




FY 2019
MONTHLY STATUS REPORT
MAY 2019



Washington Suburban Sanitary Commission

Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

FROM: PATRICIA COLIHAN 
CHIEF FINANCIAL OFFICER

DATE: JULY 10, 2019

SUBJECT: MONTHLY STATUS REPORT – MAY 2019

Attached is the May 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 month's report we've made additional adjustments to our revenue and expense projections.

Fiscal to date water production, at 160.9 MGD, is 0.8% below the five-year average and 1.6% behind last year's pace over the same period. Water production for the month of May, at 163.3 MGD, was 0.7 MGD below the five-year average for the month. Water production has not recovered this spring as significant and frequent rainfall events continue to impact traditional outdoor water use patterns. As a result, in March's report we lowered 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. In March's report, based upon the reduced use patterns, we lowered 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 March's report we 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 that lower revenue projection including projected higher interest income and plumbing & inspection fees, and overall lower projected net expenses. In this month's report, additional adjustments were made to the sewer operating fund including higher revenue projections from fees and interest income and slightly lower expense projections for heat, light & power and regional sewer disposal. We are now projecting to end the year \$3.4 million better than budgeted in the

water and sewer operating funds.

As a result, the projected accumulated net revenue at year end has increased to \$173.4 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). In March's report capital spending projections were reduced for both WSSC-built projects and projects at Blue Plains. In this month's report we made further reductions to our projections. In the General Bond Debt Service Fund, both Front Foot Benefit & House Connection Assessments and Interest Income were projected to be greater than budgeted.

Other highlights of the May 2019 report are as follows:

Revenues

- Total operating revenues (all funds) through May were \$687.2 million or 90% of total budgeted.
- Total operating revenues (all funds) are projected to be \$760.0 million, \$2.6 million less than budgeted.

Expenses

- Total net operating expenses (all funds) through May were \$662.4 million or 87% of total budgeted.
- Total net operating expenses (all funds) are projected to be \$758.2 million; \$7.5 million less than budgeted.

Water Production

- Water production through May averaged 160.9 MGD (page 4).

Workyears

- Cumulative workyears through the end of May were 1,657 (page 5).

System Development Charge

- The System Development Charge available account balance through May was \$16.4 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 5/31/18</u>	<u>FY'19 ACTUAL THRU 5/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Water Consumption and Sewer Use Charges	\$597,614	\$627,942	\$550,255	\$562,982	\$613,316
All Other Revenues	132,847	134,675	120,653	124,199	146,702
TOTAL REVENUES	<u>730,461</u>	<u>762,617</u>	<u>670,908</u>	<u>687,181</u>	<u>760,018</u>
EXPENSES					
Operating Expenses	449,627	487,232	405,077	414,867	484,096
Debt Service Expense	275,096	294,349	249,065	263,728	291,288
GROSS EXPENSES	<u>724,723</u>	<u>781,581</u>	<u>654,142</u>	<u>678,595</u>	<u>775,384</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(7,058)	(11,458)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(2,197)	(4,780)	(4,711)
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>644,887</u>	<u>662,357</u>	<u>758,173</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$15,834</u>	<u>(\$3,100)</u>	<u>\$26,021</u>	<u>\$24,824</u>	<u>\$1,845</u>

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

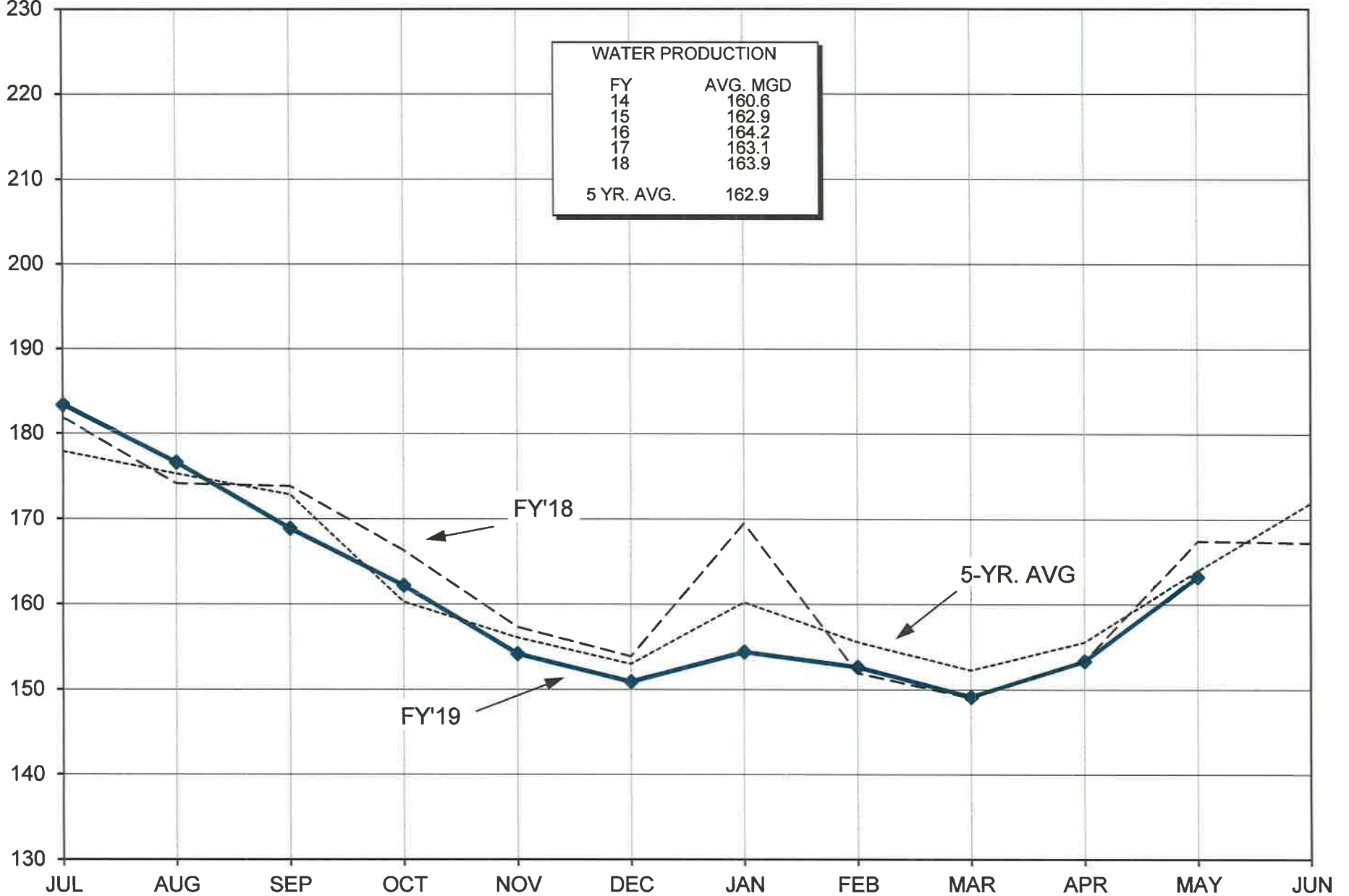
	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 5/31/18	FY'19 ACTUAL THRU 5/31/19	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption & Sewer Use Charges	\$597,614	\$627,942	\$550,255	\$562,982	\$613,316
Use of Accumulated Net Revenue	227	11,580	0	0	11,580
All Other Revenues	112,279	107,307	102,248	108,535	117,782
TOTAL REVENUES	710,120	746,829	652,503	671,517	742,678
EXPENSES					
Operating Expenses	438,048	454,616	393,693	405,700	451,430
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service Expense	257,502	277,061	233,204	248,179	274,000
GROSS EXPENSES	705,615	762,693	636,962	661,633	756,446
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(7,058)	(11,458)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(2,197)	(4,780)	(4,711)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	695,519	746,829	627,707	645,395	739,235
NET REVENUE (LOSS) FOR YEAR	\$14,601	\$0	\$24,796	\$26,122	\$3,443
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	173,494				181,493
NET REVENUE (LOSS) FOR YEAR	14,601				3,443
USE OF ACCUMULATED NET REVENUE	(227)				(11,580)
ACCUMULATED NET REVENUE - END OF YEAR	\$187,868				\$173,356 *
WATER PRODUCED (MGD)	163.9	164.0	163.6	160.9	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

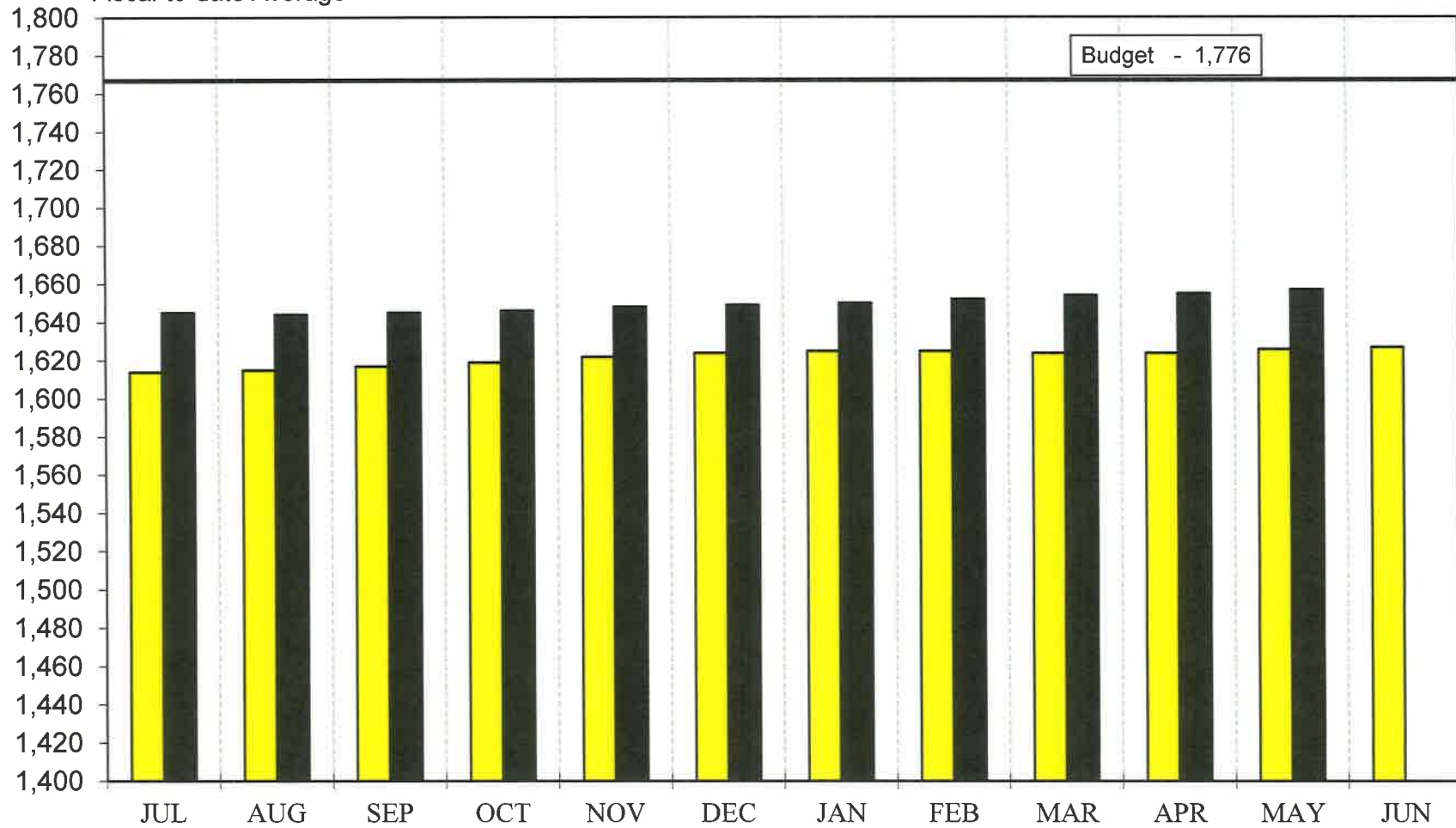


**FY'19
WATER PRODUCED**

<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	4,623.523	149.146	161.477	164.310
April	4,600.512	153.350	160.675	163.225
May	5,061.243	163.266	160.914	163.614
June				163.912

ACTUAL WORKYEARS

Fiscal-to-date Average



 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	1,654	1,655	1,657	-

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

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 5/31/18	FY'19 ACTUAL THRU 5/31/19	PROJECTED THRU 6/30/19
<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	\$25,845	\$25,505	\$30,678
Contract Work	225,086	376,223	191,151	183,783	225,000
Consulting Engineers	41,718	68,912	30,952	40,377	59,000
All Other	180,695	180,513	147,369	97,764	120,000
TOTAL COSTS	<u><u>\$475,216</u></u>	<u><u>\$656,326</u></u>	<u><u>\$395,317</u></u>	<u><u>\$347,429</u></u>	<u><u>\$434,678</u></u>

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 5/31/18	FY'19 ACTUAL THRU 5/31/19	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$250,093	\$250,270	\$273,316
Sewer Use Charges	325,879	354,626	300,162	312,712	340,000
Account Maintenance Fees	32,473	32,182	29,661	29,655	32,182
Infrastructure Investment Fee	39,847	38,894	36,367	36,175	39,300
Front Foot Benefit & House Connection Assessments	19,191	15,473	17,387	14,356	16,100
Plumbing & Inspection Fees	12,141	12,231	11,027	12,415	13,500
Interest Income	6,343	1,575	5,142	9,717	10,800
Rockville Sewer Use	3,223	2,700	2,954	3,002	3,300
Use of Fund Balance	227	11,580	0	0	11,580
Miscellaneous	19,402	20,040	18,115	18,879	19,940
TOTAL REVENUES	730,461	762,617	670,908	687,181	760,018
EXPENSES					
Salaries & Wages	117,845	128,434	107,866	115,631	126,050
Heat, Light & Power	20,033	20,577	18,465	18,318	19,342
Regional Sewage Disposal	58,331	53,617	53,414	53,262	58,200
All Other	243,353	253,588	215,267	219,902	249,488
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service	275,096	294,349	249,065	263,728	291,288
GROSS EXPENSES	724,723	781,581	654,142	678,595	775,384
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(7,058)	(11,458)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(2,197)	(4,780)	(4,711)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	714,627	765,717	644,887	662,357	758,173
NET REVENUE (LOSS) FOR YEAR	15,834	(\$3,100)	\$26,021	\$24,824	1,845
ACCUMULATED NET REVENUE - JULY 1	228,333				229,865
Use of Fund Balance	(7,927)				(24,080)
ACCUMULATED NET REVENUE - JUNE 30	\$236,240				\$207,630

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 5/31/18	FY'19 ACTUAL THRU 5/31/19	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$250,093	\$250,270	\$273,316
Account Maintenance Fee	16,561	16,413	15,127	15,124	16,413
Infrastructure Investment Fee	20,322	19,836	18,547	18,449	20,000
Plumbing & Inspection Fees	7,037	7,190	6,380	7,074	7,700
Interest Income	1,004	100	577	743	1,000
Use of Fund Balance	0	5,906	0	0	5,906
Miscellaneous	10,187	10,900	9,493	9,050	9,500
TOTAL REVENUES	326,846	333,661	300,217	300,710	333,835
EXPENSES					
Salaries & Wages	65,083	68,672	59,764	63,552	69,000
Heat, Light & Power	11,388	10,642	10,535	10,355	10,642
All Other	130,531	129,381	112,284	113,087	129,381
PAYGO	4,388	13,660	4,388	3,415	13,660
Debt Service	108,698	117,728	98,260	104,563	115,700
GROSS EXPENSES	320,088	340,083	285,231	294,972	338,383
Less: Reconstruction Debt Service Offset	0	(4,000)	0	(3,666)	(4,000)
Less: SDC Debt Service Offset	(242)	(2,422)	(222)	(1,985)	(1,555)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	319,846	333,661	285,009	289,321	332,828
NET REVENUE (LOSS)	7,000	\$0	\$15,208	\$11,389	1,007
ACCUMULATED NET REVENUE - JULY 1	34,612				38,509 *
Use of Fund Balance	0				(5,906)
ACCUMULATED NET REVENUE - JUNE 30	\$41,612				\$33,610

*Reflects a decrease in net revenues of \$3,103,000 resulting from prior year adjustments.

SEWER OPERATING

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 5/31/18	FY'19 ACTUAL THRU 5/31/19	PROJECTED THRU 6/30/19
REVENUES					
Sewer Use Charges	\$325,879	\$354,626	\$300,162	\$312,712	\$340,000
Account Maintenance Fee	15,912	15,769	14,534	14,531	15,769
Infrastructure Investment Fee	19,525	19,058	17,820	17,726	19,300
Rockville Sewer Use	3,223	2,700	2,954	3,002	3,300
Interest Income	4,474	1,400	3,832	7,924	8,800
Plumbing & Inspection Fees	5,104	5,041	4,647	5,341	5,800
Use of Fund Balance	227	5,674	0	0	5,674
Miscellaneous	8,930	8,900	8,337	9,571	10,200
TOTAL REVENUES	383,274	413,168	352,286	370,807	408,843
EXPENSES					
Salaries & Wages	52,061	59,229	47,451	51,388	56,300
Heat, Light & Power	8,645	9,935	7,930	7,963	8,700
Regional Sewage Disposal	58,331	53,617	53,414	53,262	58,200
All Other	112,009	123,140	102,315	106,093	119,207
PAYGO	5,677	17,356	5,677	4,339	17,356
Debt Service	148,804	159,333	134,944	143,616	158,300
GROSS EXPENSES	385,527	422,610	351,731	366,661	418,063
Less: Reconstruction Debt Service Offset	(7,700)	(8,500)	(7,058)	(7,792)	(8,500)
Less: SDC Debt Service Offset	(2,154)	(942)	(1,975)	(2,795)	(3,156)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	375,673	413,168	342,698	356,074	406,407
NET REVENUE (LOSS)	7,601	\$0	\$9,588	\$14,733	2,436
ACCUMULATED NET REVENUE - JULY 1	138,882				142,984 *
Use of Fund Balance	(227)				(5,674)
ACCUMULATED NET REVENUE - JUNE 30	\$146,256				\$139,746

*Reflects a decrease in net revenues of \$3,272,000 resulting from prior years' Blue Plains audit adjustments and other prior year adjustments.

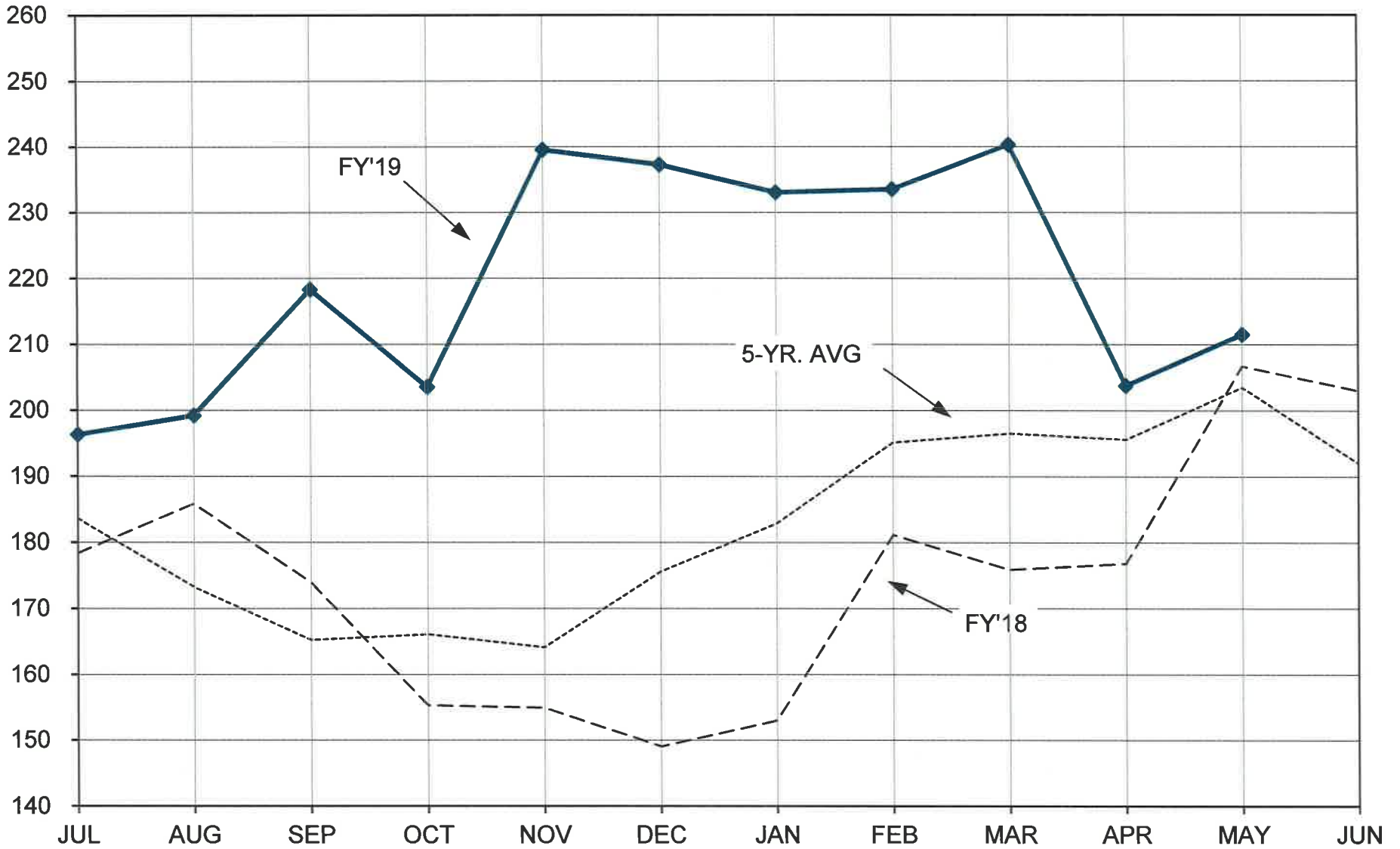
**FY'19
SEWAGE FLOWS**

MONTH	WSSC PLANTS AVERAGE (MGD)	BLUE PLAINS AVERAGE (MGD)	FY'19 MONTHLY AVERAGE (MGD)	FY'18 MONTHLY AVERAGE (MGD)	FY'19 CUMULATIVE AVERAGE (MGD)
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	74.77	129.00	203.77	176.82	220.39
May	79.63	131.90	211.53	206.67	219.57
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 5/31/18</u>	<u>FY'19 ACTUAL THRU 5/31/19</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$19,191	\$15,473	\$17,387	\$14,356	\$16,100
Interest Income	865	75	733	1,050	1,000
Miscellaneous	285	240	285	258	240
Use of Fund Balance	7,700	12,500	7,058	11,458	12,500
Reconstruction Debt Service Offset	(7,700)	(12,500)	(7,058)	(11,458)	(12,500)
TOTAL REVENUES	<u>20,341</u>	<u>15,788</u>	<u>18,405</u>	<u>15,664</u>	<u>17,340</u>
EXPENSES					
Salaries & Wages	701	533	651	691	750
All Other	813	1,067	668	722	900
Debt Service	17,594	17,288	15,861	15,549	17,288
GROSS EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>17,180</u>	<u>16,962</u>	<u>18,938</u>
NET EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>17,180</u>	<u>16,962</u>	<u>18,938</u>
NET REVENUE (LOSS)	1,233	<u>(\$3,100)</u>	<u>\$1,225</u>	<u>(\$1,298)</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	23,872
Interest Income	333
	33,071
FUNDS AVAILABLE	33,071
Less MOU Credit Reimbursement	(4,608)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(1,985)
Sewer Operating - Debt Service	(2,795)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	0
	0
Account Balance	23,683
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	(7,276)
	(7,276)
AVAILABLE ACCOUNT BALANCE, MAY 31, 2019	\$16,407

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