



FY 2022
MONTHLY STATUS REPORT
APRIL 2022



Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

VIA: JOSEPH F. BEACH
DEPUTY GENERAL MANAGER OF ADMINISTRATION

^{DS}
JFB

FROM: LETITIA CAROLINA-POWELL
CHIEF FINANCIAL OFFICER (Acting)

^{DS}
LC

DATE: AUGUST 1, 2022

SUBJECT: MONTHLY STATUS REPORT – APRIL 2022

Attached is the April Monthly Status Report on the budgetary and fiscal performance of the Commission. The report provides summary information delineating the Commission's current and projected financial status for Fiscal Year 2022 (FY'22). Beginning back in September 2021 we developed a Cost Savings Plan to address the continuing impacts of the Covid-19 pandemic on our operations and the projected revenue shortfall. The FY'22 planned expenditure reductions cross all departments, reducing expenses by 2.3%. The Cost Savings Plan includes debt related savings and adjustments, and the reduction of the PAYGO transfer for capital projects. In our February report, we made a number of adjustments to our revenue and expense projections. While we are not making any additional changes to our FY'22 projections at this time, we continue to monitor our financial position and expect to modify our projections in future reports as we further assess the on-going effects of the pandemic and the current macroeconomic conditions.

The pandemic and current macroeconomic conditions, such as supply chain disruptions, continue to impact our ability to execute our capital program. We are currently reassessing our capital project spending projections and expect to make adjustments in a future report. Slower spending on bond funded projects may allow us to delay future bond sales, contributing to debt service savings in the operating funds.

CARLA A. REID
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The accumulated net revenue at year-end is projected to be \$167.8 million (see page 2 of the report), of which \$124.3 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.

Beginning with FY'21 we have shifted away from water production to water consumption and sewer use data by tier as the basis for our modeling and revenue projections. The additional data points are expected to result in greater insight and more accurate forecasts of water and sewer revenue. While fiscal to date water consumption at 129.1 MGD is 0.46% above the five-year average, water consumption and sewer use revenue is currently tracking at 6.0% below budget primarily due to more of the consumption occurring in the lower tiers (pages 3 & 4).

Other highlights of the April 2022 report are as follows:

Revenues

- Total revenues (all funds) through April were \$686.6 million or 82.0% of total budgeted.
- Total revenues (all funds) are projected to be \$804.5 million; \$32.6 million less than budgeted.

Expenses

- Total net expenses (all funds) through April were \$644.4 million or 76.9% of total budgeted.
- Total net expenses (all funds) are projected to be \$798.7 million; \$39.7 million less than budgeted.

Water Consumption

- Water consumption through April averaged 129.1 MGD (page 4).

Workyears

- Cumulative workyears through the end of April were 1,646 (page 5).

System Development Charge

- The available account balance through April was \$36.0 million. The account balance will be 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'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
<u>REVENUES</u>					
Water Consumption and Sewer Use Charges	\$628,555	\$717,803	\$547,371	\$575,543	\$674,481
Use of Accumulated Net Revenue	8,000	0	0	0	0
All Other Revenues	120,474	119,282	101,536	111,039	130,020
TOTAL REVENUES	757,029	837,085	648,907	686,582	804,501
<u>EXPENSES</u>					
Operating Expenses	456,650	507,681	377,179	368,744	482,419
PAYGO	0	27,585	0	20,809	23,585
Debt Service Expense	291,980	316,827	243,417	265,309	309,428
GROSS EXPENSES	748,630	852,093	620,596	654,862	815,432
Less: Reconstruction Debt Service Offset	(9,500)	(6,000)	(7,917)	(4,500)	(6,000)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(4,810)	(4,329)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(9,151)	(2,000)	(7,626)	(1,666)	(5,000)
NET EXPENSES	724,207	838,321	600,243	644,367	798,660
NET REVENUE (LOSS) FOR YEAR	\$32,822	(\$1,236)	\$48,664	\$42,215	\$5,841

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

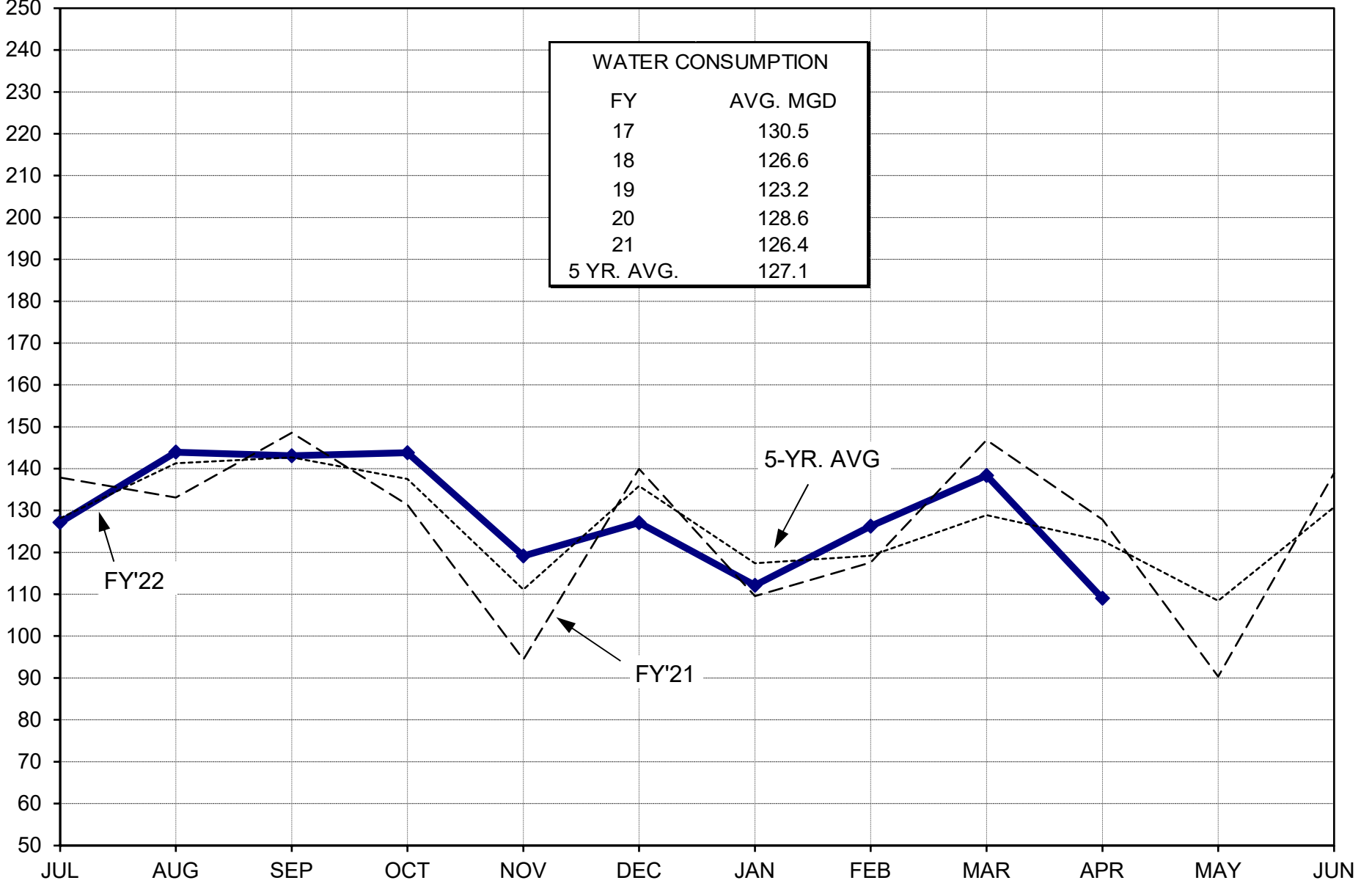
	FY'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
REVENUES					
Water Consumption & Sewer Use Charges	\$628,555	\$717,803	\$547,371	\$575,543	\$674,481
Use of Accumulated Net Revenue	8,000	0	0	0	0
All Other Revenues	109,601	110,724	92,463	103,697	121,462
TOTAL REVENUES	746,156	828,527	639,834	679,240	795,943
EXPENSES					
Operating Expenses	454,780	505,669	375,744	367,323	480,407
PAYGO	0	27,585	0	20,809	23,585
Debt Service Expense	281,844	309,045	235,054	257,870	301,646
GROSS EXPENSES	736,624	842,299	610,798	646,002	805,638
Less: Reconstruction Debt Service Offset	(9,500)	(6,000)	(7,917)	(4,500)	(6,000)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(4,810)	(4,329)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(9,151)	(2,000)	(7,626)	(1,666)	(5,000)
NET EXPENSES	712,201	828,527	590,445	635,507	788,866
NET REVENUE (LOSS) FOR YEAR	\$33,955	\$0	\$49,389	\$43,733	\$7,077
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	142,942				160,718
NET REVENUE (LOSS) FOR YEAR	33,955				7,077
USE OF ACCUMULATED NET REVENUE	(8,000)				0
ACCUMULATED NET REVENUE - END OF YEAR	\$168,897				\$167,795 *
WATER CONSUMPTION (MGD)	126.4	122.1	128.9	129.1	122.1

* Includes Working Capital Reserve of \$124.3 million.

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

WATER CONSUMPTION

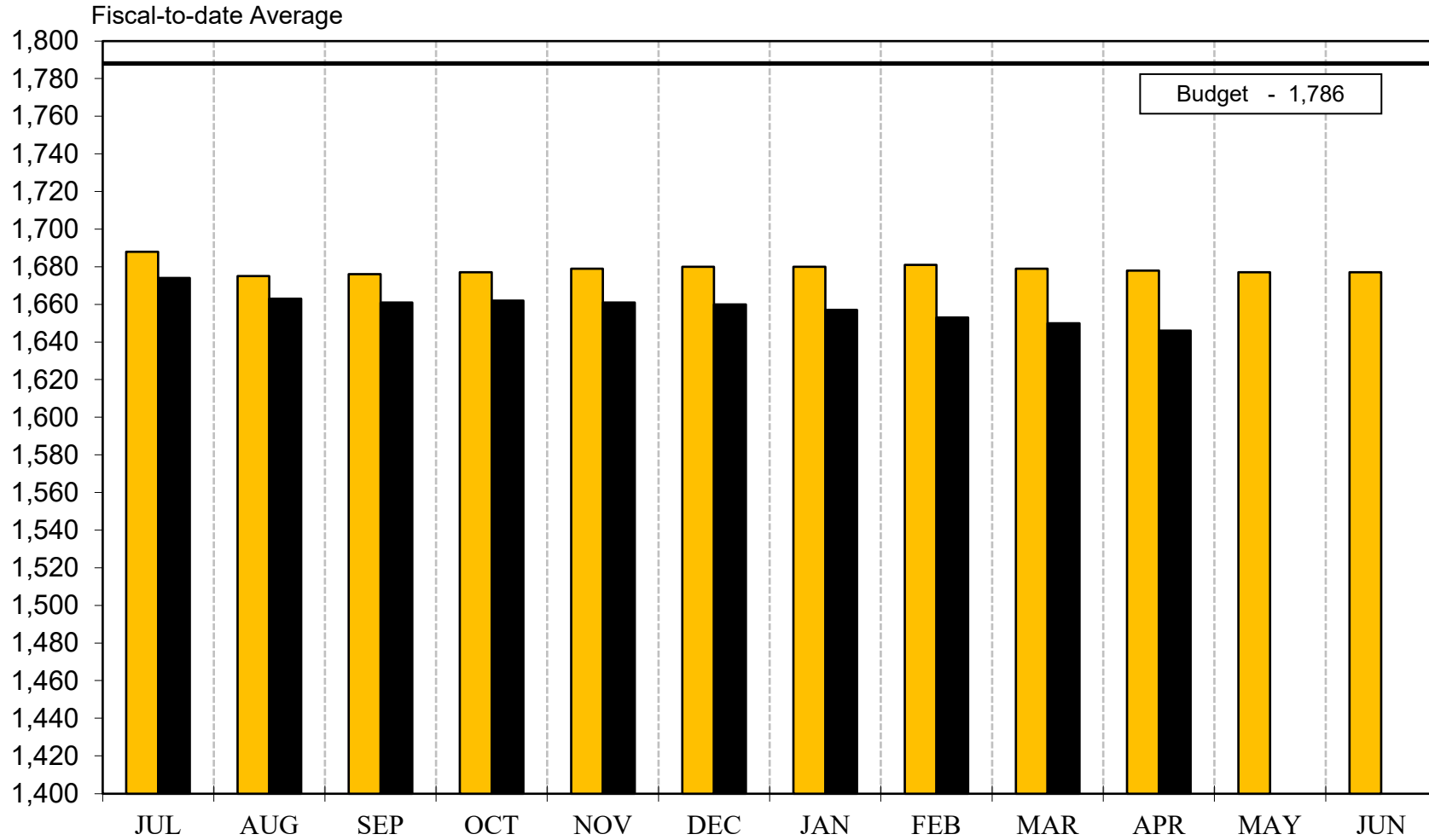
AVERAGE MGD



**FY'22
WATER CONSUMPTION**

<u>MONTH</u>	<u>MONTHLY AVERAGE (MGD)</u>	<u>FY'22 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>
July	127.157	127.157	137.879
August	143.975	135.566	135.479
September	143.068	138.012	139.758
October	143.787	139.468	137.641
November	119.139	135.482	129.170
December	127.124	134.073	130.983
January	112.127	130.909	127.891
February	126.255	130.373	126.704
March	138.396	131.280	128.980
April	109.043	129.086	128.866
May			125.300
June			126.422

ACTUAL WORKYEARS



 FY'21	1,688	1,675	1,676	1,677	1,679	1,680	1,680	1,681	1,679	1,678	1,677	1,677
 FY'22	1,674	1,663	1,661	1,662	1,661	1,660	1,657	1,653	1,650	1,646	-	-

STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL

(In Thousands)

	<u>FY'21 ACTUAL</u>	<u>FY'22 APPROVED BUDGET</u>	<u>FY'21 ACTUAL THRU 4/30/21</u>	<u>FY'22 ACTUAL THRU 4/30/22</u>	<u>PROJECTED THRU 6/30/22</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$402,261	\$635,351			
Anticipated Contributions:					
Federal & State Grants	4,392	24,471			
System Development Charge	8,393	31,329			
Other	14,192	12,594			
Available for Current Construction	<u>429,238</u>	<u>703,745</u>			
<u>CAPITAL COSTS</u>					
Salaries & Wages	\$25,911	\$27,449	\$21,412	\$22,850	\$27,449
Contract Work	217,590	444,405	165,484	200,339	248,000
Consulting Engineers	42,349	79,614	27,168	25,148	46,900
All Other	141,043	152,277	66,994	52,224	107,277
TOTAL COSTS	<u><u>\$426,893</u></u>	<u><u>\$703,745</u></u>	<u><u>\$281,058</u></u>	<u><u>\$300,561</u></u>	<u><u>\$429,626</u></u>

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
REVENUES					
Water Consumption Charges	\$275,019	\$318,941	\$238,916	\$255,362	\$299,681
Sewer Use Charges	353,536	398,862	308,455	320,181	374,800
Account Maintenance Fees	32,346	31,866	26,960	26,987	32,349
Infrastructure Investment Fee	39,886	38,808	33,240	33,250	39,940
Front Foot Benefit & House Connection Assessments	10,664	8,428	8,869	7,170	8,428
Plumbing & Inspection Fees	16,882	14,350	14,148	15,938	18,145
Interest Income	412	1,000	399	462	600
Rockville Sewer Use	3,147	3,100	2,595	2,709	3,100
Use of Accumulated Net Revenue	8,000	0	0	0	0
Miscellaneous	17,137	21,730	15,325	24,523	27,458
TOTAL REVENUES	757,029	837,085	648,907	686,582	804,501
EXPENSES					
Salaries & Wages	131,799	133,730	109,632	106,135	130,374
Heat, Light & Power	18,234	18,493	15,052	17,237	19,388
Regional Sewage Disposal	58,658	59,160	46,984	50,788	59,160
All Other	247,959	296,298	205,511	194,584	273,497
PAYGO	0	27,585	0	20,809	23,585
Debt Service	291,980	316,827	243,417	265,309	309,428
GROSS EXPENSES	748,630	852,093	620,596	654,862	815,432
Less: Reconstruction Debt Service Offset	(9,500)	(6,000)	(7,917)	(4,500)	(6,000)
Less: SDC Debt Service Offset	(5,772)	(5,772)	(4,810)	(4,329)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(9,151)	(2,000)	(7,626)	(1,666)	(5,000)
NET EXPENSES	724,207	838,321	600,243	644,367	798,660
NET REVENUE (LOSS) FOR YEAR	32,822	(\$1,236)	\$48,664	42,215	5,841
ACCUMULATED NET REVENUE - JULY 1	164,760				171,903
Use of Fund Balance	(17,500)				(6,000)
ACCUMULATED NET REVENUE - JUNE 30	\$180,082				\$171,744

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'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
<u>REVENUES</u>					
Water Consumption Charges	\$275,019	\$318,941	\$238,916	\$255,362	299,681
Account Maintenance Fee	17,075	16,251	14,247	14,040	16,498
Infrastructure Investment Fee	20,918	19,792	17,444	17,173	20,369
Plumbing & Inspection Fees	9,657	8,180	8,096	9,113	10,887
Interest Income	96	500	90	159	100
Use of Accumulated Net Revenue	4,080	0	0	0	0
Miscellaneous	8,066	10,200	6,872	11,116	13,938
TOTAL REVENUES	334,911	373,864	285,665	306,963	361,473
<u>EXPENSES</u>					
Salaries & Wages	71,852	72,834	59,754	57,017	71,176
Heat, Light & Power	10,333	10,541	8,680	9,932	11,436
All Other	129,869	147,825	107,501	99,234	145,686
PAYGO	0	8,867	0	5,976	7,583
Debt Service	123,270	140,498	102,903	112,972	137,245
GROSS EXPENSES	335,324	380,565	278,838	285,131	373,126
Less: Reconstruction Debt Service Offset	(4,845)	(3,060)	(4,038)	(2,295)	(3,060)
Less: SDC Debt Service Offset	(2,731)	(2,731)	(2,276)	(2,048)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,540)	(910)	(1,283)	(758)	(1,680)
NET EXPENSES	326,208	373,864	271,241	280,030	365,655
NET REVENUE (LOSS)	8,703	\$0	\$14,424	\$26,933	(4,182)
ACCUMULATED NET REVENUE - JULY 1	32,924				35,084 *
Use of Fund Balance	(4,080)				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$37,547				\$30,902

*Reflects a decrease in net revenues of \$2,463,000 resulting from prior year adjustments.

SEWER OPERATING

(In Thousands)

	FY'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
<u>REVENUES</u>					
Sewer Use Charges	\$353,536	\$398,862	\$308,455	\$320,181	\$374,800
Account Maintenance Fee	15,271	15,615	12,713	12,947	15,851
Infrastructure Investment Fee	18,968	19,016	15,796	16,077	19,571
Rockville Sewer Use	3,147	3,100	2,595	2,709	3,100
Interest Income	296	500	290	281	500
Plumbing & Inspection Fees	7,225	6,170	6,052	6,825	7,258
Use of Accumulated Net Revenue	3,920	0	0	0	0
Miscellaneous	8,882	11,400	8,268	13,257	13,390
TOTAL REVENUES	411,245	454,663	354,169	372,277	434,470
<u>EXPENSES</u>					
Salaries & Wages	59,032	60,205	49,126	48,372	58,507
Heat, Light & Power	7,901	7,952	6,372	7,305	7,952
Regional Sewage Disposal	58,658	59,160	46,984	50,788	59,160
All Other	117,135	147,152	97,327	94,675	126,490
PAYGO	0	18,718	0	14,833	16,002
Debt Service	158,574	168,547	132,151	144,898	164,401
GROSS EXPENSES	401,300	461,734	331,960	360,871	432,512
Less: Reconstruction Debt Service Offset	(4,655)	(2,940)	(3,879)	(2,205)	(2,940)
Less: SDC Debt Service Offset	(3,041)	(3,041)	(2,534)	(2,281)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(7,611)	(1,090)	(6,343)	(908)	(3,320)
NET EXPENSES	385,993	454,663	319,204	355,477	423,211
NET REVENUE (LOSS)	25,252	\$0	\$34,965	\$16,800	11,259
ACCUMULATED NET REVENUE - JULY 1	110,018				125,634 *
Use of Fund Balance	(3,920)				0
Fund Balance Transfer	0				0
ACCUMULATED NET REVENUE - JUNE 30	\$131,350				\$136,893

*Reflects a decrease in net revenues of \$5,716,000 resulting from prior year adjustments.

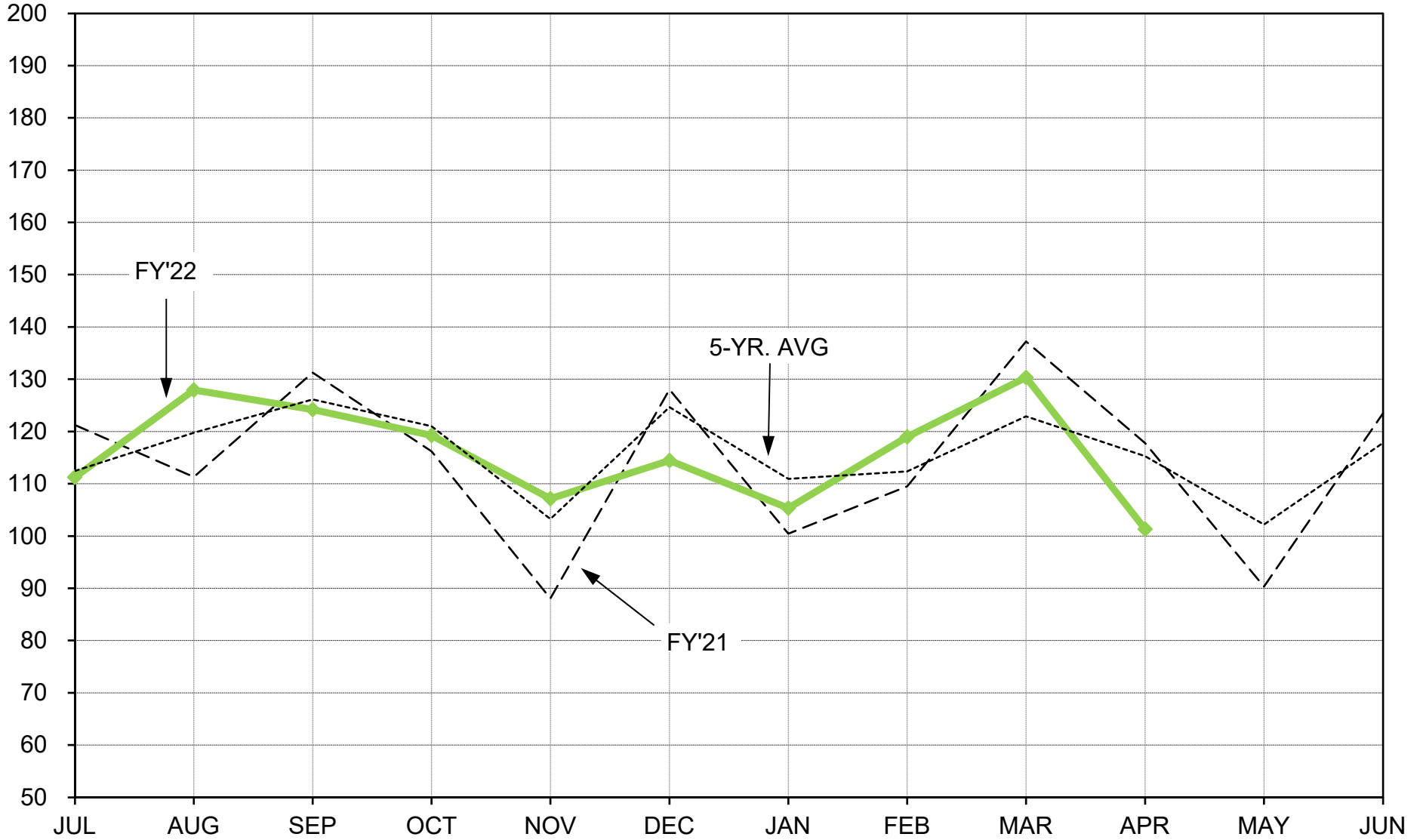
**FY'22
SEWER USE**

<u>MONTH</u>	<u>FY'22 MONTHLY AVERAGE (MGD)</u>	<u>FY'22 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>
July	111.25	111.25	121.25
August	127.92	119.58	116.27
September	124.20	121.09	121.16
October	119.24	120.62	119.91
November	107.12	117.97	113.67
December	114.46	117.38	116.09
January	105.32	115.64	113.83
February	118.97	116.03	113.33
March	130.35	117.65	116.04
April	101.34	116.04	116.21
May			113.81
June			114.61

SEWER USE

(INCLUDES BLUE PLAINS)

AVERAGE MGD



GENERAL BOND DEBT SERVICE FUND

(In Thousands)

	FY'21 ACTUAL	FY'22 APPROVED BUDGET	FY'21 ACTUAL THRU 4/30/21	FY'22 ACTUAL THRU 4/30/22	PROJECTED THRU 6/30/22
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$10,664	\$8,428	\$8,869	\$7,170	\$8,428
Interest Income	20	0	19	22	0
Miscellaneous	189	130	185	150	130
Use of Accumulated Net Revenue	9,500	6,000	7,917	4,500	6,000
Reconstruction Debt Service Offset	(9,500)	(6,000)	(7,917)	(4,500)	(6,000)
TOTAL REVENUES	10,873	8,558	9,073	7,342	8,558
EXPENSES					
Salaries & Wages	915	691	752	746	691
All Other	955	1,321	683	675	1,321
Debt Service	10,136	7,782	8,363	7,439	7,782
GROSS EXPENSES	12,006	9,794	9,798	8,860	9,794
NET EXPENSES	12,006	9,794	9,798	8,860	9,794
NET REVENUE (LOSS)	(1,133)	(\$1,236)	(\$725)	(\$1,518)	(1,236)
ACCUMULATED NET REVENUE - JULY 1	21,818				11,185
Use of Fund Balance	(9,500)				(6,000) *
ACCUMULATED NET REVENUE - JUNE 30	\$11,185				\$3,949

* Reflects transfer of \$6,000,000 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, 2021	\$28,705
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	25,313
Interest Income	<u>35</u>
FUNDS AVAILABLE	54,053
Less MOU Credit Reimbursement	(2,134)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(2,048)
Sewer Operating - Debt Service	(2,281)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	<u>0</u>
Account Balance	47,590
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	<u>(11,590)</u>
AVAILABLE ACCOUNT BALANCE, APRIL 30, 2022	<u><u>\$36,000</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.