



# **DWSD FINANCIAL SUMMARY**

## **1 + 11 Forecast**

**FINANCE COMMITTEE DISCUSSION**  
**9/20/2016**

## The Bottom Line...



- ▶ **Early indications suggest revenue is a risk on the sewer side**
  - July and August suggest sewer revenues could miss budget by 2%
  - Higher drainage charges could offset, but new program presents collectability risks
  
- ▶ **Water revenues on pace vis-à-vis budget**
  
- ▶ **Risks growing with regards to O&M costs**
  - Current overtime for in Field Services running at 30% of wages – much higher than anticipated
  - Value of claims for floods have yet to be factored in – this could be another \$1 million depending on cost sharing with GLWA



# DETROIT WATER & SEWER DEPARTMENT

## SUMMARY FINANCIAL STATEMENTS (1+ 11 FORECAST)

	WATER			SEWER		
	Budget	Fcst	F / (U)	Budget	Fcst	F / (U)
<b>Net Sales Revenue</b>	\$ 104,960,314	\$ 105,783,228	\$ 822,914 <sup>[1]</sup>	\$ 289,131,093	\$ 285,430,937	\$ (3,700,156) <sup>[3]</sup>
<b>Total O&amp;M Charges</b>	36,099,185	35,917,848	181,337	44,223,982	44,042,067	181,914
<b>Contribution Margin</b>	68,861,129	69,865,380	1,004,251	244,907,111	241,388,870	(3,518,242)
<b>Total Wholesale Rate Charges</b>	1,659,674	1,659,674	0	47,683,013	47,802,034	(119,021)
<b>Gross Margin</b>	67,201,455	68,205,706	1,004,251	197,224,098	193,586,835	(3,637,263)
<b>Total Other Operating Expenses</b>	764,512	764,512	(0)	15,635,878	15,516,857	119,021
	66,436,943	67,441,194	1,004,251	181,588,219	178,069,978	(3,518,242)
<b>Total Non-Operating Expenses</b>	37,003,438	14,525,552	22,477,886 <sup>[2]</sup>	96,806,431	69,553,541	27,252,890 <sup>[4]</sup>
<b>Fund Surplus</b>	29,433,505	52,915,641	23,482,136	84,781,789	108,516,437	23,734,649
<b>Interest Expense</b>	30,121,283	30,121,283	-	72,951,358	72,951,358	-
<b>Fund Surplus Before Interest</b>	\$ 59,554,788	\$ 83,036,924	\$ 23,482,136	\$ 157,733,146	\$ 181,467,795	\$ 23,734,649
<b>Actual Debt Payments</b>	(45,195,714)	(46,158,597)	(962,883)	(121,809,319)	(121,510,810)	298,509
<b>Change in Receivables</b>	(12,261,123)	(11,255,699)	1,005,424	(29,061,230)	(29,936,590)	(875,360)
<b>Net Surplus / Deficit</b>	\$ 2,097,950	\$ 25,622,628	\$ 23,524,678	\$ 6,862,597	\$ 30,020,395	\$ 23,157,797
<b>Unrestricted Lease Payment</b>	1,875,000	22,500,000	20,625,000	2,291,667	27,500,000	25,208,333
<b>Net Surplus / Deficit Less Lease</b>	\$ 222,950	\$ 3,122,628	\$ 2,899,678	\$ 4,570,931	\$ 2,520,395	\$ (2,050,536)

*Note: Amounts represents expenditures in Funds 5402, 5502, 5720 & 5820*

[1] Higher revenue as a result of 0.9% projected positive volume variation

[2] Includes value of net Water Lease Payment

[3] Lower revenue as a result of 2.3% projected negative volume variation offset by higher than budgeted drainage charges

[4] Includes value of net Sewer Lease Payment