



# **MARCH 2018 REVIEW**

## **FINANCE COMMITTEE**

May 2, 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
WATER 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	213,026	235,142	235,436				
	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	100.25	116.81	110.46			
	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	51.23	54.77	43.38			
	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%	71.02%	67.03%	68.26%				
	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%	57.80%	56.65%	43.99%				
	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%	93.90%	94.79%	92.83%				
	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%	95.22%	91.99%	87.59%				
	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	522	529	522			
	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	8,668,719	7,158,167	9,243,945			
	Status												



# Retail Water Customers

Month	Volume (Mcf)				Revenue (\$)			
	Budget	Actual	Variance (\$)	Variance (%)	Budget	Actual	Variance	Variance (%)
July	295,700	274,267	(21,433)	(7.8%)	\$ 9,332,300	\$ 8,813,936	\$ (518,364)	(5.9%)
August	303,100	269,802	(33,298)	(12.3%)	9,517,000	8,631,595	(885,405)	(10.3%)
September	248,900	259,341	10,441	4.0%	8,393,900	8,463,041	69,141	0.8%
October	236,100	247,700	11,600	4.7%	7,947,500	8,187,943	240,443	2.9%
November	218,400	208,783	(9,617)	(4.6%)	7,585,100	7,276,521	(308,579)	(4.2%)
December	238,500	213,026	(25,474)	(12.0%)	8,008,200	7,333,094	(675,106)	(9.2%)
January	224,700	235,142	10,442	4.4%	7,673,100	7,873,651	200,551	2.5%
February	224,700	235,436	10,736	4.6%	7,813,100	7,879,874	66,774	0.8%
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>1,943,498</b>	<b>(46,602)</b>	<b>(2.4%)</b>	<b>\$ 99,780,400</b>	<b>\$ 64,459,654</b>	<b>\$ (1,810,546)</b>	<b>(2.8%)</b>
<i>Subtotals YTD</i>	<i>1,990,100</i>	<i>1,943,498</i>	<i>(46,602)</i>	<i>(2.4%)</i>	<i>\$ 66,270,200</i>	<i>\$ 64,459,654</i>	<i>\$ (1,810,546)</i>	<i>(2.8%)</i>



# Retail Sewer Customers

Month	Volume (Mcf)				Revenue (\$)			
	Budget	Actual	Variance (\$)	Variance (%)	Budget	Actual	Variance	Variance (%)
July	260,000	244,512	(15,488)	(6.3%)	\$ 24,615,100	\$ 24,624,820	\$ 9,720	0.0%
August	260,600	239,911	(20,689)	(8.6%)	24,754,400	24,348,011	(406,389)	(1.7%)
September	222,800	228,122	5,322	2.3%	22,752,800	23,517,204	764,404	3.3%
October	205,500	224,159	18,659	8.3%	22,717,800	23,573,505	855,705	3.6%
November	189,900	188,312	(1,588)	(0.8%)	21,987,300	22,084,385	97,085	0.4%
December	204,400	190,811	(13,589)	(7.1%)	22,774,800	21,937,291	(837,509)	(3.8%)
January	195,300	213,373	18,073	8.5%	22,296,100	22,944,848	648,748	2.8%
February	198,300	193,452	(4,848)	(2.5%)	23,060,600	21,926,685	(1,133,915)	(5.2%)
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>1,722,652</b>	<b>(14,148)</b>	<b>(0.8%)</b>	<b>\$ 278,635,900</b>	<b>\$ 184,956,749</b>	<b>\$ (2,151)</b>	<b>(0.0%)</b>
<i>Subtotals YTD</i>	<i>1,736,800</i>	<i>1,722,652</i>	<i>(14,148)</i>	<i>(0.8%)</i>	<i>\$ 184,958,900</i>	<i>\$ 184,956,749</i>	<i>\$ (2,151)</i>	<i>(0.0%)</i>

## Accounts Receivable Aging Balances as of March 31, 2018

### 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	180,144	\$ 97.11	\$ 2,786,632	\$ 1,550,673	\$ 2,945,650	\$ 10,211,293	\$ 17,494,247
			15.9%	8.9%	16.8%	58.4%	100.0%
COMMERCIAL	12,032	302.91	1,937,982	393,973	729,922	582,746	3,644,623
			53.2%	10.8%	20.0%	16.0%	100.0%
INDUSTRIAL	1,409	821.62	1,469,411	192,529	3,524	(507,797)	1,157,667
			126.9%	16.6%	0.3%	(43.9%)	100.0%
TAX EXEMPT	447	1,181.09	339,133	50,558	73,768	64,488	527,948
			64.2%	9.6%	14.0%	12.2%	100.0%
FAITH BASED	656	309.09	37,742	13,332	40,317	111,373	202,764
			18.6%	6.6%	19.9%	54.9%	100.0%
CITY OF DETROIT	965	2,067.70	63,824	359,834	112,326	1,459,350	1,995,334
			3.2%	18.0%	5.6%	73.1%	100.0%
WAYNE STATE	3	87.13	228	33	-	-	261
			87.3%	12.7%	0.0%	0.0%	100.0%
<b>Total</b>	<b>195,656</b>	<b>\$ 127.89</b>	<b>\$ 6,634,953</b>	<b>\$ 2,560,932</b>	<b>\$ 3,905,508</b>	<b>\$ 11,921,453</b>	<b>\$ 25,022,845</b>
<i>% of Total DWSD A/R</i>			26.5%	10.2%	15.6%	47.6%	100.0%



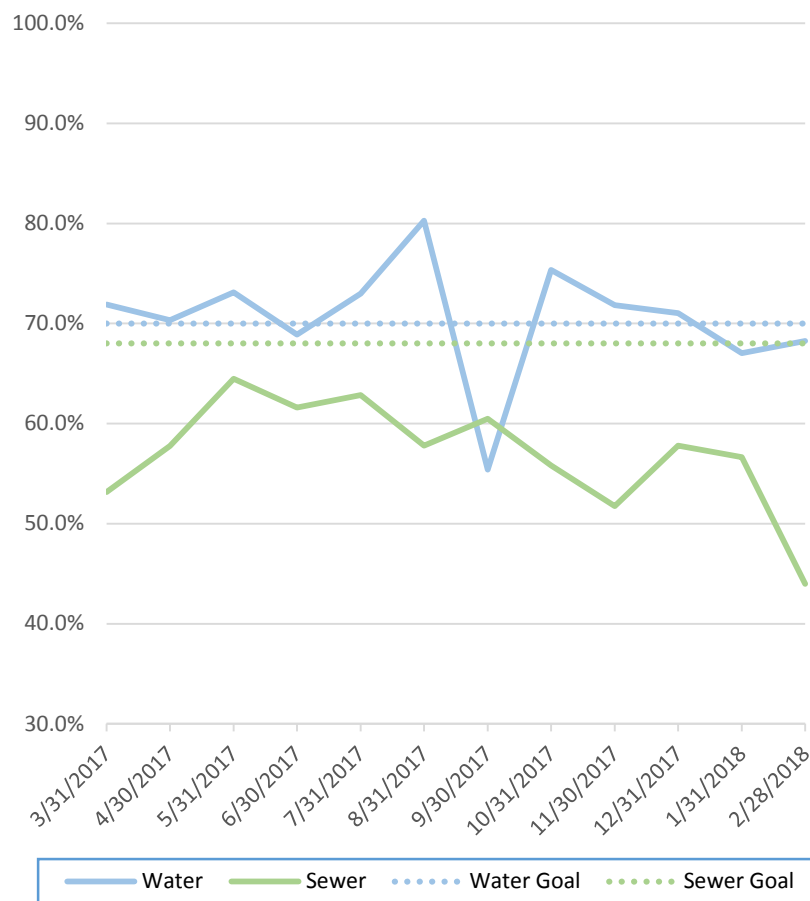
## Accounts Receivable Aging Balances as of March 31, 2018

### Sewer Fund

#### Detroit Water and Sewerage Department

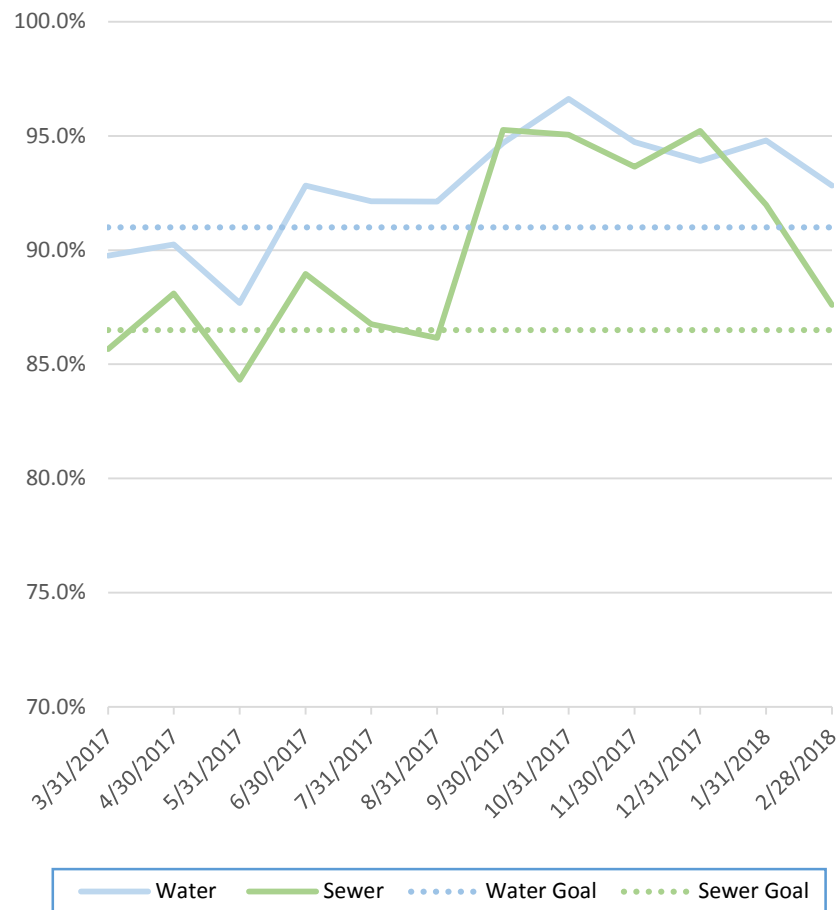
Sales Class	# of Accounts	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	TOTAL A/R BALANCE
RESIDENTIAL	170,426	\$ 268.07	\$ 7,812,517	\$ 4,340,744	\$ 9,098,201	\$ 24,435,287	\$ 45,686,749
			17.1%	9.5%	19.9%	53.5%	100.0%
COMMERCIAL	21,053	979.15	5,624,942	2,160,251	5,661,776	7,167,033	20,614,002
			27.3%	10.5%	27.5%	34.8%	100.0%
INDUSTRIAL	3,621	3,461.30	3,290,850	2,227,280	3,617,021	3,398,212	12,533,363
			26.3%	17.8%	28.9%	27.1%	100.0%
TAX EXEMPT	1,943	4,310.79	1,313,308	2,810,836	2,944,786	1,306,934	8,375,864
			15.7%	33.6%	35.2%	15.6%	100.0%
FAITH BASED	686	2,030.14	170,279	77,931	390,996	753,472	1,392,679
			12.2%	5.6%	28.1%	54.1%	100.0%
CITY OF DETROIT	2,655	2,459.37	696,219	1,203,284	1,800,063	2,830,073	6,529,638
			10.7%	18.4%	27.6%	43.3%	100.0%
WAYNE STATE	11	3,170.73	4,587	6,410	9,251	14,630	34,878
			13.2%	18.4%	26.5%	41.9%	100.0%
HIGHWAY DRAINAGE	2	1,076,441.12	257,193	195,370	781,481	918,838	2,152,882
			11.9%	9.1%	36.3%	42.7%	100.0%
<b>Total</b>	<b>200,397</b>	<b>\$ 485.64</b>	<b>\$ 19,169,895</b>	<b>\$ 13,022,105</b>	<b>\$ 24,303,575</b>	<b>\$ 40,824,480</b>	<b>\$ 97,320,054</b>
<i>% of Total DWSD A/R</i>			19.7%	13.4%	25.0%	41.9%	100.0%

# 30-60 Day Collection Rate



- Water remains strong and we expect an uptick in the coming months.
- Sewer decrease is attributed to accounts being re-aged in EnQuestra (Approx. \$6M)

## 330 – 360 Day Collection Rate

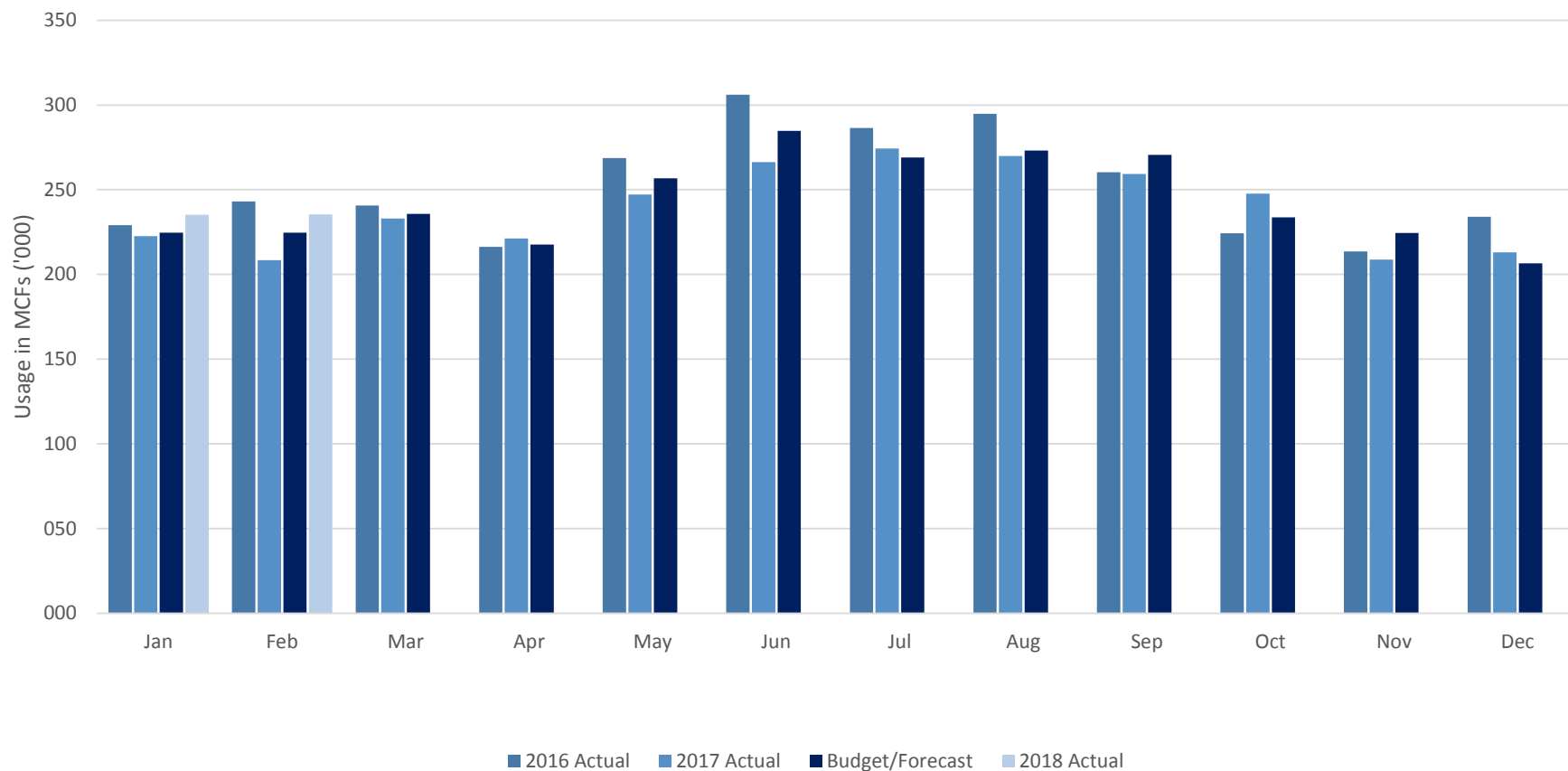


- The slight decrease can be attributed to accounts that will not be sent to tax roll until October '18.
- Water and Sewer are both still above target despite the dip from tax roll.



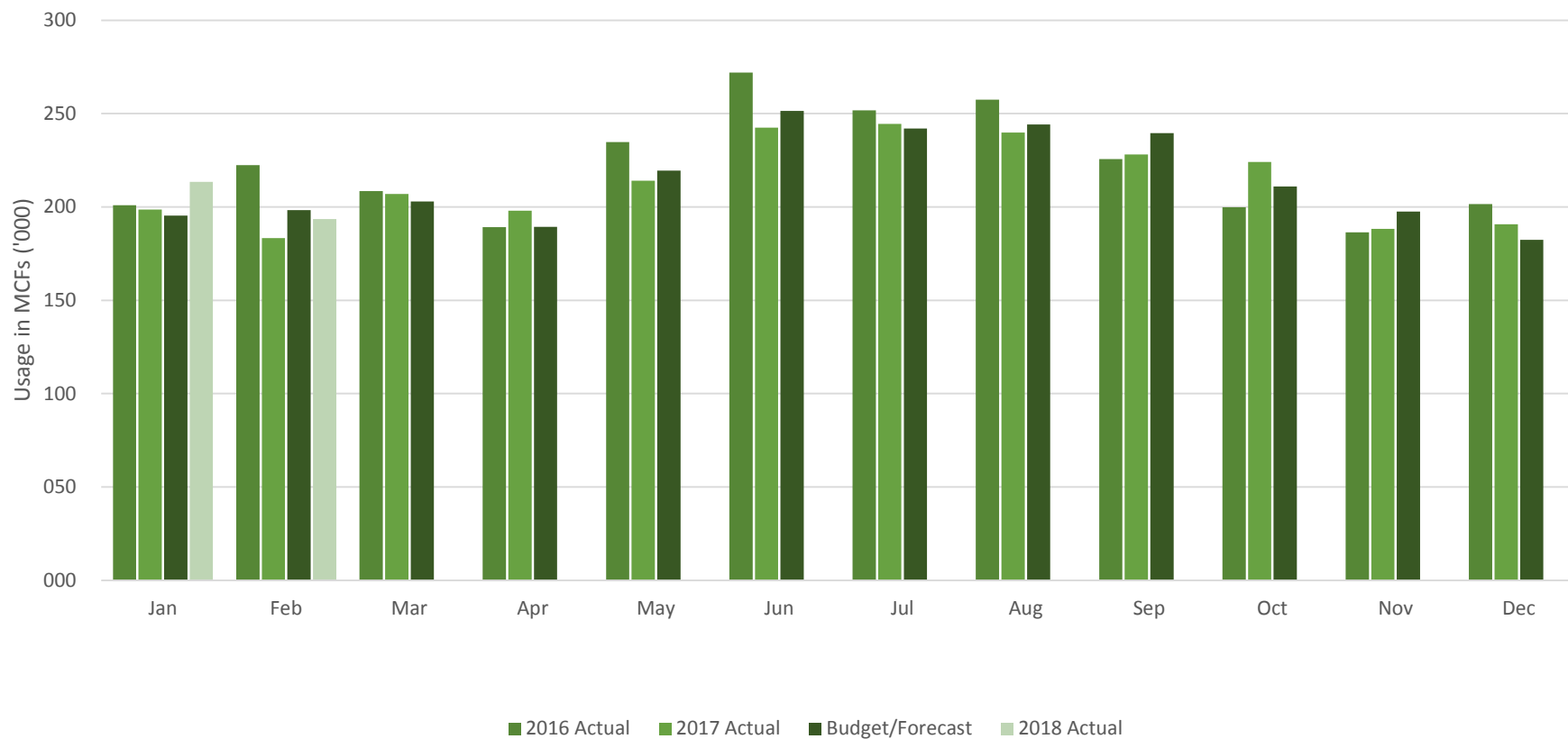


# Water Usage



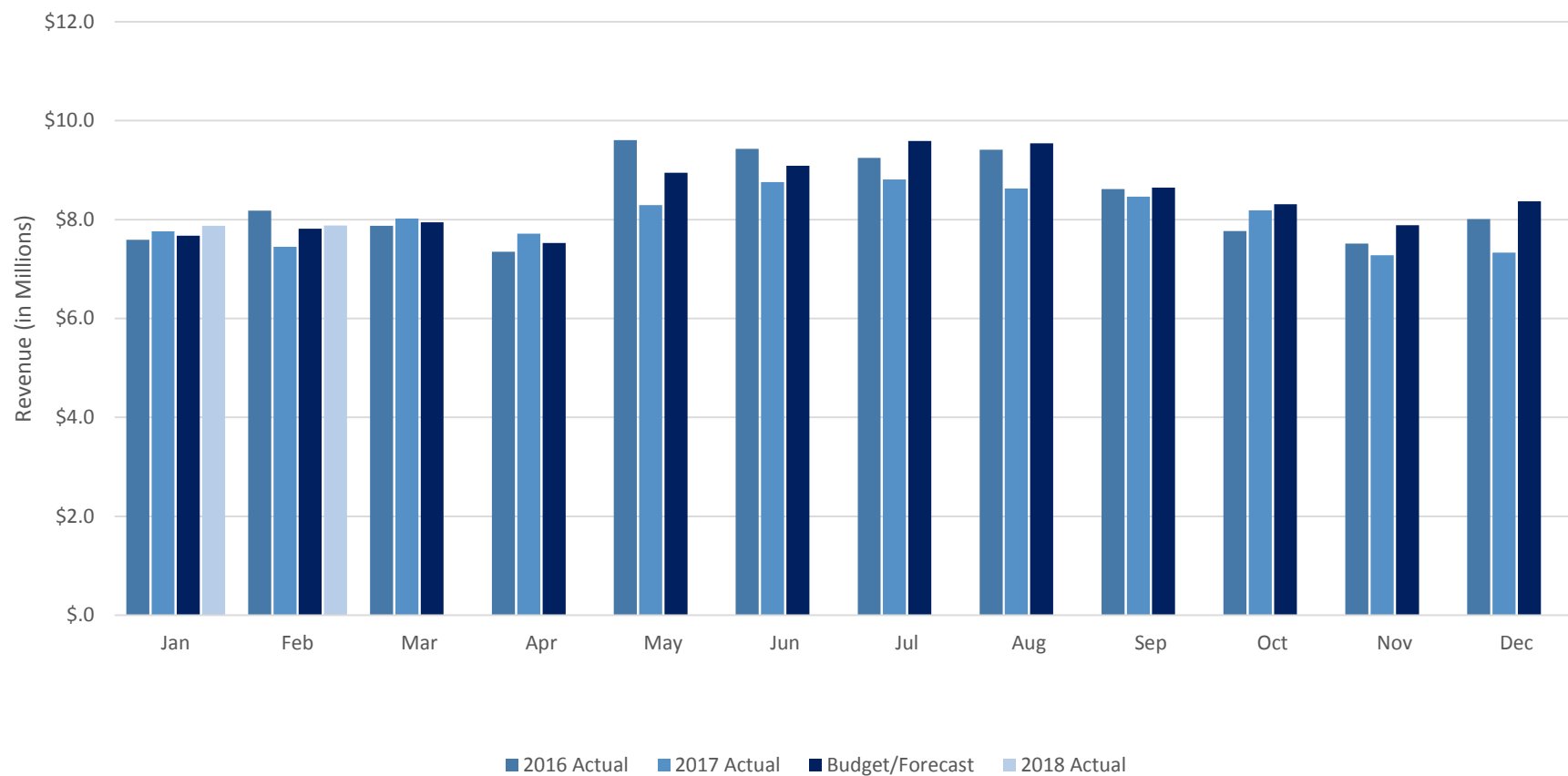


# Sewer Usage



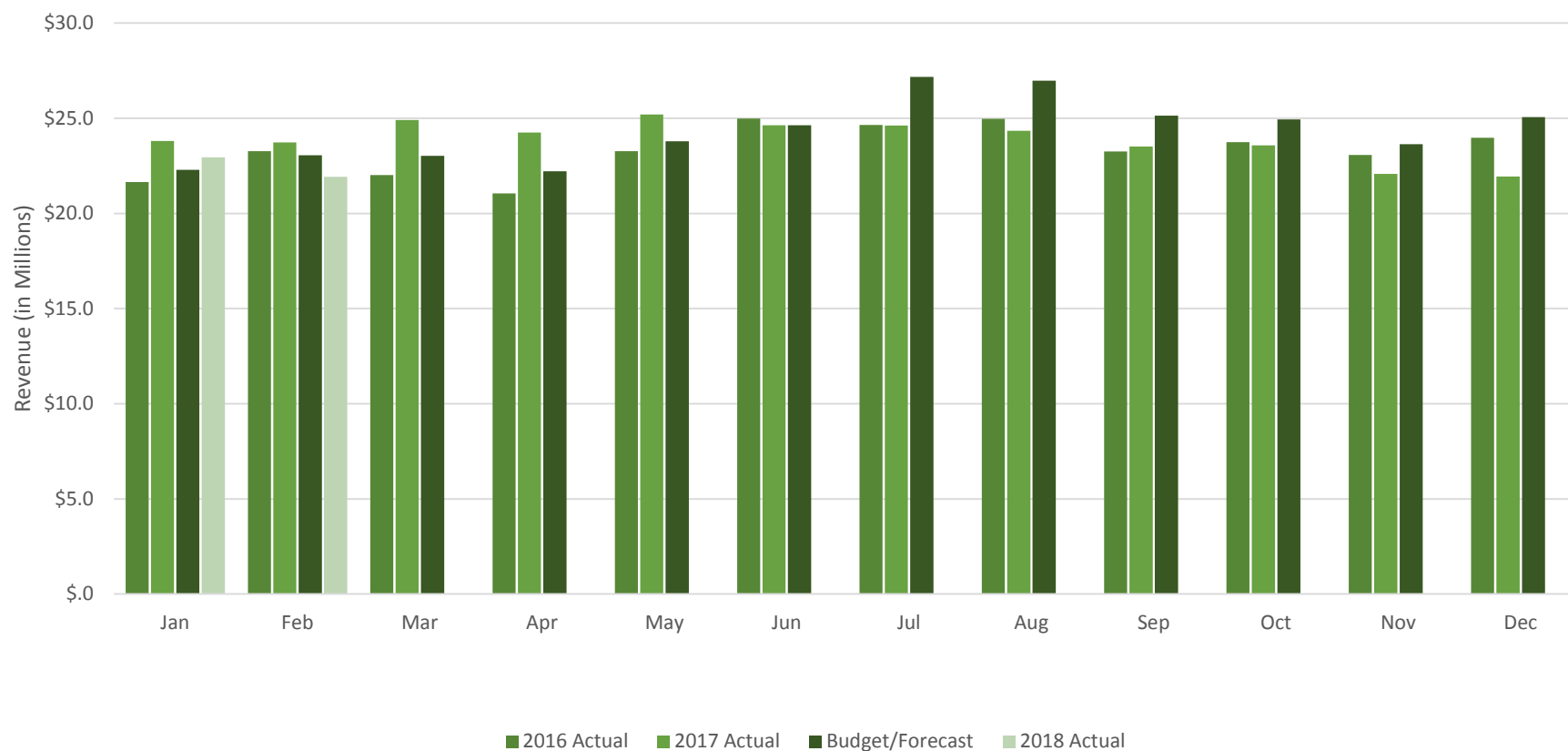


# Water Revenue





# Sewer Revenue



# Treasury Update

Nikole Howard-Whitsett  
Treasury Manager



# Cash Balance Summary

	Water Fund		Sewer Fund	
	6/30/2017	3/31/2018	6/30/2017	3/31/2018
<b>Unrestricted</b>				
Operating	\$ 1,767,951	\$ 2,926,274	\$ 21,041,345	\$ 32,763,804
Pension	<u>218,285</u>	<u>\$ 2,755,900</u>	<u>171,239</u>	<u>\$ 1,925,987</u>
	\$ 1,986,236	\$ 5,682,175	\$ 21,212,584	\$ 34,689,791
<b>Restricted</b>				
Bond	43,338,112	27,839,784	-	-
Affordability	977,278	1,146,469	-	-
Retainage	2,488,101	2,384,646	1,106,171	584,500
Improvement and Extension	36,425,537	58,507,899	12,446,472	21,851,507
Construction	<u>2,109,646</u>	<u>1,342,986</u>	<u>834,367</u>	<u>883,953</u>
	85,338,672	91,221,785	14,387,010	23,319,961
<b>Total Cash</b>	<b><u>\$ 87,324,908</u></b>	<b><u>\$ 96,903,959</u></b>	<b><u>\$ 35,599,594</u></b>	<b><u>\$ 58,009,752</u></b>

# Insured Investment Summary

<b>Banking Institution</b>	<b>Insured</b>	<b>Uninsured</b>
Comerica	\$ 1,064,447	\$ 27,422,778
First Independence	88,199,420	10,017,797
JP Morgan Chase	277,010	896,469
US Bank	500,000	26,535,790
<b>Total Cash</b>	<b>\$ 90,040,877</b>	<b>\$ 64,872,834</b>

# Balances By Financial Institution

Banking Institution	Type of Account	Water	Sewer
Comerica			
	Unrestricted	\$ 562,316	\$ 501,265
	Restricted	19,923,781	7,499,862
		20,486,097	8,001,127
First Independence			
	Unrestricted	2,338,784	32,260,703
	Restricted	34,104,069	5,676,038
	CDARS	23,837,624	-
		60,280,476	37,936,741
JP Morgan Chase			
	Unrestricted	25,174	1,836
	Restricted	1,146,469	-
		1,171,643	1,836
US Bank			
	Restricted	14,965,742	12,070,048
		14,965,742	12,070,048
Total Cash		\$ 96,903,959	\$ 58,009,752



# Appendix:

## Financial Statements

Nine Months Ended March 31, 2018

City of Detroit Water Fund		
Statement of Net Position		
	June 30, 2017 (Audited)	March 31, 2018 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 2,043,278	\$ 5,913,586
Restricted - Cash and investments	85,338,672	\$ 90,683,358
Accounts receivable - Net of Allowance	18,021,231	\$ 19,093,783
Due from other funds	57,344,256	\$ 53,549,647
Inventory	4,171,425	\$ 4,171,425
Prepaid expenses	279,533	\$ 279,533
Receivables from Great Lakes Water Authority	487,112,888	\$ 483,609,854
Capital assets - net	515,018,766	\$ 519,625,626
Total assets	1,169,330,049	1,176,926,812
<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)	March 31, 2018 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 3,990,264	\$ 1,851,963
Due to other funds	38,268,404	\$ 51,219,210
Due to Great Lakes Water Authority	32,908,024	\$ (18,034,707)
Accrued interest	1,901,626	\$ 21,400,515
Other liabilities	17,086,637	\$ 29,825,287
Accrued compensated absences	1,455,747	\$ 1,455,747
Long-term debt	552,160,155	\$ 549,474,824
Net pension liability	50,867,233	\$ 50,867,233
Total liabilities	698,638,090	688,060,072
<b>Deferred Inflows of Resources -Pensions</b>	5,314,746	5,314,746
<b>Net Position</b>		
Fund Balance - End of year	481,561,893	499,736,674
<b>Total net position</b>	<b>\$ 481,561,893</b>	<b>\$ 499,736,674</b>

# City of Detroit Water Fund

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

	Nine Months Ended March 31. 2018	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 72,030,522	\$ 72,030,522
Other fees	2,358,770	2,358,770
Other revenue	2,537,123	2,537,123
Total operating revenue	76,926,415	76,926,415
<b>Operating Expenses</b>		
Salaries, wages and benefits	11,546,189	11,546,189
Contractual Services	8,416,483	8,416,483
Other operating expense	7,425,342	7,425,342
Damage claims	662	662
Wholesale Charges	11,347,950	11,347,950
Depreciation	12,615,864	-
Total operating expenses	51,352,490	38,736,626
<b>Operating Income</b>	25,573,925	38,189,790
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	233,949	233,949
Capital Lease	12,665,131	16,921,408
Capital Outlay/Acquisitions	(286,622)	(286,622)
Debt Service	(20,010,836)	(28,791,236)
Gain (loss) on sale of assets	(767)	(767)
Total nonoperating expenses - Net	(7,399,144)	(11,923,268)
<b>Change in Net Position</b>	<b>\$ 18,174,781</b>	<b>\$ 26,266,522</b>

City of Detroit Sewage Disposal Fund		
Statement of Net Position		
	June 30, 2017 (Audited)	March 31, 2018 (Unaudited)
<b>Assets</b>		
Cash and cash equivalents	\$ 21,211,137	\$ 34,848,801
Restricted - Cash and investments	14,386,610	23,308,762
Accounts receivable - Net of Allowance	71,549,286	85,167,537
Due from other funds	23,122,190	22,867,255
Inventory	1,053,886	1,053,886
Prepaid expenses	169,728	169,728
Receivables from Great Lakes Water Authority	615,518,222	613,605,005
Capital assets - net	486,025,515	486,328,436
Total assets	1,233,036,574	1,267,349,410
<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)	March 31, 2018 (Unaudited)
<b>Liabilities</b>		
Current liabilities:		
Accounts and contracts payable	\$ 1,532,828	\$ 317,293
Due to other funds	39,707,388	47,691,006
Due to Great Lakes Authority	83,522,446	95,623,477
Accrued interest	3,169,374	15,884,479
Other liabilities	28,186,432	35,356,039
Accrued compensated absences	2,183,621	2,183,621
Long-term debt	416,591,578	408,420,598
Net pension liability	35,306,921	35,306,921
Total liabilities	610,200,588	640,783,434
<b>Deferred Inflows of Resources -Pensions</b>	4,062,753	4,062,753
<b>Net Position</b>		
Fund Balance - End of year	630,213,319	633,943,307
<b>Total net position</b>	<b>\$ 630,213,319</b>	<b>\$ 633,943,307</b>

# City of Detroit Sewage Disposal Fund

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

	Nine Months Ended March 31. 2018	
	Accrual Basis	Contract Basis
<b>Operating Revenue</b>		
Retail sales - Detroit	\$ 187,272,700	\$ 187,272,700
Other fees	5,977,726	5,977,726
Other revenue	5,102,989	5,102,989
Total operating revenue	198,353,415	198,353,415
<b>Operating Expenses</b>		
Salaries, wages and benefits	33,411,631	33,411,631
Contractual Services	8,033,150	8,033,150
Other operating expense	7,955,247	7,955,247
Damage claims	12,829	12,829
Wholesale Charges	136,015,053	136,015,053
Depreciation	9,188,876	-
Total operating expenses	194,616,787	185,427,910
<b>Operating Income</b>	3,736,628	12,925,504
<b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	-	-
Capital Lease	15,479,609	20,625,000
Capital Outlay/Acquisitions	(299,813)	(299,813)
Debt Service	(12,715,105)	(22,411,525)
Gain (loss) on sale of assets	-	-
Total nonoperating expenses - Net	2,464,691	(2,086,337)
<b>Change in Net Position</b>	<b>\$ 6,201,319</b>	<b>\$ 10,839,167</b>

# Thank You



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