OFFICIAL STATEMENT DATED FEBRUARY 8, 2024

NEW ISSUE – Book-Entry Only

Fitch Ratings:	**AAA**
Moody's Investors Service:	**Aaa**
S&P Global Ratings:	**AAA**
See "Ratings" herein.	

In the opinion of Bond Counsel, (i) under existing statutes, regulations and decisions, interest on the Bonds is exempt from taxation by the State of Maryland, its counties and municipalities; no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Bonds; and (ii) assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. Interest on the Bonds, for federal income tax purposes, is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Additionally, interest on the Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS."

$311,640,000
WASHINGTON SUBURBAN SANITARY DISTRICT, MARYLAND

(MONTGOMERY AND PRINCE GEORGE'S COUNTIES, MARYLAND)

$283,295,000	**$28,345,000**
Consolidated Public Improvement Bonds of 2024	**Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds)**

Dated:	Date of Delivery
Due:	June 1, as shown on the inside front cover
Interest Payment Date:	June 1 and December 1, beginning June 1, 2024
Denomination:	$5,000 or any integral multiples thereof
Form:	Registered, book-entry only through the facilities of The Depository Trust Company
Optional Redemption:	The Bonds maturing on or after June 1, 2035 are subject to redemption prior to maturity without premium. See "Description of the Bonds - Redemption Provisions."
Sources of Payment and Security:	Debt service on the Bonds is expected to be paid from revenues generated in the District from fees, charges, rates and assessments and other available funds. In the event of a deficiency of such revenues for the purpose of paying the principal of and interest on the Bonds, the Public Utilities Article of the Annotated Code of Maryland provides that the county councils of Montgomery County and Prince George's County shall impose *ad valorem* taxes upon all the assessable property within the District. See "Summary of District Ad Valorem Taxes and Other Charges and Revenues Therefrom." *To date, ad valorem tax revenues have not been required from such counties to pay debt service on any of the Commission's outstanding bonds.*
Purpose:	The proceeds of the Construction Bonds and investment earnings thereon will provide funding for (i) the construction or reconstruction of water supply facilities, water supply lines and transmission mains, sewage disposal facilities, sewer collection mains and trunk sewers, and the acquisition of land or equipment for, or the construction, remodeling, enlargement, or replacement of any office or operating building necessary to administer or operate the water and sewer systems in the District, and (ii) the payment of costs of issuance related to the Construction Bonds. The proceeds of the Green Bonds and investment earnings thereon will provide funding for (i) the planning, design and construction of improvements to a water filtration plant in order to reduce solids discharge, (ii) the planning, design and construction or rehabilitation of large diameter water transmission mains and large system valves and other appurtenances including meter and pressure reducing valves, (iii) other projects which have been designated by the Commission as "Green Projects" and (iv) the payment of costs of issuance related to the Green Bonds.
Green Bonds:	The Commission has designated the projects to be funded by the proceeds of the Second Series Bonds as "Green Projects" and the Second Series Bonds as "Green Bonds."
Bond Counsel:	McKennon Shelton & Henn LLP
Financial Advisor:	Public Resources Advisory Group
Paying Agent and Bond Registrar:	The Bank of New York Mellon Trust Company, N.A.

FOR MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS, SEE INSIDE FRONT COVER

The Bonds are offered when, as and if issued and subject to the unqualified approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland and other conditions specified in the Official Notice of Sale. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York, on or about February 22, 2024.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

$283,295,000 CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF 2024

Maturity June 1	Principal Amount	Interest Rate*	Yield*	CUSIP Number†	Maturity June 1	Principal Amount	Interest Rate*	Yield*	CUSIP Number†
2024	$2,620,000	5.00%	3.000%	940158FD5	2039	$ 9,270,000	5.00%	2.990%+	940158FU7
2025	4,680,000	5.00	2.940	940158FE3	2040	9,735,000	5.00	3.110+	940158FV5
2026	4,915,000	5.00	2.710	940158FF0	2041	10,220,000	4.00	3.720+	940158FW3
2027	5,165,000	5.00	2.530	940158FG8	2042	10,630,000	4.00	3.790+	940158FX1
2028	5,420,000	5.00	2.480	940158FH6	2043	11,050,000	4.00	3.800+	940158FY9
2029	5,690,000	5.00	2.440	940158FJ2	2044	11,495,000	4.00	3.840+	940158FZ6
2030	5,975,000	5.00	2.440	940158FK9	2045	11,955,000	4.00	3.880+	940158GA0
2031	6,270,000	5.00	2.440	940158FL7	2046	12,435,000	4.00	3.920+	940158GB8
2032	6,585,000	5.00	2.450	940158FM5	2047	12,930,000	4.00	3.960+	940158GC6
2033	6,915,000	5.00	2.460	940158FN3	2048	13,450,000	4.00	4.000	940158GD4
2034	7,265,000	5.00	2.470	940158FP8	2049	13,985,000	4.00	4.090	940158GE2
2035	7,630,000	5.00	2.580+	940158FQ6	2050	14,545,000	4.00	4.090	940158GF9
2036	8,005,000	5.00	2.660+	940158FR4	2051	15,130,000	4.00	4.100	940158GG7
2037	8,405,000	5.00	2.780+	940158FS2	2052	15,730,000	4.00	4.110	940158GH5
2038	8,830,000	5.00	2.910+	940158FT0	2053	16,365,000	4.00	4.110	940158GJ1

$28,345,000 CONSOLIDATED PUBLIC IMPROVEMENT BONDS OF 2024 (SECOND SERIES) (GREEN BONDS)

Maturity June 1	Principal Amount	Interest Rate*	Yield*	CUSIP Number†	Maturity June 1	Principal Amount	Interest Rate*	Yield*	CUSIP Number†
2024	$265,000	5.00%	3.000%	940158GK8	2039	$ 925,000	5.00%	2.990%+	940158HA9
2025	470,000	5.00	2.940	940158GL6	2040	975,000	5.00	3.110+	940158HB7
2026	490,000	5.00	2.710	940158GM4	2041	1,020,000	4.00	3.720+	940158HC5
2027	515,000	5.00	2.530	940158GN2	2042	1,065,000	4.00	3.790+	940158HD3
2028	540,000	5.00	2.480	940158GP7	2043	1,105,000	4.00	3.800+	940158HE1
2029	570,000	5.00	2.440	940158GQ5	2044	1,150,000	4.00	3.840+	940158HF8
2030	600,000	5.00	2.440	940158GR3	2045	1,195,000	4.00	3.880+	940158HG6
2031	630,000	5.00	2.440	940158GS1	2046	1,245,000	4.00	3.920+	940158HH4
2032	660,000	5.00	2.450	940158GT9	2047	1,295,000	4.00	3.960+	940158HJ0
2033	690,000	5.00	2.460	940158GU6	2048	1,345,000	4.00	4.000	940158HK7
2034	725,000	5.00	2.470	940158GV4	2049	1,400,000	4.00	4.090	940158HL5
2035	765,000	5.00	2.580+	940158GW2	2050	1,455,000	4.00	4.090	940158HM3
2036	800,000	5.00	2.660+	940158GX0	2051	1,515,000	4.00	4.100	940158HN1
2037	840,000	5.00	2.780+	940158GY8	2052	1,575,000	4.00	4.110	940158HP6
2038	885,000	5.00	2.910+	940158GZ5	2053	1,635,000	4.00	4.110	940158HQ4

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* The interest rates and yields shown above are the rates payable by the District resulting from the successful bids for the Bonds on February 8, 2024. The interest rates and yields shown above are furnished by Morgan Stanley & Co, LLC, the successful bidder for the Construction Bonds and the Green Bonds (the "Successful Bidder"). Other information concerning the terms of the reoffering of the Bonds of each series, if any, should be obtained from the Successful Bidder and not from the Commission. See "Sale at Competitive Bidding."

+ Yield to June 1, 2034, the first optional call date.

† The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by CUSIP Global Services, which is managed on behalf of the American Bankers Association ("ABA") by S&P Global Market Intelligence. These entities are not affiliated with the Commission, and the Commission is not responsible for the selection or use of the CUSIP numbers. CUSIP is a registered trademark of the ABA. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The Commission has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth above. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services.

WASHINGTON SUBURBAN SANITARY COMMISSION

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Public Resources Advisory Group

BOND REGISTRAR AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.

Additional copies of this Official Statement may be obtained from J.D. Noell, Disbursements Division Manager, Washington Suburban Sanitary Commission, 14501 Sweitzer Lane, Laurel, Maryland 20707 (301-206-7069), or from Public Resources Advisory Group, 39 Broadway, Suite 1210, New York, New York 10006 (610-565-5990). Copies of the latest Official Statements of Montgomery County, Maryland and Prince George's County, Maryland are available at the offices of the respective counties. THE WASHINGTON SUBURBAN SANITARY COMMISSION HAS NOT UNDERTAKEN TO AUDIT, AUTHENTICATE OR OTHERWISE VERIFY THE INFORMATION SET FORTH IN ANY OFFICIAL STATEMENT OF MONTGOMERY COUNTY, MARYLAND OR PRINCE GEORGE'S COUNTY, MARYLAND. THE INCLUSION HEREIN OF INFORMATION FROM AND REFERENCE TO THE OFFICIAL STATEMENTS OF MONTGOMERY COUNTY, MARYLAND AND PRINCE GEORGE'S COUNTY, MARYLAND IS INCLUDED HEREIN FOR CONVENIENCE ONLY AND ANY INFORMATION INCLUDED IN SUCH OFFICIAL STATEMENTS IS NOT INCORPORATED HEREIN, BY REFERENCE OR OTHERWISE.

This Official Statement is provided in connection with the issuance of the Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Commission and other sources which are believed to be reliable. Additional information, including financial information, concerning the Commission is available from the Commission's website. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or holders of any of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations with respect to this offering, other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Commission. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds have not been registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exceptions contained in the Securities Act of 1933. Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or selection in this Official Statement.

Some statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement. The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Commission does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Commission since the date hereof.

All references in this Official Statement to the Commission's website are provided for convenience only. The information on the Commission's website is NOT incorporated herein, by reference or otherwise.

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SUMMARY OF OFFICIAL STATEMENT

This Official Statement, including the cover page, inside front cover, and appendices hereto, sets forth certain information concerning the $283,295,000 Consolidated Public Improvement Bonds of 2024 (the "Construction Bonds") and the $28,345,000 Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds) (the "Second Series" or "Green Bonds" and, together with the Construction Bonds, collectively, the "Bonds") of the Washington Suburban Sanitary District (the "District"). The following summary is qualified in its entirety by the detailed information in this Official Statement, including the cover page and appendices hereto. This summary is only a brief description of the offering and potential investors should review this entire Official Statement. The Official Statement speaks only as of its date, and the information contained herein is subject to change.

The District

The District is a sanitary district incorporated under Chapter 122 of the Acts of the General Assembly of 1918, as amended. It is governed by and is under the jurisdiction of a commission of six members constituting a statutory body corporate under the name of the Washington Suburban Sanitary Commission (the "Commission"). Three of the Commissioners are required to be from, and are appointed by, the County Executive of Montgomery County, Maryland and three of the Commissioners are required to be from, and are appointed by, the County Executive of Prince George's County, Maryland. The District operates as a public corporation of the State of Maryland under the Public Utilities Article of the Annotated Code of Maryland, as amended (the "Public Utilities Article"). Through its governing body, the Commission, it provides, as authorized, water and sewerage systems, including water supply and sewage disposal facilities for Montgomery and Prince George's Counties. The area initially incorporated in the District has been expanded by legislative enactments to its present boundaries encompassing over 950 square miles within Montgomery and Prince George's Counties effectively representing 95% of the land area of both counties. See "Washington Suburban Sanitary District - Establishment, Powers and Service Area."

Authorization of Bonds

The bonds of the District, including the Bonds offered by this Official Statement, are issued upon the basis of authorizations under the Constitution of Maryland, the Public Utilities Article and other applicable law, and by the Commission through the adoption of resolutions or orders. See "Bonded Indebtedness of the District - Authorization of Debt."

Purpose of Bonds

Proceeds of the Construction Bonds will be used to (i) finance the costs of the construction or reconstruction of water supply facilities, water supply lines and transmission mains, the construction or reconstruction of sewage disposal facilities, sewer collection mains and trunk sewers and the acquisition of land or equipment for, or the construction, remodeling, enlargement, or replacement of any office or operating building necessary to administer or operate the water and sewer systems in the District and (ii) pay the costs of issuing the Construction Bonds. See "Use of Proceeds of the Construction Bonds."

Proceeds of the Green Bonds will be used to finance (i) the planning, design and construction of improvements to a water filtration plant in order to reduce solids discharge, (ii) the planning, design and construction or rehabilitation of large diameter water transmission mains and large system valves and other appurtenances including meter and pressure reducing valves, (iii) other projects which have been designated by the Commission as "Green Projects" and (iv) the cost of issuing the Green Bonds.

Sources of Payment and Security for Bonds

Debt service on the Bonds is expected to be paid from revenues generated in the District from fees, charges, rates and assessments and other available funds. However, in the event of a deficiency of such revenues, for the purpose of paying the principal of and interest on bonds and notes of the District, including the Bonds, the Public Utilities Article provides that the County Council of Montgomery County and the County Council of Prince George's County, respectively, shall levy, annually, against all the assessable property within the District *ad valorem* taxes sufficient to pay such principal and interest when due. Due to the level of revenues generated in the District from fees, charges, rates and assessments, the Commission has not needed to seek *ad valorem* tax revenues from such counties to pay debt service on any of its outstanding bonds and notes since the incorporation of the District and does not anticipate the need to cause the counties to levy *ad valorem* taxes to pay the debt service on the Bonds. See "Summary of District Ad Valorem Taxes and Other Charges and Revenues Therefrom" herein.

Denominations

The Bonds will be issued in denominations of $5,000 each or any integral multiple thereof.

Book-Entry Only System

The Depository Trust Company ("DTC") will act as the securities depository for the Bonds. The Bonds will be issued on a book-entry only basis. Beneficial Owners (defined herein) will not receive certificates representing their ownership interest in the Bonds except in the event of termination of the book-entry only system. Principal of and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Payments by Direct Participants and Indirect Participants (each as defined herein) to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." For a more complete description, see Appendix E herein.

Redemption

Bonds maturing on or after June 1, 2035, are callable for redemption prior to their respective maturities, at the option of the Commission, from any money that may be made available for such purpose. Any such redemption may be made on not fewer than 20 days' notice by mail, either in whole or in part on any date not earlier than June 1, 2034, at the principal amount of the Bonds to be redeemed, with interest thereon accrued to the date fixed for redemption, without premium, as more fully described herein under "Description of the Bonds - Redemption Provisions."

Tax Matters

In the opinion of Bond Counsel, (i) under existing law, interest on the Bonds is exempt from taxation by the State of Maryland, its counties and municipalities; no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Bonds; and (ii) assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. Interest on the Bonds, for federal income tax purposes, is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Interest on the Bonds will be includable in the applicable tax base for purposes of determining the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS."

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Commission will execute and deliver a continuing disclosure certificate on the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. See "Continuing Disclosure" and Appendix C herein.

Litigation

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued.

There are miscellaneous claims now pending against the Commission, including claims currently in litigation. See "Litigation."

Limitation on Offering or Reoffering Securities

No dealer, broker, sales agent, financial consultant, or any other person has been authorized by the Commission, Montgomery County or Prince George's County to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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OFFICIAL STATEMENT

$311,640,000

WASHINGTON SUBURBAN SANITARY DISTRICT, MARYLAND (MONTGOMERY AND PRINCE GEORGE'S COUNTIES, MARYLAND)

$283,295,000 Consolidated Public Improvement Bonds of 2024	**$28,345,000 Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds)**

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the cover page, inside front cover, and appendices hereto, is to set forth certain information concerning the $283,295,000 Consolidated Public Improvement Bonds of 2024 (the "Construction Bonds") and the $28,345,000 Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds) (the "Second Series" or "Green Bonds" and, together with the Construction Bonds, collectively, the "Bonds") of the Washington Suburban Sanitary District (the "District"). The proceeds of the Bonds will be used to finance (i) the construction or reconstruction of water supply facilities, water supply lines and transmission mains, sewage disposal facilities, sewer collection mains and trunk sewers and the acquisition of land or equipment for, or the construction, remodeling, enlargement, or replacement of, any office or operating building necessary to administer or operate the water and sewer systems in the District, (ii) certain projects designated as "Green Projects" and (iii) the costs of issuing the Bonds.

The District is a sanitary district incorporated under Chapter 122 of the Acts of the General Assembly of 1918, as amended. It is governed by and under the jurisdiction of a commission of six members constituting a statutory body corporate under the name of the Washington Suburban Sanitary Commission (the "Commission" or "WSSC"). See "Washington Suburban Sanitary District - Commission" herein.

Amounts herein relating to tax collections, front foot benefit charges, water and sewer charges and the District's financial position have been taken from official records of the Commission. All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts.

SECURITY

Bonds and Notes Are Currently Paid from Revenues Other Than Taxes

Currently all of the debt service on bonds and notes of the District is being paid from revenues generated in the District from fees, charges, rates and assessments and other available funds. The Commission has not sought *ad valorem* tax revenues from Montgomery County or Prince George's County to pay debt service on any of its outstanding bonds or notes and does not anticipate the need to levy *ad valorem* taxes to pay the debt service on the Bonds, or for any of its operations. However, the underlying security for all bonds and notes of the District is the levy of *ad valorem* taxes on the assessable property as stated in the following paragraph. See "Summary of District Ad Valorem Taxes and Other Charges and Revenues Therefrom" herein.

Levy of Taxes to Pay Bonds and Notes

For the purpose of securing the principal of and interest on bonds and notes of the District, including the Bonds, in the event of a deficiency of the above referenced revenues, the Public Utilities Article provides for the levy, annually, against all the assessable property within the District by the County Council of Montgomery County and the County Council of Prince George's County, respectively, of *ad valorem* taxes sufficient to pay such principal and interest when due and payable.

After receiving from the County Executive of each County the assessed valuations of the taxable property in the District, the Commission determines the amount necessary to be raised, taking into account the amount available from other sources, by the levy of taxes for the next taxable year for the payment of interest on all outstanding bonds and notes due and payable in such year. The Commission shall determine the number of cents per $100 valuation necessary to raise such amount and shall so certify to the two county councils. Each of the county councils in its next annual levy is required to levy and to collect such tax in the same manner as county taxes are levied and collected. The tax so levied and collected shall be remitted to the Commission.

Charges and Assessments

While the Bonds constitute general obligations of the District, the Commission fixes and collects the following charges and assessments which have been and are currently estimated to be sufficient to pay all expenses of the Commission including principal of and interest on the Bonds.

Water Consumption Charge: The Commission fixes and collects a water consumption charge, which is based upon metered water use on all properties connected to the water supply system of the District. The proceeds of the water consumption charges are applied to the payment of principal of and interest on the bonds and notes of the District (including that portion of the Bonds allocable to water supply projects), and to the payment of the cost of operating and maintaining the water supply system.

Sewer Usage Charge: The Commission fixes and collects a sewer usage charge, which is based on metered water use on all properties connected to the sewage disposal system of the District. Sewer only customers are billed a flat rate on a quarterly basis. The proceeds of the sewer usage charges are applied to the payment of the principal of and the interest on all bonds and notes of the District (including that portion of the Bonds allocable to sewage disposal projects), and to the payment of the costs of operating and maintaining the sewage disposal system.

Ready to Serve Charge: The Ready to Serve Charge is comprised of two components: the Account Maintenance Fee (AMF) and the Infrastructure Investment Fee (IIF). The AMF is a fixed fee that recovers the costs associated with the expenses and overhead of maintaining and servicing each account. The IIF is a fixed fee that funds the debt service associated with the Commission's water and sewer pipe reconstruction program in the approved Capital Improvements Program.

Front Foot Benefit Charge: The Commission assesses, on certain property benefiting from water mains or sewers, front foot benefit charges in amounts sufficient, together with other charges, including water consumption charges and sewer usage charges, to pay debt service on the bonds and notes of the District as such debt service becomes due. The front foot benefit charges are payable in annual installments during the term of the respective bonds issued for the particular improvements. Proceeds of such front foot benefit charges, together with other charges, including the proceeds of water consumption charges and sewer usage charges, are applied to the payment of the principal of and the interest on the bonds and notes of the District (including the portion of the Bonds allocable to the general construction projects of the District).

The assessment of front foot benefit charges normally begins the calendar year following the completion of or actual connection to the newly constructed water and/or sewer lines. Once construction is completed, those property owners directly benefitting from the newly constructed water and/or sewer mains receive in writing a "Notice of Benefit Assessment." This notice is accompanied by a letter which includes the property's classification, footage, rate(s), and amount of the proposed front foot benefit charges.

In regard to customer appeal rights, after owners are notified in writing of their assessments, customers are requested to contact the Property Assessment staff with any questions or concerns they may have about the proposed assessments. Also, the customer may elect to be represented at the hearing. Following the hearing, the customer is provided a written decision by the Commissioner, and the customer is informed of his/her right to additionally appeal the Commissioner's decision to the full Commission. A hearing may be held in accordance with the State's Administrative Procedures Act.

Annually following a public hearing, the Commission establishes a "base" water and sewer rate which is used to assess properties abutted or served by the Commission's water and/or sewer lines. After the base rate is established, a property's front foot benefit charge is determined by multiplying its assessment rate(s) by its assessable front footage and each property is classified as subdivision residential, multi-unit residential, small acreage, industrial or single business, multi-unit business, or agricultural.

SOURCES AND USES OF FUNDS

Sources and Uses of the Bonds

	Construction Bonds	Green Bonds	Total
Sources of Funds:			
Par Amount	$283,295,000.00	$28,345,000.00	$311,640,000.00
Net Original Issue Premium	17,978,136.15	1,798,550.80	19,776,686.95
Total Sources of Funds	$301,273,136.15	$30,143,550.80	$331,416,686.95
Uses of Funds:			
Deposit to Construction Fund	$300,000,000.00	$30,000,000.00	$330,000,000.00
Underwriter's Discount	764,874.40	76,528.67	841,403.07
Costs of Issuance (1)	508,261.75	67,022.13	575,283.88
Total Uses of Funds	$301,273,136.15	$30,143,550.80	$331,416,686.95

(1) Includes fees and expenses of the Financial Advisor to the Commission, Bond Counsel to the Commission and certain accounting fees, as well as rating agency fees, printing costs, fees and expenses of the Bond Registrar and other miscellaneous expenses.

USE OF PROCEEDS OF THE CONSTRUCTION BONDS

The Construction Bonds will provide funding for the construction or reconstruction of water supply facilities, water supply lines and transmission mains, sewage disposal facilities, sewer collection mains and trunk sewers mains, the acquisition of land or equipment for, or the construction, remodeling, enlargement, or replacement of any office or operating building necessary to administer or operate the water and sewer systems in the District and costs of issuance of the Construction Bonds.

USE OF PROCEEDS OF THE GREEN BONDS

The Commission has designated the Second Series as "Green Bonds." The purpose of such designation is to allow investors to invest directly in bonds which finance environmentally beneficial projects ("Green Projects"). The Commission has established a green bonds framework, which among other things, provides guidelines for determining the eligibility of a given project for designation as a "Green Project." In order to be eligible for designation as a Green Project, the framework requires that the project meet criteria in one or more of the following areas: green buildings, pollution prevention and control, renewable energy, water quality, and climate change adaption. A copy of the Commission's Green Bond Framework can be found at https://www.wsscwater.com/investor. The Commission engaged Moody's Investors Service, Inc ("Moody's") to conduct an independent green bonds assessment of the Second Series. Moody's assigned the Commission's Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds) an overall score of SQS2. Based in part on the assessment of Moody's, the Commission has designated the Second Series as "Green Bonds."

The net proceeds of the Green Bonds will be used to finance the (i) planning, design and construction of improvements to a water filtration plant in order to reduce solids discharges, (ii) planning, design and construction or rehabilitation of large diameter water transmission mains and large system valves and other appurtenances including meter and pressure reducing vaults and (iii) costs of issuance of the Green Bonds. The Commission has determined that each of the projects to be financed by the Green Bonds meets the criteria to be designated as a Green Project. After the issuance of the Green Bonds, the Commission will have issued $141,395,000 in bonds independently assessed as green bonds by S&P Global Ratings and $28,345,000 in bonds independently assessed as green bonds by Moody's.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of their initial delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside front cover page hereof.

The Bonds shall be fully registered bonds in the denomination of $5,000 or any integral multiple thereof. The Bond Registrar and Paying Agent shall be The Bank of New York Mellon Trust Company, N.A. (the "Bond Registrar" or "Paying Agent"), having a corporate trust office in Pittsburgh, Pennsylvania, which shall register the Bonds and the transfer of Bonds on the District's bond registration books. The payment of interest on each Bond shall be made by the Bond Registrar and Paying Agent on each interest payment date to the person appearing on the bond registration books as the registered owner of such Bond (or the previous bond or bonds evidencing the same debt as that evidenced by such Bond) at the close of business on the record date, which shall be the 15th day of the calendar month next preceding such interest payment date, by check or draft mailed to such person at his address as it appears on the registration books. The payment of principal shall be made to the owner registered on the bond registration books upon presentation and surrender thereof to The Bank of New York Mellon Trust Company, N.A. at the office of its affiliate, The Bank of New York Mellon, in New York, New York or Dallas, Texas. The Bonds may be transferred or exchanged subject to the requirements prescribed by the resolution authorizing their issuance, including provisions that the Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to the resolution.

Redemption Provisions

Bonds which mature on or after June 1, 2035, are callable for redemption prior to their respective maturities, at the option of the Commission, from any money that may be made available for such purpose. Any such redemption may be made on not fewer than 20 days' notice by mail, either in whole or in part on any date not earlier than June 1, 2034, at the principal amount of the Bonds to be redeemed, with interest thereon accrued to the date fixed for redemption, without premium. If less than all of the Bonds of any one maturity of a series of the Bonds shall be called for redemption, the particular bonds of such maturity to be redeemed shall be selected by lot; except that so long as The Depository Trust Company ("DTC" or, together with any successor securities depository for the Bonds, the "Securities Depository") or its nominee is the sole registered owner of the Bonds, the particular Bond or portion to be redeemed shall be selected by DTC in such manner as DTC shall determine. In selecting Bonds for redemption, the Bond Registrar shall treat each bond of a denomination higher than $5,000 as representing that number of bonds which is equal to the principal amount of such bond divided by $5,000.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate of the Bonds will be issued for each maturity of each series of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity and will be deposited with DTC. Beneficial Owners (as defined in Appendix E) will not receive certificates representing their ownership interest in the Bonds except in the event of termination of the book-entry only. Principal of and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Payments by Direct Participants and Indirect Participants (each as defined in Appendix E) to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." For a more complete description, see Appendix E herein.

Annual Debt Service on the Bonds

Fiscal Year	Construction Bonds Principal	Construction Bonds Interest	Construction Bonds Total	Green Bonds Principal	Green Bonds Interest	Green Bonds Total	Total Debt Service
2024	$ 2,620,000	$ 3,428,026.25	$ 6,048,026.25	$ 265,000	$ 342,993.75	$ 607,993.75	$ 6,656,020.00
2025	4,680,000	12,334,550.00	17,014,550.00	470,000	1,234,000.00	1,704,000.00	18,718,550.00
2026	4,915,000	12,100,550.00	17,015,550.00	490,000	1,210,500.00	1,700,500.00	18,716,050.00
2027	5,165,000	11,854,800.00	17,019,800.00	515,000	1,186,000.00	1,701,000.00	18,720,800.00
2028	5,420,000	11,596,550.00	17,016,550.00	540,000	1,160,250.00	1,700,250.00	18,716,800.00
2029	5,690,000	11,325,550.00	17,015,550.00	570,000	1,133,250.00	1,703,250.00	18,718,800.00
2030	5,975,000	11,041,050.00	17,016,050.00	600,000	1,104,750.00	1,704,750.00	18,720,800.00
2031	6,270,000	10,742,300.00	17,012,300.00	630,000	1,074,750.00	1,704,750.00	18,717,050.00
2032	6,585,000	10,428,800.00	17,013,800.00	660,000	1,043,250.00	1,703,250.00	18,717,050.00
2033	6,915,000	10,099,550.00	17,014,550.00	690,000	1,010,250.00	1,700,250.00	18,714,800.00
2034	7,265,000	9,753,800.00	17,018,800.00	725,000	975,750.00	1,700,750.00	18,719,550.00
2035	7,630,000	9,390,550.00	17,020,550.00	765,000	939,500.00	1,704,500.00	18,725,050.00
2036	8,005,000	9,009,050.00	17,014,050.00	800,000	901,250.00	1,701,250.00	18,715,300.00
2037	8,405,000	8,608,800.00	17,013,800.00	840,000	861,250.00	1,701,250.00	18,715,050.00
2038	8,830,000	8,188,550.00	17,018,550.00	885,000	819,250.00	1,704,250.00	18,722,800.00
2039	9,270,000	7,747,050.00	17,017,050.00	925,000	775,000.00	1,700,000.00	18,717,050.00
2040	9,735,000	7,283,550.00	17,018,550.00	975,000	728,750.00	1,703,750.00	18,722,300.00
2041	10,220,000	6,796,800.00	17,016,800.00	1,020,000	680,000.00	1,700,000.00	18,716,800.00
2042	10,630,000	6,388,000.00	17,018,000.00	1,065,000	639,200.00	1,704,200.00	18,722,200.00
2043	11,050,000	5,962,800.00	17,012,800.00	1,105,000	596,600.00	1,701,600.00	18,714,400.00
2044	11,495,000	5,520,800.00	17,015,800.00	1,150,000	552,400.00	1,702,400.00	18,718,200.00
2045	11,955,000	5,061,000.00	17,016,000.00	1,195,000	506,400.00	1,701,400.00	18,717,400.00
2046	12,435,000	4,582,800.00	17,017,800.00	1,245,000	458,600.00	1,703,600.00	18,721,400.00
2047	12,930,000	4,085,400.00	17,015,400.00	1,295,000	408,800.00	1,703,800.00	18,719,200.00
2048	13,450,000	3,568,200.00	17,018,200.00	1,345,000	357,000.00	1,702,000.00	18,720,200.00
2049	13,985,000	3,030,200.00	17,015,200.00	1,400,000	303,200.00	1,703,200.00	18,718,400.00
2050	14,545,000	2,470,800.00	17,015,800.00	1,455,000	247,200.00	1,702,200.00	18,718,000.00
2051	15,130,000	1,889,000.00	17,019,000.00	1,515,000	189,000.00	1,704,000.00	18,723,000.00
2052	15,730,000	1,283,800.00	17,013,800.00	1,575,000	128,400.00	1,703,400.00	18,717,200.00
2053	16,365,000	654,600.00	17,019,600.00	1,635,000	65,400.00	1,700,400.00	18,720,000.00
Total	$283,295,000	$216,227,276.25	$499,522,276.25	$28,345,000	$21,632,943.75	$49,977,943.75	$549,500,220.00

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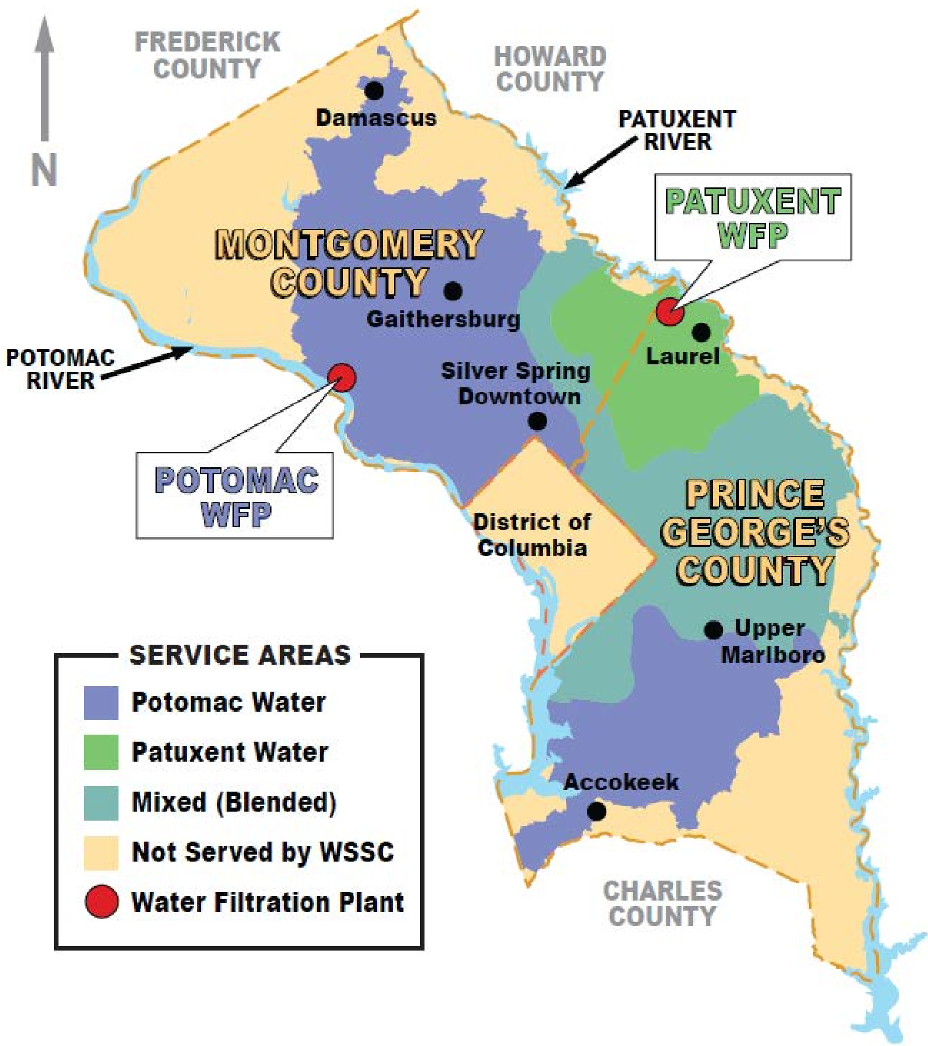
WASHINGTON SUBURBAN SANITARY DISTRICT

Establishment, Powers and Service Area

The District was created in 1918 and operates as a public corporation of the State of Maryland under the Public Utilities Article. Through its governing body, the Commission, it provides, as authorized, water and sewerage systems, including water supply and sewage disposal facilities for Montgomery and Prince George's Counties, Maryland. The area initially incorporated in the District has been expanded by legislative enactments to its present boundaries encompassing over 950 square miles within Montgomery and Prince George's Counties.



Commission

The District is under the jurisdiction of, and its governing body is, the Commission, a body corporate consisting of six members. Three Commissioners are required to be from, and are appointed by, the County Executive of Montgomery County, subject to their confirmation by the County Council thereof, and three Commissioners are required to be from, and are appointed by, the County Executive of Prince George's County, subject to their confirmation by the County Council thereof. Each Commissioner from Prince George's County shall be a resident of the District. Each Commissioner from Montgomery County shall be a registered voter of Montgomery County. Each Commissioner from

Prince George's County shall be a registered voter of Prince George's County. Not more than two Commissioners from Montgomery County may be of the same political party. The term of office for the Commissioners is four years, with termination dates on a staggered year basis. At the end of a term a commissioner continues to serve until a successor is appointed and takes the oath of office. The Chair and the Vice-Chair of the Commission are elected by the Commission in June of each year for one-year terms and may not be from the same county. These two offices rotate annually between the two counties unless waived, as provided by law. The Commission may conduct business with a quorum of four Commissioners.

The County Executive of each of the two counties may, with the approval of the majority of the members of the County Council of the respective county, remove any Commissioner appointed from such county from such Commissioner's current term of office prior to the completion of such term. In addition, a majority of the County Council of Montgomery County, by resolution, may, unless the County Executive of Montgomery County disapproves the resolution in writing within 30 days of its adoption, remove any Commissioner appointed from Montgomery County prior to the completion of his or her term. In either event, a public hearing must be held thereon unless waived in writing by the Commissioner sought to be removed.

Powers and Responsibilities of the Commission

The powers and responsibilities of the Commission as set forth in the Public Utilities Article include, among others:

(i) providing for the construction, reconstruction, operation and maintenance of water supply and sanitary sewerage facilities in the District;

(ii) establishing water rates, sewer usage rates, connection charges, front foot benefit charges and permit fees, and causing *ad valorem* taxes to be levied;

(iii) issuing bonds and notes of the District, including refunding bonds and bond anticipation notes;

(iv) exercising the power of eminent domain;

(v) providing for the construction, reconstruction, operation and maintenance of water and sewer house connection lines from the Commission's mains to abutting property lines;

(vi) approving the location of, and issuing permits for, all utilities to be installed in public ways;

(vii) reviewing preliminary subdivision plans as to suitability of water and sewer design and reviewing street grades for those streets in which there are Commission facilities;

(viii) formulating regulations governing all plumbing and gas fitting installations;

(ix) issuing permits for the installation of and inspection of all plumbing and gas fitting connections; and

(x) licensing master and journeyman plumbers and gas fitters.

Commission Membership

Fausto R. Bayonet: Mr. Bayonet was appointed to the Commission from Montgomery County in June 2015, reappointed to a second term in June 2019 and to a third term in July 2023. He previously served as Chair from June 2022 to June 2023 and from June 2016 to June 2017. An architect who has worked in the architectural and engineering fields for three decades, Mr. Bayonet has lived in Montgomery County for more than 40 years. A native of the Dominican Republic, he earned his bachelor's degree in Architecture from that country's Eastern Central University and furthered his architectural studies at the University of Maryland when he came to the Washington area in 1971. Mr. Bayonet has had a role in the design of numerous commercial and government projects throughout the Washington Metropolitan area, such as renovations to University of Maryland's Byrd Stadium, the Embassy of Nicaragua and the U.S. District Courthouse in Alexandria, Virginia. He has also done consulting work for the University of Maryland's Office of Architectural Services. Mr. Bayonet is a veteran campaigner, having done volunteer work for county executives and Council members, governors, lieutenant governors, delegates, congressmen and senators. Mr. Bayonet's term expires in May 2027.

Howard A. Denis: Mr. Denis, a former Maryland State Senator and Montgomery County Council member, was appointed to the Commission from Montgomery County in January 2016; reappointed to a second term in July 2019. He has served as the Commission Chairman from June 2020 to June 2021 and Vice-Chair from June 2021 to June 2022.. Prior to his retirement in December 2015, Mr. Denis was part of the Congressional Staff on the House Oversight & Government Reform Committee, where he served since 1995. Mr. Denis has 40 years of experience in public service and a strong track record diligently representing his constituency, having served 18 years as a Maryland State Senator (1977-1995) and six years on the Montgomery County Council (2000- 2006). He also served on the Maryland State Lottery Commission and has extensive knowledge in land-use and planning in Montgomery County. A long-time resident of Chevy Chase, Maryland, Mr. Denis graduated from Bethesda-Chevy Chase High School; received his undergraduate degree in Government from Georgetown College and law degree from Georgetown University Law Center. Mr. Denis' term expired in May 2023.

Lynnette D. Espy-Williams: Ms. Espy-Williams was appointed to the Commission from Prince George's County in September 2022. Ms. Espy-Williams is a Member of Cozen O'Connor's Commercial Litigation Department, representing a wide variety of clients in complex litigation, and currently serves as the firm's Chief Diversity, Equity, and Inclusion Officer. She has previously served as an adjunct professor at the University of Maryland Francis King Carey School of Law and is the former President of the Gate City Bar Association, the oldest African American bar association in the state of Georgia. Ms. Espy-Williams was recently named by Savoy Magazine as one of the Most Influential Black Lawyers in the United States and named Graduate of the Year by the University of Maryland Francis King Carey School of Law's Black Law Students Association. She earned her bachelor's degree from Spelman College and her Juris Doctor from the University of Maryland Francis King Carey School of Law. Ms. Espy-Williams' term expires in May 2024.

T. Eloise Foster: Ms. Foster was appointed to the Commission from Montgomery County in June 2016, reappointed in July 2017 and again in July 2021. She was elected Commission Vice-Chair in June 2023 and has previously served as Chair and Vice Chair. She also serves as a Trustee on the WSSC Retirement Plan Board. Ms. Foster has more than three decades of experience in the public sector, where she developed an expertise in fiscal policy and management. She served for over a decade as Secretary of the Maryland Department of Budget and Management, the first and only African American woman in the nation to serve as a chief state budget officer. In this capacity, she was responsible for the development and management of Maryland's $38 billion operating and $1.5 billion capital budgets, a personnel system governing approximately 80,000 employees and an employee and retiree benefits program covering more than 250,000 lives. Ms. Foster also served as Maryland's Deputy Secretary of Budget & Management and Assistant Secretary of Budget & Fiscal Planning and as Assistant Dean for Business Affairs and Program Development at the University of Maryland School of Medicine. Earlier in her career, Ms. Foster was a legislative officer for Maryland Governor William Donald Schaefer and an analyst for the Maryland General Assembly. An honorary lifetime member of the National Association of State Budget Officers, Ms. Foster is also a former member of the National Forum for Black Public Administrators. She has served on the Howard University Cancer Center Advisory Board, the Seton Keough School Board and the Arts and Humanities Council of Montgomery County. She currently serves as Chair of the Maryland Supplemental Retirement Plans. Ms. Foster is a Trustee on the Financial Accounting Foundation Board and serves as Secretary and Treasurer. In addition, she is on the Board of the Volker Alliance and serves as the Chair of the Audit Committee. Ms. Foster was named one of Maryland's Top 100 Women in 2002, 2007 and 2010, qualifying her for entrance into the Circle of Excellence. In 2014, Howard University selected her to receive the Distinguished Alumni Award in the field of public service. Ms. Foster earned her bachelor's degree in Business Administration from Howard University and an MBA from American University's Kogod School of Business. She also has completed the Harvard University Senior Executives in State and Local Government Program. Ms. Foster's term expires in May 2025.

Mark J. Smith: Mr. Smith was appointed to the Commission from Prince George's County in November 2022 and appointed to a full term in May 2023. Mr. Smith is the Executive Director, Community Engagement and Partnership with The American Red Cross and has previously served as the Executive Director, Recovery Operations; Executive Director, Preparedness Health, and Safety Services; Regional Director, Africa Programs; and Chief Executive Officer of the Oklahoma City, OK and Jackson MS Chapters. Mr. Smith earned his bachelor's degree from Lincoln University (PA) and his graduate degree in Strategic Management from The George Washington University. Mr. Smith's term expires in May 2027.

Regina Y. Speed-Bost: Ms. Speed-Bost was appointed to the Commission from Prince George's County in March 2022 and elected Chair in June 2023. She previously served as Vice Chair from June 2022 to June 2023. Ms. Speed-Bost was appointed to a full term in May 2023. Ms. Speed-Bost began her legal career as an attorney at the

Federal Energy Regulation Commission. In 2020, Ms. Speed-Bost founded her own firm with offices in Washington, DC, and Prince George's County. She has represented various entities on federal and state energy regulatory matters for more than 30 years. Ms. Speed-Bost earned her bachelor's degree from Dartmouth College and her Juris Doctor from the Georgetown University Law Center. She has also completed the Cornell University Diversity and Inclusion Certificate Program. She has resided in Prince George's County for more than 40 years. Ms. Speed-Bost's term expires in May 2027.

Management and Operations

The daily operation of the Commission is supervised by the General Manager/CEO.

Senior Staff

A brief resume of the Commission's senior staff is shown below:

Kishia L. Powell, General Manager/CEO: Ms. Powell joined WSSC Water in January 2023 from DC Water, where she served as the Chief Operating Officer and Executive Vice President, overseeing Shared Services, IT, Engineering, the Water, Wastewater, Pumping and Sewer Operations, as well as Customer Care. During her tenure at DC Water, she championed several initiatives including a focus to operationalize equity and environmental justice. She provided oversight for the Authority's 10-year $6.4 billion capital improvement program including the DC Clean Rivers program, improvements to Blue Plains, water and sewer system improvements; and Lead Free DC, an initiative to replace all lead service lines in the District of Columbia. She was also responsible for leading the implementation of workstreams under the Authority's strategic plan imperative for reliability.

Before DC Water, Ms. Powell was the City of Atlanta's Commissioner of Watershed Management, overseeing $644 million in annual operating expenditures and a five-year capital improvement plan of $1.26 billion. Under her leadership the Watershed Management team commissioned the Water Supply Program to secure Atlanta's water future by repurposing an old rock quarry to store 2.4 billion gallons of raw water. During her tenure the team focused on financial resilience, improved service delivery and infrastructure investment. Ms. Powell also served as the City of Jackson, Mississippi's Public Works Director. In this role, she led the development of a master plan for Jackson's municipal Special Sales Tax-funded infrastructure improvements program, including the "Greening the Gateways" initiative, which led to the City's award of a $16.5 million TIGER Grant. Her previous experience also includes serving as Bureau Head of Water and Wastewater for the City of Baltimore.

Ms. Powell has served the greater Water Sector as Chair of the US Water Alliance's One Water Council (2021-2022) and as a Board Member for the National Association of Clean Water Agencies (NACWA) since 2016 where she served as the Association's President for the 2021-2022 term. Over the course of her career, she has received a number of recognitions and honors for her service to the sector and the communities where she has served including being recognized as one of Engineering Georgia Magazine's top 100 most influential women. In 2019, she received the WaterNow Alliance's Impact Award for leadership in closing the country's first publicly offered Environmental Impact Bond and in 2022 she was honored with a Meritorious Service Award by ACEC Metropolitan Washington Chapter.

A licensed Professional Engineer in the State of Maryland, Virginia and the District of Columbia, Ms. Powell holds a Bachelor of Science degree in Civil Engineering from Morgan State University's Clarence M. Mitchell, Jr. School of Engineering. She is currently serving on the Dean's Executive Engineering Council, as well as GSA's Green Building Advisory Committee.

Julianne M. Montes de Oca, Esq., Corporate Secretary: Ms. Montes de Oca joined the Commission in July 2017, as an Associate Counsel in the General Counsel's Office. She was appointed to serve as Corporate Secretary in April 2021. Prior to coming to WSSC, Ms. Montes de Oca served for three terms as the Senior Law Clerk to Judge Dan Friedman of the Appellate Court of Maryland and worked as an attorney at Treanor Pope & Hughes. Ms. Montes de Oca earned her bachelor's degrees in International Studies and Spanish at the University of Arkansas Little Rock where she was part of the Donaghey Scholars Honors Program. She earned her law degree from the University of Baltimore School of Law. Ms. Montes de Oca is a member of the Maryland and Idaho state bars and the U.S. Supreme Court bar.

Amanda Stakem Conn, Esq., General Counsel: Ms. Conn was appointed General Counsel of the Commission on November 14, 2016. She is the first female general counsel in WSSC's 100-year history. A legal professional with 27 years of experience in the public and private sector, Ms. Conn previously served as deputy secretary of the Maryland

Department of Planning, a position she filled after serving that agency as their Counsel and Assistant Attorney General for several years. She also served as an assistant county attorney in the Baltimore County Office of Law specializing in zoning, planning, preservation and County Council matters. The 2012 recipient of the Outstanding Achievements in the Legal Field award from the University of Baltimore Women's Bar Association, she is a frequent lecturer on statutory construction, land use and zoning-related topics. She was an attorney at Funk & Bolton, P.A., in Baltimore, representing local governments across the state on a variety of issues. Ms. Conn earned her bachelor's degree in Government and Politics from the University of Maryland and her law degree from the University of Baltimore School of Law. Ms. Conn is a member of the state and federal bars in Maryland, as well as the Fourth Circuit Court of Appeals and the U.S. Supreme Court.

Munetsi Timothy Musara, CPA, CGMA, Chief Financial Officer: Mr. Musara joined the Commission on October 30, 2023 from the District of Columbia Retirement Board where he served as the Chief Financial Officer for the pension fund. Prior to that he served as the Chief Financial Officer of the University of the District of Columbia and held various senior leadership positions in the Office of the Chief Financial Officer of the District of Columbia where he was responsible for overseeing the annual budgets and managing the financial operations for various agencies in the Education Cluster. Prior to joining the Office of the Chief Financial Officer, Mr. Musara was a Transaction Services Manager at PricewaterhouseCoopers focused on primarily providing buy side and sell side financial due diligence and an Audit Manager at KPMG LLP in the commercial sector. Mr. Musara earned both his bachelor's and MBA from Howard University and is a certified public accountant.

Labor Relations

As of December 31, 2023, the Commission had 1,616 full time employees of whom approximately 399 are represented by the American Federation of State, County and Municipal Employees and 222 are represented by the International Brotherhood of Teamsters. The Commission considers its labor relations to be satisfactory.

Employees' Retirement Plan

Substantially all Commission employees participate in either the closed or open version of the contributory Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Retirement Plan"). The closed version of the Retirement Plan is applicable only to participants as of June 30, 1978 who did not elect to change to the open version. The open version of the Retirement Plan is mandatory for all employees who commenced employment on or after July 1, 1978, and all other employees who elected to change to the open version.

The Retirement Plan, including the books and records thereof, is an entity distinct from the Washington Suburban Sanitary Commission. Its assets are managed by an independent board of trustees comprised of two Commissioners, four Commission employees, two Commission retirees, two members of the business community, and the Executive Director of the Retirement Plan. The Retirement Plan's valuation is prepared annually by an independent actuarial firm.

As of June 30, 2015, the Commission adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Based on actuarial valuations as of June 30, 2022 and as of June 30, 2021, which were rolled forward to December 31, 2022 and December 31, 2021, the Retirement Plan's independent actuaries determined that, at December 31, 2022 and 2021 (the measurement dates), the Retirement Plan's total pension liability exceeded its fiduciary net position by $253.6 million and $24.7 million, respectively.

The Retirement Plan implemented GASB Statement No. 67 Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 in fiscal year 2014. As required by GASB Statement No. 67, the Plan's fiduciary net position as a percentage of total pension liability was 76.6% as of December 31, 2022, and 97.6% as of December 31, 2021.

For additional information concerning the Retirement Plan, see Required Supplementary Information (RSI) Schedules A-1 and A-2, "Notes to Financial Statements," Note K, Retirement Plan.

Other Post-Employment Benefits

Post-employment benefits are provided under a set of personnel policies (herein referred to, collectively, as the "OPEB Plan"). The OPEB Plan and its underlying trust, a single employer defined benefit plan, was established in 2007 to provide life insurance, healthcare and prescription drug benefits for OPEB Plan participants and beneficiaries of the WSSC under conditions set forth in the Trust Agreement, including the payment of reasonable administrative expenses. WSSC employees are eligible to continue group insurance coverage after retirement provided that retiring employees have had coverage in effect for two years prior to retirement.

As of June 30, 2018, the Commission adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replacing GASB Statement No. 45. Based on an actuarial valuation as of June 30, 2021, the OPEB Plan's independent actuaries determined that, at December 31, 2022 and 2021 (the measurement dates), the OPEB Plan's total OPEB liability exceeded its fiduciary net position by $79.9 million and $37.2 million, respectively.

Actuarial studies are performed at least once every two years as of June 30th and the measurement date for the net OPEB Plan liability is December 31st. The OPEB Report is subject to a number of actuarial and economic assumptions; these assumptions are generally similar to the assumptions used in evaluating the Commission's pension fund liabilities. As required by GASB Statement No. 75, the OPEB Plan's fiduciary net position as a percentage of total OPEB liability is 69.0% as of December 31, 2022 and 85.0% as of December 31, 2021.

For additional information concerning the OPEB Plan, see Required Supplementary Information (RSI) Schedules A-3 and A-4, "Notes to Financial Statements," Note L, Other Post-Employment Benefits (OPEB).

Leases and Agreements

The Commission is party to certain agreements to provide water service to Howard County, Maryland and Charles County, Maryland on an as-available basis and sewage service to the City of Rockville, Maryland. The Commission considers its present capacity to be adequate to continue providing water and sewerage services under these contracts and is of the opinion at the present time that no new capital expenditures will be required of the Commission to fulfill these obligations.

BONDED INDEBTEDNESS OF THE DISTRICT

Bond Program

The Commission issues bonds to provide funding for the construction or reconstruction of (i) water supply facilities, water supply lines and transmission mains (the "Water Supply Bonds"), (ii) sewage disposal facilities, sewer collection mains and trunk sewers (the "Sewage Disposal Bonds"), and (iii) any office or operating building necessary to administer or operate the water and sewer systems in the District (the "General Construction Bonds"). The bonds may also be issued to replace short-term bond anticipation notes. Pursuant to Section 19-101 of the Local Government Article of the Annotated Code of Maryland, as amended, the Water Supply Bonds, the Sewage Disposal Bonds and the General Construction Bonds may be consolidated for sale and sold, issued and delivered as a single issue of bonds that are designated as the "Consolidated Public Improvement Bonds."

Maryland Water Quality Debt

The Maryland Water Quality Revolving Loan Fund is administered by the Maryland Water Infrastructure Financing Administration. As of December 31, 2023, the Commission had $350,547,611 of outstanding debt under this program. The Commission's obligation to repay this amount is evidenced by Commission bonds, which are payable over a 20-year or 30-year period at below-market interest rates and on parity with the bonds of the Commission. The source of repayment and security for such Commission obligations is the same as that for the Commission's Water Supply Bonds and Sewage Disposal Bonds, respectively.

Washington Suburban Sanitary Commission Debt Statement

		Bonds Outstanding December 31, 2023
Bonds Outstanding[(1)]:		
General Construction Bonds (self-supporting)[(2)]	$	123,115,639
Water Supply Bonds (self-supporting)[(3)]		1,640,898,265
Sewage Disposal Bonds (self-supporting)[(4)]		1,843,614,095
Maryland Water Quality Loan Fund (self-supporting)[(4)]		350,547,611
Total Bonds Outstanding		3,958,175,610
Less:		
Self-supporting Bonds		3,958,175,610
Bonds Outstanding Exclusive of Self-supporting Bonds	$	--
Assessed Valuation[(5)], All Property within District	$	351,500,778,714
Per Capita: (Population estimated at 2,001,798 - 6/30/22)		
Bonds Outstanding Total	$	1,977
Bonds Outstanding Exclusive of Self-supporting Bonds	$	--

(1) Excludes $153,400,000 principal amount of bond anticipation notes outstanding as of December 31, 2023. See "Short Term Financing Program" below.
(2) Front foot benefit charges are levied in an amount sufficient, together with other charges, including water consumption and sewer usage charges, to pay debt service.
(3) Water consumption charges are fixed sufficient to pay all operating expenses and debt service.
(4) Sewer usage charges are fixed sufficient to pay all operating expenses and debt service.
(5) Includes the assessed valuation for Montgomery County and Prince George's County as of June 30, 2023.

Bonded Debt Outstanding and Changes from June 30, 2023 to December 31, 2023 [(1)]

	Bonds Outstanding June 30, 2022	Issued	Defeased	Redeemed	Bonds Outstanding December 31, 2023
General Construction Bonds	$ 123,415,639	$ 0	$ 0	$ 300,000	$ 123,115,639
Water Supply Bonds	1,645,103,265	0	0	4,205,000	1,640,898,265
Sewage Disposal Bonds	1,846,074,095	0	0	2,460,000	1,843,614,095
Maryland Water Quality Loan Fund	347,065,348	3,482,263	--	0	350,547,611
Total	$3,961,658,347	$3,482,263	$ 0	$6,965,000	$3,958,175,610

(1) Excludes $153,400,000 principal amount of bond anticipation notes outstanding as of December 31, 2023. See "Short-Term Financing Program" below.

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Outstanding Debt Service

The following table shows principal, interest, and total debt service on the District's outstanding bonds.

Outstanding Bonds
December 31, 2023(1)(2)

Fiscal Year	Principal	Interest	Total
2024	$ 161,798,097	$ 66,823,190	$228,621,287
2025	188,094,497	123,863,029	311,957,526
2026	183,199,081	117,145,750	300,344,831
2027	182,034,834	110,819,955	292,854,789
2028	178,481,612	104,387,871	282,869,483
2029	172,192,324	97,958,475	270,150,799
2030	166,668,541	91,867,987	258,536,528
2031	160,060,244	85,976,804	246,037,048
2032	149,832,449	80,561,348	230,393,797
2033	134,187,170	75,544,300	209,731,470
2034	138,425,423	71,120,799	209,546,222
2035	132,182,218	67,158,958	199,341,176
2036	134,341,036	62,901,607	197,242,643
2037	138,290,945	58,756,110	197,047,055
2038	139,250,576	54,459,806	193,710,382
2039	143,664,280	49,901,849	193,566,129
2040	148,094,330	45,319,341	193,413,671
2041	152,685,103	40,579,001	193,264,104
2042	157,454,344	35,685,214	193,139,558
2043	162,262,786	30,743,090	193,005,876
2044	167,083,430	25,760,126	192,843,556
2045	153,075,280	20,503,615	173,578,895
2046	135,438,335	15,542,766	150,981,101
2047	109,036,596	11,069,496	120,106,092
2048	84,920,608	7,535,333	92,455,941
2049	63,941,647	4,969,277	68,910,924
2050	53,584,289	3,194,311	56,778,600
2051	39,167,064	1,907,059	41,074,123
2052	24,054,974	760,430	24,815,404
2053	3,833,635	17,608	3,851,243
2054	839,860	3,919	843,779
Total	$3,958,175,610	$1,562,838,423	$5,521,014,033

(1) Excludes $153,400,000 principal amount of bond anticipation notes outstanding as of December 31, 2023. See "Short-Term Financing Program" below.
(2) Totals may not add due to rounding.

Summary of Outstanding Debt Service as of December 31, 2023[1]

	Principal	Interest to Maturity	Total Debt Service
General Construction Bonds	$ 123,115,639	$ 48,028,617	$ 171,144,256
Water Supply Bonds	1,640,898,265	712,530,387	2,353,428,652
Sewage Disposal Bonds	1,843,614,095	780,068,328	2,623,682,423
Maryland Water Quality Loan Fund	350,547,611	22,211,090	372,758,701
Total	$ 3,958,175,610	$ 1,562,838,423	$ 5,521,014,033

(1) Excludes $153,400,000 principal amount of bond anticipation notes outstanding as of December 31, 2023. See "Short-Term Financing Program" below.

Authorization of Debt

The Bonds are issued upon the basis of authorizations under the Constitution and laws of the State of Maryland, including Titles 16 through 25 of Division II of the Public Utilities Article, particularly Titles 22 and 25 thereof and other applicable law, and by the Commission through the adoption of Resolution No. 2023-2346 or orders of the Commission.

Borrowing Limitation

The Public Utilities Article limits the amount of bonds and notes issued by the District that may be outstanding at any time. The aggregate principal amount of bonds and notes of the District (excluding refunded bonds and certain short-term instruments) outstanding at any time may not exceed the sum of: (i) 3.8% of the total assessable tax base of all real property assessed for county tax purposes within the District, and (ii) 7.0% of the total assessable personal property and operating real property assessed for county tax purposes within the District (or such respective percentages of such tax bases as of July 1, 1997, if larger).

Shown below are the latest certified assessed valuations of those portions of the Counties that lie within the District, and the ratio of debt to permitted debt.

(In Thousands 000s)	Total Assessed Valuation[1]	Maximum Debt Permitted	Total Debt Outstanding	Ratio of Debt Outstanding to Debt Permitted
June 30, 2023	$351,500,779	$13,429,512	$4,115,058	30.7%
June 30, 2022	331,792,776	12,680,799	3,892,547	30.7%
June 30, 2021	319,480,812	12,214,073	3,640,263	29.8%
June 30, 2020	313,962,596	11,987,471	3,423,144	28.6%
June 30, 2019	312,092,573	11,932,586	3,339,928	27.9%

(1) Includes assessed valuation data for Montgomery County and Prince George's Counties as of June 30, 2023.

Short-Term Financing Program

On June 24, 2003, the Commission established a $465,000,000 short-term borrowing facility whereby it may issue and redeem its General Obligation Multi-Modal Bond Anticipation Notes (the "BANs") from time to time. The BANs are general obligations of the District. The proceeds of the BANs are used to provide interim financing for the water, sewer and general construction projects comprising a portion of the Commission's capital program. On November 19, 2008, the Commission amended the previous note program to expand the authority to issue notes up to an additional $600,000,000. The BANs are tax-exempt variable rate demand notes, the interest rates on which are reset daily. The BANs are subject to optional redemption by the Commission at par on not less than fifteen days' notice to the holders thereof. Debt service on the BANs is expected to be paid from revenues generated in the District from fees, charges, rates and assessments and other available funds and, in the event of a deficiency, are secured by *ad valorem* taxes upon all the assessable property within the District, without limitation as to rate or amount. The principal of the BANs is payable from the proceeds of the long-term water supply bonds and sewage disposal bonds of the District and other available funds. Until such time as they are redeemed from bond proceeds, the Commission generally amortizes the BANs principal over a 20-year term. Over the years, there have been CUSIPs issued in a single series with two remarketing agents and one (1) liquidity facility as well as CUSIPs issued in two (2) series with two (2) remarketing agents and a liquidity facility for each.

As of FY 2023, the BANs program was due to fully mature in August 2023 and the CUSIPs were due to mature on June 1, 2023. As such, on May 24, 2023, the Commission executed a one-year maturity extension to extend the program through June 1, 2024. On May 24, 2023, the Commission completed a partial redemption of $12,200,000 as part of our normal annual amortization taking the aggregate balance from $165,600,000 to $153,400,000. Once the partial redemption was completed, the Commission fully redeemed the remaining Series "A" BANs, which consisted of three (3) CUSIPs in the aggregate principal amount of $75,200,000, and issued a new Series "A", single CUSIP in the same amount. Barclays Capital serves as the remarketing agent and TD Bank as the liquidity provider for the Series "A" CUSIP until they mature on June 1, 2024. The Commission also fully redeemed the remaining Series "B" BANs, which consisted of two (2) CUSIPs in the aggregate principal amount of $78,200,000, and issued a new Series "B", single CUSIP in the same amount. Loop Capital serves as the remarketing agent and State Street Bank as the liquidity provider for the Series "B" CUSIP until they mature on June 1, 2024.

Under each Standby Note Purchase Agreement, the applicable banks are obligated, subject to certain terms and conditions of a note order, to purchase the notes secured thereby, or portions thereof tendered for purchase and not remarketed. Each Standby Note Purchase Agreement is scheduled to expire on June 1, 2024.

History of No Default

The Commission has never defaulted on any bonded indebtedness.

DISTRICT FINANCIAL DATA

The District's financial records are maintained on the debt service method of accounting to conform to its annual budget. The District maintains a fund accounting system to separately account for its construction functions and operating functions. Each operating fund is credited with its share of the interest earned from the investments. The Commission continuously reviews its procedures to ascertain if it is necessary to update them due to new developments and other changes.

Recovery from Impact of COVID-19

During fiscal year 2023, the Commission experienced significant financial recovery from the challenges posed by the COVID-19 pandemic. Notably, the delinquent accounts improved from approximately $64 million as of June 30, 2021 down to $46.8 million as of June 30, 2023. As of October 31, 2023, the delinquent accounts receivable stood at $43.5 million, demonstrating a positive fiscal trend. There is a $35 million reserve set aside for the $43.5 million delinquent account receivable. Although somewhat higher than pre-pandemic levels of approximately $37 million, the significant decline highlights the success of the Revenue Recovery Strategy the Commission implemented to drive down delinquencies. This strategy included a Bill Amnesty Program, increased turn-offs, as well as the implementation of revised payment plan procedures and a new collection vendor offering flexible payment options.

The Commission adapted to financial challenges during the pandemic by implementing savings plans. However, the situation significantly improved in fiscal year 2023, leading to a large increase in the fund balance. Results through the second quarter of fiscal year 2024 also reflect robust financial results.

The fiscal year 2024 budget was adopted with an average 7.0% volumetric and ready to serve rate increase and the multi-year fiscal plan projects that reserve levels will be met.

As a result of the use of savings, budget adjustments, and the improved post-pandemic collections of rates, fees, and charges, debt service on the Bonds is expected to be paid from revenues generated in the District

from fees, charges, rates and assessments and other funds. In the event of a deficiency of revenues, the Public Utilities Article of the Annotated Coded of Maryland provides that the county councils of Montgomery County and Prince George's County shall impose ad valorem taxes upon all the assessable property within the District. To date, ad valorem taxes have not been required to pay debt service on any of the Commission's outstanding debt.

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Summary of Operating Revenues, Expenses and Net Revenues

Revenue available for debt service and operating expenses for the five most recent complete fiscal years ended June 30 are shown in summary form as follows:

Summary of Operating Revenues, Expenses and Net Revenues (Loss) **(Dollars in Thousands)(1)(2)**

	Fiscal Year ended June 30				
	2023	2022	2021	2020	2019
Gross Revenue Available for Debt Service ………	$ 905,832	$ 839,736	$ 759,935	$ 764,406	$ 751,717
Debt Service:					
Bonds Redeemed and Sinking Fund Contributions …………………………………..	165,384	160,080	159,024	163,683	164,802
Interest on Bonds and Notes Payable …………..…	139,217	125,645	130,082	125,940	125,851
Bonds and Note Issuance Related Costs	2,957	3,489	2,874	2,699	2,003
Total …………………………………..	307,558	289,214	291,980	292,322	292,656
Net Revenues Available for Operations ………….	598,274	550,522	467,955	472,084	459,061
Operating Expense Exclusive of Depreciation and Amortization …………………………………..	527,788	464,708	457,296	476,939	488,512
Net Revenue (Loss) ……………………………...	$ 70,486	$ 85,814	$ (10,659)	$ (4,855)	$ (29,451)
Composed of:					
Water Operating ……………………………..…	$36,432	$ 50,162	$ 3,078	$ 18,557	$ (8,891)
Sewer Operating ……………………………..…	35,762	43,428	18,214	(11,011)	(6,417)
Other Operating Funds ………..……………..…	(1,708)	(7,776)	(10,633)	(12,411)	(14,143)
Total ……………………………………….	$ 70,486	$ 85,814	$ 10,659	$ (4,855)	$ (29,451)

(1) Unaudited

(2) Operating losses were planned uses of existing prior year surpluses within the operating funds accomplished by restraining rate increases in the respective year.

Source: Washington Suburban Sanitary District.

The Commission's operating revenues derived from water and sewer charges vary from year to year, as water usage fluctuates in response to a variety of factors (such as changing weather patterns and economic conditions, for example).

Budget

The Public Utilities Article requires the Commission, prior to January 15 preceding the respective fiscal year, to prepare operating and capital budgets (the "Budget") for the ensuing fiscal year.

The Budget is prepared to reflect the total funding and staffing requirements of the Commission as well as its individual programs and organizational components. The Budget is divided into two major sections, the Operating Budget and the Capital Budget. The Operating Budget reflects the Commission's resource requirements to operate and maintain its completed plants and other installations. The Operating Budget consists of three separate funds: Water

Operating, Sewer Operating, and General Bond Debt Service. The Capital Budget reflects the Commission's plan to receive and expend funds for capital projects including those identified in the first year of its Six Year Capital Improvements Program (see "Capital Improvements Program - Six Year Capital Program"), reconstruction programs and other capital programs. The Capital Budget consists of three separate funds: Water Supply Bond, Sewage Disposal Bond and General Construction Bond funds.

The Budget process begins with submission of requests by all organizational units. The Finance Office compiles and presents the budget to the General Manager for review. After review, the General Manager submits this Budget with the General Manager's recommendations to the Commissioners. The Commissioners review the Budget and make changes they deem necessary in order to arrive at the Commission's proposed Budget.

The Public Utilities Article requires that the Proposed Budget be published by January 15. Copies of the Proposed Budget are available to the public. The Commission holds public hearings on the Proposed Budget prior to February 15 after providing 21 days' notice of such hearing by publication in at least two newspapers published and generally circulated in Montgomery County and two newspapers published and generally circulated in Prince George's County.

The Commission is required to transmit the Proposed Budget by March 1 to the County Executives of Prince George's and Montgomery Counties. The County Executives make recommendations on the Proposed Budget by March 15 to their respective County Councils. The County Councils may hold public hearings and conduct work sessions with Commission personnel during the months of April and May. Each County Council may add to, delete from, increase or decrease any item of the Proposed Budget and shall transmit by May 15 any proposed changes to the other County Council for review and concurrence. Each County Council must approve all amendments to the Proposed Budget and, prior to June 1, approve the Budget.

In the event both County Councils fail to concur on a change with respect to any item in such Proposed Budget by June 1, that failure shall constitute approval of the item as submitted by the Commission.

Finally, upon receipt of the joint resolutions of the two County Councils, the Commission adopts the Budget and approves the water and sewer rates, other charges and fees, and *ad valorem* tax rates required to fund the approved expenditure levels.

Operating Budget and Year to Date Financial Results

The Commission's 2024 Approved Operating Budget (the "2024 Operating Budget"), shown in the table below, was approved by the Commission on June 21, 2023. The 2024 Operating Budget includes $932.6 million of anticipated revenues which is $27.6 million (3.0%) more than the 2023 actual figures and $924.4 million of anticipated expenses which is $101.8 million (12.4%) more than the 2023 actual figures. The increase in expenditures in the Commission's 2024 Operating Budget is partially the result of the Commission scaling back certain of its cost containment measures implemented during the COVID-19 pandemic. The 2024 Operating Budget included an anticipated $8.3 million increase to the Commission's reserves bringing the budgeted accumulated net revenues to $315.1 million. For additional information concerning the Commission's reserves, see the section titled "Operating Reserves" herein. Actual receipts through December 31, 2023, were $511.5 million which is $22.1 million (4.5%) above budgeted expectations for the period ending December 31, 2023 and expenditures were $410.4 million which is $43.9 million (9.6%) below budgeted expectations for the period ending December 31, 2023.

The Commission released its 2025 Proposed Operating Budget ("2025 Operating Budget"), shown in the table below, on January 15, 2025. The 2025 Operating Budget assumes an 8.5% average water and sewer and volumetric and fixed fees rate increase consistent with the spending affordability guideline rate increase recommendations provided by the County Councils of Montgomery County and Prince George's County. The 2025 Operating Budget includes $1,014.1 million of anticipated revenues which is $81.5 million (8.7%) more than the 2024 Operating Budget figures and $1,014.1 million of anticipated expenses which $89.7 million (9.7%) more than the 2024 Operating Budget figures. The increase in operating expenses is partially the result of salary enhancements, additional positions, increasing PAYGO funds for capital, inflationary pressures and a 20% increase in payments to the District of Columbia Water and Sewer Authority Blue Plains Advanced Wastewater Treatment Plant for regional sewage disposal expenses. The 2025 Operating Budget does not budget for surplus funds deposited to the Commission's reserves with the budgeted accumulated net revenues remaining at $315.1 million which exceeds the Commission's 20% reserve target and is 31.3% of total operating revenues.

Approved and Proposed Operating Budgets[1][2]

(In Thousands $000s)	FY 2023 Actual	FY 2024 Approved	FY 2025 Preliminary
FINANCIAL PLAN			
Water and Sewer User Charges	$ 749,437	$ 790,142	$ 857,304
Ready-to-Serve	78,157	80,439	87,276
Account Maintenance Fees	34,888	36,259	39,341
Infrastructure Investment Fee	43,269	44,180	47,935
Other Sources/Fees	52,204	52,945	61,419
Rockville Sewer Use	3,879	3,100	3,300
Plumbing and Inspection Fees	20,513	20,380	21,356
Intergovernmental/ Grants	2,743	1,761	2,500
Miscellaneous	25,069	26,961	27,250
Cost Sharing Reimbursement/ Natural Gas Sales		743	7,013
Interest Income	14,924	8,000	8,860
Uncollectible @ 1% of User Charges		(7,901)	(8,573)
Operating Revenues	**894,722**	**923,625**	**1,006,287**
OTHER TRANSFERS AND CREDITS	10,275	8,972	7,772
SDC Debt Service Offset	5,772	5,772	5,772
Premium Transfer	2,503	-	-
Underwriter's Discount Transfer	2,000	2,000	2,000
Miscellaneous Offset		1,200	-
Total Funds Available	**$ 904,997**	**$ 932,597**	**$ 1,014,059**
Salaries and Wages	$ 127,044	$ 141,179	$ 157,223
Heat, Light, and Power	24,595	27,373	27,278
Regional Sewage Disposal	71,025	64,201	76,908
All Other	268,821	319,132	340,081
Operating Expenses	**$ 491,485**	**$ 551,885**	**$ 601,490**
DEBT SERVICE			
Bonds and Notes Principal and Interest	300,093	328,467	361,968
Operating Expenses with Debt Service	**791,578**	**880,352**	**963,458**
OTHER TRANSFERS AND ADJUSTMENTS			
Unspecified Reductions/Additional & Reinstated	-	-	-
PAYGO (Contribution to bond fund)	29,211	44,000	50,601
Total Expenditures	**$ 820,789**	**$ 924,352**	**$ 1,014,059**
Net Revenue (Loss)	**84,208**	**8,245**	**-**
BEGINNING FUND BALANCE - JULY 1	$ 242,554	$ 314,748	$ 315,101
Net Increase (Decrease) in Fund Balance	84,208	8,245	-
Use of Fund Balance/Other Adjustments	(12,014)	(7,892)	-
ENDING FUND BALANCE - JUNE 30	$ 314,748	$ 315,101	$ 315,101

(1) Unaudited
(2) Includes operating funds relating to water and sewer and does not include operating funds relating to general construction.

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The Commission's year to date financial results through December 31, 2024, as compared to 2024 Approved Budget expectations through December 31, 2024, and fiscal year 2023 actual results through December 31, 2023, are set forth in the table below.

	FY24 Q2 Budget	FY24 Q2 Actual	FY23 Q2 Actual
Revenues:			
Water Consumption and Sewer User Charges	$ 413,962	$ 422,448	$ 386,310
Account Maintenance and Infrastructure Investment Fees	39,822	42,234	39,036
All Other Revenues	31,649	33,260	33,806
Interest Income	4,000	13,537	3,583
Total Revenues	$ 489,433	$ 511,479	$ 462,735
Expenses:			
Operating Expenses	245,700	225,172	206,573
PAYGO	22,000	22,087	14,606
Debt Service Expense	166,601	162,015	148,057
Prior Year Adjustments	-	1,138	6,152
Gross Expenses	$ 434,301	$ 410,412	$ 375,388
Less: Reconstruction Debt Service Offset			
Less: SDC Debt Service Offset	2,887	2,887	2,886
Less: Premium Transfer	600	-	1,252
Less: Underwriter's Discount	1,000	1,000	1,000
Net Expenses	$ 429,814	$ 406,525	$ 370,250
Net Revenue (Loss)	59,619	104,954	92,485
Accumulated Net Revenue – July 1		316,449	245,963
Accumulated Net Revenue – December 31		$ 421,403	$ 338,448

Capital Budget

The Commission's 2024 Approved Capital Budget (the "2024 Capital Budget"), shown in the table below, was approved on June 21, 2023, along with the Commission's 2024 Operating Budget. The 2024 Capital Budget of $683.1 million represents an increase of $78.3 million (12.9%) from the 2023 Approved Capital Budget of $604.8 million. This increase was primarily due to inflationary trends and the restoration of reductions totaling $110.5 million that were made to the 2023 Approved Capital Budget.

The 2024 Capital Budget funds several essential priorities for compliance and infrastructure improvements including:

- Compliance with the revised Lead & Copper Rule
- Water tank painting to prevent metal corrosion
- Maintaining Information Technology (IT) investments in cybersecurity and new and upgraded IT applications
- Inspecting large diameter pipes and valve exercising
- Acoustic fiber optic monitoring of pre-stressed concrete cylinder pipes (PCCP)
- Maintenance and repairs at facilities
- Removal of sediment at the Little Seneca Forebays

The Commission released its 2025 Proposed Capital Budget (the "2025 Capital Budget") on January 15, 2025, along with the Commission's 2025 Operating Budget. The 2025 Capital Budget of $801.3 million represents an increase of $118.3 million (17.3%) over the 2024 Capital Budget of $683.1 million. The 2025 Capital Budget continues to fund many of the essential priorities for compliance and infrastructure improvements that were in the 2024 Capital Budget and includes the following funding increases:

- An increase of $25.2 million for the Anacostia Depot Reconfiguration

- An increase of $24.9 million for Prince George's County South Potomac Supply Improvement, Phase 2
- An increase of $22.1 million for the Water Reconstruction Program
- An increase of $13.5 million Water Storage Facility Rehabilitation Program
- An increase of $10.0 million for the Engineering Support Program
- An increase of $8.9 million for the Energy Performance Program

Capital Budget

Capital Funds

($ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Funds Provided					
Bonds and Notes Issues/Cash on Hand	$ 402,261	$ 407,182	$ 414,795	$ 555,354	$ 646,938
PAYGO	-	19,933	31,016	44,000	50,601
Federal & State Grants	4,392	16,974	5,697	25,142	30,720
System Development Charge	8,393	3,402	9,635	36,945	49,926
Other Contributions	14,192	7,614	10,158	21,628	23,145
Total Capital Funds	$ 429,238	$ 455,105	$ 471,301	$ 683,069	$ 801,330
Expenses					
Salaries & Wages	25,911	27,647	27,997	28,193	31,973
Heat, Light & Power	-	-	-	247	302
Contract Work	217,590	251,913	268,792	384,209	512,237
Consulting Engineers	42,349	42,322	43,531	84,116	83,712
All Other	141,043	75,925	96,072	186,304	173,106
Total Capital Expenses	$ 426,893	$ 397,807	$ 436,392	$ 683,069	$ 801,330

Operating Reserves

During fiscal year 2021, the Commission's changed its policy to maintain a reserve in the amount of at least 10% to an amount of at least 15% of budgeted water and sewerage operating revenues to offset any shortfall in such revenues. During fiscal year 2022, the Commission again revised this policy increasing the reserve minimum to 20% of budgeted water and sewer operating revenues. In those years in which water or sewerage operating revenues exceed budgeted amounts, the Commission generally accrues the resulting surplus in the respective Operating Fund(s) to be utilized in future years' budgets for fiscally prudent purposes, including rate increase mitigation, one-time expenditures, increasing the Commission's reserve, and applying the surplus against future capital costs on a pay-as-you-go basis. In those years in which water or sewer operating revenues do not reach budgeted amounts, the Commission adjusts its then-current budget by reducing expenditures and by drawing upon the reserve, if necessary. In the event that the reserve is inadequate to cover such shortfall, the Commission may implement a mid-year rate increase after notifying the respective County Councils, although this has never been required.

The Commission executed savings plans in fiscal years 2020, 2021 and 2022 in response to the COVID-19 pandemic's impact on revenues. No savings plan was required in fiscal year 2023. The Commission did not draw upon the reserve during fiscal year 2021, fiscal year 2022 or fiscal year 2023. Ending fund balance as a percentage of operating revenue was 29.4% for fiscal year 2022 and 35.7% for fiscal year 2023, exceeding the increased 20% reserve target both years.

Audited Financial Results

The table below presents the Commission's historical revenues, expense and changes in net position using information contained in the audited financial statements for Fiscal Year 2020 through 2023. The Commission's complete financial statements are included in Appendix A. The Commission's audited financial statements (Appendix A) are prepared in accordance with generally accepted accounting principles. Comparison of the audited financial statements to the debt service method statements requires adjustments for several differences, including depreciation, bond principal redemption, and capitalized interest.

Historical Revenues, Expenses, and Changes in Net Position

(in thousands)

	FY23	FY22 (Restated)	FY21 (Restated)	FY20
Operating Revenues				
W&S and Fees	827,593	777,357	700,787	696,861
FFBC	3,914	5,713	7,680	9,825
House connection charges	3,839	4,061	4,470	4,346
Other	54,126	50,532	37,407	38,726
Total operating revenues	**889,472**	**837,663**	**750,344**	**749,758**
Operating Expenses				
Operations	132,672	123,596	118,787	99,016
Maintenance	183,022	175,871	188,407	204,402
Intermunicipal agency sewage disposal	81,954	66,831	65,084	66,327
Administrative and general	115,102	109,644	116,532	125,897
Depreciation and amortization	205,761	214,026	215,584	199,789
Total operating expenses	**718,511**	**689,968**	**704,394**	**695,431**
Net operating revenues	**170,961**	**147,695**	**45,950**	**54,327**
Non-Operating Revenue (Expenses)				
Interest on bonds and notes payable	(115,942)	(98,919)	(75,476)	(61,277)
SDC credit reimbursements	(1,800)	(2,134)	(2,538)	(2,323)
Loss on disposal of assets	(593)	(723)	(9,685)	(22,557)
Pension	19,517	18,614	26,789	(12,539)
OPEB	10,521	12,110	4,280	(2,205)
Interest income on investments	25,319	119	255	2,500
Other interest income	985	1,099	1,165	1,340
Net non-operating expenses	**(61,993)**	**(69,834)**	**(55,210)**	**(97,061)**
Income before capital contributions	**108,968**	**77,861**	**(9,260)**	**(42,734)**
Capital Contributions	61,217	72,962	59,122	66,474
Change in Net Position	**170,185**	**150,823**	**49,862**	**23,740**
Net position beginning of the year	5,107,670	4,957,585	4,907,723	4,883,983
Adjustment to prior year Net Position due to lease	(841)	(738)	-	-
Net position end of the year	**5,277,014**	**5,107,670**	**4,957,585**	**4,907,723**

Note: FY21 restatement was due to GASB 87 implementation. FY22 restatement was due to GASB 96 implementation.

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SUMMARY OF DISTRICT AD VALOREM TAXES AND OTHER CHARGES AND REVENUES THEREFROM

Ad Valorem Tax Rate

At present, no *ad valorem* taxes are levied pursuant to Commission certification for the payment of debt service on outstanding bonds. Debt service on the Bonds and other outstanding bonds of the District is expected to be paid from revenues generated in the District from fees, charges, rates and assessments and other available funds.

Tax Collection Procedures

Pursuant to Section 22-106 of Division II of the Public Utilities Article, in order to retire and pay the interest on bonds of the District each year the county councils of Montgomery County and Prince George's County shall impose against the assessable property located in the District a tax sufficient to pay the principal of and interest on the bonds, as and when due and until paid in full. Each year the Commission shall determine the amount necessary to pay the principal and interest on bonds issued and shall set aside such amount from water service charges, sewer usage charges, house connection charges, and any other charges imposed by the Commission as the Commission determines to be fair and equitable. The amount set aside shall be deducted from the amount that the Commission determines to be necessary to be raised by taxation.

At least 30 days before the taxable year for property taxes, the county executives of Montgomery County and Prince George's County shall certify to the Commission the total valuation of assessable property within the District in each county. The Commission shall determine the amount necessary, for the next taxable year, to pay: (i) interest on all outstanding bonds; (ii) principal of all serial bonds maturing during the year; and (iii) the proportionate part of principal of all outstanding sinking fund bonds as determined by the usual table of redemption of bonds by annual deposit in a sinking fund.

After deducting all amounts applicable to payment of interest and principal on the bonds, the Commission shall certify to the county councils of Montgomery County and Prince George's County the number of cents per $100 necessary to raise the amount determined to pay the debt service.

Each year the county councils of Montgomery County and Prince George's County shall impose a tax in the amount determined by the Commission under the Public Utilities Article on all assessable property within the District. The taxes imposed under this Act shall (i) have the same status as county taxes; and (ii) be imposed and collected by the tax collecting authority for each county as county taxes. Every 60 days, each county shall pay to the Commission the taxes collected under the Public Utilities Article.

Front Foot Benefit Charges and Historic Collections

For meeting debt service on its outstanding $123,115,639 of General Construction Bonds as of December 31, 2023, there have been assessed front foot benefit charges (“FFBC”) in amounts sufficient, together with additional charges, including water consumption and sewer usage charges, and taking delinquencies in account, to pay debt service on the General Construction Bonds as such debt service becomes due. Front foot benefit charges are payable in annual or semi-annual installments. There are no operations, repair or maintenance costs paid from front foot benefit charges.

In the year following completion of water and/or sewer main construction, connecting improved or abutting unimproved properties are assessed a FFBC. The assessment as required by law is to repay funds borrowed by WSSC for water and/or sewer main construction. The charge appears on the property tax bill for the same number of years as the term of the bonds sold to finance the improvements but may be paid in full at any time. The FFBC assessment is determined by multiplying property footage by the rate per foot for the appropriate property classification. Irregularly shaped lots are assessed using average footages of neighboring regular shaped properties. Listed below are the Commission's latest approved FFBC rates for residential properties. The rates are updated annually. The assessments levied during 2019 - 2022 levy years will run for 30 years. The bond period for properties levied between 1983-2012 were 23 years and 2013-2018 were 20 years. Earlier years assessments could be from 33 to 50 years.

Front Foot Benefit Rate Schedule*

Assessment Length	Assessment Rate for Water (Per Ft Per Year)	Assessment Rate for Sewer (Per Ft Per Year)
Subdivision:		
1st - 150 ft.	$4.00	$6.00
2nd - 150 ft.	$3.00	$4.50
Over - 300 ft.	$2.00	$3.00
Business:		
All Footage	$5.32	$7.98

Source: WSSC Finance Department
*The total amount of assessment can be redeemed at any time by the property owner.

Front foot benefit charges and deferred house connection charges are levied on a calendar year basis prior to July 1 of each year. Charges can be paid in two installments, the first due prior to October 1 and the second due prior to January 1. Levies, and collections for the five calendar years through 2023 as supplied by the counties, are shown in the following table:

	Montgomery County			Prince George's County		
Levy Year(2)	Amount Levied	Total Collections	Percent Collected(1)	Amount Levied	Total Collections	Percent Collected (1)
2023	$3,510,566	$ 1,772,569	50.49%	$ 2,524,291	$ 1,379,041	54.63%
2022	4,331,581	4,332,947	100.03%	3,479,247	3,465,564	99.61%
2021	5,049,896	5,030,318	99.61%	4,365,951	4,352,465	99.69%
2020	6,062,380	6,075,046	99.95%	5,710,901	5,696,453	99.75%
2019	6,941,807	6,936,926	99.97%	6,805,163	6,793,354	99.83%
2018	8,582,708	8,580,567	99.98%	9,187,932	9,174,835	99.86%

(1) Collections are applied to their respective levy years regardless of the year of collection.
(2) Original levies adjusted by subsequent additions, deletions and collections as of June 30, 2023. Assessments are levied on construction completed in the previous calendar year.

Source: WSSC Finance Department

Water and Sewer Charges

Water consumption charges are collected to pay the operation, repair and maintenance costs of water supply projects and the debt service on bonds and notes of the District. Sewer usage charges are collected to pay the operation, repair and maintenance costs of sewerage projects and the debt service on bonds and notes of the District. *Ad valorem* taxes are not presently levied for such purposes.

The Commission imposes a 5% late payment charge on any water/sewer bill outstanding after 30 days for residential and commercial customers. If payment is not made within an additional 15 days, a termination notice is forwarded to a delinquent property owner advising that service will be discontinued by a specified date without further notice. Should this fail, and if any bill shall remain unpaid for 60 days from the date fixed for payment, it is collectible against the owner of the property served. As of this date of the Official Statement, historically the bad debt write-off has never been material to the Commission.

The Commission employs a conservation oriented multi-rate structure for both water and sewer usage. The structure applies a sliding schedule of rates per thousand gallons of use with a level of charges determined by the customer's average daily consumption ("ADC") during each billing period. The rates as of July 1, 2023 range from $6.53 for tier 1 to $9.96 for tier 4 per thousand gallons for water consumption and $8.67 for tier 1 to $15.97 for tier 4 per thousand gallons for sewer usage. The schedule starts at a base consumption level of 0-80 gallons a day where the lowest water and sewer rates apply and moves up through three tiers ending at a 276 gallon a day or greater tier. Customers are billed for volumetric consumption in each tier at the tier's rate. Sewer-only customers are charged a flat rate. In addition, all customers are assessed Ready-to-Serve fees, based on meter size, in cumulative amounts ranging from $30.77 to $7,068.63 per quarter.

Other Charges

The Commission collects other charges and fees, namely, house connection fees, plumbing and gas connection inspection fees and system development charges, as mentioned below.

Sub-district Charges

In order to expedite ahead of schedule, the construction of water and/or sewer facilities to serve certain sub-districts within the District, the Commission established individual sub-district charges in the Olney, Mattawoman, Green Branch, Mill Branch and Clopper Road Sub-districts to help defray the cost of capital construction therein. The Commission has suspended the collection of sub-district charges, because system development charges provide sufficient growth-related cost recovery. See "System Development Charge" below.

House Connection Fees

The Commission is authorized by the Public Utilities Article to fix and collect a reasonable connection charge for the connection of properties to the water and sewer systems in the District. Of the net revenue derived from such connection charges: (i) one half must be retained in a contingency fund for the repair, replacement or any extraordinary maintenance and operating expense of the water supply or sewer systems under the control of the Commission and (ii) one half may be applied to pay debt service on the bonds and notes of the District.

On January 1, 2005, to reflect the construction cost differential, the Commission's pricing of house connections for residential customers changed to one in which unimproved and improved connections receive different rates for each different sized connection. Beginning January 1, 2023, the rate for standard one-inch or one and one-half inch residential water connections in an unimproved area is $3,230, whereas a standard one-inch or one and one-half inch residential water connection in an improved area is $9,400. A standard residential sewer connection in an unimproved area is $6,500, whereas a standard residential sewer connection in an improved area is $14,500. Commercial customers are charged different rates for larger sized improved and unimproved area connections to reflect the construction cost differential for these two types of connections.

Plumbing and Gas Connection Inspection Fees

The Commission inspects the installation of all plumbing and gas facilities throughout the bi-county area. This affords standardization of materials and methods for plumbing and gas systems in the District. The Commission charges certain fees for such inspections.

INFORMATION REGARDING MONTGOMERY AND PRINCE GEORGE'S COUNTIES

Montgomery County and Prince George's County are each a body politic and corporate and a political subdivision of the State of Maryland. The populations of Montgomery County and Prince George's County are shown below:

	1990	**2000**	**2010**	**2020**
Montgomery County	757,027	873,341	971,777	1,062,061
Prince George's County	728,553	801,515	863,420	967,201
Total	1,485,580	1,674,856	1,835,197	2,029,262

Source: U.S. Census of Counties.

Additional information regarding Montgomery County and Prince George's County, including detailed governance, demographic, economic and financial information is set forth in Appendix B and can be obtained from the most recent Official Statements of such counties. The information regarding Montgomery County and Prince George's County set forth in Appendix B to this Official Statement has been provided to the Commission by Montgomery County and Prince George's County, respectively. The Commission has not undertaken to audit, authenticate or otherwise verify the information set forth in Appendix B or any Official Statement of Montgomery County or Prince George's County. The Commission makes no guaranty, warranty or other representation respecting the accuracy and completeness of the information set forth in Appendix B or any such Official Statement. The Commission is not in a position to, and will not, undertake to update any information set forth in Appendix B or in any Official Statement of Montgomery County or Prince George's County. Reference to the Official Statements of Montgomery County and Prince George's County is included herein for convenience only and any information included in such Official Statements is not incorporated herein, by reference or otherwise.

CAPITAL IMPROVEMENTS PROGRAM

Ten Year Plan

The State of Maryland requires that every county in the State have a ten-year water and sewerage plan. The Commission, as the provider of water and wastewater services for Montgomery County and Prince George's County, has assisted in the preparation of the Counties' ten-year plans since 1971. The County 10-year plans provide the overall guidance for the timing and capacity for planned implementation of new water filtration plants, pumping stations, transmission lines, storage facilities, water resource recovery facilities to treat wastewater, pumping stations, force mains, interceptor sewers and related facilities. Local water distribution and sewage collection systems are approved by Commission authority consistent with service policies in the ten-year plans.

Six Year Capital Program

Each year the Commission prepares a six-year projection of capital expenditures for new major water and sanitary sewerage facilities constituting its Capital Improvements Program ("CIP"). In addition, six-year projections are made for existing water and sewer systems reconstruction activities, a planned program for rehabilitating the older or deficient portions of these systems. The principal objective of the CIP is the six-year programming of planning, design, land acquisition, and construction activities on a yearly basis for major water and sewerage infrastructure projects and programs. These projects and programs may be necessary for system improvements for service to existing customers (86% of the CIP), to comply with federal and/or state environmental mandates (6%), or to support new development in accordance with the counties' approved plans and policies for orderly growth and development (8%). The projects within the approved six-year program include an aggressive program to rehabilitate or replace the older portions of the Commission's more than 5,800 miles of water mains and 5,600 miles of sewer mains, provide for growth as needed and ensure compliance with the 2005 Sanitary Sewer and 2016 Potomac Water Filtration Plant consent decrees. The projects are generally categorized as follows:

- Capital Improvements Program (CIP)
- Information Only Projects

Working to protect clean water, in July of 2005 the Commission joined U.S. Representative Chris Van Hollen, Lieutenant Governor Michael S. Steele and representatives from the Anacostia Watershed Society, Natural Resources Defense Council (NRDC), Audubon Naturalist Society and Friends of Sligo Creek to announce agreement on a multi-year action plan to dramatically minimize, and eliminate where possible, sewage overflows. A sanitary sewer overflow (SSO) is an event where untreated or partially treated wastewater discharges from a sanitary sewer system into the surrounding areas.

The comprehensive plan settles a lawsuit filed by the U.S. Department of Justice (DOJ) in November 2004 on behalf of the U.S. Environmental Protection Agency (EPA) regarding overflows in the Commission's wastewater collection system. The Commission has worked closely with its partners at the federal, state and local levels to develop a proactive plan that will augment its existing efforts to maintain, identify and rehabilitate problem areas within its 5,600-mile sewer system. This sanitary sewer consent decree, similar to many others enacted throughout the country, will enhance the Commission's ability to meet the public health needs of our customers. The Commission is well underway on this program and all funding required has been incorporated within the CIP. On June 26, 2016, the sanitary sewer consent decree deadline was extended for an additional six years. The Commission completed the collection system repair work by the extended February 9, 2022 deadline. Continuing efforts related to the consent decree, including stream monitoring and performance assessments of completed repairs, are underway.

As described below under "Litigation," pursuant to a Consent Decree approved by the U.S. District Court of Maryland on April 15, 2016, WSSC is required to undertake short-term operational changes and capital improvements at the Potomac Water Filtration Plant. In connection therewith, on December 26, 2016, WSSC submitted an audit report and long-term upgrade plan (the "2016 Plan") for consideration by the Maryland Department of the Environment ("MDE"). In September of 2018, WSSC and its consultant submitted an amended long-term plan (the "Amended Plan") to address deficiencies in the 2016 Plan, which was approved by MDE in April 2019. The FY 2024 Adopted CIP reflects the estimated cost of the approved Amended Plan.

The Commission has approved water and sewer CIP, Engineering Support and Energy Performance Program projects with a value of nearly $4.1 billion for fiscal years 2024-2029, and nearly $1.2 billion for water and sewer system reconstruction projects during the same period. Of this amount, over $3.4 billion is anticipated to be funded through the sale of Commission bonds. The remaining amount is expected to be funded through federal and state grants, operating funds, and contributions from other sources.

The following table shows the approximate funding schedule (subject to adjustment for inflation) for the approved projects (dollars in thousands).

	FY'24	FY'25	FY'26	FY'27	FY'28	FY'29	6-Yr.-Total
Water CIP/ESP/EPP	$ 194,781	$ 273,420	$ 275,646	$ 275,921	$ 228,954	$ 185,698	$ 1,491,397
Sewer CIP/ESP/EPP	256,955	239,585	207,678	211,363	180,790	165,205	1,601,886
System Reconstruction	152,621	162,905	184,851	212,215	237,428	266,414	1,216,434
Total	$625,495	$735,578	$741,910	$758,205	$690,119	$620,298	$4,171,605
Bond Funding	$ 555,400	$ 577,701	$ 568,138	$ 605,733	$ 562,587	$ 555,829	$ 3,425,388
% of Capital Program	89%	79%	77%	80%	82%	90%	82%

The funds necessary to finance the construction of local lines are not included in the above six-year projections. In accordance with amendments to the Public Utilities Article enacted in 1998, construction of local lines begun after June 30, 2001, will generally be financed by private developers rather than the Commission.

The Commission released its 2025 Proposed Capital Budget (the "2025 Capital Budget") on January 15, 2025, along with the Commission's 2025 Operating Budget. The 2025 Capital Budget of $801.3 million represents an increase of $118.3 million (17.3%) over the 2024 Capital Budget of $683.1 million. The 2025 Capital Budget continues to fund many of the essential priorities for compliance and infrastructure improvements that were in the 2024 Capital Budget and includes the following funding increases:

- An increase of $25.2 million for the Anacostia Depot Reconfiguration
- An increase of $24.9 million for Prince George's County South Potomac Supply Improvement, Phase 2
- An increase of $22.1 million for the Water Reconstruction Program
- An increase of $13.5 million Water Storage Facility Rehabilitation Program
- An increase of $10.0 million for the Engineering Support Program
- An increase of $8.9 million for the Energy Performance Program

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WATER AND SEWERAGE FACILITIES, SERVICE CENTERS AND STATISTICS

The Commission currently operates water filtration plants, raw water reservoirs, water resource recovery facilities to treat wastewater (in addition to sharing the use of regional facilities) and maintenance service centers.

Water Sources and Filtration Facilities

The Commission has multiple sources of raw water available for processing and delivery to its customers. These sources are supplemented by a number of reservoirs containing an aggregate of 14 billion gallons of raw water storage, and up to an additional 13 billion gallons of water for river quality and flow. The water filtration facilities (Potomac and Patuxent), which have a combined peak production capacity of nearly 400 million gallons of water per day (mgd), are strategically located to meet all of the needs of the Commission's customers. The water system is designed with a focus on sufficient redundancy to ensure adequate overlapping coverage for the Commission's service area.

The Commission maintains a water distribution network with more than 5,800 miles of mains. There are finished water storage structures located at strategic points along this network to assist in meeting peak customer demands and fire protection requirements. These structures have a combined gross storage capacity of more than 200 million gallons.

Water Resource Recovery Facilities for Wastewater Treatment

The Commission's water resource recovery facilities (WRRF) located throughout the District are as follows:

Seneca WRRF	Piscataway WRRF	Parkway WRRF
Damascus WRRF	Western Branch WRRF	Hyattstown WRRF

Blue Plains Plant (developed and operated by the District of Columbia Water and Sewer Authority; capacity is shared by the Commission under regional agreements)

Mattawoman Plant (developed and operated by Charles County, Maryland; the Commission has purchased 15% of the plant's capacity under a regional agreement)

Poolesville Plant (owned and operated by the Town of Poolesville, Maryland; the Commission has purchased 20,000 gpd capacity at the plant under an agreement with the Town)

In response to efforts to improve water quality in the Chesapeake Bay, emphasis has been placed on the improvement of water resource recovery facilities to serve current and future needs of the Commission's bi-county service area. Every plant receiving wastewater from the Commission's system is equipped to provide advanced treatment. In 2004 the State of Maryland passed the Chesapeake Bay Restoration Act into law to provide funding to remove additional nitrogen at wastewater treatment plants statewide to achieve Enhanced Nutrient Removal (ENR). Construction is complete to upgrade all Commission facilities to the ENR standard, reducing nitrogen in the effluent to approximately 3 mg/l which is considered the limit of technology.

Approximately 63% of the District's sewage flow travels through the regional system in Maryland and the District of Columbia to the Blue Plains Advanced Wastewater Treatment Plant in Washington, D.C. ("Blue Plains"). The Blue Plains Plant is an advanced wastewater treatment plant with treatment capacity of 370 mgd. Construction of the Blue Plains enhanced nitrogen removal facilities is complete. The Commission has contributed to the capital cost of these upgrades. During fiscal year 2023, the Blue Plains Plant received 41.3 billion gallons (bg) of sewage from the Commission system, while the following flows were handled during the year at Commission-operated facilities: Piscataway Plant, 8.8 bg; Western Branch Plant, 7.9 bg; Parkway Plant, 2.2 bg; Seneca Plant, 4.9 bg; and Damascus Plant, 0.3 bg. In addition, the Mattawoman Plant received .5 bg of sewage from the Commission system. Wastewater is conveyed through the Commission's more than 5,600 miles of sewer mains.

Service Centers

The Commission operates four service centers throughout the service area. Through facilities in Anacostia, Gaithersburg, Lyttonsville and Temple Hills, the Commission provides warehouse management, fleet services and meter operations to ensure that appropriate resources are available for the maintenance and repair of the vast water and wastewater system. In addition, the Commission operates a state-of-the-art laboratory which performs an estimated 500,000 tests annually to ensure water safety and quality.

			Historical Water and Sewage Service Statistics				
Fiscal Year	Estimated Population Served	Miles of Water Mains	Water Connections	Water Delivered (million gallons)	Average MGD	Miles of Sewer Mains	Sewer Connections
2023	1,966,000	5,900	479,000	57,572	162.0	5,632	450,731
2022	1,939,000	5,884	476,000	58,840	157.7	5,624	446,392
2021	1,915,000	5,869	473,497	59,422	162.8	5,615	444,523
2020	1,910,000	5,844	470,944	59,505	162.6	5,624	442,654
2019	1,801,000	5,816	468,873	59,028	161.7	5,604	440,941
2018	1,777,000	5,768	465,393	59,828	163.9	5,578	437,789
2017	1,785,000	5,647	460,891	59,519	163.1	5,549	434,586

Cybersecurity

Cyber security threats continue to become more sophisticated and are increasingly capable of impacting the confidentiality, integrity, and availability of WSSC's systems and applications. WSSC maintains critical control systems that are "air-gapped" and reside on a private network that is not connected to the internet.

WSSC is continuously pursuing improvements to its cybersecurity program. WSSC's IT Department continually updates its IT security standards, and has upgraded WSSC's firewalls, implemented vulnerability scanning, updated WSSC's patch management processes, and updated its endpoint threat detection capabilities. Multi-factor authentications are being deployed across the enterprise for remote access and for all privileged account access regardless of location. The IT department works with State and local cyber resources to monitor current threats and utilizes such intelligence to proactively update defenses.

WSSC maintains information technology insurance coverage sufficient to meet best incident response coverages. In addition, WSSC has implemented the Authority to Operate (ATO) methods following the NIST Risk Management Framework, hardened its mobile devices and remote access for ongoing telework and mobile workforce, implemented a mature insider threat management program, enhanced and enforced security education and training awareness which is required annually for all users including both employees and contractors, implemented sensitive data protection with redaction, encryption and strong authentication, as well as enhanced monitoring and incident response capability through the use of a 24x7 Security Operations Center and elevated intrusion detection monitoring.

WSSC continues to improve and enhance its cybersecurity safeguards, training, backup and recovery and response capabilities working with its IT department and outside consultants.

Sustainability and Planning for a Changing Climate

WSSC is committed to protecting the natural environment of Prince George's County, Maryland and Montgomery County, Maryland as it carries out its mandate to provide sanitary sewer and drinking water services. This commitment is reflected in WSSC's core value, environmental stewardship, which serves to guide and incorporate behavior and decision making into WSSC's investments into green buildings, pollution prevention and control, renewable energy, water quality, and climate change adaptation. WSSC's commitment to sustainability is also reflected in its energy management program; climate change planning; Green House Gas ("GHG") reduction program; and local educational activities.

There are potential risks to WSSC associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. WSSC is preparing for a changing climate and the resulting infrastructure and operational impacts by integrating consideration of climate change into decision making and identifying mitigation and adaptation actions to enhance the resilience of its infrastructure.

While WSSC has not experienced serious damages or problems as a result of climate change, starting in 2016, WSSC undertook an ambitious approach to responding to the threat of climate change and the unique challenges it will present to water and wastewater utilities by initiating a multi-year Climate Change Vulnerability Assessment, Adaption, and Mitigation Planning (CCVAAMP) Project. The CCVAAMP project included a climate analysis and projections, a vulnerability assessment of WSSC facilities and resources, an adaptation analysis, and mitigation planning.

With 49 facilities located in or near floodplains, WSSC has several current and future challenges associated with climate change. To address this a "Design Guide for Protecting Facilities from Future Climate Extremes" has been drafted and eighteen facility assessments have been completed. At these 18 facilities, the assessments indicated that eight were at risk of flooding now or in the near future. WSSC is in the process of developing plans to implement adaptation strategies for each of these eight facilities.

WSSC has developed inventories of annual GHG emissions for all Commission operations for the calendar years 2005 through 2022. The inventories quantify the GHG emissions that result from the energy-intensive processes required to treat and distribute potable water for public use and to collect and treat wastewater before discharge. Currently, accounting protocols published by The Climate Registry General Reporting Protocol Version 2.1 in 2016 are used to complete the inventory. In 2010 WSSC developed a 40-year plan of action with strategies to reduce future GHG emissions at WSSC by 10 percent every 5 years through the year 2050. That goal has been amended to reach a 100% reduction by 2050, using demonstrated technologies and practices available at the present time.

The GHG inventory results and the future emissions projections were used to develop strategies to reduce the GHG emissions and meet the reduction goal. The following are the main focus areas of the GHG reduction strategies:

- Optimizing the efficiency of the water distribution system.
- Improving equipment efficiency for water and wastewater.
- Reducing residuals and optimizing processes.
- Reducing GHGs associated with vehicles and transportation.
- Optimizing building services (lighting/heating, ventilating, and air conditioning (HVAC)).
- Implementing renewable energy.

There are two ongoing projects that will contribute to attaining the goal of reducing GHG by 100% by 2050 including construction of a 12 MW solar facility in Washington County, Maryland, and planning for implementation of a Microgrid Project (including CO2 recovery and sequestration) at the Potomac Water Filtration Plant. These two projects will contribute to approximately a 40% reduction in GHG on an ongoing basis.

WSSC's long term and comprehensive plan will enable it to align its capital plan to meet the costs of these improvements over time.

INSURANCE

The Commission maintains insurance on its property (structures, contents, boilers and machinery, etc.) for physical damage. The Commission also maintains Employee Dishonesty and Terrorism insurance.

The Commission is self-insured for all liability except fiduciary liability insurance which the Commission maintains in connection with its Employees Retirement Plan and OPEB Trust. Each year, the Commission budgets funds to pay for expected claims, based on past loss experience. However, should the actual claims be significantly higher than budgeted, or should a catastrophic loss occur, then funds to pay for such loss or losses would have to be obtained from *ad valorem* taxation or other sources of revenue, since a self-insurance fund has not been established.

The Commission is self-insured for Workers' Compensation benefits per the applicable statutory requirements of the State of Maryland.

The Commission's insurance policies contain varying self-insured retention levels. All such policies are subject to their terms, conditions, exclusions, definitions and limitations.

INVESTMENT OF OPERATING AND CAPITAL FUNDS

Commission funds held for operating and capital purposes are invested by the Commission Finance Department in accordance with the Commission's investment policy, which conforms to State of Maryland law on the investment of public funds. The Commission does not leverage its investment portfolio, buy reverse repurchase agreements, invest in investment pools or enter into interest rate swaps or other derivatives. The Commission does not borrow or lend securities. The Commission invests primarily in obligations of the United States government, its agencies or instrumentalities, repurchase agreements, and bankers' acceptances. The repurchase agreements into which the Commission enters are collateralized by United States government treasury obligations and obligations of agencies and instrumentalities of the United States government, held by an independent third-party custodian and marked to market daily.

LITIGATION

In February 2014, the Potomac Riverkeeper, Inc. and the Chesapeake Bay Foundation, Inc. filed a complaint for injunctive relief and penalties in U.S. District Court in Maryland alleging violations of the Clean Water Act by the Commission. Under a Consent Decree approved by the U.S. District Court of Maryland on April 15, 2016 (the "Consent Decree"), WSSC is required to undertake short-term operational changes and capital improvements at the Potomac Water Filtration Plant that will enable WSSC to reduce solids discharged to the river, and to plan, design and implement upgrades or new construction to achieve requirements established by MDE and incorporated in a new discharge permit. As described above under "Capital Improvements Program - Six Year Capital Program," in accordance with the Consent Decree WSSC submitted the 2016 Plan with MDE in December of 2016 and, to address deficiencies with the 2016 Plan, the Amended Plan in September of 2018. On April 29, 2019, MDE issued its approval of the September 2018 Amended Plan and the recommended alternative upgrades to comply with the Consent Decree (the "Approved Plan"). Construction under the terms of the Approved Plan began on June 1, 2022. The projected substantial completion date is January 15, 2026.

The level of improvements and any civil and stipulated penalties and other expenditures required under the Consent Decree are not expected to have a material adverse effect on the Commission's ability to satisfy its debt service requirements for the Bonds or any other debt obligations of the District.

On June 14, 2021, WSSC received General Notices of Liability for Response Costs Claims from the District of Columbia Department of Energy and Environment ("DOEE") and the U.S. Department of Interior, National Park Service ("NPS") identifying WSSC as a Potentially Responsible Party ("PRP") for two operations (Colmar Manor Community Park built over a former WSSC landfill and the municipal separate storm sewer system (MS4) in Prince George's County, Maryland). The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and the District of Columbia Brownfield Revitalization Act authorize suits against PRPs to recover a share of investigative and remedial costs for sites covered by CERCLA. The General Notices of Liability for Response Costs Claims to WSSC indicate an intent to seek to recover response costs under CERCLA from WSSC (and other PRPs) related to the Anacostia River sediment contamination. These notices represent a formal claim and demand for contribution from WSSC and other entities.

On November 19, 2021, WSSC received a letter from DOEE described as, "Invitation to participate in a Natural Resource Damage Assessment for the Anacostia River." The letter states that DOEE, the U.S. Department of Interior, and the National Oceanic and Atmospheric Administration, as Trustees, plan to investigate and assess damages to natural resources from the Anacostia River sediment contamination that is the subject of the CERCLA notices, and invites WSSC, as a PRP, to enter into an agreement to participate in the effort. While WSSC denies any liability, WSSC continues to engage in discussions to resolve this matter with the other parties. Any settlement or potential litigation are not expected to have a material adverse effect on the Commission's ability to satisfy its debt service requirements for the Bonds.

RATINGS

Fitch Ratings, Inc., Moody's Investors Service, Inc. and S&P Global Ratings have assigned the Bonds long-term ratings of "AAA" (with a stable outlook), "Aaa" (with a stable outlook), and "AAA" (with a stable outlook), respectively. No application was made to any other rating agency for the purpose of obtaining a rating on the Bonds. The Commission engaged Moody's Investors Service, Inc. ("Moody's") to conduct an independent green bonds assessment of the Second Series. Moody's assigned the Commission's Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds) an overall score of SQS2. Based in part on the assessment of Moody's, the Commission has designated the Second Series as "Green Bonds." See "Green Bonds Designation."

The Commission furnished to such rating agencies certain information and materials respecting the Bonds, the District, the Commission, Prince George's County and Montgomery County. Generally, rating agencies base their ratings on investigations, studies and assumptions that they made, in addition to the information and materials provided by the Commission. Such ratings express only the views of the respective rating agencies. There is no assurance that the ratings mentioned above will remain in force for any given period of time or that the ratings may not be lowered or withdrawn by the rating agencies or any of them. Any such lowering or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

TAX MATTERS

The following discussion does not describe all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of his or her particular circumstances and income tax situation. Each holder of Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of such Bonds, including the application of state, local, foreign and other tax laws.

State of Maryland Taxation

In the opinion of Bond Counsel, under existing statutes, regulations and decisions, interest on the Bonds is exempt from taxation by the State of Maryland, its counties and municipalities; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the interest on the Bonds. Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

In the opinion of Bond Counsel, under existing statutes, regulations and decisions, assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Commission has covenanted to take all actions necessary to maintain the exemption of interest on the Bonds from federal income taxation in the resolution authorizing their issuance.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. For this purpose, in general, applicable corporations are corporations with more than one billion dollars in average annual adjusted financial statement income determined over a 3-year period. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

In rendering its opinion with respect to the Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the Commission with respect to certain material facts within its knowledge relevant to the tax-exempt status of interest on the Bonds. See Appendix D – Form of Opinion of Bond Counsel.

Certain Other Federal Tax Consequences Pertaining to Bonds

There are other federal income tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 25% of the sum of tax-exempt interest received or accrued and the deductible portion of dividends received by such companies; (iii) interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S-corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, including interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and certain trusts and estates; and (vi) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds of each series may be issued at an initial public offering price that is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price at which a substantial amount of the Discount Bonds of each maturity was first sold and the principal amount of such Discount Bonds payable at maturity constitutes the original issue discount. The amount of such original issue discount that is treated as having accrued, with respect to such Discount Bonds, is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes, (a) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of such Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount that is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for such Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year and (ii) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial issue price of such Discount Bond, the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest, which would have accrued for that compounding period for federal income tax purposes, is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the applicable tax regulations, the yield and maturity of a Discount Bond are determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and related prices) of each series of the Bonds provided by the successful bidder of such series of Bonds and shown on the inside cover of this Official Statement may not reflect the initial issue prices for purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on the Discount Bonds under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount.

Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the disposition of a Bond (including sale, early redemption, purchase or payment at maturity), for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described above under "Tax Accounting Treatment of Discount Bonds." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Bond was first issued), the holder will be deemed to have acquired such Bond at "market discount," unless the amount of market discount is de minimis, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of such Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the stated redemption price of such Bond at maturity over the holder's cost of acquiring such Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires such Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the revised issue price of such Bond over the holder's cost of acquiring such Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires such Bond and its stated maturity date. For this purpose, the "revised issue price" of a Bond is the sum of (a) its original issue price and (b) the aggregate amount of original issue discount that is treated as having accrued with respect to such Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Bond Premium

A Bond will be considered to have been acquired at a premium if, and to the extent that, immediately after the acquisition of such Bond, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, an amount payable on the earlier call date, as described). Under the tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) that produces the lowest yield to maturity on such Bonds. The holder will be required to reduce his tax basis in such Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Bonds.

Legislative Developments

Legislative proposals could adversely affect the market value of the Bonds. Further, if enacted into law, any such legislation could cause the interest on the Bonds to be subject, directly or indirectly, to federal or state income taxation and could otherwise alter or amend one or more of the provisions of federal or state tax law described above or their consequences, as applicable. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of any pending or future legislative proposals, as to which Bond Counsel expresses no opinion.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, one or more Officers of the Commission will certify that, to the best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the Commission by a competitive sale occurring on February 8, 2024, in accordance with the Official Notice of Sale for the Bonds. The interest rates shown on the inside cover page of this Official Statement for the Bonds are the interest rates resulting from the award of each series of the Bonds at the competitive sale. The yields or prices of each series of the Bonds shown on the inside cover page of this Official Statement were furnished by the successful bidder for each such series of the Bonds. All other information concerning the nature and terms of any reoffering should be obtained from the successful bidder for each series of the Bonds and not from the Commission.

FINANCIAL ADVISOR

Public Resources Advisory Group is an independent registered municipal advisor (the "Financial Advisor") that has rendered financial advice to the Commission regarding the issuance of the Bonds and the preparation of this Official Statement. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the Commission, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

APPROVAL OF LEGAL PROCEEDINGS

The legality of the Bonds, based upon the documents and proceedings relative to the authorization, issuance and delivery thereof, is subject to the approval of McKennon Shelton & Henn LLP, Bond Counsel, whose approving opinion will be delivered with the Bonds. The proposed form of bond counsel opinion is set forth in Appendix D.

FINANCIAL STATEMENTS

The financial statements of the Commission as of June 30, 2022 and 2023 and for the years then ended, included in Appendix A, have been audited by CliftonLarsonAllen LLP, independent auditors, as stated in their report appearing herein.

CONTINUING DISCLOSURE

The Commission will execute a Continuing Disclosure Certificate (the "Disclosure Undertaking") in connection with the issuance of the Bonds to assist the bidders in complying with the requirements of Rule 15c2-12 (the "Rule") promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended. The Disclosure Undertaking requires the Commission to file with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") (i) certain annual financial information and operating data and (ii) certain event notices. The form of the Disclosure Undertaking is attached as Appendix C. The Commission may amend the Disclosure Undertaking in the future so long as such amendments are consistent with the Rule as then in effect.

A default by the Commission under the Disclosure Undertaking is not an event of default with respect to the Bonds. Except as described herein, during the last five years, the Commission has not failed to comply, in all material respects, with its continuing disclosure undertakings. Due to an administrative oversight, the Commission's annual audited financial statements for the fiscal year ended June 30, 2021, were not appropriately linked to the CUSIPs relating to the Commission's Consolidated Public Improvement Bonds of 2021 and Consolidated Public Improvement Bonds of 2021 (Second Series) (Green Bonds). This administrative error was corrected by the Commission on February 13, 2023. The Commission has put in place internal procedures intended to ensure that all required information is provided to the MSRB for posting on EMMA on a timely basis and to all outstanding CUSIP numbers in accordance with its continuing disclosure undertakings.

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APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been approved by Washington Suburban Sanitary Commission.

WASHINGTON SUBURBAN SANITARY COMMISSION

By: /s/ Regina Y. Speed-Bost
Regina Y. Speed-Bost, Chair

By: /s/ Kishia L. Powell
Kishia L. Powell, General Manager/CEO

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APPENDIX A

AUDITOR'S REPORT DATED OCTOBER 30, 2023, AND COMPARATIVE FINANCIAL STATEMENTS OF THE COMMISSION FOR FISCAL YEARS ENDED JUNE 30, 2022 AND 2023

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WSSC WATER
DELIVERING THE ESSENTIAL

2023

FOR THE YEAR ENDED JUNE 30

Annual Financial Report

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Commissioners of the
Washington Suburban Sanitary Commission
Laurel, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities as of and for the years ended June 30, 2023 and 2022 and the aggregate remaining fund information as of and for the years ended December 31, 2022 and 2021 of the Washington Suburban Sanitary Commission (the Commission) and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission as of June 30, 2023 and June 30, 2022 and the aggregate remaining fund information as of December 31, 2022 and December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Commissioners of the
Washington Suburban Sanitary Commission

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the schedule of changes in net pension liability and related ratios and related notes, the schedule of employer contributions and related notes, the schedule of changes in net OPEB liability and related ratios and the schedule of employer contributions and related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 30, 2023

WASHINGTON SUBURBAN SANITARY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Unaudited)

This section of the Washington Suburban Sanitary Commission (WSSC Water) annual financial report presents our discussion and analysis of WSSC Water's financial performance for the fiscal years ended June 30, 2023 and 2022.

Government Accounting Standard Board (GASB) issued Statement No. 96 in May 2020, effective for the reporting period beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. It defines a SBITA, establishes that a SBITA results in a right-to-use subscription assets and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement should be applied retrospectively. WSSC Water implemented GASB Statement No. 96 in fiscal year 2023.

GASB Statement No. 99, *Omnibus 2000*, intends to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements for potentially applicable parts of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. WSSC Water implemented the relevant portion of this GASB, along with GASB 96 implementation, in fiscal year 2023.

Government Accounting Standard Board (GASB) issued Statement No. 89 in June of 2018, effective for the reporting period beginning after December 15, 2020. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively. WSSC Water implemented GASB Statement No. 89 in fiscal year 2022.

In June 2017, GASB issued Statement No. 87, effective for the reporting period beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement should be applied retrospectively. WSSC Water has leases for which it is either the lessor or lessee. WSSC Water implemented GASB Statement No. 87 in fiscal year 2022.

FINANCIAL HIGHLIGHTS

Fiscal Year 2023

- WSSC Water maintained AAA bond ratings from Fitch Ratings, Moody's Investors Service, and S&P Global.
- In February 2023, WSSC Water issued $337.0 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of water and sewer infrastructure. This issue includes $18.5 million in green bonds which allows investors to invest directly in environmentally beneficial projects (Green Projects). Green bonds were rated E1/80 by S&P Global.
- In fiscal year 2023, WSSC Water's operating revenues increased $51.8 million in comparison with fiscal year 2022, which consisted of $50.2 million increase in water consumption, sewer use and ready to serve fees, $3.6 million increase in miscellaneous revenues, and $2.0 million decrease in front foot benefit and house connection charges. Consumption revenue increases were largely due to the fiscal year 2023 rate increases and $3.4 million in reserve reduction.
- Operating expenses increased $28.5 million, or 4.1%, during fiscal year 2023. Details are provided in the Financial Analysis summary.
- Non-operating expenses decreased $7.8 million, or -11.2%, in comparison to fiscal year 2022. Details are provided in the Financial Analysis summary.
- The $170.1 million increase in net position during the year included net gain of $108.9 million, and capital contributions of $61.2 million.
- Of the total $162.9 million water and sewer service receivable, $118.7 million or 72.8% of which is current receivable from both billed and unbilled. $44.3 million is delinquent receivable, $35.5 million of which or 80.2% has been put under reserve. Therefore, the risk exposure from potentially uncollectable delinquent receivable is $8.7 million or 5.4%.
- In June 2023, WSSC Water received close to a $3.8 million State grant to help low-income customers with unpaid balances from January 27, 2020 through September 30, 2022. WSSC Water recorded it as grant or contributions in the fiscal year 2023 financial statements and applied the State grant to customer accounts in August 2023. Therefore, these credits are not reported or reflected as a delinquent receivable reduction in the fiscal year 2023 financial statements.

Fiscal Year 2022 (Based on Restated)

- WSSC Water maintained AAA bond ratings from Fitch Ratings, Moody's Investors Service, and S&P Global.
- In September 2021, WSSC Water issued $334.0 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of water and sewer infrastructure. This issue includes $21.5 million in green bonds which allows investors to invest directly in environmentally beneficial projects (Green Projects). Green bonds were rated E1/80 by S&P Global.
- In May 2022, WSSC Water sold $702.5 million of refunding bonds with interest rates ranging from 2.61% to 3.31% to refund $671.5 million of outstanding callable water supply and sewage disposal bonds with interest rates ranging from 3.00% to 5.00%. The net proceeds of $701.8 million were used to purchase State and Local Government Series (SLGS) securities. Those securities were deposited with an escrow agent to provide for future debt service payments. The May 2022 refunding will reduce WSSC Water's total debt service payments over the next 22 years by $63.9 million and provide an economic gain of $62.8 million.
- In fiscal year 2022, WSSC Water's operating revenues increased $87.3 million in comparison with fiscal year 2021, which consisted of $76.6 million increase in water, sewer and ready to serve fees, $13.1 million increase in miscellaneous revenues, and $2.4 million decrease in front foot benefit and house connection charges. Consumption revenue increases were largely due to the fiscal year 2022 rate increases and $1.1 million reserve reduction as a result of the expiration of the moratorium which made the collection of unpaid bills possible.
- Operating expenses decreased $14.4 million, or -2.05%, during fiscal year 2022. Details are provided in the Financial Analysis summary.

- Non-operating expenses increased $14.6 million, or 26.5%, in comparison to fiscal year 2021. Details are provided in the Financial Analysis summary.
- The $150.8 million increase in net position during the year included net gain of $77.8 million, and capital contributions of $73.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis, the required financial statements, and other required supplementary information. The required financial statements consist of:

- Statement of net position
- Statements of revenues, expenses, and changes in net position
- Statements of cash flows
- Pension and OPEB statements of fiduciary net position
- Pension and OPEB statements of changes in fiduciary net position
- Notes to the financial statements

The statements of net position provide a snapshot of WSSC Water's financial position at June 30, the end of the fiscal year. WSSC Water's statements of net position present current and long-term assets and liabilities, deferred outflows and inflows of resources, as well as net position.

WSSC Water's statements of revenues, expenses and changes in net position reflect activity for the fiscal years. These statements measure operating revenues and expenses as well as non-operating revenues and expenses. The statements also present capital contributions as well as changes in net position.

The statements of cash flows present WSSC Water's inflows and outflows of cash. Cash flows from operating activities, capital and related financing activities, and investment activities are shown separately. Cash provided by operating activities is reconciled to operating income.

Pension and OPEB statements of fiduciary net position provide a snapshot of the combined financial position for WSSC Water's Retirement Plan and Retiree Other Post-Employment Benefits Plan at December 31 of the two comparative calendar years, the Plans' fiscal year end. The statements present the Plans' assets, liabilities, and net position.

Pension and OPEB statements of changes in the fiduciary net position reflect combined activities for the comparative calendar years for both Plans. The statements present the additions into and deductions from the Plans as well as the Plans' net position changes.

The financial statements also include notes that provide more detailed data and explanations for some of the information in the financial statements.

WSSC Water operates as an enterprise fund, which is one type of proprietary fund. Enterprise funds operate similarly to private businesses in that charges for services to customers are expected to cover expenses. WSSC Water's financial statements are presented using the accrual basis of accounting and the economic resources measurement focus. All assets and liabilities are included in the financial statements. Revenue is recognized when water or other services are delivered. Expenses are recognized when goods and services are received. All revenues and expenses are recognized regardless of when cash is received or paid.

FINANCIAL ANALYSIS

Net Position

Fiscal Year 2023

WSSC Water's net position increased by $170.1 million or 3.3% after adjustment of the beginning balance due to lease reassessment to $5,106.9 million (See Table A-1). The increase was the sum of a $10.5 million increase in capital restricted for growth, a $66.6 million increase in the unrestricted capital and a $92.2 million increase in net investment in capital assets. A $0.8 million adjustment of the beginning net position from lease reassessment reversal is the fourth component that makes up $170.1 million net position increase. Capital assets, net of accumulated depreciation, increased 3.1% to $9,295.4 million. Current and other assets increased by $139.6 million or 23.0%, due to a $116.1 million increase in cash and investments, $13.7 million increase in accounts receivable, $6.5 million accrued interest receivable, and $3.3 million increase in other receivables and prepaid expenses. Unused bond proceeds at the end of the year were $171.2 million. During fiscal year 2023, developers constructed $18.6 million of capital assets and donated them to WSSC Water. Additional information is presented in the Capital Asset and Debt Administration section of this discussion.

Total debt excluding current maturities increased 5.8% to $4,005.4 million. Current and other liabilities increased $287.5 million or 47.7% because of increases in net pension and OPEB liabilities, and current accounts and bonds payables. Capital contributions of $42.6 (net of donated capital assets) million were available to finance capital projects during the year. These funding sources reduced the amount of bonds WSSC Water needed to sell for construction of water and sewer projects. A more detailed description of WSSC Water's debt can be found in Notes I and J of the financial statements.

Fiscal Year 2022 (Based on Restated)

WSSC Water's net position increased by $150.8 million or 3.0% after adjustment of the beginning balance due to lease reassessment to $4,956.9 million (See Table A-1). The increase was the net of a $20.9 million increase in capital restricted for growth, a $141.6 million increase in the unrestricted capital and a $12.4 million decrease in net investment in capital assets. $0.7 million adjustment of the beginning net position from lease reassessment reversal is the fourth component that makes up $150.8 million net position increase. Capital assets, net of accumulated depreciation, increased 1.9% to $9,017.7 million. Current and other assets increased by $133.4 million or 28.2%, primarily due to a $129.5 million increase in cash and investments. Unused bond proceeds at the end of the year were $139.4 million. During fiscal year 2022, developers constructed $14.1 million of capital assets and donated them to WSSC Water. Additional information is presented in the Capital Asset and Debt Administration section of this discussion.

Total debt excluding current maturities increased to $3,784.1 million or 6.6%. Current and other liabilities decreased $170.6 million or -22.1% because of decreases in net pension and OPEB liabilities, and current accounts and bonds payables. Capital contributions of $58.8 (net of donated capital assets) million were available to finance capital projects during the year. These funding sources reduced the amount of bonds WSSC Water needed to sell for construction of water and sewer projects. A more detailed description of WSSC Water's debt can be found in Notes I and J of the financial statements.

TABLE A-1
WSSC's Condensed Statement of Net Position
(in millions of dollars)

	FY 2023	FY 2022 (Restated)	FY 2021 (Restated)	FY 2023 % Change	FY 2022 % Change
Current and other assets	$ 745.8	$ 606.2	$ 472.8	23.0	28.2
Capital assets, net of accumulated depreciation	9,295.4	9,017.7	8,852.4	3.1	1.9
Total assets	10,041.2	9,623.9	9,325.2	4.3	3.2
Total deferred outflows of resources	175.4	40.7	47.7	331.0	(14.7)
Current and other liabilities	890.3	602.8	773.4	47.7	(22.1)
Bonds and notes payable, net of current maturities	4,005.4	3,784.1	3,550.9	5.8	6.6
Total liabilities	4,895.7	4,386.9	4,324.3	11.6	1.4
Total deferred inflows of resources	43.9	170.0	91.0	(74.2)	86.8
Net position:					
Net investment in capital assets	5,044.7	4,952.5	4,964.9	1.9	(0.2)
Restricted for growth construction	60.1	49.6	28.7	21.2	72.8
Unrestricted	172.2	105.6	(36.0)	(63.1)	(393.3)
Total net position	5,277.0	5,107.7	4,957.6	3.3	3.0
Beginning Net Position	5,107.7	4,957.6	4,907.7	3.0	1.0
Adjustment from Lease Reassessment Reversal	(0.8)	(0.7)			
Ending Net Position	5,277.0	5,107.7	4,957.6	3.3	3.0
Change in Net Position	$ 170.1	$ 150.8	$ 49.9	12.8	202.2

Changes in Net Position

Fiscal Year 2023

- WSSC Water's operating revenues increased $51.8 million in comparison with fiscal year 2022 (see Table A-2). $50.2 million of the total revenue increase is from water and sewer consumption and ready to serve fee revenues. Miscellaneous revenue increased by $3.6 million. Annual front foot benefit assessments and house connection charges continued to decline, by another $2.0 million. Front foot benefit extensions and related house connections have been built primarily by outside developers since 1993. Assessments for construction by WSSC Water prior to that time are collected over the remaining term of the debt utilized to finance the construction. Water, sewer and other revenues were impacted by the following:
  - Water and sewer rates were increased in fiscal year 2023.
  - Compared with fiscal year 2022, water and sewer revenue increase mostly came from $48.4 million rate increase, $9.8 million ready to serve fee increase and $3.4 million additional revenue from reserve reduction. However, overall consumption in fiscal year 2023 was the lowest in four years. The revenue decrease due to usage reduction is estimated to be $11.2 million.
  - While total water and sewer receivable balance at June 30 increased by $3.3 million, the delinquent receivable balance decreased by $1.9 million before applying the grant for delinquent receivable. Of the total $162.9 million water and sewer receivable, $52.6 is current billed receivable and $66.0 is current unbilled receivable. $44.3 million is delinquent

receivable, $35.5 million of which or 80.2% has been put under reserve. In comparison with total receivable of $162.9 million, the unreserved delinquent balance is $8.7 million or 5.4%.
  - Water consumption revenue was $0.5 million below budget and sewer use revenue was $0.9 million over budget. Ready to serve charges are $3 million over budget.
  - The $3.6 million increase in miscellaneous revenues was contributed by additional cross connection fees, antenna lease revenue, sewer grants, and collection of Rockville's share of Blue Plain payments.

- Operating expenses increased by $28.5 million, or 4.1%, in comparison with fiscal year 2022.

  - The actual fiscal year 2023 Blue Plains related costs increased by $15.1 million, which includes current year expense increase and additional expenses in prior year settlement.
  - Chemical expenses increased by $4.5 million, heat, light, and power increased by $1.5 million, both due to price inflation.
  - Salary and fringe benefits increased by $6.0 million, mainly from increases in health care costs, administrative and general expenses.
  - Amortization expenses increased by $3.0 million, from the addition of SBITA amortization.
  - $5.4 million increase was from additional capital reserve.
  - Claims and damages increased by $2.2 million.
  - Bond amortization expenses decreased by $7.9 million.
  - Professional services and information technology expenses decreased by $2.7 million.

- Non-operating expenses decreased by $7.8 million, or -11.2%, in comparison to fiscal year 2022.

  - The decrease is mainly the net of $25.1 million additional investment income offset by $17.0 million additional interest expense on bonds and notes payable.

The net changes in revenues and expenses during the year resulted in net gain of $108.9 million before capital contributions. Capital contributions decreased by -16.2% to $61.2 million. Grant revenue decreased by $7.5 million. System development charges and developer fees decreased by $8.7 million. Donated assets constructed and contributed by developers were up $4.5 million in comparison to the prior fiscal year.

Fiscal Year 2022 (Based on Restated)

- WSSC Water's operating revenues increased $87.3 million in comparison with fiscal year 2021 (see Table A-2). $76.6 million of the total revenue increase is from water and sewer consumption and ready to serve fee revenues. In fiscal year 2021, we increased the reserve for uncollectable and therefore decreased the revenues by $29.3 million while in fiscal year 2022 we reduced the reserve balance by $1.1 million. Miscellaneous revenue increased by $13.1 million. Annual front foot benefit assessments and house connection charges continued to decline, by another $2.4 million. Front foot benefit extensions and related house connections have been built primarily by outside developers since 1993. Assessments for construction by WSSC Water prior to that time are collected over the remaining term of the debt utilized to finance the construction. Water, sewer and other revenues were impacted by the following:

  - Water and sewer rates were increased in fiscal year 2022.
  - Compared with fiscal year 2021, water and sewer revenue increase mostly came from $43.7 million rate increase and $30.4 million less revenue reduction required for the reserve. However, consumption on commercial and governmental accounts, compared with the pre-COVID time, was still lower. The usage reduction was mostly reflected in the highest billed rate. This new consumption pattern may continue in the future due to the new normal work schedule.
  - Total water and sewer receivable balance decreased by $12.8 million, $11.8 million of which was delinquent receivable reduction.

- Water revenue was $3.6 million below budget and sewer revenue was $8.5 million below budget.
- Of the $13.1 million increase in miscellaneous revenues, $8.8 million was from the late payment charges which WSSC Water stopped assessing in fiscal year 2021 due to the moratorium on late fees and water turn off. The balance was from additional plumbing permit fees and sewer grant revenues and reduction of loss from movable asset disposal in fiscal year 2021.

- Operating expenses decreased by $14.3 million, or -2.0%, in comparison with fiscal year 2021.

    - The net of current year billing and prior year audit adjustments of intermunicipal agency sewage disposal costs related to the Blue Plains facility increased by $1.8 million in fiscal year 2022. The actual fiscal year 2022 Blue Plains related costs increased by $3.2 million.
    - Contract services and restoration work increased by $7.7 million. Majority of the increase is from paving expense increase.
    - $5.3 million increase is from heat, light, power, gas, and chemicals used in production. The increase was mainly due to higher energy prices as more U.S. natural gas was exported to Europe and less was imported from Canada.
    - Salary and fringe expenses decreased by $14.5 million, $6.6 million of which was salary reduction from retirement, employment termination, and Retirement Division salary reimbursement by the retirement plans; $2.5 million of which was from accrued leave as more leave was used in fiscal year 2022; and $4.3 million of which was from insurance benefits due to more pharmacy rebate in fiscal year 2022.
    - Professional and contractual services decreased by $9.3 million, $6.9 million of which is from information technology costs reduction. The rest is from professional services.
    - Claim expenses decreased by $4 million.
    - The additional decrease of $1.2 million is from SBITA implementation restatement.

- Non-operating expenses increased by $14.6 million, or 26.4%, in comparison to fiscal year 2021.

    - Interest expense on bond and notes payable decreased by $7.7 million. However, GASB Statement No. 89 was implemented in fiscal year 2022. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements. Therefore, there was variance of $31.1 million capitalized interest offset in fiscal year 2021. The net interest expense increase was $23.4 million.
    - There was $9.0 million decrease in loss on assets disposal in comparison with fiscal year 2021.

The net changes in revenues and expenses during the year resulted in net gain of $77.9 million before capital contributions. Capital contributions increased by 23.5% to $73.0 million. Grant revenue increased $12.6 million. System development charges and developer fees increased by $4.7 million. Donated assets constructed and contributed by developers were down $3.5 million in comparison to the prior fiscal year 2021.

TABLE A-2
WSSC's Condensed Changes in Net Position
(in millions of dollars)

	FY 2023	FY 2022 (Restated)	FY 2021 (Restated)	FY 2023 % Change	FY 2022 % Change
Operating revenues	$ 889.4	$ 837.6	$ 750.3	6.2	11.6
Operating expenses	(718.5)	(690.0)	(704.3)	4.1	(2.0)
Net non-operating revenues (expenses)	(62.0)	(69.8)	(55.2)	(11.2)	26.4
Income before capital contributions	108.9	77.8	(9.2)	40.0	(945.7)
Capital contributions	61.2	73.0	59.1	(16.2)	23.5
Changes in net position	170.1	150.8	49.9	12.8	202.2
Net position beginning of the year	5,107.7	4,957.6	4,907.7	3.0	1.0
Adjustment to beginning net position due to lease reassessment	(0.8)	(0.7)			
Changes in net position	$ 5,277.0	$ 5,107.7	$ 4,957.6	3.3	3.0

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Fiscal Year 2023

As of June 30, 2023, WSSC Water had invested $9,295.4 million, net of accumulated depreciation, in a broad range of capital assets including water and sewer lines, water tanks, treatment plants, pumping stations, multi-purpose facilities and other facilities. This amount represents a net increase of $277.7 million, or 3.1%. over fiscal year 2022.

Fiscal Year 2022

As of June 30, 2022, WSSC Water had invested $9,017.7 million, net of accumulated depreciation, in a broad range of capital assets including water and sewer lines, water tanks, treatment plants, pumping stations, multi-purpose facilities and other facilities. This amount represents a net increase of $165.3 million, or 1.9%, over fiscal year 2021.

TABLE A-3
WSSC's Capital Assets
(net of depreciation and impairment losses, in millions of dollars)

	FY 2023	FY 2022 (Restated)	FY 2021 (Restated)	FY 2023 % Change	FY 2022 % Change
Land and rights of way	$ 142.2	$ 137.8	$ 135.8	3.2	1.5
Construction in progress	1,507.9	1,205.3	1,206.6	25.1	(0.1)
Water supply	2,883.4	2,839.2	2,769.0	1.6	2.5
Sewage disposal	2,259.1	2,256.7	2,117.6	0.1	6.6
General construction	1,289.9	1,320.6	1,362.8	(2.3)	(3.1)
Intangible assets	1,203.3	1,245.9	1,244.9	(3.4)	0.1
Other	9.6	12.2	15.7	(21.3)	(22.3)
Total capital assets	$ 9,295.4	$ 9,017.7	$ 8,852.4	3.1	1.9

Additional information relative to WSSC Water's capital assets is presented in Note D of the financial statements.

Bonds and Notes Payable

Fiscal Year 2023

At the end of fiscal year 2023, bonds and notes outstanding totaled $4,328.4 million, a $225.9 million increase in comparison to the previous fiscal year.

- In February 2023, WSSC Water issued $337.0 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of water and sewer infrastructure. This issue includes $18.5 million in green bonds which allows investors to invest directly in environmentally beneficial projects (Green Projects). Green bonds were rated E1/80 by S&P Global.

Fiscal Year 2022

At the end of fiscal year 2022, bonds and notes outstanding totaled $4,102.5 million, a $213.4 million increase in comparison to the previous fiscal year.

- In September 2021, WSSC Water issued $334 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of water and sewer infrastructure. This issue includes $21.5 million in green bonds which allows investors to invest directly in environmentally beneficial projects (Green Projects). Green bonds were rated E1/80 by S&P Global.
- In May 2022, WSSC Water sold $702.5 million of refunding bonds with interest rates ranging from 2.61% to 3.31% to refund $652.1 million of outstanding callable water supply and sewage disposal bonds with interest rates ranging from 3.00% to 5.00%. The net proceeds of $701.8 million were used to purchase SLGS securities. Those securities were deposited with an escrow agent to provide for future debt service payments. The May 2022 refunding will reduce WSSC Water's total debt service payments over the next 22 years by $63.9 million and provide an economic gain of $62.8 million.

TABLE A-4
WSSC's Bonds and Notes Payable
(in millions of dollars)

	FY 2023	FY 2022	FY 2021	FY 2023 % Change	FY 2022 % Change
Water supply	$ 1,842.2	$ 1,759.8	$ 1,745.3	4.7	0.8
Sewage disposal	2,330.9	2,191.0	1,979.4	6.4	10.7
General construction	155.3	151.7	164.4	2.4	(7.7)
Total	4,328.4	4,102.5	3,889.1	5.5	5.5
Current maturities	322.9	318.4	338.2	1.4	(5.9)
Long-term portion	4,005.5	3,784.1	3,550.9	5.9	6.6
Total bonds and notes payable	$ 4,328.4	$ 4,102.5	$ 3,889.1	5.5	5.5

Bond Ratings

Fitch Ratings, Moody's Investors Service, and S&P Global assigned and affirmed ratings of 'AAA', 'Aaa', and 'AAA', respectively, on WSSC Water's outstanding water supply, sewage disposal and general construction general obligation bonds. The agencies identified strengths of the Commission in support of their ratings which include a sizeable, diverse tax base in Montgomery and Prince George's Counties, good finances characterized by the self-supporting nature of the water and sewer system, and a skilled management team. The bonds and notes are ultimately secured by an unlimited ad valorem property tax which may be assessed on properties in the WSSD district, although no such tax has been levied due to sufficient revenues.

Limitations on Debt

Maryland law limits the amount of bonds and notes WSSC Water may have outstanding at any time. This limitation is generally based on legislated percentages of the real property assessable tax base and personal property and operating real property assessments within the Washington Suburban Sanitary District. As of June 30, 2023 and 2022, the calculated limits were $13,429.5 million and $12,855.7 million, respectively. WSSC Water's outstanding debt was significantly below those limits.

Additional information relative to WSSC Water's Bonds and Notes activity is presented in Notes I and J of the financial statements.

CONTACT INFORMATION

Any questions regarding this report can be directed to the Finance Office at 14501 Sweitzer Lane, Laurel, Maryland, 20707. A copy of the report is also available on WSSC Water's website at www.wsscwater.com.

WASHINGTON SUBURBAN SANITARY COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023 AND 2022
(in thousands)

	2023	2022 (Restated)
ASSETS		
Current assets:		
Cash (Note B)	$ 35,629	$ 30,292
Investments (Note B)	346,033	267,087
Accrued interest receivable	7,345	829
Receivables, net (Note C)	134,720	120,956
Lease and lease interest receivable, ST (Notes C and N)	2,602	2,416
State grants receivable	12,969	13,215
Prepaid expenses	21,315	15,403
Total current assets	560,613	450,198
Non-current assets:		
Capital assets, net of accum. DEPR/AMORT (Note D)	9,295,438	9,017,718
Investments restricted for capital construction (Note B)	171,204	139,381
Lease and lease interest receivable, LT (Note N)	11,006	13,325
Note Receivable (E)	3,024	3,255
Total non-current assets	9,480,672	9,173,679
Total assets	10,041,285	9,623,877
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from pension (Note K)	135,173	23,329
Deferred amount from OPEB (Note L)	40,211	17,370
Total deferred outflows of resources	175,384	40,699
Total assets and deferred outflows of resources	$10,216,669	$9,664,576

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023 AND 2022
(in thousands)

	2023	2022 (Restated)
LIABILITIES		
Current liabilities:		
Bonds and notes payable, current maturities (Notes I and J)	$ 322,940	$ 318,427
Accounts payable and accrued liabilities	188,906	175,357
Accrued bond and note interest payable	12,869	11,687
Deposits and unearned revenue	10,879	10,119
Total current liabilities	535,594	515,590
Non-current liabilities:		
Bonds and notes payable, net of current maturities (Notes I and J)	4,005,432	3,784,141
Net pension liability (Note K)	253,600	24,681
Net OPEB liability (Note L)	79,858	37,223
Lease and SBITA payable, LT (Notes N & O)	2,003	5,160
Deposits, unearned revenue and other long-term liabilities (Note H)	19,284	20,145
Total non-current liabilities	4,360,177	3,871,350
Total liabilities	4,895,771	4,386,940
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from pension (Note K)	352	95,830
Deferred amount from OPEB (Note L)	22,548	49,651
Deferred amount from debt refunding (Note A)	8,146	9,132
Deferred amount from leases (Note N)	12,838	15,353
Total deferred inflows of resources	43,884	169,966
Total liabilities and deferred inflows of resources	4,939,655	4,556,906
NET POSITION		
Net investment in capital assets	5,044,747	4,952,520
Restricted for growth construction	60,093	49,560
Unrestricted	172,174	105,590
Total net position	5,277,014	5,107,670
Total liabilities, deferred inflows of resources and net position	$10,216,669	$9,664,576

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(in thousands)

	2023	2022 (Restated)
OPERATING REVENUES:		
Water consumption, sewer use and service charges	$ 827,593	$ 777,357
Front foot benefit assessments	3,914	5,713
House connection charges	3,839	4,061
Other	54,126	50,532
Total operating revenues	889,472	837,663
OPERATING EXPENSES:		
Operations	132,672	123,596
Maintenance	183,022	175,871
Intermunicipal agency sewage disposal	81,954	66,831
Administrative and general	115,102	109,644
Depreciation and amortization	205,761	214,026
Total operating expenses	718,511	689,968
Net operating revenues	170,961	147,695
NON-OPERATING REVENUES (EXPENSES):		
Interest on bonds and notes payable	(115,942)	(98,919)
System development charge credit reimbursements	(1,800)	(2,134)
Loss on disposal of assets	(593)	(723)
Pension	19,517	18,614
OPEB	10,521	12,110
Investment income	25,319	119
Other interest income	985	1,099
Net non-operating expenses	(61,993)	(69,834)
Income (loss) before capital contributions	108,968	77,861
Capital contributions (Note F)	61,217	72,962
Changes in net position	170,185	150,823
Net position, beginning of the year	5,107,670	4,957,585
Adjustment to prior year net position, lease reassessment	(841)	(738)
Net position, end of year	$ 5,277,014	$ 5,107,670

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

(in thousands)

	2023	2022 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from water and sewer customers	$ 813,023	$ 782,587
Receipts from front foot benefit assessments	4,787	6,446
Receipts from house connection charges	3,436	4,080
Receipts from other customers and miscellaneous	91,536	87,915
Payments to employees	(197,435)	(230,181)
Payments to District of Columbia Water & Sewer Authority	(76,609)	(62,133)
Payments to suppliers and others	(260,887)	(280,968)
Net cash provided by operating activities	377,851	307,746
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Long term lease and lease interest receivable	2,319	(13,325)
Proceeds from bonds and notes	389,995	1,089,676
Capital contributions	59,042	62,416
Bond redemptions and note repayments	(168,237)	(838,121)
Interest payments, premiums and discounts on bonds and notes	(110,716)	(129,290)
Capital asset construction	(418,573)	(383,466)
Net cash used in capital and related financing activities	(246,170)	(212,110)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investments	583,885	794,798
Purchases of investments	(750,501)	(974,999)
Pension and OPEB	30,038	30,724
Payments for security deposit	-	-
Interest income received	10,233	315
Net cash used in investing activities	(126,344)	(149,162)
Net (decrease) increase in cash	5,337	(53,526)
Cash, beginning of year	30,292	83,818
Cash, end of year	35,629	$ 30,292
Reconciliation of net operating revenues to net cash provided by operating activities:		
Net operating revenue	$ 170,961	$ 147,696
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation	195,004	192,820
Effect of changes in assets, liabilities and deferred outflows of resources:		
Receivables, net	(13,949)	1,403
Materials and supplies	(4,789)	(1,098)
Prepaid expenses	(1,124)	385
Deferred outflows of resources - pension and OPEB	(16,670)	7,007
Accounts payable and accrued liabilities	19,223	14,163
Unearned revenue	(1,763)	15,292
Deferred inflows of resources - pension and OPEB	(240,597)	75,033
Long-term pension liability	228,919	(96,932)
Long-term OPEB liability	42,635	(48,022)
Net cash provided by operating activities	$ 377,851	$ 307,746

Noncash capital financing activities:

- Capital assets of $18,634 and $14,142 were acquired through contributions from developers in 2023 and 2022, respectively.
- In 2023, there is one additional SBITA contract.

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUND FOR PENSION AND OPEB BENEFIT TRUSTS
DECEMBER 31, 2022 AND 2021
(in thousands)

	2022	2021
ASSETS		
Cash and cash equivalents (Note P)	$ 3,195	$ 4,474
Collateral received under securities lending agreements (Note P)	57,294	62,798
Investment at fair value (Note P):		
Mutual funds	641,238	802,775
Commingled funds	150,820	166,048
U.S. Government and agency bonds	70,200	73,405
Corporate bonds	19,670	27,929
Common stock	38,634	54,562
Investment contracts with insurance company	82,531	94,293
Limited partnership units	20	20
Other fixed holdings	1	2
Total Investments	1,003,114	1,219,034
Dividends and accrued interest receivable	682	503
Contributions receivable from employees	606	268
Total Assets	1,064,891	1,287,077
LIABILITIES		
Payable for collateral received under securities lending agreements (Note P)	57,294	62,798
Benefits payable and accrued expenses	1,179	856
Total Liabilities	58,473	63,654
NET POSITION		
Restricted for pension and OPEB	$ 1,006,418	$ 1,223,423

The accompanying notes are an intergral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND FOR PENSION AND OPEB BENEFIT TRUSTS
DECEMBER 31, 2022 AND 2021
(in thousands)

	2022	2021
ADDITIONS		
Investment Income:		
Net appreciation (depreciation) in the fair value of plan investments	$ (202,639)	$ 138,130
Dividends and interest	25,908	27,491
	(176,731)	165,621
Less investment expenses	(2,710)	(1,944)
Net investment income	(179,441)	163,677
Contributions:		
WSSC Water Contributions	32,856	45,830
Employee Contributions	4,913	4,681
WSSC Water on-behalf contributory	11,254	11,969
Retiree Contributions	4,775	4,687
Total Contributions	53,798	67,167
Total Additions	(125,643)	230,844
DEDUCTIONS		
Benefit payments to retirees and refund	90,141	84,787
Administrative Expense	1,221	760
Total Deductions	91,362	85,547
INCREASE (DECREASE) IN NET POSITION	(217,005)	145,297
NET POSITION RESTRICTED FOR PENSION AND OPEB BEGINNING OF YEAR	1,223,423	1,078,126
NET POSITION RESTRICTED FOR PENSION AND OPEB END OF YEAR	$ 1,006,418	$ 1,223,423

The accompanying notes are an intergral part of these financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washington Suburban Sanitary Commission (WSSC Water) is a bi-county political subdivision of the State of Maryland, created to provide water supply and sewage disposal services for Montgomery and Prince George's Counties. The financial statements are presented using the accrual basis of accounting and the economic resources measurement focus. Significant accounting policies are summarized below.

Operating and Non-Operating Revenues and Expenses

Revenues and expenses derived from financing and investment activities are classified as non-operating revenues and expenses. All other revenues and expenses are classified as operating.

Water and sewer service rates are established to provide sufficient funds to recover operating costs and debt service relating to the water supply and sanitary sewer systems. Metered water and sewer revenues are invoiced and recognized as customers utilize water. Revenue generated for which customers have not been invoiced is estimated based on past billings and recorded as unbilled revenue.

Estimated intermunicipal agency sewage disposal expenses are paid quarterly. Adjustments resulting from audits and/or reconciliations of WSSC Water’s share of estimated and actual expenses are recognized in the year of settlement.

Front foot benefit and house connection assessments levied on properties where water and/or sanitary sewer service is available are the principal source of funds to service general construction bond debt. Front foot benefit assessments are recorded as operating revenue ratably over the levy year; house connection assessments and fees are recognized as operating revenue over the life of the bonds issued to finance the house connections.

GASB 89 was implemented in fiscal year 2022 and interest incurred during construction is no longer capitalized.

Capital Contributions

In July 1993, a system development charge (SDC) was established to help finance the cost of expanding water and sewage systems to accommodate growth in the Washington Suburban Sanitary District. System development charges are recorded as capital contributions when received. Certain qualified projects may be eligible for SDC credits or reimbursements. Only those SDC receipts filed in association with plumbing permits under which all covered work has obtained an approved final inspection are eligible for reimbursement. The credits are presented as non-operating expenses on the statement of revenues and changes in net position.

Developer fees and charges are established to recover costs related to services provided to outside developers for the construction of capital assets. These fees are recorded as permits are issued.

Federal and State grants are recognized as capital contributions when related capital costs are incurred.

Donated assets consist principally of capital assets constructed by developers and subsequently donated to WSSC Water. Values are established by using developers’ estimated costs to construct the assets or WSSC Water’s estimated costs to construct similar assets. Donated land and rights of way are recorded at estimated acquisition values. The capital assets, and related capital contributions, are recognized upon completion of construction.

WSSC Water follows Governmental Accounting Standards Board Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” (GASB No. 33). GASB No. 33 requires recognition of all contributions of capital assets, including donated assets, as revenues (capital contributions in the Statements of Revenues, Expenses and Changes in Net Position).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash includes amounts in demand deposits.

Investments

Investments are stated at fair value, with any related gain or loss reported in investment income on the accompanying Statements of Revenues, Expenses and Changes in Net Position. Fair value is generally based on quoted market prices on the last business day of the fiscal year. Investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds are reported at last quoted sales/bid prices provided by independent pricing vendors. Non-current investments represent unused bond proceeds at the end of the fiscal year.

Capital Assets

Capital assets include water and sewer lines, water filtration and distribution, wastewater collection and treatment as well as multi-purpose facilities, equipment and fleet. Capital assets are stated at historical costs, which include related payroll, payroll taxes, fringe benefits, and administrative costs. Normal recurring maintenance and repair costs are charged to operations, whereas major repairs, improvements and replacements, which extend the useful lives of the assets, are capitalized. The threshold for capitalization is $100,000. Costs incurred for capital construction are carried in construction in progress until completion.

Costs incurred for the purchase of software and water and wastewater capacity are treated as intangibles and amortized over the estimated useful life of the asset or the term of the contractual agreement.

Depreciation and Amortization

Capital assets are depreciated or amortized using the straight-line method. Estimated useful lives of some significant asset categories are as follows:

Buildings and other structures	40 – 50 years
Pipe and pipe improvements	35 – 100 years
Equipment and vehicles	3 – 12 years
Purchased capacity	50 years
Software	5 years
Leases	1.5 – 30 years

Depreciation is appropriately adjusted at substantial completion.

Inventory

Materials and supplies inventory is recorded utilizing a perpetual (moving average) cost methodology and is reduced for estimated losses due to obsolescence. They are presented as prepaid in the statement of net position.

Bonds and Notes Payable

Bonds and notes payable are recorded at the principal amount outstanding, net of any applicable premium or discount.

Bonds outstanding, which have been refunded and economically defeased, are not included in long-term debt. The related assets are not included in investments. The difference between the reacquisition price and the net carrying amount of the old debt is a deferred inflow of resources and is amortized as a component of interest expense (see Note A).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the net position of the Washington Suburban Sanitary Commission Employees' Retirement Plan (the Plan) and additions to/deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension costs are impacted by fluctuations in the market affecting actual and projected investment income and related deferred outflows or inflows. Investment activities are reported as non-operating revenues, therefore pension costs are allocated amongst operating and non-operating costs and/or revenues.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the Washington Suburban Sanitary Commission Employees' OPEB Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB costs are impacted by fluctuations in the market affecting actual and projected investment income and related deferred outflows or inflows. Investment activities are reported as non-operating revenues, therefore OPEB costs are allocated amongst operating and non-operating costs and/or revenues.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to a future period. Reported examples include:

(a) Net difference between projected and actual earnings on pension plan investments
(b) Results of changes in pension assumptions
(c) Contributions to the OPEB Plan subsequent to the measurement date of the net OPEB liability and before the end of WSSC Water's reporting period
(d) Differences between expected and actual experience in the measurement of the total OPEB liability

Deferred inflows of resources represent an acquisition of net assets that is applicable to a future period. Reported examples include:

(a) Deferred gain on bond refundings resulting from the difference between the carrying value of the refunded debt and its reacquisition price
(b) Differences between expected and actual experience in the measurement of the total pension liability
(c) Net difference between projected and actual earnings on pension plan investments
(d) Net difference between projected and actual earnings on OPEB plan investments
(e) Value of lease receivable plus payments received at commencement of the lease term that relate to future periods

Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 87 states that a lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

GASB Statement No. 87 states that a lessee should recognize a lease liability and a right-to-use intangible lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Based on GASB Statement No. 87, a long-term lease is a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of over 12 months, including any options to extend, regardless of their probability of being exercised. A long-term lease is required by GASB Statement No. 87 to be capitalized and reported in the financial statements as lease and interest receivables and deferred inflow of resources or a lease liability and a right-to-use intangible lease asset.

Lease term determination is different from determination of a long vs. short-term lease. Paragraph 12 of Statement No. 87 states that “periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party . . . are cancelable [cancellable] periods and are excluded from the lease term.” The effect of excluding those cancellable periods from the lease term is the same as if it were reasonably certain that a lessee or lessor option to cancel would be exercised. Lease term to be used for capitalization and amortization is defined as the maximum non-cancellable period by both parties. Therefore, a long-term lease with options to renew could have a very short lease term for capitalization and amortization.

SBITA

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in exchange or exchange-like transaction.

Under GASB Statement No. 96, a government generally should recognize a right-to-use subscription asset – an intangible asset – and corresponding subscription liability. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets over 12 months. It includes any options to extend, regardless of their probability of being exercised.

To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The major difference between a lease and SBITA is the implementation costs of a SBITA.

Compensated Absences

Employees earn annual leave based on length of service. Accumulated annual leave in excess of 360 hours at the end of each year is transferred to sick leave. At termination, employees will be paid for unused annual leave but will not receive any pay or time off for unused sick leave. At retirement, an employee may convert unused annual leave to sick leave. Unused sick leave at retirement may be credited to an employee’s total service time for retirement benefit purposes. Annual leave earned but unused is accrued as a liability.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Net Position

Capital assets, as defined above, net of related outstanding debt represent the largest portion of WSSC Water's net position, or net investment in capital assets.

Net position associated with unspent proceeds from system development charges (SDC) is restricted for growth construction.

Unrestricted net position is the residual amount not included in the other classifications.

Reclassifications

Certain amounts have been reclassified from the 2022 presentation to agree to the 2023 presentation.

Accounting Changes

GASB Statement No. 87, *Leases,* establishes uniform accounting and financial reporting requirements for leases by lessees and lessors. This Statement is effective for fiscal years beginning after June 15, 2021 (after delay of 18 months due to COVID-19). WSSC Water implemented this GASB in fiscal year 2022 and restated financial statements for fiscal year 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* establishes requirements for interest cost incurred before the end of a construction period. This Statement is effective for fiscal years beginning after December 15, 2020 (after delay of one year due to COVID-19). Changes adopted to conform to the provisions of the Statement should be applied prospectively. WSSC Water implemented this GASB in fiscal year 2022, prospectively.

GASB Statement No. 96, *Subscription-Based Informational Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. WSSC has implemented this GASB statement in fiscal year 2023 and restated financial statements for fiscal year 2022.

GASB Statement No. 99, *Omnibus 2000*, intends to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements for potentially applicable parts of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. WSSC has implemented the relevant portion of this GASB, along with GASB 96 implementation, in fiscal year 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62,* intends to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is evaluating the impact of the pronouncement on its financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is evaluating the impact of the pronouncement on its financial statements.

B. CASH AND INVESTMENTS

At June 30, 2023 and 2022, cash per WSSC Water's records amounted to $35.6 million and $30.3 million, respectively, and reported bank balances were $34.6 million and $32.5 million, respectively. All collected bank balance funds were secured by Federal depository insurance or by collateral held in WSSC Water's name under a tri-party collateral agreement with M&T and BNY Mellon.

WSSC Water's investment policy conforms to Maryland laws on the investment of public monies. Consequently, WSSC Water is authorized to invest in the investment types identified in the table below. The table also identifies certain provisions of the Maryland law or WSSC Water investment policy, which address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Government securities	1 year	None	None
Federal agency securities	1 year	None	None
Bankers' acceptances	6 months	None	20%
Collateralized repurchase agreements	1 year	None	20%
Commercial paper	1 year	5%	None
Certificates of deposit	1 year	None	20%
Money market investments		None	None

Any investment with a maturity in excess of 1 year must be approved by the Treasurer and will be limited to U.S. Government and Federal agency securities. The aggregated value of investments with any one bank or broker will not exceed 20% of the total investment portfolio at the time of investment, unless approved by the Investment Manager or WSSC Water Treasurer.

Custodial credit risk is the risk that, in the event of a failure of a financial institution, WSSC Water would not be able to recover deposits, the value of its investments, or collateral securities that are in the possession of an outside party. Maryland State law requires that collateral shall be maintained for all deposits and certificates of deposit with amounts in excess of Federal insurance coverage. State law also requires the securities collateralizing repurchase agreements have a market value of at least 102 percent of the principal of the investment plus accrued interest. There were no repurchase agreements at June 30, 2023 and 2022.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023 and 2022, all of WSSC Water's investments had remaining maturities of 1 year or less.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. WSSC Water may invest in bankers' acceptances and commercial paper having a short-term rating of the highest letter and numerical rating issued by at least one nationally recognized statistical rating organization. WSSC Water does not have a formal policy for other investment types; however virtually all remaining investments are in, or collateralized by, Federal agency securities. Actual ratings as of June 30, 2023 and 2022 are presented below for each investment type.

B. CASH AND INVESTMENTS (continued)

Investments at June 30, 2023 (in thousands):

Investment Type	Credit Rating	Remaining Maturity	Cost	Fair Value
Certificates of deposit	FDIC Insured	1 year or less	$ 12,106	$ 12,360
Money market investments	Aaa	1 year or less	40,387	40,387
Commercial paper	A1+P1	1 year or less	24,344	24,603
U. S. Government treasury bonds and notes	Aaa	1 year or less	430,847	437,887
Insured demand deposit			2,000	2,000
Total investments (includes $60,093 restricted for capital projects and $171,204 which is classified as non-current)			$ 509,684	$ 517,237

Investments at June 30, 2022 (in thousands):

Investment Type	Credit Rating	Remaining Maturity	Cost	Fair Value
Certificates of deposit	Aaa	1 year or less	$ 12,000	$ 12,008
Money market investments	Aaa	1 year or less	90,832	90,832
Commercial paper	A-1+	1 year or less	9,921	9,894
U. S. Government treasury bonds and notes	Aaa	1 year or less	148,630	148,260
Federal agency securities	Aaa	1 year or less	144,102	143,474
Insured demand deposit			2,000	2,000
Total investments (includes $49,560 restricted for capital projects and $139,381 which is classified as non-current)			$ 407,485	$ 406,468

Concentration of credit risk is the risk of loss due to the magnitude of WSSC Water's investment in the securities of any single issuer. The investment policy of WSSC Water contains no limitations on the amount that can be invested in any one issuer. Those that represent 5% or more of total investments are as follows (in thousands):

Issuer	Investment Type	2023	2022
FHLB	Federal agency securities	$ 437,887	$ 143,474
Nothern Trust	Money Market Investments	40,387	90,784

The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

WSSC Water categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation technique uses a three level hierarchy of inputs to measure fair value. Investments classified in Level 1 within the fair value hierarchy are valued using prices quoted in active markets for identical assets. Level 2 investment valuations utilize inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. If fair value inputs are unobservable, the investments will be classified as Level 3.

B. CASH AND INVESTMENTS (continued)

Fair value measurements at June 30, 2023 (in thousands) using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level:				
Certificate of deposit	$ 12,360	$ -	$ -	$ 12,360
Commercial paper	-	24,603	-	24,603
Federal agency securities	-	437,887	-	437,887
Total investments by fair value level	$ -	$ 462,490	$ -	474,850
Investments measured at cost -				
Repurchase agreements				40,387
Insured demand deposit				2,000
Total investments				$ 517,237

Fair value measurements at June 30, 2022 (in thousands) using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level:				
Certificate of deposit	$ 12,008	$ -	$ -	$ 12,008
Insured demand deposit	-	2,000	-	2,000
Commercial paper	-	9,894	-	9,894
U. S. Government bonds and notes	-	148,260	-	148,260
Federal agency securities	-	143,474	-	143,474
Total investments by fair value level	$ -	$ 301,628	$ -	315,636
Investments measured at cost -				
Repurchase agreements				90,832
Insured demand deposit				2,000
Total investments				$ 408,468

C. RECEIVABLES

Receivables consisted of the following at June 30 (in thousands):

	2023	2022
Front foot benefit assessments accrued and billed	$ 3,058	$ 3,968
Water and sewer services unbilled	66,024	62,156
Water and sewer services billed	96,916	91,856
Miscellaneous	7,172	7,355
	173,170	165,335
Less allowance for doubtful accounts	(38,450)	(44,379)
Total receivables, net	$ 134,720	$ 120,956

D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and rights of way	$ 137,756	$ 4,445	$ -	$ 142,201
Construction in progress	1,205,324	492,212	(189,544)	1,507,992
Total capital assets not being depreciated	1,343,080	496,657	(189,544)	1,650,193
Capital assets being depreciated:				
Water supply	3,830,320	98,619	(10)	3,928,929
Sewage disposal	3,260,086	63,212	(891)	3,322,407
General construction	2,799,782	26,527	(2,573)	2,823,736
Intangible assets	1,766,215	2,413	-	1,768,628
Other	111,483	801	(2,096)	110,188
Total capital assets being depreciated	11,767,886	191,572	(5,570)	11,953,888
Less accumulated depreciation for:				
Water supply	(991,140)	(54,416)	10	(1,045,546)
Sewage disposal	(1,003,434)	(60,819)	891	(1,063,362)
General construction	(1,479,150)	(56,834)	2,156	(1,533,828)
Intangible assets	(520,232)	(45,128)	-	(565,360)
Other	(99,292)	(2,684)	1,429	(100,547)
Total accumulated depreciation	(4,093,248)	(219,881)	4,486	(4,308,643)
Capital assets being depreciated, net	7,674,638	(28,309)	(1,084)	7,645,245
Total capital assets, net	$ 9,017,718	$ 468,348	$ (190,628)	$ 9,295,438

D. CAPITAL ASSETS (continued)

Details of intangible capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Intangible capital assets being amortized:				
Computer software	$ 51,253	$ 179	$ -	$ 51,432
Right to use assets (LEASE)	1,781	-	(5)	1,776
Right to use assets (SBITA)	12,505	140	-	12,645
Jennings Randolph purchased capacity	33,106	-	-	33,106
Blue Plains purchased capacity	1,718,342	2,104	-	1,720,446
Rockville contra purchased capacity	(71,435)	(116)	-	(71,551)
Mattawoman purchased capacity	18,659	111	-	18,770
Poolsville purchased capacity	2,004	-	-	2,004
Total intagible capital assets being amortized	1,766,215	2,418	(5)	1,768,628
Less accumulated amortization for:				
Computer software	(33,468)	(7,154)	-	(40,622)
Right to use assets (LEASE)	(1,064)	(375)	-	(1,439)
Right to use assets (SBITA)	(3,139)	(3,355)	-	(6,494)
Jennings Randolph purchased capacity	(6,713)	(220)	-	(6,933)
Blue Plains purchased capacity	(478,200)	(35,040)	-	(513,240)
Rockville contra purchased capacity	10,880	1,444	-	12,324
Mattawoman purchased capacity	(7,227)	(387)	-	(7,614)
Poolsville purchased capacity	(1,301)	(41)	-	(1,342)
Total accumulated amortization	(520,232)	(45,128)	-	(565,360)
Intangible capital assets being amortized, net	1,245,983	(42,710)	(5)	1,203,268

D. CAPITAL ASSETS (continued)

Restated capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning Balance	Increases (Restated)	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and rights of way	$ 135,762	$ 1,994	$ -	$ 137,756
Construction in progress	1,206,629	399,104	(400,409)	1,205,324
Total capital assets not being depreciated	1,342,391	401,098	(400,409)	1,343,080
Capital assets being depreciated:				
Water supply	3,705,122	125,587	(389)	3,830,320
Sewage disposal	3,053,428	207,235	(577)	3,260,086
General construction	2,786,851	15,017	(2,086)	2,799,782
Intangible assets	1,719,898	46,317	-	1,766,215
Other	110,061	2,285	(863)	111,483
Total capital assets being depreciated	11,375,360	396,441	(3,915)	11,767,886
Less accumulated depreciation for:				
Water supply	(936,166)	(55,363)	389	(991,140)
Sewage disposal	(935,824)	(68,187)	577	(1,003,434)
General construction	(1,424,060)	(56,679)	1,589	(1,479,150)
Intangible assets	(474,968)	(45,264)	-	(520,232)
Other	(94,375)	(5,600)	683	(99,292)
Total accumulated depreciation	(3,865,393)	(231,093)	3,238	(4,093,248)
Capital assets being depreciated, net	7,509,967	165,348	(677)	7,674,638
Total capital assets, net	$ 8,852,358	$ 566,446	$ (401,086)	$ 9,017,718

D. CAPITAL ASSETS (continued)

Details of restated intangible capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning Balance	Increases (Restated)	Decreases	Ending Balance
Intangible capital assets being amortized:				
Computer software	$ 50,397	$ 856	$ -	$ 51,253
Right to use assets (LEASE)	1,781	-	-	1,781
Right to use assets (SBITA)	-	12,505	-	12,505
Jennings Randolph purchased capacity	33,106	-	-	33,106
Blue Plains purchased capacity	1,685,873	32,469	-	1,718,342
Rockville contra purchased capacity	(69,653)	(1,782)	-	(71,435)
Mattawoman purchased capacity	16,390	2,269	-	18,659
Poolsville purchased capacity	2,004	-	-	2,004
Total intagible capital assets being amortized	1,719,898	46,317	-	1,766,215
Less accumulated amortization for:				
Computer software	(25,848)	(7,620)	-	(33,468)
Right to use assets (LEASE)	(452)	(612)	-	(1,064)
Right to use assets (SBITA)	-	(3,139)	-	(3,139)
Jennings Randolph purchased capacity	(6,492)	(221)	-	(6,713)
Blue Plains purchased capacity	(443,506)	(34,694)	-	(478,200)
Rockville contra purchased capacity	9,454	1,426	-	10,880
Mattawoman purchased capacity	(6,864)	(363)	-	(7,227)
Poolsville purchased capacity	(1,260)	(41)	-	(1,301)
Total accumulated amortization	(474,968)	(45,264)	-	(520,232)
Intangible capital assets being amortized, net	1,244,930	1,053	-	1,245,983

D. CAPITAL ASSETS (continued)

Purchased Software

Purchased software and related development stage costs of $0.2 million and $0.9 million were capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* in fiscal years 2023 and 2022, respectively. Costs of $0.3 million are included in the Construction in Progress balance as of June 30, 2023 and will commence amortization upon implementation of the software. Intangible assets include the balance of costs placed in service, net of accumulated amortization, of $10.8 million and $17.8 million in fiscal 2023 and 2022, respectively.

Leased Assets

Leased assets of $1.8 million were capitalized in both fiscal years 2023 and 2022 through fiscal year 2022 GASB Statement No. 87 implementation. Leased assets, net of accumulated amortization, were $0.3 million and $0.7 million in fiscal 2023 and 2022, respectively. For details, please see the section on Lessee Leases for WSSC Water in Note N.

SBITA Assets

SBITA assets of $12.5 million were capitalized retrospectively for fiscal year 2022 through GASB Statement No. 96 implementation in fiscal year 2023. For fiscal year 2023, the capitalized SBITA assets increased to $12.6 million. SBITA assets, net of accumulated amortization, were $6.2 million and $9.4 million in fiscal 2023 and 2022, respectively. For details, please refer to Note O.

Purchased Capacity

Jennings Randolph

An intangible asset for purchased capacity has been established for WSSC Water's share of capital costs in the Jennings Randolph Reservoir (Bloomington Dam). The Reservoir provides backup and peak-day water supply to WSSC Water and is operated by the U.S. Army Corps of Engineers, Baltimore District. WSSC Water funds 50% of the capital costs, and intangible asset balances, net of accumulated amortization, of $26.2 million and $26.4 million, for fiscal years 2023 and 2022, respectively, are included above.

Mattawoman and Poolesville

WSSC Water participates in the funding of capital costs for the Mattawoman and Poolesville Wastewater Treatment Plants through agreements with Charles County and the Town of Poolesville, respectively. In exchange for this participation, WSSC Water obtains the right to discharge wastewater from the Washington Suburban Sanitary District into said facilities. Costs of $6.6 million are included in the Construction in Progress balance as of June 30, 2023 and will commence amortization when placed in service. Asset balances, net of accumulated amortization, totaling $11.8 million and $12.1 million, for fiscal years 2023 and 2022, respectively, are included in intangible assets above.

Blue Plains

The Commission, the District of Columbia (the District), the District of Columbia Water and Sewer Authority (DC Water), Fairfax County, Virginia, Montgomery County, Maryland, and Prince George's County, Maryland are "Parties" to a regional Intermunicipal Agreement (IMA) that provides for dedicated allocation of wastewater flow capacity for treatment at the Blue Plains facility in Washington DC. The *Blue Plains Intermunicipal Agreement of 1985 Equity Payment Study* and the subsequent equity payments required by the 1985 IMA reconciled all capital cost contributions for the Parties prior to 1987 and established a new baseline as of 1988 for calculating and allocating future capital costs associated with Blue Plains.

D. CAPITAL ASSETS (continued)

The 1985 IMA was replaced, effective April 3, 2013, by a new Blue Plains Intermunicipal Agreement of 2012 (the "2012 IMA"), which was executed by each of the original signatories to the 1985 IMA. The 2012 IMA provides for the allocation of capital, operating, and maintenance costs among the Parties. The parties have demonstrated their willingness to share in the burdens associated with the demands for regional wastewater collection and treatment and biosolids management. Capital costs of Blue Plains are allocated among the Parties in proportion to their respective capacity allocation of the wastewater treatment, collection, and conveyance facilities as defined in the 2012 IMA. Operating costs are allocated on a proportional basis, by the wastewater flows from each participant to the Blue Plains facilities. The Commission has a wastewater treatment capacity entitlement of 169.60 MGD, which is approximately 45.8% of the Plant's total capacity of 370 MGD.

An operating procedure was implemented for Multi-Jurisdictional Users Facilities' (MJUF) in fiscal year 2018. The procedure employs a new methodology to determine the allocated flow by users through the various facilities (such as pump stations and major conveyance pipelines through the District of Columbia) for O&M billing purposes. There was no change in the Blue Plains capital cost allocation as defined.

To address technical, policy and financial issues related to the 2012 IMA, the Parties may act at three different levels of authority: 1) the policy level, as an IMA signatory, 2) the administrative level, as a member of the Leadership Committee, and 3) the technical level, as a member of the Regional Committee. WSSC Water has representation at each of these levels.

If any participant's projected annual flow is anticipated to exceed its allocated flow capacity, the following options are available for consideration by the Regional and Leadership Committees, with participation from all of the Parties: 1) wastewater flow management adjustments, 2) modification of treatment processes at Blue Plains, 3) diversion of flows from the Blue Plains Service Area to other facilities, 4) sale or rental of excess capacity at Blue Plains between the Parties, and 5) expansion or addition of treatment and/or storage facilities. The rental or sale of allocated flow capacity shall be at the discretion of the Party which is providing the capacity for sale or rent, and the related Parties to the transaction will mutually agree on the cost basis.

The 2012 IMA remains in effect until amended, replaced or terminated by mutual consent of the Parties.

The Commission's capital investment in Blue Plains, under the 2012 IMA, is accounted for as an intangible asset and is amortized over the estimated useful lives of the underlying assets. Costs of $262.9 million are included in the Construction in Progress balance as of June 30, 2023 and will commence amortization when assets are placed in service. Asset balances, net of accumulated amortization, totaling $1,148.0 million and $1,179.6 million, for fiscal years 2023 and 2022, respectively, are included in intangible assets above.

The amount shown in the statements of revenues, expenses and changes in net assets for depreciation and amortization does not include depreciation of vehicles and equipment. Depreciation of these assets, $4.7 million in fiscal 2023 and $5.6 million in fiscal 2022, is classified with other related operating and maintenance costs.

Consent Decrees

A Consent Decree with the Environmental Protection Agency, the Department of Justice, the State of Maryland, and four environmental groups entered its fifteenth year. The Consent Decree formally identifies the remedial measures to eliminate and/or reduce sanitary sewer overflows. In fiscal year 2016, the U.S. District Court approved a six-year extension to the original term of the Consent Decree. The costs for each fiscal year are or will be included in WSSC Water's budget and six-year capital improvements program.

- Costs of the remedial measures are estimated at $1,660.8 million and are to be expended over at least 22 years, $73.1 million of which is expected to be incurred after fiscal year 2023.

- Costs of the remedial measures are estimated at $1,624.7 million and are to be expended over at least 22 years, $64.7 million of which is expected to be incurred after fiscal year 2022.

D. CAPITAL ASSETS (continued)

Under a Consent Decree executed by the District Court of Maryland on April 15, 2016, the Commission is required to undertake short-term operational changes and capital improvements at the Potomac Water Filtration Plant that will enable WSSC Water to reduce solids discharged to the river, and to plan, design and implement upgrades or new construction to achieve requirements established by MDE and incorporated in a new discharge permit. An Audit Report and Long-Term Upgrade Plan were submitted by WSSC Water for consideration by MDE on December 26, 2016. WSSC Water and its consultant prepared an Amended Long-Term Upgrade Plan to address deficiencies in the 2016 Plan and issues raised by MDE and Potomac Riverkeepers, Inc. in response to the Plan, which was submitted in September 2018. In April 2019, MDE responded by approving the proposed option which best satisfies the requirement of the Consent Decree. The work required to implement the Long-Term Capital Improvement Project(s) shall be fully implemented in accordance with the schedule in the Long-Term Upgrade Plan. The Commission shall be subject to lump-sum stipulated penalties for failure to implement Long-Term Capital Improvement Project(s) by January 1, 2026. The costs are included in WSSC Water's budget and capital improvements program.

- Costs for implementation of improvements are estimated at $206 million, $145 million of which is expected to be incurred after fiscal year 2023.
- Costs for implementation of improvements are estimated at $195 million, $160 million of which is expected to be incurred after fiscal year 2022.

E. NOTE RECEIVABLE

On June 7, 2022, WSSC Water executed Addendum No. 1 to the 1987 Water Supply Agreement with the Commissioners of Charles County Maryland. This addendum added a second water interconnection between WSSC Water to the County and increased the daily supply from WSSC Water to Charles County.

The additional supply through the new interconnection will be available after WSSC Water completes Phase IV of the Clinton Zone Water Transmission Main Improvement Project. Per the Addendum, the County is required to reimburse WSSC Water for a share of the improvement project (Phases I, III and IV) to cover the cost of upsizing mains to convey the increased water demand for the County.

For the completed Phases I and III, the County had the option to reimburse WSSC Water $3,254,781 if paid in full by July 1, 2022, or in twenty annual installments commencing thereafter. For the installment payments, interest accrues at a rate of 3.49% with an annual payment of $230,422. Charles County has chosen the installment payment option.

F. CAPITAL CONTRIBUTIONS

Capital contributions consisted of the following for the years ended June 30 (in thousands):

	2023	2022
System development charges	$ 26,607	$ 32,080
Developer fees	6,523	9,766
Federal and State grants	9,453	16,974
House connections	4,538	2,442
Land and rights of way	1,327	1,938
Other construction projects	12,769	9,762
Total	$ 61,217	$ 72,962

G. COMPENSATED ABSENCE LIABILITY

Compensated absence liability activity consisted of the following for the years ended June 30 (in thousands):

	2023	2022
Compensated absence liability – beginning of year	$ 16,612	$ 17,601
Increases (incurred)	11,550	10,113
Decreases	(11,174)	(11,102)
Compensated absence liability – end of year	$ 16,988	$ 16,612

This liability is included in accounts payable and accrued liabilities on the balance sheet.

H. DEPOSITS, UNEARNED REVENUE AND OTHER LONG-TERM LIABILITIES

Deposits, unearned revenue and other long-term liabilities, reflected as non-current liabilities on the Balance Sheet, consisted of the following at June 30 (in thousands):

	2023	2022
Unearned revenue for house connections	$ 9,468	$ 10,046
Unearned front foot benefit revenue	141	179
Construction deposits	1,501	1,501
House connection deposits	4,591	4,635
Other	3,583	3,784
Total	$ 19,284	$ 20,145

I. BONDS AND NOTES PAYABLE

Bonds and notes payable activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Bonds and notes payable:					
Water supply - other	$ 1,668,115	$ 144,000	$ (63,144)	$ 1,748,971	$ 148,916
Sewage disposal - other	1,781,964	173,320	(65,810)	1,889,474	112,606
Sewage disposal - direct placement	317,425	53,000	(23,450)	346,975	25,636
General construction - other	143,038	19,675	(15,798)	146,915	35,777
General construction - direct placement	119	-	(35)	84	5
	3,910,661	389,995	(168,237)	4,132,419	322,940
Plus unamortized premium/discount	191,907	24,801	(20,755)	195,953	-
Total bonds and notes payable	$ 4,102,568	$ 414,796	$ (188,992)	$ 4,328,372	$ 322,940

I. BONDS AND NOTES PAYABLE (continued)

Bonds and notes payable activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Bonds and notes payable:					
Water supply - other	$ 1,633,165	$ 377,322	$ (342,372)	$ 1,668,115	$ 148,545
Sewage disposal - other	1,585,658	652,365	(456,059)	1,781,964	107,710
Sewage disposal - direct placement	286,053	53,229	(21,857)	317,425	23,006
General construction - other	154,076	6,760	(17,798)	143,038	39,133
General construction - direct placement	154	-	(35)	119	35
	3,659,106	1,089,676	(838,121)	3,910,661	318,429
Plus unamortized premium/discount	230,036	(13,357)	(24,772)	191,907	-
Total bonds and notes payable	$ 3,889,142	$ 1,076,319	$ (862,893)	$ 4,102,568	$ 318,429

The unamortized amounts above represent premiums received on outstanding debt issuances.

Bonds payable accrue interest at rates ranging from 0.464% to 5.0%, with an effective interest rate of 3.78% at June 30, 2023. All bonds payable at June 30, 2023, exclusive of refunded bonds, are due serially through the year 2054. Generally, the bonds are callable at a premium after a specified number of years.

In February 2023, WSSC Water issued $337 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of general, water, and sewer infrastructure. Included in the issue was $18.5 million of Consolidated Public Improvement Bonds to allow investors to invest directly in bonds which finance environmentally beneficial projects (Green Projects).

In September 2021, WSSC Water issued $334 million of Consolidated Public Improvement Bonds to fund new construction, rehabilitation and replacement of general and water infrastructure. Included in the issue was $21.5 million of Consolidated Public Improvement Bonds to allow investors to invest directly in bonds which finance environmentally beneficial projects (Green Projects).

Bonds and Notes payable by issue date, amount, maturity range, interest range, and balance as of June 30, 2023 and 2022 are detailed in the next two pages:

BONDS AND NOTES PAYABLE
AS OF JUNE 30, 2023
(in thousands)

Consolidated Public Improvement Bonds	ISSUE DATE	AMOUNT ISSUED	MATURITY RANGE	INTEREST RATE RANGE	BALANCE JUNE 30, 2022
2012 Issue	11/15/2012	$ 250,000	2024-2032	3.000	112,500
2013 Refunding	4/23/2013	53,585	2024-2026	2.000-2.250	14,670
2015 Refunding	11/24/2015	145,325	2024-2028	2.650-5.000	62,270
2016 Refunding	5/26/2016	23,835	2024-2025	4.000	7,230
2016 Issue	5/26/2016	145,000	2024-2046	3.000-5.000	124,105
2016 Issue (2nd Series)	12/1/2016	381,810	2024-2046	3.000-5.000	332,130
2017 Refunding	11/9/2017	220,180	2024-2032	3.000-5.000	187,210
2017 Issue	11/9/2017	459,250	2024-2047	3.000-5.000	410,085
2017 Refunding (2nd Series), (2019 CO)	12/13/2017	79,075	2024-2029	5.000	48,730
2018 Issue	12/20/2018	390,000	2024-2048	4.000-5.000	355,135
2019 Refunding	3/27/2019	39,340	2024-2029	2.000-5.000	11,870
2019 Issue	12/23/2019	233,565	2024-2049	3.000-5.000	212,225
2020 Refunding	3/11/2020	99,210	2024-2030	5.000	71,115
2020 Issue	9/23/2020	278,350	2024-2049	2.000-5.000	312,965
2021 Issue	10/13/2021	333,980	2024-2051	2.000-5.000	318,090
2022 Convertible Refunding (Series 2022A)	5/4/2022	120,487	2024-2044	2.450-3.000	118,937
2022 Convertible Refunding (Series 2022B)	5/4/2022	220,747	2024-2044	2.520-3.190	220,747
2022 Convertible Refunding (Series 2022C)	5/4/2022	249,999	2024-2045	2.700-3.430	249,999
2022 Convertible Refunding (Series 2022D)	5/4/2022	111,234	2024-2045	2.900-3.850	110,345
2023 Isssue	2/28/2023	336,995	2024-2052	4.000-5.000	334,235
Total Public Improvement Bonds					**3,614,592**
Maryland Water Quality Bonds					
BP WWTP ACS	4/15/2003	41,098	2024-2025	1.100	3,965
Piscataway WWTP SD Upgrade	4/15/2003	9,200	2024	1.100	460
WB WWTP Filter Upgrade	1/15/2009	4,957	2024-2028	1.000	1,397
WB & Seneca WWTP ENR & Facility Upgrade	2/24/2012	49,706	2024-2034	0.800	28,315
BP WWTP ENR Upgrade (Tunnel) & NDF	6/19/2012	125,000	2024-2034	0.800	74,664
BP WWTP NDF - CHP	2/27/2013	15,000	2024-2035	0.800	9,285
Potomac Vista Water System	4/29/2013	135	2024-2040	1.000	84
BP WWTP NDF - CHP (2nd Loan)	5/30/2014	15,000	2024-2035	1.000	9,356
BP WWTP NDF - CHP (3rd Loan)	4/14/2016	7,547	2024-2035	0.700	4,817
BP WWTP ENR Upgrade - ECF & TDPS	4/14/2016	53,824	2024-2037	1.400	40,427
Piscataway WWTP BE	6/13/2019	43,960	2024-2048	0.700	35,706
WSSC Sewer Basin Reconstruction Program - Loan 1 (Interim)	11/25/2020	150,175	2024-2027	0.400	16,526
Piscataway WWTP Bio Energy Project - Loan 2	4/23/2021	85,002	2024-2053	0.400	85,002
Piscataway WWTP Bio Energy Project - Loan 3	7/29/2022	15,000	2024-2052	0.080	14,556
Piscataway WWTP Bio Energy Project - Loan 4	5/26/2023	22,500	2024-2054	0.080	22,500
Total Maryland Water Quality Bonds					**347,059**
Jennings Randolph (Water Operating)	7/1/1982	5,739	1982-2031	3.253	**1,745**
Jennings Randolph (Water Operating)	7/1/1992	27,367	1992-2041	3.253	**15,623**
Total Bonds Outstanding					**$ 3,979,019**
Notes					
General					23,500
Water					86,500
Sewer					43,400
Total Notes Outstanding					**153,400**
Premium/Discount					**195,953**
Grand Total					**4,328,372**

BONDS AND NOTES PAYABLE
AS OF JUNE 30, 2022
(in thousands)

Consolidated Public Improvement Bonds	ISSUE DATE	AMOUNT ISSUED	MATURITY RANGE	INTEREST RATE RANGE	BALANCE JUNE 30, 2022
2012 Issue	11/15/2012	$ 250,000	2023-2032	3.000	125,000
2013 Issue	4/23/2013	150,000	2023	4.000	7,500
2013 Refunding	4/23/2013	53,585	2023-2026	2.000-2.250	19,770
2015 Refunding	11/24/2015	145,325	2023-2028	2.650-5.000	78,370
2016 Refunding	5/26/2016	23,835	2023-2025	4.000-5.000	10,615
2016 Issue	5/26/2016	145,000	2023-2046	3.000-5.000	127,530
2016 Issue (2nd Series)	12/1/2016	381,810	2023-2046	3.000-5.000	340,245
2017 Refunding	11/9/2017	220,180	2023-2032	3.000-5.000	201,970
2017 Issue	11/9/2017	459,250	2023-2047	3.000-5.000	419,670
2017 Refunding (2nd Series), (2019 CO)	12/13/2017	79,075	2023-2029	5.000	56,480
2018 Issue	12/20/2018	390,000	2023-2048	4.000-5.000	362,620
2019 Refunding	3/27/2019	39,340	2023-2029	2.000-5.000	15,830
2019 Issue	12/23/2019	233,565	2023-2049	3.000-5.000	216,740
2020 Refunding	3/11/2020	99,210	2023-2030	5.000	80,650
2020 Issue	9/23/2020	278,350	2022-2049	2.000-5.000	319,590
2021 Issue	10/13/2021	333,980	2023-2051	2.000-5.000	324,350
2022 Convertible Refunding (Series 2022A)	5/4/2022	120,487	2023-2044	2.450-3.000	120,487
2022 Convertible Refunding (Series 2022B)	5/4/2022	220,747	2023-2044	2.520-3.190	220,747
2022 Convertible Refunding (Series 2022C)	5/4/2022	249,999	2023-2045	2.700-3.430	249,999
2022 Convertible Refunding (Series 2022D)	5/4/2022	111,234	2023-2045	2.900-3.850	111,234
Total Public Improvement Bonds					**3,409,397**
Maryland Water Quality Bonds					
BP WWTP ACS	4/15/2003	41,098	2023-2025	1.100	6,149
Piscataway WWTP SD Upgrade	4/15/2003	9,200	2023-2024	1.100	920
Energy Performance Projects	4/15/2003	11,272	2023	1.100	675
WB WWTP Filter Upgrade	1/15/2009	4,957	2023-2028	1.000	1,668
WB & Seneca WWTP ENR & Facility Upgrade	2/24/2012	49,706	2023-2034	0.800	30,769
BP WWTP ENR Upgrade (Tunnel) & NDF	6/19/2012	125,000	2023-2034	0.800	81,133
BP WWTP NDF - CHP	2/27/2013	15,000	2023-2035	0.800	10,020
Potomac Vista Water System	4/29/2013	135	2023-2040	1.000	89
BP WWTP NDF - CHP (2nd Loan)	5/30/2014	15,000	2023-2035	1.000	10,086
BP WWTP NDF - CHP (3rd Loan)	4/14/2016	7,547	2023-2035	0.700	5,215
BP WWTP ENR Upgrade - ECF & TDPS	4/14/2016	53,824	2023-2037	1.400	43,025
Piscataway WWTP BE	6/13/2019	43,960	2023-2048	0.700	37,047
WSSC Sewer Basin Reconstruction Program - Loan 1 (Interim)	11/25/2020	150,175	2023-2024	0.400	5,748
Piscataway WWTP Bio Energy Project - Loan 2 (Interim)	4/23/2021	85,002	2024-2053	0.400	85,002
Total Maryland Water Quality Bonds					**317,544**
Jennings Randolph (Water Operating)	7/1/1982	5,739	1982-2031	3.253	**1,909**
Jennings Randolph (Water Operating)	7/1/1992	27,367	1992-2041	3.253	**16,211**
Total Bonds Outstanding					**$ 3,745,061**
Notes					
General					25,600
Water					93,200
Sewer					46,800
Total Notes Outstanding					**165,600**
Premium/Discount					**191,907**
Grand Total					**4,102,568**

I. BONDS AND NOTES PAYABLE (continued)

Bond and note maturities and interest thereon for the next five years and then in five-year increments after fiscal year 2028 are as follows (in thousands):

Year ended June 30	Principal Other Maturities	Principal Direct Placement Maturities	Interest Other Requirements	Interest Direct Placement Requirements
2024	$ 297,299	$ 25,641	$ 138,542	$ 2,524
2025	163,283	25,614	126,973	2,326
2026	160,016	24,011	119,960	2,137
2027	158,700	21,641	115,611	1,961
2028	158,878	19,553	108,606	1,794
2029-2033	688,811	98,769	444,279	6,529
2034-2038	633,444	53,508	314,802	3,037
2039-2043	740,023	28,258	200,771	1,798
2044-2048	621,521	28,033	79,429	982
2049-2053	163,384	21,197	10,539	310
2054	-	840	-	4
Total	3,785,359	347,065	1,659,512	23,402

The Commission established a short-term Multi-Modal Bond Anticipation Note (BANs) Program in August 2003 for a period of 20 years. Over the years, there have been CUSIPs issued in a single series with two remarketing agents and one (1) liquidity facility as well as CUSIPs issued in two (2) series with two (2) remarketing agents and a liquidity facility for each.

As of fiscal year 2023, the BANs program was due to fully mature in August 2023 and the CUSIPs were due to mature on June 1, 2023. As such, on May 24, 2023, the Commission executed a one-year maturity extension to extend the program through June 1, 2024. On May 24, 2023, the Commission completed a partial redemption of $12,200,000 as part of our normal annual amortization taking the aggregate balance from $165,600,000 to $153,400,000. Once the partial redemption was completed, the Commission fully redeemed the remaining Series “A” BANs, which consisted of three (3) CUSIPs in the aggregate principal amount of $75,200,000, and issued a new Series “A”, single CUSIP in the same amount. The Series “A” CUSIP will still be remarketed by Barclays Capital, be backed by TD Bank as the liquidity provider, and will mature on June 1, 2024. The Commission also fully redeemed the remaining Series “B” BANs, which consisted of two (2) CUSIPs in the aggregate principal amount of $78,200,000, and issued a new Series “B”, single CUSIP in the same amount. The Series “B” CUSIP will still be remarketed by Loop Capital, be backed by State Street Bank as the liquidity provider, and will mature on June 1, 2024.

In addition to executing the one-year maturity extension, the Commission also changed the interest rate mode of reset from weekly to daily. Barclays and Loop remarket the BANs daily and provide a daily email no later than 11:00AM. The Commission still pays the interest monthly.

The Notes are treated as bonds, and as such, are expected to be amortized over a 20-year term. However, because these Notes are callable, the entire $153.4 million has been included in current maturities (fiscal 2023 principal maturities), and an estimated $5.4 million has been included in the fiscal 2024 interest requirements. Additional estimated interest requirements at prevailing rates through 2036 on these Notes, assuming future redemption from proceeds of bonds, would total $40.6 million.

Since November 1989, WSSC Water has participated in a loan program established by the State of Maryland to loan money to Maryland municipalities for local water and sewer projects. The program, known

I. BONDS AND NOTES PAYABLE (continued)

as the Maryland Water Quality Revolving Loan Fund, is designed to offer these municipalities loans at reduced interest rates. According to GASB Statement No. 88, the Maryland Water Quality Revolving Loan Fund is a direct placement bond. As of June 30, 2023, WSSC Water borrowed $598.7 million from the program. The total principal balance outstanding as of June 30, 2023 and 2022 was $347.1 million and $317.5 million, respectively. WSSC Water does not have assets that are pledged as collateral for the loan, however, WSSC Water has authority to assess an ad valorem tax to pay debt service if necessary. There has not been any event of default or termination on the Maryland Water Quality Revolving Loan.

Proceeds of notes payable to the Federal government were used to make improvements to the Jennings Randolph Reservoir for backup and peak-day water supply. The note payable accrues interest at 3.25% and balances outstanding at June 30, 2023 and 2022 were $17.4 million and $18.1 million, respectively.

WSSC Water is in compliance with all terms of its debt agreements at June 30, 2023 and 2022.

J. BOND REFUNDINGS

WSSC Water sells refunding bonds, thereby defeasing outstanding bonds, to reduce total debt service payments over the remaining life of the refunded bonds and to obtain an economic gain (difference between the present value of the old and new debt service payments) from the transactions.

The refunded bonds continue to be general obligations of WSSC Water until redeemed or called. However, the net proceeds of the refunding bonds are applied toward the purchase of U.S. Government obligations (held in escrow) with maturities and interest sufficient to meet debt service and call premiums, if any, on the refunded bonds. The holders of the refunded bonds have first lien on all assets held in escrow. Refunded bonds outstanding at June 30, 2023 and 2022, which amounted to $632.1 million and $652.1 million respectively, are considered to be defeased and are not reflected in the accompanying financial statements.

WSSC Water did not sell refunding bonds in FY23.

In May 2022, WSSC Water sold $702.5 million of refunding bonds with interest rates ranging from 2.61% to 3.31% to refund $671.5 million of outstanding callable water supply and sewage disposal bonds with interest rates ranging from 3.00% to 5.00%. The net proceeds of $701.8 million were used to purchase SLGS securities. Those securities were deposited with an escrow agent to provide for future debt service payments. The May 2022 refunding will reduce WSSC Water's total debt service payments over the next 22 years by $63.9 million and provide an economic gain of $62.8 million.

Refunded bonds are considered to be defeased and the liability is not reflected in the financial statements. The total amount of defeased and not redeemed bonds as of June 30, 2023 is $632.1 million.

Effective July 1, 1993, WSSC Water adopted GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. GASB No. 23 requires deferral of the difference between the reacquisition price and the carrying amount of the old debt. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being amortized to interest on bonds and notes through the year 2045 using the proportionate-to-stated interest method. Amortization totaling (-$1) million and (-$0.4) million in fiscal 2023 and 2022, respectively, was recorded as an interest adjustment on bonds and notes payable in the accompanying statements of revenues, expenses and changes in net position.

In accordance with GASB 65, deferred amounts from debt refundings are now illustrated as Deferred Outflows or Inflows of Resources on the Balance Sheet.

K. RETIREMENT PLAN

Plan Description

The Washington Suburban Sanitary Commission Employees' Retirement Plan (the Plan), a single employer contributory defined benefit retirement plan, was established in 1967 to provide retirement and death benefits for the employees of the Washington Suburban Sanitary Commission (WSSC Water) under conditions set forth in the Plan Document based on an employee's age, length of service, and compensation. The Retirement Plan Document is amended from time to time, with the Plan last amended on April 17, 2019. The Plan may be amended by Commission resolution or by the Executive Director on behalf of the Commission.

WSSC Water implemented the Open Version of the Plan on July 1, 1978. Members of the Plan as of June 30, 1978 had an option to be included in the Open Version. This option expired December 31, 1978. The Open Version is mandatory for new employees. It generally provides for reduced employee contributions and benefits.

As of December 31, 2022, and 2021, there were 1,589 and 1,670 employees, respectively, participating in the Open Version of the Plan, and 3 and 4 employees, respectively, participating in the Closed Version of the Plan, a total of 1,592 and 1,674 employee participants, respectively.

As of December 31, 2022, and 2021, there were 1,693 and 1,706 retirees and/or beneficiaries, respectively, receiving benefits from the Plan, and there were 149 and 124 terminated vested employees, respectively, not yet receiving benefits. Eleven and twenty-five employees retired in fiscal years 2022 and 2021, respectively, and began receiving benefits in subsequent fiscal years.

Actuarial studies are performed at least once every two years as of June 30th and the measurement date for the net pension liability is December 31st.

Contributions

WSSC Water funds annual pension plan costs based upon a level percentage of payroll costs. WSSC Water's contribution, which was paid in lump sum at the beginning of July 2023 and 2022, amounted to $27.4 million and $38.2 million ($10.9 million of which was contribution made in fiscal year 2021), respectively.

Pension Benefits

The Plan provides for 100% vesting of retirement benefits after five years of credited service.

Generally, the normal retirement benefits payable to an eligible participant are equal to the sum of:

1. 2.1% of final average monthly compensation multiplied by the Closed Version credited service, plus

2. 1.4% of final average monthly compensation multiplied by the Open Version credited service where the sum of Closed Version credited service and Open Version credited service, exclusive of accumulated sick leave service is subject to a maximum of 36 years.

The Plan provides options for disability and early retirement to eligible participants or their surviving spouses.

The Plan provides for periodic cost of living increases to retirement benefits. Participants covered by the Closed Version will receive an increase two months following a sustained increase in the Consumer Price Index of 3% or more. Participants in the Open Version receive an increase each March 1, based on the preceding calendar year's increase in the Consumer Price Index. The first increase may be pro-rated depending on the time of retirement.

K. RETIREMENT PLAN (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation/Cost of Living Increase	2.50%	2.50%
Salary Increase	2.75% to 7.50%, including inflation	2.75% to 7.50%, including inflation
Investment Return	7.00%, net of investment expense and including inflation	7.00%, net of investment expense and including inflation

The mortality rates were based on the Pub-2010(B) Mortality Tables for Males and Females, projected on a generational using Scale SSA. A 109% adjustment factor is applied to female mortality rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience analysis covering 2015 through 2020.

Further details on all assumptions are provided in the 2022 valuation report and 2015-2020 experience study report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022, and the final investment return assumption, are summarized in the following table:

	Approximate Portfolio Allocation	Long Term Expected Real Rate of Return
Asset class:		
US Equity	42.00%	5.90%
Non-U.S. Equity	19.00%	6.50%
U.S. Fixed Income	32.00%	2.00%
Real Estate	7.00%	4.50%
Total Weighted Average Real Return	100.00%	4.67%
Plus Inflation		2.50%
Total Return without Adjustment		7.17%
Risk Adjustment		-0.17%
Total Expected Return		7.00%

K. RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Other Key Actuarial Assumptions

The other key actuarial assumptions that determined the total pension liability as of December 31, 2022 and 2021 included:

Valuation date	June 30, 2022	June 30, 2021
Measurement date	December 31, 2022	December 31, 2021
Inflation	2.50%	2.50%
Salary increased including inflation	2.75% to 7.50%	2.75% to 7.50%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00% for each of 2022 and 2021, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (in thousands).

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability - 2022	$ 370,891	$ 253,600	$ 103,127
Net Pension Liability - 2021	$ 136,984	$ 24,681	$ (77,320)

K. RETIREMENT PLAN (continued)

Changes in the Net Pension Liability

Changes in the Net Pension Liability for the year ended December 31, 2022 were as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/21	$ 1,036,773	$ 1,012,092	$ 24,681
Changes for the year:			
Service cost	11,802	-	11,802
Interest	70,850	-	70,850
Differences between expected and actual experience	36,882	-	36,882
Changes in assumptions	-	-	-
Contributions – employer	-	27,437	(27,437)
Contributions – employee	-	4,913	(4,913)
Net investment income	-	(140,514)	140,514
Benefit payments, including refunds of employee contributions	(74,112)	(74,112)	-
Administrative expense*	-	(1,221)	1,221
Net change	45,422	(183,497)	228,919
Balances at 12/31/22	$ 1,082,195	$ 828,595	$ 253,600
Plan's fiduciary net position as a percentage of the total pension liability	76.57%		

K. RETIREMENT PLAN (continued)

Changes in the Net Pension Liability for the year ended December 31, 2021 were as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/20	$ 1,019,218	$ 897,605	$ 121,613
Changes for the year:			
Service cost	12,356	-	12,356
Interest	69,866	-	69,866
Differences between expected and actual experience	3,463	-	3,463
Changes in assumptions	-	-	-
Contributions – employer	-	38,243	(38,243)
Contributions – employee	-	4,681	(4,681)
Net investment income	-	140,453	(140,453)
Benefit payments, including refunds of employee contributions	(68,130)	(68,130)	-
Administrative expense*	-	(760)	760
Net change	17,555	114,487	(96,932)
Balances at 12/31/21	$ 1,036,773	$ 1,012,092	$ 24,681
Plan's fiduciary net position as a percentage of the total pension liability	97.62%		

* Employer contribution represents entire contribution for fiscal year 2022 and 40% of fiscal year 2021 contribution.

Pension Expense

For the years ended June 30, 2023 and 2022, WSSC Water recognized pension expense as follows (in thousands):

	2023	2022
Pension cost distributions:		
Operating	$ 22,510	$ 31,394
Non-operating	(19,517)	(29,535)
Capital	46,041	(10,511)
Total pension expense	$ 49,034	$ (8,652)

K. RETIREMENT PLAN (continued)

Deferred Outflows (Inflows) of Resources

Deferred outflows of resources and deferred inflows of resources related to pensions were reported for the years ended June 30, 2023 and 2022 from the following sources (in thousands):

Deferred Outflows	2023	2022
Changes in assumptions	$ 11,236	$ 14,981
Differences between expected and actual experience	33,009	8,348
Net difference between projected and actual earnings on pension plan investments	90,928	-
Deferred Outflows	$ 135,173	$ 23,329
Deferred Inflows		
Differences between expected and actual experience	$ (352)	$ (1,667)
Net difference between projected and actual earnings on pension plan investments	-	(94,163)
Deferred Inflows	$ (352)	$ (95,830)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30	Amortization
2024	$12,993
2025	33,555
2026	38,349
2027	49,924
2028	0
After 2028	0

Historical trend information showing the Plan's progress is presented in the Plan's December 31, 2022 comprehensive annual financial report, which can be requested from WSSC Water's offices.

Retirement Restoration Plan

Effective July 1, 1995, WSSC Water established the Washington Suburban Sanitary Commission Employees' Retirement Restoration Plan (the Restoration Plan), a non-qualified plan. The purpose of the Restoration Plan is to restore most of the benefits foregone by participants in the WSSC Water Employees' Retirement Plan when such benefits are limited by the maximum benefit provisions of Section 415 of the Internal Revenue Code. During fiscal years 2023 and 2022, the Restoration Plan paid benefits totaling $38,000 and $39,000, respectively.

L. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

Post-employment benefits are provided under a set of personnel policies (herein referred to, collectively, as the "OPEB Plan"). The OPEB Plan and its underlying trust, a single employer defined benefit plan, was established in 2007 to provide life insurance, healthcare and prescription drug benefits for OPEB Plan participants and beneficiaries of the WSSC Water under conditions set forth in the Trust Agreement, including the payment of reasonable administrative expenses. WSSC Water employees are eligible to continue group insurance coverage after retirement provided that retiring employees have had coverage in effect for two years prior to retirement.

As of December 31, 2022, and 2021, there were 1,592 and 1,674 active employees and 1,693 and 1,706 retirees, respectively. WSSC Water has the right to amend the Trust Fund Agreement.

Actuarial studies are performed at least once every two years as of June 30th and the measurement date for the net OPEB liability is December 31st.

Member and Employer Contributions

WSSC Water contributes to the OPEB Plan as it deems appropriate. WSSC Water initially elected to phase-in payments to the Trust over a five-year period, such that 20% of the difference between the annual required contribution and total cash expenses (funded on a "Pay-as-you-go" basis) would be funded in fiscal year 2007 and 40% of this difference would be funded in fiscal year 2008. During the third year (2009) of the phase in, WSSC Water elected to phase-in this difference over an eight- year period, which ended in 2014. WSSC Water made cash contributions of $5.4 and $7.6 million for the years ending December 31, 2022 and 2021, respectively.

The OPEB Plan recognizes revenues and expenditures for third-party payments made by WSSC Water related to benefits payments and administrative expenses. Accordingly, the OPEB Plan has included "on behalf" payments made by WSSC Water during the years 2022 and 2021 of $16.0 million and $16.7 million, respectively.

"On-behalf" payments by Water WSSC Water made subsequent to the measurement dates of December 31, 2022 and 2021 are reported as deferred outflows of contributions at June 30, 2022 and 2021 totaling $9.4 million and $12.7 million, respectively.

OPEB Benefits

The OPEB Plan pays 70-80% of the full premium for medical and prescription drug coverage for eligible participants and qualified dependents. In addition, employees who retired in 1982 and after are eligible for life insurance benefits. The amount of retiree life insurance coverage begins at 85% of the employee's salary as of the day immediately prior to retirement, and decreases over a four-year period, until coverage equals either 25% of that salary or $5,000, whichever is greater.

OPEB Plan Termination

In the event of the OPEB Plan termination, assets shall be allocated for the payment of benefits and administrative expenses in accordance with the OPEB Plan and Trust Agreement.

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%			
Salary Increase	3.00%	(for Entry Age cost method)		
Investment return	7.00%			
Healthcare cost trends		UHC POS (Pre-65)	UHC EPO/HMO (Pre-65)	Medicare Plus/Supplement
2021		6.00%	6.50%	4.00%
2022		5.75%	6.25%	4.00%
2023		5.50%	6.00%	4.00%
2024		5.25%	5.75%	4.00%
2025		5.00%	5.50%	4.00%
2026		4.75%	5.25%	4.00%
2027		4.50%	5.00%	4.00%
2028		4.25%	4.75%	4.00%
2029+		4.25%	4.50%	4.00%

Mortality rates were based on the Pub-2010G (below median) headcount-weighted Mortality Tables, for Males and Females, projected generationally using Scale SSA. The Pub-2010G Disabled tables were used for the valuation of disabled lives, projected generationally using Scale SSA. A 109% factor is applied to female rates. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience analysis in 2021, covering 2015 through 2020.

There were several changes in actuarial assumptions during fiscal year 2021, including rates of mortality, retirement, and termination. There were no changes in actuarial assumptions during fiscal year 2022.

Further details on assumptions are provided in the valuation report.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of real rates of return for each major asset class included in the OPEB plan's target asset allocation as of December 31, 2022, and the final investment return assumption, are summarized in the following tables:

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

	Portfolio Allocation	Long Term Expected Real Rate of Return
Asset class:		
Domestic Equity	38%	5.95%
Non-U.S. Equity	24%	6.25%
Real Estate	5%	4.55%
U.S. Fixed Income - Investment	33%	1.75%
Total Weighted Average Real Return	100.00%	4.57%
Plus Inflation		2.50%
Total Return without Adjustment		7.07%
Risk Adjustment		-0.07%
Total Expected Return		7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made equal to the pay-as-you-go cost, plus $5 million into the OPEB Trust or the full Actuarially Determined Employer Contribution, once benefits are paid from the trust. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of WSSC Water, calculated using the discount rate of 7.00%, as well as what WSSC Water's net OPEB liability would be if it were calculated using rates that are 1.00% lower or 1.00% higher than the current rate (in thousands).

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability - 2022	$ 110,984	$ 79,858	$ 54,038
Net OPEB Liability - 2021	$ 67,246	$ 37,223	$ 12,318

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the net OPEB liability of WSSC Water, calculated using the trend assumptions below, as well as, what WSSC Water's net OPEB liability would be if it were calculated using rates that are 1.00% lower or 1.00% higher than the current rates (in thousands).

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

	1% Decrease 3.0% - 3.5%	Current Trend 4.0% - 4.5%	1% Increase 5.0% - 5.5%
Net OPEB Liability - 2022	$ 53,921	$ 79,858	$ 111,434
Net OPEB Liability - 2021	$ 12,205	$ 37,223	$ 67,680

Other Key Actuarial Assumptions

The other key actuarial assumptions that determined the total OPEB liability as of December 31, 2022 and 2021 included:

Valuation date	July 1, 2021	July 1, 2021
Measurement date	December 31, 2022	December 31, 2021
Inflation	2.50%	2.50%

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Changes in the Net OPEB Liability

Changes in the Net OPEB Liability for the year ended December 31, 2022 were as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 12/31/21	$ 248,556	$ 211,333	$ 37,223
Changes for the year:			
Service cost	3,148	-	3,148
Interest	17,232	-	17,232
Contributions – employer, including benefits paid	-	16,673	(16,673)
Contributions – retiree	-	4,775	(4,775)
Net investment income	-	(38,928)	38,928
Benefit payments, including refunds of employee contributions	(11,254)	(16,030)	4,776
Net change	9,126	(33,510)	42,636
Balances at 12/31/22	$ 257,682	$ 177,823	$ 79,859
Plan's fiduciary net position as a percentage of the total pension liability	69.01%		

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Changes in the Net OPEB Liability for the year ended December 31, 2021 were as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at 12/31/20	$ 265,766	$ 180,521	$ 85,245
Changes for the year:			
Service cost	3,057	-	3,057
Interest	18,406	-	18,406
Contributions – employer, including benefits paid	-	19,556	(19,556)
Contributions – retiree	-	4,687	(4,687)
Diff between expected and actual benefit return	(32,317)		(32,317)
Changes in assumption	5,613		5,613
Net investment income	-	23,225	(23,225)
Benefit payments, including refunds of employee contributions	(11,969)	(16,656)	4,687
Net change	(17,210)	30,812	(48,022)
Balances at 12/31/21	$ 248,556	$ 211,333	$ 37,223
Plan's fiduciary net position as a percentage of the total pension liability	85.02%		

OPEB Expense

For the years ended June 30, 2023 and 2022, WSSC Water recognized OPEB expense as follows (in thousands):

	2023	2022
OPEB cost distributions:		
Operating	$ 9,362	$ 9,936
Non-operating	(13,832)	(6,761)
Capital	10,680	(5,074)
Total OPEB expense	$ 6,210	$ (1,899)

L. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Deferred Outflows (Inflows) of Resources

Deferred outflows of resources and deferred inflows of resources related to OPEB were reported for the years ended June 30, 2023 and 2022 from the following sources (in thousands):

Deferred Outflows	2023	2022
Contributions made subsequent to the measurement date	$ 9,382	$ 12,692
Changes in actuarial assumptions	3,742	4,678
Net difference between projected and actual earnings on plan investments	27,087	-
Deferred Outflows	$ 40,211	$ 17,370
Deferred Inflows		
Net difference between expected and actual experience	$ (22,548)	$ (28,436)
Net difference between projected and actual earnings on plan investments	-	(21,215)
Deferred Inflows	$ (22,548)	$ (49,651)

Contributions made subsequent to the measurement date will be recognized as expense in the next year. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended June 30	Amortization
2024	($2,829)
2025	530
2026	4,254
2027	6,326
2028	-
After 2028	-

Historical trend information showing the Plan's progress is presented in the Plan's December 31, 2022 comprehensive annual financial report, which can be requested from WSSC Water's offices.

M. DEFERRED COMPENSATION PLAN

WSSC Water offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All of the assets of the deferred compensation plan are held in a trust for the exclusive benefit of participants and beneficiaries. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

N. LEASES

Determination of Discount Rate – Incremental Borrowing Rate

GASB Statement No. 87 requires that the future lease payments be discounted. If there is no stated rate (or if the stated rate is not the rate the lessor charges the lessee) and the implicit rate cannot be determined, the lessor may presume (unless there is persuasive evidence to the contrary) that it is recovering its cost associated with interest cost and use the lessor's own incremental borrowing rate as the discount rate. WSSC Water uses the most recent five-year average of the general obligation bond yields, adjusted from triple A rating to double A rating to reflect the rate for commercial borrowing.

Lease Term Reassessment

Per GASB Statement No. 87, paragraph 15b, lessees and lessors should reassess the lease term if the lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option. Therefore, the lessees or lessors should reassess the lease term at the end of the first reporting period and subsequent reporting periods, as applicable. WSSC Water reassesses lessor leases when they have reached the end of the maximum non-cancellable periods and neither the lessor (WSSC Water) nor the lessee has given notice to exercise the cancellation option. Leases with 18 months maximum non-cancellable term are reassessed at the beginning of each fiscal year. Lease and lease interest receivables, deferred inflow of resources, and the prior year unearned lease revenues are adjusted accordingly in the reassessment.

Lease Capitalization Threshold

In paragraph B99 of GASB Statement No. 87, GASB views capitalization policies as methods to operationalize materiality; that is, those policies allow governments to specify amounts that they consider to be significant, individually or in the aggregate. GASB believes that a policy similar to those that establish capitalization thresholds could be used for leases. WSSC Water's capitalization threshold for leases in the aggregate, by lease terms or underlying assets, is $100,000, the same threshold for other fixed capital assets.

Lessor Leases for WSSC Water

WSSC Water has 64 and 63 long-term lessor leases for the year ended June 30, 2023 and June 30, 2022, respectively. They are contracts that convey the control of the right to use WSSC Water's properties (mostly water towers) to telecommunication companies to set up the antennas for a period of more than one year. The maximum possible contracts (terms) of the leases range from 20 to 30 years, with options to renew every five years. The lease terms (maximum non-cancellable periods) for lease capitalization and amortization range from 18 months to 30 years. Most of the lessor leases are paid annually and the lease years generally are not in sync with fiscal years. Therefore, annual lease payments are prorated for the lease terms and unearned revenues need to be accounted for.

Lessee Leases for WSSC Water

WSSC Water has four lessee leases, three property or equipment lease contracts and one service contract embedded with equipment (printer) lease, for the year ended June 30, 2023 and 2022. Subsequent lease payable for the years ended June 30, 2024 and 2025 are $275,000 and $73,000, respectively.

O. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGMENTS (SBITA)

Determination of Discount Rate – Incremental Borrowing Rate

WSSC Water uses the same discount rate for SBITA as for leases, i.e. the most recent five-year average of the general obligation bond yields, adjusted from triple A rating to double A rating to reflect the rate for commercial borrowing.

O. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGMENTS (SBITA) (continued)

SBITA Capitalization Threshold

WSSC Water's capitalization threshold for SBITA is $100,000 in the aggregate, by subscription term, the same threshold for leases and other fixed capital assets.

SBITA for WSSC Water

WSSC Water has 24 and 23 capitalizable SBITA contracts for the years ended June 30, 2023 and 2022, respectively. Subsequent SBITA payable for the years ended June 30, 2024 and 2025 are $3.0 million and $1.9 million, respectively.

Fiscal Year 2022 Restatement

Paragraph 63 of GASB Statement No. 96 requires that changes adopted to conform to the provisions of this Statement be applied retroactively by restating financial statements, if practicable, for all prior periods presented. To comply with GASB Statement No. 96, fiscal year 2022 ending balances were restated resulting in $1.2 million increase in net position as of June 30, 2022. For practical reason, WSSC Water did not restate the fiscal year 2022 beginning balance. Details of Restated Statement of Net Position and Restated Statement of Revenues, Expenses, and Changes in Net Position are presented below (in thousands):

Restated Statement of Net Position

		As Previously Reported	Restatement as of 6/30/22	FY22 Restated
Assets	Cash	$ (4,390)		$ (4,390)
	Right-to-use assets		12,505	12,505
	Accumulated amortization		(3,139)	(3,139)
Liabilities	SBITA payable, ST		(3,349)	(3,349)
	SBITA payable, LT		(4,810)	(4,810)
	SBITA interest payable		(35)	(35)
Net position		$ (4,390)	$ 1,172	$ (3,218)

Restated Statement of Revenues, Expenses, and Changes in Net Position

		As Previously Reported	Restatement as of 6/30/22	FY22 Restated
	SBITA amortization expense		$ (3,139)	$ (3,139)
	SBITA interest expense		(79)	(79)
	Reverse SBITA rental expense	(4,390)	4,390	-
Change in net position		$ (4,390)	$ 1,172	$ (3,218)

P. COMMITMENTS AND CONTINGENCIES

Construction expenditures for fiscal 2024 are not expected to exceed $683 million, after excluding the portion that will be funded by capital contributions. Commitments in connection with this construction program approximated $388 million at June 30, 2023.

P. COMMITMENTS AND CONTINGENCIES (continued)

For fiscal years 2023 and 2022, the Commission paid $34.6 million and $39.6 million, respectively, to fund its share of construction costs under the regional Blue Plains Intermunicipal Agreement of 2012. The Commission estimates its share of the construction costs over the next six years to be $557.6 million, of which $71.0 million is expected to be incurred in fiscal year 2024 and the balance over fiscal years 2025 to 2029. In addition, for fiscal years 2023 and 2022, the Commission made total payments of $71.3 million and $58.1 million, respectively, to DC Water for its share of operating and maintenance costs.

WSSC Water receives several federal and state grants. The grant funds expended are subject to compliance audits by the grantors.

WSSC Water is involved in judicial and administrative proceedings. These actions include personal injury, property damage, personnel and environmental claims, and various claims filed by contractors against WSSC Water for cost overruns on construction contracts. While the outcomes of these matters are uncertain, management is not aware of any claims outstanding that will have a material adverse effect on the financial position or changes in net position of WSSC Water.

WSSC Water purchases insurance on its property (structures, contents, boiler and machinery, etc.) for physical damages where it has been determined that a reasonable amount of exposure exists. In addition, WSSC Water is self-insured for workers' compensation in accordance with the statutory requirements of the State of Maryland. The workers' compensation accrued liability includes an estimate for claims incurred but not yet reported to the claims administrator. WSSC Water also maintains crime and terrorism insurance and fiduciary liability policies having various self-insured retention levels. Claims have not exceeded policy limits in the past three years. WSSC Water also carries insurance for other risks of loss.

WSSC Water is self-insured for all public liability. Each year, funds are budgeted for normal claims. However, should the past loss experience change, or should a catastrophic loss occur in excess of applicable insurance coverage, funds for such loss or losses would have to be obtained from ad valorem taxation or other sources of revenue since a self-insurance fund has not been established.

General liability and workers' compensation claim activity consisted of the following at June 30 (in thousands):

	2023	2022
Claim liability - beginning of year	$ 8,345	$ 9,688
Claims estimate adjustments	(794)	(1,343)
Claim liability - end of year	$ 7,551	$ 8,345

This liability is included in accounts payable and accrued liabilities on the balance sheet.

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION

Cash and Cash Equivalents (in thousands)

Both Pension and OPEB plans consider all cash and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents for the Pension Plan consisted of short-term investments funds of $3,153 and $4,407 as of December 31, 2022 and 2021 respectively. The cash and cash equivalents for the OPEB Plan were $42 and $67 as if December 31, 2022 and 2021 respectively.

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION (continued)

Security Lending (in thousands)

The Board of Trustees permits the (Pension) Plan to lend its securities to broker-dealers and other entities (the "Borrowers") for collateral that will be returned for the same securities in the future. The Plan's custodian is the agent in lending the Plan's securities for collateral of 102 percent for domestic securities and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the Plan or the Borrowers. Cash collateral received from the Borrowers is invested by the lending agent, as an agent for the Plan, in a short-term investment pool in the name of the Plan, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of securities made by other plan entities that invest cash collateral in the investment pool, and which the Plan cannot determine. The Plan records a liability for the return of the cash collateral shown as collateral held for securities lending in the Statements of Plan Net Position. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the Plan by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a Borrower fails to return loaned securities or pay distributions thereon.

As of December 31, 2022, and 2021, the fair value of securities on loan was $55,949 and $61,127, respectively. Cash received as collateral and the related liability of $57,294 and $62,798 as of December 31, 2022 and 2021 are shown on the Statements of Plan Net Position. Securities received as collateral are not reported as assets since the Plan does not have the ability to pledge or sell the collateral securities.

Securities lending revenues and expenses amounting to $994 and $898, respectively, for December 31, 2022 and $115 and $48, respectively, for December 31, 2021, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions as of December 31:

	2022		2021	
	Fair Value of Underlying Securities	Cash Collateral Investment Value	Fair Value of Underlying Securities	Cash Collateral Investment Value
Securities Loaned for Cash Collateral				
Corporate Bonds	$ 6,501	$ 6,670	$ 10,290	$ 10,561
Common Stock	5,304	5,446	3,955	4,068
U. S. Government & Agency Bonds	44,144	45,178	46,882	48,169
Total	$ 55,949	$ 57,294	$ 61,127	$ 62,798

The plan is fully indemnified by its custodial bank against any losses incurred as a result of Borrower default.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2022 and 2021, there were no funds held by a counterparty that was acting as the Plan's agent in securities lending transactions.

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION (continued)

Investments

The Plans categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (Level1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

These classifications are summarized as follows:

- *Level 1 Inputs*: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.
- *Level 2 Inputs*: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- *Level 3 Inputs*: Unobservable inputs for an asset or liability.

The (Pension) Plan holds investment contracts with Empower/Prudential Financial. The fair value of these contracts is determined based on the fair value of the underlying pooled assets and is an estimate only and not the result of a precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year. It does not constitute an offer by Empower/Prudential Financial or a final experience adjustment.

For the OPEB Plan, in the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment.

Fair value of certain investments that do not have a readily determinable fair value is established using net assets value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Net appreciation (depreciation) in the fair value of investments reflected in the Statement of Changes in Fiduciary Net Position includes realized gains and losses on investments that were sold during the year and unrealized appreciation (depreciation) in the fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION (continued)

The Plans have the following fair value measurements as of December 31, 2022 and 2021 (in thousands):

	Quoated Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance as of December 31, 2022
Investments by fair value level:				
Fixed Income Securities:				
Government and Agency Bonds				
Domestic Bonds	$ -	$ 70,200	$ -	$ 70,200
Corporate Bonds and Securities				
Domestic Bonds and Securities	-	16,010	-	16,010
International Bonds and Securities	-	3,660	-	3,660
US Common Stock:				
U.S. Stock	37,607	-	-	37,607
International Stock	-	1,027	-	1,027
Mutual Funds:				
U.S. Equity Funds	515,884	-	-	515,884
Non-U.S. Equity Funds	-	125,355	-	125,355
Unlimited partnership units	-	20	-	20
Other fixed holdings	-	1	-	1
	$ 553,491	$ 216,273	$ -	769,764
Investments carried at the net asset value (NAV):				
Commingled funds				150,819
Stable Value funds				82,531
				$ 1,003,114

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION (continued)

	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance as of December 31, 2021
Investments by fair value level:				
Fixed Income Securities:				
Government and Agency Bonds				
Domestic Bonds	$ -	$ 73,405	$ -	$ 73,405
Corporate Bonds and Securities				
Domestic Bonds and Securities	-	21,726	-	21,726
International Bonds and Securities	-	6,203	-	6,203
US Common Stock:				
U.S. Stock	53,161	-	-	53,161
International Stock	-	1,401	-	1,401
Mutual Funds:				
U.S. Equity Funds	657,722	-	-	657,722
Non-U.S. Equity Funds	-	145,053	-	145,053
Unlimited partnership units	-	20	-	20
Other fixed holdings	-	2	-	2
	$ 710,883	$ 247,810	$ -	958,693
Investments carried at the net asset value (NAV):				
Commingled funds				166,048
Stable Value funds				94,293
				$ 1,219,034

Q. NOTES TO PENSION & OPEB STATEMENT OF FIDUCARY NET POSITION (continued)

Expenses

WSSC Water pays the administrative expenses of the pension Plan, other than investment management and consulting fees. WSSC Water is reimbursed by the Plan for the paid administrative expenses. As of December 31, 2022, and 2021, the Plan reimbursed WSSC Water $1,221 and $760, respectively, for paid administrative expenses.

Financial Statements

The financial statements for pension and OPEB plans are issued separately.

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SCHEDULE A-1

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	$ 11,802,308	$ 12,356,027	$ 12,537,197	$ 11,958,124	$ 11,557,550	$ 10,744,773	$ 10,576,413	$ 9,828,010	$ 11,098,519	$ 10,541,264
Interest on total pension liability	70,850,182	69,865,901	67,260,129	66,286,257	65,379,327	63,199,825	61,935,402	61,611,259	67,317,785	66,214,298
Effect of plan changes	-	-	-	-	-	-	-	-	-	-
Effect of assumption changes or inputs	-	-	22,472,183	-	-	-	-	32,257,956	-	-
Differences between expected and actual experience	36,881,868	3,463,213	2,389,307	(1,762,139)	16,447,791	3,474,382	(10,448,960)	(53,390,196)	(8,657,936)	-
Benefit payments, including refunds	(74,111,603)	(68,130,068)	(66,403,809)	(63,732,796)	(61,533,446)	(58,642,039)	(57,554,539)	(56,672,851)	(54,934,361)	(53,545,268)
Net change in total pension liability	45,422,755	17,555,073	38,255,007	12,749,446	31,851,222	18,776,941	4,508,316	(6,365,822)	14,824,007	23,210,294
Total pension liability, beginning of the year	1,036,772,230	1,019,217,157	980,962,150	968,212,704	936,361,482	917,584,541	913,076,225	919,442,047	904,618,040	881,407,746
Total pension liability, end of the year	1,082,194,985	1,036,772,230	1,019,217,157	980,962,150	968,212,704	936,361,482	917,584,541	913,076,225	919,442,047	904,618,040
Plan Fiduciary Net Pension										
Employer contributions*	27,437,417	38,242,914	16,412,238	26,524,110	25,479,895	24,193,214	22,606,529	22,346,849	20,965,016	20,498,919
Member contributions	4,913,386	4,680,969	4,928,727	4,945,638	4,150,303	5,290,757	4,213,793	3,930,364	3,823,065	3,652,732
Investment income, net of investment expenses	(140,513,619)	140,452,522	82,671,915	151,804,808	(60,337,268)	118,185,475	61,852,141	(10,371,883)	37,575,770	110,734,486
Benefit payments, including refunds	(74,111,603)	(68,130,068)	(66,403,809)	(63,732,796)	(61,533,446)	(58,642,039)	(57,554,539)	(56,672,851)	(54,934,361)	(53,545,268)
Administrative expenses	(1,221,424)	(759,672)	(692,384)	(438,993)	-	-	-	-	-	-
Net change in plan fiduciary net position	(183,495,843)	114,486,665	36,916,687	119,102,767	(92,240,516)	89,027,407	31,117,924	(40,767,521)	7,429,490	81,340,869
Plan fiduciary net position, beginning of year	1,012,090,961	897,604,296	860,687,609	741,584,842	833,825,358	744,797,951	713,680,027	754,447,548	747,018,058	665,677,189
Plan fiduciary net position, end of year	828,595,118	1,012,090,961	897,604,296	860,687,609	741,584,842	833,825,358	744,797,951	713,680,027	754,447,548	747,018,058
Net pension liability, beginning of year	$ 24,681,269	$ 121,612,861	$ 120,274,541	226,627,862	102,536,124	172,786,590	199,396,198	164,994,499	157,599,982	215,730,557
Net pension liability, end of year	$ 253,599,867	$ 24,681,269	$ 121,612,861	$ 120,274,541	$ 226,627,862	$ 102,536,124	$ 172,786,590	$ 199,396,198	$ 164,994,499	$ 157,599,982
Plan fiduciary net position as a percentage of total pension liability	76.6%	97.6%	88.1%	87.7%	76.6%	89.0%	81.2%	78.2%	82.1%	82.6%
Covered payroll	$ 162,351,580	$ 157,298,504	$ 156,959,534	$ 156,947,396	$ 150,768,609	$ 143,155,101	$ 133,766,444	$ 132,229,882	$ 124,053,349	$ 121,295,379
Plan's net pension liability as a percentage of covered payroll	156.2%	15.7%	77.5%	76.6%	150.3%	71.6%	129.2%	150.8%	133.0%	129.9%

This schedule is presented to illustrate the requirement to show information for 10 years. The Plan presents information for available years and additional years will be displayed as they become avaialble.

*CY2020 Employer contribution only represents 60% the fiscal year contribution which is to be made over 10 months.
*CY2021 Employer contribution represents 40% the FY21 fiscal year contribution and 100% of FY22 fiscal year contribution.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit changes: - There have been no changes in benefit assumptions since the implementation of GASB 67 and 68.

Changes in assumptions - There were several changes in actuarial assumptions since the prior year, including rates of mortality, retirement, and termination; as well as inflation, salary increases, and investment return.

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
SCHEDULE A-2

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2013	22,739,819	20,498,919	2,240,900	121,295,379	16.9%
2014	25,745,448	20,965,016	4,780,432	124,053,349	16.9%
2015	20,100,358	22,346,849	(2,246,491)	132,229,876	16.9%
2016	18,393,733	22,606,529	(4,212,796)	133,766,444	16.9%
2017	18,591,764	24,193,214	(5,601,450)	143,155,112	16.9%
2018	18,232,265	25,479,895	(7,247,630)	150,768,609	16.9%
2019	21,183,914	26,524,110	(5,340,196)	156,947,396	16.9%
2020*	21,718,200	16,412,238	5,305,962	156,959,534	10.5%
2021*	26,140,256	38,242,914	(12,102,658)	157,298,504	24.3%
2022*	23,112,103	27,437,417	(4,325,314)	162,351,580	16.9%

Notes to Schedule of Contributions:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1st of the fiscal year in which the contributions are reported. WSSC's policy is to complete an actuarial study at least once every two years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (funding valuation uses a fixed rate of contribution)
Inflation/Cost of Living Increase	2.50%
Salary increases	2.75 to 7.50 % including inflation
Investment rate of return	7.0% net of pension plan investment expenses, including inflation
Retirement age	Table of rates by age and eligibility
Mortality	Mortality rates were based on the Pub-2010(B) Mortality for Males or Females, projected on a generational basis using Scale SSA. A 109% adjustment factor is applied to female mortality rates. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the actuarial experience analysis covering 2015 through 2020.

*CY2020 Employer contribution only represents 60% the fiscal year contribution which is to be made over 10 months.
*CY 2021 Actual Contribution includes $10,920,960 CY2020 remaining amount.

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SCHEDULE A-3

	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability							
Service cost	$ 3,148,448	$ 3,056,746	$ 2,967,715	$ 2,881,277	$ 2,797,356	$ 2,715,880	$ 2,852,227
Interest on total OPEB liability	17,232,009	18,405,760	17,725,182	17,269,181	16,658,625	16,104,693	15,302,770
Effect of plan changes	-	-	-	-	-	-	-
Effect of assumption changes or inputs	-	5,613,063	-	-	-	-	-
Differences between expected and actual experience	-	(32,317,251)	-	(3,009,670)	-	4,927,026	-
Benefit payments, including refunds	(11,254,342)	(11,969,356)	(10,179,669)	(11,228,441)	(10,420,568)	(11,586,194)	(11,348,096)
Net change in total OPEB liability	9,126,115	(17,211,038)	10,513,228	5,912,347	9,035,413	12,161,405	6,806,901
Total OPEB liability, beginning of the year	248,555,107	265,766,145	255,252,917	249,340,570	240,305,157	228,143,752	221,336,851
Total OPEB liability, end of the year	257,681,222	248,555,107	265,766,145	255,252,917	249,340,570	240,305,157	228,143,752
Plan Fiduciary Net Pension							
Employer contributions, including benefits paid	16,673,142	19,555,681	13,430,956	16,647,253	20,420,568	21,586,194	21,348,096
Member contributions	4,775,444	4,687,415	4,547,856	4,487,388	4,339,559	4,168,418	3,967,312
Investment income, net of investment expenses	(38,927,858)	23,224,511	26,745,868	25,343,322	(8,690,017)	14,247,468	8,362,666
Benefit payments, including refunds	(16,029,786)	(16,656,771)	(14,727,525)	(15,715,829)	(14,760,127)	(15,754,612)	(15,315,408)
Administrative expenses	-	-	-	(50,000)	(43,750)	(20,000)	-
Net change in plan fiduciary net position	(33,509,058)	30,810,836	29,997,155	30,712,134	1,266,233	24,227,468	18,362,666
Plan fiduciary net position, beginning of year	211,332,062	180,521,226	150,524,071	119,811,937	118,545,704	94,318,236	75,955,570
Plan fiduciary net position, end of year	177,823,004	211,332,062	180,521,226	150,524,071	119,811,937	118,545,704	94,318,236
Net OPEB liability, beginning of year	37,223,045	85,244,919	104,728,846	129,528,633	121,759,453	133,825,516	145,381,281
Net OPEB liability, end of year	$ 79,858,218	$ 37,223,045	$ 85,244,919	$ 104,728,846	$ 129,528,633	$ 121,759,453	$ 133,825,516
Plan fiduciary net position as a percentage of total OPEB liability	69.0%	85.0%	67.9%	59.0%	48.1%	49.3%	41.3%
Covered employee payroll	118,239,104	132,434,758	135,906,251	138,548,098	$ 132,955,474	$ 124,331,306	$ 122,144,339
Net OPEB liability as a percentage of covered employee payroll	67.5%	28.1%	62.7%	75.6%	97.4%	97.9%	109.6%

This schedule is presented to illustrate the requirement to show information for 10 years. The OPEB Plan presents information for available years and additional years will be displayed as they become avaialble.

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
SCHEDULE A-4

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2013	20,128,000	19,060,000	1,068,000	109,165,841	17.5%
2014	16,752,000	20,437,000	(3,685,000)	111,648,014	18.3%
2015	16,766,000	22,379,000	(5,613,000)	119,006,893	18.8%
2016	14,960,787	21,348,096	(6,387,309)	122,144,339	17.5%
2017	14,960,787	21,586,194	(6,625,407)	124,331,306	17.4%
2018	14,004,405	20,420,568	(6,416,163)	132,955,474	15.4%
2019	14,094,584	16,647,253	(2,552,669)	138,548,098	12.0%
2020	13,157,686	13,430,956	(273,270)	135,906,251	9.9%
2021	13,150,740	19,555,681	(6,404,941)	132,434,758	14.8%
2022	7,567,555	16,673,142	(9,105,587)	118,239,104	14.1%

Notes to Schedule of Contributions:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1st of the fiscal year in which the contributions are reported. WSSC's policy is to complete an actuarial study at least once every two years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary Increase	3.00%
Investment rate of return	7.00%
Asset valuations methodology	Assets are based on market value
Retirement age	Table of rates by age and eligibility
Mortality	Mortality rates were based on the Pub2010G (below median) headcount-weighted Mortality Table for Males or Females, projected generationally using Scale SSA. The Pub2010G Disabled tables were used for the valuation of disabled lives, projected generationally using Scale SSA. A109% is applied to female rates. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the actuarial experience analysis in 2021, covering 2015 through 2020. There were several changes in actuarial assumptions during fiscal year 2022, including rates of mortality, retirement and termination.

Healthcare cost trend rates	UHC POS (Pre-65)	UHC EPO/HMO (Pre-65)	Medicare Plus/Supplement
2021	6.00%	6.50%	4.00%
2022	5.75%	6.25%	4.00%
2023	5.50%	6.00%	4.00%
2024	5.25%	5.75%	4.00%
2025	5.00%	5.50%	4.00%
2026	4.75%	5.25%	4.00%
2027	4.50%	5.00%	4.00%
2028	4.25%	4.75%	4.00%
2029+	4.25%	4.50%	4.00%

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS - PENSION
SCHEDULE A-5

Year Ended December 31	Net Money-Weighted Rate of Return (%)
2013	17.3
2014	5.2
2015	(1.4)
2016	9.5
2017	16.2
2018	(7.4)
2019	20.9
2020	9.9
2021	15.9
2022	(14.2)

This schedule is presented to illustrate the requirement to show information for 10 years.

WASHINGTON SUBURBAN SANITARY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS - OPEB
SCHEDULE A-6

	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	-18.20%	12.60%	17.60%	20.8%	-7.1%	14.5%	10.7%

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APPENDIX B

SELECTED INFORMATION RESPECTING
MONTGOMERY COUNTY AND PRINCE GEORGE'S COUNTY

MONTGOMERY COUNTY

General

The information contained under the heading "Montgomery County" has been provided by Montgomery County, Maryland (the "County" or "Montgomery County") from its Annual Information Statement ("AIS") dated January 17, 2023. The format of the AIS has been revised from prior years to be more condensed and provide additional website links to information on the County and its operations. **The Commission has not undertaken to audit, authenticate or otherwise verify the information regarding Montgomery County set forth in this Appendix B. The Commission makes no guaranty, warranty or other representation respecting the accuracy and completeness of such information. The Commission is not in a position to, and will not, undertake to update any of the information or website links set forth herein regarding Montgomery County.**

This information concerning Montgomery County contained in this Appendix B should be read together with the County's FY22 Annual Comprehensive Financial Report, the FY22 Popular Annual Financial Report (PAFR) and the FY22 Debt Service Booklet which are located at the following links:

- FY22 Annual Comprehensive Financial Report (ACFR)
  https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/cafr/FY2022_ACFR.pdf
- FY22 Popular Annual Financial Report (PAFR)
  https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/pafr/FY22PAFR_WEB.pdf
- FY22 Debt Service Book
  https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/FY22_DEBT_SERVICE_BOOK.pdf

STATISTICAL HIGHLIGHTS

Debt as of June 30, 2022 (including 2022 GO Bonds issued in August, 2022)

General Obligation Bonds and BANs Outstanding (Net Direct Debt)	$3.5 billion
Total Assessed Value	$208.45 billion
Ratio of Net Direct Debt to Assessed Value	1.70%
Direct Debt (incl. Revenue Bonds)	$3.7 billion
Direct Debt to Assessed Value	1.80%
Net Direct & Overlapping Debt	$3.7 billion
Ratio of Net Direct & Overlapping Debt to Assessed Value	1.75%

Budgets

Approved FY23 Operating Budget	$6.3 billion
FY23-28 Capital Improvements Program (Excludes WSSC Water)	$5.3 billion

FY22 Major Revenues and June 30, 2022 Fund Balances

Total General Fund Revenues	$3.9 billion
Income Tax	$1.9 billion
Property Tax (General Fund)	$1.3 billion
Transfer and Recordation Tax (General Fund)	$266 million
Other Taxes	$258.9 million
Revenue Stabilization Fund Balance (RSF)	$587.4 million
General Fund Balance (includes RSF)	$989.7 million

Demographics

Population 2021	1,054,827
Households 2021	388,396
Median Age 2022 (est.)	40 years old
Montgomery County Public School K-12 FY22 Enrollment	158,232

Employment

Private Sector 2021	353,145
Public Sector 2021	85,051
Unemployment Rate 2021	5.5%
Personal Income 2021	$97.8 billion
Per Capita Income 2021	$92,740
Average Household Income 2021	$251,805

General Obligation Bond Ratings 2021

Moody's Investors Service, Inc.	Aaa
S&P Global Ratings	AAA
Fitch Ratings	AAA

COUNTY ORGANIZATION AND SERVICES

Montgomery County, Maryland (County) is a charter government under the constitution and general laws of the State of Maryland (State). The Charter provides for separate legislative and executive branches with legislative responsibility vested in an elected nine-member County Council and executive responsibility vested in an elected County Executive. In the 2020 general election, the Montgomery County Charter was amended by the voters to require the County to be divided into seven Council districts for the purpose of electing seven district and four at-large members of the Council. The new requirement will apply to the 2022 election, and the County Council will consist of eleven members including seven district members and four at-large members.

The Executive Branch implements and enforces Montgomery County's laws and provides executive direction to the government. There are over 40 executive branch departments and agencies that help to deliver services to county residents. The County provides its residents with services in areas of general government, public safety, public works and transportation, health and human services, education, culture and recreation, community development and housing and the environment.

For the sole purpose of providing more detailed information on Executive Branch departments, County Agencies, and Legislative Branches, including an Organizational Chart, the reader may view the County's website at the following link:

https://montgomerycountymd.gov/government/aboutCountyGovernment.html

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DEMOGRAPHIC AND ECONOMIC INFORMATION

The population of the County, according to Bureau of the Census was 1,054,827 for calendar year 2021. The County's total personal income reached $97.8 billion in 2021 with per capita income of $92,740 based on information from the Bureau of Economic Analysis. Estimated average household income was $251,805 in 2021. The median age for County residents for 2022 was 40 years old.

The County's economic structure reveals a diversified economy with a strong service sector. According to Maryland Department of Labor, Licensing and Regulation, the private sector employed 353,145 for 2021, nearly 80% of the workforce. Montgomery County is home to over 18 federal facilities including the National Institutes of Health, the National Institute of Standards and Technology, and the Food and Drug Administration. Total employment of 85,051 was reported in the public sector in 2021. The unemployment rate was reported at 5.5% for 2021, according to the Bureau of Labor Statistics, U.S. Department of Labor.

The County is committed to promoting new investment in the County including its Central Business Districts in Silver Spring, Wheaton, Bethesda, and Friendship Heights which are centers for major business activities and medium- density to high-density residential development in close proximity to existing Metrorail stations. Three Development Districts (Kingsview Village Center, West Germantown and White Flint) were created to allow the County to provide financing for development and redevelopment in the areas. The County also has 14 Census Tracts that have been designated as Opportunity Zones, providing additional opportunities to attract investment and development.

The County also fosters creative and strong partnerships with academia, the federal research community, and various levels of government to pursue innovative projects. Furthermore, it engages in public-private partnership projects to revitalize the County's town centers and provide for strategic redevelopment opportunities throughout the County.

The County provides additional support to existing and prospective businesses, including assistance with permit expediting and targeted programs and services to assist small businesses navigate the County's processes. To support these efforts, Montgomery County Government offers eight separate Economic Development Fund (EDF) incentive programs to support business attraction and retention projects. Established in 1995, the EDF provides financial assistance to private employers who will either retain jobs in the County or create new jobs through the expansion of current businesses or relocation of its businesses to the County. Businesses seeking to either establish a presence or expand facilities in the County may qualify for assistance in one of the eight EDF programs. For the sole purpose of obtaining more information about the EDF, please visit the website:

https://www.montgomerycountymd.gov/bonds/economic_development.html

As the economic development organization for the County, Montgomery County Economic Development Corporation (MCEDC) is responsible for business attraction and business retention efforts in the County, marketing the County nationally and internationally as a great business location, and providing support for entrepreneurs. It also facilitates international business opportunities for County companies and proactively attracts foreign direct investments to the County.

Existing and prospective new businesses also receive an array of professional assistance from MCEDC, including site selection (information on a variety of available office, research & development, and industrial space in the County), provision of socioeconomic statistics and other data, training, recruitment and employment assistance through WorkSource Montgomery, and other targeted services to meet the needs of small and minority-owned businesses. Additional demographic and economic information can also be found on the County's website.

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SELECTED BUDGET AND FINANCIAL INFORMATION

Legal Framework for Budgeting

As required by the County Charter, the County Executive submits to the County Council, not later than January 15, a comprehensive six-year Capital Improvements Program (CIP) in each even numbered year, and a Capital Budget each year. In addition, the County Executive, not later than March 15 of each year, submits an annual Operating Budget and six-year Public Services Program (PSP) including fiscal policy.

The CIP includes a statement of the objectives of capital programs and the relationship of capital programs to the County's long-range development plans; recommends capital projects and a construction schedule; and provides an estimate of costs, a statement of anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget. The CIP, to the extent authorized by law, includes all capital projects and programs of all agencies for which the County sets tax rates or approves budgets or programs.

The six-year PSP shows projections of revenues and expenditures for all functions, recommends revenue and expenditure policies for the program, and analyzes the impact of tax and expenditure patterns on public programs and the economy of the County.

As part of the six-year CIP and PSP programs, the County Executive includes the proposed capital and operating budgets containing recommended levels of expenditures and sources of revenue for the ensuing fiscal year. In addition, a summary is submitted containing an analysis of the fiscal implications for the County of all available budgets of all agencies for which the County Council sets tax rates, makes levies, and approves programs or budgets. These other agencies include the Montgomery County Public Schools (MCPS), Montgomery College, the Maryland-National Capital Park and Planning Commission (M-NCPPC, a bi-county agency), the Housing Opportunities Commission of Montgomery County (HOC), the Montgomery County Revenue Authority, the Washington Suburban Sanitary Commission (WSSC, a bi-county agency), the Washington Suburban Transit Commission (a bi-county agency), and the 19 independent Fire and Rescue Corporations.

The County Council must hold public hearings on the proposed budgets and six-year programs commencing not earlier than 21 days following their receipt. The County Council may add to, delete from, increase or decrease any appropriation item in the operating or capital budget. The Council also approves the budget, as amended, and appropriates the funds not later than June 1 of the year in which it is submitted. By June 30 of each year the County Council approves the tax levies deemed necessary to finance the budgets for the ensuing fiscal year beginning July 1. Section 305 of the County Charter was amended by the November 2020 General Election and replaces the previous limitation on increases to the real property tax revenues by the rate of inflation and exemptions to the limitation. The amendment adopted in November 2020 prohibits the County Council from adopting a tax rate on real property that exceeds the ad valorem weighted tax rate on real property approved the previous year unless all current Councilmembers vote affirmatively for the increase.

On May 26, 2022, the County Council approved the FY23 operating budget comprising the County Government, MCPS, the Montgomery College, and M-NCPPC aggregating $6.3 billion. This budgetary level represents an increase of 6.2 percent over the adopted budget for FY22.

The County Council approved the FY23 Capital Budget and the FY23-28 CIP for the County government and the required agencies, except for WSSC, aggregating $5.3 billion for the FY23-28 program. The Council approved a CIP for WSSC totaling $2.1 billion for FY23-28. WSSC is governed by State Law and is the only agency for which the County Council adopts an annual CIP.

Details on the County's Operating and CIP programs can be found in the Office of Management and Budget section of the County's website at: https://www.montgomerycountymd.gov/omb/

Reporting Entity

Montgomery County seeks to continually maintain best practices in its financial reporting operation. As required by accounting principles generally accepted in the United States of America (GAAP), the County's financial statements present the primary government and component units for which the primary government is considered financially accountable. The reporting entity includes the fiscal activities of Montgomery County Government, as the primary government, and Montgomery County Public Schools (MCPS), Montgomery College, Montgomery County Revenue Authority (MCRA), Housing Opportunities Commission of Montgomery County (HOC), and the Bethesda Urban Partnership, Inc. (BUP), as component units. Not included within the reporting entity are the Montgomery County portion of Maryland-National Capital Park and Planning Commission (M- NCPPC), Washington Suburban Sanitary Commission (WSSC), Washington Suburban Transit Commission (WSTC), Washington Metropolitan Area Transit Authority (WMATA), Metropolitan Washington Council of Governments (COG), and the Northeast Maryland Waste Disposal Authority (NEMWDA). M-NCPPC, WSSC, WSTC, WMATA and NEMWDA are considered joint ventures. COG is a jointly governed organization. Disclosure of the County's participation in these joint entities is presented as a footnote to the County's financial statements included in its Basic Financial Statements.

General Fund Revenues, Expenditures and Balances

Total revenues for the General Fund were $3.9 billion for FY22. The largest revenue sources were income taxes ($1.9 billion), property taxes ($1.3 billion) and transfer and recordation taxes ($266.0 million - General Fund portion). Other tax revenue sources – consisting of fuel/energy, telephone, hotel/motel and other taxes totaled $258.9 million in FY22. General fund expenditures in FY22 approximated $3.3 billion and the year-end General Fund Balance was $989.7 million (including the Revenue Stabilization Fund).

Revenue Stabilization Fund

The Revenue Stabilization Fund (RSF) is used to account for the accumulation of resources at a targeted reserve level sufficient to address unexpected increases or decreases in revenues and expenditures. For financial reporting purposes this fund is included within the General Fund. For a statement of changes in the RSF balance, which amounted to $587.4 million at June 30, 2022, see the FY22 ACFR – Note II (A).

For the General Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, see Exhibits A-3 and A-5 of the FY22 ACFR. Information on fund balance classifications is presented in Note 1- Summary of Significant Accounting Policies.

Property Tax Assessable Base

The County levies real and personal property taxes on all taxable property within its boundaries. The real property is valued at market value and assessed on a triennial basis by the State of Maryland Department of Assessments and Taxation (SDAT) with an assessment at the end of the three-year cycle at a percent of market value. The estimated total combined taxable assessment base for real property and personal property for 2022 was reported at $208.45 billion based on data from August 2022.

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Debt Summary

The County Government, MCRA, HOC, municipalities, and its bi-county shared state agencies (M-NCPPC and WSSC), are authorized by State law and/or County Charter to issue debt to finance capital projects. Consistent with County fiscal policy, the County issues debt to finance a major portion of the construction of long-lived additions or improvements to the County's publicly owned infrastructure. The County's budget and fiscal plan for these improvements is known as the CIP. Bonds are repaid to bondholders with a series of principal and interest payments over a period of years, known as debt service. In this manner, the initial high cost of capital improvements is absorbed over time and assigned to current and future citizens benefiting from the facilities. Due to various Federal, State, and local tax policies, interest rates on the County's bonds are generally lower than in the private sector.

The County continues to maintain its status as a top-rated issuer of municipal securities, with the highest credit ratings possible for a local government. For its general obligation bonds, the County is a 'Triple AAA' rated County and received ratings in 2022 of Aaa from Moody's Investors Services, Inc., AAA from S&P Global Ratings, and AAA from Fitch Ratings. The County's general obligation bonds have been consistently awarded the highest credit rating from Moody's Investors Services, Inc. and S&P Global Ratings since 1973 and 1976, respectively, and from Fitch Ratings since 1991. Montgomery County is one of only 14 'Triple AAA' rated counties in the nation with a population greater than one million.

In addition to the issuance of general obligation or revenue bonds, the County initially finances the cost of long-term capital assets with short-term paper known as Bond Anticipation Notes (BANs)/Commercial Paper, which the County intends to retire with the proceeds of long-term bonds.

The various components of the County's debt described above are categorized as either direct or overlapping. Direct debt is the total bonded debt of the County and constitutes the direct obligations of the County that impact its taxpayers. Components of Montgomery County direct debt include its general obligation bonds, BANs/commercial paper, and revenue bonds issued by the County.

Overlapping debt includes all borrowings of other County agencies, incorporated municipalities, and special taxing or development districts, which may impact those County tax- or ratepayers who are residents of those municipalities or special districts. More broadly, overlapping debt illustrates the degree to which the total economy is being asked to support long-term fixed commitments for governmental facilities.

Certain direct and overlapping debt is additionally classified as Self-Supporting Debt. Such debt is issued for projects that produce sufficient revenues to retire debt. The debt is not supported by the taxing power of the governmental entity issuing them. The County's Net Direct and Overlapping Debt is derived by subtracting Direct Self-Supporting Debt from the Total Direct and Overlapping Debt. As of June 30, 2022, Direct Debt, Net Direct and Overlapping Debt, and General Obligation Bonds and BANs outstanding approximated \$3.7 billion, \$3.7 billion, and \$3.5 billion respectively. A detailed statement is displayed in the Official Statement for the General Obligation Consolidated Public Improvement Bonds of 2022, Series A at the following link. Financial Impacts due to COVID-19 can also be found in the Official Statements for the above bond issuances at the following link:

https://www.montgomerycountymd.gov/BONDS/Resources/Files/2022_MC_OS.pdf

Additionally, the County from time to time enters into other long-term obligations including, variable rate demand obligations, lease revenue bonds, capital leases, certificates of participation, taxable limited obligation certificates, special obligation bonds, other long-term notes and master equipment leases.

Debt Affordability

Once committed, debt service represents a major continuing claim on County resources that must be kept to affordable levels within the annual operating requirements of the County in order to avoid excessive pressure on operating budgets. To assure such affordable levels, the County's general obligation debt is subject to the following tests: 1) the self-imposed, but Charter-required, spending affordability guidelines, and 2) the State Law-mandated Legal Debt Limit.

Spending Affordability Guidelines

The County Council annually adopts Spending Affordability Guidelines (SAG) for the capital budget. The guidelines provide for the total amount of general obligation debt issued by the County and M-NCPPC that may be planned for expenditure in the subsequent two fiscal years and for the six-year CIP. Consideration of the guidelines is based on several economic and financial factors, or criteria for debt affordability. These criteria are described in the County's Fiscal Policy and provide a foundation for judgments about the County's capacity to issue debt and its ability to retire the debt over time.

More information on the County's Fiscal Policy and Spending Affordability Guidelines can be found in the Fiscal Policy section of the Recommended FY23 Capital Budget and FY23-28 CIP publication, at:

https://www.montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy23/ciprec/FY23_Recommended_Capital_Budget.pdf

Legal Debt Limit

The Annotated Code of Maryland, Local Government, Section 10-203, authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County. Local Government Article, Section 10-203 provides that obligations having a maturity not in excess of 12 months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its commercial paper bond anticipation notes (BANs) in such calculations because it intends to repay such notes with the proceeds of long-term debt to be issued in the near future. The 2022 legal debt limit is $12.8 billion, and the legal debt margin is $9.0 billion or 70% of the legal debt limit. The County's legal debt limit computation is displayed in Table 20 of the FY22 ACFR. For details on the County's debt including amortization schedules, see the following documents:

- The FY22Debt Service Program Book
- The FY22 ACFR including Notes to Financial Statements - Note - III-F

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Risk Management and Self Insurance Funds

The County self-insures coverages such as workers' compensation, commercial general liability, automobile liability, professional/public official liability, certain property, and other selected risks which require mitigation.

An Inter-Agency Insurance Panel comprised of the County and participating member agencies, and chaired by the County's Finance Director, provides overall direction, formulates insurance policy, reviews claims, and evaluates the effectiveness of the loss control program. Claims against the agencies are handled under a contract with a third- party claim administrator. Legal services are provided by the Office of the County Attorney.

The County Finance Department, Division of Risk Management, operates the Self-Insurance Program for the County and other participating agencies: MCPS, Montgomery College, M-NCPPC, MCRA, HOC, Rockville Housing Enterprises, Villages of Drummond and Friendship Heights, the Bethesda Urban Partnership, and the County's Fire and Rescue Services and the various independent fire corporations. The City of Gaithersburg, Town of Somerset, Chevy Chase Village, and the Town of Garrett Park participate for workers' compensation coverage only.

In addition to the self-insured coverage, Risk Management coordinates the purchase of commercial insurance for coverages such as All Risk Property Insurance, Excess Liability Insurance, Boiler and Machinery, Public Official and Employee Bonds, Fiduciary Liability, and others. The net position as of June 30, 2022 for the operations of the program was reported at $10.4 million.

The County is also self-insured for unemployment claims resulting from separations of service and maintains a minimum premium funding arrangement for employee health insurance. The FY22 operations for these two benefit programs are not reflected above.

For more information on the County's Risk Management Program, claims and self-insurance fund balances, see Section A) of Note IV, and Exhibits D-1 through D-4 of the FY22 ACFR at the following link:

https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/cafr/FY2022_ACFR.pdf

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County Employee Retirement Plans

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County employees as well as participating agencies who meet the eligibility requirements to participate based on employment status and other factors. The County maintains a defined benefit plan, a defined contribution plan, a cash balance plan and a deferred compensation plan. The Board of Investment Trustees (the "Board") is responsible for the investment management of the Plans' assets. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

Employee's Retirement System – Defined Benefit Plan

The Employees' Retirement System (the "System") is a cost-sharing, multiple employer defined benefit pension plan established in 1965. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The System is a contributory plan with covered employees contributing a percentage of their base annual salary, depending on their group classification. The County and each other Participating Employer contribute the remaining amounts necessary to fund the System on an actuarial basis. As of June 30, 2022, the funded ratio was 101.9% and assets totaled $4,836.2 million.

In FY09 the County established the GRIP, a cash balance plan that is part of the System. During FY10, eligible County employees who were members of the Retirement Savings Plan (the "RSP" described below) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

As of June 30, 2022, 5,956 active members, 6,966 retirees and beneficiaries receiving benefits, and 726 terminated plan members entitled to but not yet receiving benefits were participating in the System.

Deferred Retirement Option Plans (the "DROP"), established in FY00, allow any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to retire but continue to work for the County for a specified time period, during which pension payments are deferred. When the member's participation in the DROP ends, the member must stop working for the County, draw a pension based on the member's credited service and earnings as of the date that the member began to participate in the DROP and receive the value of the DROP payoff. As of June 30, 2022, the balance of amounts held by the System pursuant to DROP was $42.1 million.

Retirement Savings Plan – Defined Contribution Plan

The Retirement Savings Plan (RSP) is a cost-sharing, multiple employer defined contribution plan established in 1994. The RSP covers all non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 unless they elect to participate in the GRIP. Eligible employees covered by the Employees' Retirement System may make an irrevocable decision to transfer to the RSP. As of June 30, 2022, 3,238 active members and 1,158 inactive plan members were participating in the RSP with total assets of $614.8 million. The Board establishes for the RSP members a diversified slate of mutual and commingled investment funds from which participants may select their investment options.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code of 1986, as amended. All County non-represented employees, those County represented employees who elected to participate and employees who were retired at the time of transfer, continue to participate in the DCP. As of June 30, 2022, the DCP had $516.9 million in assets. The Board establishes for the DCP a diversified slate of mutual and commingled investment funds from which participants may select their investment options.

For additional information regarding the County employee retirement plans, see the County Employee Retirement Plans Comprehensive Annual Financial Report which can be found at:

https://www.montgomerycountymd.gov/mcerp/Resources/Files/ACFR%20FY22(1).pdf

Other Post-Employment Benefits (OPEB)

The County administers a cost-sharing multiple-employer defined benefit healthcare plan which provides post- employment benefits such as medical, life, dental, vision, and prescription coverage to retirees and eligible dependents. Effective July 1, 2011, the County Council enacted legislation to change the name of the plan to the Consolidated Retiree Health Benefits Trust due to the addition of the assets of County-funded agency retiree benefits plans for Montgomery County Public Schools and Montgomery College. The County established a Board of Trustees (Board) for the Trust to be responsible for the investment management of the Trust's assets for the exclusive benefit of the members. The Board consists of nineteen members appointed by the County Executive and confirmed by the County Council.

The County plan is a contributory plan in which the County and the plan members contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. As of June 30, 2022, the most recent actuarial valuation, plan membership consisted of 7,441 retirees and beneficiaries receiving benefits and 9,962 active plan members. During FY22, the County and other contributing entities contributed $69.4 million, including $56.9 million for current premiums, claims, and administrative expenses, and $12.5 million toward prefunding future benefits. As of June 30, 2022, the plan had an actuarial accrued liability of $1,555.4 million and net position of $743.8 million resulting in a funded ratio of 47.8%.

For additional information regarding the County's OPEB plans and Consolidated Retiree Health Benefits Trust, see the Actuarial Valuation Report and Financial Statements which can be found at the links below:

https://www.montgomerycountymd.gov/mcerp/Resources/Files/FYE%202022%20GASB%2074%20Report%20-%20Final.pdf

https://www.montgomerycountymd.gov/mcerp/Resources/Files/CRHBT%20Financial%20Statements%20-%20FY22.pdf

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PRINCE GEORGE'S COUNTY

Overview

The County is a body corporate and politic and a political subdivision of the State of Maryland. Services provided or paid for by the County from local, State and federal sources include police, fire and emergency services; programs for the aging; public works; stormwater management; and court and correctional services. The County also is responsible for adoption and maintenance of building codes and regulation of licenses and permits; collection of taxes and revenues; maintenance of public records; conducting elections; and collection and disposal of refuse.

Health care, elementary, secondary and community college education and library services are provided by other entities and are partially financed by the County. Public transit, planning, parks, recreation, water, sewer and public housing are provided by related entities. Public assistance is provided by the State of Maryland. Hospital services are provided by a nonprofit corporation under a lease arrangement with the County. For accounting purposes, certain of these governmental entities are included in the County's financial statements.

County residents enjoy a diversity of leisure options, including a park system encompassing almost 28,000 acres of parkland and open space. Leisure facilities and services provided by the Maryland-National Capital Park and Planning Commission (the "M-NCPPC") include a sports and concert facility (Show Place Arena); a 10,000 seat AA Minor League Baseball stadium (Bowie Baysox); community centers; recreational buildings; aquatic facilities; ice rinks; golf courses; an equestrian center; tennis courts; a performing arts and cultural center; and a gymnastic center.

The County is only minutes to downtown Washington, D.C., adjacent to Northern Virginia, 25 minutes to historic Annapolis, and 45 minutes to Baltimore's Inner Harbor. However, some of the region's most exciting attractions are located right in Prince George's County, Maryland. The County is home to the MGM National Harbor -- a 23-story resort featuring premier amenities including a casino, world-class spa and salon, a 3,000-seat entertainment theater, high-end branded retail, meeting space, and restaurants from renowned local and national chefs. Other recreational facilities include an 87,052-seat National Football League stadium (FedEx Field – Home of the Washington Football Team); an amusement park (Six Flags of America) featuring rides, attractions and shows; a 240,000 square foot Olympic-quality recreational Sports and Learning Complex; National Harbor on the Potomac; the Gaylord National Resort and Convention Center; the NASA Goddard Space Flight Center; The Capital Wheel; the National Wildlife Visitor Center; and the Clarice Smith Performing Arts Center. The County also has numerous high-quality mixed-used developments such as the Brickyards, Carrollton Station, Towne Centre at Laurel and Woodmore Towne Centre at Glenarden. The County is home to six universities and colleges, including the flagship campus of the University System of Maryland. Prince Georgians enjoy an excellent road system and some of the most affordable housing in the Washington area as well as convenient access to three major airports and the Port of Baltimore.

County Government – Structure and Services

The County operates under the Prince George's County Charter, which was adopted in November 1970. The powers of the County are provided in the County Charter and in the Constitution and the laws of the State of Maryland, including Title 10 of the Local Government Article. Under the County Charter, the County is composed of an executive and a legislative branch.

The executive branch implements and enforces the laws and administers the day-to-day business of the County. It consists of a County Executive (who is elected by the qualified voters of the entire County) and all other officers, agents and employees under the County Executive's supervision and authority, including the Chief Administrative Officer, who is responsible for the day-to-day administration of the County. The County Executive is elected for four-year terms by qualified voters of the County and is limited by the County Charter to two consecutive four-year terms in office.

The legislative branch of the County currently consists of nine district Council Members and two At-Large Council Members. County Council members are elected for four-year terms by qualified voters of the County and are limited by the County Charter to two consecutive four-year terms in office as district members and not more than two consecutive terms as at-large members.

Each member of the County Council has one vote. Six votes generally are required to pass legislation and an affirmative vote of two-thirds of the members of the full Council is needed to enact emergency bills and to override a veto by the County Executive. The County Council customarily elects from among its members a Chairman and a Vice-Chairman to serve one-year terms.

The court system for the County was established by and is operated under the authority of the State. District and Circuit Court judges are appointed by the Governor, but Circuit Court judges must thereafter run for election. Other State court officials are directly elected for various terms.

Population

From 1990 to 2020 the County has grown at an average rate of approximately 79,311 people every 10 years. Between 2010 and 2020 the population growth in the County increased 12.0%. The County's growth has been greater than the population growth in Maryland (7.0%) and the United States (7.4%) between 2010 and 2020. In 2021, the County had a population of 955,306, a decrease of 1.2% from the 2020 population of 967,201.

In 2020, 67.7% of the County's residents were between the ages of 15 and 64 years old, which was slightly higher than the State of Maryland (66.0%) and the United States (65.0%). The share of the County's population that was 65 years and older (13.8%) was lower compared to the State of Maryland (16.1%) and the United States (16.6%).

Population

1990 – 2020

Year	County	State of Maryland	United States
2020	967,201	6,177,224	331,449,281
2010	865,271	5,773,552	308,745,538
2000	801,515	5,296,486	281,421,906
1990	729,268	4,798,000	248,769,873
Percent Change (2010-2020)	11.8%	7.0%	7.4%
2021 (Est.)	955,306	6,165,129	331,893,745

Income

In 2021, aggregate personal income in the County totaled $52.5 billion and per capita personal income was $54,916, according to the U.S. Bureau of Economic Analysis. The compound growth rate of the County's per capita personal income between 2011 and 2021 was 2.8%. This percentage was lower than in the United States (4.1%) and the State of Maryland (3.0%).

The County's median household income in 2021 was $91,124 compared to $78,607 in 2017, an increase of 15.9% in the 5-year period. Jurisdictional comparisons are shown below:

Median Household Income

2017 and 2021

Metro Jurisdiction	Median Household Income 2017	2021	% Change
State of Maryland	$78,916	$91,431	16%
Washington Metro Area:			
Prince George's County	**78,607**	**91,124**	**15.9%**
Calvert County	100,350	120,295	19.9%
Charles County	93,973	107,808	14.7%
Frederick County	88,502	106,129	19.9%
Montgomery County	103,178	117,345	13.7%
Baltimore Metro Area:			
Anne Arundel County	94,502	108,048	14.3%
Baltimore City	46,641	54,124	16.0%
Baltimore County	71,810	81,846	14.0%
Carroll County	90,510	104,708	15.7%
Harford County	83,445	98,495	18.0%
Howard County	115,576	129,549	12.1%

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (as of March 2023)

Employment

A comparison between the employment distribution of the County and the State of Maryland is shown in the following chart.

Comparative Distributions of Non-Agricultural Employment by Industry

2017 - 2021

Industry	Prince George's County (2017) Sectoral Employment	% of Total	Prince George's County (2021) Sectoral Employment	% of Total	Maryland (2021) Sectoral Employment	% of Total
Government Employment	89,410	28%	88,413	29%	468,260	18%
Private Employment	230,244	72%	212,242	71%	2,091,636	82%
Natural Resources and Mining	114	0%	101	0%	7,543	0%
Construction	26,681	8%	27,604	9%	160,251	6%
Manufacturing	7,709	2%	6,804	2%	109,000	4%
Trade, Transportation and Utilities	60,891	19%	56,804	19%	438,709	17%
Information	3,611	1%	2,284	1%	33,471	1%
Financial Activities	11,563	4%	10,178	3%	141,741	6%
Professional and Business Services	40,910	13%	38,722	13%	463,165	18%
Education and Health Services	34,107	11%	32,116	11%	423,006	17%
Leisure and Hospitality	35,714	11%	29,516	10%	230,438	9%
Other Services	8,935	3%	8,066	3%	81,977	3%
Unclassified	16	0%	46	0%	2,325	0%
Total	319,654	100%	300,655	100%	2,559,896	100%

Note: Numbers may not sum due to rounding.
Source: Maryland Department of Labor, Licensing and Regulations Employment and Payroll - County Industry Series (as of March 2023).

Between 2013 and 2022, the unemployment rate for the County generally remained close to the State of Maryland's unemployment rate and at or below that of the United States, other than in 2021, as shown in the following table.

Labor Market Characteristics
2013-2022

	County Residents		Unemployment Rate (%)		
Year	Civilian Labor Force	Resident Employment	Prince George's County	State of Maryland	United States
2013	485,941	452,620	6.9	6.5	7.4
2014	486,156	457,128	6.0	5.7	6.2
2015	486,318	461,301	5.1	5.0	5.3
2016	499,860	478,398	4.3	4.3	4.9
2017	513,992	493,342	4.0	4.0	4.4
2018	514,880	494,574	3.9	3.8	3.9
2019	523,888	505,219	3.6	3.4	3.7
2020	514,828	474,418	7.8	6.5	8.1
2021	501,438	467,541	6.8	5.3	5.4
2022	496,637	479,080	3.5	3.2	3.7

*Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey and Local Area Unemployment Statistics Program.*Not seasonally adjusted. (as of May 2023)*

The County's diversity in employment is shown in the following table reflecting the largest private and public sector employers in the County.

Prince George's County Major Employers

2021 - 2022

Employer	Product or Service	Number of Employees
LARGEST PRIVATE SECTOR EMPLOYERS		
United Parcel Service	Package Delivery (Regional Headquarters)	3,000
MGM National Harbor	Casino Gaming	2,000
Gaylord National Resort Convention Center	Hotels and Conventions	2,000
ASCR Federal (Artic Slope Regional Corp)	Research and Engineering	1,903
University of Maryland Capital Region Health	Health Services/Nursing Homes	1,800
Verizon	Communications Services	1,800
CBMC Capital	Building Maintenance	1,800
Knight Protective Services	Security Guard Service	1,500
LARGEST PUBLIC SECTOR EMPLOYERS		
University System of Maryland[1]	Higher Education	20,250
Prince George's County Public School System	Education	20,000
Joint Base Andrews Naval Air Facility Washington[2]	Defense Installation (civilian and military employees)	11,650
U.S. Internal Revenue Svc.[2]	Federal Revenue Collection	4,735
U.S. Census Bureau[2]	Federal Demographic Research	4,605
WMATA	Public Transportation	3,546
United States Bureau of the Census[2]	Demographic and Economic Surveys	4,605
NASA/Goddard Space Flight Center[2]	Space Satellite Design and Tracking	3,000
Prince George’s Community College	Education	2,045
National Maritime Intelligence-Integration Office[2]	Federal Maritime Intelligence Analysis	1,890
U.S. Dept. of Agriculture[2]	Federal Government	1,725
National Oceanic and Atmospheric Administration[2]	Weather Analysis and Reporting	1,375

Note: Excludes post offices, state government, national retail and food service; includes higher education.

[1]Includes University of Maryland College Park, University of Maryland Global Campus and Bowie State University

[2]Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be

Source: Maryland Department of Commerce (as of January 2023), Prince George's County Economic Development Corporation

Retail Sales

The Maryland sales and use tax rate is 6% on all taxable sales other than certain vehicle rentals and sales of mobile homes. Beginning July 1, 2011, the tax rate for alcoholic beverages, including mixtures, increased from 6% to 9%. Most sales of food by substantial grocery or market businesses are not subject to the sales tax. Other exemptions include medicine, energy for residential use, manufacturing machinery and equipment, and certain agricultural equipment and supplies.

Housing

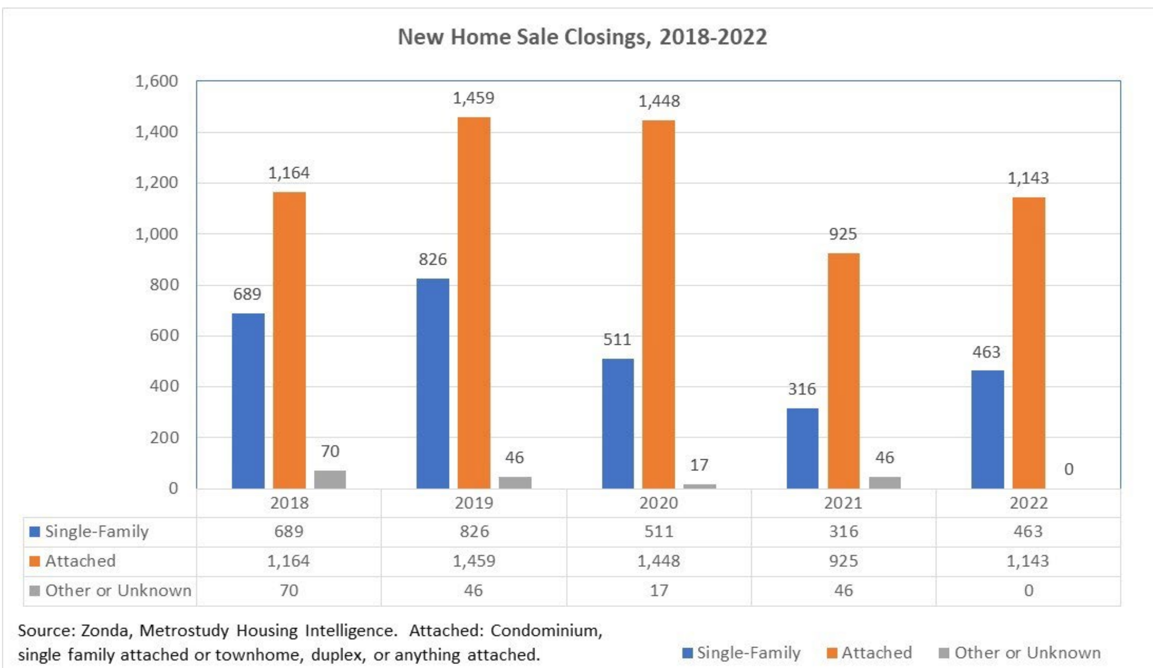
The composition of the County’s housing market is displayed in the following table. Between 2017 and 2021, total housing units increased by 10.0% (an increase of approximately 30,672 units). During this time period, single family homes increased by 8.6% and multi-family homes increased by 13.1%.

Housing Units by Type of Structure

	2017	2018	2019	2020	2021
Single Family					
Number of Units	211,595	213,162	213,508	216,139	229,781
Percent of Market	69.0%	69.0%	68.6%	68.5%	68.1%
Multi-Family					
Number of Units	95,099	95,687	97,835	99,495	107,585
Percent of Market	31.0%	31.0%	31.4%	31.5%	31.9%
Total Units	306,694	308,849	311,343	315,634	337,366

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (as of April 2023)

Over the last several years, townhomes, duplexes, and condominiums have made up a majority of new home sales in the County, averaging 67.7% of total new home sales from 2018 to 2022. Single family detached homes have averaged 30.1% of new sales during this period.



Source: Zonda, Metrostudy Housing Intelligence (as of March 2022)

According to the State Department of Assessments and Taxation, median residential sales of owner-occupied properties in the County have increased by 7.3% from fiscal year 2021 to fiscal year 2022. The median sales price of these properties has also increased during this time period from $382,270 in fiscal year 2021 to $410,000 in fiscal year 2022.

Median Residential Sales

Improved, Owner-Occupied Properties

Fiscal Year	Number of Transactions	Annual Growth Rate	Median Sales Price	Annual Growth Rate
2022	11,677	3.9%	$ 410,000	7.3%
2021	11,242	30.5%	382,270	7.7%
2020	8,617	-6.3%	355,000	7.6%
2019	9,200	5.0%	330,000	3.3%
2018	8,766	10.9%	319,393	5.6%
2017	7,904	15.4%	302,313	5.0%
2016	6,851	32.0%	288,000	3.2%
2015	5,192	17.1%	279,189	24.6%

Source: Maryland Department of Assessments and Taxation (as of March 2023)

The following table shows the number of owner-occupied residences distributed within certain housing value ranges. During 2021, the majority of residences were valued between $300,000 and $499,999.

Estimated Market Value of Owner-Occupied Residential Property

	2020		2021		Increase (Decrease)
Value Range	Number of Residences	Share of Residences	Number of Residences	Share of Residences	Number of Residences
Less than $50,000	4,128	2.1%	4,808	2.3%	680
$50,000 to $99,999	3,742	1.9%	3,729	1.8%	(13)
$100,000 to $149,999	6,371	3.2%	5,407	2.6%	(964)
$150,000 to $199,999	13,149	6.7%	10,658	5.1%	(2,491)
$200,000 to $299,999	58,761	30.0%	54,922	26.2%	(3,839)
$300,000 to $499,999	89,642	45.7%	102,850	49.0%	13,208
$500,000 to $999,999	18,822	9.6%	25,598	12.2%	6,776
$1,000,000 or more	1,498	0.8%	1,822	0.9%	324
Total Owner-Occupied Units	196,113		209,794		13,681

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates (as of April 2023).

Note: Due to rounding, percentages may not total 100 percent.

Commercial and Industrial Growth

A summary of building permit activity, including residential as well as commercial and industrial (non-residential) projects is provided in the following table.

Between 2013 and 2022, the value of new residential construction within the County has averaged approximately $356.1 million annually. Non-residential construction has averaged approximately $583.5 million annually. The value of new residential construction within the County in 2022 was $322.6 million as compared to $263.4 million in 2021. The value of new non-residential construction within the County in 2022 was $1,404.5 million as compared to $548.1 million in 2021.

Building Permits

	Residential			Commercial			Total		
Calendar Year	Permits Issued	Total Valuation ($K)	Average Valuation ($K)	Permits Issued	Total Valuation ($K)	Average Valuation ($K)	Total Permits Issued	Total Valuation ($K)	Average Valuation ($K)
2013[(1)]	1,642	264,814	161	224	131,814	588	1,866	396,628	213
2014[(2)]	1,727	264,638	153	359	364,466	1,015	2,086	629,104	302
2015[(3)]	1,669	261,672	157	294	1,600,038	5,442	1,963	1,861,710	948
2016[(4)]	1,745	801,888	460	203	199,938	985	1,948	1,001,826	514
2017	1,831	312,176	170	215	363,286	1,690	2,046	675,462	330
2018	1,405	358,368	255	145	291,947	2,013	1,550	650,315	420
2019	2,148	368,742	172	130	398,242	3,063	2,278	766,984	337
2020	2,112	342,820	162	180	532,297	2,957	2,292	875,117	382
2021	1,501	263,368	175	144	548,087	3,806	1,645	811,455	493
2022	1,858	322,569	174	188	1,404,450	7,470	2,046	1,727,019	844
Total CY 12-21	17,638	3,561,054	2,039	2,082	5,834,566	29,031	19,720	9,395,620	4,782
Average Annual	1,764	$356,105	$204	208	$583,457	$2,903	1,972	$939,562	$478

[(1)]Prince George's County Department of Permitting, Inspections and Enforcement (DPIE) Opened July 1, 2013

[(2)]First full year of DPIE Existence

[(3)]Major design-build commercial developments under construction in CY 2015: MGM Resort Casino $1,300,000 and College Park Hotel $130,000

[(4)]Recovery in residential market and increased construction of larger, more expensive homes and apartments

Source: Prince George's County Department of Permitting, Inspections and Enforcement (Updated March 2023)

COVID-19 Outlook

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was Since March 2020, the County made many difficult financial decisions to adjust to unprecedented times caused by the COVID-19 pandemic. Federal and State partners provided some much-needed assistance, and the County's revenues exceeded initial projections. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided $158.6 million of aid to address various government, community and business needs related to the pandemic. Under the American Rescue Plan Act (ARPA) of 2021, the County received $176.6 million from the Coronavirus Local Fiscal Recovery Fund. The County's ARPA spending plan allocated funding for various purposes including COVID-19 testing, vaccinations and mental health services ($54.6 million), government operations including hazard pay, government building cleanings, enhancements to the cyber security IT infrastructure and digitization projects ($46.7 million), housing and supportive services for vulnerable populations ($17 million), stormwater management and flooding projects ($32.3 million) and funding to support the economic recovery efforts including rapid re-employment grants and the preservation of affordable housing ($26 million). Moreover, federal and State aid programs provided the County with $297.8 million of funding to support various programs including emergency rental assistance, support for local businesses, local transit services, elderly and congregate meals, public safety services as well as resources to address the public health needs. Additionally, the County is continuing to seek reimbursement of costs through the Federal Emergency Management Agency (FEMA) Public Assistance program for eligible expenditures. To date, the County has received $6.1 million in public assistance reimbursements, $9.7 million is pending consideration and a $36.2 million cost reimbursement request was submitted in March 2023. The County anticipates that the final disbursement of reimbursements will be evaluated and finalized by FEMA within the next six months. When received, this funding will be recognized as General Fund revenue.

Economic Development Strategy

The M-NCPPC, and its consultants, Jacob France Institute at University of Baltimore's Merrick School of Business and Economy Partners, LLC, updated the County's 2013 strategic plan with the 2022 Economic Development Strategic Action Plan. It continues a focus on high growth industry sectors (Healthcare and Life

Sciences, Business Services, ICE (Information, Communications and Electronics) and the federal government with additional attention on nurturing innovation, partnerships and placemaking.

There are sixteen federal agencies located in the County, with many of them focused on research and development. These agencies attract technology companies as partners/contractors for their operations. The NASA Goddard Space Flight Center, the USDA Beltsville Agricultural Research Center, USDA-APHIS, the Army Research Laboratory, the Institute for Defense Analysis, the Internal Revenue Service, and the U.S. Census Bureau Supercomputer Center support the local technology business base. The University of Maryland at College Park has continuing construction of facilities, some identified for national security-related information technology tenants, in its 150-acre Discovery District.

Below is additional information about certain significant retail, commercial, and/or entertainment projects that are pending or have been completed recently:

- The United States Citizenship & Immigration Services (USCIS) through a long-term lease agreement with One Town Center, LLC constructed a 575,000 square foot, high-security, blast-resistant office building and 1,755 space parking structure at the Branch Avenue Metro Station. This is now home to approximately 3,200 full-time USCIS employees and 500 part-time employees, who relocated to the new headquarters in Camp Springs. The construction was completed in 2020. This project is projected to spur additional transit-oriented development that includes retail.

- The County negotiated a $30 million grant from the Maryland Department of Transportation for the construction of the major access road serving the proposed Konterra Development, an economic development project in the northern portion of the County that is expected to create jobs and strengthen the County's commercial tax base. The access road connects Konterra to the new Contee Road Interchange at I-95, as well as to the new Intercounty Connector (MD Route 200) interchange at Virginia Manor Road. The realignment and reconstruction of the roadway provides access to undeveloped and previously inaccessible areas in northern Prince George's County. The proposed Konterra Town Center East 488-acre development adjacent to the new road has the ability to accommodate about two million square feet of commercial space and 2,000 residential units, where the design of the multifamily residential development with retail component is currently underway.

- The Towne Square at Suitland Federal Center is a $500 million mixed-use development currently under construction adjacent to the Suitland Federal Center with six federal agencies and more than 7,000 employees. Construction of 219 townhouses and 137 senior multi-family units has been completed and an additional 770 multi-family units are planned. Additional development will include 87,000 square feet of retail space, 50,000 square feet of public space and a hotel with conference space.

- The EDC Innovation Station Business Incubator (ISBI) opened in February 2018 as a collaborative co-working space and an expansion of the EDC's former Technology Assistance Center (TAC) business incubator. It is located in Largo within a federal Opportunity Zone and Foreign Trade Zone to foster the success of small businesses, entrepreneurs and inventors, and provide a soft landing for international businesses entering the U.S. market providing foreign direct investment.

- Westphalia Town Center is a planned mixed-use town center in Upper Marlboro that will offer 347 townhomes, over 400 apartments, a 150-room hotel and 500,000 square feet of retail shopping on 479 acres during phase one. The project broke ground in June 2013. Townhome construction began in 2016. At completion of the overall project, the development is expected to have 15,000 homes, one million square feet of retail space, four million square feet of office and light industrial space and a hotel, making it one of the largest developments in Prince George's County.

- Kaiser Permanente of the Mid-Atlantic, an affiliate of Kaiser Permanente, expanded in April 2019 to a 176,000 square foot build-to-suit class A office building adjacent to the New Carrollton Metro Station in Lanham for its administrative and information technology operation of 1,000 employees. The healthcare provider also constructed a new $38 million, 45,500 square foot medical office building in the Greater

Bowie area that opened in August 2021 and created 75 permanent full-time jobs. At the Kaiser Permanente Medical Center in Largo it is expanding its existing Advanced Urgent Care function and its parking garage with both projects expected to be completed in 2024.

- Children's National Medical Center expanded in the County to a 60,000 square foot build-to-suit class A medical office building in July 2020 at the Woodmore Towne Centre at Glenarden. The project created 300 permanent full-time jobs, providing healthcare for children.

- With its US headquarters in Arlington, Virginia, Lidl, a global discount supermarket chain from Germany, has 177 stores in 9 states, and the District of Columbia, along the East Coast. Lidl made an imprint here in Prince George's County with 6 store locations; the first in 2018 in Bowie, followed by stores in District Heights, Lanham, College Park, Takoma Park and Oxon Hill. A seventh store is under development in Fort Washington.

- Anchored by Prince George's County's first Whole Foods Market, The Station at Riverdale Park boasts over 120,000 square feet of occupied retail space. Tenants include Gold's Gym, Starbucks, District Taco, Burton's Grill & Bar, Jersey Mike's Subs, MOD Pizza, Denizens Brewing Company and Habitat Burger, among others.

- The Discovery District is the University of Maryland - College Park's 150+ acre research park with over $2 billion in public and private development and more in the pipeline. The Discovery District is home to a combination of established national companies, start-up ventures, government agencies, university research centers and nonprofit organizations. One of the most highly visible companies within the Discovery District is IonQ - a quantum computing spinout of the University that became the world's first publicly traded pure-play quantum computing company after its debut on the NSYE in October 2021. Prominent projects in the Discovery District include Corporate Office Properties Trust's (COPT's) four existing class A office buildings, with plans for two additional class A office buildings at 4400 and 4500 River Road; three St. John Properties' flex R&D buildings that are home to College Park Academy (a charter school for middle and high school students), as well as light manufacturing maker space; WeWork College Park offering co-working and private office space, which is the first WeWork in the State of Maryland, as well as the first on a college campus; the newly opened The Hall CP, an 8,000 square foot cafe, restaurant and event venue with a "beer garden" backyard; and The Hotel at the University of Maryland, a four-diamond $180 million hotel with 297 guest rooms and 43,000 square feet of conference space. Situated in the center of the Discovery District is the College Park Metro station, a stop along WMATA's rail system that connects to Washington, DC and Northern Virginia on the yellow and green lines. A TOD mixed-use residential development on 6.4 acres of land is coming in the Spring of 2024 named Gilbane's Atworth at College Park Metro Station. This new development will include 451 multifamily residential units, 5,000 square feet of retail space and a 324-space parking garage at the College Park Metro Station. Additionally, a new $300 million mixed-use development was announced in April 2021 for a five-acre site at Campus Drive and Baltimore Avenue to include new office, retail, research and housing space by the campus' main gateway to start with two office buildings totaling approximately 313,000 square feet with approximately 40,000 square feet of first floor retail.

- MedStar Southern Maryland Hospital in Clinton has several improvements recently completed that include a new $11 million, 25,000 square foot cancer center completed in 2020 which resulted in 120 net new jobs; and a new $41 million, 70,000 square foot emergency room was completed in March 2021 and a $7.6 million, 13,400 square foot behavioral health unit renovation completed in the second half of 2021 with a combined addition of 80 net new jobs.

- University of Maryland Laurel Regional Medical Facility/Laurel Regional Hospital Emergency Room is a $19.8 million, 55,481 square foot facility under construction located adjacent to the University of Maryland Laurel Health Campus. Expected opening in June 2023. Also at the University of Maryland Laurel Health Campus, the Laurel Regional Physician Office Building is a $63 million, 111,276 square foot facility under construction. Catalyst Healthcare Real Estate is scheduled to deliver the project in March 2024.

- National Harbor II is a new 50,000 square foot Class A medical office building delivered in 2022 at National Harbor. The lead tenant will be Adventist HealthCare. Tenant fit out is currently underway.

- Riverfront at West Hyattsville Metro Station development will include a new Kaiser Permanente 3-story 45,765 square foot build-to-suit Class A medical office building, 183 townhouses, 600 apartments and 10,000 square feet of retail space. The Kaiser Permanente medical office opened in August 2022.

- Aster College Park (formerly Southern Gateway) development in College Park broke ground in April 2020 and celebrated its grand opening in December 2022 with mixed-use development that includes 393 multi-family housing units, 60,000 square feet of retail space including the County's first Trader Joe's grocery store and a 700-space structured parking facility.

- Carillon mixed-use development is situated on 38.7 acres of land adjacent to the Largo Metro Station and the new University of Maryland Capital Region Medical Center. The nearly $1 billion project at full buildout as planned will include 1,493 multi-family residential housing units, 183 condominiums, a 300-room hotel, 248,500 square feet of retail space and 719,000 square feet of office space. The construction of the development was delayed in March 2020 following the COVID-19 outbreak but has now restarted with Ella at Carillon currently under construction – a $60 million, 125,000 square foot Class A physician office building – scheduled to open in 2023 creating 350 permanent full-time jobs. Phase II of the Carillion will produce 25,000 square feet of commercial development and 351 residential units with an estimated delivery date in the fourth quarter of 2025.

- University of Maryland Capital Region Medical Center is a $543 million state of the art teaching hospital located adjacent to the Largo Metro Station. It is a 205-bed hospital that will include centers devoted to cancer and stroke care, a self-contained pediatric hospital and programs in neuroscience and women's health. The Regional Medical Center opened in June 2021. An $80 million Cancer Center is under construction, scheduled for delivery in March 2024.

- U.S. Department of Labor's Bureau of Labor Statistics has announced its intention to relocate its 1,800-employee headquarters from Washington, DC to the Suitland Federal Center. In December 2022 GSA awarded the contract to renovate space at the Suitland Federal Center to accommodate the new employees.

- U.S. Department of the Treasury has announced its decision to relocate its U.S. Bureau of Engraving and Printing currency production facility from Washington, DC to a new $1.49 billion, one million square foot build-to-suit facility on a 104-acre site at the USDA Beltsville Agricultural Research Center. Site preparation has begun. Four production lines are scheduled to be transferred to the new facility from 2025 – 2030 with 1,286 employees.

- The GSA has leased a 13.61-acre site in Clinton where two interconnected warehouses with a minimum of 100,000 square feet of warehouse space and 30,000 square feet of office space will be constructed for the U.S. Secret Service. The $55.3 million project is scheduled for occupancy in June 2024.

- Hampton Park redevelopment is a $250 million mixed-use project under development and scheduled to open in 2025 in Capitol Heights. It will be anchored by the headquarters of the County's health and human services' agencies (Departments of Health, Family Services, and Social Services) in a new 100,000 square foot Class A office building. The project plans for 135,000 square feet of retail space, 600 multi-family residential units and a 125-150 room hotel.

- Metro City at Addison Road Metro Station in Capitol Heights is a $400 million mixed-use development that includes 1,100 multi-family residential units, a 304-unit senior housing facility and 100,000 square feet of retail space. Phase 1 (74 townhouses) is currently going through the County's rough grading permit process.

- Target has acquired 675,900 square feet of warehouse space in Upper Marlboro and is expanding it by 416,300 square feet of new construction for its Target Perishable Distribution Center completed in 2022 and its Target Return Center to be completed in 2023. The $490 million project has already created 450 jobs at the Target Perishable Distribution Center and plans to create 400 jobs at the soon to open Target Return Center.

- Washington Metropolitan Area Transit Authority (WMATA) announced it would relocate its Washington, DC headquarters into a Virginia headquarters and a Maryland headquarters. In March 2023 the Maryland headquarters held its grand opening. The new facility with 1,200 WMATA employees is located adjacent to the New Carrollton Metro Station in a 14-story, 371,800 square foot build-to-suit Class A office building with 3,000 square feet of retail.

- National View is a newly approved walkable, bikeable, mixed-income, mixed-age, vibrantly mixed-use community featuring residential, a major hotel, retail, community gardens and trails overlooking National Harbor. It is a $400 million development on 30 acres of land in a federally designated opportunity zone in Forest Heights. The project will feature affordable and senior multifamily housing. The project is currently going through the County's site plan approval process.

- Livingston Square Shopping Center redevelopment project in Fort Washington is a mixed-use project with a redeveloped 42,834 square foot Giant Food grocery store that opened in November 2021. The center also has 30,000 square feet of newly developed retail space where tenants have started to lease space, including Panera Bread and Jersey Mike's Subs.

- National Capital Business Park is a 300-acre industrial development project that will bring 5.2 million square feet of industrial space to Upper Marlboro. The project will feature an industrial campus environment with 11 buildings that will house multiple industrial users. To date, potential tenants for nearly one million square feet of space have signed Letters of Intent, and there are serious inquiries for more than all the space the park will provide. The project will create more than 3,000 jobs. The project is expected to break ground in the last quarter of 2023.

- Prince George's County has become the region's strategic location for multiple Amazon "last-mile distribution centers." Essentially, last mile distribution is defined as the movement of goods from a transportation hub to the final delivery destination, which is typically a personal residence. The focus of last mile logistics is to deliver items to the end-user as quickly as possible. Last mile centers are usually in excess of 100,000 square feet and utilize state-of-the-art technology to carry out operational functions, as well as employ hundreds of staff to perform those functions. To date, Amazon has established five last mile distribution centers in the County totaling 974,000 square feet of warehouse/distribution space with more than 1,300 employees. A sixth last mile distribution center with 250,000 square feet of space is under construction in Forestville.

Major Economic Development Projects

Several projects, reflecting a range of commercial development in the County, are listed in the following chart.

Major Commercial Projects Recently Completed, Under Construction, or in Development Stage

Project Name	Location	New or	Occupancy	Capital	Size (Square
Projects Completed or Under Construction					
South Lake (Mixed-Use)	2	New	2022-2023	$344.0	600,000
Target Perishable Distrubtion Center		New	2020	240.0	692,200
Corporate Office Property Trust (COPT) at UMD Discovery District	5	New	2020	N/A	111,276
Bozzuto College Park JV (Mixed-Use) - Aster College Park	6	New	2022	113.0	500,000
New Carrollton Metro Area South (Mixed-Use) - (Phase 2)	10	New	2022-2023	79.3	986,000
The Towne Square at Suitland Federal Center (Mixed-Use)	11	New	2022-2023	500.0	1,314,235
MedStar Southern Maryland Hospital	12	Expansion	2020-2021	59.6	108,400
Ritchie Station (Phase 2)	13	Expansion	2022	37.0	180,000
Ritchie Station (Phase 3)	13	Expansion	2022	38.0	200,000
West Hyattsville Metro - Riverfront at West Hyattsville and Kaiser	14	New	N/A	N/A	N/A
Hargrove Industrial Campus	15	Expansion	2021	150.0	400,000
Regional Medical Center	16	New	2021	543.0	620,000
Westphalia Town Center (Phase 1)	18	New	N/A	N/A	5,900,000
Amazon - Last Mile Distribution Centers - 5 locations	19	New	2018-2022	N/A	974,000
Purple Line Transit Light Rail (Prince George's County Section)	20	New	2027	3,400.0	N/A
Hampton Mall (Redevelopment) - (Mixed-Use)	21	New	2024	250.0	280,000
Branch Avenue Metro (U.S.C.I.S. Headquarters)	22	New	2020	265.0	575,000
Sub-Total A				$6,018.9	13,441,111
Projects in Development Stage					
Konterra (Town Center East) (Mixed-Use)	1	New	N/A	N/A	5,300,000
National Capital Business Park	2	New	2024-2029	N/A	5,200,000
Metro City (Mixed-Use)	3	New	2024	$ 400.0	400,000
Greenbelt Metro Area (Mixed-Use)	4	New	N/A	N/A	3,000,000
University of Maryland (UMD) Discovery District	5	New	N/A	N/A	4,804,000
College Park Metro (Mixed-Use)	7	New	N/A	N/A	N/A
Largo Metro (RPAI at Carillon)	8	New	N/A	1,000.0	1,200,000
US Bureau of Engraving and Printing	9	New	2027-2030	1,487.0	1,000,000
Amazon - Last Mile Distribution Center (Forestville)		New	2023	N/A	250,000
Target Return Center (Upper Marlboro)		New	2023	250.0	400,000
Sub-Total B				$3,137.0	21,554,000
Total (A+B)				$9,155.9	34,995,111

Source: Prince George's County Economic Development Corporation (as of April 2023)

Transportation

The County is located near three major airports: Baltimore Washington International Thurgood Marshall Airport; Washington Dulles International Airport; and Ronald Reagan Washington National Airport. Interstate 95 provides the County with access to the nation's eastern seaboard, including the major commercial centers in Baltimore, Philadelphia and New York City. Interstate 495 (the Capital Beltway) circles Washington, D.C. and provides access both to that city and to nearby suburban jurisdictions. Other major highways in the County include the Baltimore-Washington Parkway (Route MD 295), U.S. Route 50 (access to Maryland's eastern shore) and U.S. Route 3/301 (access to Baltimore and Virginia). The Washington Metropolitan Area Transit Authority (WMATA) Metrorail system operates a 117-mile subway system. The system serves Washington, D.C. and nearby suburban areas, including five lines and 15 stations that serve the County. WMATA's local bus system has more than 70 routes serving County residents. The County supplements WMATA's bus service with "TheBus."

The County is served by CSX Transportation, Norfolk Southern Railway, Amtrak Metroliner passenger service (including a station at New Carrollton on Amtrak's Northeast Corridor service and the 16 mile/21 station Purple Line light rail transit system under construction, connecting Prince George's and Montgomery counties), and the MARC (Maryland Area Regional Commuter) rail system which has two lines that run through the County, both of which provide service between Baltimore City (and surrounding areas) and Washington, D.C.'s Union Station, with 9 stations in the County. More than 90 freight lines serve the County. Most of the County lines lie within the Washington commercial zone as defined by the Interstate Commerce Commission.

Utilities

Baltimore Gas & Electric Company (BGE), Potomac Electric Power Company (PEPCO), and Southern Maryland Electric Cooperative, Inc. (SMECO) provide the County with electricity services. County residents have the option of choosing their electric supplier. Natural gas is supplied by Washington Gas or BGE; however, County residents have the option of buying natural gas directly from natural gas suppliers. BGE and PEPCO are both subsidiaries of Exelon Corporation. Washington Suburban Sanitary Commission provides the water supply to the entire County and wastewater treatment services for part of the County. The District of Columbia Water and Sewer Authority also provides wastewater treatment services for parts of the County. Storm drainage for the County is provided by the County Department of the Environment.

Property Taxes

The County levies real and personal property taxes on all taxable property within its boundaries. Taxes are due in full on July 1 and become delinquent on the following October 1 with the exception of those taxes owed by (1) small business owners for which annual property taxes do not exceed $100,000 who qualify for a semi-annual payment plan (effective July 1, 2012); and (2) and homeowners living in their properties who qualify for a semi-annual payment plan. Semi-annual taxpayers must pay one-half of the annual taxes by September 30 and the remaining one-half in a second installment by December 31 of the fiscal year. No discount is allowed for early payment. Interest at the rate of 2/3% per month and a penalty of 1% per month are charged after September 30 (December 31 for the second semi-annual payment), except that tax bills issued after September 30 may be paid within 30 days without interest or penalty. Tax sales to recover delinquent real property taxes are held on the second Monday in May in the fiscal year taxes are due and payable. Legal action may be taken to enforce payment of both real and personal property taxes.

An independent state agency, the State Department of Assessments and Taxation ("SDAT"), assesses all real property and tangible personal property in Maryland. Real property is reassessed on a three-year cycle by reviewing one-third of all property in Prince George's County every year for the purpose of property taxation by State and local governmental units. Prior to 2001, real property had been valued at market value and assessed in each year at 40% of phased-in market value. Beginning in 2001, property tax rates are applied to 100%, instead of 40%, of the value of real property.

By law, the annual taxable assessment growth of owner-occupied residential property is capped at the lesser of the percentage of increase in the Consumer Price Index ("CPI") for the previous 12 months or 5% of the prior year's taxable assessment. The cap for fiscal year 2022 was set at 1%, based on the CPI. In fiscal year 2023, the cap was set at 5% based on the CPI. State law also provides that certain owner occupants of residential property may receive certain property tax credits based on various criteria including their income and net worth. The County is reimbursed by the State for some of these tax credits. Certain real estate developments inside the Capital Beltway within census tracts where the median household income does not exceed 100% of the median household income for the County based on census numbers (Revitalization Tax Credit Districts) are eligible to receive tax credits. This provides tax incentives for revitalization projects, with a long-term goal of enhancing the communities and preserving the tax base.

Tangible personal property and commercial and manufacturing businesses are assessed annually at fair market value with no inflation allowance, based upon annual reports filed with SDAT. Public utility property is assessed at fair market value determined by reference to both income and property values, with the exception that power-generating personal property has been subject to a phased-in partial assessment due to the State's electricity deregulation. The County grants some personal property tax credits for research and development property, designed to stimulate economic development.

The following table sets forth the growth rate of the assessed and estimated actual value of real and personal property in the County.

Assessed and Estimated Actual Value of Taxable Property
($ millions)

	Real Property		Other Property		Total	
Fiscal Year	Assessed Value	Estimated Actual Value	Business Personal Property(1)	Public Utilities	Assessed Value	Estimated Actual Value
2024(1)		$ 119,573.6	$ 1,675.0	$ 1,751.1	$ 3,426.1	$ 122,999.7
2023(1)	113,208.5	112,939.7	1,670.0	1,770.9	116,649.4	116,380.6
2022	107,901.6	107,956.1	1,519.0	1,751.9	111,172.6	111,227.1
2021	102,935.5	103,285.9	1,826.7	1,671.5	106,433.7	106,784.1
2020	97,869.3	97,651.7	1,587.4	1,610.3	101,067.0	100,849.4

(1) Estimated for the year ending June 30, 2023 & June 30, 2024 as of November 30, 2022.

Source: Maryland State Department of Assessments and Taxation

Real and Personal Property Taxes

(Levies and Collections)

Fiscal Year	Assessed Value ($ millions)	Tax Rate per $100 Assessed Value	Tax Levy Excluding Adjustments	Collected During Fiscal Year	Percent Collected as of June 30
2022	111,432.7	1.00	1,176,039,174	1,169,406,182	99.4
2021	106,747.4	1.00	1,129,751,534	1,120,945,649	99.2
2020	101,368.8	1.00	1,069,349,703	1,061,231,787	99.2
2019	90,719.1	1.00	1,019,425,084	1,019,425,084	99.4
2018	89,167.2	1.00	971,598,769	967,523,822	99.6

Source: Office of Finance

The following table provides a breakdown of the property tax rate into its component parts. The "General" rate is the only listed component that is subject to the limitations of Section 812. Pursuant to Section 812, the County shall not levy "a real property tax which would result in a total collection of real property taxes greater than the amount collected in fiscal year 1979." Section 812 further provides that "the County may levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in fiscal year 1979 if the real property tax rate does not exceed two dollars and forty cents ($2.40) for each One Hundred Dollars ($100.00) of assessed value." In 2012, the Maryland Senate passed Senate Bill 848 that provides for the property tax rate to be set higher than the rate authorized under the County Charter. Any additional revenue generated as a result of the higher property tax rate is for the sole purpose of funding the approved budget of the local school board. The fiscal year 2016 Budget set the County's nominal real property rate at $1.00/$100 of assessed value. The "Stormwater Management" component pays debt service on bonds issued to provide funds for, and other expenses pertaining to, stormwater management facilities. The Washington Suburban Transit Commission (WSTC) component pays for the County's contribution to WSTC and other related mass transit costs. The Maryland State and the M-NCPPC components identify taxes collected by the County on behalf of those entities.

FY 2023 Property Tax Rates in Dollars / $100 of Assessed Value

PRINCE GEORGE'S COUNTY		OVERLAPPING TAXING ENTITIES		
General	Stormwater Management	WSTC	Maryland State	M-NCPPC
$1.00	$0.054	$0.026	$0.112	$0.294

Source: Office of Finance

Property Tax Levies ($ thousands)					
	PRINCE GEORGE'S COUNTY		OVERLAPPING TAXING ENTITIES		
Fiscal Year	General	Stormwater Management	WSTC	Maryland State	M-NCPPC
2023[1]	1,126,239	57,601	31,601	126,568	343,279
2022	1,014,234	54,939	30,065	120,554	326,498
2021	976,891	52,801	28,829	114,522	313,101
2020	933,431	49,933	27,263	108,838	295,865
2019	893,800	47,510	25,928	102,756	281,363

[1] As of February 28, 2023

Source: Office of Finance

The top 10 principal taxpayers within the County for fiscal year 2022 are as follows:

Principal Taxpayers December 31, 2022			
Taxpayer	Real Property Assessment	Personal Property Assessment	Total Assessment
NATIONAL HARBOR GRAND LLC	$ 1,163,604,034	$ -	$ 1,163,604,034
POTOMAC ELECTRIC POWER CO	7,284,600	842,526,550	849,811,150
GAYLORD NATIONAL LLC	665,236,200	-	665,236,200
WASHINGTON GAS LIGHT CO	7,985,234	363,052,820	371,038,054
EMPIRIAN VILLAGE OF MD LLC	313,354,299	1,351,940	314,706,239
GREENBELT HOMES INC	266,325,758	250,090	266,575,848
BALTIMORE GAS & ELECTRIC CO	129,600	266,333,600	266,463,200
SSC MARYLAND APARTMENTS LLC	235,468,100	3,681,220	239,149,320
VERIZON-MARYLAND LLC	-	233,290,750	233,290,750
COMCAST OF MARYLAND, LLC	-	223,761,190	223,761,190
Totals	$ 2,659,387,825	$ 1,934,248,160	$ 4,593,635,985
Percentage of Total Assessable Base	2.3%	1.7%	3.9%

Source: Office of Finance

Statutory Debt Limit

Pursuant to the the Express Powers Act, the statutory debt limit of the County is the sum of 6% of the assessable base of all real property of the County plus 15% of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article. State law authorizes certain exclusions from such calculation. Obligations issued by the Revenue Authority are excluded from the County's statutory limit. The current debt limit of the County is shown in the following table.

Statutory Debt Limit	
June 30, 2022	
County General Obligation Bonds	$ 2,577,630,000
Maryland Water Quality Loan	45,152,852
Maryland Development Debt	-
Maryland CDA Infrastructure Financing Bonds	-
Total Debt of the County	2,622,782,852
Less: Portion of Debt Excludable by State Law:	
County General Obligation Bonds for:	
Mass Transit Facilities	2,838,121
Stormwater Facilities	357,459,538
Solid Waste Projects	73,371,638
School Facilities Surcharge-Supported	428,491,248
School Facility Supported by Telecommunication Tax	7,795,454
Maryland Water Quality Loan	45,152,852
Maryland Development Debt	-
Maryland CDA Infrastructure Financing Bonds	-
Total Excludable Debt	915,108,851
County Debt Subject to Statutory Debt Limitation	1,707,674,001
Assessable Base of Real Property Taxation (FY2022)	112,696,780,390
Assessable Base of Personal Property and Operating Real Property Taxation (FY2022)	3,397,009,910
Debt Limit (a total of 6% of Real Property Assessable Base and 15% of Assessable Base of Personal Property) (FY2022)	7,271,358,310
Less: County Debt Subject to Debt Limitation	1,707,674,001
County Debt Margin	5,563,684,309

Source: Office of Finance

The following table shows (i) gross direct debt, net direct tax-supported General Fund debt, overlapping and underlying debt of the County and various entities incurred for capital purposes and outstanding; (ii) a schedule of net tax supported debt service requirements paid from the County General Fund sources; and (iii) the rapidity of net tax-supported General Fund principal payments in 5, 10, 15 and 21 years, as of June 30, 2022.

Direct, Overlapping and Underlying Debt Statement

($ millions)

June 30, 2022

	Gross Debt Principal Amount	Self-Supporting Debt	Net Tax-Supported General Fund Debt Principal Amount
Direct Debt			
County General Obligation Bonds:			
General Purpose	$ 1,707.7	-	1,707.7
Mass Transit	2.8	2.8	-
Stormwater Management	357.5	357.5	-
Solid Waste Management	73.4	73.4	-
School Facilities Surcharge-Supported	428.5	428.5	-
School Facilities Supported by Telecommunication Tax	7.8	7.8	-
Maryland Water Quality Loan	45.2	45.2	-
Maryland CDA Development Debt	-	-	-
Maryland CDA Infrastructure Financing Bonds	-	-	-
Total Direct Debt	2,622.8	915.1	1,707.7
Overlapping and Underlying Debt			
Washington Suburban Sanitary Commission	1,135.8	1,135.8	-
Maryland-National Capital Park and Planning Commission	114.8	114.8	-
Industrial Development Authority of Prince George's County Lease Revenue Bonds	-	-	-
Underlying Towns and Cities Within County	93.9	93.9	-
Total Overlapping and Underlying Debt	1,344.5	1,344.5	-
Total Direct, Overlapping Debt and Underlying Debt	3,967.3	2,259.6	1,707.7

Source: Office of Finance

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of ____________, 2024 (the "Disclosure Certificate"), is executed and delivered by the Washington Suburban Sanitary Commission (the "Commission") in connection with the issuance and delivery of its $283,295,000 Consolidated Public Improvement Bonds of 2024 (the "Construction Bonds") and the $28,345,000 Consolidated Public Improvement Bonds of 2024 (Second Series)(Green Bonds) (the "Second Series" or "Green Bonds" and together with the Construction Bonds, collectively, the "Bonds"). The Commission hereby covenants and agrees as follows:

SECTION 1. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Commission for the benefit of the holders from time to time of the Bonds and the beneficial owners from time to time of the Bonds and in order to assist the Underwriter (defined below) in complying with the Rule (defined below).

SECTION 2. *Definitions.* In addition to the definitions set forth above, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Commission pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Chief Financial Officer of the Commission or her designee, or such other person as the Commission shall designate from time to time.

"Dissemination Agent" shall mean the Commission or any Dissemination Agent designated in writing by the Commission.

"EMMA" means the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

"Financial Obligation" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to MSRB under the Rule.

"Listed Events" shall mean any of the events listed in Section 6(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, and its successors.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering or sale of the Bonds.

SECTION 3. *Scope of Agreement.*

(a) The disclosure obligations under this Disclosure Certificate relate solely to the Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the Commission.

(b) The Commission is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

SECTION 4. *Provision of Annual Reports.* The Commission shall, not later than March 31 after the end of the fiscal year, commencing with the fiscal year ending June 30, 2024, provide to the MSRB in an electronic format and accompanied by identifying information as prescribed by the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in

Section 5 of this Disclosure Certificate; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report.

If the Commission is unable to provide the annual financial information and operating data within the applicable time periods specified herein, the Commission shall send in a timely manner a notice of such failure to the MSRB.

SECTION 5. *Content of Annual Reports.* The Commission's Annual Report shall contain or incorporate by reference the following:

- Comprehensive audited financial statements for the immediately preceding fiscal year, prepared in accordance with generally accepted accounting principles, unless the audited financial statements are not available on or before the date of such filing, in which event said audited financial statements will be promptly provided when and if available and the Commission will provide unaudited financial statements as part of the Annual Report; and

- The information provided in the Official Statement prepared and delivered by the Commission with respect to the Bonds, under the headings "Washington Suburban Sanitary District - Employees' Retirement Plan," "-Leases and Agreements," "Bonded Indebtedness of the District," "Summary of District Ad Valorem Taxes and Other Charges and Revenues Therefrom," "Capital Improvements Program," and "Water and Sewerage Facilities, Service Centers and Statistics," and updated as of a date no earlier than the last day of the immediately-preceding fiscal year.

SECTION 6. *Reporting of Significant Events.*

(a) In a timely manner, not in excess of 10 business days, the Commission will provide to the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of holders of the Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Commission;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Commission, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Commission, any of which reflects financial difficulties.

The Commission hereby acknowledges that certain of the above-enumerated events do not, and are not ever expected to, apply to the Bonds. Nevertheless, the Commission intends to provide the Underwriter with complete assistance in complying with the Rule. Therefore, the Commission covenants to provide notice of all of the above-enumerated events should they occur.

SECTION 7. *Termination of Reporting Obligation.* The Commission's obligations under this Disclosure Certificate shall terminate when there are no longer any Bonds outstanding.

SECTION 8. *Dissemination Agent.* The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Commission may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) said amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Commission, or type of business conducted by the Commission;

(b) said provision, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the initial offering of the Bonds after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) said amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by nationally recognized bond counsel or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of the Bonds.

The reasons for any amendment and the impact of the change, if any, in the type of operating data or financial information being provided will be explained in information provided with the Annual Report containing the amended operating data or financial information.

SECTION 10. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Commission chooses to include any information in any Annual Report or notice of occurrences of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Commission shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. *Default.* Failure to comply with this Disclosure Certificate shall not be deemed to be a default or an event of default with respect to the Bonds.

SECTION 12. *Filing with EMMA.* Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Commission, the Dissemination Agent (if any), the Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. *Limitation of Forum.* Any suit or other proceedings seeking redress with regard to any claimed failure by the Commission to perform its obligations under this Disclosure Certificate must be filed in the Circuit Court of Montgomery County, Maryland or the Circuit Court of Prince George's County, Maryland.

SECTION 15. *Law of Maryland*. This Disclosure Certificate and any claims made with respect to performance by the Commission of its obligations under this Disclosure Certificate shall be subject to and be construed according to the laws of the State of Maryland (without regard to provisions on conflict of laws) or federal laws.

WASHINGTON SUBURBAN
SANITARY COMMISSION

By: ________________________________
Munetsi Timothy Musara
Chief Financial Officer

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Washington Suburban Sanitary Commission
Laurel, Maryland

Ladies and Gentlemen:

In connection with the issuance and sale of $283,295,000 Washington Suburban Sanitary District, Maryland Consolidated Public Improvement Bonds of 2024 (the "Construction Bonds") and $28,345,000 Washington Suburban Sanitary District, Maryland Consolidated Public Improvement Bonds of 2024 (Second Series) (Green Bonds) (the "Second Series" and together with the Construction Bonds, collectively, the "Bonds") dated February 22, 2024, maturing annually on June 1 in the years 2024 through 2053, inclusive, in the amounts set forth therein and bearing interest, payable semi-annually on June 1 and December 1 in each year, beginning June 1, 2024, we have examined:

(i) Titles 16 through 25 of Division II of the Public Utilities Article of the Annotated Code of Maryland, as amended (herein sometimes called the "Act");

(ii) Resolution No. 2023-2346, adopted by the Washington Suburban Sanitary Commission (the "Commission") on August 16, 2023 (the "Resolution");

(iii) the form of Bond;

(iv) relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

(v) other proofs submitted to us relative to the issuance and sale of the Bonds.

The terms of the Bonds are contained in the Resolution and the Bonds.

We have made no investigation of, and are rendering no opinion regarding, the title to real or personal property.

In rendering this opinion, we have relied without independent investigation on certifications provided by the Commission with respect to certain material facts within the knowledge of the Commission relevant to the tax-exempt status of interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the Washington Suburban Sanitary District, Montgomery County, Maryland, or Prince George's County, Maryland and we express no opinion as to the accuracy or completeness of any information that may have been relied upon by holders of the Bonds in making their decision to purchase the Bonds.

Based upon the foregoing, we are of the opinion that, under existing statutes, regulations and decisions:

(a) The Commission is a validly created and existing public corporation of the State of Maryland.

(b) The Bonds are valid and legally binding general obligations of the Washington Suburban Sanitary District, all the assessable property within which is subject to the levy of an *ad valorem* tax, without limitation of rate or amount, to pay the Bonds and the interest thereon.

(c) Interest on the Bonds is exempt from taxation by the State of Maryland and its counties and municipalities; no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Bonds.

(d) Assuming compliance with the covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds in order for interest on the Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Bonds. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made), (ii) other requirements applicable to the investment of the proceeds of the Bonds, and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with the proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Commission has made certain covenants regarding actions necessary to maintain the exemption of interest on the Bonds from federal income taxation. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(e) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. Interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

APPENDIX E

Book-Entry System

General. The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of each series of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Bond Registrar and Paying Agent or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or its Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Book-Entry Only System — Miscellaneous. The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The Commission takes no responsibility for the accuracy or completeness thereof. The Commission will have no responsibility or obligations to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The Commission cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Commission. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Commission may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Bonds in fully certificated form will be issued as fully registered Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Such Bonds will be transferable only upon the registration books kept at the principal office of the Bond Registrar and Paying Agent, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and Paying Agent, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the Commission shall cause to be issued in the name of the transferee a new registered Bond or Bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new Bond or Bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Bond Registrar and Paying Agent. The Commission may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Bonds may be transferred or exchanged at the principal office of the Bond Registrar and Paying Agent. Upon any such transfer or exchange, the Commission shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver a new registered Bond or Bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar and Paying Agent may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer.

The Bond Registrar and Paying Agent shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of $5,000 which is not being called for redemption.

NEITHER THE COMMISSION NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (5) THE SELECTION BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

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