



FY 2021
MONTHLY STATUS REPORT
JUNE 2021



Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

VIA: JOSEPH F. BEACH
DEPUTY GENERAL MANAGER OF ADMINISTRATION

^{DS}
JFB

FROM: PATRICIA A. COLIHAN
CHIEF FINANCIAL OFFICER

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PC

DATE: November 19, 2021

SUBJECT: MONTHLY STATUS REPORT – JUNE 2021

Attached is the final Monthly Status Report on our budgetary and fiscal performance for fiscal year 2021. The report provides summary information delineating the agency's end-of-year financial status. Total Operating Fund revenues, at \$757.0 million, were \$71.4 million less than budgeted. Net Operating Fund expenses, at \$724.2 million, were \$106.7 million less than budgeted. Overall, on a budget basis, we ended the year with a favorable Net Revenue of \$32.8 million. (see page 1 of the report).

As a result of the continued review of the Construction in Progress account, \$20.1 million of prior year costs charged to the Capital Funds were written off to the Operating Funds as projects that either did not move forward or operating costs that were incorrectly recorded as capital. These costs along with prior year PAYGO funding for these costs were transferred to the Operating Funds. Those adjustments are reflected in the footnote and prior year adjustment amounts for each impacted statement.

The Combined Water & Sewer Operating Funds posted \$34.0 million in Net Revenue for FY'21. Although combined revenues were \$71.1 million less than budgeted, primarily due to the impacts of the pandemic on our government and commercial customers and the growth in delinquent accounts requiring a \$29 million increase to the reserve for uncollectible accounts

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NOVEMBER 19, 2021
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receivable. Combined expenses were \$105.1 million less than budgeted. Savings across departments totaled \$36.6 million. Debt service savings totaled \$32.0 million including \$10.3 million by forgoing our Bond Anticipation Note principal payment. Adding to the savings and helping to build up reserves, we eliminated \$31 million of PAYGO transfers for capital projects with a portion (\$10 million) preserved to support operating costs.

FY'21 revenues were impacted by lags in meter reading in both Counties and our revised assumptions for unbilled revenues resulting in lower water and sewer use income for the year. As noted in prior reports, the lower sewer use revenue also reflects a re-baselining based upon the identified historical trends.

After taking into account the accounting adjustments to reclassify certain prior year expenses, other routine prior year adjustments, and the success of our Cost Savings Plan, the FY'21 end-of-year accumulated net revenue has increased from \$147.6 million to \$168.9 million (see page 2 of the report), of which \$80.9 million is restricted for our working capital reserve. Due to the impacts of the Covid-19 pandemic, fund balance amounts previously planned for use in the FY'22 through FY'24 budgets have been eliminated.

The General Bond Debt Service Fund finished the year with a net loss of \$1.1 million. The loss was \$1.3 million better than the budgeted loss of \$2.4 million, primarily due to lower than budgeted debt service, (page 12).

Capital project execution improved over last year but was still significantly slower than planned with only 70% of the capital budget spent in FY'21 as the pandemic continued to impact our capital program. Due to the slower spending, we were able to reduce the size of our fall 2021 bond sale. The reduced borrowing will lower our debt service expense in the operating funds going forward.

For FY'21 we shifted away from water production to water consumption and sewer use data by tier as the basis for our modeling and revenue projections. Although the additional data points were expected to result in greater insight and more accurate forecasts of water and sewer revenue, in reality the impacts of the Covid-19 pandemic greatly skewed normal use patterns. As example, FY'21 water consumption at 126.4 MGD was well above the budgeted amount of 122.1 MGD, however, water consumption and sewer use revenue ended up \$71.1 million below budget as more of that higher consumption occurred in the two lower tiers (pages 3 & 4). Revenues were further strained with the increase to our allowance for uncollectible water and sewer receivables due to growth in past due accounts and past due amounts during the pandemic.

Other highlights of the June 2021 report are as follows:

Revenues

- Total revenues (all funds) for FY'21 were \$757.0 million or 91% of total budgeted.

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Expenses

- Total net expenses (all funds for FY'21 were \$724.2 million or 87% of total budgeted).

Water Consumption

- Water consumption for FY'21 averaged 126.4 MGD (page 4).

Workyears

- Cumulative workyears for FY'21 were 1,677 (page 5).

System Development Charge

- The available account balance at the end of FY'21 was \$16.7 million. The account balance was used during the year to fund water and sewer growth-related capital projects (page 13).

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'20 ACTUAL	FY'21 APPROVED BUDGET	ACTUAL YEAR ENDING 6/30/21
<u>REVENUES</u>			
Water Consumption and Sewer Use Charges	\$618,158	\$689,210	\$628,555
Use of Accumulated Net Revenue	11,341	8,000	8,000
All Other Revenues	<u>135,690</u>	<u>131,248</u>	<u>120,474</u>
TOTAL REVENUES	<u>765,189</u>	<u>828,458</u>	<u>757,029</u>
<u>EXPENSES</u>			
Operating Expenses	473,862	493,046	456,650
PAYGO	0	31,016	0
Debt Service Expense	<u>292,322</u>	<u>325,593</u>	<u>291,980</u>
GROSS EXPENSES	766,184	849,655	748,630
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(7,904)</u>	<u>(3,500)</u>	<u>(9,151)</u>
NET EXPENSES	<u>739,985</u>	<u>830,883</u>	<u>724,207</u>
NET REVENUE (LOSS) FOR YEAR	<u><u>\$25,204</u></u>	<u><u>(\$2,425)</u></u>	<u><u>\$32,822</u></u>

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

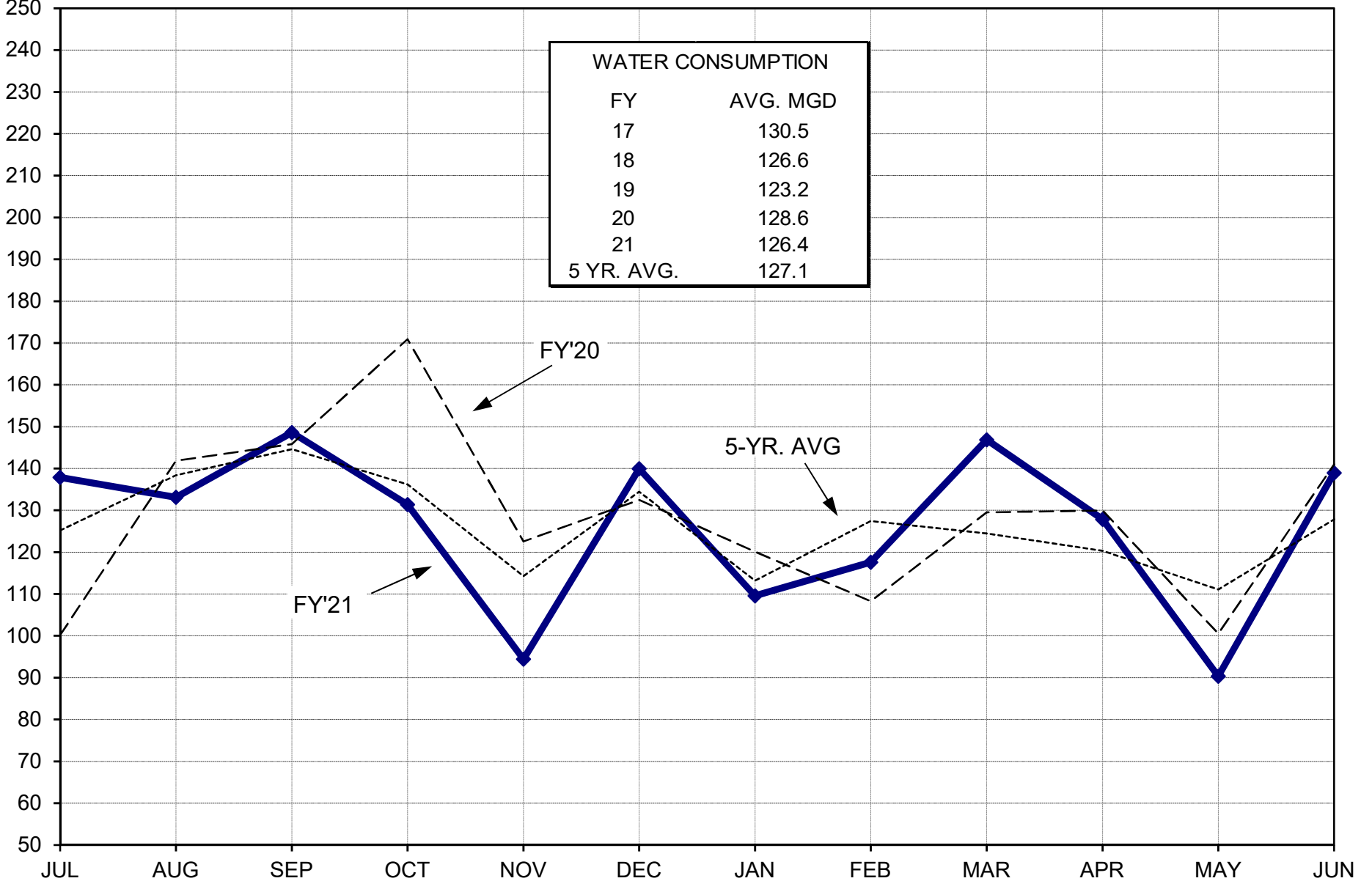
	<u>FY'20 ACTUAL</u>	<u>FY'21 APPROVED BUDGET</u>	<u>ACTUAL YEAR ENDING 6/30/21</u>
REVENUES			
Water Consumption & Sewer Use Charges	\$618,158	\$689,210	\$628,555
Use of Accumulated Net Revenue	11,341	8,000	8,000
All Other Revenues	<u>122,209</u>	<u>120,040</u>	<u>109,601</u>
TOTAL REVENUES	<u>751,708</u>	<u>817,250</u>	<u>746,156</u>
EXPENSES			
Operating Expenses	472,147	491,141	454,780
PAYGO	0	31,016	0
Debt Service Expense	<u>279,745</u>	<u>313,865</u>	<u>281,844</u>
GROSS EXPENSES	751,892	836,022	736,624
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	<u>(7,904)</u>	<u>(3,500)</u>	<u>(9,151)</u>
NET EXPENSES	<u>725,693</u>	<u>817,250</u>	<u>712,201</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$26,015</u>	<u>\$0</u>	<u>\$33,955</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	132,931		142,942
NET REVENUE (LOSS) FOR YEAR	26,015		33,955
USE OF ACCUMULATED NET REVENUE	<u>(11,341)</u>		<u>(8,000)</u>
ACCUMULATED NET REVENUE - END OF YEAR	<u>\$147,605</u>		<u>\$168,897</u> *
WATER CONSUMPTION (MGD)	128.6	122.1	126.4

* Includes Working Capital Reserve of \$80.9 million.

NOTE: Refer to Pages 8 and 9 for details of Water and Sewer Operating Funds.

WATER CONSUMPTION

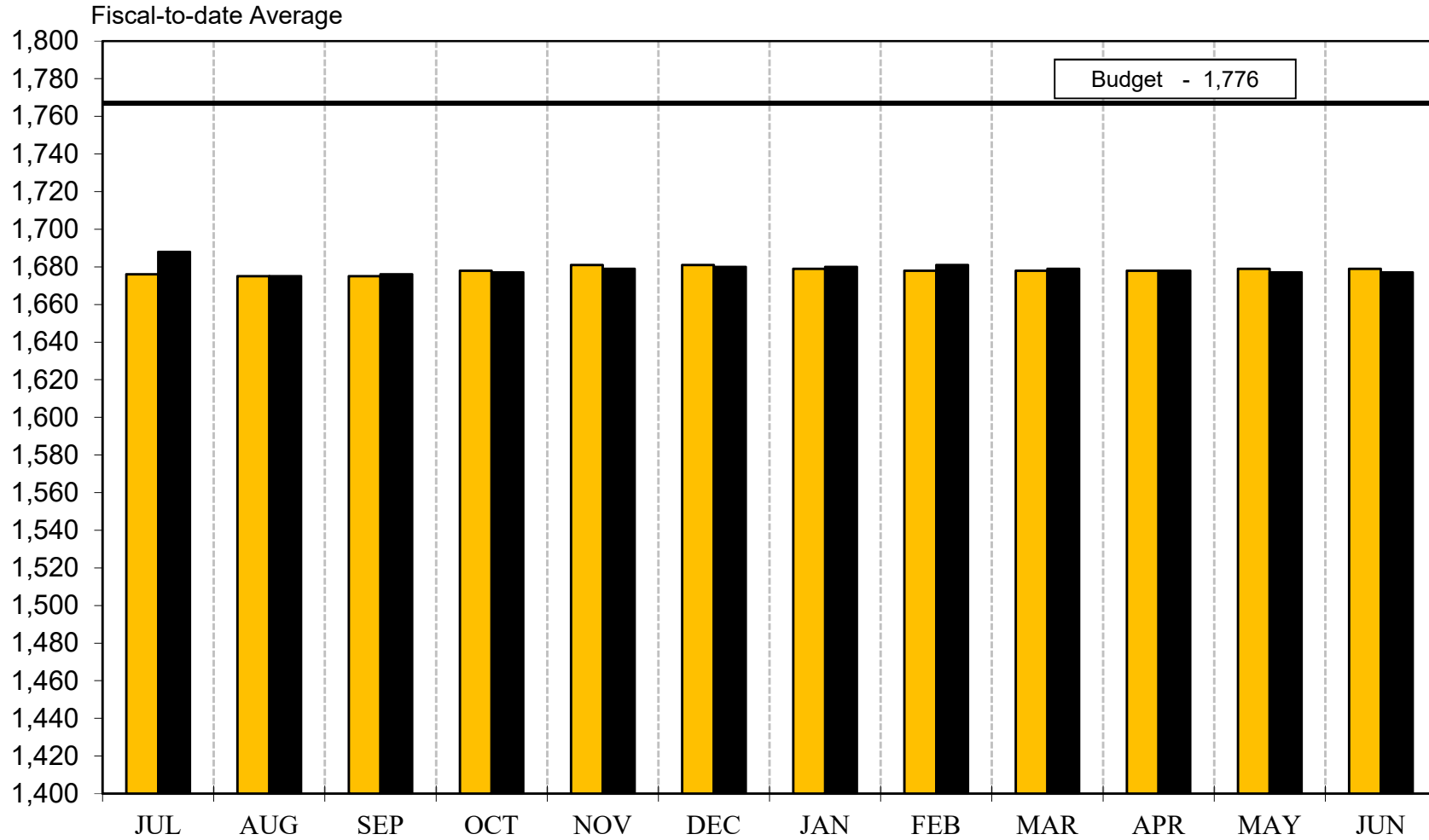
AVERAGE MGD



**FY'21
WATER CONSUMPTION**

<u>MONTH</u>	<u>MONTHLY AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'20 CUMULATIVE AVERAGE (MGD)</u>
July	137.879	137.879	100.173
August	133.079	135.479	121.024
September	148.602	139.758	129.285
October	131.358	137.641	139.689
November	94.436	129.170	136.267
December	139.932	130.983	135.637
January	109.541	127.891	133.419
February	117.588	126.704	130.276
March	146.817	128.980	130.194
April	127.825	128.866	130.172
May	90.337	125.300	127.475
June	138.952	126.422	128.601
TOTAL	126.422		

ACTUAL WORKYEARS



 FY'20	1,676	1,675	1,675	1,678	1,681	1,681	1,679	1,678	1,678	1,678	1,678	1,679	1,679
 FY'21	1,688	1,675	1,676	1,677	1,679	1,680	1,680	1,681	1,679	1,678	1,678	1,677	1,677

STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	ACTUAL YEAR ENDING 6/30/21
<u>GROSS FUNDS AVAILABLE</u>			
Bonds Issued and Cash on Hand	\$289,097	\$562,675	\$402,261
Anticipated Contributions:			
Federal & State Grants	1,589	23,000	4,392
System Development Charge	14,077	9,530	8,393
Other	12,451	10,177	14,192
Available for Current Construction	317,214	605,382	429,238
<u>CAPITAL COSTS</u>			
Salaries & Wages	\$26,388	\$27,826	\$25,911
Contract Work	211,404	353,066	217,590
Consulting Engineers	44,478	77,182	42,349
All Other	112,115	147,308	141,043 *
TOTAL COSTS	\$394,385	\$605,382	\$426,893
Change in Funds Available for Construction			2,345 **
Funds Balance - July 1			39,408
Funds Balance - June 30			\$41,753

* Reflects the transfer of \$7.2 million of Bond Premium to the Water & Sewer Operating funds and prior year adjustments.

** Reflects a reduction to both Capital Costs and Gross Funds Available for the transfer of \$20.1M to the Water & Sewer Operating funds for prior-year projects that did not move forward to construction and other corrections and adjustments.

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	ACTUAL YEAR ENDING 6/30/21
<u>REVENUES</u>			
Water Consumption Charges	\$271,173	\$295,512	\$275,019
Sewer Use Charges	346,985	393,698	353,536
Account Maintenance Fees	35,922	32,360	32,346
Infrastructure Investment Fee	42,781	39,410	39,886
Front Foot Benefit & House Connection Assessments	12,824	10,378	10,664
Plumbing & Inspection Fees	14,425	14,470	16,882
Interest Income	5,364	10,600	412
Rockville Sewer Use	3,147	3,000	3,147
Use of Accumulated Net Revenue	11,341	8,000	8,000
Miscellaneous	21,227	21,030	17,137
TOTAL REVENUES	765,189	828,458	757,029
<u>EXPENSES</u>			
Salaries & Wages	132,574	128,370	131,799
Heat, Light & Power	15,534	20,423	18,234
Regional Sewage Disposal	56,414	58,000	58,658
All Other	269,340	286,253	247,959
PAYGO	0	31,016	0
Debt Service	292,322	325,593	291,980
GROSS EXPENSES	766,184	849,655	748,630
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(7,904)	(3,500)	(9,151)
NET EXPENSES	739,985	830,883	724,207
NET REVENUE (LOSS) FOR YEAR	25,204	(\$2,425)	32,822
ACCUMULATED NET REVENUE - JULY 1	167,160		164,760
Use of Fund Balance	(22,941)		(17,500)
ACCUMULATED NET REVENUE - JUNE 30	\$169,423		\$180,082

Note: Details of the Water and Sewer Operating Funds and General Bond Debt Service Fund are on pages 8, 9 & 12, respectively.

WATER OPERATING

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	ACTUAL YEAR ENDING 6/30/21
<u>REVENUES</u>			
Water Consumption Charges	\$271,173	\$295,512	\$275,019
Account Maintenance Fee	18,912	16,503	17,075
Infrastructure Investment Fee	22,373	20,099	20,918
Plumbing & Inspection Fees	8,296	8,380	9,657
Interest Income	(181)	1,000	96
Use of Accumulated Net Revenue	5,784	4,080	4,080
Miscellaneous	9,816	10,500	8,066
TOTAL REVENUES	336,173	356,074	334,911
<u>EXPENSES</u>			
Salaries & Wages	72,619	69,910	71,852
Heat, Light & Power	8,654	11,671	10,333
All Other	133,623	140,636	129,869
PAYGO	0	9,969	0
Debt Service	123,575	133,004	123,270
GROSS EXPENSES	338,471	365,190	335,324
Less: Reconstruction Debt Service Offset	(4,000)	(4,845)	(4,845)
Less: SDC Debt Service Offset	(3,475)	(2,731)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,337)	(1,540)	(1,540)
NET EXPENSES	329,659	356,074	326,208
NET REVENUE (LOSS)	6,514	\$0	8,703
ACCUMULATED NET REVENUE - JULY 1	14,669		32,924 *
Use of Fund Balance	(5,784)		(4,080)
Fund Balance Transfer	19,070		0
ACCUMULATED NET REVENUE - JUNE 30	\$34,469		\$37,547

*Reflects a decrease in net revenues of \$1,545,000 resulting from prior year adjustments including offsetting adjustments and corrections of \$12,800,000 for prior year capital projects that did not move forward to construction.

SEWER OPERATING

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	ACTUAL YEAR ENDING 6/30/21
<u>REVENUES</u>			
Sewer Use Charges	\$346,985	\$393,698	\$353,536
Account Maintenance Fee	17,010	15,857	15,271
Infrastructure Investment Fee	20,408	19,311	18,968
Rockville Sewer Use	3,147	3,000	3,147
Interest Income	5,062	9,000	296
Plumbing & Inspection Fees	6,129	6,090	7,225
Use of Accumulated Net Revenue	5,557	3,920	3,920
Miscellaneous	11,237	10,300	8,882
TOTAL REVENUES	415,535	461,176	411,245
<u>EXPENSES</u>			
Salaries & Wages	59,092	57,816	59,032
Heat, Light & Power	6,880	8,752	7,901
Regional Sewage Disposal	56,414	58,000	58,658
All Other	134,865	144,356	117,135
PAYGO	0	21,047	0
Debt Service	156,170	180,861	158,574
GROSS EXPENSES	413,421	470,832	401,300
Less: Reconstruction Debt Service Offset	(7,600)	(4,655)	(4,655)
Less: SDC Debt Service Offset	(3,220)	(3,041)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(6,567)	(1,960)	(7,611)
NET EXPENSES	396,034	461,176	385,993
NET REVENUE (LOSS)	19,501	\$0	25,252
ACCUMULATED NET REVENUE - JULY 1	118,262		110,018 *
Use of Fund Balance	(5,557)		(3,920)
Fund Balance Transfer	(19,070)		0
ACCUMULATED NET REVENUE - JUNE 30	\$113,136		\$131,350

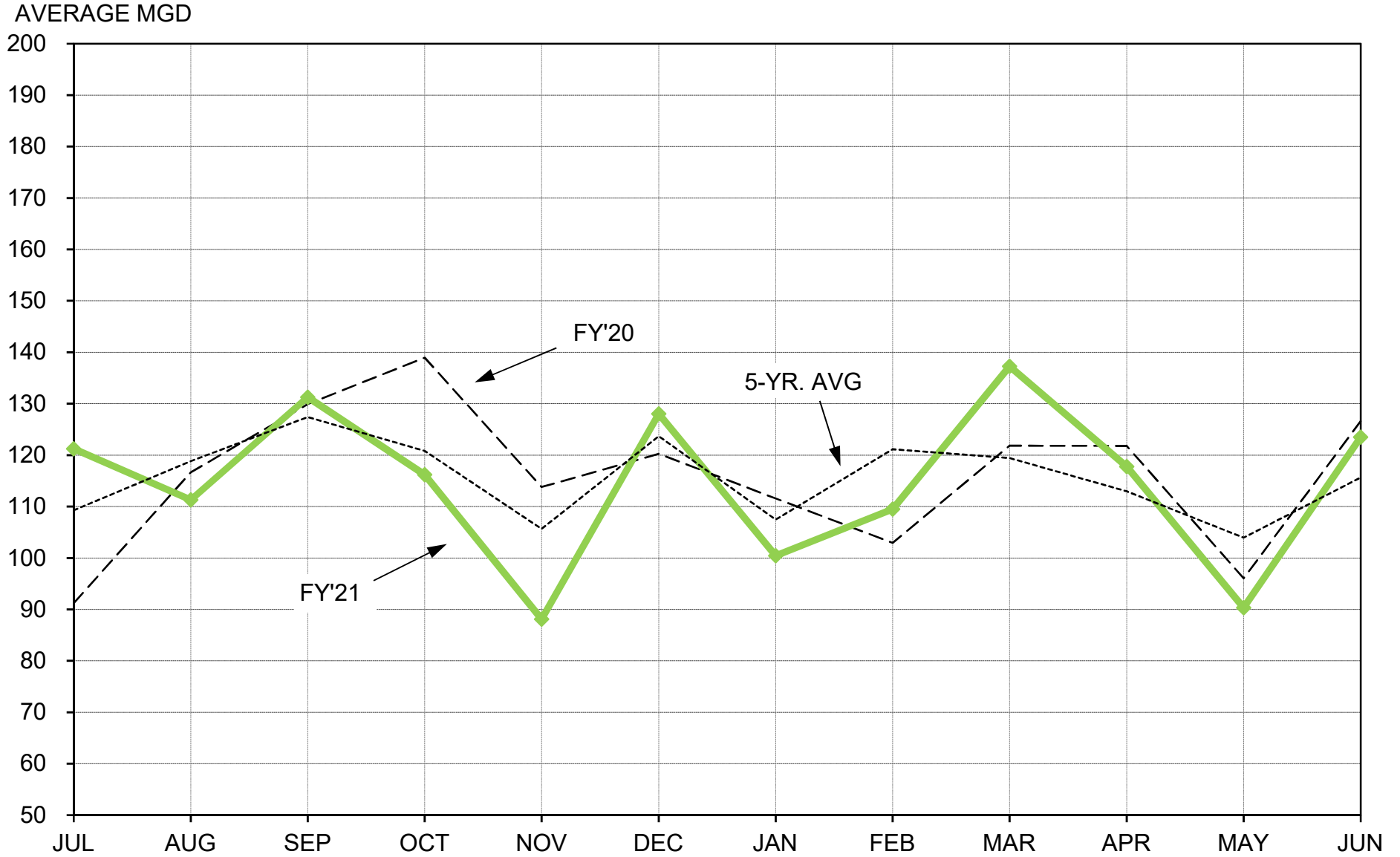
*Reflects a decrease in net revenues of \$3,118,000 resulting from prior years' Blue Plains audit adjustments and other prior year adjustments including offsetting adjustments and corrections of \$7,200,000 for prior year capital projects that did not move forward to construction.

**FY'21
SEWER USE**

<u>MONTH</u>	<u>FY'21 MONTHLY AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'20 CUMULATIVE AVERAGE (MGD)</u>
July	121.25	121.25	91.21
August	111.30	116.27	103.93
September	131.27	121.16	112.59
October	116.18	119.91	119.18
November	88.10	113.67	118.10
December	128.02	116.09	118.46
January	100.44	113.83	117.48
February	109.48	113.33	115.66
March	137.26	116.04	116.35
April	117.77	116.21	116.89
May	90.34	113.81	115.00
June	123.48	114.61	115.96
TOTAL (MG)	<u><u>41,831.90</u></u>		
AVG. (MGD)	<u><u>114.61</u></u>		

SEWER USE

(INCLUDES BLUE PLAINS)



GENERAL BOND DEBT SERVICE FUND

(In Thousands)

	<u>FY'20 ACTUAL</u>	<u>FY'21 APPROVED BUDGET</u>	<u>ACTUAL YEAR ENDING 6/30/21</u>
<u>REVENUES</u>			
Front Foot Benefit & House Connection			
Assessments	\$12,824	\$10,378	\$10,664
Interest Income	483	600	20
Miscellaneous	174	230	189
Use of Accumulated Net Revenue	11,600	9,500	9,500
Reconstruction Debt Service Offset	(11,600)	(9,500)	(9,500)
TOTAL REVENUES	<u>13,481</u>	<u>11,208</u>	<u>10,873</u>
<u>EXPENSES</u>			
Salaries & Wages	863	644	915
All Other	852	1,261	955
Debt Service	12,577	11,728	10,136
GROSS EXPENSES	<u>14,292</u>	<u>13,633</u>	<u>12,006</u>
NET EXPENSES	<u>14,292</u>	<u>13,633</u>	<u>12,006</u>
NET REVENUE (LOSS)	(811)	<u><u>(\$2,425)</u></u>	(1,133)
ACCUMULATED NET REVENUE - JULY 1	34,229		21,818
Use of Fund Balance	(11,600)		(9,500) *
ACCUMULATED NET REVENUE - JUNE 30	<u><u>\$21,818</u></u>		<u><u>\$11,185</u></u>

* Reflects transfer of \$9,500,000 for Reconstruction Debt Service from General Bond Debt Service Fund to Water & Sewer Operating Funds.

SYSTEM DEVELOPMENT CHARGE ACCOUNT

(In Thousands)

ACCOUNT BALANCE, JULY 1, 2020	\$13,730
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	31,665
Interest Income	<u>13</u>
FUNDS AVAILABLE	45,408
Less MOU Credit Reimbursement	(2,538)
<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	(2,915)
Sewer Disposal Bond	<u>(5,478)</u>
Account Balance	28,705
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(12,054)</u>
AVAILABLE ACCOUNT BALANCE, JUNE 30, 2021	<u><u>\$16,651</u></u>

*Transfers to operating funds service debt issued in FY'16, FY'18 & FY'19 and are shown on pages 8 & 9 as SDC Debt Service Offset.

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
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Signer Events

Patricia Colihan
 Patricia.Colihan@wsscwater.com
 Chief Financial Officer
 WSSC Water
 Security Level: Email, Account Authentication (Optional)

Signature




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Joseph F Beach
 Joseph.Beach@wsscwater.com
 Deputy Gen Mgr Admin
 WSSC Water
 Security Level: Email, Account Authentication (Optional)



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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
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