



## Financial Services Audit Committee Communication

**Date:** March 16, 2018

**To:** Great Lakes Water Authority Audit Committee

**From:** Jon Wheatley, Public Finance Manager

**Re:** Supplemental Analysis for Monthly Accounts Receivable Aging Report

**Background:** As part of this month's Wholesale Accounts Receivable Aging Report (and provided detail) included in the Revenues and Collection Report, there were several accounts with balances that require additional information.

**Analysis:** The analysis by customer category is shown below.

### Wholesale Water Customers

**City of Flint:** The '46 to 74 Days' outstanding balance of \$397,357.73 and the '75 to 104 Days' outstanding credit balance 92,970.46 were due to the unusual reporting of credits and charges on the aging. This was a result of the way BS&A was configured to apply Flint's prior credit balance and the new, Karegnondi Water Authority Debt Service credit. Their account has since been corrected to 'redistribute' those credits and this should not happen in the future.

### Industrial Waste Control (IWC) Customers

**Canton Township, Northville Township and Plymouth Township:** All three customers are a part of the Western Township Utilities Authority (WTUA) which had previously sent wastewater flows through the Rouge Valley system. Around July 1, 2017 WTUA began sending its wastewater flows to the Ypsilanti Township Utilities Authority (YCUA) including those related to industrial waste. GLWA's IWC department has been in contact with WTUA regarding the discontinuation of IWC services, however the one issue that remained was related to the physical changes made to the WTUA system to ensure no flows would enter the Rouge Valley system. This inquiry has since been satisfied and the last item to bring this to closure is the formal release of GLWA as the IWC regulator. GLWA's Office of the General Counsel has been notified. It is anticipated that these balances will be corrected once this action is complete.

### Pollutant Surcharge (PS) Customers

**Faygo Beverages, Inc.:** Faygo has a total balance due of \$177,251.40, of which, \$151,707.34 is 46 or more days outstanding. Faygo is a customer within the City of Detroit, but Faygo is billed directly for Pollutant Surcharge by GLWA. Because of the Agency relationship outlined in the Water and Sewer Services Agreement GLWA relies on the City of Detroit Water and Sewerage Department (DWSD) staff to follow up on customer accounts within the City of Detroit. It is GLWA's understanding that Faygo stopped paying their bills around December 2017 as part of a billing dispute. GLWA billing staff will follow up with DWSD billing staff to coordinate a response.

**General Linen Supply Co.:** General Linen has a total balance due of \$55,137.92 of which, \$43,019.81 is 46 or more days outstanding. Similar to Faygo, General Linen is a customer within the City of Detroit but is billed directly for Pollutant Surcharge by GLWA. It is GLWA's understanding that General Linen stopped paying their bills around December 2017 as part of a billing dispute. GLWA billing staff will follow up with DWSD billing staff to coordinate a response.

**Budget Impact:** The loss of the WTUA IWC customers will result in negative revenue variance of almost \$697,000 for FY 2018, based on the current IWC meter counts.

**Proposed Action:** Receive and file report.