



FY 2021
MONTHLY STATUS REPORT
MAY 2021



Interoffice Memorandum

TO: CARLA A. REID
GENERAL MANAGER/CEO

^{DS}
JFB

VIA: JOSEPH F. BEACH
DEPUTY GENERAL MANAGER OF ADMINISTRATION

FROM: PATRICIA A. COLIHAN
CHIEF FINANCIAL OFFICER

^{DS}
PC

DATE: August 4, 2021

SUBJECT: MONTHLY STATUS REPORT – MAY 2021

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 2021 (FY'21). Beginning back in May 2020 we developed a Cost Savings Plan to address the impacts of the Covid-19 pandemic on our operations. This aggressive plan continues in FY'21 with planned expenditure reductions across all departments, debt related savings and adjustments, and the elimination of the PAYGO transfer for capital projects with a portion (\$10 million) preserved to support operating costs. Due to the uncertainty surrounding the duration and impact of the COVID-19 pandemic, we will continue to monitor our position and expect to modify our projections over the course of the fiscal year as new information becomes available. We are making a number of changes to our projected financial results in this month's report.

In this month's report we've further lowered our revenue projections for water consumption and sewer use revenues. Meter reading continues to lag and prior months assumptions of unbilled revenues have been corrected to reflect the lower projected income. As noted in prior reports, the sewer use revenue estimate also incorporates the reduction of \$12 million to recognize the previously identified need to re-baseline sewer use revenues due to historical trends. The Cost Savings Plan

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remains in force and with great effect. In the March report we noted that all departments had contributed with further reductions to their spending projections and that we would forgo our Bond Anticipation Note principal payment in order to reduce debt service expense and help build up our reserves. In this month's report we have again reduced spending projections.

In the March report we reduced our capital project expense projections based on updated estimates from our project managers. In this month's report we've again lowered our projections as the pandemic continues to impact our ability to execute our capital program. Slower spending on bond funded projects may allow us to delay future bond sales, contributing to debt service savings in the operating funds.

As a result of this month's updated projections, the ongoing accounting adjustments to reclassify certain prior year expenses, and other routine prior year adjustments, the accumulated net revenue at year end has decreased by an additional \$3.6 million and is now projected to be \$152.3 million (see page 2 of the report), of which \$80.9 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 125.3 MGD is only 0.8% below the five-year average, water consumption and sewer use revenue is currently tracking at 8.0% below budget primarily due to more of the consumption occurring in the lower tiers (pages 3 & 4) and an increase to our allowance for uncollectible water and sewer receivables due to growth in past due accounts and past due amounts during the pandemic.

Other highlights of the May 2021 report are as follows:

Revenues

- Total revenues (all funds) through May were \$694.6 million or 84% of total budgeted.
- Total revenues (all funds) are projected to be \$764.9 million; \$63.6 million less than budgeted.

Expenses

- Total net expenses (all funds) through May were \$666.1 million or 80% of total budgeted.
- Total net expenses (all funds) are projected to be \$733.3 million; \$97.6 million less than budgeted.

Water Consumption

- Water consumption through May averaged 125.3 MGD (page 4).

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Workyears

- Cumulative workyears through the end of May were 1,677 (page 5).

System Development Charge

- The available account balance through May was \$22.9 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'20 ACTUAL	FY'21 APPROVED BUDGET	FY'20 ACTUAL THRU 5/31/20	FY'21 ACTUAL THRU 5/31/21	PROJECTED THRU 6/30/21
<u>REVENUES</u>					
Water Consumption and Sewer Use Charges	\$618,158	\$689,210	\$576,008	\$583,551	\$635,200
Use of Accumulated Net Revenue	11,341	8,000	0	0	8,000
All Other Revenues	135,690	131,248	116,990	111,047	121,655
TOTAL REVENUES	765,189	828,458	692,998	694,598	764,855
<u>EXPENSES</u>					
Operating Expenses	473,862	493,046	424,298	420,842	463,700
PAYGO	0	31,016	0	0	0
Debt Service Expense	292,322	325,593	266,977	267,657	294,000
GROSS EXPENSES	766,184	849,655	691,275	688,499	757,700
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(10,633)	(8,708)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(6,138)	(5,291)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(7,904)	(3,500)	(2,659)	(8,388)	(9,151)
NET EXPENSES	739,985	830,883	671,845	666,112	733,277
NET REVENUE (LOSS) FOR YEAR	\$25,204	(\$2,425)	\$21,153	\$28,486	\$31,578

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

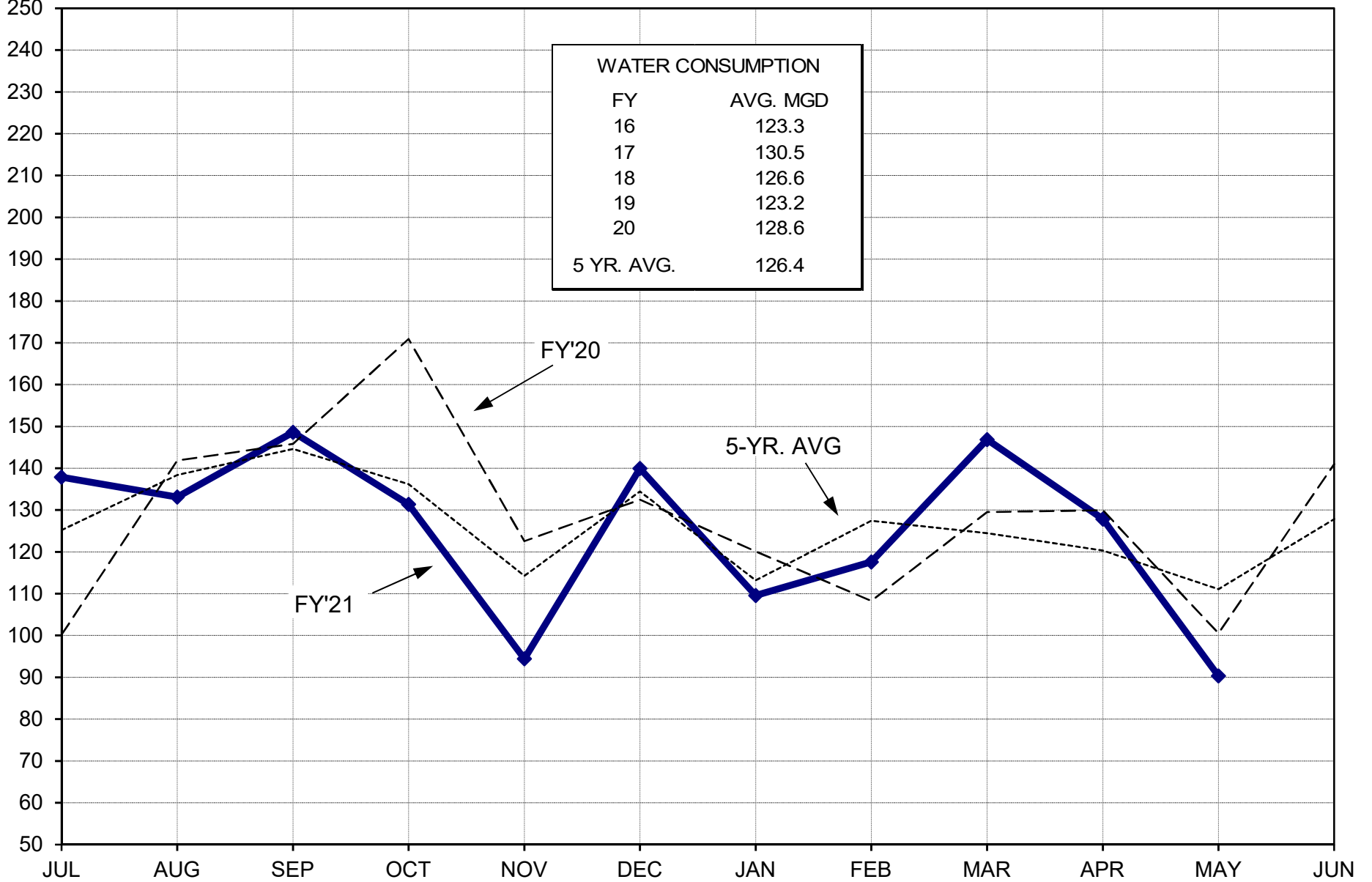
	<u>FY'20 ACTUAL</u>	<u>FY'21 APPROVED BUDGET</u>	<u>FY'20 ACTUAL THRU 5/31/20</u>	<u>FY'21 ACTUAL THRU 5/31/21</u>	<u>PROJECTED THRU 6/30/21</u>
REVENUES					
Water Consumption & Sewer Use Charges	\$618,158	\$689,210	\$576,008	\$583,551	\$635,200
Use of Accumulated Net Revenue	11,341	8,000	0	0	8,000
All Other Revenues	122,209	120,040	104,668	101,220	110,700
TOTAL REVENUES	<u>751,708</u>	<u>817,250</u>	<u>680,676</u>	<u>684,771</u>	<u>753,900</u>
EXPENSES					
Operating Expenses	472,147	491,141	422,857	419,268	461,800
PAYGO	0	31,016	0	0	0
Debt Service Expense	279,745	313,865	255,566	258,463	282,000
GROSS EXPENSES	<u>751,892</u>	<u>836,022</u>	<u>678,423</u>	<u>677,731</u>	<u>743,800</u>
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(10,633)	(8,708)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(6,138)	(5,291)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(7,904)	(3,500)	(2,659)	(8,388)	(9,151)
NET EXPENSES	<u>725,693</u>	<u>817,250</u>	<u>658,993</u>	<u>655,344</u>	<u>719,377</u>
NET REVENUE (LOSS) FOR YEAR	<u>\$26,015</u>	<u>\$0</u>	<u>\$21,683</u>	<u>\$29,427</u>	<u>\$34,523</u>
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	132,931				125,735
NET REVENUE (LOSS) FOR YEAR	26,015				34,523
USE OF ACCUMULATED NET REVENUE	(11,341)				(8,000)
ACCUMULATED NET REVENUE - END OF YEAR	<u>\$147,605</u>				<u>\$152,258</u> *
WATER CONSUMPTION (MGD)	128.6	122.1	127.5	125.3	126.3

* Includes Working Capital Reserve of \$80.9 million.

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

WATER CONSUMPTION

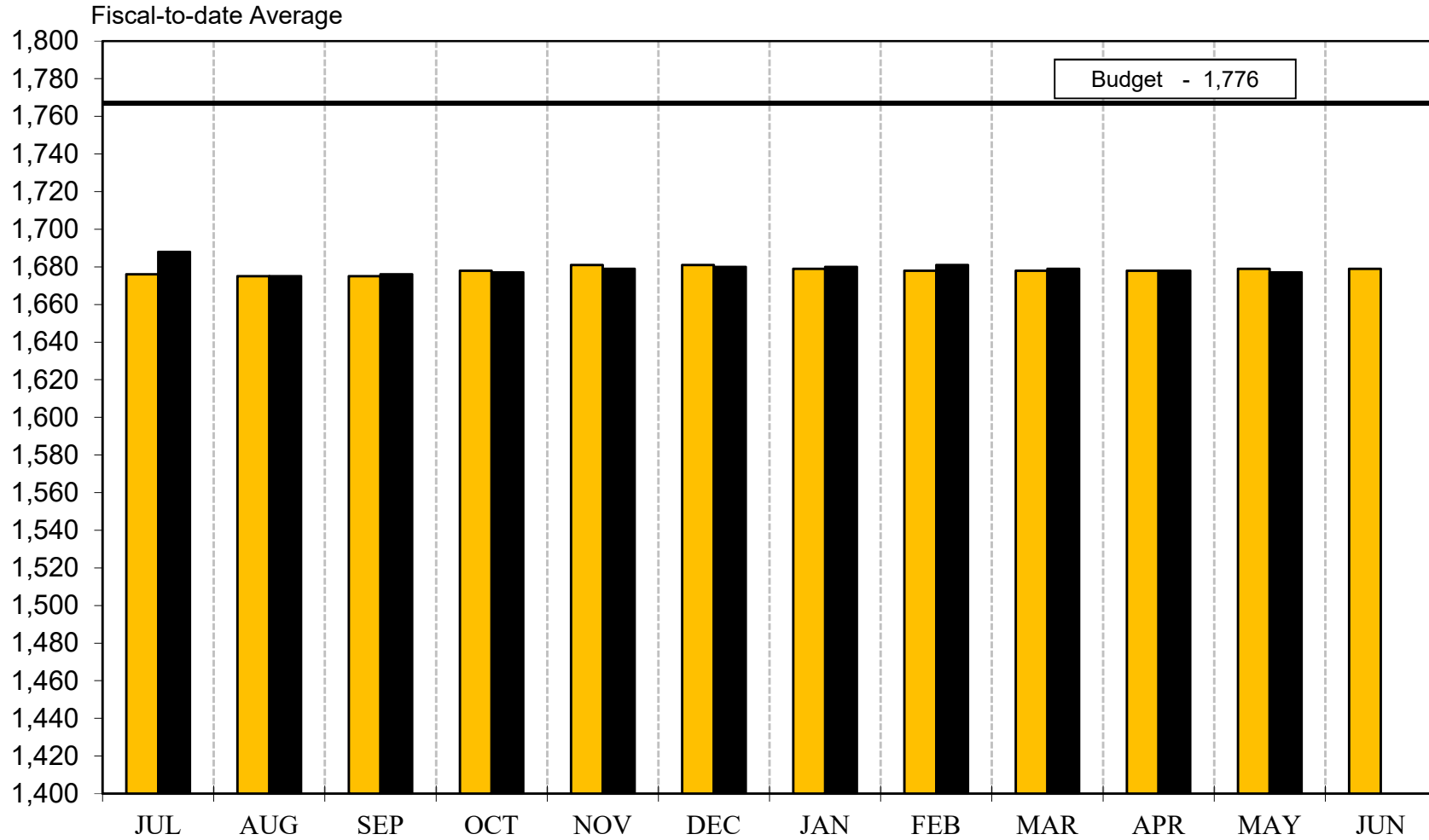
AVERAGE MGD



**FY'21
WATER CONSUMPTION**

<u>MONTH</u>	<u>MONTHLY AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'20 CUMULATIVE AVERAGE (MGD)</u>
July	137.879	137.879	100.173
August	133.079	135.479	121.024
September	148.602	139.758	129.285
October	131.358	137.641	139.689
November	94.436	129.170	136.267
December	139.932	130.983	135.637
January	109.541	127.891	133.419
February	117.588	126.704	130.276
March	146.817	128.980	130.194
April	127.825	128.866	130.172
May	90.337	125.300	127.475
June			128.601

ACTUAL WORKYEARS



 FY'20	1,676	1,675	1,675	1,678	1,681	1,681	1,679	1,678	1,678	1,678	1,678	1,679	1,679
 FY'21	1,688	1,675	1,676	1,677	1,679	1,680	1,680	1,681	1,679	1,678	1,677	-	-

STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL

(In Thousands)

	<u>FY'20 ACTUAL</u>	<u>FY'21 APPROVED BUDGET</u>	<u>FY'20 ACTUAL THRU 5/31/20</u>	<u>FY'21 ACTUAL THRU 5/31/21</u>	<u>PROJECTED THRU 6/30/21</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$289,097	\$562,675			
Anticipated Contributions:					
Federal & State Grants	1,589	23,000			
System Development Charge	14,077	9,530			
Other	12,451	10,177			
Available for Current Construction	<u>317,214</u>	<u>605,382</u>			
<u>CAPITAL COSTS</u>					
Salaries & Wages	\$26,388	\$27,826	\$24,195	\$23,585	\$27,500
Contract Work	211,404	353,066	166,512	181,068	230,000
Consulting Engineers	44,478	77,182	34,179	31,065	40,000
All Other *	112,115	147,308	67,656	76,498	115,000
TOTAL COSTS	<u><u>\$394,385</u></u>	<u><u>\$605,382</u></u>	<u><u>\$292,542</u></u>	<u><u>\$312,216</u></u>	<u><u>\$412,500</u></u>

*Reflects the transfer of \$6.6 million of Bond Premium to the Water & Sewer Operating funds.

CONSOLIDATED STATEMENT OF OPERATING FUNDS, REVENUES AND EXPENDITURES

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	FY'20 ACTUAL THRU 5/31/20	FY'21 ACTUAL THRU 5/31/21	PROJECTED THRU 6/30/21
REVENUES					
Water Consumption Charges	\$271,173	\$295,512	\$253,266	\$255,243	\$278,000
Sewer Use Charges	346,985	393,698	322,742	328,308	357,200
Account Maintenance Fees	35,922	32,360	29,296	29,717	32,300
Infrastructure Investment Fee	42,781	39,410	35,407	36,628	39,700
Front Foot Benefit & House Connection Assessments	12,824	10,378	11,543	9,606	10,700
Plumbing & Inspection Fees	14,425	14,470	12,880	15,302	16,800
Interest Income	5,364	10,600	5,232	409	625
Rockville Sewer Use	3,147	3,000	2,911	2,904	3,000
Use of Accumulated Net Revenue	11,341	8,000	0	0	8,000
Miscellaneous	21,227	21,030	19,721	16,481	18,530
TOTAL REVENUES	765,189	828,458	692,998	694,598	764,855
EXPENSES					
Salaries & Wages	132,574	128,370	122,096	119,968	130,600
Heat, Light & Power	15,534	20,423	14,327	16,770	19,400
Regional Sewage Disposal	56,414	58,000	52,167	54,261	58,400
All Other	269,340	286,253	235,708	229,843	255,300
PAYGO	0	31,016	0	0	0
Debt Service	292,322	325,593	266,977	267,657	294,000
GROSS EXPENSES	766,184	849,655	691,275	688,499	757,700
Less: Reconstruction Debt Service Offset	(11,600)	(9,500)	(10,633)	(8,708)	(9,500)
Less: SDC Debt Service Offset	(6,695)	(5,772)	(6,138)	(5,291)	(5,772)
Less: Premium & Underwriter's Discount Transfers	(7,904)	(3,500)	(2,659)	(8,388)	(9,151)
NET EXPENSES	739,985	830,883	671,845	666,112	733,277
NET REVENUE (LOSS) FOR YEAR	25,204	(\$2,425)	\$21,153	\$28,486	31,578
ACCUMULATED NET REVENUE - JULY 1	167,160				147,553
Use of Fund Balance	(22,941)				(17,500)
ACCUMULATED NET REVENUE - JUNE 30	\$169,423				\$161,631

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'20 ACTUAL	FY'21 APPROVED BUDGET	FY'20 ACTUAL THRU 5/31/20	FY'21 ACTUAL THRU 5/31/21	PROJECTED THRU 6/30/21
REVENUES					
Water Consumption Charges	\$271,173	\$295,512	\$253,266	\$255,243	\$278,000
Account Maintenance Fee	18,912	16,503	15,469	15,686	17,000
Infrastructure Investment Fee	22,373	20,099	18,548	19,205	20,800
Plumbing & Inspection Fees	8,296	8,380	7,409	8,744	9,600
Interest Income	(181)	1,000	(163)	94	100
Use of Accumulated Net Revenue	5,784	4,080	0	0	4,080
Miscellaneous	9,816	10,500	9,350	7,641	8,000
TOTAL REVENUES	336,173	356,074	303,879	306,613	337,580
EXPENSES					
Salaries & Wages	72,619	69,910	66,703	65,320	71,200
Heat, Light & Power	8,654	11,671	7,994	9,541	11,100
All Other	133,623	140,636	117,269	118,931	127,900
PAYGO	0	9,969	-	0	0
Debt Service	123,575	133,004	112,638	113,126	123,400
GROSS EXPENSES	338,471	365,190	304,604	306,918	333,600
Less: Reconstruction Debt Service Offset	(4,000)	(4,845)	(3,667)	(4,441)	(4,845)
Less: SDC Debt Service Offset	(3,475)	(2,731)	(3,186)	(2,503)	(2,731)
Less: Premium & Underwriter's Discount Transfers	(1,337)	(1,540)	(1,226)	(1,411)	(1,540)
NET EXPENSES	329,659	356,074	296,525	298,563	324,484
NET REVENUE (LOSS)	6,514	\$0	\$7,354	\$8,050	13,096
ACCUMULATED NET REVENUE - JULY 1	14,669				22,820 *
Use of Fund Balance	(5,784)				(4,080)
Fund Balance Transfer	19,070				0
ACCUMULATED NET REVENUE - JUNE 30	\$34,469				\$31,836

*Reflects a decrease in net revenues of \$11,649,000 resulting from prior year adjustments.

SEWER OPERATING

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	FY'20 ACTUAL THRU 5/31/20	FY'21 ACTUAL THRU 5/31/21	PROJECTED THRU 6/30/21
<u>REVENUES</u>					
Sewer Use Charges	\$346,985	\$393,698	\$322,742	\$328,308	\$357,200
Account Maintenance Fee	17,010	15,857	13,827	14,031	15,300
Infrastructure Investment Fee	20,408	19,311	16,859	17,423	18,900
Rockville Sewer Use	3,147	3,000	2,911	2,904	3,000
Interest Income	5,062	9,000	4,921	295	500
Plumbing & Inspection Fees	6,129	6,090	5,471	6,558	7,200
Use of Accumulated Net Revenue	5,557	3,920	0	0	3,920
Miscellaneous	11,237	10,300	10,066	8,639	10,300
TOTAL REVENUES	415,535	461,176	376,797	378,158	416,320
<u>EXPENSES</u>					
Salaries & Wages	59,092	57,816	54,615	53,820	58,500
Heat, Light & Power	6,880	8,752	6,333	7,229	8,300
Regional Sewage Disposal	56,414	58,000	52,167	54,261	58,400
All Other	134,865	144,356	117,776	110,166	126,400
PAYGO	0	21,047	0	0	0
Debt Service	156,170	180,861	142,928	145,337	158,600
GROSS EXPENSES	413,421	470,832	373,819	370,813	410,200
Less: Reconstruction Debt Service Offset	(7,600)	(4,655)	(6,966)	(4,267)	(4,655)
Less: SDC Debt Service Offset	(3,220)	(3,041)	(2,952)	(2,788)	(3,041)
Less: Premium & Underwriter's Discount Transfers	(6,567)	(1,960)	(1,433)	(6,977)	(7,611)
NET EXPENSES	396,034	461,176	362,468	356,781	394,893
NET REVENUE (LOSS)	19,501	\$0	\$14,329	\$21,377	21,427
ACCUMULATED NET REVENUE - JULY 1	118,262				102,915 *
Use of Fund Balance	(5,557)				(3,920)
Fund Balance Transfer	(19,070)				0
ACCUMULATED NET REVENUE - JUNE 30	\$113,136				\$120,422

*Reflects a decrease in net revenues of \$10,221,000 resulting from prior years' Blue Plains audit adjustments and other prior year adjustments.

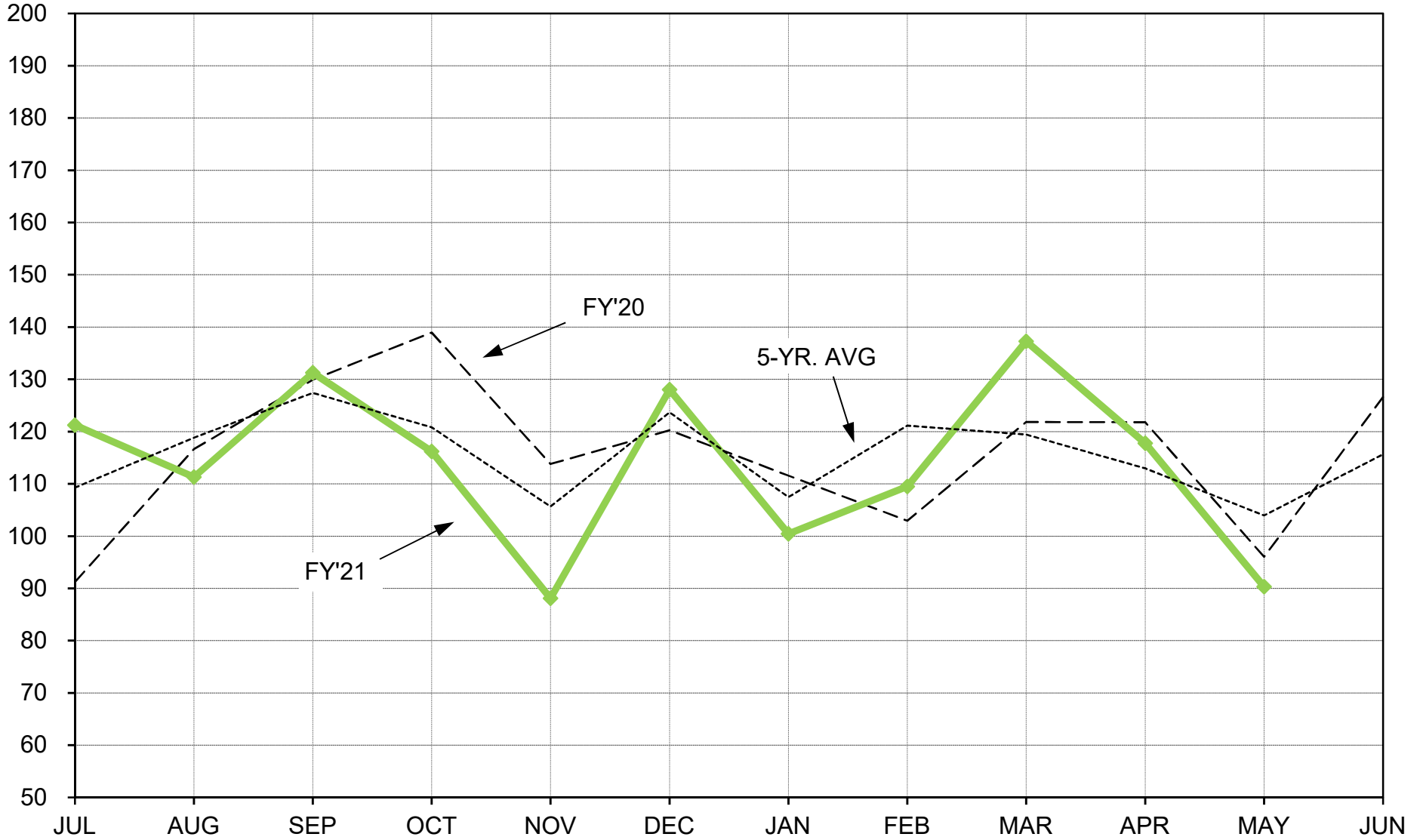
**FY'21
SEWER USE**

<u>MONTH</u>	<u>FY'21 MONTHLY AVERAGE (MGD)</u>	<u>FY'21 CUMULATIVE AVERAGE (MGD)</u>	<u>FY'20 CUMULATIVE AVERAGE (MGD)</u>
July	121.25	121.25	91.21
August	111.30	116.27	103.93
September	131.27	121.16	112.59
October	116.18	119.91	119.18
November	88.10	113.67	118.10
December	128.02	116.09	118.46
January	100.44	113.83	117.48
February	109.48	113.33	115.66
March	137.26	116.04	116.35
April	117.77	116.21	116.89
May	90.34	113.81	115.00
June			115.96

SEWER USE

(INCLUDES BLUE PLAINS)

AVERAGE MGD



GENERAL BOND DEBT SERVICE FUND

(In Thousands)

	FY'20 ACTUAL	FY'21 APPROVED BUDGET	FY'20 ACTUAL THRU 5/31/20	FY'21 ACTUAL THRU 5/31/21	PROJECTED THRU 6/30/21
REVENUES					
Front Foot Benefit & House Connection					
Assessments	\$12,824	\$10,378	\$11,543	\$9,606	\$10,700
Interest Income	483	600	474	20	25
Miscellaneous	174	230	305	201	230
Use of Accumulated Net Revenue	11,600	9,500	10,633	8,709	9,500
Reconstruction Debt Service Offset	(11,600)	(9,500)	(10,633)	(8,709)	(9,500)
TOTAL REVENUES	13,481	11,208	12,322	9,827	10,955
EXPENSES					
Salaries & Wages	863	644	778	828	900
All Other	852	1,261	663	746	1,000
Debt Service	12,577	11,728	11,411	9,194	12,000
GROSS EXPENSES	14,292	13,633	12,852	10,768	13,900
NET EXPENSES	14,292	13,633	12,852	10,768	13,900
NET REVENUE (LOSS)	(811)	<u>(\$2,425)</u>	<u>(\$530)</u>	<u>(\$941)</u>	(2,945)
ACCUMULATED NET REVENUE - JULY 1	34,229				21,818
Use of Fund Balance	(11,600)				(9,500) *
ACCUMULATED NET REVENUE - JUNE 30	<u>\$21,818</u>				<u>\$9,373</u>

* Reflects transfer of \$9,500,000 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, 2020	\$13,730
<u>ACCOUNT ADDITIONS:</u>	
SDC Revenues, Net	29,125
Interest Income	13
	<hr/>
FUNDS AVAILABLE	42,868
Less MOU Credit Reimbursement	(2,538)
<u>TRANSFERRED TO OPERATING FUNDS:*</u>	
Water Operating - Debt Service	(2,503)
Sewer Operating - Debt Service	(2,788)
<u>TRANSFERRED TO BOND FUNDS:</u>	
Water Supply Bond	0
Sewer Disposal Bond	0
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Account Balance	35,039
Less Amounts Billed But Not Yet Collected	0
Less Reserve for MOU Related Reimbursements	(12,115)
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AVAILABLE ACCOUNT BALANCE, MAY 31, 2021	<u><u>\$22,924</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.

Certificate Of Completion

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Envelope Stamping: Enabled	Mark Brackett
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	Laurel, MD 20707
	Mark.Brackett@wsscwater.com
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
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Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: WSSC Water	Location: DocuSign

Signer Events

Patricia Colihan
 Patricia.Colihan@wsscwater.com
 Chief Financial Officer
 WSSC Water
 Security Level: Email, Account Authentication (Optional)

Signature




Signature Adoption: Pre-selected Style
 Using IP Address: 205.167.186.197

Timestamp

Sent: 8/3/2021 4:31:07 PM
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 Freeform Signing

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Joseph F Beach
 Joseph.Beach@wsscwater.com
 Deputy Gen Mgr Admin
 WSSC Water
 Security Level: Email, Account Authentication (Optional)



Signature Adoption: Pre-selected Style
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 Signed using mobile

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 Freeform Signing

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
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