

WSSC WATER

DELIVERING THE ESSENTIAL

FY2024

MONTHLY STATUS REPORT

JANUARY 2024



Interoffice Memorandum

TO: KISHIA L. POWELL
GENERAL MANAGER/CEO

FROM: MUNETSI TIMOTHY MUSARA, CPA
CHIEF FINANCIAL OFFICER

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Munetsi Timothy Musara
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DATE: February 28, 2024

SUBJECT: MONTHLY STATUS REPORT – January 2024

Attached is the January Monthly Status Report on the budgetary and fiscal performance of WSSC Water. The report provides summary information delineating WSSC Water's financial status as of January 31, 2024, for Fiscal Year 2024 (FY'24). Total operating fund revenues are at \$589.2 million, and net operating fund expenses are at \$483.3 million. Revenues are trending favorably compared to a prorated projection for the fiscal year as detailed below. Expenses adjusted for Regional Sewer Disposal charges are projected to be above budget.

Highlights as of the January 2024 report as follows:

Revenues:

- Water and Sewer revenues – which make up 82.4 percent of total revenues are at 62.1 percent YTD versus a prorated target of 58.3 percent based on the first seven months of the fiscal year.
- Other revenues which make up 17.6 percent of total revenues are at 70.6 percent of YTD versus a prorated target of 58.3 percent. (Page 1)
- Interest Income on cash balances is materially ahead of budget for the first seven months, reflecting the increase in interest rates and its positive impact on interest earned. (Page 2)

Prior Year Comparison:

- Water and Sewer revenues were at 60.4 percent of actual revenues for FY'23 at the end of seven months of the fiscal year.

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- Other revenues were at 71.5 percent at the end of seven months of the fiscal year.

Expenditures:

- Operating expenditures are at 49.3 percent budget year to date (YTD) versus a prorated target of 58.3 percent based on the first seven months of the fiscal year.
- WSSC Water expenses tend to be more skewed to the latter half of the fiscal year.
- A material development in the operating expense category are charges for Regional Sewage Disposal, budgeted at \$64.2 and projected to be at \$74.0 million. If this projection is realized, the additional \$9.8 million will negate the projected \$7.0 million in budgeted surplus for FY'24. (Page 2)
- PAYGO and Debt Service Expenses are on budget.

Prior Year Comparison:

- Operating expenditures were at 50.4 percent of actual expenditures for FY'23 at the end of seven months of the fiscal year.

Factors Impacting Revenues: Water and Sewer Consumption trends

- Water consumption is higher for the first seven months of the fiscal year, (133.2 MGD in FY'24 versus 127.7 MGD in FY'23) Sewer usage is also higher (115.1 MGD versus 113.0 MGD) for a similar prior period giving overall revenues a stronger realization compared to the budget. (Pages 7 and 9)

Work years:

- The workforce saw an increase of 31 to 1642 through January FY'24, from a similar period in FY23. The current filled complement is well below the approved work years of 1836. The recruitment process continues to reflect the competitive labor environment. (Page 13)

System Development Charge:

- The available account balance at the end of January FY'24 is \$55.5 million.

Expenditure and revenue activities for other funds are consistent with projections based on the first seven months of the fiscal year. I recommend transmittal of the attached report to Prince George's and Montgomery Counties.

**OPERATING FUNDS
CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES**

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 1/30/23	FY'24 ACTUAL THRU 1/31/24	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption and Sewer Use Charges	\$749,437	\$782,241	\$447,141	\$485,540	\$782,241
All Other Revenues	152,742	146,895	89,027	103,685	146,895
TOTAL REVENUES	902,179	929,136	536,168	589,225	929,136
EXPENSES					
Operating Expenses	493,185	553,981	254,430	273,091	553,981
PAYGO	29,211	44,000	17,040	25,753	44,000
Debt Service Expense	307,558	333,201	172,860	188,964	333,201
GROSS EXPENSES	829,954	931,182	444,330	487,808	931,182
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(3,367)	(3,367)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,632)	(1,167)	(2,000)
NET EXPENSES	819,679	922,210	436,664	483,274	922,210
NET REVENUE (LOSS) FOR YEAR	\$82,500	\$6,926	\$99,504	\$105,951	\$6,926

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 1/30/23	FY'24 ACTUAL THRU 1/31/24	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	\$198,809	\$217,942	\$351,109
Sewer Use Charges	418,435	431,132	248,332	267,598	431,132
Account Maintenance Fees	34,888	36,259	20,339	22,083	36,259
Infrastructure Investment Fee	43,269	44,181	25,265	27,293	44,181
Front Foot Benefit & House Connection Assessments	6,998	5,321	4,400	3,437	5,321
Plumbing & Inspection Fees	20,513	20,380	11,460	11,760	20,380
Interest Income	15,180	7,999	4,567	15,734	7,999
Rockville Sewer Use	3,879	3,100	2,006	2,675	3,100
Miscellaneous	28,015	29,655	20,990	20,703	29,655
TOTAL REVENUES	<u>902,179</u>	<u>929,136</u>	<u>536,168</u>	<u>589,225</u>	<u>929,136</u>
EXPENSES					
Salaries & Wages	127,918	141,927	74,629	81,784	141,927
Heat, Light & Power	22,390	27,373	16,610	12,321	27,373
Regional Sewage Disposal	71,025	64,201	36,443	47,458	64,201
All Other	271,852	320,480	126,748	131,528	320,480
PAYGO	29,211	44,000	17,040	25,753	44,000
Debt Service	307,558	333,201	172,860	188,964	333,201
GROSS EXPENSES	<u>829,954</u>	<u>931,182</u>	<u>444,330</u>	<u>487,808</u>	<u>931,182</u>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(3,367)	(3,367)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,632)	(1,167)	(2,000)
NET EXPENSES	<u>819,679</u>	<u>922,210</u>	<u>436,664</u>	<u>483,274</u>	<u>922,210</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$82,500</u>	<u>\$6,926</u>	<u>\$99,504</u>	<u>\$105,951</u>	<u>\$6,926</u>
ACCUMULATED NET REVENUE - JULY 1	233,949				315,088
Use of Fund Balance	0				0
ACCUMULATED NET REVENUE - JUNE 30	<u>\$316,449</u>				<u>\$322,014</u>

Note: Details of the Water and Sewer Operating Funds and General Bond Debt Service Fund are on pages 4, 5 & 6, respectively.

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 1/30/23</u>	<u>FY'24 ACTUAL THRU 1/31/24</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Water Consumption & Sewer Use Charges	\$749,437	\$782,241	\$447,141	\$485,540	\$782,241
All Other Revenues	145,285	141,384	84,294	100,123	141,384
TOTAL REVENUES	<u>894,722</u>	<u>923,625</u>	<u>531,435</u>	<u>585,663</u>	<u>923,625</u>
EXPENSES					
Operating Expenses	491,485	551,885	253,460	272,103	551,885
PAYGO	29,211	44,000	17,040	25,753	44,000
Debt Service Expense	300,093	328,467	168,906	185,909	328,467
GROSS EXPENSES	<u>820,789</u>	<u>924,352</u>	<u>439,406</u>	<u>483,765</u>	<u>924,352</u>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(3,367)	(3,367)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,632)	(1,167)	(2,000)
NET EXPENSES	<u>810,514</u>	<u>915,380</u>	<u>431,740</u>	<u>479,231</u>	<u>915,380</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$84,208</u>	<u>\$8,245</u>	<u>\$99,695</u>	<u>\$106,432</u>	<u>\$8,245</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	230,540				313,387
NET REVENUE (LOSS) FOR YEAR	84,208				8,245
USE OF ACCUMULATED NET REVENUE	<u>0</u>				<u>0</u>
ACCUMULATED NET REVENUE - END OF YEAR	<u>\$314,748</u>				<u>\$321,632</u> *
WATER CONSUMPTION (MGD)	126.0	124.5	127.7	133.2	124.5

* Includes Working Capital Reserve of \$128.7 million.

NOTE: Refer to Pages 4 and 5 for details of Water and Sewer Operating Funds.

WATER OPERATING

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 1/30/23	FY'24 ACTUAL THRU 1/31/24	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	198,809 **	\$217,942	\$351,109
Account Maintenance Fee	18,078	18,388	10,555	11,444	\$18,388
Infrastructure Investment Fee	22,285	22,405	13,023	14,033	\$22,405
Plumbing & Inspection Fees	12,036	11,600	6,766	6,962	\$11,600
Interest Income	5,450	2,713	1,564	4,787	\$2,713
Miscellaneous	12,687	13,962	10,103	8,439	\$13,962
TOTAL REVENUES	401,538	420,177	240,820	263,607	420,177
EXPENSES					
Salaries & Wages	69,326	76,565	40,789	45,065	76,565
Heat, Light & Power	12,383	15,453	9,602	6,374	15,453
All Other	144,573	167,444	65,810	74,443	167,444
PAYGO	9,817	15,928	5,727	9,390	15,928
Debt Service	130,502	145,903	73,430	80,750	145,903
GROSS EXPENSES	366,601	421,293	195,358	216,022	421,293
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(850)	0	(1,200)
Less: SDC Debt Service Offset	(2,731)	(2,731)	(1,593)	(1,593)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,575)	(888)	(924)	(518)	(888)
NET EXPENSES	362,295	416,474	191,991	213,911	416,474
NET REVENUE (LOSS)	\$39,243	3,703	\$48,829	\$49,696	\$3,703
ACCUMULATED NET REVENUE - JULY 1	77,444				116,054 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$116,687				\$119,757

*Reflects a decrease in net revenues of \$633,000 resulting from prior year adjustments.

**Prior year revenue is adjusted to reflect the revenue before the mid year reserve adjustment which was reversed at year end

SEWER OPERATING

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 1/30/23	FY'24 ACTUAL THRU 1/31/24	PROJECTED THRU 6/30/24
REVENUES					
Sewer Use Charges	\$418,435	\$431,132	248,332	\$267,598	\$431,132
Account Maintenance Fee	16,810	17,871	9,784	10,639	\$17,871
Infrastructure Investment Fee	20,984	21,776	12,242	13,260	\$21,776
Rockville Sewer Use	3,879	3,100	2,006	2,675	\$3,100
Interest Income	9,474	5,286	2,798	10,874	\$5,286
Plumbing & Inspection Fees	8,477	8,780	4,694	4,798	\$8,780
Miscellaneous	15,125	15,503	10,759	12,212	\$15,503
TOTAL REVENUES	493,184	503,448	290,615	322,056	503,448
EXPENSES					
Salaries & Wages	57,718	64,614	33,320	36,171	64,614
Heat, Light & Power	10,007	11,920	7,008	5,947	11,920
Regional Sewage Disposal	71,025	64,201	36,443	47,458	64,201
All Other	126,453	151,688	60,488	56,645	151,688
PAYGO	19,394	28,072	11,313	16,363	28,072
Debt Service	169,591	182,564	95,476	105,159	182,564
GROSS EXPENSES	454,188	503,059	244,048	267,743	503,059
Less: Reconstruction Debt Service Offset	0	0	(817)	0	0
Less: SDC Debt Service Offset	(3,041)	(3,041)	(1,774)	(1,774)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(2,928)	(1,112)	(1,708)	(649)	(1,112)
NET EXPENSES	448,219	498,906	239,749	265,320	498,906
NET REVENUE (LOSS)	\$44,965	\$4,542	\$50,866	\$56,736	\$4,542
ACCUMULATED NET REVENUE - JULY 1	153,096				197,333 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$198,061				\$201,875

*Reflects a decrease in net revenues of \$728,000 resulting from prior year adjustments.

GENERAL BOND DEBT SERVICE FUND

(In Thousands)

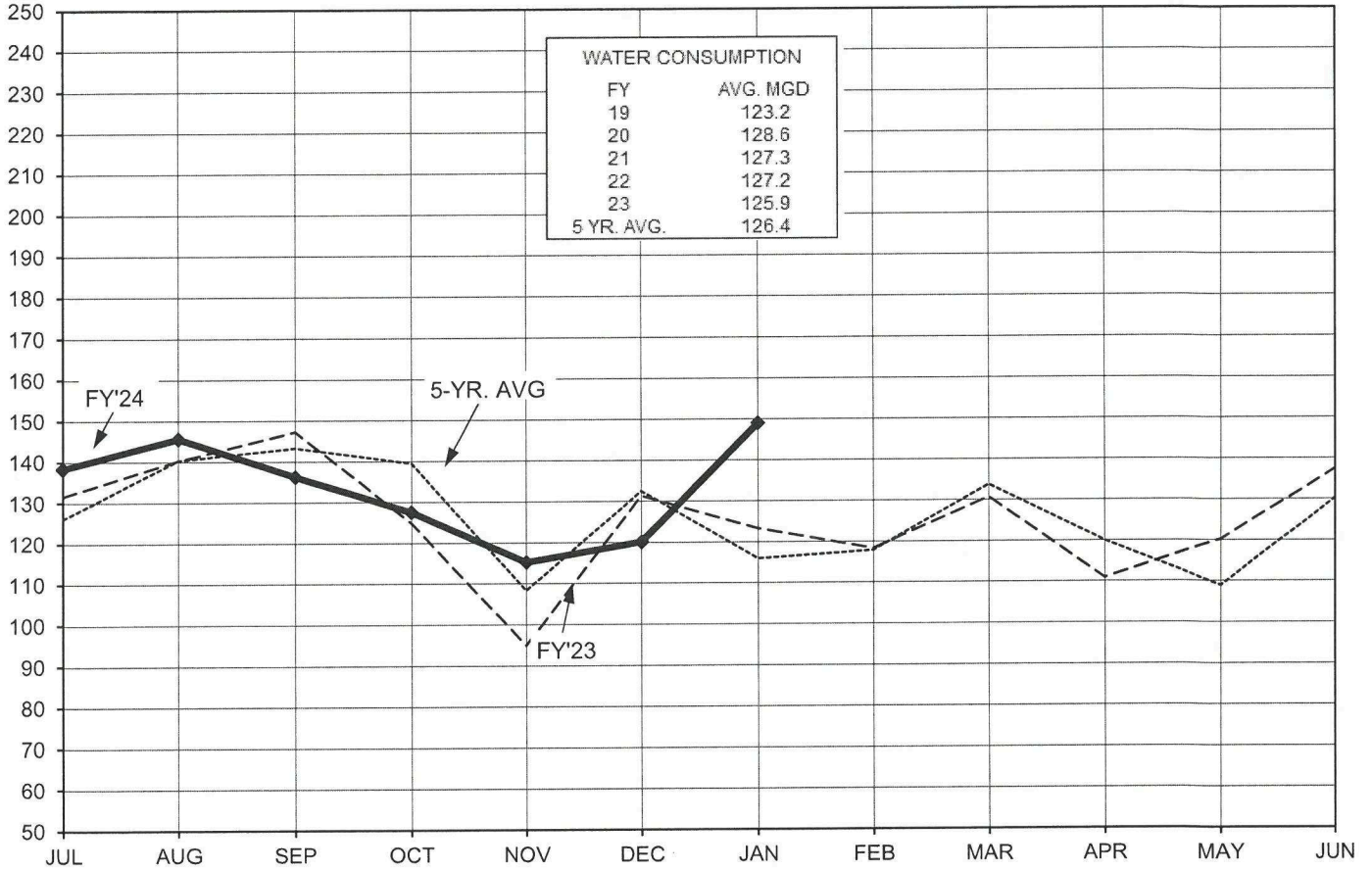
	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 1/30/23</u>	<u>FY'24 ACTUAL THRU 1/31/24</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$6,998	\$5,321	\$4,400	\$3,437	\$5,321
Interest Income	256	0	205	73	\$0
Miscellaneous	203	190	128	52	\$190
Use of Accumulated Net Revenue	0	0	1,667	0	\$0
Reconstruction Debt Service Offset	0	0	(1,667)	0	\$0
TOTAL REVENUES	<u>7,457</u>	<u>5,511</u>	<u>4,733</u>	<u>3,562</u>	<u>5,511</u>
EXPENSES					
Salaries & Wages	874	748	520	548	748
All Other	826	1,348	450	440	1,348
Debt Service	7,465	4,734	3,954	3,055	4,734
GROSS EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>4,924</u>	<u>4,043</u>	<u>6,830</u>
NET EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>4,924</u>	<u>4,043</u>	<u>6,830</u>
NET REVENUE (LOSS)	(\$1,708)	<u>(\$1,319)</u>	<u>(\$191)</u>	<u>(\$481)</u>	(\$1,319)
ACCUMULATED NET REVENUE - JULY 1	3,409				1,701
Use of Fund Balance	0				0
ACCUMULATED NET REVENUE - JUNE 30	<u>\$1,701</u>				<u>\$382</u>

**FY'24
WATER CONSUMPTION**

<u>MONTH</u>	<u>MONTHLY AVERAGE (MGD)</u>	<u>FY'24 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'23 CUMULATIVE AVERAGE (MGD)</u>
July	138.277	138.277	131.637
August	145.538	141.908	135.933
September	136.197	140.045	139.629
October	127.528	136.891	135.900
November	115.164	132.631	127.872
December	120.014	130.505	128.448
January	148.951	133.165	127.703
February			126.614
March			127.074
April			125.475
May			124.984
June			126.003

WATER CONSUMPTION

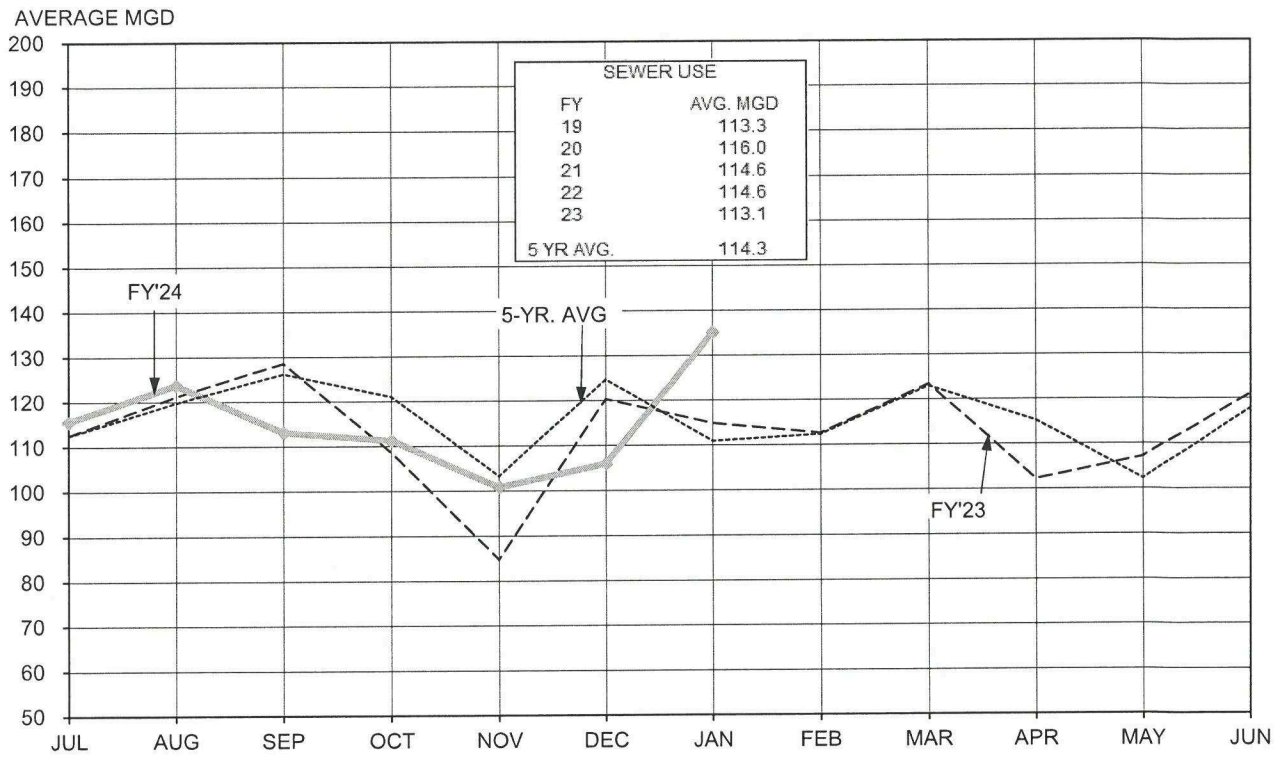
AVERAGE MGD



**FY'24
SEWER USE**

<u>MONTH</u>	<u>FY'24 MONTHLY AVERAGE (MGD)</u>	<u>FY'24 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'23 CUMULATIVE AVERAGE (MGD)</u>
July	115.57	115.57	112.56
August	123.70	119.64	116.87
September	113.12	117.51	120.65
October	111.23	115.93	117.61
November	100.80	112.96	111.18
December	105.94	111.78	112.72
January	135.09	115.14	113.03
February			112.98
March			114.15
April			112.97
May			112.43
June			113.14

SEWER USE (INCLUDES BLUE PLAINS)



STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL
(In Thousands)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 1/30/23</u>	<u>FY'24 ACTUAL THRU 1/31/24</u>	<u>PROJECTED THRU 6/30/24</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$414,795	\$599,354			
Anticipated Contributions:					
Federal & State Grants	5,697	25,142			
System Development Charge	9,635	36,945			
Other	<u>39,369</u>	<u>21,628</u>			
Available for Current Construction	<u>469,496</u>	<u>683,069</u>			
<u>CAPITAL COSTS</u>					
Salaries & Wages	\$27,997	\$28,193	\$16,340	\$18,086	\$28,193
Contract Work	268,792	384,209	146,178	129,422	\$384,209
Consulting Engineers	43,531	84,116	16,000	11,643	\$84,116
All Other	<u>96,072</u>	<u>186,551</u>	<u>51,359</u>	<u>52,597</u>	<u>\$186,551</u>
TOTAL COSTS	<u>\$436,392</u>	<u>\$683,069</u>	<u>\$229,877</u>	<u>\$211,748</u>	<u>\$683,069</u>

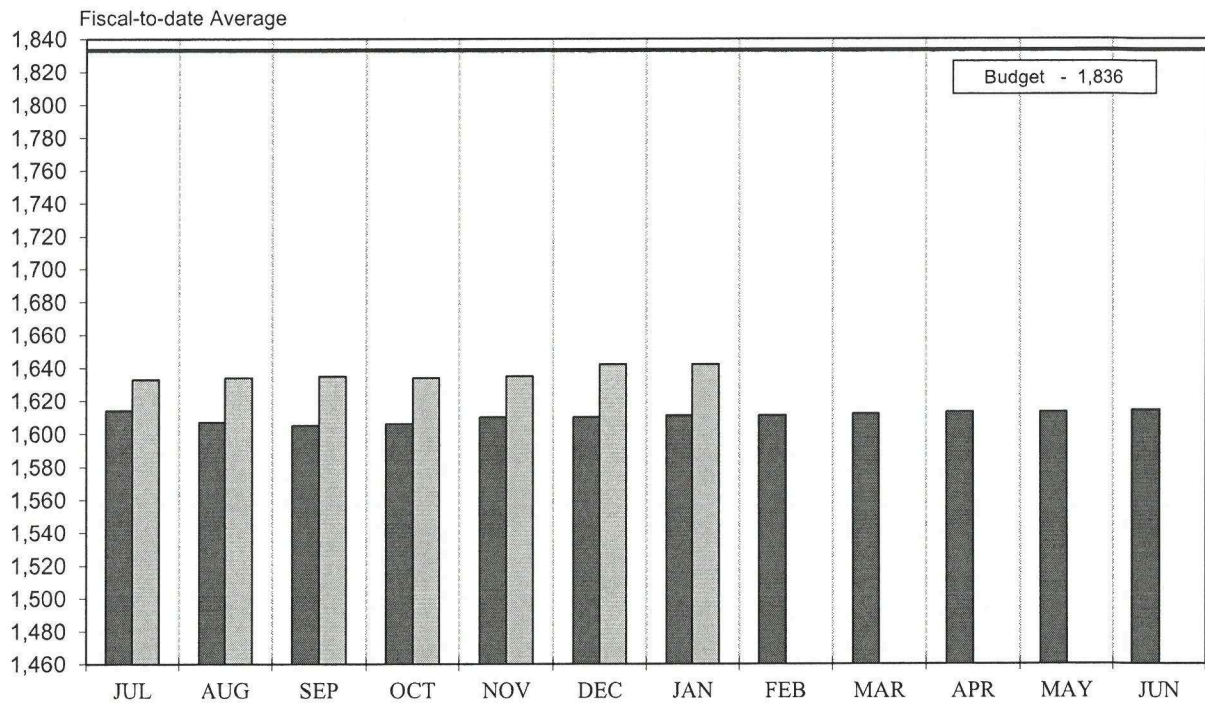
*Reflects the transfer of \$2.5 million of Bond Premium to the Water & Sewer Operating funds and prior year adjustments.



SYSTEM DEVELOPMENT CHARGE ACCOUNT

(In Thousands)

ACCOUNT BALANCE, JULY 1, 2023	\$60,093
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	12,979
Interest Income	<u>0</u>
FUNDS AVAILABLE	73,072
Less MOU Credit Reimbursement	(1,135)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,593)
Sewer Operating - Debt Service	(1,774)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	<u>0</u>
Account Balance	68,570
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(13,084)</u>
AVAILABLE ACCOUNT BALANCE, JANUARY 31, 2024	<u><u>\$55,486</u></u>

ACTUAL WORKYEARS



 FY'23	1,614	1,607	1,605	1,606	1,610	1,610	1,611	1,611	1,612	1,613	1,613	1,614
 FY'24	1,633	1,634	1,635	1,634	1,635	1,642	1,642	-	-	-	-	-