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Erie County Water Authority

295 Main Street, Rm. 350 • Buffalo, NY 14203-2494
716-849-8484 • Fax 716-849-8467

January 31, 2013

Mr. Robert M. Graber
Clerk of the Legislature
Erie County Legislature
92 Franklin Street
Buffalo, NY 14202

Dear Mr. Graber:

Article Five (5), Section 1070 of the Public Authorities Law provides, in part, that the Erie County Water Authority (ECWA) shall submit a detailed financial report for the preceding fiscal year.

In compliance with aforementioned statutory provision, please find a copy of ECWA's **unaudited** comparative financial statements for the years ended December 31, 2012 and 2011.

The information contained in the financial statements is subject to audit by ECWA's independent accountants. Also, disclosure requirements will be met in the audited financial report.

When the audited financial report is issued, a copy of same will be forwarded to you.

Very truly yours,

ERIE COUNTY WATER AUTHORITY

Robert J. Lichtenthal, Jr.
Deputy Director

RJL:ajp
Enclosure

ERIE COUNTY WATER AUTHORITY

Unaudited

Comparative Financial Statements

For the Years Ended

December 2012 And 2011

ERIE COUNTY WATER AUTHORITY
Financial Statements
Unaudited

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ERIE COUNTY WATER AUTHORITY
Balance Sheet
Unaudited

	Dec 31, 2012	Dec 31, 2011
ASSETS:		
Water plant, net	348,725,271	347,171,723
Invested Reserve Fund		
Future construction	25,106,338	10,587,147
Debt service reserve	9,594,811	9,594,858
Debt service fund (at amortized cost)	2,355,696	1,655,310
Sick Pay	0	1,854,429
Customer Deposits	795,183	993,022
Mark to Market	58	0
	386,577,357	371,856,489
Current Assets:		
Cash and cash equivalents	19,198,960	17,141,131
Customers' accounts receivable, less allowance for doubtful accounts of $315,551 and $693,532	4,595,227	4,285,295
Interest receivable and other assets	7,956,441	7,136,175
Materials and Supplies	2,159,253	2,255,430
Total current assets:	33,909,881	30,818,031
Unamortized bond discount and expense	0	4,254,875
Long-term investment	549,983	549,983
	421,037,221	407,479,378
CAPITALIZATION AND LIABILITIES		
Capitalization		
Earnings reinvested in the business	231,800,206	228,957,109
Contributions in aid of construction	62,663,489	60,778,679
Total equity:	294,463,696	289,735,788
Water Revenue Bonds - long term	85,760,405	81,412,640
Total capitalization:	380,224,101	371,148,428
Current liabilities		
Accounts Payable	4,810,812	4,704,738
Water revenue bonds - current	7,850,000	6,485,000
Interest and other accrued liabilities	3,718,693	4,669,841
Construction retentions	677,269	359,169
Total current liabilities:	17,056,774	16,218,748
Accrued sick pay	2,991,364	1,854,429
Long Term OPEB Liability	20,491,564	17,830,816
Advances for construction	273,418	426,957
	421,037,221	407,479,378

ERIE COUNTY WATER AUTHORITY
Comparative Income Statement
Unaudited

	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011
Operating Revenue		
Residential	38,069,148	35,663,644
Commercial	7,482,928	6,866,248
Industrial	1,651,835	1,549,584
Public Authorities	2,255,872	2,015,272
Unmetered Fire Protection	561,891	552,183
Public Fire Protection	3,454,042	3,350,972
Sales to Other Utilities	5,206,479	5,086,522
Misc Water Revenues	178,282	176,277
Other Water Revenues	742,914	745,867
Summer Surcharge	1,451,398	942,554
Infrastructure Inv Charge	3,841,349	1,901,758
Account Origination Fees	109,737	105,252
Total Operating Revenue	65,005,874	58,956,132
Operating Revenue Deductions		
Sturgeon Point Plant	4,660,963	5,109,129
Van De Water Plant	3,045,597	3,027,128
Control Operations	3,198,661	3,082,828
Instrumentation	958,604	776,045
Water Quality Assurance	1,216,028	1,219,099
Maintenance Unit	641,769	613,015
Line Maintenance	5,299,930	4,700,516
UFPO	429,631	461,280
Hydrants and Valves	1,738,966	1,682,197
Meter Shop	893,046	1,794,460
Dispatch	453,741	454,580
Design	1,147,355	1,146,865
Construction	3,987,813	326,727
New Services	1,095,075	913,154
Restoration	2,071,935	2,064,512
Administrative	2,279,071-	2,433,994-
Budget	167,930	154,074
Central Purchasing	113,268	113,149
Stores	307,185	347,345
Information Services-Serv Cent	608,725	733,056
Facilities	396,477	656,868
Municipal Liasion	178,457	162,530
Comptroller	239,961	220,925
Accounting	650,265	625,310
Cash Management	397,802	298,843
Customer Service and Billing	2,078,428	2,165,275
Legal	678,883	439,650
Secretary to the Authority	275,801	248,645
Human Resources	650,021	609,674
Information Services-Ell Sq	293,106	260,182
Data Processing	1,635,490	1,509,683
Public Information	8,510	16,487
Members of the Authority	78,637	74,380

ERIE COUNTY WATER AUTHORITY
Comparative Income Statement
Unaudited

	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011
General Expenses	95,426	806,612
Total Operating Revenue Deductions	37,414,415	34,380,230
Net Operating Income	27,511,192	24,575,902
Other Income		
Interest on Investments	414,129	458,342
Misc. Non Operating Revenue	218,737	85,940
Tower Rents	538,936	487,231
Mark to Market Adjustment	58	82-
Total Other Income	1,171,860	1,031,432
Income Deductions		
Int. Charged to Const-credit	76,541-	174,317-
Total Income Deductions	76,541-	174,317-
Net Income Before Bond Interest & Non-Cash Charges	28,759,593	25,781,651
Bond Interest		
Phase 2 NYDWSRF Interest	201,579	210,414
Phase 2 NYDWSRF Int Subsidy	67,993-	70,702-
2003F NYDWSRF Interest	416,490	435,736
2003F NYDWSRF Int Subsidy	111,303-	119,192-
2007 FR Interest Expense	1,529,801	1,560,720
2008 Interest Expense	1,649,667	1,848,229
2011 Interest Expense	169,872	0
Total	3,788,112	3,865,205
Net Income Before Non-Cash Charges	24,971,481	21,916,445
Non-Cash Charges		
Depreciation of Water Plant	12,174,629	11,509,330
Amort. of Debt Disc & Expense	3,798,463	432,521
OPEB Expense	2,660,748	4,021,089
Total Non-Cash Charges	18,633,840	15,962,941
Net Income Before Extraordinary Loss	6,337,641	5,953,505
Special Item-Chg in Asset Life	3,494,544	0
Net Income After Extraordinary Loss	2,843,097	5,953,505

ERIE COUNTY WATER AUTHORITY
Statement of Cashflow
Unaudited

	Dec 31, 2012	Dec 31, 2011
Cash flows from operating activities		
Net Income	2,843,097	5,953,505
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	16,053,359	11,941,852
Interest expense, net	0	0
Allowance for funds used during construction	(76,541)	(174,317)
Change in:		
Debt service fund	(700,386)	(7,576)
Customer's accounts receivable	(309,932)	35,270
Materials and supplies	96,177	(138,216)
Other assets	(820,266)	(4,843,318)
Accounts Payable	106,074	(694,432)
Accrued retirement contributions	0	0
Construction retentions	318,100	(815,028)
Other liabilities	(951,147)	295,711
Sick pay accrual	1,136,936	(1,010)
Long Term OPEB Liability	2,660,748	4,021,089
Sick Pay	1,854,429	1,010
Customer Deposits	197,839	(60,840)
Net cash provided by operating activities	22,408,487	15,513,700
Cash flows from investing activities		
Proceeds from the sale or maturity of investments	20,050,416	24,347,431
Purchase of investments	(34,095,458)	(17,402,932)
Mark to Market	(58)	82
Cash Transfer for Investment	(474,102)	(55,879)
Additions to water plant, net of disposals	(13,651,636)	(18,883,934)
Net cash used for investing activities	(28,170,837)	(11,995,232)
Cash flows from capital and related financing activities		
Issuance of water revenue bonds	12,500,000	0
Repayment of water revenue bonds	(6,485,000)	(6,215,000)
Cost of bond issuance	73,909	0
Increase in contributions in aid of construction	1,884,811	985,232
Increase (Decrease) in advances for construction	(153,539)	(39,570)
Net cash used for capital and related financing activities	7,820,180	(5,269,338)
Net increase(decrease) in cash and cash equivalents	2,057,829	(1,750,870)
Cash and cash equivalents:		
Beginning of year	17,141,131	18,892,001
End of year	19,198,960	17,141,131