



# ERIE COUNTY WATER AUTHORITY

## INTEROFFICE MEMORANDUM

March 12, 2020

To: Commissioners Schad and Carney

From: Joyce A. Tomaka, Comptroller  
 Steven V. D'Amico, Business Office Manager *SVD*

Subject: Monthly Financial Report – February 2020

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 2020 adopted Budget.

### 1.) Operating Revenue: For the Month of February, 2020:

Total actual operating revenue, \$5,984,000, was greater than the budget of \$5,735,000, by \$249,000, or, 4.3%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <u>(Worse than Budget)</u>
Residential	\$2,882,000	\$2,817,000	\$65,000
Commercial	578,000	541,000	37,000
Industrial	191,000	145,000	46,000
Public Authorities	169,000	155,000	14,000
Public Fire Protection	324,000	315,000	9,000
Sales to Other Utilities	282,000	287,000	(5,000)
Infrastructure Inv Charge	1,374,000	1,310,000	64,000
Other Water Revenues	184,000	165,000	19,000

### Operating Revenue: Year-to-date at February 29, 2020:

Total actual year-to-date operating revenue, \$12,172,000, was greater than the budget of \$12,046,000, by \$126,000, or, 1.0%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <u>(Worse than Budget)</u>
Residential	\$5,894,000	\$5,917,000	\$(23,000)
Commercial	1,159,000	1,143,000	16,000
Industrial	368,000	312,000	56,000
Public Authorities	346,000	329,000	17,000
Public Fire Protection	655,000	636,000	19,000
Sales To Other Utilities	564,000	619,000	(55,000)
Infrastructure Inv Charge	2,834,000	2,756,000	78,000
Other Water Revenues	352,000	334,000	18,000

**Operating Expense: Year-to-date at February 29, 2020:**

Total actual year-to-date operating expense, \$6,917,000, came in under the budget of \$9,075,000, by \$2,158,000, or, 23.8%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$4,092,000	\$5,036,000	\$944,000
Overtime*	356,000	451,000	95,000
Chemicals Purchased	230,000	174,000	(56,000)
Power Purchased	429,000	712,000	283,000
Materials and Supplies	260,000	322,000	62,000
Transportation	196,000	190,000	(6,000)
Other Public Utilities	139,000	149,000	10,000
Insurance and Damages	426,000	503,000	77,000
Special Services	27,000	54,000	27,000
Payments to Contractors	657,000	1,624,000	967,000
Equip. Maint. Contracts	295,000	138,000	(157,000)
Administrative Credits	(146,000)	(206,000)	(60,000)

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

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

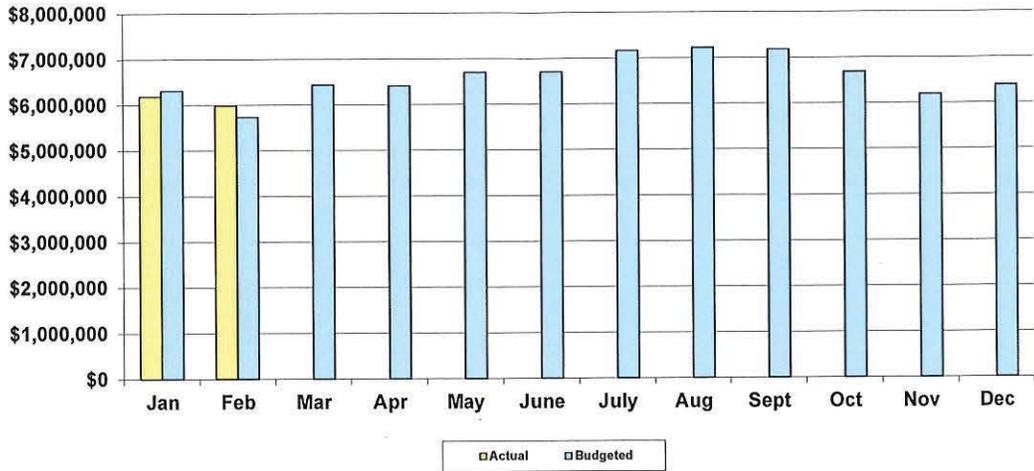
	<u>2020</u>	<u>2019</u>
Month of February:	\$1,081,000	\$936,000
Year-to-date at February 29:	\$2,092,000	\$1,565,000

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 29, 2020.

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

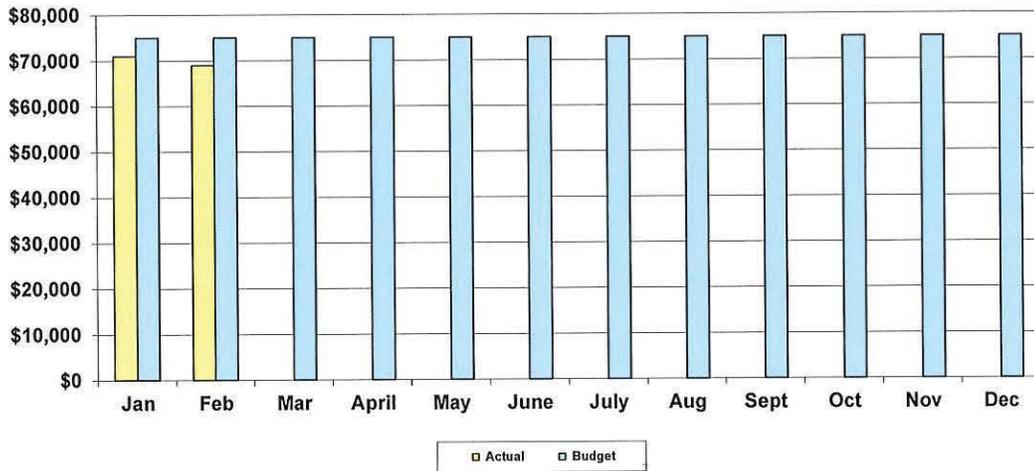
cc: K. Prendergast

**2020 Operating Revenue  
Actual to Budget**



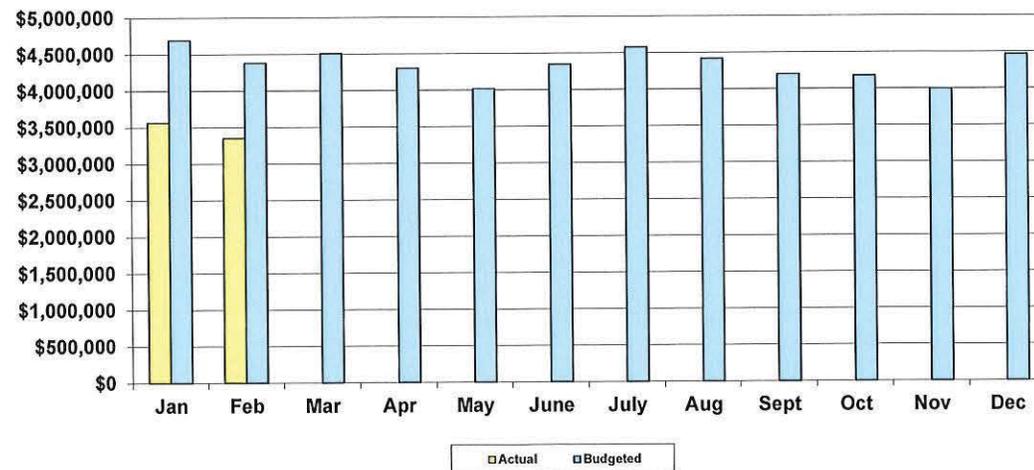
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,187,000	\$5,984,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,311,000	\$5,735,000	\$6,434,000	\$6,408,000	\$6,698,000	\$6,709,000	\$7,163,000	\$7,221,000	\$7,182,000	\$6,683,000	\$6,193,000	\$6,383,000

**2020 Investment Income  
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$71,000	\$69,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000

**2020 Operating Expense  
Actual to Budget**



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$3,586,000	\$3,351,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$4,696,000	\$4,379,000	\$4,510,000	\$4,302,000	\$4,019,000	\$4,347,000	\$4,580,000	\$4,418,000	\$4,203,000	\$4,177,000	\$3,996,000	\$4,465,000

**Financial Statement Analysis  
through month ending February 29, 2020**

<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	12,172,000	12,046,000	126,000	1.0%
Operating Expense:	6,917,000	9,075,000	2,158,000	23.8%
<b>Net Operating Income</b>	<b>5,255,000</b>	<b>2,971,000</b>	<b>2,284,000</b>	<b>76.9%</b>
Other Income: Interest on Investments	139,000	150,000	(11,000)	-7.3%
Misc Non-Operating Revenue	64,000	91,000	(27,000)	-29.7%
Income Deductions - Interest During Const.	-	-	-	0.0%
<b>Net Income Before Debt Service and Non-Cash Charges</b>	<b>5,458,000</b>	<b>3,212,000</b>	<b>2,246,000</b>	<b>69.9%</b>
Debt Service: Bond Interest Payments	367,000	367,000	-	
Bond Principal Payments	528,000	528,000	-	
<b>Net Funds Available for Capital Budget</b>	<b>4,563,000</b>	<b>2,317,000</b>	<b>2,246,000</b>	<b>96.9%</b>
<b>Non-Cash Charges (GAAP Basis):</b>				
Less: Depreciation	2,346,000	2,285,000	(61,000)	-2.7%
Amortization	(41,000)	(65,000)	(24,000)	36.9%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	694,000	778,000	84,000	10.8%
<b>Total Non-Cash Charges</b>	<b>2,999,000</b>	<b>2,998,000</b>	<b>(1,000)</b>	<b>0.0%</b>
Add: Bond Principal Payments	528,000	528,000	-	0.0%
<b>Net GAAP Income</b>	<b>2,092,000</b>	<b>(153,000)</b>	<b>2,245,000</b>	<b>-1467.3%</b>

See Note 1 \*

See Note 2 \*\*

<b>Debt Service Coverage Ratio (Cash Basis)</b>	<b>6.03</b>	<b>3.49</b>	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

<u>Per 2020 Adopted Capital Budget</u>	<u>Total Budgeted for Year</u>	
Funds Available from 2020 O&M Budget	\$ 23,005,169	
Other Resources: Cash Restricted for Future Construction	\$ 27,207,182	
	<b>\$ 50,212,351</b>	Total Capital Budgeted for 2020

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