



# **OCTOBER 2017 REVIEW**

## **FINANCE COMMITTEE**

**December 6, 2017**



# Summary Financial Metrics

|  |        | 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 | 295,700   | 303,100   | 248,900   | 236,100    | 218,400    | 238,500    | 224,700   | 224,700   | 235,700   | 217,700   | 256,700   | 284,800   |
|  | Actual | 274,267   | 269,802   | 259,341   |            |            |            |           |           |           |           |           |           |
|  | 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     | 92.76      |            |            |           |           |           |           |           |           |
|  | 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     | 22.85      |            |            |           |           |           |           |           |           |
|  | 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 | 73.00%    | 80.30%    | 55.40%    |            |            |            |           |           |           |           |           |           |
|  | 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 | 62.80%    | 57.80%    | 60.50%    |            |            |            |           |           |           |           |           |           |
|  | 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 | 92.10%    | 92.10%    | 94.70%    |            |            |            |           |           |           |           |           |           |
|  | 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 | 86.80%    | 86.10%    | 95.30%    |            |            |            |           |           |           |           |           |           |
|  | Status |           |           |           |            |            |            |           |           |           |           |           |           |
| HEADCOUNT (Full Time Employees)        | Budget | 579       | 579       | 579       | 579        | 579        | 579        | 579       | 579       | 579       | 579       | 579       | 579       |
|  | Actual | 488       | 488       | 486       | 506        |            |            |           |           |           |           |           |           |
|  | 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 | 6,757,316  |            |            |           |           |           |           |           |           |
|  | Status |           |           |           |            |            |            |           |           |           |           |           |           |



# Retail Water Customers

| Month         | FY 2018 - Budget |               |                        | FY 2018 - Actual |               |                        | Variance     |                |
|---------------|------------------|---------------|------------------------|------------------|---------------|------------------------|--------------|----------------|
|               | Volume (MCF)     | Revenue (\$)  | Unit Revenue<br>\$/MCF | Volume (MCF)     | Revenue (\$)  | Unit Revenue<br>\$/MCF | Volume (MCF) | Revenue (\$)   |
| July          | 295,700          | 9,332,300     | \$ 31.56               | 274,267          | 8,813,936     | \$ 32.14               | (21,433)     | (518,364)      |
| August        | 303,100          | 9,517,000     | 31.40                  | 269,802          | 8,631,595     | 31.99                  | (33,298)     | (885,405)      |
| September     | 248,900          | 8,393,900     | 33.72                  | 259,341          | 8,463,041     | 32.63                  | 10,441       | 69,141         |
| October       | 236,100          | 7,947,500     | 33.66                  | -                | -             | -                      | -            | -              |
| November      | 218,400          | 7,585,100     | 34.73                  | -                | -             | -                      | -            | -              |
| December      | 238,500          | 8,008,200     | 33.58                  | -                | -             | -                      | -            | -              |
| January       | 224,700          | 7,673,100     | 34.15                  | -                | -             | -                      | -            | -              |
| February      | 224,700          | 7,813,100     | 34.77                  | -                | -             | -                      | -            | -              |
| March         | 235,700          | 7,944,800     | 33.71                  | -                | -             | -                      | -            | -              |
| April         | 217,700          | 7,529,200     | 34.59                  | -                | -             | -                      | -            | -              |
| May           | 256,700          | 8,946,300     | 34.85                  | -                | -             | -                      | -            | -              |
| June          | 284,800          | 9,089,900     | 31.92                  | -                | -             | -                      | -            | -              |
| <b>Totals</b> | 2,985,000        | \$ 99,780,400 | \$ 33.43               | 803,410          | \$ 25,908,571 | \$ 32.25               | (44,290)     | \$ (1,334,629) |
| Subtotals YTD | 847,700          | \$ 27,243,200 | \$ 32.14               | 803,410          | \$ 25,908,571 | \$ 32.25               | (44,290)     | \$ (1,334,629) |



# Retail Sewer Customers

| Month         | FY 2018 - Budget    |                     | FY 2018 - Actual    |                     | Variance            |                     |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|               | <u>Volume (MCF)</u> | <u>Revenue (\$)</u> | <u>Volume (MCF)</u> | <u>Revenue (\$)</u> | <u>Volume (MCF)</u> | <u>Revenue (\$)</u> |
| July          | 260,000             | 24,615,100          | 244,512             | 24,624,820          | (15,488)            | 9,720               |
| August        | 260,600             | 24,754,400          | 239,911             | 24,348,011          | (20,689)            | (406,389)           |
| September     | 222,800             | 22,752,800          | 228,122             | 23,517,204          | 5,322               | 764,404             |
| October       | 205,500             | 22,717,800          | -                   | -                   | -                   | -                   |
| November      | 189,900             | 21,987,300          | -                   | -                   | -                   | -                   |
| December      | 204,400             | 22,774,800          | -                   | -                   | -                   | -                   |
| January       | 195,300             | 22,296,100          | -                   | -                   | -                   | -                   |
| February      | 198,300             | 23,060,600          | -                   | -                   | -                   | -                   |
| March         | 203,000             | 23,026,900          | -                   | -                   | -                   | -                   |
| April         | 189,300             | 22,215,900          | -                   | -                   | -                   | -                   |
| May           | 219,400             | 23,798,700          | -                   | -                   | -                   | -                   |
| June          | 251,500             | 24,635,500          | -                   | -                   | -                   | -                   |
| <b>Totals</b> | 2,600,000           | \$ 278,635,900      | 712,545             | \$ 72,490,035       | (30,855)            | \$ 367,735          |
| Subtotals YTD | 743,400             | \$ 72,122,300       | 712,545             | \$ 72,490,035       | (30,855)            | \$ 367,735          |

# Cash Balance Summary

## Water Fund Cash Summary

|                                  | 6/30/2017            | 10/31/2017           |
|----------------------------------|----------------------|----------------------|
| <b>Operating Cash</b>            | \$ 1,767,951         | \$ 4,764,925         |
| <b>Restricted Cash</b>           |                      |                      |
| Bond                             | 43,338,112           | 34,247,267           |
| Affordability                    | 977,278              | 977,278              |
| Pension                          | 218,285              | 1,320,237            |
| Retainage                        | 2,488,101            | 2,276,687            |
| Construction                     | 2,109,646            | 1,607,306            |
|                                  | <u>49,131,420</u>    | <u>40,428,775</u>    |
| <b>Improvement and Extension</b> | 36,425,537           | 43,320,352           |
| <b>Total Cash</b>                | <b>\$ 87,324,908</b> | <b>\$ 88,514,052</b> |

## Sewer Fund Cash Summary

|                                  | 6/30/2017            | 10/31/2017           |
|----------------------------------|----------------------|----------------------|
| <b>Operating Cash</b>            | \$ 21,041,345        | \$ 25,204,122        |
| <b>Restricted Cash</b>           |                      |                      |
| Bond                             | -                    | -                    |
| Affordability                    | -                    | -                    |
| Pension                          | 171,239              | 1,092,070            |
| Retainage                        | 1,106,171            | 1,246,290            |
| Construction                     | 834,367              | 694,575              |
|                                  | <u>2,111,777</u>     | <u>3,032,935</u>     |
| <b>Improvement and Extension</b> | 12,446,472           | 17,606,497           |
| <b>Total Cash</b>                | <b>\$ 35,599,594</b> | <b>\$ 45,843,554</b> |

## Accounts Receivable Aging Balances as of October 31, 2017

### Water Fund

#### Detroit Water and Sewerage Department

| Sales Class         | # of Accounts  | Avg. Balance     | Current             | > 30 Days           | > 60 Days           | > 180 Days          | TOTAL A/R<br>BALANCE |
|---------------------|----------------|------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| RESIDENTIAL         | 186,958        | \$ 85.70         | \$ 2,770,266        | \$ 1,391,521        | \$ 3,358,981        | \$ 8,501,953        | \$ 16,022,721        |
| COMMERCIAL          | 11,378         | 404.80           | 3,017,726           | 755,621             | 618,562             | 213,877             | 4,605,786            |
| INDUSTRIAL          | 1,322          | 505.21           | 1,066,647           | 211,262             | (417,659)           | (192,365)           | 667,884              |
| TAX EXEMPT          | 414            | 1,509.07         | 291,782             | 136,388             | 132,117             | 64,468              | 624,755              |
| FAITH BASED         | 685            | 286.93           | 49,759              | 21,046              | 49,304              | 76,437              | 196,546              |
| CITY OF DETROIT     | 988            | 1,698.79         | 89,269              | 1,455,567           | 39,895              | 93,670              | 1,678,401            |
| WAYNE STATE         | 19             | 3.05             | 58                  | -                   | -                   | -                   | 58                   |
|                     | <b>201,764</b> | <b>\$ 117.94</b> | <b>\$ 7,285,507</b> | <b>\$ 3,971,405</b> | <b>\$ 3,781,199</b> | <b>\$ 8,758,040</b> | <b>\$ 23,796,150</b> |
| % of Total DWSD A/R |                |                  | 30.6%               | 16.7%               | 15.9%               | 36.8%               | 100.0%               |

## Accounts Receivable Aging Balances as of October 31, 2017

### Sewer Fund

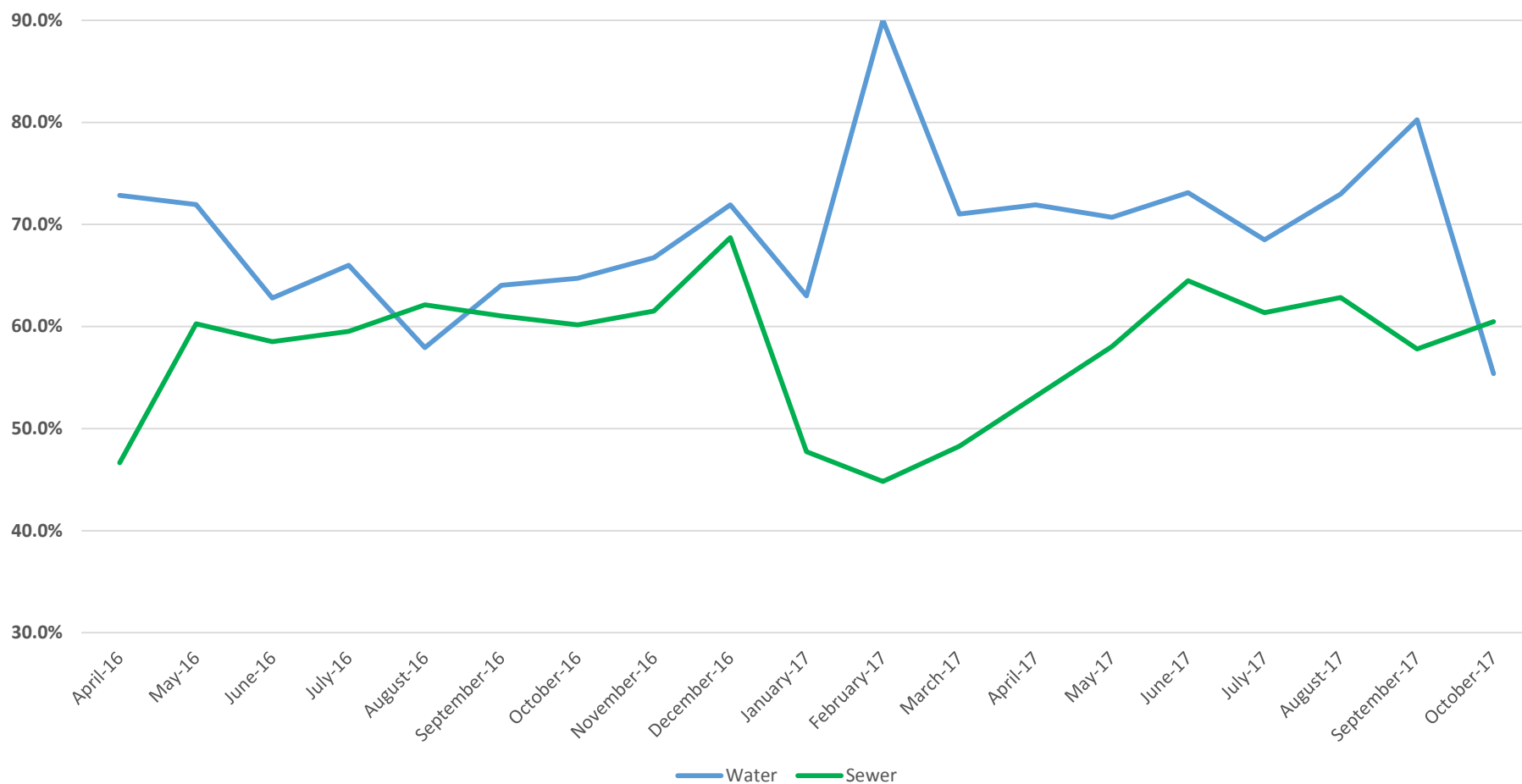
#### Detroit Water and Sewerage Department

| Sales Class                | # of Accounts  | Avg. Balance     | Current              | > 30 Days           | > 60 Days            | > 180 Days           | TOTAL A/R<br>BALANCE |
|----------------------------|----------------|------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| RESIDENTIAL                | 181,283        | \$ 226.40        | \$ 8,827,030         | \$ 4,155,856        | \$ 8,340,249         | \$ 19,719,377        | \$ 41,042,513        |
| COMMERCIAL                 | 20,337         | 855.91           | 7,474,531            | 2,347,409           | 5,133,282            | 2,451,378            | 17,406,600           |
| INDUSTRIAL                 | 3,471          | 2,098.50         | 3,235,771            | 1,222,253           | 2,864,102            | (38,224)             | 7,283,902            |
| TAX EXEMPT                 | 2,989          | 1,894.01         | 1,971,153            | 925,307             | 2,404,760            | 359,983              | 5,661,202            |
| FAITH BASED                | 739            | 1,502.89         | 198,866              | 160,455             | 279,325              | 471,992              | 1,110,638            |
| CITY OF DETROIT            | 3,625          | 1,593.66         | 1,319,452            | 755,616             | 2,561,628            | 1,140,320            | 5,777,016            |
| WAYNE STATE                | 10             | 17,811.29        | 83,398               | 14,545              | 64,139               | 16,032               | 178,113              |
| HIGHWAY DRAINAGE           | 2              | 713,076.75       | 266,961              | 205,139             | 781,481              | 172,572              | 1,426,153            |
|                            | <b>212,456</b> | <b>\$ 376.01</b> | <b>\$ 23,377,163</b> | <b>\$ 9,786,579</b> | <b>\$ 22,428,967</b> | <b>\$ 24,293,429</b> | <b>\$ 79,886,138</b> |
| <i>% of Total DWSD A/R</i> |                |                  | 29.3%                | 12.3%               | 28.1%                | 30.4%                | 100.0%               |



DETROIT  
Water & Sewerage  
Department

# 30-60 Day Collection Rate

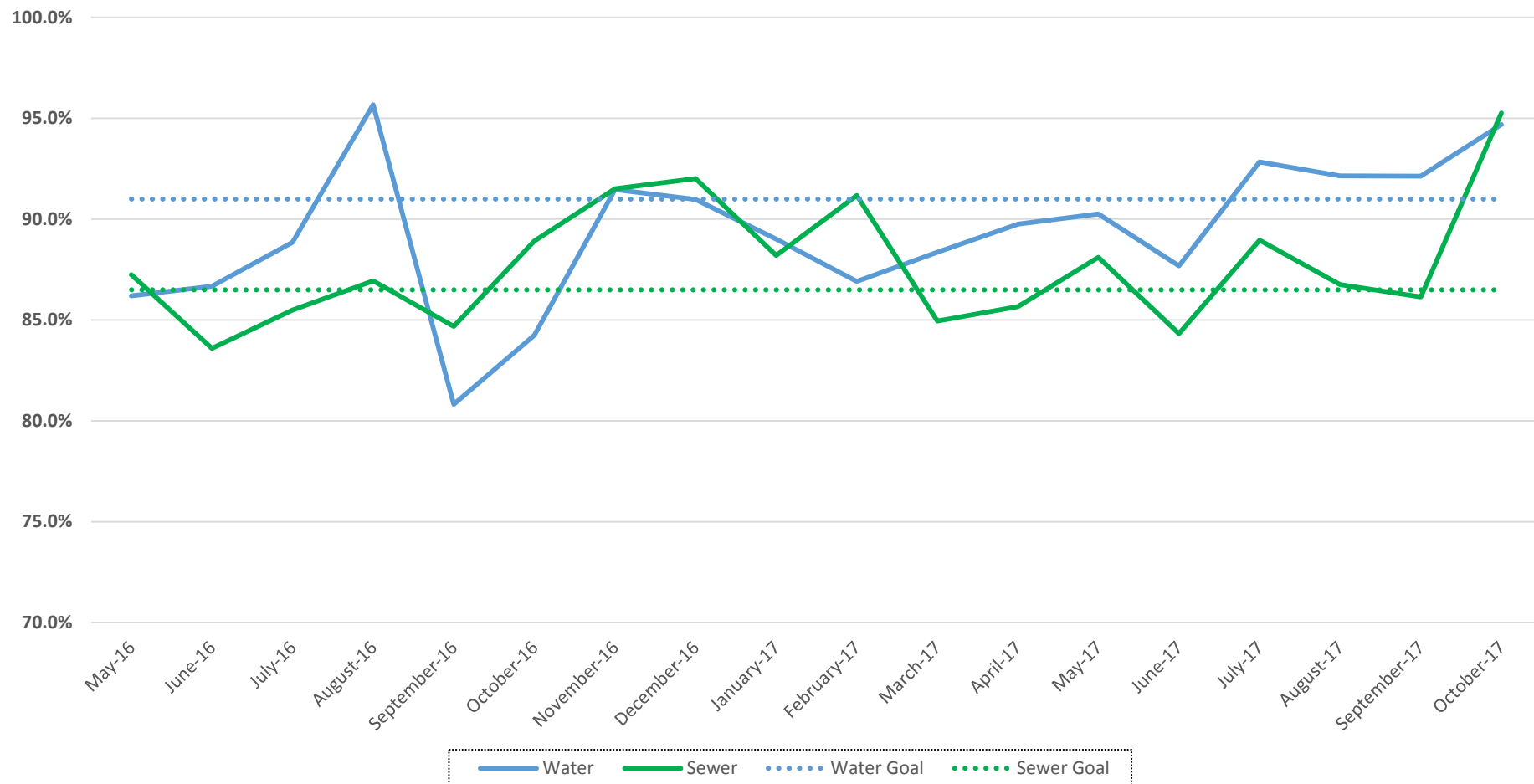




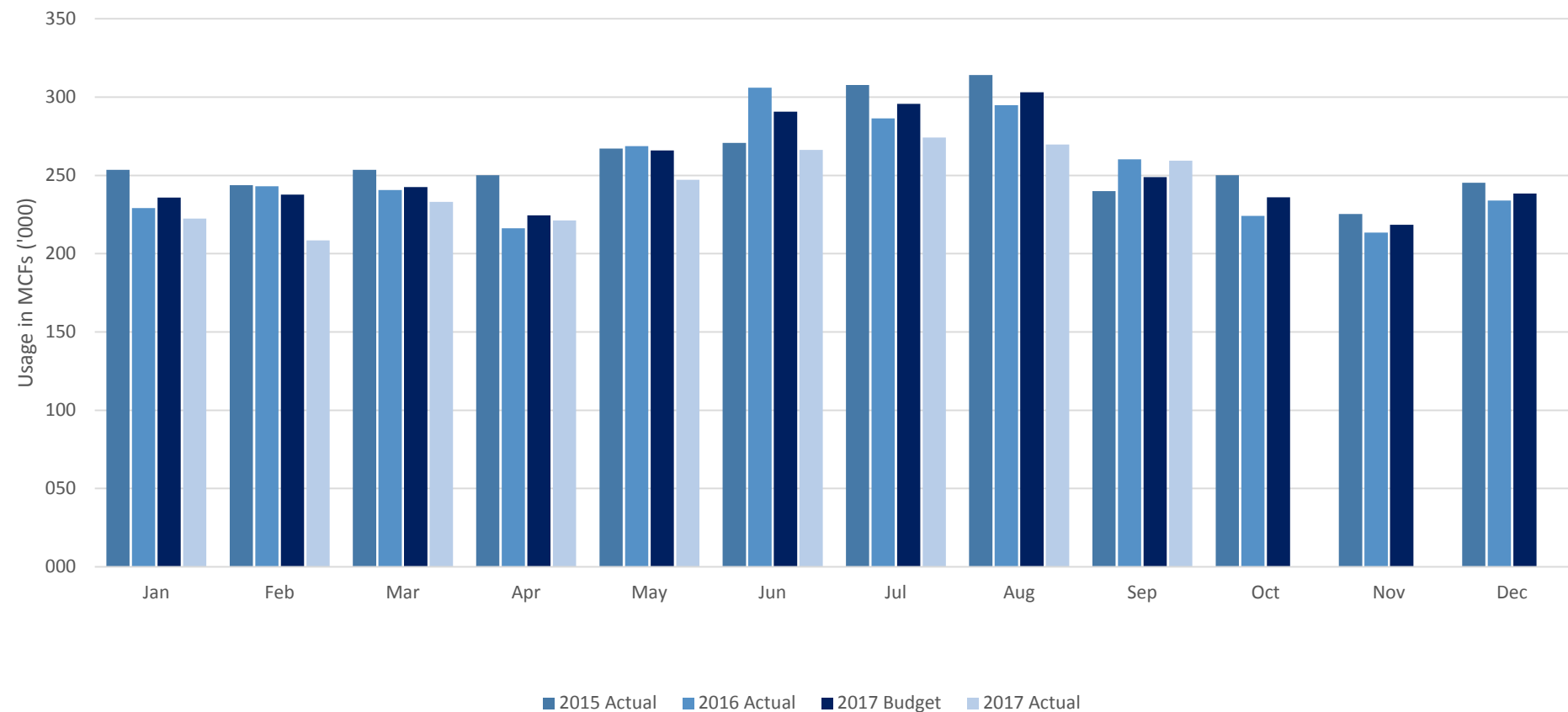


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# 330 – 360 Day Collection Rate

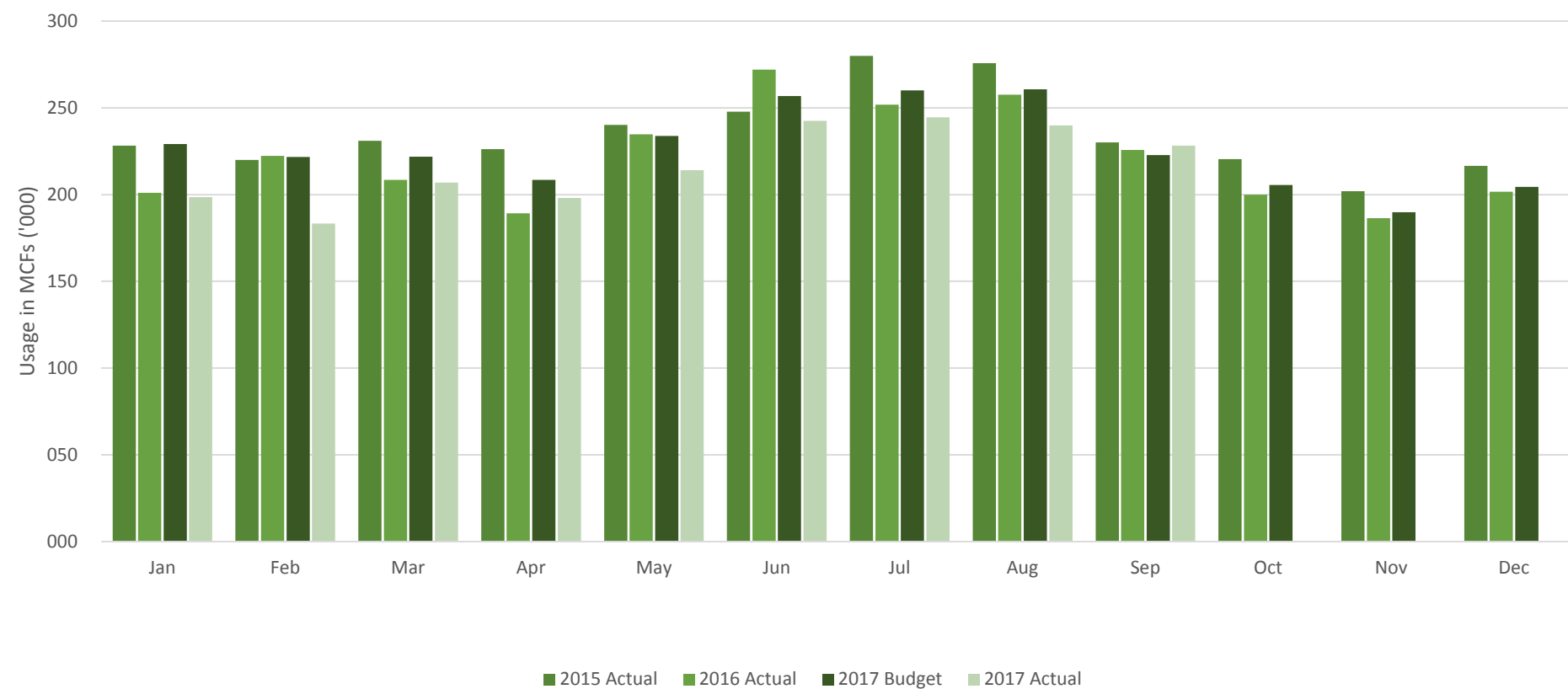


# Water Usage





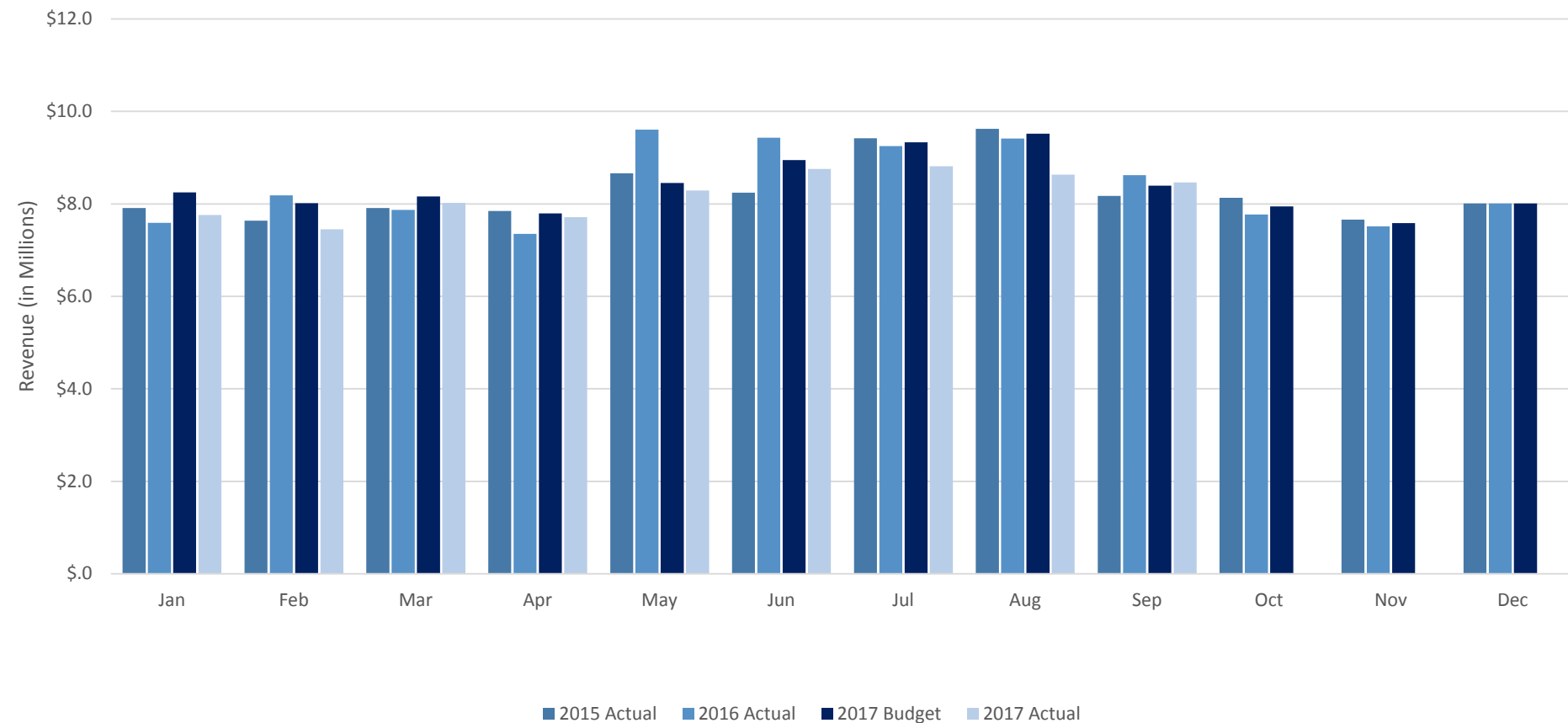
# Sewer Usage





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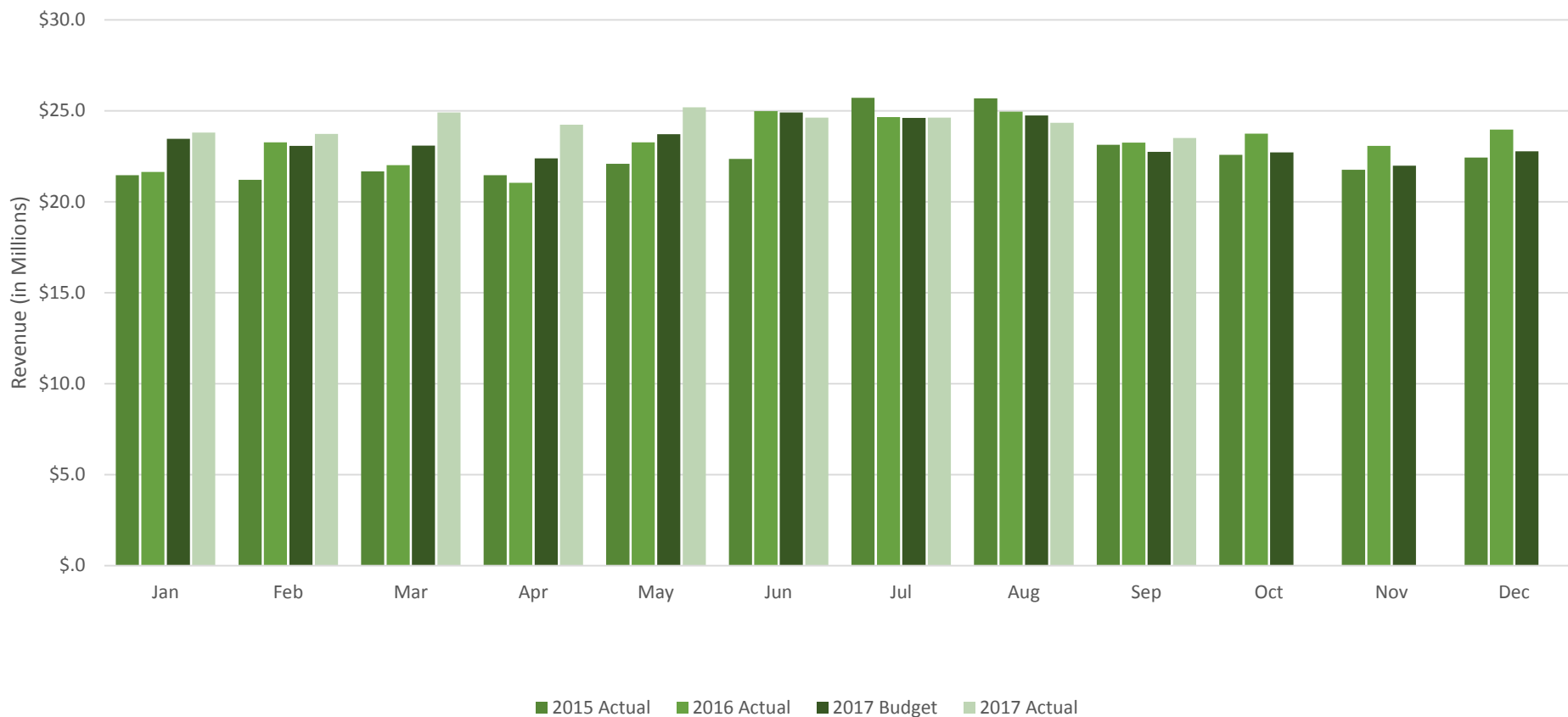
# Water Revenue





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# Sewer Revenue



# Appendix:

## Financial Statements

Four Months Ended October 31, 2017

# City of Detroit Water Fund

## Statement of Net Position

|  | June 30, 2017<br>(Unaudited) | October 31, 2017<br>(Unaudited) |
|--|------------------------------|---------------------------------|
| <b>Assets</b>                                    |                              |                                 |
| Cash and cash equivalents                        | \$ 6,641,024                 | \$ 11,355,385                   |
| Restricted - Cash and cash equivalents           | 83,427,826                   | 80,284,287                      |
| Accounts receivable - Net of Allowance           | 21,890,947                   | 22,895,780                      |
| Due from other funds                             | 51,933,102                   | 56,339,641                      |
| Due from other governmental agencies             | 7,851,398                    | 4,965,535                       |
| Inventory  | 4,171,425                    | 4,171,425                       |
| Prepaid expenses                                 | 521,932                      | 521,932                         |
| Receivables from Great Lakes Water Authority     | 465,286,322                  | 455,257,297                     |
| Deferred premium on bonds                        | (6,392,648)                  | (6,392,648)                     |
| Capital assets - net                             | 515,018,766                  | 516,795,036                     |
| Total assets                                     | 1,150,350,094                | 1,146,193,669                   |
| <b>Deferred Outflows of Resources - Pensions</b> | 15,874,337                   | 15,874,337                      |

| City of Detroit Water Fund                     |                              |                                 |
|--|------------------------------|---------------------------------|
| Statement of Net Position (Continued)          |                              |                                 |
|  | June 30, 2017<br>(Unaudited) | October 31, 2017<br>(Unaudited) |
| <b>Liabilities</b>                             |                              |                                 |
| Current liabilities:                           |                              |                                 |
| Accounts and contracts payable                 | \$ 6,544,533                 | \$ 2,032,897                    |
| Accrued wages                                  | 1,199,923                    | 647,511                         |
| Accrued benefits                               | 1,848,617                    | 2,105,319                       |
| Due to other funds                             | 44,556,426                   | 50,386,120                      |
| Due to other governmental agencies             | 3,909,473                    | (26,782,776)                    |
| Accrued interest                               | -                            | 8,609,563                       |
| Other liabilities                              | 14,758,727                   | 15,268,142                      |
| Accrued compensated absences                   | 615,382                      | 615,382                         |
| Long-term debt                                 | 544,699,806                  | 528,308,337                     |
| Net pension liability                          | 51,942,024                   | 51,942,024                      |
| Total liabilities                              | 670,074,911                  | 633,132,519                     |
| <b>Deferred Inflows of Resources -Pensions</b> | 5,736,036                    | 5,736,036                       |
| <b>Net Position</b>                            |                              |                                 |
| Fund Balance - End of year                     | 490,413,484                  | 523,199,451                     |
| <b>Total net position</b>                      | <b>\$ 490,413,484</b>        | <b>\$ 523,199,451</b>           |



# City of Detroit Water Fund

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

|  | Four Months Ended<br>October 31, 2017 |                      |
|--|---------------------------------------|----------------------|
|  | Accrual Basis                         | Contract Basis       |
| <b>Operating Revenue</b>               |                                       |                      |
| Retail sales - Detroit                 | \$ 38,007,802                         | \$ 38,007,802        |
| Other fees                             | 1,300,982                             | 1,300,982            |
| Other revenue                          | 762,513                               | 762,513              |
| Total operating revenue                | 40,071,297                            | 40,071,297           |
| <b>Operating Expenses</b>              |                                       |                      |
| Salaries, wages and benefits           | 2,058,224                             | 2,058,224            |
| Contractual Services                   | 5,156,052                             | 5,156,052            |
| Other operating expense                | 1,262,565                             | 1,262,565            |
| Damage claims                          | 662                                   | 662                  |
| Wholesale Charges                      | 5,043,533                             | 5,043,533            |
| Depreciation                           | 7,219,166                             | -                    |
| Total operating expenses               | 20,740,202                            | 13,521,036           |
| <b>Operating Income</b>                | 19,331,095                            | 26,550,261           |
| <b>Nonoperating Revenue (Expenses)</b> |                                       |                      |
| Investment income                      | 5,727,290                             | 5,671,408            |
| Other revenue                          | (284,542)                             | (284,542)            |
| Debt Service                           | (8,609,563)                           | (8,609,563)          |
| Gain (loss) on sale of assets          | 11,074                                | 11,074               |
| Total nonoperating expenses - Net      | (3,155,741)                           | (3,211,623)          |
| <b>Change in Net Position</b>          | <b>\$ 16,175,354</b>                  | <b>\$ 23,338,639</b> |

## City of Detroit Sewage Disposal Fund

### Statement of Net Position

|  | June 30, 2017<br>(Unaudited) | October 31, 2017<br>(Unaudited) |
|--|------------------------------|---------------------------------|
| <b>Assets</b>                                    |                              |                                 |
| Cash and cash equivalents                        | \$ 23,151,675                | \$ 28,377,132                   |
| Restricted - Cash and cash equivalents           | 20,692,172                   | 25,852,491                      |
| Accounts receivable - Net of Allowance           | 80,676,944                   | 97,406,378                      |
| Due from other funds                             | 21,688,168                   | 26,585,533                      |
| Due from other governmental agencies             | -                            | -                               |
| Inventory  | 1,053,886                    | 1,053,886                       |
| Prepaid expenses                                 | 169,728                      | 169,728                         |
| Receivables from Great Lakes Water Authority     | 599,459,333                  | 597,743,590                     |
| Deferred premium on bonds                        | -                            | -                               |
| Capital assets - net                             | 485,807,982                  | 485,538,082                     |
| Total assets                                     | 1,232,699,888                | 1,262,726,821                   |
| <b>Deferred Outflows of Resources - Pensions</b> | 9,856,714                    | 9,856,714                       |

# City of Detroit Sewage Disposal Fund

## Statement of Net Position (Continued)

|  | June 30, 2017<br>(Unaudited) | October 31, 2017<br>(Unaudited) |
|--|------------------------------|---------------------------------|
| <b>Liabilities</b>                             |                              |                                 |
| Current liabilities:                           |                              |                                 |
| Accounts and contracts payable                 | \$ 1,258,358                 | \$ 3,183,633                    |
| Accrued wages                                  | 141,425                      | 139,312                         |
| Accrued benefits                               | 2,268,064                    | 2,644,852                       |
| Due to other funds                             | 41,612,115                   | 44,709,649                      |
| Due to other governmental agencies             | 86,298,049                   | 83,774,592                      |
| Accrued interest                               | -                            | 5,603,521                       |
| Other liabilities                              | 21,404,757                   | 21,733,011                      |
| Accrued compensated absences                   | 1,008,566                    | 1,008,566                       |
| Long-term debt                                 | 415,950,958                  | 415,950,958                     |
| Net pension liability                          | 34,232,130                   | 34,232,130                      |
| Total liabilities                              | 604,174,422                  | 612,980,225                     |
| <b>Deferred Inflows of Resources -Pensions</b> | 3,641,463                    | 3,641,463                       |
| <b>Net Position</b>                            |                              |                                 |
| Fund Balance - End of year                     | 634,740,717                  | 655,961,847                     |
| <b>Total net position</b>                      | <b>\$ 634,740,717</b>        | <b>\$ 655,961,847</b>           |

# City of Detroit Sewage Disposal Fund

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

|  | Four Months Ended<br>October 31, 2017 |                      |
|--|---------------------------------------|----------------------|
|  | Accrual Basis                         | Contract Basis       |
| <b>Operating Revenue</b>               |                                       |                      |
| Retail sales - Detroit                 | \$ 91,402,289                         | \$ 91,402,289        |
| Other fees                             | 8,012,344                             | 8,012,344            |
| Other revenue                          | 1,549,616                             | 1,549,616            |
| Total operating revenue                | 100,964,249                           | 100,964,249          |
| <b>Operating Expenses</b>              |                                       |                      |
| Salaries, wages and benefits           | 10,508,395                            | 10,508,395           |
| Contractual Services                   | 4,119,581                             | 4,119,581            |
| Other operating expense                | 1,704,632                             | 1,704,632            |
| Damage claims                          | 12,829                                | 12,829               |
| Wholesale Charges                      | 59,656,400                            | 59,656,400           |
| Depreciation                           | 4,482,764                             | -                    |
| Total operating expenses               | 80,484,600                            | 76,001,836           |
| <b>Operating Income</b>                | 20,479,649                            | 24,962,413           |
| <b>Nonoperating Revenue (Expenses)</b> |                                       |                      |
| Investment earnings                    | 6,883,712                             | 6,875,000            |
| Other revenue                          | (264,241)                             | (264,241)            |
| Debt Service                           | (5,603,521)                           | (5,603,521)          |
| Gain (loss) on sale of assets          | -                                     | -                    |
| Total nonoperating expenses - Net      | 1,015,950                             | 1,007,238            |
| <b>Change in Net Position</b>          | <b>\$ 21,495,599</b>                  | <b>\$ 25,969,651</b> |

# Thank You



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