



Financial Review

March 2024

BOWC Finance Committee

June 5, 2024

March Highlights



Cash and Investments

- DWSD continues to maintain adequate cash reserves to support its operating and capital programs. Combined Cash and Investments balance of \$291.4 million at month end shows an increase of \$10.4 million over February balance.

Sales and Receivables

- March Sales of \$39.0 million fell short of February sales by \$0.6 million.
- March Water retail receipts exceeded target by \$4.5 million whereas Sewer retail exceeded target receipts by \$2.7 million.
- Receivables for all active accounts increased by \$1.7 million (0.6%) over February receivables and days in receivables increased by 4 days to 215 days for all active customer classes.
- Active residential receivables decreased by \$1.2 million or 0.6% over February receivables. Days in receivables for actives residential accounts increased by 1 day to 235 days from 234 days in February.
- March's combined collection rate of 109.5% for all active customer classes exceeded February collection rate of 88.9%. The 3-month moving average collection rate of 96.6% also exceeded February rate of 91.1%.

Volume and Revenue Metrics

- Water volume and revenue exceeded budgeted levels by 14.0% and 16.2%, respectively. Water Meter equivalents and service charges also exceeded budgeted levels by 7.0% and 3.8%, respectively.
- Sewer volume and revenue exceeded budgeted levels by 14.4% and 11.6%, respectively. Sewer meter counts and Service Charges exceeded budget by 4.8% and 5.0%, respectively.
- Billed acreage exceeded the budget by 1.6% while Drainage revenue fell short of the budgeted level by 2.2% for the month.

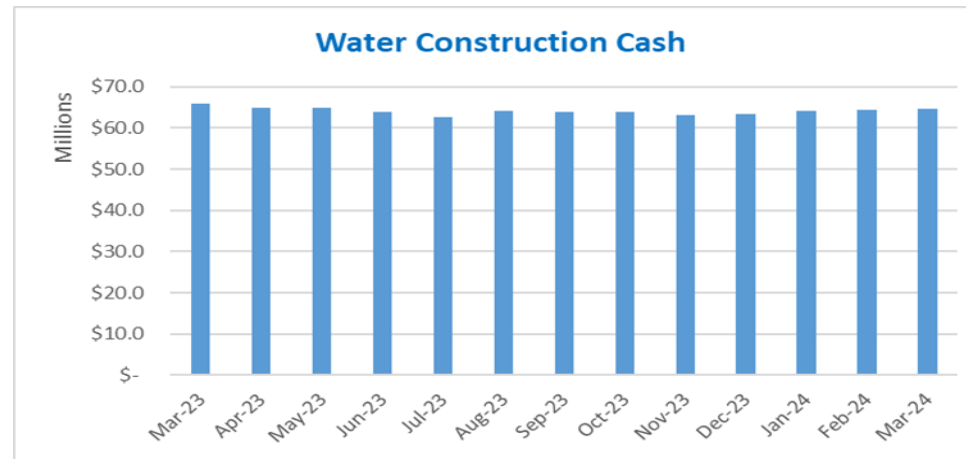
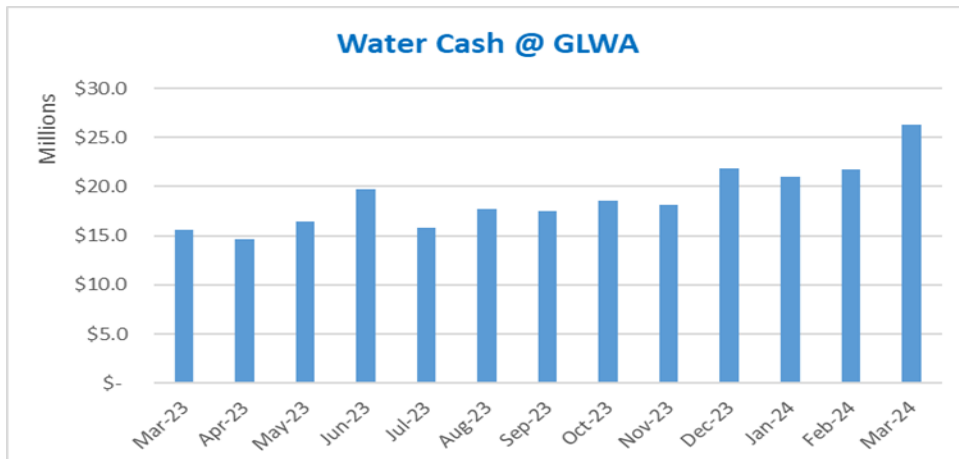
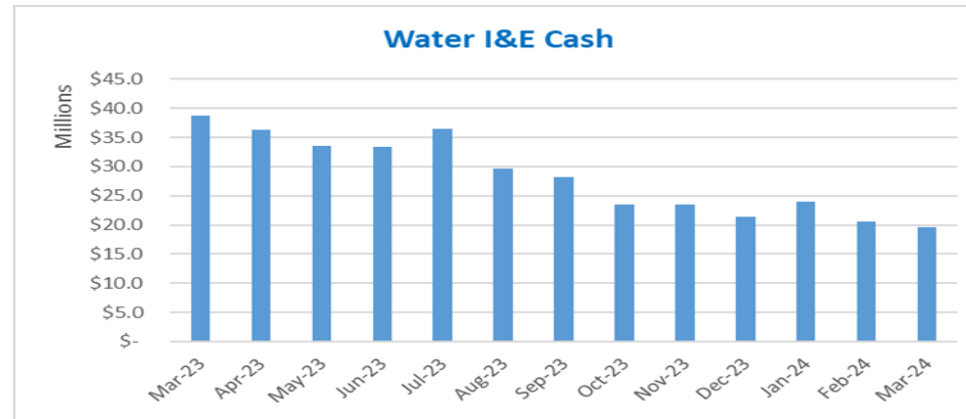
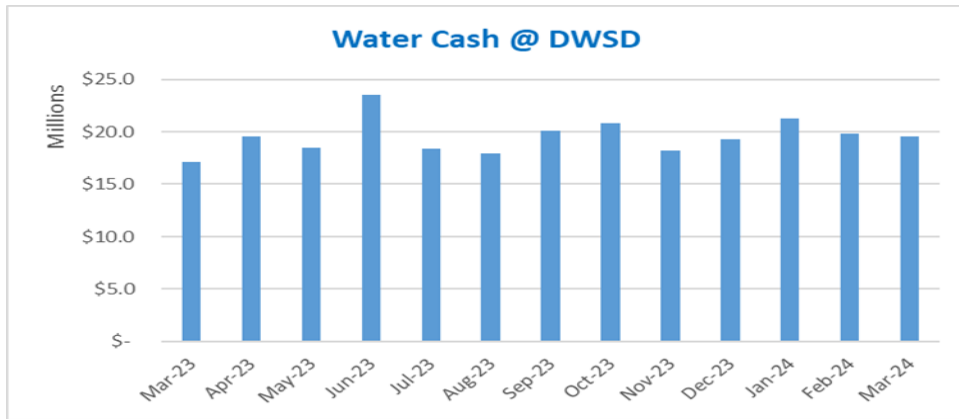
Cash and Investments



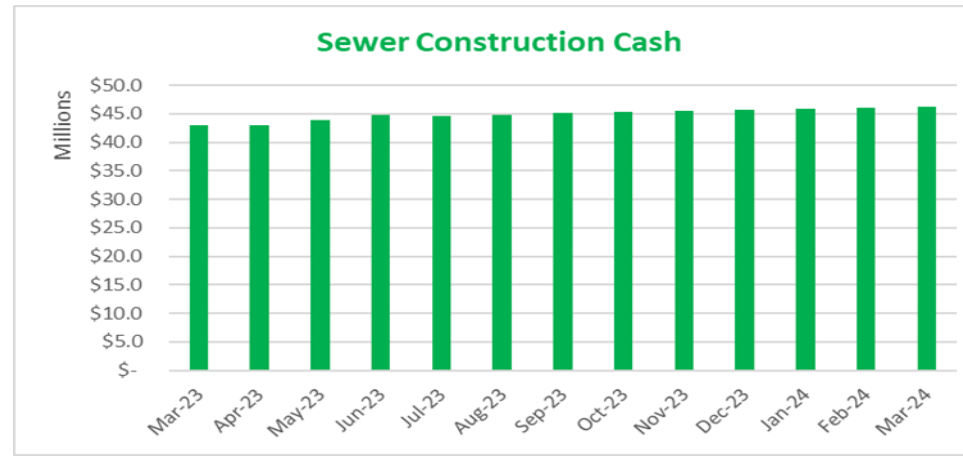
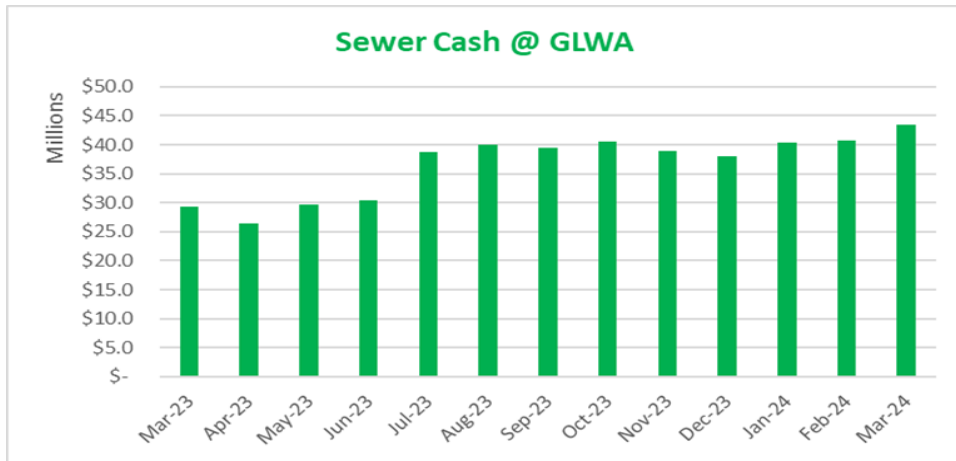
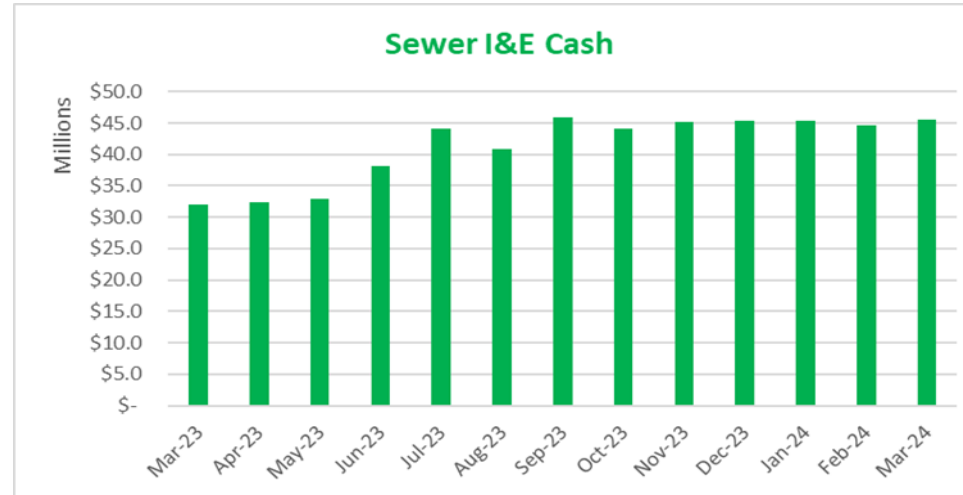
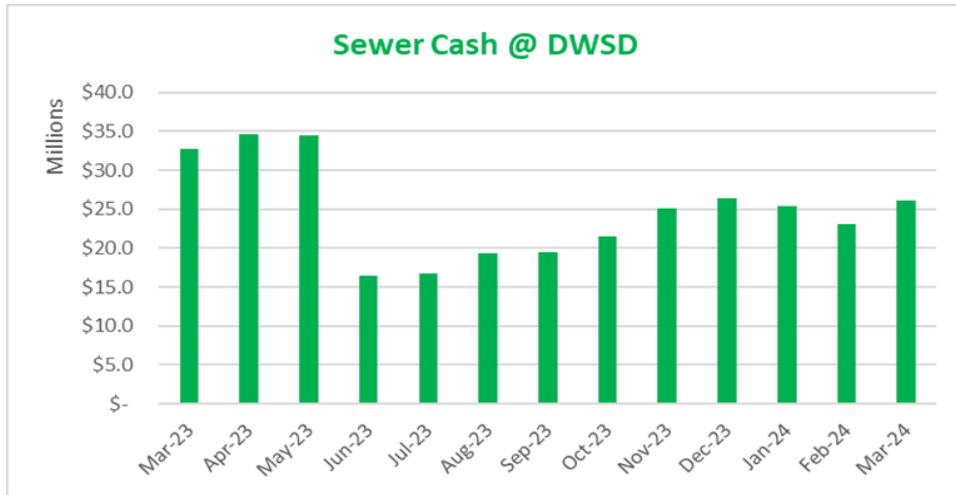
	Jan-24	Feb-24	Mar-24
	Balance	Balance	Balance
Water - Operating	\$ 21,273,221	\$ 19,805,198	\$ 19,518,263
Water - I&E	23,953,900	20,524,703	19,530,241
Water - Construction	64,123,712	64,398,732	64,692,752
Water - Trust	20,947,042	21,767,208	26,308,491
Water Total	\$ 130,297,875	\$ 126,495,841	\$ 130,049,747
Sewer - Operating	\$ 25,427,242	\$ 23,104,018	\$ 26,074,663
Sewer - I&E	45,330,942	44,594,205	45,551,987
Sewer - Construction	45,921,059	46,117,707	46,327,959
Sewer - Trust	40,407,058	40,684,350	43,374,776
Sewer Total	\$ 157,086,301	\$ 154,500,280	\$ 161,329,385
Combined Total	\$ 287,384,176	\$ 280,996,121	\$ 291,379,132

- On a Systemwide basis, Cash and Investments amounted to \$291.4 million as of March 2024. This represents an increase of \$10.4 million over February balance.
- Increase of \$3.6 million in the Water Fund is mainly due to receipt of \$4.5 million in the Trust account from GLWA for back billings and \$2.1 million received in assistance dollars from Wayne Metro offset by a decrease in retail collection in March of approximately \$3 million.
- Increase of \$6.8 million in the Sewer Fund is mainly due to increase of approximately \$3 million in Operating account, \$1 million in the I&E account and \$2.7 million in the Trust account. \$2.7 million was received in assistance dollars from Wayne Metro in March. Variance in Operating account is due health benefits payment of \$2.8 million in February. No such payment was required in March.
- The balances in both the Water and Sewer Operating accounts exceed the 3 months operating needs for the respective Funds.
- Balances in the I&E funds is the net of disbursements for capital projects offset by lease receipts, SRF reimbursement and investment income.
- Retail Water receipts of \$14.2 million exceeded target collection of \$9.7 million for the month. Also exceeded Feb receipts of \$10.5 m.
- Retail Sewer receipts of \$26.6 million exceeded target collection of \$23.9 million for the month. Also exceeded Feb receipts of \$24.2 m
- The next 2 slides present DWSD’s cash position in graphical format.

Cash and Investments – Water Fund



Cash and Investments – Sewer Fund



Quarterly Summary of Cash by Fund (except Trust accounts)

(Amounts in thousands)

	<u>6/30/2023</u>		<u>9/30/2023</u>		<u>12/31/2023</u>		<u>3/31/2024</u>	
Water Funds								
Operating	\$ 23,519	10.7%	\$ 20,087	9.0%	\$ 19,257	8.7%	\$ 19,518	8.8%
Improvement & Extension	33,368	15.2%	28,208	12.7%	21,385	9.7%	19,530	8.8%
Construction	63,826	29.0%	63,889	28.7%	63,378	28.6%	64,693	29.2%
	<u>120,712</u>	<u>54.9%</u>	<u>112,184</u>	<u>50.4%</u>	<u>104,020</u>	<u>47.0%</u>	<u>103,741</u>	<u>46.8%</u>
Sewer Funds								
Operating	16,410	7.5%	19,476	8.7%	26,383	11.9%	26,075	11.8%
Improvement & Extension	38,134	17.3%	45,900	20.6%	45,292	20.5%	45,552	20.5%
Construction	44,748	20.3%	45,081	20.2%	45,709	20.6%	46,328	20.9%
	<u>99,293</u>	<u>45.1%</u>	<u>110,456</u>	<u>49.6%</u>	<u>117,384</u>	<u>53.0%</u>	<u>117,955</u>	<u>53.2%</u>
Total Cash and Investments	<u>\$ 220,005</u>	<u>100.0%</u>	<u>\$ 222,641</u>	<u>100.0%</u>	<u>\$ 221,404</u>	<u>100.0%</u>	<u>\$ 221,696</u>	<u>100.0%</u>

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

Quarterly Summary of Cash (except Trust accounts) by Financial Institution

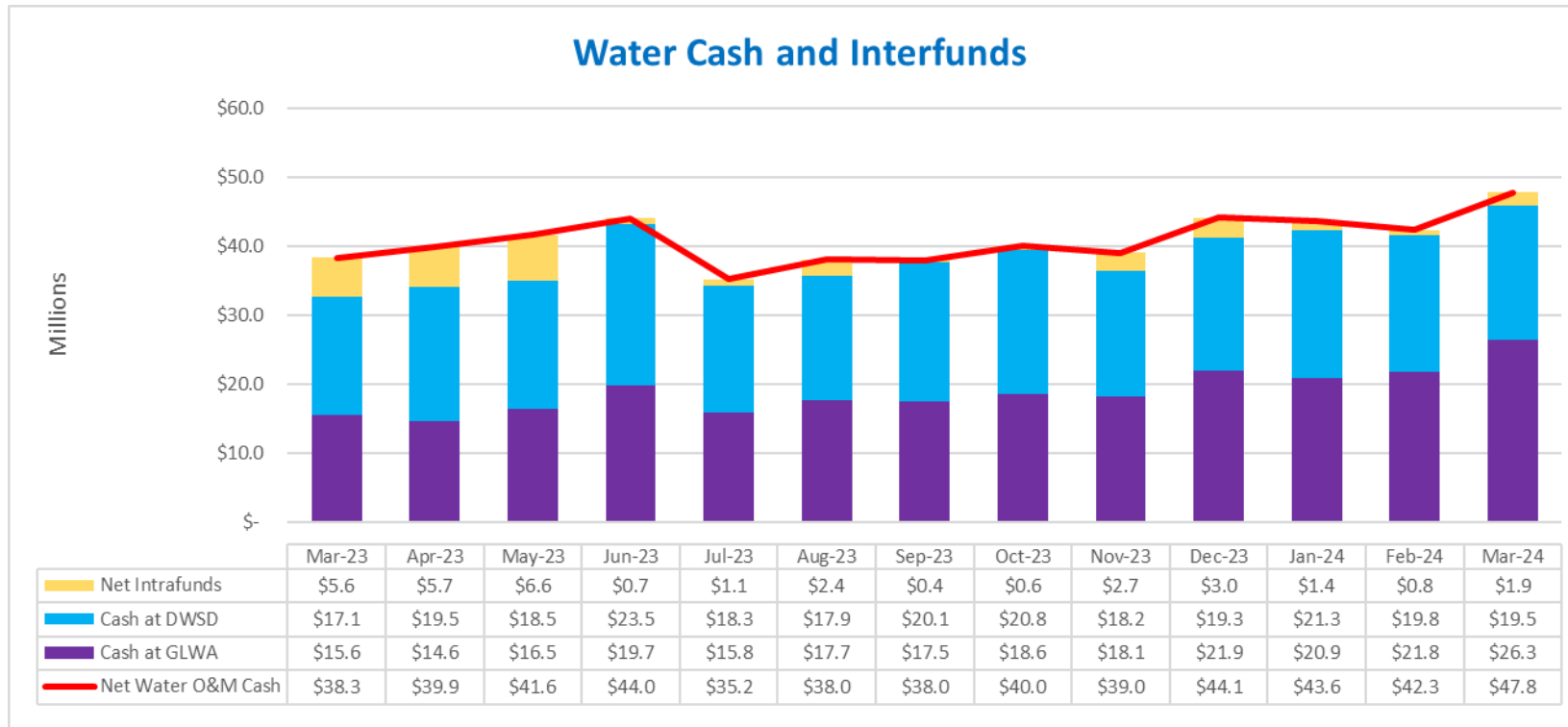


(Amounts in thousands)

	<u>6/30/2023</u>		<u>9/30/2023</u>		<u>12/31/2023</u>		<u>3/31/2024</u>	
SUMMARY BY INSTITUTION								
US Bank	\$ 2,847	1.3%	\$ 1,578	0.7%	\$ 2,253	1.0%	\$ 2,809	1.2%
JP Morgan Chase	1,859	0.8%	1,866	0.8%	1,897	0.8%	1,922	0.8%
First Independence	30,696	14.0%	31,999	14.2%	36,598	16.0%	41,801	18.0%
Comerica	20,904	9.5%	26,584	11.8%	31,524	13.8%	31,612	13.6%
GovMIC	163,714	74.4%	163,744	72.5%	155,864	68.3%	154,686	66.4%
Total Cash and Investments	\$ 220,020	100.0%	\$ 225,771	100.0%	\$ 228,136	100.0%	\$ 232,831	100.0%
Water Funds								
Operating	\$ 23,530	10.7%	\$ 25,905	11.5%	\$ 26,461	11.6%	\$ 29,154	12.5%
Improvement & Extension	33,368	15.2%	28,980	12.8%	21,026	9.2%	20,220	8.7%
Construction Series 2020A	63,826	29.0%	63,889	28.3%	63,828	28.0%	64,693	27.8%
	120,723	54.9%	118,774	52.6%	111,315	48.8%	114,066	49.0%
Sewer Funds								
Operating	16,403	7.5%	19,516	8.6%	26,278	11.5%	25,338	10.9%
Improvement & Extension	38,134	17.3%	42,400	18.8%	44,834	19.7%	47,100	20.2%
Construction Pre-Bifurcation	11	0.0%	0	0.0%	(0)	0.0%	(0)	0.0%
Construction Series 2013	44,748	20.3%	45,081	20.0%	45,709	20.0%	46,328	19.9%
	99,296	45.1%	106,996	47.4%	116,821	51.2%	118,765	51.0%
Total Cash and Investments	\$ 220,020	100.0%	\$ 225,771	100.0%	\$ 228,136	100.0%	\$ 232,831	100.0%

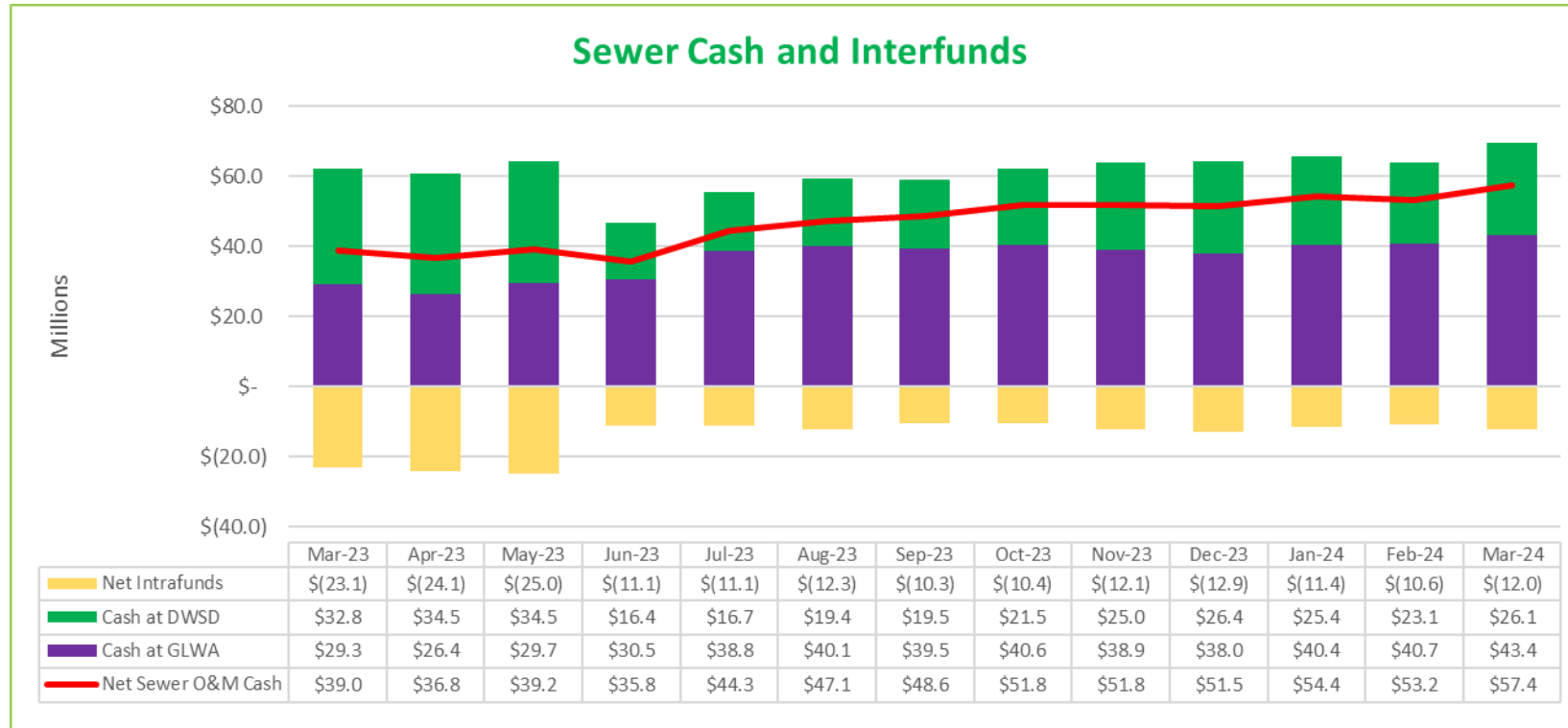
*Amounts reflect bank balances and may differ from financial statements.

Net Operating Cash and Interfund Balances – Water Fund



- *Net Water Operating Cash* and Interfund balances have increased over the nine months of Fiscal 2024, reflecting positive budgetary results.
- March’s *Net Water Operating Cash and Interfund* balances amounted to \$47.8 million, representing an increase of \$9.5 million over the past twelve months.

Net Operating Cash and Interfund Balances – Sewer Fund



- *Net Sewer Operating Cash* and Interfund balances have increased over the nine months of Fiscal 2024, reflecting positive budgetary results.
- March’s *Net Sewer Operating Cash and Interfund* balances amounted to \$57.4 million, representing an increase of \$18.4 million over the past twelve months.

Comparative Accounts Receivable



Sales Class	June 30, 2023			February 29, 2024			March 31, 2024		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,389,405	\$ 184,238,856	337	\$ 16,880,502	\$ 188,176,450	334	\$ 16,754,584	\$ 187,005,042	335
Commercial	8,680,539	30,067,998	104	8,379,340	26,357,078	94	7,941,308	27,215,598	103
Industrial	5,826,062	14,750,688	76	5,240,971	13,108,605	75	5,327,992	13,368,288	75
Tax Exempt	719,079	3,203,878	134	724,995	2,435,760	101	711,194	2,462,217	104
Government	4,151,613	19,485,989	141	4,771,194	21,664,411	136	4,633,783	22,661,500	147
Drainage Only	3,676,001	30,403,390	248	3,557,973	25,814,657	218	3,591,327	26,555,859	222
Total Active Accounts	\$ 39,442,699	282,150,798	215	\$ 39,554,975	277,556,962	211	\$ 38,960,187	279,268,503	215
Inactive Accounts Receivable		44,872,426			31,202,038			32,705,166	
Total Accounts Receivable		327,023,225			308,759,000			311,973,669	
FY 2023 End of Year Writeoff		(38,606,800)							
Allowance for Doubtful Accounts		(233,336,192)			(246,940,281)			(251,908,844)	
Net Accounts Receivable		\$ 55,080,233			\$ 61,818,719			\$ 60,064,825	

- March sales of \$39 million is consistent with February sales \$39.6 million.
- Active accounts receivables increased by \$1.7 million over February receivables.
- Active residential receivables represents a decrease of \$1.2 million over February receivables. Active residential receivable make up 67% of total active receivables.
- DWSD continues to monitor allowance for doubtful accounts. The net carrying value of receivables of \$60.1 million represents approximately 19.3% of total receivables at the end of March.

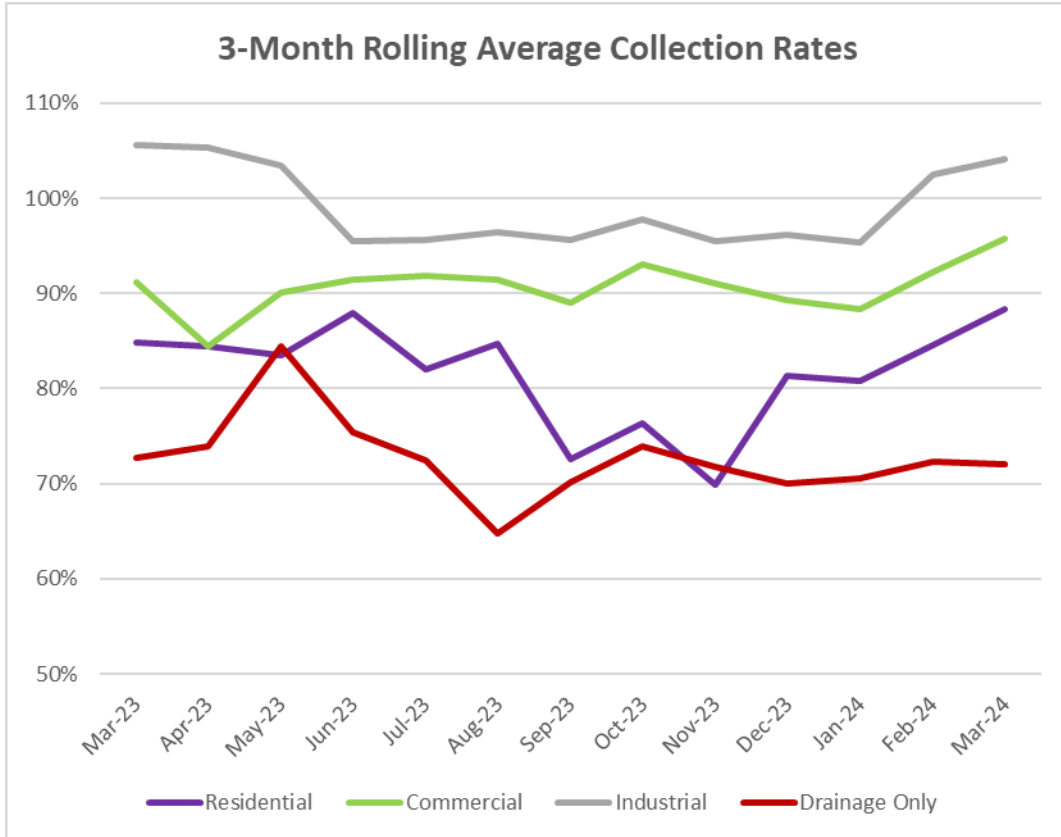
Quarterly Accounts Receivable Aging

March 31, 2024

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	\$ 15,766,273	\$ 12,454,319	\$ 7,821,253	\$ 23,958,078	\$ 18,758,890	\$ 13,862,115	\$ 94,384,113	\$ 187,005,042
Commercial	7,344,818	2,600,866	1,662,993	4,135,603	3,612,941	2,266,668	5,591,709	27,215,598
Industrial	5,575,432	853,360	592,442	1,505,355	1,038,715	723,755	3,079,228	13,368,288
Tax Exempt	549,595	211,781	152,023	355,924	265,869	168,024	759,001	2,462,217
Government	4,629,689	1,415,759	357,663	1,064,587	1,518,273	(422,615)	14,098,144	22,661,500
Drainage	2,146,821	1,237,368	1,155,930	3,023,022	2,543,389	1,708,549	14,740,780	26,555,859
Subtotal - Active Accounts	36,012,628	18,773,453	11,742,305	34,042,569	27,738,077	18,306,495	132,652,975	279,268,503
Inactive	165,444	237,925	216,672	1,057,529	1,407,524	1,174,374	28,445,699	32,705,166
Total	\$ 36,178,073	\$ 19,011,378	\$ 11,958,977	\$ 35,100,099	\$ 29,145,601	\$ 19,480,869	\$ 161,098,673	\$ 311,973,669
% of Total A/R	11.6%	6.1%	3.8%	11.3%	9.3%	6.2%	51.6%	100.0%

- Uncollected accounts receivable are generally carried for five years until the statutory lien expires.
- 47.5% of the **Total Active receivables** balance is over one year past due. More than 50% of active residential receivables are more than one year past due.

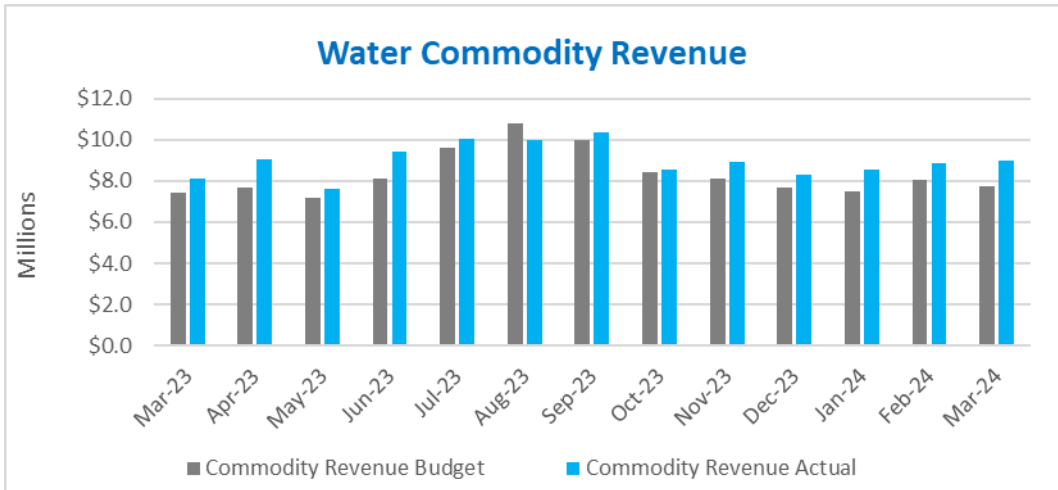
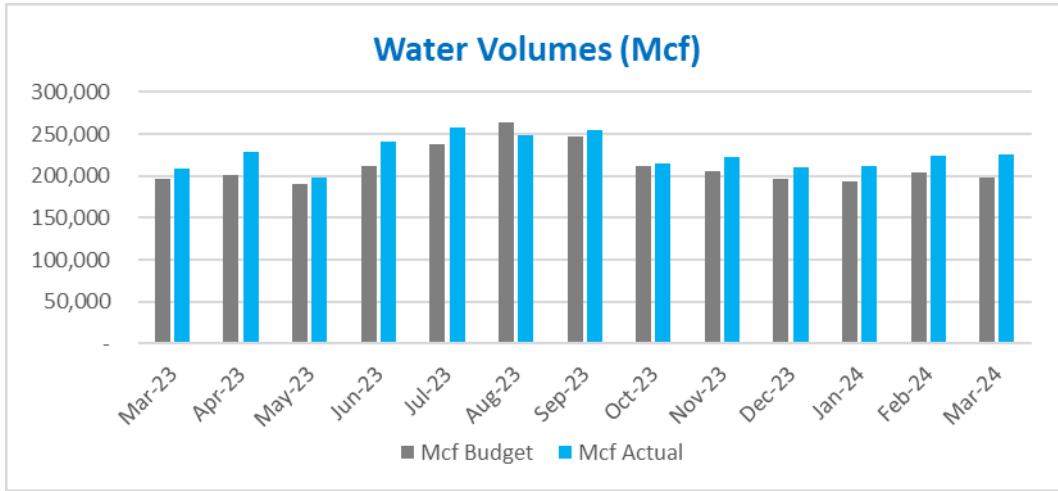
Collection Rates



	Jan-24	Feb-24	Mar-24	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	71.8%	81.8%	109.3%	88.4%
Commercial	97.0%	94.2%	96.0%	95.8%
Industrial	100.7%	110.5%	101.5%	104.1%
Tax Exempt	91.4%	97.2%	103.3%	97.4%
Government	144.0%	93.1%	171.6%	137.9%
Drainage Only	73.6%	70.6%	72.0%	72.1%

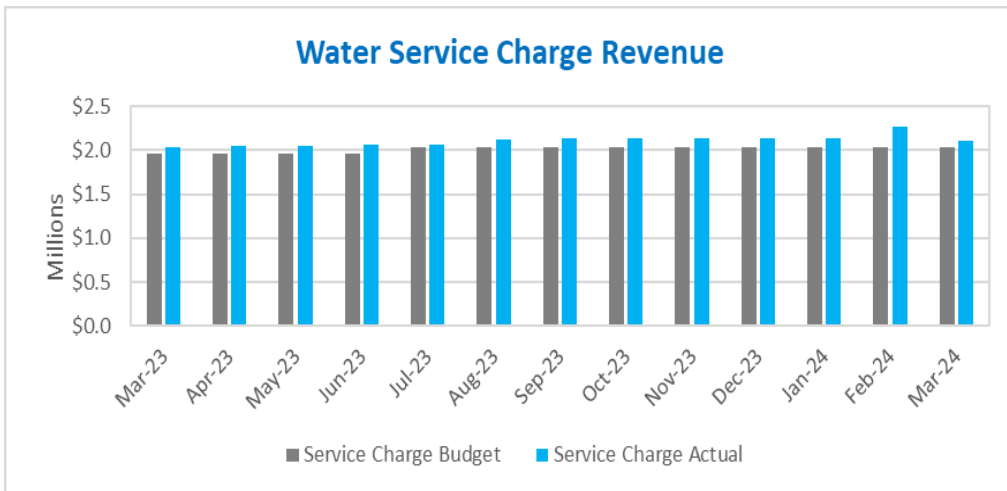
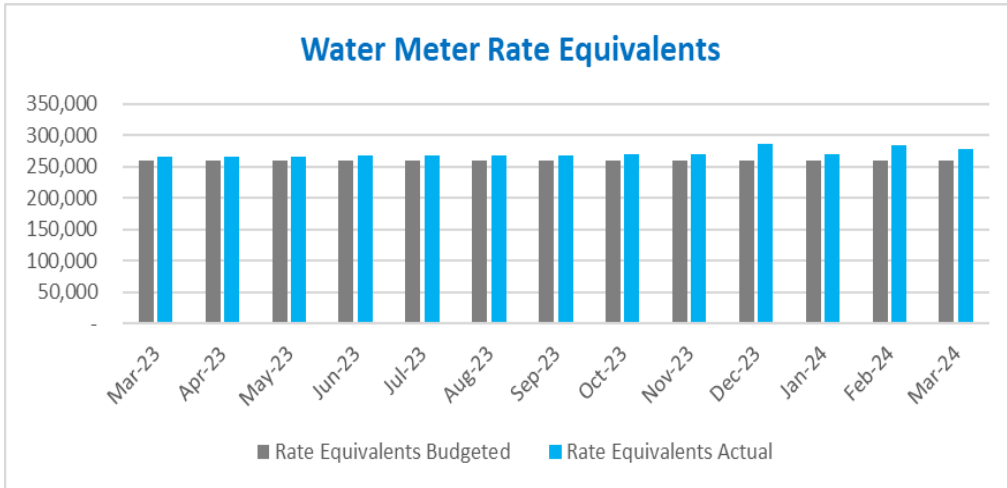
- **Residential** collection rate for March is high primarily due to receipt of \$4.8 million from Wayne Metro. This also increased the 3-month average collection rate by 3.9%.
- **Without these receipts, residential collection rate continues to be a concern.**
- **Commercial and Industrial** collection rate for March continue to be strong and the 3-month average collection rate also continues to improve. This is achieved due to our strong internal collection efforts.
- **Government** collection rate for March is high due to the receipt of \$4.5 million from GLWA for back billings.
- **Drainage Only** collections have been steady for March with a slight increase. Both the monthly collection rate and the 3-month average continue to be in low 70s and remain a concern.

Water Commodity Metrics and Revenue



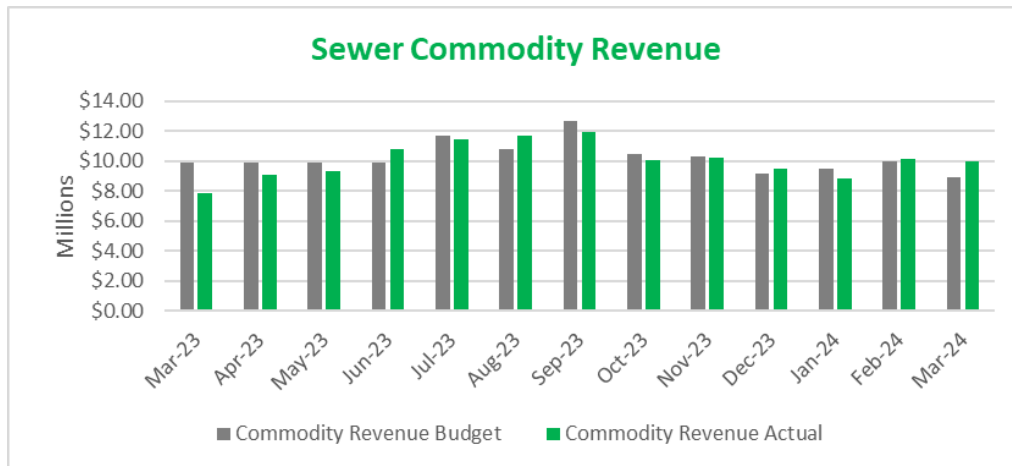
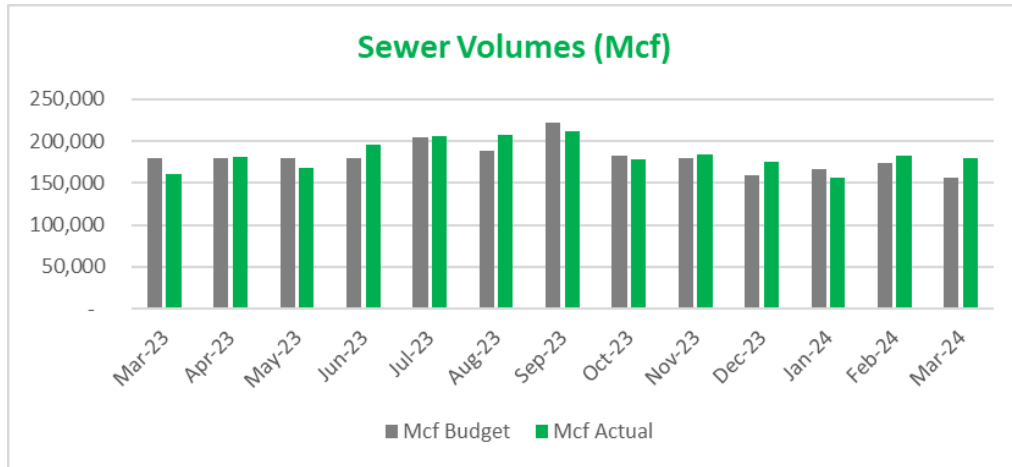
- Actual *Water Volume* for the month exceeded seasonally adjusted budgeted volume by 14%; March’s actual volume exceeded February volume by 0.3% and exceeded March 2023 volume by 7.9%.
- Year-to-date actual *Water Volume* is trending at 5.8% over seasonally adjusted budget.
- Actual *Water Commodity Revenue* for the month exceeded budgeted revenue by 16.2%. March’s actual revenue exceeded February revenue by 1.3 % and exceeded March 2023 revenue by 10.8%.
- Year-to-date actual *Water Commodity Revenues* exceeded seasonally adjusted budget by 6.2%.

Water Service Charge Metrics and Revenue



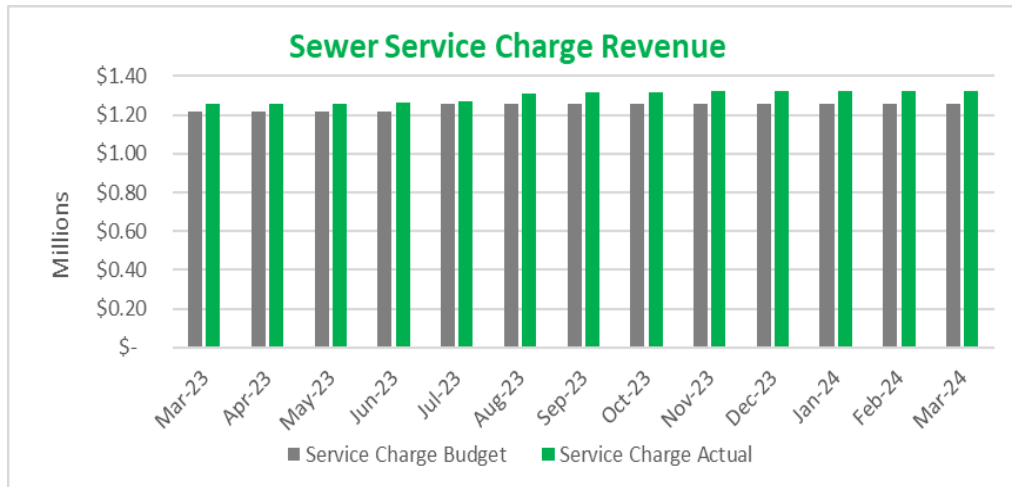
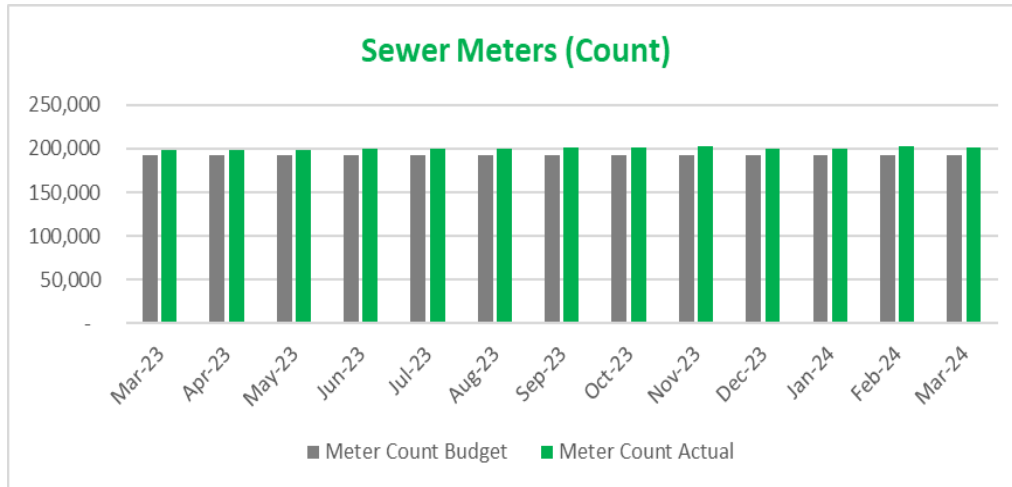
- *Water Meter Rate Equivalents* equalize all water meters based on the monthly fixed rates assigned to different meter sizes. Total equivalents represent the number of 5/8 inch meters required to generate the same amount of service charge revenue.
- Actual *Water Meter Equivalents* for the month exceeded budget equivalents by 7%; Meter equivalents in March fell short of February Meter Equivalents by 2.6% and was ahead of March 2023 equivalents by 4.5%.
- Year-to-date actual *Water Meter Equivalents* remained ahead of budgeted levels by 5.5%.
- Actual *Water Service Charge Revenue* for the month exceeded budgeted revenue by 3.8%; *Water Service Charge Revenue* in March fell short of February revenue by 7.0% and was ahead of March 2023 revenue by 3.6%.
- Year-to-date actual *Water Service Charge Revenues* were 5.1% above budget reflecting higher meter equivalents.
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Sewer Commodity Metrics and Revenue



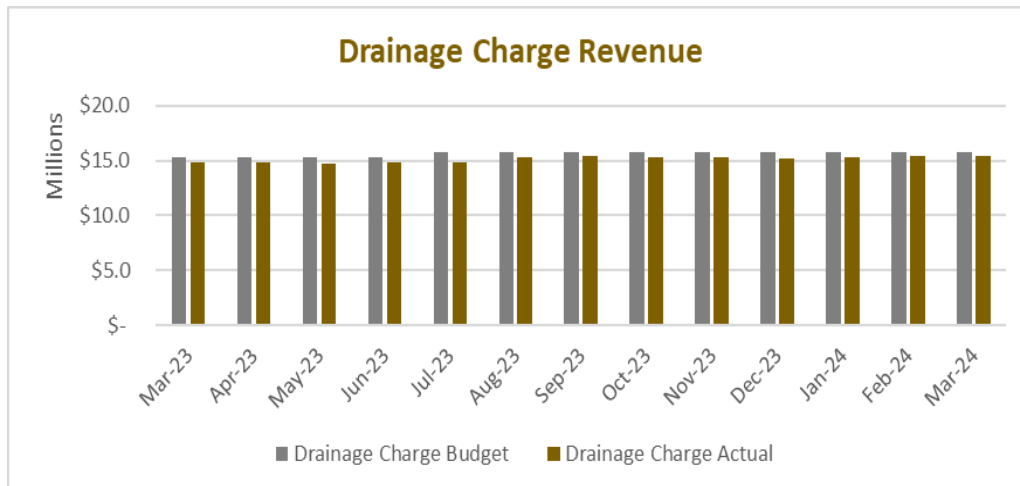
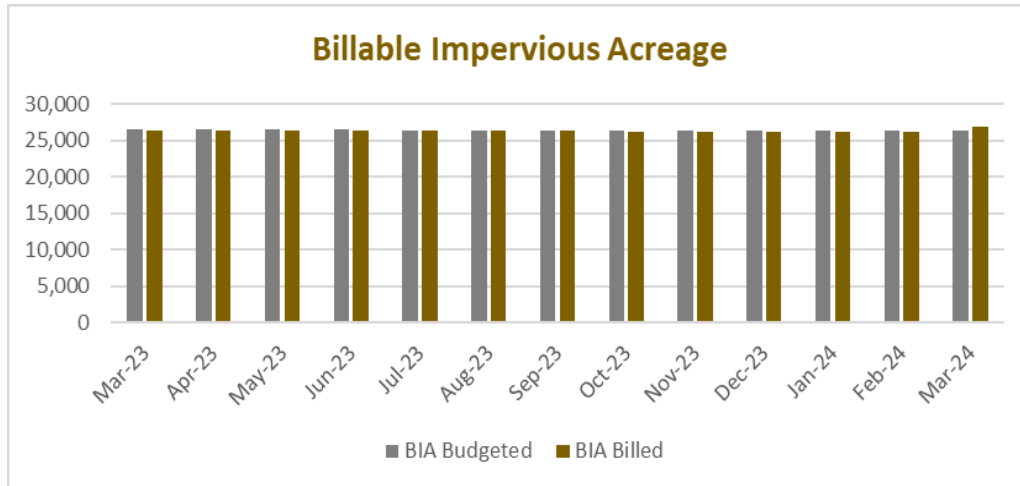
- Actual *Sewer Volume* for the month exceeded the budget by 14.4%. March volume fell short of February volume by 1.7% and exceeded March 2023 volume by 11.7%.
- Year-to-date actual *Sewer Volume* is trending at 2.8% over budget.
- *Actual Sewer Commodity Revenue* for the month exceeded budgeted revenue by 11.6%. March revenue fell short of February revenue by 1.5% but exceeded February 2023 revenue by 26.6%.
- Year-to-date actual *Sewer Commodity Revenues* exceeded the seasonally adjusted budget by 0.4%.

Sewer Service Charge Metrics and Revenue



- Actual *Sewer Meters* (Count) for the month exceeded budget by 4.8%. March meter count fell short of February count by 1.0% and exceeded February 2023 count by 1.5%.
- Year-to date actual *Sewer Meter Count* remained ahead of budgeted levels by 4.7%.
- Actual *Sewer Service Charge Revenue* exceeded budgeted revenue by 5.0%. March revenue fell short of February revenue by 0.3% but exceeded March 2023 revenue by 5.2%.
- Year-to-date actual *Sewer Service Charge Revenue* was 4.4% above budget reflecting higher meter counts.

Drainage Charges Metrics and Revenue



- Actual *Billed Impervious Acreage (BIA)* in March was 1.6% over the budget. March *BIA* exceeded February *BIA* by 2.6% and 1.6% above February 2023 *BIA*.
- Year-to-date actual *BIA* has been trending lower than budget estimates by 0.4%.
- *Drainage Charge Revenue* for the month fell short of the budget by 2.2%. March revenue fell short of February revenue by 0.2% and exceeded February 2023 revenue by 3.7%.
- Year-to-date *actual Drainage Charge Revenue* fell short of the budget by 3.0%.
- Shortfall is due to a combination of decreased *BIA*, additional residential credits, and an increase in green credits.

Quarterly Lifeline Review



Lifeline Summary	As of 3/31/24	
Total Participants Eligible to Enroll	28,711	
Total Participants Currently Enrolled	23,095	
Total amount forgiven at Enrollment	\$ 35,966,741	Since September 2022
Less: Total Received via Governmental f	(15,311,953)	
Less: Total Adjustments Made	(8,652,264)	
Balance Left (A)	\$ 12,002,524	
Total GAP Arrears	\$ 12,860,849	Since October 2022
Less: Paid by WRAP	(4,668,230)	
Gap Arrears Outstanding (B)	\$ 8,192,619	
Total Outsanding Enrollment + GAP a	\$ 20,195,144	

Lifeline Account Arrears Status	# of Accounts	Amount
Total Outstanding Balances	21,467	\$ 4,763,823
Total Outstanding Balances > 60 Days	6,708	\$ 1,837,128

- DWSD reduced account arrears for Lifeline enrollees by \$33.8M since September 2022.
- Collected \$15.3M from regional, state and federal grants.
- Wrote off \$8.7M not covered by grants or not eligible for reimbursement.
- Currently \$12M outstanding and uncollected arrears (grant eligible).
- Reduced customer obligations by \$12.9M 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 \$4.7M from WRAP, regional, state and federal grants to cover the GAP amount, leaving an outstanding balance of \$8.2 million (WRAP and/or grant eligible, when available).
- A total of \$20.2 million outstanding for Enrollment + GAP arrears.
- A total of \$4.8M outstanding in current arrears for approximately 21,500 accounts.

Quarterly Lifeline Review – This is a Summary of the Program



30,000 protected from Shut-Off

- **28,700 Eligible**
 - 23,100 Receiving Benefit Monthly
- 1,200 in process at WM

Cost: \$44.5M

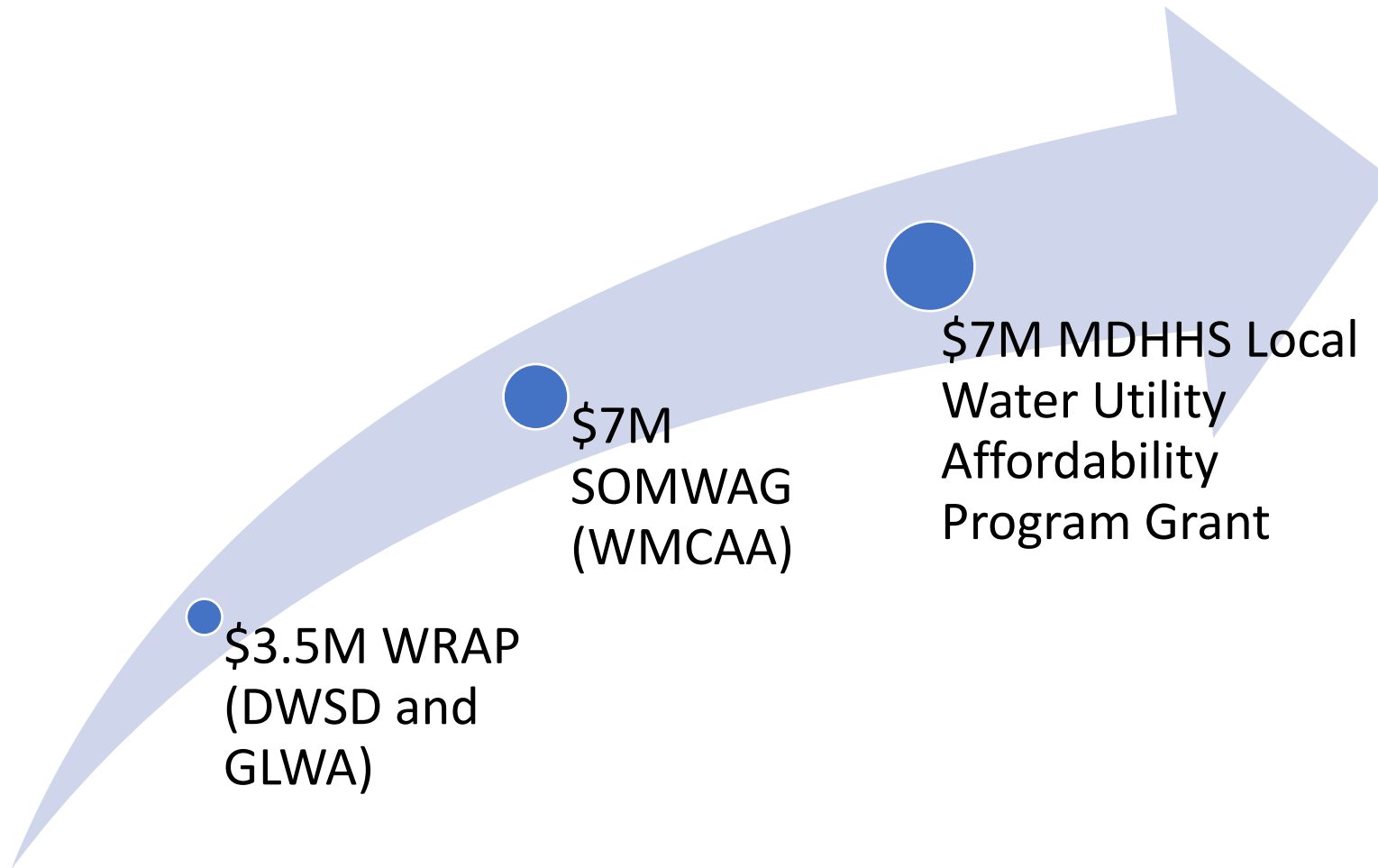
- \$36.0M Arrears
- \$12.9M Gap

Collection and Write Off: \$25.1M

- \$15.3M Arrears
- \$4.7M Gap
- \$8.7M Write Off

- 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)
- * Write Off – balances written off for not being eligible for reimbursement or not covered by grant (s)

Lifeline Funding Sources - Significant Shortfall



Current Funding Status:

\$17.5M Total for FY2025

1. \$3.5M WRAP (July 2024)
2. \$7M Michigan Water Affordability Grant (October 2023) WMCAA
3. \$7M MDHHS Water Utility Affordability Grant (April 2024) WMCAA

Water and Sewer Operating Revenue - Budget vs. Actual

For the Nine Months Ended March 31, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Water Operating Revenue				
Commodity sales	\$ 76,038	\$ 82,440	\$ 6,402	8.4%
Service charges	18,280	19,066	786	4.3%
Private firelines	1,598	1,467	(131)	-8.2%
Shared Services	883	696	(187)	-21.1%
Other GLWA reimbursement	2,547	1,718	(828)	-32.5%
Penalties and fees	3,158	2,828	(330)	-10.4%
	-	-	-	-
Total Operating Revenue	\$ 102,503	\$ 108,215	\$ 5,713	5.6%

For the Nine Months Ended March 31, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Sewer Operating Revenue				
Commodity sales	\$ 92,142	\$ 94,376	\$ 2,234	2.4%
Service charges	11,307	11,768	461	4.1%
Drainage charges	141,736	137,462	(4,274)	-3.0%
Industrial waste charges	1,200	1,206	6	0.5%
Shared Services	992	952	(40)	-4.0%
Other GLWA reimbursement	4,860	3,333	(1,526)	-31.4%
Penalties and fees	6,375	6,133	(242)	-3.8%
	-	-	-	-
Total Operating Revenue	\$ 258,612	\$ 255,229	\$ (3,383)	-1.3%

- Fiscal 2024 year-to-date Water *Commodity Revenues* were \$6.4 million (8.4%) over straight line budget. Positive budget volume variance (7.8%) has resulted in an increase in revenue of \$6.4 million over budget. When compared to seasonally adjusted budget, volume was 5.8% over and revenues were \$4.8 million or 6.2% over budget.
- Fiscal 2024 year-to-date *Sewer Commodity Revenues* were \$2.2 million (2.4%) over straight-line budget. Positive budget volume variance (4.3%) has resulted in an increase in revenue of \$2.2 million over budget. When compared to seasonally adjusted budget, volume was 2.8% over and revenues were \$382,000 or 0.4% over budget.
- Drainage Charge Revenue* fell short of budget estimates by \$4.3 million (3.0%). Decrease is due to lower BIA and increase in Green credits.
- Other GLWA reimbursement* fell short of budget due to pension requirement from GLWA were lowered based on actuarial valuation and no pension reimbursement was made after Dec 2023.

Operating Expense By Appropriation - Budget vs. Actual

For the Nine Months Ended March 31, 2024

(Amounts in thousands)

	Budget	Actual	Variance	%
Combined Departmental Expense				
Administration	\$ 1,322	\$ 1,286	\$ 36	2.7%
Operations	40,623	35,636	4,987	12.3%
Stores Inventory	-	651	(651)	N/A
Compliance	18,641	13,888	4,753	25.5%
Finance	12,319	8,167	4,153	33.7%
Customer Service	4,335	3,984	352	8.1%
Total Departmental	\$ 77,240	\$ 63,612	\$ 13,629	17.6%

For the Nine Months Ended March 31, 2024

(Amounts in thousands)

	Budget	Actual	Variance	%
Combined Nondepartmental Expense				
Wholesale charges	\$ 167,780	\$ 167,772	\$ 8	0.0%
Legacy pension expense	7,500	4,542	2,958	39.4%
Retail Assistance Program	1,644	1,644	0	0.0%
Bad debt expense	44,710	45,368	(658)	-1.5%
Total Nondepartmental	\$ 221,634	\$ 219,326	\$ 2,309	1.0%

- **Operations** savings include: (1) *personnel* savings due to a combination of 21 vacancies offset in part by unbudgeted overtime (\$351K), (2) *contractual services* savings due to certain delayed projects and contracts such as iTron project, service interruptions, and GSI maintenance and restoration (\$3.8 million), (3) *shared services* savings due to true-ups and (4) *utility* savings due to mild weather (\$838K).
- **Compliance** savings include: (1) *personnel* savings attributable to 7 vacancies (\$1.3 million), (2) certain *contractual services* were delayed (\$660K), (3) *shared services* savings due to true-ups, (4) certain IT expenses including software, telecommunication and data licensing agreements, that gets invoiced and recorded on an annual basis (\$2.7 million) towards the end of the fiscal year.
- **Finance** savings include: (1) *personnel* savings due to 13 vacancies (\$1.5 million), (2) *contractual services* savings due to certain delayed projects, including Internal Audit services, external audit chargebacks, a proposed warehouse consolidation project, and other consulting initiatives (\$1.5 million), (3) certain *Other expense* savings due to delayed *purchased service* and *shared services* true-ups (\$1.2 million).
- **Legacy Pension Expense** savings due to lowered pension requirement based on actuarial valuation.

Operating Expense By Object - Budget vs. Actual

For the Nine Months Ended March 31, 2024

(Amounts in thousands)

	Budget	Actual	Variance	%
Combined Operating Expense				
Salaries and Wages	\$ 31,945	\$ 29,496	\$ 2,450	7.7%
Employee Benefits	18,096	14,088	4,008	22.1%
Contractual Services	14,757	8,871	5,885	39.9%
Supplies	8,765	7,781	984	11.2%
Wholesale Charges	167,780	167,772	8	0.0%
Shared Services	2,044	1,682	362	17.7%
Utilities	2,897	2,059	838	28.9%
Other Operating	7,878	5,821	2,057	26.1%
Bad Debt Expense	44,710	45,368	(658)	-1.5%
Total Operating	\$ 298,872	\$ 282,937	\$ 15,935	5.3%

- **Salaries and Wages** were 7.7% under budget for the year due to vacancies across multiple cost centers.
- **Employee Benefits** were 22.1% under budget mainly because of lower pension contribution requirement based on actuarial valuation.
- **Contractual Services** savings include consulting and professional services (\$5.9 million) across multiple cost centers. Savings are attributable to project delays including: iTron, residential service interruptions, GSI maintenance and restoration, warehouse consolidation, catch-basin maintenance, audit services, cash management services.
- **Other Operating** expense was under budget by \$2.1 million due to savings in purchased services and equipment rental accounts.

THANK YOU!

Detroit Water & Sewerage Department

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