



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

January 28, 2020

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – December 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 December, 2019:

Total actual operating revenue, \$6,273,000, was greater than the budget of \$6,227,000, by \$46,000, or, 0.7%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$2,936,000	\$3,001,000	\$(65,000)
Commercial	606,000	640,000	(34,000)
Industrial	213,000	169,000	44,000
Public Authorities	244,000	195,000	49,000
Public Fire Protection	313,000	319,000	(6,000)
Sales to Other Utilities	348,000	318,000	30,000
Infrastructure Inv Charge	1,440,000	1,430,000	10,000
Other Water Revenues	173,000	155,000	18,000

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

Total actual year-to-date operating revenue, \$77,717,000, was greater than the budget of \$77,663,000, by \$54,000, or, 0.1%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$38,009,000	\$38,570,000	\$(561,000)
Commercial	8,029,000	7,982,000	47,000
Industrial	2,323,000	2,048,000	275,000
Public Authorities	2,592,000	2,467,000	125,000
Public Fire Protection	3,785,000	3,812,000	(27,000)
Sales to Other Utilities	4,108,000	4,074,000	34,000
Infrastructure Inv Charge	16,843,000	16,783,000	60,000
Other Water Revenues	2,028,000	1,927,000	101,000

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

Total actual year-to-date operating expense, \$42,169,000, came in under the budget of \$50,613,000, by \$8,444,000, or, 16.7%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$25,546,000	\$28,533,000	\$2,987,000
Overtime*	2,220,000	2,175,000	(45,000)
Chemicals Purchased	1,263,000	1,250,000	(13,000)
Power Purchased	3,150,000	3,909,000	759,000
Materials and Supplies	1,898,000	2,613,000	715,000
Transportation	923,000	1,152,000	229,000
Other Public Utilities	682,000	833,000	151,000
Insurance and Damages	733,000	2,800,000	2,067,000
Special Services	253,000	390,000	137,000
Payments to Contractors	7,757,000	9,493,000	1,736,000
Equip. Maint. Contracts	541,000	709,000	168,000
Administrative Credits	(2,040,000)	(3,173,000)	(1,133,000)

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

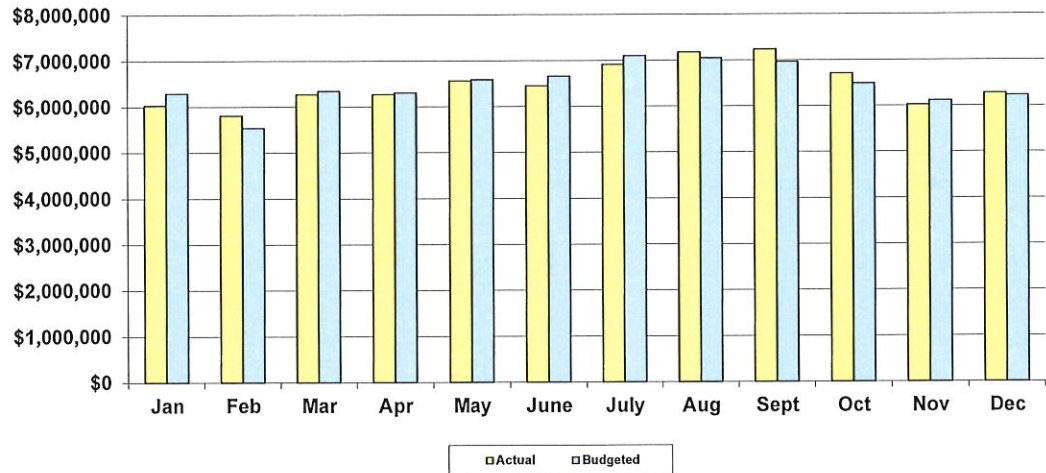
4.) Net Income:**

	<u>2019</u>	<u>2018</u>
Month of December:	\$3,070,000	\$15,000
Year-to-date at December 31:	\$18,397,000	\$17,108,000

Attached are charts showing actual revenues and expenses for all twelve months of this year, as well as a “number-based” financial statement analysis through December 31, 2019.

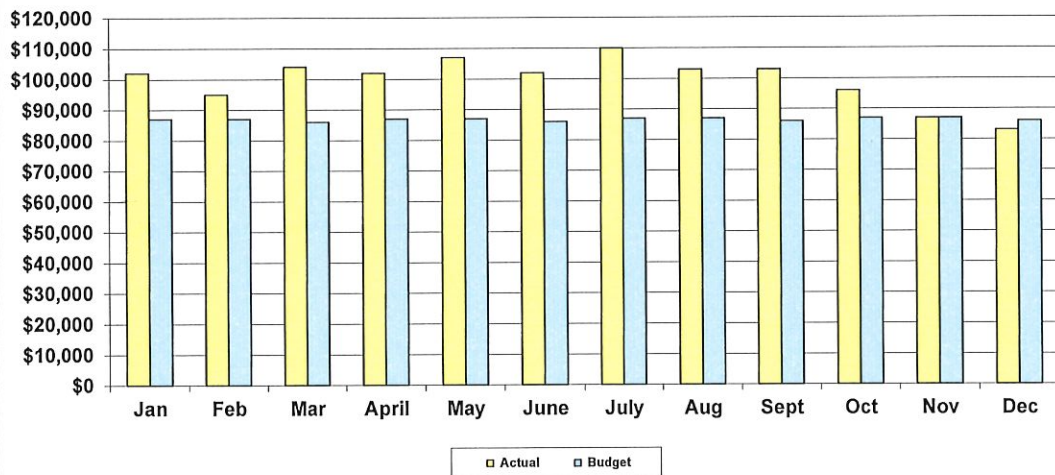
** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

**2019 Operating Revenue
Actual to Budget**



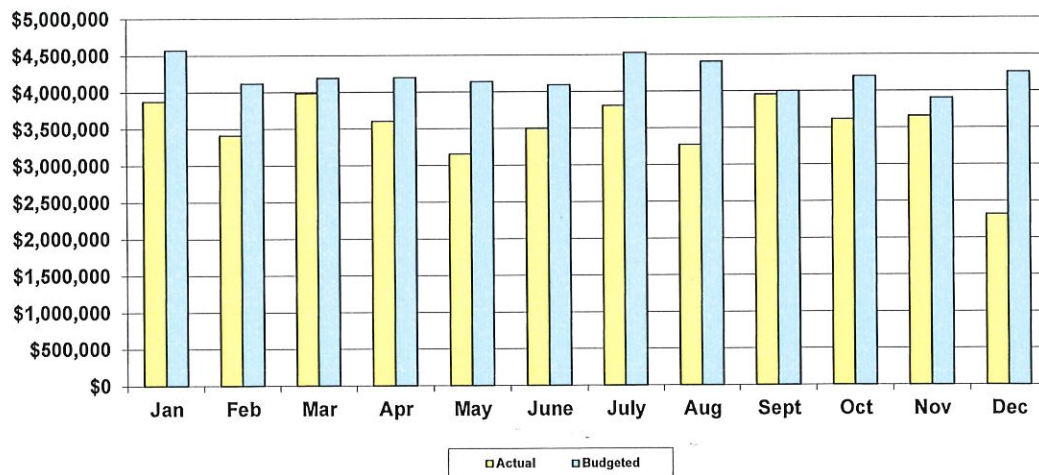
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$6,563,000	\$6,450,000	\$6,908,000	\$7,175,000	\$7,236,000	\$6,709,000	\$6,021,000	\$6,273,000
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$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	\$107,000	\$102,000	\$110,000	\$103,000	\$103,000	\$96,000	\$87,000	\$83,000
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	\$3,166,000	\$3,502,000	\$3,808,000	\$3,274,000	\$3,955,000	\$3,618,000	\$3,658,000	\$2,319,000
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 December 31, 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	77,717,000	77,663,000	54,000	0.1%	
Operating Expense:	42,169,000	50,613,000	8,444,000	16.7%	
Net Operating Income	35,548,000	27,050,000	8,498,000	31.4%	
Other Income: Interest on Investments	1,192,000	1,040,000	152,000	14.6%	
Misc Non-Operating Revenue	1,501,000	536,000	965,000	180.0%	
Income Deductions - Interest During Const.	-	-	-	0.0%	
Net Income Before Debt Service and Non-Cash Charges	38,241,000	28,626,000	9,615,000	33.6%	See Note 1 *
Debt Service: Bond Interest Payments	2,427,000	2,427,000	-		
Bond Principal Payments	3,934,000	3,934,000	-		
Net Funds Available for Capital Budget	31,880,000	22,265,000	9,615,000	43.2%	See Note 2 **
<u>Non-Cash Charges (GAAP Basis):</u>					
Less: Depreciation	13,906,000	13,271,000	(635,000)	-4.8%	
Amortization	(247,000)	(391,000)	(144,000)	36.8%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	3,758,000	3,738,000	(20,000)	-0.5%	
Total Non-Cash Charges	17,417,000	16,618,000	(799,000)	-4.8%	
Add: Bond Principal Payments	3,934,000	3,934,000	-	0.0%	
Net GAAP Income	18,397,000	9,581,000	8,816,000	92.0%	
Debt Service Coverage Ratio (Cash Basis)	5.78	4.42	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

	Total Budgeted for Year
Per 2019 Adopted Capital Budget	
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)