



# ERIE COUNTY WATER AUTHORITY

## INTEROFFICE MEMORANDUM

April 9, 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 – March 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 March, 2019:**

Total actual operating revenue, \$6,271,000, was less than the budget of \$6,344,000, by \$73,000, or, 1.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$3,055,000	\$3,132,000	\$(77,000)
Commercial	620,000	597,000	23,000
Industrial	170,000	166,000	4,000
Public Authorities	204,000	214,000	(10,000)
Public Fire Protection	279,000	313,000	(34,000)
Sales to Other Utilities	321,000	342,000	(21,000)
Infrastructure Inv Charge	1,430,000	1,423,000	7,000
Other Water Revenues	192,000	157,000	35,000

**Operating Revenue: Year-to-date at March 31, 2019:**

Total actual year-to-date operating revenue, \$18,111,000, was less than the budget of \$18,171,000, by \$60,000, or, 0.3%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$8,737,000	\$8,956,000	\$(219,000)
Commercial	1,739,000	1,722,000	17,000
Industrial	521,000	470,000	51,000
Public Authorities	543,000	537,000	6,000
Public Fire Protection	950,000	929,000	21,000
Sales To Other Utilities	969,000	929,000	40,000
Infrastructure Inv Charge	4,135,000	4,130,000	5,000
Other Water Revenues	517,000	498,000	19,000

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

Total actual investment income, \$104,000, was greater than the budget of \$87,000, by \$17,000 or, 19.5%.

**Investment Income: Year-to-date at March 31, 2019:**

Total actual year-to-date investment income, \$300,000, was greater than the budget of \$260,000, by \$40,000, or, 15.4%.

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

Total actual operating expense, \$3,986,000, came in under the budget of \$4,192,000, by \$206,000, or, 4.9%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$1,959,000	\$2,321,000	\$362,000
Overtime*	134,000	200,000	66,000
Chemicals Purchased	115,000	100,000	(15,000)
Power Purchased	233,000	305,000	72,000
Materials and Supplies	116,000	211,000	95,000
Transportation	96,000	96,000	-
Other Public Utilities	57,000	85,000	28,000
Insurance and Damages	309,000	233,000	(76,000)
Special Services	19,000	52,000	33,000
Payments to Contractors	971,000	693,000	(278,000)
Equip. Maint. Contracts	22,000	52,000	30,000
Administrative Credits	(34,000)	(124,000)	(90,000)

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

**Operating Expense: Year-to-date at March 31, 2019:**

Total actual year-to-date operating expense, \$11,275,000, came in under the budget of \$12,883,000, by \$1,608,000, or, 12.5%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$5,932,000	\$7,080,000	\$1,148,000
Overtime*	527,000	617,000	90,000
Chemicals Purchased	324,000	286,000	(38,000)
Power Purchased	789,000	1,020,000	231,000
Materials and Supplies	323,000	559,000	236,000
Transportation	288,000	288,000	-
Other Public Utilities	203,000	255,000	52,000
Insurance and Damages	935,000	700,000	(235,000)
Special Services	80,000	112,000	32,000
Payments to Contractors	2,010,000	2,215,000	205,000
Equip. Maint. Contracts	185,000	228,000	43,000
Administrative Credits	(176,000)	(374,000)	(198,000)

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

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

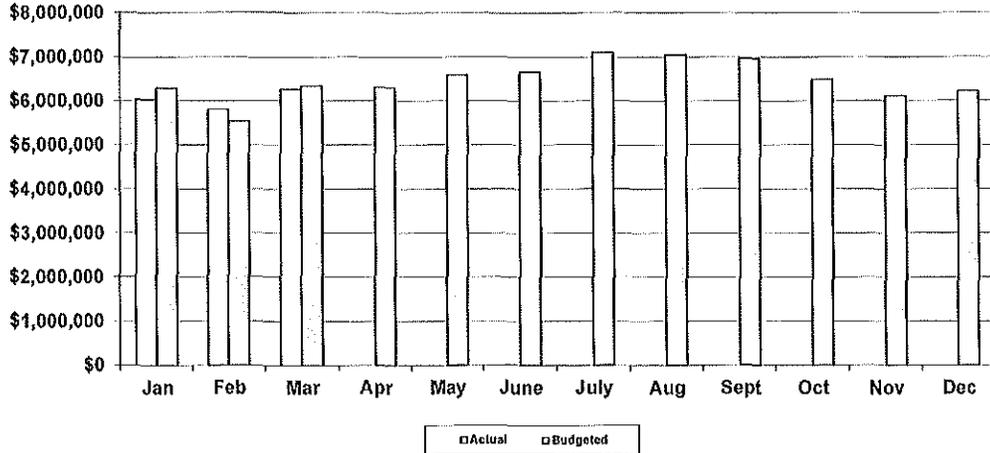
	<u>2019</u>	<u>2018</u>
Month of March:	\$913,000	\$1,746,000
Year-to-date at March 31:	\$2,478,000	\$2,900,000

Attached are charts showing actual revenues and expenses for the first three months of this year, budgeted expectations for the remainder of the year, as well as a "number-based" financial statement analysis through March 31, 2019.

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

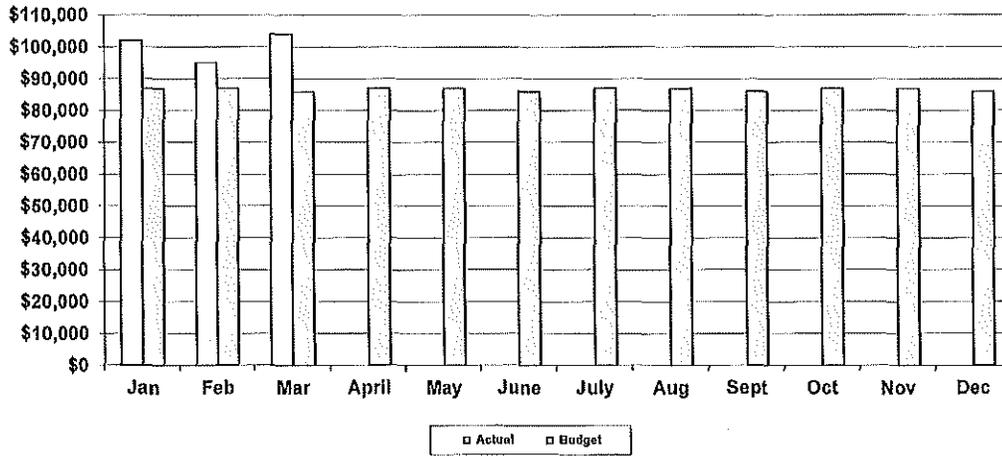
cc: R. Lichtenthal

**2019 Operating Revenue  
Actual to Budget**



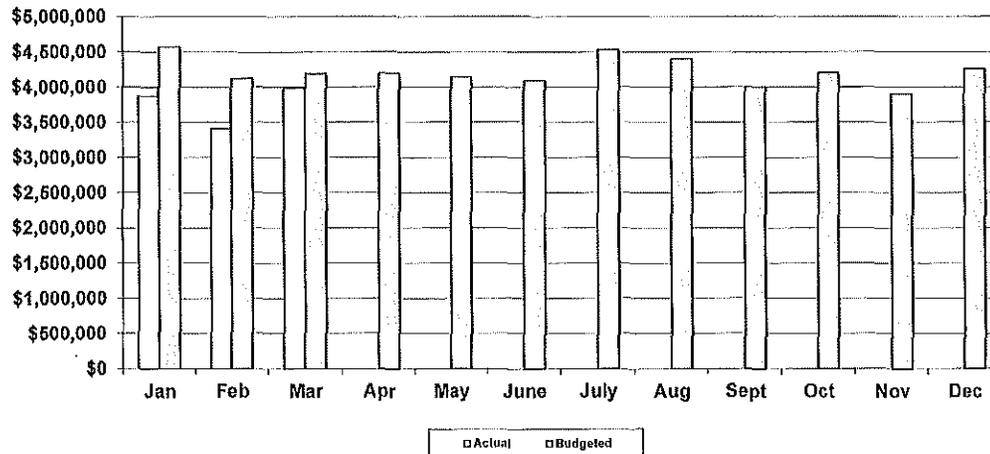
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,302,000	\$5,588,000	\$6,661,000	\$7,102,000	\$7,047,000	\$8,983,000	\$8,490,000	\$6,114,000	\$6,227,000
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$5,588,000	\$6,661,000	\$7,102,000	\$7,047,000	\$8,983,000	\$8,490,000	\$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	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$88,000	\$87,000	\$87,000	\$86,000
Budget	\$87,000	\$87,000	\$88,000	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$88,000	\$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	\$3,876,000	\$3,413,000	\$3,986,000	\$4,140,000	\$4,140,000	\$4,094,000	\$4,628,000	\$4,404,000	\$4,000,000	\$4,201,000	\$3,807,000	\$4,268,000
Budgeted	\$4,672,000	\$4,120,000	\$4,192,000	\$4,196,000	\$4,140,000	\$4,094,000	\$4,628,000	\$4,404,000	\$4,000,000	\$4,201,000	\$3,807,000	\$4,268,000

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

<b>Cash Charges:</b>	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>
Operating Revenue	18,111,000	18,171,000	(60,000)	-0.3%
Operating Expense:	11,275,000	12,883,000	1,608,000	12.5%
<b>Net Operating Income</b>	<b>6,836,000</b>	<b>5,288,000</b>	<b>1,548,000</b>	<b>29.3%</b>
Other Income: Interest on Investments	300,000	260,000	40,000	15.4%
Misc Non-Operating Revenue	259,000	134,000	125,000	93.3%
Income Deductions - Interest During Const.	-	-	-	0.0%
<b>Net Income Before Debt Service and Non-Cash Charges</b>	<b>7,395,000</b>	<b>5,682,000</b>	<b>1,713,000</b>	<b>30.1%</b>
Debt Service: Bond Interest Payments	598,000	598,000	-	
Bond Principal Payments	1,051,000	1,051,000	-	
<b>Net Funds Available for Capital Budget</b>	<b>5,746,000</b>	<b>4,033,000</b>	<b>1,713,000</b>	<b>42.5%</b>
<b>Non-Cash Charges (GAAP Basis):</b>				
Less: Depreciation	3,478,000	3,316,000	(162,000)	-4.9%
Amorlization	(62,000)	(98,000)	(36,000)	36.7%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	904,000	934,000	30,000	3.2%
<b>Total Non-Cash Charges</b>	<b>4,320,000</b>	<b>4,152,000</b>	<b>(168,000)</b>	<b>-4.0%</b>
Add: Bond Principal Payments	1,051,000	1,051,000	-	0.0%
<b>Net GAAP Income</b>	<b>2,477,000</b>	<b>932,000</b>	<b>1,545,000</b>	<b>165.8%</b>

See Note 1 \*

See Note 2 \*\*

<b>Debt Service Coverage Ratio (Cash Basis)</b>	<b>4.33</b>	<b>3.36</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
	\$ 41,586,353 Total Capital Budgeted for 2019

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