

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.¹

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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¹ 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)

Retail System Cash Receipts			Lease Consid	leration - Debt Con	tribution	Revenue Requirements due to GLWA			
Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
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	
114,210,305	285,398,467	399,608,772	-		-	15,490,300	188,809,372	204,299,672	
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	
7,451,963	22,286,950	29,738,913	329,100	405,333	734,433	1,693,842	15,473,708	17,167,550	
7,451,963	22,286,950	29,738,913	329,100	405,333	734,433	1,693,842	15,473,708	17,167,550	
\$ 249,063,200	\$ 615,036,674	\$ 864,099,874	\$ 3,367,600 \$	19,567,801 \$	22,935,401	\$ 39,148,238	\$ 482,953,434	\$ 522,101,672	
\$ 243,003,200	\$ 015,050,074	V 001/033/014	\$ 5,557,000 \$	13,307,001	22,333,401	\$ 53,140,230	V 102/333/101	V 322,101,07	
_	Water 26,201,881 114,210,305 101,199,051 7,451,963 7,451,963	Water Sewer 26,201,881 65,256,734 114,210,305 285,398,467 101,199,051 242,094,523 7,451,963 22,286,950 7,451,963 22,286,950	Water Sewer Total 26,201,881 65,256,734 91,458,615 114,210,305 285,398,467 399,608,772 101,199,051 242,094,523 343,293,574 7,451,963 22,286,950 29,738,913 7,451,963 22,286,950 29,738,913	Water Sewer Total Water 26,201,881 65,256,734 91,458,615 1,163,500 114,210,305 285,398,467 399,608,772 - 101,199,051 242,094,523 343,293,574 1,875,000 7,451,963 22,286,950 29,738,913 329,100 7,451,963 22,286,950 29,738,913 329,100	Water Sewer Total Water Sewer 26,201,881 65,256,734 91,458,615 1,163,500 9,995,800 114,210,305 285,398,467 399,608,772 - - 101,199,051 242,094,523 343,293,574 1,875,000 9,166,668 7,451,963 22,286,950 29,738,913 329,100 405,333 7,451,963 22,286,950 29,738,913 329,100 405,333	Water Sewer Total Water Sewer Total 26,201,881 65,256,734 91,458,615 1,163,500 9,995,800 11,159,300 114,210,305 285,398,467 399,608,772 - - - 101,199,051 242,094,523 343,293,574 1,875,000 9,166,668 11,041,668 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433	Water Sewer Total Water Sewer Total Water 26,201,881 65,256,734 91,458,615 1,163,500 9,995,800 11,159,300 6,833,500 114,210,305 285,398,467 399,608,772 - - 15,490,300 101,199,051 242,094,523 343,293,574 1,875,000 9,166,668 11,041,668 15,130,596 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433 1,693,842 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433 1,693,842	Water Sewer Total Water Sewer Total Water Sewer 26,201,881 65,256,734 91,458,615 1,163,500 9,995,800 11,159,300 6,833,500 96,981,750 114,210,305 285,398,467 399,608,772 - - 15,490,300 188,809,372 101,199,051 242,094,523 343,293,574 1,875,000 9,166,668 11,041,668 15,130,596 181,688,604 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433 1,693,842 15,473,708 7,451,963 22,286,950 29,738,913 329,100 405,333 734,433 1,693,842 15,473,708	

										I	Budgeted Reve	nue Requirement	s (Reference)
Month	Local System O&M and MBO Disbursements				Difference (shortfall)/surplus				Local System O&M and MBO Requirements				
	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	٠,	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
	\$ 205,598,837	\$ 206,614,950	\$ 412,213,786	\$	7,683,725	\$	(54,963,908)	\$	(47,280,183)	\$	201,659,267	\$ 199,145,308	\$ 400,804,575

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	Regio	nal System Cash Rece	ipts	Regional S	ystem O&M Disbu	rsements	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	

				Budgeted Revenue Requirements (Reference			its (Reference)		
Month	Differen	nce (shortfall)/su	urplus		Regional System O&M and MBO Requirements				
	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.

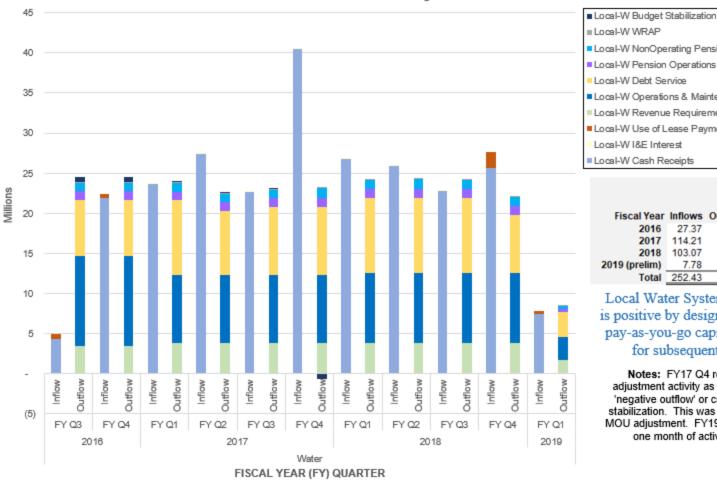
Great Lakes Water Authority Combined System Trust Receipts & Disbursements - Budget to Actual January 1, 2016 thru July 31, 2018 (Preliminary)

Month	Combin	Lease Consideration - Debt Contribution					ution	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
										_			
	\$ 1,072,261,377	\$ 1,331,965,182	\$ 2,404,226,560	\$	3,367,600	\$	19,567,801	\$	22,935,401	\$	985,218,945	\$ 1,374,172,304	\$ 2,359,391,249

_	\$ 2,404,220,300	-	3,307,000	-	13,307,001 3	22,333,401	_	303,210,343	\$ 1,574,172,504	-	2,333,331,243
								Budgeted Rev	venue Requirement	s (R	eference)
	Month		Differe	nce	(shortfall)/surp	lus		Combined Syst	ems O&M and MBO) Re	quirements
			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
		\$	90,410,033	\$	(22,639,321) \$	67,770,712	\$	1,047,751,983	\$ 1,399,215,267	\$	2,446,967,250

Local Water System (DWSD) Master Bond Ordinance Inflows and Outflows

MOU: Memorandum of Understanding between GLWA and DWSD



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I Local-W WRAP	

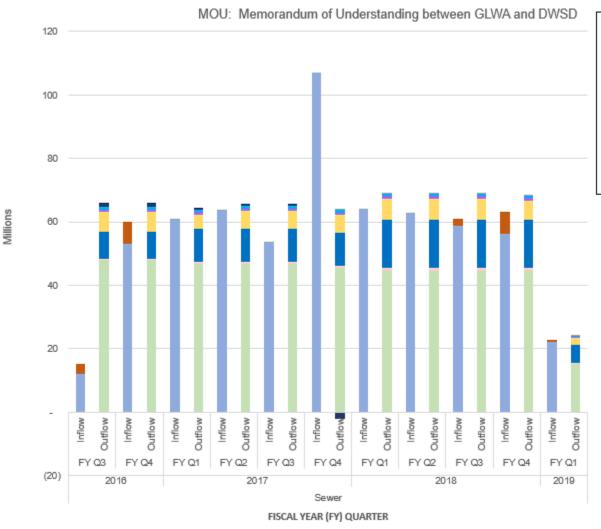
- Local-W NonOperating Pension
- Local-W Pension Operations & Maintenance
- Local-W Debt Service
- Local-W Operations & Maintenance
- Local-W Revenue Requirement
- Local-W Use of Lease Payment for Debt Service
- Local-W I&E Interest
- Local-W Cash Receipts

Fiscal Year	Inflows	Outflows	Net Inflow/ Outflow
2016	27.37	48.97	(21.60)
2017	114.21	92.38	21.83
2018	103.07	94.92	8.15
2019 (prelim)	7.78	8.47	(0.69)
Total	252.43	244.74	7.69

Local Water System cashflow is positive by design to increase pay-as-you-go capital funding for subsequent years.

Notes: FY17 Q4 reflects MOU adjustment activity as well as a small, 'negative outflow' or credit for budget stabilization. This was an agreed-upon MOU adjustment. FY19 Q1 reflects only one month of activity to date.

<u>Local Sewer</u> System (DWSD) Master Bond Ordinance Inflows & Outflows



■ Local-S Budget Stabilization

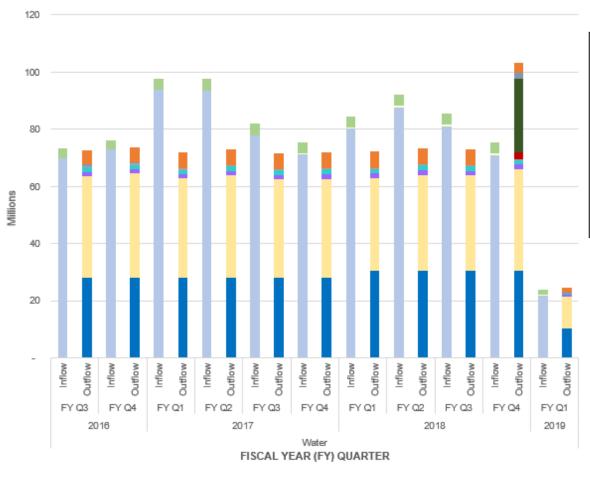
- Local-S WRAP
- Local-S NonOperating Pension
- Local-S Pension Operations & Maintenance
- Local-S Debt Service
- Local-S Operations & Maintenance
- Local-S IWC
- Local-S Revenue Requirement
- Local-S Use of Lease Payment for Debt Service
- Local-S I&E Interest
- Local-S Cash Receipts

			Net
			Inflow/
Fiscal Year	Inflows	Outflows	Outflow
2016	75.25	132.29	(57.04)
2017	285.40	257.88	27.52
2018	251.26	275.39	(24.13)
2019 (prelim)	22.69	24.00	(1.31)
Total	634.60	689.56	(54.96)

Local Sewer Sysem cashflow is negative due largely to drainage credits and similar, one-time matters. DWSD Administration is developing a plan to address the current shortfall.

Notes: FY17 Q4 reflects MOU adjustment activity as well as a small, 'negative outflow' or credit for budget stabilization. This was an agreed-upon MOU adjustment. FY19 Q1 reflects only one month of activity to date.

Regional Water System Master Bond Ordinance Inflows and Outflows



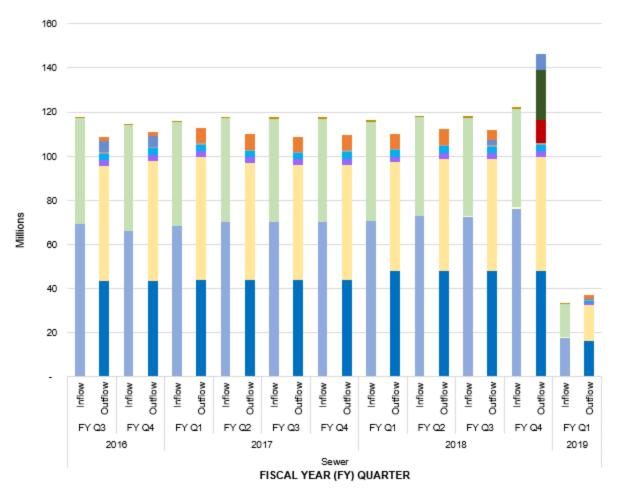
- Regional-W Lease Payment (Transferred out of Trust)
- Regional-W Lease Payment (Local Debt Contribution)
- Regional-W Improvement & Extension
- Regional-W Extraordinary Repair & Replacement
- Regional-W Operating Reserve Contribution
- Regional-W WRAP
- Regional-W Non-Operating Pension
- Regional-W Pension Operations & Maintenance
- Regional-W Debt Service
- Regional-W Operations & Maintenance
- Regional-W Local Revenue Requirement
- Regional-W Investment Interest
- Regional-W Cash Receipts

			Net
			Inflow/
Fiscal Year	Inflows	Outflows	Outflow
2016	149.62	146.19	3.43
2017	352.43	288.27	64.16
2018	337.49	321.84	15.65
2019 (prelim)	23.96	24.48	(0.52)
Total	863.50	780.78	82.72

Regional Water System cashflow is positive by design to increase pay-as-you-go capital funding for subsequent years.

Notes: FY18 Q4 outflows reflect an annual, budgeted, yearend Improvement & Extension fund transfer. FY19 Q1 reflects only one month of activity to date.

Regional Sewer System Master Bond Ordinance Inflows & Outflows



- Regional-S Lease Payment (Transferred out of Trust)
 Regional-S Lease Payment (Local Debt Contribution)
- ■Regional-S Improvement & Extension
- ■Regional-S Extraordinary Repair & Replacement
- Regional-S Operating Reserve Contribution
- ■Regional-S WRAP
- Regional-S Non-Operating Pension
- Regional-S Pension Operations & Maintenance
- Regional-S Debt Service
- Regional-S Operations & Maintenance
- Regional-S Local System IWC
- Regional-S Local Revenue Requirement
- Regional-S Investment Interest
- Regional-S Cash Receipts

Fiscal Year	Inflows	Outflows	Net Inflow/ Outflow
2016	232.32	219.48	12.84
2017	469.21	440.86	28.35
2018	474.94	480.28	(5.34)
2019 (prelim)	33.41	36.94	(3.53)
Total	1,209.88	1,177.56	32.32

Regional Sewer System cashflow is positive by design to increase pay-as-you-go capital funding for subsequent years.

Notes: FY18 Q4 outflows reflect an annual, budgeted, yearend Improvement & Extension fund transfer. FY19 Q1 reflects only one month of activity to date.