



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

June 28, 2018

To: Commissioners Schad and Carney

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

Subject: Monthly Financial Report – May 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 May, 2018:

Total actual operating revenue, \$6,350,000, was less than the budget of \$6,436,000, by \$86,000, or, 1.3%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$3,092,000	\$3,273,000	\$(181,000)
Commercial	705,000	661,000	44,000
Industrial	169,000	154,000	15,000
Public Authorities	232,000	219,000	13,000
Public Fire Protection	312,000	314,000	(2,000)
Sales to Other Utilities	357,000	329,000	28,000
Infrastructure Inv Charge	1,315,000	1,322,000	(7,000)
Other Water Revenues	168,000	164,000	4,000

Operating Revenue: Year-to-date at May 31, 2018:

Total actual year-to-date operating revenue, \$30,041,000, was less than the budget of \$30,361,000, by \$320,000, or, 1.1%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$14,838,000	\$15,271,000	\$(433,000)
Commercial	3,069,000	2,998,000	71,000
Industrial	806,000	747,000	59,000
Public Authorities	911,000	976,000	(65,000)
Public Fire Protection	1,547,000	1,570,000	(23,000)
Sales To Other Utilities	1,655,000	1,584,000	71,000
Infrastructure Inv Charge	6,396,000	6,426,000	(30,000)
Other Water Revenues	819,000	789,000	30,000

Operating Expense: Year-to-date at May 31, 2018:

Total actual year-to-date operating expense, \$18,130,000, came in under the budget of \$20,472,000, by \$2,342,000, or, 11.4%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$10,407,000	\$11,276,000	\$869,000
Overtime*	863,000	837,000	(26,000)
Chemicals Purchased	253,000	434,000	181,000
Power Purchased	1,406,000	1,632,000	226,000
Materials and Supplies	622,000	731,000	109,000
Transportation	477,000	495,000	18,000
Other Public Utilities	307,000	323,000	16,000
Insurance and Damages	1,323,000	1,179,000	(144,000)
Special Services	108,000	166,000	58,000
Payments to Contractors	2,931,000	3,685,000	754,000
Equip. Maint. Contracts	191,000	295,000	104,000
Administrative Credits	(399,000)	(674,000)	(275,000)

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

4.) Net Income:**

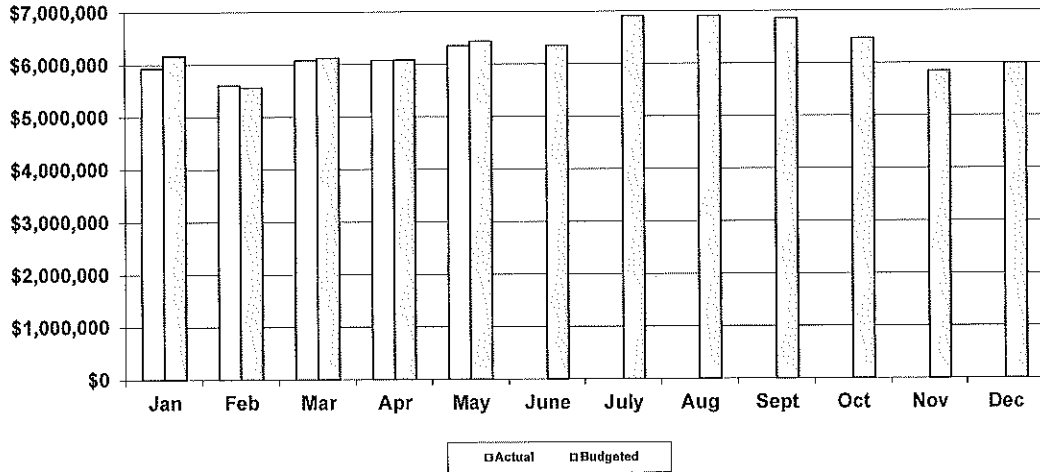
	<u>2018</u>	<u>2017</u>
Month of May:	\$1,802,000	\$1,193,000
Year-to-date at May 31:	\$5,605,000	\$5,421,000

Attached are charts showing actual revenues and expenses for the first five months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through May 31, 2018.

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

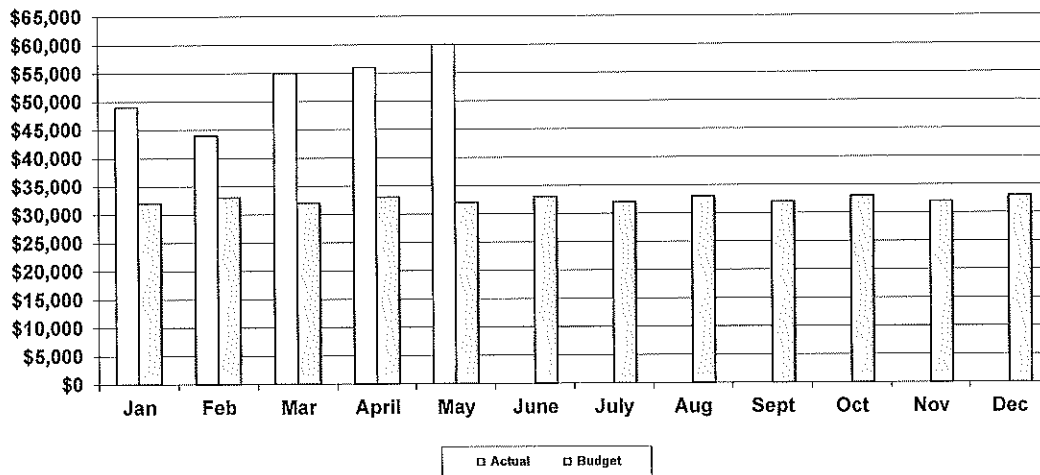
cc: R. Lichtenthal

**2018 Operating Revenue
Actual to Budget**



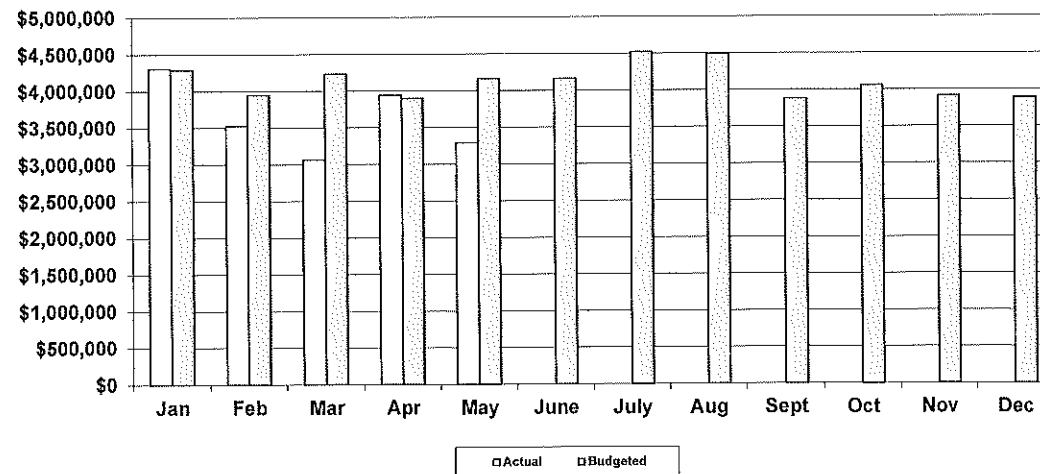
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$5,929,000	\$5,606,000	\$6,077,000	\$6,079,000	\$6,350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$6,168,000	\$5,556,000	\$6,118,000	\$6,083,000	\$6,436,000	\$8,355,000	\$6,916,000	\$6,910,000	\$6,859,000	\$8,475,000	\$5,846,000	\$5,996,000

**2018 Investment Income
Actual to Budget**



	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$49,000	\$44,000	\$55,000	\$56,000	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000	\$32,000	\$33,000

**2018 Operating Expense
Actual to Budget**



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$4,307,000	\$3,526,000	\$3,065,000	\$3,842,000	\$3,291,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budgeted	\$4,290,000	\$3,950,000	\$4,232,000	\$3,900,000	\$4,165,000	\$4,163,000	\$4,522,000	\$4,492,000	\$3,878,000	\$4,060,000	\$3,912,000	\$3,889,000

**Financial Statement Analysis
through month ending May 31, 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	30,041,000	30,361,000	(320,000)	-1.1%
Operating Expense:	18,130,000	20,472,000	2,342,000	11.4%
Net Operating Income	11,911,000	9,889,000	2,022,000	20.4%
Other Income: Interest on Investments	265,000	162,000	103,000	63.6%
Misc Non-Operating Revenue	330,000	206,000	124,000	60.2%
Income Deductions - Interest During Const.	85,000	-	85,000	0.0%
Net Income Before Debt Service and Non-Cash Charges	12,591,000	10,257,000	2,334,000	22.8%
Debt Service: Bond Interest Payments	687,000	688,000	1,000	
Bond Principal Payments	3,908,000	3,908,000	-	
Net Funds Available for Capital Budget	7,996,000	5,661,000	2,335,000	41.2%
Non-Cash Charges (GAAP Basis):				
Less: Depreciation	5,446,000	5,399,000	(47,000)	-0.9%
Amortization	(184,000)	(233,000)	(49,000)	21.0%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	1,037,000	2,228,000	1,191,000	53.5%
Total Non-Cash Charges	6,299,000	7,394,000	1,095,000	14.8%
Add: Bond Principal Payments	3,908,000	3,908,000	-	0.0%
Net GAAP Income	5,605,000	2,175,000	3,430,000	157.7%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	2.65	2.19	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)