The Sewerage and Water Board of New Orleans

625 St. Joseph Street
New Orleans, LA 70165

August 1, 2024

Clerk of Council
City Hall, Room 1E09
1300 Perdido Street
New Orleans, LA 70112
Submitted via Electronic Mail

Re: Sewerage and Water Board of New Orleans
Financial Information Fiscal Year 2023

Dear Clerk of Council,

Pursuant to La. R.S. 33:4091(A), please find fiscal year 2023 financial information for the Sewerage and Water Board of New Orleans. We respectfully request that this information be received at the next regularly scheduled meeting of the New Orleans City Council. A copy of this information will also be published in the official journal of the city as required by the statute.

In addition, we will share more extensive information in the form of our Annual Comprehensive Financial Report for the year ended December 31, 2023 once it has been publicly released by the Louisiana Legislative Auditor in the coming weeks.

Regards,

Ghassan Korban
Executive Director, Sewerage and Water Board of New Orleans

cc: Helena N. Moreno
Jean Paul "JP" Morrell
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Lesli Harris
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Erin Spears
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2023 Changes in Net Position

The change in net position for the year ended December 31, 2023 was an increase of approximately $172.4 million, as opposed to approximately $174.2 million for the year ended December 31, 2022. The Board's total operating revenues increased by 1.9% to approximately $279.2 million. Total non-operating revenue (expenses) increased by 24.2% to approximately $82.7 million primarily due to property taxes increasing by $7.8 million, City of New Orleans contribution of American Rescue Plan Act (ARPA) of $15.0 million, and additional interest income in 2023. Capital contributions from federal grants and construction of Board property was approximately $133.0 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately $76.5 million and $4.7 million, respectively, and approximately $1.9 million of capital contributions from the Army Corps of Engineers. The changes in net position are detailed in Table A-3; operating expenses are detailed in Table A-4.

Table A-3
Sewerage & Water Board of New Orleans
Revenues , Expenses and Change in Net Position

	2023	2022	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Sales of water and delinquent fees	$ 121,396,212	$ 117,382,185	$ 4,014,027	3.4%
Sewerage service charges	149,695,125	150,932,239	(1,237,114)	(0.8%)
Plumbing inspection and license fees	2,746,002	487,140	2,258,862	463.7%
Other revenue	5,396,432	5,188,335	208,097	4.0%
Total operating revenues	279,233,771	273,989,899	5,243,872	1.9%
Operating expenses (Table A-4)	322,610,312	321,936,241	674,071	0.2%
Operating loss	(43,376,541)	(47,946,342)	4,569,801	9.5%
Non-operating revenues (expenses):				
Property taxes	71,977,563	64,202,066	7,775,497	12.1%
Other taxes	579,189	589,220	(10,031)	(1.7%)
Contributions from other governments	21,933,185	20,507,688	1,425,497	7.0%
Federal noncapital grants	15,241,294	28,650	15,212,644	53098.2%
Interest income	9,649,785	3,353,769	6,296,016	187.7%
Other non-operating expense	(15,000,000)	-	(15,000,000)	100.0%
Interest expense	(21,202,143)	(19,938,792)	(1,263,351)	6.3%
Bond issuance costs	(163,442)	(456,865)	293,423	(64.2%)
Recovery (provison) for grants	(305,560)	(1,675,728)	1,370,168	(81.8%)
Total non-operating revenues (expenses)	82,709,871	66,610,008	16,099,863	24.2%
Income before capital contributions	39,333,330	18,663,666	20,669,664	110.7%
Capital contributions	133,017,837	155,524,821	(22,506,984)	(14.5%)
Change in net position	172,351,167	174,188,487	(1,837,320)	(1.1%)
Net position, beginning of year	2,881,486,768	2,707,298,281	174,188,487	6.4%
Net position, end of year	$ 3,053,837,935	$ 2,881,486,768	$ 172,351,167	6.0%

Table A-4
Sewerage & Water Board of New Orleans
Operating Expenses

	2023	2022	Increase (Decrease)	Increase (Decrease)
Power and pumping	$ 25,632,309	$ 20,266,743	$ 5,365,566	26.5%
Treatment	38,311,430	28,340,517	9,970,913	35.2%
Transmission and distribution	47,748,188	37,195,201	10,552,987	28.4%
Customer accounts	5,302,059	5,524,061	(222,002)	(4.0%)
Customer service	6,619,570	9,975,986	(3,356,416)	(33.6%)
Administration and general	35,962,118	32,655,899	3,306,219	10.1%
Payroll related	51,523,615	62,238,943	(10,715,328)	(17.2%)
Maintenance of general plant	30,966,877	28,996,010	1,970,867	6.8%
Depreciation	65,081,781	65,724,568	(642,787)	-1.0%
Provision for doubtful accounts	10,594,286	27,024,356	(16,430,070)	(60.8%)
(Recovery) provision for claims	4,868,079	3,993,957	874,122	21.9%
Total operating expenses	$ 322,610,312	$ 321,936,241	$ 674,071	0.2%

Total operating expenses increased by approximately $0.7 million or 0.2% compared to 2022. Labor costs increased within Power and Pumping, Treatment, and Administration and general due to automatic salary increases for all employees (2.5% increase effective January 1) and increased overtime costs in operational departments. Additionally, payroll related fringe benefits decreased $10.7 million due to lower pension costs during the year and lower claims expense for self-insured health benefits. Transmission and distribution costs increased $10.6 million from both higher salary costs and increases in the commodity costs of chemicals used in the water purification processes. Additional expenses were further offset by lower provision for doubtful accounts for customer bills attributed to more consistent collection practices including service disconnections for non-payment after an extended period of no service disconnects concluded at the end of 2021.

2022 Changes in Net Position

The change in net position for the year ended December 31, 2022 was an increase of approximately $174.2 million, as opposed to approximately $134.7 million for the year ended December 31, 2021. The Board's total operating revenues decreased by 0.5% to approximately $274.0 million. Total non-operating revenue (expenses) increased by 30.3% to approximately $66.6 million primarily due to contributions from other governments increasing by $13.5 million and additional interest income in 2022. Capital contributions from federal grants and construction of Board property was approximately $155.5 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately $62.1 million and $11.3 million, respectively, and approximately $38.8 million of capital contributions from the Army Corps of Engineers The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.