



ERIE COUNTY WATER AUTHORITY
INTEROFFICE MEMORANDUM

August 8, 2018

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – July 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 July, 2018:

Total actual operating revenue, \$7,178,000, was greater than the budget of \$6,916,000, by \$262,000, or, 3.8%.

Category	Actual	Budget	Better than Budget <u>(Worse than Budget)</u>
Residential	\$3,630,000	\$3,590,000	\$40,000
Commercial	788,000	737,000	51,000
Industrial	271,000	178,000	93,000
Public Authorities	244,000	219,000	25,000
Public Fire Protection	312,000	314,000	(2,000)
Sales to Other Utilities	478,000	396,000	82,000
Infrastructure Inv Charge	1,313,000	1,317,000	(4,000)
Other Water Revenues	142,000	165,000	(23,000)

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

Total actual year-to-date operating revenue, \$43,565,000, was less than the budget of \$43,632,000, by \$67,000, or, 0.2%.

Category	Actual	Budget	Better than Budget <u>(Worse than Budget)</u>
Residential	\$21,646,000	\$22,024,000	\$(378,000)
Commercial	4,510,000	4,422,000	88,000
Industrial	1,238,000	1,115,000	123,000
Public Authorities	1,361,000	1,417,000	(56,000)
Public Fire Protection	2,167,000	2,197,000	(30,000)
Sales To Other Utilities	2,523,000	2,343,000	180,000
Infrastructure Inv Charge	8,986,000	9,026,000	(40,000)
Other Water Revenues	1,134,000	1088,000	46,000

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

Total actual investment income, \$68,000, was greater than the budget of \$32,000, by \$36,000 or, 112.5%.

Investment Income: Year-to-date at July 31, 2018:

Total actual year-to-date investment income, \$392,000, was greater than the budget of \$227,000, by \$165,000, or, 72.7%.

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

Total actual operating expense, \$4,342,000, came in under the budget of \$4,544,000, by \$202,000, or, 4.4%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,122,000	\$2,305,000	\$183,000
Overtime*	181,000	177,000	(4,000)
Chemicals Purchased	83,000	99,000	16,000
Power Purchased	540,000	456,000	(84,000)
Materials and Supplies	97,000	177,000	80,000
Transportation	96,000	99,000	3,000
Other Public Utilities	61,000	63,000	2,000
Insurance and Damages ¹	519,000	236,000	(283,000)
Special Services	22,000	24,000	2,000
Payments to Contractors	711,000	1,117,000	406,000
Equip. Maint. Contracts	31,000	50,000	19,000
Administrative Credits	(298,000)	(274,000)	24,000

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

¹ A related credit of \$271,581 will post in August

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

Total actual year-to-date operating expense, \$25,859,000, came in under the budget of \$29,170,000, by \$3,311,000, or, 11.4%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$14,524,000	\$15,745,000	\$1,221,000
Overtime*	1,193,000	1,144,000	(49,000)
Chemicals Purchased	398,000	599,000	201,000
Power Purchased	2,280,000	2,432,000	152,000
Materials and Supplies	927,000	1,095,000	168,000
Transportation	669,000	693,000	24,000
Other Public Utilities	395,000	438,000	43,000
Insurance and Damages ²	2,007,000	1,651,000	(356,000)
Special Services	140,000	220,000	80,000
Payments to Contractors	4,158,000	5,745,000	1,587,000
Equip. Maint. Contracts	303,000	384,000	81,000
Administrative Credits	(866,000)	(1,171,000)	(305,000)

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

² A credit of \$271,581 will post in August; adjusted YTD actual cost is \$1,735,419 with a variance of \$(84,419)

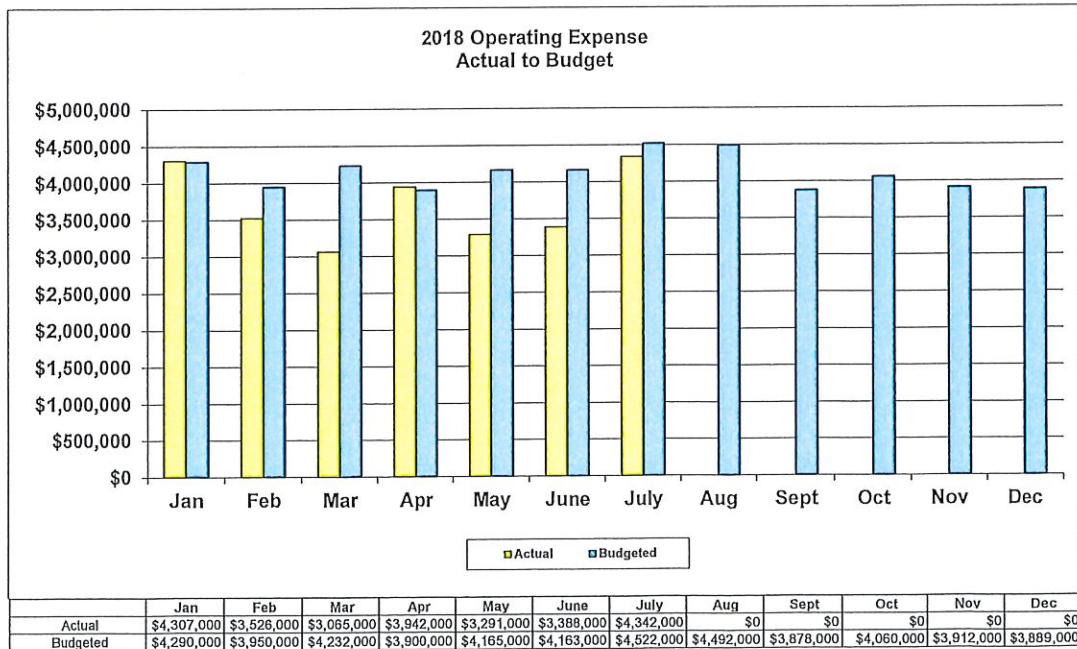
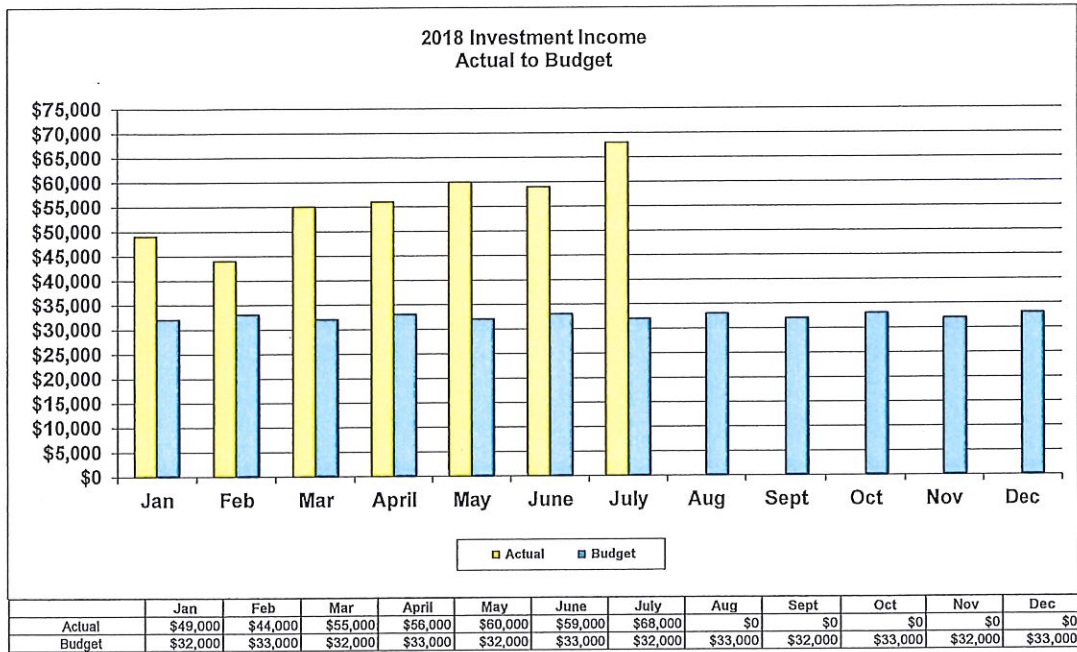
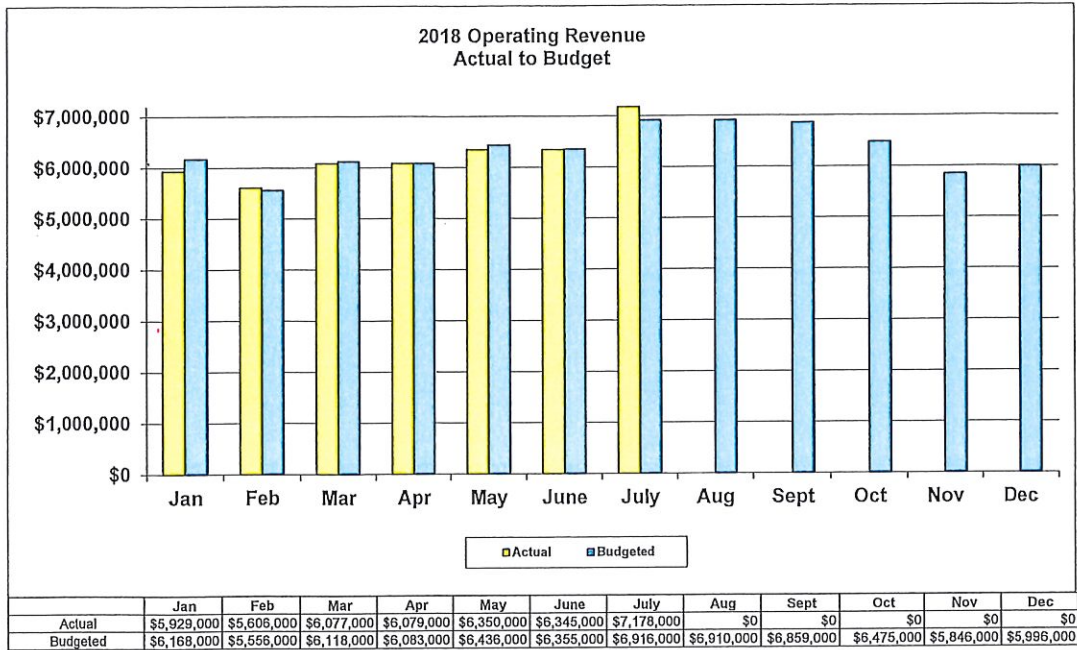
4.) Net Income:**

	<u>2018</u>	<u>2017</u>
Month of July:	\$1,594,000	\$2,039,000
Year-to-date at July 31:	\$8,901,000	\$8,512,000

Attached are charts showing actual revenues and expenses for the first seven months of this year, budgeted expectations for the remainder of the year, as well as a “number-based” financial statement analysis through July 31, 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 July 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	43,565,000	43,632,000	(67,000)	-0.2%
Operating Expense:	25,859,000	29,170,000	3,311,000	11.4%
Net Operating Income	17,706,000	14,462,000	3,244,000	22.4%
Other Income: Interest on Investments	392,000	227,000	165,000	72.7%
Misc Non-Operating Revenue	463,000	289,000	174,000	60.2%
Income Deductions - Interest During Const.	127,000	-	127,000	0.0%
Net Income Before Debt Service and Non-Cash Charges	18,688,000	14,978,000	3,710,000	24.8%
Debt Service: Bond Interest Payments	970,000	952,000	(18,000)	
Bond Principal Payments	5,473,000	5,473,000	-	
Net Funds Available for Capital Budget	12,245,000	8,553,000	3,692,000	43.2%
<u>Non-Cash Charges (GAAP Basis):</u>				
Less: Depreciation	7,623,000	7,558,000	(65,000)	-0.9%
Amortization	(259,000)	(326,000)	(67,000)	20.6%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	1,452,000	3,120,000	1,668,000	53.5%
Total Non-Cash Charges	8,816,000	10,352,000	1,536,000	14.8%
Add: Bond Principal Payments	5,473,000	5,473,000	-	0.0%
Net GAAP Income	8,902,000	3,674,000	5,228,000	142.3%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	2.81	2.29	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)