CITY OF DETROIT

DETROIT Water & Sewerage Department

# January 2018 Review

## Finance Committee

March 7, 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | | | | | | |
| | 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 | | | | | |
| | 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 | | | | | |
| | 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% | | | | | | |
| | 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% | | | | | | |
| | 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% | | | | | | |
| | 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% | | | | | | |
| | 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 | | | | | |
| | 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 | | | | | |
| | Status | | | | | | | | | | | | |

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# Retail Water Customers

| | Volume (Mcf) | | | Revenue ($) | | |
|---|---|---|---|---|---|---|
| **Month** | **Budget** | **Actual** | **Variance** | **Budget** | **Actual** | **Variance** |
| July | 295,700 | 274,267 | (21,433) | $ 9,332,300 | $ 8,813,936 | $ (518,364) |
| August | 303,100 | 269,802 | (33,298) | 9,517,000 | 8,631,595 | (885,405) |
| September | 248,900 | 259,341 | 10,441 | 8,393,900 | 8,463,041 | 69,141 |
| October | 236,100 | 247,700 | 11,600 | 7,947,500 | 8,187,943 | 240,443 |
| November | 218,400 | 208,783 | (9,617) | 7,585,100 | 7,276,521 | (308,579) |
| December | 238,500 | 213,026 | (25,474) | 8,008,200 | 7,333,094 | (675,106) |
| January | 224,700 | - | - | 7,673,100 | - | - |
| February | 224,700 | - | - | 7,813,100 | - | - |
| March | 235,700 | - | - | 7,944,800 | - | - |
| April | 217,700 | - | - | 7,529,200 | - | - |
| May | 256,700 | - | - | 8,946,300 | - | - |
| June | 284,800 | - | - | 9,089,900 | - | - |
| **Totals** | **2,985,000** | **1,472,919** | **(67,781)** | **$ 99,780,400** | **$ 48,706,129** | **$ (2,077,871)** |
| *Subtotals YTD* | *1,540,700* | *1,472,919* | *(67,781)* | *$ 50,784,000* | *$ 48,706,129* | *$ (2,077,871)* |

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# Retail Sewer Customers

| | Volume (Mcf) | | | Revenue ($) | | |
|---|---|---|---|---|---|---|
| **Month** | **Budget** | **Actual** | **Variance** | **Budget** | **Actual** | **Variance** |
| July | 260,000 | 244,512 | (15,488) | $ 24,615,100 | $ 24,624,820 | $ 9,720 |
| August | 260,600 | 239,911 | (20,689) | 24,754,400 | 24,348,011 | (406,389) |
| September | 222,800 | 228,122 | 5,322 | 22,752,800 | 23,517,204 | 764,404 |
| October | 205,500 | 224,159 | 18,659 | 22,717,800 | 23,573,505 | 855,705 |
| November | 189,900 | 188,312 | (1,588) | 21,987,300 | 22,084,385 | 97,085 |
| December | 204,400 | 190,811 | (13,589) | 22,774,800 | 21,937,291 | (837,509) |
| 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 | - | - |
| **Totals** | **2,600,000** | **1,315,827** | **(27,373)** | **$ 278,635,900** | **$ 140,085,216** | **$ 483,016** |
| *Subtotals YTD* | *1,343,200* | *1,315,827* | *(27,373)* | *$ 139,602,200* | *$ 140,085,216* | *$ 483,016* |

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# Accounts Receivable Aging Balances as of January 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 | 181,886 | $ 91.69 | $ 2,687,577 | $ 1,409,745 | $ 3,017,274 | $ 9,563,032 | $ 16,677,629 |
| | | | *16.1%* | *8.5%* | *18.1%* | *57.3%* | *100.0%* |
| COMMERCIAL | 10,713 | 345.88 | 1,819,118 | 346,647 | 1,192,383 | 347,288 | 3,705,436 |
| | | | *49.1%* | *9.4%* | *32.2%* | *9.4%* | *100.0%* |
| INDUSTRIAL | 1,282 | 392.42 | 813,626 | 210,657 | (211,959) | (309,237) | 503,087 |
| | | | *161.7%* | *41.9%* | *(42.1%)* | *(61.5%)* | *100.0%* |
| TAX EXEMPT | 437 | 1,037.48 | 230,073 | 97,674 | 72,448 | 53,185 | 453,379 |
| | | | *50.7%* | *21.5%* | *16.0%* | *11.7%* | *100.0%* |
| FAITH BASED | 657 | 300.74 | 36,200 | 15,135 | 44,576 | 101,677 | 197,587 |
| | | | *18.3%* | *7.7%* | *22.6%* | *51.5%* | *100.0%* |
| CITY OF DETROIT | 892 | 2,131.71 | 124,187 | 85,645 | 1,598,130 | 93,527 | 1,901,489 |
| | | | *6.5%* | *4.5%* | *84.0%* | *4.9%* | *100.0%* |
| WAYNE STATE | 2 | 28.97 | 58 | - | - | - | 58 |
| | | | *100.0%* | *0.0%* | *0.0%* | *0.0%* | *100.0%* |
| **Total** | **195,869** | **$ 119.67** | **$ 5,710,838** | **$ 2,165,504** | **$ 5,712,851** | **$ 9,849,472** | **$ 23,438,665** |
| *% of Total DWSD A/R* | | | *24.4%* | *9.2%* | *24.4%* | *42.0%* | *100.0%* |

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# Accounts Receivable Aging Balances as of January 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 | 174,616 | $ 257.30 | $ 7,803,733 | $ 4,462,233 | $ 10,148,464 | $ 22,514,709 | $ 44,929,139 |
| | | | *17.4%* | *9.9%* | *22.6%* | *50.1%* | *100.0%* |
| COMMERCIAL | 19,230 | 981.65 | 5,227,439 | 1,465,859 | 7,099,217 | 5,084,630 | 18,877,145 |
| | | | *27.7%* | *7.8%* | *37.6%* | *26.9%* | *100.0%* |
| INDUSTRIAL | 3,380 | 2,749.31 | 2,669,743 | 1,358,087 | 3,445,381 | 1,819,451 | 9,292,662 |
| | | | *28.7%* | *14.6%* | *37.1%* | *19.6%* | *100.0%* |
| TAX EXEMPT | 2,848 | 2,646.86 | 1,735,893 | 991,354 | 3,597,847 | 1,213,154 | 7,538,248 |
| | | | *23.0%* | *13.2%* | *47.7%* | *16.1%* | *100.0%* |
| FAITH BASED | 687 | 1,940.52 | 167,552 | 252,265 | 289,132 | 624,186 | 1,333,135 |
| | | | *12.6%* | *18.9%* | *21.7%* | *46.8%* | *100.0%* |
| CITY OF DETROIT | 3,424 | 1,906.63 | 826,163 | 758,938 | 2,394,815 | 2,548,398 | 6,528,314 |
| | | | *12.7%* | *11.6%* | *36.7%* | *39.0%* | *100.0%* |
| WAYNE STATE | 9 | 2,664.05 | 2,404 | 2,314 | 9,265 | 9,993 | 23,976 |
| | | | *10.0%* | *9.7%* | *38.6%* | *41.7%* | *100.0%* |
| HIGHWAY DRAINAGE | 2 | 1,001,868.54 | 257,193 | 257,193 | 781,481 | 707,871 | 2,003,737 |
| | | | *12.8%* | *12.8%* | *39.0%* | *35.3%* | *100.0%* |
| **Total** | **204,196** | **$ 443.33** | **$ 18,690,121** | **$ 9,548,243** | **$ 27,765,601** | **$ 34,522,393** | **$ 90,526,357** |
| *% of Total DWSD A/R* | | | *20.6%* | *10.5%* | *30.7%* | *38.1%* | *100.0%* |

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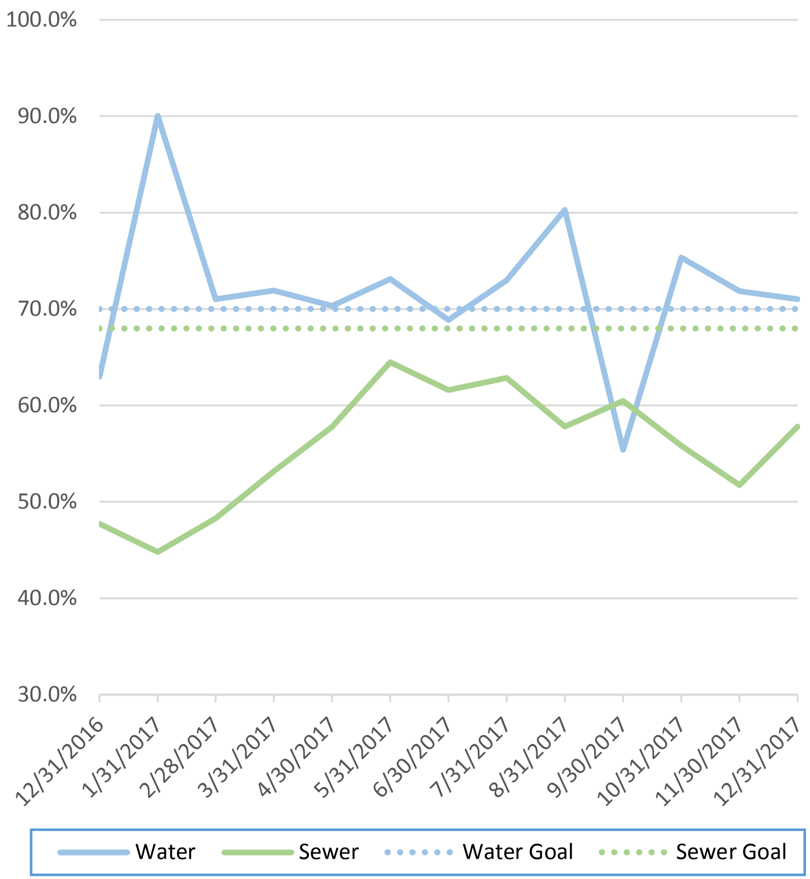
# 30-60 Day Collection Rate




- Water is slightly above target, but would expect it to trend up when shut offs begin.
- Sewer remains below target due to drainage collection rates.

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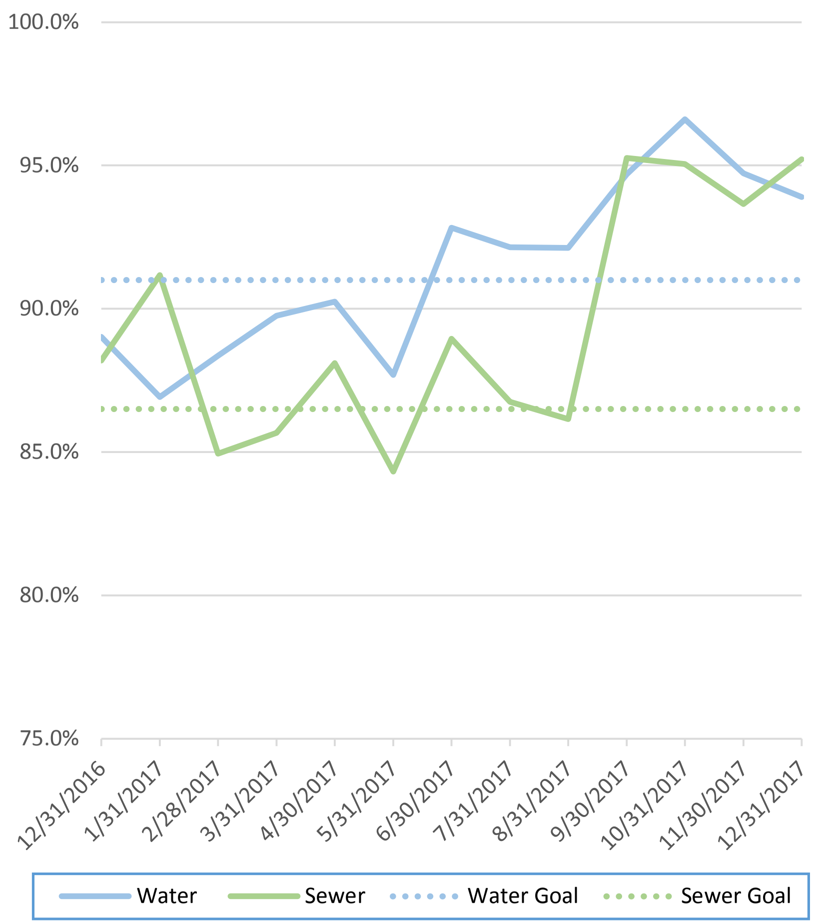
# 330 – 360 Day Collection Rate




- Collection  rates have been trending upwards over the last 12 months.
- We expect the trend to continue through FY 2018.

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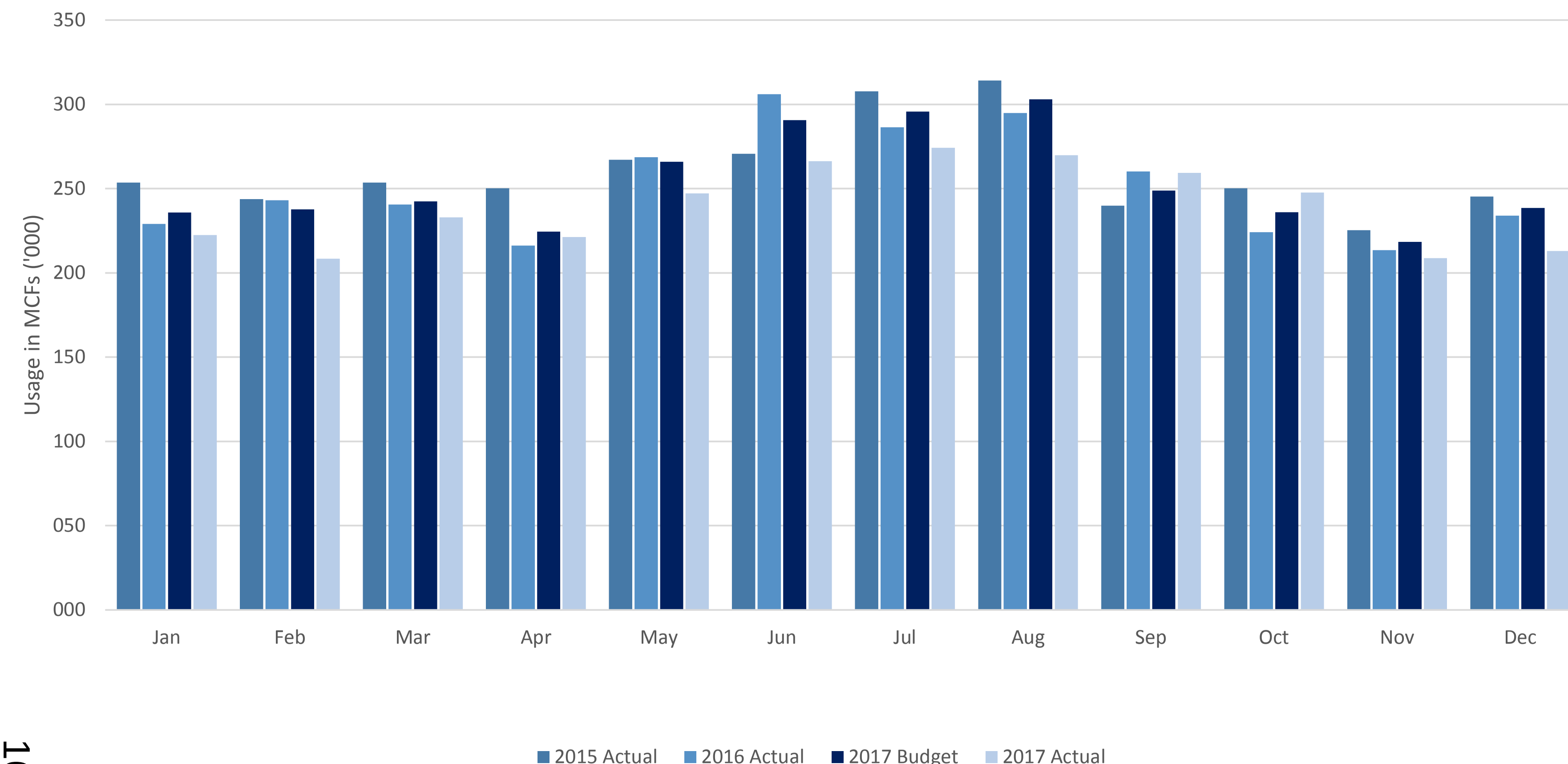
# Water Usage

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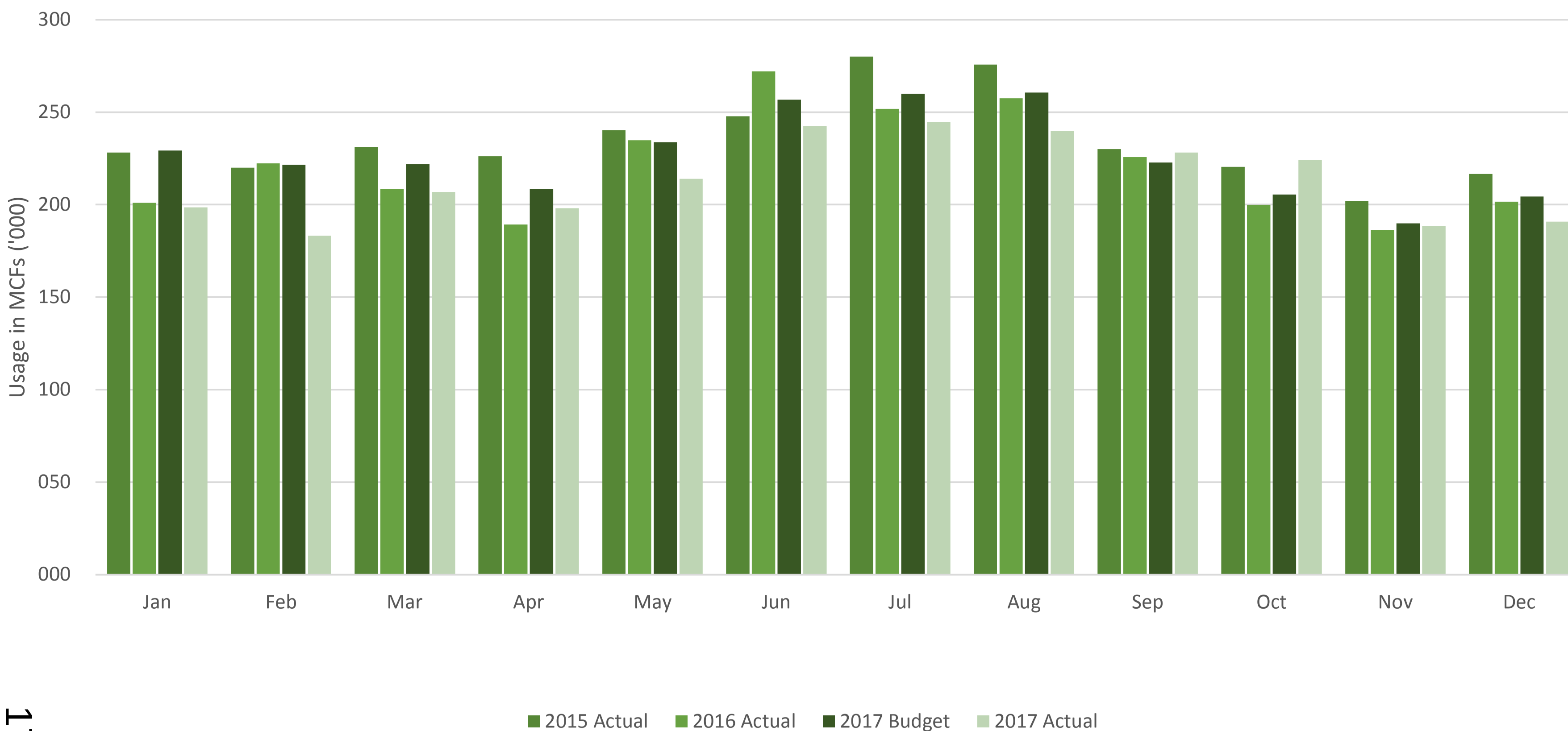
# Sewer Usage

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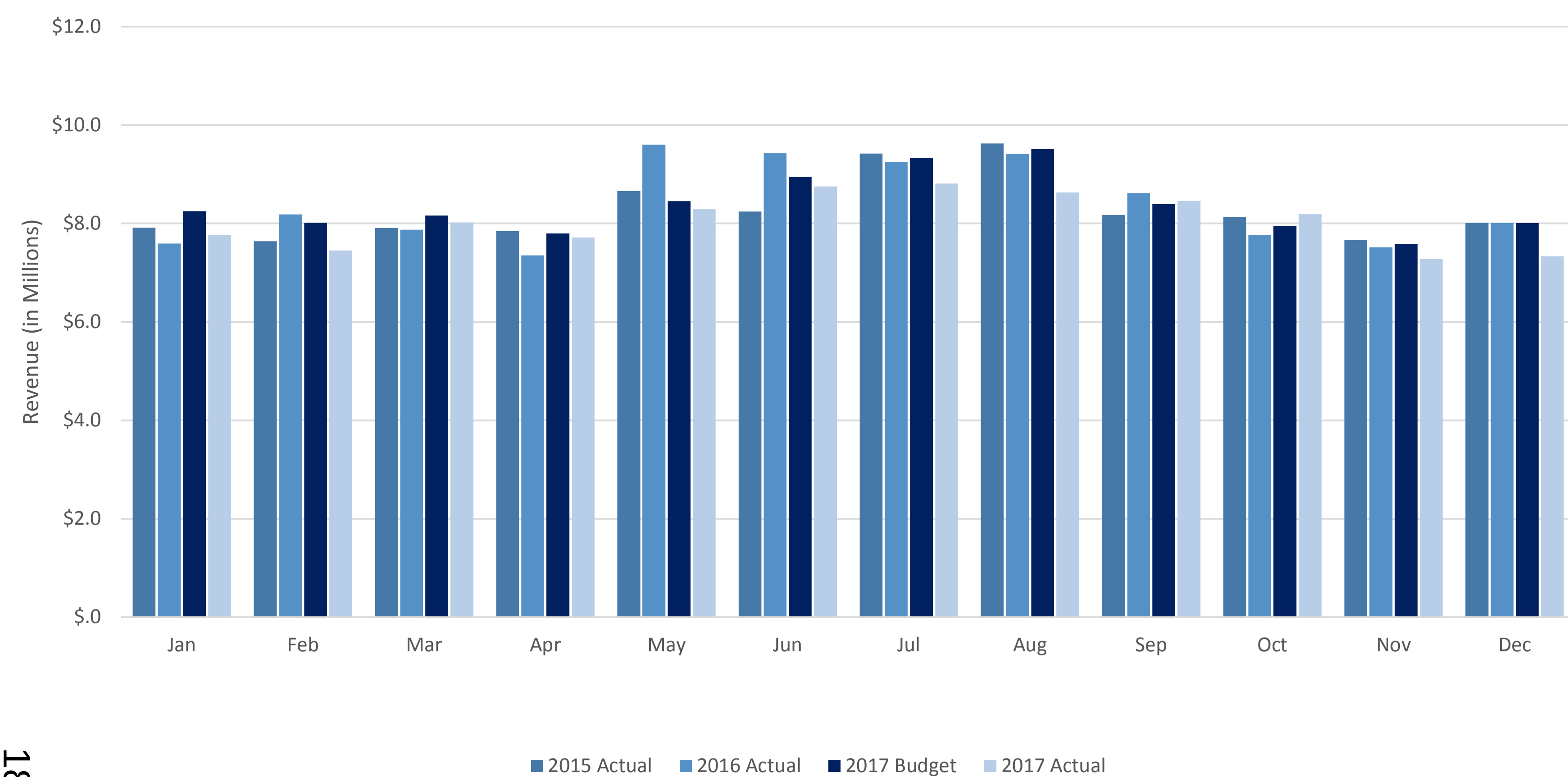
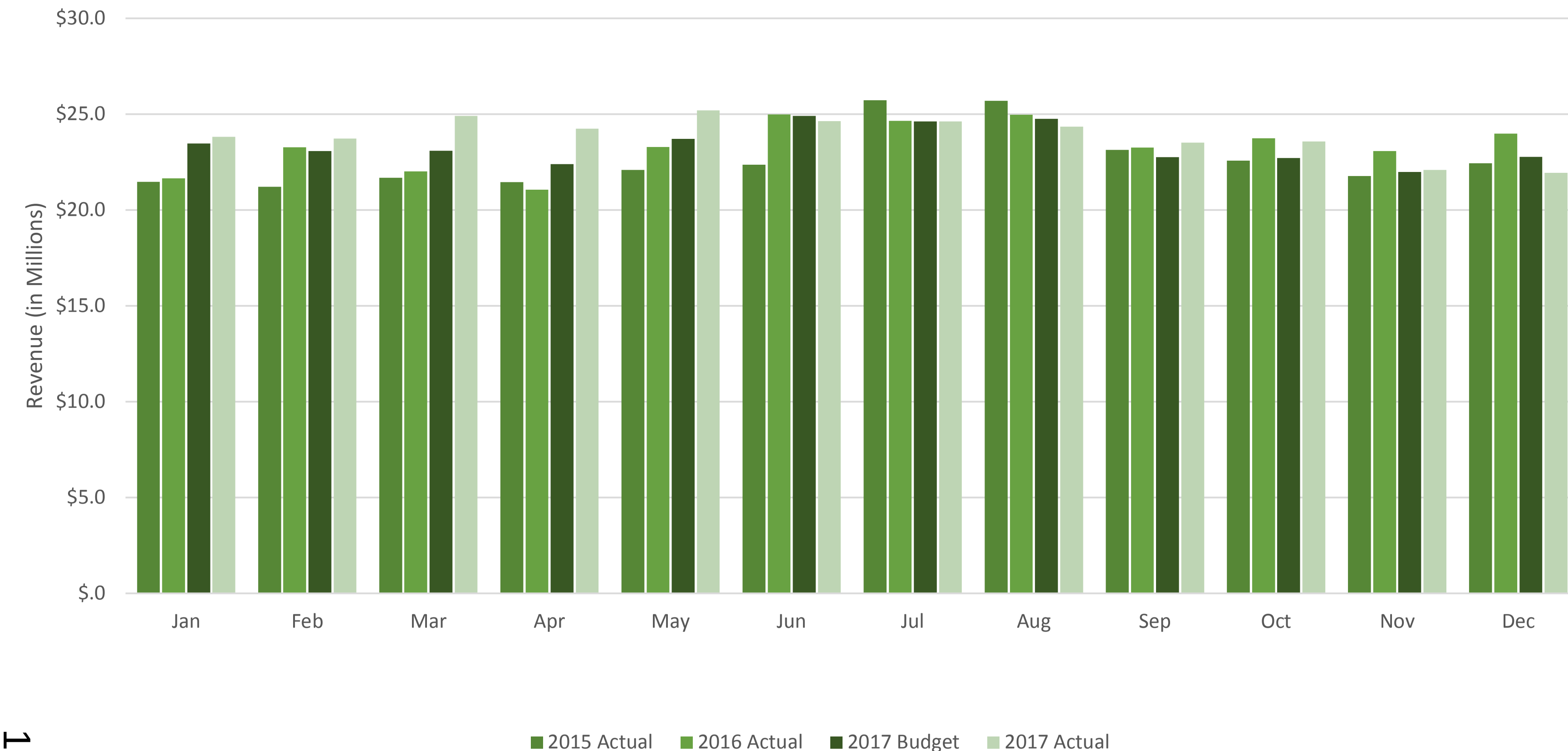
# Water Revenue



# Sewer Revenue



Detroit Water & Sewerage Department

City of Detroit

# Treasury Update

Nikole Howard-Whitsett
Treasury Manager

# Cash Balance Summary

| | Water Fund | | Sewer Fund | |
|---|---|---|---|---|
| | 6/30/2017 | 1/31/2018 | 6/30/2017 | 1/31/2018 |
| **Operating** | $ 1,767,951 | $ 2,483,924 | $ 21,041,345 | $ 29,923,780 |
| **Restricted** | | | | |
| Bond | 43,338,112 | 29,082,035 | - | - |
| Affordability | 977,278 | 1,094,800 | - | - |
| Pension | 218,285 | 2,171,235 | 171,239 | 1,641,230 |
| Retainage | 2,488,101 | 2,277,068 | 1,106,171 | 1,246,447 |
| Construction | 2,109,646 | 1,310,132 | 834,367 | 221,876 |
| | 49,131,420 | 35,935,269 | 2,111,777 | 3,109,553 |
| **Improvement and Extension** | 36,425,537 | 54,138,455 | 12,446,472 | 20,241,690 |
| **Total Cash** | **$ 87,324,908** | **$ 92,557,648** | **$ 35,599,594** | **$ 53,275,023** |

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Detroit Water & Sewerage Department

# Cash Balance by Banking Institution

| Banking Institution | Type of Account | Water | Sewer |
|---|---|---|---|
| Comerica | | | |
| | Unrestricted | $ 562,620 | $ 501,387 |
| | Restricted | 19,924,514 | 7,499,900 |
| | | 20,487,134 | 8,001,287 |
| First Independence | | | |
| | Unrestricted | 1,911,360 | 29,420,556 |
| | Restricted | 28,883,514 | 5,390,844 |
| | CDARS | 28,788,215 | |
| | | 59,583,089 | 34,811,400 |
| JP Morgan Chase | | | |
| | Unrestricted | 9,943 | 1,836 |
| | Restricted | 1,094,800 | - |
| | | 1,104,743 | 1,836 |
| US Bank | | | |
| | Restricted | 11,382,683 | 10,460,499 |
| | | 11,382,683 | 10,460,499 |
| **Total Cash** | | **$ 92,557,649** | **$ 53,275,022** |

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# Insured Cash By Banking Institution

| Banking Institution | Insured | Uninsured |
|---|---|---|
| Comerica | $ 1,064,757 | $ 27,423,664 |
| First Independence | 85,445,806 | 8,948,683 |
| JP Morgan Chase | 261,780 | 844,800 |
| US Bank | 500,000 | 21,343,182 |
| **Total Cash** | **$ 87,272,343** | **$ 58,560,328** |

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DETROIT Water & Sewerage Department

CITY OF DETROIT

# Appendix:

## Financial Statements

Seven Months Ended January 31, 2018

## City of Detroit Water Fund

### Statement of Net Position

| | June 30, 2017 (Audited) | January 31, 2017 (Unaudited) |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 2,043,278 | $ 5,554,479 |
| Restricted - Cash and investments | 88,025,572 | $ 89,422,826 |
| Accounts receivable - Net of Allowance | 18,021,231 | $ 14,494,312 |
| Due from other funds | 57,344,256 | $ 38,458,252 |
| Inventory | 4,171,425 | $ 4,171,425 |
| Prepaid expenses | 279,533 | $ 279,533 |
| Receivables from Great Lakes Water Authority | 484,425,988 | $ 481,831,303 |
| Capital assets - net | 515,018,766 | $ 508,105,227 |
| Total assets | 1,169,330,049 | 1,142,317,357 |
| **Deferred Outflows of Resources - Pensions** | 16,184,679 | 16,184,679 |

## City of Detroit Water Fund

### Statement of Net Position (Continued)

| | June 30, 2017 (Audited) | January 31, 2017 (Unaudited) |
|---|---|---|
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts and contracts payable | $ 3,990,264 | $ 7,334,812 |
| Due to other funds | 38,268,404 | $ 38,585,362 |
| Due to Great Lakes Water Authority | 32,908,024 | $ (15,006,179) |
| Accrued interest | 1,901,626 | $ 17,265,564 |
| Other liabilities | 17,086,637 | $ 25,791,396 |
| Accrued compensated absences | 1,455,747 | $ 1,455,747 |
| Long-term debt | 552,160,155 | $ 534,364,917 |
| Net pension liability | 50,867,233 | $ 50,867,233 |
| Total liabilities | 698,638,090 | 660,658,852 |
| **Deferred Inflows of Resources -Pensions** | 5,314,746 | 5,315,446 |
| **Net Position** | | |
| Fund Balance - End of year | 481,561,893 | 492,527,737 |
| **Total net position** | **$ 481,561,893** | **$ 492,527,737** |

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## City of Detroit Water Fund

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

| | Seven Months Ended January 31, 2017 | |
|---|---|---|
| | **Accrual Basis** | **Contract Basis** |
| **Operating Revenue** | | |
| Retail sales - Detroit | $ 52,618,425 | $ 52,618,425 |
| Other fees | 1,960,242 | 1,960,242 |
| Other revenue | 1,739,428 | 1,739,428 |
| Total operating revenue | 56,318,095 | 56,318,095 |
| **Operating Expenses** | | |
| Salaries, wages and benefits | 8,932,086 | 8,932,086 |
| Contractual Services | 7,409,848 | 7,409,848 |
| Other operating expense | 3,777,885 | 3,777,885 |
| Damage claims | 662 | 662 |
| Wholesale Charges | 8,826,183 | 8,826,183 |
| Depreciation | 22,102,262 | - |
| Total operating expenses | 51,048,926 | 28,946,664 |
| **Operating Income** | 5,269,169 | 27,371,431 |
| **Nonoperating Revenue (Expenses)** | | |
| Investment income | 184,540 | 184,540 |
| Capital Lease | 9,856,263 | 13,171,408 |
| Capital Outlay/Acquisions | (284,542) | (284,542) |
| Debt Service | (15,363,938) | (22,393,184) |
| Gain (loss) on sale of assets | 19,554 | 19,554 |
| Total nonoperating expenses - Net | (5,588,124) | (9,302,224) |
| **Change in Net Position** | **$ (318,955)** | **$ 18,069,206** |

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## City of Detroit Sewage Disposal Fund

### Statement of Net Position

| | June 30, 2017 (Audited) | January 31, 2017 (Unaudited) |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 21,211,137 | $ 30,837,063 |
| Restricted - Cash and investments | 22,632,710 | 29,164,955 |
| Accounts receivable - Net of Allowance | 71,549,286 | 71,702,638 |
| Due from other funds | 23,122,190 | 36,274,324 |
| Inventory | 1,053,886 | 1,053,886 |
| Prepaid expenses | 169,728 | 169,728 |
| Receivables from Great Lakes Water Authority | 607,272,122 | 604,288,078 |
| Capital assets - net | 486,025,515 | 479,941,930 |
| Total assets | 1,233,036,574 | 1,253,432,602 |
| **Deferred Outflows of Resources - Pensions** | 11,440,084 | 11,440,084 |

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## City of Detroit Sewage Disposal Fund

### Statement of Net Position (Continued)

| | June 30, 2017 (Audited) | January 31, 2017 (Unaudited) |
|---|---|---|
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts and contracts payable | $ 1,532,828 | $ 2,570,365 |
| Due to other funds | 42,178,718 | 88,330,366 |
| Due to Great Lakes Authority | 83,522,446 | 62,274,246 |
| Accrued interest | 3,169,374 | 13,225,631 |
| Other liabilities | 28,186,432 | 29,941,944 |
| Accrued compensated absences | 2,183,621 | 2,183,621 |
| Long-term debt | 416,591,578 | 410,418,781 |
| Net pension liability | 35,306,921 | 35,306,921 |
| Total liabilities | 612,671,918 | 644,251,875 |
| **Deferred Inflows of Resources -Pensions** | 4,062,753 | 4,064,053 |
| **Net Position** | | |
| Fund Balance - End of year | 627,741,988 | 616,556,759 |
| **Total net position** | **$ 627,741,988** | **$ 616,556,759** |

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## City of Detroit Sewage Disposal Fund

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

| | Seven Months Ended January 31, 2017 | |
|---|---|---|
| | **Accrual Basis** | **Contract Basis** |
| **Operating Revenue** | | |
| Retail sales - Detroit | $ 135,235,335 | $ 135,235,335 |
| Other fees | 4,688,816 | 4,688,816 |
| Other revenue | 2,660,447 | 2,660,447 |
| Total operating revenue | 142,584,598 | 142,584,598 |
| **Operating Expenses** | | |
| Salaries, wages and benefits | 26,387,104 | 26,387,104 |
| Contractual Services | 5,616,040 | 5,616,040 |
| Other operating expense | 3,957,281 | 3,957,281 |
| Damage claims | 12,829 | 12,829 |
| Wholesale Charges | 104,398,700 | 104,398,700 |
| Depreciation | 15,000,543 | - |
| Total operating expenses | 155,372,497 | 140,371,954 |
| **Operating Income** | (12,787,899) | 2,212,644 |
| **Nonoperating Revenue (Expenses)** | | |
| Investment earnings | - | - |
| Capital Lease | 12,046,547 | 16,041,667 |
| Capital Outlay/Acquisions | (387,620) | (387,620) |
| Debt Service | (10,056,257) | (17,431,186) |
| Gain (loss) on sale of assets | - | - |
| Total nonoperating expenses - Net | 1,602,670 | (1,777,140) |
| **Change in Net Position** | **$ (11,185,229)** | **$ 435,504** |

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# Thank You

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Water & Sewerage Department

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