

# WSSC WATER

DELIVERING THE ESSENTIAL

FY2024  
MONTHLY STATUS REPORT

DECEMBER 2023



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Interoffice Memorandum

TO: KISHIA L. POWELL  
GENERAL MANAGER/CEO

FROM: MUNETSI TIMOTHY MUSARA, CPA *MTM*  
CHIEF FINANCIAL OFFICER

DATE: February 12, 2024

SUBJECT: MONTHLY STATUS REPORT – December 2023

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Attached is the December 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 December 31, 2023, for Fiscal Year 2024 (FY'24). Total operating fund revenues are at \$511.5 million, and net operating fund expenses are at \$406.5 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 December 2023 report as follows:

**Revenues:**

- Water and Sewer revenues – which make up 82.6 percent of total revenues are at 54.0 percent YTD versus a prorated target of 50.0 percent based on the first six months of the fiscal year.
- Other revenues which make up 17.4 percent of total revenues are at 60.6 percent of YTD versus a prorated target of 50.0 percent. (Page 1)
- Interest Income on cash balances is materially ahead of budget for the first six 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 52.2 percent of actual revenues for FY'23 at the end of six months of the fiscal year.
- Other revenues were at 61.4 percent at the end of six months of the fiscal year.

**Expenditures:**

- Operating expenditures are at 40.9 percent budget year to date (YTD) versus a prorated target of 50.0 percent based on the first six 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 42.1 percent of actual expenditures for FY'23 at the end of six months of the fiscal year.

**Factors Impacting Revenues: Water and Sewer Consumption trends**

- Water consumption is higher for the first six months of the fiscal year, (130.5 MGD in FY'24 versus 128.4 MGD in FY'23) Sewer usage is marginally lower (111.8 MGD versus 112.72 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 32 to 1642 through December 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 December FY'24 is \$56.8 million.

Expenditure and revenue activities for other funds are consistent with projections based on the first six 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 12/30/22	FY'24 ACTUAL THRU 12/31/23	PROJECTED THRU 6/30/24
<b>REVENUES</b>					
Water Consumption and Sewer Use Charges	\$749,437	\$782,241	\$386,310	\$422,448	\$782,241
All Other Revenues	152,742	146,895	76,425	89,031	146,895
<b>TOTAL REVENUES</b>	<b>902,179</b>	<b>929,136</b>	<b>462,735</b>	<b>511,479</b>	<b>929,136</b>
<b>EXPENSES</b>					
Operating Expenses	493,185	553,981	212,725	226,310	553,981
PAYGO	29,211	44,000	14,606	22,087	44,000
Debt Service Expense	307,558	333,201	148,057	162,015	333,201
<b>GROSS EXPENSES</b>	<b>829,954</b>	<b>931,182</b>	<b>375,388</b>	<b>410,412</b>	<b>931,182</b>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(2,886)	(2,887)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,256)	(1,000)	(2,000)
<b>NET EXPENSES</b>	<b>819,679</b>	<b>922,210</b>	<b>368,579</b>	<b>406,525</b>	<b>922,210</b>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<b>\$82,500</b>	<b>\$6,926</b>	<b>\$94,156</b>	<b>\$104,954</b>	<b>\$6,926</b>

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

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 12/30/22	FY'24 ACTUAL THRU 12/31/23	PROJECTED THRU 6/30/24
<b>REVENUES</b>					
Water Consumption Charges	\$331,002	\$351,109	\$172,781	\$189,986	\$351,109
Sewer Use Charges	418,435	431,132	213,529	232,462	431,132
Account Maintenance Fees	34,888	36,259	17,407	18,870	36,259
Infrastructure Investment Fee	43,269	44,181	21,629	23,364	44,181
Front Foot Benefit & House Connection Assessments	6,998	5,321	3,938	3,055	5,321
Plumbing & Inspection Fees	20,513	20,380	9,746	9,632	20,380
Interest Income	15,180	7,999	3,583	13,537	7,999
Rockville Sewer Use	3,879	3,100	1,730	2,335	3,100
Miscellaneous	28,015	29,655	18,392	18,238	29,655
<b>TOTAL REVENUES</b>	<b>902,179</b>	<b>929,136</b>	<b>462,735</b>	<b>511,479</b>	<b>929,136</b>
<b>EXPENSES</b>					
Salaries & Wages	127,918	141,927	63,411	68,449	141,927
Heat, Light & Power	22,390	27,373	12,833	10,373	27,373
Regional Sewage Disposal	71,025	64,201	31,444	41,520	64,201
All Other	271,852	320,480	105,037	105,968	320,480
PAYGO	29,211	44,000	14,606	22,087	44,000
Debt Service	307,558	333,201	148,057	162,015	333,201
<b>GROSS EXPENSES</b>	<b>829,954</b>	<b>931,182</b>	<b>375,388</b>	<b>410,412</b>	<b>931,182</b>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(2,886)	(2,887)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,256)	(1,000)	(2,000)
<b>NET EXPENSES</b>	<b>819,679</b>	<b>922,210</b>	<b>368,579</b>	<b>406,525</b>	<b>922,210</b>
NET REVENUE (LOSS) FOR YEAR	\$82,500	\$6,926	\$94,156	\$104,954	\$6,926
ACCUMULATED NET REVENUE - JULY 1	233,949				315,311
Use of Fund Balance	0				0
ACCUMULATED NET REVENUE - JUNE 30	<b>\$316,449</b>				<b>\$322,237</b>

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 12/30/22</u>	<u>FY'24 ACTUAL THRU 12/31/23</u>	<u>PROJECTED THRU 6/30/24</u>
<b>REVENUES</b>					
Water Consumption & Sewer Use Charges	\$749,437	\$782,241	\$386,310	\$422,448	\$782,241
All Other Revenues	145,285	141,384	72,209	85,874	141,384
<b>TOTAL REVENUES</b>	<u>894,722</u>	<u>923,625</u>	<u>458,519</u>	<u>508,322</u>	<u>923,625</u>
<b>EXPENSES</b>					
Operating Expenses	491,485	551,885	211,882	225,484	551,885
PAYGO	29,211	44,000	14,606	22,087	44,000
Debt Service Expense	300,093	328,467	144,684	159,391	328,467
<b>GROSS EXPENSES</b>	<u>820,789</u>	<u>924,352</u>	<u>371,172</u>	<u>406,962</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)	(2,886)	(2,887)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,256)	(1,000)	(2,000)
<b>NET EXPENSES</b>	<u>810,514</u>	<u>915,380</u>	<u>364,363</u>	<u>403,075</u>	<u>915,380</u>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<u>\$84,208</u>	<u>\$8,245</u>	<u>\$94,156</u>	<u>\$105,247</u>	<u>\$8,245</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	230,540				313,610
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>\$321,855</u> *
WATER CONSUMPTION (MGD)	126.0	124.5	128.4	130.5	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)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 12/30/22</u>	<u>FY'24 ACTUAL THRU 12/31/23</u>	<u>PROJECTED THRU 6/30/24</u>
<b>REVENUES</b>					
Water Consumption Charges	\$331,002	\$351,109	172,781 **	\$189,986	\$351,109
Account Maintenance Fee	18,078	18,388	9,019	9,773	\$18,388
Infrastructure Investment Fee	22,285	22,405	11,137	12,009	\$22,405
Plumbing & Inspection Fees	12,036	11,600	5,745	5,699	\$11,600
Interest Income	5,450	2,713	1,236	4,230	\$2,713
Miscellaneous	12,687	13,962	8,832	7,237	\$13,962
<b>TOTAL REVENUES</b>	<u>401,538</u>	<u>420,177</u>	<u>208,750</u>	<u>228,934</u>	<u>420,177</u>
<b>EXPENSES</b>					
Salaries & Wages	69,326	76,565	34,402	37,724	76,565
Heat, Light & Power	12,383	15,453	7,259	5,436	15,453
All Other	144,573	167,444	53,824	60,455	167,444
PAYGO	9,817	15,928	4,909	8,063	15,928
Debt Service	130,502	145,903	62,877	69,242	145,903
<b>GROSS EXPENSES</b>	<u>366,601</u>	<u>421,293</u>	<u>163,271</u>	<u>180,920</u>	<u>421,293</u>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(850)	0	(1,200)
Less: SDC Debt Service Offset	(2,731)	(2,731)	(1,366)	(1,366)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,575)	(888)	(792)	(444)	(888)
<b>NET EXPENSES</b>	<u>362,295</u>	<u>416,474</u>	<u>160,263</u>	<u>179,110</u>	<u>416,474</u>
<b>NET REVENUE (LOSS)</b>	<u>\$39,243</u>	<u>3,703</u>	<u>\$48,487</u>	<u>\$49,824</u>	<u>\$3,703</u>
ACCUMULATED NET REVENUE - JULY 1	77,444				116,191 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<u>\$116,687</u>				<u>\$119,894</u>

\*Reflects a decrease in net revenues of \$496,000 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)

	<b>FY'23 ACTUAL</b>	<b>FY'24 APPROVED BUDGET</b>	<b>FY'23 ACTUAL THRU 12/30/22</b>	<b>FY'24 ACTUAL THRU 12/31/23</b>	<b>PROJECTED THRU 6/30/24</b>
<b>REVENUES</b>					
Sewer Use Charges	\$418,435	\$431,132	213,529	\$232,462	\$431,132
Account Maintenance Fee	16,810	17,871	8,388	9,097	\$17,871
Infrastructure Investment Fee	20,984	21,776	10,492	11,355	\$21,776
Rockville Sewer Use	3,879	3,100	1,730	2,335	\$3,100
Interest Income	9,474	5,286	2,176	9,250	\$5,286
Plumbing & Inspection Fees	8,477	8,780	4,001	3,933	\$8,780
Miscellaneous	15,125	15,503	9,453	10,956	\$15,503
<b>TOTAL REVENUES</b>	<b>493,184</b>	<b>503,448</b>	<b>249,769</b>	<b>279,388</b>	<b>503,448</b>
<b>EXPENSES</b>					
Salaries & Wages	57,718	64,614	28,557	30,263	64,614
Heat, Light & Power	10,007	11,920	5,574	4,937	11,920
Regional Sewage Disposal	71,025	64,201	31,444	41,520	64,201
All Other	126,453	151,688	50,822	45,149	151,688
PAYGO	19,394	28,072	9,697	14,024	28,072
Debt Service	169,591	182,564	81,807	90,149	182,564
<b>GROSS EXPENSES</b>	<b>454,188</b>	<b>503,059</b>	<b>207,901</b>	<b>226,042</b>	<b>503,059</b>
Less: Reconstruction Debt Service Offset	0	0	(817)	0	0
Less: SDC Debt Service Offset	(3,041)	(3,041)	(1,520)	(1,521)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(2,928)	(1,112)	(1,464)	(556)	(1,112)
<b>NET EXPENSES</b>	<b>448,219</b>	<b>498,906</b>	<b>204,100</b>	<b>223,965</b>	<b>498,906</b>
<b>NET REVENUE (LOSS)</b>	<b>\$44,965</b>	<b>\$4,542</b>	<b>\$45,669</b>	<b>\$55,423</b>	<b>\$4,542</b>
ACCUMULATED NET REVENUE - JULY 1	153,096				197,419 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<b>\$198,061</b>				<b>\$201,961</b>

\*Reflects a decrease in net revenues of \$642,000 resulting from prior year adjustments.



**GENERAL BOND DEBT SERVICE FUND**

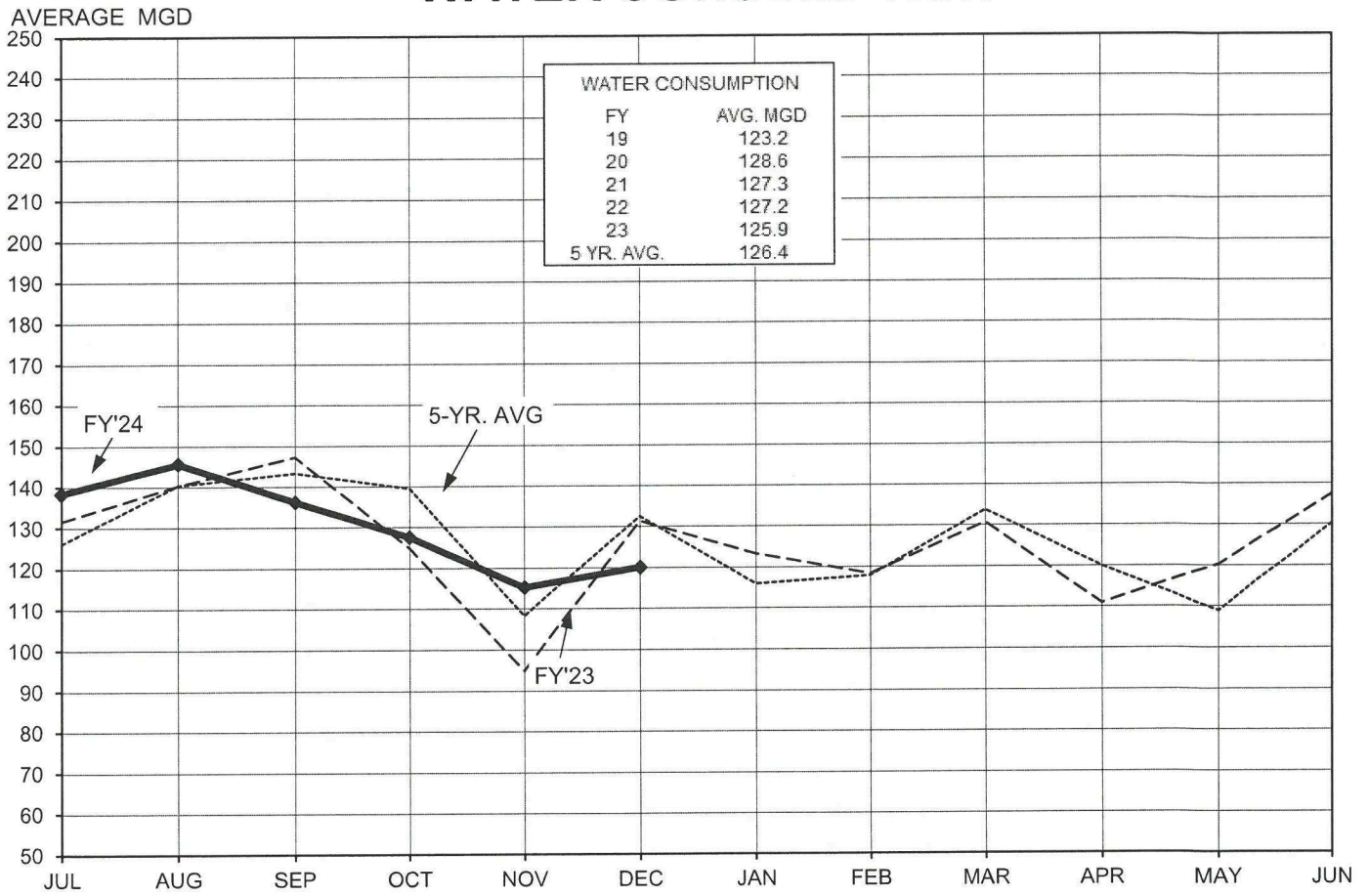
(In Thousands)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 12/30/22</u>	<u>FY'24 ACTUAL THRU 12/31/23</u>	<u>PROJECTED THRU 6/30/24</u>
<b>REVENUES</b>					
Front Foot Benefit & House Connection					
Assessments	\$6,998	\$5,321	\$3,938	\$3,055	\$5,321
Interest Income	256	0	171	57	\$0
Miscellaneous	203	190	107	45	\$190
Use of Accumulated Net Revenue	0	0	1,667	0	\$0
Reconstruction Debt Service Offset	0	0	(1,667)	0	\$0
<b>TOTAL REVENUES</b>	<u>7,457</u>	<u>5,511</u>	<u>4,216</u>	<u>3,157</u>	<u>5,511</u>
<b>EXPENSES</b>					
Salaries & Wages	874	748	452	462	748
All Other	826	1,348	391	364	1,348
Debt Service	7,465	4,734	3,373	2,624	4,734
<b>GROSS EXPENSES</b>	<u>9,165</u>	<u>6,830</u>	<u>4,216</u>	<u>3,450</u>	<u>6,830</u>
<b>NET EXPENSES</b>	<u>9,165</u>	<u>6,830</u>	<u>4,216</u>	<u>3,450</u>	<u>6,830</u>
<b>NET REVENUE (LOSS)</b>	(\$1,708)	<u>(\$1,319)</u>	<u>\$0</u>	<u>(\$293)</u>	(\$1,319)
ACCUMULATED NET REVENUE - JULY 1	3,409				1,701
Use of Fund Balance	0				0
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<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			127.703
February			126.614
March			127.074
April			125.475
May			124.984
June			126.003

# WATER CONSUMPTION



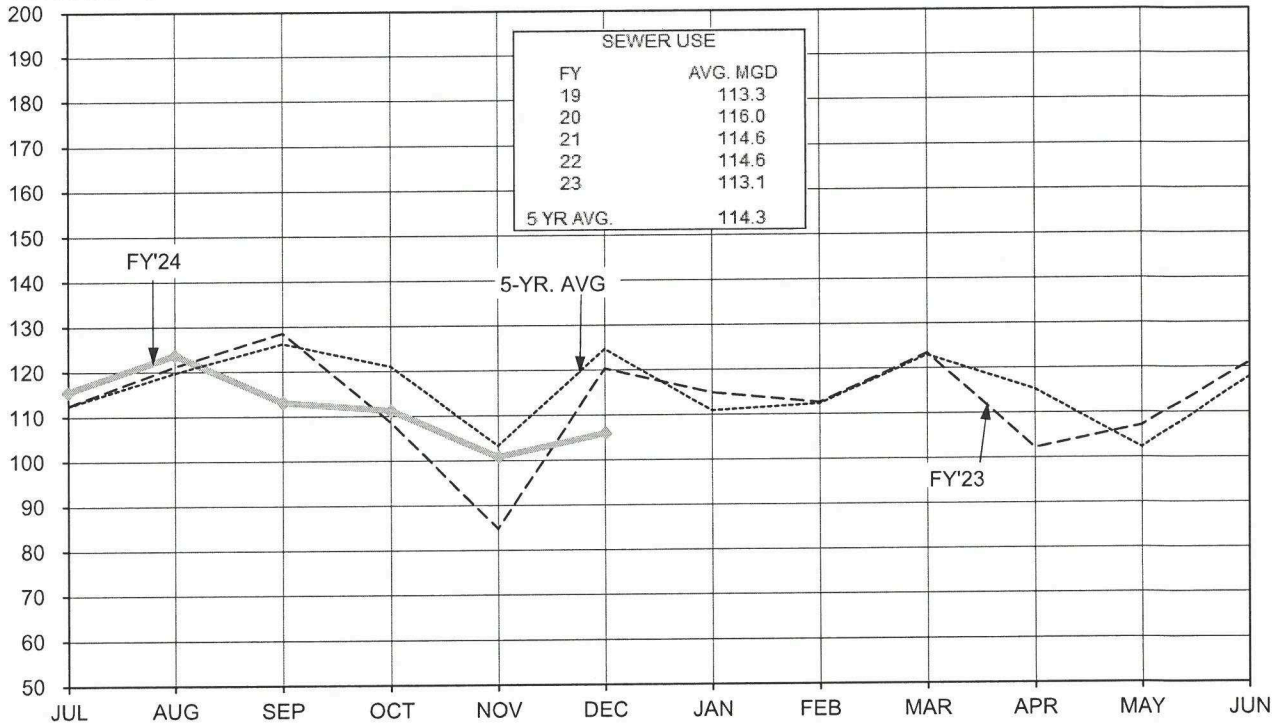
**FY'24  
SEWER USE**

<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			113.03
February			112.98
March			114.15
April			112.97
May			112.43
June			113.14

# SEWER USE

(INCLUDES BLUE PLAINS)

AVERAGE MGD



**STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES**  
**CAPITAL FUNDS TOTAL**

(In Thousands)

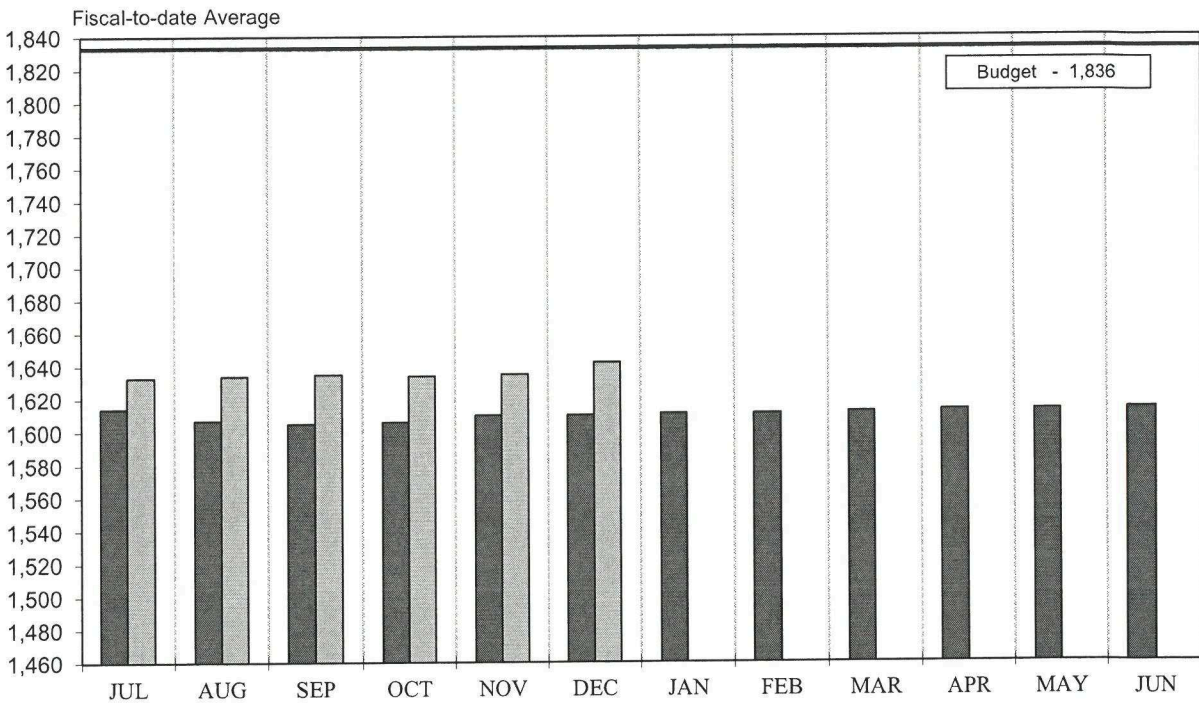
	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 12/30/22</u>	<u>FY'24 ACTUAL THRU 12/31/23</u>	<u>PROJECTED THRU 6/30/24</u>
<b><u>GROSS FUNDS AVAILABLE</u></b>					
Bonds Issued and Cash on Hand	\$414,795	\$599,354			
Anticipated Contributions:					
Federal & State Grants	5,697	25,142			
System Development Charge	9,635	36,945			
Other	39,369	21,628			
Available for Current Construction	<u>469,496</u>	<u>683,069</u>			
<b><u>CAPITAL COSTS</u></b>					
Salaries & Wages	\$27,997	\$28,193	\$11,784	\$15,529	\$28,193
Contract Work	268,792	384,209	99,165	109,812	\$384,209
Consulting Engineers	43,531	84,116	10,329	8,901	\$84,116
All Other	96,072	186,551	28,174	48,084	\$186,551
<b>TOTAL COSTS</b>	<u>\$436,392</u>	<u>\$683,069</u>	<u>\$149,452</u>	<u>\$182,326</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	9,751
Interest Income	<u>0</u>
FUNDS AVAILABLE	69,844
Less MOU Credit Reimbursement	0
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,366)
Sewer Operating - Debt Service	(1,521)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	<u>0</u>
Account Balance	66,957
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(10,195)</u>
AVAILABLE ACCOUNT BALANCE, DECEMBER 31, 2023	<u><u>\$56,762</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	-	-	-	-	-	-