GLWA

*Great Lakes Water Authority*

# Monthly Financial Report Binder

## September 2024

**Presented to the**
**Great Lakes Water Authority**
**Audit Committee on February 17, 2025**

The Executive Summary Dashboard (pages 1-2) and Budget to Actual Analysis (pages 3-8) sections of this report were revised as of 3/12/2025.

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Financial Report
Executive Summary Dashboard
for the Month Ended September 30, 2024

This section revised as of 3/12/2025

## Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall by year-end as follows: No Risk (green) - Potential (yellow) - Likely (red)

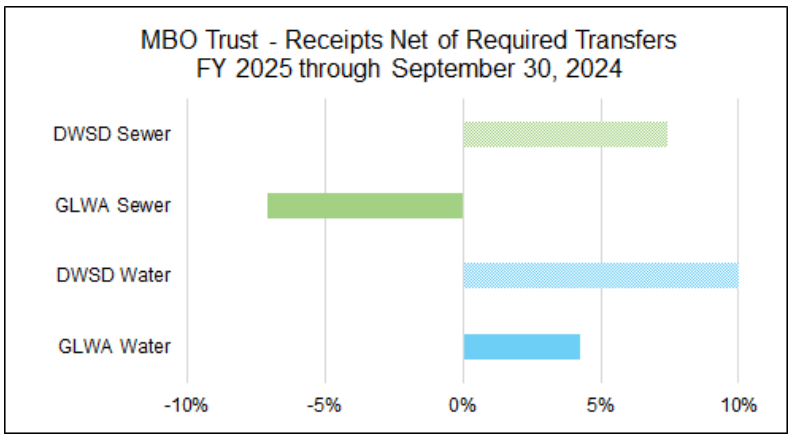
Variances are monitored by the Great Lakes Water Authority (GLWA) management and operating and/or budget priorities are re-evaluated where appropriate. Staff reviews the need for budget amendments quarterly and requests necessary amendments when required based on the most current information available.

For the current year, water and sewer operations and maintenance, capital spend, and investment earnings reflect variances to budget outside the normal range. GLWA staff will monitor water and sewer operations and maintenance to determine if budget amendments will be necessary. Capital spend variances reflect evolving changes in timing that the Capital Improvement Planning group continues to monitor and review. FY 2025 investment earnings are in line with FY 2024 earnings, though expectations are for lower interest income in FY 2025 mainly due to the Federal Reserve moving monetary policy to a more neutral level.

| As of September 30, 2024 | | | | | |
|---|---|---|---|---|---|
| Metric | FY 2025 Budget | FY 2025 Amended Budget | FY 2025 Actual | Variance from Financial Plan | Report Page Reference |
| Wholesale Water Billed Revenue ($M) | $97.8 | $97.8 | $96.5 | -1% | 41 |
| Wholesale Water Billed Usage (mcf) | 4,102,000 | 4,102,000 | 3,960,000 | -3% | |
| Wholesale Sewer Billed Revenue ($M) | $71.7 | $71.7 | $71.7 | 0% | 43 |
| Wholesale Water Operations & Maintenance ($M) | $42.4 | $42.4 | $39.6 | -7% | 5 |
| Wholesale Sewer Operations & Maintenance ($M) | $57.2 | $57.2 | $62.1 | 9% | |
| Investment Income ($M) | $5.6 | $5.6 | $13.9 | 150% | 30 |
| Water Prorated Capital Spend w/SRA* ($M) | $52.5 | $52.5 | $40.8 | -22% | 21 |
| Sewer Prorated Capital Spend w/SRA* ($M) | $42.5 | $42.5 | $33.0 | -22% | 22 |

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

## Master Bond Ordinance (MBO) Trust Net Receipts (page 45)




Net cash flow receipts remain positive for GLWA Sewer. This means that all legal commitments of the MBO Trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). GLWA Sewer reports a shortfall of $8.1 million. The Sewer shortfall results from $15 million Highland Park credits applied to member partners in July 2024. DWSD Water reports a surplus of $3.4 million and DWSD Sewer reports a surplus of $6.0 million of net receipts over disbursements through September 2024.

## Budget to Actual Analysis (page 3)

- The total Revenue Requirements are on target through September 2024.
- The total overall Operations & Maintenance expenses are at 25.5% of budget through September 2024 which is above the pro-rata benchmark of 25.0%. This negative variance equates to a dollar amount of $2.1 million.

## Basic Financial Statements (page 9)

- The Basic Financial Statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for September 2024 is $38.5 million for the Water fund (37.5% of total revenues) and $29.0 million for the Sewer fund (22.8% of total revenues).
- Water Net Position increased by $23.3 million, and Sewage Disposal Net Position increased by $10.4 million for the year to date through September 2024.

## Capital Improvement Plan Financial Summary (page 20)

- Water system costs incurred to date are below the 100% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are below the 100% Capital Spend Ratio assumption.

## Master Bond Ordinance Transfers (page 23)

- For September, transfers of $14.7 million and $19.9 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for September, transfers of $5.8 million and $7.2 million were completed for the DWSD Water and Sewer funds, respectively.

## Cash Balances & Investment Income (page 30)

- Total cash & investments are $527 million for Water and $644 million in the Sewer fund.
- Total, combined, cumulative, FY 2025 investment income through July is $13.9 million.

## DWSD Retail Revenues, Receivables & Collections (page 34)

- Water usage through September 30, 2024 is 94.16% and revenues are 93.11% of budget.
- Sewer usage through September 30, 2024 is 90.68% and revenues are 92.55% of budget.
- Combined accounts receivable balances for the water and sewer funds report an increase of $40.9 million over the prior year.
- Past dues over 180 days make up of 68.7% the total accounts receivable balance. The current bad debt allowance covers 93.2% of past dues over 60 days.

## GLWA Wholesale Billing, Receivables & Collections (page 40)

- GLWA accounts receivable past due balance net of Dearborn is 2.32% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance in dispute.
- Average wholesale water collections for the period of October 2023 through September 2024 are trending below the prior year.
- Average wholesale sewer collections for the period of October 2023 through September 2024 are below the prior year.

**Questions?** Contact the Office of the Chief Financial Officer at CFO@glwater.org.

This section revised as of 3/12/2025

The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

## Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

***Table 1A – Water Revenue Requirements Budget*** and ***Table 1B – Sewer Revenue Requirements Budget*** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. Since this report is for September 2024 the pro-rata benchmark is 25.0% (3 of 12 months of the fiscal year).

Items noted below are highlighted in gold on Tables 1A (Water) and 1B (Sewer).

1. ***Revenues***: For *both* systems, total revenues for FY 2025 are above the pro-rata benchmark; the *water* system is at 27.4% while the *sewer* system is at 25.5%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.

   Water revenues presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the Flint Water Agreement. Through September 30, 2024, these payments total $1.4 million for FY 2025.

2. ***Investment Earnings:*** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2025 at 42.4%. The *sewer* system is also above the pro-rata benchmark for FY 2025 at 46.3%. FY 2025 investment earnings are in line with FY 2024 earnings, though expectations are for lower interest income in FY 2025 mainly due to the Federal Reserve moving monetary policy to a more neutral level. Detailed analysis of investment earnings activity to date can be found in the *Cash & Investment Income* section of this financial report binder.
3. ***Other Revenues:*** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems actual amount will vary from budget due to the nature of the items recorded in this category.
4. ***Operations & Maintenance Expense:*** Actual expenses[1] for the *water* system are below the pro-rata benchmark for FY 2025 at 23.3% while the *sewer* system O&M is above the pro-rata benchmark for FY 2025 at 27.1%.
5. ***Debt Service:*** For FY 2025, both systems are above the pro-rata benchmark for debt service; the *water* system is at 25.5% while the *sewer* system is at 25.6%. The activity is based on the payment schedules adjusted for the State Revolving Fund loans that are still being drawn down.
6. ***Operating Reserve Deposit:*** GLWA has established a target balance in the O&M Fund of 45 days of operating expense which works in tandem with the I&E Funds to provide liquidity to the utility.
7. ***DWSD Budget Shortfall Pending:*** To the extent that the local (DWSD) system experiences budgetary shortfalls as defined by the Water & Sewer Services Agreement, the GLWA budget is impacted.[2] Steps to proactively detect, and ideally prevent, this shortfall scenario were put into place with the 2018 Memorandum of Understanding (dated June 27, 2018). For FY 2025, neither the DWSD *water* system nor the DWSD *sewer* system have a budgetary shortfall through September 30, 2024. GLWA and DWSD staff meet regularly to discuss steps to mitigate shortfalls, when they occur, as outlined in the 2018 MOU.
8. ***Improvement & Extension (I&E) Fund Transfer Pending:*** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
9. ***Other Revenue Requirements:*** The remaining revenue requirements for *both* systems are funded on a 1/12$^{th}$ basis each month in accordance with the Master Bond Ordinance.
10. ***Overall:*** Total revenue requirements for the water system is below the pro-rata benchmark at 24.1%. Total revenue requirements for the sewer system is above the pro-rata benchmark at 26.1%.

[1]The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M "expense" would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account.

[2] As a reminder, the monthly O&M transfer for MBO purposes is at 1/12 of the budget to a DWSD O&M bank account outside the trust. Actual budget may be less than that amount providing an actual positive variance for DWSD.

## Table 1A – *Water* Revenue Requirements Budget (year-over-year) – ($000)

| Water System | FY 2024 Amended Budget | FY 2024 Activity Thru 9/30/2023 | Percent Year-to-Date at 6/30/2024 | FY 2025 Board Adopted Budget | FY 2025 Amended Budget | FY 2025 Activity Thru 9/30/2024 | Percent Year-to-Date at 9/30/2024 |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Wholesale Charges | $ 328,203 | $ 91,033 | 27.7% | $ 347,758 | $ 347,758 | $ 94,396 | 27.1% |
| Local System Charges | 25,537 | 6,384 | 25.0% | 27,095 | 27,095 | 6,774 | 25.0% |
| Investment Earnings | 18,051 | 3,613 | 20.0% | 9,874 | 9,874 | 4,183 | 42.4% |
| Other Revenues | 943 | 239 | 25.4% | 400 | 400 | 54 | 13.6% |
| **Total Revenues** | $ 372,734 | $ 101,269 | 27.2% | $ 385,127 | $ 385,127 | $ 105,407 | 27.4% |
| **Revenue Requirements** | | | | | | | |
| Operations & Maintenance Expense | $ 168,873 | $ 40,205 | 23.8% | $ 169,625 | $ 169,625 | $ 39,571 | 23.3% |
| Debt Service | 162,236 | 39,871 | 24.6% | 175,301 | 175,301 | 44,776 | 25.5% |
| General Retirement System Pension | 1,506 | 849 | 56.4% | 2,283 | 2,283 | 571 | 25.0% |
| Water Residential Assistance Program Contribution | 1,852 | 463 | 25.0% | 1,948 | 1,948 | 487 | 25.0% |
| Regional System Lease | 22,500 | 5,625 | 25.0% | 22,500 | 22,500 | 5,625 | 25.0% |
| Receiving Fund Working Capital Requirement | - | - | 0.0% | 6,200 | 6,200 | - | 0.0% |
| Operating Reserve Deposit | - | - | 0.0% | - | - | - | 0.0% |
| DWSD Budget Shortfall Pending | - | - | 0.0% | - | - | - | 0.0% |
| Improvement & Extension Fund Transfer Pending | 15,768 | 7,545 | 47.8% | 7,270 | 7,270 | 1,818 | 25.0% |
| **Total Revenue Requirements** | $ 372,734 | $ 94,557 | 25.4% | $ 385,127 | $ 385,127 | $ 92,848 | 24.1% |
| **Net Difference** | | $ 6,712 | | | | $ 12,559 | |
| *Recap of Net Positive Variance* | | | | | | | |
| *Revenue Variance* | | $ 8,086 | | | | $ 9,125 | |
| *Revenue Requirement Variance* | | (1,374) | | | | 3,434 | |
| *Overall Variance* | | $ 6,712 | | | | $ 12,559 | |

## *Table 1B – Sewer* Revenue Requirements Budget (year-over-year) – ($000)

| Sewer System | FY 2024 Amended Budget | FY 2024 Activity Thru 9/30/2023 | Percent Year-to-Date at 6/30/2024 | FY 2025 Board Adopted Budget | FY 2025 Amended Budget | FY 2025 Activity Thru 9/30/2024 | Percent Year-to-Date at 9/30/2024 |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Wholesale Charges | $ 267,879 | $ 69,854 | 26.1% | $ 287,518 | $ 287,518 | $ 72,089 | 25.1% |
| Local System Charges | 196,570 | 49,142 | 25.0% | 205,925 | 205,925 | 51,481 | 25.0% |
| Industrial Waste Control Charges | 8,560 | 2,153 | 25.2% | 8,719 | 8,719 | 2,218 | 25.4% |
| Pollutant Surcharges | 5,328 | 1,142 | 21.4% | 5,434 | 5,434 | 1,055 | 19.4% |
| Investment Earnings | 22,882 | 4,949 | 21.6% | 12,356 | 12,356 | 5,716 | 46.3% |
| Other Revenues | 1,130 | 413 | 36.5% | 700 | 700 | 111 | 15.8% |
| **Total Revenues** | $ 502,349 | $ 127,654 | 25.4% | $ 520,652 | $ 520,652 | $ 132,670 | 25.5% |
| **Revenue Requirements** | | | | | | | |
| Operations & Maintenance Expense | $ 224,874 | $ 51,333 | 22.8% | $ 228,934 | $ 228,934 | $ 62,124 | 27.1% |
| Debt Service | 230,976 | 57,082 | 24.7% | 226,279 | 226,279 | 57,919 | 25.6% |
| General Retirement System Pension | 3,097 | 1,620 | 52.3% | 4,846 | 4,846 | 1,212 | 25.0% |
| Water Residential Assistance Program Contribution | 2,503 | 626 | 25.0% | 2,652 | 2,652 | 663 | 25.0% |
| Regional System Lease | 27,500 | 6,875 | 25.0% | 27,500 | 27,500 | 6,875 | 25.0% |
| Receiving Fund Working Capital Requirement | - | - | 0.0% | 2,300 | 2,300 | - | 0.0% |
| Operating Reserve Deposit | - | - | 0.0% | - | - | - | 0.0% |
| DWSD Budget Shortfall Pending | - | - | 0.0% | - | - | - | 0.0% |
| Improvement & Extension Fund Transfer Pending | 13,400 | 7,543 | 56.3% | 28,141 | 28,141 | 7,035 | 25.0% |
| **Total Revenue Requirements** | $ 502,349 | $ 125,078 | 24.9% | $ 520,652 | $ 520,652 | $ 135,828 | 26.1% |
| **Net Difference** | | $ 2,575 | | | | $ (3,158) | |
| *Recap of Net Positive Variance* | | | | | | | |
| *Revenue Variance* | | $ 2,067 | | | | $ 2,507 | |
| *Revenue Requirement Variance* | | 509 | | | | (5,665) | |
| *Overall Variance* | | $ 2,575 | | | | $ (3,158) | |

# Operations & Maintenance Budget – Major Budget Categories

The year-over-year benchmark ratio as of September 30, 2024, is 25.0% (three months). When comparing FY 2025 to FY 2024 in ***Table 2 – Operations & Maintenance Budget – Major Budget Categories***, the overall spending is higher in FY 2025.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown in the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

***Table 2 – Operations & Maintenance Budget – Major Budget Categories* – ($000)**

| Service Area | FY 2024 Amended Budget | FY 2024 Activity Thru 9/30/2023 | Percent Year-to-Date at 9/30/2023 | FY 2025 Board Adopted Budget | FY 2025 Amended Budget | FY 2025 Activity Thru 9/30/2024 | Percent Year-to-Date at 9/30/2024 |
|---|---|---|---|---|---|---|---|
| A Water System Operations | $ 90,810 | $ 22,365 | 24.6% | $ 94,670 | $ 94,670 | $ 25,377 | 26.8% |
| B Wastewater System Operations | 146,722 | 34,956 | 23.8% | 147,245 | 147,245 | 37,953 | 25.8% |
| C Centralized Services | 117,468 | 26,111 | 22.2% | 116,980 | 116,980 | 29,949 | 25.6% |
| D Administrative & Other Services | 38,747 | 8,107 | 20.9% | 39,664 | 39,664 | 8,872 | 22.4% |
| Employee Benefits | - | - | 0.0% | - | - | (456) | 0.0% |
| **Total O&M Budget** | $ 393,747 | $ 91,538 | 23.2% | $ 398,559 | $ 398,559 | $ 101,695 | 25.5% |

*Totals may be off due to rounding*

# Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of ***Table 3 – Operations & Maintenance Expense Variance Analysis*** is to evaluate whether the actual spend rate within a natural cost category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities.

***Total***: In total, the overall O&M expenses are at 25.5% which is slightly above the pro-rata benchmark of 25.0%. This negative variance equates to a dollar amount of $2.1 million. The expense category commentary is provided below for items highlighted on Table 3.

***Personnel Costs:*** The overall category is slightly above the pro-rata benchmark; coming in at 25.9% through September 2024.

***Utilities:*** The overall category is in-line with the pro-rata benchmark; coming in at 25.0% through September 2024. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is above the pro-rata benchmark, coming in at 28.2% It should be noted that variances are not unexpected as usage varies throughout the year. The first three months of GLWA's fiscal year (July, August, and September) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** is coming in at 22.1% which is below than the benchmark of 25.0%. This category is under review.
- **Sewage service** is lower than the benchmark, coming in at 10.7%. This category is under review.
- **Water service** is lower than the benchmark, coming in at 16.7%. This category is under review.

***Chemicals:*** This category is higher than the benchmark; coming in at 26.4% through September 2024. The FY 2025 budget is being closely monitored to account for rising chemical costs.

***Supplies & Other:*** This category is slightly higher than the pro-rata benchmark; coming in at 25.7% through September 2024. Given that the nature of the items in this category are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

***Contractual Services:*** The overall category is higher than the pro-rata benchmark; coming in at 27.3% through September 2024. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed from that in which they were budgeted.

***Capital Program Allocation:*** This category is lower than the benchmark; coming in at 13.0% through September 2024. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs section of the Operations & Maintenance (O&M) budget.

***Shared Services:*** This category is lower than the benchmark; coming in at 24.1% through September 2024. The shared services reimbursement is comprised of both labor (tracked via BigTime) and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2025. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years.

## *Table 3 –Operations & Maintenance Expense Variance Analysis – ($000)*

| Expense Categories Entity-wide | FY 2024 AMENDED BUDGET | FY 2024 ACTIVITY THRU 9/30/2023 | Percent Year-to-Date at 9/30/2023 | FY 2023 ACTIVITY THRU 6/30/2024 | Percent Year-to-Date at 6/30/2024 | FY 2025 AMENDED BUDGET | FY 2025 PRORATED AMENDED BUDGET (3 MONTHS) | FY 2025 ACTIVITY THRU 9/30/2024 | Percent Year-to-Date 9/30/2024 | FY 2025 Prorated Amended Budget Less FY 2025 Activity |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries & Wages | $ 77,415 | $ 17,477 | 22.6% | $ 77,595 | 22.5% | $ 81,644 | $ 20,411 | $ 18,391 | 22.5% | $ 2,020 |
| Workforce Development | 1,820 | 492 | 27.0% | 1,949 | 25.2% | 2,105 | 526 | 638 | 30.3% | (112) |
| Overtime | 8,672 | 2,266 | 26.1% | 9,171 | 24.7% | 8,074 | 2,019 | 6,072 | 75.2% | (4,053) |
| Employee Benefits | 27,869 | 6,621 | 23.8% | 27,491 | 24.1% | 30,347 | 7,587 | 7,090 | 23.4% | 497 |
| Transition Services | 9,877 | 2,722 | 27.6% | 9,249 | 29.4% | 8,198 | 2,050 | 2,024 | 24.7% | 26 |
| Employee Benefits Fund | - | - | 0.0% | - | 0.0% | - | - | (456) | 0.0% | 456 |
| *Personnel Costs* | *125,653* | *29,578* | 23.5% | *125,455* | 23.6% | *130,368* | *32,592* | *33,759* | 25.9% | *(1,167)* |
| Electric | 50,716 | 13,708 | 27.0% | 49,805 | 27.5% | 49,021 | 12,255 | 13,831 | 28.2% | (1,576) |
| Gas | 7,767 | 1,240 | 16.0% | 7,211 | 17.2% | 7,000 | 1,750 | 1,548 | 22.1% | 202 |
| Sewage Service | 2,538 | 695 | 27.4% | 2,336 | 29.8% | 2,980 | 745 | 318 | 10.7% | 427 |
| Water Service | 12,803 | 3,047 | 23.8% | 12,586 | 24.2% | 11,602 | 2,900 | 1,940 | 16.7% | 961 |
| *Utilities* | *73,823* | *18,690* | 25.3% | *71,939* | 26.0% | *70,603* | *17,651* | *17,636* | 25.0% | *14* |
| Chemicals | 32,824 | 7,826 | 23.8% | 31,075 | 25.2% | 34,835 | 8,709 | 9,195 | 26.4% | (486) |
| Supplies & Other | 45,364 | 8,916 | 19.7% | 43,604 | 20.4% | 43,539 | 10,885 | 11,184 | 25.7% | (299) |
| Contractual Services | 120,914 | 27,453 | 22.7% | 116,766 | 23.5% | 113,871 | 28,468 | 31,069 | 27.3% | (2,601) |
| Capital Program Allocation | (2,624) | (523) | 19.9% | (2,847) | 18.4% | (4,582) | (1,145) | (598) | 13.0% | (548) |
| Shared Services | (2,207) | (402) | 18.2% | (2,281) | 17.6% | (2,280) | (570) | (550) | 24.1% | (19) |
| Unallocated Reserve | - | - | 0.0% | - | 0.0% | 12,205 | 3,051 | - | 0.0% | 3,051 |
| Total Expenses | $ 393,747 | $ 91,538 | 23.2% | $ 383,711 | 23.9% | $ 398,559 | $ 99,640 | $ 101,695 | 25.5% | $ (2,055) |

*Totals may be off due to rounding*

The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses -All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund, and Capital Asset Fund*.

The June 2024 comparative amounts shown in the tables below are presented based on final audited figures.

## Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

***Table 1 – Statement of Net Position - All Funds Combined***
***As of September 30, 2024***
***($000)***

| | Water | Sewage Disposal | Total Business-type Activities | Comparative June 30, 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash - unrestricted (a) | $ 140,404 | $ 236,043 | $ 376,447 | $ 443,799 |
| Cash - restricted (a) | 131,423 | 101,782 | 233,206 | 662,614 |
| Investments - unrestricted (a) | 145,557 | 160,249 | 305,806 | 175,045 |
| Investments - restricted (a) | 91,422 | 162,485 | 253,908 | 108,102 |
| Accounts Receivable | 91,021 | 67,062 | 158,082 | 135,263 |
| Due from (to) Other Funds (b) | 28,142 | (28,142) | - | () |
| Other Assets (c) | 636,756 | 377,633 | 1,014,389 | 1,016,028 |
| Cash held FBO DWSD Advance | - | - | - | - |
| Capital Assets, net of Depreciation | 1,254,835 | 1,897,538 | 3,152,372 | 3,211,032 |
| Land | 293,624 | 126,816 | 420,440 | 420,440 |
| Construction Work in Process (e) | 458,590 | 371,567 | 830,157 | 752,481 |
| **Total assets** | 3,271,774 | 3,473,032 | 6,744,806 | 6,924,804 |
| **Deferred Outflows (f)** | 29,362 | 59,090 | 88,452 | 89,954 |
| **Liabilities** | | | - | |
| Liabilities - Liabilities-ST | 227,534 | 269,547 | 497,081 | 537,600 |
| Due to (from) Other Funds (b) | - | - | - | - |
| Other Liabilities (h) | 2,222 | 5,836 | 8,058 | 7,500 |
| Cash Held FBO DWSD (d) | 31,604 | 41,160 | 72,764 | 58,147 |
| Liabilities - Long-Term (i) | 3,064,126 | 3,217,423 | 6,281,549 | 6,468,572 |
| **Total liabilities** | 3,325,486 | 3,533,967 | 6,859,452 | 7,071,818 |
| **Deferred Inflows (f)** | 63,480 | 67,002 | 130,482 | 133,364 |
| **Total net position (j)** | $ (87,830) | $ (68,846) | $ (156,676) | $ (190,425) |

*Totals may be off due to rounding*

In general, the Statement of Net Position reflects a mature organization with no unexpected trends.

An ongoing challenge is the Net Position Deficit. The underlying causes took years to build (largely heavy use of debt to finance capital asset investment versus a strategic blend of debt, state revolving funds, and cash). The effect is reflected in GLWA's high debt interest expense. The GLWA is regularly updating the FY 2032 forecast which helps to provide a pathway to a positive Net Position in the future.

**Footnotes to Statement of Net Position**

a. *Cash and Investments* are reported at market value. Investments at June 30, 2024 are also reported at market value. The September 30, 2024 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
g. *Liabilities - Short-term* include accounts payable, retainage payable, and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
i. *Liabilities – Long-term* include bonds payable, lease payable, and legacy General Retirement System pension liabilities.
j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. GLWA's net deficit is largely driven by an increase in depreciation expense because of the increase in the acquisition valuation approach for recording capital asset values in the opening Statement of Net Position on January 2016. Efforts are underway to evaluate the net operating effect of this matter over the long term.

# Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the September 2024 Financial Report Binder. Prior year ending balances are provided in the June 30, 2024 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

***Table 2 – Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined***
***For the Three Months ended September 30, 2024***
***($000)***

| | Water | Percent of Revenue | Sewage Disposal | Percent of Revenue | Total Business-Type Activities | Comparative June 30, 2024 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Wholesale customer charges | $ 95,834 | 93.4% | $ 72,089 | 56.8% | $ 167,922 | $ 599,569 |
| Local system charges | 6,774 | 6.6% | 51,481 | 40.6% | 58,255 | 222,107 |
| Industrial waste charges | - | 0.0% | 2,218 | 1.7% | 2,218 | 8,617 |
| Pollutant surcharges | - | 0.0% | 1,055 | 0.8% | 1,055 | 4,089 |
| Other revenues | 51 | 0.0% | 111 | 0.1% | 162 | 1,149 |
| **Total Revenues** | **102,658** | **100.0%** | **126,953** | **100.0%** | **229,612** | **835,531** |
| **Operating expenses** | | | | | | |
| Operations and Maintenance | 39,556 | 38.5% | 62,041 | 48.9% | 101,597 | 376,757 |
| Depreciation | 23,470 | 22.9% | 35,633 | 28.1% | 59,102 | 265,044 |
| Amortization of intangible assets | 1,099 | 1.1% | 317 | 0.3% | 1,417 | 4,837 |
| **Total operating expenses** | **64,125** | **62.5%** | **97,991** | **77.2%** | **162,116** | **646,638** |
| **Operating Income** | 38,533 | 37.5% | 28,962 | 22.8% | 67,495 | 188,893 |
| **Total Nonoperating (revenue) expense** | 15,232 | 14.8% | 18,515 | 14.6% | 33,747 | 147,736 |
| Increase/(Decrease) in Net Position | **23,301** | **22.7%** | **10,447** | **8.2%** | **33,748** | **41,157** |
| Net Position (deficit), beginning of year | (111,131) | | (79,294) | | (190,425) | (231,582) |
| **Net position (deficit), end of year** | $ (87,830) | | $ (68,846) | | $ (156,676) | $ (190,425) |

*Totals may be off due to rounding*

## Water Fund

- ✓ The increase in Water Fund Net Position is $23.3 million.
- ✓ Wholesale water customer charges of $95.8 million account for 93.4% of Water System revenues.
- ✓ Operating expenses of $64.1 million represent 62.5% of total operating revenue. Depreciation is the largest operating expense at $23.5 million or 36.6% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights.
- ✓ Operating income after operating expenses (including depreciation) equals $38.5 million or 37.5% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $14.3 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

## Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is $10.4 million.
- ✓ Wholesale customer charges of $72.1 million account for 56.8% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average "share" of each customer's historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of $51.5 million account for $40.6% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of $98.0 million represent 77.2% of total operating revenue. Depreciation is the largest operating expense at $35.6 million or 36.4% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease.
- ✓ Operating income after operating expenses (including depreciation) equals $29.0 million or 22.8% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of $17.1 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

# Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the September 2024 Financial Report Binder. Explanatory notes follow this schedule.

***Table 3 – Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined***
***For the Three Months ended September 30, 2024***
***($000)***

| | Water | Percent of Total | Sewage Disposal | Percent of Total | Total Business-Type Activities | Percent of Total |
|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | |
| Personnel | | | | | | |
| Salaries & Wages | 5,763 | 14.6% | 15,290 | 24.6% | 21,053 | 20.7% |
| Overtime | 4,192 | 10.6% | 1,880 | 3.0% | 6,072 | 6.0% |
| Employee Benefits | 4,540 | 11.5% | 2,094 | 3.4% | 6,634 | 6.5% |
| Total Personnel | $ 14,495 | 36.6% | $ 19,264 | 31.0% | $ 33,759 | 33.2% |
| **Utilities** | | | | | | |
| Electric | 9,166 | 23.2% | 4,666 | 7.5% | 13,831 | 13.6% |
| Gas | 89 | 0.2% | 1,459 | 2.4% | 1,548 | 1.5% |
| Sewage | 73 | 0.2% | 245 | 0.4% | 318 | 0.3% |
| Water | 18 | 0.0% | 1,922 | 3.1% | 1,940 | 1.9% |
| Total Utilities | $ 9,345 | 23.6% | $ 8,291 | 13.4% | $ 17,636 | 17.4% |
| Chemicals | 3,806 | 9.6% | 5,389 | 8.7% | 9,195 | 9.1% |
| Supplies and other | 3,081 | 7.8% | 7,975 | 12.9% | 11,056 | 10.9% |
| Contractual services | 9,321 | 23.6% | 21,778 | 35.1% | 31,099 | 30.6% |
| Capital Adjustment | - | 0.0% | - | 0.0% | - | 0.0% |
| Capital Program allocation | (295) | -0.7% | (303) | -0.5% | (598) | -0.6% |
| Intergovernmental Agreement | 178 | 0.5% | (178) | -0.3% | - | 0.0% |
| Shared Services allocation | (376) | -0.9% | (175) | -0.3% | (550) | -0.5% |
| **Operations and Maintenance Expenses** | **$ 39,556** | **100.0%** | **$ 62,041** | **100.0%** | **$ 101,597** | **100.0%** |

*Totals may be off due to rounding*

- ✓ Core expenses for water and sewage disposal systems are utilities (17.4% of total O&M expenses) and chemicals (9.1% of total O&M expenses).
- ✓ Personnel costs (33.2% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (30.6%) includes:
  - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately $4.5 million);
  - Sewage Disposal System costs for the operation and maintenace of the biosolids dryer facility (approximately $3.1 million); and
  - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenace, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are ‘contra’ expense accounts representing offets to associated costs in other Operations and Maintenance expense categories.

# Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

***Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined***
***For the Three Months ended September 30, 2024***
***($000)***

| | Water | Sewage Disposal | Total Business-type Activities | Comparative June 30, 2024 |
|---|---|---|---|---|
| **Nonoperating (Revenue)/Expense** | | | | |
| Interest income contractual obligation | $ (5,806) | $ (3,769) | $ (9,575) | $ (39,855) |
| Investment earnings | (6,067) | (7,909) | (13,976) | (59,786) |
| Net (incr) decr in fair value of invstmt | (621) | (1,045) | (1,667) | (2,068) |
| Other nonoperating revenue | (3) | (1,399) | (1,402) | (9,405) |
| Interest Expense | | | | |
| Bonded debt | 28,086 | 29,689 | 57,775 | 236,892 |
| Lease obligation | 4,099 | 5,009 | 9,108 | 36,780 |
| Other obligations | 854 | 407 | 1,261 | 5,286 |
| | 33,039 | 35,106 | 68,144 | 278,958 |
| Other non-capital expense | - | - | - | - |
| Memorandum of Understanding | - | - | - | - |
| Capital Contribution | - | - | - | (40,432) |
| Amortization, issuance costs, debt | (5,321) | (2,486) | (7,807) | 4,155 |
| (Gain) loss on disposal of capital assets | - | - | - | 2,694 |
| Loss on impairment of capital assets | - | - | - | - |
| Discontinued Capital Projects | - | - | - | - |
| Water Residential Assistance Program | 12 | 17 | 29 | 6,772 |
| Legacy pension expense | - | - | - | 6,703 |
| ***Total Nonoperating (Revenue)/Expense*** | **$ 15,232** | **$ 18,515** | **$ 33,747** | **$ 147,736** |

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Interest income DWSD shortfall represents interest from a budgetary shortfall loan from fiscal years 2016, 2017 and 2018 and is paid in accordance with the 2018 Memorandum of Understanding (MOU). This loan was paid in full in FY 2022.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.

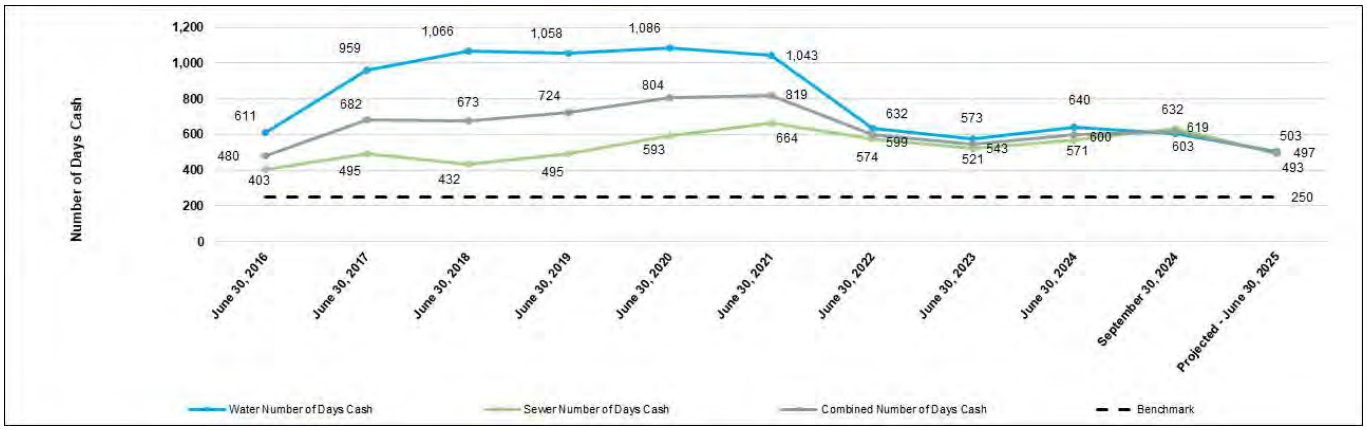
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2021 market value adjustments for Water and Sewer total $1.5 million and $1.0 million, respectively. FY 2022 market value adjustments for Water and Sewer total $2.8 million and $3.9 million, respectively. Any difference is due to realized gain or loss on investments.
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
  - Bonded debt;
  - Lease obligation for the regional assets from the City of Detroit; and
  - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2023 other non-operating income primarily represents FEMA Covid-19 grant income for the Water and Sewage Disposal systems.
- ✓ The FY 2023 capital contribution in Nonoperating (revenue) expense represents funds from the Evergreen Farmington Sewer District for a maximum discharge capacity of 227 cubic feet per second (cfs) to the regional sewer system.
- ✓ The FY 2022 capital contribution in Nonoperating (revenue) expense represents $7.0 million from the Oakland Macomb Interceptor Drainage District for assets placed in service during FY 2022.
- ✓ FY 2023 Sewage Disposal loss on disposal of capital assets includes sale of McKinstry warehouse.
- ✓ For FY 2023, GLWA is recognizing non-operating pension revenue rather than expense as a result of improved investment earnings for the plan.

# Financial Operations KPI - Liquidity

This key performance indicator shown in ***Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System*** and ***Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System*** below provides a measure of a utility's ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization's financial strength. A best practice benchmark for this key performance indicator is greater than 250 days cash on hand as shown by the dashed line in Chart 1 below.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 603 and Sewer at 632 days cash on hand as of September 30, 2024. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. A December 2023 revenue bond transaction replenished the construction bond funds and reduced the emphasis on I&E funding. The FY 2025 projection is calculated based on values from the GLWA FY 2025 – 2029 Budget & Five-Year Plan.

***Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System***




***Note:*** *The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.*

## *Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System*

| | June 30, 2024 | September 30, 2024 | Projected June 30, 2025 |
|---|---|---|---|
| **Water Fund** | | | |
| Cash and Investments - Unrestricted | $ 276,591,000 | $ 285,960,000 | $ 238,600,000 |
| **Operating Expense** | | | |
| Operating Expense (a) | $ 272,350,000 | $ 65,698,000 | $ 262,792,000 |
| Less: Depreciation (a) | (110,557,000) | (21,508,000) | (86,033,000) |
| Less: Amortization of Intangible Asset (a) | (3,982,000) | (892,000) | (3,567,000) |
| Net Operating Expense | $ 157,811,000 | $ 43,298,000 | $ 173,192,000 |
| **Operating Expense per Day** | $ 432,000 | $ 474,000 | $ 474,000 |
| **Days Cash** | | | |
| Number of Days Cash | 640 | 603 | 503 |
| **Sewage Disposal Fund** | | | |
| Cash and Investments - Unrestricted | $ 342,253,000 | $ 396,292,000 | $ 309,000,000 |
| **Operating Expense** | | | |
| Operating Expense (a) | $ 374,287,000 | $ 93,034,000 | $ 372,134,000 |
| Less: Depreciation (a) | (154,486,000) | (35,800,000) | (143,200,000) |
| Less: Amortization of Intangible Asset (a) | (855,000) | - | - |
| Net Operating Expense | $ 218,946,000 | $ 57,234,000 | $ 228,934,000 |
| **Operating Expense per Day** | $ 600,000 | $ 627,000 | $ 627,000 |
| **Days Cash** | | | |
| Number of Days Cash | 571 | 632 | 493 |
| **Combined** | | | |
| Cash and Investments - Unrestricted | $ 618,844,000 | $ 682,253,000 | $ 547,600,000 |
| **Operating Expense** | | | |
| Operating Expense (a) | $ 646,638,000 | $ 158,731,000 | $ 634,926,000 |
| Less: Depreciation (a) | (265,044,000) | (57,308,000) | (229,233,000) |
| Less: Amortization of Intangible Asset (a) | (4,837,000) | (892,000) | (3,567,000) |
| Net Operating Expense | $ 376,757,000 | $ 100,531,000 | $ 402,126,000 |
| **Operating Expense per Day** | $ 1,032,000 | $ 1,102,000 | $ 1,102,000 |
| **Days Cash** | | | |
| Number of Days Cash | 600 | 619 | 497 |

*Totals may be off due to rounding*

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.

The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

## Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) adopts a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2025 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 100% of the Board approved CIP planned spend for the water fund and 100% of the Board approved CIP planned spend for the sewer fund.

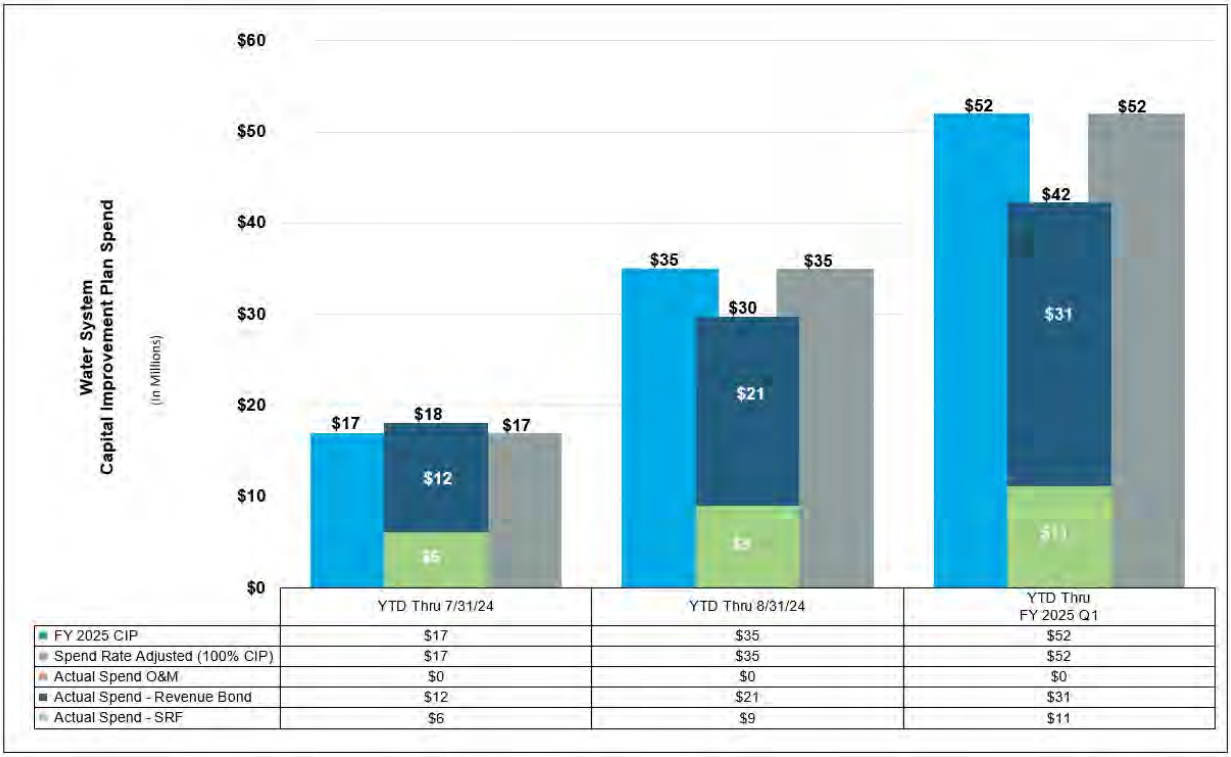
As of July 31, 2024, the State Revolving Fund (SRF) activity reported in Charts 1 and 2 has been revised to reflect changes in approved, GLWA SRF funding.

## Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of September 2024, the water system incurred $41 million of construction costs to date. This spend represents 78% of the original, Board-approved CIP, and 78% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

### *Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted*



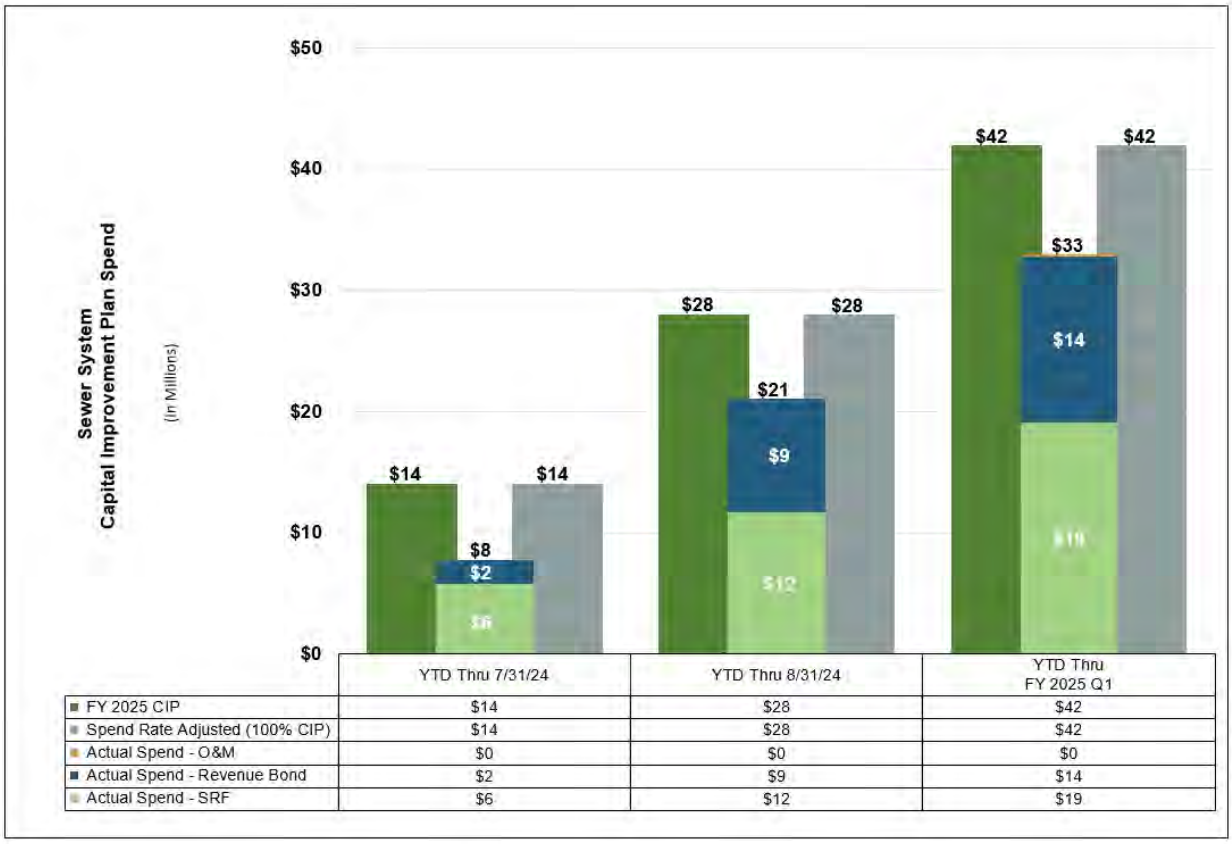

| | YTD Thru 7/31/24 | YTD Thru 8/31/24 | YTD Thru FY 2025 Q1 |
|---|---|---|---|
| FY 2025 CIP | $17 | $35 | $52 |
| Spend Rate Adjusted (100% CIP) | $17 | $35 | $52 |
| Actual Spend O&M | $0 | $0 | $0 |
| Actual Spend - Revenue Bond | $12 | $21 | $31 |
| Actual Spend - SRF | $6 | $9 | $11 |

## Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of September 2024, the Sewer system incurred $33 million of construction costs to date. This spend represents 78% of the original, Board-approved CIP, and 78% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

### *Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted*




| | YTD Thru 7/31/24 | YTD Thru 8/31/24 | YTD Thru FY 2025 Q1 |
|---|---|---|---|
| FY 2025 CIP | $14 | $28 | $42 |
| Spend Rate Adjusted (100% CIP) | $14 | $28 | $42 |
| Actual Spend - O&M | $0 | $0 | $0 |
| Actual Spend - Revenue Bond | $2 | $9 | $14 |
| Actual Spend - SRF | $6 | $12 | $19 |

This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

## MBO Transfers to Accounts Held by GLWA

**GLWA Transfers:** The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

***Table 1 – GLWA FY 2025 Water MBO Transfers*** reflects the required transfers for FY 2025 completed through September 2024. MBO transfers for water totaling $44.1 million have been transferred to GLWA accounts.

***Table 2 – GLWA FY 2025 Sewer MBO Transfers*** reflects the required transfers for FY 2025 completed through September 2024. MBO transfers for sewer totaling $59.8 million have been transferred to GLWA accounts.

***Table 3 – GLWA MBO Transfer History*** reflects historical transfers for FY 2016 through FY 2025 to date.

## *Table 1 – GLWA FY 2025 Water MBO Transfers*

| WATER | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Operations & Maintenance | Pension Sub Account | Pension Obligation | WRAP | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Water |
| FY 2025 | | | | | | | |
| July 2024 | $ 14,135,417 | $ - | $ 324,642 | $ 236,359 | $ - | $ - | $ 14,696,418 |
| August 2024 | 14,135,417 | - | 324,642 | 236,359 | - | - | 14,696,418 |
| September 2024 | 14,135,417 | - | 324,642 | 236,359 | - | - | 14,696,418 |
| October 2024 | | | | | | | |
| November 2024 | | | | | | | |
| December 2024 | | | | | | | |
| January 2025 | | | | | | | |
| February 2025 | | | | | | | |
| March 2025 | | | | | | | |
| April 2025 | | | | | | | |
| May 2025 | | | | | | | |
| June 2025 | | | | | | | |
| Total FY 2025 | $ 42,406,251 | $ - | $ 973,926 | $ 709,077 | $ - | $ - | $ 44,089,254 |

## *Table 2 – GLWA FY 2025 Sewer MBO Transfers*

| SEWER | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Operations & Maintenance | Pension Sub Account | Pension Obligation | WRAP | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Sewer |
| FY 2025 | | | | | | | |
| July 2024 | $ 19,077,833 | $ - | $ 510,516 | $ 332,933 | $ - | $ - | $ 19,921,282 |
| August 2024 | 19,077,833 | - | 510,516 | 332,933 | - | - | 19,921,282 |
| September 2024 | 19,077,833 | - | 510,516 | 332,933 | - | - | 19,921,282 |
| October 2024 | | | | | | | |
| November 2024 | | | | | | | |
| December 2024 | | | | | | | |
| January 2025 | | | | | | | |
| February 2025 | | | | | | | |
| March 2025 | | | | | | | |
| April 2025 | | | | | | | |
| May 2025 | | | | | | | |
| June 2025 | | | | | | | |
| Total FY 2025 | $ 57,233,499 | - | $ 1,531,548 | $ 998,799 | $ - | $ - | $ 59,763,846 |

## *Table 3 – GLWA MBO Transfer History*

**WATER**

| | Operations & Maintenance | Pension Sub Account | Pension Obligation | WRAP | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Water |
|---|---|---|---|---|---|---|---|
| Total FY 2016 | $ 71,052,000 | $ 6,037,100 | $ 10,297,200 | $ 1,983,300 | $ 2,326,900 | $ 606,000 | $ 92,302,500 |
| Total FY 2017 | 111,879,600 | 6,037,200 | 10,297,200 | 2,077,200 | 360,000 | - | 130,651,200 |
| Total FY 2018 | 121,562,604 | 6,048,000 | 10,695,696 | 2,159,400 | - | - | 140,465,700 |
| Total FY 2019 | 121,562,604 | 6,048,000 | 10,695,696 | 2,061,000 | - | - | 140,367,300 |
| Total FY 2020 | 126,840,204 | 6,048,000 | 10,695,683 | 1,980,804 | - | - | 145,564,691 |
| Total FY 2021 | 134,127,300 | 6,048,000 | 10,695,700 | 2,324,200 | - | - | 153,195,200 |
| Total FY 2022 | 143,933,800 | 6,048,000 | 10,695,700 | 2,376,600 | - | - | 163,054,100 |
| Total FY 2023 | 156,747,700 | 6,048,000 | 10,695,700 | 2,611,800 | - | 2,200,000 | 178,303,200 |
| Total FY 2024 | 168,873,100 | - | 2,568,700 | 2,710,200 | - | 2,836,000 | 176,988,000 |
| *Total FY 2025 (year to date)* | 42,406,251 | - | 973,926 | 709,077 | - | - | 44,089,254 |
| **Life to Date** | $ 1,198,985,163 | $ 48,362,300 | $ 88,311,201 | $ 20,993,581 | $ 2,686,900 | $ 5,642,000 | $ 1,364,981,145 |

**SEWER**

| | Operations & Maintenance | Pension Sub Account | Pension Obligation | WRAP | Budget Stabilization (For Benefit of DWSD) | Extraordinary Repair & Replacement (ER&R) | Total Sewer |
|---|---|---|---|---|---|---|---|
| Total FY 2016 | $ 100,865,600 | $ 10,838,400 | $ 14,025,800 | $ 2,523,400 | $ 5,591,700 | $ 779,600 | $ 134,624,500 |
| Total FY 2017 | 175,858,800 | 10,838,400 | 14,026,800 | 2,654,400 | 2,654,400 | - | 206,032,800 |
| Total FY 2018 | 191,079,396 | 10,824,000 | 14,687,496 | 2,760,804 | - | - | 219,351,696 |
| Total FY 2019 | 191,079,396 | 10,824,000 | 14,687,496 | 2,870,992 | - | - | 219,461,884 |
| Total FY 2020 | 181,925,800 | 10,824,000 | 14,687,517 | 2,887,300 | - | - | 210,324,617 |
| Total FY 2021 | 182,296,000 | 10,824,000 | 14,687,500 | 3,764,300 | - | - | 211,571,800 |
| Total FY 2022 | 191,908,600 | 10,824,000 | 14,687,400 | 3,868,700 | - | - | 221,288,700 |
| Total FY 2023 | 204,122,500 | 10,824,000 | 14,687,400 | 3,673,800 | - | - | 233,307,700 |
| Total FY 2024 | 224,873,500 | - | 3,914,500 | 3,836,402 | - | - | 232,624,402 |
| *Total FY 2025 (year to date)* | 57,233,499 | - | 1,531,548 | 998,799 | - | - | 59,763,846 |
| **Life to Date** | $ 1,701,243,091 | $ 86,620,800 | $ 121,623,457 | $ 29,838,897 | $ 8,246,100 | $ 779,600 | $ 1,948,351,945 |

# MBO Required and Lease Payment Transfers to DWSD

**DWSD Transfers:** The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is $22,500,000 for Water and $27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

***Table 4 – DWSD FY 2025 Water MBO Transfers*** reflects the required transfers for FY 2025 completed through September 2024. MBO transfers for Water totaling $17.5 million have been transferred to accounts held by DWSD.

***Table 5 – DWSD FY 2025 Sewer MBO Transfers*** reflects the required transfers for FY 2025 completed through September 2024. MBO transfers for Sewer totaling $21.5 million have been transferred to accounts held by DWSD.

***Table 6 – DWSD Water MBO and Lease Payment Transfer History*** reflects historical transfers for FY 2016 through FY 2025 to date.

***Table 7 – DWSD Sewer MBO and Lease Payment Transfer History*** reflects historical transfers for FY 2016 through FY 2025 to date.

## *Table 4 – DWSD FY 2025 Water MBO Transfers*

| WATER | | | | |
|---|---|---|---|---|
| | Operations & Maintenance | Pension | Lease Payment (I&E Fund) | Total Water |
| FY 2025 | | | | |
| July 2024 | $ 3,970,517 | $ - | $ 1,875,000 | $ 5,845,517 |
| August 2024 | 3,970,517 | - | 1,875,000 | 5,845,517 |
| September 2024 | 3,970,517 | - | 1,875,000 | 5,845,517 |
| October 2024 | | | | |
| November 2024 | | | | |
| December 2024 | | | | |
| January 2025 | | | | |
| February 2025 | | | | |
| March 2025 | | | | |
| April 2025 | | | | |
| May 2025 | | | | |
| June 2025 | | | | |
| Total FY 2025 | $ 11,911,551 | - | $ 5,625,000 | $ 17,536,551 |

## *Table 5 – DWSD FY 2025 Sewer MBO Transfers*

| SEWER | | | | |
|---|---|---|---|---|
| | Operations & Maintenance | Pension | Lease Payment (I&E Fund) | Total Sewer |
| FY 2025 | | | | |
| July 2024 | $ 4,889,950 | $ - | $ 2,291,667 | $ 7,181,617 |
| August 2024 | 4,889,950 | - | 2,291,667 | 7,181,617 |
| September 2024 | 4,889,950 | - | 2,291,667 | 7,181,617 |
| October 2024 | | | | |
| November 2024 | | | | |
| December 2024 | | | | |
| January 2025 | | | | |
| February 2025 | | | | |
| March 2025 | | | | |
| April 2025 | | | | |
| May 2025 | | | | |
| June 2025 | | | | |
| Total FY 2025 | $ 14,669,850 | - | $ 6,875,001 | $ 21,544,851 |

## *Table 6 – DWSD Water MBO and Lease Payment Transfer History*

| | WATER | | | |
|---|---|---|---|---|
| | Operations & Maintenance | Operations & Maintenance Pension | Lease Payment (I&E Fund) | Total Water |
| FY 2016 * | | | | |
| MBO/Lease Requirement | $ 26,185,600 | $ 4,262,700 | $ 22,500,000 | $ 52,948,300 |
| Offset to Debt Service | - | - | (2,326,900) | (2,326,900) |
| Total MBO Transfer | 26,185,600 | 4,262,700 | 20,173,100 | 50,621,400 |
| FY 2017 | | | | |
| MBO/Lease Requirement | 33,596,400 | 4,262,400 | 22,500,000 | 60,358,800 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 33,596,400 | 4,262,400 | 22,500,000 | 60,358,800 |
| FY 2018 | | | | |
| MBO/Lease Requirement | 35,059,704 | 4,272,000 | 22,500,000 | 61,831,704 |
| Offset to Debt Service | - | - | (1,875,000) | (1,875,000) |
| Total MBO Transfer | 35,059,704 | 4,272,000 | 20,625,000 | 59,956,704 |
| FY 2019 | | | | |
| MBO/Lease Requirement | 35,484,300 | 4,272,000 | 22,500,000 | 62,256,300 |
| Offset to Debt Service | - | - | (3,972,200) | (3,972,200) |
| Total MBO Transfer | 35,484,300 | 4,272,000 | 18,527,800 | 58,284,100 |
| FY 2020 | | | | |
| MBO/Lease Requirement | 34,662,400 | 4,272,000 | 22,500,000 | 61,434,400 |
| Offset to Debt Service | - | - | (3,548,000) | (3,548,000) |
| Total MBO Transfer | 34,662,400 | 4,272,000 | 18,952,000 | 57,886,400 |
| FY 2021 | | | | |
| MBO/Lease Requirement | 35,833,900 | 4,272,000 | 22,500,000 | 62,605,900 |
| Offset to Debt Service | - | - | (8,278,300) | (8,278,300) |
| Total MBO Transfer | 35,833,900 | 4,272,000 | 14,221,700 | 54,327,600 |
| FY 2022 | | | | |
| MBO/Lease Requirement | 29,989,000 | 4,272,000 | 22,500,000 | 56,761,000 |
| Offset to Debt Service | - | - | (8,925,400) | (8,925,400) |
| Total MBO Transfer | 29,989,000 | 4,272,000 | 13,574,600 | 47,835,600 |
| FY 2023 | | | | |
| MBO/Lease Requirement | 42,581,600 | 4,272,000 | 22,500,000 | 69,353,600 |
| Offset to Debt Service | - | - | (2,922,100) | (2,922,100) |
| Total MBO Transfer | 42,581,600 | 4,272,000 | 19,577,900 | 66,431,500 |
| FY 2024 | | | | |
| MBO/Lease Requirement | 44,776,800 | - | 22,500,000 | 67,276,800 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 44,776,800 | - | 22,500,000 | 67,276,800 |
| FY 2025 (year to date) | | | | |
| MBO/Lease Requirement | 11,911,551 | - | 5,625,000 | 17,536,551 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 11,911,551 | - | 5,625,000 | 17,536,551 |
| **Life-to-Date** | | | | |
| MBO/Lease Requirement | 318,169,704 | 34,157,100 | 202,500,000 | 554,826,804 |
| Offsets | - | - | (31,847,900) | (31,847,900) |
| **Total Water** | **$ 330,081,255** | **$ 34,157,100** | **$ 176,277,100** | **$ 540,515,455** |

## *Table 7 – DWSD Sewer MBO and Lease Payment Transfer History*

| SEWER | Operations & Maintenance | Operations & Maintenance Pension | Lease Payment (I&E Fund) | Total Sewer |
|---|---|---|---|---|
| FY 2016 * | | | | |
| MBO/Lease Requirement | $ 19,774,300 | $ 2,861,800 | $ 27,500,000 | $ 50,136,100 |
| Offset to Debt Service | - | - | (19,991,500) | (19,991,500) |
| Total MBO Transfer | 19,774,300 | 2,861,800 | 7,508,500 | 30,144,600 |
| FY 2017 | | | | |
| MBO/Lease Requirement | 41,535,600 | 2,862,000 | 27,500,000 | 71,897,600 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 41,535,600 | 2,862,000 | 27,500,000 | 71,897,600 |
| FY 2018 | | | | |
| MBO/Lease Requirement | 60,517,992 | 2,856,000 | 27,500,000 | 90,873,992 |
| Offset to Debt Service | - | - | (9,166,664) | (9,166,664) |
| Total MBO Transfer | 60,517,992 | 2,856,000 | 18,333,336 | 81,707,328 |
| FY 2019 | | | | |
| MBO/Lease Requirement | 56,767,920 | 2,856,000 | 27,500,000 | 87,123,920 |
| Offset to Debt Service | - | - | (4,415,000) | (4,415,000) |
| Total MBO Transfer | 56,767,920 | 2,856,000 | 23,085,000 | 82,708,920 |
| FY 2020 | | | | |
| MBO/Lease Requirement | 62,343,500 | 2,856,000 | 27,500,000 | 92,699,500 |
| Offset to address shortfall | (7,100,000) | - | - | (7,100,000) |
| Offset to Debt Service | - | - | (5,032,700) | (5,032,700) |
| Total MBO Transfer | 55,243,500 | 2,856,000 | 22,467,300 | 80,566,800 |
| FY 2021 | | | | |
| MBO/Lease Requirement | 69,915,700 | 2,856,000 | 27,500,000 | 100,271,700 |
| Offset to Debt Service | - | - | (3,257,200) | (3,257,200) |
| Total MBO Transfer | 69,915,700 | 2,856,000 | 24,242,800 | 97,014,500 |
| FY 2022 | | | | |
| MBO/Lease Requirement | 61,301,000 | 2,856,000 | 27,500,000 | 90,735,453 |
| Offset to Debt Service | - | - | (5,529,297) | (4,607,750) |
| Total MBO Transfer | 61,301,000 | 2,856,000 | 21,970,703 | 86,127,703 |
| FY 2023 | | | | |
| MBO/Lease Requirement | 51,396,400 | 2,856,000 | 27,500,000 | 81,752,400 |
| Offset to Debt Service | - | - | (4,388,300) | (4,388,300) |
| Total MBO Transfer | 51,396,400 | 2,856,000 | 23,111,700 | 77,364,100 |
| FY 2024 | | | | |
| MBO/Lease Requirement | 55,705,700 | - | 27,500,004 | 83,205,704 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 55,705,700 | - | 27,500,004 | 83,205,704 |
| FY 2025 (year to date) | | | | |
| MBO/Lease Requirement | 14,669,850 | - | 6,875,001 | 21,544,851 |
| Offset to Debt Service | - | - | - | - |
| Total MBO Transfer | 14,669,850 | - | 6,875,001 | 21,544,851 |
| **Life-to-Date** | | | | |
| MBO/Lease Requirement | 493,927,962 | 22,859,800 | 254,375,005 | 770,241,220 |
| Offsets | (7,100,000) | - | (51,780,661) | (57,959,114) |
| **Total Sewer** | **$ 486,827,962** | **$ 22,859,800** | **$ 202,594,344** | **$ 712,282,106** |

* Note: FY 2016 lease transfer amounts shown do not incude prepayment on the lease amount for the 6 months period before bifurcation.

This report includes the following:

1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

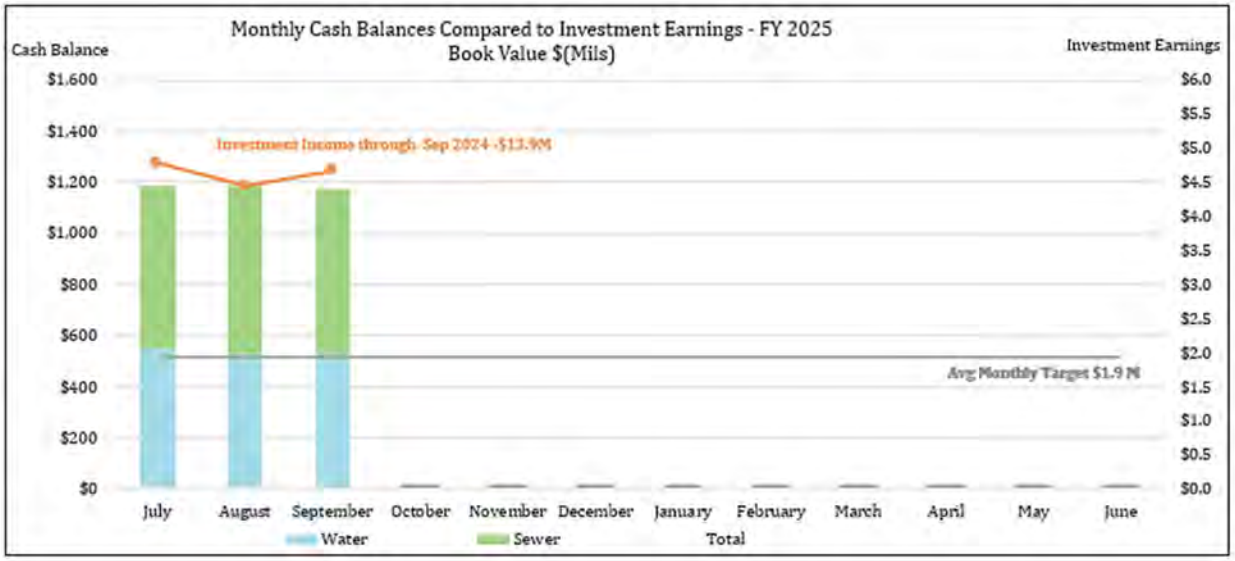
## Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of September 2024, GLWA earned investment income of $4.7 million and cumulative FY 2025 earnings through September 2024 of $13.9 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

***Chart 1 – Monthly Cash Balances Compared to Investment Income – Through September 2024***




| $(Mils) | July | August | September | October | November | December | January | February | March | April | May | June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Water | 549 | 527 | 527 | - | - | - | - | - | - | - | - | - |
| Sewer | 638 | 662 | 644 | - | - | - | - | - | - | - | - | - |
| Total | 1,187 | 1,189 | 1,171 | - | - | - | - | - | - | - | - | - |
| Investment Income | 4.8 | 4.4 | 4.7 | - | - | - | - | - | - | - | - | - |

*All amounts are unaudited unless otherwise noted.*

# Cash Balance Detail

**Funds Held By GLWA:** GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The "operations and maintenance" (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

***Funds Held Within Trust:***

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA's annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

***Funds Held Outside Trust:***

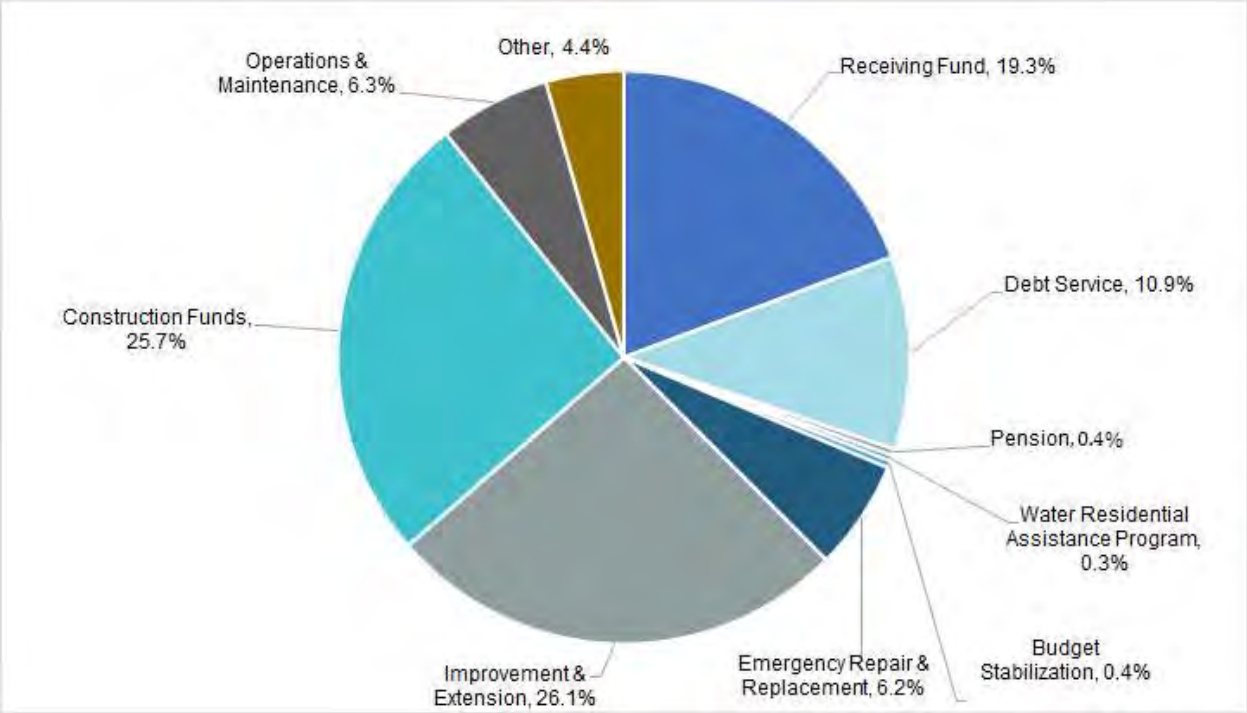
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A chart depicting the follow of funds is online at glwater.org as well as the MBO documents.

***Chart 2 – Cash Balances - Water Funds as of September 2024 -*** Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of September 30, 2024 is $527 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of $148.5 million in December 2023 to support water system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

***Chart 2 – Cash Balances - Water Funds as of September 2024***

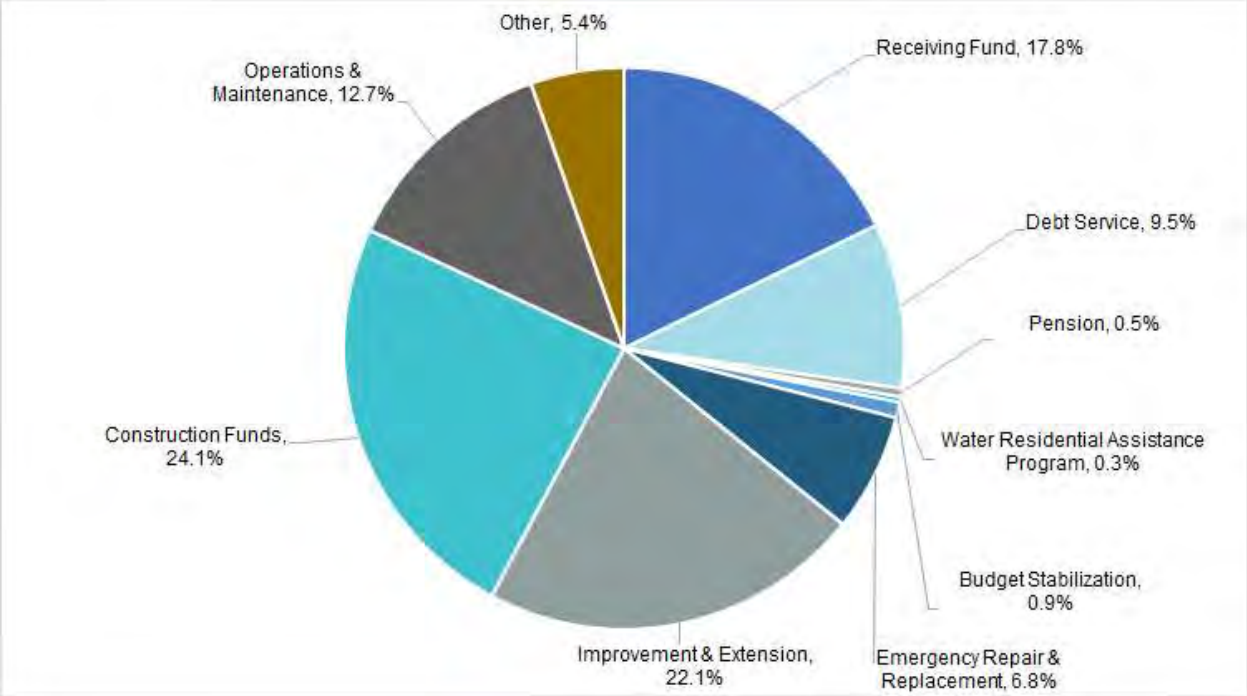



***Note:*** *Due to rounding totals may not equal 100%.*

***Chart 3 – Cash Balances - Sewer Funds as of September 2024 -*** Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of September 30, 2024 is $644 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of $96.8 million in December 2023 to support sewage disposal system improvements. These funds along with I&E and SRF low-interest loans will fund the capital program going forward.

***Chart 3 – Cash Balances - Sewer Funds as of September 2024***




***Note:*** *Due to rounding totals may not equal 100%.*

**Retail Revenues, Receivables, and Collections:** Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

***Note:*** *Wholesale customer revenues are billed by the Great Lakes Water Authority.*

## DWSD Retail Water Billings and Collections

**Retail Billing Basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

> ***Table 1 - DWSD Retail Billings*** shows the FY 2025 water usage and billed revenue which are provided by DWSD staff. As of September 30, 2024, the DWSD usage was at 94.16% of the budget and billed revenue was at 93.11% of budget.

**DWSD Retail Water Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

> ***Table 2 - Retail Water Collections*** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

## *Table 1 – DWSD Retail Water Billing*

| RETAIL WATER CUSTOMERS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | FY 2025 - Original Budget | | FY 2025 - Actual | | FY 2025 - Variance | | FY 2024 - Actuals | |
| Month (1) | Volume | Revenue | Volume | Revenue (2) | Volume | Revenue | Volume | Revenue |
| | *Mcf* | *$* | *Mcf* | *$* | *Mcf* | *$* | Mcf | *$* |
| July | 241,000 | 12,395,932 | 226,703 | 11,590,136 | (14,297) | (805,796) | 248,307 | 12,606,397 |
| August | 261,000 | 13,459,400 | 240,621 | 12,171,324 | (20,379) | (1,288,076) | 255,079 | 12,913,867 |
| September | 248,000 | 12,773,235 | 238,868 | 12,205,143 | (9,132) | (568,092) | 214,796 | 11,119,261 |
| October | 212,000 | 10,944,671 | | | | | 222,909 | 11,409,427 |
| November | 208,000 | 10,711,071 | | | | | 210,687 | 10,898,684 |
| December | 198,000 | 10,200,009 | | | | | 214,139 | 11,246,818 |
| January | 195,000 | 10,077,416 | | | | | 224,414 | 11,263,184 |
| February | 207,000 | 10,656,080 | | | | | 225,042 | 11,774,408 |
| March | 201,000 | 10,347,960 | | | | | 206,204 | 11,096,805 |
| April | 203,000 | 10,437,186 | | | | | 213,950 | 10,552,343 |
| May | 193,000 | 9,948,001 | | | | | 214,474 | 10,667,783 |
| June | 211,000 | 10,879,139 | | | | | 226,703 | 10,637,883 |
| **Total** | 2,578,000 | 132,830,100 | 706,192 | 35,966,603 | (43,808) | (2,661,964) | 2,676,703 | 136,186,859 |
| *Subtotals ytd* | *750,000* | *38,628,567* | *706,192* | *35,966,603* | *(43,808)* | *(2,661,964)* | | |
| *Achievement of Budget* | | | *94.16%* | *93.11%* | | | | |

*(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.*

*(2) Retail revenues include miscellaneous revenues and penalties*

## *Table 2 – DWSD Retail Water Collections*

| Water | | | | |
|---|---|---|---|---|
| **Month** | **Current Year** | **Prior Year** | **Variance** | **Ratio** |
| October | 9,884,937 | 13,082,745 | (3,197,808) | -24.44% |
| November | 10,499,606 | 10,270,582 | 229,024 | 2.23% |
| December | 13,663,688 | 11,630,994 | 2,032,694 | 17.48% |
| January | 8,506,008 | 8,857,268 | (351,261) | -3.97% |
| February | 8,996,740 | 8,244,713 | 752,027 | 9.12% |
| March | 15,842,538 | 10,417,832 | 5,424,705 | 52.07% |
| April | 13,840,518 | 9,417,449 | 4,423,069 | 46.97% |
| May | 5,960,146 | 12,162,719 | (6,202,573) | -51.00% |
| June | 9,045,195 | 13,467,858 | (4,422,663) | -32.84% |
| July | 12,645,121 | 5,943,286 | 6,701,835 | 112.76% |
| August | 10,203,737 | 11,794,131 | (1,590,394) | -13.48% |
| September | 10,837,378 | 9,790,065 | 1,047,313 | 10.70% |
| **Rolling, 12-Month Total** | 129,925,610 | 125,079,642 | | |
| **Rolling, 12-Month Average** | 10,827,134 | 10,423,303 | | |

# DWSD Retail Sewer Billings and Collections

**Retail billing basis:** DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

***Table 3 - DWSD Retail Sewer Billings*** shows the FY 2025 sewer billed revenue which are provided by DWSD staff. As of September 30, 2024, the DWSD usage was at 90.68% of the budget and billed revenue was at 92.55% of budget.

**DWSD Retail Sewer Collections:** The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

***Table 4 – DWSD Retail Sewer Collections*** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

### *Table 3 - DWSD Retail Sewer Billings*

| RETAIL SEWER CUSTOMERS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | FY 2025 - Original Budget | | FY 2025 - Actual | | FY 2025 - Variance | | FY 2024 - Actuals | |
| Month (1) | Volume | Revenue | Volume (2) | Revenue (3) | Volume | Revenue | Volume | Revenue |
| | *Mcf* | *$* | *Mcf* | *$* | *Mcf* | *$* | Mcf | *$* |
| July | 214,000 | 30,316,100 | 173,084 | 26,350,527 | (40,916) | (3,965,573) | 207,574 | 29,192,723 |
| August | 196,000 | 29,206,000 | 195,207 | 28,301,325 | (793) | (904,675) | 211,503 | 29,278,720 |
| September | 215,000 | 30,359,800 | 198,474 | 28,536,169 | (16,526) | (1,823,631) | 178,576 | 27,476,376 |
| October | 180,000 | 28,256,800 | | | | | 184,382 | 27,700,094 |
| November | 181,000 | 28,322,800 | | | | | 175,498 | 26,939,338 |
| December | 166,000 | 27,436,800 | | | | | 156,168 | 26,546,712 |
| January | 160,000 | 27,139,500 | | | | | 182,643 | 26,882,316 |
| February | 177,000 | 28,085,500 | | | | | 179,551 | 27,455,737 |
| March | 166,000 | 27,448,400 | | | | | 165,992 | 26,725,597 |
| April | 169,000 | 27,639,700 | | | | | 179,514 | 26,737,898 |
| May | 166,000 | 27,458,600 | | | | | 170,754 | 26,225,089 |
| June | 175,000 | 27,995,600 | | | | | 173,084 | 26,149,588 |
| **Total** | 2,165,000 | 339,665,600 | 566,765 | 83,188,021 | (58,235) | (6,693,879) | 2,165,240 | 327,310,189 |
| *Subtotals ytd* | *625,000* | *89,881,900* | *566,765* | *83,188,021* | *(58,235)* | *(6,693,879)* | | |
| *Achievement of Budget/Goal* | | | *90.68%* | *92.55%* | | | | |

*(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.*

*(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.*

*(3) Retail revenues include miscellaneous revenues and penalties*

## *Table 4 – DWSD Retail Sewer Collections*

| Sewer | | | | |
|---|---|---|---|---|
| **Month** | **Current Year** | **Prior Year** | **Variance** | **Ratio** |
| October | 21,610,149 | 28,182,933 | (6,572,784) | -23.32% |
| November | 25,951,736 | 21,994,899 | 3,956,838 | 17.99% |
| December | 23,249,973 | 23,756,153 | (506,180) | -2.13% |
| January | 26,248,512 | 23,760,629 | 2,487,883 | 10.47% |
| February | 24,230,304 | 23,867,073 | 363,230 | 1.52% |
| March | 26,438,687 | 30,697,464 | (4,258,777) | -13.87% |
| April | 23,532,381 | 21,542,671 | 1,989,710 | 9.24% |
| May | 22,487,372 | 24,419,561 | (1,932,189) | -7.91% |
| June | 20,945,929 | 23,769,626 | (2,823,696) | -11.88% |
| July | 36,297,569 | 32,379,222 | 3,918,346 | 12.10% |
| August | 22,591,511 | 25,391,891 | (2,800,380) | -11.03% |
| September | 22,367,425 | 23,489,448 | (1,122,023) | -4.78% |
| **Rolling 12-Month Total** | 295,951,548 | 303,251,570 | | |
| **Rolling, 12-Month Average** | 24,662,629 | 25,270,964 | | |

# DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging is categorized by customer category.

***Table 5*** is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of September 30, 2024 with comparative totals from June 30, 2024, June 30, 2023 and June 30, 2022. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

***Table 6*** is a summary of the total, current and non-current Water and Sewer receivables by category as of September 30, 2024 with comparative totals from September 30, 2024. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of September 30, 2024 are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

***Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary***

| Summary | | | | | |
|---|---|---|---|---|---|
| | | Receivables | | | |
| **Period Ending** | **Monthly Sales** | **Total** | **Allowance** | **Net** | **Days in AR (1)** |
| June 30, 2022 | 39,022,000 | 300,346,000 | (253,924,000) | 46,422,000 | 36 |
| June 30, 2023 | 39,443,000 | 327,023,000 | (272,012,000) | 55,011,000 | 42 |
| June 30, 2024 (2) | 38,352,000 | 324,867,000 | (249,922,000) | 58,437,000 | 46 |
| Sep 30, 2024 | 40,880,000 | 344,945,000 | (265,149,000) | 79,796,000 | 59 |

*Totals may be off due to rounding*

*(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days)*

*(2) The annual AR Tax Roll Transfer totaling $22,892,000 was made in October 2023.*

## *Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined*

| | Avg. Balance | Current | > 30 Days | > 60 Days | > 180 Days | A/R Balance |
|---|---|---|---|---|---|---|
| Residential | 909.75 | 19,375,000 | 11,238,000 | 33,050,000 | 137,760,000 | 201,423,000 |
| | | *9.6%* | *5.6%* | *16.4%* | *68.4%* | *100.0%* |
| Commercial | 1,438.26 | 8,651,000 | 2,670,000 | 4,951,000 | 14,527,000 | 30,799,000 |
| | | *28.1%* | *8.7%* | *16.1%* | *47.2%* | *100.0%* |
| Industrial | 4,071.71 | 5,471,000 | 1,078,000 | 2,050,000 | 6,328,000 | 14,927,000 |
| | | *36.7%* | *7.2%* | *13.7%* | *42.4%* | *100.0%* |
| Tax Exempt | 812.97 | 603,000 | 226,000 | 581,000 | 1,692,000 | 3,102,000 |
| | | *19.4%* | *7.3%* | *18.7%* | *54.5%* | *100.0%* |
| Government | 457.41 | 4,747,000 | 1,922,000 | 1,187,000 | 11,587,000 | 19,443,000 |
| | | *24.4%* | *9.9%* | *6.1%* | *59.6%* | *100.0%* |
| Drainage | 683.12 | 2,552,000 | 1,145,000 | 4,091,000 | 22,789,000 | 30,577,000 |
| | | *8.3%* | *3.7%* | *13.4%* | *74.5%* | *100.0%* |
| Subtotal - Active Accounts | **889.51** | **41,399,000** | **18,279,000** | **45,910,000** | **194,684,000** | **300,271,000** |
| | | *13.8%* | *6.1%* | *15.3%* | *64.8%* | *100.0%* |
| Inactive Accounts | 119.95 | 288,000 | 418,000 | 1,515,000 | 42,453,000 | 44,673,000 |
| | | *0.6%* | *0.9%* | *3.4%* | *95.0%* | *100.0%* |
| **Total** | **485.83** | **41,687,000** | **18,696,000** | **47,425,000** | **237,136,000** | **344,945,000** |
| *% of Total A/R* | | *12.1%* | *5.4%* | *13.7%* | *68.7%* | *100.0%* |
| Water Fund | 100.98 | 12,265,000 | 4,798,000 | 10,577,000 | 44,060,000 | 71,699,000 |
| Sewer Fund | 385.51 | 29,422,000 | 13,898,000 | 36,848,000 | 193,077,000 | 273,246,000 |
| **Total Sep 30, 2024 (a)** | **485.83** | **41,687,000** | **18,696,000** | **47,425,000** | **237,136,000** | **344,945,000** |
| Water Fund- Allowance | | | | | | (51,309,000) |
| Sewer Fund- Allowance | | | | | | (213,840,000) |
| **Total Bad Debt Allowance** | | | | | | **(265,149,000)** |
| **Comparative - Sep 2023 (b)** | **593.20** | **39,667,000** | **18,297,000** | **44,663,000** | **201,687,000** | **304,315,000** |
| **Difference (a) - (b)** | | **2,020,000** | **399,000** | **2,762,000** | **35,449,000** | **40,630,000** |

The Monthly Wholesale Billings, Receivables, and Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Reports

## Wholesale Water Billings and Collections

**Wholesale Water Contracts:** Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

| Service Arrangement Type | |
|---|---|
| Model Contract | 85 |
| Emergency | 0 |
| Older Contracts | 2 |
| Total | 87 |

***Note:*** *Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the "Retail Revenues, Receivables, and Collections Report" section of this monthly report.*

**Wholesale Water Billing Basis:** Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

***Table 1 - Wholesale Water Billings*** shows the FY 2025 water billed usage and revenues. As of September 30, 2024, the billed usage was at 96.52% of the original plan and billed revenue at 98.69% of the original plan. Billings and usage from the City of Flint *are* included as they were assumed in the FY 2025 Budget.

**Wholesale Water Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

***Table 2 - Wholesale Water Collections*** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending below the prior year for the twelve-month period ending September 30, 2024.

## *Table 1 – FY 2025 Wholesale Water Billings Report*

**WHOLESALE WATER CHARGES**

| Month (1) | FY 2025 Charges (2) Volume Mcf | FY 2025 Charges (2) Revenue $ | FY 2025 - Actual Volume Mcf | FY 2025 - Actual Revenue (3) $ | FY 2025 - Variance Volume Mcf | FY 2025 - Variance Revenue $ | FY 2024 - Actuals Volume Mcf | FY 2024 - Actuals Revenue $ |
|---|---|---|---|---|---|---|---|---|
| 1 July | 1,471,701 | 33,806,600 | 1,347,527 | 32,449,201 | (124,174) | (1,357,399) | 1,396,012 | 31,956,320 |
| 2 August | 1,378,066 | 32,779,600 | 1,297,169 | 31,977,986 | (80,897) | (801,614) | 1,295,617 | 30,947,078 |
| 3 September | 1,252,529 | 31,226,000 | 1,315,030 | 32,104,405 | 62,501 | 878,405 | 1,212,814 | 29,862,077 |
| 4 October | 1,040,750 | 28,617,400 | | | | | 1,043,901 | 27,856,141 |
| 5 November | 902,080 | 27,224,500 | | | | | 899,934 | 26,481,380 |
| 6 December | 965,968 | 27,817,100 | | | | | 947,841 | 26,904,465 |
| 7 January | 979,263 | 27,960,900 | | | | | 984,406 | 27,231,881 |
| 8 February | 869,226 | 26,840,000 | | | | | 877,428 | 26,143,840 |
| 9 March | 946,913 | 27,587,200 | | | | | 930,938 | 26,675,356 |
| 10 April | 904,594 | 27,235,000 | | | | | 886,646 | 26,342,756 |
| 11 May | 1,122,987 | 29,809,800 | | | | | 1,101,158 | 28,684,891 |
| 12 June | 1,440,113 | 33,505,700 | | | | | 1,313,310 | 31,043,002 |
| **Total** | 13,274,190 | 354,409,800 | 3,959,726 | 96,531,592 | (142,570) | (1,280,608) | 12,890,005 | 340,129,187 |
| *Subtotals ytd* | *4,102,296* | *97,812,200* | *3,959,726* | *96,531,592* | *(142,570)* | *(1,280,608)* | | |
| *Achievement of Original Plan* | | | *96.52%* | *98.69%* | | | | |

*(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.*

*(2) Charges are based on the approved FY 2025 water supply system charge schedule.*

*(3) Water Revenues differ from Table 1A because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A*

## *Table 2 - Wholesale Water Collections*

| Water | | | | |
|---|---|---|---|---|
| **Month** | **Current Year** | **Prior Year** | **Variance** | **Ratio** |
| October | 26,617,271 | 38,029,648 | (38,029,648) | -100.00% |
| November | 35,490,010 | 30,903,329 | 4,586,681 | 14.84% |
| December | 28,246,829 | 34,298,469 | (6,051,640) | -17.64% |
| January | 24,448,936 | 19,182,054 | 5,266,882 | 27.46% |
| February | 29,100,065 | 26,553,529 | 2,546,536 | 9.59% |
| March | 24,740,554 | 26,074,213 | (1,333,659) | -5.11% |
| April | 26,856,179 | 20,940,451 | 5,915,728 | 28.25% |
| May | 25,838,255 | 29,265,308 | (3,427,053) | -11.71% |
| June | 24,182,036 | 29,370,704 | (5,188,669) | -17.67% |
| July | 30,278,936 | 22,645,008 | 7,633,928 | 33.71% |
| August | 25,054,796 | 36,275,672 | (11,220,876) | -30.93% |
| September | 31,569,804 | 29,955,755 | 1,614,049 | 5.39% |
| **Rolling 12-Month Total** | 332,423,671 | 343,494,140 | | |
| **Rolling, 12-Month Average** | 27,701,973 | 28,624,512 | | |

# Wholesale Sewer Billings and Collections

**Wholesale Sewer Contracts:** GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

| Service Arrangement Type | |
|---|---|
| Model Contract | 14 |
| Emergency | 0 |
| Older Contracts | 4 |
| Total | 18 |

***Note:*** *Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the "Retail Revenues, Receivables, and Collections Report" section of the monthly report.*

**Wholesale Sewer Billing Basis:** Beginning in FY 2015, the "sewer rate simplification" initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

***Table 3 - Wholesale Sewer Billings*** shows the FY 2025 sewer billed revenue. As of September 30, 2024 the billed revenue is at 100.00% of the original plan.

**Wholesale Sewer Collections:** The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

***Table 4 - Wholesale Sewer Collections*** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending at the twelve-month period ending September 30, 2024.

## *Table 3 – FY 2025 Wholesale Sewer Billings Report*

| WHOLESALE SEWER CHARGES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | FY 2025 Charges | | FY 2025 - Actual | | FY 2025 - Variance | | FY 2024 - Actuals | |
| Month (1) | Volume (2) | Revenue | Volume (2) | Revenue | Volume (2) | Revenue | Volume | Revenue |
| | *Mcf* | *$* | *Mcf* | *$* | *Mcf* | *$* | *Mcf* | *$* |
| 1 July | N/A | 23,883,900 | N/A | 23,883,900 | N/A | - | N/A | 23,494,800 |
| 2 August | N/A | 23,883,900 | N/A | 23,883,900 | N/A | - | N/A | 23,494,800 |
| 3 September | N/A | 23,883,900 | N/A | 23,883,900 | N/A | - | N/A | 23,494,800 |
| 4 October | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 5 November | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 6 December | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 7 January | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 8 February | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 9 March | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 10 April | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 11 May | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| 12 June | N/A | 23,883,900 | N/A | | N/A | | N/A | 23,494,800 |
| **Total** | | 286,606,800 | | 71,651,700 | | - | | 281,937,600 |
| *Subtotals ytd* | | *71,651,700* | | *71,651,700* | | - | | |
| *Achievement of Original Plan* | | | | *100.00%* | | | | |

*(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.*
*(2) Not tracked as part of the wholesale sewer charges.*

## *Table 4 - Wholesale Sewer Collections*

| Sewer | | | | |
|---|---|---|---|---|
| **Month** | **Current Year** | **Prior Year** | **Variance** | **Ratio** |
| October | 23,107,016 | 24,707,249 | (1,600,233) | -6.48% |
| November | 27,958,885 | 19,882,939 | 8,075,946 | 40.62% |
| December | 21,351,498 | 18,314,222 | 3,037,276 | 16.58% |
| January | 21,117,470 | 17,636,972 | 3,480,498 | 19.73% |
| February | 27,856,400 | 33,102,769 | (5,246,369) | -15.85% |
| March | 23,460,900 | 23,746,469 | (285,569) | -1.20% |
| April | 18,685,600 | 17,769,710 | 915,890 | 5.15% |
| May | 28,363,300 | 18,213,966 | 10,149,334 | 55.72% |
| June | 23,300,100 | 38,287,549 | (14,987,449) | -39.14% |
| July | 18,438,961 | 22,331,831 | (3,892,870) | -17.43% |
| August | 13,987,797 | 22,377,366 | (8,389,569) | -37.49% |
| September | 25,450,281 | 18,770,419 | 6,679,862 | 35.59% |
| **Rolling 12-Month Total** | 273,078,208 | 275,141,461 | | |
| **Rolling, 12-Month Average** | 22,756,517 | 22,928,455 | | |

# Wholesale Water & Sewer Accounts Receivable Aging Report

The detailed accounts receivable aging is in the Appendix to this monthly report. This report reflects the wholesale receivables only and does not include DWSD.

***Table 5 - Wholesale Accounts Receivable Aging Report Summary*** is a summary of the total, current and non-current receivables by category as of September 30, 2024.

***Table 6 - Wholesale Accounts Receivable Aging Report, Net Dearborn*** is the same summary *without* the past due balances for the City of Dearborn. The Billing & Collections team has been in contact with the Water past due account holders and balances reported as past due in this report have been collected in full as of January 2025.

The Sewer past due account was paid in full in October. The IWC past due balances are under review and have been significantly reduced in subsequent months. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

***Table 5 - Wholesale Accounts Receivable Aging Report Summary***

| | Total | Current | 1-45 Days | 46-74 Days | 75-104 Days | >105 Days |
|---|---|---|---|---|---|---|
| **Water** | 47,420,847 | 39,200,522 | 573,056 | - | 7,647,269 | - |
| **Sewer** | 13,134,315 | 12,788,215 | - | - | 346,100 | - |
| **IWC** | 596,717 | 569,375 | 13,836 | - | 13,507 | - |
| **Pollutant Surcharge** | 488,313 | 370,823 | 125,528 | - | (8,038) | - |
| **Total** | 61,640,192 | 52,928,934 | 712,419 | - | 7,998,839 | - |
| | 100.00% | 85.87% | 1.16% | 0.00% | 12.98% | 0.00% |

***Table 6 - Wholesale Accounts Receivable Aging Report, Net of Dearborn***

| | Total | Current | 1-45 Days | 46-74 Days | 75-104 Days | >105 Days |
|---|---|---|---|---|---|---|
| **Water** | 39,109,121 | 38,364,341 | 508,889 | - | 235,890 | - |
| **Sewer** | 13,134,315 | 12,788,215 | - | - | 346,100 | - |
| **IWC** | 596,717 | 569,375 | 13,836 | - | 13,507 | - |
| **Pollutant Surcharge** | 488,313 | 370,823 | 125,528 | - | (8,038) | - |
| **Total** | 53,328,465 | 52,092,753 | 648,253 | - | 587,460 | - |
| | 100.00% | 97.68% | 1.22% | 0.00% | 1.10% | 0.00% |

***Note:*** *percentages vary from 100% due to rounding.*

The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

## GLWA Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** 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 or DWSD) activities which are further separated by the water system and the sewage disposal system.

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.

***Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements*** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects three months of activity to date.

Water fund receipts exceeded required disbursements by 4% through September 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2020.

Sewer fund receipts fell short of required disbursements by 7% through September 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 4% since July 1, 2020.

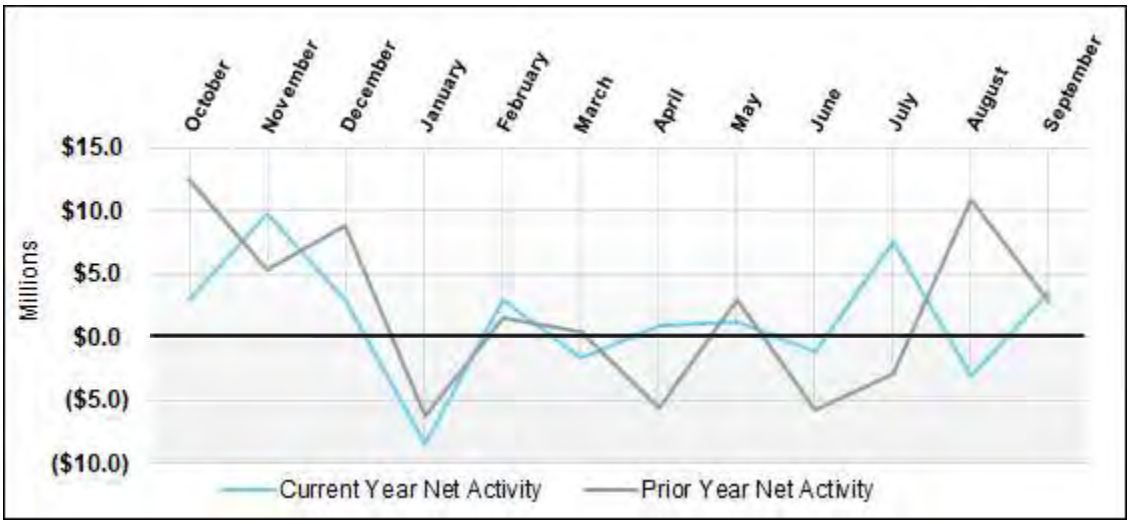
***Chart 1 – GLWA 12-Month Net Receipts – Water*** outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at the zero highlights the minimum goal for net receipts.

***Chart 2 – GLWA 12-Month Net Receipts – Sewer*** outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at the zero highlights the minimum goal for net receipts.

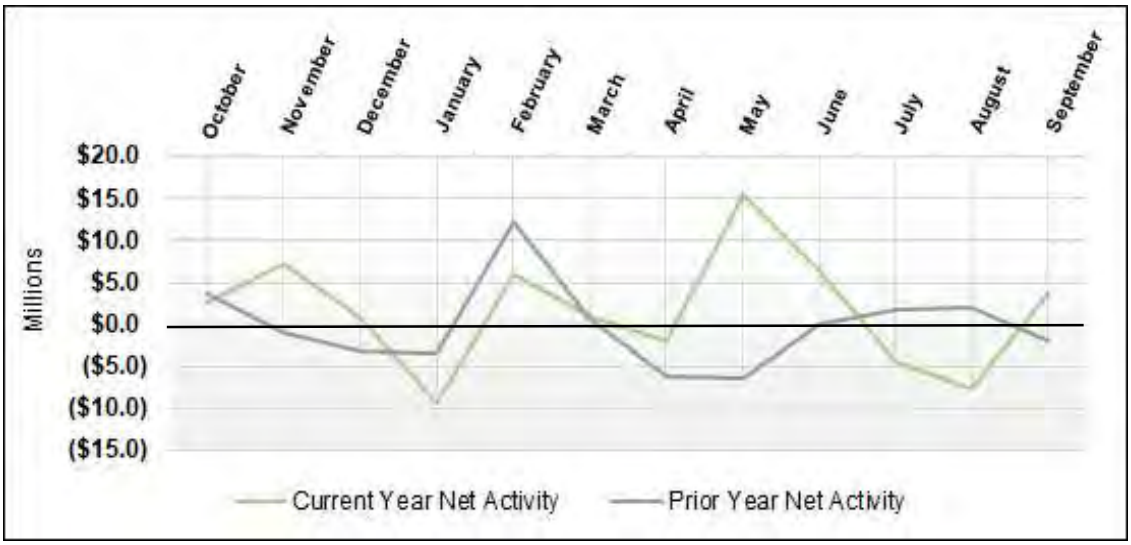
## *Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements*

| | | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 Thru September 30 |
|---|---|---|---|---|---|---|
| | **Water** | | | | | |
| 1 | Receipts | $ 336,642,021 | $ 338,117,694 | $ 363,335,474 | $ 374,252,221 | $ 98,012,672 |
| 2 | MOU Adjustments | - | - | - | - | - |
| 3 | Adjusted Receipts | 336,642,021 | 338,117,694 | 363,335,474 | 374,252,221 | 98,012,672 |
| 4 | Disbursements | (308,713,407) | (316,495,360) | (349,186,375) | (353,639,121) | (93,865,201) |
| 5 | Receipts Net of Required Transfers | 27,928,614 | 21,622,334 | 14,149,099 | 20,613,100 | 4,147,471 |
| 6 | I&E Transfer | (31,991,687) | (26,622,862) | (9,898,100) | (28,618,500) | - |
| 7 | Net Receipts | $ (4,063,073) | $ (5,000,528) | $ 4,250,999 | $ (8,005,400) | $ 4,147,471 |
| 8 | *Ratio of Receipts to Required Disbursements (Line 3/Line 4)* | *109%* | *107%* | *104%* | *106%* | *104%* |
| | **Sewer** | | | | | |
| 9 | Receipts | $ 472,871,853 | $ 471,979,297 | $ 498,888,416 | $ 506,731,576 | $ 115,721,005 |
| 10 | MOU Adjustments | - | - | - | - | - |
| 11 | Adjusted Receipts | 472,871,853 | 471,979,297 | 498,888,416 | 506,731,576 | 115,721,005 |
| 12 | Disbursements | (436,600,883) | (450,701,751) | (473,516,238) | (477,450,794) | (123,902,403) |
| 13 | Receipts Net of Required Transfers | 36,270,970 | 21,277,546 | 25,372,178 | 29,280,782 | (8,181,398) |
| 14 | I&E Transfer | (40,504,727) | (37,651,788) | (26,766,200) | (12,468,000) | - |
| 15 | DWSD Shortfall Advance | - | - | - | - | - |
| 16 | Shortfall Repayment (principal) | 18,206,431 | 8,296,578 | - | - | - |
| 17 | Net Receipts | $ 13,972,674 | $ (8,077,664) | $ (1,394,022) | $ 16,812,782 | $ (8,181,398) |
| 18 | *Ratio of Receipts to Required Disbursements (Line 11/Line 12)* | *108%* | *105%* | *105%* | *106%* | *93%* |
| | **Combined** | | | | | |
| 19 | Receipts | $ 809,513,874 | $ 810,096,991 | $ 862,223,890 | $ 880,983,797 | $ 213,733,677 |
| 20 | MOU Adjustments | - | - | - | - | - |
| 21 | Adjusted Receipts | 809,513,874 | 810,096,991 | 862,223,890 | 880,983,797 | 213,733,677 |
| 22 | Disbursements | (745,314,290) | (767,197,111) | (822,702,613) | (831,089,915) | (217,767,604) |
| 23 | Receipts Net of Required Transfers | 64,199,584 | 42,899,880 | 39,521,277 | 49,893,882 | (4,033,927) |
| 24 | I&E Transfer | (72,496,414) | (64,274,650) | (36,664,300) | (41,086,500) | - |
| 25 | Shortfall Advance | - | - | - | - | - |
| 26 | Shortfall Repayment | 18,206,431 | 8,296,578 | - | - | - |
| 27 | Net Receipts | $ 9,909,601 | $ (13,078,192) | $ 2,856,977 | $ 8,807,382 | $ (4,033,927) |
| 28 | *Ratio of Receipts to Required Disbursements (Line 21/Line 22)* | *109%* | *106%* | *105%* | *106%* | *98%* |

### *Chart 1 – GLWA 12-Month Net Receipts – Water*




### *Chart 2 – GLWA 12-Month Net Receipts – Sewer*



# DWSD Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** 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 or DWSD) activities which are further separated by the water system and the sewage disposal system.

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.

***Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements*** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects three months of activity to date.

Water fund receipts exceeded required disbursements by 11% through September 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2020.

Sewer fund receipts exceeded required disbursements by 8% through September 30, 2024 compared to the four-year historical average of required receipts exceeding disbursements by 5% since July 1, 2020.

## *Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements*

| | | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 Thru September 30 |
|---|---|---|---|---|---|---|
| | **Water** | | | | | |
| 1 | Receipts | 102,067,423 | 101,964,963 | 123,766,624 | 123,818,287 | 33,700,625 |
| 2 | MOU Adjustments | - | - | | - | - |
| 3 | Adjusted Receipts | 102,067,423 | 101,964,963 | 123,766,624 | 123,818,287 | 33,700,625 |
| 4 | Disbursements | (100,707,200) | (94,495,601) | (117,666,100) | (117,290,591) | (30,336,079) |
| 5 | Receipts Net of Required Transfers | 1,360,223 | 7,469,362 | 6,100,524 | 6,527,696 | 3,364,546 |
| 6 | I&E Transfer | - | - | - | - | - |
| 7 | Net Receipts | 1,360,223 | 7,469,362 | 6,100,524 | 6,527,696 | 3,364,546 |
| 8 | *Ratio of Receipts to Required Disbursements (Line 3/Line 4)* | *101%* | *108%* | *105%* | *106%* | *111%* |
| | **Sewer** | | | | | |
| 9 | Receipts | 308,210,767 | 291,280,896 | 298,896,942 | 296,088,194 | 81,286,630 |
| 10 | MOU Adjustments | - | - | - | - | - |
| 11 | Adjusted Receipts | 308,210,767 | 291,280,896 | 298,896,942 | 296,088,194 | 81,286,630 |
| 12 | Disbursements | (295,100,771) | (285,256,000) | (283,095,100) | (288,119,517) | (75,265,648) |
| 13 | Receipts Net of Required Transfers | 13,109,996 | 6,024,896 | 15,801,842 | 7,968,677 | 6,020,982 |
| 14 | I&E Transfer | - | - | - | - | - |
| 15 | Shortfall Advance from GLWA | - | - | - | - | - |
| 16 | Net Receipts | 13,109,996 | 6,024,896 | 15,801,842 | 7,968,677 | 6,020,982 |
| 17 | *Ratio of Receipts to Required Disbursements (Line 11/Line 12)* | *104%* | *102%* | *106%* | *103%* | *108%* |
| | **Combined** | | | | | |
| 18 | Receipts | 410,278,190 | 393,245,859 | 422,663,566 | 419,906,481 | 114,987,255 |
| 19 | MOU Adjustments | - | - | - | - | - |
| 20 | Adjusted Receipts | 410,278,190 | 393,245,859 | 422,663,566 | 419,906,481 | 114,987,255 |
| 21 | Disbursements | (395,807,971) | (379,751,601) | (400,761,200) | (405,410,108) | (105,601,727) |
| 22 | Receipts Net of Required Transfers | 14,470,219 | 13,494,258 | 21,902,366 | 14,496,373 | 9,385,528 |
| 23 | I&E Transfer | - | - | - | - | - |
| 24 | Shortfall Advance from GLWA | - | - | - | - | - |
| 25 | Net Receipts | 14,470,219 | 13,494,258 | 21,902,366 | 14,496,373 | 9,385,528 |
| 26 | *Ratio of Receipts to Required Disbursements (Line 20/Line 21)* | *104%* | *104%* | *105%* | *104%* | *109%* |

***Chart 3 – DWSD 12-Month Net Receipts – Water*** outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

***Chart 4 – DWSD 12-Month Net Receipts – Sewer*** outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts

***Chart 3 – DWSD 12-Month Net Receipts – Water***

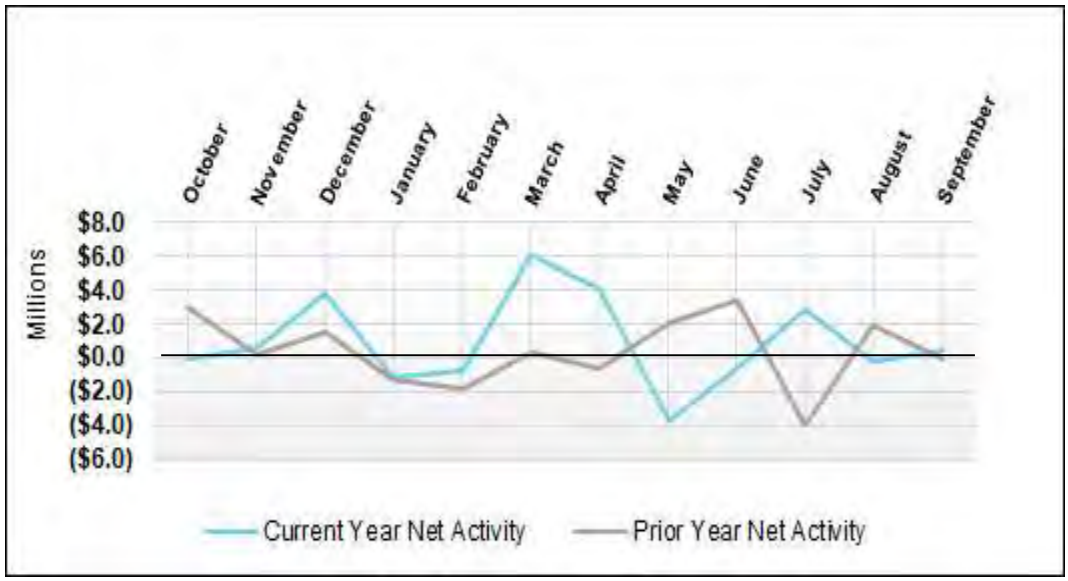
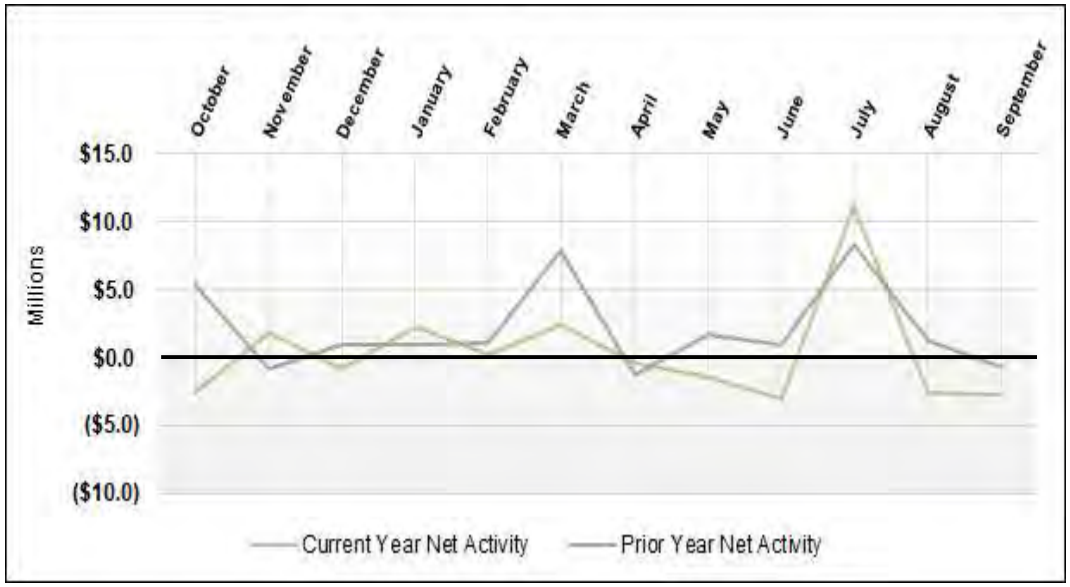



***Chart 4 – DWSD 12-Month Net Receipts – Sewer***



# Combined System Trust Receipts & Disbursements

**Net Cash Flows and Receipts Basis:** 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 or DWSD) activities which are further separated by the water system and the sewage disposal system.

***Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements*** provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2025 reflects three months of activity to date.

Water fund net receipts exceeded required disbursements by 6% through September 30, 2024 in line with the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2020.

Sewer fund receipts by 1% through September 30, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 4% since July 1, 2020.

## *Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements*

| | | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 Thru September 30 |
|---|---|---|---|---|---|---|
| | **Water** | | | | | |
| 1 | Receipts | $ 438,709,444 | $ 440,082,657 | $ 487,102,098 | $ 498,070,508 | $ 131,713,297 |
| 2 | MOU Adjustments | - | - | - | - | - |
| 3 | Adjusted Receipts | 438,709,444 | 440,082,657 | 487,102,098 | 498,070,508 | 131,713,297 |
| 4 | Disbursements | (409,420,607) | (410,990,961) | (466,852,475) | (470,929,712) | (124,201,280) |
| 5 | Receipts Net of Required Transfers | 29,288,837 | 29,091,696 | 20,249,623 | 27,140,796 | 7,512,017 |
| 6 | I&E Transfer | (31,991,687) | (26,622,862) | (9,898,100) | (28,618,500) | - |
| 7 | Net Receipts | $ (2,702,850) | $ 2,468,834 | $ 10,351,523 | $ (1,477,704) | $ 7,512,017 |
| 8 | *Ratio of Receipts to Required Disbursements (Line 3/Line 4)* | *107%* | *107%* | *104%* | *106%* | *106%* |
| | **Sewer** | | | | | |
| 9 | Receipts | $ 781,082,620 | $ 763,260,193 | $ 797,785,358 | $ 802,819,770 | $ 197,007,635 |
| 10 | MOU Adjustments | - | - | - | - | - |
| 11 | Adjusted Receipts | 781,082,620 | 763,260,193 | 797,785,358 | 802,819,770 | 197,007,635 |
| 12 | Disbursements | (731,701,654) | (735,957,751) | (756,611,338) | (765,570,311) | (199,168,051) |
| 13 | Receipts Net of Required Transfers | 49,380,966 | 27,302,442 | 41,174,020 | 37,249,459 | (2,160,416) |
| 14 | I&E Transfer | (40,504,727) | (37,651,788) | (26,766,200) | (12,468,000) | - |
| 15 | Shortfall Advance | - | - | - | - | - |
| 16 | Shortfall Repayment (principal) | 18,206,431 | 8,296,578 | - | - | - |
| 17 | Net Receipts | $ 27,082,670 | $ (2,052,768) | $ 14,407,820 | $ 24,781,459 | $ (2,160,416) |
| 18 | *Ratio of Receipts to Required Disbursements (Line 11/Line 12)* | *107%* | *104%* | *105%* | *105%* | *99%* |
| | **Combined** | | | | | |
| 19 | Receipts | $ 1,219,792,064 | $ 1,203,342,850 | $ 1,284,887,456 | $ 1,300,890,278 | $ 328,720,932 |
| 20 | MOU Adjustments | - | - | - | - | - |
| 21 | Adjusted Receipts | 1,219,792,064 | 1,203,342,850 | 1,284,887,456 | 1,300,890,278 | 328,720,932 |
| 22 | Disbursements | (1,141,122,261) | (1,146,948,712) | (1,223,463,813) | (1,236,500,023) | (323,369,331) |
| 23 | Receipts Net of Required Transfers | 78,669,803 | 56,394,138 | 61,423,643 | 64,390,255 | 5,351,601 |
| 24 | I&E Transfer | (72,496,414) | (64,274,650) | (36,664,300) | (41,086,500) | - |
| 25 | Shortfall Advance | - | - | - | - | - |
| 26 | Shortfall Repayment | 18,206,431 | 8,296,578 | - | - | - |
| 27 | Net Receipts | $ 24,379,820 | $ 416,066 | $ 24,759,343 | $ 23,303,755 | $ 5,351,601 |
| 28 | *Ratio of Receipts to Required Disbursements (Line 21/Line 22)* | *107%* | *105%* | *105%* | *105%* | *102%* |