



ERIE COUNTY WATER AUTHORITY
INTEROFFICE MEMORANDUM

October 18, 2018

To: Commissioners Schad, Carney and Jones

From: Karen A. Prendergast, Comptroller *KAP*
 Steven V. D'Amico, Business Office Manager *SVD*

Subject: Monthly Financial Report – September 2018

NOTE: Operating Revenues and Operating Expense variances in this report are for only those categories of revenue and expense which are in excess of 1% of the total Operating Revenues and total Operating Expenses contained in the 2018 adopted Budget.

1.) Operating Revenue: For the Month of September, 2018:

Total actual operating revenue, \$7,733,000, was greater than the budget of \$6,859,000, by \$874,000, or, 12.7%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$4,283,000	\$3,594,000	\$689,000
Commercial	841,000	760,000	81,000
Industrial	187,000	173,000	14,000
Public Authorities	243,000	224,000	19,000
Public Fire Protection	312,000	314,000	(2,000)
Sales to Other Utilities	416,000	339,000	77,000
Infrastructure Inv Charge	1,275,000	1,280,000	(5,000)
Other Water Revenues	176,000	175,000	1,000

Operating Revenue: Year-to-date at September 30, 2018:

Total actual year-to-date operating revenue, \$58,108,000, was greater than the budget of \$57,401,000, by \$707,000, or, 1.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$29,344,000	\$29,147,000	\$197,000
Commercial	6,117,000	5,956,000	161,000
Industrial	1,591,000	1,470,000	121,000
Public Authorities	1,851,000	1,887,000	(36,000)
Public Fire Protection	2,791,000	2,825,000	(34,000)
Sales To Other Utilities	3,344,000	3,066,000	278,000
Infrastructure Inv Charge	11,576,000	11,626,000	(50,000)
Other Water Revenues	1,494,000	1,424,000	70,000

2.) Investment Income: For the Month of September, 2018:

Total actual investment income, \$121,000, was greater than the budget of \$32,000, by \$89,000 or, 278.1%.

Investment Income: Year-to-date at September 30, 2018:

Total actual year-to-date investment income, \$612,000, was greater than the budget of \$292,000, by \$320,000, or, 109.6%.

3.) Operating Expense: For the Month of Septemeber, 2018:

Total actual operating expense, \$3,662,000, came in under the budget of \$3,904,000, by \$242,000, or, 6.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	\$1,925,000	\$2,093,000	\$168,000
Overtime*	206,000	158,000	(48,000)
Chemicals Purchased	105,000	84,000	(21,000)
Power Purchased	318,000	304,000	(14,000)
Materials and Supplies	99,000	172,000	73,000
Transportation	96,000	99,000	3,000
Other Public Utilities	38,000	50,000	12,000
Insurance and Damages	299,000	236,000	(63,000)
Special Services	1,000	24,000	23,000
Payments to Contractors	970,000	821,000	(149,000)
Equip. Maint. Contracts	24,000	36,000	12,000
Administrative Credits	(313,000)	(328,000)	(15,000)

* Dollars in Overtime are included in Salaries, Wages & Fringes

Operating Expense: Year-to-date at September 30, 2018:

Total actual year-to-date operating expense, \$33,207,000, came in under the budget of \$37,534,000, by \$4,327,000, or, 11.5%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$18,569,000	\$20,248,000	\$1,679,000
Overtime*	1,574,000	1,488,000	(86,000)
Chemicals Purchased	587,000	770,000	183,000
Power Purchased	2,895,000	3,176,000	281,000
Materials and Supplies	1,178,000	1,496,000	318,000
Transportation	862,000	891,000	29,000
Other Public Utilities	485,000	552,000	67,000
Insurance and Damages	2,281,000	2,122,000	(159,000)
Special Services	151,000	267,000	116,000
Payments to Contractors	6,138,000	7,523,000	1,385,000
Equip. Maint. Contracts	352,000	453,000	101,000
Administrative Credits	(1,396,000)	(1,755,000)	(359,000)

* Dollars in Overtime are included in Salaries, Wages & Fringes

4.) Net Income:**

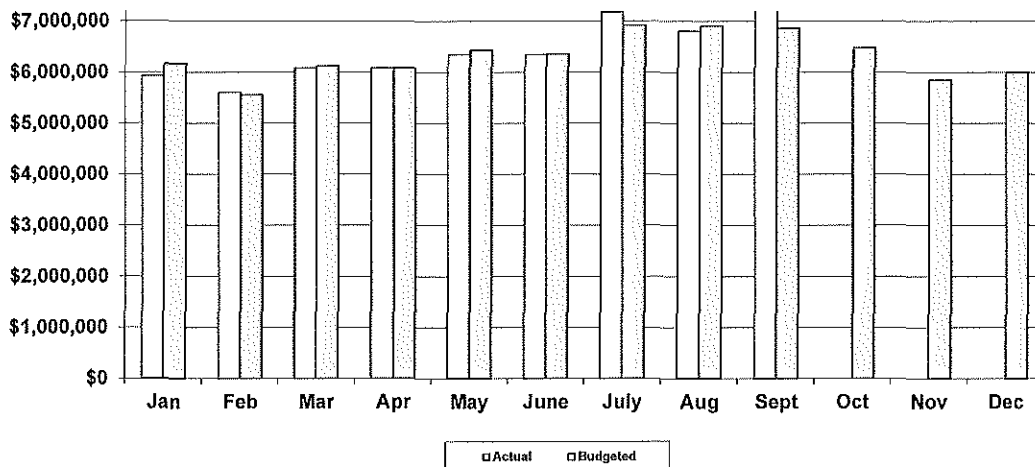
	<u>2018</u>	<u>2017</u>
Month of September:	\$2,823,000	\$1,850,000
Year-to-date at September 30:	\$13,593,000	\$11,267,000

Attached are charts showing actual revenues and expenses for the first nine months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through September 30, 2018.

** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

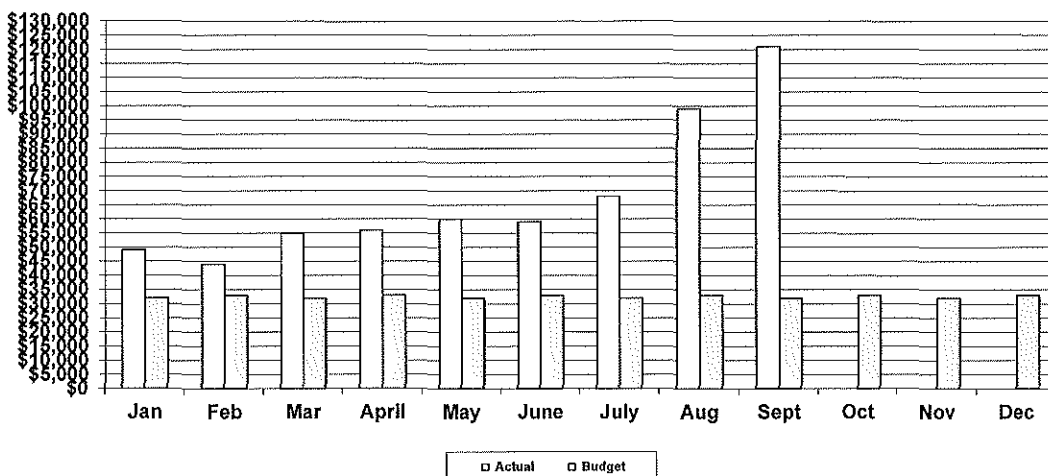
cc: R. Lichtenthal

**2018 Operating Revenue
Actual to Budget**



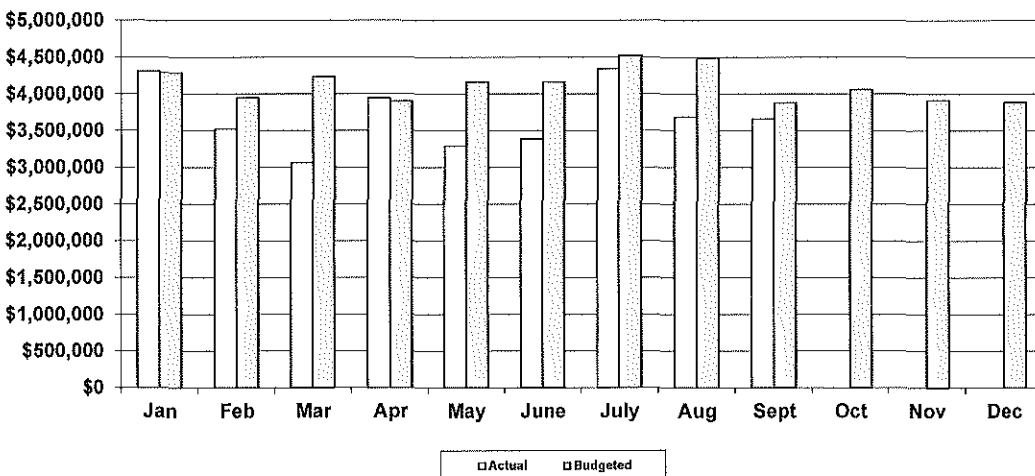
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$5,929,000	\$5,606,000	\$6,077,000	\$6,079,000	\$6,350,000	\$6,345,000	\$7,178,000	\$6,811,000	\$7,733,000	\$0	\$0	\$0
Budgeted	\$6,168,000	\$5,556,000	\$6,318,000	\$6,083,000	\$6,436,000	\$6,355,000	\$6,916,000	\$6,910,000	\$6,859,000	\$6,475,000	\$5,846,000	\$5,996,000

**2018 Investment Income
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$49,000	\$44,000	\$55,000	\$56,000	\$60,000	\$59,000	\$68,000	\$99,000	\$121,000	\$0	\$0	\$0
Budget	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000

**2018 Operating Expense
Actual to Budget**



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$4,307,000	\$3,526,000	\$3,065,000	\$3,942,000	\$3,291,000	\$3,388,000	\$4,342,000	\$3,665,000	\$3,662,000	\$0	\$0	\$0
Budgeted	\$4,290,000	\$3,950,000	\$4,232,000	\$3,900,000	\$4,165,000	\$4,163,000	\$4,522,000	\$4,492,000	\$3,878,000	\$4,080,000	\$3,912,000	\$3,889,000

**Financial Statement Analysis
through month ending September 30, 2018**

<u>Cash Charges:</u>	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>	
Operating Revenue	58,108,000	57,401,000	707,000	1.2%	
Operating Expense:	33,207,000	37,534,000	4,327,000	11.5%	
Net Operating Income	24,901,000	19,867,000	5,034,000	25.3%	
Other Income: Interest on Investments	612,000	292,000	320,000	109.6%	
Misc Non-Operating Revenue	671,000	371,000	300,000	80.9%	
Income Deductions - Interest During Const.	181,000	-	181,000	0.0%	
Net Income Before Debt Service and Non-Cash Charges	26,365,000	20,530,000	5,835,000	28.4%	
Debt Service: Bond Interest Payments	1,463,000	1,252,000	(211,000)		See Note 1 *
Bond Principal Payments	7,040,000	7,040,000	-		
Net Funds Available for Capital Budget	17,862,000	12,238,000	5,624,000	46.0%	See Note 2 **
<u>Non-Cash Charges (GAAP Basis):</u>					
Less: Depreciation	9,792,000	9,718,000	(74,000)	-0.8%	
Amortization	(349,000)	(420,000)	(71,000)	16.9%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	1,866,000	4,011,000	2,145,000	53.5%	
Total Non-Cash Charges	11,309,000	13,309,000	2,000,000	15.0%	
Add: Bond Principal Payments	7,040,000	7,040,000	-	0.0%	
Net GAAP Income	13,593,000	5,969,000	7,624,000	127.7%	
Debt Service Coverage Ratio (Cash Basis)	3.00	2.43			See Note 3 ***

Cash Items are in Green
Non-Cash Items are in Yellow

* **NOTE 1:** Bond Interest Payments reflect adjustment for EFC Loan Subsidy

** **NOTE 2:** Funds Available for Capital Budget do not include other resources for the Capital Budget

<u>Per 2018 Adopted Capital Budget</u>	<u>Total Budgeted for Year</u>	
Funds Available from 2018 O&M Budget	\$ 16,559,397	
Other Resources: Cash Restricted for Future Construction	\$ 20,427,891	
	\$ 36,987,288	Total Capital Budgeted for 2018

*** **NOTE 3:** Debt Service Coverage Ratio = (Net Operating Income + Interest on Investments)/(Bond Interest + Bond Principal)