



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

February 21, 2019

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report - January 2019

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 January, 2019:

Total actual operating revenue, \$6,029,000, was less than the budget of \$6,288,000, by \$259,000, or, 4.1%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$2,876,000	\$3,105,000	\$(229,000)
Commercial	572,000	602,000	(30,000)
Industrial	184,000	165,000	19,000
Public Authorities	169,000	176,000	(7,000)
Public Fire Protection	325,000	318,000	7,000
Sales to Other Utilities	326,000	326,000	-
Infrastructure Inv Charge	1,419,000	1,422,000	(3,000)
Other Water Revenues	158,000	174,000	(16,000)

2.) Investment Income: For the Month of January, 2019:

Total actual investment income, \$102,000, was greater than the budget of \$87,000, by \$15,000 or, 17.2%.

3.) Operating Expense: For the Month of January, 2019:

Total actual operating expense, \$3,875,000, came in under the budget of \$4,572,000, by \$697,000, or, 15.2%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,118,000	\$2,540,000	\$422,000
Overtime*	186,000	218,000	32,000
Chemicals Purchased	89,000	96,000	7,000
Power Purchased	418,000	360,000	(58,000)
Materials and Supplies	70,000	143,000	73,000
Transportation	96,000	96,000	-
Other Public Utilities	74,000	74,000	-
Insurance and Damages	274,000	233,000	(41,000)
Payments to Contractors	440,000	707,000	267,000
Equip. Maint. Contracts	140,000	144,000	4,000
Miscellaneous	10,000	48,000	38,000
Administrative Credits	(18,000)	(29,000)	(11,000)

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

4.) Net Income:**

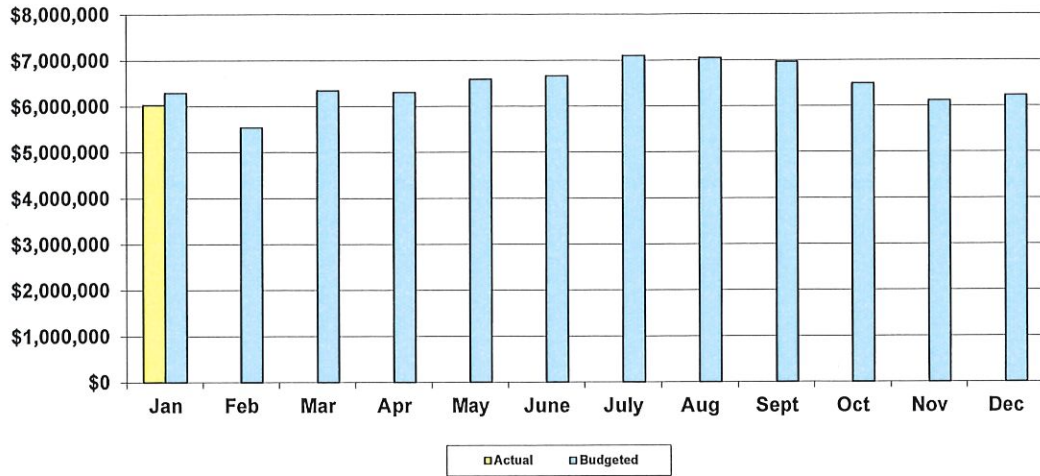
	<u>2019</u>	<u>2018</u>
Month of January:	\$629,000	\$377,000

Attached are charts showing actual revenues and expenses for the first month of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through January 31, 2019.

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

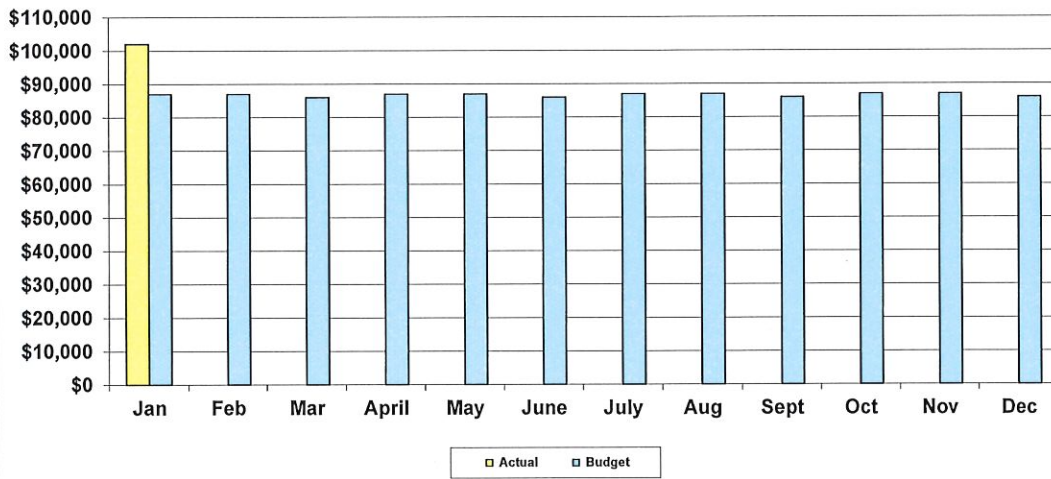
cc: R. Lichtenthal

**2019 Operating Revenue
Actual to Budget**



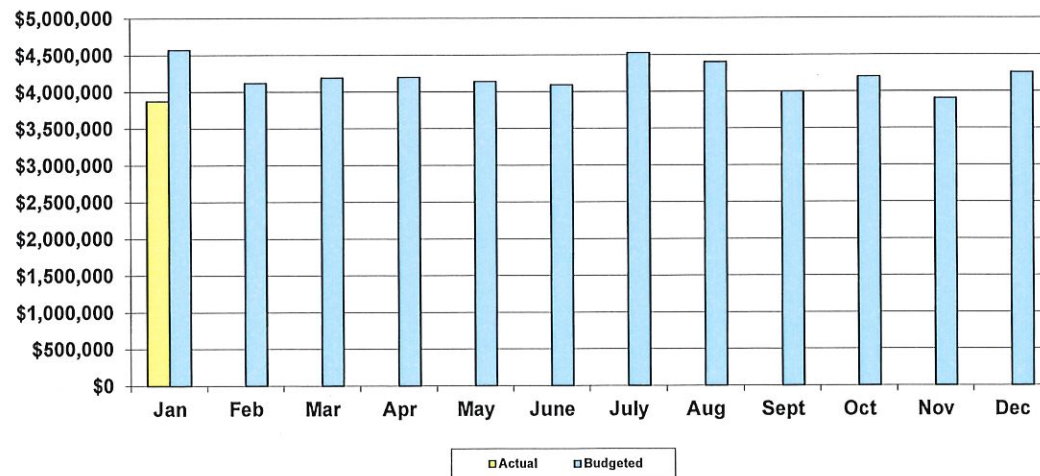
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$6,490,000	\$6,114,000	\$6,227,000

**2019 Investment Income
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$102,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$86,000

**2019 Operating Expense
Actual to Budget**



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$3,875,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$4,572,000	\$4,120,000	\$4,192,000	\$4,196,000	\$4,140,000	\$4,094,000	\$4,529,000	\$4,404,000	\$4,000,000	\$4,201,000	\$3,907,000	\$4,258,000

**Financial Statement Analysis
through month ending January 31, 2019**

<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	6,029,000	6,288,000	(259,000)	-4.1%
Operating Expense:	3,875,000	4,572,000	697,000	15.2%
Net Operating Income	2,154,000	1,716,000	438,000	25.5%
Other Income: Interest on Investments	102,000	87,000	15,000	17.2%
Misc Non-Operating Revenue	44,000	45,000	(1,000)	-2.2%
Income Deductions - Interest During Const.	-	-	-	0.0%
Net Income Before Debt Service and Non-Cash Charges	2,300,000	1,848,000	452,000	24.5%
Debt Service: Bond Interest Payments	186,000	186,000	-	
Bond Principal Payments	350,000	350,000	-	
Net Funds Available for Capital Budget	1,764,000	1,312,000	452,000	34.5%
Non-Cash Charges (GAAP Basis):				
Less: Depreciation	1,205,000	1,105,000	(100,000)	-9.0%
Amortization	(21,000)	(33,000)	(12,000)	36.4%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	301,000	311,000	10,000	3.2%
Total Non-Cash Charges	1,485,000	1,383,000	(102,000)	-7.4%
Add: Bond Principal Payments	350,000	350,000	-	0.0%
Net GAAP Income	629,000	279,000	350,000	125.4%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	4.21	3.36	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 2019 Adopted Capital Budget</u>	<u>Total Budgeted for Year</u>
Funds Available from 2019 O&M Budget	\$ 22,265,193
Other Resources: Cash Restricted for Future Construction	\$ 19,321,160
	\$ 41,586,353 Total Capital Budgeted for 2019

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

