



# ERIE COUNTY WATER AUTHORITY

## INTEROFFICE MEMORANDUM

February 18, 2020

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report - January 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 January, 2020:

Total actual operating revenue, \$6,187,000, was less than the budget of \$6,311,000, by \$124,000, or, 2.0%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$3,012,000	\$3,100,000	\$(88,000)
Commercial	581,000	602,000	(21,000)
Industrial	177,000	168,000	9,000
Public Authorities	178,000	174,000	4,000
Public Fire Protection	331,000	321,000	10,000
Sales to Other Utilities	283,000	332,000	(49,000)
Infrastructure Inv Charge	1,460,000	1,447,000	13,000
Other Water Revenues	165,000	167,000	(2,000)

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### 2.) Investment Income: For the Month of January, 2020:

Total actual investment income, \$71,000, was less than the budget of \$75,000, by \$4,000 or, 5.3%.

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**3.) Operating Expense: For the Month of January, 2020:**

Total actual operating expense, \$3,566,000, came in under the budget of \$4,696,000, by \$1,130,000, or, 24.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,167,000	\$2,687,000	\$520,000
Overtime*	172,000	236,000	64,000
Chemicals Purchased	121,000	88,000	(33,000)
Power Purchased	230,000	376,000	146,000
Materials and Supplies	134,000	131,000	(3,000)
Transportation	95,000	95,000	-
Other Public Utilities	70,000	64,000	(6,000)
Insurance and Damages	203,000	252,000	49,000
Payments to Contractors	373,000	725,000	352,000
Equip. Maint. Contracts	119,000	92,000	(27,000)
Miscellaneous	30,000	48,000	18,000
Administrative Credits	(99,000)	(37,000)	62,000

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

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

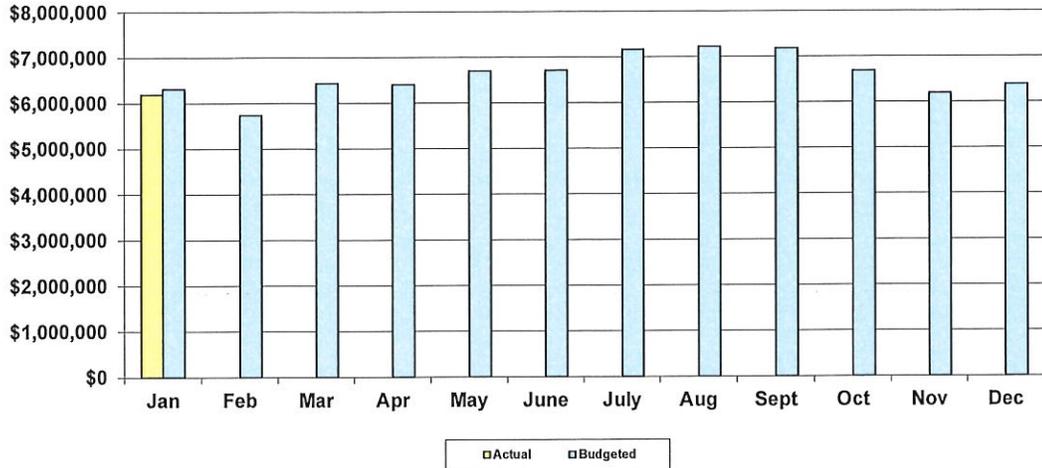
	<u>2020</u>	<u>2019</u>
Month of January:	\$1,011,000	\$629,000

Attached are charts showing actual revenues and expenses for the first month of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through January 31, 2020.

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

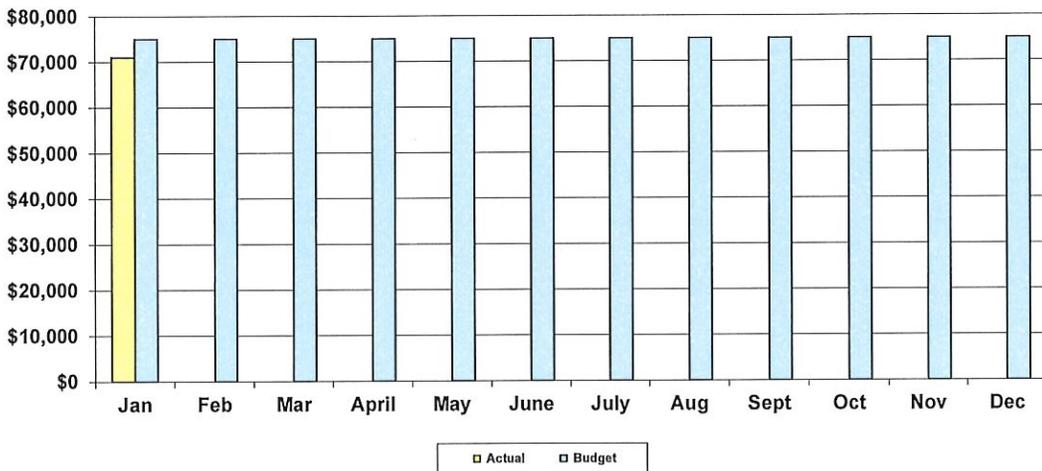
cc: K. Prendergast

**2020 Operating Revenue  
Actual to Budget**



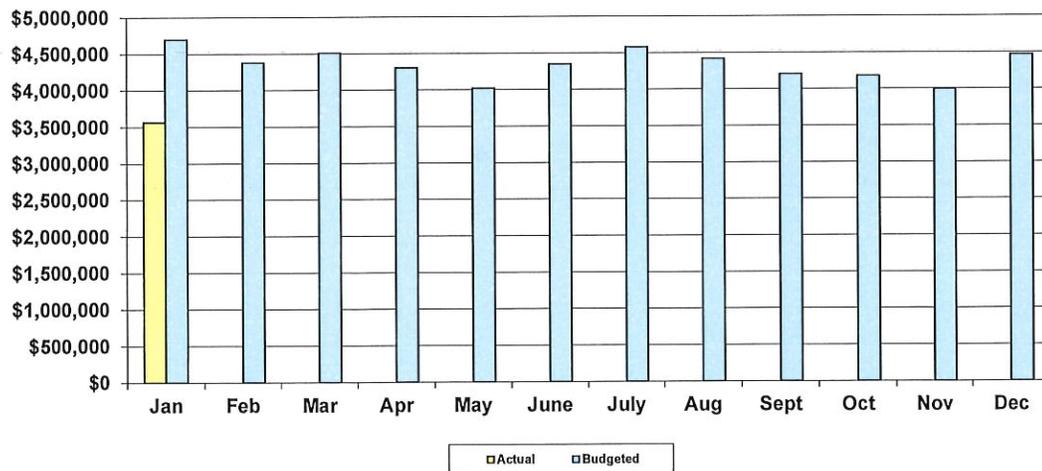
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$6,187,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,311,000	\$5,735,000	\$6,434,000	\$6,408,000	\$6,698,000	\$6,709,000	\$7,163,000	\$7,221,000	\$7,182,000	\$6,683,000	\$6,193,000	\$6,383,000

**2020 Investment Income  
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$71,000	\$0	\$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	\$3,566,000	\$0	\$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 January 31, 2020**

<b>Cash Charges:</b>	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>
Operating Revenue	6,187,000	6,311,000	(124,000)	-2.0%
Operating Expense:	3,566,000	4,696,000	1,130,000	24.1%
<b>Net Operating Income</b>	<b>2,621,000</b>	<b>1,615,000</b>	<b>1,006,000</b>	<b>62.3%</b>
Other Income: Interest on Investments	71,000	75,000	(4,000)	-5.3%
Misc Non-Operating Revenue	2,000	46,000	(44,000)	-95.7%
Income Deductions - Interest During Const.	-	-	-	0.0%
<b>Net Income Before Debt Service and Non-Cash Charges</b>	<b>2,694,000</b>	<b>1,736,000</b>	<b>958,000</b>	<b>55.2%</b>
Debt Service: Bond Interest Payments	176,000	176,000	-	
Bond Principal Payments	264,000	264,000	-	
<b>Net Funds Available for Capital Budget</b>	<b>2,254,000</b>	<b>1,296,000</b>	<b>958,000</b>	<b>73.9%</b>
<b>Non-Cash Charges (GAAP Basis):</b>				
Less: Depreciation	1,180,000	1,143,000	(37,000)	-3.2%
Amortization	(21,000)	(33,000)	(12,000)	36.4%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	347,000	389,000	42,000	10.8%
<b>Total Non-Cash Charges</b>	<b>1,506,000</b>	<b>1,499,000</b>	<b>(7,000)</b>	<b>-0.5%</b>
Add: Bond Principal Payments	264,000	264,000	-	0.0%
<b>Net GAAP Income</b>	<b>1,012,000</b>	<b>61,000</b>	<b>951,000</b>	<b>1559.0%</b>

See Note 1 \*

See Note 2 \*\*

<b>Debt Service Coverage Ratio (Cash Basis)</b>	<b>6.12</b>	<b>3.84</b>	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 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)