



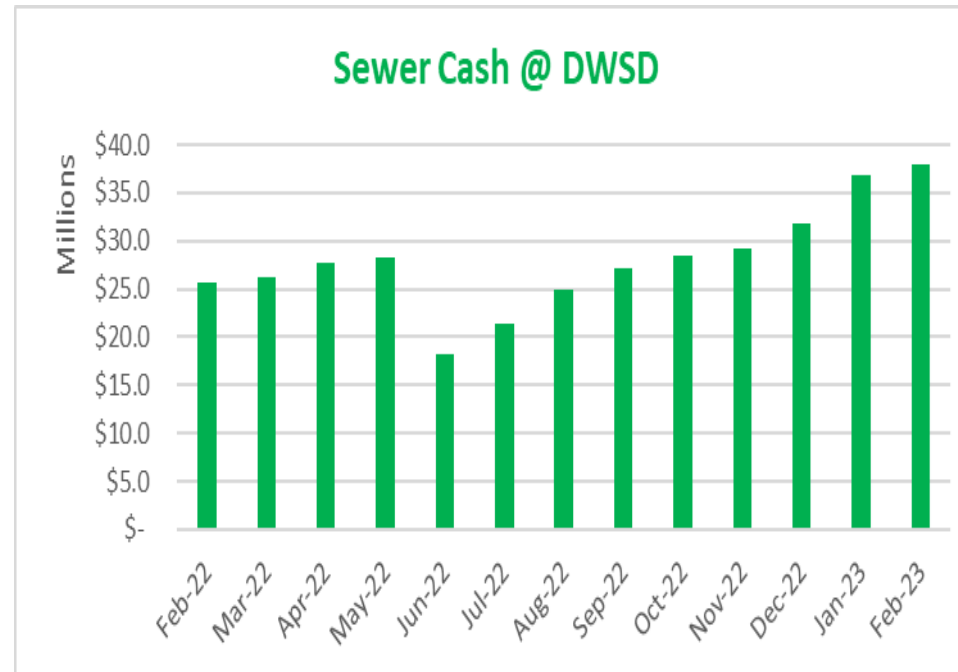
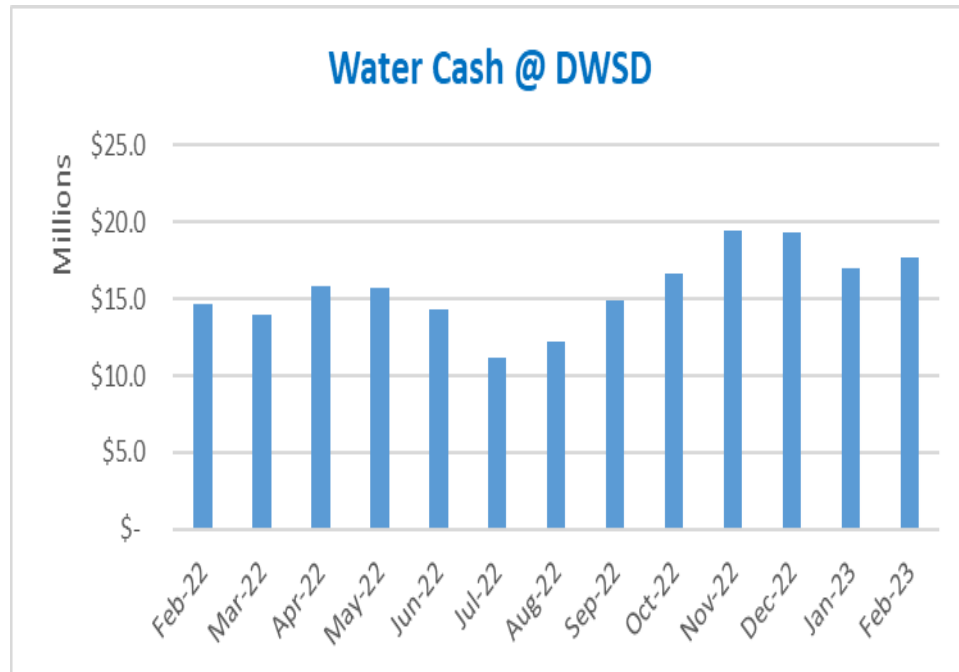
February 2023 Financial Review

BOWC Finance Committee

May 3, 2023

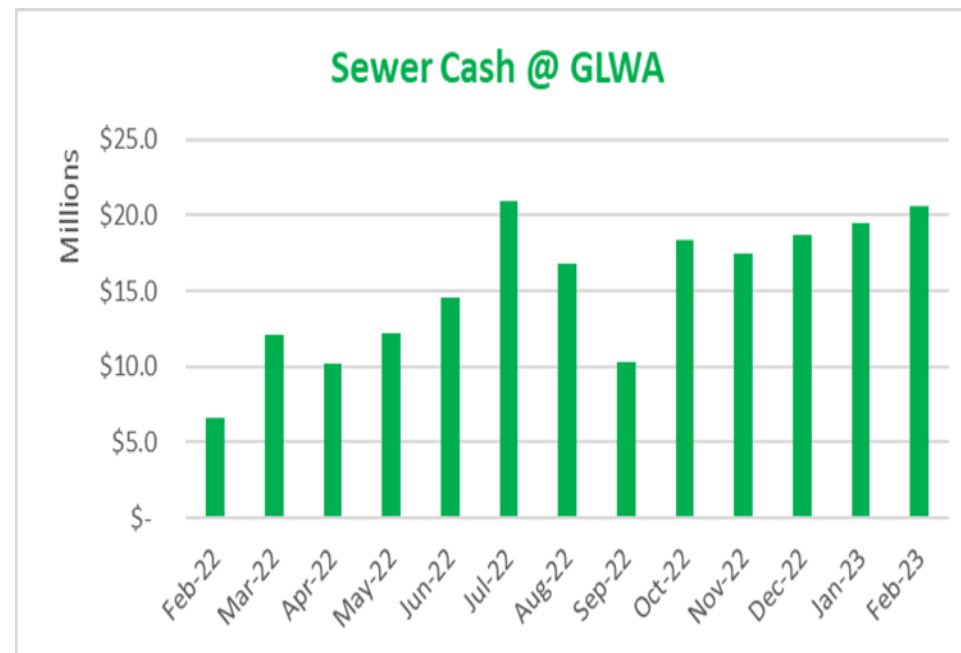
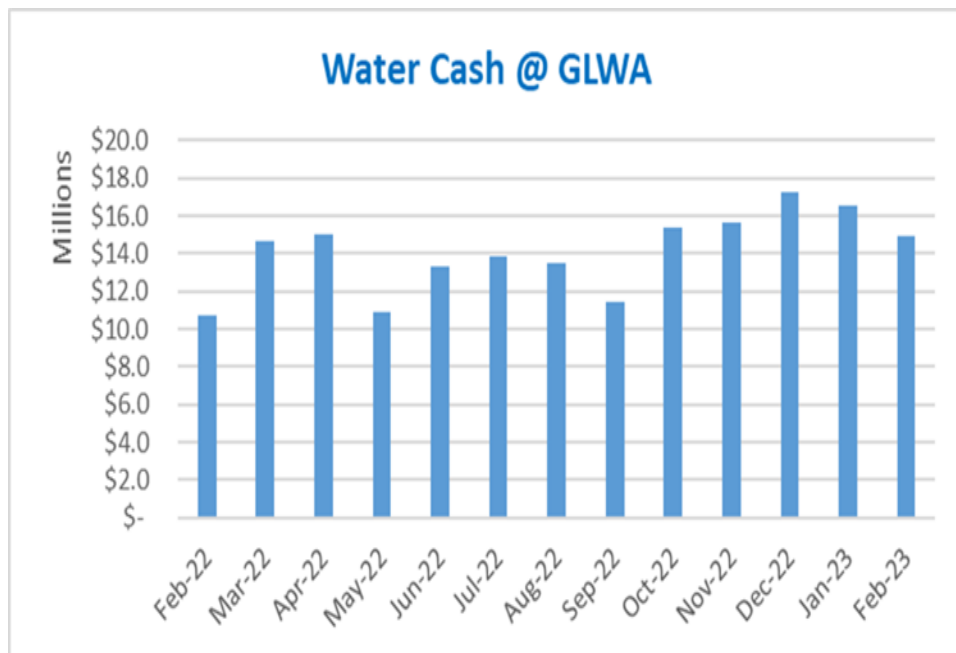
Cash and Investments – Operating Fund

- DWSD continues to maintain adequate cash reserves to support operating and capital programs.
- On a Systemwide basis, Cash and Investments in the Operating, I&E and Construction Funds amounted to \$242.9 million (\$126.2 million in the Water Fund and \$116.7 million in the Sewer Fund).
- *Water Operating Cash* amounted \$17.7 million and *Sewer Operating Cash* amounted to \$38 million.
- The recent growth in cash balances is attributable to budgetary savings across most operational areas.



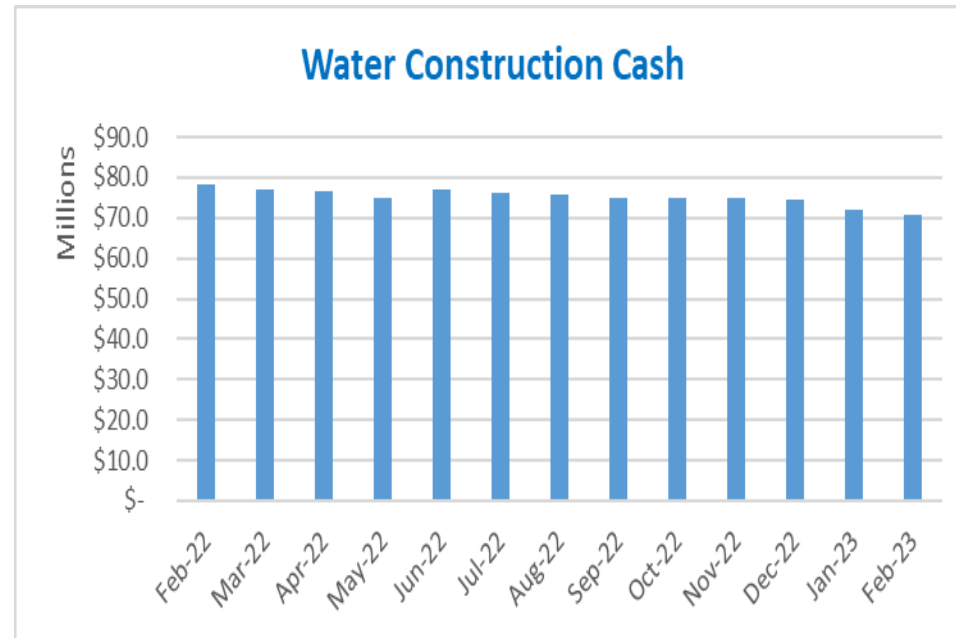
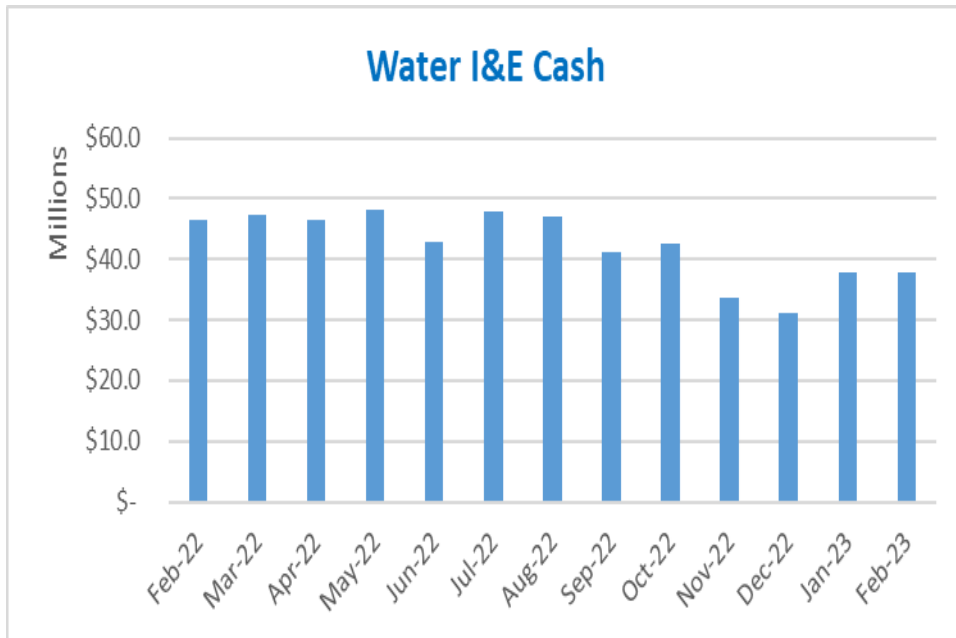
Cash and Investments – Cash Held in Trust

- **Water Cash @ GLWA** amounted to \$14.9 million representing a decrease of \$1.6 million from last month.
- January collection of \$8.5 million fell short of the target collection amount for the month by approximately \$1.7 million.
- **Sewer Cash @ GLWA** amounted to \$20.6 million representing an increase of \$1.1 million from last month.
- January collection of \$24.4 million exceeded target collection amount for the month by approximately \$1.1 million.



Cash and Investments – Improvement & Extension/Construction Funds

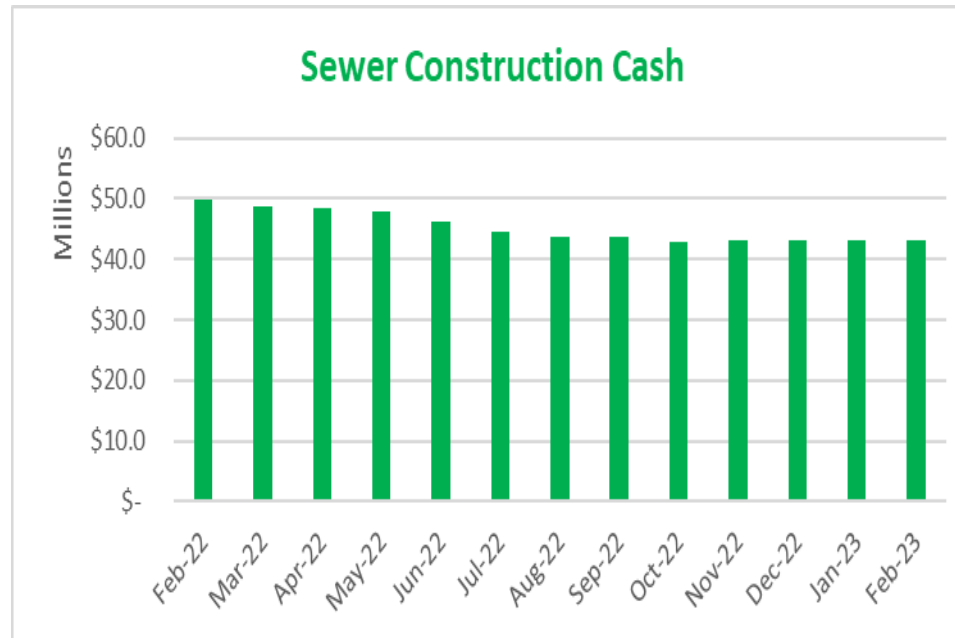
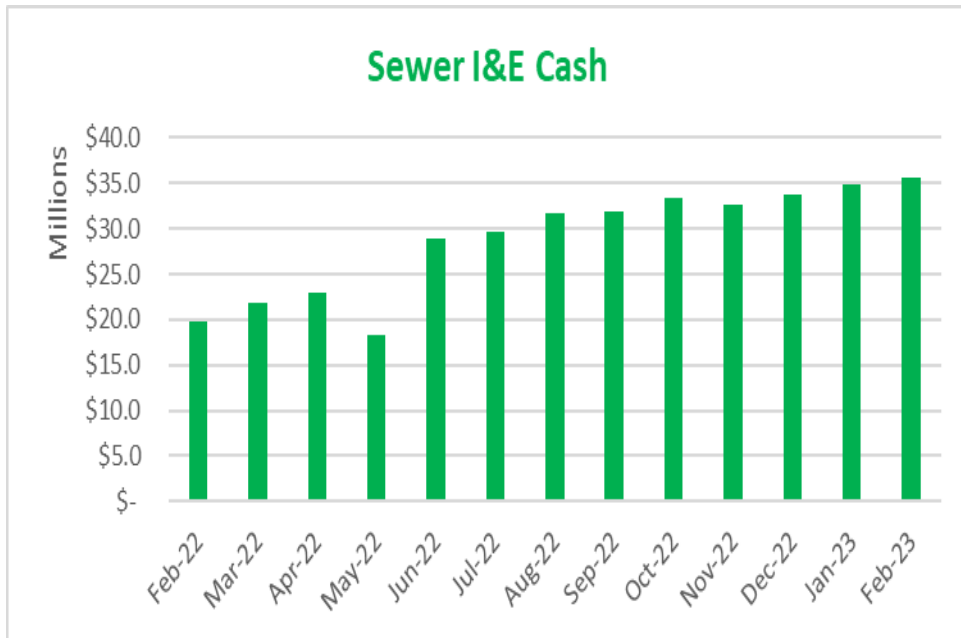
- DWSD continues to spend down I&E and Construction Cash in support of its Capital Improvement Program.
- Water I&E Cash** amounted to \$37.9 million representing a decrease of approximately \$4 million from previous month.
- The decrease in cash is attributable to higher level of disbursements during February 2023.
- Water Construction Cash** amounted to \$70.6 million representing a decrease of \$1.3 million from the previous month. DWSD spent approximately \$7.7 million of Water construction funds over the last twelve months.



Cash and Investments – Improvement & Extension/Construction Funds



- **Sewer I&E Cash** amounted to \$35.5 million representing a slight increase of \$500K from the previous month.
- **Sewer Construction Cash** amounted to \$43.1 million with no change from the previous month. DWSD spent approximately \$6.7 million of Sewer construction funds over the last twelve months.

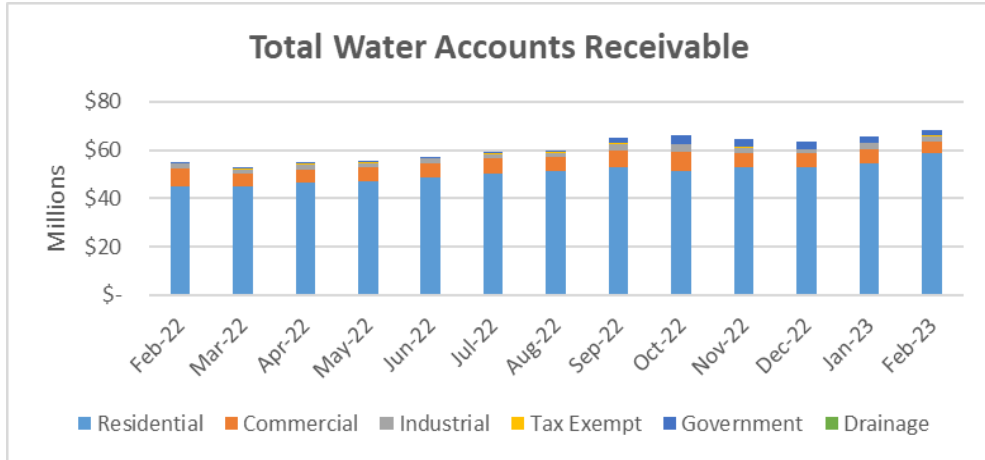


Comparative Accounts Receivable

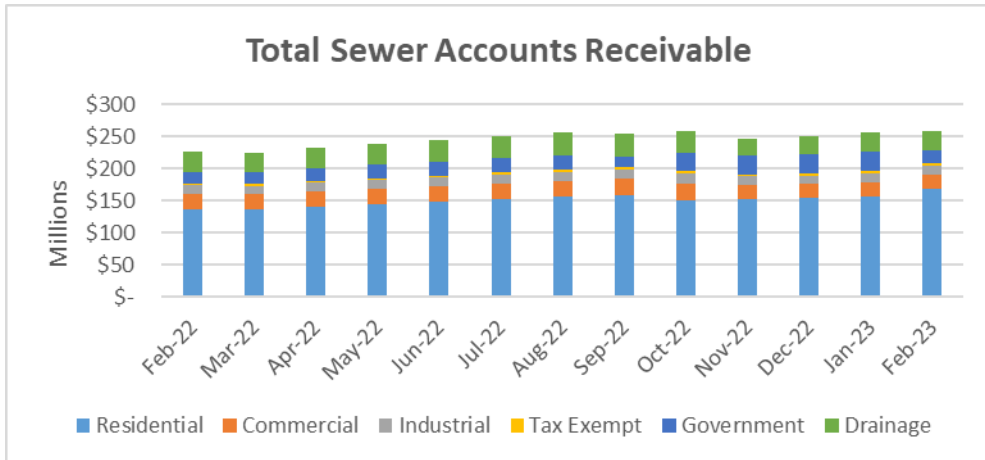
- Total January sales amounted to \$37.7 million, a decrease of \$1.8 million over previous month.
- Total receivables for active accounts amounted to \$285.1 million, an increase of \$3.8 million over previous month.
- Active Residential accounts averaged 352 days and similar to the previous month but an increase of 71 days since June 2022.
- Active accounts receivable for all customer classes averaged 227 days, an increase of 13 days since the previous month.

Sales Class	June 30, 2022			January 31, 2023			February 28, 2023		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 17,389,839	\$ 162,666,809	281	\$ 14,852,734	\$ 174,220,359	352	\$ 16,014,407	\$ 187,914,619	352
Commercial	9,107,898	30,495,851	100	8,836,945	27,639,021	94	8,222,768	26,814,604	98
Industrial	5,198,283	14,879,472	86	5,457,909	15,869,401	87	5,160,150	15,697,205	91
Tax Exempt	669,630	3,166,661	142	730,254	2,985,675	123	718,273	2,987,038	125
Government	2,628,550	21,786,979	249	5,651,094	33,224,703	176	3,920,935	23,743,574	182
Drainage Only	4,027,746	32,295,477	241	3,966,649	27,367,727	207	3,687,095	27,990,778	228
Total Active Accounts	\$ 39,021,947	265,291,250	204	\$ 39,495,585	281,306,886	214	\$ 37,723,628	285,147,818	227
Inactive Accounts Receivable		35,054,997			39,498,901			40,828,720	
Total Accounts Receivable		300,346,247			320,805,787			325,976,538	
Allowance for Doubtful Accounts		(233,062,456)			(258,730,771)			(263,562,359)	
Net Accounts Receivable		\$ 67,283,791			\$ 62,075,016			\$ 62,414,179	

Accounts Receivable Trends

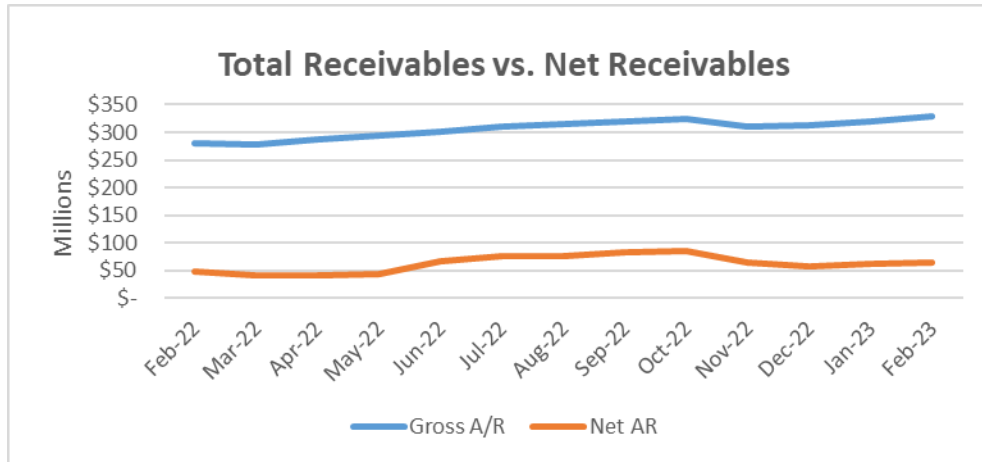


- Total *Water Accounts Receivable* have increased by \$13.1million (19.4%) over the past 12 months.
- *Residential Water Accounts Receivable* increased \$13.8 million (23.6%) over the past 12 months.
- *Nonresidential* account balances have decreased approximately \$684,000 over the same period.



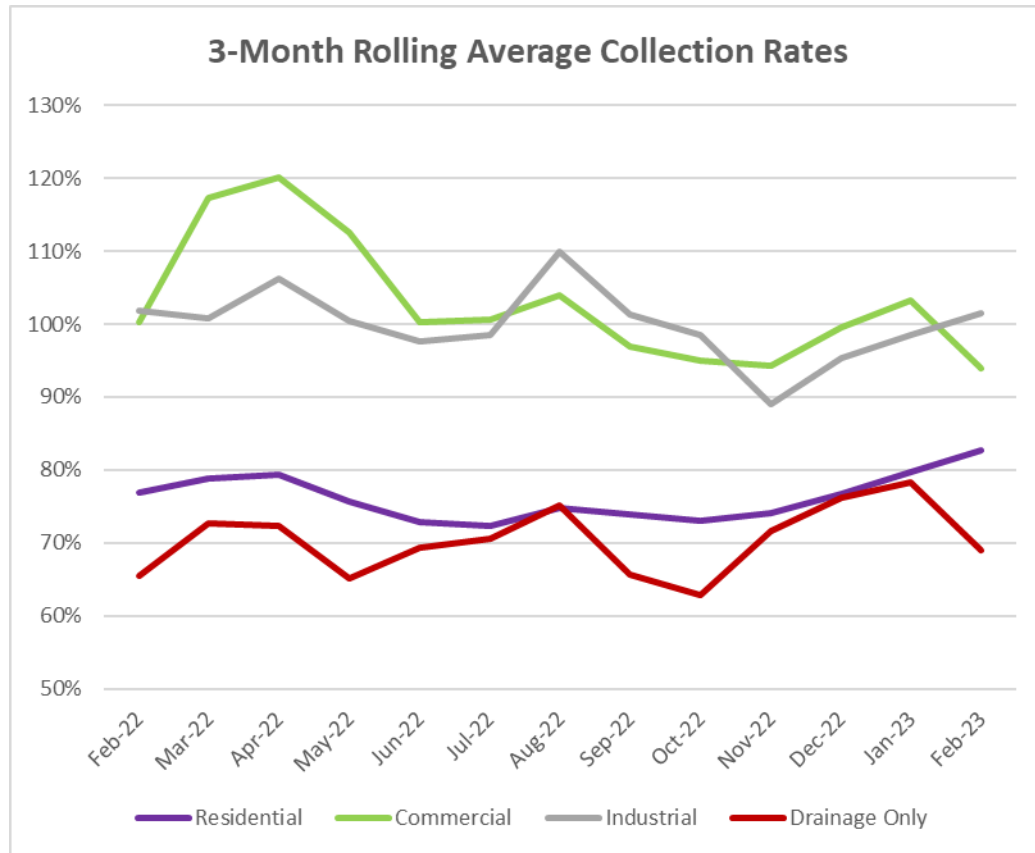
- Total *Sewer Accounts Receivable* have increased \$32.3million (12.5%) over the past 12 months.
- *Residential Sewer Accounts Receivable* increased \$32.9 million (19.5%) over the past 12 months.
- *Nonresidential* account balances have decreased by \$635,000 over the same period.

Accounts Receivable Trends



- DWSD continues to increase Bad Debt allowance due to high average age of active residential accounts.
- Bad Debt allowance increased by \$30.5 million since June 2022 and \$4.8 million over the previous month.
- The total Allowance for Bad Debt of \$263.6 million represents 80.9% of total accounts receivable leaving \$62.4 million net receivable balance at the end of February 2023.
- DWSD anticipates resuming service interruptions on delinquent residential accounts in the near future.
- *Net Accounts Receivable* has increased by \$15.7 million (24.5%) over the past twelve months.

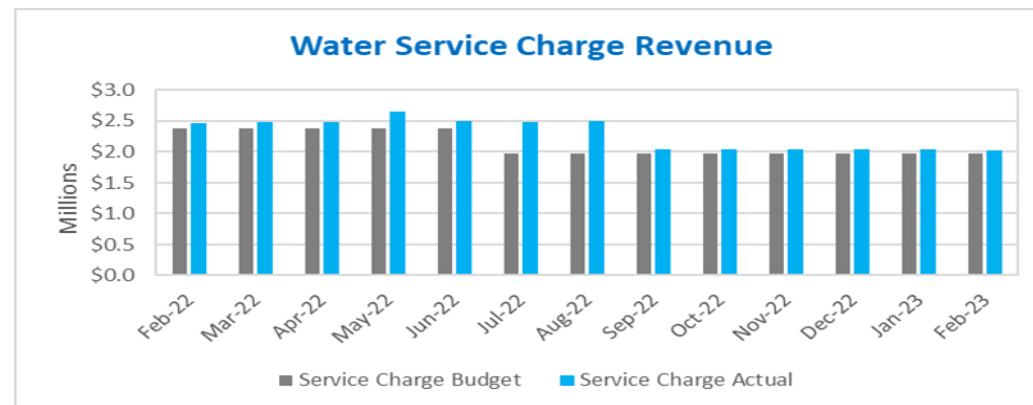
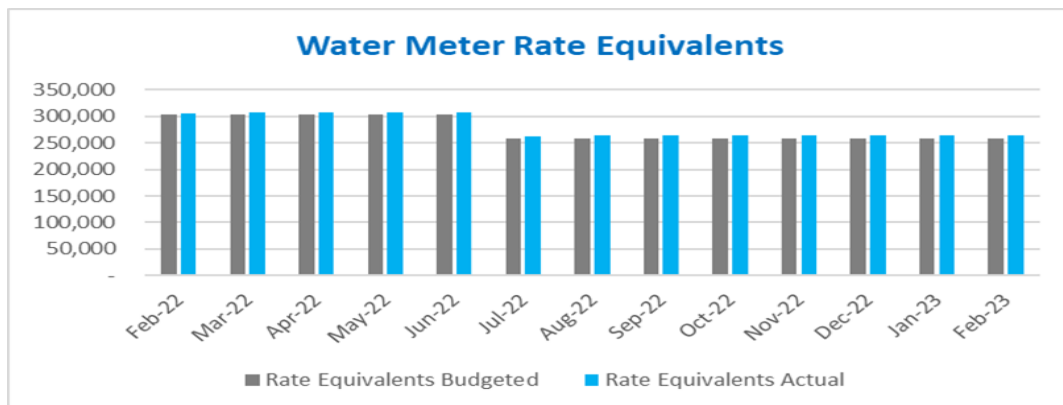
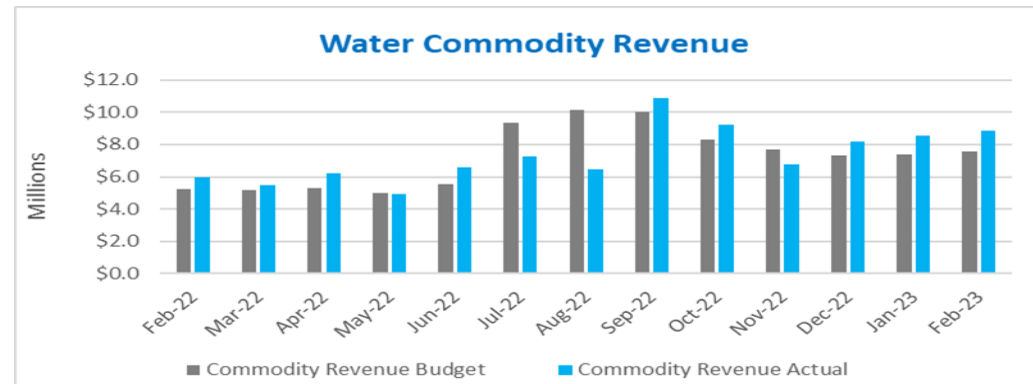
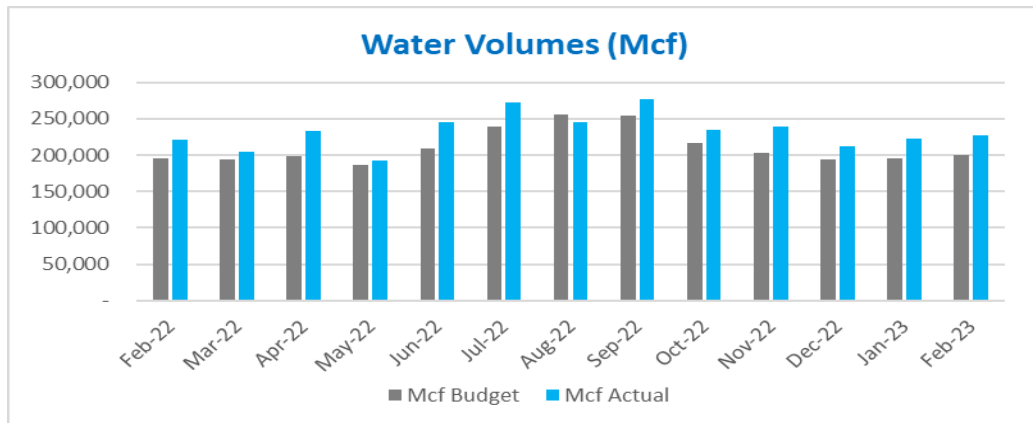
Collection Rates and Trends



- **Residential** collections rates have shown steady improvement over several months due to (1) the recent receipt of \$4.1 million in governmental assistance, (2) the customer response to the anticipated re-start of service interruptions.
- The 3-month average collection rate is showing steady increase for Residential customers. The average of 82.7% in February is an improvement over 79.8% in January and 72.4% in July 2022.
- **Commercial and Industrial** collection rates have fluctuated over the last few months due to delays in processing approximately \$9 million in wire transfer payments to specific customer accounts. This is due to some large customers submitting single payments for multiple accounts without clear allocation instructions. For January and February of 2023, the processing delays caused 20% decreases in commercial and drainage only cash collections.
- Commercial and Industrial customers average collections is still in mid-nineties percentage wise.

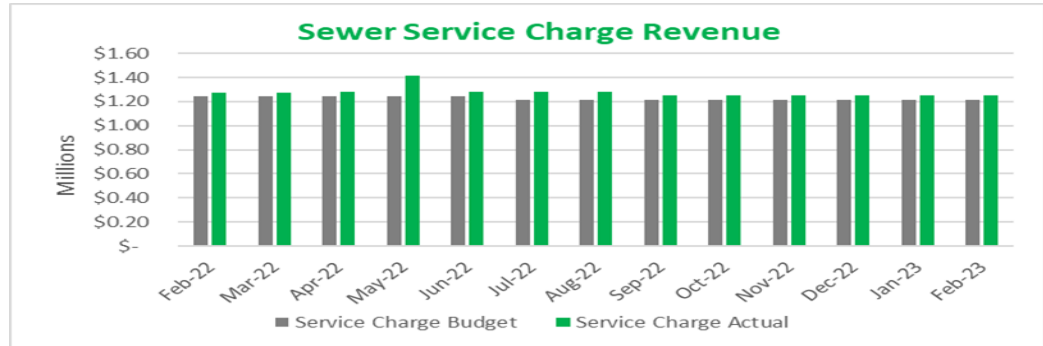
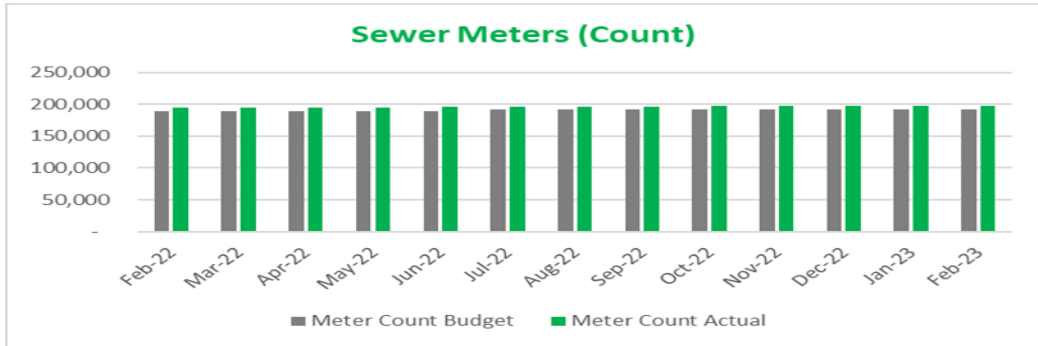
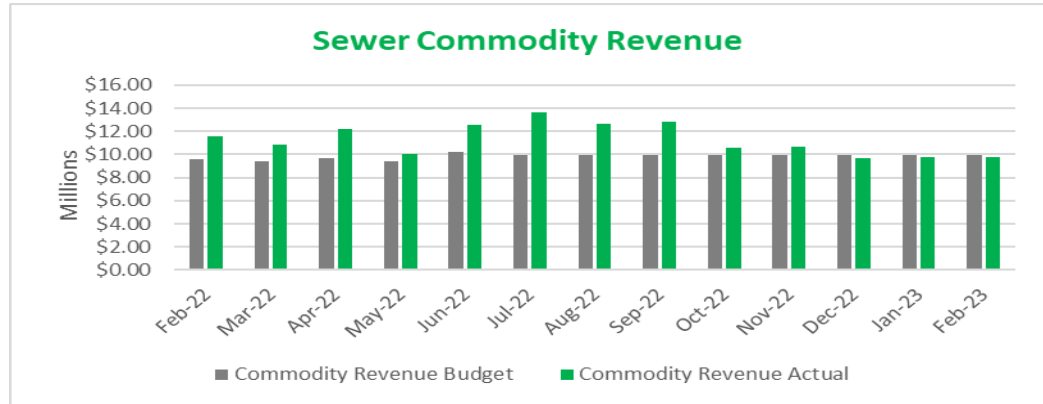
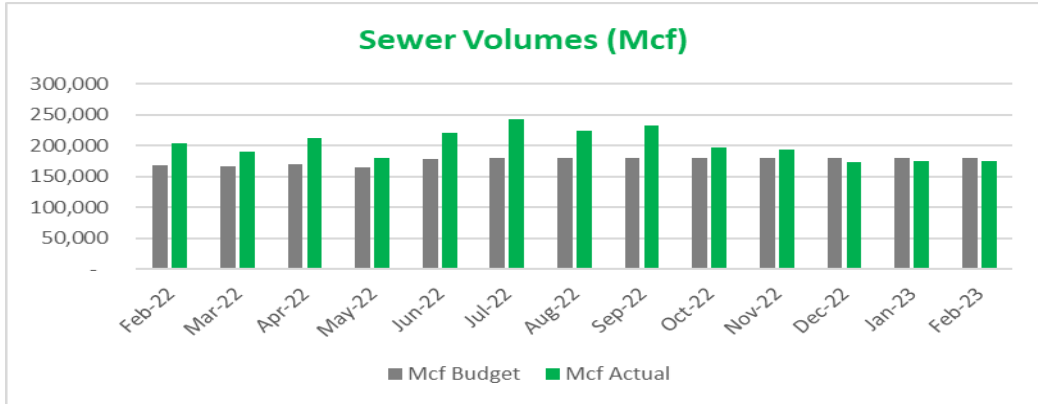
Water Commodity/Service Charge Metrics and Revenues

- Year-to-date **Water Volumes** trended at 9.9% over budget for the last eight months. Year-to-date **Water Commodity Revenues** were \$3.4 million or 5.2% over budget.
- Year-to-date **Water Meter Equivalents** remained slightly ahead (2.1%) of budgeted levels through the last eight months. Year-to-date **Water Service Charge Revenues** were \$1.4 million or 9.1% above budget.

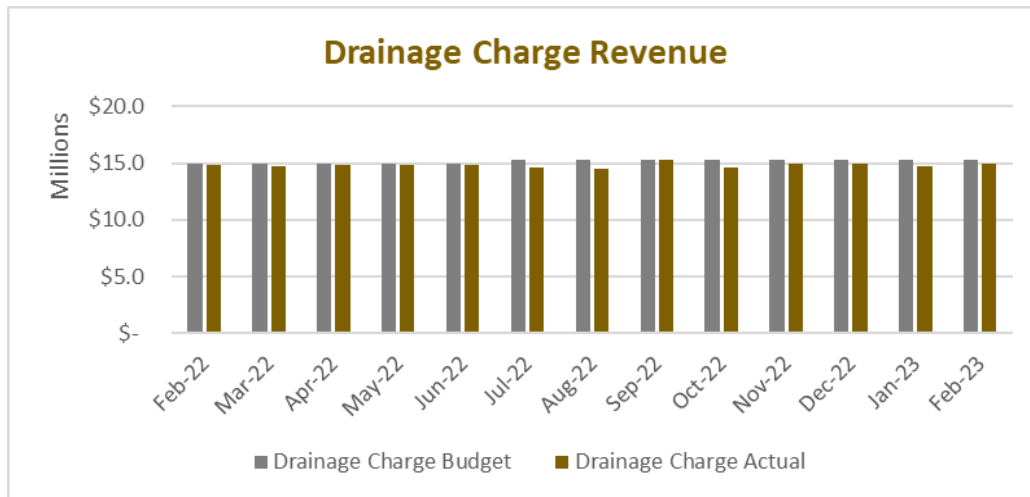
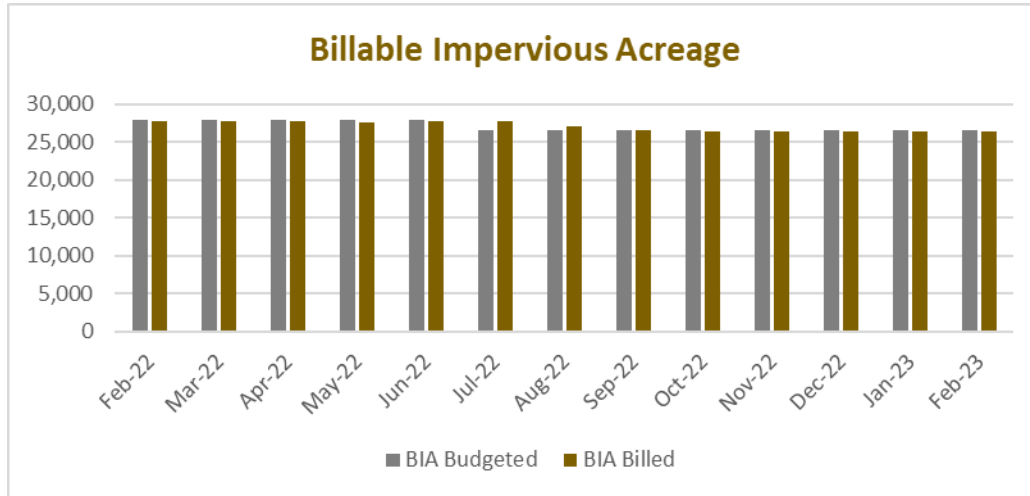


Sewer Commodity/Service Charge Metrics and Revenues

- Year-to-date **Sewer Volumes** trended over budget for the first eight months. Year-to-date **Sewer Commodity Revenues** exceeded budgeted revenues by \$10.1 million (12.7%). This is due to the delayed implementation of the new Rate Structure. Volume caps were not implemented until September resulting in higher revenues.
- Sewer Meter Counts** have exceeded budgeted levels in each month of Fiscal 2023. Year to date counts are trending 2.8% ahead of budget estimates and Year-to-date **Sewer Service Charge Revenues** exceeded budget by \$314,000 (3.2%) consistent with positive variances on total meter counts.



Drainage Metrics and Revenues



- Year-to-date Billed Impervious Acreage exceeded budget estimates by 0.6%.
- Drainage Charge Revenue fell short of budget estimates by \$3.5 million (2.9%). Monthly Highway Drainage credits are currently \$170,000 more than budget as Wayne County Roads continue to be billed at pre-MDOT Settlement rates. Additionally, Green credits currently exceed budgets by approximately \$90,000 per month.

THANK YOU!

Detroit Water & Sewerage Department

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