



Financial Review

July and August 2024

BOWC Finance Committee

November 6, 2024

July and August 2024 Highlights

Year-End Audit Status

- Plante & Moran, DWSD's external auditor, is in the process of completing field work for the FY 2024 Financial Statements audit.
- Currently waiting on certain Employee Benefits entries from the City to complete the final close of books and completion of the audit.

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

- Pending posting of certain closing entries, the Budget vs Actual report for revenues and expenses for the 4th quarter and year ended June 30, 2024 will be presented after all the closing entries are posted.

Cash and Investments

- DWSD continues to maintain adequate cash reserves to support its operating and capital programs. Combined Cash and Investments balance of \$281.5 million at August end and reflects a decrease of \$4.9 million over July balance and an increase of \$3.9 million over June balance.

Sales and Receivables

- August sales of \$41.4 million exceeded July sales of \$40.4 million and June sales of \$39.0 million.
- August Water receipts of \$11.2 million fell short of July receipts of \$13.3 million but exceeded June receipts of \$9.1 million.
- August Sewer receipts of \$22.6 million fell short of July receipts of \$36.3 million but exceeded June receipts of \$20.8 million.
- Receivables for all active accounts increased by \$3.7 million (1.3%) over July receivables whereas days in receivables decreased by 2 days to 214 days compared to July and 6 days compared to June for all active customer classes.

July and August 2024 Highlights – continued



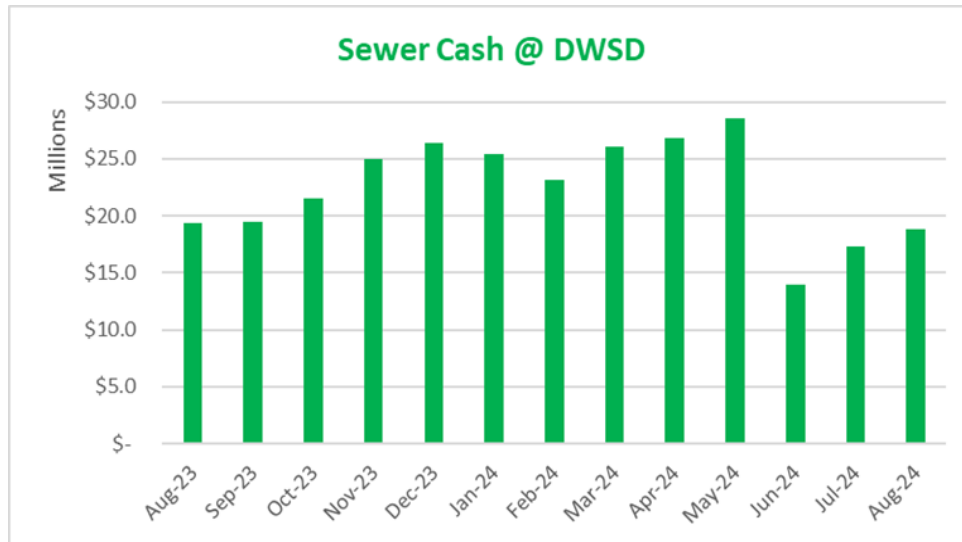
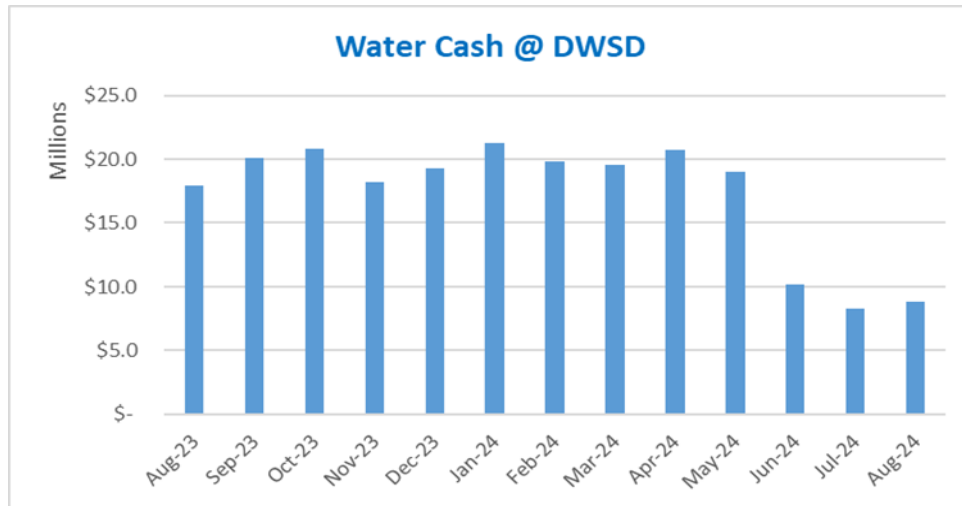
Sales and Receivables (continued)

- Active residential receivables increased by \$2.7 million (1.4%) over July receivables. Days in receivables for active residential accounts decreased by 2 days to 347 days compared to July and decreased by 10 days compared to June.
- August's combined collection rate of 85.1% for all active customer classes fell short of July collection rate of 95.9% but exceeded June's combined collection rate of 79.9%. The 3-month moving average collection rate stood at 87.0%. In July the rate is higher due to collection of \$12.4 million from Tax Roll.

Volume and Revenue Metrics

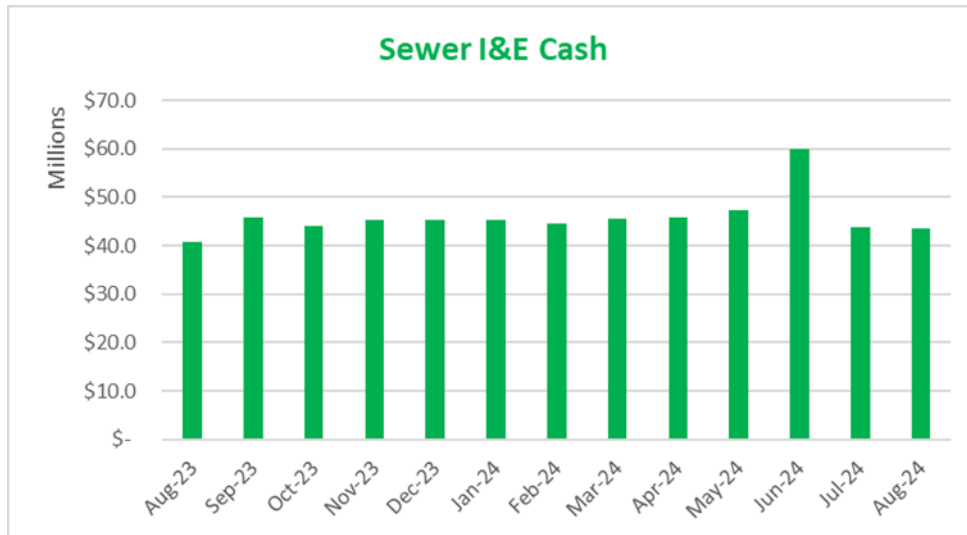
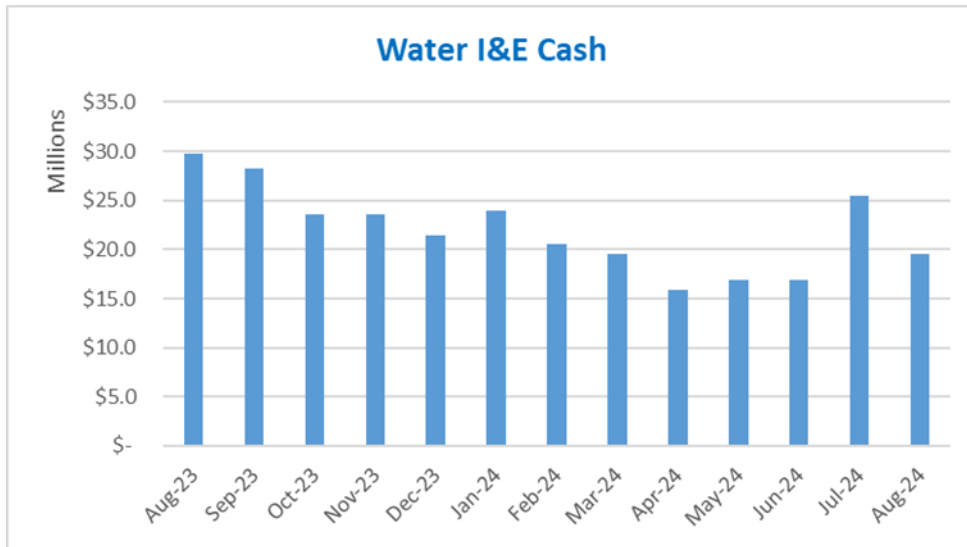
- July Water Volume and Revenue fell short of budgeted levels by 4.2% and 2.5%, respectively. August Water Volume and Revenue fell short of the budgeted levels by 8.8% and 10.5%, respectively.
- July Water Meter Equivalents and Service Charges exceeded budgeted levels by 3.5% and 0.8%, respectively. August Water Meter Equivalents and Service Charges exceeded budgeted levels by 3.3% and 4.0%, respectively.
- July Sewer Volume and Revenue fell short of budgeted levels by 19.3% and 14.9%, respectively. August Sewer Volume and Revenue fell short of budgeted levels by 0.2% and 2.7%, respectively.
- July Sewer Meter Counts and Service Charges exceeded budgeted levels by 4.9% and 0.7%, respectively. August Sewer Meter Counts and Service Charges exceeded budgeted levels by 4.8% and 4.9%, respectively.
- Billed impervious acreage fell short of the July budget by 0.3% and August budget by 1.1%. Drainage Charges exceeded budgeted levels by 0.7% in July and 2.1% in August.

Operating Cash



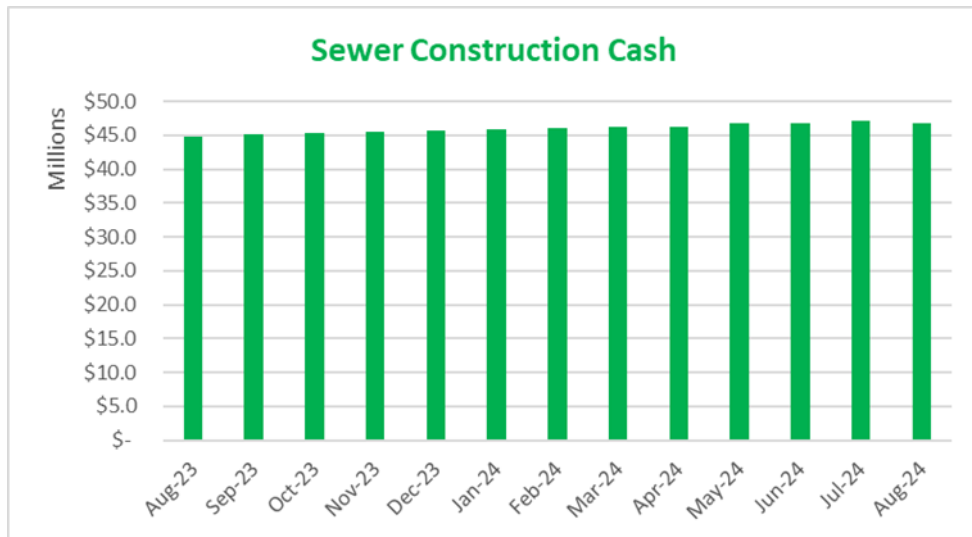
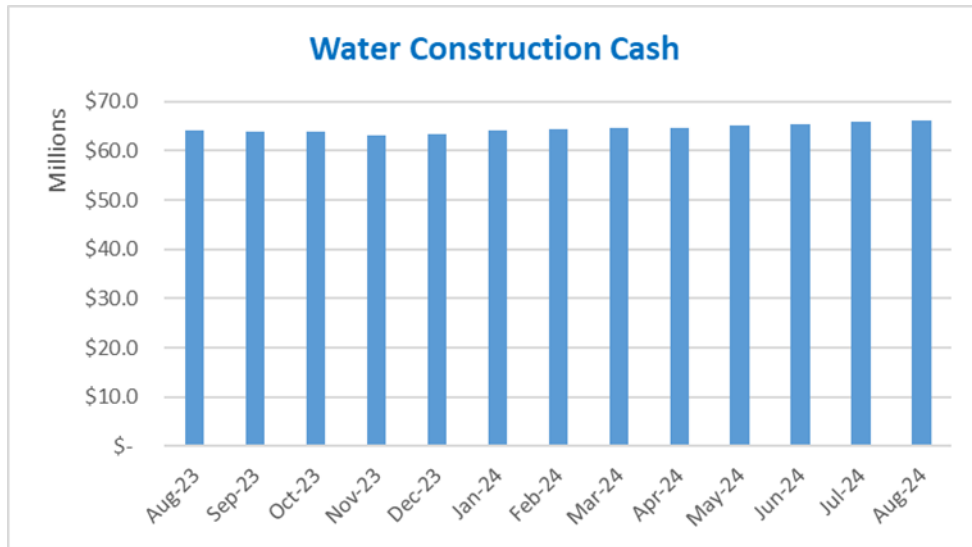
- The *Operating Cash @ DWSD* account had \$8.8 million on deposit at the end of August 2024 representing an increase of \$580,000 from July.
- *Operating Cash* account had \$10.2 million on deposit at the end of June 2024 representing a decrease of \$8.8 million from May balance mainly due to payments made in June for Supply chain module for \$6 million and \$1.3 million for employee benefits.
- *The Operating Cash @ DWSD* amounted to \$18.8 million at the end of August 2024 representing an increase of \$1.5 million from July.
- *Operating Cash* amounted to \$14.0 million at the end of June 2024 representing a decrease of \$14.6 million from May balance mainly due to repayment of Loan to the Sewer I&E Fund of \$10.2, Inter-fund settlement for \$1.0 million and employee benefits for \$1.4 million. Also, payment was made for \$2.0 million for Shared Services to GLWA.

Improvement and Extension Fund (I&E) Cash



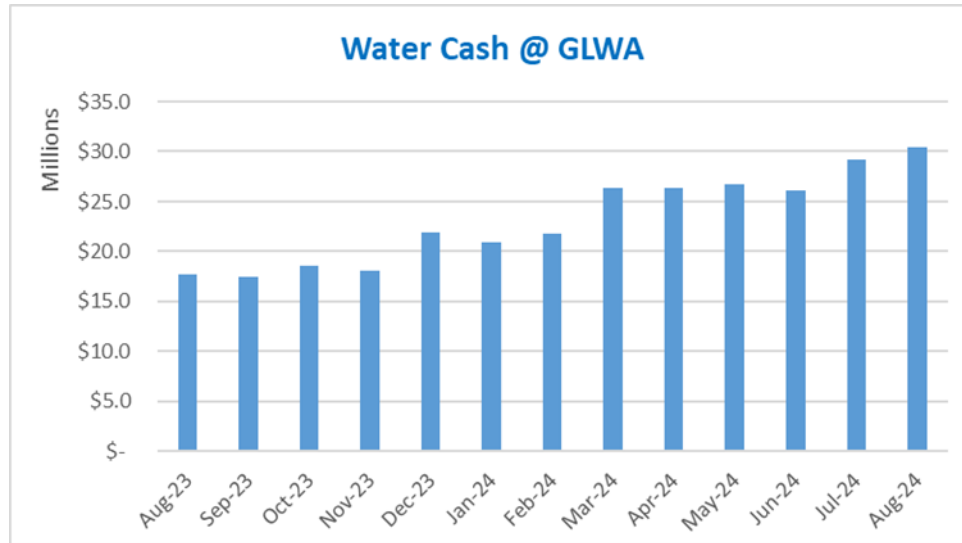
- A balance of \$19.5 million was on deposit in the *Water I&E Cash* account at the end of August 2024, representing a decrease of \$6.0 million from July. Decrease is mainly attributed to LSLR (Lead Service Line Replacement) project payments.
- In July the I&E balance went up by \$8.6 million compared to June balance due to reimbursements received for Grant Projects.
- At the end of August 2024, \$43.6 million was on deposit in the *Sewer I&E Cash* account representing a decrease of \$176,000 over July balance.
- The higher balance in June is attributed to Shortfall Loans payment transfer from Sewer O&M for \$10.2 million and \$2 million received in reimbursements for Evergreen/Farmington project.

Construction Cash

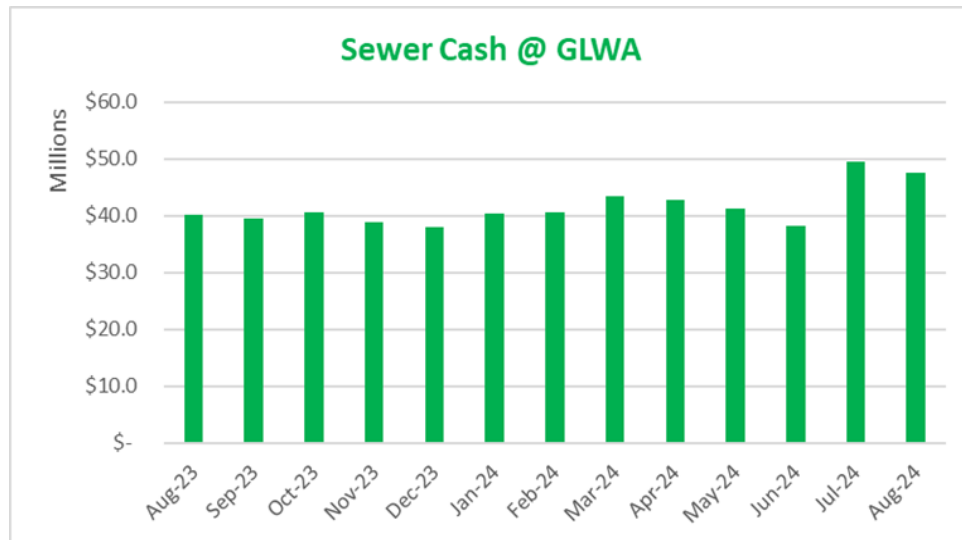


- There was an increase of \$251,000 in the *Water Construction Cash* account during the month bringing the ending balance to \$66.1 million. Increase is attributed to Interest revenue.
- At the end of August 2024, \$46.8 million was on deposit in the *Sewer Construction Cash* account. The balance decreased by \$251,000 from July.

Trust Account Cash



- Cash @ GLWA amounted to \$30.4 million at the end of August 2024. (The balance includes \$2.0 million Budget Stabilization funds). The balance increased by \$1.2 million from July.
- August Water retail receipts of \$11.2 million fell short of July receipts of \$13.3 million but exceeded June receipts of \$9.1 million. In July, there was a collection of \$1.2 million from Tax Roll.



- Cash @ GLWA amounted to \$47.5 million at the end of August 2024. (The balance includes \$5.5 million Budget Stabilization funds). The balance decreased by \$2.1 million from July.
- August Sewer retail receipts of \$22.6 million fell short of July receipts of \$36.3 million but exceeded June receipts of \$20.8 million. In July, there was a collection of \$11.2 million from Tax Roll.

Comparative Accounts Receivable

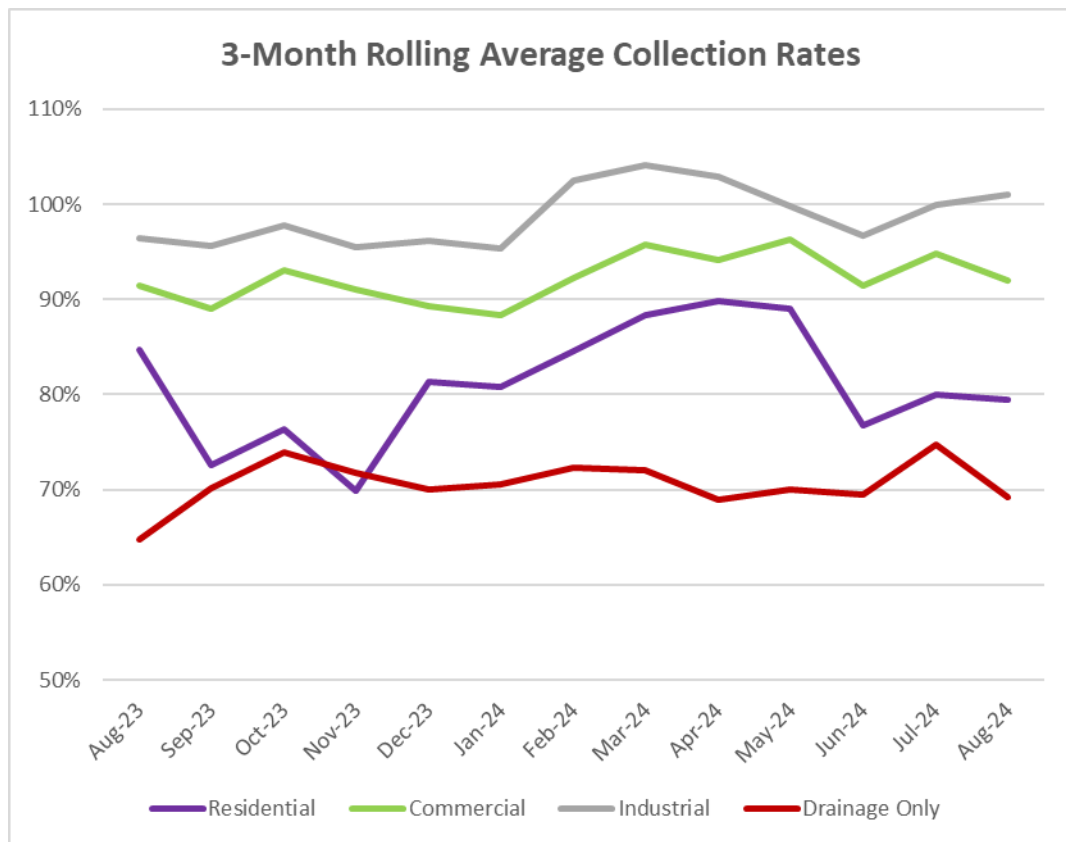


Sales Class	June 30, 2024			July 31, 2024			August 31, 2024		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,323,530	\$ 194,421,286	357	\$ 16,452,819	\$ 196,700,635	359	\$ 17,265,764	\$ 199,420,240	347
Commercial	8,418,084	28,005,835	100	9,209,379	28,985,761	94	9,546,928	29,157,138	92
Industrial	5,410,839	13,952,124	77	5,098,364	13,753,216	81	5,457,902	14,034,439	77
Tax Exempt	714,440	2,738,594	115	761,747	2,864,743	113	754,519	2,923,021	116
Government	4,639,256	19,324,545	125	5,348,018	19,754,147	111	4,898,999	19,432,715	119
Drainage Only	3,522,661	28,647,608	244	3,561,623	29,132,016	245	3,471,056	29,918,053	259
Total Active Accounts	\$ 39,028,810	287,089,991	221	\$ 40,431,950	291,190,518	216	\$ 41,395,169	294,885,606	214
Inactive Accounts Receivable		37,776,601			39,777,394			40,689,742	
Total Accounts Receivable		324,866,592			330,967,913			335,575,347	
Allowance for Doubtful Accounts		(266,429,582)			(271,397,114)			(276,331,539)	
Net Accounts Receivable		\$ 58,437,010			\$ 59,570,799			\$ 59,243,808	

- August sales of \$41.4 million exceeded July sales of \$40.4 million by \$1 million and July sales exceeded June sales of \$39.0 million by \$1.4 million.
- Active accounts receivables for all customer classes increased by \$3.7 million (1.3%) over July receivables.
- Active residential receivables at August end represents an increase of \$2.7million (1.4%) over July receivables. Active residential receivable make up 67.6 % of total active receivables..
- Approximately \$139.9 million (47.4%) of total active receivables are outstanding for more than a year. Residential accounts make up \$98.4 million or 70% of the \$139.9 million.
- DWSD continues to monitor allowance for doubtful accounts. The net carrying value of receivables of \$59.2 million represents approximately 17.6% of total receivables August end. Allowance stands at approximately 82.4% of total receivables.



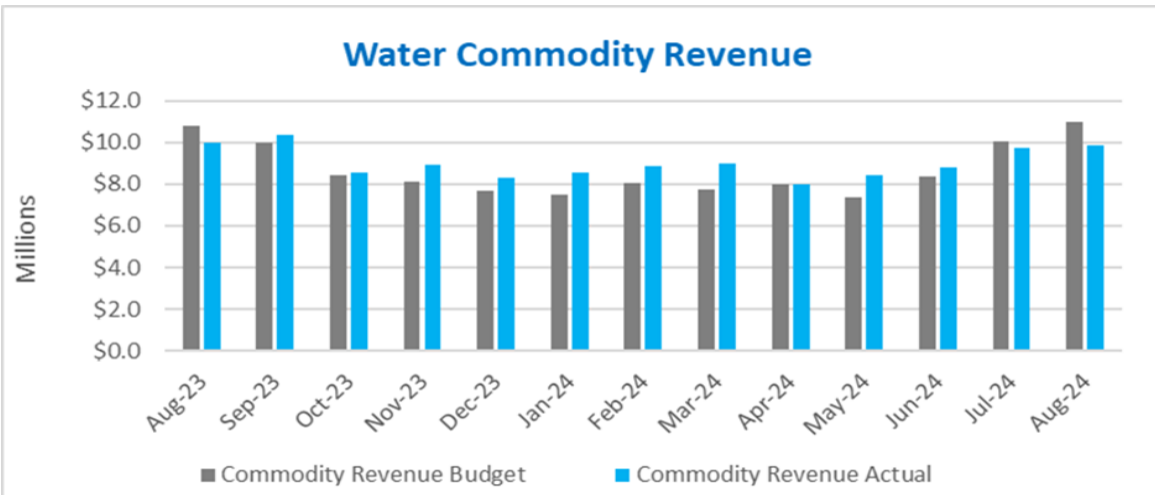
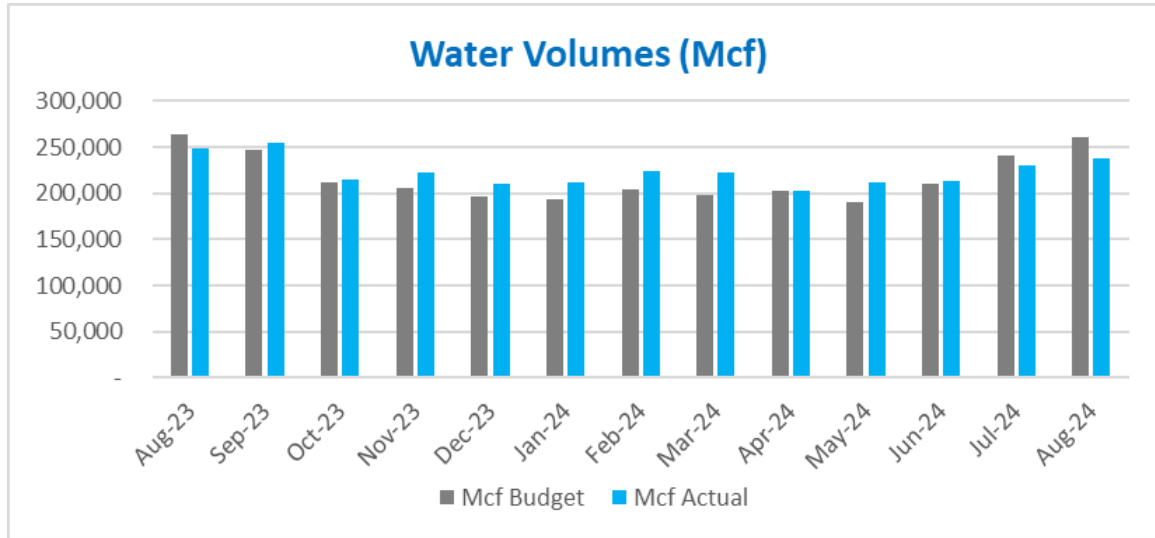
Collection Rates and 3 - Month Moving Average



	Jun-24	Jul-24	Aug-24	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	73.6%	86.6%	78.3%	79.5%
Commercial	82.3%	101.7%	91.8%	91.9%
Industrial	92.3%	106.5%	104.1%	101.0%
Tax Exempt	81.8%	89.7%	79.3%	83.5%
Government	91.0%	118.8%	95.5%	101.6%
Drainage Only	70.5%	79.9%	57.4%	69.2%

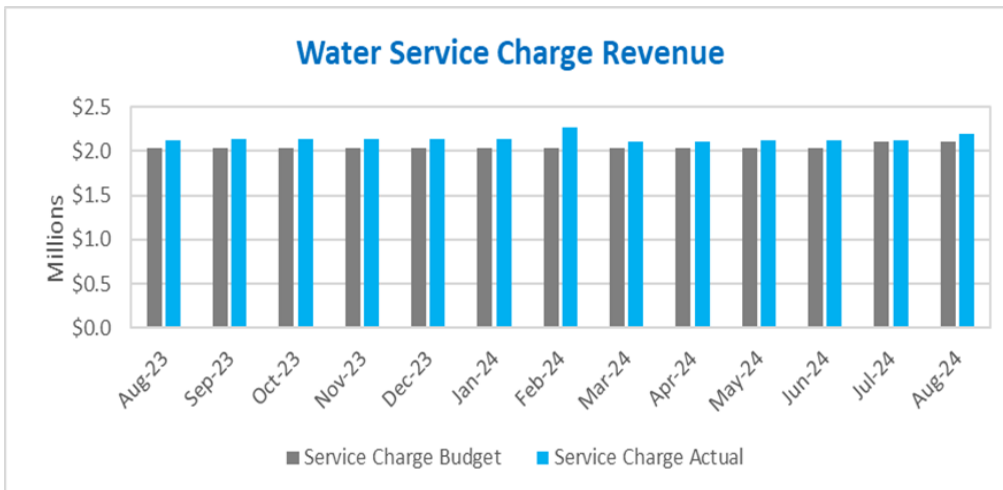
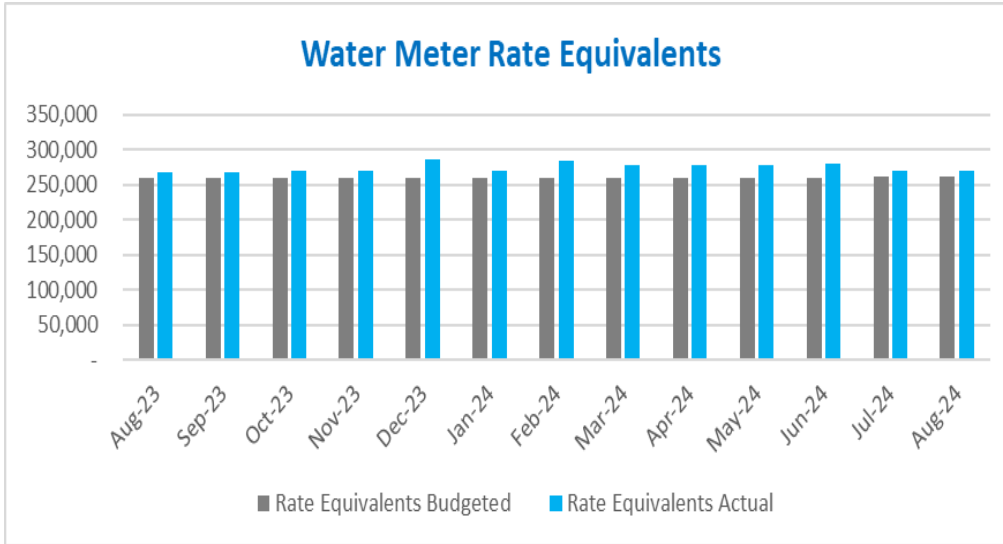
- **Residential** collection rates have generally remained in the low to mid seventies percentage. The exception being July when collection rate spiked due to higher collection.
- **Commercial and Industrial** collection rates have remained steady when compared to prior months. However, July and August collections have been strong for these two customer classes due to receipt of tax roll funds.
- **Drainage Only** collections dropped to 57.4% in August and continues to be a concern. July collection shows a spike in collection percentage due to receipt of Tax Roll dollars. Collection expectation is low to mid ninety percentage for this customer class.
- \$12.4 million was collected in July through the Tax Roll.

Water Commodity Metrics and Revenue



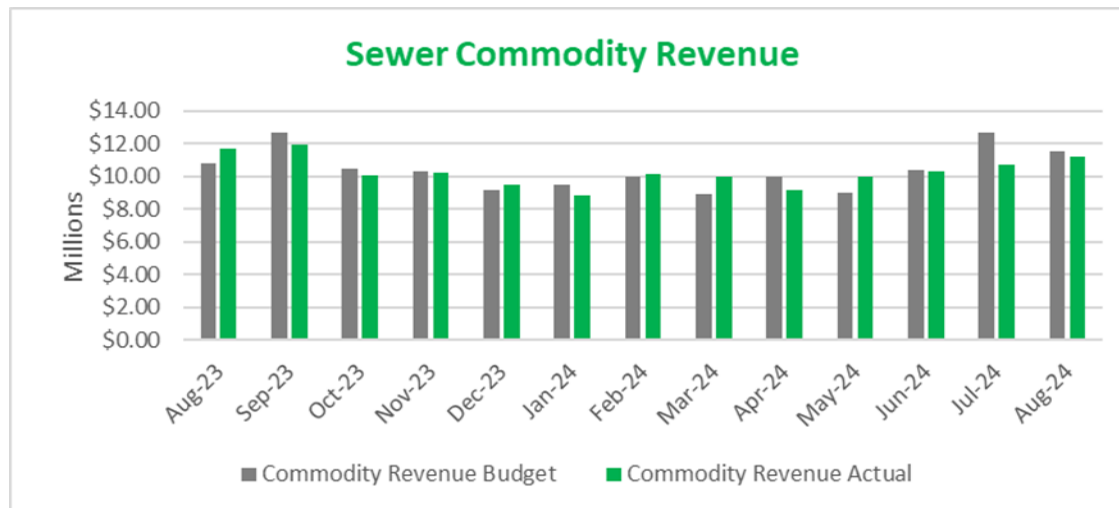
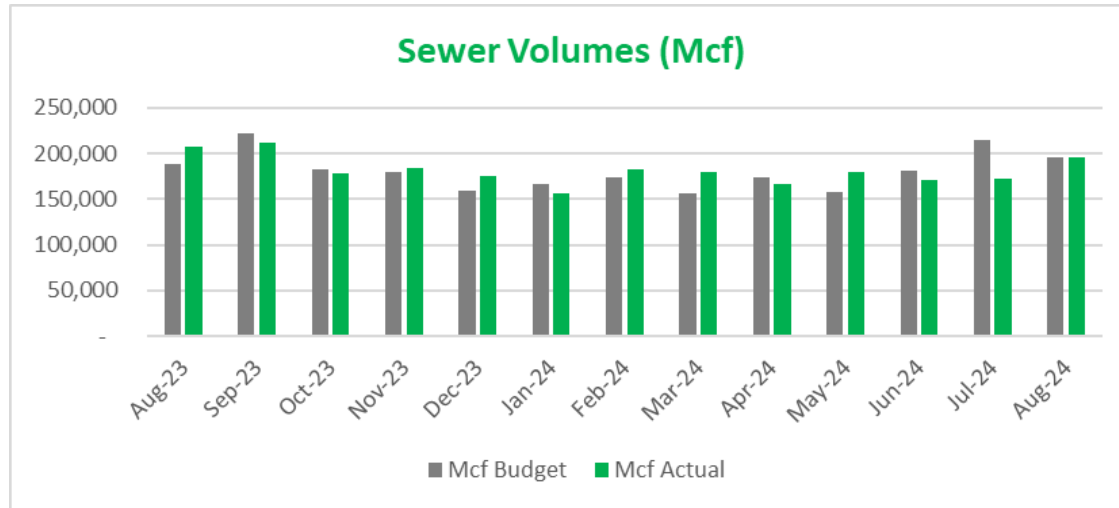
- Actual July Water Volume exceeded June Volume by 8.4% and August Volume exceeded July volume by 3.3%..
- Actual July Volume fell short of budgeted volume by 4.2% and August Volume fell short of budget by 8.8%.
- FY 2025 year-to-date actual Volume fell short of budgeted Volume by 6.6%.
- Actual July Revenue exceeded June Revenue by 10.6% and August Revenue exceeded July Revenue by 0.8%.
- Actual July revenue fell short of budget by 2.5% and August revenue fell short of budget by 10.5%.
- FY 2025 year to date actual revenue fell short of budgeted revenue by 6.7%.

Water Service Charge Metrics and Revenue



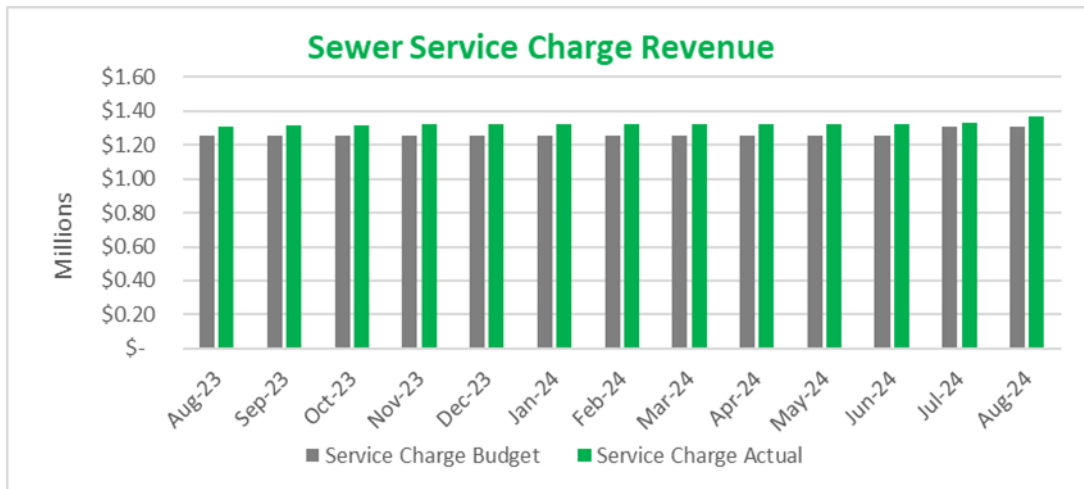
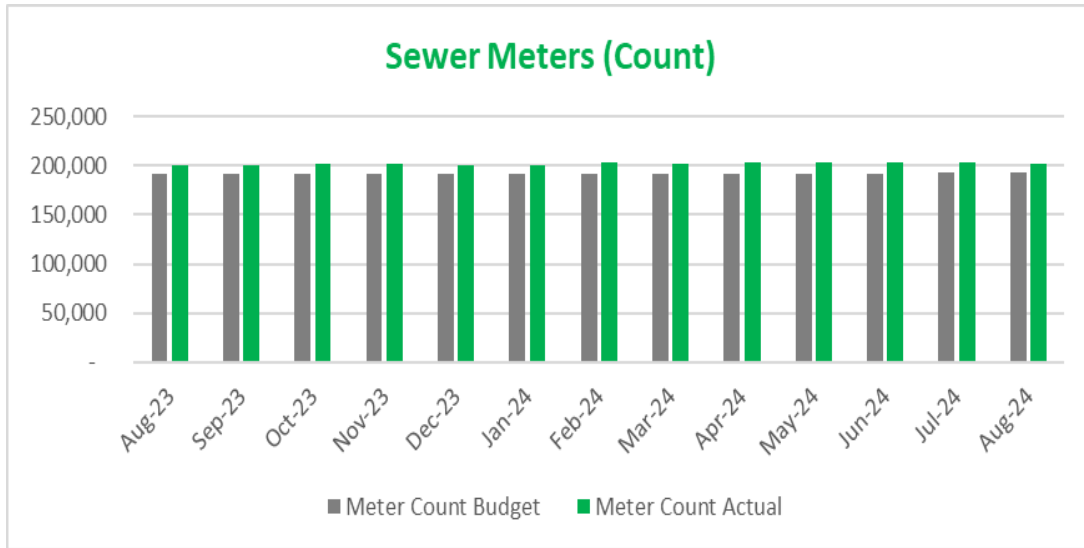
- Actual July Water Meter Equivalents fell short of June by 3.4% and August fell short of July Meter Equivalents by 0.2%.
- Actual July Meters exceeded budget by 3.5% and August Meters exceeded budget by 3.3%.
- FY 2025 year-to-date actual Meters exceeded budget by 3.4%.
- Actual July Service Charge Revenue exceeded June Revenue by 0.1% and August Revenue exceeded July Revenue by 3.2%.
- Actual July revenue exceeded budget by 0.8% and August revenue exceeded budget by 4.0%.
- FY 2025 year to date actual revenue exceeded budgeted revenue by 2.4%.

Sewer Commodity Metrics and Revenue



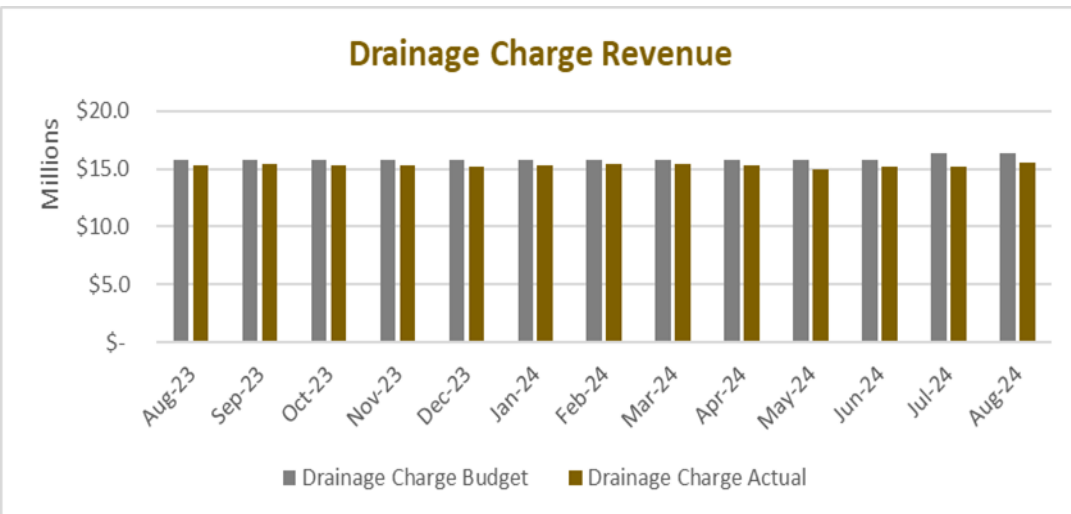
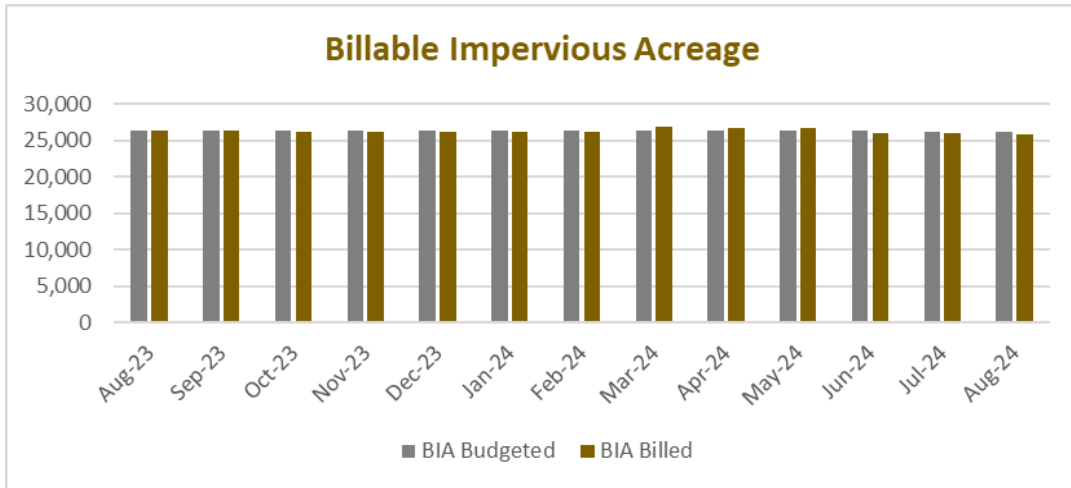
- Actual July Sewer Volume exceeded June Volume by 1.4% and August Volume exceeded July volume by 12.8%.
- Actual July Volume fell short of budgeted volume by 19.3% and August Volume fell short of budget by 0.2%.
- FY 2025 year-to-date actual Volume fell short of budgeted Volume by 10.2%.
- Actual July Revenue exceeded June Revenue by 4.5% and August Revenue exceeded July Revenue by 4.3%.
- Actual July revenue fell short of budget by 14.9% and August revenue fell short of budget by 2.7%.
- FY 2025 year to date actual revenue fell short of budgeted revenue by 9.1%.

Sewer Service Charge Metrics and Revenue



- Actual July Sewer Meters exceeded June meters by 0.4% and August Meters fell short of July Meters by 0.1%.
- Actual July Meters exceeded budget by 4.9% and August Meters exceeded budget by 4.8%.
- FY 2025 year-to-date actual Meters exceeded budget by 4.9%.
- Actual July Service Charge Revenue exceeded June Revenue by 0.1% and August Revenue exceeded July Revenue by 3.2%.
- Actual July revenue exceeded budget by 0.7% and August revenue exceeded budget by 4.9%.
- FY 2025 year to date actual revenue exceeded budgeted revenue by 3.3%.

Drainage Metrics and Revenue



- Actual July Billable Impervious Acreage (BIA) remained flat over June BIA and August BIA fell short of July BIA by 0.8%.
- Actual July BIA fell short of budget by 0.3% and August BIA fell short of budget by 1.1%.
- FY 2025 year-to-date actual BIA fell short of budget by 0.7%.
- Actual July Drainage Charge Revenue exceeded June Revenue by 0.2% and August Revenue exceeded July Revenue by 3.2%.
- Actual July revenue fell short of budget by 7.0% and August revenue fell short of budget by 5.0%.
- FY 2025 year to date actual revenue fell short of budgeted revenue by 6.0%.

THANK YOU!

Detroit Water & Sewerage Department

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