



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) |

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%.

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

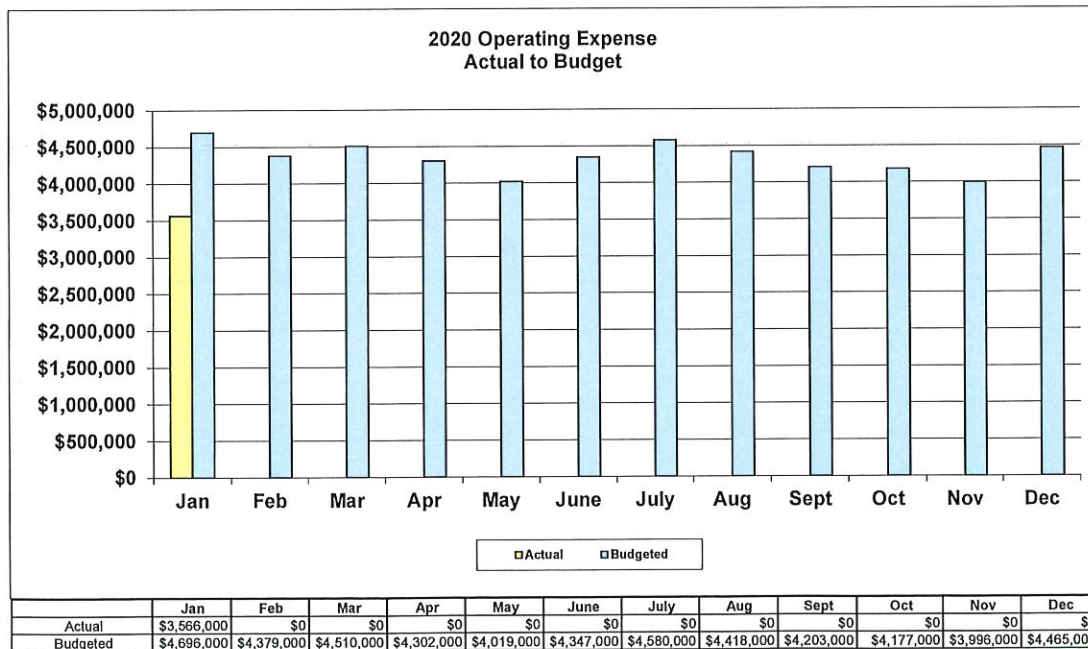
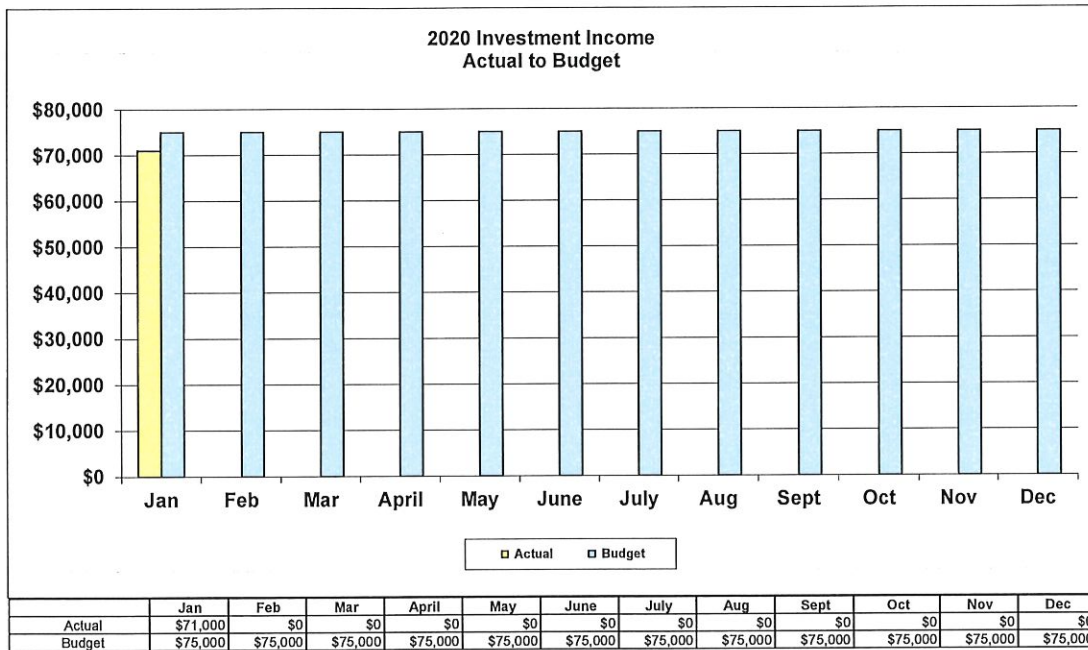
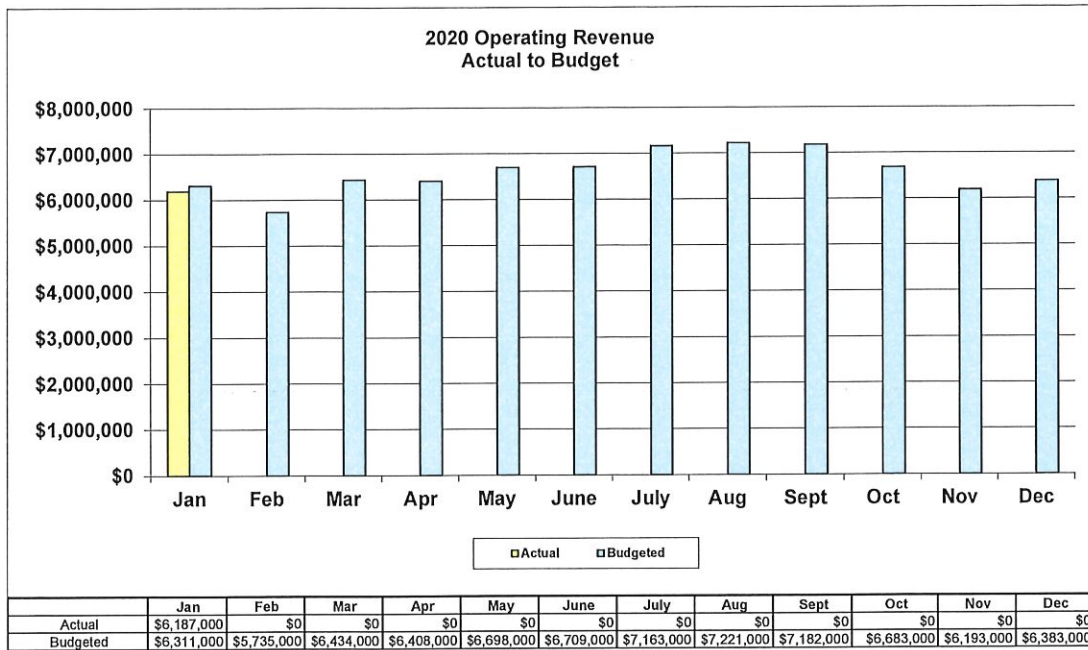
4.) Net Income:**

| | <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



Financial Statement Analysis
through month ending January 31, 2020

| Cash Charges: | <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% | |
| Net Operating Income | 2,621,000 | 1,615,000 | 1,006,000 | 62.3% | |
| 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% | |
| Net Income Before Debt Service and Non-Cash Charges | 2,694,000 | 1,736,000 | 958,000 | 55.2% | See Note 1 * |
| Debt Service: Bond Interest Payments | 176,000 | 176,000 | - | | |
| Bond Principal Payments | 264,000 | 264,000 | - | | |
| Net Funds Available for Capital Budget | 2,254,000 | 1,296,000 | 958,000 | 73.9% | See Note 2 ** |
| Non-Cash Charges (GAAP Basis): | | | | | |
| 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% | |
| Total Non-Cash Charges | 1,506,000 | 1,499,000 | (7,000) | -0.5% | |
| Add: Bond Principal Payments | 264,000 | 264,000 | - | 0.0% | |
| Net GAAP Income | 1,012,000 | 61,000 | 951,000 | 1559.0% | |
| Debt Service Coverage Ratio (Cash Basis) | 6.12 | 3.84 | 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 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 | |
| | \$ 50,212,351 | Total Capital Budgeted for 2020 |

*** **NOTE 3:** Debt Service Coverage Ratio = (Net Operating Income + Interest on Investments)/(Bond Interest + Bond Principal)