



ECLECFEB01'19 AM 10:23

Erie County Water Authority

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

January 29, 2019

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, 2018 and 2017.

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

A handwritten signature in blue ink, which appears to read "Robert J. Lichtenthal, Jr.".

Robert J. Lichtenthal, Jr.

Deputy Director

Enclosure



ERIE COUNTY WATER AUTHORITY

Unaudited

Comparative Financial Statements

For the Years Ended

December 2018 And 2017



Table of Contents

Report Description	Page
Balance Sheet	1
Income Statement	3
Statement of Cashflow	5

ERIE COUNTY WATER AUTHORITY
 Balance Sheet
 Unaudited

	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
ASSETS:		
Water plant, net	392,868,665	380,221,995
Invested Reserve Fund	41,934,926	21,490,449
Future construction	2,042,226	6,619,191
Debt service reserve	1,345,102	1,755,651
Debt service fund (at amortized cost)	1,055,449	849,784
Customer Deposits	25,473	31,829
Employee Withholding Deposits	15,251	5,219
Mark to Market	<u>439,287,092</u>	<u>410,974,117</u>
Current Assets:		
Cash and cash equivalents	28,469,639	12,703,139
Customers' accounts receivable, less allowance for doubtful accounts of \$247,398 and \$214,404	4,103,031	5,066,187
Investments	9,929,492	11,757,440
Interest receivable and other assets	14,088,866	14,054,830
Materials and Supplies	<u>2,675,660</u>	<u>2,369,571</u>
Total current assets:	<u>59,266,667</u>	<u>45,951,166</u>
Deferred outflow from retirement contribution post measurement date	1,745,033	1,754,021
Deferred outflow from NYS Retirement System disclosures	4,721,300	3,311,948
Deferred outflows - OPEB actual results vs experience	162,411	0
	505,182,503	461,991,252
CAPITALIZATION AND LIABILITIES		
Capitalization		
Earnings reinvested in the business	242,073,263	285,740,885
Contributions in aid of construction	<u>74,040,186</u>	<u>72,927,185</u>
Total equity:	<u>316,113,449</u>	<u>358,668,070</u>
Water Revenue Bonds - long term	59,912,552	36,611,910
Total capitalization:	<u>376,026,002</u>	<u>395,279,979</u>
Current liabilities		
Accounts Payable	6,552,759	6,271,334
Water revenue bonds - current	4,205,000	9,380,000
Interest and other accrued liabilities	3,155,757	2,977,928
Construction retentions	<u>1,534,637</u>	<u>1,020,108</u>
Total current liabilities:	<u>15,446,153</u>	<u>19,649,370</u>
Net Pension Liability	1,764,324	5,272,641
Accrued sick pay	3,337,800	1,593,757
Long Term OPEB Liability	89,694,137	38,864,242
Advances for construction	676,381	507,701
Deferred Inflows - NYS Retirement Systems Disclosures	5,657,193	823,562
Deferred inflows - OPEB changes in assumptions	12,580,514	0

ERIE COUNTY WATER AUTHORITY
Balance Sheet
Unaudited

Dec 31, 2018 Dec 31, 2017

505,182,503 461,991,252
=====

	Year Ended Dec 31, 2018	Year Ended Dec 31, 2017
Operating Revenue		
Residential	38,757,174	36,925,207
Commercial	8,087,910	7,577,863
Industrial	2,120,799	1,957,186
Public Authorities	2,553,389	2,438,488
Unmetered Fire Protection	639,637	648,546
Public Fire Protection	3,756,765	3,718,117
Sales to Other Utilities	4,265,708	3,940,896
Misc Water Revenues	209,129	172,472
Other Water Revenues	1,030,228	1,048,808
Summer Surcharge	1,305-	9,172-
Infrastructure Inv Charge	15,479,723	14,186,008
Account Origination Fees	130,365	135,947
Total Operating Revenue	77,029,521	72,740,365
Operating Revenue Deductions		
Sturgeon Point Plant	5,353,327	4,832,324
Van De Water Plant	3,257,596	2,892,381
Control Operations	3,321,388	2,847,522
Instrumentation	1,173,796	936,931
Water Quality Assurance	690,121	682,860
Maintenance Unit	698,693	703,529
Line Maintenance	7,517,990	7,036,874
UFPO	954,967	820,480
Hydrants and Valves	2,172,500	2,154,080
Dispatch	624,230	558,284
Eng/Const Department Head	0	47,470
Design	440,353	444,779
Construction	1,742,807	1,431,930
New Services	764,963	893,267
Restoration	2,704,368	1,874,867
Administrative	402,671	373,463
Budget	3,171-	158,501
Central Purchasing	154,613	193,291
Stores	401,797	435,600
Information Services-Serv Cent	628,870	540,365
Facilities	482,089	411,262
Safety Services	481,940	5,686
Comptroller	288,112	256,255
Accounting	754,276	662,608
Cash Management	575,511	304,284
Customer Service and Billing	1,958,349	1,770,373
Meter Shop	1,401,960	1,088,208
Legal	787,867	712,837
Secretary to the Authority	415,647	278,195
Information Services-Ell Sq	446,375	393,341
Public Information	151,006	149,691
Members of the Authority	74,870	74,257
General Expenses	2,013,350	3,989,024

	Year Ended Dec 31, 2018	Year Ended Dec 31, 2017
Human Resources	560,470	794,184
Information Technology	2,599,181	2,517,534
Administrative Credits	2,252,696	2,311,224
Total Operating Revenue Deductions	43,740,287	40,954,894
Net Operating Income	33,289,234	31,785,471
Other Income		
Interest on Investments	926,958	455,878
Misc. Non Operating Revenue	1,451,573	45,485
Tower Rents	529,015	505,662
Gain or Loss on Sale of Invest	3	240-
Interest on Loans Receivable	86,443	90,084
Arbitrage Expense	0	26,728-
Amortization of Prem/Disc	22,197	6,197
Mark to Market Adjustment	10,033	5,233
Total Other Income	3,026,222	1,075,570
Income Deductions		
Int. Charged to Const-credit	145,108-	151,474-
Total Income Deductions	145,108-	151,474-
Net Income Before Bond Interest & Non-Cash Charges	36,460,563	33,012,515
Bond Interest		
Phase 2 NYDWSRF Interest	67,353	100,269
Phase 2 NYDWSRF Int Subsidy	24,916-	35,662-
2003F NYDWSRF Interest	164,192	191,174
2003F NYDWSRF Int Subsidy	56,660-	65,199-
2008 Interest Expense	257,125	525,250
2016 Interest Expense	1,244,579	1,277,079
2018 Interest Expense	500,443	0
Total	2,152,117	1,992,911
Net Income Before Non-Cash Charges	34,308,446	31,019,604
Non-Cash Charges		
Depreciation of Water Plant	13,038,530	12,823,738
Amort. of Debt Premium	532,298-	512,844-
Amort. of Debt Discount	5,764	5,436
Amort. of Advanced Refunding OPEB Expense	66,103	66,103
	4,621,904	5,852,726
Total Non-Cash Charges	17,200,003	18,235,159
Net Income Before Extraordinary Loss	17,108,443	12,784,445

ERIE COUNTY WATER AUTHORITY
 Statement of Cashflow
 Unaudited

	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
Cash flows from operating activities		
Net Income		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	12,578,099	12,382,433
Interest expense, net	62,474	12,470
Allowance for funds used during construction	(145,108)	(151,474)
Change in:		
Debt service fund	410,549	(29,332)
Customer's accounts receivable	963,156	(41,828)
Materials and supplies	(306,089)	85,238
Other assets	(5,105,108)	146,376
Accounts Payable	281,425	(1,584,540)
Accrued retirement contributions	0	0
Construction retentions	514,529	41,108
Other liabilities	175,828	184,534
Sick pay accrual	1,744,043	5,148
Long Term OPEB Liability	50,829,895	5,118,264
Deferred Inflows - NYS Ret Sys Disclosures	17,414,145	823,562
Sick Pay	0	0
Customer Deposits	(205,665)	48,856
Voluntary Defined Contribution	6,356	(15,186)
Net cash provided by operating activities	<u>35,550,909</u>	<u>29,394,552</u>
Cash flows from investing activities		
Proceeds from the sale or maturity of investments	189,961,931	48,728,958
Purchase of investments	(203,316,642)	(59,518,603)
Mark to Market	(10,033)	(5,233)
Cash Transfer for Investment	(747,328)	3,962,806
Additions to water plant, net of disposals	(25,540,093)	(23,481,148)
Net cash used for investing activities	<u>(39,652,164)</u>	<u>(30,313,219)</u>
Cash flows from capital and related financing activities		
Issuance of water revenue bonds	27,966,074	0
Repayment of water revenue bonds	(9,380,000)	(8,590,000)
Cost of bond issuance	0	0
Increase in contributions in aid of construction	1,113,001	1,710,060
Increase (Decrease) in advances for construction	168,680	(54,421)
Net cash used for capital and related financing activities	<u>19,867,755</u>	<u>(6,934,362)</u>
Net increase(decrease) in cash and cash equivalents	15,766,500	(7,853,029)
Cash and cash equivalents:		
Beginning of year	12,703,139	20,556,168
End of year	28,469,639	12,703,139