

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 5: Month Ended August 31, 2006

Finance Committee Members

Terms Ending

December 31,

Bruce Brodsky, Committee Chairman	2006
Vincent Coyne	2006
Elis DeLia	2007
George Gaston, Board Chairman	2006
Joseph Hobika, Jr.	2007
Frank Trevisani	2006

Report produced by Jim Korfonta, Comptroller

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VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 5 - August 31, 2006

PRODUCTION & CONSUMPTION

	<u>August</u>	<u>July</u>	<u>June</u>	<u>May</u>	<u>April</u>	<u>March</u>
Water Production (1,000 gallons)	551,400	537,600	531,800	554,400	547,300	570,600
Billed Consumption (1,000 gallons)	355,560	325,235	361,939	308,354	314,126	299,626

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
August 2006		\$ 1,550,575	\$ 1,265,362	\$ 285,213	
Year-To-Date	\$ 2,446,773	\$ 6,604,719	\$ 6,054,413	\$ 550,306	\$ 2,997,079

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
August 2006		96	(2)	
Year- to-Date (Fiscal 2007)	38,589	702	(32)	39,259
Fiscal 2006	38,449	573	(433)	38,589

Breakdown of Customer Movement:

Currently, 324 final bills were processed of which 269 moved within the service area. For last year (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%		

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued

Month 5 - August 31, 2006

WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY

WATER SYSTEM MAINTENANCE--METER ACTIVITY									
Month	Breaks / Install, etc.	Curb Box	Leak Investigations	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
April, 2006	22	74	44	832	23	7	52	16	1,070
May, 2006	34	100	27	913	14	3	25	3	1,119
June, 2006	27	69	26	793	7	3	38	24	987
July, 2006	28	72	42	779	8	4	28	10	971
August, 2006	20	69	51	1,073	4	3	34	9	1,263

Current Fiscal Year	Meters Replaced							Daily Activity			
	5/8"	3/4"	1"- 1 1/2"	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
May 2006	201	6	4	3	1	5	220	17	5	10.0	2.5
June 2006	169	0	1	1	14	5	190	19	5	8.6	2.1
July 2006	142	2	3	0	0	2	149	14	1	7.0	1.8
August 2006	209	3	1	1	1	2	217	16	5	10.3	2.6
Year-To-Date	906	12	10	6	16	14	964	19	1	9.1	2.3

Last Year Activity	Meters Replaced							Daily Activity			
	5/8"	3/4"	1"- 1 1/2"	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 5 - August 31, 2006

ACCOUNTS PAYABLE

	<u>Total</u>	<u>0-10</u>	<u>10-20</u>	<u>20-30</u>	<u>30-50</u>	<u>50+</u>	<u>Capital Project Retention</u>
August 2006	\$305,501	\$82,326	\$39,376	\$168,208	\$2,774	\$12,817	\$0

Useful Information To Know:

- There are approximately 38,000 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: At five months, billed water sales are above budgeted estimates by \$285,000 (\$5,732,000 budget vs. \$6,017,000 actual).

Monthly Consumption: At five months, consumption is 8.4 million cubic feet below the prior year. For August, there was a drop in consumption of 4 million cubic feet for the quarter compared to the prior year. We reviewed the accounts in this area (New Hartford) and discovered no specific large variances in consumptions. The reductions in consumption were scattered throughout the areas billed. We speculate that this is weather-related reductions. The prior year experienced dry months and water of laws and other water uses were more prevalent. This current year, constant rains prevented this activity.

This current consumption deficit compared to the previous year, equates to approximately \$234,000 water revenue under our current rate structure of \$27.86 per 1,000 cubic feet.

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2006

Big Picture-continued

Cash Flow: At five months, there is a positive cash position. Cash receipts are \$100,000 above estimates; however, payments to suppliers are \$300,000 more than anticipated partly due to the timing of vehicles purchases and paving costs. We will continue to monitor the effect of these unanticipated commitments (earlier in the fiscal year than budgeted) into the coming months. In addition, 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:

LITIGATION EXPENSES—TO DATE

	<u>MONTHLY ACTIVITY</u>		<u>YEAR-TO-DATE ACTIVITY</u>	
	<u>TARGET</u>	<u>AUGUST 2006</u>	<u>TARGET</u>	<u>ACTUAL</u>
Cash Inflow	\$ 1,300,000	\$ 1,551,000	\$ 6,500,000	\$ 6,604,000
Outflows--				
Personnel Costs	322,000	315,000	1,610,000	1,585,000
PILOTS	125,000	118,000	605,000	599,000
Debt Service	305,000	302,000	1,510,000	1,512,000
Payments to Suppliers	290,000	486,000	1,750,000	2,133,000
Other Commitments:				
Set Aside for New Bonding-Debt Service	45,000	45,000	225,000	225,000
	<u>1,087,000</u>	<u>1,266,000</u>	<u>5,700,000</u>	<u>6,054,000</u>
Cash Remaining	\$ 213,000	\$ 285,000	\$ 800,000	\$ 550,000

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	\$ 142,845
2007	DECLARATORY JUDGMENT	\$ 75,729
(April 1, 2006 to July 31, 2006)		
	TOTALS	\$ 262,753

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2006

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

CURRENT CUSTOMER SERVICE ACTIVITY

New Initiatives--

- We are in the process of setting up a phone line so meter readers and other staff can report properties not on their route or in our data bases so follow-up review can be performed and properly accounted for. This will prevent field personnel from tying up Customer Service lines as well as field personnel not having to wait for a representative to report a property.
- We are also considering creating a Theft of Service/Tampering Hotline for customers to report potential theft or miss-use.
- **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. Since we started this program, we have reduced estimated reads for a year or more by 27%. (April 947 accts to 692 accts.)

Ongoing Initiatives--

- Combating theft continues to be a priority. Customer Service met with the Meter Department regarding theft of service. As a combined effort, we are looking devising procedures and incorporating additional ways to document and record vacant properties to prevent water theft.
- As a measure to inform customers of work or crews working in the area, I have purchased door hangers that will notify customers of water problems or maintenance in their area. I anticipate the maintenance crews will complete and distribute as needed.
- We are working on a layout for the web site for on-line viewing of customer's accounts. We are also in the process of accepting on-line payments and requesting service work orders on-line.
- **New billing customer: Town of Marcy.** We have billed the Town of Marcy Sewer for prior years. During June, we billed Marcy Sewer for two years of unbilled sewer charges. This was part of a coordinated plan with the Town of Marcy to "catch-up" for the prior years' unbilled sewer.
- We continue to concentrate on properties that have registered "0" consumption for three or more quarters. Meter readers have a list of these accounts on each route and make a concerted effort to access the property. This is to assist in our tampering efforts and to correct stopped meters.
- 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. We have found this to be a productive tool when a customer cancels a scheduled appointment or the daily work is completed quicker than expected.

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2006

METER REPLACEMENT

NEW PROJECT --LARGE METER REPLACEMENT 3" +

Project Synopsis: 18 large meters were identified for replacement based on age and accuracy.

Project Status: All have been installed and will be tracked for change in consumption and dollars billed.

All currently are showing and increase in revenue and consumption except for one. The highest performer had an increase of 114% in revenue. Current ROI (return on investment) without results of the quarterly meters is approximately 2 years or 26 months.

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, 36% of the monthly accounts were estimated; 9% of the quarterly accounts were estimated. This is a 4% increase in monthly from the prior month. We are investigating the variance. We continue to institute corrective actions to reduce 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		\$ 23,149	\$ 7,024	\$ 3,670	
May 2006		19,139	19,139	5,150	
June 2006		69,972	12,874	17,779	
July 2006		19,029	30,802	589	
August 2006		31,255	31,881	29,515	
Year to Date	\$ 9,460	\$162,544	\$101,720	\$56,703	\$ 13,581

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	

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2006

BILLING/COLLECTIONS: (continued)

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	306	132	47	1	390

- Since the beginning of the fiscal year, \$258,778 has been posted.
- For the month of August, accounts totaling \$38,481 have been "posted". Of the outstanding posted balances, \$178,719 has been collected for the fiscal year.
- For the previous fiscal year, accounts totaling \$1,067,125 were "posted". Of this amount, \$781,518 was collected for the 2006 year.

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
6/20/05	Riggles	35A-75HL	10853 Coby Mnr Rd	\$ -		Admit	7/8/05			10
1/13/06	Marris	30A-74	16 Wind Pl	\$ 2,000	\$ 2,000	Pict/Admit	1/24/06			11
5/4/06	Muon	17A-28	677 Bleecker St	\$ 2,000	\$ 2,000	Pict/	5/24/06			11
5/24/06	Moun	12A-15	1428-30 Seymour	\$ 2,000	\$ 2,000	Pict	5/24/06			11
7/25/06	Helmes	14E-51	1134 Hilton Ave	\$ 2,000		Pict	7/25/06	8/8/06		11
8/9/06	Rivera	17E-171	715 Albany St	\$ 2,000		Pict	8/11/06			11

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.
- 11—Fee assessed, waiting for results from criminal court.
- 12—Fees assessed and remains unpaid; levied on appropriate City, County or Town taxes.

MOHAWK VALLEY WATER AUTHORITY

FLASH REPORT

Month 5 - August 31, 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 %	August	July	June	May	April	March
ASSETS							
Cash		\$ 2,966,635	\$ 2,623,256	\$ 2,644,653	\$ 2,500,094	\$ 2,227,036	\$ 2,426,809
Water Sales Receivable, Net		\$ 1,636,966	\$ 1,732,378	\$ 1,878,957	\$ 1,789,031	\$ 1,706,524	\$ 1,477,103
Trust Fund Assets		\$ 12,108,741	\$ 12,025,942	\$ 11,595,540	\$ 11,226,146	\$ 11,506,496	\$ 11,622,516
Utility Long Term Assets, Net		\$ 50,023,776	\$ 50,051,688	\$ 47,322,439	\$ 47,139,841	\$ 47,141,958	\$ 47,212,982
Total Assets		\$ 68,136,084	\$ 67,807,647	\$ 64,525,896	\$ 63,570,788	\$ 63,873,513	\$ 63,940,786
LIABILITIES							
Accounts Payable		\$ 305,501	\$ 141,153	\$ 269,226	\$ 216,816	\$ 130,304	\$ 94,670
Long Term Debt, Principal		\$ 47,901,849	\$ 47,964,129	\$ 47,951,412	\$ 47,938,693	\$ 48,030,974	\$ 48,183,256
Total Liabilities		\$ 51,206,353	\$ 51,147,153	\$ 50,973,467	\$ 50,755,384	\$ 51,105,020	\$ 51,241,212
EQUITY							
Unrestricted Earnings		\$ (593,540)	\$ (862,777)	\$ (1,212,411)	\$ (1,949,437)	\$ (1,996,347)	\$ (2,065,265)
Invested in Utility Plant, Net		\$ 16,131,408	\$ 16,131,408	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 464,730	\$ 464,730	\$ 464,730	\$ 464,730	\$ 464,730	\$ 464,730
Oper. and Maint. Reserve		\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)							
	% of Accum. Budget	5th Month FY 2007	4th Month FY 2007	3rd Month FY 2007	2nd Month FY 2007	1st Month FY 2007	12th Month FY 2006
Water Sales	105%	\$ 6,017,896	\$ 4,745,764	\$ 3,534,420	\$ 2,331,052	\$ 1,165,437	\$ 12,518,093
Other Revenue	128%	\$ 999,950	\$ 794,946	\$ 580,369	\$ 347,170	\$ 143,233	\$ 2,148,334
Operating Expenses	92%	\$ 4,405,270	\$ 3,447,112	\$ 2,137,238	\$ 1,417,711	\$ 688,747	\$ 11,009,260
Debt Service, Interest only	90%	\$ 760,333	\$ 663,782	\$ 663,782	\$ 664,237	\$ 287,226	\$ 2,016,393
PILOT Payments	100%	\$ 602,741	\$ 484,338	\$ 362,407	\$ 243,864	\$ 121,932	\$ 1,474,399

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 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-Tax Levy	Various	211,953	2,965	4,201	2,895	2,512	199,380	
Pamela Hamilton	12C 116	1,493	8	363	15	0	1,107	Posted
Magnus Ogunswano	15F 137A	1,191	433	0	15	0	743	Posted
Mike Lennon	23H 111	1,815	837	40	0	938	0	Collection
Rome Turkey Radiator	24C 179BK	1,455	258	15	0	398	784	Invest.
E. Clayton Lortie	27N S	1,262	114	15	1,071	62	0	Posted
Tony's Sports Bar	28H 77	1,372	15	0	354	15	988	Pd. in full in 9/06
Composite Services	29C 87BK	1,682	0	15	0	1,667	0	Posted
Mary Vanvalkenburg	33F 142FA	1,521	24	0	73	15	1,409	Posted
Rolling Star Mfc (c/o Dean Beck)	34A 119A	2,321	15	0	60	15	2,231	Invest.
Algonquin Corp.	50D 5	2,301	15	1,194	15	596	481	Posted
239 Genesee Hold, LLC	52B 19	2,239	15	848	15	689	672	Posted
Coolidge MEM, LLC	52B 60	2,898	19	844	15	429	1,591	Posted
Soggs, Pine & Soggs	55C 26H	1,710	15	366	321	321	687	Posted
New Hartford Shopping Center	56DA 1	1,969	15	1,086	868	0	0	Posted
New Hartford Shopping Center	56DA 3	3,016	15	1,736	1,265	0	0	Posted
New Hartford Shopping Center	56DA 4	1,561	15	586	572	328	60	Posted
Mohawk LLC	56FA 141	7,137	75	529	173	171	6,189	Pre-Posted
Windsong Mountain Trl. Park	56FC 170A	6,841	15	3,619	3,207	0	0	Invest.
Timothy Klotz (see also shut-offs)	37 accounts	16,525	1,142	3,418	548	267	11,150	Post./Coll./Inv.

DELINQUENT ACCOUNTS SHUT-OFF

Word Faith Deliverance	1C 2	1,036	3	221	3	16	793	Shut-off
William O' Brien	6A 162BK	1,141	8	48	22	7	1,056	Shut-off
Henry Topolski	8B 35	1,723	15	48	29	14	1,617	Shut-off
Haru Lukac/Renata Vujeva	8C 46BK	3,750	0	165	0	0	3,585	Shut-off
Som Mang Porm	10D 6	1,119	4	375	15	0	725	Shut-off
James Jones	10F 91	1,668	3	48	16	0	1,601	Sut-off
Mauricio & Rina Valle	11C 34	1,314	10	48	18	2	1,236	Shut-off
Angel & Mario Santana	11D 26	1,577	14	48	29	14	1,472	Shut-off
NYMA Properties	13B 133	1,450	1	48	15	0	1,386	Shut-off
Christiana Joseph	14A 41	1,300	7	290	20	4	979	Shut-off
Magen Letrende	17B 107	1,315	144	0	23	7	1,141	Shut-off
Fiore Carbone	17C 56	1,209	49	0	19	4	1,137	Shut-off
Ingrid Grimm	24B 136	2,581	66	15	24	71	2,405	Shut-off
Robert Frezza	27R 20	1,123	46	15	4	557	501	Shut-off
9882 River Road Liberty	33A 117	1,771	25	0	371	7	1,368	Shut-off

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 2006

Customer	Route & Account	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
132-42 Hotel Inc.	50A 121	1,014	20	194	19	89	692	Shut-off
Tartan Textile Serv.	55B 29	4,458	15	1,775	15	894	1,759	Shut-off
Soggs Realty	56DE 99	4,043	15	1,410	1,715	270	633	Shut-off
Raymond DeCarr	3 accounts	1,153	50	96	51	54	902	Shut-off
Sandra Albert	10 accounts	9,042	309	240	106	60	8,327	Shut-off
Timothy Klotz (also, see above)	3 accounts	4,245	89	223	63	32	3,838	Shut-off
City Delinquents-FY '06		37,879					37,879	
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		1,308,670	605,902	225,563	100,474	49,996	326,735	Change
August, 2006		<u>2,287,325</u>	<u>612,805</u>	<u>249,745</u>	<u>114,533</u>	<u>60,521</u>	<u>1,249,721</u>	-3.44%
Prior Months Receivables:								
July, 2006		<u>2,368,888</u>	<u>682,512</u>	<u>191,817</u>	<u>89,614</u>	<u>158,625</u>	<u>1,246,320</u>	-1.61%
June, 2006		<u>2,407,580</u>	<u>661,601</u>	<u>201,844</u>	<u>200,139</u>	<u>47,516</u>	<u>1,296,480</u>	5.95%
May, 2006		<u>2,272,423</u>	<u>588,663</u>	<u>275,909</u>	<u>85,650</u>	<u>61,878</u>	<u>1,260,323</u>	-3.85%
April, 2006		<u>2,363,426</u>	<u>835,711</u>	<u>133,146</u>	<u>82,487</u>	<u>100,208</u>	<u>1,211,874</u>	18.62%
March, 2006		<u>1,992,436</u>	<u>409,009</u>	<u>149,063</u>	<u>134,106</u>	<u>62,288</u>	<u>1,237,970</u>	-10.62%
February, 2006		<u>2,229,258</u>	<u>616,596</u>	<u>147,754</u>	<u>105,240</u>	<u>130,457</u>	<u>1,229,211</u>	-0.33%
January, 2006		<u>2,236,659</u>	<u>618,757</u>	<u>143,619</u>	<u>102,351</u>	<u>136,911</u>	<u>1,235,021</u>	1.29%
December, 2005		<u>2,208,260</u>	<u>515,278</u>	<u>190,476</u>	<u>167,458</u>	<u>104,461</u>	<u>1,230,587</u>	-11.33%
November, 2005		<u>2,490,455</u>	<u>816,979</u>	<u>267,146</u>	<u>108,841</u>	<u>65,046</u>	<u>1,232,443</u>	12.95%
October, 2005		<u>2,205,010</u>	<u>653,584</u>	<u>180,399</u>	<u>83,597</u>	<u>126,179</u>	<u>1,161,251</u>	-2.09%
September, 2005		<u>2,251,989</u>	<u>643,259</u>	<u>138,623</u>	<u>167,331</u>	<u>74,043</u>	<u>1,228,733</u>	3.31%
August, 2005		<u>2,179,819</u>	<u>519,952</u>	<u>253,713</u>	<u>94,399</u>	<u>67,733</u>	<u>1,244,022</u>	-2.37%

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 2006

UPDATE ON LARGER DOLLAR ACCOUNTS:

Windsong Mountain Trailer Park

Windsong Mountain trailer park currently has a balance of \$18,935. They are currently due to be billed again which should raise the amount due to \$22,400+. Last payment was made on 8/21/06 by 3 separate checks and the funds were not available. The checks were protested and are currently waiting on a response.

We have spoke to the original property owner of the park prior top Mr. Hoole who has indicated he is taking the park back and removing Hoole from operations. We are waiting on a response as to the current status of the take over.

WORK IN PROCESS—CAPITAL PROJECTS

Month 5 - August 31, 2006

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	PROJECT #	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	05-02-A	3,450,000	0	311	15,768	3,438,153	3,454,232	-4,232
SCADA-Computer Hardware	System Wide	05-03-A	39,255	0	0	51,186	0	51,186	-11,931
Hydrolic Analysis & GIS Dev.	System Wide	05-08-A	80,000	24,490	24,490	36,026	44,000	104,516	-24,516
Main Replacement	New Hartford	05-08-B	90,000	0	0	7,671	82,000	89,671	329
Emergency Generator	City Hall	05-09-A	135,000	0	0	1,125	133,875	135,000	0
Main Replacement	Park Ave., Holland Pat.	05-13-A	93,750	0	0	37,458	56,292	93,750	0
Storage Tank #2-Higby Rd	New Hartford	05-15-A	20,000	0	1,990	17,976	1,000	20,966	-966
Distribution Analysis-Chloramines	System Wide	05-17-A	165,000	0	9,100	108,465	48,000	165,565	-565
Tank Safety Ladder	Valley View Tank	05-18-A	19,500	0	0	19,500	0	19,500	0
Install Water Mains	Chapman Road	05-20-A	44,000	525	6,150	28,990	0	35,140	8,860
SCADA	System Wide	05-21-A	43,000	0	381	31,341	11,278	43,000	0
Clearwell	WTP	05-22-A	74,500	0	11,175	44,700	18,000	73,875	625
Fiscal 2005 Budgeted Capital Projects			<u>4,254,005</u>	<u>25,015</u>	<u>53,597</u>	<u>400,206</u>	<u>3,832,598</u>	<u>4,286,401</u>	<u>-32,396</u>

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	PROJECT #	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Chemical Feed	WTP	06-01-B	7,500	0	0	7,500	0	7,500	0
Security Protection	WTP	06-02-A	20,000	0	0	20,264	0	20,264	-264
Water Main	Holland Patent	06-03-A	90,000	0	1,306	189	88,500	89,995	5
Disinfection BY-Product	Deerfield Tank	06-04-A	6,500,000	3,500	3,500	354	6,500,000	6,503,854	-3,854
Main Replacement	Commercial Drive	06-05-A	30,000	1,532	0	0	0	0	30,000
Main Replacement	Leah St.	06-06-A	51,600	890	2,346	0	49,000	51,346	254
Main Replacement	Sherman Drive & Tilden A	06-07-A	14,000	0	2,280	0	11,500	13,780	220
Corrosion Compliance Study	System Wide	07-01-A	0	4,574	4,574	0	0	4,574	-4,574
Fiscal 2006 Budgeted Capital Projects			<u>6,713,100</u>	<u>10,496</u>	<u>14,006</u>	<u>28,307</u>	<u>6,649,000</u>	<u>6,691,313</u>	<u>21,787</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 5 - August 31, 2006

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 07	FISCAL 06	FISCAL 05	FISCAL 04	FISCAL 03
April	419,898	421,158	436,874	438,082	448,176
May	412,183	433,169	433,732	437,133	369,245
June	483,811	463,071	432,431	430,936	433,322
July	434,748	477,805	476,038	443,310	449,260
August	475,336	<u>514,883</u>	<u>469,873</u>	<u>440,876</u>	<u>552,861</u>
		2,310,086	2,248,948	2,190,337	2,252,864
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	<u>0</u>	<u>400,517</u>	<u>427,874</u>	<u>436,128</u>	<u>478,881</u>
 Total	 <u>2,225,976</u>	 <u>5,398,746</u>	 <u>5,368,949</u>	 <u>5,419,130</u>	 <u>5,597,128</u>

MONTHLY WATER BILLINGS:

	<u>FISCAL 2007</u>			<u>FISCAL 2006</u>	
	Billings	Cash Receipts	Customer Routes Read	Billings	Cash Receipts
April	\$ 1,167,491	\$ 798,394	1-23; 75-77	\$ 996,320	\$ 887,900
May	1,168,917	1,331,614	24-42; 58; 75-77	1,041,242	918,904
June	1,205,518	1,112,196	43-57; 59; 75-77	1,038,762	1,211,380
July	1,214,680	1,297,453	1-23; 75-77	1,078,160	1,058,316
August	1,296,257	1,401,105	24-42; 58; 75-77	<u>1,150,982</u>	<u>1,166,226</u>
				5,305,466	5,242,726
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	<u>0</u>	<u>0</u>		<u>972,949</u>	<u>1,197,891</u>
 Total	 <u>\$ 6,052,863</u>	 <u>\$ 5,940,762</u>		 <u>\$12,604,429</u>	 <u>\$13,093,045</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 5 - August 31, 2006

REVENUE

- *Metered Water Sales:*

- Quarterly and Monthly Billings – For the month, water sales is above by \$145,000 compared to the prior year.

- Overall Sales vs. Prior Year – Water sales are up \$747,000 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 was shut down for the in April 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. The agreement with National Grid is due to expire in December.
- *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 5 - August 31, 2006

	Annual Budget (Cash-Basis)	Year Ended August 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Administration					
Salaries	111,797	115,166	103.01%	(3,369)	Unbudgeted position paid until May.
Contracted Services	26,700	39,025	146.16%	(12,325)	Marketing firm expenses exceeding budget amount.
Training & Education	2,500	0	0.00%	2,500	No travel incurred to date.
Contracted Services.-Legal Fees	92,335	89,094	96.49%	3,241	Timing of legal expenses related to on-going lawsuit.
Finance & Accounting					
Salaries	158,165	154,730	97.83%	3,435	Transition of a temp. vacant meter reading position.
Contracted Services	77,200	85,706	111.02%	(8,506)	M&T Lock-Box charges unfavorable by \$10K.
Customer Service					
Salaries	81,335	80,050	98.42%	1,285	On track w/ budget
Travel	1,280	67	5.23%	1,213	Minimal travel to date.
Engineering					
Salaries	189,370	192,694	101.76%	(3,324)	As part of employ. contract, 2 staff sold a week's vacation; in addition 'ee paid for opting out of medical plan.
Wages	27,615	28,019	101.46%	(404)	On track w/ budget
Operating Supplies	6,840	5,114	74.77%	1,726	Purchase of parts for pressure regulator has not occurred.
Contractor Services	21,795	8,947	41.05%	12,848	Timing of transfer switch replacement @ Luke Road emergency generator.
Training and Education	3,200	854	26.69%	2,346	Hydraulic Modeling training budgeted for 2 employees (\$2,000) will take place later in the year.
Information Technology					
Salaries	91,265	91,067	99.78%	198	On track w/ budget.
Office Equipment	17,000	9,219	54.23%	7,781	Eight (8) computers purchased to date vs. fourteen (14) budgeted through August, 2006.
Supplies	7,300	4,870	66.71%	2,430	Timing of purchases (i.e.. Toner and paper)
Contracted Services	76,250	34,433	45.16%	41,817	Items not spent as scheduled: Software consultant-\$25K; Cool Ice software-\$7K; Timing of lease on server w/ UNYSIS-\$4K; Web Page development-\$4K.
Training and Education	3,400	1,890	55.59%	1,510	No training scheduled thus far (i.e., Arc IMS Administrator training budgeted for \$1,400 in April has been postponed until later in the year.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 5 - August 31, 2006

	Annual Budget (Cash-Basis)	Year Ended August 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Water Quality					
Salaries	144,965	143,324	98.87%	1,641	On track w/ budget
Wages	11,325	11,225	99.12%	100	On track w/ budget
Office Equipment	7,500	737	9.83%	6,763	Delay in purchase of watershed lab equipment; purchase of convection oven \$2,500.
Travel & Vehicle Usage	3,118	4,500	144.32%	(1,382)	Timing of GIS Seminar in San Diego favorable by \$2.5K. Budgeted in June but the charges are expected in September. EPA seminar in Cincinnati reimbursed in Sept.
Operating Supplies	60,330	57,688	95.62%	2,642	Timing of supplies purchases (e.g. pathogen monitoring CG Kit) \$9K through August .
Contracted Services	12,000	3,937	32.81%	8,063	Regulated Monitoring -\$6.2K favorable; Maintenance of microscopes - \$1.5K favorable.
Training and Education	1,800	319	17.72%	1,481	Timing of billing for the conference fee to the AWWA Nat'l conf.
Repairs	3,000	912	30.40%	2,088	Minimal repairs to date.
Treatment Plant					
Salaries	127,780	124,334	97.30%	3,446	On track w/ budget
Wages	4,342	8,875	204.40%	(4,533)	Part-time WQ position working more than budgeted.
Office Equipment	11,000	1,087	9.88%	9,913	No purchases to date (i.e.. PH analyzer and sensor and Level Sensor Hypo Feed).
Operating Supplies	278,180	300,480	108.02%	(22,300)	Polymer purchases - \$19K unfavorable. Due to excessive rainfall which has caused excessive turbidity in water.
Contractor Services	12,990	4,208	32.39%	8,782	Invoice for sludge removal has not been received (\$8K)
Training and Education	2,500	0	0.00%	2,500	Operator training not performed to date.
Plant Repairs	7,500	17,079	227.72%	(9,579)	Plant repair materials including a mixer moter, mechanical scale; service pack.
Permits	1,876	0	0.00%	1,876	SPEDES permit budgeted in May has not occurred.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 5 - August 31, 2006

	Annual Budget (Cash-Basis)	Year Ended August 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Maintenance					
Salaries	218,480	200,918	91.96%	17,562	Unfilled meter shop supervisor position
Wages	358,590	317,677	88.59%	40,913	Positions being filled by part-timers in anticipation for full-time.
Street Repair Materials	310,285	268,309	86.47%	41,976	Paving charges to date = \$36K favorable.
Office Equipment	5,225	406	7.77%	4,819	Limited purchase of office furniture to date.
Small Equipment	15,800	0	0.00%	15,800	Gears for valves not purchased to date.
Operating Supplies	201,465	170,512	84.64%	30,953	Purchases to date: meters \$30K favorable; hydrants \$34K favorable; valves (\$5K unfavorable); general supplies (\$28K unfavorable).
Training & Education	16,770	1,860	11.09%	14,910	Various safety training programs have not occurred or are running under budget (ie. Respiratory, Pesh, Haz Communication)
Vehicle & Equip. Repairs	80,644	66,709	82.72%	13,935	Favorable year to date. Will continue to monitor account for significant variances.
General Services					
Printing	22,970	13,286	57.84%	9,684	Timing of water bill and envelopes purchases.
Electricity and Gas	193,000	162,051	83.96%	30,949	Year to date favorability is due to budget estimates based on anticipated higher utility rates.
Postage	34,240	40,642	118.70%	(6,402)	Timing of water billing postage.
Gas & Oil	42,350	51,108	120.68%	(8,758)	Gasoline purchases for vehicles are unfavorable by \$13K. We are currently reviewing the inconsistencies.
Overtime					
Administration	330	153	46.36%	177	
Finance & Accounting	250	291	0.00%	(41)	
Customer Service	0	0	0.00%	0	
Engineering	10,800	7,368	68.22%	3,432	
Info. Technology	8,500	3,858	45.39%	4,642	Services for City of Utica not performed to date
Water Quality	250	169	0.00%	81	
Treatment Plant	20,710	24,622	118.89%	(3,912)	
Maintenance	66,000	50,444	76.43%	15,556	
Total Overtime	106,840	86,905	81.34%	19,799	

MOHAWK VALLEY WATER AUTHORITY

FINANCIAL RATIOS

Month 5 - August 31, 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

<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Avg.-Past Six months</u>
1.96	1.95	2.02	2.03	1.74	1.80	1.68

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.

<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Avg.-Past Six months</u>
\$2,849,942	\$2,698,000	\$2,736,741	\$2,538,988	\$2,080,241	\$2,174,165	\$1,995,268

FINANCIAL RATIOS

Month 5 - August 31, 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.

<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Avg.-Past Six months</u>
75%	80%	80%	80%	80%	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.

<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Avg.-Past Six months</u>
3.69	3.37	2.98	3.41	1.98	3.38	3.03

FINANCIAL RATIOS

Month 5 - August 31, 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)

<u>Aug ‘06</u>	<u>July ‘06</u>	<u>June ‘06</u>	<u>May ‘06</u>	<u>April ‘06</u>	<u>March ‘06</u>	<u>Avg.-Past Six months</u>
27.54%	29.27%	32.23%	35.33%	35.30%	35.84%	31.45%

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 5 - August 31, 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.

<u>Aug 06</u>	<u>July 06</u>	<u>June 06</u>	<u>May 06</u>	<u>April 06</u>	<u>March 06</u>	<u>Avg.-Past Six months</u>
\$32.16	\$34.11	\$35.12	\$35.16	\$38.83	\$35.13	\$35.05

GLOSSARY OF TERMS

Month 5 - August 31, 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 5 - August 31, 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.