



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

May 17, 2018

To: Commissioners Schad, Carney and Simmeth

From: Karen A. Prendergast, Comptroller *KAP*
 Steven V. D'Amico, Business Office Manager *SVA*

Subject: Monthly Financial Report – April 2018

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 2018 adopted Budget.

1.) Operating Revenue: For the Month of April, 2018:

Total actual operating revenue, \$6,079,000, was less than the budget of \$6,083,000, by \$4,000, or, 0.1%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$2,992,000	\$3,071,000	\$(79,000)
Commercial	673,000	608,000	65,000
Industrial	166,000	158,000	8,000
Public Authorities	173,000	195,000	(22,000)
Public Fire Protection	335,000	314,000	21,000
Sales to Other Utilities	325,000	313,000	12,000
Infrastructure Inv Charge	1,268,000	1,277,000	(9,000)
Other Water Revenues	147,000	147,000	-

Operating Revenue: Year-to-date at April 30, 2018:

Total actual year-to-date operating revenue, \$23,692,000, was less than the budget of \$23,925,000, by \$233,000, or, 1.0%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$11,747,000	\$11,997,000	\$(250,000)
Commercial	2,364,000	2,337,000	28,000
Industrial	637,000	613,000	24,000
Public Authorities	679,000	757,000	(78,000)
Public Fire Protection	1,235,000	1,256,000	(21,000)
Sales To Other Utilities	1,298,000	1,255,000	43,000
Infrastructure Inv Charge	5,081,000	5,105,000	(24,000)
Other Water Revenues	651,000	605,000	46,000

2.) Investment Income: For the Month of April, 2018:

Total actual investment income, \$56,000, was greater than the budget of \$32,000, by \$24,000 or, 75.0%.

Investment Income: Year-to-date at April 30, 2018:

Total actual year-to-date investment income, \$205,000, was greater than the budget of \$130,000, by \$75,000, or, 57.7%.

3.) Operating Expense: For the Month of April, 2018:

Total actual operating expense, \$3,942,000, came in over the budget of \$3,901,000, by \$41,000, or, 1.1%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,021,000	\$2,163,000	\$142,000
Overtime*	152,000	138,000	(14,000)
Chemicals Purchased	60,000	88,000	28,000
Power Purchased	231,000	312,000	81,000
Materials and Supplies	167,000	154,000	(13,000)
Transportation	97,000	99,000	2,000
Other Public Utilities	50,000	67,000	17,000
Insurance and Damages	172,000	236,000	64,000
Special Services	27,000	24,000	(3,000)
Payments to Contractors	1,088,000	632,000	(456,000)
Equip. Maint. Contracts	28,000	55,000	27,000
Administrative Credits	(96,000)	(138,000)	(42,000)

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

Operating Expense: Year-to-date at April 30, 2018:

Total actual year-to-date operating expense, \$14,839,000, came in under the budget of \$16,368,000, by \$1,529,000, or, 9.3%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$8,258,000	\$8,985,000	\$727,000
Overtime*	707,000	699,000	(8,000)
Chemicals Purchased	196,000	344,000	148,000
Power Purchased	1,118,000	1,356,000	238,000
Materials and Supplies	521,000	567,000	46,000
Transportation	380,000	396,000	16,000
Other Public Utilities	247,000	272,000	25,000
Insurance and Damages	1,178,000	943,000	(235,000)
Special Services	100,000	132,000	32,000
Payments to Contractors	2,478,000	2,852,000	374,000
Equip. Maint. Contracts	172,000	236,000	64,000
Administrative Credits	(219,000)	(460,000)	(241,000)

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

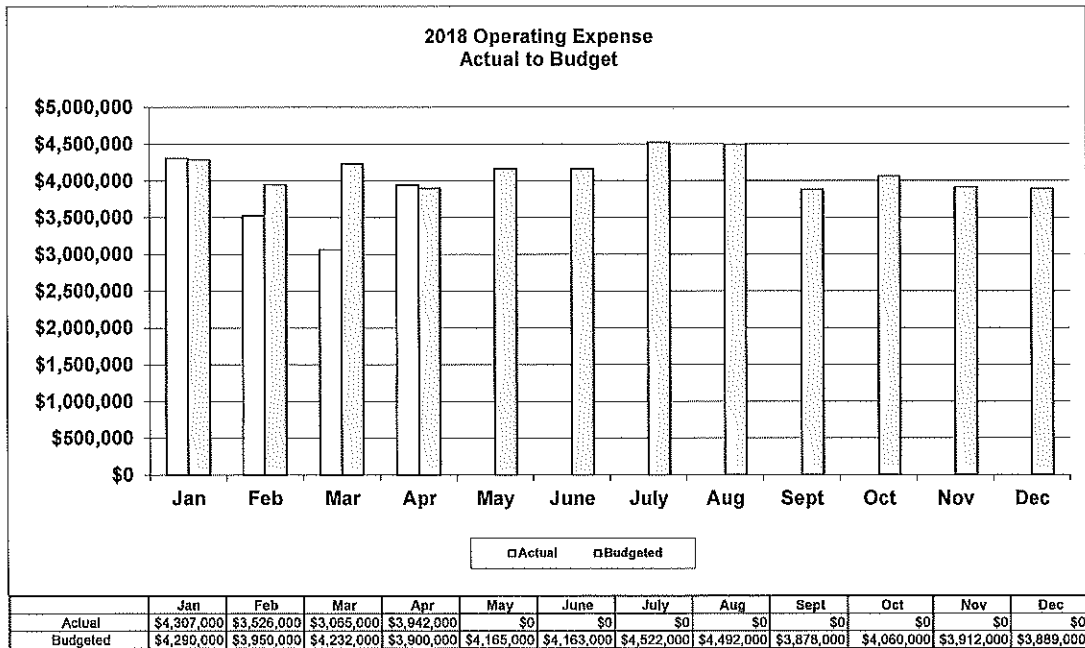
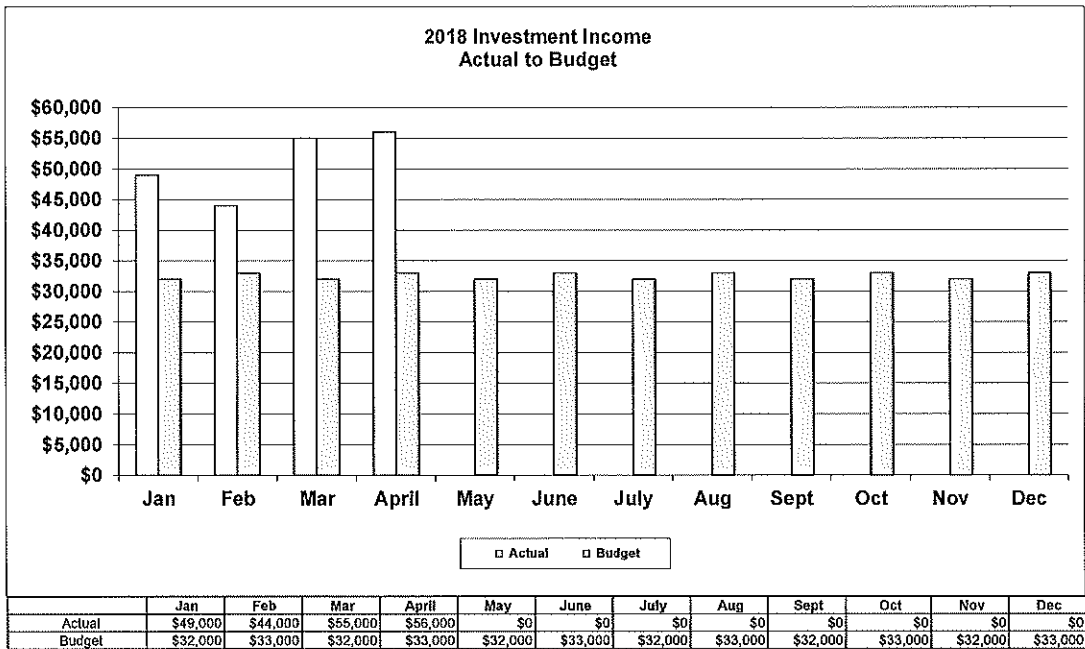
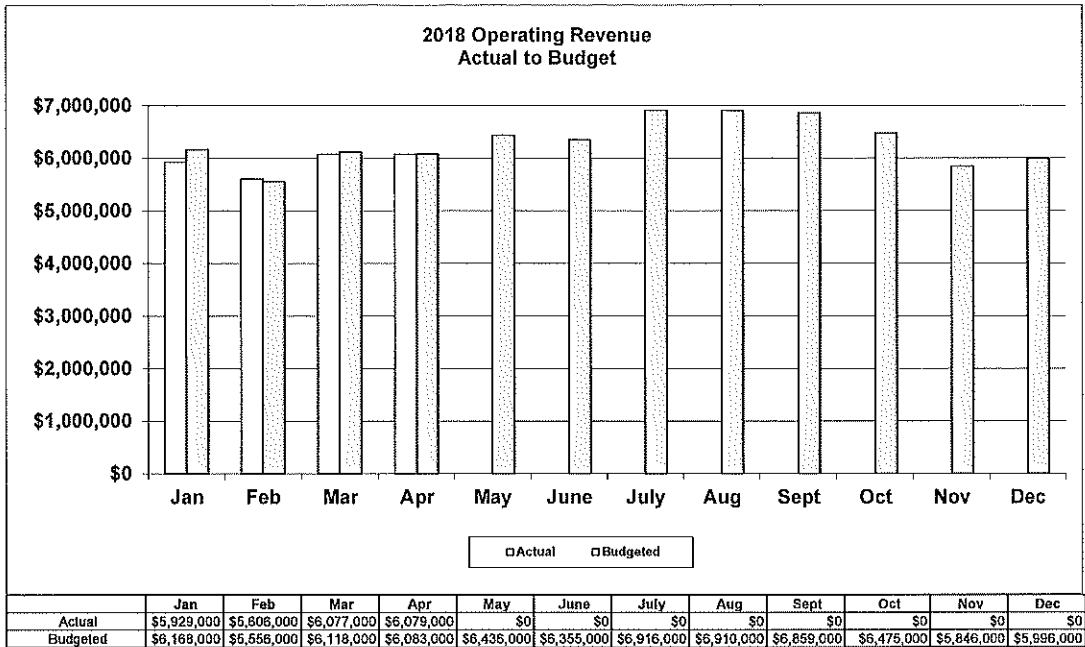
4.) Net Income:**

	<u>2018</u>	<u>2017</u>
Month of April:	\$902,000	\$1,303,000
Year-to-date at April 30:	\$3,803,000	\$4,228,000

Attached are charts showing actual revenues and expenses for the first four months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through April 30, 2018.

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

cc: R. Lichtenthal



**Financial Statement Analysis
through month ending April 30, 2018**

<u>Cash Charges:</u>	<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance from Budget</u>	<u>Variance as % of Budget</u>	
Operating Revenue	23,692,000	23,925,000	(233,000)	-1.0%	
Operating Expense:	14,839,000	16,368,000	1,529,000	9.3%	
Net Operating Income	8,853,000	7,557,000	1,296,000	17.1%	
Other Income: Interest on Investments	205,000	130,000	75,000	57.7%	
Misc Non-Operating Revenue	260,000	165,000	95,000	57.6%	
Income Deductions - Interest During Const.	66,000	-	66,000	0.0%	
Net Income Before Debt Service and Non-Cash Charges	9,384,000	7,852,000	1,532,000	19.5%	
Debt Service: Bond Interest Payments	542,000	543,000	1,000		See Note 1 *
Bond Principal Payments	3,127,000	3,127,000	-		
Net Funds Available for Capital Budget	5,715,000	4,182,000	1,533,000	36.7%	See Note 2 **
<u>Non-Cash Charges (GAAP Basis):</u>					
Less: Depreciation	4,356,000	4,319,000	(37,000)	-0.9%	
Amortization	(147,000)	(187,000)	(40,000)	21.4%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	829,000	1,783,000	954,000	53.5%	
Total Non-Cash Charges	5,038,000	5,915,000	877,000	14.8%	
Add: Bond Principal Payments	3,127,000	3,127,000	-	0.0%	
Net GAAP Income	3,804,000	1,394,000	2,410,000	172.9%	

Debt Service Coverage Ratio (Cash Basis)	2.47	2.09	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 2018 Adopted Capital Budget</u>	<u>Total Budgeted for Year</u>	
Funds Available from 2018 O&M Budget	\$ 16,559,397	
Other Resources: Cash Restricted for Future Construction	\$ 20,427,891	
	\$ 36,987,288	Total Capital Budgeted for 2018

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

