



FY 2019
MONTHLY STATUS REPORT
OCTOBER 2018



Washington Suburban Sanitary Commission

Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

FROM: PATRICIA COLIHAN 
CHIEF FINANCIAL OFFICER

DATE: DECEMBER 5, 2018

SUBJECT: MONTHLY STATUS REPORT – OCTOBER 2018

Attached is the October 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 172.8 MGD, is 0.7% ahead of the five-year average but 0.7% behind last year's pace over the same period. Water production for the month of October, at 162.2 MGD, was 2.0 MGD above 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 early 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 slightly above the five-year average. We will continue to monitor our water production rates in the coming months to see if this positive trend continues. The projected accumulated net revenue at year end is \$173.7 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 October 2018 report are as follows:

Revenues

- Total operating revenues (all funds) through October were \$274.1 million or 36% of total budgeted.
- Total operating revenues (all funds) are projected to be \$762.6 million; equal to budgeted.

Expenses

- Total operating expenses (all funds) through October were \$224.2 million or 29% of total budgeted.
- Total net operating expenses (all funds) are projected to be \$765.7 million; equal to budgeted.

Water Production

- Water production through October averaged 172.8 MGD (page 4).

Workyears

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

System Development Charge

- The System Development Charge available account balance through October was \$6.0 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 10/31/17</u>	<u>FY'19 ACTUAL THRU 10/31/18</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Water Consumption and Sewer Use Charges	\$597,614	\$627,942	\$223,220	\$228,668	\$627,942
All Other Revenues	132,847	134,675	44,636	45,382	134,675
TOTAL REVENUES	<u>730,461</u>	<u>762,617</u>	<u>267,856</u>	<u>274,050</u>	<u>762,617</u>
EXPENSES					
Operating Expenses	449,627	487,232	127,462	138,237	487,232
Debt Service Expense	275,096	294,349	84,938	91,562	294,349
GROSS EXPENSES	<u>724,723</u>	<u>781,581</u>	<u>212,400</u>	<u>229,799</u>	<u>781,581</u>
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(2,567)	(4,166)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(799)	(1,439)	(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>209,034</u>	<u>224,194</u>	<u>765,717</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$15,834</u>	<u>(\$3,100)</u>	<u>\$58,822</u>	<u>\$49,856</u>	<u>(\$3,100)</u>

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

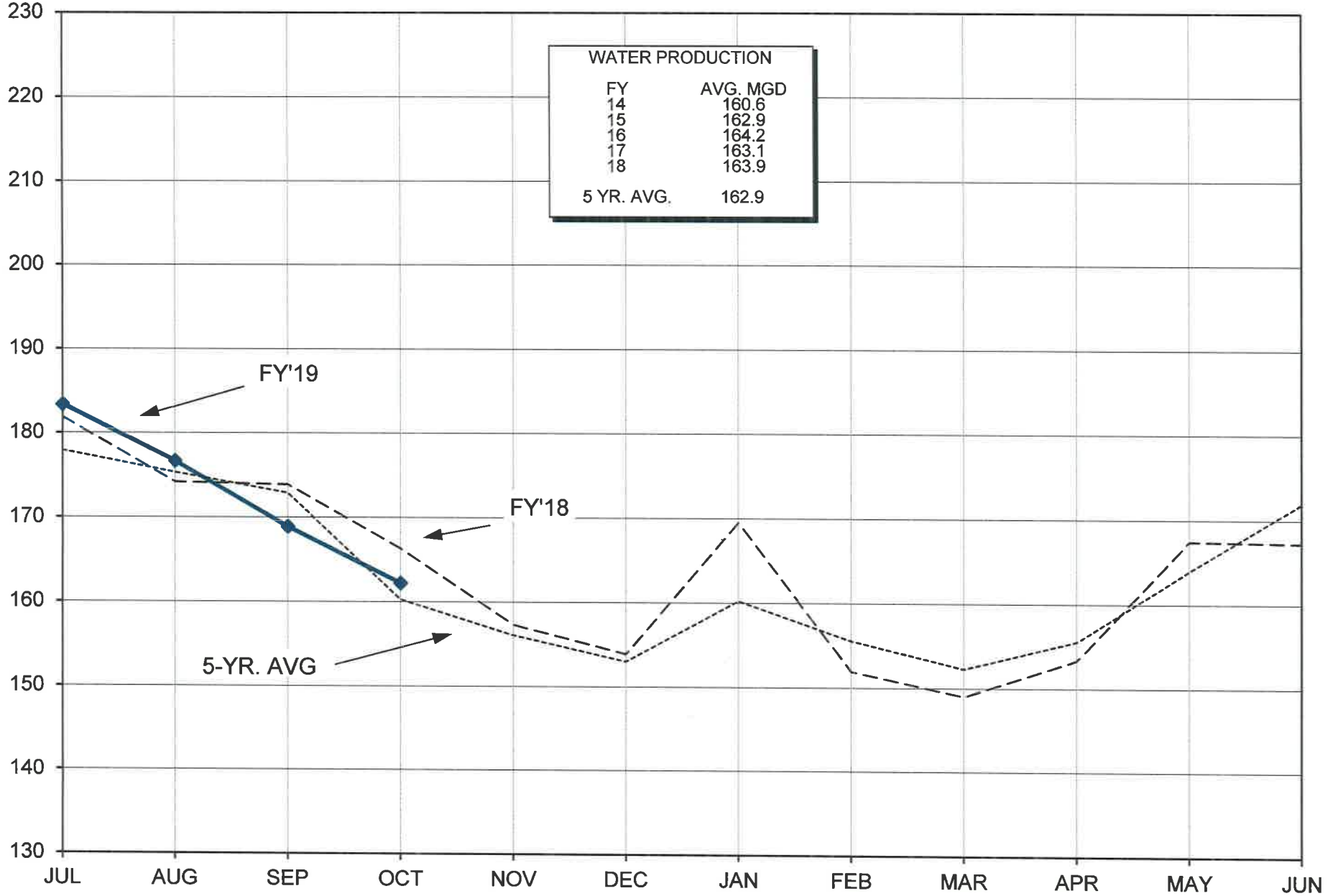
	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 10/31/17	FY'19 ACTUAL THRU 10/31/18	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption & Sewer Use Charges	\$597,614	\$627,942	\$223,220	\$228,668	\$627,942
Use of Accumulated Net Revenue	227	11,580	0	0	11,580
All Other Revenues	112,279	107,307	37,571	39,115	107,307
TOTAL REVENUES	710,120	746,829	260,791	267,783	746,829
EXPENSES					
Operating Expenses	438,048	454,616	117,002	130,023	454,616
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service Expense	257,502	277,061	79,179	86,178	277,061
GROSS EXPENSES	705,615	762,693	206,246	223,955	762,693
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(2,567)	(4,166)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(799)	(1,439)	(3,364)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	695,519	746,829	202,880	218,350	746,829
NET REVENUE (LOSS) FOR YEAR	\$14,601	\$0	\$57,911	\$49,433	\$0
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	173,494				185,297
NET REVENUE (LOSS) FOR YEAR	14,601				0
USE OF ACCUMULATED NET REVENUE	(227)				(11,580)
ACCUMULATED NET REVENUE - END OF YEAR	\$187,868				\$173,717 *
WATER PRODUCED (MGD)	163.9	164.0	174.0	172.8	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

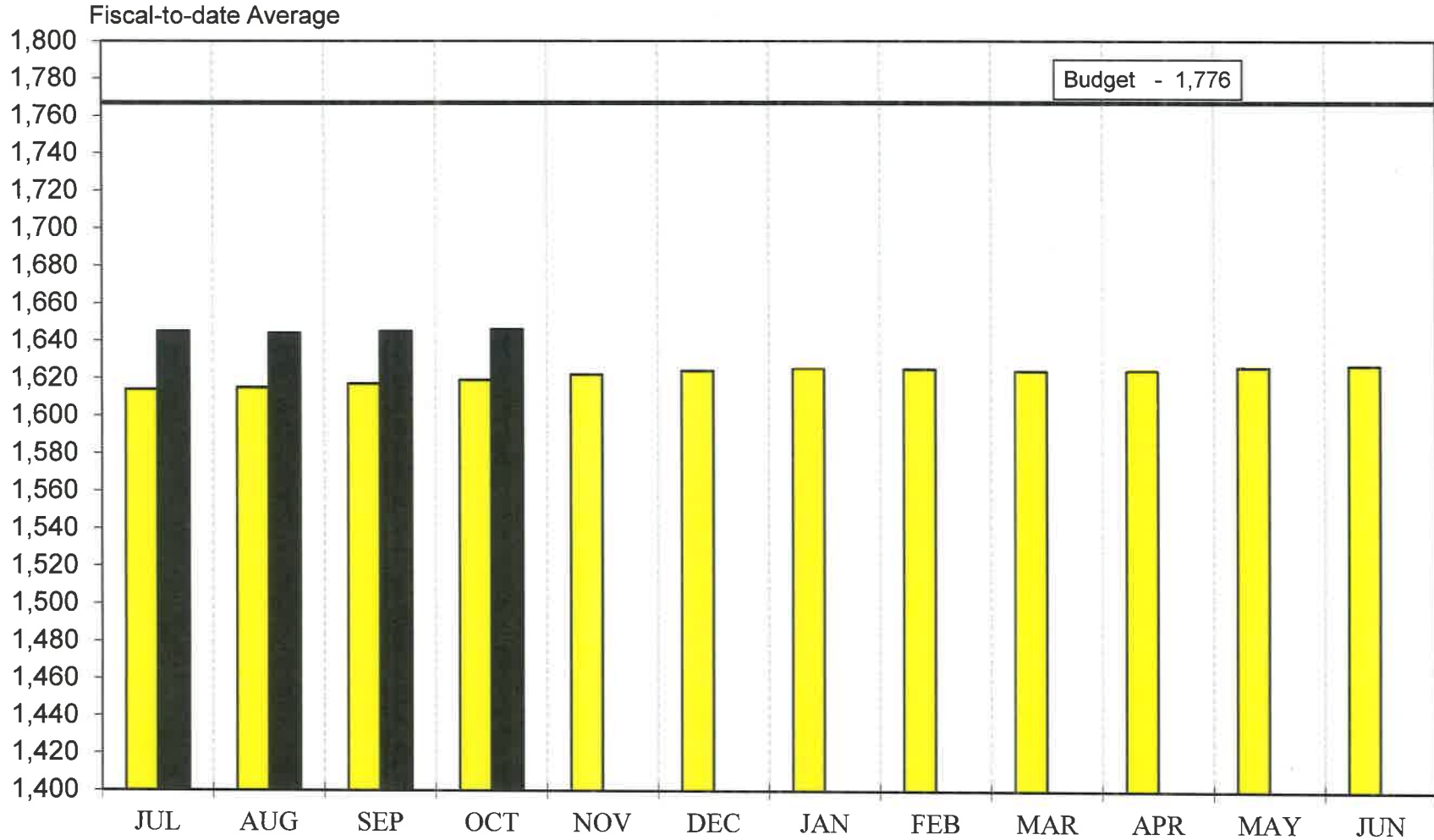
AVERAGE MGD



**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				170.752
December				167.904
January				168.133
February				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	-	-	-	-	-	-	-	-

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 10/31/17</u>	<u>FY'19 ACTUAL THRU 10/31/18</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	\$10,114	\$9,768	\$30,678
Contract Work	225,086	376,223	73,788	60,585	376,223
Consulting Engineers	41,718	68,912	4,921	9,310	68,912
All Other	180,695	180,513	53,785	40,102	180,513
TOTAL COSTS	<u><u>\$475,216</u></u>	<u><u>\$656,326</u></u>	<u><u>\$142,608</u></u>	<u><u>\$119,765</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 10/31/17	FY'19 ACTUAL THRU 10/31/18	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$102,068	\$105,964	\$273,316
Sewer Use Charges	325,879	354,626	121,152	122,704	354,626
Account Maintenance Fees	32,473	32,182	10,739	10,581	32,182
Infrastructure Investment Fee	39,847	38,894	13,210	12,943	38,894
Front Foot Benefit & House Connection Assessments	19,191	15,473	6,854	5,941	15,473
Plumbing & Inspection Fees	12,141	12,231	4,072	4,421	12,231
Interest Income	6,343	1,575	550	2,165	1,575
Rockville Sewer Use	3,223	2,700	1,008	1,069	2,700
Use of Fund Balance	227	11,580	0	0	11,580
Miscellaneous	19,402	20,040	8,203	8,262	20,040
TOTAL REVENUES	730,461	762,617	267,856	274,050	762,617
EXPENSES					
Salaries & Wages	117,845	128,434	37,383	41,348	128,434
Heat, Light & Power	20,033	20,577	6,489	7,053	20,577
Regional Sewage Disposal	58,331	53,617	17,535	19,398	53,617
All Other	243,353	253,588	55,990	62,684	253,588
PAYGO	10,065	31,016	10,065	7,754	31,016
Debt Service	275,096	294,349	84,938	91,562	294,349
GROSS EXPENSES	724,723	781,581	212,400	229,799	781,581
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(2,567)	(4,166)	(12,500)
Less: SDC Debt Service Offset	(2,396)	(3,364)	(799)	(1,439)	(3,364)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	714,627	765,717	209,034	224,194	765,717
NET REVENUE (LOSS) FOR YEAR	15,834	(\$3,100)	\$58,822	\$49,856	(3,100)
ACCUMULATED NET REVENUE - JULY 1	228,333				233,669
Use of Fund Balance	(7,927)				(24,080)
ACCUMULATED NET REVENUE - JUNE 30	\$236,240				\$206,489

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 10/31/17	FY'19 ACTUAL THRU 10/31/18	PROJECTED THRU 6/30/19
REVENUES					
Water Consumption Charges	\$271,735	\$273,316	\$102,068	\$105,964	\$273,316
Account Maintenance Fee	16,561	16,413	5,477	5,396	16,413
Infrastructure Investment Fee	20,322	19,836	6,737	6,601	19,836
Plumbing & Inspection Fees	7,037	7,190	2,356	2,528	7,190
Interest Income	1,004	100	(110)	87	100
Use of Fund Balance	0	5,906	0	0	5,906
Miscellaneous	10,187	10,900	3,766	3,419	10,900
TOTAL REVENUES	326,846	333,661	120,294	123,995	333,661
EXPENSES					
Salaries & Wages	65,083	68,672	20,130	22,520	68,672
Heat, Light & Power	11,388	10,642	4,043	4,530	10,642
All Other	130,531	129,381	29,758	31,477	129,381
PAYGO	4,388	13,660	4,388	3,415	13,660
Debt Service	108,698	117,728	32,996	36,141	117,728
GROSS EXPENSES	320,088	340,083	91,315	98,083	340,083
Less: Reconstruction Debt Service Offset	0	(4,000)	0	(1,333)	(4,000)
Less: SDC Debt Service Offset	(242)	(2,422)	(81)	(518)	(2,422)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	319,846	333,661	91,234	96,232	333,661
NET REVENUE (LOSS)	7,000	\$0	\$29,060	\$27,763	0
ACCUMULATED NET REVENUE - JULY 1	34,612				40,447 *
Use of Fund Balance	0				(5,906)
ACCUMULATED NET REVENUE - JUNE 30	\$41,612				\$34,541

*Reflects a decrease in net revenues of \$1,165,000 resulting from prior year adjustments.

SEWER OPERATING

(In Thousands)

	FY'18 ACTUAL	FY'19 APPROVED BUDGET	FY'18 ACTUAL THRU 10/31/17	FY'19 ACTUAL THRU 10/31/18	PROJECTED THRU 6/30/19
REVENUES					
Sewer Use Charges	\$325,879	\$354,626	\$121,152	\$122,704	\$354,626
Account Maintenance Fee	15,912	15,769	5,262	5,185	15,769
Infrastructure Investment Fee	19,525	19,058	6,473	6,342	19,058
Rockville Sewer Use	3,223	2,700	1,008	1,069	2,700
Interest Income	4,474	1,400	524	1,839	1,400
Plumbing & Inspection Fees	5,104	5,041	1,716	1,893	5,041
Use of Fund Balance	227	5,674	0	0	5,674
Miscellaneous	8,930	8,900	4,362	4,756	8,900
TOTAL REVENUES	383,274	413,168	140,497	143,788	413,168
EXPENSES					
Salaries & Wages	52,061	59,229	17,037	18,575	59,229
Heat, Light & Power	8,645	9,935	2,446	2,523	9,935
Regional Sewage Disposal	58,331	53,617	17,535	19,398	53,617
All Other	112,009	123,140	26,053	31,000	123,140
PAYGO	5,677	17,356	5,677	4,339	17,356
Debt Service	148,804	159,333	46,183	50,037	159,333
GROSS EXPENSES	385,527	422,610	114,931	125,872	422,610
Less: Reconstruction Debt Service Offset	(7,700)	(8,500)	(2,567)	(2,833)	(8,500)
Less: SDC Debt Service Offset	(2,154)	(942)	(718)	(921)	(942)
Working Capital Reserve Transfer	0	0	0	0	0
NET EXPENSES	375,673	413,168	111,646	122,118	413,168
NET REVENUE (LOSS)	7,601	\$0	\$28,851	\$21,670	0
ACCUMULATED NET REVENUE - JULY 1	138,882				144,850 *
Use of Fund Balance	(227)				(5,674)
ACCUMULATED NET REVENUE - JUNE 30	\$146,256				\$139,176

*Reflects a decrease in net revenues of \$1,406,000 resulting from prior year adjustments.

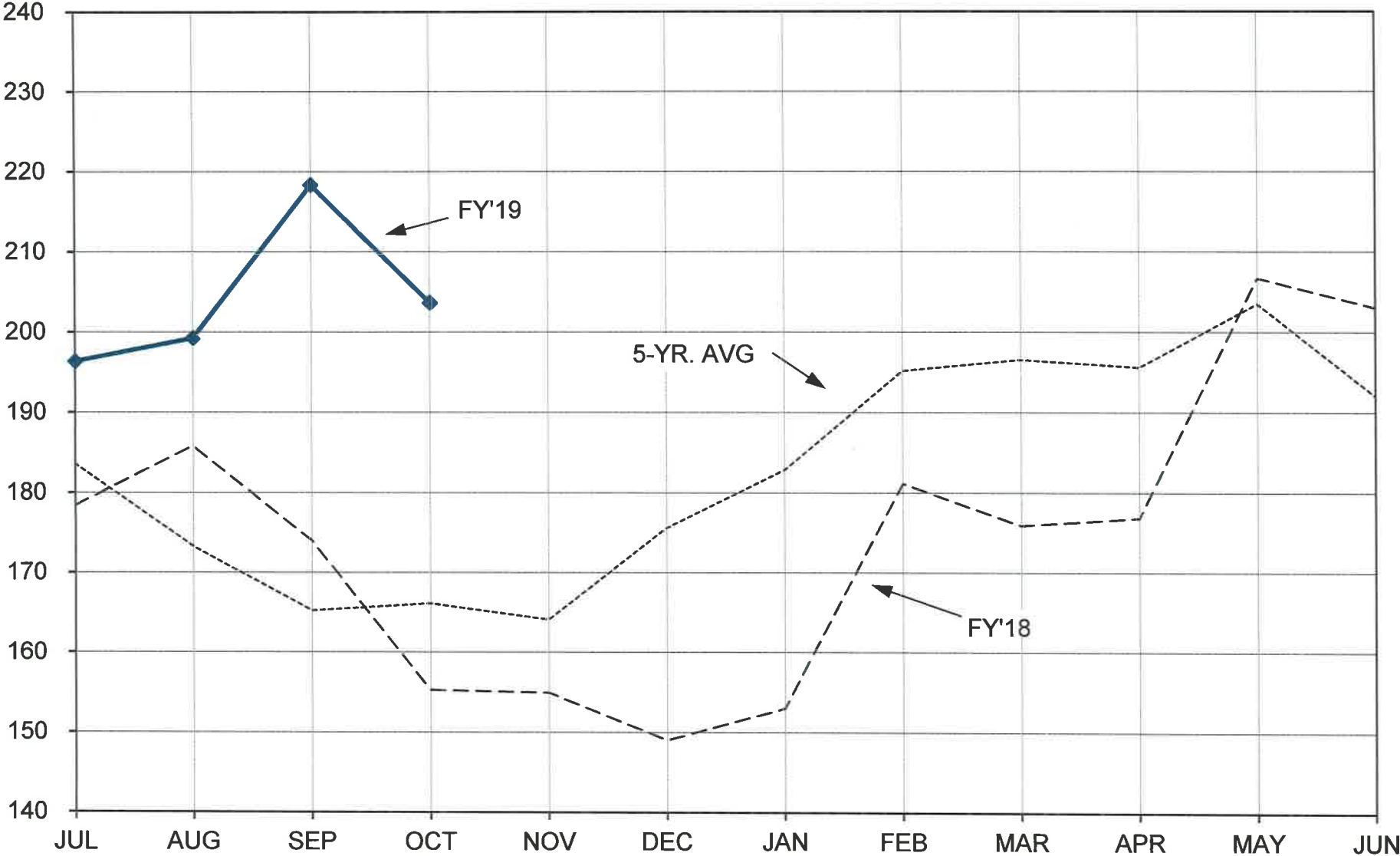
**FY'19
SEWAGE FLOWS**

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	127.10	203.68	155.28	204.30
November				154.93	
December				149.03	
January				153.00	
February				181.13	
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 10/31/17</u>	<u>FY'19 ACTUAL THRU 10/31/18</u>	<u>PROJECTED THRU 6/30/19</u>
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$19,191	\$15,473	\$6,854	\$5,941	\$15,473
Interest Income	865	75	136	239	75
Miscellaneous	285	240	75	87	240
Use of Fund Balance	7,700	12,500	2,567	4,166	12,500
Reconstruction Debt Service Offset	(7,700)	(12,500)	(2,567)	(4,166)	(12,500)
TOTAL REVENUES	<u>20,341</u>	<u>15,788</u>	<u>7,065</u>	<u>6,267</u>	<u>15,788</u>
EXPENSES					
Salaries & Wages	701	533	216	253	533
All Other	813	1,067	179	207	1,067
Debt Service	17,594	17,288	5,759	5,384	17,288
GROSS EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>6,154</u>	<u>5,844</u>	<u>18,888</u>
NET EXPENSES	<u>19,108</u>	<u>18,888</u>	<u>6,154</u>	<u>5,844</u>	<u>18,888</u>
NET REVENUE (LOSS)	1,233	<u>(\$3,100)</u>	<u>\$911</u>	<u>\$423</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	7,576
Interest Income	64
	<hr/>
FUNDS AVAILABLE	16,506
Less MOU Credit Reimbursement	(515)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(518)
Sewer Operating - Debt Service	(921)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	0
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Account Balance	14,552
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	(8,527)
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AVAILABLE ACCOUNT BALANCE, OCTOBER 31, 2018	<u><u>\$6,025</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.