



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

December 18, 2019

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – November 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 November, 2019:

Total actual operating revenue, \$6,021,000, was less than the budget of \$6,114,000, by \$93,000, or, 1.5%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <u>(Worse than Budget)</u>
Residential	\$2,885,000	\$3,016,000	\$(131,000)
Commercial	606,000	590,000	16,000
Industrial	177,000	158,000	19,000
Public Authorities	203,000	231,000	(28,000)
Public Fire Protection	313,000	319,000	(6,000)
Sales to Other Utilities	270,000	269,000	1,000
Infrastructure Inv Charge	1,389,000	1,380,000	9,000
Other Water Revenues	178,000	151,000	27,000

Operating Revenue: Year-to-date at November 30, 2019:

Total actual year-to-date operating revenue, \$71,444,000, was greater than the budget of \$71,436,000, by \$8,000, or, 0.0%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <u>(Worse than Budget)</u>
Residential	\$35,073,000	\$35,569,000	\$(496,000)
Commercial	7,423,000	7,342,000	81,000
Industrial	2,109,000	1,879,000	230,000
Public Authorities	2,348,000	2,272,000	76,000
Public Fire Protection	3,472,000	3,493,000	(21,000)
Sales to Other Utilities	3,760,000	3,756,000	4,000
Infrastructure Inv Charge	15,403,000	15,353,000	50,000
Other Water Revenues	1,856,000	1,772,000	84,000

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

Total actual investment income, \$87,000, was equal to the budget of \$87,000.

Investment Income: Year-to-date at November 30, 2019:

Total actual year-to-date investment income, \$1,109,000, was greater than the budget of \$953,000, by \$156,000, or, 16.4%.

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

Total actual operating expense, \$3,658,000, came in under the budget of \$4,044,000, by \$386,000, or, 9.5%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,070,000	\$2,327,000	\$257,000
Overtime*	201,000	199,000	(2,000)
Chemicals Purchased	93,000	93,000	-
Power Purchased	121,000	235,000	114,000
Materials and Supplies	294,000	221,000	(73,000)
Transportation	96,000	96,000	-
Other Public Utilities	54,000	60,000	6,000
Insurance and Damages	241,000	233,000	(8,000)
Special Services	12,000	41,000	29,000
Payments to Contractors	678,000	850,000	172,000
Equip. Maint. Contracts	23,000	46,000	23,000
Administrative Credits	(125,000)	(359,000)	(234,000)

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

Operating Expense: Year-to-date at November 30, 2019:

Total actual year-to-date operating expense, \$39,850,000, came in under the budget of \$46,217,000, by \$6,367,000, or, 13.8%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Salaries, Wages, and Fringes	\$22,629,000	\$26,137,000	\$3,508,000
Overtime*	2,029,000	2,006,000	(23,000)
Chemicals Purchased	1,152,000	1,107,000	(45,000)
Power Purchased	2,843,000	3,585,000	742,000
Materials and Supplies	1,733,000	2,299,000	566,000
Transportation	1,058,000	1,055,000	(3,000)
Other Public Utilities	612,000	737,000	125,000
Insurance and Damages	2,619,000	2,565,000	(54,000)
Special Services	225,000	334,000	109,000
Payments to Contractors	6,845,000	8,331,000	1,486,000
Equip. Maint. Contracts	494,000	662,000	168,000
Administrative Credits	(1,489,000)	(2,529,000)	(1,040,000)

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

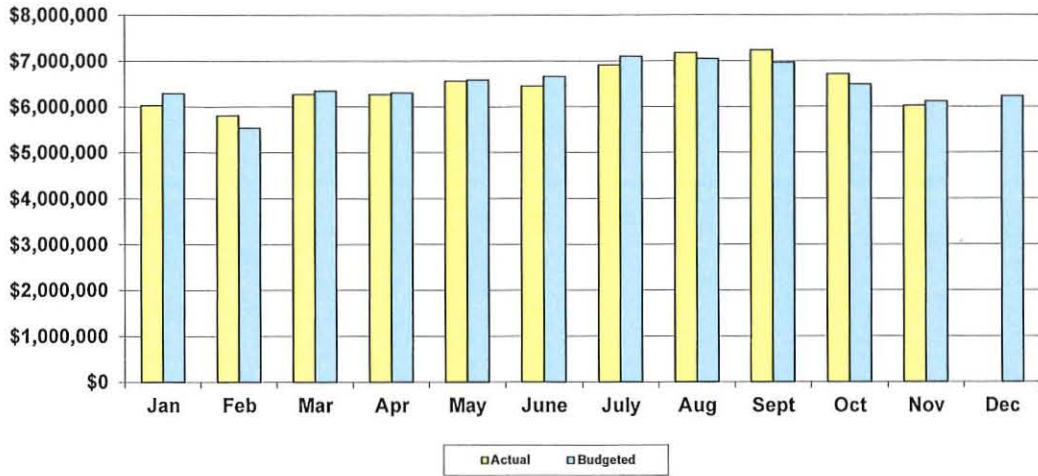
4.) Net Income:**

	2019	2018
Month of November:	\$825,000	\$1,780,000
Year-to-date at November 30:	\$15,327,000	\$17,093,000

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

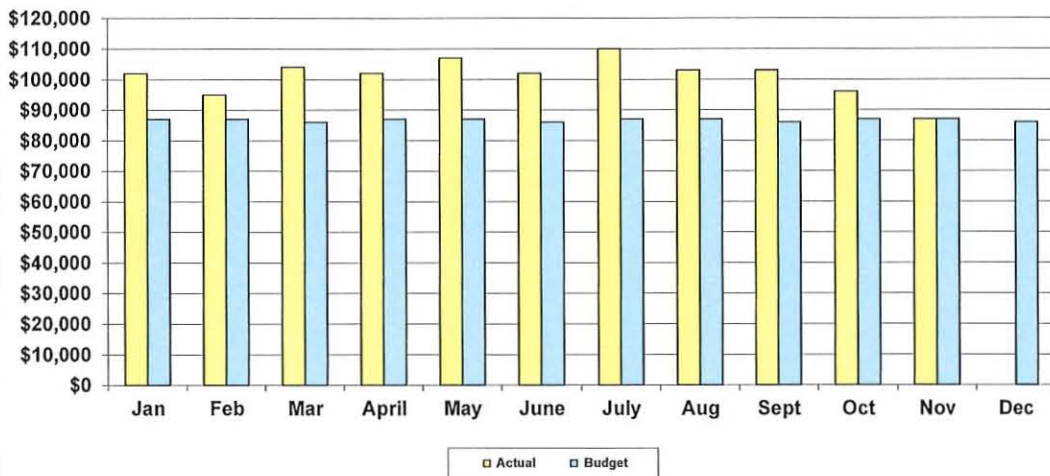
** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

**2019 Operating Revenue
Actual to Budget**



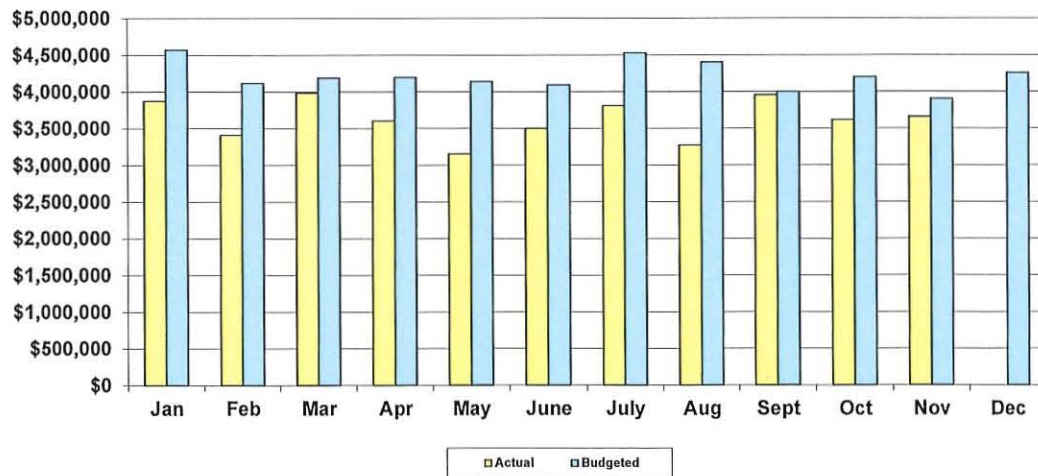
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$6,563,000	\$6,450,000	\$6,908,000	\$7,175,000	\$7,236,000	\$6,709,000	\$6,021,000	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$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	\$107,000	\$102,000	\$110,000	\$103,000	\$103,000	\$96,000	\$87,000	\$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	\$3,156,000	\$3,502,000	\$3,808,000	\$3,274,000	\$3,955,000	\$3,618,000	\$3,658,000	\$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	\$4,258,000

**Financial Statement Analysis
through month ending November 30, 2019**

Cash Charges:	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>	
Operating Revenue	71,444,000	71,436,000	8,000	0.0%	
Operating Expense:	39,850,000	46,217,000	6,367,000	13.8%	
Net Operating Income	31,594,000	25,219,000	6,375,000	25.3%	
Other Income: Interest on Investments	1,109,000	953,000	156,000	16.4%	
Misc Non-Operating Revenue	688,000	491,000	197,000	40.1%	
Income Deductions - Interest During Const.	-	-	-	0.0%	
Net Income Before Debt Service and Non-Cash Charges	33,391,000	26,663,000	6,728,000	25.2%	
Debt Service: Bond Interest Payments	2,228,000	2,228,000	-	-	See Note 1 *
Bond Principal Payments	3,670,000	3,670,000	-	-	
Net Funds Available for Capital Budget	27,493,000	20,765,000	6,728,000	32.4%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	12,749,000	12,160,000	(589,000)	-4.8%	
Amortization	(226,000)	(358,000)	(132,000)	36.9%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	3,314,000	3,425,000	111,000	3.2%	
Total Non-Cash Charges	15,837,000	15,227,000	(610,000)	-4.0%	
Add: Bond Principal Payments	3,670,000	3,670,000	-	0.0%	
Net GAAP Income	15,326,000	9,208,000	6,118,000	66.4%	
Debt Service Coverage Ratio (Cash Basis)	5.54	4.44	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 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)