



FY 2018 YEAR END REVIEW

FINANCIAL REPORT

January 16, 2019

FY 18 Year End Financial Statements

- Year Ending June 30, 2018 Audited Financial Statements were issued on December 14, 2018.
 - The audit work began in September 2018, and DWSD's portion of the audit was completed in early December.
- The audit work concluded considerably earlier than the two prior years following bifurcation.

Overview of the Balance Sheet

- Total assets for FY 2018 were \$2,409,979,025 compared to \$2,364,870,738 in FY 2017.
 - Change in operating cash was due mainly to a reclassification of the Improvement and Extension Cash being moved from Restricted to Non-Restricted.
 - There was an increase in customer receivables due to commercial drainage billings.
- Total liabilities for FY 2018 were \$1,186,213,218 compared to \$1,273,814,114 in FY 2017.
 - Total debt decreased as a result of the MOU being finalized.
 - Interfunds decreased between DWSD and the City of Detroit.
- Total net position for FY 2018 was \$1,235,153,679 compared to \$1,109,303,890.

Overview of the Statement of Revenue, Expenses, and Changes in Net Position

- Total operating revenue for FY 2018 was \$406,150,682 compared to \$381,862,718 for FY 2017.
 - Increase in water revenue of \$7 Million.
 - Increase in sewer revenue of \$18 Million.
- Total operating expenses for FY 2018 were \$388,528,284 compared to \$389,528,296 for FY 2017.
 - The increase in Wages & Benefits is partially attributed to the portion of pension obligation associated with GLWA.
 - There is a reduction in bad debt expense due to an adjustment to the Allowance for Doubtful Accounts.
- Total operating income(loss) for FY 2018 was \$17,622,398 compared to \$(7,665,578) for FY 2017.

Significant Events in FY 2018

- In January 2016, DWSD and Great Lakes Water Authority (GLWA) bifurcated.
- Negotiations of the final terms of bifurcation and lease agreement resulted in a Memo of Understanding that was executed in 2018.
 - Pre-effective date liabilities
 - Beginning cash balances
 - Portion of the debt assumed by GLWA for the local system
- DWSD recognized a gain from bifurcation in the current year for a cumulative total of \$1.5 Billion.

Thank You



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