



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

July 16, 2018

To: Commissioners Schad and Carney

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

Subject: Monthly Financial Report – June 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 June, 2018:

Total actual operating revenue, \$6,345,000, was less than the budget of \$6,355,000, by \$10,000, or, 0.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$3,178,000	\$3,163,000	\$15,000
Commercial	652,000	687,000	(35,000)
Industrial	161,000	170,000	(9,000)
Public Authorities	206,000	223,000	(17,000)
Public Fire Protection	309,000	314,000	(5,000)
Sales to Other Utilities	390,000	363,000	27,000
Infrastructure Inv Charge	1,277,000	1,283,000	(6,000)
Other Water Revenues	172,000	152,000	20,000

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

Total actual year-to-date operating revenue, \$36,386,000, was less than the budget of \$36,716,000, by \$330,000, or, 0.9%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$18,017,000	\$18,433,000	\$(416,000)
Commercial	3,721,000	3,685,000	36,000
Industrial	967,000	937,000	30,000
Public Authorities	1,117,000	1,199,000	(82,000)
Public Fire Protection	1,855,000	1,883,000	(28,000)
Sales To Other Utilities	2,046,000	1,947,000	99,000
Infrastructure Inv Charge	7,673,000	7,709,000	(36,000)
Other Water Revenues	990,000	923,000	67,000

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

Total actual year-to-date operating expense, \$21,518,000, came in under the budget of \$24,645,000, by \$3,127,000, or, 12.7%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$12,402,000	\$13,439,000	\$1,037,000
Overtime*	1,012,000	967,000	(45,000)
Chemicals Purchased	315,000	520,000	205,000
Power Purchased	1,740,000	1,976,000	236,000
Materials and Supplies	830,000	918,000	88,000
Transportation	573,000	594,000	21,000
Other Public Utilities	334,000	372,000	38,000
Insurance and Damages	1,488,000	1,415,000	(73,000)
Special Services	118,000	196,000	78,000
Payments to Contractors	3,446,000	4,627,000	1,181,000
Equip. Maint. Contracts	273,000	334,000	61,000
Administrative Credits	(568,000)	(897,000)	(329,000)

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

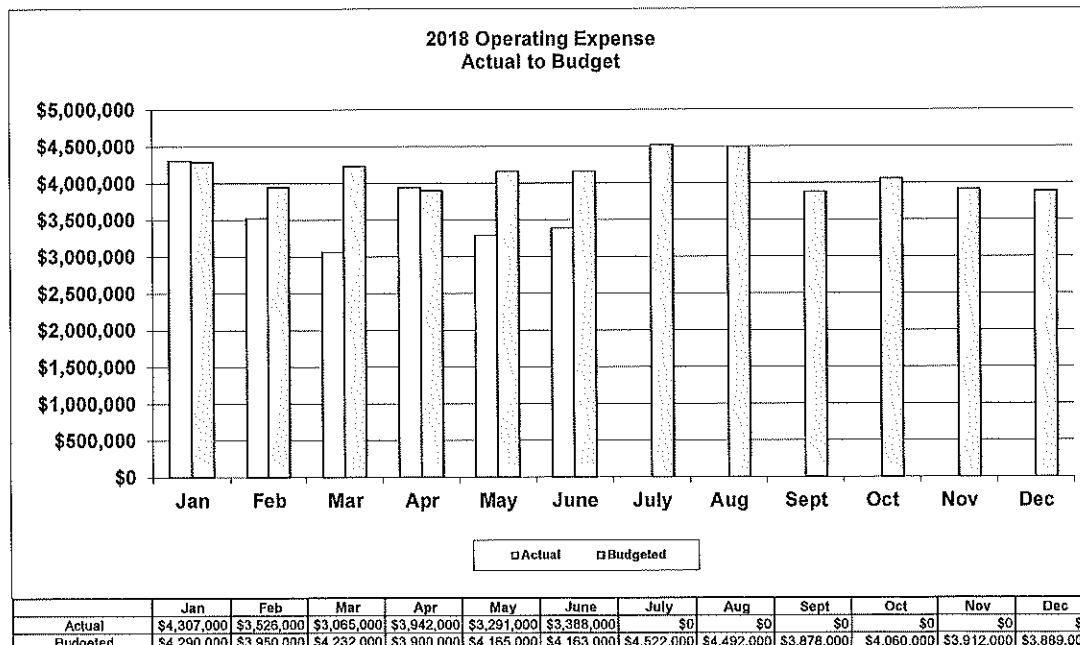
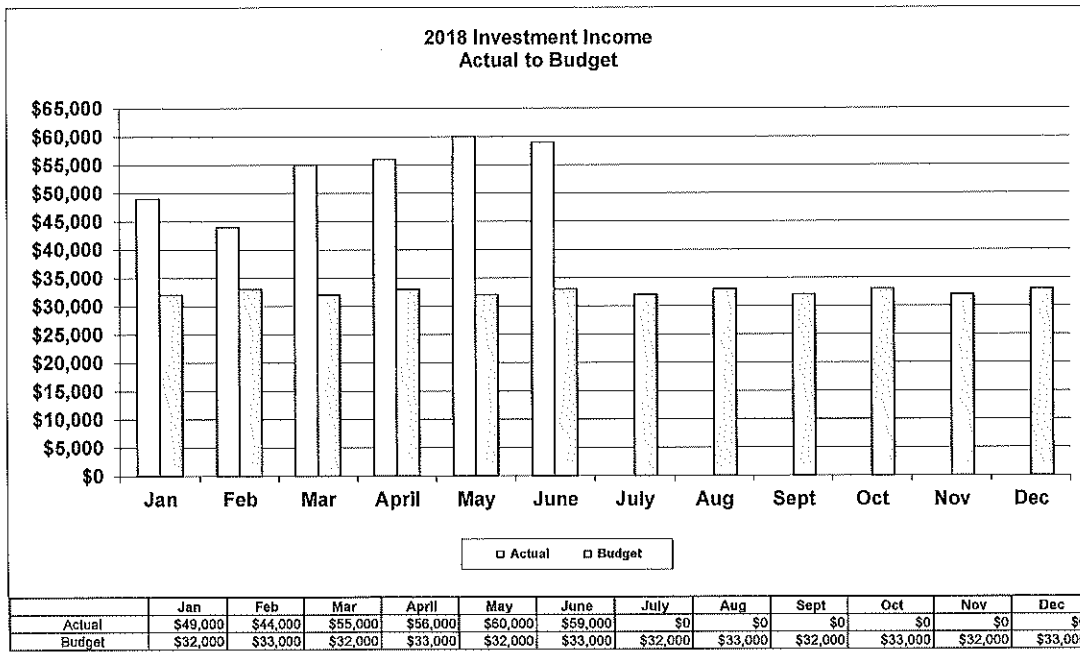
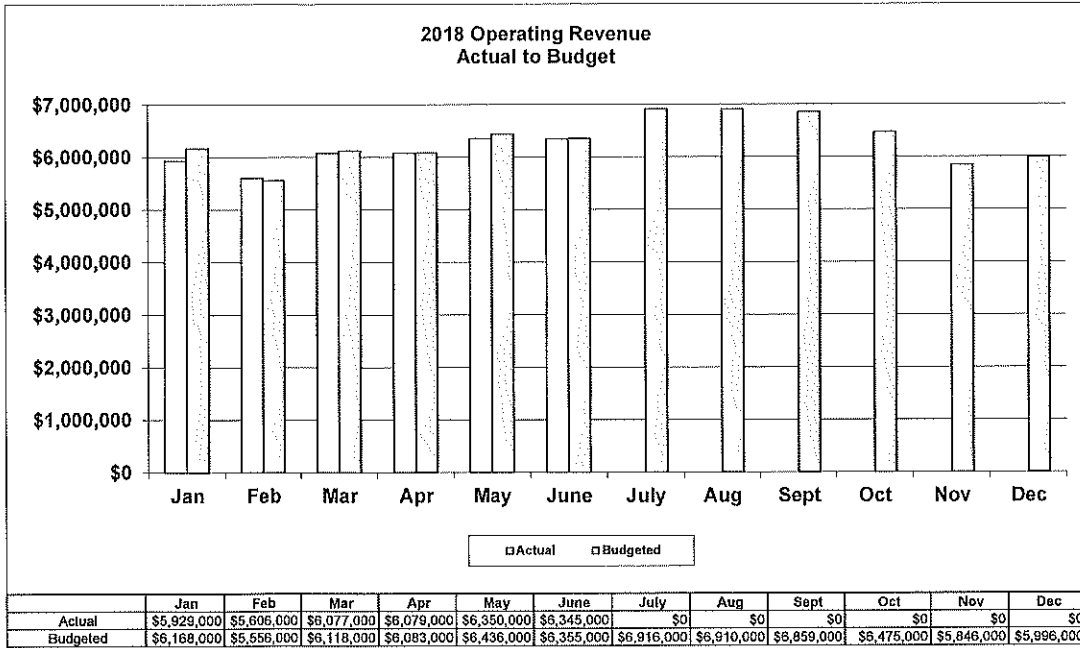
4.) Net Income:**

	<u>2018</u>	<u>2017</u>
Month of June:	\$1,703,000	\$1,052,000
Year-to-date at June 30:	\$7,307,000	\$6,473,000

Attached are charts showing actual revenues and expenses for the first six months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through June 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 June 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	36,386,000	36,716,000	(330,000)	-0.9%
Operating Expense:	21,518,000	24,645,000	3,127,000	12.7%
Net Operating Income	14,868,000	12,071,000	2,797,000	23.2%
Other Income: Interest on Investments	324,000	195,000	129,000	66.2%
Misc Non-Operating Revenue	400,000	248,000	152,000	61.3%
Income Deductions - Interest During Const.	105,000	-	105,000	0.0%
Net Income Before Debt Service and Non-Cash Charges	15,697,000	12,514,000	3,183,000	25.4%
Debt Service: Bond Interest Payments	832,000	832,000	-	
Bond Principal Payments	4,690,000	4,690,000	-	
Net Funds Available for Capital Budget	10,175,000	6,992,000	3,183,000	45.5%
<u>Non-Cash Charges (GAAP Basis):</u>				
Less: Depreciation	6,534,000	6,478,000	(56,000)	-0.9%
Amortization	(221,000)	(280,000)	(59,000)	21.1%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	1,244,000	2,674,000	1,430,000	53.5%
Total Non-Cash Charges	7,557,000	8,872,000	1,315,000	14.8%
Add: Bond Principal Payments	4,690,000	4,690,000	-	0.0%
Net GAAP Income	7,308,000	2,810,000	4,498,000	160.1%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	2.75	2.22	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 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)