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Erie County Water Authority

350 Ellicott Square Building • 295 Main Street • Buffalo, NY 14203-2494
716-849-8484 • FAX 716-849-8467

January 31, 2014

Mr. Scott W. Kroll
Clerk of the Legislature
Erie County Legislature
92 Franklin Street
Buffalo, NY 14202

Dear Mr. Kroll:

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 the aforementioned statutory provision, please find a copy of ECWA's **unaudited** comparative financial statements for the years ended December 31, 2013 and 2012.

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

ERIE COUNTY WATER AUTHORITY
Balance Sheet
Unaudited

	Dec 31, 2013	Dec 31, 2012
ASSETS:		
Water plant, net	354,952,618	348,725,271
Invested Reserve Fund		
Future construction	16,764,040	25,106,338
Debt service reserve	8,903,355	9,594,811
Debt service fund (at amortized cost)	2,322,512	2,355,696
Customer Deposits	1,003,377	795,183
Mark to Market	75	58
	383,945,978	386,577,357
Current Assets:		
Cash and cash equivalents	22,710,032	19,198,960
Customers' accounts receivable, less allowance for doubtful accounts of $307,644 and $315,551	4,403,760	4,595,227
Interest receivable and other assets	8,979,809	7,956,441
Materials and Supplies	2,009,023	2,159,253
Total current assets:	38,102,624	33,909,881
Long-term investment	549,983	549,983
	422,598,585	421,037,221
CAPITALIZATION AND LIABILITIES		
Capitalization		
Earnings reinvested in the business	238,245,819	231,800,206
Contributions in aid of construction	64,056,026	62,663,489
Total equity:	302,301,845	294,463,696
Water Revenue Bonds - long term	76,581,553	85,760,405
Total capitalization:	378,883,398	380,224,101
Current liabilities		
Accounts Payable	4,298,660	4,810,812
Water revenue bonds - current	8,185,000	7,850,000
Interest and other accrued liabilities	3,889,750	3,718,693
Construction retentions	579,759	677,269
Total current liabilities:	16,953,168	17,056,774
Accrued sick pay	3,186,619	2,991,364
Long Term OPEB Liability	23,263,564	20,491,564
Advances for construction	311,835	273,418
	422,598,585	421,037,221

ERIE COUNTY WATER AUTHORITY
Comparative Income Statement
Unaudited

	Year Ended Dec 31, 2013	Year Ended Dec 31, 2012
Operating Revenue		
Residential	35,784,899	38,069,148
Commercial	7,245,844	7,482,928
Industrial	1,585,025	1,651,835
Public Authorities	2,147,079	2,255,872
Unmetered Fire Protection	581,854	561,891
Public Fire Protection	3,563,873	3,454,042
Sales to Other Utilities	4,275,543	5,206,479
Misc Water Revenues	207,063	178,282
Other Water Revenues	765,636	742,914
Summer Surcharge	786,579	1,451,398
Infrastructure Inv Charge	5,885,407	3,841,349
Account Origination Fees	124,215	109,737
Total Operating Revenue	62,953,017	65,005,874
Operating Revenue Deductions		
Sturgeon Point Plant	5,412,336	4,660,963
Van De Water Plant	3,269,071	3,045,597
Control Operations	3,396,925	3,198,661
Instrumentation	1,037,832	958,604
Water Quality Assurance	1,142,392	1,216,028
Maintenance Unit	625,010	641,769
Line Maintenance	5,728,509	5,299,930
UFPO	471,038	429,631
Hydrants and Valves	1,617,499	1,738,966
Meter Shop	1,275,403	893,046
Dispatch	454,894	453,741
Design	1,134,883	1,147,355
Construction	802,065	3,987,813
New Services	924,599	1,095,075
Restoration	2,130,343	2,071,935
Administrative	575,392-	2,279,071-
Budget	155,927	167,930
Central Purchasing	166,365	113,268
Stores	439,294	307,185
Information Services-Serv Cent	575,028	608,725
Facilities	420,951	396,477
Municipal Liasion	90,748	178,457
Comptroller	235,957	239,961
Accounting	652,875	650,265
Cash Management	247,093	397,802
Customer Service and Billing	1,891,727	2,078,428
Legal	464,446	678,883
Secretary to the Authority	301,314	275,801
Human Resources	636,778	650,021
Information Services-Ell Sq	280,653	293,106
Data Processing	1,660,382	1,635,490
Public Information	84,389	8,510
Members of the Authority	73,954	78,637

ERIE COUNTY WATER AUTHORITY
Comparative Income Statement
Unaudited

	Year Ended Dec 31, 2013	Year Ended Dec 31, 2012
General Expenses	2,231,914	95,426
Total Operating Revenue Deductions	39,457,203	37,414,415
Net Operating Income	23,495,814	27,511,192
Other Income		
Interest on Investments	401,808	414,129
Misc. Non Operating Revenue	78,147	218,737
Tower Rents	524,616	538,936
Gain or Loss on Sale of Invest	136,155	0
Arbitrage Expense	135,213-	0
Mark to Market Adjustment	17	58
Total Other Income	1,005,529	1,171,860
Income Deductions		
Int. Charged to Const-credit	215,181-	76,541-
Total Income Deductions	215,181-	76,541-
Net Income Before Bond Interest & Non-Cash Charges	24,716,525	28,759,593
Bond Interest		
Phase 2 NYDWSRF Interest	189,323	201,579
Phase 2 NYDWSRF Int Subsidy	64,152-	67,993-
2003F NYDWSRF Interest	365,908	416,490
2003F NYDWSRF Int Subsidy	103,231-	111,303-
2007 FR Interest Expense	1,497,739	1,529,801
2008 Interest Expense	1,476,438	1,649,667
2011 Interest Expense	285,505	169,872
Total	3,647,530	3,788,112
Net Income Before Non-Cash Charges	21,068,995	24,971,481
Non-Cash Charges		
Depreciation of Water Plant	12,153,618	12,174,629
Amort. of Debt Disc & Expense	302,236-	3,798,463
OPEB Expense	2,772,000	2,660,748
Total Non-Cash Charges	14,623,382	18,633,840
Net Income Before Extraordinary Loss	6,445,612	6,337,641
Special Item-Chg in Asset Life	0	3,494,544
Net Income After Extraordinary Loss	6,445,612	2,843,097

ERIE COUNTY WATER AUTHORITY
Statement of Cashflow
Unaudited

	Dec 31, 2013	Dec 31, 2012
Cash flows from operating activities		
Net Income	6,445,612	2,843,097
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	11,851,382	16,053,359
Interest expense, net	0	0
Allowance for funds used during construction	(215,181)	(76,541)
Change in:		
Debt service fund	33,184	(700,386)
Customer's accounts receivable	191,467	(309,932)
Materials and supplies	150,230	96,177
Other assets	(1,023,368)	(820,266)
Accounts Payable	(512,152)	106,074
Accrued retirement contributions	0	0
Construction retentions	(97,510)	318,100
Other liabilities	171,056	(951,147)
Sick pay accrual	195,254	1,136,936
Long Term OPEB Liability	2,772,000	2,660,748
Sick Pay	0	1,854,429
Customer Deposits	(208,194)	197,839
Net cash provided by operating activities	19,753,781	22,408,487
Cash flows from investing activities		
Proceeds from the sale or maturity of investments	40,528,253	19,996,846
Purchase of investments	(29,344,506)	(34,095,411)
Mark to Market	(17)	(58)
Cash Transfer for Investment	(2,149,993)	(420,579)
Additions to water plant, net of disposals	(18,165,784)	(13,651,636)
Net cash used for investing activities	(9,132,048)	(28,170,837)
Cash flows from capital and related financing activities		
Issuance of water revenue bonds	0	12,500,000
Repayment of water revenue bonds	(8,541,616)	(6,485,000)
Cost of bond issuance	0	73,909
Increase in contributions in aid of construction	1,392,537	1,884,811
Increase (Decrease) in advances for construction	38,417	(153,539)
Net cash used for capital and related financing activities	(7,110,662)	7,820,180
Net increase(decrease) in cash and cash equivalents	3,511,072	2,057,829
Cash and cash equivalents:		
Beginning of year	19,198,960	17,141,131
End of year	22,710,032	19,198,960