ERIE COUNTY WATER AUTHORITY
INTEROFFICE MEMORANDUM
July10, 2019

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – June 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 2019 adopted Budget.

1.) Operating Revenue: *For the Month of June, 2019:*

Total actual operating revenue, $6,450,000, was less than the budget of $6,661,000, by $211,000, or, 3.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	$3,100,000	$3,309,000	$(209,000)
Commercial	664,000	706,000	(42,000)
Industrial	209,000	173,000	36,000
Public Authorities	219,000	224,000	(5,000)
Public Fire Protection	301,000	315,000	(14,000)
Sales to Other Utilities	400,000	386,000	14,000
Infrastructure Inv Charge	1,386,000	1,383,000	3,000
Other Water Revenues	171,000	165,000	6,000

Operating Revenue: *Year-to-date at June 30, 2019:*
Total actual year-to-date operating revenue, $37,395,000, was less than the budget of $37,719,000, by $324,000, or, 0.9%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	$18,120,000	$18,610,000	$(490,000)
Commercial	3,732,000	3,747,000	(15,000)
Industrial	1,094,000	981,000	113,000
Public Authorities	1,185,000	1,179,000	6,000
Public Fire Protection	1,877,000	1,893,000	(16,000)
Sales To Other Utilities	2,057,000	2,000,000	57,000
Infrastructure Inv Charge	8,327,000	8,319,000	8,000
Other Water Revenues	1,003,000	990,000	13,000

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

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

Investment Income: *Year-to-date at June 30, 2019:*

Total actual year-to-date investment income, $611,000, was greater than the budget of $520,000, by $91,000, or, 17.5%.

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

Total actual operating expense, $3,502,000, came in under the budget of $4,101,000, by $599,000, or, 14.6%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	$1,940,000	$2,170,000	$230,000
Overtime*	188,000	144,000	(44,000)
Chemicals Purchased	97,000	98,000	1,000
Power Purchased	257,000	348,000	91,000
Materials and Supplies	121,000	241,000	120,000
Transportation	96,000	96,000	-
Other Public Utilities	40,000	65,000	25,000
Insurance and Damages	210,000	233,000	23,000
Special Services	13,000	31,000	18,000
Payments to Contractors	828,000	784,000	(44,000)
Equip. Maint. Contracts	35,000	81,000	46,000
Administrative Credits	(200,000)	(219,000)	(19,000)

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

Operating Expense: *Year-to-date at June 30, 2019:*

Total actual year-to-date operating expense, $21,537,000, came in under the budget of $25,270,000, by $3,733,000, or, 14.8%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	$12,051,000	$14,048,000	$1,997,000
Overtime*	997,000	1,063,000	66,000
Chemicals Purchased	624,000	588,000	(36,000)
Power Purchased	1,563,000	1,908,000	345,000
Materials and Supplies	665,000	1,203,000	538,000
Transportation	578,000	576,000	(2,000)
Other Public Utilities	351,000	464,000	113,000
Insurance and Damages	1,492,000	1,399,000	(93,000)
Special Services	172,000	202,000	30,000
Payments to Contractors	3,764,000	4,364,000	600,000
Equip. Maint. Contracts	305,000	414,000	109,000
Administrative Credits	(669,000)	(952,000)	(283,000)

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

4.) Net Income:**

	2019	2018
Month of June:	$1,548,000	$1,703,000
Year-to-date at June 30:	$7,032,000	$7,307,000

Attached are charts showing actual revenues and expenses for the first six months of this year, budgeted expectations for the remainder of the year, as well as a "number-based" financial statement analysis through June 30, 2019.

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

2019 Operating Revenue
Actual to Budget
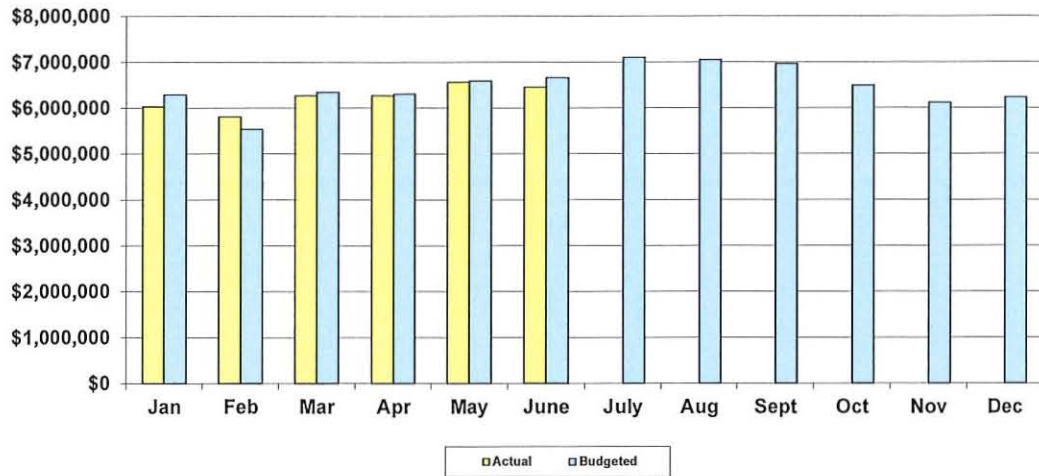
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	$6,029,000	$5,811,000	$6,271,000	$6,271,000	$6,563,000	$6,450,000	$0	$0	$0	$0	$0	$0
Budgeted	$6,288,000	$5,539,000	$6,344,000	$6,302,000	$6,586,000	$6,661,000	$7,102,000	$7,047,000	$6,963,000	$6,490,000	$6,114,000	$6,227,000

2019 Investment Income
Actual to Budget
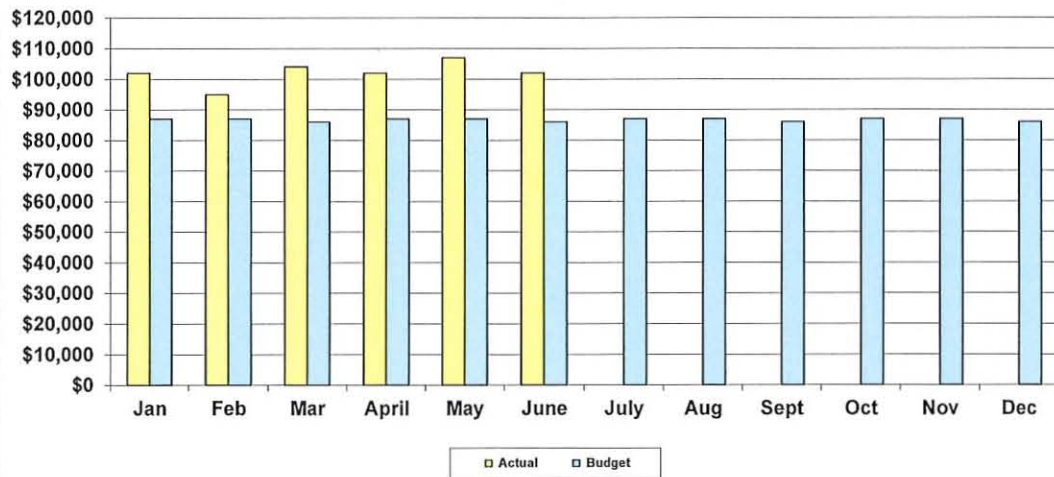
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	$102,000	$95,000	$104,000	$102,000	$107,000	$102,000	$0	$0	$0	$0	$0	$0
Budget	$87,000	$87,000	$86,000	$87,000	$87,000	$86,000	$87,000	$87,000	$86,000	$87,000	$87,000	$86,000

2019 Operating Expense
Actual to Budget
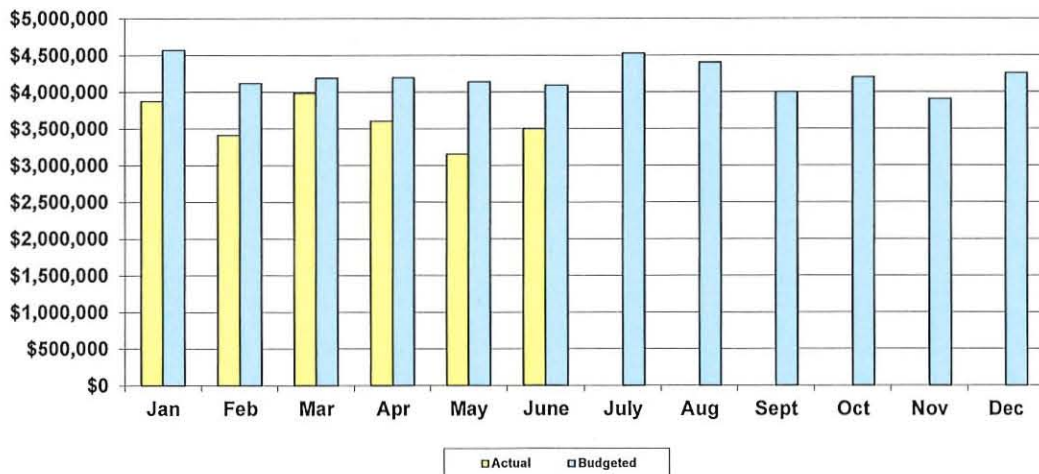
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	$3,875,000	$3,413,000	$3,986,000	$3,604,000	$3,156,000	$3,502,000	$0	$0	$0	$0	$0	$0
Budgeted	$4,572,000	$4,120,000	$4,192,000	$4,196,000	$4,140,000	$4,094,000	$4,529,000	$4,404,000	$4,000,000	$4,201,000	$3,907,000	$4,258,000

Financial Statement Analysis
through month ending June 30, 2019

Cash Charges:	Actual Amount	Budget Amount	Variance from Budget	Variance as % of Budget	
Operating Revenue	37,395,000	37,719,000	(324,000)	-0.9%	
Operating Expense:	21,537,000	25,270,000	3,733,000	14.8%	
Net Operating Income	15,858,000	12,449,000	3,409,000	27.4%	
Other Income: Interest on Investments	611,000	520,000	91,000	17.5%	
Misc Non-Operating Revenue	413,000	268,000	145,000	54.1%	
Income Deductions - Interest During Const.	-	-	-	0.0%	
Net Income Before Debt Service and Non-Cash Charges	16,882,000	13,237,000	3,645,000	27.5%	
Debt Service: Bond Interest Payments	1,210,000	1,210,000	-		See Note 1 *
Bond Principal Payments	2,103,000	2,103,000	-		
Net Funds Available for Capital Budget	13,569,000	9,924,000	3,645,000	36.7%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	6,956,000	6,633,000	(323,000)	-4.9%	
Amortization	(123,000)	(195,000)	(72,000)	36.9%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	1,807,000	1,868,000	61,000	3.3%	
Total Non-Cash Charges	8,640,000	8,306,000	(334,000)	-4.0%	
Add: Bond Principal Payments	2,103,000	2,103,000	-	0.0%	
Net GAAP Income	7,032,000	3,721,000	3,311,000	89.0%	

Debt Service Coverage Ratio (Cash Basis)	4.97	3.91	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

Per 2019 Adopted Capital Budget	Total Budgeted for Year	
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)