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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: November 7, 2024

SUBJECT: MONTHLY STATUS REPORT – June 2024

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Attached is the June 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 June 30, 2024, for Fiscal Year 2024 (FY'24). Total operating fund revenues, at \$978.4 million were \$49.2 million higher than budgeted. Net operating fund expenses, at \$901.5 million were \$20.7 million lower than budget. The FY'24 net revenues of \$76.9 million compares favorably with the fiscal year 2024 approved budget providing for net revenues of \$6.9 million. The additional net revenues are the result of higher water consumption and lower expenditure realization except for Regional Sewage Disposal Charges which were \$15.6 million over the approved budget.

Highlights as of the June 2024 report as follows:

**Revenues:**

- Water and Sewer revenues – which make up 81.9 percent of total revenues are at 102.5 percent YTD.
- Other revenues which make up 18.1 percent of total revenues are at 120.2 percent of YTD. (Page 3)
- Interest Income on cash balances was materially ahead of budget, reflecting the increase in interest rates and its positive impact on interest earned. (Page 4)

**Prior Year Comparison:**

- Water and Sewer revenues were at 101.2 percent of actual revenues for FY'23 at the end of

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the fiscal year.

- Other revenues were at 122.7 percent at the end of the fiscal year.

**Expenditures:**

- Operating expenditures were at 96.3 percent budget at the end of the fiscal.
- PAYGO was \$11.5 million below budget and Debt Service Expenses were \$10.3 million over budget.

**Prior Year Comparison:**

- Operating expenditures were at 98.0 percent of actual expenditures for FY'23 at the end of the fiscal year.

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

- Water consumption was higher for the FY'24, (127.6 MGD in FY'24 versus 126.0 MGD in FY'23) Sewer usage is marginally lower (112.2 MGD versus 113.1 MGD) for prior year giving net overall revenues a stronger realization compared to the budget. (Pages 9 and 11)

**Work years:**

- The workforce saw an increase of 53 to 1,667 through FY'24, compared to FY'23. The current filled complement is well below the approved work years of 1836. The recruitment process continues to reflect the competitive labor environment. (Page 15)

**System Development Charge:**

- The available account balance at the end of FY'24 is \$56.5 million.

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'24 YEAR ENDING 6/30/24</u>
<b><u>REVENUES</u></b>			
Water Consumption and Sewer Use Charges	\$749,437	\$782,241	\$801,723
All Other Revenues	<u>152,742</u>	<u>146,895</u>	<u>176,637</u>
<b>TOTAL REVENUES</b>	<u>902,179</u>	<u>929,136</u>	<u>978,360</u>
<b><u>EXPENSES</u></b>			
Operating Expenses	493,185	553,981	533,257
PAYGO	29,211	44,000	32,506
Debt Service Expense	<u>307,558</u>	<u>333,201</u>	<u>343,480</u>
<b>GROSS EXPENSES</b>	829,954	931,182	909,243
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	0
Less: SDC Debt Service Offset	(5,772)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(4,503)</u>	<u>(2,000)</u>	<u>(2,000)</u>
<b>NET EXPENSES</b>	<u>819,679</u>	<u>922,210</u>	<u>901,471</u>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<u><u>\$82,500</u></u>	<u><u>\$6,926</u></u>	<u><u>\$76,889</u></u>

## CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'24 YEAR ENDING 6/30/24</u>
<b><u>REVENUES</u></b>			
Water Consumption Charges	\$331,002	\$351,109	\$356,194
Sewer Use Charges	418,435	431,132	445,529
Account Maintenance Fees	34,888	36,259	37,846
Infrastructure Investment Fee	43,269	44,181	46,610
Front Foot Benefit & House Connection Assessments	6,998	5,321	5,685
Plumbing & Inspection Fees	20,513	20,380	20,975
Interest Income	15,180	7,999	28,296
Rockville Sewer Use	3,879	3,100	4,507
Miscellaneous	28,015	29,655	32,718
<b>TOTAL REVENUES</b>	<u>902,179</u>	<u>929,136</u>	<u>978,360</u>
<b><u>EXPENSES</u></b>			
Salaries & Wages	127,918	141,927	141,282
Heat, Light & Power	22,390	27,373	22,079
Regional Sewage Disposal	71,025	64,201	79,822
All Other	271,852	320,480	290,074
PAYGO	29,211	44,000	32,506
Debt Service	307,558	333,201	343,480
<b>GROSS EXPENSES</b>	<u>829,954</u>	<u>931,182</u>	<u>909,243</u>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	0
Less: SDC Debt Service Offset	(5,772)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(4,503)	(2,000)	(2,000)
<b>NET EXPENSES</b>	<u>819,679</u>	<u>922,210</u>	<u>901,471</u>
NET REVENUE (LOSS) FOR YEAR	\$82,500	<u>\$6,926</u>	\$76,889
ACCUMULATED NET REVENUE - JULY 1	233,949		312,785
Use of Fund Balance	0		0
ACCUMULATED NET REVENUE - JUNE 30	<u>\$316,449</u>		<u>\$389,674</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'24 YEAR ENDING 6/30/24</u>
<b>REVENUES</b>			
Water Consumption & Sewer Use Charges	\$749,437	\$782,241	\$801,723
Use of Accumulated Net Revenue	0	0	0
All Other Revenues	<u>145,285</u>	<u>141,384</u>	<u>170,551</u>
<b>TOTAL REVENUES</b>	<u>894,722</u>	<u>923,625</u>	<u>972,274</u>
<b>EXPENSES</b>			
Operating Expenses	491,485	551,885	531,376
PAYGO	29,211	44,000	32,506
Debt Service Expense	<u>300,093</u>	<u>328,467</u>	<u>338,326</u>
<b>GROSS EXPENSES</b>	820,789	924,352	902,208
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	20,000
Less: SDC Debt Service Offset	(5,772)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(4,503)</u>	<u>(2,000)</u>	<u>(2,000)</u>
<b>NET EXPENSES</b>	<u>810,514</u>	<u>915,380</u>	<u>914,436</u>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<u>\$84,208</u>	<u>\$8,245</u>	<u>\$57,838</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	230,540		311,084
NET REVENUE (LOSS) FOR YEAR	84,208		57,838
USE OF ACCUMULATED NET REVENUE	<u>0</u>		<u>0</u>
ACCUMULATED NET REVENUE - END OF YEAR	<u>\$314,748</u>		<u>\$368,922</u> *
WATER CONSUMPTION (MGD)	126.0	124.7	127.6

\* 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)

	<b>FY'23 ACTUAL</b>	<b>FY'24 APPROVED BUDGET</b>	<b>FY'24 YEAR ENDING 6/30/24</b>
<b><u>REVENUES</u></b>			
Water Consumption Charges	\$331,002	\$351,109	\$356,194
Account Maintenance Fee	18,078	18,388	19,594
Infrastructure Investment Fee	22,285	22,405	23,957
Plumbing & Inspection Fees	12,036	11,600	12,317
Interest Income	5,450	2,713	10,456
Miscellaneous	12,687	13,962	14,489
<b>TOTAL REVENUES</b>	<b>401,538</b>	<b>420,177</b>	<b>437,007</b>
<b><u>EXPENSES</u></b>			
Salaries & Wages	69,326	76,565	77,811
Heat, Light & Power	12,383	15,453	11,349
All Other	144,573	167,444	161,615
PAYGO	9,817	15,928	5,194
Debt Service	130,502	145,903	159,293
<b>GROSS EXPENSES</b>	<b>366,601</b>	<b>421,293</b>	<b>415,262</b>
Less: Reconstruction Debt Service & Misc Offset	0	(1,200)	5,000
Less: SDC Debt Service Offset	(2,731)	(2,731)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,575)	(888)	(888)
<b>NET EXPENSES</b>	<b>362,295</b>	<b>416,474</b>	<b>416,643</b>
<b>NET REVENUE (LOSS)</b>	<b>\$39,243</b>	<b>3,703</b>	<b>\$20,364</b>
<b>ACCUMULATED NET REVENUE - JULY 1</b>	<b>77,444</b>		<b>114,959</b>
Use of Fund Balance	0		0
Fund Balance Transfer	0		0
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<b>\$116,687</b>		<b>\$135,323</b>

\*Reflects a decrease in net revenues of \$1,728,000 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'24 YEAR ENDING 6/30/24</b>
<b><u>REVENUES</u></b>			
Sewer Use Charges	\$418,435	\$431,132	\$445,529
Account Maintenance Fee	16,810	17,871	18,252
Infrastructure Investment Fee	20,984	21,776	22,653
Rockville Sewer Use	3,879	3,100	4,507
Interest Income	9,474	5,286	17,540
Plumbing & Inspection Fees	8,477	8,780	8,658
Miscellaneous	15,125	15,503	18,128
<b>TOTAL REVENUES</b>	<b>493,184</b>	<b>503,448</b>	<b>535,267</b>
<b><u>EXPENSES</u></b>			
Salaries & Wages	57,718	64,614	62,513
Heat, Light & Power	10,007	11,920	10,730
Regional Sewage Disposal	71,025	64,201	79,822
All Other	126,453	151,688	127,536
PAYGO	19,394	28,072	27,312
Debt Service	169,591	182,564	179,033
<b>GROSS EXPENSES</b>	<b>454,188</b>	<b>503,059</b>	<b>486,946</b>
Less: Reconstruction Debt Service Offset	0	0	15,000
Less: SDC Debt Service Offset	(3,041)	(3,041)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(2,928)	(1,112)	(1,112)
<b>NET EXPENSES</b>	<b>448,219</b>	<b>498,906</b>	<b>497,793</b>
<b>NET REVENUE (LOSS)</b>	<b>\$44,965</b>	<b>\$4,542</b>	<b>\$37,474</b>
ACCUMULATED NET REVENUE - JULY 1	153,096		196,125 *
Use of Fund Balance	0		0
Fund Balance Transfer	0		0
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<b>\$198,061</b>		<b>\$233,599</b>

\*Reflects a decrease in net revenues of \$1,936,000 resulting from prior year adjustments.

**GENERAL BOND DEBT SERVICE FUND**

(In Thousands)

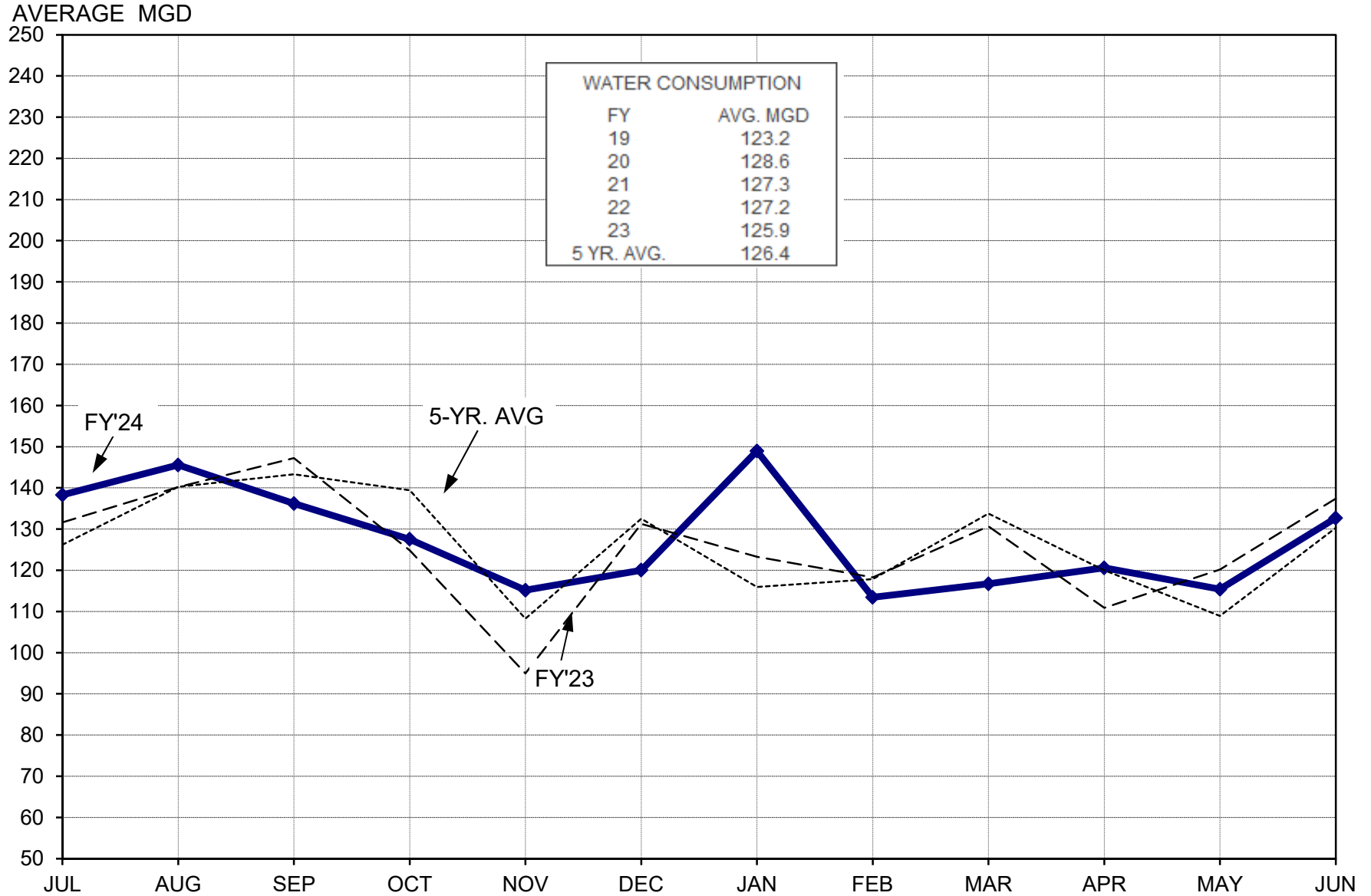
	<u>FY'23 ACTUAL</u>	<u>FY'24 APPROVED BUDGET</u>	<u>FY'24 YEAR ENDING 6/30/24</u>
<b><u>REVENUES</u></b>			
Front Foot Benefit & House Connection			
Assessments	\$6,998	\$5,321	\$5,685
Interest Income	256	0	300
Miscellaneous	203	190	101
Use of Accumulated Net Revenue	0	0	0
Reconstruction Debt Service Offset	0	0	20,000
<b>TOTAL REVENUES</b>	<u>7,457</u>	<u>5,511</u>	<u>26,086</u>
<b><u>EXPENSES</u></b>			
Salaries & Wages	874	748	958
All Other	826	1,348	923
Debt Service	7,465	4,734	5,154
<b>GROSS EXPENSES</b>	<u>9,165</u>	<u>6,830</u>	<u>7,035</u>
<b>NET EXPENSES</b>	<u>9,165</u>	<u>6,830</u>	<u>7,035</u>
<b>NET REVENUE (LOSS)</b>	(\$1,708)	<u>(\$1,319)</u>	<u>\$19,051</u>
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>\$20,752</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	116.704	129.228	127.074
April	120.576	128.377	125.475
May	115.407	127.180	124.984
June	132.673	127.630	126.003
<b>TOTAL</b>	<u><u>127.63</u></u>		

# WATER CONSUMPTION



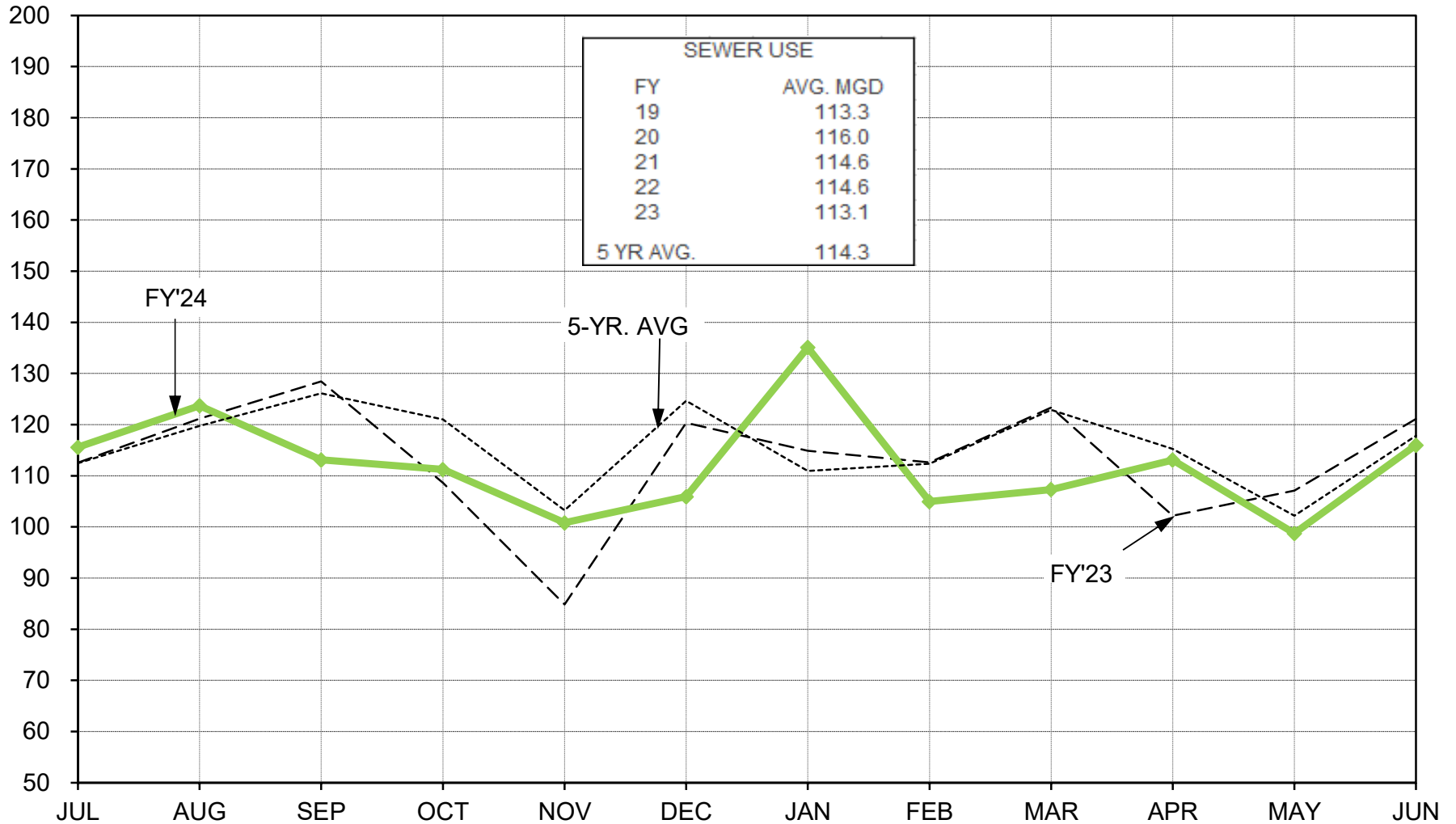
**FY'24  
SEWER USE**

<b><u>MONTH</u></b>	<b><u>FY'24 MONTHLY AVERAGE (MGD)</u></b>	<b><u>FY'24 CUMULATIVE AVERAGE (MGD)</u></b>	<b><u>FY'23 CUMULATIVE AVERAGE (MGD)</u></b>
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	107.32	113.18	114.15
April	113.08	113.17	112.97
May	98.75	111.84	112.43
June	116.01	112.18	113.14
<b>TOTAL (MG)</b>	<b><u><u>41,059.57</u></u></b>		
<b>AVG. (MGD)</b>	<b><u><u>112.18</u></u></b>		

# SEWER USE

(INCLUDES BLUE PLAINS)

AVERAGE MGD





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

(In Thousands)

	<b>FY'23 ACTUAL</b>	<b>FY'24 APPROVED BUDGET</b>	<b>FY'24 YEAR ENDING 6/30/24</b>
<b><u>GROSS FUNDS AVAILABLE</u></b>			
Bonds Issued and Cash on Hand	\$414,795	\$599,354	\$338,711
Anticipated Contributions:			
Federal & State Grants	5,697	25,142	4,959
System Development Charge	9,635	36,945	12,484
Other	39,369	21,628	22,227
Available for Current Construction	<u>469,496</u>	<u>683,069</u>	<u>378,381</u>
<b><u>CAPITAL COSTS</u></b>			
Salaries & Wages	\$27,997	\$28,193	\$31,381
Contract Work	268,792	384,209	245,931
Consulting Engineers	43,531	84,116	33,838
All Other	96,072	186,551	99,011
<b>TOTAL COSTS</b>	<b><u><u>\$436,392</u></u></b>	<b><u><u>\$683,069</u></u></b>	<b><u><u>\$410,161</u></u></b>

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

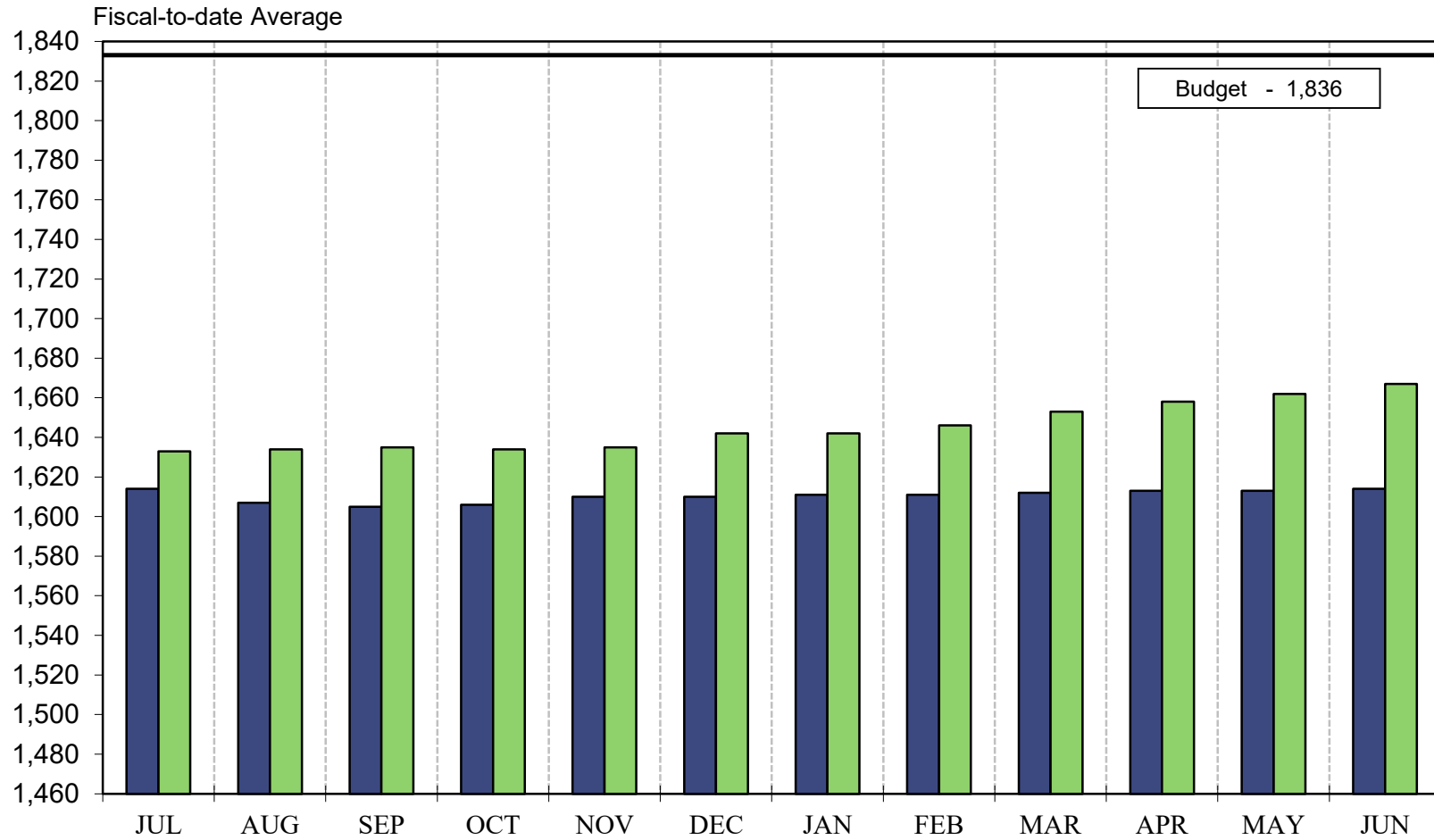
Change in Funds Available for Construction	(31,780) *
Funds Balance - July 1	132,156
Funds Balance - June 30	\$100,376

**SYSTEM DEVELOPMENT CHARGE ACCOUNT**

(In Thousands)

ACCOUNT BALANCE, JULY 1, 2023	\$60,093
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	25,466
Interest Income	<u>3,313</u>
FUNDS AVAILABLE	88,872
Less MOU Credit Reimbursement	(2,239)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(2,731)
Sewer Operating - Debt Service	(3,041)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	(8,029)
Sewer Disposal Bond	<u>(4,455)</u>
Account Balance	68,377
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(11,891)</u>
AVAILABLE ACCOUNT BALANCE, JUNE 30, 2024	<u><u>\$56,486</u></u>

# ACTUAL WORKYEARS



<span style="color: blue;">■</span> FY23	1,614	1,607	1,605	1,606	1,610	1,610	1,611	1,611	1,612	1,613	1,613	1,614
<span style="color: green;">■</span> FY24	1,633	1,634	1,635	1,634	1,635	1,642	1,642	1,646	1,653	1,658	1,662	1,667