Compliance	\$ 14,052	\$ 11,084	\$ 2,968	21.1%
Finance	\$ 7,888	\$ 5,852	\$ 2,036	25.8%
Customer Service	\$ 3,702	\$ 3,321	\$ 382	10.3%
<b>Total Departmental</b>	<b>\$ 56,150</b>	<b>\$ 44,627</b>	<b>\$ 11,523</b>	<b>20.5%</b>

- **Budget Variances in Operations, Compliance and Finance** are mainly due to vacancies and the timing of implementing and completing certain projects.
- These variances are expected to even out as the year progresses.

For the Six Month Ended December 31, 2025				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Combined Nondepartmental Expense</b>				
Wholesale charges	\$ 122,677	\$ 123,506	\$ (829)	-0.7%
Legacy pension expense	\$ 2,200	\$ 2,200	\$ -	0.0%
Retail Assistance Program	\$ 1,987	\$ 1,186	\$ 800	40.3%
Bad debt expense	\$ 33,932	\$ 33,835	\$ 96	0.3%
<b>Total Nondepartmental</b>	<b>\$ 160,794</b>	<b>\$ 160,727</b>	<b>\$ 68</b>	<b>0.0%</b>

# Operating Expense By Object – 2<sup>nd</sup> Quarter Budget vs Actual

For the Six Month Ended December 31, 2025				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Combined Operating Expense</b>				
Salaries and Wages	\$ 22,524	\$ 19,623	\$ 2,901	12.9%
Employee Benefits	\$ 9,367	\$ 8,222	\$ 1,145	12.2%
Contractual Services	\$ 11,877	\$ 7,095	\$ 4,782	40.3%
Supplies	\$ 6,907	\$ 5,305	\$ 1,602	23.2%
Wholesale Charges	\$ 122,677	\$ 123,506	\$ (829)	-0.7%
Shared Services	\$ 1,187	\$ 953	\$ 234	19.7%
Utilities	\$ 1,873	\$ 1,205	\$ 668	35.7%
Other Operating	\$ 6,599	\$ 5,611	\$ 988	15.0%
Bad Debt Expense	\$ 33,932	\$ 33,835	\$ 96	0.3%
<b>Total Operating</b>	<b>\$ 216,942</b>	<b>\$ 205,354</b>	<b>\$ 11,587</b>	<b>5.3%</b>

- **Salaries and Wages** were 22.5% under budget for the year due to 70 vacancies across multiple cost centers.
- **Employee Benefits** were 19.4% under budget due to vacancies across multiple cost centers.
- **Contractual Services** and **Supplies** variances are due to timing of implementing and completing certain projects.
- These variances are expected to even out as the year progresses.

# THANK YOU!

## **Detroit Water & Sewerage Department**

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