

WSSC WATER

DELIVERING THE ESSENTIAL

FY2024
MONTHLY STATUS REPORT

NOVEMBER 2023



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 – November 2023

Attached is the November 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 November 30, 2023, for Fiscal Year 2024 (FY'24). Total operating fund revenues are at \$429.1 million, and net operating fund expenses are at \$333.9 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 November 2023 report as follows:

Revenues:

- Water and Sewer revenues – which make up 83.2 percent of total revenues are at 45.6 percent YTD versus a prorated target of 41.7 percent based on the first five months of the fiscal year.
- Other revenues which make up 16.8 percent of total revenues are at 49.2 percent of YTD versus a prorated target of 41.7 percent. (Page 1)
- Interest Income on cash balances is materially ahead of budget for the first five 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 43.8 percent of actual revenues for FY'23 at the end of five months of the fiscal year.
- Other revenues were at 49.6 percent at the end of five months of the fiscal year.

Expenditures:

- Operating expenditures are at 33.2 percent budget year to date (YTD) versus a prorated target of 41.7 percent based on the first five 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 34.1 percent of actual expenditures for FY'23 at the end of five months of the fiscal year.

Factors Impacting Revenues: Water and Sewer Consumption trends

- Water consumption and Sewer usage is trending higher than the prior fiscal year for the first five months of the fiscal year, (Water consumption at 132.6 MGD in FY'24 versus 127.8 MGD in FY'23, Sewer usage 113 MGD versus 111.2 MGD for a similar prior period) giving revenues a stronger realization compared to the budget. (Pages 7 and 9)

Work years:

- The workforce saw an increase of 25 to 1635 through November 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 November FY'24 is \$54.7 million.

Expenditure and revenue activities for other funds are consistent with projections based on the first five 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 11/29/22	FY'24 ACTUAL THRU 11/30/23	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption and Sewer Use Charges	\$749,437	\$782,241	\$324,519	\$356,835	\$782,241
All Other Revenues	152,742	146,895	61,722	72,249	146,895
TOTAL REVENUES	902,179	929,136	386,241	429,084	929,136
EXPENSES					
Operating Expenses	493,185	553,981	172,351	183,858	553,981
PAYGO	29,211	44,000	12,171	18,304	44,000
Debt Service Expense	307,558	333,201	123,263	135,016	333,201
GROSS EXPENSES	829,954	931,182	307,786	337,178	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)	(2,405)	(2,405)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(1,880)	(833)	(2,000)
NET EXPENSES	819,679	922,210	301,834	333,940	922,210
NET REVENUE (LOSS) FOR YEAR	\$82,500	\$6,926	\$84,407	\$95,144	\$6,926

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 11/29/22	FY'24 ACTUAL THRU 11/30/23	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	\$145,989	\$161,315	\$351,109
Sewer Use Charges	418,435	431,132	178,530	195,520	431,132
Account Maintenance Fees	34,888	36,259	14,481	15,047	36,259
Infrastructure Investment Fee	43,269	44,181	17,953	18,802	44,181
Front Foot Benefit & House Connection Assessments	6,998	5,321	3,282	2,546	5,321
Plumbing & Inspection Fees	20,513	20,380	7,773	7,879	20,380
Interest Income	15,180	7,999	2,618	11,376	7,999
Rockville Sewer Use	3,879	3,100	1,455	1,995	3,100
Miscellaneous	28,015	29,655	14,160	14,604	29,655
TOTAL REVENUES	902,179	929,136	386,241	429,084	929,136
EXPENSES					
Salaries & Wages	127,918	141,927	52,378	56,546	141,927
Heat, Light & Power	22,390	27,373	11,014	8,201	27,373
Regional Sewage Disposal	71,025	64,201	26,445	35,581	64,201
All Other	271,852	320,480	82,514	83,530	320,480
PAYGO	29,211	44,000	12,171	18,304	44,000
Debt Service	307,558	333,201	123,263	135,016	333,201
GROSS EXPENSES	829,954	931,182	307,786	337,178	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)	(2,405)	(2,405)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(1,880)	(833)	(2,000)
NET EXPENSES	819,679	922,210	301,834	333,940	922,210
NET REVENUE (LOSS) FOR YEAR	\$82,500	\$6,926	\$84,407	\$95,144	\$6,926
ACCUMULATED NET REVENUE - JULY 1	233,949				315,740
Use of Fund Balance	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$316,449				\$322,666

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 11/29/22</u>	<u>FY'24 ACTUAL THRU 11/30/23</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Water Consumption & Sewer Use Charges	\$749,437	\$782,241	\$324,519	\$356,835	\$782,241
All Other Revenues	<u>145,285</u>	<u>141,384</u>	<u>58,218</u>	<u>69,617</u>	<u>141,384</u>
TOTAL REVENUES	<u>894,722</u>	<u>923,625</u>	<u>382,737</u>	<u>426,452</u>	<u>923,625</u>
EXPENSES					
Operating Expenses	491,485	551,885	171,684	183,179	551,885
PAYGO	29,211	44,000	12,171	18,304	44,000
Debt Service Expense	<u>300,093</u>	<u>328,467</u>	<u>120,464</u>	<u>132,827</u>	<u>328,467</u>
GROSS EXPENSES	820,789	924,352	304,320	334,310	924,352
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(1,667)	0	(1,200)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(2,405)	(2,405)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(4,503)</u>	<u>(2,000)</u>	<u>(1,880)</u>	<u>(833)</u>	<u>(2,000)</u>
NET EXPENSES	<u>810,514</u>	<u>915,380</u>	<u>298,368</u>	<u>331,072</u>	<u>915,380</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$84,208</u>	<u>\$8,245</u>	<u>\$84,369</u>	<u>\$95,380</u>	<u>\$8,245</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	230,540				314,039
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>\$322,284</u> *
WATER CONSUMPTION (MGD)	126.0	124.5	127.9	132.6	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 11/29/22	FY'24 ACTUAL THRU 11/30/23	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	145,989 **	\$161,315	\$351,109
Account Maintenance Fee	18,078	18,388	7,501	7,792	\$18,388
Infrastructure Investment Fee	22,285	22,405	9,241	9,659	\$22,405
Plumbing & Inspection Fees	12,036	11,600	4,567	4,663	\$11,600
Interest Income	5,450	2,713	903	3,574	\$2,713
Miscellaneous	12,687	13,962	7,883	4,502	\$13,962
TOTAL REVENUES	401,538	420,177	176,084	191,505	420,177
EXPENSES					
Salaries & Wages	69,326	76,565	28,333	30,962	76,565
Heat, Light & Power	12,383	15,453	6,358	4,322	15,453
All Other	144,573	167,444	42,165	48,309	167,444
PAYGO	9,817	15,928	4,090	6,620	15,928
Debt Service	130,502	145,903	52,322	57,703	145,903
GROSS EXPENSES	366,601	421,293	133,269	147,916	421,293
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(850)	0	(1,200)
Less: SDC Debt Service Offset	(2,731)	(2,731)	(1,138)	(1,138)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,575)	(888)	(660)	(370)	(888)
NET EXPENSES	362,295	416,474	130,621	146,408	416,474
NET REVENUE (LOSS)	\$39,243	3,703	\$45,463	\$45,097	\$3,703
ACCUMULATED NET REVENUE - JULY 1	77,444				116,348 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$116,687				\$120,051

*Reflects a decrease in net revenues of \$339,000 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 11/29/22	FY'24 ACTUAL THRU 11/30/23	PROJECTED THRU 6/30/24
REVENUES					
Sewer Use Charges	\$418,435	\$431,132	178,530	\$195,520	\$431,132
Account Maintenance Fee	16,810	17,871	6,980	7,255	\$17,871
Infrastructure Investment Fee	20,984	21,776	8,712	9,143	\$21,776
Rockville Sewer Use	3,879	3,100	1,455	1,995	\$3,100
Interest Income	9,474	5,286	1,590	7,755	\$5,286
Plumbing & Inspection Fees	8,477	8,780	3,206	3,216	\$8,780
Miscellaneous	15,125	15,503	6,180	10,063	\$15,503
TOTAL REVENUES	493,184	503,448	206,653	234,947	503,448
EXPENSES					
Salaries & Wages	57,718	64,614	23,665	25,198	64,614
Heat, Light & Power	10,007	11,920	4,656	3,879	11,920
Regional Sewage Disposal	71,025	64,201	26,445	35,581	64,201
All Other	126,453	151,688	40,062	34,928	151,688
PAYGO	19,394	28,072	8,081	11,684	28,072
Debt Service	169,591	182,564	68,142	75,124	182,564
GROSS EXPENSES	454,188	503,059	171,051	186,394	503,059
Less: Reconstruction Debt Service Offset	0	0	(817)	0	0
Less: SDC Debt Service Offset	(3,041)	(3,041)	(1,267)	(1,267)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(2,928)	(1,112)	(1,220)	(463)	(1,112)
NET EXPENSES	448,219	498,906	167,747	184,664	498,906
NET REVENUE (LOSS)	\$44,965	\$4,542	\$38,906	\$50,283	\$4,542
ACCUMULATED NET REVENUE - JULY 1	153,096				197,691 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$198,061				\$202,233

*Reflects a decrease in net revenues of \$370,000 resulting from prior year adjustments.

GENERAL BOND DEBT SERVICE FUND

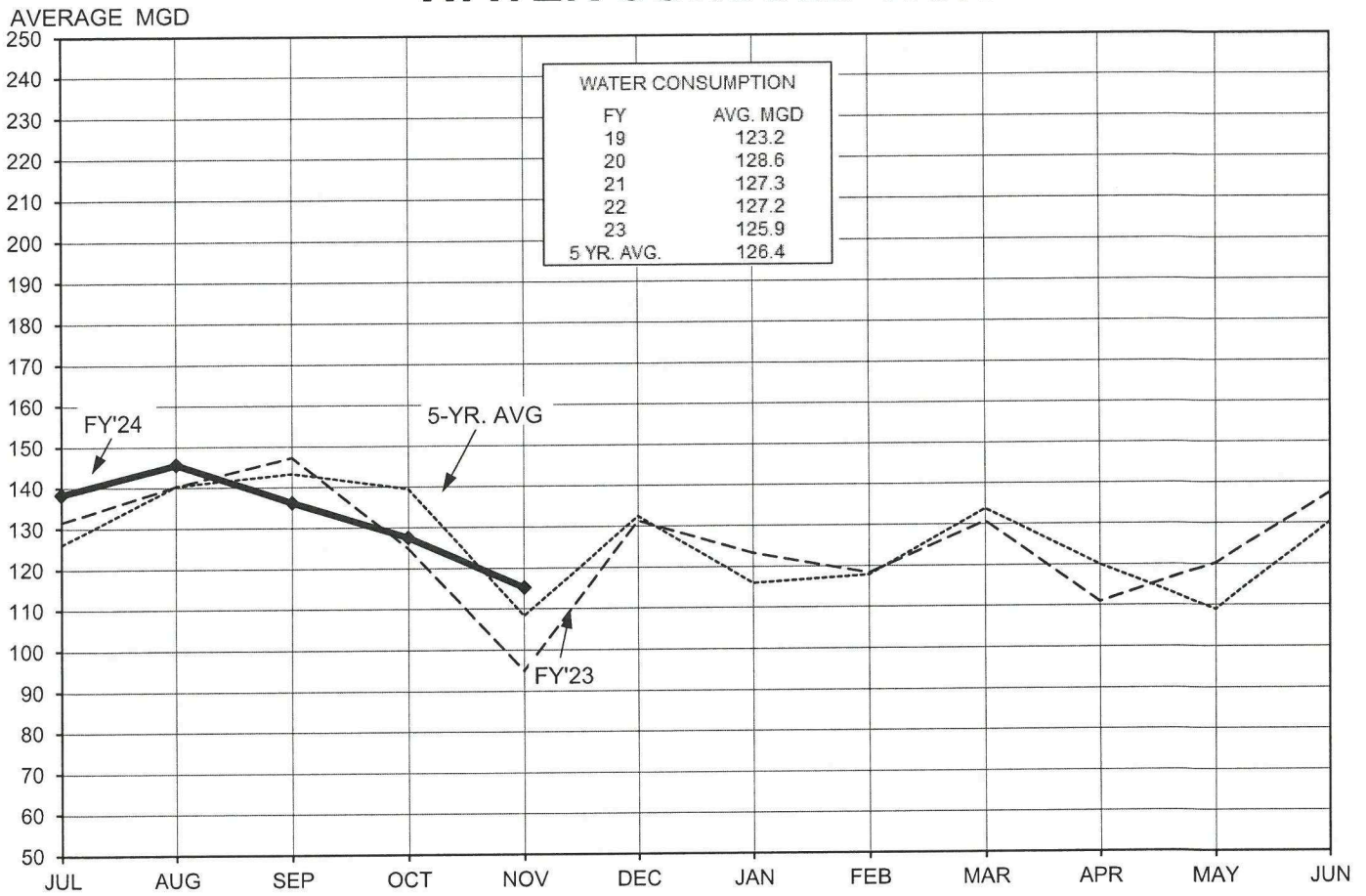
(In Thousands)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 11/29/22</u>	<u>FY'24 ACTUAL THRU 11/30/23</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$6,998	\$5,321	\$3,282	\$2,546	\$5,321
Interest Income	256	0	125	47	\$0
Miscellaneous	203	190	97	39	\$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>3,504</u>	<u>2,632</u>	<u>5,511</u>
EXPENSES					
Salaries & Wages	874	748	380	386	748
All Other	826	1,348	287	293	1,348
Debt Service	7,465	4,734	2,799	2,189	4,734
GROSS EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>3,466</u>	<u>2,868</u>	<u>6,830</u>
NET EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>3,466</u>	<u>2,868</u>	<u>6,830</u>
NET REVENUE (LOSS)	<u>(\$1,708)</u>	<u>(\$1,319)</u>	<u>\$38</u>	<u>(\$236)</u>	<u>(\$1,319)</u>
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			128.448
January			127.703
February			126.614
March			127.074
April			125.475
May			124.984
June			126.003

WATER CONSUMPTION



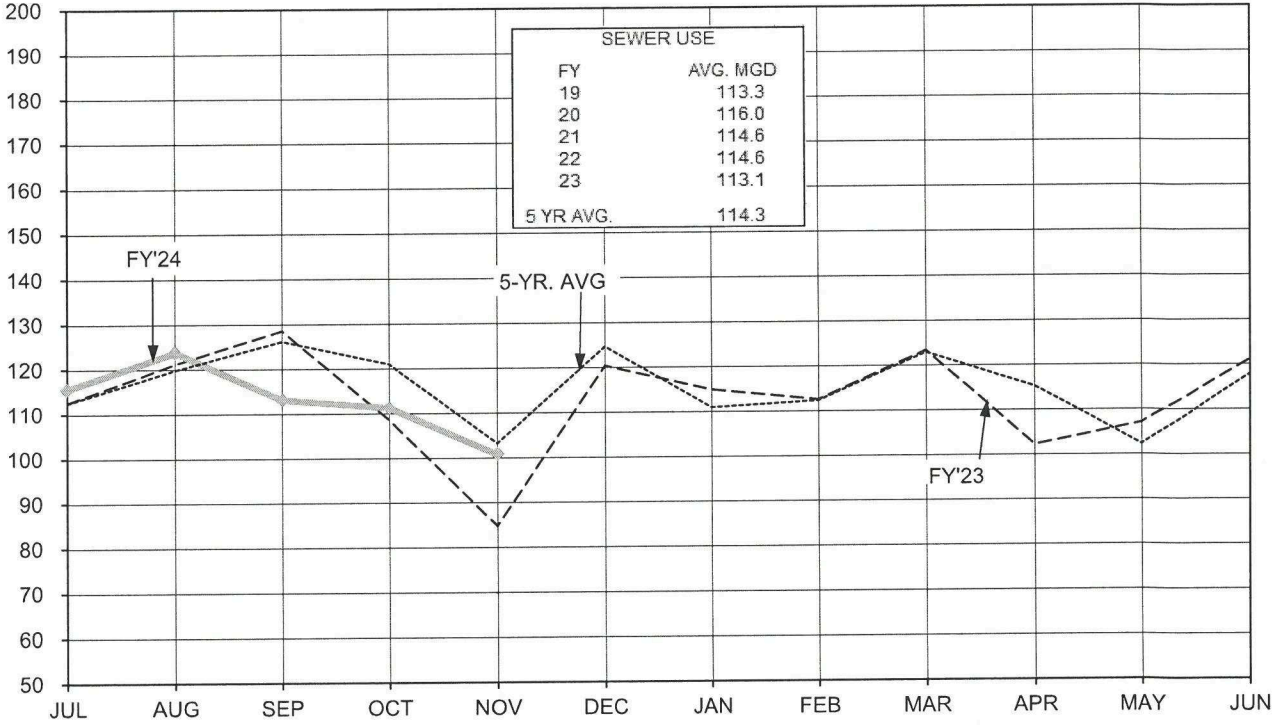
**FY'24
SEWER USE**

<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			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)

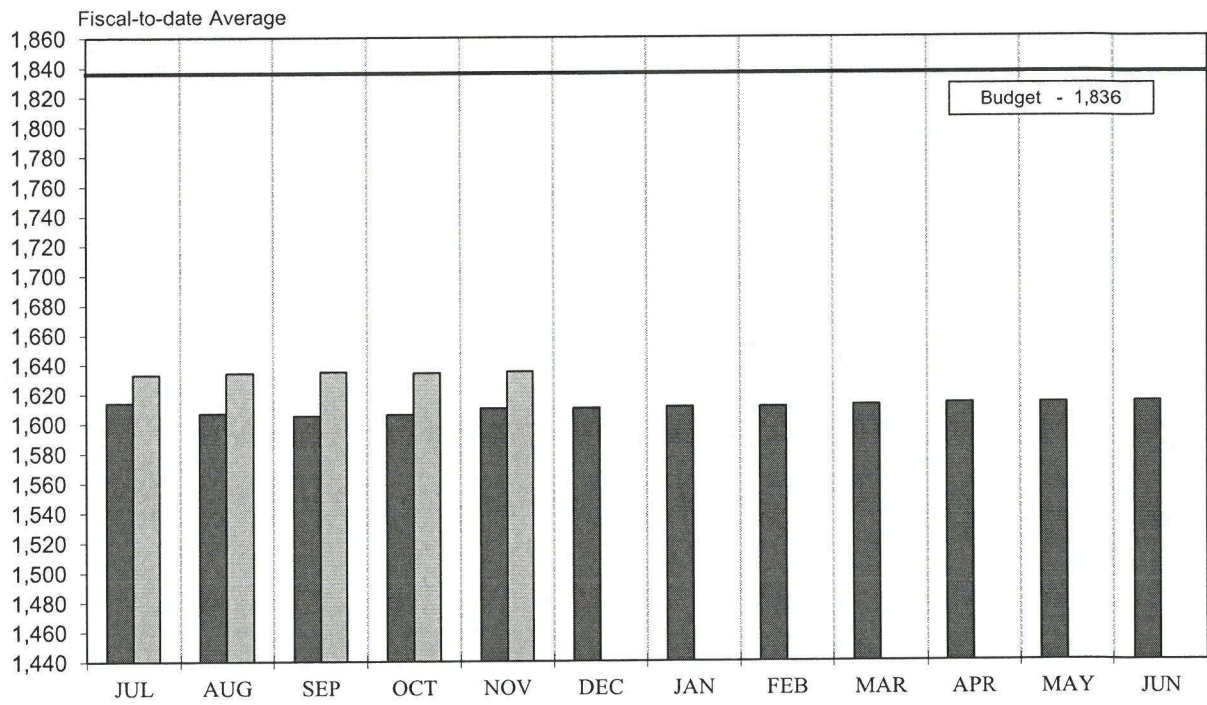
	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 11/29/22</u>	<u>FY'24 ACTUAL THRU 11/30/23</u>	<u>PROJECTED THRU 6/30/24</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$414,795	\$599,354			
Anticipated Contributions:					
Federal & State Grants	5,697	25,142			
System Development Charge	9,635	36,945			
Other	39,369	21,628			
Available for Current Construction	<u>469,496</u>	<u>683,069</u>			
<u>CAPITAL COSTS</u>					
Salaries & Wages	\$27,997	\$28,193	\$11,784	\$13,084	\$28,193
Contract Work	268,792	384,209	99,165	89,239	\$384,209
Consulting Engineers	43,531	84,116	10,329	5,871	\$84,116
All Other	96,072	186,551	26,018	39,086	\$186,551
TOTAL COSTS	<u>\$436,392</u>	<u>\$683,069</u>	<u>\$147,296</u>	<u>\$147,280</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	7,494
Interest Income	<u>0</u>
FUNDS AVAILABLE	67,587
Less MOU Credit Reimbursement	0
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,138)
Sewer Operating - Debt Service	(1,267)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	<u>0</u>
Account Balance	65,182
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(10,492)</u>
AVAILABLE ACCOUNT BALANCE, NOVEMBER 30, 2023	<u><u>\$54,690</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	-	-	-	-	-	-	-