# MOHAWK VALLEY WATER AUTHORITY

***MONTHLY FINANCIAL REPORTING PACKAGE***

## Month 1: Month Ended April 30, 2006

| **Finance Committee Members** | **Terms Ending** December 31, |
|---|---|
| Bruce Brodsky, Committee Chairman | 2005 |
| Vincent Coyne | 2005 |
| Elis DeLia | 2007 |
| George Gaston, Board Chairman | 2005 |
| Joseph Hobika, Jr. | 2007 |
| Frank Trevisani | 2006 |


Report produced by Jim Korfonta, Comptroller

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**VITAL SIGNS—(KEY PERFORMANCE INDICATORS)**
Month 1 - April 30, 2006

**PRODUCTION & DISTRIBUTION**

| | April | March | Feb. | Jan. | Dec. | Nov. |
|---|---|---|---|---|---|---|
| Water Production (1,000 gallons) | 547,300 | 570,600 | 523,600 | 576,700 | 552,300 | 543,700 |
| Billed Consumption (1,000 gallons) | 314,126 | 299,626 | 298,177 | 305,187 | 317,869 | 354,769 |

**Note**—Water production is for the current month while billed consumption is for the prior three months.

**CASH FLOW**

| Cash Flow-(See cash flow detail on page 4.) | Beginning Cash | Operating Cash In | Operating Cash Out | Net Change In Cash | Balance Remaining |
|---|---|---|---|---|---|
| April | | $ 929,014 | $ 1,149,218 | $ (220,204) | |
| Year-To-Date | $ 1,865,216 | $ 929,014 | $ 1,149,218 | $ (220,204) | $1,645,011 |

**CUSTOMER ACCOUNT MAINTENANCE**

| Customers in the Water System | Beginning Balance | New Accounts | Moved Out of Svs. Area | Ending Balance |
|---|---|---|---|---|
| April 2005 | | 24 | (30) | |
| Year- to-Date (Fiscal 2007) | 36,242 | 24 | (30) | 36,236 |
| Fiscal 2006 | 36,533 | 142 | ( 433) | 36,242 |

**Breakdown of Customer Movement:**

For Fiscal 2006, 1,976 final bills were processed--customers that move from their current location. Of this balance, 1,754 moved within our service area.

Below is an analysis, by percentage, of the area they are moving from and where they are relocating to:

**From Utica To:**

| | | | |
|---|---|---|---|
| Utica | 43% | Movement within service area outside Utica | 29% |
| New Hartford | 4% | Out of area | 16% |
| Other | 8% | | |

**VITAL SIGNS—(KEY PERFORMANCE INDICATORS)**--continued
Month 1 - April 30, 2006

## WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY

| Month | Water Main Breaks / Install, etc. | Curb Box | Leak Investigations | Meters-- Inspect./Special Reads/ Replaced | Hydrants | Valves | Pavement Cuts | Other | TOTALS |
|---|---|---|---|---|---|---|---|---|---|
| Dec. 2005 | 29 | 77 | 38 | 968 | 23 | 9 | 87 | 16 | 1,247 |
| Jan. 2006 | 22 | 93 | 31 | 1,043 | 1 | 10 | 35 | 11 | 1,246 |
| Feb. 2006 | 16 | 63 | 30 | 742 | 0 | 55 | 20 | 32 | 958 |
| Mar. 2006 | 21 | 114 | 28 | 1,052 | 8 | 5 | 49 | 22 | 1,299 |

## WATER SYSTEM MAINTENANCE--METER ACTIVITY

| Current Fiscal Year | Meters Replaced | | | | | | | Daily Activity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **5/8”** | **3/4”** | **1”-1 ½”** | **2”** | **3”-4”** | **6”-8”** | **Total** | **High** | **Low** | **Daily Avg.** | **Staff Avg.** |
| April 2006 | **185** | **1** | **1** | **1** | **0** | **0** | **188** | **16** | **4** | **9.4** | **2.3** |
| Year-To-Date | **185** | **1** | **1** | **1** | **0** | **0** | **188** | **16** | **4** | **9.4** | **2.3** |

| Last Year Activity | Meters Replaced | | | | | | | Daily Activity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **5/8”** | **3/4”** | **1”-1 ½”** | **2”** | **3”-4”** | **6”-8”** | **Total** | **High** | **Low** | **Daily Avg.** | **Staff Avg.** |
| Fiscal 2005 | **2,964** | **54** | **51** | **24** | **0** | **3** | **3,096** | **27** | **1** | **12.6** | **3.2** |
| Fiscal 2006 | **2,486** | **50** | **51** | **18** | **6** | **20** | **2,631** | **24** | **1** | **10.9** | **2.7** |

**COMPTROLLER'S MESSAGE**
Month 1 - April 30, 2006

## ACCOUNTS PAYABLE

| | Total | 0-10 | 10-20 | 20-30 | 30-50 | 50+ | Capital Project Retention |
|---|---|---|---|---|---|---|---|
| March 2006 | $130,304 | $80,018 | $38,032 | $1,285 | $0 | $6,403 | $4,566 |

Useful Information To Know:

- There are approximately 37,000 service connections in our service area.
- An average family of four uses approximately 2,840 cubic feet or 21,000 gallons per quarter. The average quarterly bill for a customer with this usage is $60.00.
- An average individual uses approximately (220-250 cubic ft.) 1,650—1,750 gallons per month. The average charge per month is approximately $10.50.

## Big Picture

***Monthly Water Sales**:* For the first month, billed water sales is slightly above budgeted estimates by $38,000 ($1,128,000 budget vs. $1,165,000 actual).

***Monthly Consumption***: For the first month, consumption is 126,000 cubic feet below the prior year. This equates to approximately $3,500 revenue under our current rate structure.

**COMPTROLLER'S MESSAGE**
Month 1 - April 30, 2006

## **Big Picture**-continued

***Cash Flow*:** For the first month, the cash position has decreased $200,000 primarily due to a poor cash collection for April. We will monitor to see if this continues into May and report to the Board. The impact of legal costs will continue to affect our cash position.

Below is a summary of "target" cash flow and actual amounts for the month and year-to-date:

| | MONTHLY ACTIVITY | |
|---|---|---|
| | TARGET | APRIL 2006 |
| **Cash Inflow** | $ 1,300,000 | $ 929,000 |
| **Outflows--** | | |
| **Personnel Costs** | 322,000 | 321,000 |
| **Reimb. Capital Labor** | - | - |
| **PILOTS** | 125,000 | 122,000 |
| **Debt Service** | 350,000 | 302,000 |
| **Payments to Suppliers** | 350,000 | 404,000 |
| **Funding of Reserves** | - | - |
| | 1,147,000 | 1,149,000 |
| **Cash Remaining** | $ 153,000 | $ (220,000) |

**COMPTROLLER'S MESSAGE**
Month 1 - April 30, 2006

The following information was provided by **Steve Gassner, Customer Service Manager:**

**CURRENT CUSTOMER SERVICE ACTIVITY**

- **New billing customer: Town of Marcy**. We have started to bill the Town of Marcy Sewer for prior years and will shortly be incorporating them into our monthly/quarterly billing.
- We continue to concentrate on properties that have registered "0" consumption for three or more quarters. This is to assist in our tampering efforts and to correct stopped meters.
- ***Estimated Reads***: We are reviewing accounts with four or more estimated reads and attempting to correct what is required to obtain actual reads. We have also incorporated it with our Large Meter Project and are replacing meters with excessive estimated reads. With this list, Meter Readers are investigating the reasons for the estimates and attempting to correct for future reads.

  In addition, notices are being sent out requesting the customer call our office in the next 20 days to have their meter upgraded or risk having their service interrupted. As a result, we posted 851 properties to date.
- The Customer Service manager continues to attend court hearings related to theft cases. Considerable time is spent gathering information for the Defense Attorney to present cases. Arbitration has been the result for many of these cases.

  A plan should be created to address continued court hearings and the time spent by the CS manager gathering information and analysis necessary to defend our theft cases.
- We have been working on a new category in the work order system for non-appointment meter work that allows Customer Service to assign work to technicians on a more efficient basis.

**CUSTOMER SERVICE CALLS RECEIVED**

There were 23 total workdays in the month. Here are the results of the current and prior months:

| | TOTAL CALLS | AVERAGE SPEED ANSWERED | AVERAGE TALK TIME | ABANDON CALLS |
|---|---|---|---|---|
| April | 5,375 | .15 | 1:37 | 22 |
| Fiscal 2006 | 69,854 | .17 | 1:50 | 280 |

## COMPTROLLER'S MESSAGE
Month 1 - April 30, 2006

**PROJECT 5--ESTIMATED CUSTOMER READINGS AND BILLING/ METER REPLACEMENT PROGRAM**

*Project Synopsis*: Meter Reading, Meter Repair and Customer Service crews are working together to obtain meter reading and repair/replace meters through different strategies including working off-hours and week-ends. The off-hours and week-ends have not been initiated in the current fiscal year. Past efforts resulted in a reduction of approximately 40% of the identified estimated accounts.

Currently, for the month, 37% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated. This is a small percentage reduction form the prior month. We continue to institute corrective actions to reduce the monthly account estimates.

**BILLING/COLLECTIONS**:

The following reflects the results sine the beginning of the fiscal year:

| Fiscal 2007 | Beginning Balance | Sent to Collections | Amount Collected | Amount Returned | Ending Balance |
|---|---|---|---|---|---|
| April 2006 | $ 9,460 | $ 23,149 | $ 7,024 | $ 3,670 | |
| Year to Date | $ 9,460 | $ 23,149 | $ 7,024 | $ 3,670 | $ 12,455 |

| Prior Fiscal Years | Beginning Balance | Sent to Collections | Amount Collected | Amount Returned | Ending Balance |
|---|---|---|---|---|---|
| Fiscal 2005 | | $ 673,903 | $ 368,184 | $ 305,719 | |
| Fiscal 2006 | | $ 588,361 | $ 356,190 | $ 222,711 | |

Our efforts of posting properties with unpaid notices continue. The following is a summary of the efforts for the current month:

| | Prior Month Balance | Customers Added/ Returned From Collections | Customers Paid | Shut-Off | Ending Balance |
|---|---|---|---|---|---|
| "Posted" Accounts | 194 | 25 | 55 | 24 | 140 |

- For fiscal 2006, accounts totaling $1,067,125 were "posted". Of this amount, $781,518 was collected for the 2006 year.
- For the month of April, accounts totaling $54,761 have been "posted". Of the outstanding posted balances, $53,226 has been collected for the fiscal year.

## COMPTROLLER'S MESSAGE

Month 1 - April 30, 2006

### TAMPERING ISSUES:

The following chart reflects the ongoing status of accounts found to be tampering with Authority property/ or unauthorized use of water service.

| Date | Last Name | Acct. # | Address | Fee Amt. | Fee Paid | Evidence | Letter Sent | Posted | Shut Off | Status |
|---|---|---|---|---|---|---|---|---|---|---|
| 10/20/03 | Advantage | 10D-8A | 1301 Oneida St, Utica | $ 8,000 | | Pict/Nip | 10/30/03 | 1/13/04 | Yes | 1 |
| 4/19/04 | Berube | 16A-67 | 401 Blandina St | $ 2,000 | | Pict | 5/17/04 | 11/23/04 | | 1 |
| 7/9/04 | Cannistra | 36A-27Y | 2261 E. Broad Street | $ 2,000 | $ 2,000 | Lab Test | 7/13/04 | | | 2 |
| 11/23/04 | Prymas | 6A-123 | 940 Lenox Ave | $ 2,000 | $ 2,000 | Pict. | 11/23/04 | | | 2 |
| 12/30/04 | Madden | 56DA-10BK | 35 Campion Rd | $ 2,000 | | Pict/Mtr | 1/11/05 | | Yes | 1 |
| 3/1/05 | Karam | 29B-128 | 1109 Champlin Ave | $ 2,000 | $ 984 | Pict | 3/14/05 | 4/25/05 | | 6 |
| 3/9/05 | Duran | 11E-44 | 1532 Howard Ave | $ 2,000 | | Pict | 4/4/05 | 4/13/05 | Yes | 1 |
| 3/29/05 | Diaz | 14D-6 | 1133 Kossuth Ave | $ 2,000 | $ 2,000 | Pict | 4/4/05 | 4/12/05 | | 2 |
| 3/29/05 | Diaz | 14D-6A | 1133 Kossuth Ave | $ 2,000 | $ 1,600 | Pict | 4/4/05 | 4/12/05 | | 2 |
| 6/20/05 | Riggles | 35A-75HL | 10853 Coby Mnr Rd | $ 2,000 | | Admit | 7/8/05 | | | 10 |
| 7/21/05 | Labuzzetta | 12A-149 | 1531-33 Neilson | $ 2,000 | $ 2,000 | Pict/Mtr | 7/21/05 | 9/14/05 | | 10 |
| 7/21/05 | Labuzzetta | 14A-131 | 1108 Taylor ave | $ 2,000 | $ 2,000 | Pict/Mtr | 7/21/05 | 9/14/05 | | 10 |
| 10/4/05 | Debella | 1E-55 | 721 Oswego St | $ 2,000 | | Pict | 10/20/05 | | | 10 |
| 10/13/05 | Maher | 9B-77 | 12-14 Emerson Ave | $ 2,000 | $ 2,000 | Pict | 10/20/05 | 10/31/05 | | 8 |
| 11/16/05 | Duda | 33K-143 | 7803 Maple Ave HP | $ 2,000 | $ 300 | Admit | 11/23/05 | 12/09/05 | | 9 |
| 1/13/06 | Marris | 30A-74 | 16 Wind Place | $ 2,000 | $ 1,000 | Pict./Admit | 1/24/06 | | | 1 |
| 3/17/06 | Harvey | 27E-56Q | 15 Estates Dr | $ 2,000 | $ 2,000 | Pict/Admit | | | | 2 |

**STATUS LEGEND:**

1—Fee assessed; no further activity
2—Fee paid or currently paying, not forwarded to the DA; no further activity.
3—In negotiations for payment with offender's lawyer; Have forwarded to DA with no response.
4—No activity, property scheduled to be shut-off.
5—Police notified; no further activity.
6—Customer sued MVWA in small claims-presently in arbitration.
7—Property shut-off. Agreed on payment plan w/ attorney; Customer is not making payments.
8—Police notified; DA negotiated misdemeanor for offender.
9—Police notified; forwarded to DA, DA does not think there is enough evidence.
10—With DA, currently prosecuting in criminal court.

## METER REPLACEMENT

### NEW PROJECT --LARGE METER REPLACEMENT 3" +

***Project Synopsis:*** We have identified 18 large meters for replacement and have ordered or have in stock the meters and equipment to begin replacement. Once the contractor has been selected, replacement of these meters will commence. A combined effort with Customer Service, Engineering, Metering, and our meter supplier is taking place to evaluate all these large meters.

***Project Status:*** Material (meters) has arrived, large meter replacement has begun.

**FLASH REPORT**
Month 1 - April 30, 2006

The following is a "**snapshot**" of operating results for major account balances in our financial statements.

The "**Critical Ratio Percentages**" are a comparison of our month-to-date **Budget** to the month–to–date **Actual**.)

| | Critical Ratio % | April | March | February | January | December |
|---|---|---|---|---|---|---|
| ***ASSETS*** | | | | | | |
| **Cash** | | $ 2,227,036 | $ 2,426,809 | $ 2,386,114 | $ 2,407,061 | $ 2,025,486 |
| **Water Sales Receivable, Net** | | $ 1,706,524 | $ 1,477,103 | $ 1,541,611 | $ 1,657,609 | $ 1,647,584 |
| **Trust Fund Assets** | | $ 11,506,496 | $ 11,622,516 | $ 11,566,455 | $ 11,634,426 | $ 11,611,472 |
| **Utility Long Term Assets, Net** | | $ 47,141,958 | $ 47,212,982 | $ 47,256,446 | $ 47,290,089 | $ 47,330,086 |
| **Total Assets** | | $ 63,873,513 | $ 63,940,786 | $ 63,903,541 | $ 64,388,334 | $ 63,861,542 |
| ***LIABILITIES*** | | | | | | |
| **Accounts Payable** | | $ 130,304 | $ 94,670 | $ 111,661 | $ 512,790 | $ 236,529 |
| **Long Term Debt, Principal** | | $ 48,030,974 | $ 48,183,256 | $ 48,330,537 | $ 48,317,819 | $ 48,305,101 |
| **Total Liabilities** | | $ 51,105,020 | $ 51,241,212 | $ 51,440,580 | $ 51,164,854 | $ 51,502,474 |
| ***EQUITY*** | | | | | | |
| **Unrestricted Earnings** | | $ (1,996,347) | $ (2,065,265) | $ (2,240,723) | $ (2,277,362) | $ (2,141,778) |
| **Invested in Utility Plant, Net** | | $ 13,372,977 | $ 13,372,977 | $ 13,372,977 | $ 13,315,777 | $ 13,315,777 |
| **Timber Sales Reserve** | | $ 147,638 | $ 147,638 | $ 145,638 | $ - | $ - |
| **"3R" Reserve** | | $ 464,730 | $ 464,730 | $ 487,362 | $ 487,362 | $ 487,362 |
| **Oper. and Maint. Reserve** | | $ 292,133 | $ 292,133 | $ 262,555 | $ 262,555 | $ 262,555 |
| **Bond Covenant Reserve** | | $ 487,362 | $ 487,362 | $ 487,362 | $ 487,362 | $ 487,362 |
| ***OPERATIONS*** - (Monthly Accumulation) | ***% of Accum. Budget*** | **1st Month FY 2007** | **12th Month FY 2006** | **11th Month FY 2006** | **10th Month FY 2006** | **9th Month FY 2006** |
| **Water Sales** | 98% | $ 1,165,437 | $ 12,518,093 | $ 11,555,504 | $ 10,580,664 | $ 9,587,332 |
| **Other Revenue** | 98% | $ 143,233 | $ 2,148,334 | $ 2,043,503 | $ 1,783,309 | $ 1,597,818 |
| **Operating Expenses** | 81% | $ 688,747 | $ 11,009,260 | $ 10,174,222 | $ 9,315,670 | $ 9,223,427 |
| **Debt Service, Interest only** | 58% | $ 175,088 | $ 2,016,393 | $ 1,997,291 | $ 1,900,739 | $ 1,900,739 |
| **PILOT Payments** | 100% | $ 121,932 | $ 1,474,399 | $ 1,353,006 | $ 1,231,075 | $ 1,109,136 |

## SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 1 - April 30, 2006

**CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:**

**Note**: Accounts have been specifically identified if they are greater than $1,000 with significant balances over 60 days old.

| Customer | Route & Account | Total | 0-30 | 31-60 | 61-90 | 91-120 | Over 120 | Acct. Status |
|---|---|---|---|---|---|---|---|---|
| City of Utica-Facilities | 4 accounts | 0 | | | | | | |
| City of Utica-Tax Levy | Various | 195,523 | 4,271 | 2,387 | 2,229 | 3,880 | 182,756 | |
| Oneida Realty, LLC | 10C 171BK | 2,051 | 959 | 40 | 0 | 1,052 | 0 | Collections |
| Pamela Hamilton | 12C 116 | 1,142 | 266 | 40 | 0 | 836 | 0 | Collections |
| Dzevad Dizdarevic | 13D 12 | 1,199 | 349 | 15 | 0 | 486 | 349 | Posted |
| Mathew Gaston | 14A 101 | 1,048 | 288 | 15 | 0 | 386 | 359 | Posted |
| Paul Kelly | 24B 54 | 1,491 | 27 | 12 | 145 | 25 | 1,282 | Posted |
| Marcy Center Dev. LLC | 33D 2 | 3,442 | 22 | 632 | 25 | 10 | 2,753 | Posted |
| Mary Vanvalkenburg | 33F 142FA | 1,810 | 8 | 744 | 16 | 1 | 1,041 | Posted |
| Siesta Motel | 33J 184 | 1,364 | 5 | 336 | 15 | 0 | 1,008 | Posted |
| Mohawk LLC | 56FA 141 | 6,021 | 155 | 67 | 234 | 149 | 5,416 | Pre-Posted |
| Timothy Klotz (see also shut-offs) | 41 accounts | 11,974 | 3,747 | 300 | 572 | 2,066 | 5,289 | Post./Coll./Inv. |
| DELINQUENT ACCOUNTS SHUT-OFF | | | | | | | | |
| William O' Brien | 6A 162BK | 1,027 | 197 | 20 | 5 | 129 | 676 | Shut-off |
| Henry Topolski | 8B 35 | 1,598 | 152 | 25 | 10 | 87 | 1,324 | Shut-off |
| Haru Lukac/Renata Vujeva | 8C 46BK | 3,564 | 144 | 0 | 0 | 142 | 3,278 | Shut-off |
| Mauricio & Rina Valle | 11C 34 | 1,199 | 227 | 15 | 0 | 723 | 234 | Shut-off |
| Erica Shambley | 15A 181 | 1,286 | 26 | 62 | 162 | 75 | 961 | Shut-off |
| Ingrid Grimm | 24B 136 | 2,382 | 37 | 22 | 63 | 36 | 2,224 | Shut-off |
| Jose Lozada | 26A-61 | 1,939 | 33 | 17 | 95 | 19 | 1,775 | Shut-off |
| 9882 River Road Liberty | 33A 117 | 1,346 | 0 | 310 | 15 | 0 | 1,021 | Shut-off |
| Raymond DeCarr | 4 accounts | 1,157 | 106 | 182 | 67 | 107 | 695 | Shut-off |
| Sandra Albert | 7 accounts | 7,829 | 2,256 | 56 | 2,128 | 45 | 3,344 | Shut-off |
| Timothy Klotz ( also, see above ) | 3 accounts | 3,702 | 238 | 42 | 75 | 232 | 3,115 | Shut-off |
| City Delinquents-FY '06 | | 175,943 | | | | | 175,943 | |
| City Delinquents-FY '05 | | 94,381 | | | | | 94,381 | |
| City Delinquents-FY '04 | | 108,591 | | | | | 108,591 | |
| City Delinquents-FY '03 | | 195,050 | | | | | 195,050 | |
| City Delinquents-FY '02 | | 194,476 | | | | | 194,476 | |
| County Delinquents-FY '06 | | 27,984 | | | | | 27,984 | |
| Remaining Accounts | | 1,312,907 | 822,198 | 127,807 | 76,631 | 89,722 | 196,549 | **Change** |
| **April, 2006** | | **2,363,426** | **835,711** | **133,146** | **82,487** | **100,208** | **1,211,874** | 6.02% |
| **Prior Months Receivables:** | | | | | | | | |
| **March, 2006** | | 1,992,436 | 409,009 | 149,063 | 134,106 | 62,288 | 1,237,970 | -10.62% |
| **February, 2006** | | 2,229,258 | 616,596 | 147,754 | 105,240 | 130,457 | 1,229,211 | -0.33% |
| **January, 2006** | | 2,236,659 | 618,757 | 143,619 | 102,351 | 136,911 | 1,235,021 | 1.29% |
| **December, 2005** | | 2,208,260 | 515,278 | 190,476 | 167,458 | 104,461 | 1,230,587 | -11.33% |
| **November, 2005** | | 2,490,455 | 816,979 | 267,146 | 108,841 | 65,046 | 1,232,443 | 12.95% |
| **October, 2005** | | 2,205,010 | 653,584 | 180,399 | 83,597 | 126,179 | 1,161,251 | -2.09% |
| **September, 2005** | | 2,251,989 | 643,259 | 138,623 | 167,331 | 74,043 | 1,228,733 | 3.31% |
| **August, 2005** | | 2,179,819 | 519,952 | 253,713 | 94,399 | 67,733 | 1,244,022 | -2.37% |
| **July, 2005** | | 2,232,834 | 648,158 | 151,305 | 92,403 | 129,530 | 1,211,438 | 3.37% |
| **June, 2005** | | 2,159,947 | 537,730 | 151,413 | 155,973 | 63,187 | 1,251,644 | -6.85% |
| **May, 2005** | | 2,318,698 | 629,596 | 236,704 | 84,350 | 80,029 | 1,288,019 | 8.07% |
| **April, 2005** | | 2,145,650 | 578,750 | 117,599 | 105,578 | 113,429 | 1,230,294 | 6.18% |

# WORK IN PROCESS—CAPITAL PROJECTS

Month 1 - April 30, 2006

## CAPITAL PROJECTS - FY2003

| CAPITAL PROJECT | LOCATION | ORIGINAL BUDGET | CURRENT MONTH EXPENSE | YEAR TO DATE EXPENSE | PRIOR YEARS EXPENSE | ADD'L. COMMITTED | EXPENSED AND/OR COMMITTED | REMAINING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Toby Road Tank-Land Purchase | Marcy | 80,164 | 0 | 0 | 30,164 | 50,000 | 80,164 | 0 |
| Safety & Security | Water Treatment Plant | 30,000 | 0 | 0 | 24,067 | 2,898 | 26,965 | 3,035 |
| New Tank--Pre-Design | Airport Industrial Park | 30,000 | 0 | 0 | 67,630 | 0 | 67,630 | -37,630 |
| New Tank | Smith Hill & Pleasant View | 0 | 0 | 0 | 22,361 | 0 | 22,361 | -22,361 |
| Pump Station & Treatment Facility | System Wide | 43,000 | 0 | 0 | 10,610 | 35,000 | 45,610 | -2,610 |
| ~~Pump Station Upgrade~~ | ~~Luke Road~~ | 35,000 | 0 | 0 | 44,621 | 0 | 44,621 | -9,621 |
| ~~Pump Station Upgrade~~ | ~~Valley View~~ | 30,000 | 0 | 0 | 37,338 | 0 | 37,338 | -7,338 |
| ~~Pump Station Upgrade~~ | ~~Pleasant Street~~ | 20,000 | 0 | 0 | 16,940 | 0 | 16,940 | 3,060 |
| Other Projects--Reallocated to FY06 | System Wide | 239,165 | 0 | 0 | 0 | 0 | 0 | 239,165 |
| Fiscal 2003 Budgeted Capital Projects | | 507,329 | 0 | 0 | 253,731 0 | 87,898 | 341,629 | 165,700 |

## CAPITAL PROJECTS - FY2004

| CAPITAL PROJECT | LOCATION | BUDGET | CURRENT MONTH EXPENSE | YEAR TO DATE EXPENSE | PRIOR YEAR EXPENSE | ADD'L. COMMITTED | EXPENSED AND/OR COMMITTED | REMAINING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Emergency Action Plan | Reservoir | 40,000 | 0 | 0 | 40,400 | 2,000 | 42,400 | -2,400 |
| Cash Investment in Water Disrt. | Whitestown | 190,478 | 0 | 0 | 140,478 | 50,000 | 190,478 | 0 |
| Water Quality Monitoring | System Wide | 44,000 | 0 | 0 | 39,826 | 5,000 | 44,826 | -826 |
| Chloramines PILOT Program | System Wide | 163,500 | 0 | 0 | 162,244 | 5,600 | 167,844 | -4,344 |
| Repair/Replace Existing Mains** | Nichols St. | 25,500 | 0 | 0 | 35,049 | 0 | 35,049 | -9,549 |
| Repair/Replace Existing Mains** | Armory Drive | 126,000 | 0 | 0 | 28,176 | 4,000 | 32,176 | 93,824 |
| Repair/Replace Existing Mains** | Howard Avenue | 76,500 | 0 | 0 | 29,227 | 2,000 | 31,227 | 45,273 |
| Fiscal 2004 Budgeted Capital Projects | | 665,978 | 0 | 0 | 475,400 | 68,600 | 544,000 | 121,978 |

## WORK IN PROCESS—CAPITAL PROJECTS

Month 1 - April 30, 2006

**Note:** The following projects may have incurred labor, materials and equipment furnished by MVWA (in-house); however, these amounts, if any, have not been recorded to the appropriate projects. Therefore, the overall project cost may not be accurate.

### CAPITAL PROJECTS - FY2005

| CAPITAL PROJECT | LOCATION | BUDGET | CURRENT MONTH EXPENSE | YEAR TO DATE EXPENSE | PRIOR YEAR EXPENSE | ADD'L. COMMITTED | EXPENSED AND/OR COMMITTED | REMAINING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Verona/Airport Tank & Mains | Verona/OC Airport | 3,450,000 | 0 | 0 | 15,768 | 3,438,153 | 3,453,921 | -3,921 |
| ~~SCADA-Computer Hardware~~ | ~~System Wide~~ | 39,255 | 0 | 0 | 51,186 | 0 | 51,186 | -11,931 |
| Safety & Security-Tanks & Silo | System Wide | 92,600 | 0 | 0 | 61,874 | 6,769 | 68,643 | 23,957 |
| ~~Site Improvements~~ | ~~WTP~~ | 89,000 | 0 | 0 | 34,749 | 0 | 34,749 | 54,251 |
| Hydrolic Analysis & GIS Dev. | System Wide | 80,000 | 0 | 0 | 36,026 | 51,627 | 87,653 | -7,653 |
| ~~Main Replacement~~ | ~~New Hartford~~ | 90,000 | 0 | 0 | 7,671 | 82,000 | 89,671 | 329 |
| Emergency Generator | City Hall | 135,000 | 0 | 0 | 1,125 | 133,875 | 135,000 | 0 |
| ~~Main Replacement~~ | ~~Park Ave., Holland Pat.~~ | 93,750 | 0 | 0 | 37,458 | 56,292 | 93,750 | 0 |
| ~~Safety & Security-Fencing~~ | ~~System Wide~~ | 100,000 | 0 | 0 | 94,095 | 0 | 94,095 | 5,905 |
| Storage Tank #2-Higby Rd | New Hartford | 20,000 | 0 | 0 | 17,976 | 2,024 | 20,000 | 0 |
| Engineering Report | System Wide | 25,000 | 0 | 0 | 16,058 | 15,384 | 31,442 | -6,442 |
| Distribution Analysis-Chloramines | System Wide | 165,000 | 0 | 0 | 108,465 | 65,000 | 173,465 | -8,465 |
| ~~Tank Safety Ladder~~ | ~~Valley View Tank~~ | 19,500 | 0 | 0 | 19,500 | 0 | 19,500 | 0 |
| Water Main | Bell Hill Road | 73,230 | 0 | 0 | 9,878 | 0 | 9,878 | 63,352 |
| Install Water Mains | Chapman Road | 44,000 | 3,216 | 3,216 | 28,990 | 0 | 32,206 | 11,794 |
| SCADA | System Wide | 43,000 | 381 | 381 | 31,341 | 11,278 | 43,000 | 0 |
| Clearwell | WTP | 74,500 | 0 | 0 | 44,700 | 29,800 | 74,500 | 0 |
| Install Water Mains | Henderson St | 0 | 0 | 0 | 969 | 0 | 969 | -969 |
| Meters-System Wide (FY 05) | System Wide | 250,000 | 0 | 0 | 85,465 | 0 | 85,465 | 164,535 |
| Hydrants-System Wide (FY 05) | System Wide | 45,000 | 0 | 0 | 0 | 0 | 0 | 45,000 |
| Paving-System Wide (FY 05) | System Wide | 188,600 | 0 | 0 | 0 | 0 | 0 | 188,600 |
| Fiscal 2005 Budgeted Capital Projects | | 5,117,435 | 3,597 | 3,597 | 703,294 | 3,892,202 | 4,599,093 | 518,342 |

### CAPITAL PROJECTS - FY2006

| CAPITAL PROJECT | LOCATION | BUDGET | CURRENT MONTH EXPENSE | YEAR TO DATE EXPENSE | PRIOR YEAR EXPENSE | ADD'L. COMMITTED | EXPENSED AND/OR COMMITTED | REMAINING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Chemical Feed | WTP | 7,500 | 0 | 0 | 7,500 | 0 | 7,500 | 0 |
| Security Protection | WTP | 20,000 | 0 | 0 | 20,264 | 0 | 20,264 | -264 |
| Water Main | Holland Patent | 0 | 0 | 0 | 189 | 0 | 189 | -189 |
| Disinfection BY-Product | Deerfield Tank | 0 | 0 | 0 | 354 | 0 | 354 | -354 |
| Fiscal 2006 Budgeted Capital Projects | | 27,500 | 0 | 0 | 28,307 | 0 | 28,307 | -807 |

## WORK IN PROCESS—CAPITAL PROJECTS

Month 1 - April 30, 2006

**Note:** The following projects may have incurred labor, materials and equipment furnished by MVWA (in-house); however, these amounts, if any, have not been recorded to the appropriate projects. Therefore, the overall project cost may not be accurate.

### PROJECTS COMPLETED IN FISCAL YEAR 2006

| CAPITAL PROJECT | LOCATION | ORIGINAL BUDGET | CURRENT MONTH EXPENSE | YEAR TO DATE EXPENSE | PRIOR YEARS EXPENSE | ADD'L. COMMITTED | TOTAL EXPENSED AND/OR COMMITTED | REMAINING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Storage Tank-Higby Rd | New Hartford | 20,000 | 0 | 0 | 17,263 | 2,000 | 19,263 | 737 |
| Pavement of Mains | Dewey Street | 7,665 | 0 | 0 | 7,665 | 0 | 7,665 | 0 |
| Pleasant View Tank | Marcy | 241,552 | 0 | 0 | 190,742 | 50,810 | 241,552 | 0 |
| Other Security Projects | System Wide | 12,700 | 0 | 0 | 3,494 | 9,206 | 12,700 | 0 |
| Site Improvements | WTP | 4,130 | 0 | 0 | 4,316 | 0 | 4,316 | -186 |
| Wall Repair | Southern Reserv. | 33,000 | 0 | 0 | 20,652 | 0 | 20,652 | 12,348 |
| Valve Exercising Program | System Wide | 15,000 | 0 | 0 | 15,000 | 0 | 15,000 | 0 |
| Cash Investment in Water Disrt. | Whitestown-Contract #5 | 83,400 | 0 | 36,375 | 0 | 0 | 36,375 | 47,025 |

**MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS**
Month 1 - April 30, 2006

**MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)**

| | FISCAL 06 | FISCAL 06 | FISCAL 05 | FISCAL 04 | FISCAL 03 |
|---|---|---|---|---|---|
| April | 419,898 | 421,158 | 436,874 | 438,082 | 448,176 |
| May | 0 | 433,169 | 433,732 | 437,133 | 369,245 |
| June | 0 | 463,071 | 432,431 | 430,936 | 433,322 |
| July | 0 | 477,805 | 476,038 | 443,310 | 449,260 |
| August | 0 | 514,883 | 469,873 | 440,876 | 552,861 |
| September | 0 | 513,111 | 449,233 | 546,365 | 547,595 |
| October | 0 | 469,375 | 529,942 | 477,584 | 486,491 |
| November | 0 | 474,227 | 424,247 | 458,962 | 458,808 |
| December | 0 | 424,902 | 426,796 | 416,941 | 426,849 |
| January | 0 | 407,949 | 409,415 | 463,977 | 459,749 |
| February | 0 | 398,579 | 452,494 | 428,836 | 485,891 |
| March | 0 | 400,517 | 427,874 | 436,128 | 478,881 |
| Total | 419,898 | 5,398,746 | 5,368,949 | 5,419,130 | 5,597,128 |

**MONTHLY WATER BILLINGS:**

| | FISCAL 2007 | | | FISCAL 2006 | |
|---|---|---|---|---|---|
| | Billings | Cash Receipts | Customer Routes Read | Billings | Cash Receipts |
| April | $ 1,167,491 | $ 798,394 | 1-23; 75-77 | $ 996,320 | $ 887,900 |
| May | 0 | 0 | | 1,041,242 | 918,904 |
| June | 0 | 0 | | 1,038,762 | 1,211,380 |
| July | 0 | 0 | | 1,078,160 | 1,058,316 |
| August | 0 | 0 | | 1,150,982 | 1,166,226 |
| September | 0 | 0 | | 1,160,332 | 1,180,519 |
| October | 0 | 0 | | 1,114,747 | 1,188,611 |
| November | 0 | 0 | | 1,086,651 | 838,573 |
| December | 0 | 0 | | 983,813 | 1,339,885 |
| January | 0 | 0 | | 1,000,181 | 1,007,019 |
| February | 0 | 0 | | 980,290 | 1,097,821 |
| March | 0 | 0 | | 972,949 | 1,197,891 |
| Total | $1,167,491 | $ 798,394 | | $12,604,429 | $13,093,045 |

**MAJOR REVENUE ACCOUNT ANALYSIS**
Month 1 - April 30, 2006

REVENUE

- *Metered Water Sales*:

  Quarterly and Monthly Billings – For the first month, water sales are on track with estimates.

  Overall Sales vs. Prior Year – Water sales are up $167,000 for the year compared to the prior year.

- *"System Charge"* – Both quarterly billed and monthly billed system charges are on track with estimates.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are consistent with budget estimates. Cash collection of these assessments is in the range of 85% to 90%.
- *Interest Income*— Interest Earnings are on track with estimates.
- *Hydroelectric Charges*--The downstream hydro facility has been shut down for the past month as a result of a malfunction. Following the removal of parts of the machine, it was revealed that some wood (2x4's) were lodged in the propellers of the facility creating the shutdown. This was repaired at minimal cost and the facility put back in use.
- *Other Charges* –Lab Fees, miscellaneous income and inspection of new mains remain below estimates. We will continue monitoring these accounts in the next months.

## MAJOR EXPENSE ACCOUNT ANALYSIS
Month 1 - April 30, 2006

| | Annual Budget (Cash-Basis) | Year Ended April 30, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | Explanation of Variance |
|---|---|---|---|---|---|
| **Administration** | | | | | |
| Salaries | 22,359 | 24,132 | 107.93% | (1,773) | Position to be ekiminated |
| Contracted Svs.-Other | 11,060 | 5,447 | 49.25% | 5,613 | Timing of purchases (ie, Marketing of bottled water = $5K ). |
| Contracted Svs.-Legal Fees | 25,900 | 29,017 | 112.03% | (3,117) | Timing of legal expenses related to ongoing lawsuit |
| **Finance & Accounting** | | | | | |
| Salaries | 31,683 | 32,135 | 101.43% | (452) | In accordance w/ mgmt. contract, ee bought week's vacation |
| **Customer Service** | | | | | |
| Salaries | 16,267 | 16,196 | 99.56% | 71 | On track w/ budget |
| Travel | 500 | 67 | 13.40% | 433 | Minimal travel to date. |
| **Engineering** | | | | | |
| Salaries | 37,874 | 37,751 | 99.68% | 123 | On track w/ budget |
| Contracted Services | 5,129 | 351 | 6.84% | 4,778 | Replacement of transfer switch for emergency generator not performed to date. |

## MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 1 - April 30, 2006

| | Annual Budget (Cash-Basis) | Year Ended April 30, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | |
|---|---|---|---|---|---|
| **Information Technology** | | | | | |
| Salaries | 18,253 | 18,089 | 99.10% | 164 | On track w/ budget |
| Office Equipment | 5,600 | 0 | 0.00% | 5,600 | No relacement of computers (workstations) to date. |
| Supplies | 3,050 | 566 | 18.56% | 2,484 | Timing of purchases ( ie. Toner and paper ) |
| Contracted Services | 32,390 | 6,295 | 19.44% | 26,095 | No purchases to date under current year budget. However, purchase of handheld meter reading software module for $4K was budgeted in FY 2006, but purchased in April, 2007. |
| **Water Quality** | | | | | |
| Salaries | 28,993 | 28,714 | 99.04% | 279 | On track w/ budget |
| Wages | 2,265 | 2,248 | 99.25% | 17 | On track w/ budget |
| Office Materials | 4,500 | 4,250 | 94.44% | 250 | On track w/ budget |
| Operating Supplies | 12,066 | 9,818 | 81.37% | 2,248 | Timing of supplies purchases ( e.g. pathogen monitoring CG Kit ) = $3K |
| **Treatment Plant** | | | | | |
| Salaries | 25,556 | 25,089 | 98.17% | 467 | On track w/ budget |
| Wages | 868 | 1,471 | 169.39% | (603) | Part-time WQ position working more hours than org. budgeted. |
| Operating Supplies | 55,631 | 48,929 | 87.95% | 6,702 | Timing of purchases (ie. soda ash ) resulted in budget underrun of $14.2K offset by purchases made ahead of budget (ie. polymer) resulted in $7.5K |

## MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 1 - April 30, 2006

| | Annual Budget (Cash-Basis) | Year Ended April 30, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | |
|---|---|---|---|---|---|
| **Maintenance** | | | | | |
| Salaries | 43,696 | 40,087 | 91.74% | 3,609 | Unfilled meter hsop supervisor position |
| Wages | 71,718 | 65,031 | 90.68% | 6,687 | Positions being filled by part-timers in anticipation fo full-time. |
| Street Repair Materials | 7,067 | 3,129 | 44.28% | 3,938 | Timing of Item # 4 purchases. Purchases were $2.9K less than the amount budgeted for the month. |
| Small Equipment | 2,940 | 0 | 0.00% | 2,940 | Timing of weedeater purchases. |
| Operating Supplies | 54,750 | 9,856 | 18.00% | 44,894 | Timing of meter purchases = $43K. |
| Vehicle & Equip. Repairs | 16,309 | 21,102 | 129.39% | (4,793) | Repairs to hydro turbine not anticipated. |
| **General Services** | | | | | |
| Printing | 9,810 | 210 | 2.14% | 9,600 | Timing of water bill and envelopes |
| Gas & Oil | 7,500 | 9,399 | 125.32% | (1,899) | Overrun due to timing of diesel fuel purchase . Gasoline purchases for vehicles are on track with budgeted amount. |
| **Overtime** | | | | | |
| Administration | 85 | 0 | 0.00% | 85 | |
| Finance & Accounting | 0 | 0 | #DIV/0! | 0 | |
| Customer Service | 0 | 0 | #DIV/0! | 0 | |
| Engineering | 1,200 | 1,658 | 138.17% | (458) | |
| Info. Technology | 2,500 | 2,421 | 96.84% | 79 | |
| Water Quality | 0 | 0 | #DIV/0! | 0 | |
| Treatment Plant | 4,142 | 5,047 | 121.85% | (905) | |
| Maintenance | 13,000 | 10,568 | 81.29% | 2,432 | |
| Total Overtime | 20,927 | 19,694 | 94.11% | 1,148 | |

**FINANCIAL RATIOS**
Month 1 - April 30, 2006

**LIQUIDITY** – The Authority's ability to pay its most immediate obligations.

A. ***CURRENT RATIO***

**What does it measure?** The ratio measures the extent to which the Authority's has current assets in excess of current liabilities. This measures our ability to pay bills when they become due.

(Current assets / Current liabilities)

**Best Practice**: Current Ratio of 2.0

| April '06 | March '06 | Feb '06 | Jan '06 | Dec. '05 | Nov. '05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| 1.74 | 1.80 | 1.75 | 1.50 | 1.64 | 1.86 | 1.69 |

B. ***WORKING CAPITAL***

**What does it measure?** The Authority's ability to meet short-term obligations using current, liquid assets.

(Current assets - Current liabilities)

**Best Practice**: Any amount in excess of current liabilities.

| April '06 | March '06 | Feb '06 | Jan '06 | Dec. '05 | Nov. '05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| $2,080,241 | $2,174,165 | $2,095,850 | $1,742,037 | $1,847,864 | $2,395,793 | $2,097,857 |

**FINANCIAL RATIOS**
Month 1 - April 30, 2006

**SOLVENCY** – The Authority's ability to pay its long-term obligations.

## A. *DEBT TO ASSETS LEVERAGE RATIO*

**What does it measure?** – The degree to which the Authority's assets are financed through borrowings and other long-term obligations.

(Total liabilities / Total assets)

Example: 0.50 would indicate half the assets are financed with outstanding debt.

**Best Practice**: Lower, the better. However, 40% -50% depending on an organization's future ability to pay.

| April '06 | March '06 | Feb '06 | Jan '06 | Dec '05 | Nov '05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| 80% | 80% | 81% | 81% | 81% | 80% | 81% |

Note: Excluding the original debt financing of approx. $25 million to buy the regional water system, the debt to assets leverage ratio would be 47%.

## B. *COVERAGE RATIO*

**What does it measure?** – Measures cash flow generated by operations compared to debt service and PILOT payments (non-discretionary costs).

(Total Cash Received / Total Debt Service (principal & interest) + PILOT payments)

Example: 1.25 indicates the Authority generated 25% more than the cash needed to pay monthly/annual debt service.

**Best Practice**: Over 1.00 indicates an organization can at least pay these non-discretionary costs. However, higher the better.

| March '06 | March '06 | Feb '06 | Jan '06 | Dec. '05 | Nov '05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| 1.98 | 3.38 | 3.19 | 2.65 | 3.41 | 2.36 | 3.17 |

**FINANCIAL RATIOS**
Month 1 - April 30, 2006

**CAPACITY RATIOS** – Comparison of financial and economic indicators to measure changes in financial capacity over time. Capacity ratios can compare financial to other financial or financial to non-financial.

## A. *UNACCOUNTED FOR WATER RATIO*

**What does it measure?** – The Authority's loss of treated water from the filtration plant to its customers.

Example: 25% indicates the Authority has lost one quarter of its treated water due to unaccounted-for factors including fire fighting, evaporation, and leakage.

> **Best Practice** (Industry Standard): Water systems with 20% - 30% loss are in the medium range for standard losses.

**Please Note**: In a memo dated March 28, 2003 from the Principal Engineer, as part of the NYSDEC water supply permit, a water supply audit was performed for the calendar year ending December 31, 2002 submitted to NYSDEC. The water supply audit calculated the following percentages related to unmetered usage:

| | |
|---|---|
| • Firefighting | 2.50% |
| • Construction | .01% |
| • Street Cleaning | .02% |
| • Flushing | .001% |
| • Main Breaks | 1.50% |
| • Meter Under-Registration | 5.64% |
| TOTAL | 9.67% |

Comment: In the annual water supply audit, an additional item was noted-- "water leaks that have since been repaired" which accounted for 14% of the unaccounted for water usage. Per review of Jan. '03 to December '03, no significant reduction of water produced has occurred.

(1 –(((3-Month Average Billed Consumption) /(3-Month Average Water Production)) + un-metered usage noted above)

| April '06 | March '06 | Feb. '06 | Jan '06 | Dec '05 | Nov '05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| 35.30% | 35.84% | 34.91% | 30.22% | 26.79% | 22.93% | 26.62% |

**Caution: There is no standardized method of calculating this ratio. Factors such as fire fighting, leakage, evaporation and amounts used for system backwash may impact the percentage of water loss.**

**FINANCIAL RATIOS**
Month 1 - April 30, 2006

## B. *DEBT & PILOT PAYMENT BURDEN RATIO*

**What does it measure?–** The portion of an average customer's quarterly bill attributed to non-discretionary costs (debt service and PILOT payments).

(Monthly Debt Service + PILOTs) / # of Customers Billed per Month)

Example: The average quarterly bill for a family of four (4) using approximately 21,000 gallons is $61.00. A burden of $25.00 indicates that this portion of an average customer's bill goes toward paying monthly debt service and PILOT payments.

| April 06 | March 06 | Feb. 06 | Jan. 06 | Dec. 05 | Nov 05 | Avg.-Past Six months |
|---|---|---|---|---|---|---|
| $38.83 | $35.13 | $35.20 | $34.70 | $35.23 | $34.92 | $35.07 |

**GLOSSARY OF TERMS**
Month 1 - April 30, 2006

**1) Three Traditional Financial Statements:**

I. **Balance Sheet** – Indicates "where we are now". Includes accounts like cash, receivables, long term assets, accounts payable and debt.

II. **Statement of Income** – Shows "how we are doing" at a point in time-usually a month or year. The statement identifies the revenue earned and expenses incurred at that specific point in time. The difference between revenues and expenses is an organization's net income or deficit.

III. **Statement of Cash Flows** – Shows "where the cash came from and where it went". Drawback: Does not indicate assets used to generate cash nor any commitments or liabilities for which cash will be needed in the short term or long term.

**2) Strategic Plan** - Defines the Authority's mission, value and strategy. It also defines how the Authority's mission, value and strategy will be carried out. The Plan is a dynamic process that is flexible enough to allow modification of plans in order to respond to changing circumstances.

**3) Business Plan/Operating Plan –** This is the implementation of the strategic plan through the use of identifying specific results to be achieved within a given period, usually one year. The plan also identifies the actions and resources to achieve those results.

**4) Profits and Net Income – Profits** are usually stated in dollars, and **Net Income** is the positive difference between revenues and expenses.

**5) Viability** – The ability of a business to continue to survive and succeed into the future.

**6) Accounting** – The art of recording, classifying and summarizing, in a significant manner and in terms of money, transactions and events which are in part at least, of a financial character, and interpreting the results thereof.

**7) GAAP** – (Generally Accepted Accounting Principals) Accounting principals developed and approved by the Financial Accounting Standards Board (FASB), an independent body created by the SEC, to provide guidelines as to how financial accounting should be performed.

**8) Cash Basis** - Sales (Revenues) and Expenses (Costs) are accounted for on a "cash received" and "cash paid" basis. There are no Accounts Receivable and Accounts Payable with the Cash Basis of Accounting.

**9) Accrual Basis –** the practice by which revenues are recorded when "earned" and expenses are recorded when "incurred" even if the cash has not yet been received or paid out. Expenses incurred to produce the Sales are properly "matched" against each other within the same accounting period.

**GLOSSARY OF TERMS**
Month 1 - April 30, 2006

**10)** **Matching Principal** – As stated above, expenses incurred to produce Sales must be matched together within the same period. Otherwise, there is a distortion of Net Income for certain accounting periods.

**11)** **Capitalization –** The practice of recording purchases where the usefulness will be recognized over time to generate revenue. (The "usefulness" is what we call depreciation.)

**12)** **Net Realizable Value** – The value of a transaction or series of transactions after allowances or discounts have been taken against the transaction(s).

Example - Accounts Receivable: Gross receivables less an allowance for bad debts = Net Realizable Value of Accounts Receivable.

**13)** **Meter Route/ Meter Cycle –** A **meter route** is a Meter Reader's walking/driving direction used to read meters at residence and businesses. A route usually encompasses approximately 175 meter readings. A **meter cycle** is a group of meter routes that are within the same demographic area. A meter cycle usually includes 4-5 meter routes or approximately 700 meter readings.