



Financial Services Audit Committee Communication

Date: May 22, 2018

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Monthly Revenue & Collections Report for March 2018

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 March 31, 2018 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						
<u>Month</u>	<u>FY 2018 - Budget</u>		<u>FY 2018 - Actual</u>		<u>Variance</u>	
	<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	190,811	21,937,291	(13,589)	(837,509)
January	195,300	22,296,100	213,373	22,944,848	18,073	648,748
February	198,300	23,060,600	193,452	21,926,685	(4,848)	(1,133,915)
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	1,722,652	184,956,749	(14,148)	(2,151)
<i>Subtotals ytd</i>	1,736,800	184,958,900	1,722,652	184,956,749	(14,148)	(2,151)
<i>Achievement of Budget</i>			99.19%	100.00%		

WHOLESALE SEWER CUSTOMERS						
<u>Month</u>	<u>FY 2018 - Budget</u>		<u>FY 2018 - Actual</u>		<u>Variance</u>	
	<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	22,619,300	N/A	-
January	N/A	22,619,300	N/A	22,619,300	N/A	-
February	N/A	22,619,300	N/A	22,619,300	N/A	-
March	N/A	22,619,300	N/A	22,619,300	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		203,573,700		0
<i>Subtotals ytd</i>		203,573,700		203,573,700		0
<i>Achievement of Budget</i>				100.00%		

TOTAL - ALL CUSTOMERS						
<u>Month</u>	<u>FY 2018 - Budget</u>		<u>FY 2018 - Actual</u>		<u>Variance</u>	
	<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	190,811	44,556,591	(13,589)	(837,509)
January	195,300	44,915,400	213,373	45,564,148	18,073	648,748
February	198,300	45,679,900	193,452	44,545,985	(4,848)	(1,133,915)
March	203,000	45,646,200	-	22,619,300	-	-
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	1,722,652	388,530,449	(14,148)	(2,151)
<i>Subtotals ytd</i>	1,736,800	388,532,600	1,722,652	388,530,449	(14,148)	(2,151)
<i>Achievement of Budget</i>			99.19%	100.00%		

DWSD Retail Billings: Due to DWSD's reporting software transition, the updated DWSD billed usage and billed revenue information for March 2018 were not available. The March 2018 numbers will be included in next report provided at the June 2018 Audit Committee meeting.

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 100.00% of budget through March 2018.

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 available at the time of this report, the GLWA Sewer System had billed revenues of 100.0% of budget without the March 2018 DWSD billings.

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 Revenue	Volume	Revenue	Unit Revenue	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	213,026	7,333,094	34.42	(25,474)	(675,106)
January	224,700	7,673,100	34.15	235,142	7,873,651	33.48	10,442	200,551
February	224,700	7,813,100	34.77	235,436	7,879,874	33.47	10,736	66,774
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	1,943,498	64,459,654	33.17	(46,602)	(1,810,546)
Subtotals ytd	1,990,100	66,270,200	33.30	1,943,498	64,459,654	33.17	(46,602)	(1,810,546)
Achievement of Budget				97.66%	97.27%			

WHOLESALE WATER CUSTOMERS*								
Month	FY 2018 - Budget			FY 2018 - Actual			Variance	
	Volume	Revenue	Unit Revenue	Volume	Revenue	Unit Revenue	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	1,024,164	24,434,241	23.86	77,564	1,041,541
January	972,400	23,676,000	24.35	1,067,591	24,810,289	23.24	95,191	1,134,289
February	893,000	23,017,200	25.78	894,635	23,326,980	26.07	1,635	309,780
March	988,100	23,781,500	24.07	1,017,632	24,299,625	23.88	29,532	518,125
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	10,838,285	242,994,324	22.42	333,285	9,846,724
Subtotals ytd	10,505,000	233,147,600	22.19	10,838,285	242,994,324	22.42	333,285	9,846,724
Achievement of Budget				103.17%	104.22%			

* Includes Revenues and Usage from the City of Flint.

TOTAL - ALL CUSTOMERS								
Month	FY 2018 - Budget			FY 2018 - Actual			Variance	
	Volume	Revenue	Unit Revenue	Volume	Revenue	Unit Revenue	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	1,237,190	31,767,335	25.68	52,090	366,435
January	1,197,100	31,349,100	26.19	1,302,733	32,683,940	25.09	105,633	1,334,840
February	1,117,700	30,830,300	27.58	1,130,072	31,206,854	27.61	12,372	376,554
March	988,100	23,781,500	24.07	1,017,632	24,299,625	23.88	29,532	518,125
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	16,880,200	403,147,100	23.88	12,781,782	307,453,978	24.05	286,682	8,036,178
Subtotals ytd	12,495,100	299,417,800	23.96	12,781,782	307,453,978	24.05	286,682	8,036,178
Achievement of Budget				102.29%	102.68%			

* Figures are stated as "Service Months"; i.e. July figures represent bills issued in August, etc.

DWSD Retail Billings: Due to DWSD's reporting software transition, the updated DWSD billed usage and billed revenue information for March 2018 were not available. The March 2018 numbers will be included in next report provided at the June 2018 Audit Committee meeting.

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 March 31, 2018, the billed usage was at 103.17% of budget and billed revenue at 104.22% 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 102.29% of budget and billed revenues of 102.68% of budget without the March 2018 DWSD billings.

3. City of Highland Park Billings and Collections

As of April 30, 2018, Highland Park had a delinquent balance of \$37.7 million, including \$30.2 million for wastewater treatment services, \$1.6 million for industrial waste control services, and \$5.9 million for water supply services. **Table 3** provides a summary of the billing and collection history for Highland Park from June 30, 2012 to April 30, 2018 in the table below. Please note the numbers below reflect the month the invoice was sent and not the month the service was provided.

Payment in the amount of \$997,016,96 was received on April 23, 2018 and posted to the Highland Park Sewer account.

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 (10 Months)	1,070,080	4,716,700	67,190	5,853,970
FY 2018 Payments (10 Months)	<u>-</u>	<u>(4,108,108)</u>	<u>-</u>	<u>(4,108,108)</u>
Balance as of April 30, 2018	<u>\$ 5,905,150</u>	<u>\$ 30,156,926</u>	<u>\$ 1,610,740</u>	<u>\$ 37,672,816</u>

4. Water & Sewer System Wholesale Accounts Receivable Aging Report

Table 4 is a summary of the total, current and non-current receivables by category as of April 30, 2018. **Table 5** 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 4 - Wholesale Accounts Receivable Aging Report

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 41,725,723.44	\$ 35,259,777.61	\$ 867,793.22	\$ 101,547.68	\$ 5,496,604.93
Sewer	\$ 45,048,226.82	\$ 15,361,499.50	\$ 470,200.00	\$ 470,200.00	\$ 28,746,327.32
IWC	\$ 2,973,800.74	\$ 969,399.97	\$ 64,669.64	\$ 64,769.04	\$ 1,874,962.09
Pollutant Surcharge	\$ 1,013,030.85	\$ 715,012.28	\$ 58,212.43	\$ 45,260.74	\$ 194,545.40
Total	<u>\$ 90,760,781.85</u>	<u>\$ 52,305,689.36</u>	<u>\$ 1,460,875.29</u>	<u>\$ 681,777.46</u>	<u>\$ 36,312,439.74</u>
	<u>100.0%</u>	<u>57.6%</u>	<u>1.6%</u>	<u>0.8%</u>	<u>40.0%</u>

Table 5 - Wholesale Accounts Receivable Aging Report, Net of Highland Park

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	\$ 35,820,572.95	\$ 35,054,926.76	\$ 765,646.19	\$ -	\$ -
Sewer	\$ 14,891,299.50	\$ 14,891,299.50	\$ -	\$ -	\$ -
IWC	\$ 1,363,060.89	\$ 956,395.61	\$ 58,146.16	\$ 58,109.24	\$ 290,409.88
Pollutant Surcharge	\$ 1,013,030.85	\$ 715,012.28	\$ 58,212.43	\$ 45,260.74	\$ 194,545.40
Total	<u>\$ 53,087,964.19</u>	<u>\$ 51,617,634.15</u>	<u>\$ 882,004.78</u>	<u>\$ 103,369.98</u>	<u>\$ 484,955.28</u>
	<u>100.0%</u>	<u>97.2%</u>	<u>1.7%</u>	<u>0.2%</u>	<u>0.9%</u>