



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

December 14, 2018

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – November 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 November, 2018:

Total actual operating revenue, \$6,158,000, was greater than the budget of \$5,846,000, by \$312,000, or, 5.3%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <i>(Worse than Budget)</i>
Residential	\$3,115,000	\$2,880,000	\$235,000
Commercial	627,000	575,000	52,000
Industrial	159,000	151,000	8,000
Public Authorities	237,000	218,000	19,000
Public Fire Protection	312,000	314,000	<i>(2,000)</i>
Sales to Other Utilities	270,000	275,000	<i>(5,000)</i>
Infrastructure Inv Charge	1,271,000	1,278,000	<i>(7,000)</i>
Other Water Revenues	167,000	155,000	12,000

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

Total actual year-to-date operating revenue, \$71,019,000, was greater than the budget of \$69,722,000, by \$1,297,000, or, 1.9%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	Better than Budget <i>(Worse than Budget)</i>
Residential	\$35,896,000	\$35,277,000	\$619,000
Commercial	7,482,000	7,224,000	258,000
Industrial	1,950,000	1,795,000	155,000
Public Authorities	2,343,000	2,343,000	-
Public Fire Protection	3,414,000	3,453,000	<i>(39,000)</i>
Sales To Other Utilities	3,936,000	3,676,000	260,000
Infrastructure Inv Charge	14,162,000	14,222,000	<i>(60,000)</i>
Other Water Revenues	1,836,000	1,732,000	104,000

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

Total actual investment income, \$119,000, was greater than the budget of \$32,000, by \$87,000 or, 271.9%.

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

Total actual year-to-date investment income, \$849,000, was greater than the budget of \$357,000, by \$492,000, or, 137.8%.

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

Total actual operating expense, \$2,981,000, came in under the budget of \$3,945,000, by \$964,000, or, 24.4%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$2,020,000	\$2,307,000	\$287,000
Overtime*	163,000	178,000	15,000
Chemicals Purchased	87,000	73,000	(14,000)
Power Purchased	227,000	232,000	5,000
Materials and Supplies	102,000	175,000	73,000
Transportation	96,000	99,000	3,000
Other Public Utilities	61,000	67,000	6,000
Insurance and Damages	146,000	236,000	90,000
Special Services	26,000	24,000	(2,000)
Payments to Contractors	261,000	848,000	587,000
Equip. Maint. Contracts	19,000	42,000	23,000
Administrative Credits	(139,000)	(340,000)	(201,000)

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

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

Total actual year-to-date operating expense, \$39,966,000, came in under the budget of \$45,518,000, by \$5,552,000, or, 12.2%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$22,670,000	\$24,932,000	\$2,262,000
Overtime*	1,884,000	1,819,000	(65,000)
Chemicals Purchased	755,000	919,000	164,000
Power Purchased	3,386,000	3,684,000	298,000
Materials and Supplies	1,465,000	1,846,000	381,000
Transportation	1,054,000	1,089,000	35,000
Other Public Utilities	590,000	681,000	91,000
Insurance and Damages	2,676,000	2,594,000	(82,000)
Special Services	210,000	315,000	105,000
Payments to Contractors	7,314,000	9,238,000	1,924,000
Equip. Maint. Contracts	397,000	553,000	156,000
Administrative Credits	(1,835,000)	(2,444,000)	(609,000)

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

4.) Net Income:**

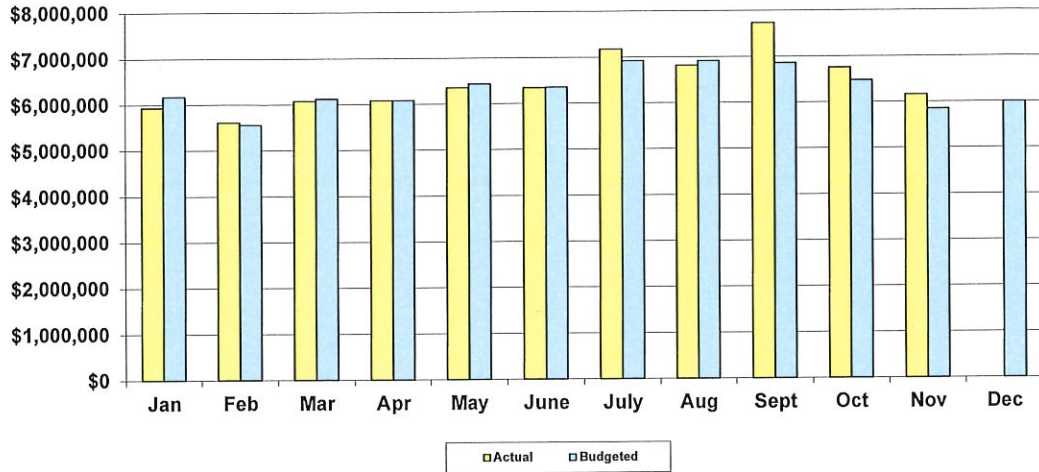
	<u>2018</u>	<u>2017</u>
Month of November:	\$1,780,000	\$512,000
Year-to-date at November 30:	\$17,093,000	\$7,214,000

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

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

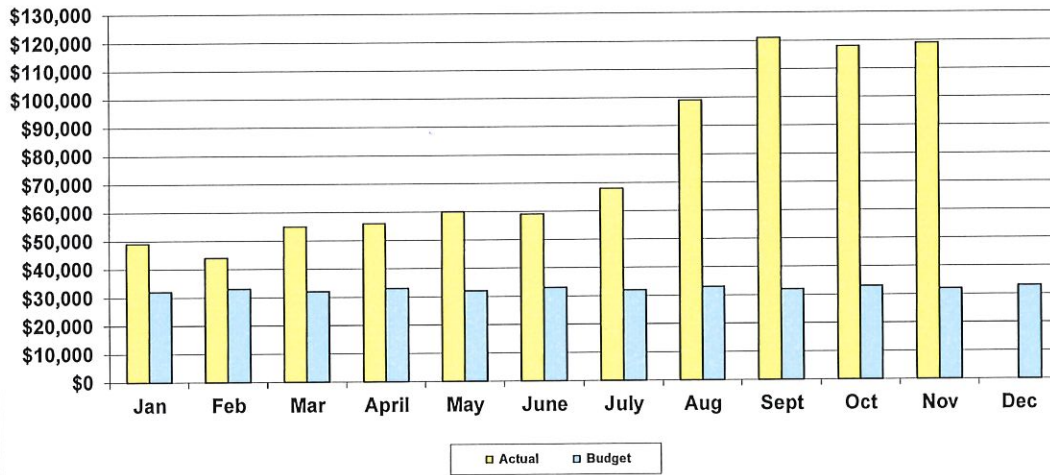
cc: R. Lichtenthal

**2018 Operating Revenue
Actual to Budget**



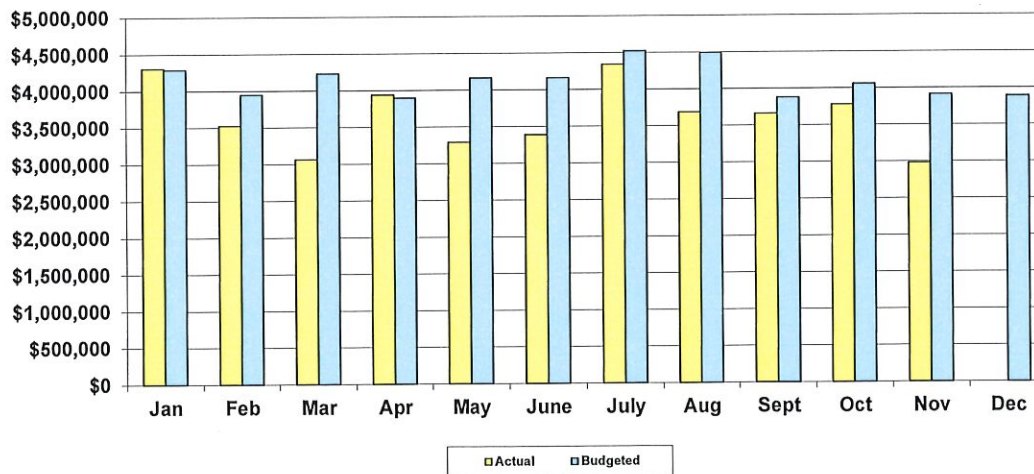
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$5,929,000	\$5,606,000	\$6,077,000	\$6,079,000	\$6,350,000	\$6,345,000	\$7,178,000	\$6,811,000	\$7,733,000	\$6,753,000	\$6,158,000	\$0
Budgeted	\$6,168,000	\$5,556,000	\$6,118,000	\$6,083,000	\$6,436,000	\$6,355,000	\$6,916,000	\$6,910,000	\$6,859,000	\$6,475,000	\$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	\$59,000	\$68,000	\$99,000	\$121,000	\$118,000	\$119,000	\$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	\$3,942,000	\$3,291,000	\$3,388,000	\$4,342,000	\$3,685,000	\$3,662,000	\$3,778,000	\$2,981,000	\$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 November 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	71,019,000	69,722,000	1,297,000	1.9%
Operating Expense:	39,966,000	45,518,000	5,552,000	12.2%
Net Operating Income	31,053,000	24,204,000	6,849,000	28.3%
Other Income: Interest on Investments	849,000	357,000	492,000	137.8%
Misc Non-Operating Revenue	682,000	454,000	228,000	50.2%
Income Deductions - Interest During Const.	245,000	-	245,000	0.0%
Net Income Before Debt Service and Non-Cash Charges	32,829,000	25,015,000	7,814,000	31.2%
Debt Service: Bond Interest Payments	1,939,000	1,535,000	(404,000)	
Bond Principal Payments	8,615,000	8,615,000	-	
Net Funds Available for Capital Budget	22,275,000	14,865,000	7,410,000	49.8%
Non-Cash Charges (GAAP Basis):				
Less: Depreciation	11,957,000	11,877,000	(80,000)	-0.7%
Amortization	(440,000)	(513,000)	(73,000)	14.2%
Other Interest Charges	-	-	-	0.0%
OPEB Expense	2,281,000	4,902,000	2,621,000	53.5%
Total Non-Cash Charges	13,798,000	16,266,000	2,468,000	15.2%
Add: Bond Principal Payments	8,615,000	8,615,000	-	0.0%
Net GAAP Income	17,092,000	7,214,000	9,878,000	136.9%

See Note 1 *

See Note 2 **

Debt Service Coverage Ratio (Cash Basis)	3.02	2.42	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)