



ERIE COUNTY WATER AUTHORITY
INTEROFFICE MEMORANDUM

November 15, 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 – October 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 October, 2018:

Total actual operating revenue, \$6,753,000, was greater than the budget of \$6,475,000, by \$278,000, or, 4.3%.

Category	Actual	Budget	Better than Budget <u>(Worse than Budget)</u>
Residential	\$3,437,000	\$3,250,000	\$187,000
Commercial	738,000	693,000	45,000
Industrial	200,000	174,000	26,000
Public Authorities	254,000	238,000	16,000
Public Fire Protection	312,000	314,000	(2,000)
Sales to Other Utilities	322,000	335,000	(13,000)
Infrastructure Inv Charge	1,315,000	1,319,000	(4,000)
Other Water Revenues	175,000	152,000	23,000

Operating Revenue: Year-to-date at October 31, 2018:

Total actual year-to-date operating revenue, \$64,861,000, was greater than the budget of \$63,876,000, by \$985,000, or, 1.5%.

Category	Actual	Budget	Better than Budget <u>(Worse than Budget)</u>
Residential	\$32,781,000	\$32,397,000	\$384,000
Commercial	6,855,000	6,649,000	206,000
Industrial	1,792,000	1,645,000	147,000
Public Authorities	2,105,000	2,125,000	(20,000)
Public Fire Protection	3,103,000	3,139,000	(36,000)
Sales To Other Utilities	3,666,000	3,401,000	265,000
Infrastructure Inv Charge	12,891,000	12,944,000	(53,000)
Other Water Revenues	1,668,000	1,576,000	92,000

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

Total actual investment income, \$118,000, was greater than the budget of \$32,000, by \$86,000 or, 268.8%.

Investment Income: Year-to-date at October 31, 2018:

Total actual year-to-date investment income, \$730,000, was greater than the budget of \$325,000, by \$405,000, or, 124.6%.

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

Total actual operating expense, \$3,778,000, came in under the budget of \$4,093,000, by \$315,000, or, 7.7%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,081,000	\$2,377,000	\$296,000
Overtime*	146,000	152,000	6,000
Chemicals Purchased	81,000	75,000	(6,000)
Power Purchased	264,000	276,000	12,000
Materials and Supplies	186,000	175,000	(11,000)
Transportation	96,000	99,000	3,000
Other Public Utilities	45,000	62,000	17,000
Insurance and Damages	249,000	236,000	(13,000)
Special Services	33,000	24,000	(9,000)
Payments to Contractors	915,000	867,000	(48,000)
Equip. Maint. Contracts	26,000	57,000	31,000
Administrative Credits	(300,000)	(349,000)	(49,000)

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

Operating Expense: Year-to-date at October 31, 2018:

Total actual year-to-date operating expense, \$36,985,000, came in under the budget of \$41,585,000, by \$4,600,000, or, 11.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$20,650,000	\$22,625,000	\$1,975,000
Overtime*	1,720,000	1,641,000	(79,000)
Chemicals Purchased	668,000	845,000	177,000
Power Purchased	3,159,000	3,452,000	293,000
Materials and Supplies	1,363,000	1,671,000	308,000
Transportation	958,000	990,000	32,000
Other Public Utilities	530,000	614,000	84,000
Insurance and Damages	2,530,000	2,358,000	(172,000)
Special Services	184,000	291,000	107,000
Payments to Contractors	7,053,000	8,390,000	1,337,000
Equip. Maint. Contracts	378,000	510,000	132,000
Administrative Credits	(1,696,000)	(2,104,000)	(408,000)

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

4.) Net Income:**

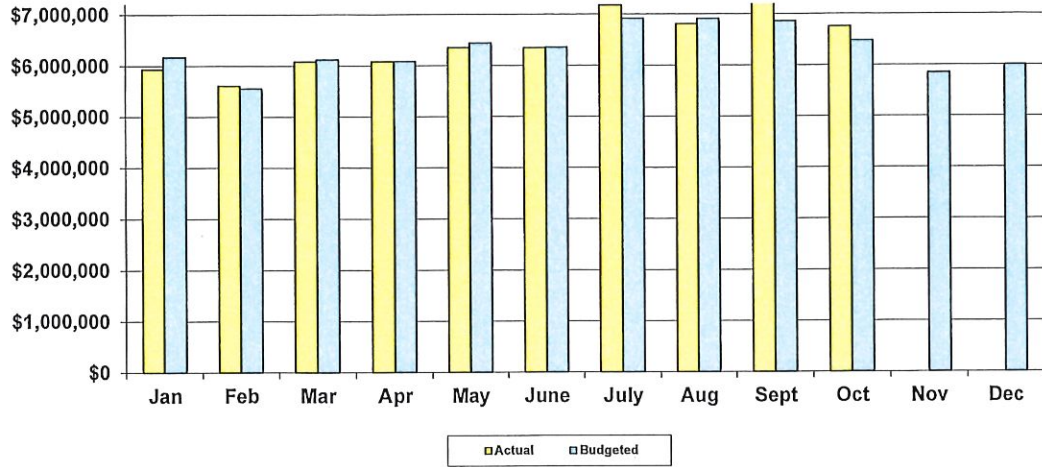
	<u>2018</u>	<u>2017</u>
Month of October:	\$1,720,000	\$1,327,000
Year-to-date at October 31:	\$15,314,000	\$12,594,000

Attached are charts showing actual revenues and expenses for the first ten months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through October 31, 2018.

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

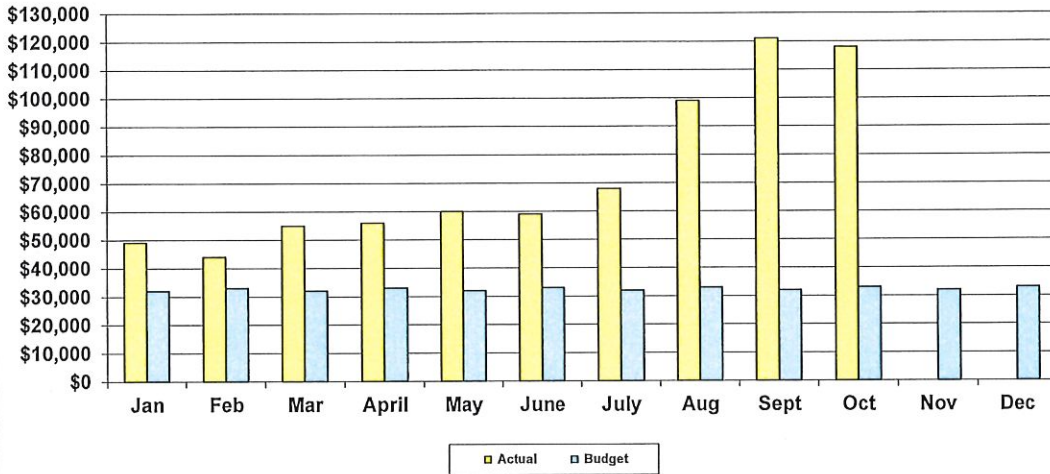
cc: R. Lichtenthal

**2018 Operating Revenue
Actual to Budget**



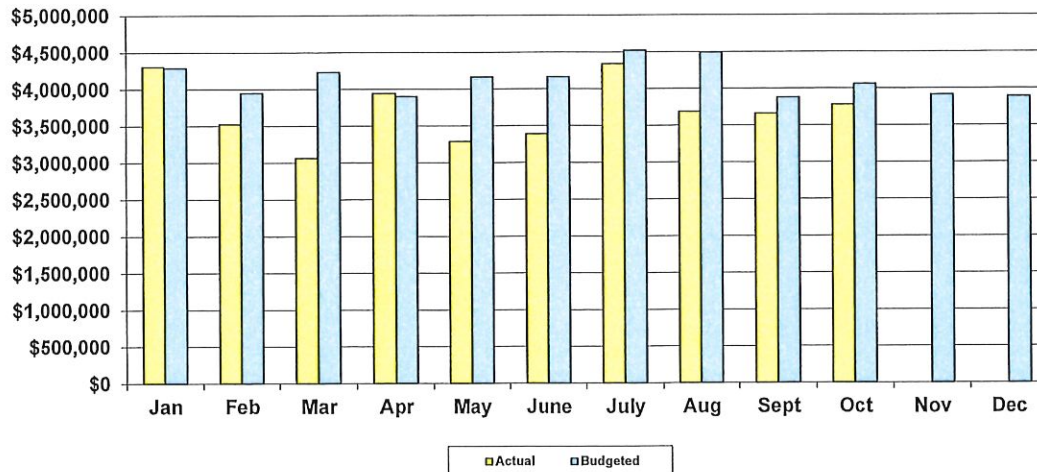
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$5,929,000	\$5,606,000	\$6,077,000	\$6,079,000	\$6,350,000	\$6,345,000	\$7,178,000	\$6,811,000	\$7,733,000	\$6,753,000	\$0	\$0
Budgeted	\$6,168,000	\$5,556,000	\$6,118,000	\$6,083,000	\$6,436,000	\$6,355,000	\$6,916,000	\$6,910,000	\$8,859,000	\$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	\$118,000	\$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	\$3,685,000	\$3,662,000	\$3,778,000	\$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	\$4,060,000	\$3,912,000	\$3,889,000

**Financial Statement Analysis
through month ending October 31, 2018**

Cash Charges:	Actual Amount	Budget Amount	Variance from Budget	Variance as % of Budget	
Operating Revenue	64,861,000	63,876,000	985,000	1.5%	
Operating Expense:	36,985,000	41,585,000	4,600,000	11.1%	
Net Operating Income	27,876,000	22,291,000	5,585,000	25.1%	
Other Income: Interest on Investments	730,000	325,000	405,000	124.6%	
Misc Non-Operating Revenue	744,000	413,000	331,000	80.1%	
Income Deductions - Interest During Const.	212,000	-	212,000	0.0%	
Net Income Before Debt Service and Non-Cash Charges	29,562,000	23,029,000	6,533,000	28.4%	See Note 1 *
Debt Service: Bond Interest Payments	1,695,000	1,388,000	(307,000)		
Bond Principal Payments	7,827,000	7,827,000	-		
Net Funds Available for Capital Budget	20,040,000	13,814,000	6,226,000	45.1%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	10,875,000	10,797,000	(78,000)	-0.7%	
Amortization	(395,000)	(466,000)	(71,000)	15.2%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	2,074,000	4,457,000	2,383,000	53.5%	
Total Non-Cash Charges	12,554,000	14,788,000	2,234,000	15.1%	
Add: Bond Principal Payments	7,827,000	7,827,000	-	0.0%	
Net GAAP Income	15,313,000	6,853,000	8,460,000	123.4%	
Debt Service Coverage Ratio (Cash Basis)	3.00	2.45	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)