



## Financial Services Audit Committee Communication

**Date:** September 21, 2018

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

**From:** Kim Garland, Public Finance Management Professional

**Re:** Trust Receipt & Disbursement Report for *Preliminary* Activity as of July 31, 2018

**Background:** The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department) activities which are further separated by the water system and the sewage disposal system.<sup>1</sup>

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems. This report begins with the operational effective date of the GLWA on January 1, 2016.

**Analysis:** The attached tables summarize activity along three lines: Local System Activity, Regional System Activity, and Combined Activity accompanied by a series of charts that further breakdown this activity by fund, inflows, and outflows. Activity is reported as preliminary until the June 30, 2018 fiscal year is closed.

Water collections for both the local and regional systems remain steady through June and July. Although net July activity for Water reports a slightly negative change, this appears to be a temporary status due to the timing of payments made. The regional Sewer system also reports a negative change this period due to payment timing where there are very few customers and the timing of payments made generates noticeable swings in net activity. Regional Sewer is best reviewed over longer timeframes. Local Sewer activity remains negative but reflects improved collections over the two prior periods. The annual County tax settlement payment will also help improve net activity for the Local Sewer system this first quarter.

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

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<sup>1</sup> The Master Bond Ordinance is online at <http://www.glwater.org/board/organizational-documents/> (see "compiled" documents dated August 10, 2016. A graphic depiction of the MBO Flow of Funds is at <http://www.glwater.org/wp-content/uploads/2015/11/Master-Bond-Ordinance-Flow-of-Funds-Graphic-version10-10-16.pdf>).

Great Lakes Water Authority  
Local System Trust Receipts & Disbursements - Budget to Actual  
January 1, 2016 thru July 31, 2018 (Preliminary)

Month	Retail System Cash Receipts			Lease Consideration - Debt Contribution			Revenue Requirements due to GLWA		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	26,201,881	65,256,734	91,458,615	1,163,500	9,995,800	11,159,300	6,833,500	96,981,750	103,815,250
YE 6/30/2017	114,210,305	285,398,467	399,608,772	-	-	-	15,490,300	188,809,372	204,299,672
YTD 6/30/2018	101,199,051	242,094,523	343,293,574	1,875,000	9,166,668	11,041,668	15,130,596	181,688,604	196,819,200
Jul-18	7,451,963	22,286,950	29,738,913	329,100	405,333	734,433	1,693,842	15,473,708	17,167,550
YTD 6/30/2019	7,451,963	22,286,950	29,738,913	329,100	405,333	734,433	1,693,842	15,473,708	17,167,550
	<b>\$ 249,063,200</b>	<b>\$ 615,036,674</b>	<b>\$ 864,099,874</b>	<b>\$ 3,367,600</b>	<b>\$ 19,567,801</b>	<b>\$ 22,935,401</b>	<b>\$ 39,148,238</b>	<b>\$ 482,953,434</b>	<b>\$ 522,101,672</b>

Month	Local System O&M and MBO Disbursements			Difference (shortfall)/surplus			Budgeted Revenue Requirements (Reference)		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	42,139,552	35,311,350	77,450,902	(21,607,671)	(57,040,566)	(78,648,237)	42,139,900	35,311,100	77,451,000
YE 6/30/2017	76,888,944	69,074,600	145,963,544	21,831,061	27,514,495	49,345,556	74,132,300	72,903,200	147,035,500
YTD 6/30/2018	79,793,857	93,695,891	173,489,748	8,149,597	(24,123,304)	(15,973,706)	78,610,600	82,397,900	161,008,500
Jul-18	6,776,483	8,533,109	15,309,592	(689,262)	(1,314,534)	(2,003,796)	6,776,467	8,533,108	15,309,575
YTD 6/30/2019	6,776,483	8,533,109	15,309,592	(689,262)	(1,314,534)	(2,003,796)	6,776,467	8,533,108	15,309,575
	<b>\$ 205,598,837</b>	<b>\$ 206,614,950</b>	<b>\$ 412,213,786</b>	<b>\$ 7,683,725</b>	<b>\$ (54,963,908)</b>	<b>\$ (47,280,183)</b>	<b>\$ 201,659,267</b>	<b>\$ 199,145,308</b>	<b>\$ 400,804,575</b>

**Report Notes:** This report reflects actual cash receipts received. These values will not tie to revenues reported on the CAFR due to that difference. Actual O&M/MBO Disbursements differ from budget in FY 17 & FY18 to date as a result of the use of lease payments to cover budgeted expenses and adjustments made for actual pension transfers.

Great Lakes Water Authority  
Regional System Trust Receipts & Disbursements - Budget to Actual  
January 1, 2016 thru July 31, 2018 (Preliminary)

Month	Regional System Cash Receipts			Regional System O&M Disbursements			Regional System MBO Disbursements		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	148,460,783	222,315,173	370,775,955	58,846,800	92,551,800	151,398,600	86,181,457	116,923,983	203,105,440
YE 6/30/2017	352,432,097	469,205,155	821,637,251	117,927,700	186,682,800	304,610,500	170,340,472	254,176,813	424,517,285
YTD 6/30/2018	337,488,663	474,946,331	812,434,994	127,621,404	201,888,996	329,510,400	194,219,768	278,389,009	472,608,777
Jul-18	23,964,873	33,415,284	57,380,157	10,897,475	16,995,500	27,892,975	13,585,032	19,948,453	33,533,485
YTD 6/30/2019	23,964,873	33,415,284	57,380,157	10,897,475	16,995,500	27,892,975	13,585,032	19,948,453	33,533,485
	\$ 862,346,415	\$ 1,199,881,942	\$ 2,062,228,358	\$ 315,293,379	\$ 498,119,096	\$ 813,412,475	\$ 464,326,729	\$ 669,438,258	\$ 1,133,764,987

Month	Difference (shortfall)/surplus			Budgeted Revenue Requirements (Reference)		
	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	3,432,526	12,839,390	16,271,915	159,276,000	220,731,000	380,007,000
YE 6/30/2017	64,163,925	28,345,542	92,509,466	331,213,200	471,710,200	802,923,400
YTD 6/30/2018	15,647,491	(5,331,675)	10,315,817	328,119,300	468,310,700	796,430,000
Jul-18	(517,634)	(3,528,669)	(4,046,303)	27,484,217	39,318,058	66,802,275
YTD 6/30/2019	(517,634)	(3,528,669)	(4,046,303)	27,484,217	39,318,058	66,802,275
	\$ 82,726,308	\$ 32,324,588	\$ 115,050,895	\$ 846,092,717	\$ 1,200,069,958	\$ 2,046,162,675

**Report Notes:** This report reflects actual cash receipts received. These values will not tie to revenues reported on the CAFR due to that difference.

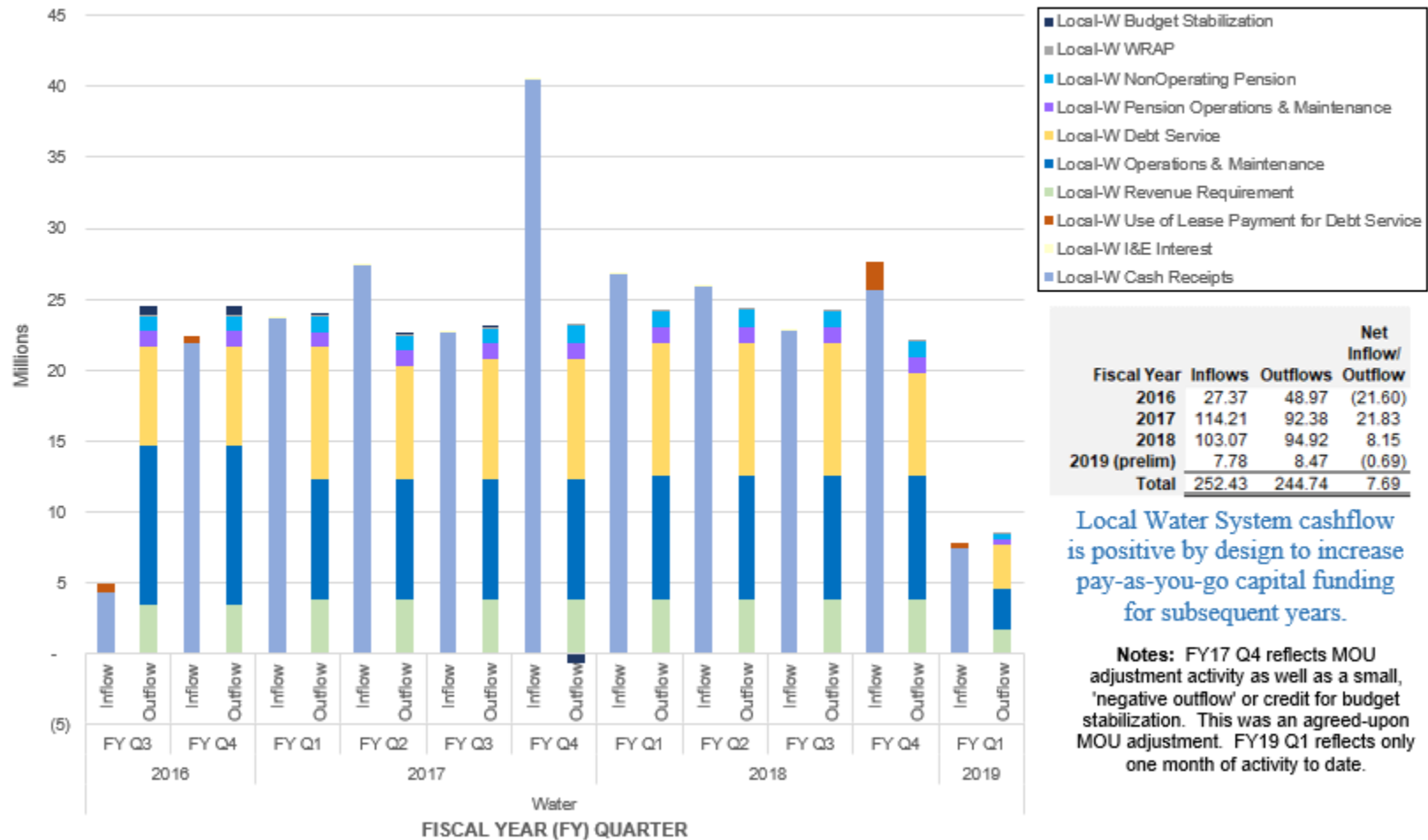
Actual O&M/MBO Disbursements differ from budget in FY 17 & FY18 to date as a result of the use of lease payments to cover budgeted expenses, adjustments made for actual pension transfers and because debt transfers are net of interest earned.

Great Lakes Water Authority  
Combined System Trust Receipts & Disbursements - Budget to Actual  
January 1, 2016 thru July 31, 2018 (Preliminary)

Month	Combined Systems Cash Receipts			Lease Consideration - Debt Contribution			Combined Systems O&M and MBO Disbursements		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	167,829,164	190,590,157	358,419,321	1,163,500	9,995,800	11,159,300	187,167,809	244,787,133	431,954,942
YE 6/30/2017	451,152,102	565,794,250	1,016,946,351	-	-	-	365,157,116	509,934,213	875,091,329
YTD 6/30/2018	423,557,118	535,352,250	958,909,368	1,875,000	9,166,668	11,041,668	401,635,029	573,973,896	975,608,925
Jul-18	29,722,994	40,228,526	69,951,520	329,100	405,333	734,433	31,258,990	45,477,062	76,736,052
YTD 6/30/2019	29,722,994	40,228,526	69,951,520	329,100	405,333	734,433	31,258,990	45,477,062	76,736,052
	<u>\$ 1,072,261,377</u>	<u>\$ 1,331,965,182</u>	<u>\$ 2,404,226,560</u>	<u>\$ 3,367,600</u>	<u>\$ 19,567,801</u>	<u>\$ 22,935,401</u>	<u>\$ 985,218,945</u>	<u>\$ 1,374,172,304</u>	<u>\$ 2,359,391,249</u>

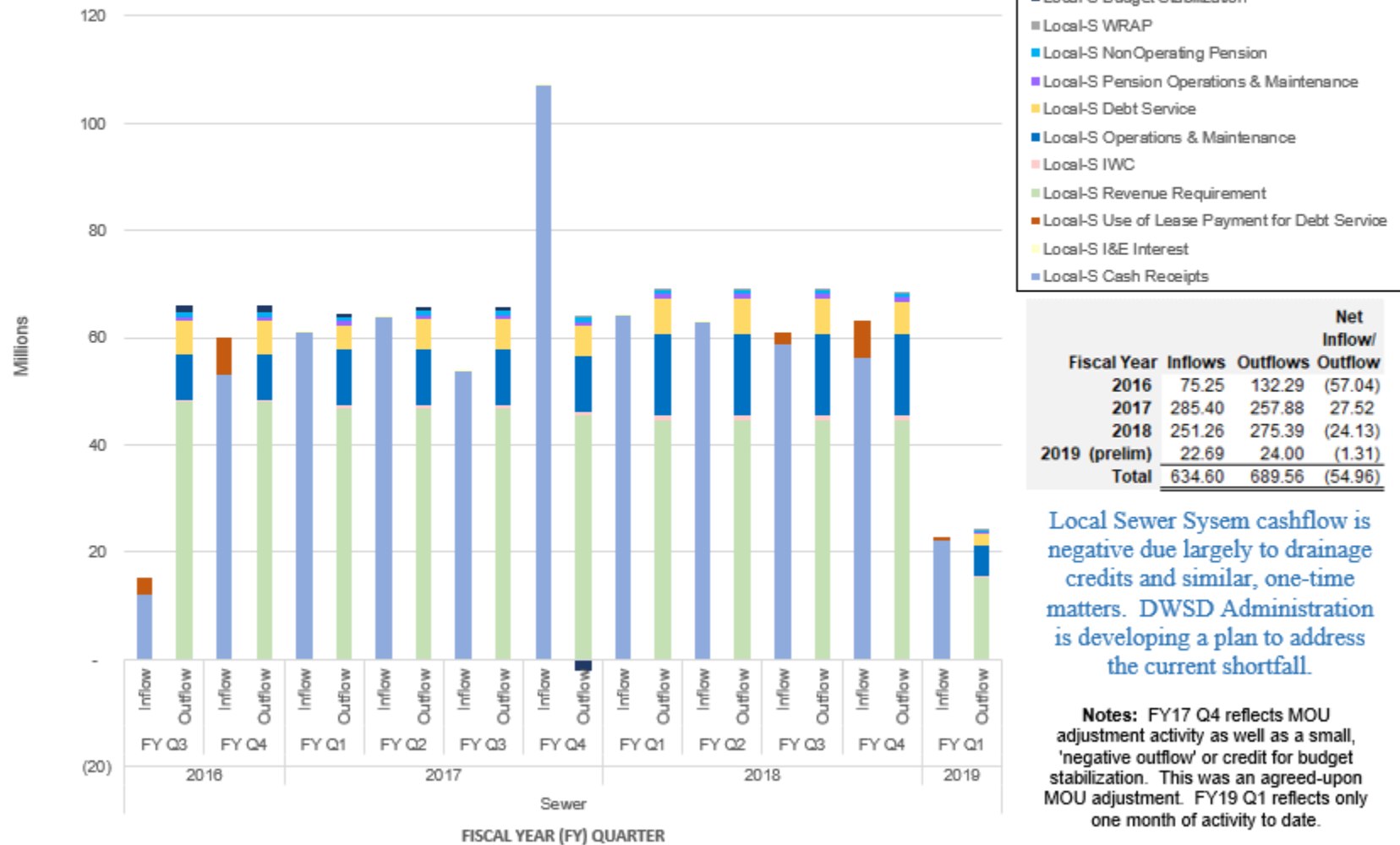
Month	Difference (shortfall)/surplus			Budgeted Revenue Requirements (Reference)		
	Water	Sewer	Total	Water	Sewer	Total
YE 6/30/2016	(18,175,146)	(44,201,176)	(62,376,322)	201,415,900	256,042,100	457,458,000
YE 6/30/2017	85,994,986	55,860,037	141,855,022	405,345,500	544,613,400	949,958,900
YTD 6/30/2018	23,797,089	(29,454,978)	(5,657,889)	406,729,900	550,708,600	957,438,500
Jul-18	(1,206,896)	(4,843,203)	(6,050,099)	34,260,683	47,851,167	82,111,850
YTD 6/30/2019	(1,206,896)	(4,843,203)	(6,050,099)	34,260,683	47,851,167	82,111,850
	<u>\$ 90,410,033</u>	<u>\$ (22,639,321)</u>	<u>\$ 67,770,712</u>	<u>\$ 1,047,751,983</u>	<u>\$ 1,399,215,267</u>	<u>\$ 2,446,967,250</u>

**Local Water System (DWSD)**  
**Master Bond Ordinance Inflows and Outflows**  
**MOU: Memorandum of Understanding between GLWA and DWSD**

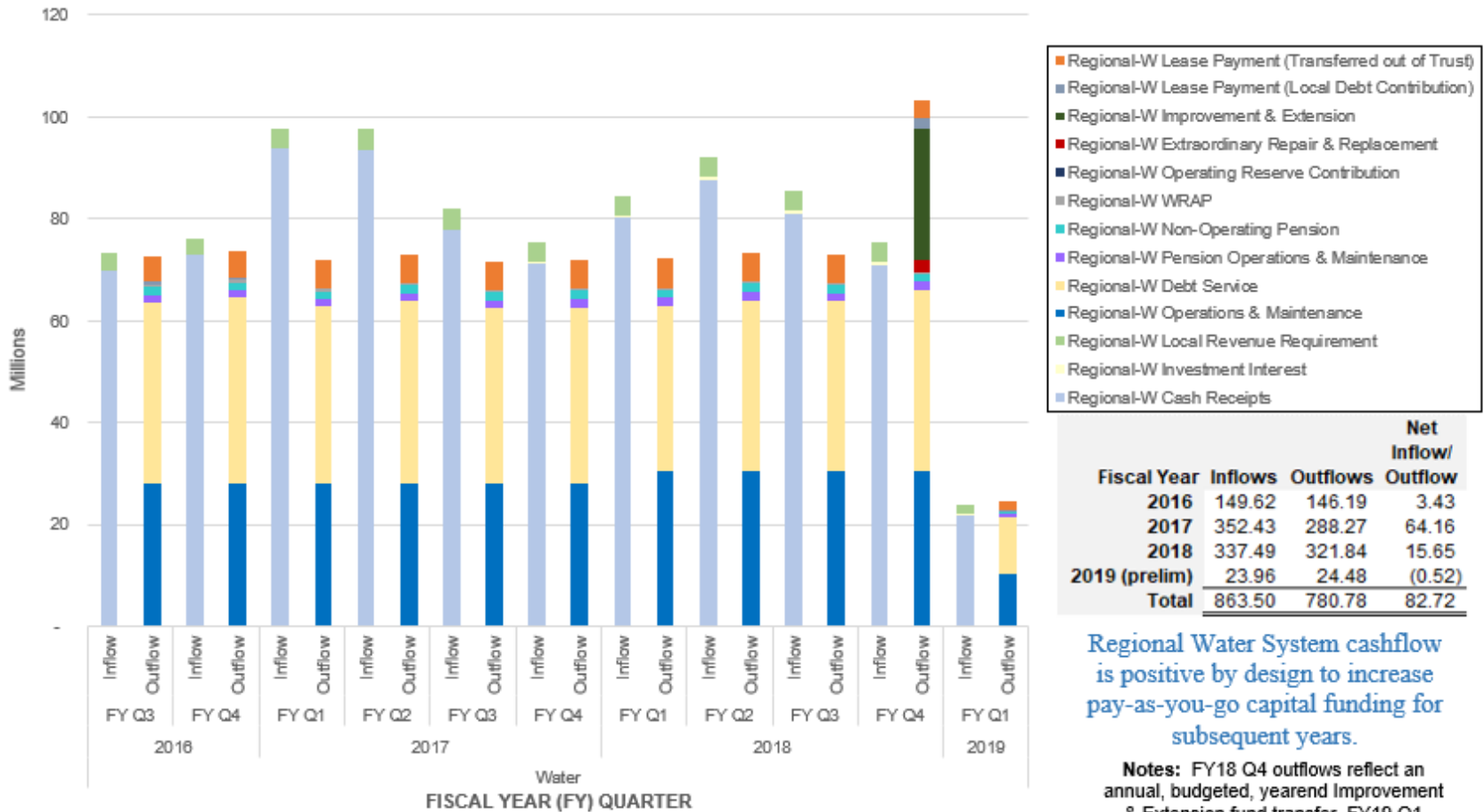


# **Local Sewer System (DWSD)** Master Bond Ordinance Inflows & Outflows

MOU: Memorandum of Understanding between GLWA and DWSD



## Regional Water System Master Bond Ordinance Inflows and Outflows



### Regional Sewer System Master Bond Ordinance Inflows & Outflows

