

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 5: Month Ended August 31, 2008

Finance Committee Members

Terms Ending

December 31,

Bruce Brodsky, Committee Chairman	2008
Vincent Coyne	2008
Elis DeLia	2010
George Gaston, Board Chairman	2008
A. Eugene Snyder	2009
Frank Trevisani	2009

Report produced by Jim Korfonta, Comptroller

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MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 5 - August 31, 2008

PRODUCTION & CONSUMPTION

All amounts in <u>Cubic Feet</u> (1 cubic foot=7.481 gallons.)	May, June, July 2008	April, May, June 2008	March, April, May 2008	Average--Past 6 Months
Average Water Consumption	43,152,058	42,228,456	41,729,856	43,734,100
Average Water Production	73,038,692	71,955,878	73,234,757	75,839,303

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 2008		\$ 1,453,293	\$ 1,610,765	\$ (157,472)	
Year-To-Date	\$ 4,165,197	\$ 7,639,311	\$ 7,041,987	\$ 597,324	\$ 4,762,521

Please Note: In accordance with our FY 2009 budget, the “balance remaining” includes \$41,667 per month (\$167,000 after 4 months) set-aside for debt service related to the new bonding scheduled for later this year.

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts/ Moved into Area	Moved Out of Service. Area	Ending Balance
August 2008		15	(1)	
Year-To Date (Fiscal 2009)	38,914	190	(56)	39,048
Fiscal 2008	38,877	497	(460)	38,914
Fiscal 2007	38,589	981	(693)	38,877
Fiscal 2006	38,449	573	(433)	38,589

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued

Month 5 - August 31, 2008

Below is an analysis, by percentage, of the area customers 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%		

WATER SYSTEM MAINTENANCE--METER ACTIVITY

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.
August 2008	258	5	4	2	1	0	270	25	6	12.9	3.2
July 2008	324	5	7	0	1	1	338	22	8	14.7	3.7
June 2008	255	6	2	2	6	0	271	22	7	12.9	3.2
May 2008	187	2	7	0	2	0	198	16	5	9.4	2.4
April 2008	293	7	16	5	1	0	322	23	4	16.1	4.0
Year-To-Date	1,317	25	36	9	11	1	1,399	25	4	12.8	3.2

Note: Two meter reading staff (certain days more staff) continued to be deployed to execute shut-off of properties that have been “posted” for non-payment. This effort will allow troubleshooter staff (previously responsible for shutting-off properties) additional time to fulfill other duties. It is anticipated that the number of meter replacements will drop as a result of this additional workload for designated meter repair staff.

Prior 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 2008	3,414	52	61	9	9	18	3,563	27	1	14	3.7
Fiscal 2007	2,344	34	30	9	23	17	2,457	20	1	8.4	2.4
Fiscal 2006	2,486	50	51	18	6	20	2,631	24	1	10.9	2.7
Fiscal 2005	2,964	54	51	24	0	3	3,096	27	1	12.6	3.2

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2008

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
April, 2008	23	69	92	897	7	2	176	9	1,275
May, 2008	15	210	44	879	10	3	26	4	1,191
June, 2008	17	82	36	761	7	4	31	16	954
July, 2008	32	110	53	1,024	4	1	2	12	1,238
August, 2008	24	68	22	869	3	6	87	9	1,088

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 2008	\$621,469	\$63,490	\$54,858	\$95,644	\$27,500	\$273,190	\$106,787

Useful Information To Know: (UPDATED for 2008-2009 RATES)

- There are approximately 38,000 service connections in our service area.
- An average family of four uses approximately 2,940 cubic feet or 22,000 gallons per quarter. (This amount has been used in several newspaper articles in Syracuse, etc.) The average quarterly bill for a customer with this usage is \$83.00 or \$331.00 annually. This includes a quarterly maintenance fee of \$20.00.
- An average individual uses approximately (220-260 cubic ft.) 1,650—1,950 gallons per month. The average quarterly bill is approximately \$44.00 or annually is \$176.00.

Big Picture

Water Sales and Consumption:

For August, consumption is 3.4 million cubic feet below August of the previous year. Accumulated year-to-date, consumption is below by 11.2 million cubic ft. This accumulated consumption variance is 5.0% of the FY08 total consumption.

The decrease in consumption is centered on the quarterly accounts with reduction noted generally throughout the system. Examples include JK Lumber using much less water than the previous year; Elinwood Court building (M&T Bank complex) is now vacant. Monthly commercial customers are consuming at the same level as the previous year.

Receivables from water sales (see p.10 of this report) have increased approximately \$200,000 from the previous month. The majority of the change is focused in the 24-45 day category (period following due date of bill)--\$71,000; and the next category, 46-71 days old (when customers receive a overdue notice and \$15.00 charge)-\$115,000. The next step will be to post these accounts and eventually shut-off the accounts. It is anticipated that many will pay before posting or shut-off occurs

Revenue for the month is lower (2.7%) than the anticipated 4.5% comparing actual from the previous year. Year to date, revue is great than the previous year actual revenue by \$266,000 or 4.0%. This is approximately ½% below our target revenue to date.

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2008

Big Picture-continued

Cash Flow: There was a reduction in cash during august due primarily to a combination of lower cash receipts and higher supplier payment than targeted. However, YTD cash is a positive \$350,000 that will be needed later thin the year for paving and retirement payments.

Below is a summary of “target” cash flow and actual amounts for the month and year:

	<u>MONTHLY ACTIVITY</u>		<u>YEAR-TO-DATE ACTIVITY</u>	
	TARGET	AUGUST 2008	TARGET	ACTUAL
Cash Inflow	\$ 1,550,000	\$ 1,453,000	\$ 7,500,000	\$ 7,600,000
Outflows--				
Transfer to Funds Reserves	\$ -	\$ -	\$ -	\$ -
Personnel Costs	492,000	512,000	1,804,000	1,817,000
PILOTS	132,000	129,000	660,000	651,000
Debt Service	399,000	399,000	1,990,000	1,994,000
Anticipated Bonding	41,667	41,667	208,335	208,335
Payments to Suppliers	500,000	572,000	2,500,000	2,583,000
	<u>1,564,667</u>	<u>1,653,667</u>	<u>7,162,335</u>	<u>7,253,335</u>
Cash Remaining	\$ (14,667)	\$ (200,667)	\$ 337,665	\$ 346,665

LITIGATION EXPENSES—TO DATE

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	\$ 142,845
2007	DECLARATORY JUDGMENT ACTIVITY	\$ 243,757
2008	DECLARATORY JUDGMENT ACTIVITY	\$ 394,663
2009	DECLARATORY JUDGMENT ACTIVITY (thru July)	\$ 30,022
TOTAL		\$ 825,445

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2008

CONVERSION TO NEW BANKING SERVICES

- We are still finalizing the bill. The bar coding is being produced in the form required by the bank. In addition to converting the lockbox, customers will be able to pay by credit card, access the internet to pay on-line and to pay at one of the local HSBC branches.

Once the new bill format is finalized, the transition to the new lock-box payment process will take approximately 4 weeks.

- We are also in the final stages of having the “pay your water bill now” portal available to customers on our web site. Customers can now access their account online and review history.

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

CURRENT CUSTOMER SERVICE ACTIVITY

Ongoing Initiatives--

- We continue to execute a program to address properties that have either registered “0” consumption or estimated consumption for three or more quarters. Results will be displayed in future reports presented to the Finance Committee. This is to assist in our tampering efforts and to correct stopped meters.

For the month, 4.01% of the monthly accounts were estimated. This is compared to 6.5%, (corrected from 12.3%), from the previous month;

4.35% of the quarterly accounts were estimated. This is comparable to the 4.3% recorded in May (The prior time this area was billed).

- A small crew and two repair staff replaced a large meter potentially saving thousands of dollars by not requiring a contractor to perform the work.

This is following training of meter staff to change-out the “guts” or registers of larger size meters as part of a large meter maintenance program.

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 5 - August 31, 2008

BILLING/COLLECTIONS:

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

Fiscal 2009	Beginning Balance	Sent to Collections	Amount Collected	Returned From Collections	Ending Balance
August 2008		\$ 0	\$ 0	\$ 0	
July 2008		\$ 0	\$ 0	\$ 0	
June 2008		\$ 0	\$ 2,835	\$ 0	
May 2008		\$ 0	\$ 0	\$ 0	
April 2008		\$ 65,952	\$ 0	\$ 0	
Year to Date	\$ 7,219	\$ 65,952	\$ 2,835	\$ 0	\$ 70,336

Note: The \$65,952 in delinquent accounts sent to collections consists of all accounts that were previously shut-off. These are accounts that were held back from re-levy for various reasons. A detail list can be provided.

Prior Fiscal Years		Sent to Collections	Amount Collected	Returned From Collections	
Fiscal 2008		\$ 484,236	\$ 333,129	\$ 217,218	
Fiscal 2007		\$ 550,183	\$ 301,768	\$ 107,701	
Fiscal 2006		\$ 588,361	\$ 356,190	\$ 222,711	
Fiscal 2005		\$ 673,903	\$ 368,184	\$ 305,719	

Shut-Offs

Approximately 800 accounts "posted" for non-payment were addressed from a listing of back-logged work orders. 150 remain that need additional attention (curb box, replaced, special digging, etc.)

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
6/10/08	Grimmer	29A-87	2216 Sinclair Ave	\$2,000	\$2,000	Valve be turned	6/10/08			Fee Assessed

FLASH REPORT

Month 5 - August 31, 2008

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		\$ 4,683,601	\$ 5,013,161	\$ 4,539,520	\$ 4,359,718	\$ 4,040,209	\$ 4,484,620
Water Sales Receivable, Net		\$ 1,432,079	\$ 1,233,847	\$ 1,350,916	\$ 1,507,460	\$ 1,636,520	\$ 1,046,804
Trust Fund Assets		\$ 16,436,011	\$ 16,147,047	\$ 16,526,227	\$ 16,077,026	\$ 16,070,443	\$ 16,990,687
Utility Long Term Assets, Net		\$ 60,950,221	\$ 60,820,356	\$ 60,416,713	\$ 60,310,923	\$ 59,794,145	\$ 59,902,412
Total Assets		\$ 85,194,108	\$ 84,766,151	\$ 84,199,501	\$ 83,356,661	\$ 82,883,910	\$ 84,175,726
LIABILITIES							
Accounts Payable		\$ 622,788	\$ 482,891	\$ 767,301	\$ 732,724	\$ 584,707	\$ 969,279
Long Term Debt, Principal		\$ 57,262,964	\$ 57,328,821	\$ 57,314,678	\$ 57,300,535	\$ 57,626,392	\$ 58,317,249
Total Liabilities		\$ 61,890,310	\$ 61,637,467	\$ 61,631,576	\$ 61,400,492	\$ 61,476,769	\$ 62,960,458
EQUITY							
Unrestricted Earnings		\$ 3,672,045	\$ 3,498,212	\$ 2,937,454	\$ 2,327,421	\$ 2,612,239	\$ 2,420,366
Invested in Utility Plant, Net		\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,131,408	\$ 16,131,408
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 870,754	\$ 870,327	\$ 870,327	\$ 896,752	\$ 862,944	\$ 862,944
Oper. and Maint. Reserve		\$ 571,552	\$ 571,125	\$ 571,125	\$ 570,550	\$ 563,742	\$ 563,742
Repair & Improvement		\$ 446,524	\$ 446,096	\$ 446,096	\$ 445,522	\$ 438,714	\$ 438,714
Bond Covenant Reserve		\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456
OPERATIONS - (Monthly Accumulation)							
	<i>Accum. Budget</i>	5th Month FY 2009	4th Month FY 2009	3rd Month FY 2009	2nd Month FY 2009	1st Month FY 2009	12th Month FY 2008
Water Sales	101%	\$ 6,884,672	\$ 5,396,351	\$ 4,041,259	\$ 2,676,222	\$ 1,194,607	\$ 15,721,214
Other Revenue	85%	\$ 1,012,716	\$ 884,939	\$ 685,881	\$ 436,174	\$ 187,483	\$ 2,928,000
Operating Expenses less PILOTS	86%	\$ 4,173,669	\$ 2,912,744	\$ 2,185,929	\$ 1,449,635	\$ 741,369	\$ 10,929,814
Debt Service, Interest only	100%	\$ 1,017,118	\$ 986,540	\$ 985,964	\$ 985,964	\$ 637,407	\$ 2,358,093
PILOT Payments	100%	\$ 650,937	\$ 522,190	\$ 393,443	\$ 264,558	\$ 132,279	\$ 1,596,524

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 2008

CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:

Note: Accounts have been specifically identified if they are greater than \$1,000 with significant balances over 71 days old.

Customer	Route & Account	Address	Total	0-23	24-45	46-71	72-122	123-157	158 +	Acct. Status
City of Utica	21 accounts	Parks / Recreations / etc.	6,306	97	686	522	321	670	4,010	
Joseph McHarris	1F 43	1637 Sunset Ave. NH	1,555	-	9	296	26	317	907	Posted
Ashford Clinton Corp.	2F 52BK	244 Roosevelt Dr. Utica	1,432	-	-	54	-	1,277	101	Posted
Roman Alvarado	6A 108	906 Lennox Avenue 1st fl Utica	1,389	-	-	701	15	673	-	Posted
Charlirty Chheng	11A 136	1415 Elm Street, Utica	1,135	-	2	462	-	437	234	Posted
Phoroth Chun Kim	12A 16A	311 Arthur Street, Utica	1,284	-	119	22	13	204	926	Posted
SueAnn Stevens	13C 102	1139 Seymour Avenue, Utica	1,524	-	135	26	174	9	1,180	Posted
Christina Joseph	13D 21	602 Eagle Street, Utica	1,192	-	1,057	15	54	-	66	Posted
Tomorrow Tonight, Inc	13F 64	1123 Dudley Avenue, Utica	2,432	-	71	-	2,279	-	82	Posted
Samnang Phou	16E 56	705 Elizabeth Street, Utic	1,164	-	9	9	243	22	881	Posted
Victor Rodriguez	17A 34C	735 Bleeker Street, Utica	1,131	-	91	21	173	17	829	Posted
Timothy Tallman	27C 55	40 Jordan Rd. New Hartford	1,681	140	28	17	187	264	1,045	Posted
Molly O'Malley	31A 33	103-105 River Street, Oriskany	1,082	15	9	8	134	7	909	Posted
J & J Properties	33A 108	9797 River Road, Utica	1,107	15	3	3	431	-	655	Posted
Marcy Center Dev, LLC	33D 2	9225 State Rte 49, Marcy	1,147	15	-	-	1,132	-	-	Posted
Michael Knapp	37B 14	2260 Route 5, Utica	2,339	15	1	996	17	1	1,309	Posted
Mike Ritter	37B 44C	2231 Route 5, Utica	2,574	15	-	54	15	-	2,490	Posted
Genesee Towers	50A 1B	110 Genesee St. Utica	3,249	15	1,128	985	1,121	-	-	Posted
Algonquin Corp	50D 5	1434 Genesee St Utica	3,707	15	670	761	2,261	-	-	Posted
SIBFS 1900, LLC	52E 61	1900 Bleeker Str. Utica	2,563	15	388	428	1,732	-	-	Posted
Tartan Textile	55B 29	311-15 Whitesboro Street, Utica	4,146	15	1,023	1,038	2,062	8	-	Posted
Soggs, Pine, & Soggs	55C 26H	122 Business Park Dr. NH	1,341	15	445	433	448	-	-	Posted
T. Klotz (also, see shut-offs)	29 accounts	See separate attachment	11,240	494	203	2,727	1,457	483	5,876	Posted

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 2008

CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:

Note: Accounts have been specifically identified if they are greater than \$1,000 with significant balances over 71 days old.

Customer	Route & Account	Address	Total	0-23	24-45	46-71	72-122	123-157	158 +	Acct. Status
<u>DELINQUENT ACCOUNTS SHUT-OFF</u>										
Peter Lim	1D 41	613 Henry Street, Utica	1,760	-	-	766	15	964	15	Shut-off
Agueda Calle	3F 66	1247 Lincoln Ave. Utica	1,140	-	7	457	38	6	632	Shut-off/Coll
George Bassett	4C 133	720 Roberts Street, Utica	1,186	-	10	64	58	71	983	Shut-off/Coll
James Spratt	5E 93	1207 Erie Street, Utica	1,053	-	7	141	53	130	722	Shut-off/Coll
Martin Davis	5E 159	1043 Erie Street, Utica	1,003	-	4	57	21	507	414	Shut-off
Joseph Cittadino	5F 84	617 Lennox Avenue, Utica	1,161	-	7	182	26	205	741	Shut-off
Mohamed Kewitta	5F 122	1230 Court Street, Utica	1,305	-	10	111	52	110	1,022	Shut-off/Coll
Mohammed Hashim	6A 105	1109 Court Street, Utica	1,416	-	9	112	54	310	931	Shut-off/Coll
Angel Rios	7D 20	424 French Road, Utica	2,277	-	20	73	76	120	1,988	Shut-off/Coll
Sapi Dussi	10D 8	1309-13 Oneida Street, Utica	1,731	-	13	215	37	167	1,299	Shut-off
Kim Willie	10E 110	128 Elmwood Pl Utica	2,270	-	4	822	-	1,049	395	Shut-off
Hidalgo Diaz	10F 86	1506 Steuben Street, Utica	1,421	-	10	69	25	297	1,020	Shut-off/Coll
William Hawkins	11B 118	1210 Steuben St. Utica	2,280	-	21	89	-	54	2,116	Shut-off
Rafaela Pantaleon	11B 179	107 Leah Street, Utica	3,174	-	-	2,264	-	910	-	Shut-off
Thach Buon Bopha Suno	11E 34	1502 Howard Avenue, Utica	1,364	-	116	21	11	59	1,157	Shut-off
Jim Spratt	11E 150	1507 Miller Street, Utica	1,581	-	118	26	22	57	1,358	Shut-off
Bank of America	11F 157	1427-29 Howard Avenue, Utica	1,372	-	649	15	-	329	379	Shut-off
Rabid Fayad	11F 166	1407 Howard Avenue, Utica	1,031	-	148	22	13	95	753	Shut-off
Donald Shaub	11G 97	1308 Dudley Avenue, Utica	2,054	-	415	26	21	295	1,297	Shut-off
Margaret Natale	12B89	339 Pleasant Street, Utica	3,487	-	1,026	15	25	1,945	476	Shut-off/Coll
Freda Lewis/A. Hutchinson	13B 10	228 Eagle Street, Utica	1,325	-	135	24	18	196	952	Shut-off
Darlene Clark	13D 148	1546 Vincent Street, Utica	2,907	-	127	25	521	8	2,226	Shut-off
Marco Gonzales	13F 61	1124 Dudley Ave. Utica	1,255	-	150	25	73	9	998	Shut-off
Kerim Omeragic	14EE 12	1150 Kossuth Ave. Utica	1,080	-	113	22	13	59	873	Shut-off
Sheku Momoh	15D 64	1005 Jefferson Ave. Utica	1,308	-	289	23	101	21	874	Shut-off/Coll
Booker Wilson	15F 138	705 John Street, Utica	2,388	-	54	15	543	15	1,761	Shut-off
Rafael Padalla	17A 150A	689 Bleeker Street, Utica	1,046	-	9	24	72	23	918	Shut-off
Thein Aung	17B 114A	925 Catherine Street, Utica	1,302	-	172	23	194	21	892	Shut-off

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 5 - August 31, 2008

CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:

Note: Accounts have been specifically identified if they are greater than \$1,000 with significant balances over 71 days old.

Customer	Route & Account	Address	Total	0-23	24-45	46-71	72-122	123-157	158 +	Acct. Status
<u>DELINQUENT ACCOUNTS SHUT-OFF</u>										
Clotario Saporetti	17D 93	830 Bleeker Street, Utica	1,059	-	55	25	148	23	808	Shut-off/Coll
Magnus Ogunsanwo	17E 148	917 Blandina St. Utica	1,028	97	6	21	141	20	743	Shut-off/Coll
Maria Garcia	18A 54	1206 Catherine Street, Utica	1,132	97	7	22	166	18	822	Shut-off
Phyllis Bernstein	26G 17	14 Bradley Rd. N.H.	1,036	97	2	16	56	16	849	Shut-off/Coll
Ingrid Grimm	24B 136	37 Pratt Street, Clark Mills	3,821	47	36	50	148	49	3,491	Shut-off/Coll
Lucille Halpin	30B 159	208 Main Street, Whitesboro	1,193	-	24	9	159	7	994	Shut-off/Coll
Gerald Dos Santos	30D 61	23 Brainard Street, Whitesboro	1,256	-	16	1	412	4	823	Shut-off/Coll
Phillip Aiello	33F 64H	7504 Alvord Road, Stittville	1,381	-	1	1	40	-	1,339	Shut-off/Coll
Robert McMurray	33G 18	5934 Cavanaugh Rd. Marcy	1,855	15	13	12	299	9	1,507	Shut-off
Victor Rodriguez	33G 82	6373 Cavanaugh Rd. Marcy	1,656	15	12	12	206	9	1,402	Shut-off
Coolidge Mem. LLC	52B 60	106 Memorial Pkwy	4,475	15	499	509	1,029	499	1,924	Shut-off/Coll
IB Property Holdings	55A 6	807 Broad St. Utica	4,965	15	404	415	1,070	404	2,657	Shut-off
Fay Street Warehouse	55A 9A	825-27 Broad Street, Utica	1,683	-	43	42	267	56	1,275	Shut-off/Coll
T. Klotz (also, see above)	7 accounts	See separate attachment	1,268	60	25	367	184	124	508	Shut-off
City of Utica Delinquents-FY '08			95,399	-	-	-	-	-	95,399	
City of Utica Delinquents-FY '07			93,108	-	-	-	-	-	93,108	
City of Utica Delinquents-FY '06			57,529	-	-	-	-	-	57,529	
City of Utica Delinquents - Prior Years			1,118,499	-	-	-	-	-	1,118,499	
Oneida County Delinquents - FY '08			593	-	-	-	-	-	593	
Oneida County Delinquents - Prior Years			51,427	-	-	-	-	-	51,427	
Village Delinquents - FY '08			5,944	-	-	-	-	-	5,944	
Village Delinquents - Prior Years			88,293	-	-	-	-	-	88,293	
Remaining Accounts			1,433,085	585,629	206,762	212,453	147,794	101,104	179,343	Change
August, 2008			<u>3,075,082</u>	<u>586,968</u>	<u>217,625</u>	<u>229,261</u>	<u>168,496</u>	<u>114,763</u>	<u>1,757,969</u>	4.04%
July, 2008			<u>2,863,312</u>	<u>576,082</u>	<u>139,978</u>	<u>114,490</u>	<u>222,075</u>	<u>56,205</u>	<u>1,754,482</u>	-3.13%
June, 2008			<u>2,955,748</u>	<u>668,164</u>	<u>102,942</u>	<u>198,170</u>	<u>148,922</u>	<u>49,726</u>	<u>1,787,824</u>	-4.48%
May, 2008			<u>3,094,365</u>	<u>625,020</u>	<u>289,242</u>	<u>101,927</u>	<u>139,184</u>	<u>88,107</u>	<u>1,850,885</u>	-2.06%
April, 2008			<u>3,159,354</u>	<u>842,556</u>	<u>72,923</u>	<u>112,417</u>	<u>186,905</u>	<u>63,730</u>	<u>1,880,823</u>	8.54%
March, 2008			<u>2,910,761</u>	<u>538,526</u>	<u>118,355</u>	<u>139,933</u>	<u>167,476</u>	<u>45,127</u>	<u>1,901,344</u>	-5.46%

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 5 - August 31, 2008

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Toby Road Tank	Marcy	105,164	0	0	33,914	33,914	71,250
Fiscal 2003 Budgeted Capital Projects		105,164	0	0	33,914	33,914	71,250

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Verona/Airport Tank & Mains	Verona/OC Airport	3,450,000	0	0	177,137	177,137	3,272,863
Emergency Generator	City Hall	135,000	0	0	2,763	2,763	132,237
SCADA-All Phases	System Wide	132,255	209	19,465	63,655	83,120	49,135
Clearwell	WTP	4,174,500	0	371,341	4,032,229	4,403,570	-229,070
Fiscal 2005 Budgeted Capital Projects		7,891,755	209	390,806	4,275,784	4,666,590	3,225,165

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Water Main	Holland Patent	90,000	0	22,759	58,308	81,067	8,933
Tank-10m Gallon	Deerfield Tank	5,939,705	128	211,260	5,158,566	5,369,826	569,879
		6,029,705	128	234,019	5,216,874	5,450,893	578,812

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 5 - August 31, 2008

CAPITAL PROJECTS - FY2007

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Corrosion Compliance Study	System Wide	180,000	0	4,894	154,947	159,841	20,159
Main Replacement	York St., Utica	33,440	0	0	82,887	82,887	-49,447
Pump Station	Cascade Drive, NH	2,500	0	0	1,325	1,325	1,175
System Improve.-WQ and Turnc	System Wide	300,000	0	0	22,300	22,300	277,700
GIS & Hydraulic Modeling	System Wide	400,000	0	0	488,246	488,246	-88,246
Main Replacement/Crossings	Holland Patent	54,310	0	0	53,310	53,310	1,000
Ladder Safety/ Security	WTP-Backwash Tank	38,000	26,800	26,800	0	26,800	11,200
Water Tank	Smith Hill, Deerfield	600,000	0	0	975	975	599,025
Water Tank	Marcy Reservoir	3,600,000	0	0	12,029	12,029	3,587,971
Canal Crossing	Marcy	1,000,000	0	0	7,822	7,822	992,178
Activated Carbon PILOT	WTP	35,000	0	23,070	33,600	56,670	-21,670
Main Extension	Mason Road	14,000	0	4,914	6,151	11,065	2,935
Safety/Security/Equipment	System Wide	12,000	0	0	0	0	12,000
Security Surveillance Projects	System Wide	20,000	0	0	0	0	20,000
Leak Detection-Phase IV- VI	System Wide	85,000	0	0	19,032	19,032	65,968
Emergency Intake Valve	WTP	124,000	0	0	124,000	124,000	0
3rd Raw Water Intake Line-Desi	WTP	20,000	95	6,295	7,500	13,795	6,205
In-Line Hydro Generation Study	WTP	11,000	0	0	3,013	3,013	7,987
Fiscal 2007 Budgeted Capital Projects		6,529,250	26,800	65,973	11,392,577	11,903,829	6,594,831

WORK IN PROCESS—CAPITAL PROJECTS

Month 5 - August 31, 2008

CAPITAL PROJECTS - FY2009

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Main Replacement	Walnut St., Utica	65,000	1,162	28,419	0	28,419	36,581
		0	0	0	0	0	0
Main Replacement	Colonial Dr. Utica	10,305	0	6,880	0	6,880	3,425
Main Replacement	Scott St, Utica	1,950	0	1,950	0	1,950	0
Fiscal 2009 Budgeted Capital Projects		<u>77,255</u>	<u>1,162</u>	<u>37,249</u>	<u>0</u>	<u>37,249</u>	<u>40,006</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 5 - August 31, 2008

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 09	FISCAL 08	FISCAL 07	FISCAL 06	FISCAL 05
April	378,976	432,019	419,898	421,158	436,874
May	457,738	428,265	412,183	433,169	433,732
June	430,138	449,886	483,811	463,071	432,431
July	406,684	441,659	434,748	477,805	476,038
August	476,222	<u>510,472</u>	<u>475,336</u>	<u>514,883</u>	<u>469,873</u>
		2,262,301	2,225,976	2,310,086	2,248,948
September	0	493,270	481,683	513,111	449,233
October	0	446,832	436,160	469,375	529,942
November	0	453,228	472,410	474,227	424,247
December	0	403,309	451,290	424,902	426,796
January	0	404,724	397,180	407,949	409,415
February	0	430,673	434,793	398,579	452,494
March	<u>0</u>	<u>421,810</u>	<u>410,322</u>	<u>400,517</u>	<u>427,874</u>
Total	<u>2,149,758</u>	<u>5,316,147</u>	<u>5,309,814</u>	<u>5,398,746</u>	<u>5,368,949</u>

MONTHLY WATER BILLINGS:

	FISCAL 2009			FISCAL 2008	
	Billings	Cash Receipts	Reading Areas	Billings	Cash Receipts
April	\$ 1,199,556	\$ 1,000,257	Area 1	\$ 1,309,707	\$ 1,019,228
May	1,483,419	1,606,528	Area 2	1,261,871	1,456,458
June	1,367,807	1,564,270	Area 3	1,310,916	1,180,125
July	1,369,271	1,505,133	Area 1	1,310,354	1,337,397
August	1,498,222	1,300,309	Area 2	<u>1,459,484</u>	<u>1,375,328</u>
				6,652,332	6,368,536
September	0	0		1,396,332	1,188,049
October	0	0		1,363,214	1,896,068
November	0	0		1,339,290	1,221,617
December	0	0		1,208,607	1,414,089
January	0	0		1,260,075	1,261,182
February	0	0		1,281,830	1,249,834
March	<u>0</u>	<u>0</u>		<u>1,247,605</u>	<u>1,417,892</u>
Total	<u>\$ 6,918,275</u>	<u>\$ 6,976,497</u>		<u>\$15,749,285</u>	<u>\$16,017,267</u>

Area 1--West downtown to South Utica line thru West Utica to Yorkville line. East downtown to South Utica line East to Armory Drive.

Area 2--East Utica, North Utica, New Hartford, Kirkland, Clark Mills.

Area 3--Yorkville, Whitestown, Deerfield, Marcy, Schuyler, Stittville, Barneveld, Washington Mills.

MAJOR REVENUE ACCOUNT ANALYSIS

Month 5 - August 31, 2008

REVENUE

- *Metered Water Sales:*

- Monthly Billing--Quarterly and Monthly Accounts – For August, water sales is up only half of the anticipated increase for the month of August (\$39K compared to the anticipated \$66k). Accumulated water sales (\$\$) are above the prior year by \$266,000.

- *System Charge* – As expected, both quarterly billed and monthly billed system charges is consistent with budget.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Accumulated year to date, penalties are slightly higher than budget estimates. Unpaid bill fees are on track with budget estimates. Cash collection of these fees has historically been in the range of 85% to 90%.
- Interest Income from operating funds is below budget due primarily to the changes in the financial markets and a change in the investment products offered by our current bank (M&T). Interest from trust funds is slightly below budget for amount invested in variable rate. Several trust funds are invested in longer fixed rate investments minimizing the impact of the current market.

MAJOR EXPENSE ACCOUNT ANALYSIS

Month 5 - August 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Aug 31, 2008 (Accrual-Basis)			
Administration					
Salaries	131,659	130,646	99.23%	1,013	Minimal variance
Contracted Services	15,265	18,011	117.99%	(2,746)	Marketing Consultant over budget by \$4.9K due to timing. Offset by the printing of the annual report which hasn't occurred = \$1.3K
Legal Fees	42,000	20,273	48.27%	21,727	Minimal activity. Judges ruling expected in Feb.-March of 2009.
Finance & Accounting					
Salaries	200,943	185,294	92.21%	15,649	Budgeted position is currently open
Contracted Services	94,350	88,999	94.33%	5,351	Collection agency charges to date \$ 19K favorable offset by banking svcs.
Engineering					
Salaries	225,957	198,848	88.00%	27,109	Position presently unfilled
Operating Supplies	10,329	1,968	19.05%	8,361	Replacement of portable radios not occurred to date=\$4.9K.
Contractor Services	18,440	8,025	43.52%	10,415	Some of the budgeted work has not been performed (i.e. semi-annual emergency generator = \$2.9K; master meter calibration = \$2.0K; surveying contractors = \$1.0K; painting of fire hydrants = \$2.0K;

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 5 - August 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Aug 31, 2008 (Accrual-Basis)			
Information Technology					
Salaries	106,622	107,226	100.57%	(604)	Minimal variance
Office Equipment	14,000	4,377	31.26%	9,623	Timing in the purchase of replacement computers = \$7.5 K. Power point projector has not been purchased = \$2K
Operating Supplies	8,400	4,724	56.24%	3,676	Timing of several purchases- computer paper \$.5K; toner printing and cartridges \$1.0K; back-up tapes \$1.7K; maintenance kits \$.5K.
Contracted Services	96,705	33,363	34.50%	63,342	Timing of several purchases such as: water modeling software licensing = \$28K; consulting = \$23 K; conversion to paperless reporting = \$6K.
Water Quality					
Salaries	170,479	169,452	99.40%	1,027	Minimal variance
Office Equipment	8,500	0	0.00%	8,500	The following equipment items were budgeted but have not been purchased: watershed equipment = \$3K; on-line monitoring equipment = \$5K , and PH electrodes = \$.5K.
Office Materials	6,900	3,720	53.91%	3,180	FY 2007 Water Quality Report favorable by \$2.4K
Operating Supplies	66,700	52,833	79.21%	13,867	Timing of chemicals and monitoring purchases--Pathogen monitoring
Contracted Services	8,300	4,818	58.05%	3,482	Year to date favorability are attributed to timing of work performed--regulated monitoring \$1.4K; waste disposal = \$1.0K).
Treatment Plant					
Salaries	146,707	145,128	98.92%	1,579	Reasonable variance.
Small Equipment	14,650	6,796	46.39%	7,854	Timing of chlorine scale purchases = \$4K. Feed pumps have not been purchased = \$4K
Operating Supplies	516,365	564,417	109.31%	(48,052)	As expected, granulated activated carbon (GAC) purchases have exceeded budget.
Contractor Services	12,330	1,165	9.45%	11,165	Sludge removal has not been performed = \$10K.
Plant Repairs	12,000	15,738	131.15%	(3,738)	Numerous small repairs to maintain the WTP

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 5 - August 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Aug 31, 2008 (Accrual-Basis)			
Maintenance					
Salaries	254,711	249,727	98.04%	4,984	Minimal variance
Wages	417,181	369,939	88.68%	47,242	3 budgeted positions are currently open-in process of being filled.
Street Repair Materials	62,330	42,228	67.75%	20,102	Timing of paving materials purchases (i.e. concrete = \$15.8K).
Office Equipment	4,640	952	20.52%	3,688	Office furniture and air conditioner for the Luke Road Pump Station have not been purchased
Small Equipment	40,020	7,747	19.36%	32,273	Timing of purchases as follows: (hand held radios = \$10K; plumbing tools / equipment = \$10.3K; hand tools = \$7.3K; and safety equipment = \$5.5K
Operating Supplies	41,799	82,529	197.44%	(40,730)	General supplies (i.e. mains supplies, clamps, couplings, etc.) are exceeding budget.
Contracted Services	13,525	16,409	121.32%	(2,884)	Tank cleaning was expensed in August, but budgeted in October
Training & Education	15,670	150	0.96%	15,520	No safety training performed to date
Meters	116,580	60,611	51.99%	55,969	Timing in the purchase of meters. The purchase of 750 residential meters budgeted in July has been moved to later in the year
Hydrants	33,910	59,920	176.70%	(26,010)	No more purchases of hydrants are anticipated for FY 2008. Total purchases should equal budget by year end.
Paving	285,759	32,660	11.43%	253,099	Timing of paving work
General Services					
Printing	19,105	2,367	12.39%	16,738	Very limited printing of business forms to date = \$7.4K. Timing of the printing of the quarterly newsletter = \$6.6K
Telephone	37,887	41,907	110.61%	(4,020)	GPS usage for trucks = \$5.5K not budgeted
Heating Oil	0	36,161	-	(36,161)	Timing of heating oil purchases
Postage	40,600	31,646	77.95%	8,954	Timing of postage expenditures
Gas & Oil	62,275	76,883	123.46%	(14,608)	Unfavorable to date attributed to fast rising prices.
Overtime					
Treatment Plant	17,770	23,117	130.09%	(5,347)	
Maintenance	78,694	64,125	81.49%	14,569	

FINANCIAL RATIOS

Month 5 - August 31, 2008

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>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Avg.-Past Six months</u>
1.83	1.98	1.84	1.87	2.01	1.74	1.61

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>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Avg.-Past Six months</u>
\$3,545,951	\$3,855,523	\$3,305,085	\$3,234,176	\$3,543,366	\$3,004,840	\$2,401,736

FINANCIAL RATIOS

Month 5 - August 31, 2008

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>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Avg.-Past Six months</u>
73%	73%	73%	74%	74%	75%	75%

Note: Excluding the original debt financing of approx. \$25 million to buy the regional water system, the debt to assets leverage ratio is approximately 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>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Avg.-Past Six months</u>
2.55	2.90	2.95	3.27	2.10	3.86	3.06

FINANCIAL RATIOS

Month 5 - August 31, 2008

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 leakage and evaporation.

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

Calculation: $(1 - ((3\text{-Month Average Billed Consumption}) / (3\text{-Month Average Water Production})) + \text{Other Unmetered Uses}$

Please Note: On June 18, 2007 the Principal Engineer presented to the Board of Director’s an updated annual water supply audit based upon calendar 2006 production and consumption data as well as updated “other unmetered uses” of water within the system. The water supply audit presented includes the following other unmetered uses:

- | | |
|--|---------------|
| • Firefighting | 2.50% |
| • Construction | .01% |
| • Street Cleaning | .02% |
| • Flushing | .003% |
| • Main Breaks | 5.23% |
| • Water Leaks Subsequently Repaired | 13.8% |
| • New Leaks Discovered thru Leak Detection Efforts | (13.8%) |
| • Meter Under-Registration | <u>10.00%</u> |
| Total Other Unmetered Uses | 17.76% |

	<u>May, June, July '08</u>	<u>April, May, June '08</u>	<u>March, April, May '08</u>	<u>Avg.-Past Six months</u>
Average Billed Water %	59.08%	58.69%	56.98%	57.67%
Other Unmetered Uses (See Detail Above)	17.76%	17.76%	17.76%	17.76%
Total Water Usage	76.84%	76.45%	74.74%	75.43%
Remaining “Unaccounted-For Leakage”	23.16%	23.55%	25.26%	24.57%

Caution: There is no standardized method of calculating this ratio. Estimates for the other unmetered uses may impact the percentage of unaccounted for water.

FINANCIAL RATIOS

Month 5 - August 31, 2008

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 \$87.00. 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>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Avg.-Past Six months</u>
\$43.75	\$43.79	\$43.80	\$40.86	\$40.85	\$36.91	\$40.52

GLOSSARY OF TERMS

Month 5 - August 31, 2008

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, 2008

- 10) **Matching Principle** – 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.