

WSSC WATER

DELIVERING THE ESSENTIAL

FY2024
MONTHLY STATUS REPORT

FEBRUARY 2024



Interoffice Memorandum

TO: KISHIA L. POWELL
GENERAL MANAGER/CEO

FROM: MUNETSI TIMOTHY MUSARA, CPA
CHIEF FINANCIAL OFFICER

DATE: April 1, 2024

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Munetsi Timothy Musara
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SUBJECT: MONTHLY STATUS REPORT – February 2024

Attached is the February 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 February 29, 2024, for Fiscal Year 2024 (FY'24). Total operating fund revenues are at \$662.7 million, and net operating fund expenses are at \$562.0 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 February 2024 report as follows:

Revenues:

- Water and Sewer revenues – which make up 82.1 percent of total revenues are at 69.6 percent YTD versus a prorated target of 66.7 percent based on the eight first months of the fiscal year.
- Other revenues which make up 17.9 percent of total revenues are at 80.5 percent of YTD versus a prorated target of 66.7 percent. (Page 1)
- Interest Income on cash balances is materially ahead of budget for the first eight 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 68.4 percent of actual revenues for FY'23 at the end of eight months of the fiscal year.
- Other revenues were at 80.3 percent at the end of eight months of the fiscal year.

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Expenditures:

- Operating expenditures are at 57.6 percent budget year to date (YTD) versus a prorated target of 66.7 percent based on the first eight 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 58.5 percent of actual expenditures for FY'23 at the end of eight months of the fiscal year.

Factors Impacting Revenues: Water and Sewer Consumption trends.

- Water consumption is higher for the first eight months of the fiscal year, (130.82 MGD in FY'24 versus 126.61 MGD in FY'23) Sewer usage is also higher (113.93 MGD versus 112.98 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 35 to 1,646 through February 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 February FY'24 is \$58.6 million.

Expenditure and revenue activities for other funds are consistent with projections based on the first eight 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)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'23 ACTUAL THRU 2/28/23</u>	<u>FY'24 ACTUAL THRU 2/29/24</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Water Consumption and Sewer Use Charges	\$749,437	\$782,241	\$506,125	\$544,359	\$782,241
All Other Revenues	152,742	146,895	100,001	118,317	146,895
TOTAL REVENUES	<u>902,179</u>	<u>929,136</u>	<u>606,126</u>	<u>662,676</u>	<u>929,136</u>
EXPENSES					
Operating Expenses	493,185	553,981	295,669	319,308	553,981
PAYGO	29,211	44,000	19,474	29,300	44,000
Debt Service Expense	307,558	333,201	199,226	218,537	333,201
GROSS EXPENSES	<u>829,954</u>	<u>931,182</u>	<u>514,369</u>	<u>567,145</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)	(3,848)	(3,848)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(3,008)	(1,333)	(2,000)
NET EXPENSES	<u>819,679</u>	<u>922,210</u>	<u>505,846</u>	<u>561,964</u>	<u>922,210</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$82,500</u>	<u>\$6,926</u>	<u>\$100,280</u>	<u>\$100,712</u>	<u>\$6,926</u>

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 2/28/23	FY'24 ACTUAL THRU 2/29/24	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	\$224,536	\$243,337	\$351,109
Sewer Use Charges	418,435	431,132	281,589	301,022	431,132
Account Maintenance Fees	34,888	36,259	23,015	25,100	36,259
Infrastructure Investment Fee	43,269	44,181	28,569	30,991	44,181
Front Foot Benefit & House Connection Assessments	6,998	5,321	4,863	3,819	5,321
Plumbing & Inspection Fees	20,513	20,380	12,750	13,965	20,380
Interest Income	15,180	7,999	5,448	18,050	7,999
Rockville Sewer Use	3,879	3,100	2,354	3,079	3,100
Miscellaneous	28,015	29,655	23,002	23,313	29,655
TOTAL REVENUES	902,179	929,136	606,126	662,676	929,136
EXPENSES					
Salaries & Wages	127,918	141,927	84,509	93,456	141,927
Heat, Light & Power	22,390	27,373	19,324	14,728	27,373
Regional Sewage Disposal	71,025	64,201	42,757	54,581	64,201
All Other	271,852	320,480	149,079	156,543	320,480
PAYGO	29,211	44,000	19,474	29,300	44,000
Debt Service	307,558	333,201	199,226	218,537	333,201
GROSS EXPENSES	829,954	931,182	514,369	567,145	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)	(3,848)	(3,848)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(3,008)	(1,333)	(2,000)
NET EXPENSES	819,679	922,210	505,846	561,964	922,210
NET REVENUE (LOSS) FOR YEAR	\$82,500	\$6,926	\$100,280	\$100,712	\$6,926
ACCUMULATED NET REVENUE - JULY 1	233,949				314,748
Use of Fund Balance	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$316,449				\$321,674

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 2/28/23</u>	<u>FY'24 ACTUAL THRU 2/29/24</u>	<u>PROJECTED THRU 6/30/24</u>
REVENUES					
Water Consumption & Sewer Use Charges	\$749,437	\$782,241	\$506,125	\$544,359	\$782,241
All Other Revenues	<u>145,285</u>	<u>141,384</u>	<u>94,823</u>	<u>114,334</u>	<u>141,384</u>
TOTAL REVENUES	<u>894,722</u>	<u>923,625</u>	<u>600,948</u>	<u>658,693</u>	<u>923,625</u>
EXPENSES					
Operating Expenses	491,485	551,885	294,596	318,123	551,885
PAYGO	29,211	44,000	19,474	29,300	44,000
Debt Service Expense	<u>300,093</u>	<u>328,467</u>	<u>194,585</u>	<u>215,064</u>	<u>328,467</u>
GROSS EXPENSES	820,789	924,352	508,655	562,487	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)	(3,848)	(3,848)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(4,503)</u>	<u>(2,000)</u>	<u>(3,008)</u>	<u>(1,333)</u>	<u>(2,000)</u>
NET EXPENSES	<u>810,514</u>	<u>915,380</u>	<u>500,132</u>	<u>557,306</u>	<u>915,380</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$84,208</u>	<u>\$8,245</u>	<u>\$100,816</u>	<u>\$101,387</u>	<u>\$8,245</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	230,540				313,047
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>\$321,292</u> *
WATER CONSUMPTION (MGD)	126.0	124.7	126.6	130.8	124.7

* 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 2/28/23	FY'24 ACTUAL THRU 2/29/24	PROJECTED THRU 6/30/24
REVENUES					
Water Consumption Charges	\$331,002	\$351,109	224,536 **	\$243,337	\$351,109
Account Maintenance Fee	18,078	18,388	11,927	12,998	\$18,388
Infrastructure Investment Fee	22,285	22,405	14,713	15,925	\$22,405
Plumbing & Inspection Fees	12,036	11,600	7,523	8,190	\$11,600
Interest Income	5,450	2,713	1,877	5,356	\$2,713
Miscellaneous	12,687	13,962	11,220	9,643	\$13,962
TOTAL REVENUES	401,538	420,177	271,796	295,449	420,177
EXPENSES					
Salaries & Wages	69,326	76,565	46,142	51,696	76,565
Heat, Light & Power	12,383	15,453	11,195	7,779	15,453
All Other	144,573	167,444	78,603	89,050	167,444
PAYGO	9,817	15,928	6,545	10,663	15,928
Debt Service	130,502	145,903	84,624	94,185	145,903
GROSS EXPENSES	366,601	421,293	227,109	253,373	421,293
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	(850)	0	(1,200)
Less: SDC Debt Service Offset	(2,731)	(2,731)	(1,821)	(1,821)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,575)	(888)	(1,056)	(592)	(888)
NET EXPENSES	362,295	416,474	223,382	250,960	416,474
NET REVENUE (LOSS)	\$39,243	3,703	\$48,414	\$44,489	\$3,703
ACCUMULATED NET REVENUE - JULY 1	77,444				115,884 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$116,687				\$119,587

*Reflects a decrease in net revenues of \$803,000 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 2/28/23	FY'24 ACTUAL THRU 2/29/24	PROJECTED THRU 6/30/24
REVENUES					
Sewer Use Charges	\$418,435	\$431,132	281,589	\$301,022	\$431,132
Account Maintenance Fee	16,810	17,871	11,088	12,102	\$17,871
Infrastructure Investment Fee	20,984	21,776	13,856	15,066	\$21,776
Rockville Sewer Use	3,879	3,100	2,354	3,079	\$3,100
Interest Income	9,474	5,286	3,440	12,594	\$5,286
Plumbing & Inspection Fees	8,477	8,780	5,227	5,775	\$8,780
Miscellaneous	15,125	15,503	11,598	13,606	\$15,503
TOTAL REVENUES	493,184	503,448	329,152	363,244	503,448
EXPENSES					
Salaries & Wages	57,718	64,614	37,777	41,126	64,614
Heat, Light & Power	10,007	11,920	8,129	6,949	11,920
Regional Sewage Disposal	71,025	64,201	42,757	54,581	64,201
All Other	126,453	151,688	69,993	66,942	151,688
PAYGO	19,394	28,072	12,929	18,637	28,072
Debt Service	169,591	182,564	109,961	120,879	182,564
GROSS EXPENSES	454,188	503,059	281,546	309,114	503,059
Less: Reconstruction Debt Service Offset	0	0	(817)	0	0
Less: SDC Debt Service Offset	(3,041)	(3,041)	(2,027)	(2,027)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(2,928)	(1,112)	(1,952)	(741)	(1,112)
NET EXPENSES	448,219	498,906	276,750	306,346	498,906
NET REVENUE (LOSS)	\$44,965	\$4,542	\$52,402	\$56,898	\$4,542
ACCUMULATED NET REVENUE - JULY 1	153,096				197,163 *
Use of Fund Balance	0				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$198,061				\$201,705

*Reflects a decrease in net revenues of \$898,000 resulting from prior year adjustments.

GENERAL BOND DEBT SERVICE FUND

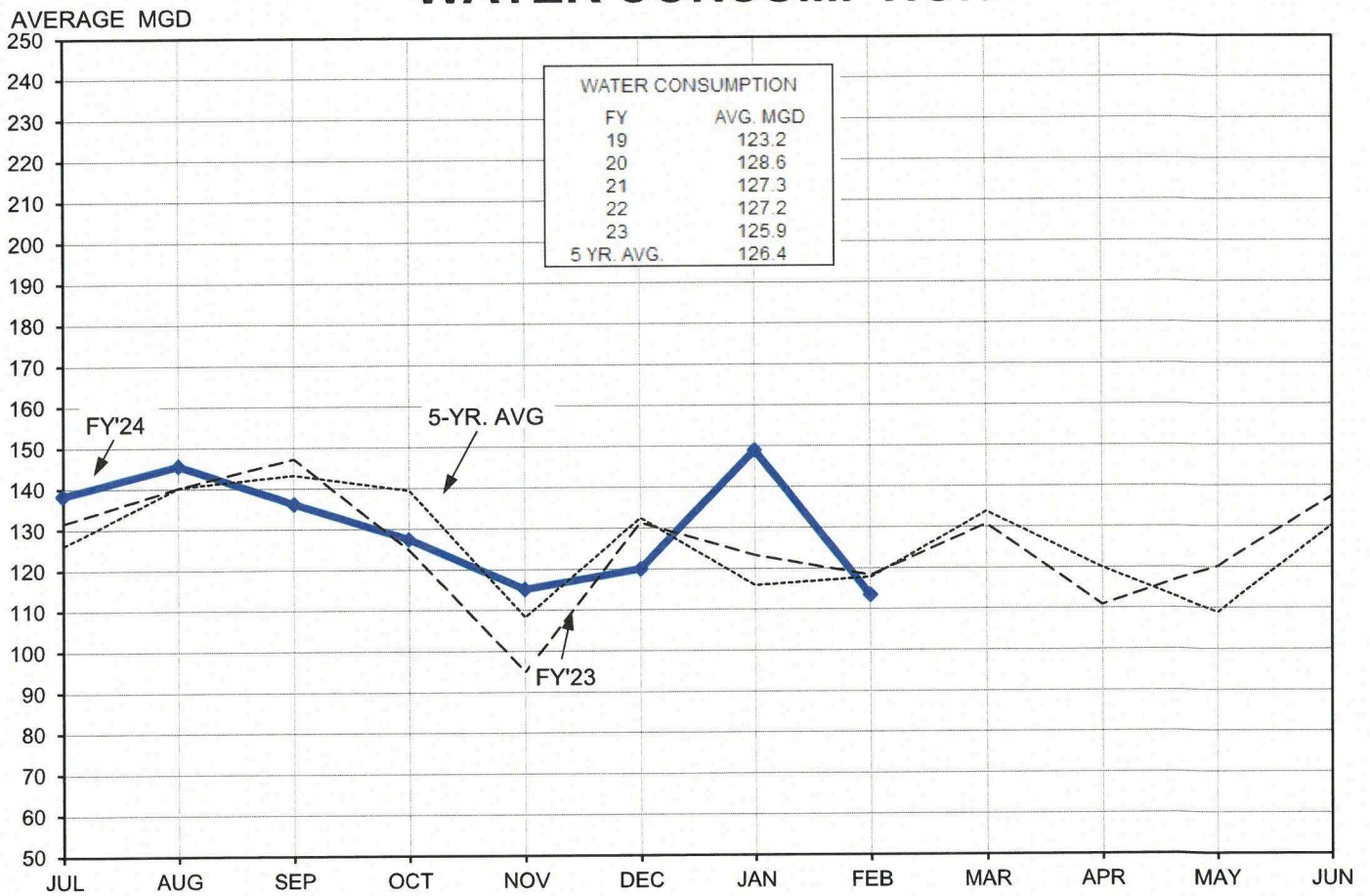
(In Thousands)

	FY'23 ACTUAL	FY'24 APPROVED BUDGET	FY'23 ACTUAL THRU 2/28/23	FY'24 ACTUAL THRU 2/29/24	PROJECTED THRU 6/30/24
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$6,998	\$5,321	\$4,863	\$3,819	\$5,321
Interest Income	256	0	131	100	\$0
Miscellaneous	203	190	184	64	\$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>5,178</u>	<u>3,983</u>	<u>5,511</u>
EXPENSES					
Salaries & Wages	874	748	590	634	748
All Other	826	1,348	483	551	1,348
Debt Service	7,465	4,734	4,641	3,473	4,734
GROSS EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>5,714</u>	<u>4,658</u>	<u>6,830</u>
NET EXPENSES	<u>9,165</u>	<u>6,830</u>	<u>5,714</u>	<u>4,658</u>	<u>6,830</u>
NET REVENUE (LOSS)	(\$1,708)	<u>(\$1,319)</u>	<u>(\$536)</u>	<u>(\$675)</u>	(\$1,319)
ACCUMULATED NET REVENUE - JULY 1	3,409				1,701
Use of Fund Balance	<u>0</u>				<u>0</u>
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	113.427	130.819	126.614
March			127.074
April			125.475
May			124.984
June			126.003

WATER CONSUMPTION

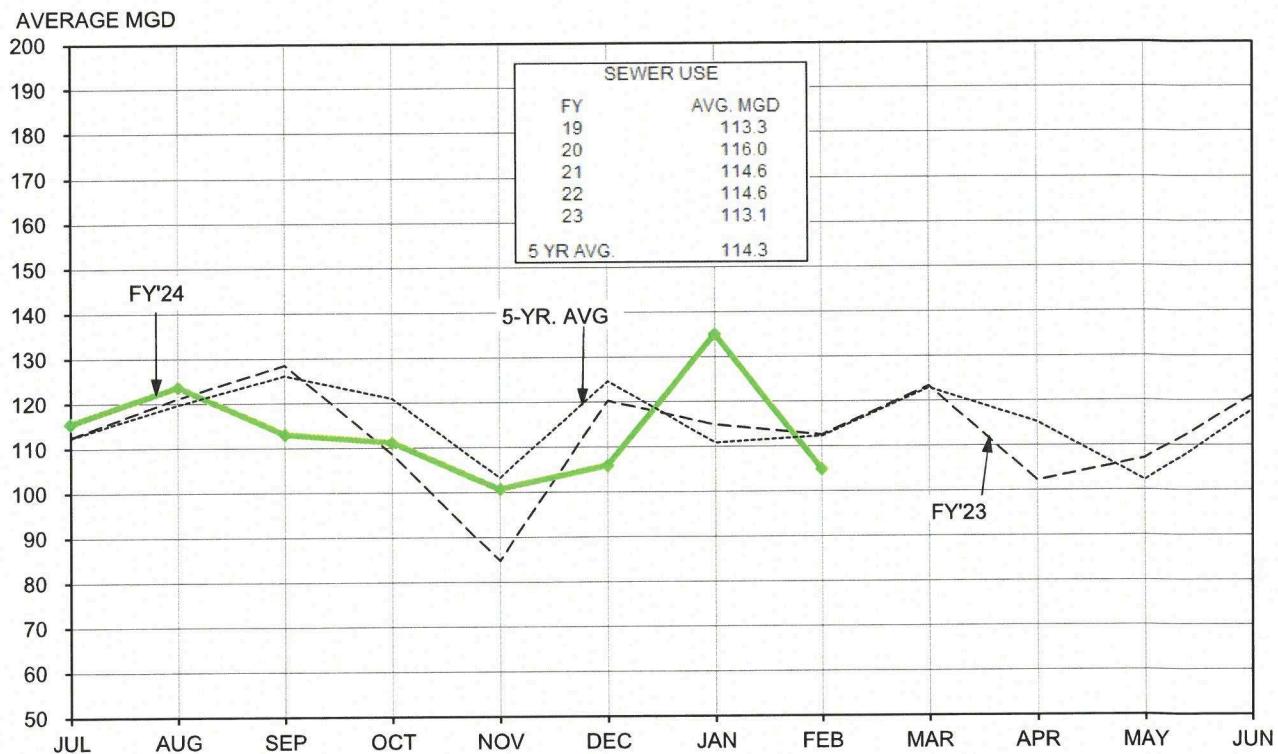


**FY'24
SEWER USE**

<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	135.09	115.14	113.03
February	104.98	113.93	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 2/28/23</u>	<u>FY'24 ACTUAL THRU 2/29/24</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	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	\$18,628	\$20,630	\$28,193
Contract Work	268,792	384,209	153,002	141,178	\$384,209
Consulting Engineers	43,531	84,116	19,805	14,658	\$84,116
All Other	96,072	186,551	64,847	62,608	\$186,551
TOTAL COSTS	<u>\$436,392</u>	<u>\$683,069</u>	<u>\$256,282</u>	<u>\$239,074</u>	<u>\$683,069</u>

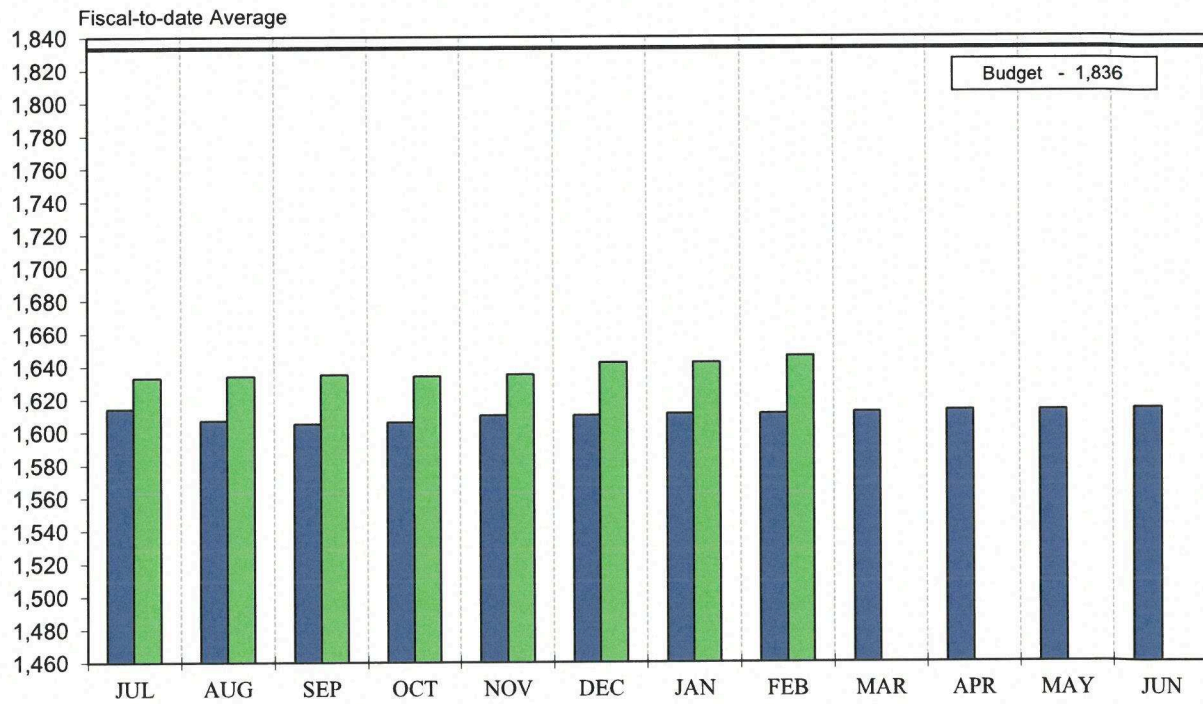
*Reflects the transfer of \$2.5 million of Bond Premium to the Water & Sewer Operating funds and prior year adjustments.

SYSTEM DEVELOPMENT CHARGE ACCOUNT

(In Thousands)

ACCOUNT BALANCE, JULY 1, 2023	\$60,093
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	16,011
Interest Income	<u>0</u>
FUNDS AVAILABLE	76,104
Less MOU Credit Reimbursement	(1,448)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,821)
Sewer Operating - Debt Service	<u>(2,027)</u>
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	<u>0</u>
Account Balance	70,808
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(12,163)</u>
AVAILABLE ACCOUNT BALANCE, FEBRUARY 29, 2024	<u><u>\$58,645</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	1,646	-	-	-	-