



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

January 29, 2019

To: Commissioners Schad, Carney and Jones

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

Subject: Monthly Financial Report – December 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 December, 2018:

Total actual operating revenue, \$6,010,000, was greater than the budget of \$5,996,000, by \$14,000, or, 0.2%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$2,861,000	\$2,918,000	\$(57,000)
Commercial	606,000	601,000	5,000
Industrial	171,000	155,000	16,000
Public Authorities	211,000	203,000	8,000
Public Fire Protection	342,000	315,000	27,000
Sales to Other Utilities	330,000	318,000	12,000
Infrastructure Inv Charge	1,317,000	1,326,000	(9,000)
Other Water Revenues	172,000	160,000	12,000

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

Total actual year-to-date operating revenue, \$77,030,000, was greater than the budget of \$75,718,000, by \$1,312,000, or, 1.7%.

Category	Actual	Budget	Better than Budget (Worse than Budget)
Residential	\$38,757,000	\$38,196,000	\$561,000
Commercial	8,088,000	7,825,000	263,000
Industrial	2,121,000	1,950,000	171,000
Public Authorities	2,553,000	2,546,000	7,000
Public Fire Protection	3,757,000	3,768,000	(11,000)
Sales To Other Utilities	4,266,000	3,994,000	272,000
Infrastructure Inv Charge	15,480,000	15,549,000	(69,000)
Other Water Revenues	2,008,000	1,890,000	118,000

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

Total actual investment income, \$100,000, was greater than the budget of \$33,000, by \$67,000 or, 203.0%.

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

Total actual year-to-date investment income, \$949,000, was greater than the budget of \$390,000, by \$559,000, or, 143.3%.

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

Total actual operating expense, \$3,775,000, came in under the budget of \$4,581,000, by \$806,000, or, 17.6%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$4,010,000	\$2,184,000	\$(1,826,000)
Overtime*	211,000	151,000	(60,000)
Chemicals Purchased	98,000	100,000	2,000
Power Purchased	316,000	310,000	(6,000)
Materials and Supplies	149,000	217,000	68,000
Transportation	(49,000)	99,000	148,000
Other Public Utilities	74,000	97,000	23,000
Insurance and Damages	(1,930,000)	357,000	2,287,000
Special Services	44,000	30,000	(14,000)
Payments to Contractors	1,304,000	1,507,000	203,000
Equip. Maint. Contracts	43,000	71,000	28,000
Administrative Credits	(417,000)	(566,000)	(149,000)

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

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

Total actual year-to-date operating expense, \$43,740,000, came in under the budget of \$49,453,000, by \$5,713,000, or, 11.6%.

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Better than Budget (Worse than Budget)</u>
Salaries, Wages, and Fringes	\$26,680,000	\$27,116,000	\$436,000
Overtime*	2,096,000	1,970,000	(126,000)
Chemicals Purchased	852,000	968,000	116,000
Power Purchased	3,702,000	3,926,000	224,000
Materials and Supplies	1,614,000	1,926,000	312,000
Transportation	1,006,000	1,189,000	183,000
Other Public Utilities	665,000	778,000	113,000
Insurance and Damages	747,000	2,951,000	2,204,000
Special Services	254,000	341,000	87,000
Payments to Contractors	8,617,000	10,493,000	1,876,000
Equip. Maint. Contracts	440,000	624,000	184,000
Administrative Credits	(2,253,000)	(3,010,000)	(757,000)

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

4.) Net Income:**

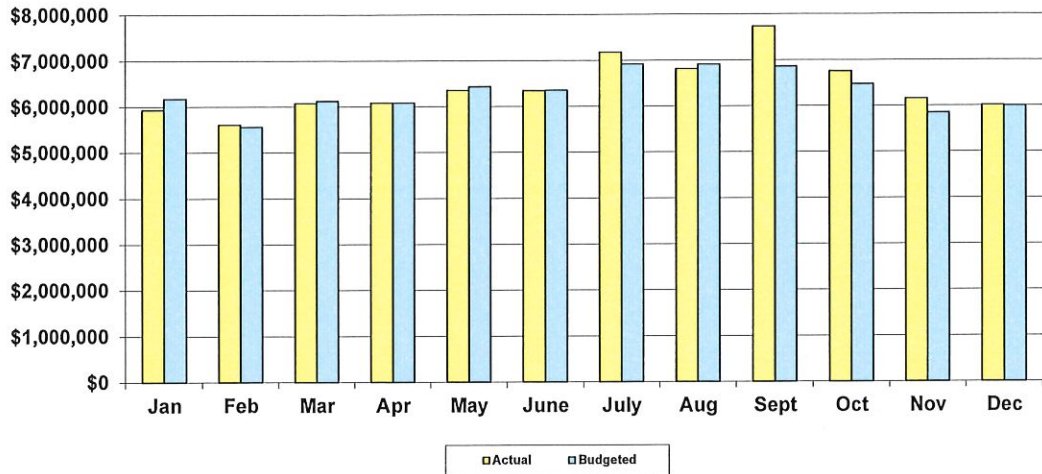
	<u>2018</u>	<u>2017</u>
Month of December:	\$15,000	\$(322,000)
Year-to-date at December 31:	\$17,108,000	\$12,784,000

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

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

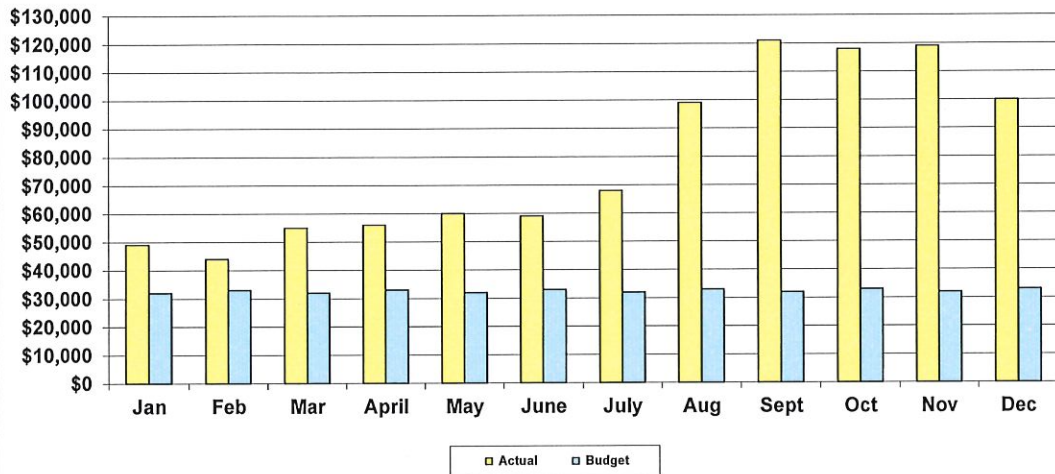
cc: R. Lichtenthal

**2018 Operating Revenue
Actual to Budget**



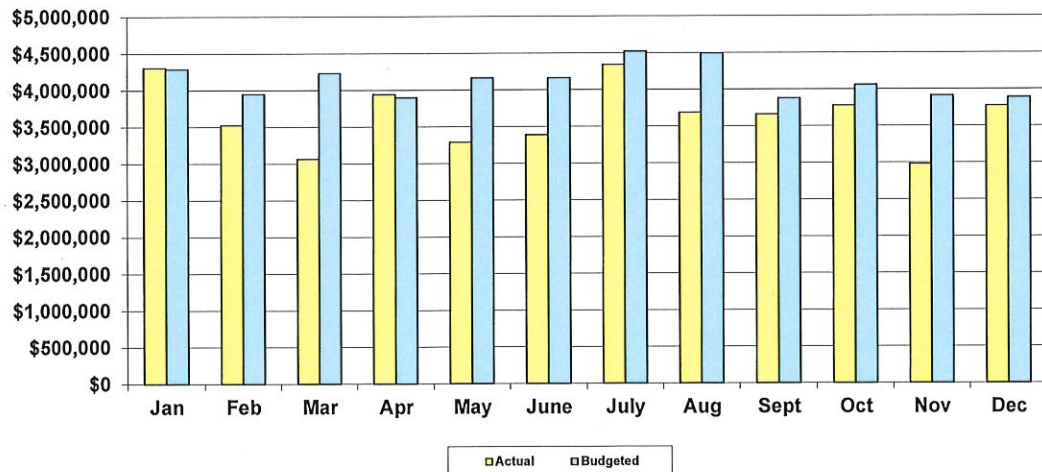
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Actual	\$5,929,000	\$5,606,000	\$6,077,000	\$6,079,000	\$6,350,000	\$6,345,000	\$7,178,000	\$6,811,000	\$7,733,000	\$6,753,000	\$6,158,000	\$6,010,000
Budgeted	\$6,168,000	\$5,556,000	\$6,118,000	\$6,083,000	\$6,436,000	\$6,355,000	\$6,916,000	\$6,910,000	\$6,859,000	\$6,475,000	\$5,846,000	\$5,998,000

**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	\$100,000
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	\$3,775,000
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 December 31, 2018

Cash Charges:	Actual Amount	Budget Amount	Variance from Budget	Variance as % of Budget	
Operating Revenue	77,030,000	75,718,000	1,312,000	1.7%	
Operating Expense:	43,740,000	49,453,000	5,713,000	11.6%	
Net Operating Income	33,290,000	26,265,000	7,025,000	26.7%	
Other Income: Interest on Investments	949,000	390,000	559,000	143.3%	
Misc Non-Operating Revenue	2,077,000	495,000	1,582,000	319.6%	
Income Deductions - Interest During Const.	145,000	-	145,000	0.0%	
Net Income Before Debt Service and Non-Cash Charges	36,461,000	27,150,000	9,311,000	34.3%	
Debt Service: Bond Interest Payments	2,152,000	1,652,000	(500,000)		See Note 1 *
Bond Principal Payments	8,940,000	8,940,000	-		
Net Funds Available for Capital Budget	25,369,000	16,558,000	8,811,000	53.2%	See Note 2 **
Non-Cash Charges (GAAP Basis):					
Less: Depreciation	13,039,000	12,962,000	(77,000)	-0.6%	
Amortization	(460,000)	(560,000)	(100,000)	17.9%	
Other Interest Charges	-	-	-	0.0%	
OPEB Expense	4,622,000	5,350,000	728,000	13.6%	
Total Non-Cash Charges	17,201,000	17,752,000	551,000	3.1%	
Add: Bond Principal Payments	8,940,000	8,940,000	-	0.0%	
Net GAAP Income	17,108,000	7,746,000	9,362,000	120.9%	
Debt Service Coverage Ratio (Cash Basis)	3.09	2.52	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)