



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

November 13, 2019

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – October 2019 *KAP*

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 October, 2019:

Total actual operating revenue, \$6,709,000, was greater than the budget of \$6,490,000, by \$219,000, or, 3.4%.

Category	Actual	Budget	Better than Budget <i>(Worse than Budget)</i>
Residential	\$3,373,000	\$3,120,000	\$253,000
Commercial	684,000	695,000	<i>(11,000)</i>
Industrial	197,000	191,000	6,000
Public Authorities	236,000	216,000	20,000
Public Fire Protection	313,000	319,000	<i>(6,000)</i>
Sales to Other Utilities	305,000	370,000	<i>(65,000)</i>
Infrastructure Inv Charge	1,434,000	1,425,000	9,000
Other Water Revenues	167,000	154,000	13,000

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

Total actual year-to-date operating revenue, \$65,423,000, was greater than the budget of \$65,321,000, by \$102,000, or, 0.2%.

Category	Actual	Budget	Better than Budget <i>(Worse than Budget)</i>
Residential	\$32,188,000	\$32,553,000	<i>\$(365,000)</i>
Commercial	6,817,000	6,752,000	65,000
Industrial	1,932,000	1,721,000	211,000
Public Authorities	2,145,000	2,041,000	104,000
Public Fire Protection	3,160,000	3,174,000	<i>(14,000)</i>
Sales to Other Utilities	3,490,000	3,487,000	3,000
Infrastructure Inv Charge	14,015,000	13,974,000	41,000
Other Water Revenues	1,676,000	1,619,000	57,000

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

Total actual investment income, \$96,000, was greater than the budget of \$87,000, by \$9,000 or, 10.3%.

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

Total actual year-to-date investment income, \$1,022,000, was greater than the budget of \$866,000, by \$156,000, or, 18.0%.

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

Total actual operating expense, \$3,618,000, came in under the budget of \$4,320,000, by \$702,000, or, 16.3%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,158,000	\$2,499,000	\$341,000
Overtime*	183,000	169,000	(14,000)
Chemicals Purchased	114,000	94,000	(20,000)
Power Purchased	212,000	270,000	58,000
Materials and Supplies	214,000	243,000	29,000
Transportation	96,000	96,000	-
Other Public Utilities	48,000	55,000	7,000
Insurance and Damages	235,000	233,000	(2,000)
Special Services	(4,000)	25,000	29,000
Payments to Contractors	554,000	900,000	346,000
Equip. Maint. Contracts	44,000	74,000	30,000
Administrative Credits	(156,000)	(374,000)	(218,000)

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

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

Total actual year-to-date operating expense, \$36,192,000, came in under the budget of \$42,173,000, by \$5,981,000, or, 14.2%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$20,560,000	\$23,809,000	\$3,249,000
Overtime*	1,829,000	1,809,000	(20,000)
Chemicals Purchased	1,058,000	1,014,000	(44,000)
Power Purchased	2,722,000	3,350,000	628,000
Materials and Supplies	1,440,000	2,078,000	638,000
Transportation	962,000	959,000	(3,000)
Other Public Utilities	558,000	677,000	119,000
Insurance and Damages	2,378,000	2,332,000	(46,000)
Special Services	213,000	292,000	79,000
Payments to Contractors	6,167,000	7,481,000	1,314,000
Equip. Maint. Contracts	471,000	615,000	144,000
Administrative Credits	(1,364,000)	(2,170,000)	(806,000)

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

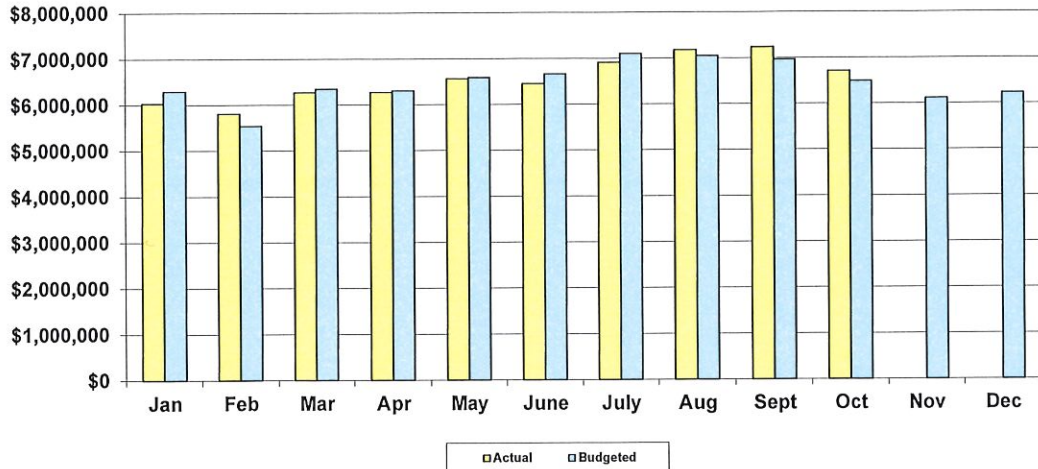
4.) Net Income:**

	<u>2019</u>	<u>2018</u>
Month of October:	\$1,468,000	\$1,720,000
Year-to-date at October 31:	\$14,502,000	\$15,314,000

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

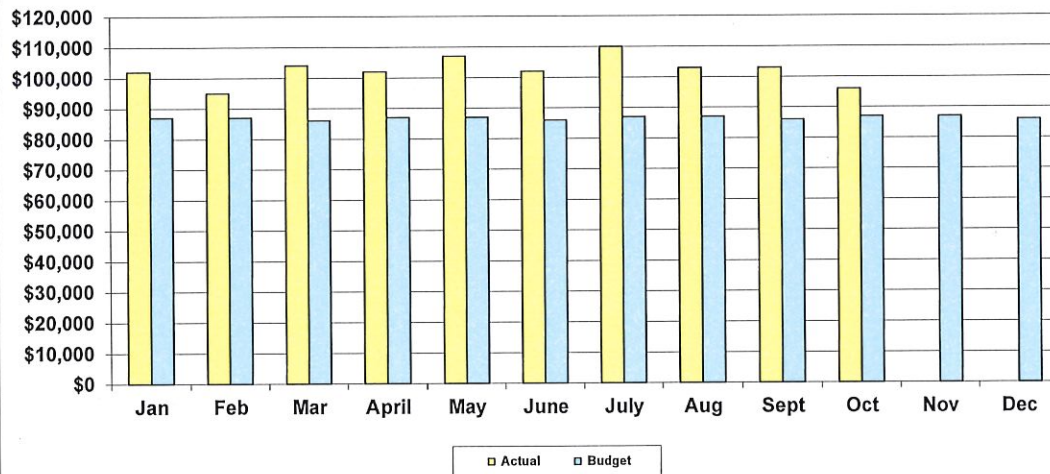
** Income is shown on a GAAP basis, which takes OPEB expense and other non-cash items into account.

**2019 Operating Revenue
Actual to Budget**



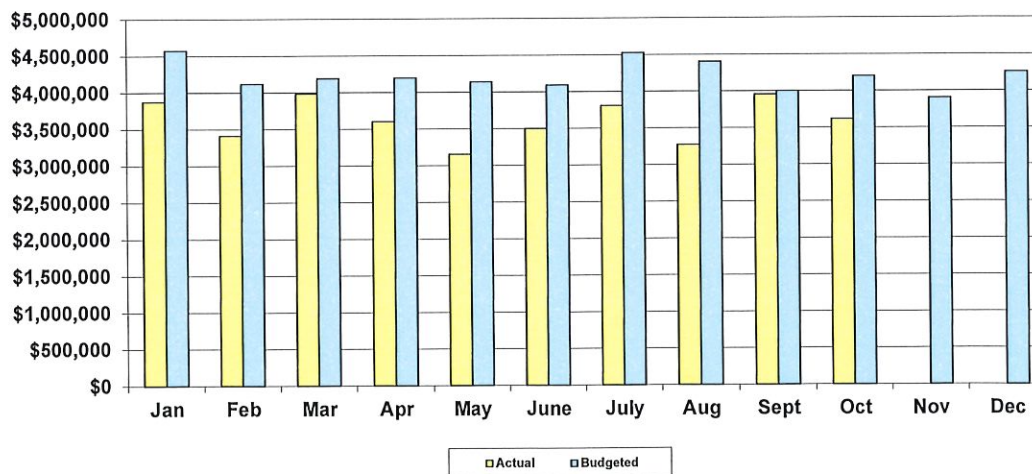
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,029,000	\$5,811,000	\$6,271,000	\$6,271,000	\$6,563,000	\$6,450,000	\$6,908,000	\$7,175,000	\$7,236,000	\$6,709,000	\$0	\$0
Budgeted	\$6,288,000	\$5,539,000	\$6,344,000	\$6,302,000	\$6,586,000	\$6,661,000	\$7,102,000	\$7,047,000	\$6,963,000	\$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	\$96,000	\$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	\$3,618,000	\$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 October 31, 2019**

Cash Charges:	Actual Amount	Budget Amount	Variance from Budget	Variance as % of Budget
Operating Revenue	65,423,000	65,321,000	102,000	0.2%
Operating Expense:	36,192,000	42,173,000	5,981,000	14.2%
Net Operating Income	29,231,000	23,148,000	6,083,000	26.3%
Other Income: Interest on Investments	1,022,000	866,000	156,000	18.0%
Misc Non-Operating Revenue	667,000	447,000	220,000	49.2%
Income Deductions - Interest During Const.	-	-	-	0.0%
Net Income Before Debt Service and Non-Cash Charges	30,920,000	24,461,000	6,459,000	26.4%
Debt Service: Bond Interest Payments	2,020,000	2,020,000	-	
Bond Principal Payments	3,415,000	3,415,000	-	
Net Funds Available for Capital Budget	25,485,000	19,026,000	6,459,000	33.9%
Non-Cash Charges (GAAP Basis):				
Less: Depreciation	11,592,000	11,055,000	(537,000)	-4.9%
Amortization	(205,000)	(326,000)	(121,000)	37.1%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	3,012,000	3,114,000	102,000	3.3%
Total Non-Cash Charges	14,399,000	13,843,000	(556,000)	-4.0%
Add: Bond Principal Payments	3,415,000	3,415,000	-	0.0%
Net GAAP Income	14,501,000	8,598,000	5,903,000	68.7%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	5.57	4.42	See Note 3 ***
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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)