



# **DECEMBER 2017 REVIEW**

## **FINANCE COMMITTEE**

February 7, 2018



# 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	247,700	208,783							
	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	99.46	90.59						
	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	22.85	41.44	58.20						
	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%	75.40%	71.84%							
	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%	55.80%	51.74%							
	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%	96.60%	94.73%							
	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%	95.00%	93.65%							
	Status												
HEADCOUNT (Full Time Employees)	Budget	579	579	579	579	579	579	579	579	579	579	579	579
	Actual	488	488	486	506	510	508						
	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	10,588,422	8,592,414						
	Status												



# Retail Water Customers

## RETAIL WATER CUSTOMERS

Month	Volume (Mcf)			Revenue (\$)		
	Budget	Actual	Variance	Budget	Actual	Variance
July	295,700	274,267	(21,433)	\$ 9,332,300	\$ 8,813,936	\$ (518,364)
August	303,100	269,802	(33,298)	9,517,000	8,631,595	(885,405)
September	248,900	259,341	10,441	8,393,900	8,463,041	69,141
October	236,100	247,700	11,600	7,947,500	8,187,943	240,443
November	218,400	208,783	(9,617)	7,585,100	7,276,521	(308,579)
December	238,500	-	-	8,008,200	-	-
January	224,700	-	-	7,673,100	-	-
February	224,700	-	-	7,813,100	-	-
March	235,700	-	-	7,944,800	-	-
April	217,700	-	-	7,529,200	-	-
May	256,700	-	-	8,946,300	-	-
June	284,800	-	-	9,089,900	-	-
<b>Totals</b>	<b>2,985,000</b>	<b>1,259,893</b>	<b>(42,307)</b>	<b>\$ 99,780,400</b>	<b>\$ 41,373,035</b>	<b>\$ (1,402,765)</b>
<i>Subtotals YTD</i>	<i>1,302,200</i>	<i>1,259,893</i>	<i>(42,307)</i>	<i>\$ 42,775,800</i>	<i>\$ 41,373,035</i>	<i>\$ (1,402,765)</i>

# Retail Sewer Customers

## RETAIL SEWER CUSTOMERS

Month	Volume (Mcf)			Revenue (\$)		
	Budget	Actual	Variance	Budget	Actual	Variance
July	260,000	244,512	(15,488)	\$ 24,615,100	\$ 24,624,820	\$ 9,720
August	260,600	239,911	(20,689)	24,754,400	24,348,011	(406,389)
September	222,800	228,122	5,322	22,752,800	23,517,204	764,404
October	205,500	224,159	18,659	22,717,800	23,573,505	855,705
November	189,900	188,312	(1,588)	21,987,300	22,084,385	97,085
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>	<b>2,600,000</b>	<b>1,125,017</b>	<b>(13,783)</b>	<b>\$ 278,635,900</b>	<b>\$ 118,147,925</b>	<b>\$ 1,320,525</b>
<i>Subtotals YTD</i>	<i>1,138,800</i>	<i>1,125,017</i>	<i>(13,783)</i>	<i>\$ 116,827,400</i>	<i>\$ 118,147,925</i>	<i>\$ 1,320,525</i>



# Cash Balance Summary

	Water Fund		Sewer Fund	
	6/30/2017	12/31/2017	6/30/2017	12/31/2017
<b>Operating</b>	\$ 1,767,951	\$ 1,038,944	\$ 21,041,345	\$ 28,229,470
<b>Restricted</b>				
Bond	43,338,112	32,371,223	-	-
Affordability	977,278	1,094,800	-	-
Pension	218,285	1,815,130	171,239	1,403,150
Retainage	2,488,101	2,276,935	1,106,171	1,246,391
Construction	<u>2,109,646</u>	<u>1,607,436</u>	<u>834,367</u>	<u>221,866</u>
	49,131,420	39,165,524	2,111,777	2,871,407
<b>Improvement and Extension</b>	<u>36,425,537</u>	<u>46,868,909</u>	<u>12,446,472</u>	<u>19,013,520</u>
<b>Total Cash</b>	<u><b>\$ 87,324,908</b></u>	<u><b>\$ 87,073,377</b></u>	<u><b>\$ 35,599,594</b></u>	<u><b>\$ 50,114,397</b></u>



## Accounts Receivable Aging Balances as of December 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 BALANCE
RESIDENTIAL	183,255	\$ 89.68	\$ 2,883,650	\$ 1,392,446	\$ 2,950,090	\$ 9,208,707	\$ 16,434,893
			17.5%	8.5%	18.0%	56.0%	100.0%
COMMERCIAL	10,998	335.88	1,837,488	447,172	1,114,522	294,800	3,693,982
			49.7%	12.1%	30.2%	8.0%	100.0%
INDUSTRIAL	1,306	547.36	1,028,145	181,139	(222,144)	(272,285)	714,854
			143.8%	25.3%	(31.1%)	(38.1%)	100.0%
TAX EXEMPT	443	1,251.76	255,683	164,938	79,899	54,011	554,530
			46.1%	29.7%	14.4%	9.7%	100.0%
FAITH BASED	670	290.50	39,538	15,208	50,071	89,815	194,632
			20.3%	7.8%	25.7%	46.1%	100.0%
CITY OF DETROIT	882	2,081.16	107,798	90,770	1,535,013	102,004	1,835,585
			5.9%	4.9%	83.6%	5.6%	100.0%
WAYNE STATE	2	30.42	58	3	-	-	61
			95.2%	4.8%	0.0%	0.0%	100.0%
<b>Total</b>	<b>197,556</b>	<b>\$ 118.59</b>	<b>\$ 6,152,359</b>	<b>\$ 2,291,676</b>	<b>\$ 5,507,451</b>	<b>\$ 9,477,052</b>	<b>\$ 23,428,538</b>
<i>% of Total DWSD A/R</i>			26.3%	9.8%	23.5%	40.5%	100.0%

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

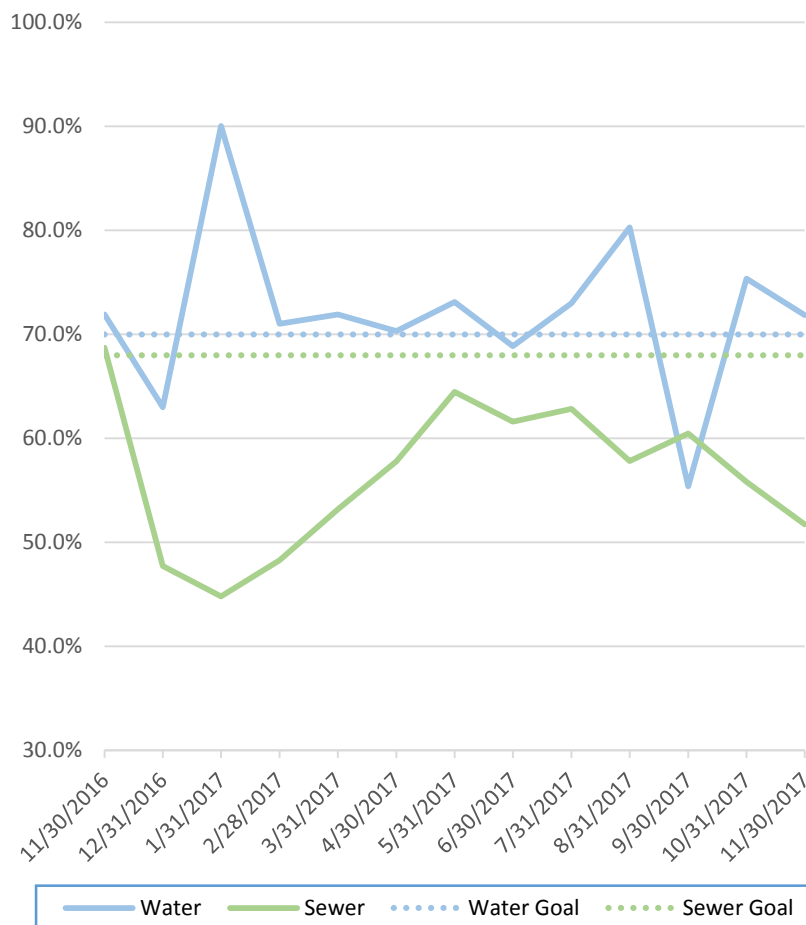
### Sewer Fund

#### Detroit Water and Sewerage Department

Sales Class	# of Accounts	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	TOTAL A/R BALANCE
RESIDENTIAL	177,057	\$ 246.41	\$ 8,426,778	\$ 4,093,949	\$ 9,602,429	\$ 21,504,815	\$ 43,627,971
			19.3%	9.4%	22.0%	49.3%	100.0%
COMMERCIAL	19,835	941.29	5,495,232	2,383,225	6,698,620	4,093,348	18,670,424
			29.4%	12.8%	35.9%	21.9%	100.0%
INDUSTRIAL	3,450	2,490.91	3,052,248	1,206,405	3,343,905	991,079	8,593,636
			35.5%	14.0%	38.9%	11.5%	100.0%
TAX EXEMPT	2,931	2,398.43	1,425,715	2,920,141	1,693,649	990,284	7,029,788
			20.3%	41.5%	24.1%	14.1%	100.0%
FAITH BASED	728	1,858.61	352,356	94,092	325,856	580,763	1,353,068
			26.0%	7.0%	24.1%	42.9%	100.0%
CITY OF DETROIT	3,480	1,721.41	847,643	636,781	2,296,862	2,209,218	5,990,503
			14.1%	10.6%	38.3%	36.9%	100.0%
WAYNE STATE	9	2,407.48	2,410	2,319	9,559	7,380	21,667
			11.1%	10.7%	44.1%	34.1%	100.0%
HIGHWAY DRAINAGE	2	918,215.57	257,193	214,907	801,018	563,313	1,836,431
			14.0%	11.7%	43.6%	30.7%	100.0%
<b>Total</b>	<b>207,492</b>	<b>\$ 419.89</b>	<b>\$ 19,859,574</b>	<b>\$ 11,551,817</b>	<b>\$ 24,771,898</b>	<b>\$ 30,940,200</b>	<b>\$ 87,123,489</b>
<i>% of Total DWSD A/R</i>			22.8%	13.3%	28.4%	35.5%	100.0%



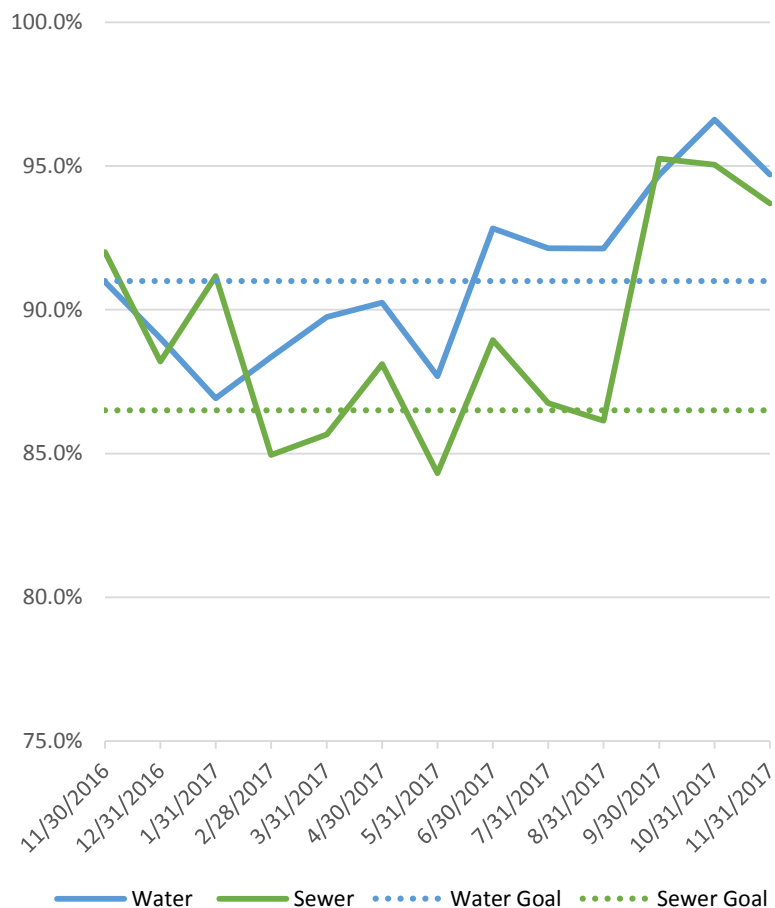
# 30-60 Day Collection Rate



- Water is at the target despite seasonal collection rate expectations
- Sewer is below the target due to drainage collection rates



## 330 – 360 Day Collection Rate

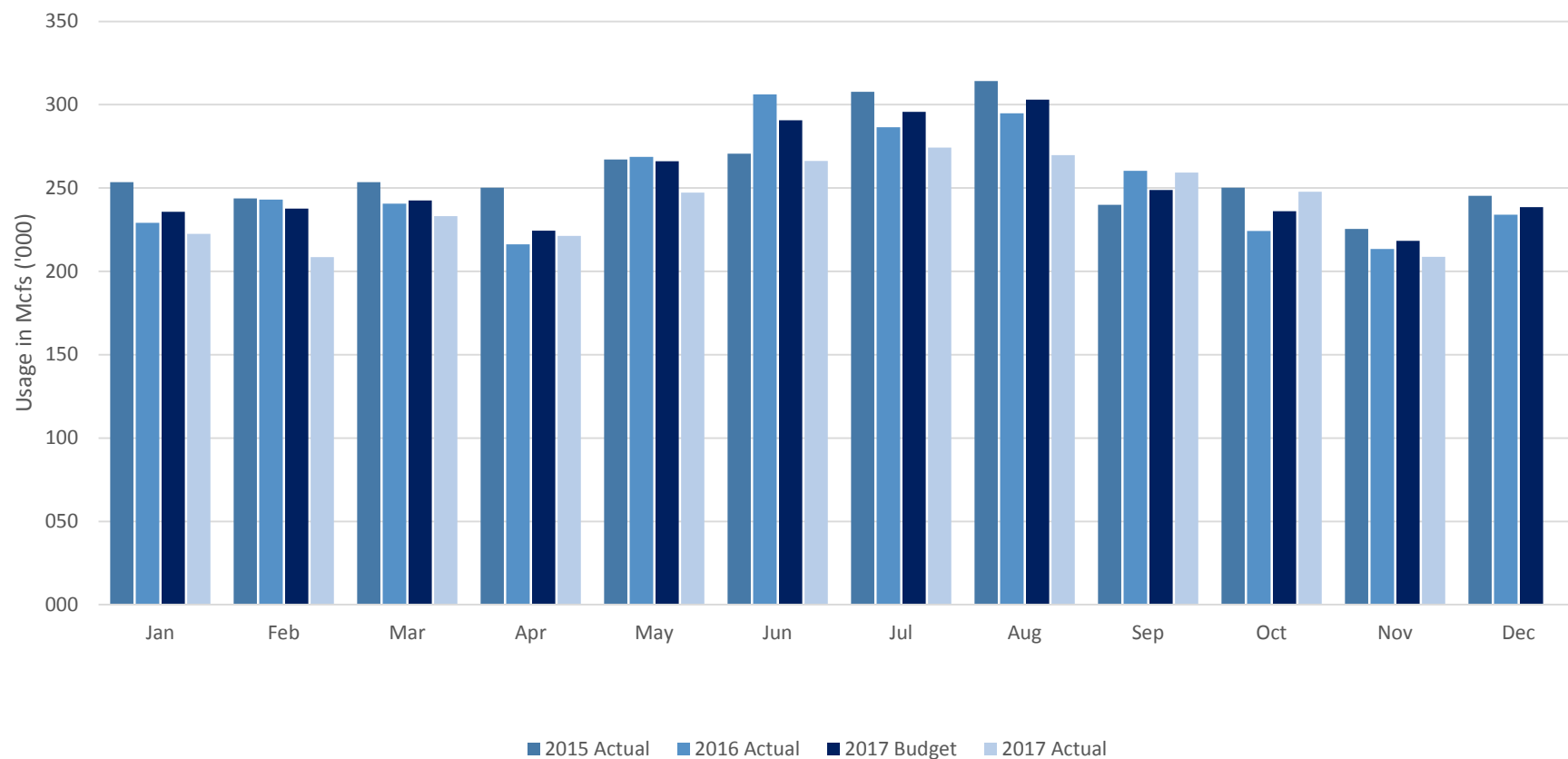


- Water and Sewer collection rates are significantly above the target collection rate
- We expect the trend to continue through FY 2018



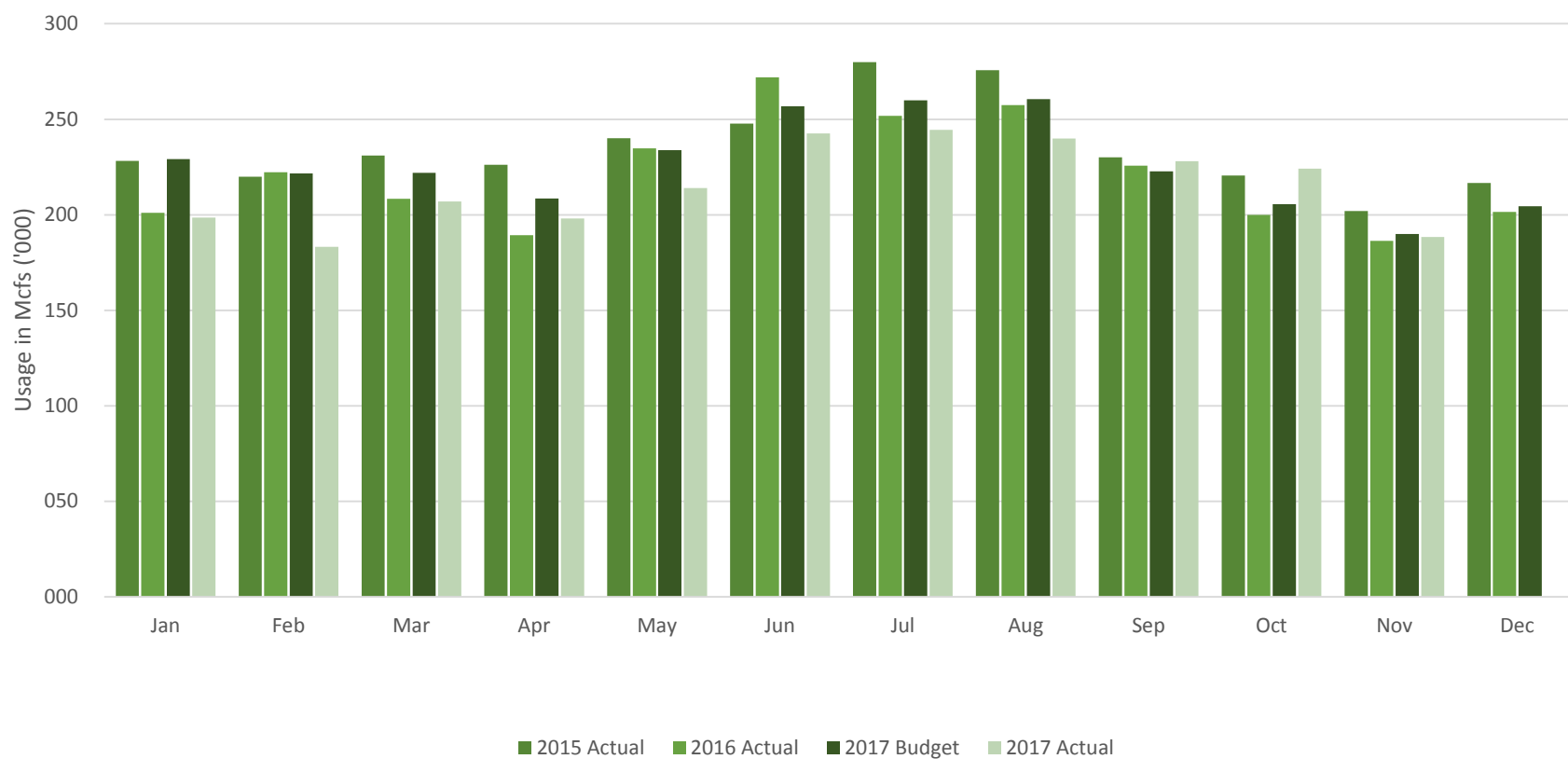
DETROIT  
Water & Sewerage  
Department

# Water Usage

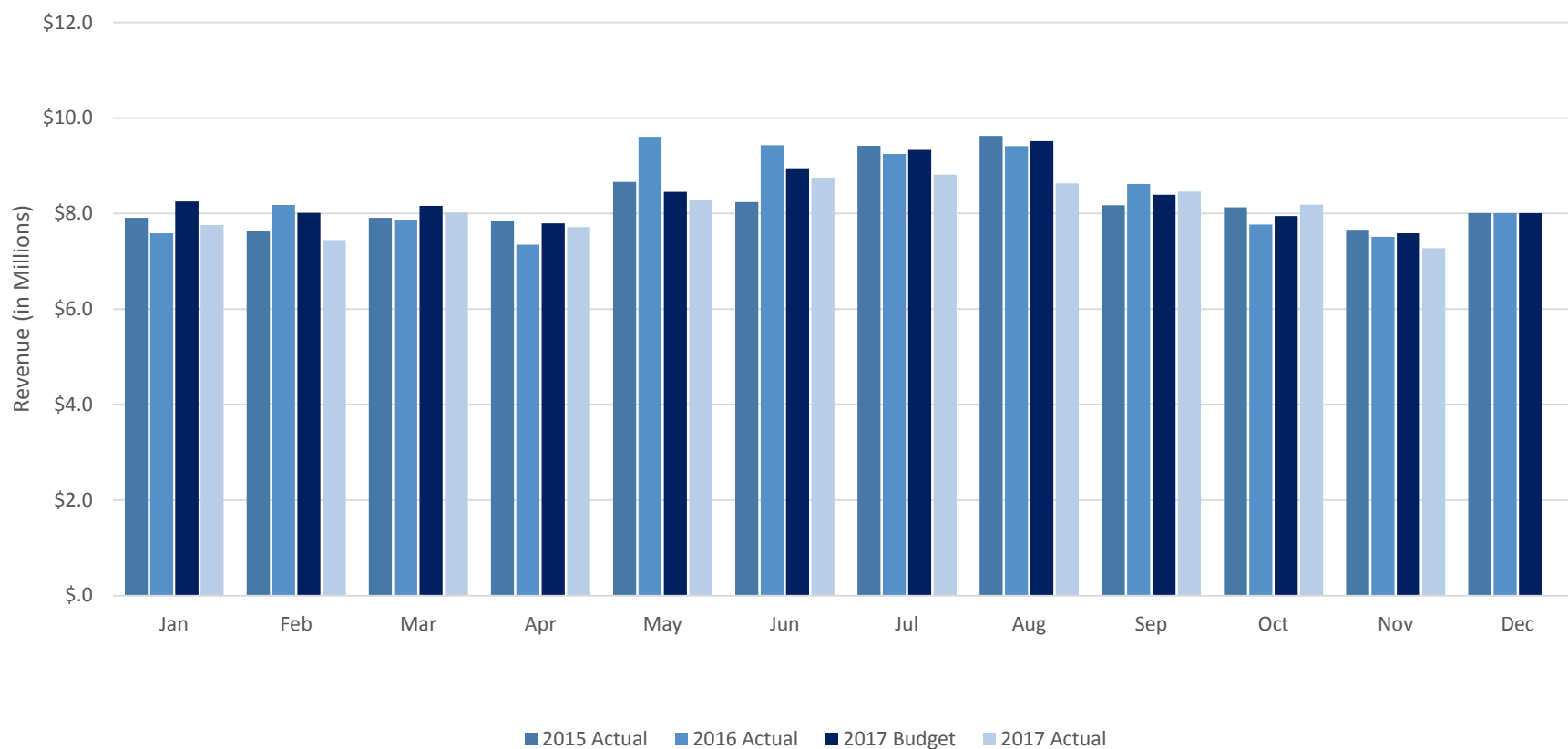




# Sewer Usage

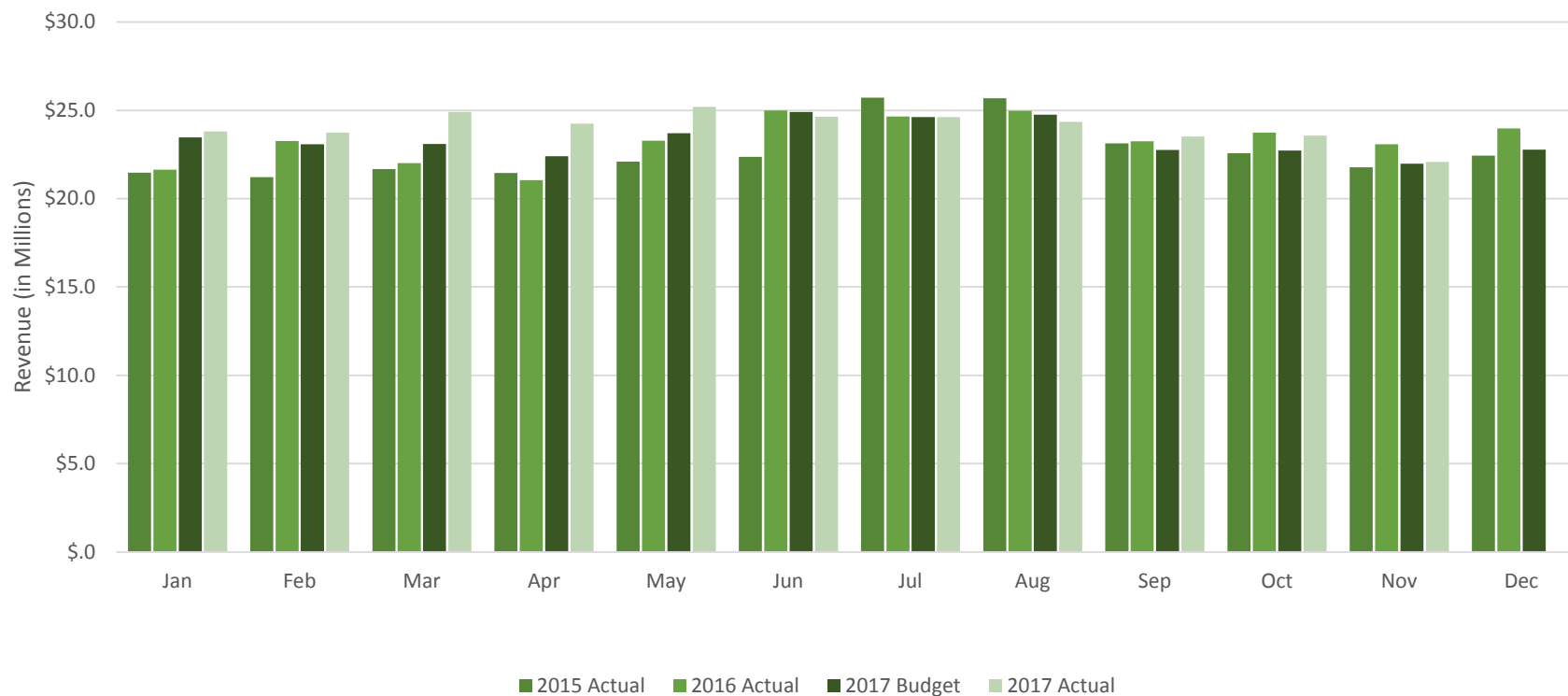


# Water Revenue





# Sewer Revenue



# Appendix:

## Financial Statements

Six Months Ended December 31, 2017

City of Detroit Water Fund		
Statement of Net Position		
	June 30, 2017 (Audited)	December 31, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 2,043,278	\$ 6,475,500
Restricted - Cash and investments	88,025,572	\$ 91,929,682
Accounts receivable - Net of Allowance	18,021,231	\$ 21,392,301
Due from other funds	57,344,256	\$ 54,885,004
Inventory	4,171,425	\$ 4,171,425
Prepaid expenses	279,533	\$ 279,533
Receivables from Great Lakes Water Authority	484,425,988	\$ 482,203,404
Capital assets - net	515,018,766	\$ 517,638,425
Total assets	1,169,330,049	1,178,975,274
<b>Deferred Outflows of Resources - Pensions</b>	16,184,679	16,184,679

City of Detroit Water Fund		
Statement of Net Position (Continued)		
	June 30, 2017 (Audited)	December 31, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 3,990,264	\$ 8,473,250
Due to other funds	38,268,404	\$ 38,946,183
Due to Great Lakes Water Authority	32,908,024	\$ 6,459,442
Accrued interest	1,901,626	\$ 15,070,716
Other liabilities	17,086,637	\$ 24,503,977
Accrued compensated absences	1,455,747	\$ 1,455,747
Long-term debt	545,767,506	\$ 540,178,661
Net pension liability	50,867,233	\$ 50,867,233
Total liabilities	692,245,441	685,955,209
<b>Deferred Inflows of Resources -Pensions</b>	5,314,746	5,314,746
<b>Net Position</b>		
Fund Balance - End of year	487,954,541	503,889,999
<b>Total net position</b>	<b>\$ 487,954,541</b>	<b>\$ 503,889,999</b>



# City of Detroit Water Fund

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

	Six Months Ended December 31, 2017	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 53,361,347	\$ 53,361,347
Other fees	1,428,803	1,428,803
Other revenue	1,299,647	1,299,647
Total operating revenue	56,089,797	56,089,797
<b>Operating Expenses</b>		
Salaries, wages and benefits	8,081,438	8,081,438
Contractual Services	6,190,473	6,190,473
Other operating expense	2,653,894	2,653,894
Damage claims	662	662
Wholesale Charges	7,565,300	7,565,300
Depreciation	10,828,749	-
Total operating expenses	35,320,516	24,491,767
<b>Operating Income</b>	20,769,281	31,598,030
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	152,712	11,296,408
Other revenue	8,165,116	8,165,116
Debt Service	(13,169,090)	(19,194,158)
Gain (loss) on sale of assets	16,874	16,874
Total nonoperating expenses - Net	(4,834,388)	284,240
<b>Change in Net Position</b>	<b>\$ 15,934,892</b>	<b>\$ 31,882,271</b>

City of Detroit Sewage Disposal Fund		
Statement of Net Position		
	June 30, 2017 (Audited)	December 31, 2017 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 21,211,137	\$ 32,026,166
Restricted - Cash and investments	22,632,710	28,727,876
Accounts receivable - Net of Allowance	71,549,286	95,856,227
Due from other funds	23,122,190	21,088,211
Inventory	1,053,886	1,053,886
Prepaid expenses	169,728	169,728
Receivables from Great Lakes Water Authority	607,272,122	604,716,120
Capital assets - net	486,025,515	486,286,876
Total assets	1,233,036,574	1,269,925,090
<b>Deferred Outflows of Resources - Pensions</b>	11,440,084	11,440,084

# City of Detroit Sewage Disposal Fund

## Statement of Net Position (Continued)

	June 30, 2017 (Audited)	December 31, 2017 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 1,532,828	\$ 2,648,683
Due to other funds	42,178,718	43,569,484
Due to Great Lakes Authority	83,522,446	55,553,950
Accrued interest	3,169,374	11,789,023
Other liabilities	28,186,432	33,808,477
Accrued compensated absences	2,183,621	2,183,621
Long-term debt	416,591,578	411,300,609
Net pension liability	35,306,921	35,306,921
Total liabilities	612,671,918	596,160,768
<b>Deferred Inflows of Resources -Pensions</b>	4,062,753	4,062,753
<b>Net Position</b>		
Fund Balance - End of year	627,741,988	681,141,653
<b>Total net position</b>	<b>\$ 627,741,988</b>	<b>\$ 681,141,653</b>

# City of Detroit Sewage Disposal Fund

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

	Six Months Ended December 31, 2017	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 137,129,772	\$ 137,129,772
Other fees	9,502,021	9,502,021
Other revenue	2,290,623	2,290,623
Total operating revenue	148,922,416	148,922,416
<b>Operating Expenses</b>		
Salaries, wages and benefits	21,935,528	21,935,528
Contractual Services	5,023,440	5,023,440
Other operating expense	3,295,502	3,295,502
Damage claims	12,829	12,829
Wholesale Charges	59,656,400	59,656,400
Depreciation	6,724,146	-
Total operating expenses	96,647,844	89,923,698
<b>Operating Income</b>	52,274,572	58,998,718
<b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	-	13,750,000
Other revenue	9,744,742	9,744,742
Debt Service	(8,619,649)	(14,941,017)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	1,125,093	8,553,726
<b>Change in Net Position</b>	<b>\$ 53,399,665</b>	<b>\$ 67,552,443</b>

# Thank You



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