



**FY 2019**  
**MONTHLY STATUS REPORT**  
**MARCH 2019**




## Washington Suburban Sanitary Commission

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### Interoffice Memorandum

TO: CARLA A. REID  
GENERAL MANAGER/CEO

FROM: PATRICIA COLIHAN   
CHIEF FINANCIAL OFFICER

DATE: MAY 16, 2019

SUBJECT: MONTHLY STATUS REPORT – MARCH 2019

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Attached is the March 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). In this report, we've made a number of adjustments to our revenue and expense projections.

Fiscal to date water production, at 161.5 MGD, is 0.7% below of the five-year average and 1.7% behind last year's pace over the same period. Water production for the month of March, at 149.2 MGD, was 3.1 MGD below the five-year average for the month. Water production to date has not recovered this early spring as significant and frequent rainfall events continue to impact traditional outdoor water use patterns. Accordingly, at this time we are lowering our end of year water production projection to 162 MGD. Water and sewer revenue is impacted not only by the amount of water produced and ultimately consumed, but also 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. Based upon the reduced use patterns we are also lowering the projected average end-of-year combined water and sewer billing rate from \$10.490 to \$10.372 per thousand gallons produced.

The lower water production has a greater impact on sewer use revenue than on water consumption revenue. In this report we have lowered the sewer use revenue projection by \$14.6 million while holding the water consumption revenue equal to budget. A number of favorable variances offset the lower revenue projection. Primarily, we are projecting interest income and plumbing & inspection fees to exceed budget by \$8.0 million and \$1.1 million respectively, and overall net expenses are projected to be lower than budget by \$6.5 million. If the projections are realized, we will end the year \$1.0 million better than budgeted.

Due to the updated projections and other prior-year adjustments, the projected accumulated net revenue at year end has increased to \$174.0 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). Capital spending projections were reduced for both WSSC-built projects and projects at Blue Plains. In the General Bond Debt Service Fund, both Front Foot Benefit & House Connection Assessments and Interest Income are projected to be greater than budgeted.

Other highlights of the March 2019 report are as follows:

**Revenues**

- Total operating revenues (all funds) through March were \$562.9 million or 74% of total budgeted.
- Total operating revenues (all funds) are projected to be \$758.7 million, \$4.0 million less than budgeted.

**Expenses**

- Total net operating expenses (all funds) through March were \$526.0 million or 69% of total budgeted.
- Total net operating expenses (all funds) are projected to be \$759.3 million; \$6.5 million less than budgeted.

**Water Production**

- Water production through March averaged 161.5 MGD (page 4).

**Workyears**

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

**System Development Charge**

- The System Development Charge available account balance through March was \$12.4 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 3/31/18</u>	<u>FY'19 ACTUAL THRU 3/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
<b>REVENUES</b>					
Water Consumption and Sewer Use Charges	\$597,614	\$627,942	\$454,050	\$462,068	\$613,316
All Other Revenues	132,847	134,675	98,793	100,789	145,360
<b>TOTAL REVENUES</b>	<u>730,461</u>	<u>762,617</u>	<u>552,843</u>	<u>562,857</u>	<u>758,676</u>
<b>EXPENSES</b>					
Operating Expenses	449,627	487,232	328,110	328,518	484,796
Debt Service Expense	275,096	294,349	201,973	210,134	291,288
<b>GROSS EXPENSES</b>	<u>724,723</u>	<u>781,581</u>	<u>530,083</u>	<u>538,652</u>	<u>776,084</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,775)	(9,375)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,798)	(3,238)	(4,317)
Working Capital Reserve Transfer	0	0	0	0	0
<b>NET EXPENSES</b>	<u>714,627</u>	<u>765,717</u>	<u>522,510</u>	<u>526,039</u>	<u>759,267</u>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<u><u>\$15,834</u></u>	<u><u>(\$3,100)</u></u>	<u><u>\$30,333</u></u>	<u><u>\$36,818</u></u>	<u><u>(\$591)</u></u>

## COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

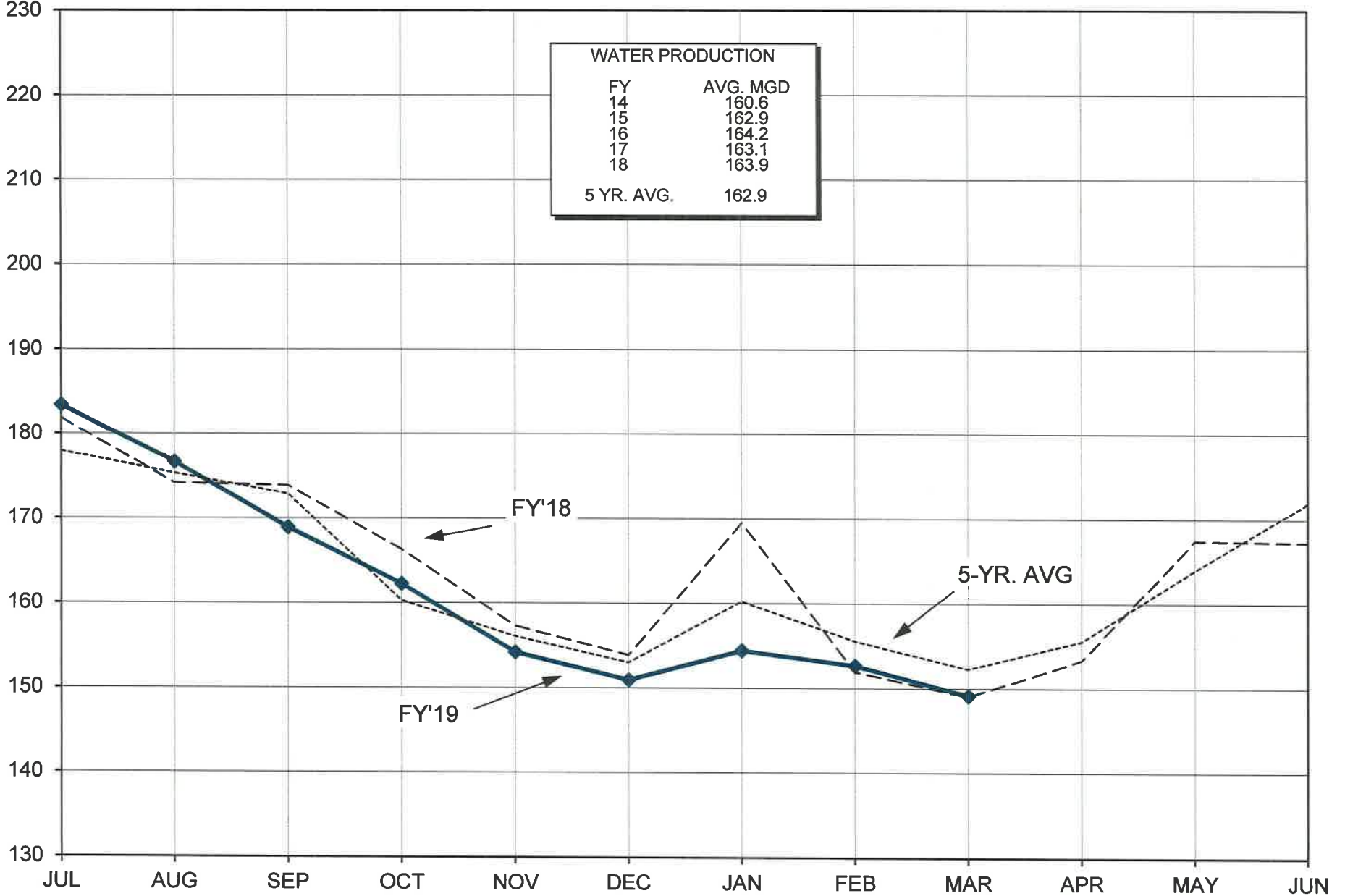
	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 3/31/18</u>	<u>FY'19 ACTUAL THRU 3/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
<b>REVENUES</b>					
Water Consumption & Sewer Use Charges	\$597,614	\$627,942	\$454,050	\$462,068	\$613,316
Use of Accumulated Net Revenue	227	11,580	0	0	11,580
All Other Revenues	112,279	107,307	83,465	87,626	116,440
<b>TOTAL REVENUES</b>	<u>710,120</u>	<u>746,829</u>	<u>537,515</u>	<u>549,694</u>	<u>741,336</u>
<b>EXPENSES</b>					
Operating Expenses	438,048	454,616	317,041	319,670	452,130
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service Expense	257,502	277,061	189,021	197,751	274,000
<b>GROSS EXPENSES</b>	<u>705,615</u>	<u>762,693</u>	<u>516,127</u>	<u>525,175</u>	<u>757,146</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,775)	(9,375)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,798)	(3,238)	(4,317)
Working Capital Reserve Transfer	0	0	0	0	0
<b>NET EXPENSES</b>	<u>695,519</u>	<u>746,829</u>	<u>508,554</u>	<u>512,562</u>	<u>740,329</u>
<b>NET REVENUE (LOSS) FOR YEAR</b>	<u>\$14,601</u>	<u>\$0</u>	<u>\$28,961</u>	<u>\$37,132</u>	<u>\$1,007</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	173,494				184,535
NET REVENUE (LOSS) FOR YEAR	14,601				1,007
USE OF ACCUMULATED NET REVENUE	(227)				(11,580)
<b>ACCUMULATED NET REVENUE - END OF YEAR</b>	<u>\$187,868</u>				<u>\$173,962</u> *
WATER PRODUCED (MGD)	163.9	164.0	164.3	161.5	162.0

\* 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

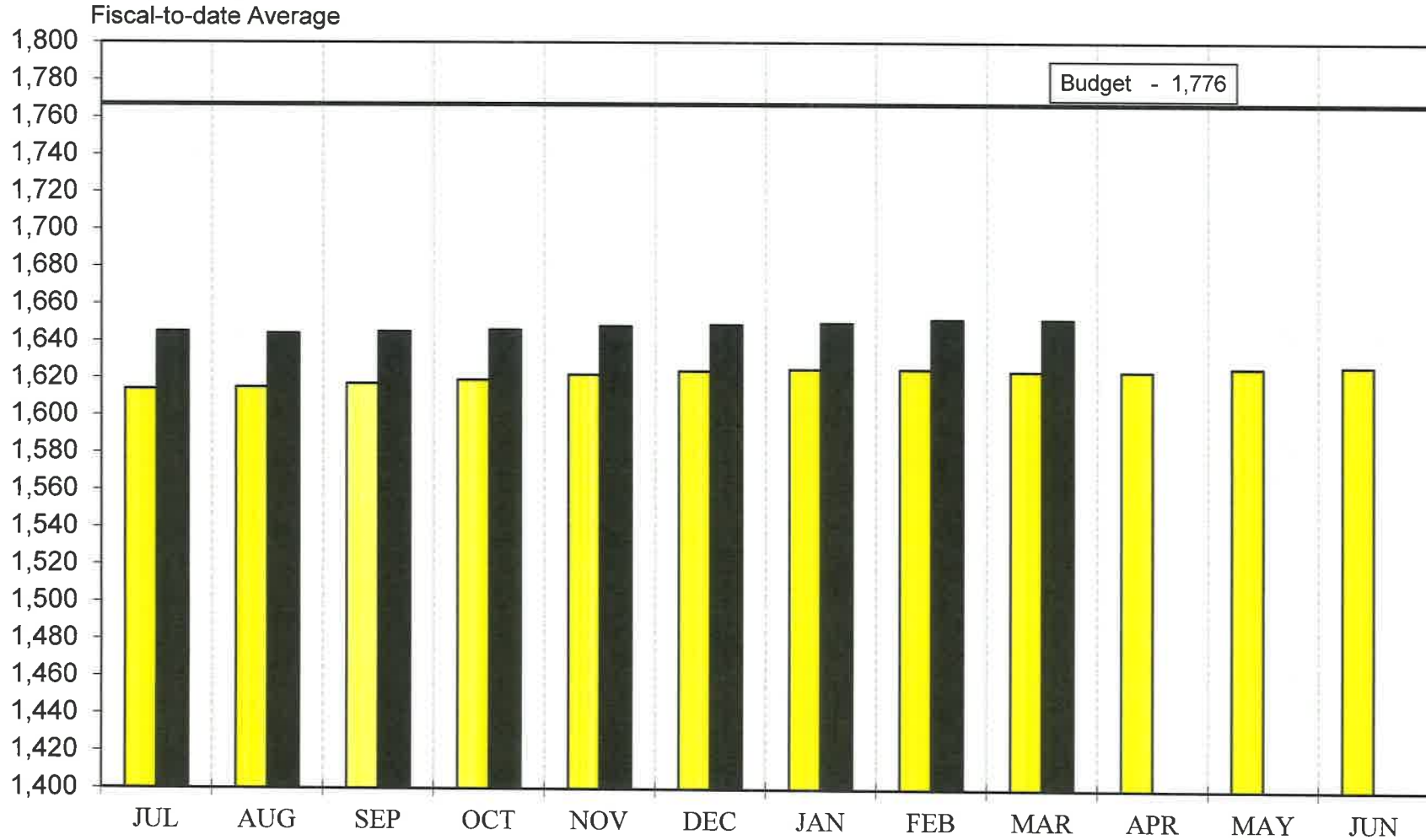


WATER PRODUCTION	
FY	AVG. MGD
14	160.6
15	162.9
16	164.2
17	163.1
18	163.9
5 YR. AVG.	162.9

**FY'19  
WATER PRODUCED**

<b><u>MONTH</u></b>	<b><u>MONTHLY TOTAL (MG)</u></b>	<b><u>MONTHLY AVERAGE (MGD)</u></b>	<b><u>FY'19 CUMULATIVE AVERAGE (MGD)</u></b>	<b><u>FY'18 CUMULATIVE AVERAGE (MGD)</u></b>
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	4,623.523	149.146	161.477	164.310
April				163.225
May				163.614
June				163.912

# ACTUAL WORKYEARS



<span style="display:inline-block; width:10px; height:10px; background-color:yellow; border:1px solid black;"></span> 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
<span style="display:inline-block; width:10px; height:10px; background-color:black; border:1px solid black;"></span> FY'19	1,645	1,644	1,645	1,646	1,648	1,649	1,650	1,652	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 3/31/18</u>	<u>FY'19 ACTUAL THRU 3/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
<b><u>GROSS FUNDS AVAILABLE</u></b>					
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>			
<b><u>CAPITAL COSTS</u></b>					
Salaries & Wages	\$27,717	\$30,678	\$21,430	\$20,951	\$30,678
Contract Work	225,086	376,223	158,031	146,739	225,000
Consulting Engineers	41,718	68,912	23,520	31,882	59,000
All Other	180,695	180,513	123,385	80,162	140,000
<b>TOTAL COSTS</b>	<u><u>\$475,216</u></u>	<u><u>\$656,326</u></u>	<u><u>\$326,366</u></u>	<u><u>\$279,734</u></u>	<u><u>\$454,678</u></u>

## CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 3/31/18	FY'19 ACTUAL THRU 3/31/19	PROJECTED THRU 6/30/19
<b>REVENUES</b>					
Water Consumption Charges	\$271,735	\$273,316	\$207,047	\$206,415	\$273,316
Sewer Use Charges	325,879	354,626	247,003	255,653	340,000
Account Maintenance Fees	32,473	32,182	24,331	24,207	32,182
Infrastructure Investment Fee	39,847	38,894	29,842	29,572	39,058
Front Foot Benefit & House Connection Assessments	19,191	15,473	14,545	12,178	16,100
Plumbing & Inspection Fees	12,141	12,231	8,787	9,843	13,300
Interest Income	6,343	1,575	3,647	7,195	10,500
Rockville Sewer Use	3,223	2,700	2,313	2,442	3,300
Use of Fund Balance	227	11,580	0	0	11,580
Miscellaneous	19,402	20,040	15,328	15,352	19,340
<b>TOTAL REVENUES</b>	<b>730,461</b>	<b>762,617</b>	<b>552,843</b>	<b>562,857</b>	<b>758,676</b>
<b>EXPENSES</b>					
Salaries & Wages	117,845	128,434	88,068	93,942	126,050
Heat, Light & Power	20,033	20,577	15,454	15,012	19,642
Regional Sewage Disposal	58,331	53,617	42,866	42,841	58,600
All Other	243,353	253,588	171,657	168,969	249,488
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service	275,096	294,349	201,973	210,134	291,288
<b>GROSS EXPENSES</b>	<b>724,723</b>	<b>781,581</b>	<b>530,083</b>	<b>538,652</b>	<b>776,084</b>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,775)	(9,375)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(1,798)	(3,238)	(4,317)
Working Capital Reserve Transfer	0	0	0	0	0
<b>NET EXPENSES</b>	<b>714,627</b>	<b>765,717</b>	<b>522,510</b>	<b>526,039</b>	<b>759,267</b>
NET REVENUE (LOSS) FOR YEAR	15,834	( <b>\$3,100</b> )	<b>\$30,333</b>	<b>\$36,818</b>	(591)
ACCUMULATED NET REVENUE - JULY 1	228,333				232,907
Use of Fund Balance	(7,927)				(24,080)
ACCUMULATED NET REVENUE - JUNE 30	<b>\$236,240</b>				<b>\$208,236</b>

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)

	<u>FY'18 ACTUAL</u>	<u>FY'19 APPROVED BUDGET</u>	<u>FY'18 ACTUAL THRU 3/31/18</u>	<u>FY'19 ACTUAL THRU 3/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
<b>REVENUES</b>					
Water Consumption Charges	\$271,735	\$273,316	\$207,047	\$206,415	\$273,316
Account Maintenance Fee	16,561	16,413	12,409	12,346	16,413
Infrastructure Investment Fee	20,322	19,836	15,219	15,082	20,000
Plumbing & Inspection Fees	7,037	7,190	5,110	5,634	7,700
Interest Income	1,004	100	306	422	1,000
Use of Fund Balance	0	5,906	0	0	5,906
Miscellaneous	10,187	10,900	7,749	7,221	9,500
<b>TOTAL REVENUES</b>	<u>326,846</u>	<u>333,661</u>	<u>247,840</u>	<u>247,120</u>	<u>333,835</u>
<b>EXPENSES</b>					
Salaries & Wages	65,083	68,672	49,005	51,774	69,000
Heat, Light & Power	11,388	10,642	9,291	8,476	10,642
All Other	130,531	129,381	87,915	86,930	129,381
PAYGO	4,388	13,660	4,388	3,415	13,660
Debt Service	108,698	117,728	79,541	83,108	115,700
<b>GROSS EXPENSES</b>	<u>320,088</u>	<u>340,083</u>	<u>230,140</u>	<u>233,703</u>	<u>338,383</u>
Less: Reconstruction Debt Service Offset	0	(4,000)	0	(3,000)	(4,000)
Less: SDC Debt Service Offset	(242)	(2,422)	(182)	(1,166)	(1,555)
Working Capital Reserve Transfer	0	0	0	0	0
<b>NET EXPENSES</b>	<u>319,846</u>	<u>333,661</u>	<u>229,958</u>	<u>229,537</u>	<u>332,828</u>
<b>NET REVENUE (LOSS)</b>	<u>7,000</u>	<u>\$0</u>	<u>\$17,882</u>	<u>\$17,583</u>	<u>1,007</u>
ACCUMULATED NET REVENUE - JULY 1	34,612				39,504 *
Use of Fund Balance	0				(5,906)
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<u>\$41,612</u>				<u>\$34,605</u>

\*Reflects a decrease in net revenues of \$2,108,000 resulting from prior year adjustments.

## SEWER OPERATING

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 3/31/18	FY'19 ACTUAL THRU 3/31/19	PROJECTED THRU 6/30/19
<b>REVENUES</b>					
Sewer Use Charges	\$325,879	\$354,626	\$247,003	\$255,653	\$340,000
Account Maintenance Fee	15,912	15,769	11,922	11,861	15,769
Infrastructure Investment Fee	19,525	19,058	14,623	14,490	19,058
Rockville Sewer Use	3,223	2,700	2,313	2,442	3,300
Interest Income	4,474	1,400	2,774	5,988	8,500
Plumbing & Inspection Fees	5,104	5,041	3,677	4,209	5,600
Use of Fund Balance	227	5,674	0	0	5,674
Miscellaneous	8,930	8,900	7,363	7,931	9,600
<b>TOTAL REVENUES</b>	<b>383,274</b>	<b>413,168</b>	<b>289,675</b>	<b>302,574</b>	<b>407,501</b>
<b>EXPENSES</b>					
Salaries & Wages	52,061	59,229	38,531	41,615	56,300
Heat, Light & Power	8,645	9,935	6,163	6,536	9,000
Regional Sewage Disposal	58,331	53,617	42,866	42,841	58,600
All Other	112,009	123,140	83,270	81,498	119,207
PAYGO	5,677	17,356	5,677	4,339	17,356
Debt Service	148,804	159,333	109,480	114,643	158,300
<b>GROSS EXPENSES</b>	<b>385,527</b>	<b>422,610</b>	<b>285,987</b>	<b>291,472</b>	<b>418,763</b>
Less: Reconstruction Debt Service Offset	(7,700)	(8,500)	(5,775)	(6,375)	(8,500)
Less: SDC Debt Service Offset	(2,154)	(942)	(1,616)	(2,072)	(2,762)
Working Capital Reserve Transfer	0	0	0	0	0
<b>NET EXPENSES</b>	<b>375,673</b>	<b>413,168</b>	<b>278,596</b>	<b>283,025</b>	<b>407,501</b>
<b>NET REVENUE (LOSS)</b>	<b>7,601</b>	<b>\$0</b>	<b>\$11,079</b>	<b>\$19,549</b>	<b>0</b>
ACCUMULATED NET REVENUE - JULY 1	138,882				145,031 *
Use of Fund Balance	(227)				(5,674)
<b>ACCUMULATED NET REVENUE - JUNE 30</b>	<b>\$146,256</b>				<b>\$139,357</b>

\*Reflects a decrease in net revenues of \$1,225,000 resulting from prior years' Blue Plains audit adjustments and other prior year adjustments.

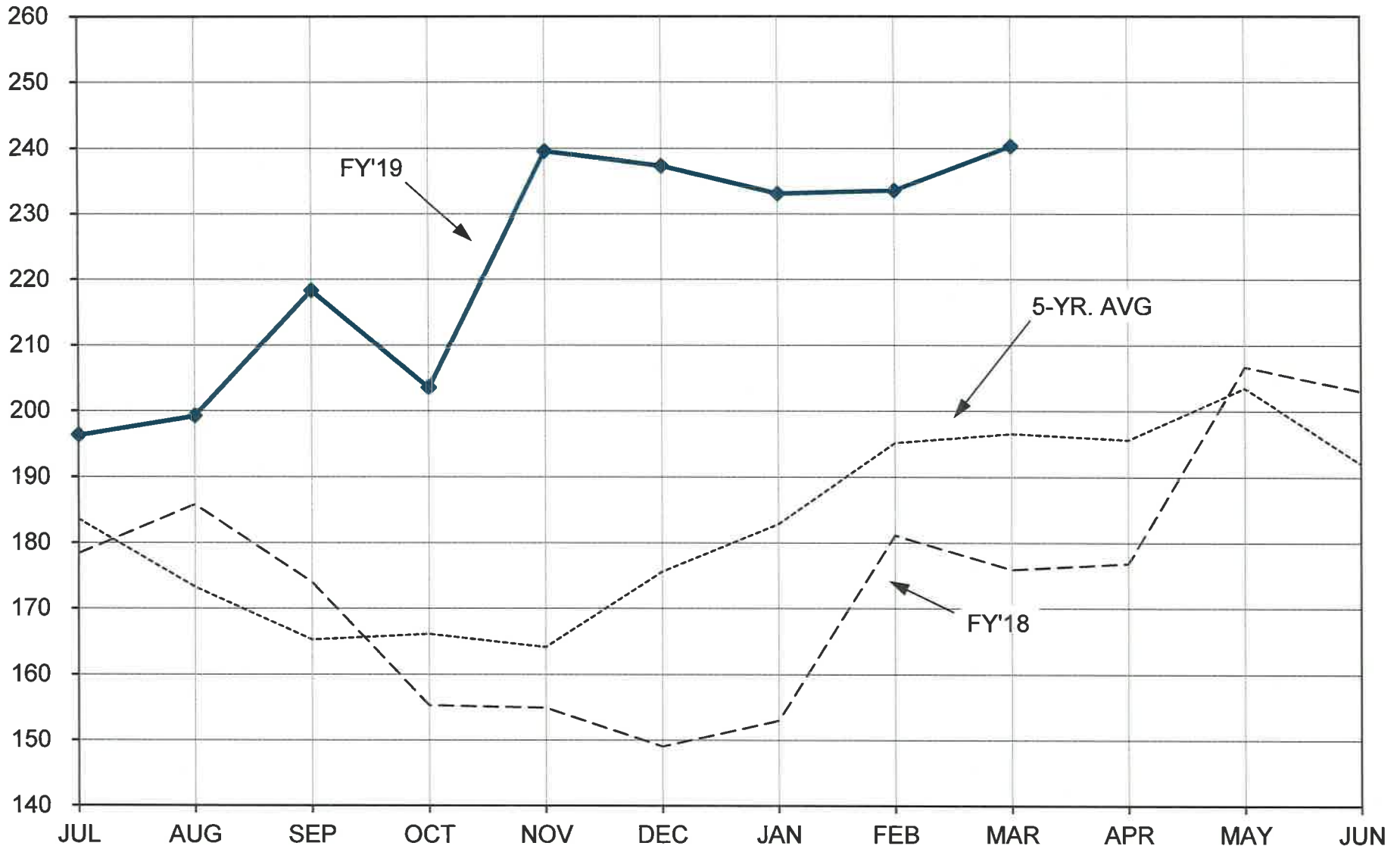
**FY'19  
SEWAGE FLOWS**

<b><u>MONTH</u></b>	<b><u>WSSC PLANTS AVERAGE (MGD)</u></b>	<b><u>BLUE PLAINS AVERAGE (MGD)</u></b>	<b><u>FY'19 MONTHLY AVERAGE (MGD)</u></b>	<b><u>FY'18 MONTHLY AVERAGE (MGD)</u></b>	<b><u>FY'19 CUMULATIVE AVERAGE (MGD)</u></b>
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	87.32	153.00	240.32	175.87	222.21
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 3/31/18</u>	<u>FY'19 ACTUAL THRU 3/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
<b><u>REVENUES</u></b>					
Front Foot Benefit & House Connection					
Assessments	\$19,191	\$15,473	\$14,545	\$12,178	\$16,100
Interest Income	865	75	567	785	1,000
Miscellaneous	285	240	216	200	240
Use of Fund Balance	7,700	12,500	5,775	9,375	12,500
Reconstruction Debt Service Offset	(7,700)	(12,500)	(5,775)	(9,375)	(12,500)
<b>TOTAL REVENUES</b>	<u>20,341</u>	<u>15,788</u>	<u>15,328</u>	<u>13,163</u>	<u>17,340</u>
<b><u>EXPENSES</u></b>					
Salaries & Wages	701	533	532	553	750
All Other	813	1,067	472	541	900
Debt Service	17,594	17,288	12,952	12,383	17,288
<b>GROSS EXPENSES</b>	<u>19,108</u>	<u>18,888</u>	<u>13,956</u>	<u>13,477</u>	<u>18,938</u>
<b>NET EXPENSES</b>	<u>19,108</u>	<u>18,888</u>	<u>13,956</u>	<u>13,477</u>	<u>18,938</u>
NET REVENUE (LOSS)	1,233	<u>(\$3,100)</u>	<u>\$1,372</u>	<u>(\$314)</u>	(1,598)
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>\$34,274</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	18,395
Interest Income	243
	<hr/>
FUNDS AVAILABLE	27,504
Less MOU Credit Reimbursement	(2,781)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,166)
Sewer Operating - Debt Service	(2,072)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	0
	<hr/>
Account Balance	21,485
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	(9,104)
	<hr/>
AVAILABLE ACCOUNT BALANCE, MARCH 31, 2019	<u><u>\$12,381</u></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.