



Financial Services Audit Committee Communication

Date: January 19, 2018
To: Great Lakes Water Authority Audit Committee
From: Jon Wheatley, Public Finance Manager
Re: Monthly Revenue & Collections Report for December 2017

The *Monthly Revenue & Collections Report* includes the following.

1. FY 2018 Retail and Wholesale Sewer Revenue
2. FY 2018 Retail and Wholesale Water Revenue
3. City of Highland Park Billings and Collections
4. City of Flint Billings and Collections
5. Water & Sewer System Wholesale Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority (GLWA). Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority, the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All revenues collected by both GLWA and DWSD are deposited in a trust account in accordance with the GLWA Master Bond Ordinance.

1. FY 2018 Retail and Wholesale Sewer Revenue Report

Table 1 summarizes the unaudited FY 2018 billed revenues through December 31, 2017 and do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out to customers.

Table 1 – Combined DWSD and GLWA Wholesale FY 2018 Sewer Revenue

RETAIL SEWER CUSTOMERS						
Month	FY 2018 - Budget		FY 2018 - Actual		Variance	
	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>
	<i>Mcf</i>	\$	<i>Mcf</i>	\$	<i>Mcf</i>	\$
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	224,159	23,573,505	18,659	855,705
November	189,900	21,987,300	188,312	22,084,385	(1,588)	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	-	-	-	-
Total	2,600,000	278,635,900	1,125,016	118,147,925	(13,784)	1,320,525
<i>Subtotals ytd</i>	<i>1,138,800</i>	<i>116,827,400</i>	<i>1,125,016</i>	<i>118,147,925</i>	<i>(13,784)</i>	<i>1,320,525</i>
<i>Achievement of Budget</i>			<i>98.79%</i>	<i>101.13%</i>		

WHOLESALE SEWER CUSTOMERS						
Month	FY 2018 - Budget		FY 2018 - Actual		Variance	
	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>
	<i>Mcf</i>	\$	<i>Mcf</i>	\$	<i>Mcf</i>	\$
July	N/A	22,619,300	N/A	22,619,300	N/A	-
August	N/A	22,619,300	N/A	22,619,300	N/A	-
September	N/A	22,619,300	N/A	22,619,300	N/A	-
October	N/A	22,619,300	N/A	22,619,300	N/A	-
November	N/A	22,619,300	N/A	22,619,300	N/A	-
December	N/A	22,619,300	N/A	-	N/A	-
January	N/A	22,619,300	N/A	-	N/A	-
February	N/A	22,619,300	N/A	-	N/A	-
March	N/A	22,619,300	N/A	-	N/A	-
April	N/A	22,619,300	N/A	-	N/A	-
May	N/A	22,619,300	N/A	-	N/A	-
June	N/A	22,619,300	N/A	-	N/A	-
Total		271,431,600		113,096,500		0
<i>Subtotals ytd</i>		<i>113,096,500</i>		<i>113,096,500</i>		<i>0</i>
<i>Achievement of Budget</i>				<i>100.00%</i>		

TOTAL - ALL CUSTOMERS						
Month	FY 2018 - Budget		FY 2018 - Actual		Variance	
	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>	<u>Volume</u>	<u>Revenue</u>
	<i>Mcf</i>	\$	<i>Mcf</i>	\$	<i>Mcf</i>	\$
July	260,000	47,234,400	244,512	47,244,120	(15,488)	9,720
August	260,600	47,373,700	239,911	46,967,311	(20,689)	(406,389)
September	222,800	45,372,100	228,122	46,136,504	5,322	764,404
October	205,500	45,337,100	224,159	46,192,805	18,659	855,705
November	189,900	44,606,600	188,312	44,703,685	(1,588)	97,085
December	204,400	45,394,100	-	-	-	-
January	195,300	44,915,400	-	-	-	-
February	198,300	45,679,900	-	-	-	-
March	203,000	45,646,200	-	-	-	-
April	189,300	44,835,200	-	-	-	-
May	219,400	46,418,000	-	-	-	-
June	251,500	47,254,800	-	-	-	-
Total	2,600,000	550,067,500	1,125,016	231,244,425	(13,784)	1,320,525
<i>Subtotals ytd</i>	<i>1,138,800</i>	<i>229,923,900</i>	<i>1,125,016</i>	<i>231,244,425</i>	<i>(13,784)</i>	<i>1,320,525</i>
<i>Achievement of Budget</i>			<i>98.79%</i>	<i>100.57%</i>		

DWSD Retail Billings: **Table 1** shows the FY 2018 sewer billed usage and billed revenue which are provided by DWSD staff. As of December 31, 2017, the DWSD usage was at 98.79% of budget and billed revenue was at 101.13% of budget.

GLWA Wholesale Customer Billings: **Table 1** shows the FY 2018 sewer billed revenue. As a result of the sewer rate simplification which provides a more stable revenue stream, the wholesale sewer customers are billed a fixed monthly fee. The results of this effort can be seen as the billed revenue is at 100.0% of budget through December 31, 2017.

Total System Billings: **Table 1** shows the FY 2018 combined DWSD and GLWA Wholesale sewer billed usage and billed revenue. Based on the combined billings, the GLWA Sewer System had billed revenues of 100.57% of budget based upon the most current information available as of this report.

2. FY 2018 Retail and Wholesale Water Revenue Report

Table 2 summarizes the unaudited FY 2018 wholesale customer water revenues billed by GLWA and the retail water revenues billed by DWSD. Please note these are billed revenues and do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out.

Table 2 – Combined DWSD and GLWA Wholesale FY 2018 Water Revenue Report

RETAIL WATER CUSTOMERS								
Month	FY 2018 - Budget			FY 2018 - Actual			Variance	
	Volume	Revenue	Unit	Volume	Revenue	Unit	Volume	Revenue
	Mcf	\$	\$/Mcf	Mcf	\$	\$/Mcf	Mcf	\$
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	247,700	8,187,943	33.06	11,600	240,443
November	218,400	7,585,100	34.73	208,783	7,276,521	34.85	(9,617)	(308,579)
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	-	-	-	-	-
Total	2,985,000	99,780,400	33.43	1,259,893	41,373,035	32.84	(42,307)	(1,402,765)
Subtotals ytd	1,302,200	42,775,800	32.85	1,259,893	41,373,035	32.84	(42,307)	(1,402,765)
Achievement of Budget				96.75%		96.72%		

WHOLESALE WATER CUSTOMERS*								
Month	FY 2018 - Budget			FY 2018 - Actual			Variance	
	Volume	Revenue	Unit	Volume	Revenue	Unit	Volume	Revenue
	Mcf	\$	\$/Mcf	Mcf	\$	\$/Mcf	Mcf	\$
July	1,712,100	31,705,800	18.52	1,721,500	32,819,241	19.06	9,400	1,113,441
August	1,615,000	30,914,600	19.14	1,573,478	31,520,853	20.03	(41,522)	606,253
September	1,420,900	28,619,700	20.14	1,421,715	29,686,522	20.88	815	1,066,822
October	1,064,900	25,002,100	23.48	1,158,883	26,949,856	23.26	93,983	1,947,756
November	892,000	23,038,000	25.83	958,686	25,146,717	26.23	66,686	2,108,717
December	946,600	23,392,700	24.71	-	-	-	-	-
January	972,400	23,676,000	24.35	-	-	-	-	-
February	893,000	23,017,200	25.78	-	-	-	-	-
March	988,100	23,781,500	24.07	-	-	-	-	-
April	997,900	23,859,300	23.91	-	-	-	-	-
May	1,155,100	25,576,800	22.14	-	-	-	-	-
June	1,472,900	28,727,800	19.50	-	-	-	-	-
Total	14,130,900	311,311,500	22.03	6,834,262	146,123,188	21.38	129,362	6,842,988
Subtotals ytd	6,704,900	139,280,200	20.77	6,834,262	146,123,188	21.38	129,362	6,842,988
Achievement of Budget				101.93%		104.91%		

* Includes Revenues and Usage from the City of Flint.

TOTAL - ALL CUSTOMERS								
Month	FY 2018 - Budget			FY 2018 - Actual			Variance	
	Volume	Revenue	Unit	Volume	Revenue	Unit	Volume	Revenue
	Mcf	\$	\$/Mcf	Mcf	\$	\$/Mcf	Mcf	\$
July	2,007,800	41,038,100	20.44	1,995,768	41,633,177	20.86	(12,032)	595,077
August	1,918,100	40,431,600	21.08	1,843,280	40,152,447	21.78	(74,820)	(279,153)
September	1,669,800	37,013,600	22.17	1,681,056	38,149,562	22.69	11,256	1,135,962
October	1,301,000	32,949,600	25.33	1,406,583	35,137,799	24.98	105,583	2,188,199
November	1,110,400	30,623,100	27.58	1,167,469	32,423,237	27.77	57,069	1,800,137
December	1,185,100	31,400,900	26.50	-	-	-	-	-
January	1,197,100	31,349,100	26.19	-	-	-	-	-
February	1,117,700	30,830,300	27.58	-	-	-	-	-
March	1,223,800	31,726,300	25.92	-	-	-	-	-
April	1,215,600	31,388,500	25.82	-	-	-	-	-
May	1,411,800	34,523,100	24.45	-	-	-	-	-
June	1,757,700	37,817,700	21.52	-	-	-	-	-
Total	17,115,900	411,091,900	24.02	8,094,156	187,496,223	23.16	87,056	5,440,223
Subtotals ytd	8,007,100	182,056,000	22.74	8,094,156	187,496,223	23.16	87,056	5,440,223
Achievement of Budget				101.09%		102.99%		

DWSD Retail Billings: **Table 2** shows the FY 2018 water billed usage and billed revenue which are provided by DWSD staff. As of December 31, 2017, the DWSD usage was at 96.75% of budget and billed revenue was at 96.72% of budget.

GLWA Wholesale Customer Billings: **Table 2** shows the FY 2018 water billed usage and billed revenues. Starting FY 2016, wholesale water charges were re-structured to create a more stable revenue stream by using a historical rolling average to project customer volumes and allocating 60% of the customer revenue requirement to the monthly fixed charge. As of December 31, 2017, the billed usage was at 101.93% of budget and billed revenue at 104.91% of budget. As noted in **Table 2**, revenues and usage from the City of Flint *are* included as they were assumed in the FY 2018 Budget.

Total System Billings: **Table 2** shows the FY 2018 combined DWSD and GLWA Wholesale water billed usage and billed revenue. Based on the combined Retail and Wholesale Water billings, the GLWA Water System had billed usage of 101.09% of budget and billed revenues of 102.99% of budget based upon the most current information available as of this report.

3. City of Highland Park Billings and Collections

As of December 31, 2017, Highland Park had a delinquent balance of \$37.6 million, including \$30.5 million for wastewater treatment services, almost \$1.6 million for industrial waste control services, and almost \$5.5 million for water supply services. **Table 3** provides a summary of the billing and collection history for Highland Park from June 30, 2012 to December 31, 2017 in the table below. Please note the numbers below reflect the month the invoice was sent and not the month the service was provided.

There were no payments received from Highland Park in the month of December 2017.

Table 3 - City of Highland Park Billings and Collections

	<u>Water</u>	<u>Sewer</u>	<u>IWC</u>	<u>Cumulative Total</u>
June 30, 2012 Balance	\$ -	\$ 10,207,956	\$ 852,987	\$ 11,060,943
FY 2013 Billings	485,887	4,987,635	154,444	5,627,966
FY 2013 Payments	<u>(65,652)</u>	<u>(2,206,211)</u>	<u>-</u>	<u>(2,271,863)</u>
June 30, 2013 Balance	\$ 420,235	\$ 12,989,380	\$ 1,007,431	\$ 14,417,046
FY 2014 Billings	1,004,357	6,980,442	161,951	8,146,750
FY 2014 Payments	<u>-</u>	<u>(1,612,633)</u>	<u>-</u>	<u>(1,612,633)</u>
June 30, 2014 Balance	\$ 1,424,592	\$ 18,357,189	\$ 1,169,382	\$ 20,951,163
FY 2015 Billings	1,008,032	5,553,123	165,739	6,726,894
FY 2015 Payments	<u>-</u>	<u>(1,444,623)</u>	<u>-</u>	<u>(1,444,623)</u>
June 30, 2015 Balance	\$ 2,432,625	\$ 22,465,689	\$ 1,335,121	\$ 26,233,435
FY 2016 Billings	1,157,178	5,612,167	106,431	6,875,776
FY 2016 Payments	<u>-</u>	<u>(2,022,335)</u>	<u>-</u>	<u>(2,022,335)</u>
June 30, 2016 Balance	\$ 3,589,803	\$ 26,055,521	\$ 1,441,551	\$ 31,086,875
FY 2017 Billings	1,245,267	5,802,000	101,999	7,149,265
FY 2017 Payments	<u>-</u>	<u>(2,309,186)</u>	<u>-</u>	<u>(2,309,186)</u>
June 30, 2017 Balance	\$ 4,835,070	\$ 29,548,335	\$ 1,543,550	\$ 35,926,954
FY 2018 Billings (6 Months)	661,535	2,835,900	41,002	3,538,437
FY 2018 Payments (6 Months)	<u>-</u>	<u>(1,894,519)</u>	<u>-</u>	<u>(1,894,519)</u>
Balance as of December 31, 2017	<u>\$ 5,496,604</u>	<u>\$ 30,489,716</u>	<u>\$ 1,584,552</u>	<u>\$ 37,570,872</u>

4. City of Flint Billings and Collections

On October 16, 2015, the City of Flint (“City”) re-joined the regional water system pursuant to a short-term agreement which was extended several times through November 30, 2017. That agreement provided for a prepayment fund. In total, GLWA has received over \$28.4 million to the prepayment fund, and as of December 31, 2017, \$126,130.35 remains in the prepayment fund as shown in **Table 4**.

Beginning December 1, 2017, GLWA is now providing water service to Flint in accordance with a new 30-year water service agreement. The terms of this agreement provide for the funding of a \$3,750,000 Security Deposit account by the City of Flint, which was received by GLWA on January 11, 2018. The Security Deposit Account may only be drawn down if Flint fails to make full and timely payments. The agreement also provides for a monthly credit to Flint for its previous month’s debt service payment to KWA and a pass-through charge to Flint for monthly service provided by GCDC. All monthly payments by Flint will be deposited with the Trustee, US Bank GLWA, KWA and GCDC per the provisions of the Baseline Trust.

Table 4 - City of Flint Billings and Collections

Invoice Month	Commodity			Total Invoice	Prepayment	Prepayment
	Usage	Charge	Fixed Charge		Fund Deposits	Fund Balance
October 2015 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 10,000,000.00	\$ 10,000,000.00
November 2015	26,875.0	\$ 8.93	\$ 341,729.00	\$ 581,722.75	\$ -	\$ 9,418,277.25
December 2015	47,576.9	\$ 8.93	\$ 662,100.00	\$ 1,086,961.72	\$ -	\$ 8,331,315.53
January 2016	48,067.4	\$ 8.93	\$ 662,100.00	\$ 1,091,341.88	\$ -	\$ 7,239,973.65
February 2016	52,606.4	\$ 8.93	\$ 662,100.00	\$ 1,131,875.15	\$ -	\$ 6,108,098.50
March 2016	51,787.4	\$ 8.93	\$ 662,100.00	\$ 1,124,561.84	\$ -	\$ 4,983,536.66
April 2016	51,490.5	\$ 8.93	\$ 662,100.00	\$ 1,121,910.52	\$ -	\$ 3,861,626.14
May 2016	48,496.8	\$ 8.93	\$ 662,100.00	\$ 1,095,176.07	\$ -	\$ 2,766,450.07
June 2016	51,410.7	\$ 8.93	\$ 662,100.00	\$ 1,121,197.82	\$ -	\$ 1,645,252.25
July 2016 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 5,900,000.00	\$ 7,545,252.25
July 2016	53,884.4	\$ 8.93	\$ 662,100.00	\$ 1,143,287.33	\$ -	\$ 6,401,964.92
August 2016	56,368.7	\$ 8.93	\$ 662,100.00	\$ 1,165,472.22	\$ -	\$ 5,236,492.69
September 2016	57,283.3	\$ 8.93	\$ 662,100.00	\$ 1,173,640.05	\$ -	\$ 4,062,852.65
October 2016 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 3,900,000.00	\$ 7,962,852.65
October 2016	49,587.3	\$ 8.93	\$ 662,100.00	\$ 1,104,914.86	\$ -	\$ 6,857,937.79
November 2016	52,665.3	\$ 8.93	\$ 662,100.00	\$ 1,132,401.31	\$ -	\$ 5,725,536.48
December 2016	43,857.1	\$ 8.93	\$ 662,100.00	\$ 1,053,743.99	\$ -	\$ 4,671,792.49
January 2017	47,101.3	\$ 8.93	\$ 662,100.00	\$ 1,082,714.34	\$ -	\$ 3,589,078.15
February 2017 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 2,465,700.00	\$ 6,054,778.15
February 2017	52,183.1	\$ 8.93	\$ 662,100.00	\$ 1,128,095.44	\$ -	\$ 4,926,682.71
March 2017	45,690.3	\$ 8.93	\$ 662,100.00	\$ 1,070,114.11	\$ -	\$ 3,856,568.60
April 2017	48,707.3	\$ 8.93	\$ 662,100.00	\$ 1,097,056.28	\$ -	\$ 2,759,512.32
May 2017	45,658.1	\$ 8.93	\$ 662,100.00	\$ 1,069,826.48	\$ -	\$ 1,689,685.84
June 2017	47,915.0	\$ 8.93	\$ 662,100.00	\$ 1,089,980.86	\$ -	\$ 599,704.98
June 2017 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 1,802,750.00	\$ 2,402,454.98
July 2017 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 1,203,045.02	\$ 3,605,500.00
July 2017 Prepayment Deposit	-	\$ -	\$ -	\$ -	\$ 599,704.98	\$ 4,205,204.98
July 2017	47,734.7	\$ 8.93	\$ 662,100.00	\$ 1,088,370.42	\$ -	\$ 3,116,834.56
August 2017	49,522.0	\$ 9.35	\$ 693,200.00	\$ 1,156,230.33	\$ -	\$ 1,960,604.23
September 2017	46,114.6	\$ 9.35	\$ 693,200.00	\$ 1,124,371.23	\$ -	\$ 836,233.00
October 2017 Prepayment	-	\$ -	\$ -	\$ -	\$ 1,453,500.00	\$ 2,289,733.00
October 2017	43,357.0	\$ 9.35	\$ 693,200.00	\$ 1,098,588.04	\$ -	\$ 1,191,144.96
October 2017 Prepayment	-	\$ -	\$ -	\$ -	\$ 1,100,000.00	\$ 2,291,144.96
November 2017	42,691.8	\$ 9.35	\$ 693,200.00	\$ 1,092,368.52	\$ -	\$ 1,198,776.44
December 2017	40,582.5	\$ 9.35	\$ 693,200.00	\$ 1,072,646.09	\$ -	\$ 126,130.35
Total				<u>\$ 28,298,569.65</u>	<u>\$ 28,424,700.00</u>	

5. Water & Sewer System Wholesale Accounts Receivable Aging Report

Table 5 is a summary of the total, current and non-current receivables by category as of December 31, 2017. **Table 6** is the same summary *without* the past due balances for the City of Highland Park. The detailed accounts receivable aging is attached to this report. This report reflects the wholesale receivables only and do not include DWSD. (Note: percentages vary from 100% due to rounding.)

Table 5 - Wholesale Accounts Receivable Aging Report

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 44,233,579.21	\$ 38,615,865.11	\$ 451,275.11	\$ 113,034.28	\$ 5,053,404.71
Sewer	50,274,215.90	20,235,399.50	489,500.00	470,200.00	29,079,116.40
IWC	2,751,326.81	1,023,408.56	67,739.68	-	1,660,178.57
Pollutant Surcharge	938,792.24	669,485.44	151,853.96	43,828.28	73,624.56
Total	<u>\$ 98,197,914.16</u>	<u>\$ 60,544,158.61</u>	<u>\$ 1,160,368.75</u>	<u>\$ 627,062.56</u>	<u>\$ 35,866,324.24</u>
	<u>100.00%</u>	<u>61.66%</u>	<u>1.18%</u>	<u>0.64%</u>	<u>36.52%</u>

Table 6 - Wholesale Accounts Receivable Aging Report, Net of Highland Park

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 38,736,974.28	\$ 38,401,144.43	\$ 335,829.85	\$ -	\$ -
Sewer	19,784,499.50	19,765,199.50	19,300.00	-	-
IWC	1,166,774.60	1,010,032.16	61,000.36	-	95,742.08
Pollutant Surcharge	938,792.24	669,485.44	151,853.96	43,828.28	73,624.56
Total	<u>\$ 60,627,040.62</u>	<u>\$ 59,845,861.53</u>	<u>\$ 567,984.17</u>	<u>\$ 43,828.28</u>	<u>\$ 169,366.64</u>
	<u>100.00%</u>	<u>98.71%</u>	<u>0.94%</u>	<u>0.07%</u>	<u>0.28%</u>