



# **SEPTEMBER 2017 REVIEW**

## **FINANCE COMMITTEE**

November 1, 2017

# Introduction

- Preliminary statements for three months ended September 30, 2017.
- Introducing “contract basis” of accounting for statements
  - Reflects Master Bond Ordinance and Lease Requirements
- June 30, 2017 Audit nearing completion
- Presentation will include updates from Treasury and Capital Improvement Plan



# Summary Financial Metrics through September 30, 2017

		7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Volumes (Mcf)	Budget	278,374	278,708	240,331	220,184	203,483	222,325	214,548	207,190	218,952	205,853	234,354	254,108
	Actual	242,532	244,512	239,911									
	Status												
DAYS CASH (days)	Budget	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	Actual	74.57	82.17	91.59									
	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	82.32	75.02	39.52									
	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	56.20%	71.40%	79.40%									
	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	55.10%	62.30%	56.40%									
	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	92.80%	91.40%	91.30%									
	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	89.00%	85.90%	86.20%									
	Status												
HEADCOUNT (Full Time Employees)	Budget	579	579	579	579	579	579	579	579	579	579	579	579
	Actual	488	488	486									
	Status												
O&M COSTS (\$)	Budget	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573	9,827,573
	Actual	6,723,202	9,986,668	3,915,421									
	Status												

# Financial Statements

## Three Months Ended September 30, 2017

# City of Detroit Water Fund

## Statement of Net Position

	June 30, 2017 (Unaudited)	September 30, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 6,651,112	\$ 8,154,563
Restricted - Cash and cash equivalents	83,427,826	80,340,991
Accounts receivable - net	22,405,951	26,499,425
Due from other funds	42,559,271	44,168,545
Due from other governmental agencies	7,934,861	7,934,861
Inventory	4,008,939	4,171,425
Prepaid expenses	521,932	521,932
Receivables from Great Lakes Water Authority	465,050,128	458,891,685
Deferred premium on bonds	(6,170,414)	(6,170,414)
Capital assets - net	515,638,175	481,900,367
Total assets	1,142,027,781	1,106,413,380
<b>Deferred Outflows of Resources - Pensions</b>	7,674,222	7,674,222

City of Detroit Water Fund		
Statement of Net Position (Continued)		
	June 30, 2017 (Unaudited)	September 30, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 3,542,742	\$ 761,966
Accrued wages	844,032	404,452
Accrued benefits	1,848,617	2,054,014
Due to other funds	25,492,993	36,799,767
Due to other governmental agencies	1,707,229	(24,707,590)
Accrued interest	-	8,609,563
Other liabilities	7,380,923	14,667,506
Accrued compensated absences	593,204	615,382
Long-term debt	546,531,312	529,089,461
Net pension liability	43,722,536	43,722,536
Total liabilities	631,663,588	612,017,056
<b>Deferred Inflows of Resources -Pensions</b>	9,123,657	9,123,513
<b>Net Position</b>		
Fund Balance - End of year	508,914,757	492,947,033
<b>Total net position</b>	<b>\$ 508,914,757</b>	<b>\$ 492,947,033</b>

# City of Detroit Water Fund

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

	Three Months Ended September 30, 2017	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales	\$ 28,623,019	\$ 28,623,019
Other fees	803,849	803,849
Other revenue	473,383	473,383
Total operating revenue	29,900,250	29,900,250
<b>Operating Expenses</b>		
Salaries, wages and benefits	2,039,787	2,039,787
Contractual Services	3,864,444	3,864,444
Wholesale charges	5,043,533	5,043,533
Other operating expense	772,272	772,272
Damage claims	662	662
Depreciation	41,848,175	
Total operating expenses	53,568,874	11,720,698
<b>Operating Income</b>	(23,668,624)	18,179,552
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	4,267,618	5,671,408
Other revenue	(285,609)	(285,609)
Interest expense - Net of capitalized interest	(8,609,563)	(10,509,563)
Gain (loss) on sale of assets	7,799	7,799
Total nonoperating expenses - Net	(4,619,754)	(5,115,964)
<b>Change in Net Position</b>	<b>\$ (28,288,378)</b>	<b>\$ 13,063,587</b>

# City of Detroit Water Fund

## Statement of Revenue and Expenses - Budget and Actual

	Three Months Ended September 30, 2017	
	Budget	Actual (Contract Basis)
<b>Operating Revenue</b>		
Retail sales	\$ 22,301,101	\$ 28,623,019
Other fees	-	803,849
Other revenue	7,639,167	473,383
Total operating revenue	29,940,268	29,900,250
<b>Operating Expenses</b>		
Salaries, wages and benefits	5,331,662	2,039,787
Contractual Services	2,734,527	3,864,444
Wholesale charges	5,575,000	5,043,533
Other operating expense	4,580,528	772,272
Damage claims	-	662
Depreciation	-	-
Total operating expenses	18,221,717	11,720,698
<b>Operating Income</b>	11,718,551	18,179,552
<b>Nonoperating Revenue (Expenses)</b>		
GLWA lease interest	-	5,671,408
Other revenue	(176,661)	(285,609)
Interest expense - Net of capitalized interest	(11,541,890)	(10,509,563)
Gain (loss) on sale of assets	-	7,799
Total nonoperating expenses - Net	(11,718,551)	(5,115,964)
<b>Change in Net Position</b>	<b>\$ -</b>	<b>\$ 13,063,587</b>



City of Detroit Sewage Disposal Fund		
Statement of Net Position		
	June 30, 2017 (Unaudited)	September 30, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 25,915,547	\$ 28,113,274
Restricted - Cash and cash equivalents	20,692,172	23,807,354
Accounts receivable - net	89,909,238	104,821,361
Due from other funds	10,675,631	15,799,691
Due from other governmental agencies	-	-
Inventory	922,723	1,053,886
Prepaid expenses	169,728	169,728
Receivables from Great Lakes Water Authority	599,459,333	538,087,190
Deferred premium on bonds	-	-
Capital assets - net	485,807,982	458,212,271
Total assets	1,233,552,352	1,170,064,755
<b>Deferred Outflows of Resources - Pensions</b>	5,175,409	5,175,409

# City of Detroit Sewage Disposal Fund

## Statement of Net Position (Continued)

	June 30, 2017 (Unaudited)	September 30, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 1,681,726	\$ 1,344,114
Accrued wages	(1,404)	139,312
Accrued benefits	2,607,376	2,527,180
Due to other funds	30,870,478	34,976,412
Due to other governmental agencies	75,492,391	15,556,593
Accrued interest	-	5,603,521
Other liabilities	12,171,829	21,026,130
Accrued compensated absences	889,806	1,008,566
Long-term debt	416,591,578	415,950,958
Net pension liability	29,637,827	29,637,827
Total liabilities	569,941,608	527,770,614
<b>Deferred Inflows of Resources -Pensions</b>	6,187,508	6,187,508
<b>Net Position</b>		
Fund Balance - End of year	662,598,646	641,282,043
<b>Total net position</b>	<b>\$ 662,598,646</b>	<b>\$ 641,282,043</b>

# City of Detroit Sewage Disposal Fund

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

	Three Months Ended September 30, 2017	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales	\$ 66,732,902	\$ 66,732,902
Other fees	7,193,408	7,193,408
Other revenue	1,177,479	1,177,479
Total operating revenue	75,103,789	75,103,789
<b>Operating Expenses</b>		
Salaries, wages and benefits	7,431,281	7,431,281
Contractual Services	2,896,066	2,896,066
Wholesale charges	59,656,400	59,656,400
Other operating expense	1,028,237	1,028,237
Damage claims	12,829	12,829
Depreciation	31,321,678	
Total operating expenses	102,346,491	71,024,813
<b>Operating Income</b>	(27,242,702)	4,078,976
<b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	5,159,258	6,875,000
Other revenue	(284,305)	(284,305)
Interest expense - Net of capitalized interest	(5,603,521)	(6,978,521)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	(728,567)	(387,825)
<b>Change in Net Position</b>	<b>\$ (27,971,270)</b>	<b>\$ 3,691,150</b>

# City of Detroit Sewage Disposal Fund

## Statement of Revenue and Expenses - Budget and Actual

	Three Months Ended September 30, 2017	
	Budget	Actual (Contract Basis)
<b>Operating Revenue</b>		
Retail sales	\$ 64,223,104	\$ 66,732,902
Other fees	-	7,193,408
Other revenue	4,338,477	1,177,479
Total operating revenue	68,561,581	75,103,789
<b>Operating Expenses</b>		
Salaries, wages and benefits	7,109,993	7,431,281
Contractual Services	5,948,785	2,896,066
Wholesale charges	15,850,000	59,656,400
Other operating expense	9,956,857	1,028,237
Damage claims	-	12,829
Depreciation	-	-
Total operating expenses	38,865,634	71,024,813
<b>Operating Income</b>	29,695,947	4,078,976
<b>Nonoperating Revenue (Expenses)</b>		
GLWA lease interest	-	6,875,000
Other revenue	(1,020,625)	(284,305)
Interest expense - Net of capitalized interest	(28,675,322)	(6,978,521)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	(29,695,947)	(387,825)
<b>Change in Net Position</b>	<b>\$ -</b>	<b>\$ 3,691,150</b>

## Water Aging Balances as of September 30, 2017

### Detroit Water and Sewerage Department

Sales Class	# of Accounts	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	TOTAL A/R BALANCE
RESIDENTIAL	185,610	\$ 88	\$ 3,268,512	\$ 1,424,644	\$ 3,270,555	\$ 8,379,769	\$ 16,343,481
COMMERCIAL	11,453	453	2,548,199	748,952	547,971	1,343,030	5,188,151
INDUSTRIAL	1,329	757	1,102,605	(3,579)	(149,915)	56,963	1,006,075
TAX EXEMPT	427	1,737	262,117	115,866	149,441	214,350	741,773
FAITH BASED	695	272	53,160	18,738	45,447	71,763	189,109
COD	962	(352)	113,987	(535,602)	(26,095)	108,675	(339,036)
	<b>200,476</b>	<b>\$ 115</b>	<b>\$ 7,348,581</b>	<b>\$ 1,769,019</b>	<b>\$ 3,837,404</b>	<b>\$ 10,174,550</b>	<b>\$ 23,129,553</b>
% of Total DWSD A/R			31.8%	7.6%	16.6%	44.0%	100.0%

## Sewer Aging Balances as of September 30, 2017

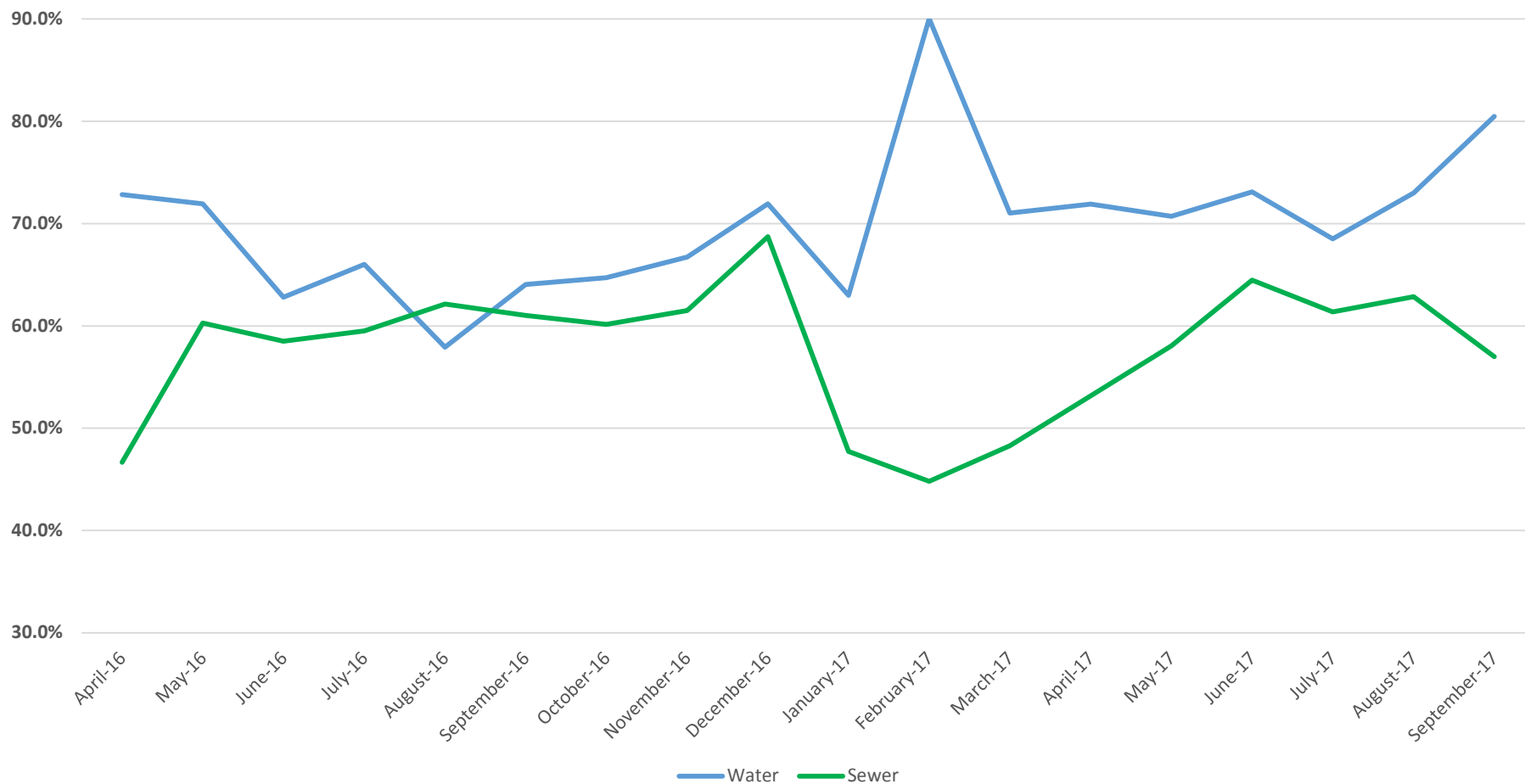
### Detroit Water and Sewerage Department

Sales Class	# of Accounts	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	TOTAL A/R BALANCE
RESIDENTIAL	179,168	\$ 232	\$ 9,129,646	\$ 4,252,342	\$ 8,749,680	\$ 19,386,699	\$ 41,518,368
COMMERCIAL	20,933	1,210	6,716,011	2,562,383	4,525,311	11,523,768	25,327,473
INDUSTRIAL	3,638	3,754	3,320,250	1,638,414	2,302,031	6,397,932	13,658,627
TAX EXEMPT	3,046	2,143	1,284,794	1,065,685	2,029,889	2,146,417	6,526,786
FAITH BASED	756	1,519	274,658	88,169	261,939	523,884	1,148,650
COD	3,811	1,677	909,673	750,766	2,246,686	2,485,737	6,392,861
HIGHWAY DRAINAGE	2	610,507	266,961	195,370	758,683	-	1,221,015
	<b>211,354</b>	<b>\$ 453</b>	<b>\$ 21,901,993</b>	<b>\$ 10,553,130</b>	<b>\$ 20,874,219</b>	<b>\$ 42,464,438</b>	<b>\$ 95,793,780</b>
% of Total DWSD A/R			22.9%	11.0%	21.8%	44.3%	100.0%



DETROIT  
Water & Sewerage  
Department

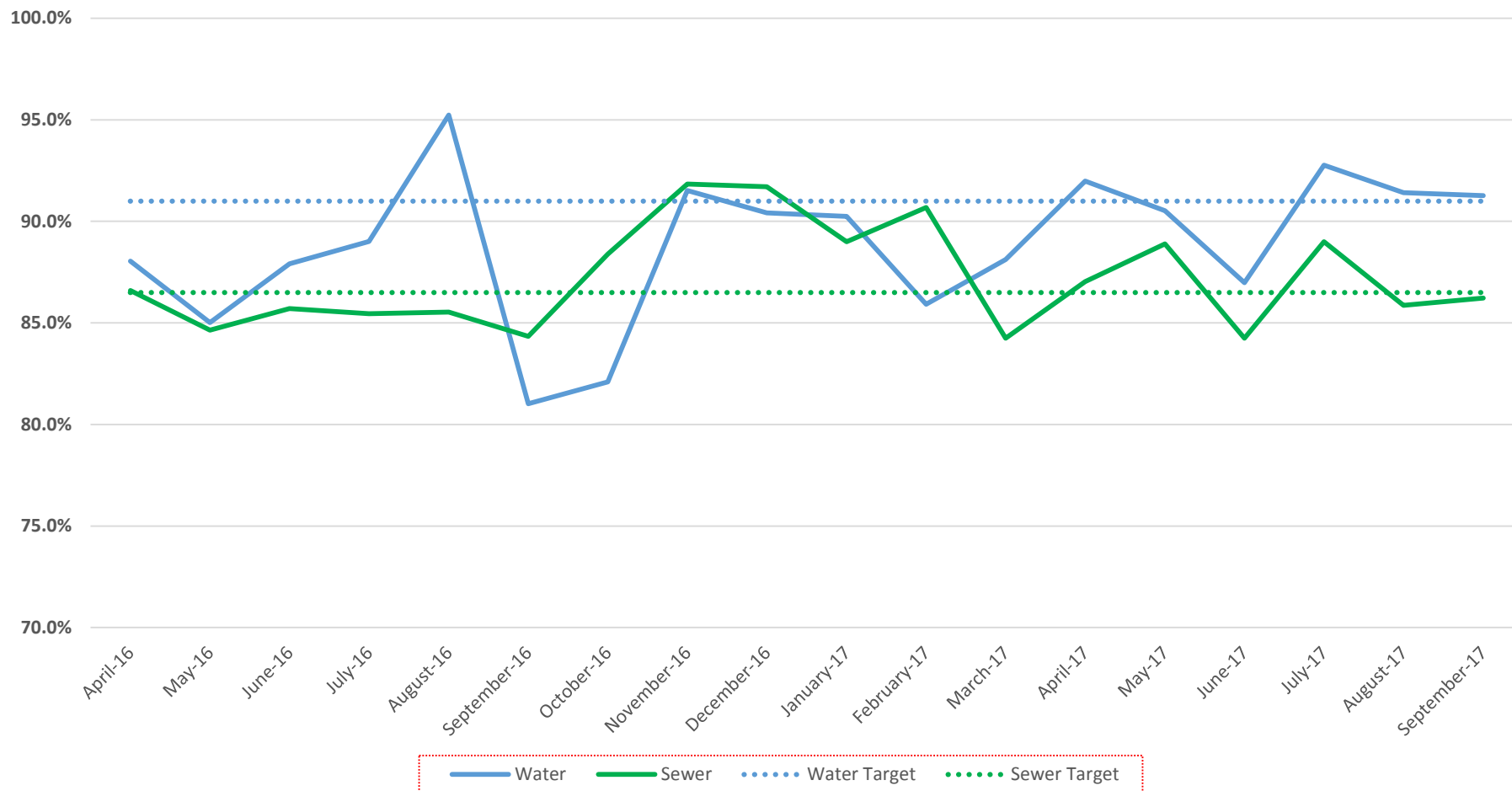
# 30-60 Day Collection Rate





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Department

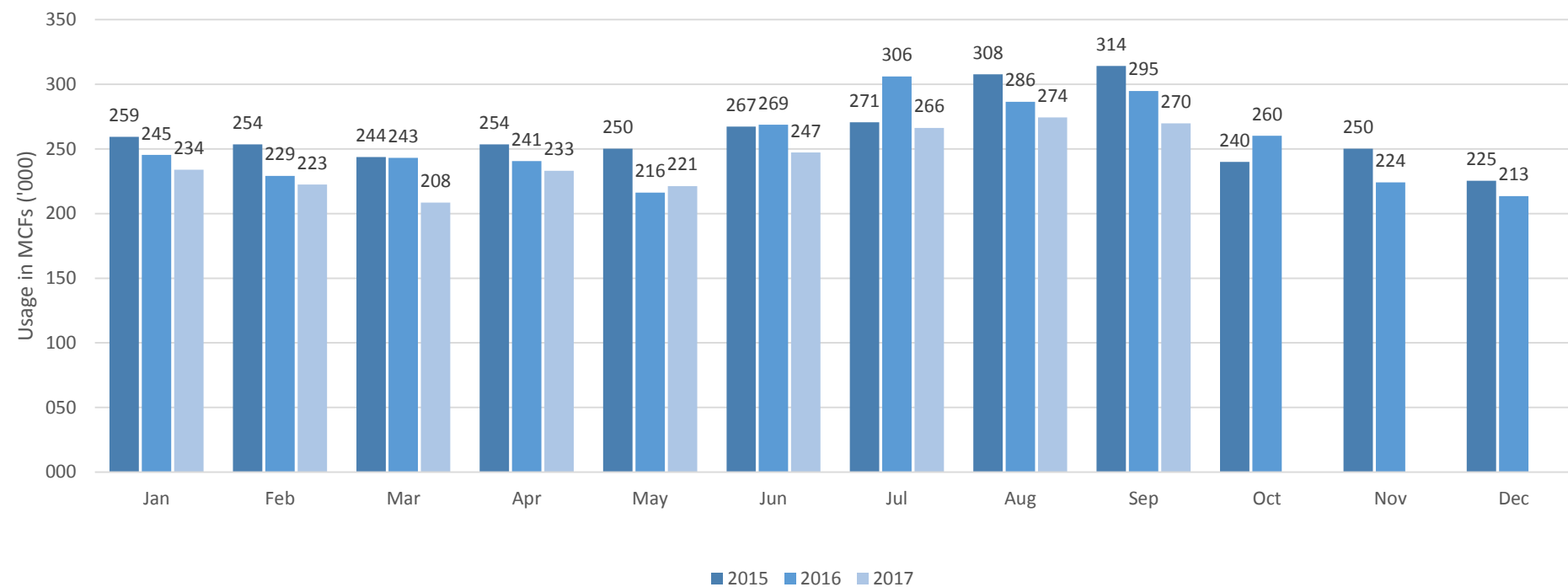
# 330 – 360 Day Collection Rate





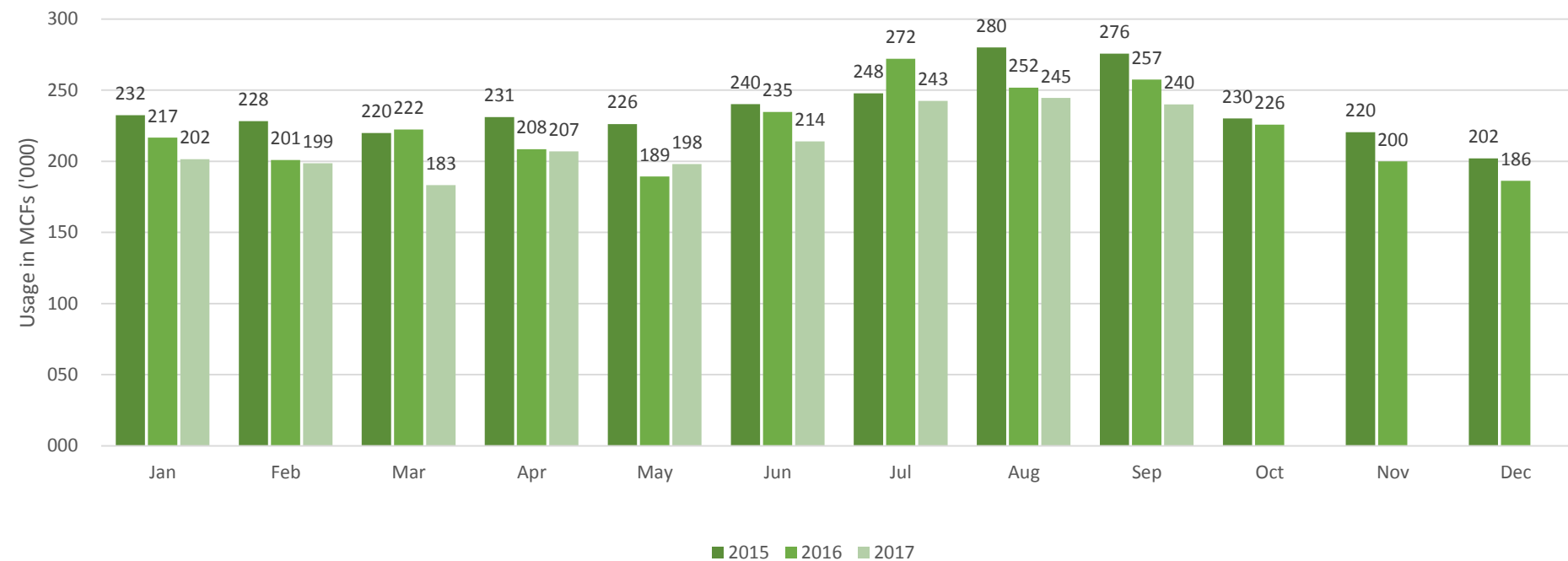


# Water Usage



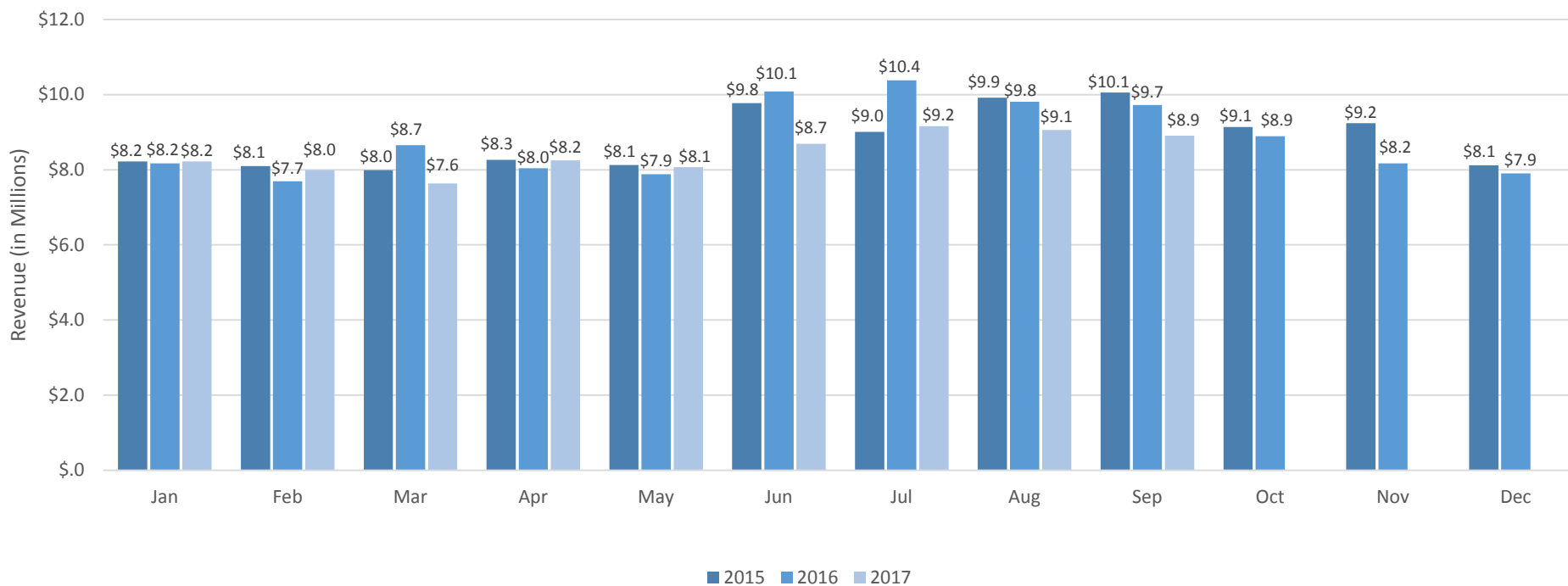


# Sewer Usage



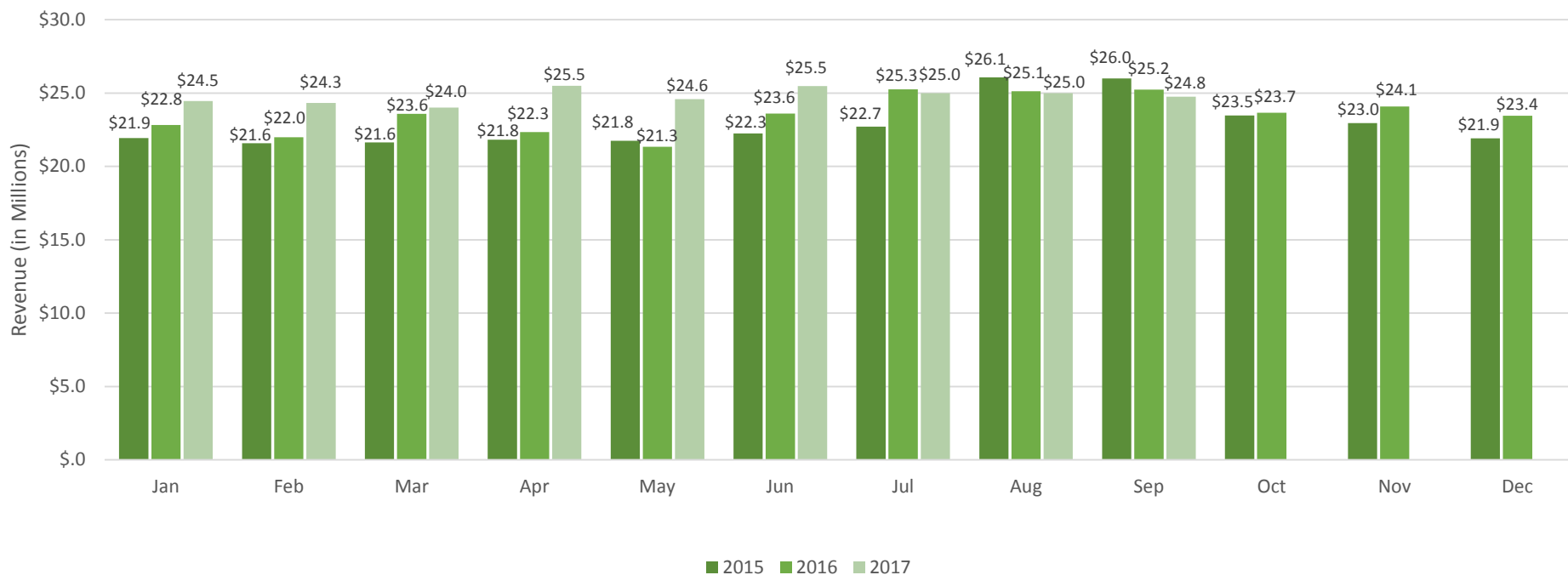


# Water Revenue





# Sewer Revenue



# Treasury Update

Nikole Howard-Whitsett  
Treasury Manager



# Cash Balance Summary

Water Fund Cash Summary			
	6/30/2017	9/30/2017	
<b>Operating</b>	\$ 1,767,951	\$ 1,321,117	
<b>Restricted</b>			
Bond	43,338,112	35,536,577	
Affordability	977,278	977,278	
Pension	218,285	1,286,426	
Retainage	2,488,101	2,488,445	
Construction	2,109,646	1,395,286	
	49,131,420	41,684,011	
<b>Improvement and Extension</b>	36,425,537	41,402,725	
<b>Total Cash</b>	<b>\$ 87,324,908</b>	<b>\$ 84,407,852</b>	

Sewer Fund Cash Summary			
	6/30/2017	9/30/2017	
<b>Operating</b>	\$ 21,041,345	\$ 26,029,057	
<b>Restricted</b>			
Bond	-	-	
Pension	171,239	885,340	
Retainage	1,106,171	1,106,309	
Construction	834,367	834,471	
	2,111,777	2,826,120	
<b>Improvement and Extension</b>	12,446,472	15,561,361	
<b>Total Cash</b>	<b>\$ 35,599,594</b>	<b>\$ 44,416,537</b>	



# Cash Balance by Banking Institution

Banking Institution	Type of Account	Water	Sewer
Comerica			
	Unrestricted	\$ 580,433	\$ 501,623
	Restricted	19,925,666	7,499,900
		<b>20,506,099</b>	<b>8,001,522</b>
First Independence			
	Unrestricted	721,971	25,525,598
	Restricted	29,513,759	4,326,985
	CDRS	28,675,794	
		<b>58,911,524</b>	<b>29,852,584</b>
JP Morgan Chase			
	Unrestricted	3,029	1,836
	Restricted	992,960	-
		<b>995,990</b>	<b>1,836</b>
US Bank			
	Restricted	3,994,240	6,560,595
<b>Total Cash</b>		<b>\$ 84,407,852</b>	<b>\$ 44,416,537</b>

# Capital Improvement Plan Update

## 1<sup>st</sup> Quarter Status and Spending

Monica Daniels  
Fixed Asset Manager



# CIP Quarterly Report

Category	Spend in 2017 <i>(unaudited)</i>	CIP 2018	Spend 1 <sup>st</sup> Qtr (July-Sept 2017)
Water Main Replacements	\$15,730,162	\$44,700,000	\$2,407,298
Sewer Lining/ Rehabilitation	\$12,357,555	\$20,000,000	\$1,399,311
Green Infrastructure	\$8,361,505	\$12,225,00	\$610,487
Central Services (Fleet, Facilities & IT)	\$938,858	\$10,750,000	\$5,569,615
CIPMO - AECOM	-	\$15,696,000	\$453,358
Meters/Fire Hydrants	\$2,444,316 <small>Meter/Fire hydrants</small>	\$6,000,000	-
Uncommitted (& Allowances)	-	\$29,304,000	-
<b>Total</b>	<b>\$39,832,397</b>	<b>\$138,675,000</b>	<b>\$10,440,069</b>

# Top Active Projects

## Water

Project Name	Budget Value	Status
WS-693A Joy Road Water Main Replacement Phase II (23,000 LF)	\$ 9,479,876	60%
WS-697 Water Main Replacement (19,000 LF)	\$ 4,584,241	80%
WS-698 Water Main Replacement Northwestern areas of Detroit (31,932 LF)	\$ 7,752,019	7%

## Water/Sewer & Central Services

CS-1812 CIPMO	\$ 57,406,355	0.8%
Leak Trucks (8)	\$1,740,120	Outfitting (Early 2018)
Detroit Building Authority MOU: Central Services Facility Consolidation, Renovations & Improvements	\$5,000,000	0% Awarded Start in Oct 2017

## Sewer

Project Name	Budget Value	Status
DWS-900 Inspection & Rehab -West Side	\$8,225,950	49%
CS-1522 Green Infrastructure Program Management	\$16,000,000	76%
DWS-903 Inspection & In-Place Rehab of Existing Sewers in the City of Detroit	\$60,000,000	0% Award in progress

# Thank You



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