



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

October 11, 2019

To: Commissioners Schad, Carney and Jones

From: Karen A. Prendergast, Chief Financial Officer *KAP*
 Steven V. D'Amico, Business Office Manager *SVO*

Subject: Monthly Financial Report – September 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 September, 2019:

Total actual operating revenue, \$7,236,000, was greater than the budget of \$6,963,000, by \$273,000, or, 3.9%.

Category	Actual	Budget	Better than Budget <i>(Worse than Budget)</i>
Residential	\$3,662,000	\$3,575,000	\$87,000
Commercial	815,000	787,000	28,000
Industrial	222,000	180,000	42,000
Public Authorities	261,000	225,000	36,000
Public Fire Protection	313,000	319,000	<i>(6,000)</i>
Sales to Other Utilities	412,000	321,000	91,000
Infrastructure Inv Charge	1,391,000	1,383,000	8,000
Other Water Revenues	160,000	173,000	<i>(13,000)</i>

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

Total actual year-to-date operating revenue, \$58,714,000, was less than the budget of \$58,832,000, by \$118,000, or, 0.2%.

Category	Actual	Budget	Better than Budget <i>(Worse than Budget)</i>
Residential	\$28,814,000	\$29,433,000	<i>\$(619,000)</i>
Commercial	6,133,000	6,057,000	76,000
Industrial	1,735,000	1,530,000	205,000
Public Authorities	1,909,000	1,825,000	84,000
Public Fire Protection	2,847,000	2,855,000	<i>(8,000)</i>
Sales to Other Utilities	3,185,000	3,117,000	68,000
Infrastructure Inv Charge	12,581,000	12,549,000	32,000
Other Water Revenues	1,510,000	1,466,000	44,000

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

Total actual investment income, \$103,000, was greater than the budget of \$87,000, by \$16,000 or, 18.4%.

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

Total actual year-to-date investment income, \$926,000, was greater than the budget of \$780,000, by \$146,000, or, 18.7%.

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

Total actual operating expense, \$3,955,000, came in under the budget of \$4,022,000, by \$67,000, or, 1.7%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,066,000	\$2,304,000	\$238,000
Overtime*	216,000	175,000	(41,000)
Chemicals Purchased	66,000	105,000	39,000
Power Purchased	249,000	309,000	60,000
Materials and Supplies	196,000	198,000	2,000
Transportation	96,000	96,000	-
Other Public Utilities	47,000	57,000	10,000
Insurance and Damages	220,000	233,000	13,000
Special Services	8,000	24,000	16,000
Payments to Contractors	999,000	755,000	(244,000)
Equip. Maint. Contracts	35,000	47,000	12,000
Administrative Credits	(153,000)	(305,000)	(152,000)

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

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

Total actual year-to-date operating expense, \$32,573,000, came in under the budget of \$38,179,000, by \$5,606,000, or, 14.7%.

Category	Actual	Budget	Better than Budget <u>(Worse than Budget)</u>
Salaries, Wages, and Fringes	\$18,401,000	\$21,311,000	\$2,910,000
Overtime*	1,646,000	1,640,000	(6,000)
Chemicals Purchased	944,000	920,000	(24,000)
Power Purchased	2,509,000	3,080,000	571,000
Materials and Supplies	1,226,000	1,880,000	654,000
Transportation	866,000	863,000	(3,000)
Other Public Utilities	510,000	652,000	142,000
Insurance and Damages	2,143,000	2,099,000	(44,000)
Special Services	217,000	267,000	50,000
Payments to Contractors	5,613,000	6,807,000	1,194,000
Equip. Maint. Contracts	427,000	541,000	114,000
Administrative Credits	(1,208,000)	(1,796,000)	(588,000)

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

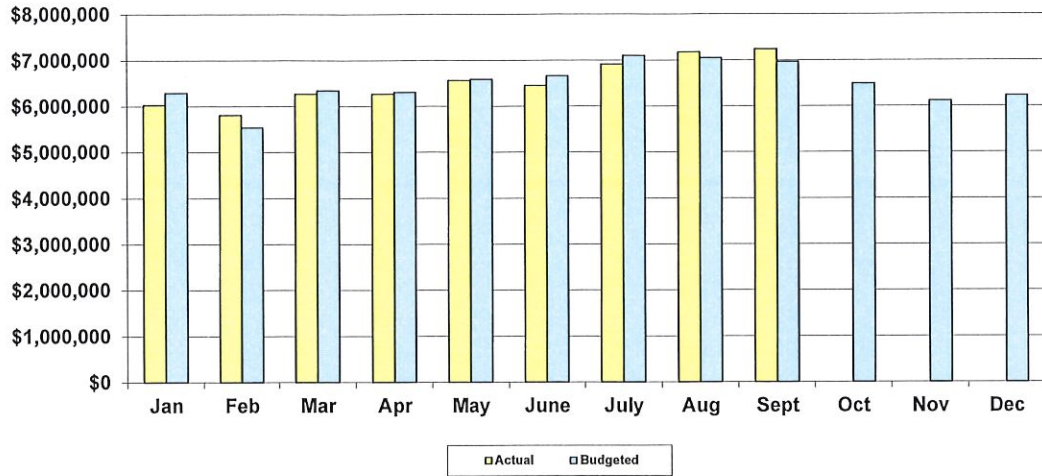
4.) Net Income:**

	2019	2018
Month of September:	\$1,894,000	\$2,823,000
Year-to-date at September 30:	\$13,034,000	\$13,593,000

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

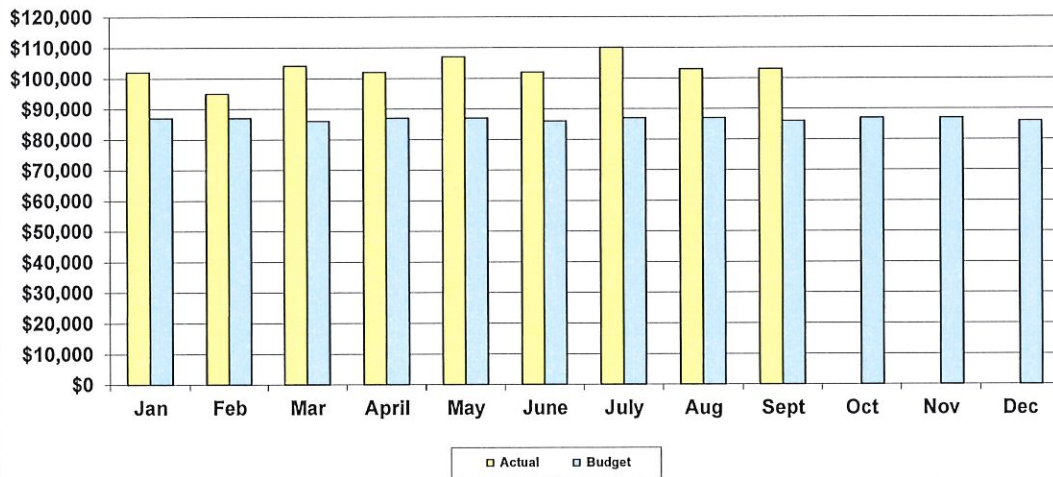
** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

**2019 Operating Revenue
Actual to Budget**



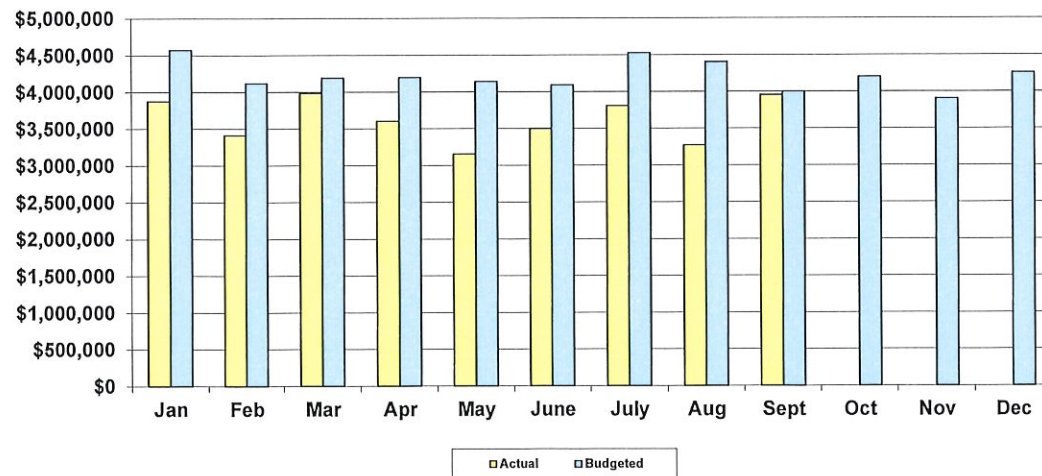
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$6,563,000	\$6,450,000	\$6,908,000	\$7,175,000	\$7,236,000	\$0	\$0	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$6,490,000	\$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	\$0	\$0	\$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	\$0	\$0	\$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 September 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	58,714,000	58,832,000	(118,000)	-0.2%	
Operating Expense:	32,573,000	38,179,000	5,606,000	14.7%	
Net Operating Income	26,141,000	20,653,000	5,488,000	26.6%	
Other Income: Interest on Investments	926,000	780,000	146,000	18.7%	
Misc Non-Operating Revenue	744,000	402,000	342,000	85.1%	
Income Deductions - Interest During Const.	-	-	-	0.0%	
Net Income Before Debt Service and Non-Cash Charges	27,811,000	21,835,000	5,976,000	27.4%	
Debt Service: Bond Interest Payments	1,817,000	1,817,000	-	-	See Note 1 *
Bond Principal Payments	3,160,000	3,160,000	-	-	
Net Funds Available for Capital Budget	22,834,000	16,858,000	5,976,000	35.4%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	10,434,000	9,949,000	(485,000)	-4.9%	
Amortization	(185,000)	(293,000)	(108,000)	36.9%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	2,711,000	2,802,000	91,000	3.2%	
Total Non-Cash Charges	12,960,000	12,458,000	(502,000)	-4.0%	
Add: Bond Principal Payments	3,160,000	3,160,000	-	0.0%	
Net GAAP Income	13,034,000	7,560,000	5,474,000	72.4%	
Debt Service Coverage Ratio (Cash Basis)	5.44	4.31	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)