



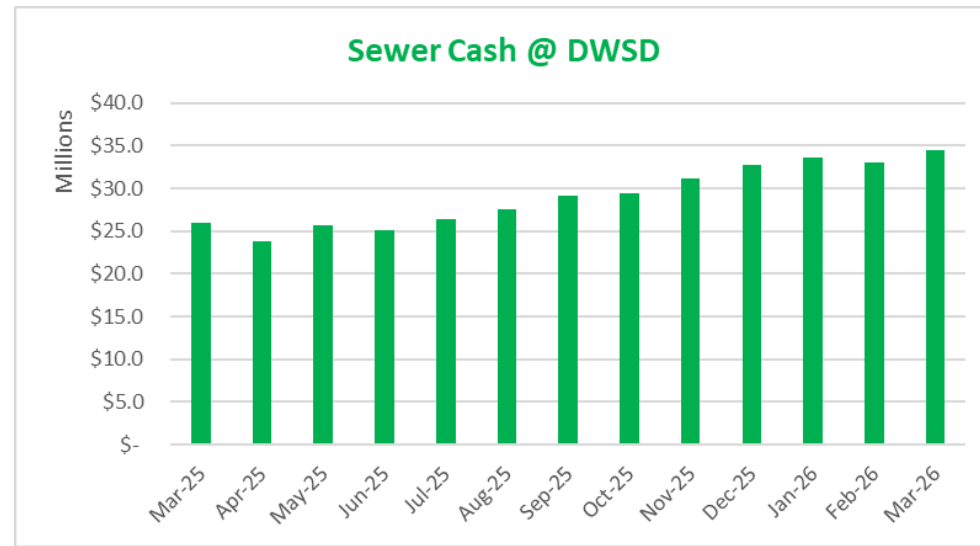
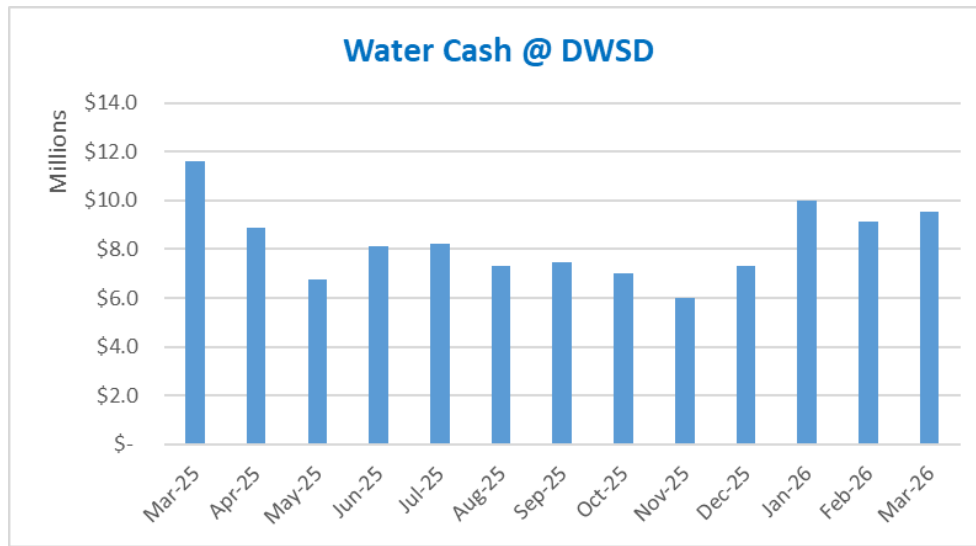
# Financial Review March 2026

BOWC Finance Committee

June 3, 2026

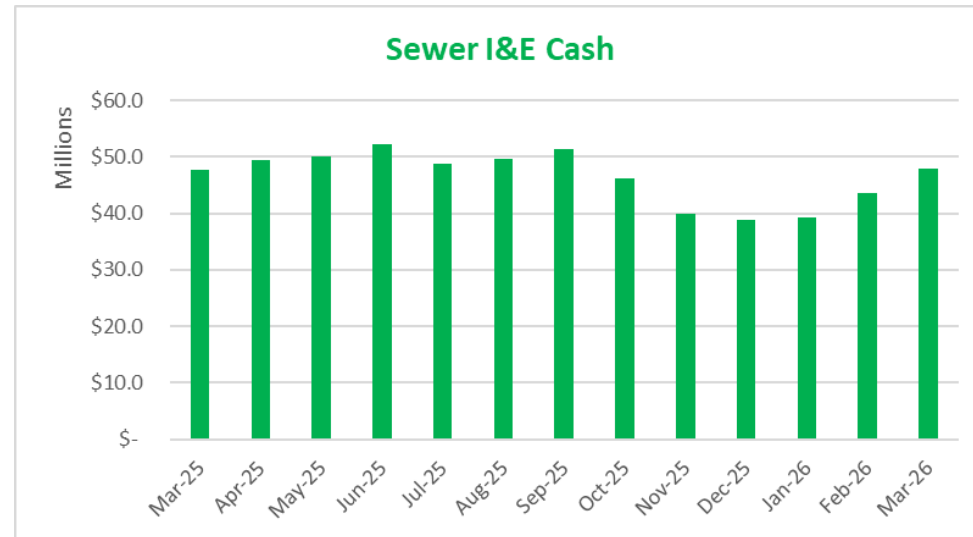
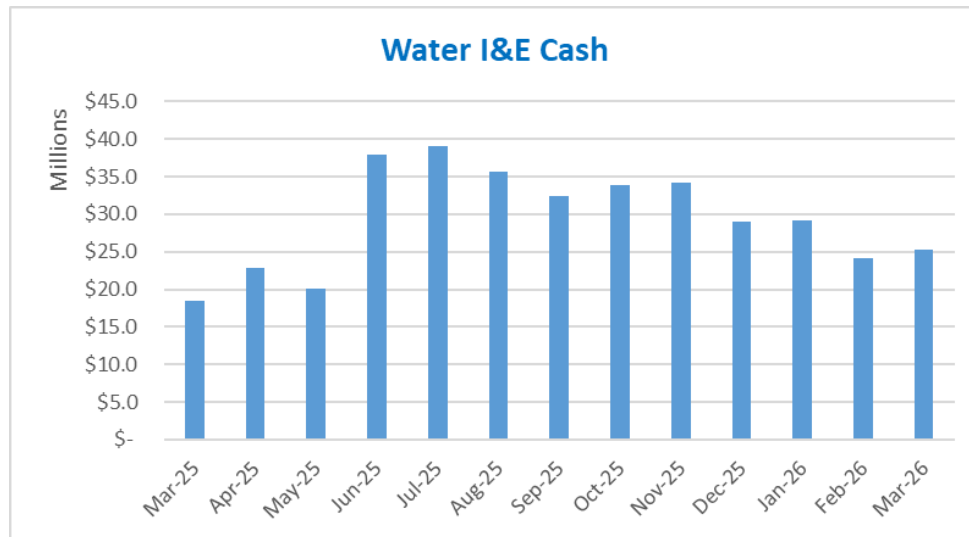
# March 2026 Highlights – Operating Cash

- 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 \$249.1 million (\$86.3 million in the Water Fund and \$162.8 million in the Sewer Fund). This represents an overall increase of \$8.3 million over February balance.
- **Water Operating Cash** of \$9.5 million increased by \$434,000 over February balance.
- **Sewer Operating Cash** of \$34.5 million increased by \$1.6 million over February balance.



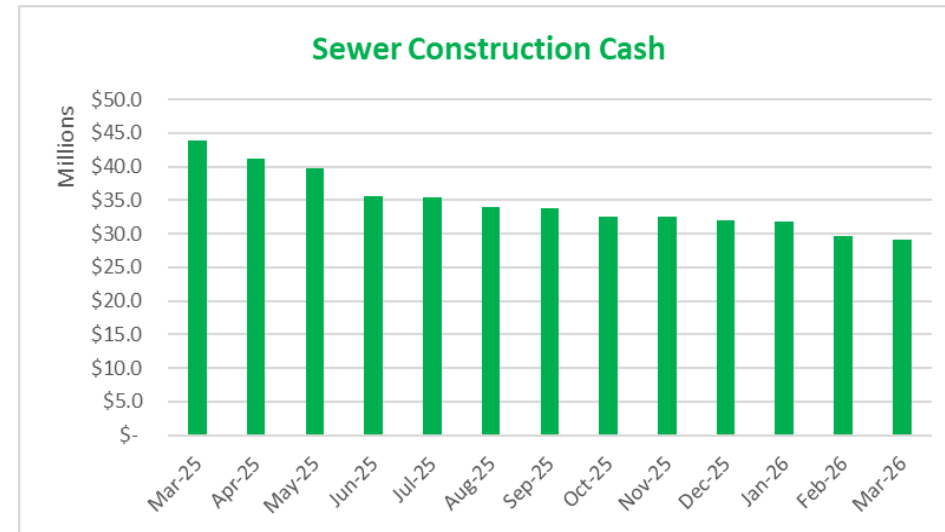
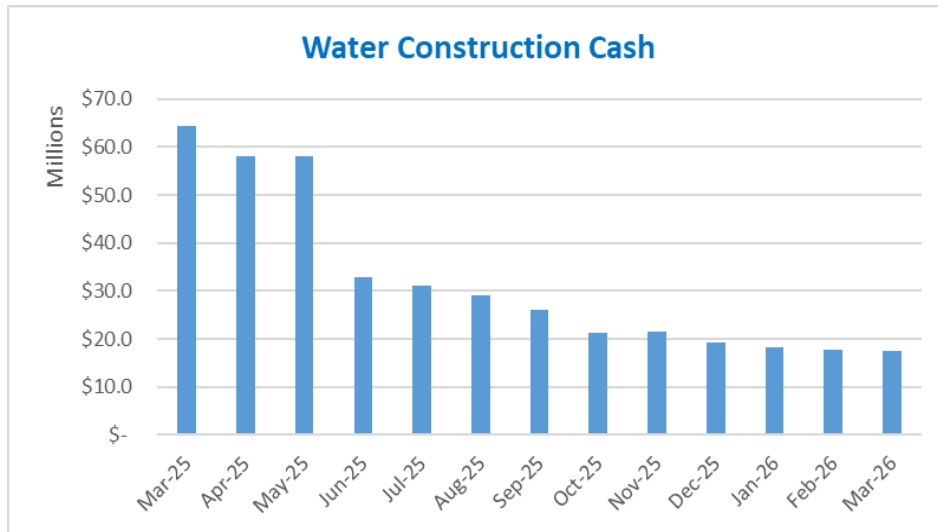
# March 2026 Highlights – Improvement & Extension (I&E) Cash

- DWSD continues to spend down I&E and Construction Cash in support of its Capital Improvement Program.
- **Water I&E Cash** amounted to \$25.3 million, an increase of \$1.1 million over February balance.
- **Sewer I&E Cash** amounted to \$48.0 million, an increase of \$4.5 million over February balance.



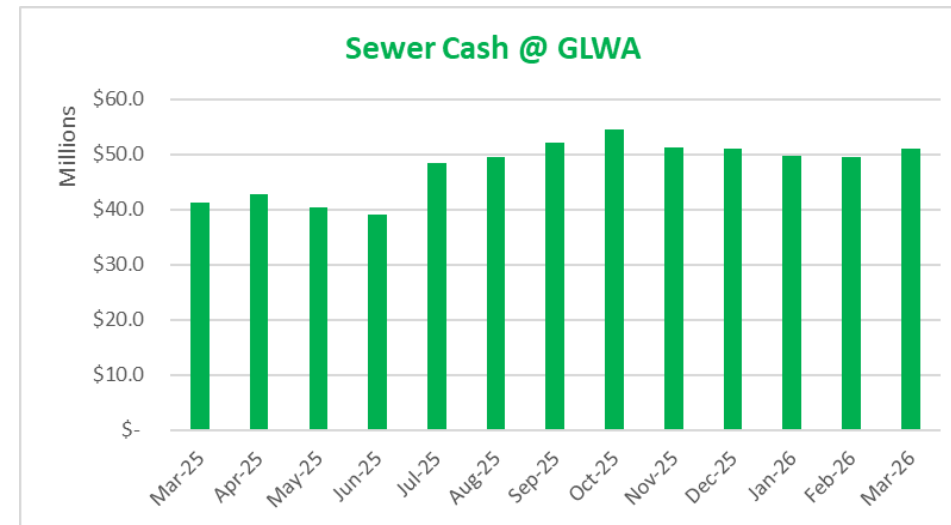
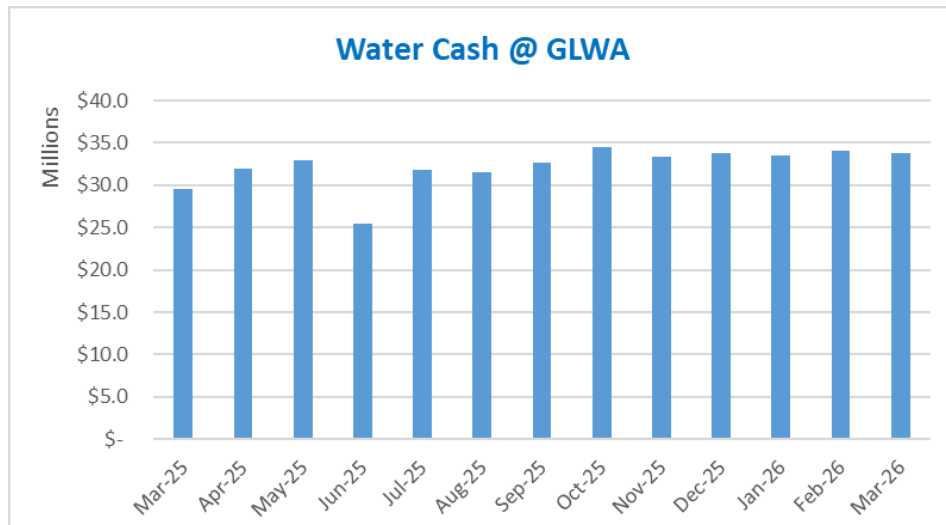
# March 2026 Highlights – Construction Cash

- **Water Construction Cash** amounted to \$17.6 million, a decrease of \$180,000 over February balance.
- **Sewer Construction cash** amounted to \$29.1 million, a decrease of \$461,000 over February balance.
- 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.



# March 2026 Highlights – Cash Held in Trust

- **Water Cash @ GLWA** amounted to \$33.9 million, a decrease of \$200,000 over February balance.
- Retail Water receipts of \$10.4 million in March fell short of the target collection by \$200,000 for the month.
- **Sewer Cash @ GLWA** amounted to \$51.1 million, an increase of \$1.5 million over February balance.
- Retail Sewer receipts of \$27.6 million in March exceeded the target collection by \$1.5 million for the month.



# 3<sup>rd</sup> Quarter Summary of Cash by Fund



(Amounts in thousands)

	<u>6/30/2025</u>		<u>9/30/2025</u>		<u>12/31/2025</u>		<u>3/31/2026</u>	
<b>Water Funds</b>								
Operating	\$ 8,145	4.2%	\$ 7,463	4.1%	\$ 7,294	4.6%	\$ 9,547	5.8%
Improvement & Extension	37,884	19.8%	32,388	18.0%	29,049	18.3%	25,306	15.4%
Construction	32,818	17.1%	25,929	14.4%	19,335	12.1%	17,566	10.7%
	<u>78,847</u>	<u>41.1%</u>	<u>65,779</u>	<u>36.5%</u>	<u>55,678</u>	<u>35.0%</u>	<u>52,420</u>	<u>31.9%</u>
<b>Sewer Funds</b>								
Operating	25,122	13.1%	29,181	16.2%	32,681	20.5%	34,514	21.0%
Improvement & Extension	52,161	27.2%	51,406	28.5%	38,802	24.4%	48,034	29.3%
Construction	35,559	18.6%	33,761	18.7%	31,999	20.1%	29,116	17.7%
	<u>112,842</u>	<u>58.9%</u>	<u>114,348</u>	<u>63.5%</u>	<u>103,481</u>	<u>65.0%</u>	<u>111,664</u>	<u>68.1%</u>
<b>Total Cash and Investments</b>	<u>\$ 191,689</u>	<u>100.0%</u>	<u>\$ 180,127</u>	<u>100.0%</u>	<u>\$ 159,159</u>	<u>100.0%</u>	<u>\$ 164,084</u>	<u>100.0%</u>

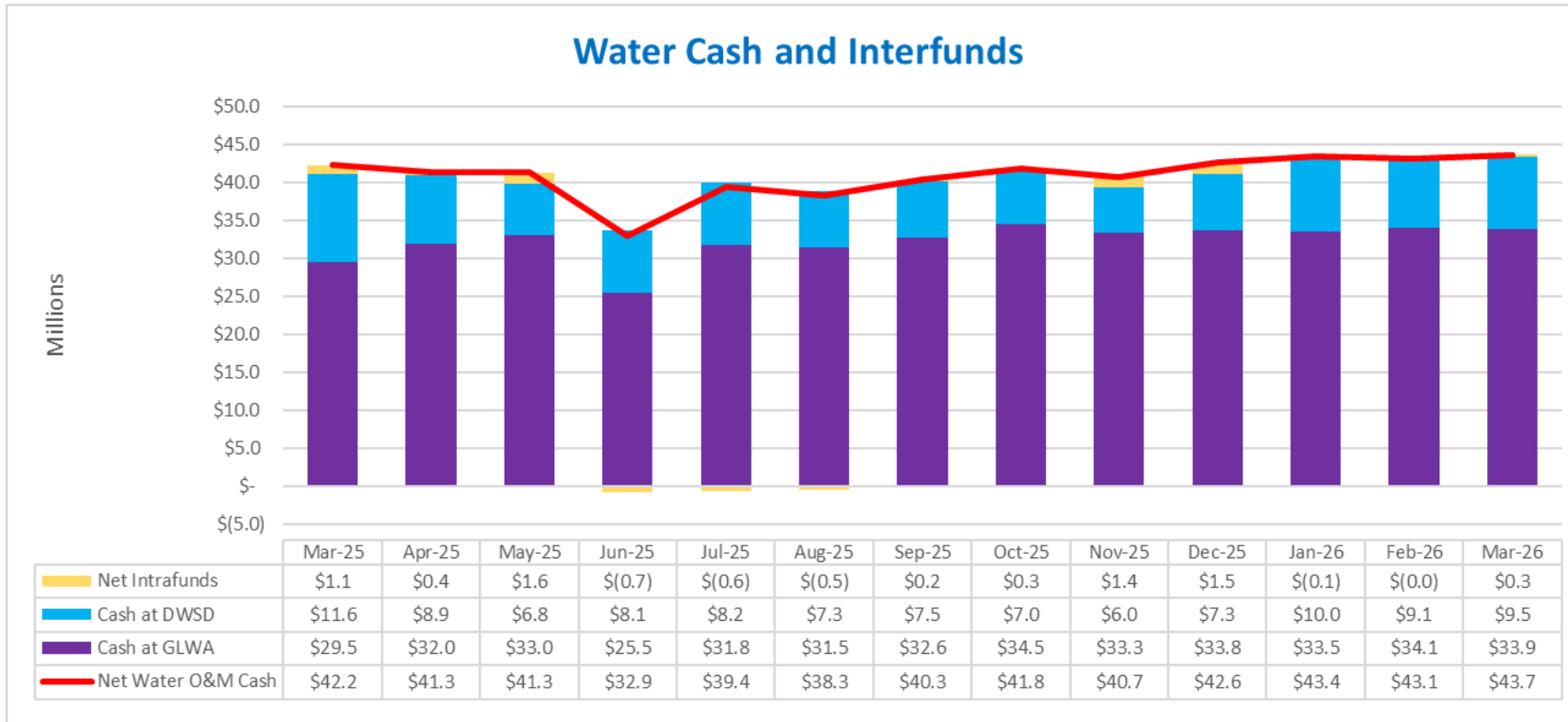
\* Amounts include DWSD Treasury, Common Cash Pool and Imprest cash account balances.

# 3<sup>rd</sup> Quarter Summary of Cash & Investments by Financial Institution\*

	<u>6/30/2025</u>		<u>9/30/2025</u>		<u>12/31/2025</u>		<u>3/31/2026</u>	
<b>SUMMARY BY INSTITUTION</b>								
US Bank	\$ 502	0.3%	\$ 1,847	1.0%	\$ 1,233	0.8%	\$ 1,215	0.7%
JP Morgan Chase	2,036	1.1%	2,057	1.1%	2,080	1.3%	2,104	1.3%
First Independence	47,205	24.6%	38,885	21.5%	41,028	25.6%	44,820	27.0%
Comerica	23,580	12.3%	27,540	15.3%	30,492	19.0%	32,688	19.7%
GovMIC	118,535	61.8%	110,135	61.0%	85,715	53.4%	85,085	51.3%
<b>Total Cash and Investments</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>\$ 165,913</b>	<b>100.0%</b>
<b>Water Funds</b>								
Operating	\$ 8,243	4.3%	\$ 8,862	4.9%	\$ 8,755	5.5%	\$ 9,963	6.0%
Improvement & Extension	37,908	19.8%	32,573	18.0%	29,686	18.5%	26,128	15.7%
Construction Series 2020A	32,818	17.1%	26,091	14.5%	19,575	12.2%	17,632	10.6%
	<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>53,722</b>	<b>32.4%</b>
<b>Sewer Funds</b>								
Operating	25,169	13.1%	29,253	16.2%	32,668	20.3%	34,483	20.8%
Improvement & Extension	52,161	27.2%	47,388	26.3%	37,813	23.6%	48,591	29.3%
Construction Series 2018A	35,559	18.5%	36,297	20.1%	32,050	20.0%	29,116	17.5%
	<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>112,191</b>	<b>67.6%</b>
<b>Total Cash and Investments</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>\$ 165,913</b>	<b>100.0%</b>

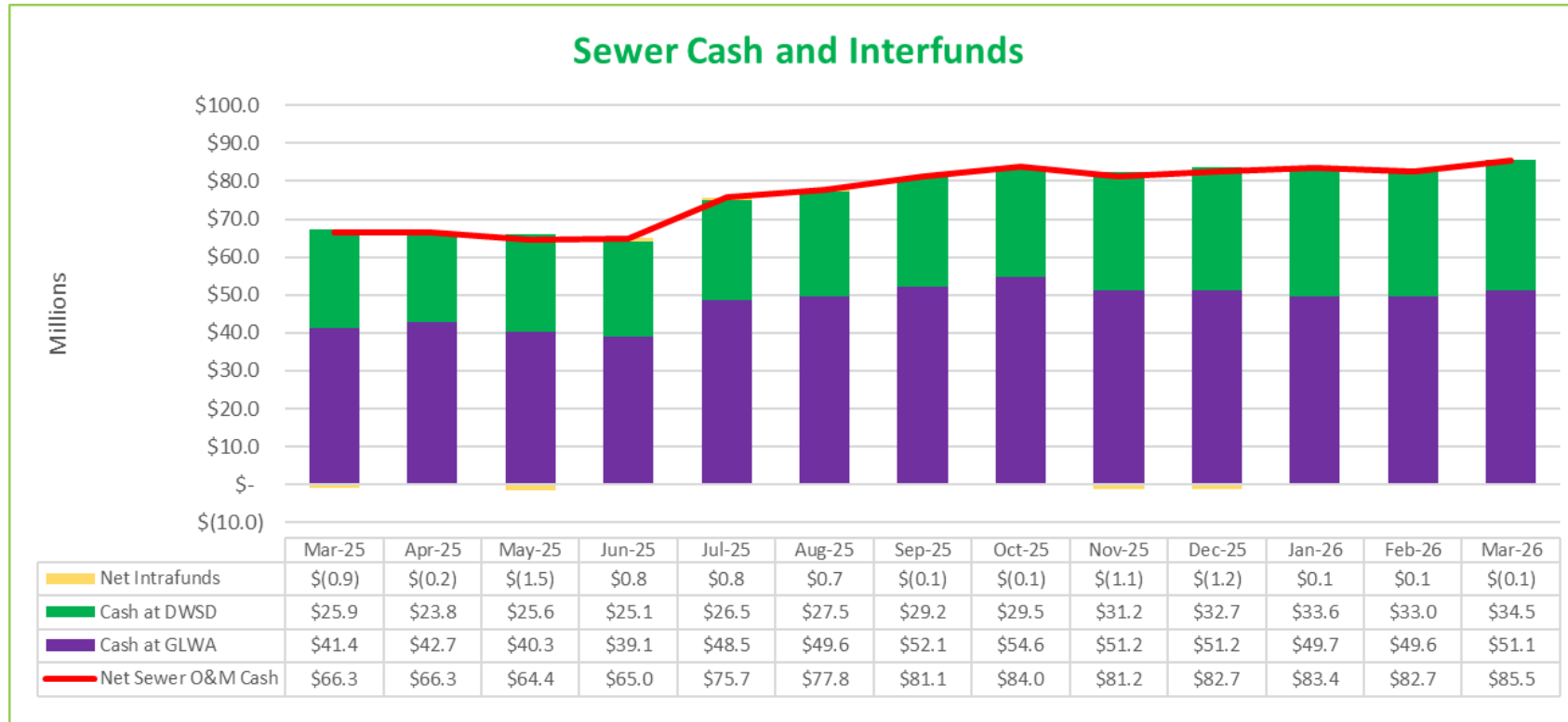
\*Amounts reflect bank balances and may differ from trial balance due to timing difference and reconciling items.

# 3<sup>rd</sup> Quarter Net Operating Cash and Interfund – Water Fund



- *Net Water Operating Cash* and Interfund balances are on a positive trend since the beginning of Fiscal 2026, reflecting positive financial results.
- *Net Water Operating Cash and Interfund* balances for March amounted to \$43.7 million, representing an increase of \$1.5 million over the past year.

# 3<sup>rd</sup> Quarter Net Operating Cash and Interfund – Sewer Fund



- *Net Sewer Operating Cash* and Interfund balances are on a positive trend since the beginning of Fiscal 2026, reflecting positive financial results.
- *Net Sewer Operating Cash and Interfund* balances for March amounted to \$85.5 million, representing an increase of \$19.2 million over the past year. Increase is mainly due to the tax roll collection and receipt from from Wayne Metro.

# March 2026 Highlights - Comparative Accounts Receivable



- March sales of \$41.6 million consistent with February sales of \$41.3.
- Receivables of \$341.4 million for total active accounts increased by \$656,000 (0.2%) compared to February receivables of \$340.8 million.
- March's cash collection \$38.1 million increased by \$2.0 million (5.5%) compared to February's cash collection of \$36.1 million.
- Active Residential Accounts Receivable decreased by 0.1% compared to February's balance and the aging decreased by 14 days in March.
- Collection of inactive receivables is now handled by a third-party collection agency.
- Allowance for Doubtful Accounts are 83.7% of the Total Accounts Receivable (including Tax Roll Transfer) balance as of March.

Sales Class	June 30, 2025			February 28, 2026			March 31, 2026		
	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR	Sales	Receivables	Days in AR
Residential	\$ 16,952,600	\$ 228,181,542	404	\$ 17,023,281	\$ 244,669,740	431	\$ 17,571,324	\$ 244,511,900	417
Commercial	8,683,254	32,053,891	111	8,420,307	33,498,810	119	8,312,340	33,778,639	122
Industrial	5,399,644	13,600,488	76	7,089,427	17,596,160	74	6,941,623	17,712,489	77
Tax Exempt	766,651	3,196,851	125	4,782,142	23,908,602	150	4,827,399	23,838,926	148
Government	4,856,313	23,664,329	146	3,984,401	21,095,814	159	3,950,116	21,582,798	164
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>\$ 41,299,556</b>	<b>340,769,127</b>	<b>248</b>	<b>\$ 41,602,803</b>	<b>341,424,752</b>	<b>246</b>
Inactive Accounts Receivable		53,084,537			66,469,465			68,174,019	
<b>Total Accounts Receivable</b>		<b>381,751,570</b>			<b>407,238,592</b>			<b>409,598,770</b>	
Allowance for Doubtful Accounts		(310,878,978)			(354,869,110)			(360,314,738)	
<b>Net Accounts Receivable</b>		<b>\$ 70,872,592</b>			<b>\$ 52,369,482</b>			<b>\$ 49,284,032</b>	
Tax Roll Transfer		11,167,067			21,348,717			20,656,144	
<b>Total</b>		<b>\$ 82,039,659</b>			<b>\$ 73,718,199</b>			<b>\$ 69,940,176</b>	

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

# 3<sup>rd</sup> Quarter Accounts Receivable Aging



March 31, 2026

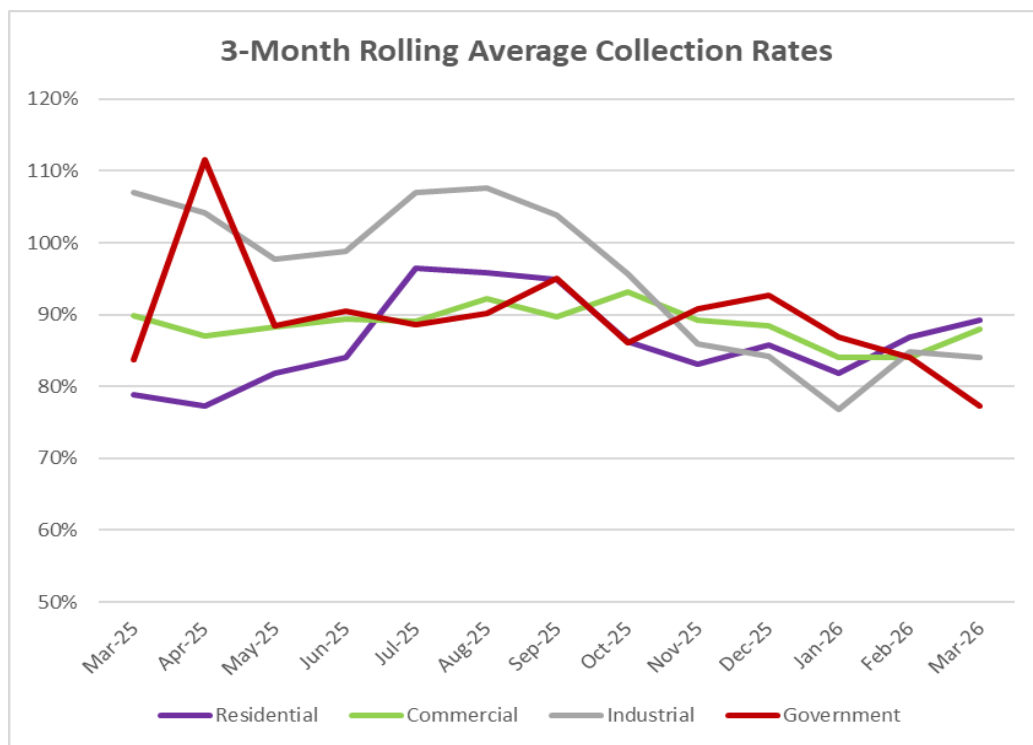
Sales Class	0-30 Days	31-60 Days	61-90 Days	91-180 Days	181-270 Days	271-360 Days	Over 1 Year	Total Receivables
Residential	\$ 15,636,424	\$ 8,901,172	\$ 7,772,732	\$ 18,996,133	\$ 18,196,176	\$ 15,920,151	\$ 159,089,111	\$ 244,511,900
Commercial	7,036,236	2,723,515	1,973,964	5,173,967	4,277,964	3,438,624	9,154,369	33,778,639
Industrial	5,245,584	1,179,265	770,326	2,343,811	1,941,586	1,507,404	4,724,512	17,712,489
Tax Exempt	4,179,630	1,017,092	912,089	1,969,500	1,619,109	1,490,153	12,651,352	23,838,926
Government	3,519,793	1,665,266	1,267,899	1,577,215	1,321,751	1,120,941	11,109,933	21,582,798
<b>Subtotal - Active Accounts</b>	<b>35,617,666</b>	<b>15,486,311</b>	<b>12,697,010</b>	<b>30,060,627</b>	<b>27,356,587</b>	<b>23,477,273</b>	<b>196,729,277</b>	<b>341,424,752</b>
Tax Roll Transfer								20,656,144
Inactive	185,756	177,693	189,231	1,010,345	1,650,966	2,118,872	62,841,155	68,174,019
<b>Total</b>	<b>\$ 35,803,423</b>	<b>\$ 15,664,004</b>	<b>\$ 12,886,241</b>	<b>\$ 31,070,972</b>	<b>\$ 29,007,554</b>	<b>\$ 25,596,145</b>	<b>\$ 259,570,432</b>	<b>\$ 430,254,914</b>
<b>% of Total A/R</b>	<b>8.3%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>7.2%</b>	<b>6.7%</b>	<b>5.9%</b>	<b>60.3%</b>	<b>100.0%</b>

- 57.6% of the **Total Active receivables** of \$196.7 million balance is over one year past due. Additionally, \$62.8 million (92.2%) of **Inactive** accounts are aged over one year.
- We have started collection process for inactive accounts via a third-party collection agency. Expecting to see improvement in collection on this front.
- The Total Receivables balance was reduced by an allowance for doubtful accounts of \$360.3 million at the end of March 2026, leaving a net receivable balance of approximately \$70 million before including Tax Roll.

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



# March 2026 Highlights - Collection Rates

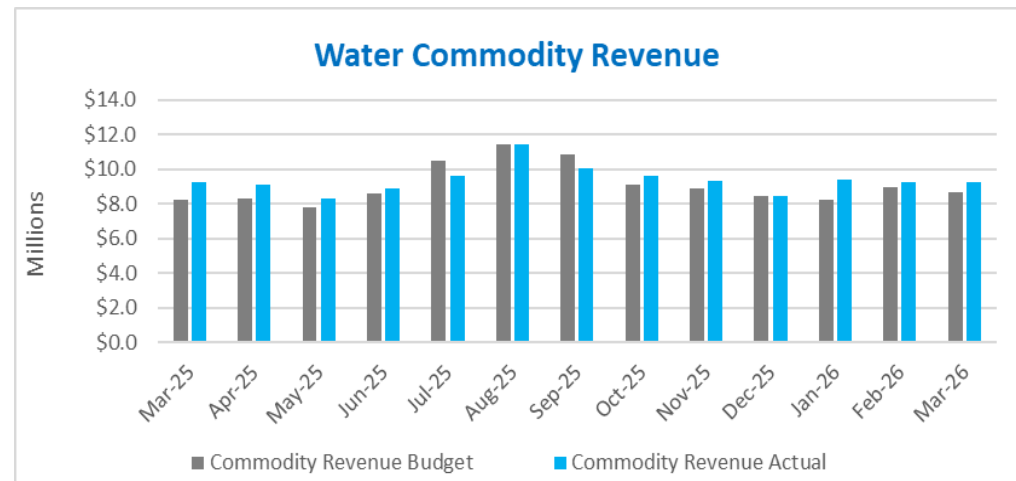
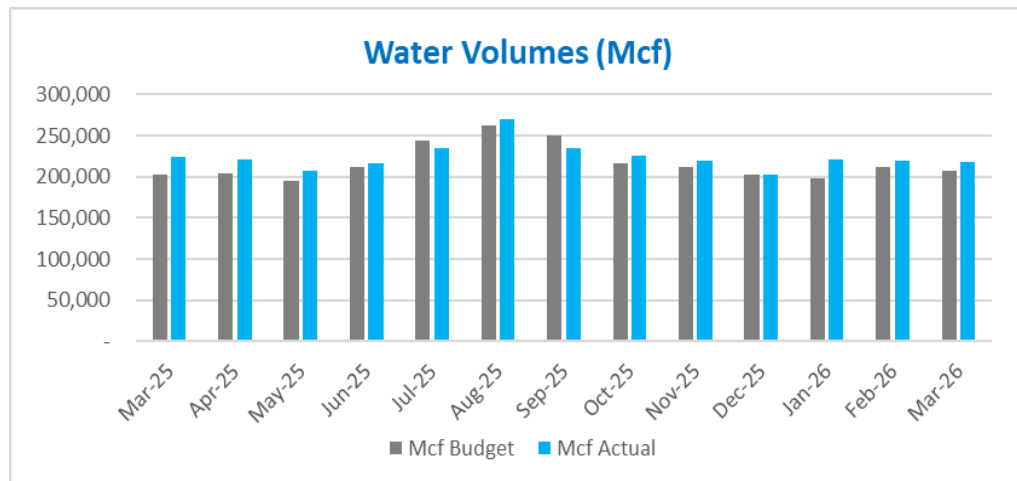


	Jan-26	Feb-26	Mar-26	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	80.1%	90.7%	96.8%	89.3%
Commercial	86.4%	81.8%	95.6%	87.9%
Industrial	77.4%	90.0%	84.6%	84.1%
Tax Exempt	96.4%	90.9%	97.3%	94.8%
Government	78.4%	77.6%	76.1%	77.4%

- **Residential** collection rates for the last three months have averaged at 89.3%. March collections was at 96.8% compared to 90.7% in February and 80.1% in January 2026.
- **Commercial and Industrial** - Commercial 3-month rolling averaged at 87.9%, a slight increase from February’s 3 month average. Industrial 3-month rolling averaged at 84.1%, a slight decrease from February’s 3 month average of 84.8%.
- **Government** collection rates for the last three months have averaged at 77.4%. March collections stood at 76.1% compared to 77.6% in February and 78.4% in January 2026.
- March combined collection rate of 92.5% for all active customer classes was higher than February’s combined collection rate of 87.5%. The 3-month moving average rate for all active customer classes stood at 87.6%.

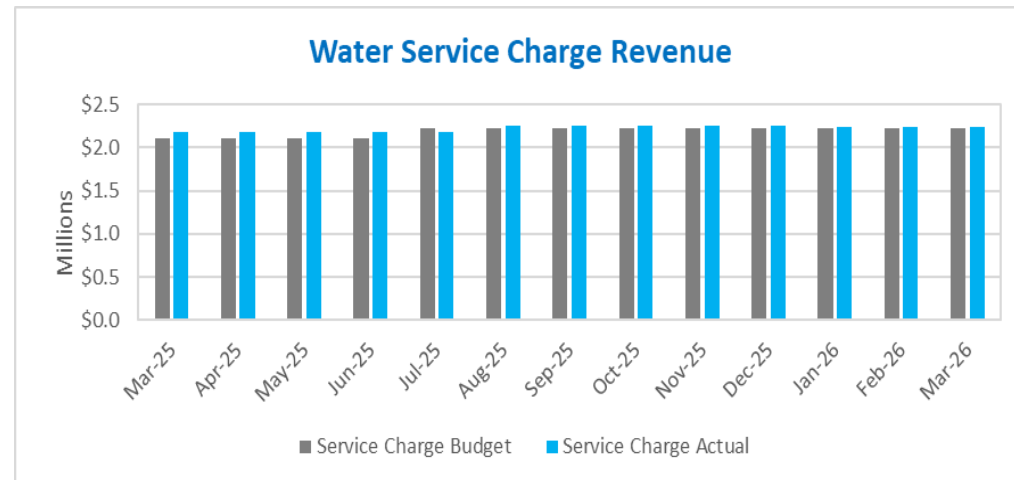
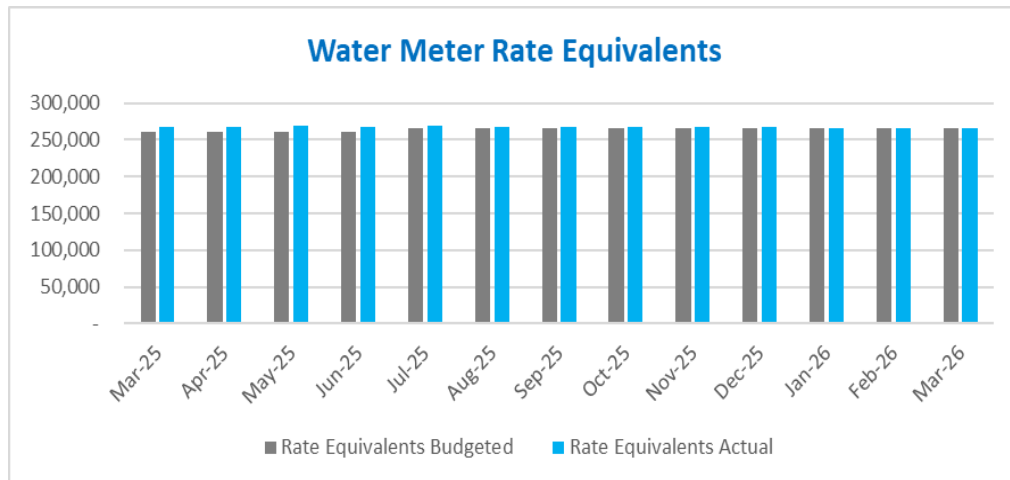
# March 2026 Highlights - Water Commodity Metrics and Revenues

- March actual Volume exceeded the budget for the month by 5.5% but was 0.4% lower than actual February Volume and 2.5% below March 2025 Volume.
- Year-to-date actual Water Volume was 2.0% above seasonally adjusted budget.
- March actual Commodity Revenue exceeded the budget for the month by 6.8% but was steady with actual February Revenue and March 2025 Revenue.
- Year-to-date actual Commodity Revenue was 1.6% above seasonally adjusted budget.



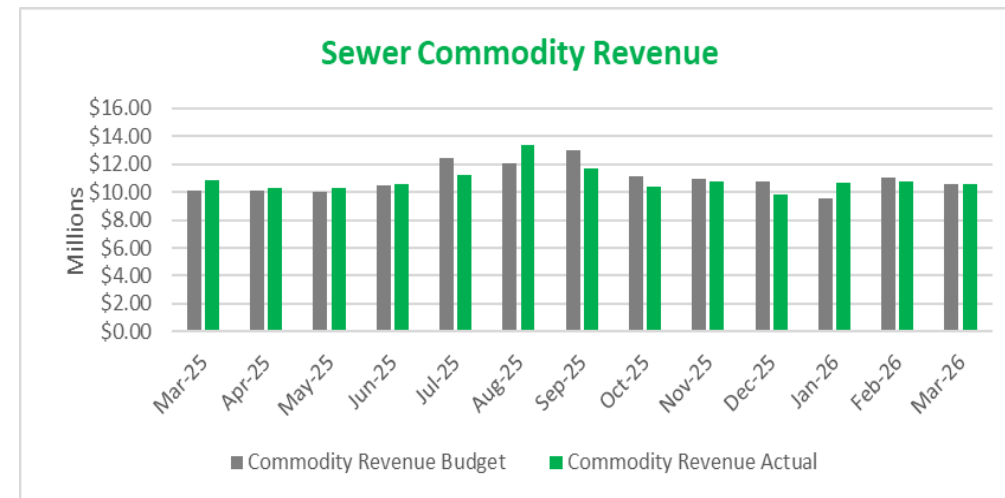
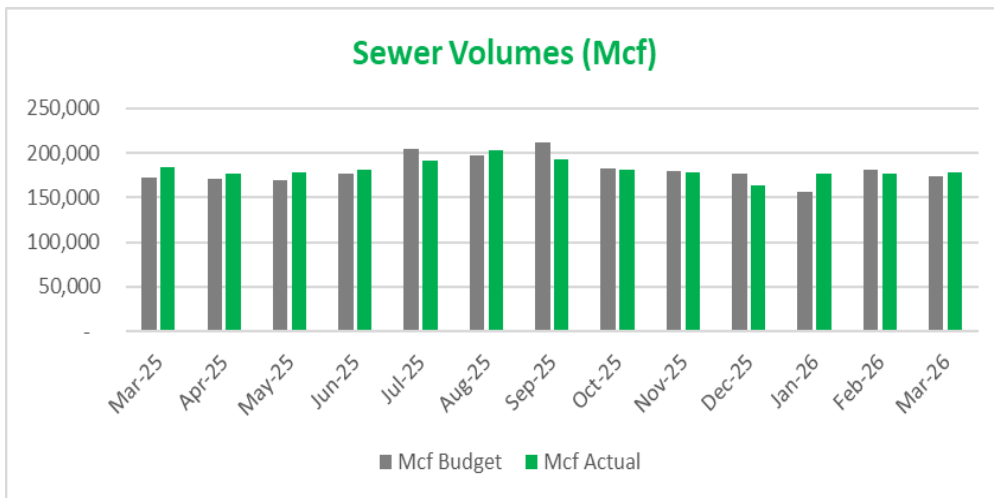
# March 2026 Highlights - Water Service Charge Metrics and Revenues

- March actual Meter Equivalents was steady with the budget for the month and with February Equivalents and was 0.7% below March 2025 Equivalents.
- Year-to-date actual Water Meter Equivalents exceeded budget by 0.4%.
- March actual Water Service Charge Revenue exceeded the budget for the month by 0.4% but was 0.2% below actual February Revenue and was 2.7% above March 2025 Revenue.
- Year-to-date actual Water Service Charge Revenue exceeded the budget by 0.5%



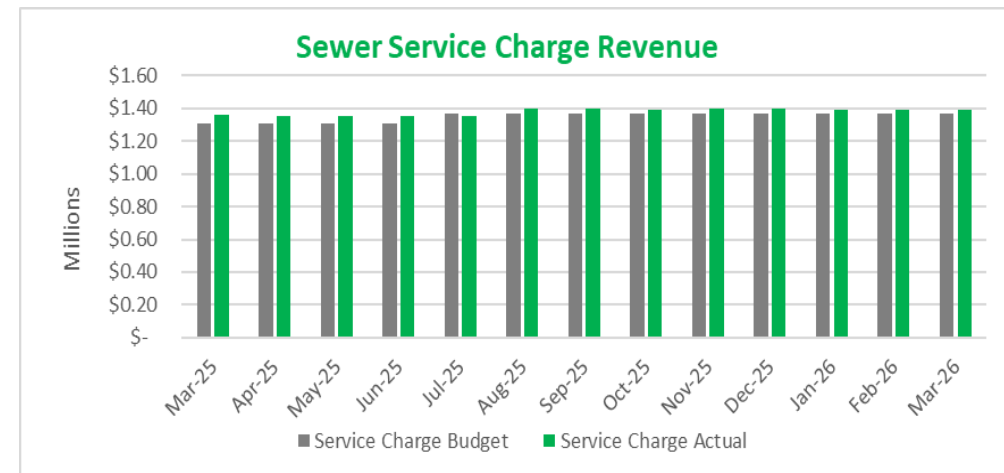
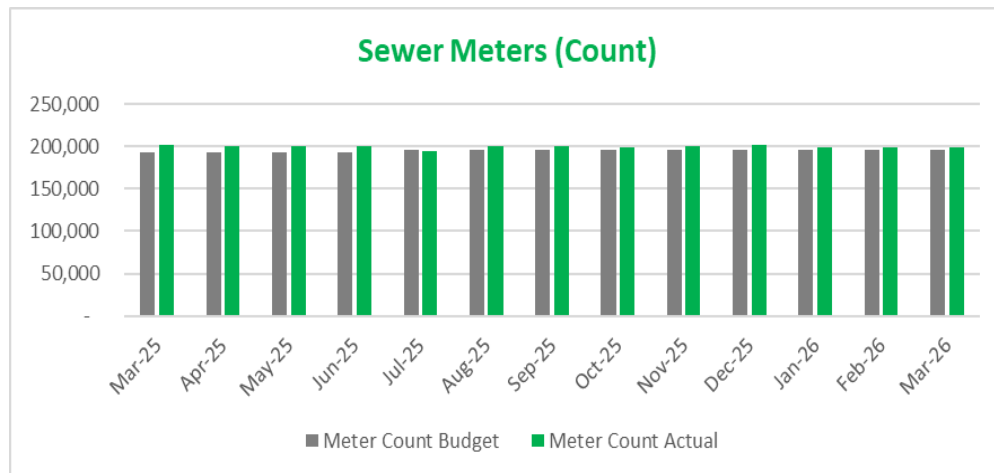
# March 2026 Highlights - Sewer Commodity Metrics and Revenues

- March actual Volume exceeded the budget for the month by 2.8% and was 0.6% higher than actual February Volume but was 3.1% lower than March 2025 Volume.
- Year-to-date actual Sewer Volume was 1.2% below seasonally adjusted budget.
- March actual Commodity Revenue exceeded the budget for the month by 0.1% but was 1.3% lower than actual February Revenue and was 2.4% lower than March 2025 Revenue.
- Year-to-date actual Commodity Revenue was 2.2% below seasonally adjusted budget.



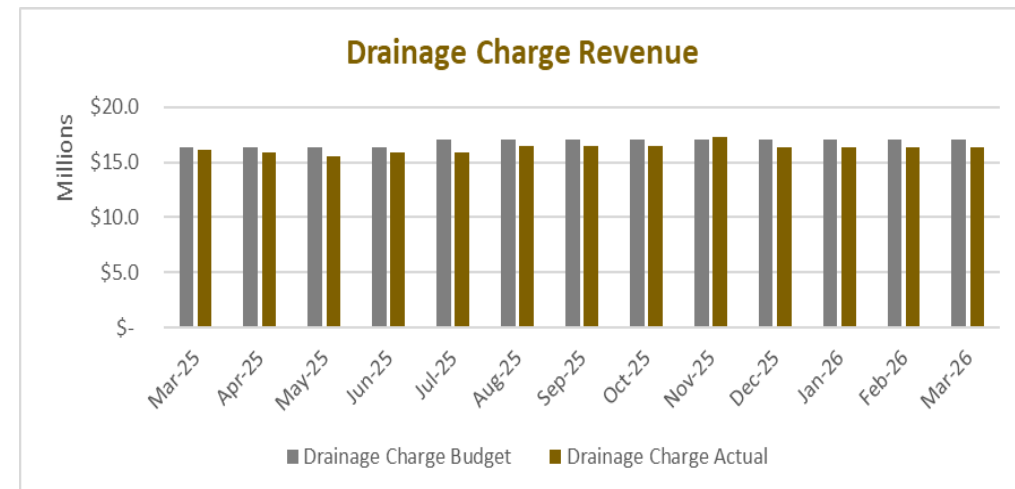
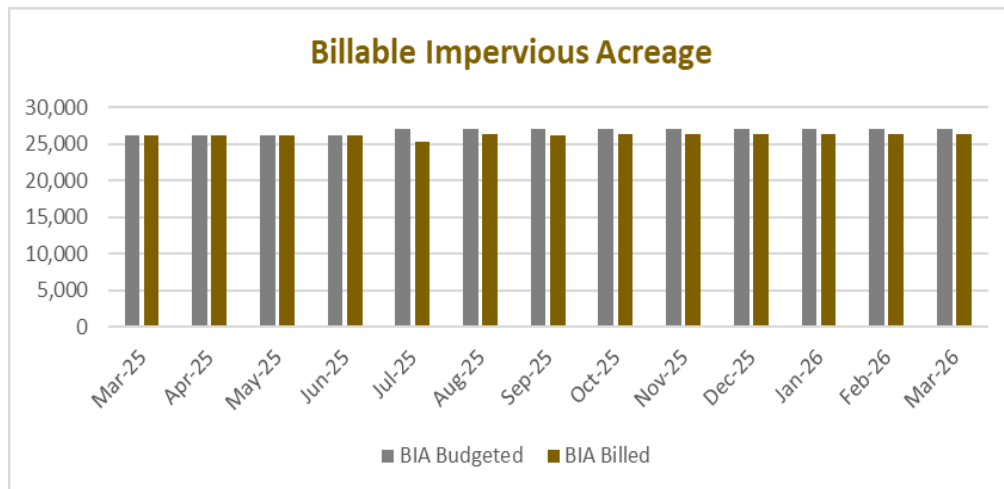
# March 2026 Highlights - Sewer Service Charge Metrics and Revenues

- March actual Sewer Meter Counts exceeded the budget for the month by 1.7% but were 0.1% below actual February Counts and were 1.3% below March 2025 Counts.
- Year-to-date actual Sewer Meter Counts exceeded budget by 1.9%.
- March actual Sewer Service Charge Revenue exceeded the budget for the month by 1.7% and was steady with actual February Revenue and was 2.0% over March 2025 Revenue.
- Year-to-date actual Sewer Service Charge Revenue exceeded budget by 1.8%.



# March 2026 Highlights - Drainage Charge Metrics and Revenues

- March actual Billable Impervious Acreage (BIA) fell short of the budget for the month by 2.8% but was steady with February actual BIA and was 0.3% above March 2025 actual BIA.
- Year-to-date actual BIA was 3.1% below budget.
- March actual Drainage Revenue fell short of the budget for the month by 4.3% but was 0.1% lower than actual February Revenue and was 1.8% above March 2025 actual Revenue.
- Year-to-date actual Drainage Charge Revenue was 3.8% below budget.



# 3<sup>rd</sup> Quarter EasyPay Plan Status

	March 31, 2025	June 30, 2025	Sep 30,2025	31-Dec-25	31-Mar-26
Total number of participants since Inception	<u>24,645</u>	<u>29,798</u>	<u>38,177</u>	<u>43,838</u>	<u>49,229</u>
Total participants who broke payment plan	9,950	11,893	12,099	15,577	17,950
Total participants who paid off balances in full	2,723	3,117	3,263	3,617	4087
Total participants who stayed enrolled	11,972	14,435	22,397	24,162	25,897
Total Participants canceled and renegotiated		353	418	582	1,295
Total collections (arrears + Current bill)	\$ 20,748,514	\$ 33,015,585	\$ 44,686,828	57,436,449	\$ 79,934,011
Total collected towards arrears	\$ 5,248,381	\$ 7,878,777	\$ 11,778,253	16,133,422	\$ 21,566,335

- The program has grown steadily and now stands at almost 49,300 participants as of March 31. 2026.
- As of March 2026, collections were almost \$80 million both in arrears and current bill dues.
- Of this, \$21.6 million was collected towards arrears as of March 31, 2026.

# Operating Revenue - Budget vs. Actual as of March 31, 2026

For the Nine Month Ended March 31, 2026					
(Amounts in thousands)					
	Budget	Actual	Variance	%	
<b>Water Operating Revenue</b>					
Commodity sales	\$ 83,323	\$ 86,832	\$ 3,508	4.2%	
Service charges	\$ 20,063	\$ 20,340	\$ 277	1.4%	
Private firelines	\$ 1,719	\$ 1,512	\$ (207)	-12.0%	
Shared Services	\$ 883	\$ 811	\$ (73)	-8.2%	
Other GLWA reimbursement	\$ 2,048	\$ 1,288	\$ (760)	-37.1%	
Penalties and fees	\$ 3,843	\$ 3,493	\$ (350)	-9.1%	
<b>Total Operating Revenue</b>	<b>\$ 111,879</b>	<b>\$ 114,275</b>	<b>\$ 2,395</b>	<b>2.1%</b>	

For the Nine Month Ended March 31, 2026					
(Amounts in thousands)					
	Budget	Actual	Variance	%	
<b>Sewer Operating Revenue</b>					
Commodity sales	\$ 100,133	\$ 99,747	\$ (386)	-0.4%	
Service charges	\$ 12,288	\$ 12,455	\$ 167	1.4%	
Drainage charges	\$ 154,029	\$ 148,185	\$ (5,844)	-3.8%	
Industrial waste charges	\$ 1,200	\$ 1,245	\$ 45	3.7%	
Shared Services	\$ 992	\$ 893	\$ (99)	-10.0%	
Other GLWA reimbursement	\$ 4,225	\$ 2,514	\$ (1,710)	-40.5%	
Penalties and fees	\$ 6,240	\$ 5,587	\$ (653)	-10.5%	
<b>Total Operating Revenue</b>	<b>\$ 279,106</b>	<b>\$ 270,625</b>	<b>\$ (8,481)</b>	<b>-3.0%</b>	

- Fiscal 2026 *Commodity Revenues* were \$3.5 million (4.2%) over budget. The difference is due to seasonal variance. (budgeted at a straight-line). On a seasonally adjusted basis, the positive variance is 1.6% (slide 13).

- Drainage Charge Revenue* fell short of budget estimates by \$5.8 million (3.8%). Decrease is due to lower BIA (billed impervious acreage) and increase in 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 account for Interest).

# Operating Expense By Appropriation - Budget vs. Actual as of March 31, 2026



For the Nine Month Ended March 31, 2026				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Combined Departmental Expense</b>				
Administration	\$ 1,313	\$ 1,263	\$ 50	3.8%
Operations	\$ 44,447	\$ 35,523	\$ 8,925	20.1%
Compliance	\$ 21,077	\$ 17,018	\$ 4,059	19.3%
Finance	\$ 11,830	\$ 9,544	\$ 2,286	19.3%
Customer Service	\$ 5,553	\$ 4,885	\$ 668	12.0%
<b>Total Departmental</b>	<b>\$ 84,220</b>	<b>\$ 68,232</b>	<b>\$ 15,987</b>	<b>19.0%</b>

For the Nine Month Ended March 31, 2026				
(Amounts in thousands)				
	Budget	Actual	Variance	%
<b>Combined Nondepartmental Expense</b>				
Wholesale charges	\$ 184,015	\$ 184,015	\$ -	0.0%
IWC expense	\$ 1,200	\$ 1,242	\$ (42)	-3.5%
Legacy pension expense	\$ 3,299	\$ 3,299	\$ -	0.0%
Retail Assistance Program	\$ 1,780	\$ 1,780	\$ -	0.0%
Bad debt expense	\$ 50,897	\$ 50,449	\$ 448	0.9%
<b>Total Nondepartmental</b>	<b>\$ 241,191</b>	<b>\$ 240,785</b>	<b>\$ 406</b>	<b>0.2%</b>

- **Operations** variance primarily due to: (1) *Variance in personnel costs* (54 vacancies amounting to approximately \$2.7 million), (2) *Contractual services* variance is due to delays in repairs of facilities and grounds, GSI maintenance and restoration projects due to seasonality (\$4.8 million).
- **Compliance** variance primarily due to: (1) *Variance in personnel costs* (11 vacancies amounting to approximately \$1.6 million), (2) *IT expenses* such as software maintenance renegotiating contracts to significantly lower costs with vendors. Telecommunications expense reduction include the Itron cellular ramp up costs were slower than anticipated (2.5 million).
- **Finance** variance primarily due to: (1) *Variance in personnel costs Personnel* (7 vacancies amounting to approximately \$ 1 million), (2) *Contractual services* variance due to delayed projects, including internal audit services, consulting initiatives and reduced billing vendor expenses (\$1.2 million).

# Operating Expense By Object - Budget vs. Actual as of March 31, 2026



For the Nine Month Ended March 31, 2026					
(Amounts in thousands)					
	Budget	Actual	Variance	%	
<b>Combined Operating Expense</b>					
Salaries and Wages	\$ 33,785	\$ 29,602	\$ 4,183	12.4%	
Employee Benefits	\$ 14,049	\$ 12,379	\$ 1,670	11.9%	
Contractual Services	\$ 17,815	\$ 12,610	\$ 5,205	29.2%	
Equipment & Supplies	\$ 10,360	\$ 6,700	\$ 3,659	35.3%	
Wholesale Charges	\$ 185,215	\$ 185,257	\$ (42)	0.0%	
Shared Services	\$ 1,781	\$ 2,085	\$ (305)	-17.1%	
Utilities	\$ 2,809	\$ 2,376	\$ 433	15.4%	
Other Operating	\$ 8,698	\$ 7,559	\$ 1,139	13.1%	
Bad Debt Expense	\$ 50,897	\$ 50,449	\$ 448	0.9%	
<b>Total Operating</b>	<b>\$ 325,409</b>	<b>\$ 309,017</b>	<b>\$ 16,392</b>	<b>5.0%</b>	

- **Salaries and Wages** variance of 12.4% is under budget for the year due to 79 vacancies across multiple cost centers.
- **Employee Benefits** variance of 11.9% are aligned with the variance associated with Salaries and Wages.
- **Contractual Services** variance of 29.2% is due to seasonal contracts in repairs of facilities and grounds, GSI maintenance and restoration projects expected to start in April 2026.
- **Equipment & Supplies** variance of 35.3% is due to software maintenance renegotiation with vendors and payment cycle adjustment.
- **Other Operating** variance of 23.6% is under budget by \$2.33M due to delayed spend in expected damage claim payments. Telecommunications expenses were due to the slower than anticipated ramp up in Itron cellular costs.

# THANK YOU!

## **Detroit Water & Sewerage Department**

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