



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

June 17, 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 – May 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 May, 2019:

Total actual operating revenue, \$6,563,000, was less than the budget of \$6,586,000, by \$23,000, or, 0.3%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$3,223,000	\$3,228,000	\$(5,000)
Commercial	677,000	685,000	(8,000)
Industrial	172,000	167,000	5,000
Public Authorities	223,000	226,000	(3,000)
Public Fire Protection	313,000	319,000	(6,000)
Sales to Other Utilities	359,000	360,000	(1,000)
Infrastructure Inv Charge	1,430,000	1,427,000	3,000
Other Water Revenues	166,000	174,000	(8,000)

Operating Revenue: Year-to-date at May 31, 2019:

Total actual year-to-date operating revenue, \$30,945,000, was less than the budget of \$31,059,000, by \$114,000, or, 0.4%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$15,019,000	\$15,301,000	\$(282,000)
Commercial	3,068,000	3,042,000	26,000
Industrial	886,000	808,000	78,000
Public Authorities	966,000	955,000	11,000
Public Fire Protection	1,576,000	1,578,000	(2,000)
Sales To Other Utilities	1,657,000	1,614,000	43,000
Infrastructure Inv Charge	6,941,000	6,936,000	5,000
Other Water Revenues	832,000	825,000	7,000

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

Total actual investment income, \$107,000, was greater than the budget of \$87,000, by \$20,000 or, 23.0%.

Investment Income: Year-to-date at May 31, 2019:

Total actual year-to-date investment income, \$509,000, was greater than the budget of \$433,000, by \$76,000, or, 17.6%.

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

Total actual operating expense, \$3,156,000, came in under the budget of \$4,130,000, by \$974,000, or, 23.6%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	\$2,088,000	\$2,462,000	\$374,000
Overtime*	149,000	150,000	1,000
Chemicals Purchased	103,000	104,000	1,000
Power Purchased	237,000	254,000	17,000
Materials and Supplies	101,000	196,000	95,000
Transportation	97,000	96,000	(1,000)
Other Public Utilities	46,000	67,000	21,000
Insurance and Damages	193,000	233,000	40,000
Special Services	18,000	34,000	16,000
Payments to Contractors	255,000	709,000	454,000
Equip. Maint. Contracts	57,000	45,000	(12,000)
Administrative Credits	(133,000)	(238,000)	(105,000)

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

Operating Expense: Year-to-date at May 31, 2019:

Total actual year-to-date operating expense, \$18,035,000, came in under the budget of \$21,168,000, by \$3,133,000, or, 14.8%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	\$10,111,000	\$11,878,000	\$1,767,000
Overtime*	809,000	920,000	111,000
Chemicals Purchased	527,000	490,000	(37,000)
Power Purchased	1,305,000	1,560,000	255,000
Materials and Supplies	544,000	962,000	418,000
Transportation	482,000	480,000	(2,000)
Other Public Utilities	311,000	399,000	88,000
Insurance and Damages	1,282,000	1,166,000	(116,000)
Special Services	158,000	171,000	13,000
Payments to Contractors	2,936,000	3,581,000	645,000
Equip. Maint. Contracts	271,000	334,000	63,000
Administrative Credits	(469,000)	(733,000)	(264,000)

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

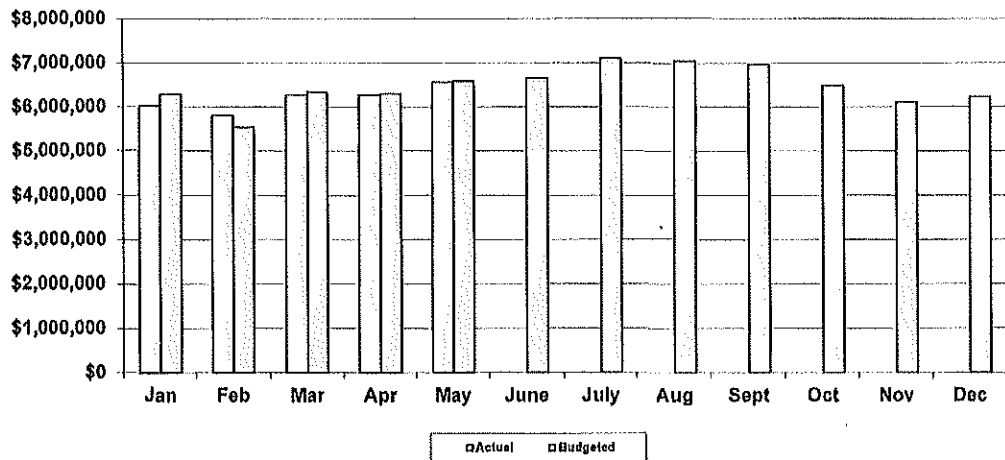
4.) Net Income:**

	2019	2018
Month of May:	\$1,940,000	\$1,802,000
Year-to-date at May 31:	\$5,484,000	\$5,605,000

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

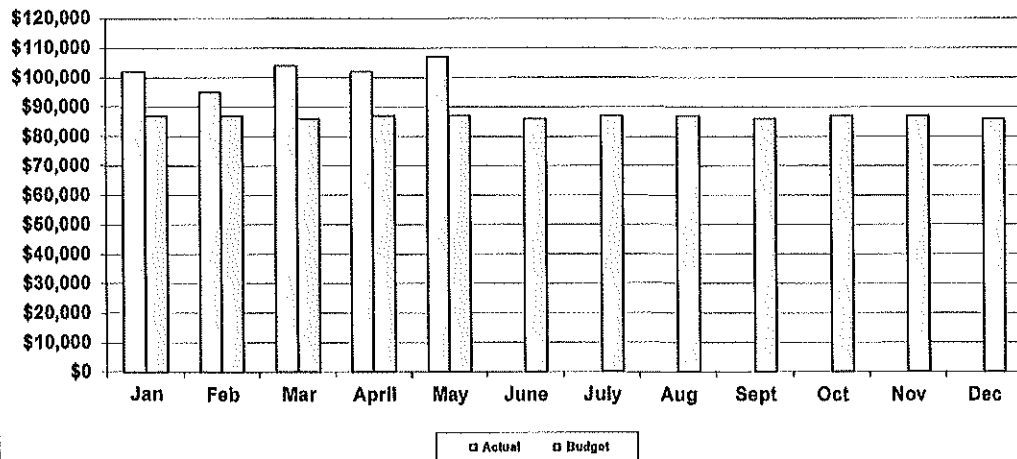
** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

**2019 Operating Revenue
Actual to Budget**



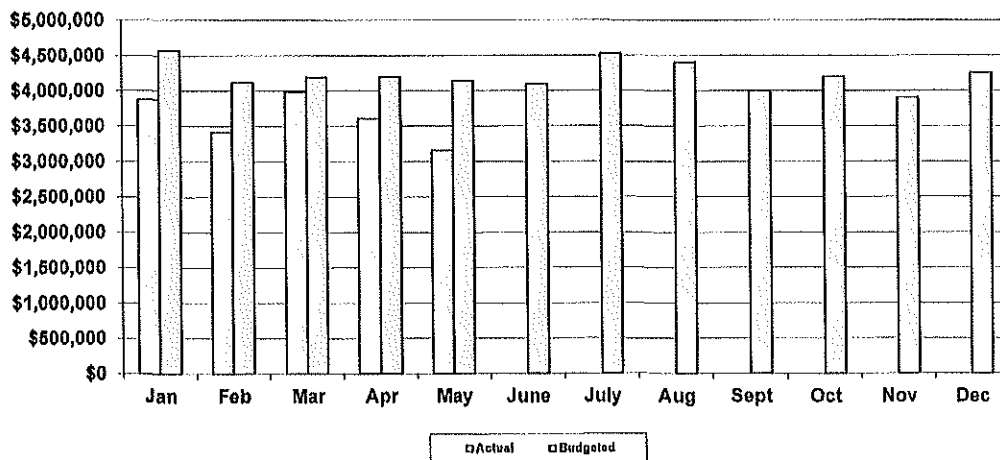
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$8,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$6,563,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$8,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,588,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,983,000	\$6,490,000	\$6,114,000	\$6,227,000

**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	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$89,000	\$87,000	\$87,000	\$86,000	\$87,000	\$87,000	\$88,000

**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	\$3,988,000	\$3,804,000	\$3,156,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$4,572,000	\$4,120,000	\$4,192,000	\$4,108,000	\$4,140,000	\$4,084,000	\$4,529,000	\$4,404,000	\$4,000,000	\$4,201,000	\$3,907,000	\$4,258,000

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

Cash Charges:	Actual Amount	Budget Amount	Variance from Budget	Variance as % of Budget	
Operating Revenue	30,945,000	31,059,000	(114,000)	-0.4%	
Operating Expense:	18,035,000	21,168,000	3,133,000	14.8%	
Net Operating Income	12,910,000	9,891,000	3,019,000	30.5%	
Other Income: Interest on Investments	509,000	433,000	76,000	17.6%	
Misc Non-Operating Revenue	269,000	223,000	46,000	20.6%	
Income Deductions - Interest During Const.	-	-	-	0.0%	
Net Income Before Debt Service and Non-Cash Charges	13,688,000	10,547,000	3,141,000	29.8%	See Note 1 *
Debt Service: Bond Interest Payments	1,004,000	1,004,000	-		
Bond Principal Payments	1,752,000	1,752,000	-		
Net Funds Available for Capital Budget	10,932,000	7,791,000	3,141,000	40.3%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	5,797,000	5,527,000	(270,000)	-4.9%	
Amortization	(103,000)	(163,000)	(60,000)	36.8%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	1,506,000	1,557,000	51,000	3.3%	
Total Non-Cash Charges	7,200,000	6,921,000	(279,000)	-4.0%	
Add: Bond Principal Payments	1,752,000	1,752,000	-	0.0%	
Net GAAP Income	5,484,000	2,622,000	2,862,000	109.2%	
Debt Service Coverage Ratio (Cash Basis)	4.87	3.75	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)