




FY 2019
MONTHLY STATUS REPORT
FEBRUARY 2019



Washington Suburban Sanitary Commission

Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

FROM: PATRICIA COLIHAN 
CHIEF FINANCIAL OFFICER

DATE: APRIL 9, 2019

SUBJECT: MONTHLY STATUS REPORT – FEBRUARY 2019

Attached is the February 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 2019 (FY'19). At this time, we are not changing our FY'19 projected financial results.

Fiscal to date water production, at 163.0 MGD, is 0.6% below of the five-year average and 1.9% behind last year's pace over the same period. Water production for the month of February, at 152.6 MGD, was 2.9 MGD below the five-year average for the month. Water and sewer revenue depends not only on the water produced and ultimately consumed, but also on the average billing rate. Historically, the average billing rate has represented the water and sewer revenue received per thousand gallons of water produced. Since WSSC's rate structure consists of 16 steps, changes in customer use patterns can also cause changes in the billing rate and thus in the total revenues derived. At this point in the fiscal year, the average end-of-year combined water and sewer billing rate is projected to remain equal to the budgeted level of \$10.490 per thousand gallons produced.

Water production to date remains close to the five-year average. We will continue to monitor our water production rates in the coming months to see if this trend continues. The projected accumulated net revenue at year end is \$169.4 million, (see page 2 of the report), of which, \$73.5 million is restricted for our working capital reserve, \$11.3 million is planned for use in the FY2020 budget, and \$26.0 million is projected to be used in the FY2021 through FY2024 budgets, and to maintain the targeted 10% operating reserve, (page 2).

Other highlights of the February 2019 report are as follows:

Revenues

- Total operating revenues (all funds) through February were \$502.7 million or 66% of total budgeted.
- Total operating revenues (all funds) are projected to be \$762.6 million; equal to budget.

Expenses

- Total operating expenses (all funds) through February were \$466.0 million or 61% of total budgeted.
- Total net operating expenses (all funds) are projected to be \$765.7 million; equal to budget.

Water Production

- Water production through February averaged 163.0 MGD (page 4).

Workyears

- Cumulative workyears through the end of February were 1,652 (page 5).

System Development Charge

- The System Development Charge available account balance through February was \$11.6 million. The account balance is used during the year to fund water and sewer growth-related capital expenditures (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)

	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 2/28/18</u>	<u>FY'19 ACTUAL THRU 2/28/19</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Water Consumption and Sewer Use Charges	\$597,614	\$627,942	\$407,234	\$413,727	\$627,942
All Other Revenues	132,847	134,675	88,221	89,011	134,675
TOTAL REVENUES	<u>730,461</u>	<u>762,617</u>	<u>495,455</u>	<u>502,738</u>	<u>762,617</u>
EXPENSES					
Operating Expenses	449,627	487,232	277,700	293,957	487,232
Debt Service Expense	275,096	294,349	178,563	183,215	294,349
GROSS EXPENSES	<u>724,723</u>	<u>781,581</u>	<u>456,263</u>	<u>477,172</u>	<u>781,581</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,133)	(8,334)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,597)	(2,879)	(3,364)
Working Capital Reserve Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET EXPENSES	<u>714,627</u>	<u>765,717</u>	<u>449,533</u>	<u>465,959</u>	<u>765,717</u>
NET REVENUE (LOSS) FOR YEAR	<u><u>\$15,834</u></u>	<u><u>(\$3,100)</u></u>	<u><u>\$45,922</u></u>	<u><u>\$36,779</u></u>	<u><u>(\$3,100)</u></u>

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

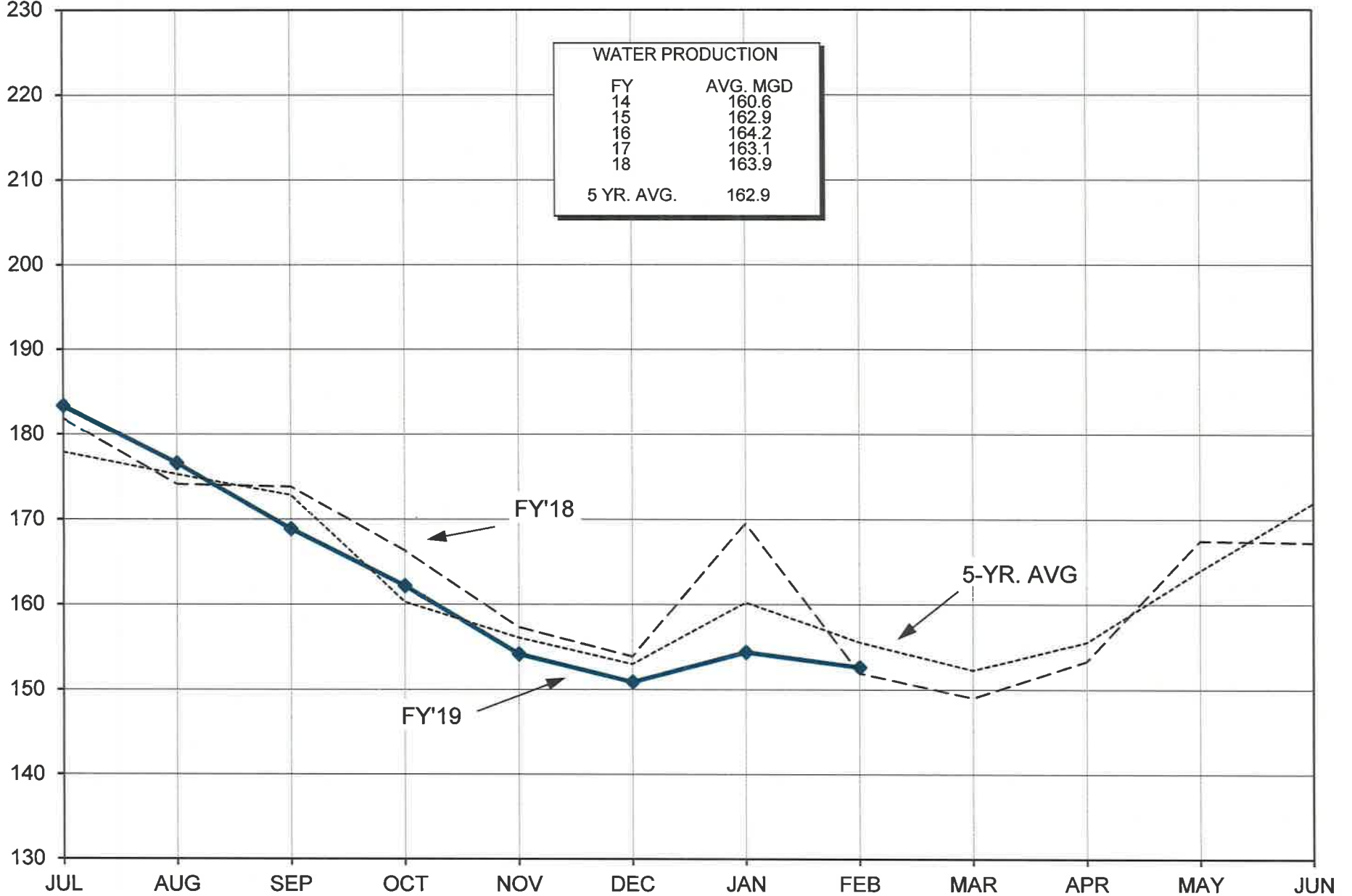
	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 2/28/18</u>	<u>FY'19 ACTUAL THRU 2/28/19</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Water Consumption & Sewer Use Charges	\$597,614	\$627,942	\$407,234	\$413,727	\$627,942
Use of Accumulated Net Revenue	227	11,580	0	0	11,580
All Other Revenues	112,279	107,307	73,827	76,299	107,307
TOTAL REVENUES	<u>710,120</u>	<u>746,829</u>	<u>481,061</u>	<u>490,026</u>	<u>746,829</u>
EXPENSES					
Operating Expenses	438,048	454,616	266,757	285,298	454,616
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service Expense	257,502	277,061	167,050	172,439	277,061
GROSS EXPENSES	<u>705,615</u>	<u>762,693</u>	<u>443,872</u>	<u>465,491</u>	<u>762,693</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,133)	(8,334)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,597)	(2,879)	(3,364)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	<u>695,519</u>	<u>746,829</u>	<u>437,142</u>	<u>454,278</u>	<u>746,829</u>
NET REVENUE (LOSS) FOR YEAR	<u><u>\$14,601</u></u>	<u><u>\$0</u></u>	<u><u>\$43,919</u></u>	<u><u>\$35,748</u></u>	<u><u>\$0</u></u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	173,494				180,960
NET REVENUE (LOSS) FOR YEAR	14,601				0
USE OF ACCUMULATED NET REVENUE	<u>(227)</u>				<u>(11,580)</u>
ACCUMULATED NET REVENUE - END OF YEAR	<u><u>\$187,868</u></u>				<u><u>\$169,380</u></u> *
WATER PRODUCED (MGD)	163.9	164.0	166.3	163.0	164.0

* Includes Working Capital Reserve of \$73.5 million.

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

WATER PRODUCED

AVERAGE MGD

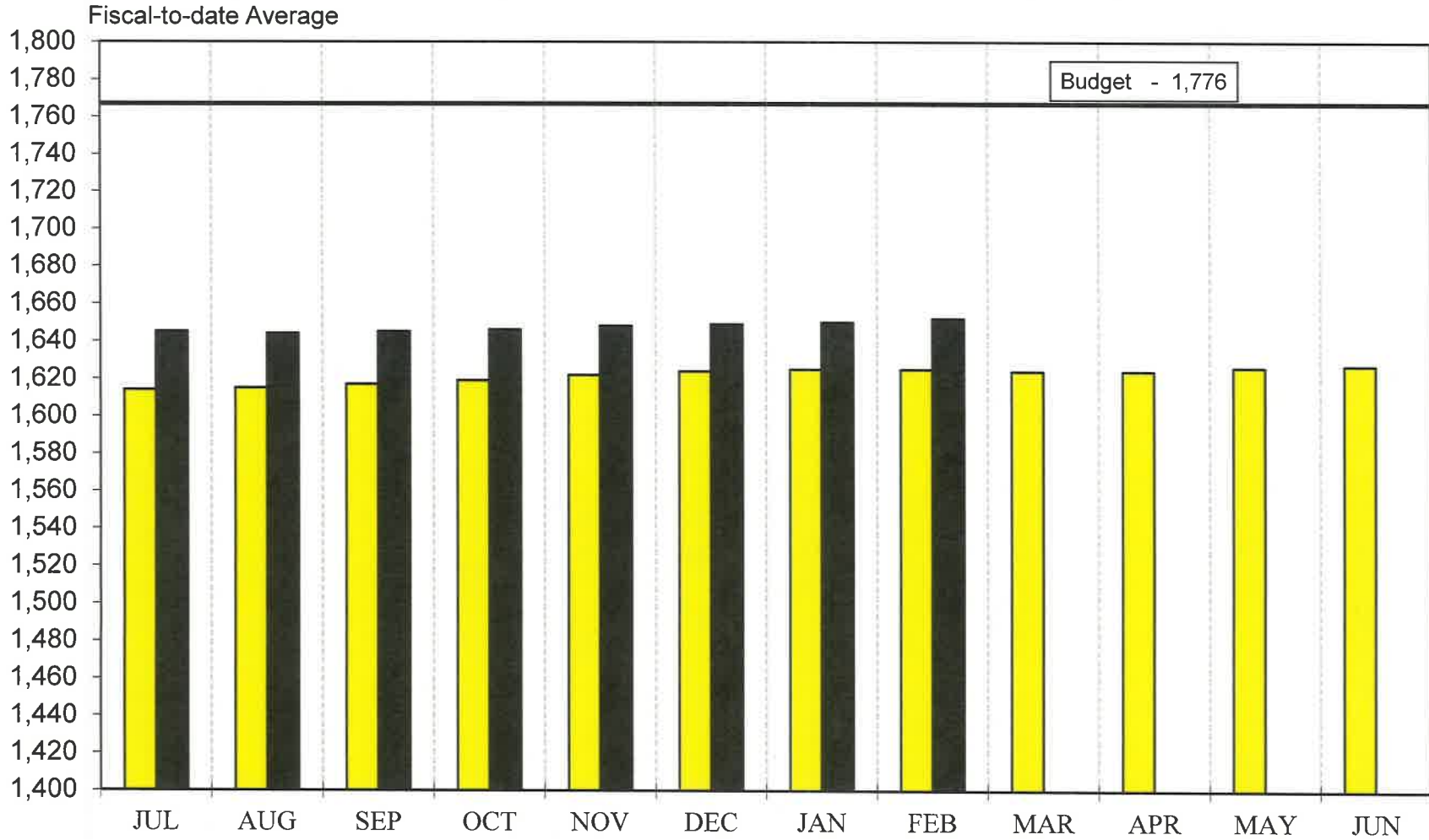


WATER PRODUCTION	
FY	AVG. MGD
14	160.6
15	162.9
16	164.2
17	163.1
18	163.9
5 YR. AVG.	162.9

**FY'19
WATER PRODUCED**

<u>MONTH</u>	<u>MONTHLY TOTAL (MG)</u>	<u>MONTHLY AVERAGE (MGD)</u>	<u>FY'19 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'18 CUMULATIVE AVERAGE (MGD)</u>
July	5,684.547	183.372	183.372	181.830
August	5,476.241	176.653	180.013	177.984
September	5,066.570	168.886	176.384	176.632
October	5,028.512	162.210	172.812	174.032
November	4,625.753	154.192	169.161	170.752
December	4,678.449	150.918	166.087	167.904
January	4,786.828	154.414	164.404	168.133
February	4,274.171	152.649	163.050	166.263
March				164.310
April				163.225
May				163.614
June				163.912

ACTUAL WORKYEARS



 FY'18	1,614	1,615	1,617	1,619	1,622	1,624	1,625	1,625	1,624	1,624	1,626	1,627
 FY'19	1,645	1,644	1,645	1,646	1,648	1,649	1,650	1,652	-	-	-	-

STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL

(In Thousands)

	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 2/28/18</u>	<u>FY'19 ACTUAL THRU 2/28/19</u>	<u>PROJECTED THRU 6/30/19</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$609,678	\$605,937			
Anticipated Contributions:					
Federal & State Grants	3,706	6,122			
System Development Charge	23,200	23,647			
Other	22,872	20,620			
Available for Current Construction	<u>659,456</u>	<u>656,326</u>			
<u>CAPITAL COSTS</u>					
Salaries & Wages	\$27,717	\$30,678	\$19,108	\$18,820	\$30,678
Contract Work	225,086	376,223	138,438	132,757	376,223
Consulting Engineers	41,718	68,912	19,588	27,115	68,912
All Other	180,695	180,513	109,699	71,542	180,513
TOTAL COSTS	<u><u>\$475,216</u></u>	<u><u>\$656,326</u></u>	<u><u>\$286,833</u></u>	<u><u>\$250,234</u></u>	<u><u>\$656,326</u></u>

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 2/28/18	FY'19 ACTUAL THRU 2/28/19	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$186,497	\$185,394	\$273,316
Sewer Use Charges	325,879	354,626	220,737	228,333	354,626
Account Maintenance Fees	32,473	32,182	21,504	21,062	32,182
Infrastructure Investment Fee	39,847	38,894	26,396	25,900	38,894
Front Foot Benefit & House Connection Assessments	19,191	15,473	13,707	11,881	15,473
Plumbing & Inspection Fees	12,141	12,231	7,635	8,532	12,231
Interest Income	6,343	1,575	2,963	5,926	1,575
Rockville Sewer Use	3,223	2,700	2,076	2,134	2,700
Use of Fund Balance	227	11,580	0	0	11,580
Miscellaneous	19,402	20,040	13,940	13,576	20,040
TOTAL REVENUES	730,461	762,617	495,455	502,738	762,617
EXPENSES					
Salaries & Wages	117,845	128,434	78,554	83,858	128,434
Heat, Light & Power	20,033	20,577	13,327	13,292	20,577
Regional Sewage Disposal	58,331	53,617	36,025	39,365	53,617
All Other	243,353	253,588	139,729	149,688	253,588
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service	275,096	294,349	178,563	183,215	294,349
GROSS EXPENSES	724,723	781,581	456,263	477,172	781,581
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,133)	(8,334)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,597)	(2,879)	(3,364)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	714,627	765,717	449,533	465,959	765,717
NET REVENUE (LOSS) FOR YEAR	15,834	(\$3,100)	\$45,922	\$36,779	(3,100)
ACCUMULATED NET REVENUE - JULY 1	228,333				229,332
Use of Fund Balance	(7,927)				(24,080)
ACCUMULATED NET REVENUE - JUNE 30	\$236,240				\$202,152

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'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 2/28/18	FY'19 ACTUAL THRU 2/28/19	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$186,497	\$185,394	\$273,316
Account Maintenance Fee	16,561	16,413	10,967	10,742	16,413
Infrastructure Investment Fee	20,322	19,836	13,462	13,209	19,836
Plumbing & Inspection Fees	7,037	7,190	4,437	4,877	7,190
Interest Income	1,004	100	165	249	100
Use of Fund Balance	0	5,906	0	0	5,906
Miscellaneous	10,187	10,900	6,971	6,310	10,900
TOTAL REVENUES	326,846	333,661	222,499	220,781	333,661
EXPENSES					
Salaries & Wages	65,083	68,672	43,872	46,271	68,672
Heat, Light & Power	11,388	10,642	8,126	7,597	10,642
All Other	130,531	129,381	73,845	74,920	129,381
PAYGO	4,388	13,660	4,388	3,415	13,660
Debt Service	108,698	117,728	70,226	72,340	117,728
GROSS EXPENSES	320,088	340,083	200,457	204,543	340,083
Less: Reconstruction Debt Service Offset	0	(4,000)	0	(2,667)	(4,000)
Less: SDC Debt Service Offset	(242)	(2,422)	(161)	(1,037)	(2,422)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	319,846	333,661	200,296	200,839	333,661
NET REVENUE (LOSS)	7,000	\$0	\$22,203	\$19,942	0
ACCUMULATED NET REVENUE - JULY 1	34,612				39,312 *
Use of Fund Balance	0				(5,906)
ACCUMULATED NET REVENUE - JUNE 30	\$41,612				\$33,406

*Reflects a decrease in net revenues of \$2,300,000 resulting from prior year adjustments.

SEWER OPERATING

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 2/28/18	FY'19 ACTUAL THRU 2/28/19	PROJECTED THRU 6/30/19
REVENUES					
Sewer Use Charges	\$325,879	\$354,626	\$220,737	\$228,333	\$354,626
Account Maintenance Fee	15,912	15,769	10,537	10,320	15,769
Infrastructure Investment Fee	19,525	19,058	12,934	12,691	19,058
Rockville Sewer Use	3,223	2,700	2,076	2,134	2,700
Interest Income	4,474	1,400	2,306	5,027	1,400
Plumbing & Inspection Fees	5,104	5,041	3,198	3,655	5,041
Use of Fund Balance	227	5,674	0	0	5,674
Miscellaneous	8,930	8,900	6,774	7,085	8,900
TOTAL REVENUES	383,274	413,168	258,562	269,245	413,168
EXPENSES					
Salaries & Wages	52,061	59,229	34,214	37,100	59,229
Heat, Light & Power	8,645	9,935	5,201	5,695	9,935
Regional Sewage Disposal	58,331	53,617	36,025	39,365	53,617
All Other	112,009	123,140	65,474	74,350	123,140
PAYGO	5,677	17,356	5,677	4,339	17,356
Debt Service	148,804	159,333	96,824	100,099	159,333
GROSS EXPENSES	385,527	422,610	243,415	260,948	422,610
Less: Reconstruction Debt Service Offset	(7,700)	(8,500)	(5,133)	(5,667)	(8,500)
Less: SDC Debt Service Offset	(2,154)	(942)	(1,436)	(1,842)	(942)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	375,673	413,168	236,846	253,439	413,168
NET REVENUE (LOSS)	7,601	\$0	\$21,716	\$15,806	0
ACCUMULATED NET REVENUE - JULY 1	138,882				141,648 *
Use of Fund Balance	(227)				(5,674)
ACCUMULATED NET REVENUE - JUNE 30	\$146,256				\$135,974

*Reflects a decrease in net revenues of \$4,608,000 resulting from prior years' Blue Plains audit adjustments and other prior year adjustments.

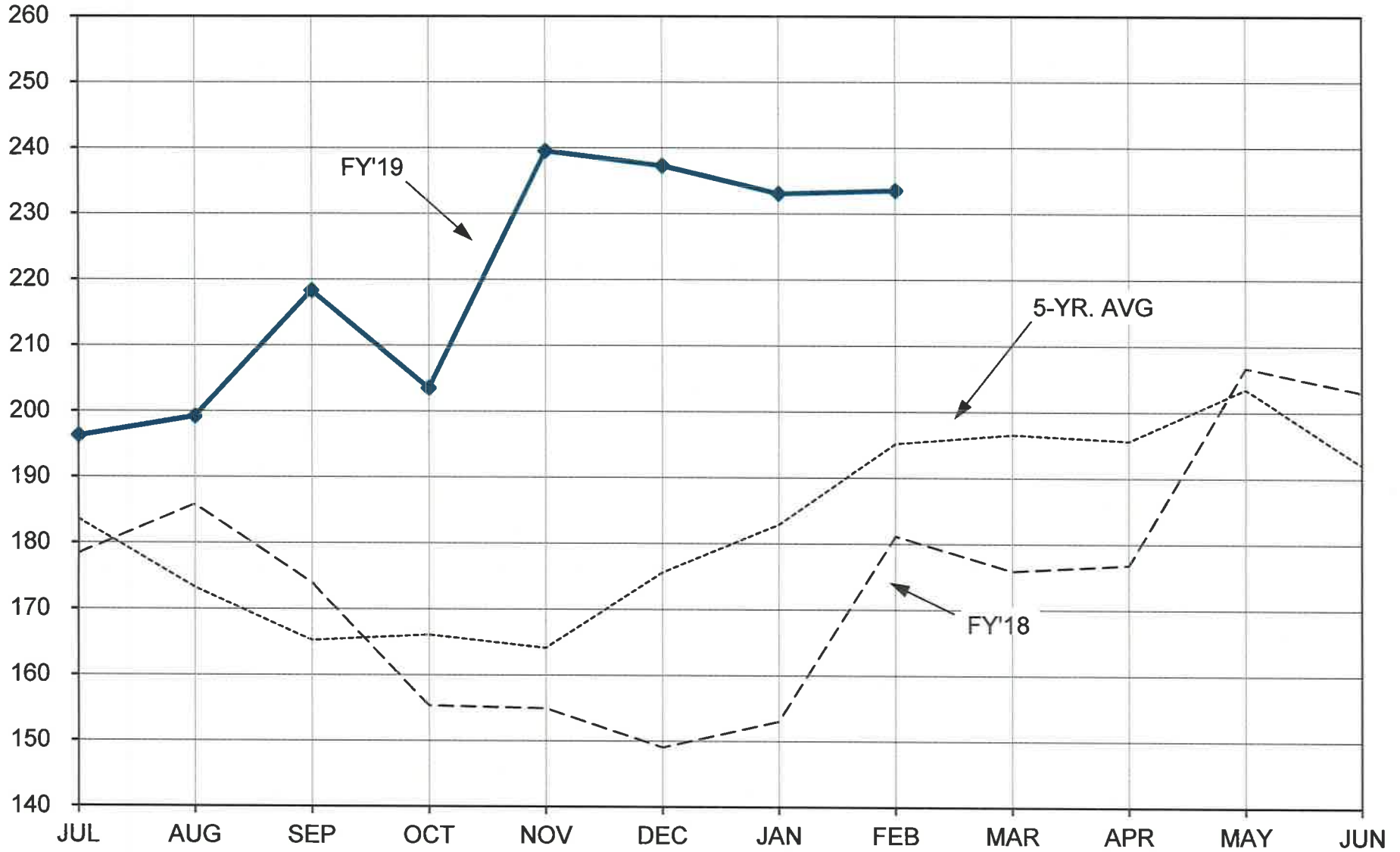
**FY'19
SEWAGE FLOWS**

<u>MONTH</u>	<u>WSSC PLANTS AVERAGE (MGD)</u>	<u>BLUE PLAINS AVERAGE (MGD)</u>	<u>FY'19 MONTHLY AVERAGE (MGD)</u>	<u>FY'18 MONTHLY AVERAGE (MGD)</u>	<u>FY'19 CUMULATIVE AVERAGE (MGD)</u>
July	75.46	120.90	196.36	172.18	196.36
August	77.46	121.80	199.26	179.90	197.81
September	81.16	137.20	218.36	167.72	204.51
October	76.58	127.00	203.58	155.28	204.28
November	92.07	147.50	239.57	154.93	211.20
December	89.42	147.90	237.32	149.03	215.60
January	86.41	146.70	233.11	153.00	218.12
February	84.97	148.60	233.57	181.13	219.90
March				175.87	
April				176.82	
May				206.67	
June				202.97	

SEWAGE FLOWS

(INCLUDES BLUE PLAINS)

AVERAGE MGD



GENERAL BOND DEBT SERVICE FUND

(In Thousands)

	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 2/28/18</u>	<u>FY'19 ACTUAL THRU 2/28/19</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$19,191	\$15,473	\$13,707	\$11,881	\$15,473
Interest Income	865	75	492	650	75
Miscellaneous	285	240	195	181	240
Use of Fund Balance	7,700	12,500	5,133	8,334	12,500
Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,133)	(8,334)	(12,500)
TOTAL REVENUES	<u>20,341</u>	<u>15,788</u>	<u>14,394</u>	<u>12,712</u>	<u>15,788</u>
EXPENSES					
Salaries & Wages	701	533	468	487	533
All Other	813	1,067	410	418	1,067
Debt Service	17,594	17,288	11,513	10,776	17,288
GROSS EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>12,391</u>	<u>11,681</u>	<u>18,888</u>
NET EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>12,391</u>	<u>11,681</u>	<u>18,888</u>
NET REVENUE (LOSS)	1,233	<u>(\$3,100)</u>	<u>\$2,003</u>	<u>\$1,031</u>	(3,100)
ACCUMULATED NET REVENUE - JULY 1	54,839				48,372
Use of Fund Balance	(7,700)				(12,500) *
ACCUMULATED NET REVENUE - JUNE 30	<u>\$48,372</u>				<u>\$32,772</u>

* Reflects the transfer of \$12,500,000 for Reconstruction Debt Service from General Bond Debt Service Fund to the Water & Sewer Operating Funds.

SYSTEM DEVELOPMENT CHARGE ACCOUNT

(In Thousands)

ACCOUNT BALANCE, JULY 1, 2018	\$8,866
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	15,139
Interest Income	202
	<hr/>
FUNDS AVAILABLE	24,207
Less MOU Credit Reimbursement	(2,032)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,037)
Sewer Operating - Debt Service	(1,842)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	0
	<hr/>
Account Balance	19,296
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	(7,742)
	<hr/>
AVAILABLE ACCOUNT BALANCE, FEBRUARY 28, 2019	<u>\$11,554</u>

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