



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

March 15, 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 – February 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 February, 2019:

Total actual operating revenue, \$5,811,000, was greater than the budget of \$5,539,000, by \$272,000, or, 4.9%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$2,806,000	\$2,719,000	\$87,000
Commercial	547,000	524,000	23,000
Industrial	166,000	139,000	27,000
Public Authorities	169,000	147,000	22,000
Public Fire Protection	347,000	297,000	50,000
Sales to Other Utilities	322,000	261,000	61,000
Infrastructure Inv Charge	1,286,000	1,286,000	-
Other Water Revenues	168,000	166,000	2,000

Operating Revenue: Year-to-date at February 28, 2019:

Total actual year-to-date operating revenue, \$11,841,000, was greater than the budget of \$11,827,000, by \$14,000, or, 0.1%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$5,682,000	\$5,824,000	\$(142,000)
Commercial	1,119,000	1,125,000	(6,000)
Industrial	351,000	304,000	47,000
Public Authorities	339,000	323,000	16,000
Public Fire Protection	672,000	616,000	56,000
Sales To Other Utilities	648,000	587,000	61,000
Infrastructure Inv Charge	2,704,000	2,707,000	(3,000)
Other Water Revenues	326,000	341,000	(15,000)

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

Total actual investment income, \$95,000, was greater than the budget of \$87,000, by \$8,000 or, 9.2%.

Investment Income: Year-to-date at February 28, 2019:

Total actual year-to-date investment income, \$197,000, was greater than the budget of \$173,000, by \$24,000, or, 13.9%.

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

Total actual operating expense, \$3,413,000, came in under the budget of \$4,119,000, by \$706,000, or, 17.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$1,856,000	\$2,219,000	\$363,000
Overtime*	207,000	200,000	(7,000)
Chemicals Purchased	121,000	89,000	(32,000)
Power Purchased	139,000	356,000	217,000
Materials and Supplies	136,000	205,000	69,000
Transportation	96,000	96,000	-
Other Public Utilities	72,000	96,000	24,000
Insurance and Damages	352,000	233,000	(119,000)
Special Services	43,000	35,000	(8,000)
Payments to Contractors	598,000	815,000	217,000
Equip. Maint. Contracts	22,000	33,000	11,000
Administrative Credits	(124,000)	(222,000)	(98,000)

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

Operating Expense: Year-to-date at February 28, 2019:

Total actual year-to-date operating expense, \$7,289,000, came in under the budget of \$8,691,000, by \$1,402,000, or, 16.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$3,973,000	\$4,759,000	\$786,000
Overtime*	393,000	417,000	24,000
Chemicals Purchased	210,000	186,000	(24,000)
Power Purchased	556,000	715,000	159,000
Materials and Supplies	206,000	349,000	143,000
Transportation	192,000	192,000	-
Other Public Utilities	146,000	170,000	24,000
Insurance and Damages	625,000	466,000	(159,000)
Special Services	61,000	59,000	(2,000)
Payments to Contractors	1,039,000	1,522,000	483,000
Equip. Maint. Contracts	162,000	176,000	14,000
Administrative Credits	(142,000)	(251,000)	(109,000)

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

4.) Net Income:**

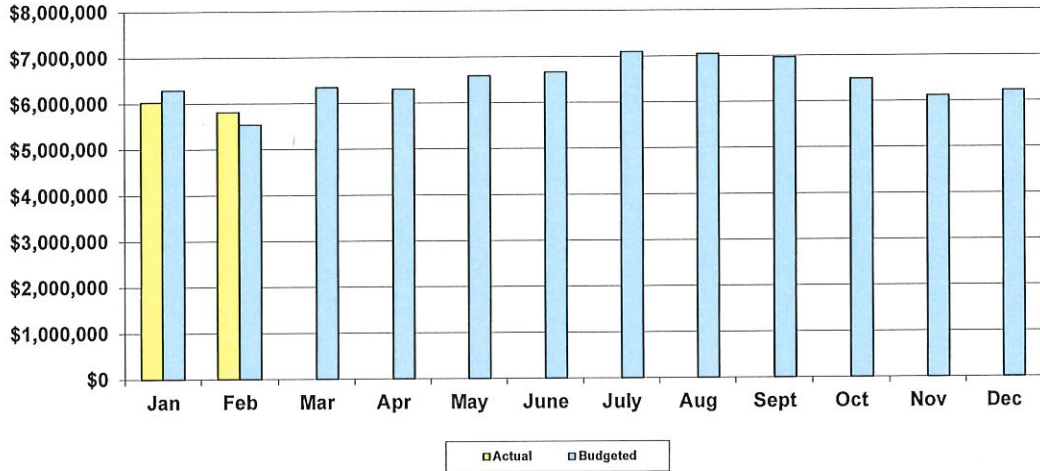
	<u>2019</u>	<u>2018</u>
Month of February:	\$936,000	\$777,000
Year-to-date at February 28:	\$1,565,000	\$1,154,000

Attached are charts showing actual revenues and expenses for the first two months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through February 28, 2019.

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

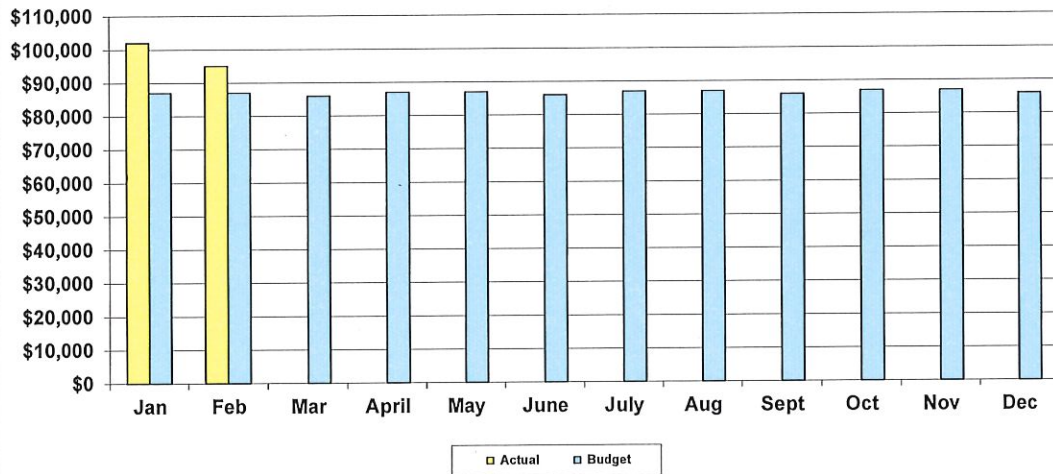
cc: R. Lichtenthal

**2019 Operating Revenue
Actual to Budget**



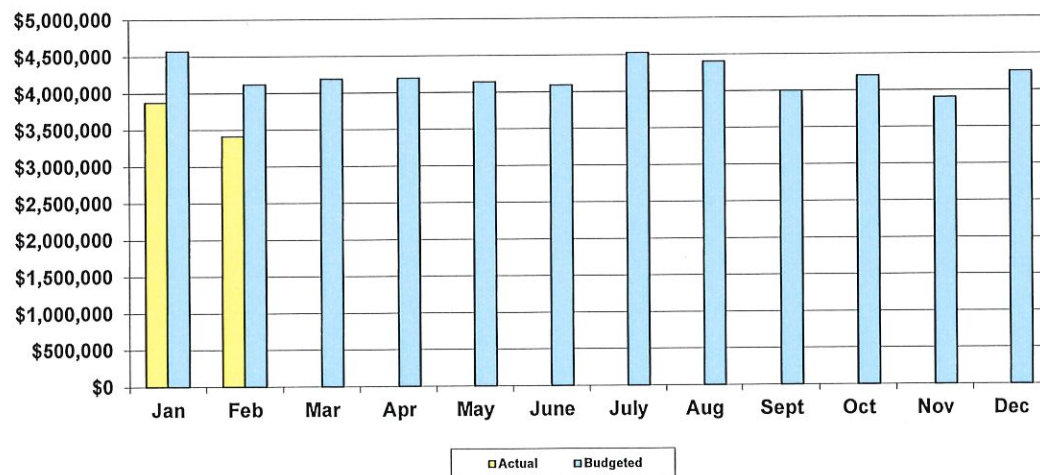
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$6,490,000	\$6,114,000	\$6,227,000

**2019 Investment Income
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$102,000	\$95,000	\$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	\$3,413,000	\$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 February 28, 2019**

Cash Charges:	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>
Operating Revenue	11,841,000	11,827,000	14,000	0.1%
Operating Expense:	7,289,000	8,691,000	1,402,000	16.1%
Net Operating Income	4,552,000	3,136,000	1,416,000	45.2%
Other Income: Interest on Investments	197,000	173,000	24,000	13.9%
Misc Non-Operating Revenue	88,000	89,000	(1,000)	-1.1%
Income Deductions - Interest During Const.	-	-	-	0.0%
Net Income Before Debt Service and Non-Cash Charges	4,837,000	3,398,000	1,439,000	42.3%
Debt Service: Bond Interest Payments	392,000	392,000	-	
Bond Principal Payments	701,000	701,000	-	
Net Funds Available for Capital Budget	3,744,000	2,305,000	1,439,000	62.4%
Non-Cash Charges (GAAP Basis):				
Less: Depreciation	2,318,000	2,211,000	(107,000)	-4.8%
Amortization	(41,000)	(65,000)	(24,000)	36.9%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	602,000	623,000	21,000	3.4%
Total Non-Cash Charges	2,879,000	2,769,000	(110,000)	-4.0%
Add: Bond Principal Payments	701,000	701,000	-	0.0%
Net GAAP Income	1,566,000	237,000	1,329,000	560.8%
Debt Service Coverage Ratio (Cash Basis)	4.34	3.03	See Note 3 ***	

See Note 1 *

See Note 2 **

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)