



# ERIE COUNTY WATER AUTHORITY

## INTEROFFICE MEMORANDUM

May 16, 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 – April 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 April, 2019:**

Total actual operating revenue, \$6,271,000, was less than the budget of \$6,301,000, by \$30,000, or, 0.5%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <span style="color: red;">(Worse than Budget)</span>
Residential	\$3,059,000	\$3,116,000	\$(57,000)
Commercial	653,000	635,000	18,000
Industrial	193,000	171,000	22,000
Public Authorities	200,000	192,000	8,000
Public Fire Protection	313,000	330,000	(17,000)
Sales to Other Utilities	329,000	325,000	4,000
Infrastructure Inv Charge	1,376,000	1,380,000	(4,000)
Other Water Revenues	148,000	152,000	(4,000)

**Operating Revenue: Year-to-date at April 30, 2019:**

Total actual year-to-date operating revenue, \$24,382,000, was less than the budget of \$24,473,000, by \$91,000, or, 0.4%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <span style="color: red;">(Worse than Budget)</span>
Residential	\$11,796,000	\$12,072,000	\$(276,000)
Commercial	2,391,000	2,357,000	34,000
Industrial	714,000	641,000	73,000
Public Authorities	743,000	729,000	14,000
Public Fire Protection	1,263,000	1,259,000	4,000
Sales To Other Utilities	1,298,000	1,254,000	44,000
Infrastructure Inv Charge	5,510,000	5,510,000	-
Other Water Revenues	667,000	651,000	16,000

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

Total actual investment income, \$102,000, was greater than the budget of \$87,000, by \$15,000 or, 17.3%.

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

Total actual year-to-date investment income, \$402,000, was greater than the budget of \$347,000, by \$55,000, or, 15.9%.

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

Total actual operating expense, \$3,604,000, came in under the budget of \$4,196,000, by \$592,000, or, 14.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,091,000	\$2,375,000	\$284,000
Overtime*	132,000	153,000	21,000
Chemicals Purchased	100,000	101,000	1,000
Power Purchased	280,000	285,000	5,000
Materials and Supplies	121,000	207,000	86,000
Transportation	97,000	96,000	(1,000)
Other Public Utilities	62,000	78,000	16,000
Insurance and Damages	154,000	233,000	79,000
Special Services	61,000	25,000	(36,000)
Payments to Contractors	671,000	658,000	(13,000)
Equip. Maint. Contracts	30,000	61,000	31,000
Administrative Credits	(160,000)	(121,000)	39,000

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

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

Total actual year-to-date operating expense, \$14,879,000, came in under the budget of \$17,078,000, by \$2,199,000, or, 12.9%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$8,023,000	\$9,455,000	\$1,432,000
Overtime*	659,000	770,000	111,000
Chemicals Purchased	424,000	387,000	(37,000)
Power Purchased	1,069,000	1,306,000	237,000
Materials and Supplies	444,000	766,000	322,000
Transportation	385,000	384,000	(1,000)
Other Public Utilities	265,000	333,000	68,000
Insurance and Damages	1,089,000	933,000	(156,000)
Special Services	140,000	137,000	(3,000)
Payments to Contractors	2,681,000	2,871,000	190,000
Equip. Maint. Contracts	214,000	289,000	75,000
Administrative Credits	(335,000)	(495,000)	(160,000)

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

**4.) Net Income:\*\***

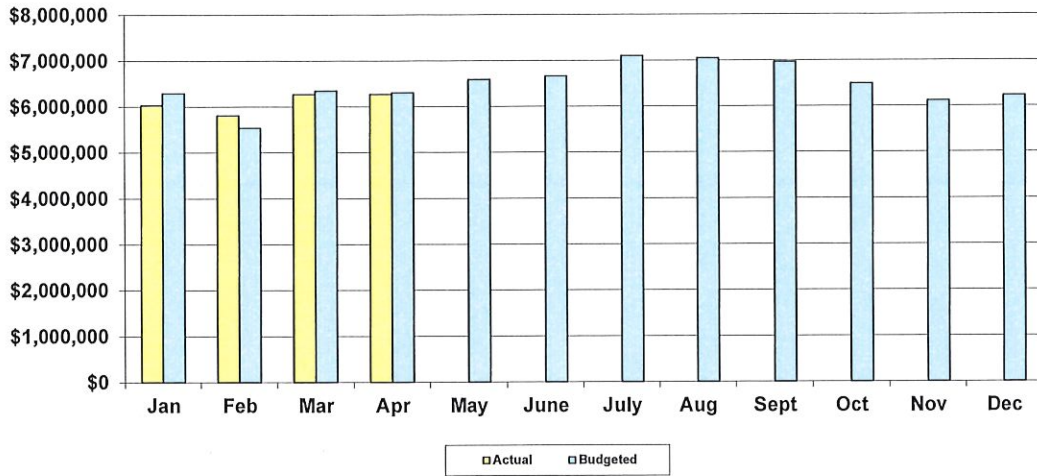
	<u>2019</u>	<u>2018</u>
Month of April:	\$1,066,000	\$902,000
Year-to-date at April 30:	\$3,544,000	\$3,803,000

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

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

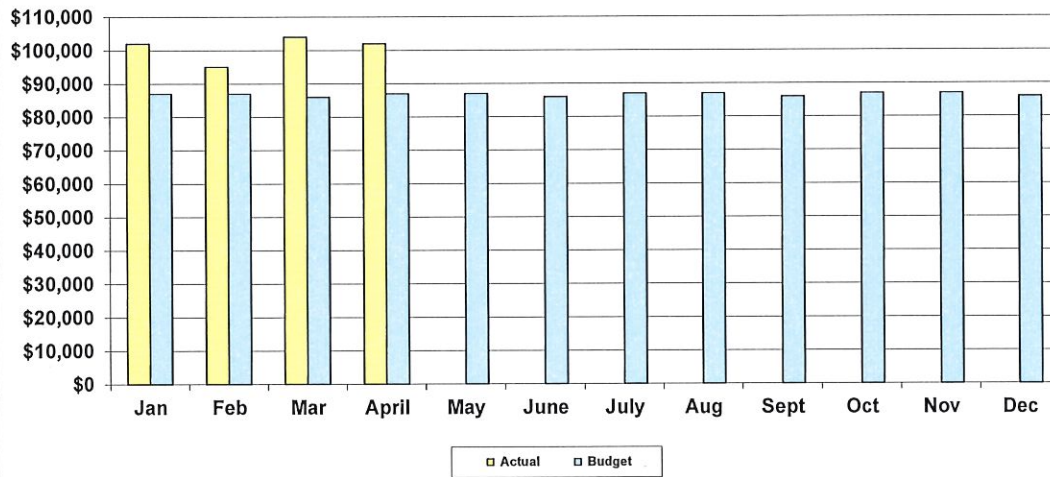


**2019 Operating Revenue  
Actual to Budget**



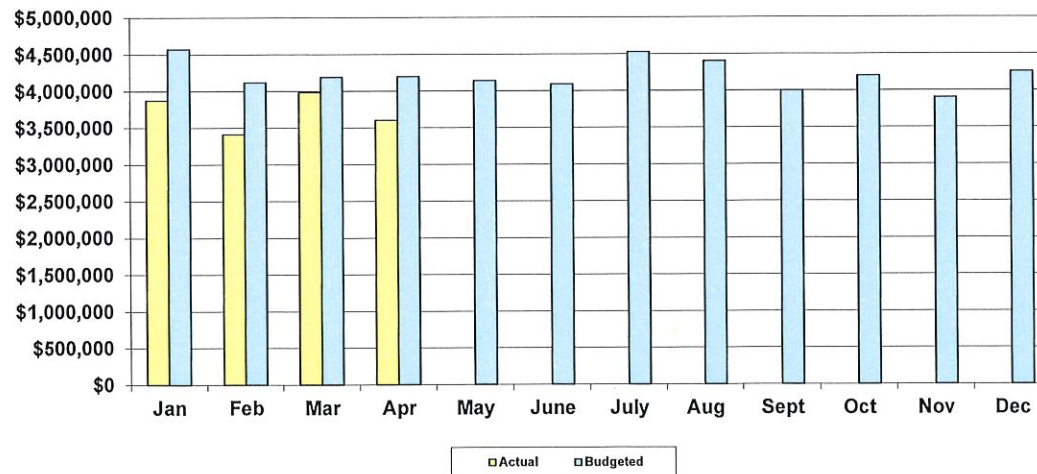
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$6,490,000	\$6,114,000	\$6,227,000

**2019 Investment Income  
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$102,000	\$95,000	\$104,000	\$102,000	\$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	\$3,986,000	\$3,604,000	\$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	\$4,268,000

**Financial Statement Analysis  
through month ending April 30, 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	24,382,000	24,473,000	(91,000)	-0.4%
Operating Expense:	14,879,000	17,078,000	2,199,000	12.9%
<b>Net Operating Income</b>	<b>9,503,000</b>	<b>7,395,000</b>	<b>2,108,000</b>	<b>28.5%</b>
Other Income: Interest on Investments	402,000	347,000	55,000	15.9%
Misc Non-Operating Revenue	196,000	179,000	17,000	9.5%
Income Deductions - Interest During Const.	-	-	-	0.0%
<b>Net Income Before Debt Service and Non-Cash Charges</b>	<b>10,101,000</b>	<b>7,921,000</b>	<b>2,180,000</b>	<b>27.5%</b>
Debt Service: Bond Interest Payments	798,000	798,000	-	
Bond Principal Payments	1,402,000	1,402,000	-	
<b>Net Funds Available for Capital Budget</b>	<b>7,901,000</b>	<b>5,721,000</b>	<b>2,180,000</b>	<b>38.1%</b>
<b><u>Non-Cash Charges (GAAP Basis):</u></b>				
Less: Depreciation	4,637,000	4,422,000	(215,000)	-4.9%
Amortization	(82,000)	(130,000)	(48,000)	36.9%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	1,205,000	1,245,000	40,000	3.2%
<b>Total Non-Cash Charges</b>	<b>5,760,000</b>	<b>5,537,000</b>	<b>(223,000)</b>	<b>-4.0%</b>
Add: Bond Principal Payments	1,402,000	1,402,000	-	0.0%
<b>Net GAAP Income</b>	<b>3,543,000</b>	<b>1,586,000</b>	<b>1,957,000</b>	<b>123.4%</b>

See Note 1 \*

See Note 2 \*\*

<b>Debt Service Coverage Ratio (Cash Basis)</b>	<b>4.50</b>	<b>3.52</b>	See Note 3 ***
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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
	<b>\$ 41,586,353</b> Total Capital Budgeted for 2019

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