



# **2017 FISCAL YEAR END REVIEW**

## **FINANCE COMMITTEE**

October 4, 2017

# Introduction

- Preliminary Statements are unaudited
- Open items include:
  - Pension Adjustment (GRS)
  - GLWA Reconciliations (Ongoing)
  - Workers Compensation Accrual (City)
  - Fringe Benefit Accrual (City)
  - Interfund Reconciliation
  - Bifurcation Accounting



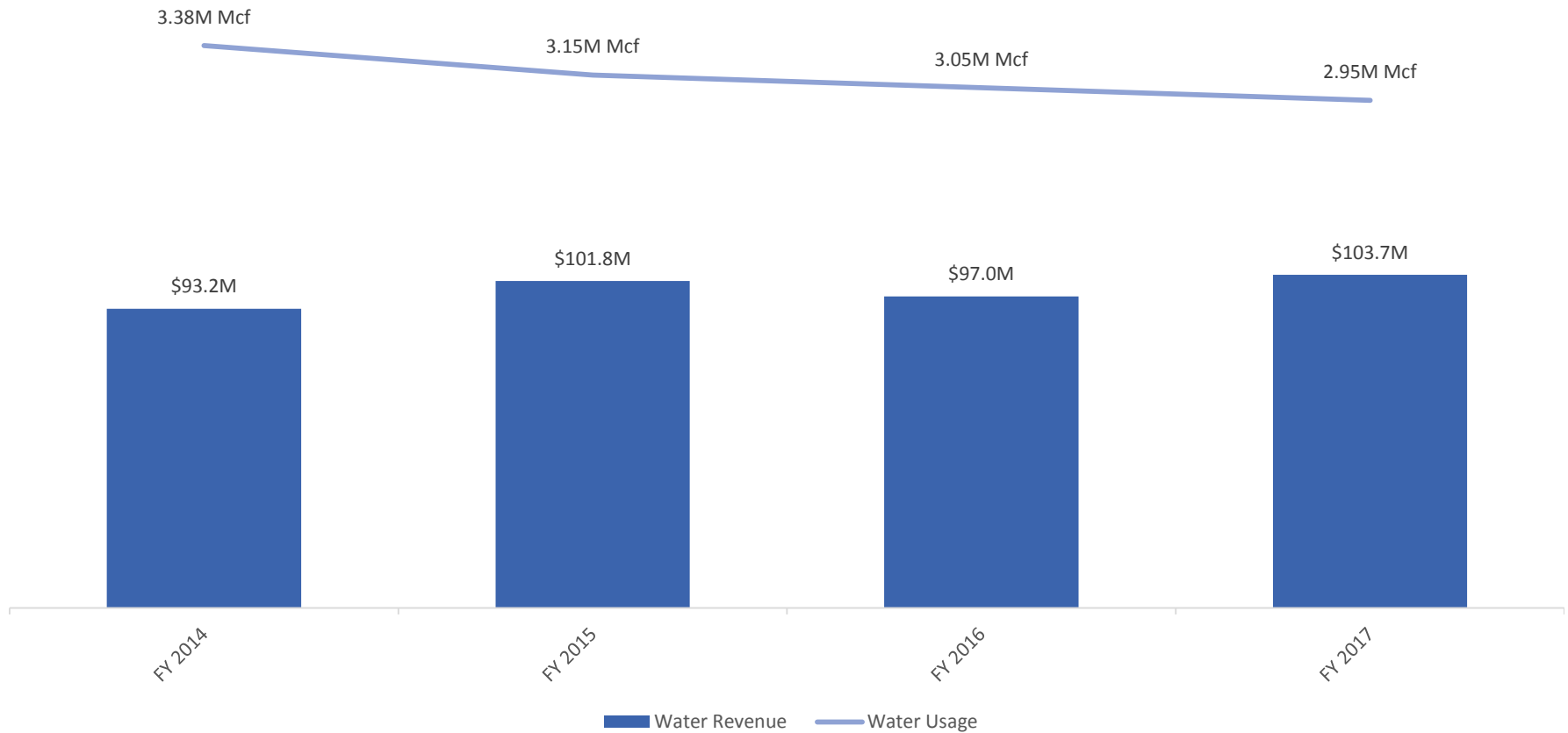
# Summary Financial Metrics through June 30, 2017

		7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
Volumes (Mcf)	Budget	293,591	295,925	256,521	236,398	219,783	241,573	234,342	227,725	242,366	229,201	262,580	294,734
	Actual	286,452	294,876	260,282	224,211	213,455	233,948	222,510	208,478	233,005	221,130	247,201	266,324
	Status												
DAYS CASH (days)	Budget	125.00	127.27	129.55	131.82	134.09	136.36	138.64	140.91	143.18	145.45	147.73	150.00
	Actual	140.00	144.00	151.72	153.41	175.21	173.14	178.00	195.99	222.97	236.58	220.81	226.79
	Status												
DAYS PAYABLE OUTSTANDING (days)	Budget	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
	Actual	62.12	52.37	40.31	33.02	32.26	33.76	38.01	39.01	46.05	55.69	45.05	39.50
	Status												
WATER 30-60 DAY COLLECTION RATE (%)	Budget	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
	Actual	69.91%	79.23%	66.69%	71.15%	78.48%	77.85%	79.74%	76.58%	87.85%	82.70%	56.45%	56.24%
	Status												
SEWER 30-60 DAY COLLECTION RATE (%)	Budget	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%
	Actual	63.98%	70.79%	68.66%	67.72%	71.68%	60.78%	77.37%	63.04%	57.18%	65.39%	48.02%	62.27%
	Status												
WATER 330-360 DAYS COLLECTION RATE (%)	Budget	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	Actual	88.53%	95.03%	83.02%	85.01%	89.02%	90.74%	87.64%	87.71%	87.46%	89.48%	89.75%	91.41%
	Status												
SEWER 330-360 DAY COLLECTION RATE (%)	Budget	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
	Actual	84.95%	85.94%	84.75%	89.08%	91.20%	91.75%	87.07%	90.87%	83.77%	85.15%	87.50%	85.87%
	Status												
HEADCOUNT (Full Time Employees)	Budget	488	488	488	488	488	488	488	488	488	488	488	488
	Actual	450	463	463	463	455	455	447	448	470	469	469	470
	Status												
O&M COSTS (\$)	Budget	7,015,276	7,035,062	6,727,092	6,556,949	6,421,903	6,590,926	6,543,022	6,486,509	6,615,895	6,513,220	6,765,435	7,051,878
	Actual	4,765,394	7,503,394	5,008,219	6,541,562	7,669,199	5,709,147	6,567,702	4,798,510	8,224,823	6,555,965	6,965,674	10,724,251
	Status												



# Water Revenue and Usage

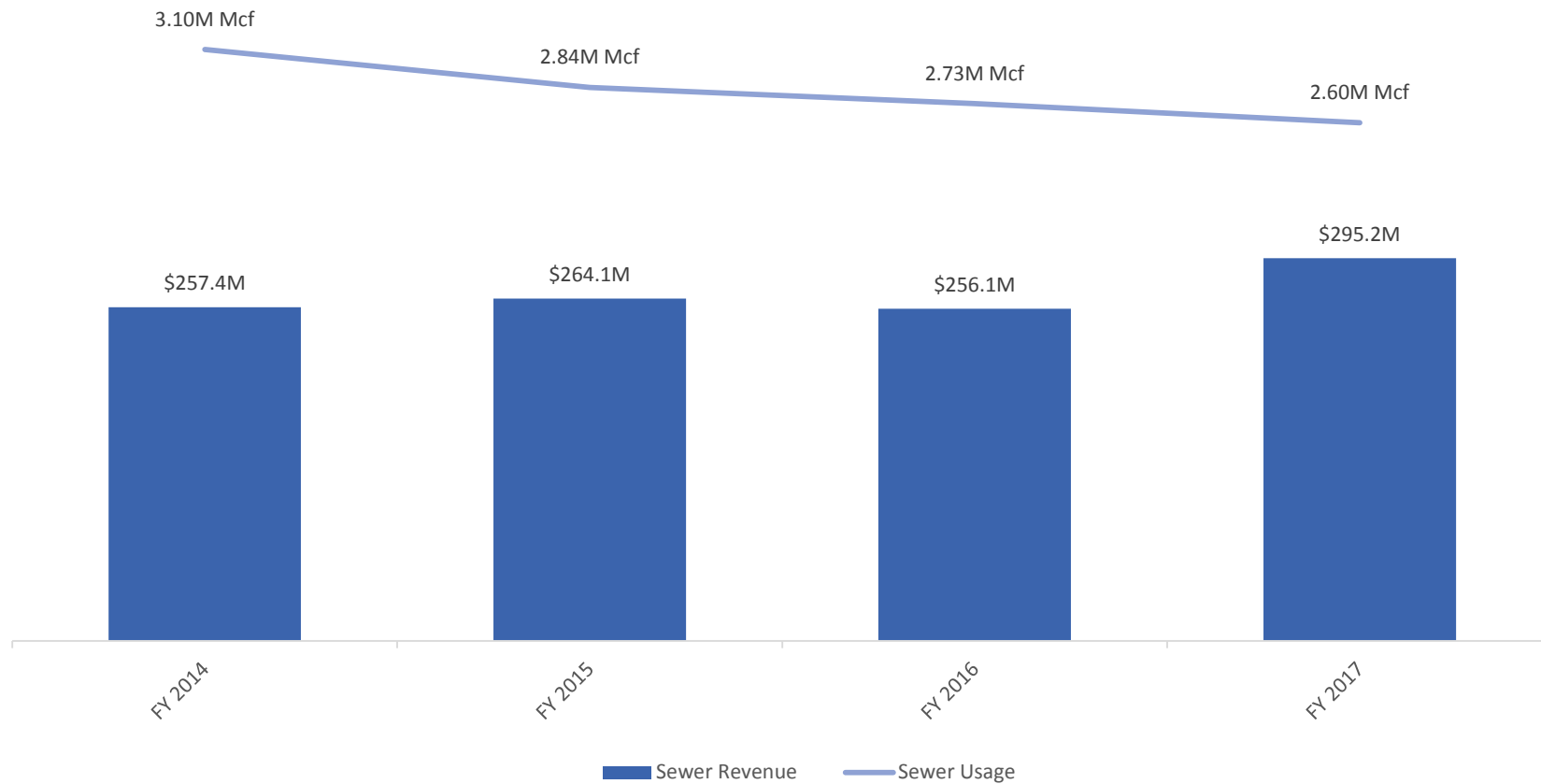
## Year over Year





# Sewer Revenue and Usage

## Year over Year



# Cash Balance Summary

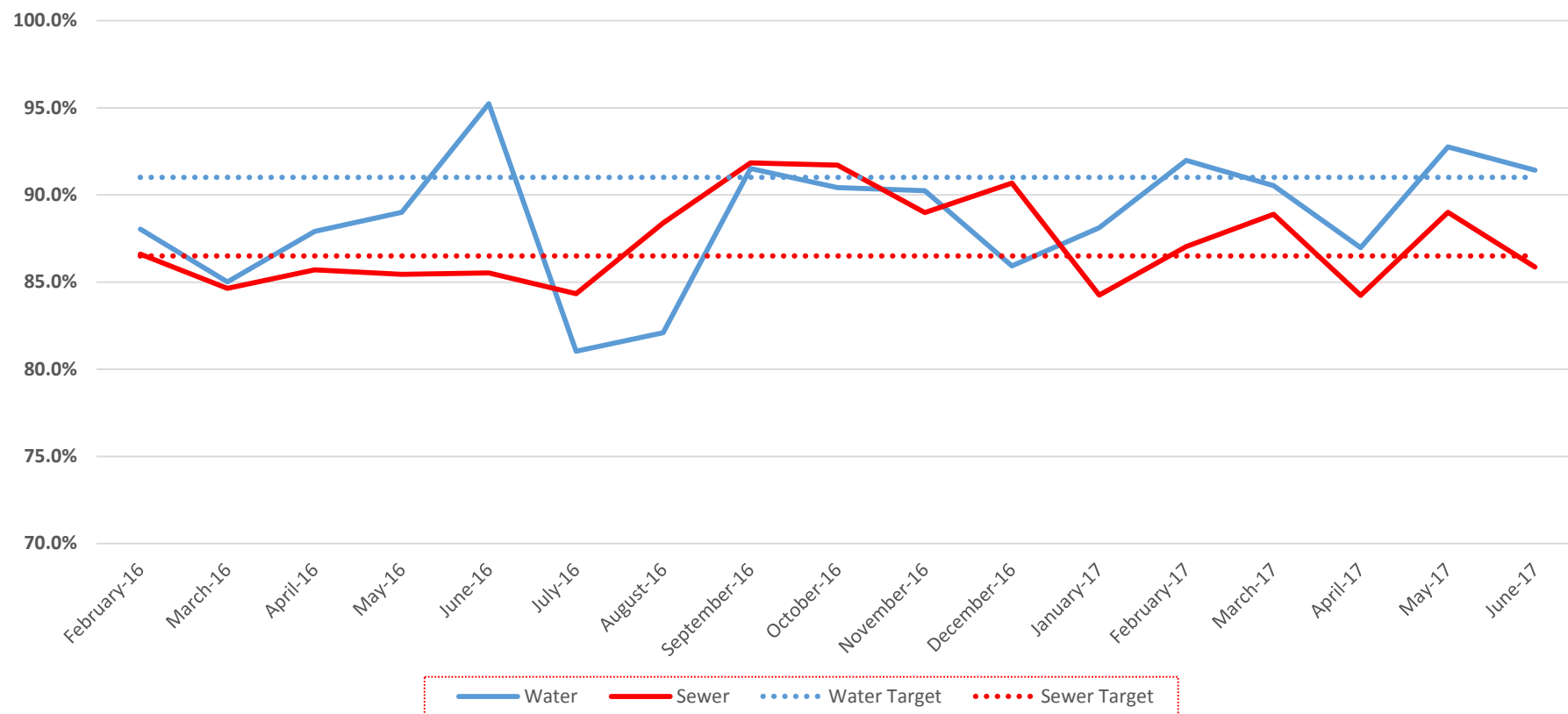
Water Fund Cash Summary			
		6/30/2017	6/30/2016
<b>Operating</b>	\$	1,821,468	\$ 12,762,011
<b>Restricted</b>			
Bond		43,338,112	-
Affordability		977,278	977,278
Pension		218,285	217,560
Retainage		2,488,101	105,129
Construction		2,109,646	4,895,495
		49,131,420	6,195,462
<b>Improvement and Extension</b>		36,425,537	13,172,920
<b>Total Cash</b>	\$	<b>87,378,425</b>	<b>\$ 32,130,393</b>

Sewer Fund Cash Summary			
		6/30/2017	6/30/2016
<b>Operating</b>	\$	23,975,009	\$ 15,815,282
<b>Restricted</b>			
Bond		-	-
Pension		171,239	165,040
Retainage		1,106,171	157,693
Construction		834,367	4,842,934
		2,111,777	5,165,667
<b>Improvement and Extension</b>		12,446,072	508,500
<b>Total Cash</b>	\$	<b>38,532,858</b>	<b>\$ 21,489,449</b>



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# Historical 330-360 Day Collection Rate



# Preliminary Financial Statements

## Fiscal Year 2017



# City of Detroit Water Fund

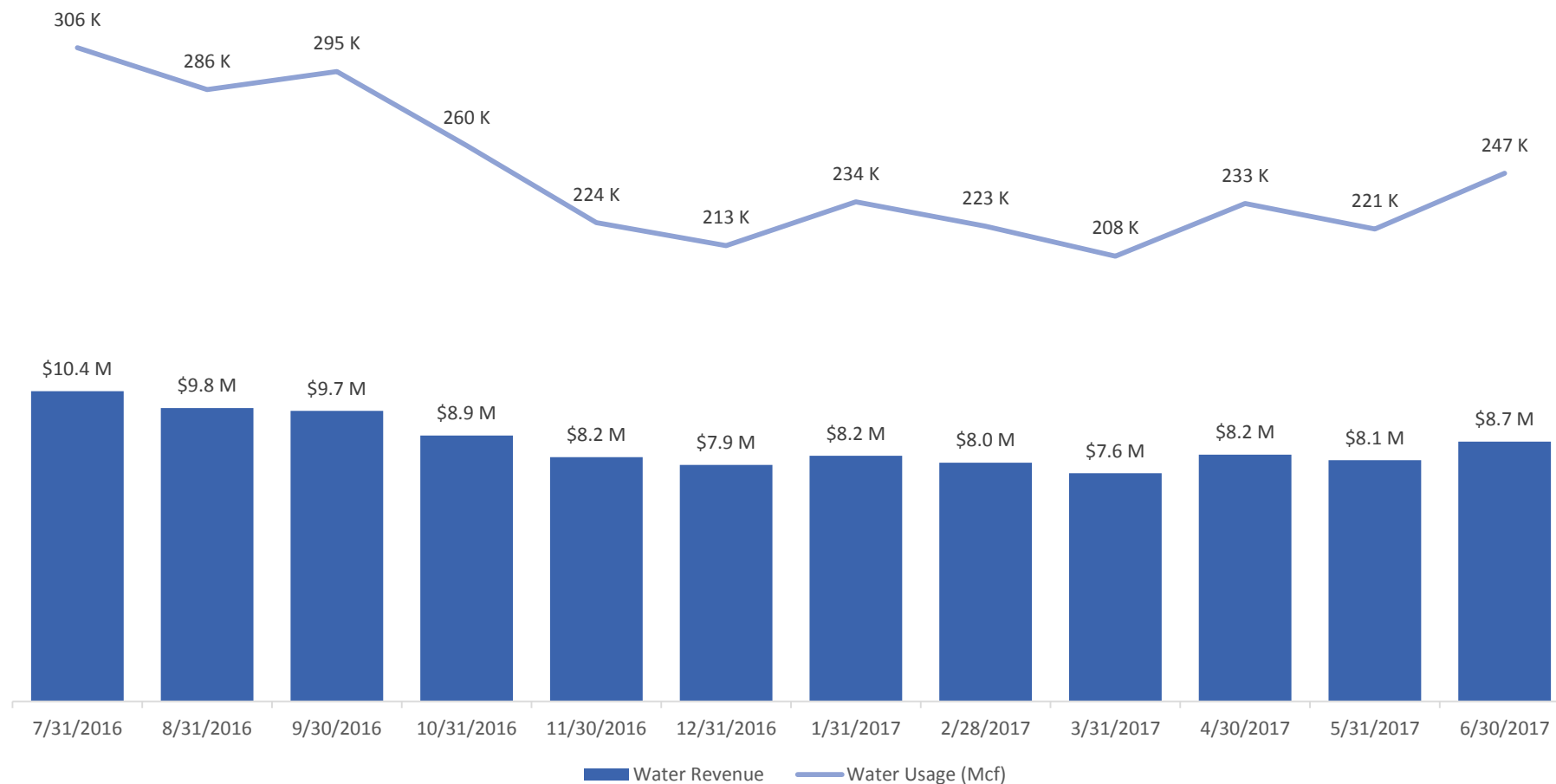
## Statement of Revenue, Expenses, and Changes in Fund Net Position

	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 96,406,197	\$ 100,836,436
Wholesale customers	159,515,174	-
Other revenue	8,616,829	3,799,787
Total operating revenue	264,538,200	104,636,223
<b>Operating Expenses</b>		
Salaries, wages and benefits	29,417,702	18,857,004
Contractual Services	37,489,511	9,906,039
Other operating expense	35,489,619	23,677,415
Damage claims		1,743,976
Pension expense (reduction)	(121,468,094)	-
Depreciation	50,749,841	17,072,932
Total operating expenses	31,678,579	71,257,366
<b>Operating Income</b>	232,859,621	33,378,857
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	172,942	17,440,099
Other revenue	8,820,360	(4,686)
Interest expense - Net of capitalized interest	(67,522,379)	(38,063,881)
Bond issuance cost	-	-
Gain (loss) on sale of assets	(35,044,941)	(10,815,014)
Total nonoperating expenses - Net	(93,574,018)	(31,443,482)
<b>Income - Before special item</b>	139,285,603	1,935,375
<b>Special Item - Bifurcation</b>	776,532,736	(84,387,342)
<b>Change in Net Position</b>	<b>\$ 915,818,339</b>	<b>\$ (82,451,967)</b>



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# Water Revenue and Usage FY 2017



City of Detroit Water Fund		
Statement of Net Position		
	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 12,660,922	\$ 6,637,499
Restricted - Cash and cash equivalents	13,258,012	80,754,538
Accounts receivable - net	22,091,389	25,541,310
Due from other funds	31,063,355	45,453,532
Due from other governmental agencies	7,934,861	7,934,861
Inventory	1,100,244	4,008,939
Prepaid expenses	295,123	521,932
Receivables from Great Lakes Water Authority	484,923,255	468,604,953
Deferred premium on bonds	-	(6,255,800)
Capital assets - net	516,907,208	507,234,380
Total assets	1,090,234,368	1,140,436,144
<b>Deferred Outflows of Resources - Pensions</b>	7,686,921	7,674,222

City of Detroit Water Fund		
Statement of Net Position (Continued)		
	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 5,623,258	\$ 3,542,742
Accrued wages and benefits	2,064,527	(145,095)
Due to other funds	23,229,173	20,101,283
Due to other governmental agencies	8,290,606	17,207,413
Accrued interest	10,139,581	10,756,537
Other liabilities	5,818,010	5,297,199
Accrued compensated absences	1,350,012	1,455,747
Long-term debt	425,628,833	546,531,312
Net pension liability	43,722,536	43,722,536
Total liabilities	525,866,536	648,469,673
<b>Deferred Inflows of Resources -Pensions</b>	9,123,657	9,123,657
<b>Net Position</b>		
Fund Balance - End of year	562,931,095	490,517,036
Total net position	<b>\$ 562,931,095</b>	<b>\$ 490,517,036</b>



## Detroit Water and Sewerage Department Water Aging Balances as of June 30, 2017

Description	Current	> 30 Days	> 60 Days	> 90 Days	> 120 Days	> 150 Days	> 180 Days	Total DWSD A/R BALANCE	Total GLWA A/R BALANCE
RESIDENTIAL	\$ 3,112,106	\$ 1,336,604	\$ 895,881	\$ 761,165	\$ 723,539	\$ 610,353	\$ 7,559,573	\$ 14,999,221	\$ 13,010,856
COMMERCIAL	1,159,703	163,512	93,714	51,780	63,367	52,467	736,783	2,321,327	282,271
INDUSTRIAL	1,144,733	211,553	133,756	(41,122)	(13,031)	(17,563)	(20,386)	1,397,939	958
MUNICIPAL	1,585,998	356,843	59,884	2,183,446	10,808	2,180	129,971	4,329,129	120,880
SCHOOLS	20,754	3,754	(4,956)	2,701	2,207	940	8,241	33,641	23,266
HOUSING COMMISSION	54,013	41,195	10,738	9,255	9,197	2,020	36	126,455	130,383
FIRELINES COMMERCIAL	118,059	32,871	19,410	22,915	17,471	(63,491)	123,381	270,616	318,941
FIRELINES INDUSTRIAL	41,406	23,782	19,728	18,693	17,490	4,015	149,568	274,682	345,283
APARTMENT BUILDING	501,677	111,691	57,552	77,223	33,644	37,058	215,547	1,034,393	44,387
DWSD FORECLOSURE	-	-	-	-	-	-	40	40	-
HOLDING ACCOUNTS	(21,478)	(9,321)	(60,377)	(13,573)	(6,266)	(7,072)	(288,294)	(406,380)	(1,915,815)
DETROIT PUBLIC SCHOOLS	79,889	(185,089)	33,747	27,889	3,378	3,680	43,601	7,095	71,647
WAYNE STATE UNIVERSITY	115,839	89,962	20,703	-	-	-	-	226,504	-
STATE OF MICHIGAN	35,904	3,168	7,026	2,223	30,653	22,583	242,182	343,740	95,754
WAYNE COUNTY	14,098	1,677	567	462	(796)	50	628	16,686	-
USPS	469	-	-	-	-	-	-	469	-
FEDERAL GOVERNMENT	16,577	3,418	1,824	1,037	1,862	1,125	(4,665)	21,178	(968)
PLANNING & DEVELOPMENT	2,908	2,677	2,340	2,320	3,033	2,287	25,495	41,060	76,445
DET PUBLIC SCHOOLS-EAA	18,816	16,861	6,778	-	-	(112)	-	42,344	-
DET PUB SCHOOLS- LEASED	165	165	165	-	-	-	-	494	-
CITY OF DET BANKRUPTCY	-	-	-	-	(3,127)	(7,849)	(2,489)	(13,465)	(63)
CHURCHES	40,306	9,063	8,787	8,251	9,295	7,468	54,591	137,761	151,722
MEDICAL	44,144	12,074	14,853	10,255	10,992	10,914	105,185	208,417	2,234
STORM ONLY RESIDENTIAL	(1,996)	(2,946)	(4,756)	(3,129)	(1,271)	(355)	(654)	(15,106)	-
STORM ONLY INDUSTRIAL	(42,362)	(50,416)	(11,152)	(647)	42	(125)	(16)	(104,676)	-
STORM ONLY COMMERCIAL	(15,127)	(2,851)	(3,926)	(1,893)	(533)	(2,739)	(836)	(27,905)	-
STORM ONLY EXEMPT	(16,199)	(206)	(197)	(180)	(159)	(168)	(58)	(17,166)	-
<b>\$ 8,010,404</b>	<b>\$ 2,170,041</b>	<b>\$ 1,302,089</b>	<b>\$ 3,119,073</b>	<b>\$ 911,794</b>	<b>\$ 657,668</b>	<b>\$ 9,077,424</b>	<b>\$ 25,248,492</b>	<b>\$ 12,758,182</b>	

% of Total DWSD A/R	31.7%	8.6%	5.2%	12.4%	3.6%	2.6%	36.0%	100.0%	
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# City of Detroit Sewage Disposal Fund

## Statement of Revenue, Expenses, and Changes in Fund Net Position

	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 267,185,702	\$ 268,658,064
Wholesale customers	133,308,355	-
Other revenue	4,998,732	8,060,971
Total operating revenue	405,492,789	276,719,034
<b>Operating Expenses</b>		
Salaries, wages and benefits	35,099,647	29,470,512
Contractual Services	133,206,531	12,584,607
Other operating expense	35,653,040	194,059,168
Damage claims		11,265,429
Pension expense (reduction)	(161,174,662)	-
Depreciation	66,803,875	11,938,902
Total operating expenses	109,588,431	259,318,618
<b>Operating Income</b>	295,904,358	17,400,417
<b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	185,564	20,889,507
Other revenue	10,558,986	1,127,038
Interest expense - Net of capitalized interest	(78,391,855)	(24,690,633)
Bond issuance cost	(2,651,133)	-
Gain (loss) on sale of assets	(63,986,074)	(6,847,074)
Total nonoperating expenses - Net	(134,284,512)	(9,521,162)
<b>Income - Before special item</b>	161,619,846	7,879,254
<b>Special Item - Bifurcation</b>	808,913,176	(73,335,078)
<b>Change in Net Position</b>	<b>\$ 970,533,022</b>	<b>\$ (65,455,824)</b>



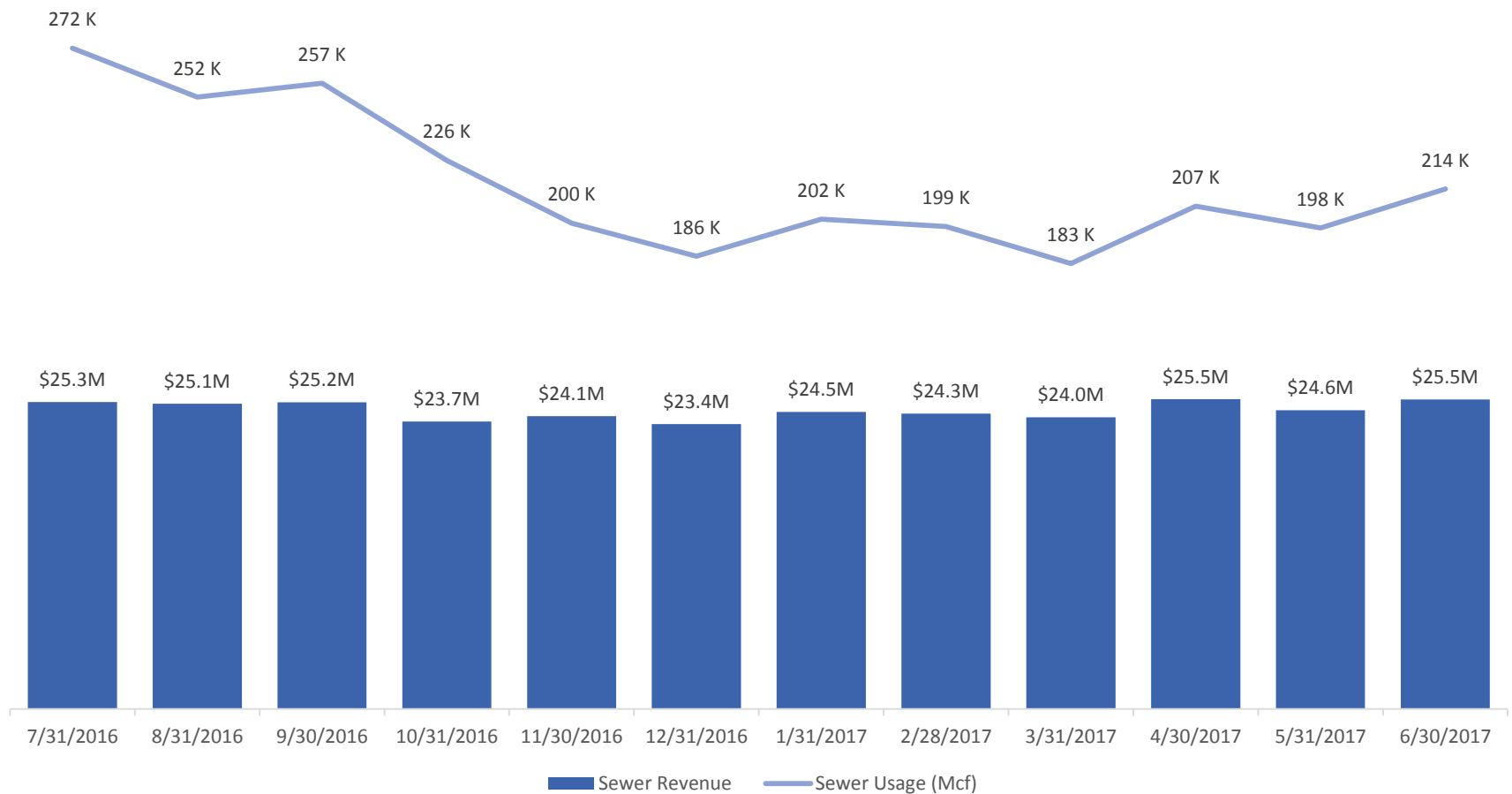
## Detroit Water and Sewerage Department Sewer Aging Balances as of June 30, 2017

												Total DWSD A/R	Total GLWA A/R					
Description		Current		> 30 Days		> 60 Days		> 90 Days		> 120 Days		> 150 Days		> 180 Days	BALANCE	BALANCE		
RESIDENTIAL	\$	7,581,201	\$	3,490,520	\$	2,421,579	\$	3,110,931	\$	1,868,131	\$	1,761,366	\$	15,221,221	\$	35,454,950	\$	26,996,130
COMMERCIAL		4,338,897		1,333,093		980,128		989,983		924,834		1,359,634		8,140,080		18,066,649		1,786,134
INDUSTRIAL		2,632,123		619,752		421,852		451,023		615,660		951,376		6,178,736		11,870,522		304,302
MUNICIPAL		2,447,259		757,382		604,095		3,534,005		312,509		359,646		751,892		8,766,788		333,258
SCHOOLS		114,951		41,326		18,766		15,068		13,530		12,539		171,093		387,273		304,934
HOUSING COMMISSION		124,502		116,728		56,899		23,859		22,746		3,467		2,747		350,948		616,852
SURBURBAN MUNICIPAL		-		-		-		-		-		-		1,676		1,676		4,227
FIRELINES COMMERCIAL		21,705		2,147		1,870		2,375		11,129		13,203		119,930		172,358		134,067
FIRELINES INDUSTRIAL		6,817		5,966		4,731		2,653		80		50		2,305		22,601		11,196
APARTMENT BUILDING		1,275,083		302,050		165,128		167,387		95,130		107,435		646,349		2,758,562		(57,049)
HOLDING ACCOUNTS		235,423		-		-		-		(26)		-		-		235,397		-
DETROIT PUBLIC SCHOOLS		350,664		137,149		130,027		112,631		24,236		23,370		212,010		990,088		192,577
WAYNE STATE UNIVERSITY		269,982		177,793		55,894		-		49,279		-		-		552,949		-
STATE OF MICHIGAN		374,049		222,724		239,781		24,469		164,302		69,602		1,021,193		2,116,119		174,294
WAYNE COUNTY		127,310		20,678		601		18		-		-		-		148,607		-
USPS		1,910		-		-		-		-		-		-		1,910		-
FEDERAL GOVERNMENT		37,699		14,287		7,145		6,547		8,313		4,281		14,866		93,139		47,736
PLANNING & DEVELOPMENT		23,556		219,253		21,982		23,078		21,615		17,944		289,545		616,974		631,079
DET PUBLIC SCHOOLS-EAA		62,085		56,865		22,803		-		-		-		-		141,753		-
CITY OF DET BANKRUPTCY		-		-		-		-		(6,940)		-		-		(6,940)		-
CHURCHES		191,828		76,617		53,279		45,232		47,043		45,367		349,449		808,815		633,990
MEDICAL		98,374		22,943		23,496		19,700		20,489		27,149		196,985		409,136		9,946
STORM ONLY RESIDENTIAL		130,361		107,899		13,657		103,421		154,737		11,491		239,849		761,415		-
STORM ONLY INDUSTRIAL		725,206		169,891		234,796		(52,129)		(511,135)		14,676		109,394		690,697		-
STORM ONLY COMMERCIAL		(6,212)		(90,615)		36,470		(209,336)		(424,730)		14,342		(42,284)		(722,365)		-
STORM ONLY EXEMPT		1,169,516		929,029		580,713		643,981		662,904		429,798		1,426,944		5,842,885		-
	\$	22,334,288	\$	8,733,478	\$	6,095,693	\$	9,014,896	\$	4,073,835	\$	5,226,736	\$	35,053,980	\$	90,532,905	\$	32,123,672
% of Total DWSD A/R		24.7%		9.6%		6.7%		10.0%		4.5%		5.8%		38.7%		100.0%		



DETROIT  
Water & Sewerage  
Department

# Sewer Revenue and Usage FY 2017





City of Detroit Sewage Disposal Fund		
Statement of Net Position		
	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 20,815,908	\$ 25,915,547
Restricted - Cash and cash equivalents	508,500	12,446,072
Accounts receivable - net	62,244,472	98,221,607
Due from other funds	4,445,319	1,954,121
Due from other governmental agencies	-	-
Inventory	3,019,611	922,723
Prepaid expenses	-	169,728
Receivables from Great Lakes Water Authority	620,499,012	609,657,671
Deferred premium on bonds	-	-
Capital assets - net	480,392,994	454,993,307
Total assets	1,191,925,816	1,204,280,774
<b>Deferred Outflows of Resources - Pensions</b>	5,172,335	5,175,409

# City of Detroit Sewage Disposal Fund

## Statement of Net Position (Continued)

	June 30, 2016 (Audited)	June 30, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 5,202,286	\$ 1,681,726
Accrued wages and benefits	(115,227)	2,818,681
Due to other funds	17,812,992	22,148,968
Due to other governmental agencies	42,763,271	81,609,164
Accrued interest	6,541,465	7,060,631
Other liabilities	233,195	10,665,306
Accrued compensated absences	6,603,805	2,183,621
Long-term debt	360,955,201	416,591,578
Net pension liability	29,637,827	29,637,827
Total liabilities	469,634,814	574,397,501
<b>Deferred Inflows of Resources -Pensions</b>	6,187,508	6,187,508
<b>Net Position</b>		
Fund Balance - End of year	721,275,828	628,871,173
Total net position	<u>\$ 721,275,828</u>	<u>\$ 628,871,173</u>

# Cash on Deposit with GLWA

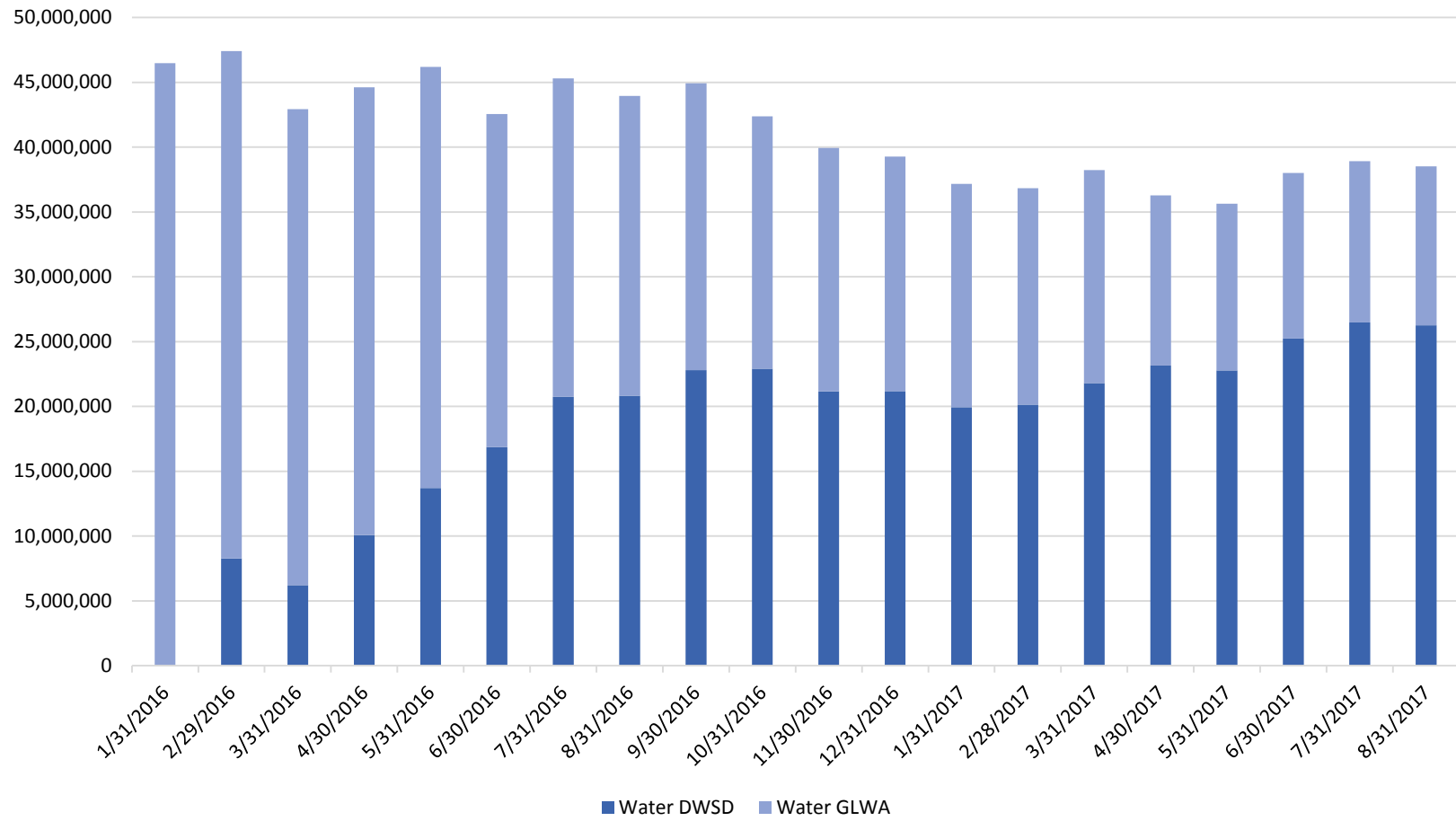
	Water		Sewer	
	FY16	FY17	FY16	FY17
Retail Receipts	48,117,690	112,063,046	115,589,071	255,742,523
Retail Receipts applied To GLWA Pre-Bifurcation A/R	(21,792,154)	(8,213,070)	(50,332,413)	(21,823,604)
<b>Total DWSD Retail Receipts</b>	<b>26,325,536</b>	<b>103,849,976</b>	<b>65,256,658</b>	<b>233,918,919</b>

## CASH ON DEPOSIT WITH GLWA CREDITS/ADJUSTMENTS:

Interest income I&E fund	302	59,255	76	25,644
Customer Refunds	286,419	826,638	29,575	32,276
Bank Fees (40%)	(149,532)	-	(224,299)	-
GLWA Wholesale Charge	(5,670,000)	(15,490,300)	(85,831,100)	(187,304,100)
Transfer DWSD O&M	(18,704,000)	(33,596,400)	(14,124,500)	(41,535,600)
Transfer DWSD O&M pension	(1,776,000)	(4,271,700)	(1,192,500)	(2,862,000)
DWSD Contractual Obligation Debt to GLWA-Bifurcation Principal	(1,830,750)	(7,591,570)	(3,668,250)	(5,504,722)
DWSD Contractual Obligation Debt to GLWA-Bifurcation Interest	(12,231,250)	(23,628,230)	(8,831,250)	(17,062,678)
DWSD Contractual Obligation Debt to GLWA-10.27.16 Bond Issue	-	(1,719,522)	-	-
DWSD Contractual Obligation Debt to GLWA-SRF	-	(7,384)	-	-
Non-op Pension	(1,775,750)	(4,422,038)	(1,220,710)	(2,929,700)
WRAP	(207,252)	(431,100)	(170,598)	(354,800)
Budget Stabilization	(969,500)	(360,000)	(2,330,000)	(2,654,400)
Applied to IWC receivable	-	-	(1,383,843)	(2,830,519)
<b>Total Other Deposits and Transfers</b>	<b>(43,027,314)</b>	<b>(90,632,351)</b>	<b>(118,947,398)</b>	<b>(262,980,599)</b>
<b>Net Change in Cash on deposit with GLWA</b>	<b>(16,701,778)</b>	<b>13,217,625</b>	<b>(53,690,740)</b>	<b>(29,061,679)</b>
BOY Balance	-	(16,701,778)	-	(53,690,740)
EOY Balance	(16,701,778)	(3,484,153)	(53,690,740)	(82,752,420)

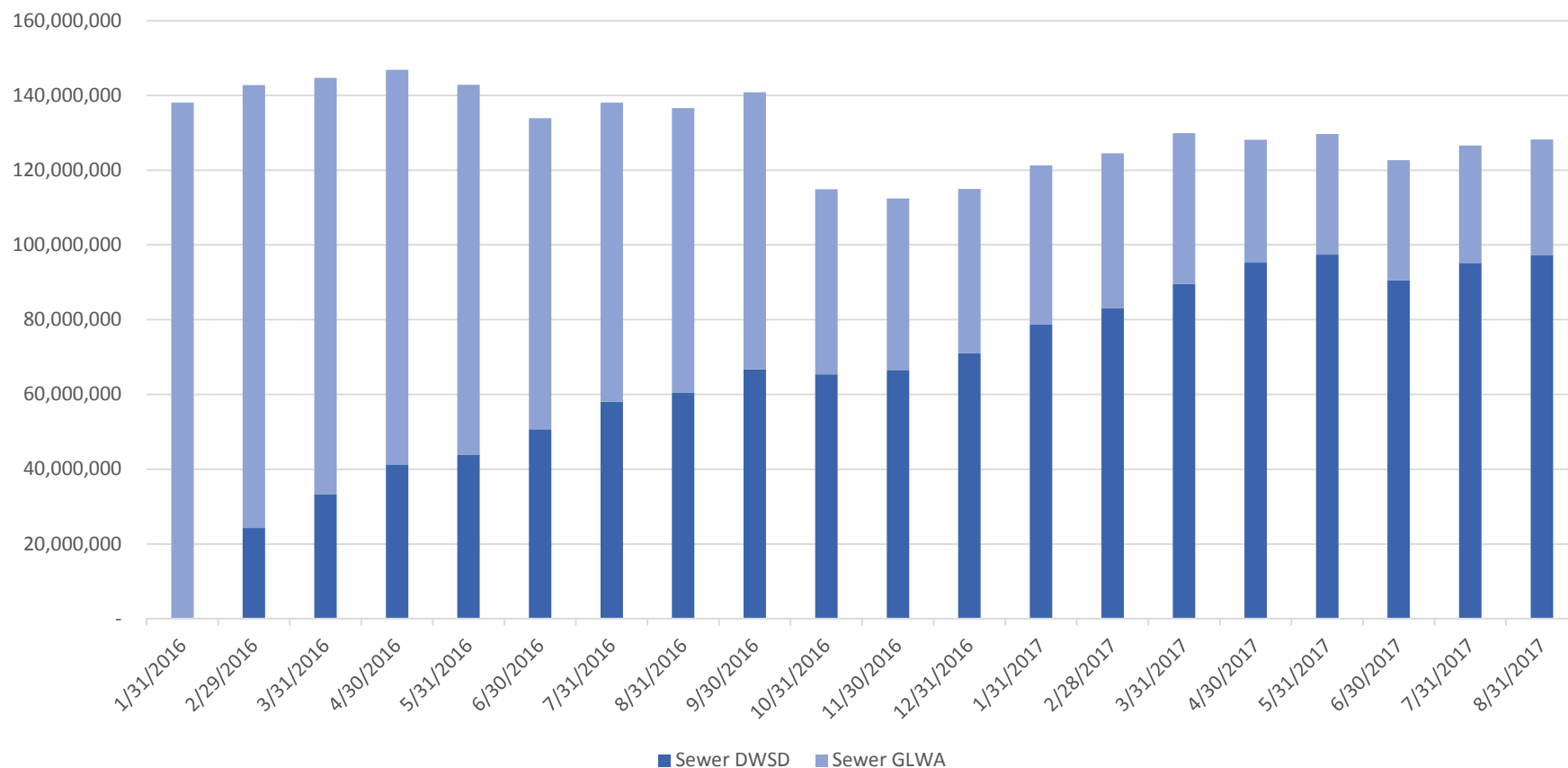


# Water Accounts Receivable Balances





# Sewer Accounts Receivable Balances



# Thank You



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