



Financial Review

October 2024

BOWC Finance Committee

January 7, 2025

October 2024 Highlights



Year-End Audit Status

- The fiscal Year ended June 30, 2024 Financial Statements audit is now complete. The auditors have issued a clean opinion on the audit. The auditors will present the final results of the audit to the Committee in February.

Cash and Investments

- DWSD continues to maintain adequate cash reserves to support its operating and capital programs. Combined Cash and Investments balance of \$288.6 million at October end reflects an increase of \$1.8 million over September balance.

Sales and Receivables

- October sales of \$40.4 million is short of September sales of \$41.7 million by \$1.3 million.
- October Water retail receipts of \$12.1 million exceeded target receipts for the month by \$1.9 million and Sewer retail receipts of \$25.2 million met the target receipts for the month by \$0.1 million.
- Receivables for all active accounts increased by \$9.3 million (3.1%) over September receivables whereas days in receivables increased by 14 days to 230 days for all active customer classes.
- Active residential receivables increased by \$5.4 million (2.7%) over September receivables. Days in receivables for actives residential accounts increased by 20 days.
- October's combined collection rate of 88.1% for all active customer classes exceeded September collection rate of 82.0%. The 3-month moving average collection rate stood at 85.1%.

October 2024 Highlights – continued



Volume and Revenue Metrics

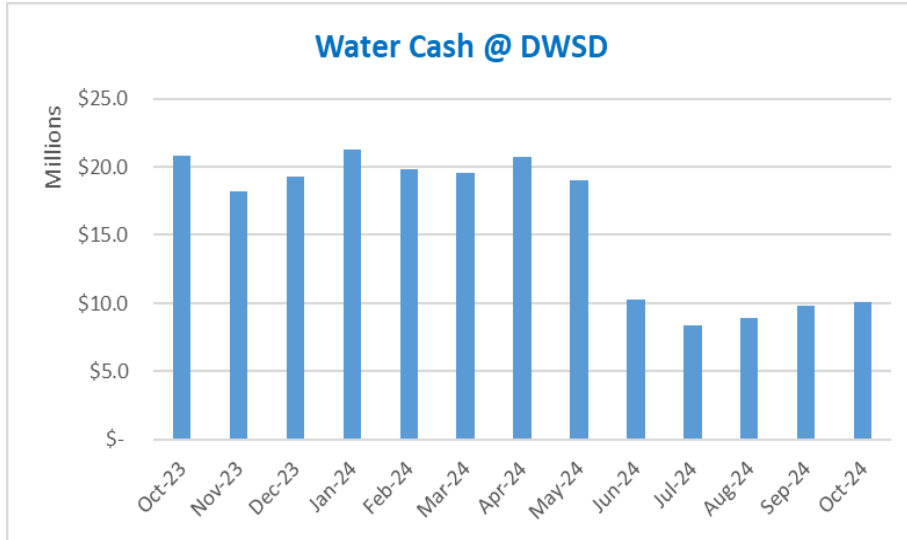
- Water Volume and Commodity Revenue exceeded the budgeted levels by 1.2% and 3.1%, respectively. Water Meter Equivalents and Service Charge Revenue also exceeded budgeted levels by 3.2% and 3.7%, respectively.
- Sewer Volume exceeded the budgeted levels by 1.3% and Sewer Commodity Revenue fell short of the budget by 0.5%. Sewer Meter Counts and Service Charge Revenue exceeded budgeted levels by 4.3% and 4.4%, respectively.
- Billed Impervious Acreage (BIA) and Drainage Charge Revenue exceeded the budgets for the month by 1.1% and 2.2%, respectively.

Summary of Cash and Investments

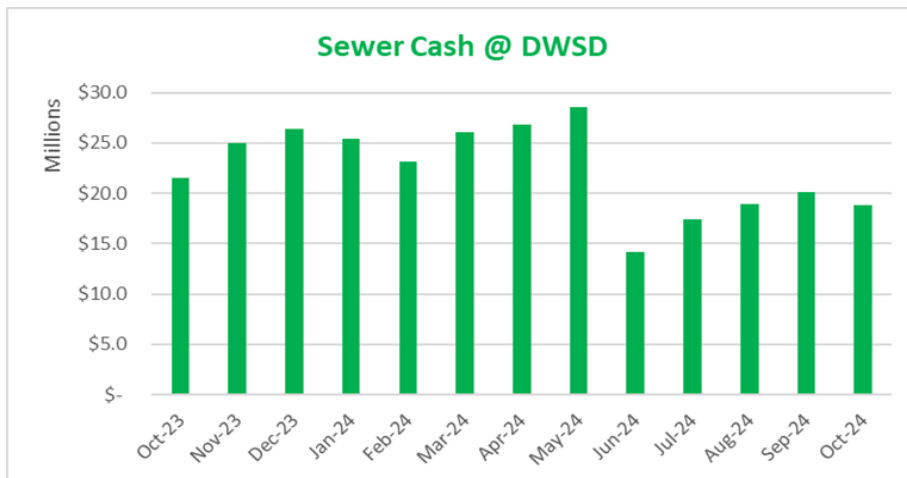
	Aug-24	Sep-24	Oct-24
	Balance	Balance	Balance
Water - Operating	\$ 8,922,587	\$ 9,857,809	\$ 10,058,094
Water - I&E	19,491,965	28,629,674	25,586,507
Water - Construction	66,080,110	66,378,056	66,943,213
Water - Trust	30,429,286	30,076,322	31,971,649
Water Total	\$ 124,923,948	\$ 134,941,861	\$ 134,559,463
Sewer - Operating	\$ 18,948,661	\$ 20,160,683	\$ 18,860,989
Sewer - I&E	43,585,878	40,048,160	43,316,794
Sewer - Construction	46,806,577	46,867,378	46,986,508
Sewer - Trust	47,476,905	44,758,816	44,883,055
Sewer Total	\$ 156,818,021	\$ 151,835,037	\$ 154,047,346
Combined Total	\$ 281,741,969	\$ 286,776,898	\$ 288,606,809

- On a Systemwide basis, Cash and Investments amounted to \$288.6 million as of October 2024. This represents an increase of \$1.8 million over September balance.
- Decrease of \$3.0 million in the Water Fund I&E account is mainly due to disbursements for projects. Some of these expenditures are awaiting reimbursements from funding sources.
- Decrease of \$1.3 million in Sewer Operating accounts is mainly due to payroll transfer made in October for the previous quarter.
- Increase in Sewer Fund I&E balance is due to reimbursements received for projects initially funded out of the I&E Cash account.
- Trust accounts for both the Water and Sewer Funds show a moderate increase in balances over September balances.
- The balances in both the Water and Sewer Operating Cash accounts approximate the 3 months operating needs for the respective Funds.
- The next few slides present DWSD’s cash position in graphical format.

Operating Cash



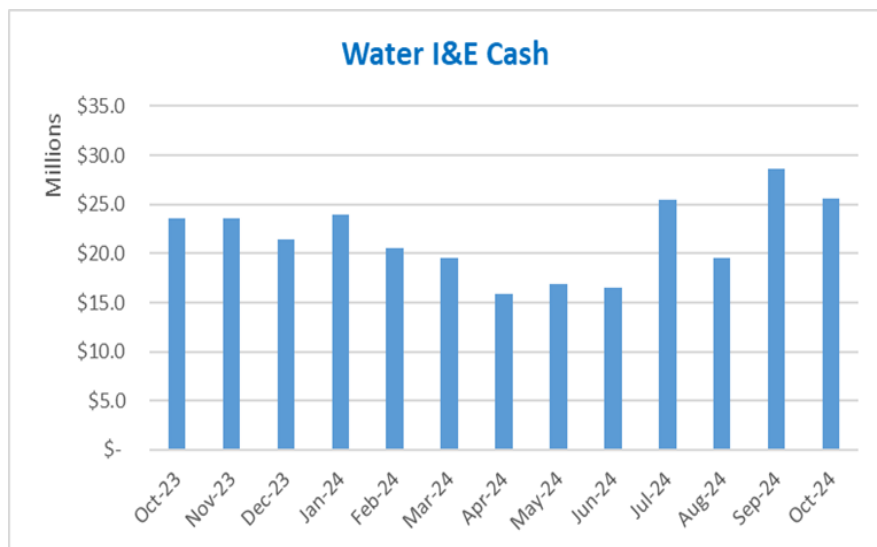
- Operating Cash for the Water Fund had \$10.1 million on deposit at the end of October 2024 representing an increase of \$200,000 over the previous month.



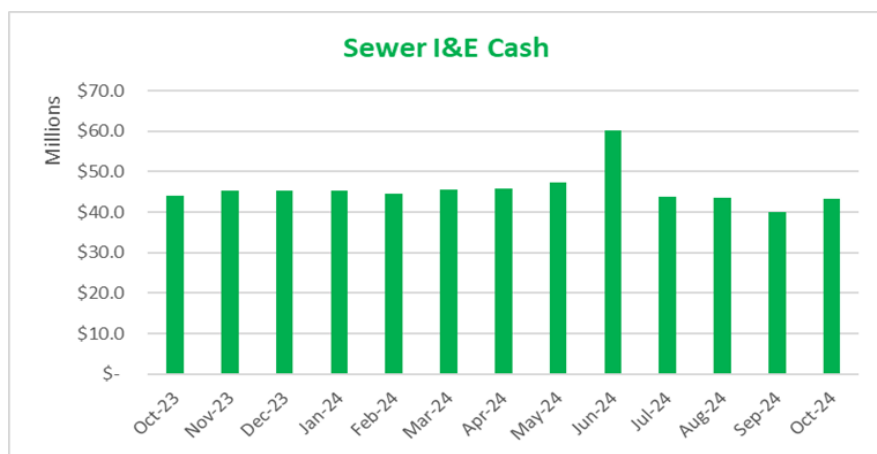
- Operating Cash for the Sewer Fund had \$18.9 million on deposit at the end of October 2024 representing a decrease of \$1.3 million over the previous month.

Improvement and Extension (I&E) Fund Cash

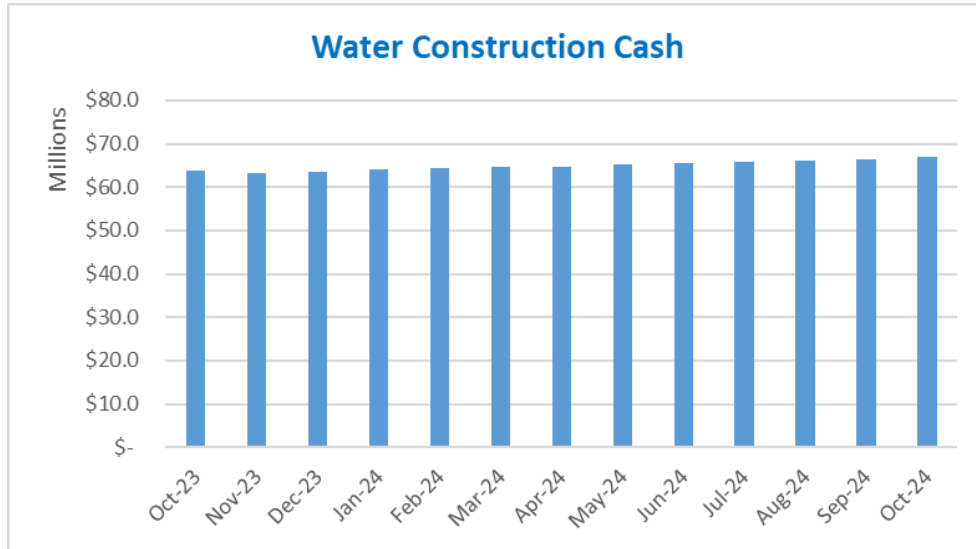
- A balance of \$25.6 million was on deposit in the Water Fund I&E Cash account at the end of October 2024, representing a decrease of \$3.0 million over the previous month.



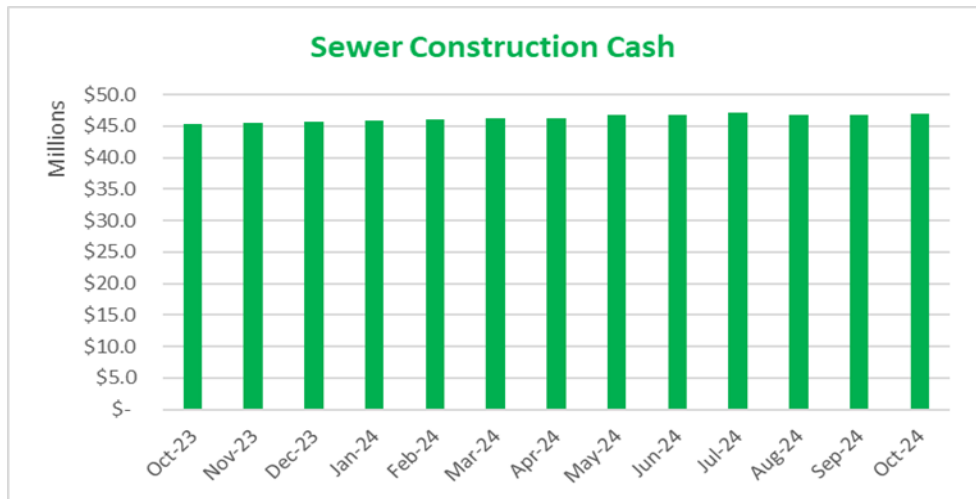
- A balance of \$43.3 million was on deposit in the Sewer Fund I&E Cash account at the end of October 2024, representing an increase of \$3.3 million over the previous month.



Construction Cash

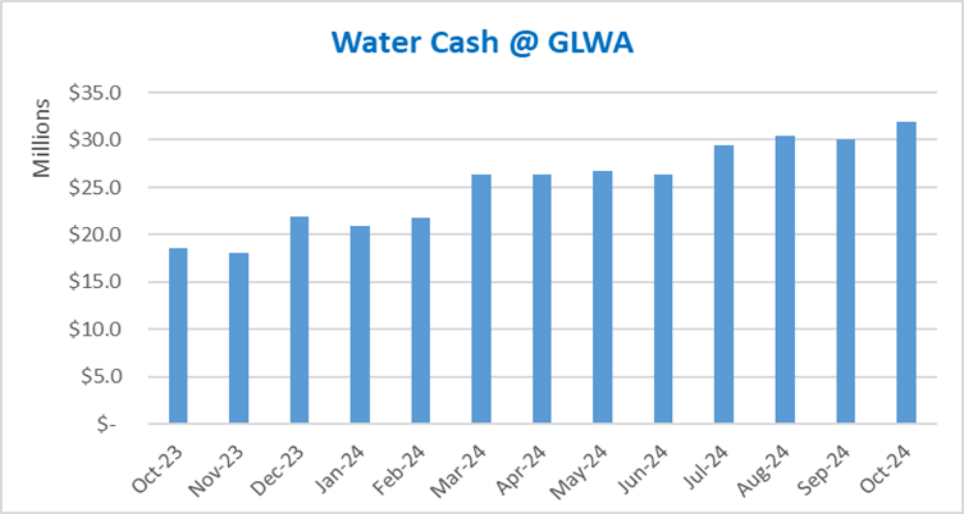


- A balance of \$66.9 million was on deposit in the Water Fund Construction Cash account at the end of October 2024, representing an increase of \$565,000 over the previous month.

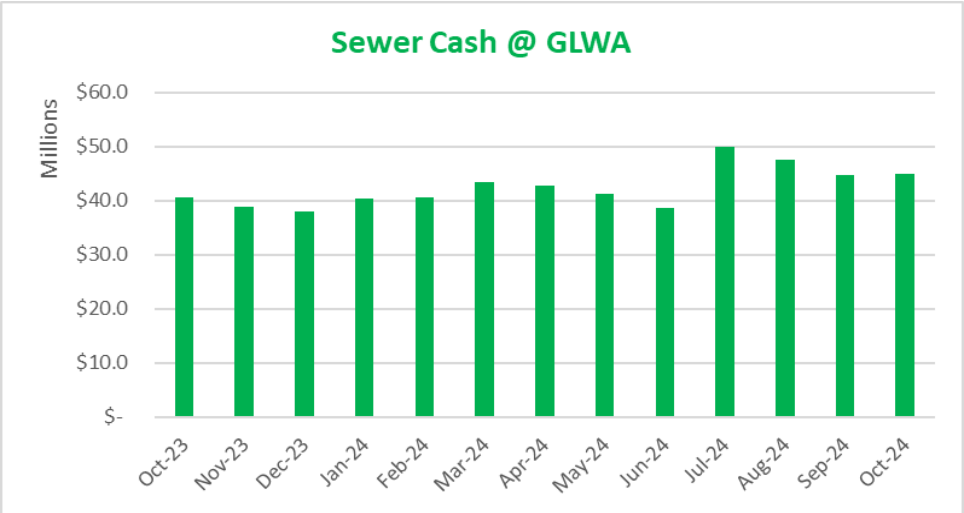


- A balance of \$47.0 million was on deposit in the *Sewer Fund Construction Cash* account at the end of October 2024, representing an increase of \$119,000 over the previous month.

Trust Cash



- Cash @ GLWA for the Water Fund amounted to \$32.0 million at the end of October 2024, representing an increase of \$1.9 million over the previous month.



- Cash @ GLWA for the Sewer Fund amounted to \$44.9 million at the end of October 2024, representing an increase of \$124,000 over the previous month.

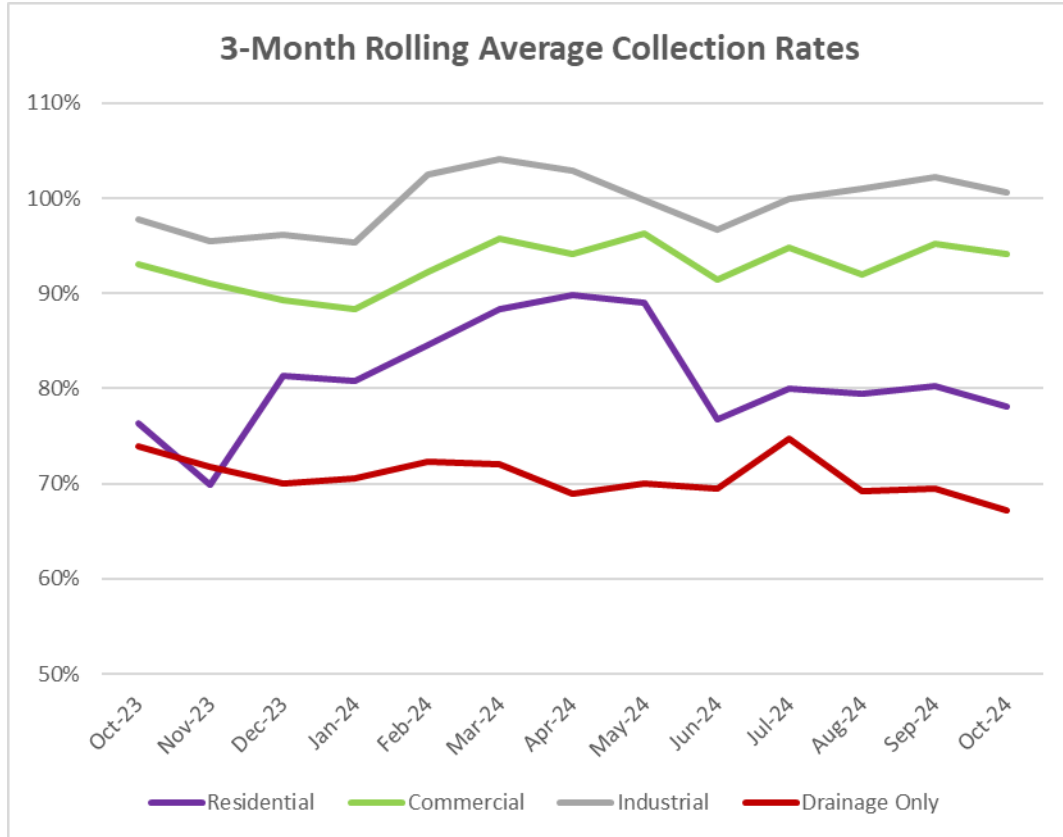
Comparative Accounts Receivable



Sales Class	June 30, 2024			September 30, 2024			October 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	\$ 16,953,448	\$ 201,422,939	356	\$ 16,502,647	\$ 206,815,425	376
Commercial	8,418,084	28,005,835	100	9,863,498	30,798,891	94	9,228,598	31,781,510	103
Industrial	5,410,839	13,952,124	77	5,595,206	14,926,899	80	5,297,499	15,235,229	86
Tax Exempt	714,440	2,738,594	115	776,267	3,102,309	120	779,810	3,261,938	125
Government	4,639,256	19,324,545	125	5,012,424	19,443,121	116	4,785,446	20,684,458	130
Drainage Only	3,522,661	28,647,608	244	3,529,167	30,577,185	260	3,837,117	31,829,259	249
Total Active Accounts	\$ 39,028,810	287,089,991	221	\$ 41,730,009	300,271,344	216	\$ 40,431,117	309,607,818	230
Inactive Accounts Receivable		37,776,601			44,673,324			43,289,406	
Total Accounts Receivable		324,866,592			344,944,668			352,897,224	
Allowance for Doubtful Accounts		(249,922,100)			(265,148,975)			(270,411,290)	
Net Accounts Receivable		\$ 74,944,492			\$ 79,795,693			\$ 82,485,934	

- October sales of \$40.4 million reflects a change of \$1.4 million from September sales of \$41.7 million.
- Accounts receivables for all active customer classes increased by \$9.3 million (3.1%) over September receivables.
- Active residential receivables represents an increase of \$5.4 million (2.7%) over September receivables. Active residential receivable make up 66.8 % of total active receivables.
- DWSD continues to monitor allowance for doubtful accounts. The net carrying value of receivables of \$82.5 million represents approximately 23.4% of total receivables at the end of October. Allowance of \$270.4 million stands at 76.6% of total receivables,

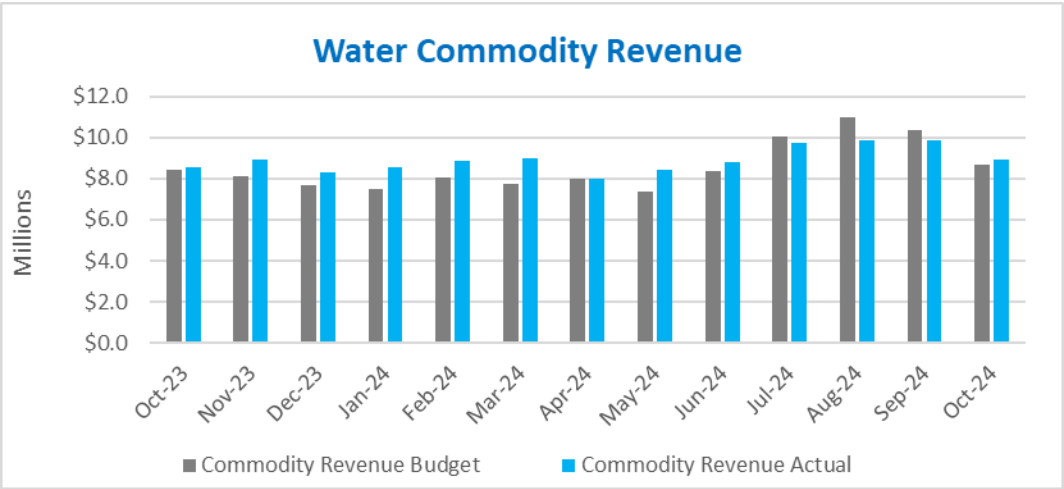
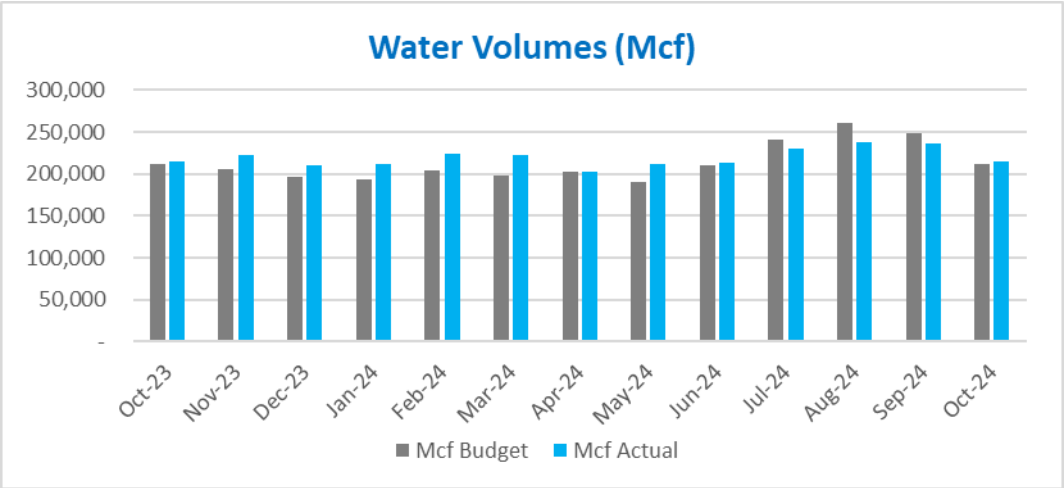
Collection Rates



	Aug-24	Sep-24	Oct-24	3 - Month
Customer Class	Coll Rate	Coll Rate	Coll Rate	Rolling Average
Residential	78.3%	76.1%	80.0%	78.1%
Commercial	91.8%	92.8%	97.7%	94.2%
Industrial	104.1%	96.4%	101.6%	100.6%
Tax Exempt	79.3%	86.8%	89.4%	85.2%
Government	95.5%	73.2%	91.4%	87.0%
Drainage Only	57.4%	71.3%	72.9%	67.1%

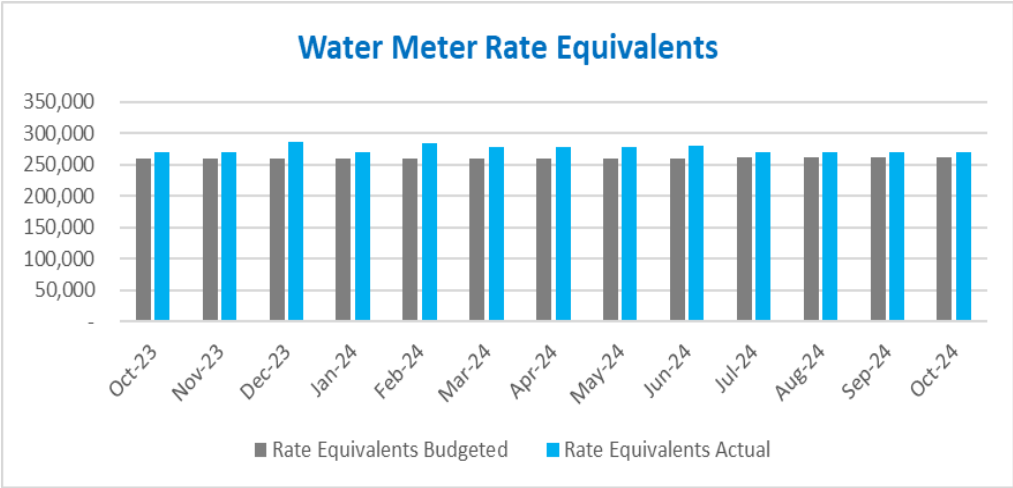
- **Residential** collection rates for the last three months have been averaging in the high seventy percentage.
- **Commercial and Industrial** collection rates are steady when compared to prior months.
- **Drainage Only** collections increased over the last 3 months and averaged at 67.1%. Drainage only collection (like Residential) continues to be a concern.

Water Commodity Revenue and Metrics

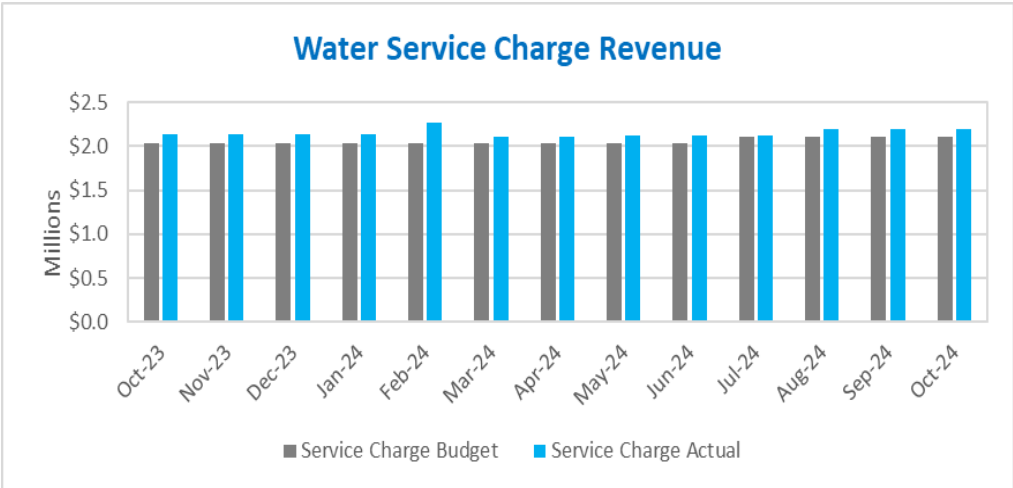


- October actual Volume exceeded the budget for the month by 1.2% but was 9.1% less than actual September Volume.
 - October 2024 Volume was 0.3% over October 2023 Volume.
 - Year-to-date actual Water Volume was 4.4% under seasonally adjusted budget.
-
- October actual Commodity Revenue exceeded the budget for the month by 3.1% but was 9.5% less than actual September Revenue.
 - October 2024 Revenue was 4.4% over October 2023 Revenue.
 - Year-to-date actual Commodity Revenue was 4.1% under seasonally adjusted budget.

Water Service Charge Revenue and Metrics

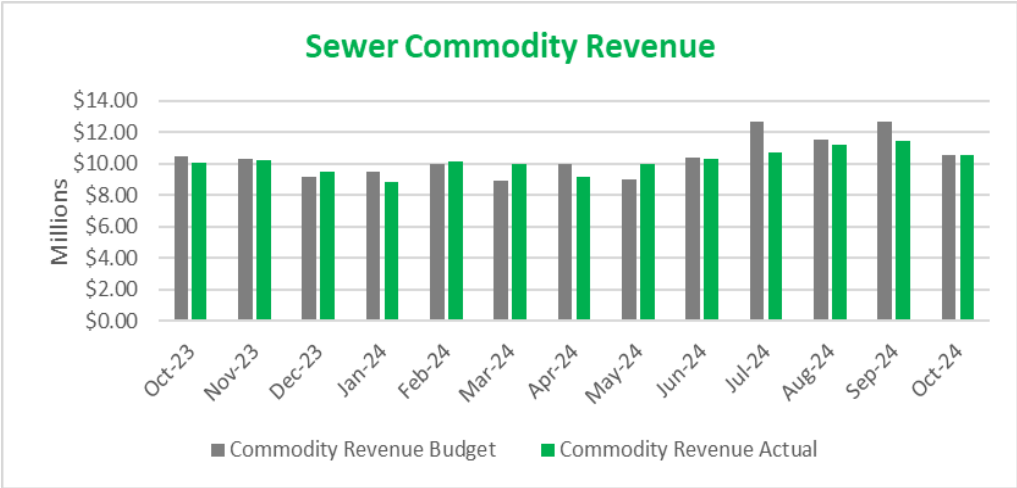
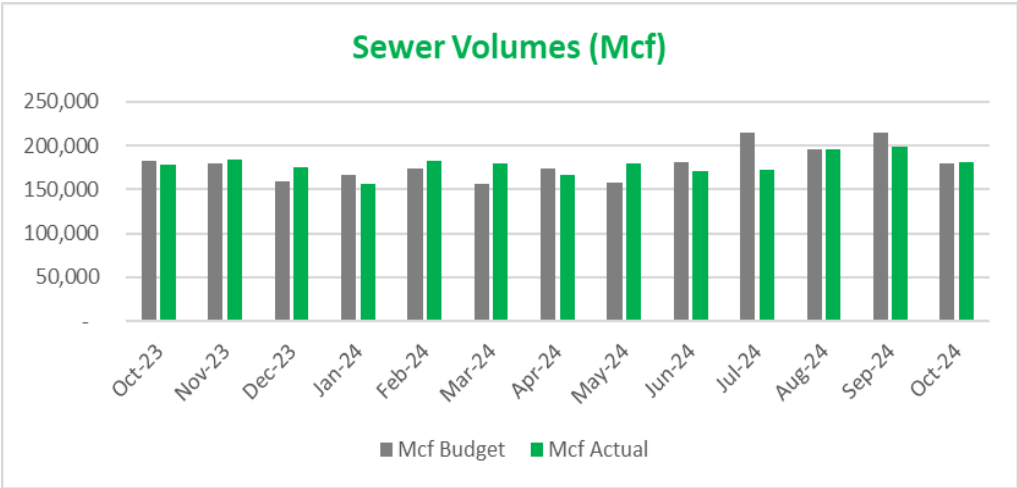


- October actual Meter Equivalents exceeded the budget for the month by 3.2% and was 0.02% less than September Equivalents.
- October 2024 Equivalents were 0.2% over October 2023 Equivalents.
- Year-to-date actual Water Meter Rate Equivalents exceeded budget by 3.3%.



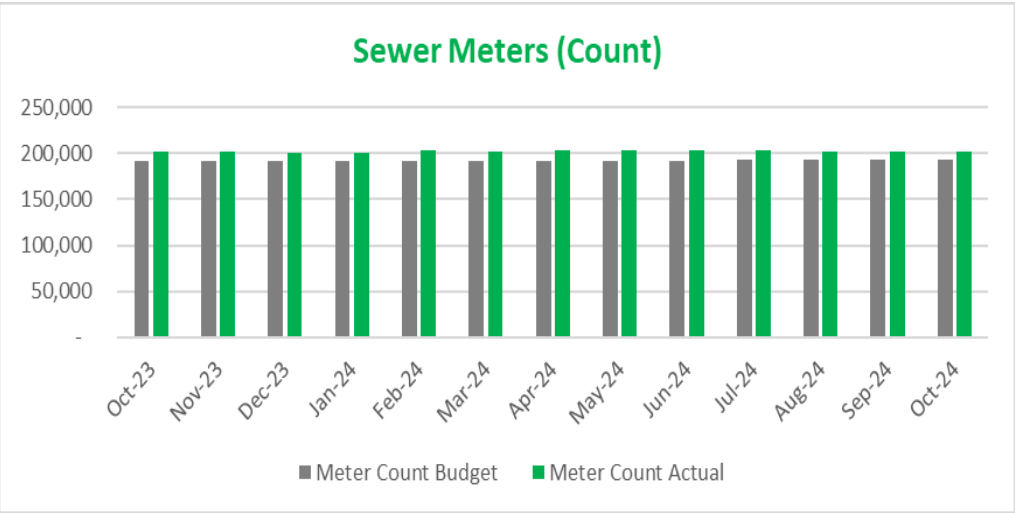
- October actual Water Service Charge Revenue exceeded the budget for the month by 3.6% and was 0.1% less than September Equivalents.
- October 2024 Revenue was 2.6% over October 2023 Revenue.
- Year-to-date actual Water Service Charge Revenue exceeded budget by 3.0%.

Sewer Commodity Revenue and Metrics

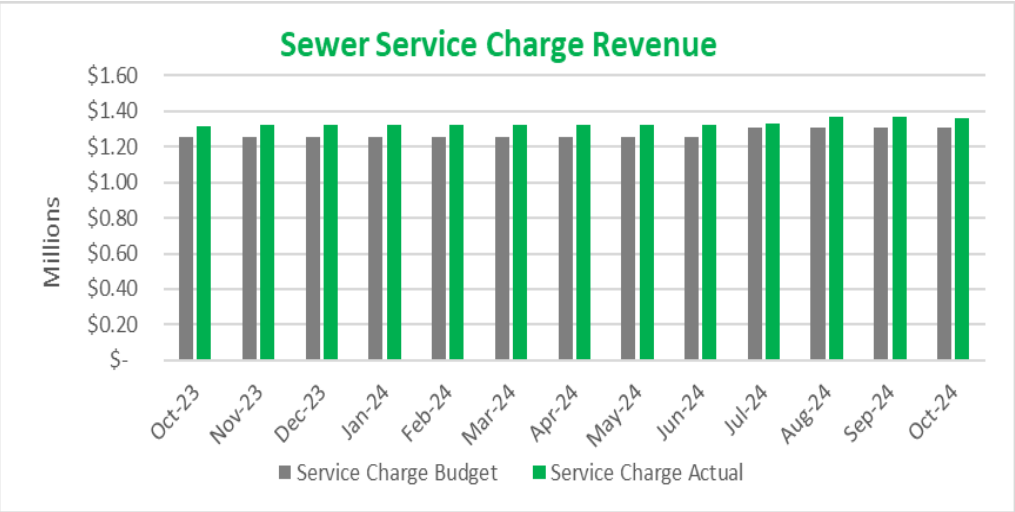


- October actual Volume exceeded the budget for the month by 1.3% but was 8.3% less than actual September Volume.
- October 2024 Volume was 1.9% over October 2023 Volume.
- Year-to-date actual Water Volume was 7.0% under seasonally adjusted budget.
- October actual Commodity Revenue fell short of the budget for the month by 0.5% and was 8.3% less than actual September Revenue.
- October 2024 Revenue was 4.9% over October 2023 Revenue.
- Year-to-date actual Commodity Revenue was 7.3% under seasonally adjusted budget.

Sewer Service Charge Revenue and Metrics

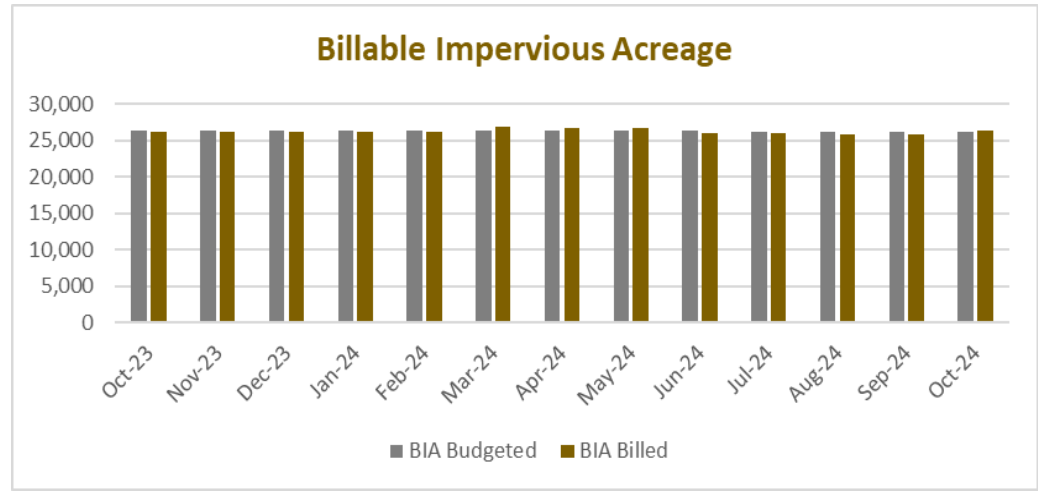


- October actual Sewer Meter Counts exceeded the budget for the month by 4.3% and was 0.3% less than September Counts.
- October 2024 Counts were 0.1% over October 2023 Counts.
- Year-to-date actual Sewer Meter Counts exceeded budget by 4.7%.

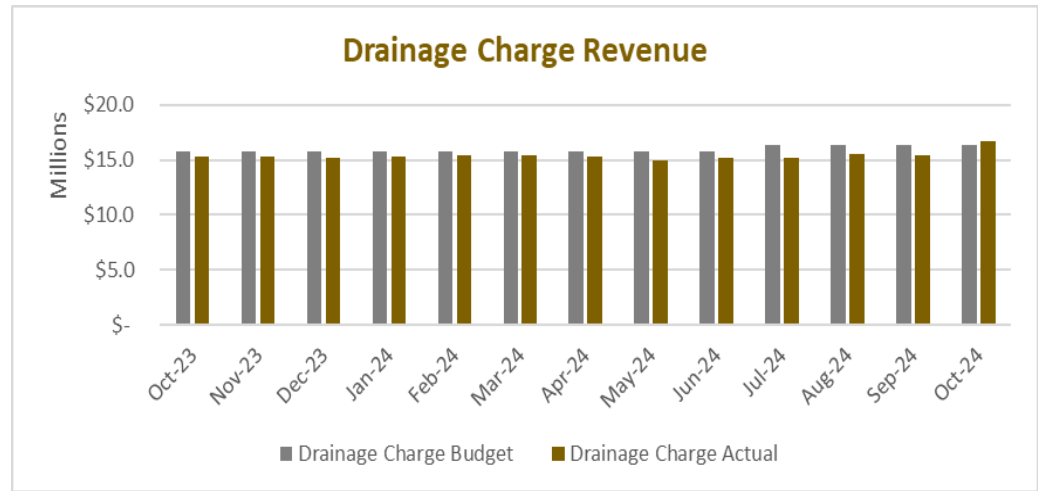


- October actual Sewer Service Charge Revenue exceeded the budget for the month by 4.4% and was 0.3% less than September Revenue.
- October 2024 Revenue was 3.5% over October 2023 Revenue.
- Year-to-date actual Sewer Service Charge Revenue exceeded budget by 3.9%.

Drainage Charge Revenue and Metrics



- October actual Billable Impervious Acreage (BIA) exceeded the budget for the month by 1.1% and was 2.5% more than actual September BIA.
- October 2024 BIA was 0.7% over October 2023 BIA.
- Year-to-date actual BIA was 0.4% under budget.



- October actual Drainage Revenue exceeded the budget for the month by 2.2% and was 8.2% more than actual September Revenue.
- October 2024 Revenue was 9.0% over October 2023 Revenue.
- Year-to-date actual Drainage Charge Revenue was 3.8% under budget.



THANK YOU!

Detroit Water & Sewerage Department

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