



**FINANCE AND BUDGET COMMITTEE MEETING
MINUTES OF THE MEETING
JANUARY 23, 2024
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal (Chairperson)
2. Sarah Motsch, Alternate, Fairfax County

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Matthew Brown, Chief Finance Officer & EVP
3. Wayne Griffith, Chief Administration Officer & EVP
4. Jeffery Thompson, Chief Operating Officer & EVP
5. Michelle Rhodd, Board Secretary

Anthony Giancola, Chair, called the meeting to order at 11:31 a.m. The meeting was conducted via MS Teams. Board Secretary Michelle Rhodd called the roll.

I. DECEMBER 2023 FINANCIAL REPORT

Lola Oyeyemi, Vice President of Budget, presented the monthly financial report for December by exception explaining that detailed information was included in the budget presentation to the Joint Committee. At the end of the first quarter of FY 2024, total operating revenues were at \$226.3 million or 25.8 percent of the budget. Operating expenditures were below budget at \$156.3 million, or 21.2 percent. Capital disbursements were \$107.7 million, or 17.8 percent of the budget.

Ms. Oyeyemi informed the Committee that the FY 2023 financial statement audit was completed, and DC Water received an unmodified “clean” opinion. An update on the audit will be presented at the Audit and Risk Committee on January 25. She congratulated the Finance staff for their work on the completed audit and ongoing activities to complete the Office of Management and Budget Uniform Guidance Audit and the Green Bond Attestation.

Total operating revenues through December were above the year-to-date budget mainly from the Residential, Commercial, and Multi-Family customers. This was due to higher

receipts in the first few months of the fiscal year, coupled with higher water consumption compared to budget. The lower collection in the Other Revenues category were due to lower Developer Fees, System Availability Fees, and the Washington Aqueduct Backwash compared to budget.

Total operating expenditure was \$156.3 million, or 21.2 percent of the FY 2024 budget with higher spending in utilities and chemicals. Ms. Oyeyemi explained that the higher year-to-date spending in utilities was due to increased water usage resulting from changes in the treatment process at the Plant. She also noted that the prices of some major chemicals are higher, and staff will continue to monitor the market for any significant budgetary impacts. The capital disbursements totaled \$1087.7 million or 17.8 percent of the budget. Details will be provided in the next CIP update to the Committee in February.

Cash investments totaled \$706 million at the end of December, including \$35.6 million in the Rate Stabilization Fund and additional reserve account balances. The year-to-date interest income was \$2.6 million. Delinquent accounts balance increased to \$29.9 million for 10,536 accounts.

Ms. Oyeyemi explained that the high overtime costs in some departments were mainly due to increased emergency responses during the winter season, increased demand for operating the tunnel dewatering pump station crane during wet weather conditions, additional shift coverage due to staff out on medical leave, and support of the year-end close and payroll activities.

The Developer Deposits credit balance was \$44.9 million while the debit balance was \$11 million at the end of December 2023. Total refund requests processed since June 2023 were 98, representing 64 percent of the 154 accounts refunded since October 2022. At the end of the first quarter, 97 percent of all undisputed invoices were paid within 30 days.

II. AGENDA FOR FEBRUARY 2024 COMMITTEE MEETING

The agenda for the February committee meeting was presented.

III. ADJOURN

There being no further business to come before the meeting, the meeting was adjourned at 11:42 a.m.