

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 11: Month Ended February 28, 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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MOHAWK VALLEY WATER AUTHORITY

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| QUESTION/COMMENT SHEET | ERROR! BOOKMARK NOT DEFINED. |

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 11 - February 28, 2006

PRODUCTION & DISTRIBUTION

| | <u>Feb.</u> | <u>Jan.</u> | <u>Dec.</u> | <u>Nov.</u> | <u>Oct.</u> | <u>Sept</u> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Water Production (1,000 gallons) | 523,600 | 576,700 | 552,300 | 543,700 | 549,900 | 534,900 |
| Billed Consumption (1,000 gallons) | 298,177 | 305,187 | 317,869 | 354,769 | 351,139 | 383,858 |

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 |
|---|-----------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| February 2006 | | \$ 1,358,213 | \$ 1,183,112 | \$ 175,101 | |
| Year-To-Date | \$ 1,442,326 | \$ 13,502,256 | \$ 13,142,024 | \$ 360,232 | \$1,802,558 |

CUSTOMER ACCOUNT MAINTENANCE

| Customers in the Water System | Beginning Balance | New Accounts | Moved Out of Svs. Area | Ending Balance |
|--------------------------------------|--------------------------|---------------------|-------------------------------|-----------------------|
| February 2005 | | 12 | (34) | |
| Year-To-Date | 36,533 | 122 | (395) | 36,260 |

Breakdown of Customer Movement:

For the fiscal year, 1,771 final bills have been processed--customers that move from their current location. Of this balance, 1,587 have 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 11 - February 28, 2006

WATER SYSTEM MAINTENANCE--DISTRIBUTION LINES

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 |

| 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. |
| February 2006 | 125 | 6 | 2 | 0 | 0 | 0 | 187 | 14 | 4 | 9.8 | 2.5 |
| January 2006 | 200 | 6 | 6 | 2 | 2 | 0 | 216 | 15 | 6 | 10.8 | 2.7 |
| December 2005 | 192 | 4 | 6 | 2 | 0 | 0 | 204 | 21 | 5 | 9.7 | 2.4 |
| November 2005 | 178 | 1 | 3 | 0 | 1 | 6 | 189 | 19 | 4 | 10.5 | 2.6 |
| October 2005 | 211 | 5 | 3 | 0 | 0 | 0 | 219 | 15 | 6 | 10.4 | 2.6 |
| Sept. 2005 | 274 | 4 | 3 | 2 | 0 | 2 | 285 | 24 | 1 | 12.9 | 3.2 |
| August 2005 | 241 | 3 | 5 | 1 | 2 | 11 | 263 | 20 | 8 | 12.5 | 3.1 |
| July 2005 | 196 | 4 | 6 | 2 | 1 | 1 | 210 | 18 | 1 | 9.5 | 2.4 |
| June 2005 | 193 | 3 | 4 | 1 | 0 | 0 | 201 | 14 | 2 | 9.1 | 2.3 |
| May 2005 | 236 | 4 | 3 | 2 | 0 | 0 | 245 | 15 | 7 | 11.6 | 2.9 |
| April 2005 | 230 | 7 | 5 | 5 | 0 | 0 | 247 | 18 | 7 | 11.8 | 2.9 |
| Year-To-Date | 2,276 | 47 | 46 | 17 | 6 | 20 | 2,412 | 24 | 1 | 10.9 | 2.7 |

| 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 |

COMPTROLLER’S MESSAGE

Month 11 - February 28, 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> |
|---------------|--------------|-------------|--------------|--------------|--------------|------------|----------------------------------|
| February 2006 | \$111,661 | \$68,588 | \$27,727 | \$1,264 | \$6,788 | \$2,728 | \$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: At 11 months, billed water sales have fallen below budget. (\$11,877,000 budget vs. \$11,555,000 actual). While August, September, October and November’s billings were higher than budgeted, primarily the result of a very dry summer, February consumption was much lower than the previous year.

Monthly Consumption: August through November consumption reflected the very dry summer month’s activity. December and January consumption was more consistent with the prior year; however, February’s consumption fell far below compared to 2005. We remain 5.7 million cubic feet above last year due to the summer month’s activity. This equate to approximately \$120,000 additional revenue under our current rate structure.

Projection to Year-End: Below is a summary of projected income and expenses. If these projections are realized, the Organization will “essentially” break-even for the year.

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

PROJECTED ACTUALS FOR FISCAL 2006 (BUDGET VS. PROJECTED ACTUAL)

| | | CURRENT YEAR--FISCAL 2006 | |
|--|----|--|---|
| | | FISCAL 2006 Adopted Budget (Cash-Basis) | Fiscal 2006 Projected Actual |
| REVENUES (Cash Basis) | | | |
| Water Sales | \$ | 12,671,764 | \$ 12,422,732 |
| Collection of Delinquent Water Levied | | 0 | 126,516 |
| Bad Debts | | (225,000) | |
| Net Water Sales | | 12,446,764 | 12,549,248 |
| Delinquency Charges | | 683,000 | 757,895 |
| Fees and Ancillary Charges | | 211,500 | 265,735 |
| Other Services | | 655,000 | 663,967 |
| Interest Income and Miscellaneous Items | | 363,850 | 417,410 |
| Total Revenues | | 14,360,114 | 14,654,255 |
| OPERATING EXPENSES | | | |
| Administrative | | 667,168 | 613,788 |
| Finance and Accounting | | 772,308 | 813,716 |
| Customer Service | | 291,394 | 265,460 |
| Engineering | | 846,469 | 811,305 |
| Information Technology | | 486,184 | 429,653 |
| Water Quality Lab--(In-house & Outside Svs.) | | 748,585 | 723,173 |
| Treatment Plant | | 1,202,677 | 1,072,487 |
| Maintenance | | 3,343,469 | 3,390,291 |
| General Services | | 1,252,678 | 1,339,491 |
| PILOT Payments | | 1,474,939 | 1,474,939 |
| Long-Term Asset Purchases | | 359,282 | 236,358 |
| Total Operating Expenses | | 11,445,152 | 11,170,662 |
| OTHER EXPENSES | | | |
| Existing Debt Service & Promissory Note | | 3,614,150 | 3,643,843 |
| New Debt Service | | 0 | 0 |
| Bond Covenant (15% of Current Debt Reqd.) | | 0 | 0 |
| O&M Reserve | | 59,156 | 59,156 |
| Repair, Renewal & Replacement Reserve | | 59,156 | 59,156 |
| Total Other Expenses | | 3,732,462 | 3,762,155 |
| Total Expenses | | 15,177,614 | 14,932,817 |
| Ending Cash--Before Use of Bonded Funds | | (817,500) | (278,562) |
| Bonded Funds Used to Offset Operating Purchases | | 817,500 | 713,490 |
| Remaining Cash | \$ | 0 | \$ 434,928 |

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

Big Picture-continued

Cash Flow: We continue to assess the impact legal costs related to our law suit over water rights have on our operating budget. For the year, we have a relatively small positive cash flow that is anticipated to extend to the March year-end. Overall, cash flow is consistent with estimates. Our cash position will remain "GUARDED" for to year end due to mounting legal fees.

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

| | <u>MONTHLY ACTIVITY</u> | | <u>YEAR-TO-DATE ACTIVITY</u> | |
|------------------------------|-------------------------|------------------|------------------------------|-------------------|
| | <u>TARGET</u> | <u>FEB 2006</u> | <u>TARGET</u> | <u>ACTUAL</u> |
| Cash Inflow | \$ 1,150,000 | \$ 1,358,000 | \$ 13,450,000 | \$ 13,446,000 |
| Outflows-- | | | | |
| Personnel Costs | 312,000 | 315,000 | 3,744,000 | 3,770,000 |
| Reimb. Capital Labor | (146,000) | (292,000) | (292,000) | (292,000) |
| PILOTS | 125,000 | 122,000 | 1,375,000 | 1,350,000 |
| Debt Service | 305,000 | 303,000 | 3,355,000 | 3,341,000 |
| Payments to Suppliers | 350,000 | 735,000 | 4,700,000 | 4,858,000 |
| Funding of Reserves | - | - | 59,000 | 59,000 |
| | <u>946,000</u> | <u>1,183,000</u> | <u>12,941,000</u> | <u>13,086,000</u> |
| Cash Remaining | \$ 204,000 | \$ 175,000 | \$ 509,000 | \$ 360,000 |

COMPTROLLER’S MESSAGE

Month 11 - February 28, 2006

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

CURRENT CUSTOMER SERVICE ACTIVITY

- The Customer Service manager continues to attend court hearings related to theft cases. He has also spent considerable time 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 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.
- We are focusing on sending out letters to customers where their shuts off valves were noted as requiring replacement and reminding them to have repaired so we could update their meter. We currently have sent 305 letters out and 153 were repaired or meters replaced.
- We continue to focus on estimated reads. We are looking for properties 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. As a result, we posted 851 properties to date.

CUSTOMER SERVICE CALLS RECEIVED

There were 20 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 | 4,641 | :14 | 1:43 | 15 |
| May | 5,446 | :20 | 1:49 | 18 |
| June | 5,721 | :20 | 1:49 | 26 |
| July | 5,696 | :17 | 1:52 | 24 |
| August | 5,696 | :17 | 1:52 | 24 |
| September | 6,573 | :17 | 1:51 | 25 |
| October | 6,581 | :15 | 1:44 | 26 |
| November | 5,819 | :16 | 1:48 | 28 |
| December | 5,879 | :19 | 1:56 | 24 |
| January | 5,808 | :15 | 1:50 | 19 |
| February | 5,695 | :18 | 1:55 | 24 |

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 11 - February 28, 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, 36% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated. This is a small percentage reduction from the prior month. We continue to institute corrective actions to reduce the monthly account estimates.

BILLING/COLLECTIONS:

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

| Fiscal 2006 | Beginning Balance | Sent to Collections | Amount Collected | Amount Returned | Ending Balance |
|--------------------|--------------------------|----------------------------|-------------------------|------------------------|-----------------------|
| February | | \$ 40,006 | \$ 50,467 | \$ 20,733 | |
| January 2006 | | \$ 68,720 | \$ 44,660 | \$ 20,107 | |
| December 2005 | | \$ 78,729 | \$ 26,086 | \$ 10,053 | |
| November 2005 | | \$ 23,636 | \$ 16,221 | \$ 34,522 | |
| October 2005 | | \$ 32,880 | \$ 41,024 | \$ 11,252 | |
| September 2005 | | \$ 92,801 | \$ 41,607 | \$ 13,923 | |
| August 2005 | | \$ 35,851 | \$ 28,542 | \$ 26,900 | |
| July 2005 | | \$ 42,290 | \$ 34,629 | \$ 19,887 | |
| June 2005 | | \$ 43,709 | \$ 39,518 | \$ 20,995 | |
| May 2005 | | \$ 100,972 | \$ 12,296 | \$ 2,073 | |
| April 2005 | | \$ 0 | \$ 0 | \$ 0 | |
| Year to Date | | \$ 559,594 | \$ 335,050 | \$ 180,445 | \$ 44,099 |

| Prior Fiscal Year | Beginning Balance | Sent to Collections | Amount Collected | Amount Returned | Ending Balance |
|--------------------------|--------------------------|----------------------------|-------------------------|------------------------|-----------------------|
| Fiscal 2005 | | \$ 673,903 | \$ 368,184 | \$ 305,719 | |

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 | Returned/ Sent to Tax Sale | Ending Balance |
|-------------------|----------------------------|---|-----------------------|-----------------|-----------------------------------|-----------------------|
| "Posted" Accounts | 235 | 103 | 56 | 10 | 0 | 272 |

- As of the beginning of the fiscal year, accounts totaling \$978,353 have been "posted". Of this amount, \$597,455 has been collected for the fiscal year. For the current month, \$87,406 was collected.

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 11 - February 28, 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 | \$ 1,750 | 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 | | | 9 |
| 1/13/06 | Marris | 30A-74 | 16 Wind Place | \$ 2,000 | \$ 1,000 | Pict./Admit | 1/24/06 | | | 1 |

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) on order and an RFP for bids to perform the replacement occurred in March.

MOHAWK VALLEY WATER AUTHORITY

FLASH REPORT

Month 11 - February 28, 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 % | February | January | December | November | October | September |
|--|--------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| ASSETS | | | | | | | |
| Cash | | \$ 2,386,114 | \$ 2,407,061 | \$ 2,025,486 | \$ 2,293,706 | \$ 2,359,586 | \$ 2,106,821 |
| Water Sales Receivable, Net | | \$ 1,541,611 | \$ 1,657,609 | \$ 1,647,584 | \$ 1,923,758 | \$ 16,690,476 | \$ 1,729,203 |
| Trust Fund Assets | | \$ 11,566,455 | \$ 11,634,426 | \$ 11,611,472 | \$ 11,604,248 | \$ 12,945,258 | \$ 12,994,511 |
| Utility Long Term Assets, Net | | \$ 47,256,446 | \$ 47,290,089 | \$ 47,330,086 | \$ 47,404,723 | \$ 47,452,442 | \$ 47,504,896 |
| Total Assets | | \$ 63,903,541 | \$ 64,388,334 | \$ 63,861,542 | \$ 64,489,596 | \$ 65,934,529 | \$ 65,840,971 |
| LIABILITIES | | | | | | | |
| Accounts Payable | | \$ 111,661 | \$ 512,790 | \$ 236,529 | \$ 711,924 | \$ 246,029 | \$ 364,871 |
| Long Term Debt, Principal | | \$ 48,330,537 | \$ 48,317,819 | \$ 48,305,101 | \$ 48,374,056 | \$ 49,536,337 | \$ 49,523,619 |
| Total Liabilities | | \$ 51,440,580 | \$ 51,164,854 | \$ 51,502,474 | \$ 51,484,142 | \$ 52,881,049 | \$ 52,928,249 |
| EQUITY | | | | | | | |
| Unrestricted Earnings | | \$ (2,240,723) | \$ (2,277,362) | \$ (2,141,778) | \$ (1,495,391) | \$ (1,447,365) | \$ (1,419,230) |
| Invested in Utility Plant, Net | | \$ 13,372,977 | \$ 13,315,777 | \$ 13,315,777 | \$ 13,315,777 | \$ 13,315,777 | \$ 13,315,777 |
| Timber Sales Reserve | | \$ 145,638 | \$ - | \$ - | \$ - | \$ - | \$ - |
| "3R" Reserve | | \$ 487,362 | \$ 487,362 | \$ 487,362 | \$ 405,574 | \$ 405,574 | \$ 405,574 |
| Oper. and Maint. Reserve | | \$ 262,555 | \$ 262,555 | \$ 262,555 | \$ 232,977 | \$ 232,977 | \$ 232,977 |
| Bond Covenant Reserve | | \$ 487,362 | \$ 487,362 | \$ 487,362 | \$ 487,362 | \$ 487,362 | \$ 487,362 |
| OPERATIONS - (Monthly Accumulation) | | | | | | | |
| | % of Accum. Budget | 11th Month FY 2006 | 10th Month FY 2006 | 9th Month FY 2006 | 8th Month FY 2006 | 7th Month FY 2006 | 6th Month FY 2006 |
| Water Sales | 98% | \$ 11,555,504 | \$ 10,580,664 | \$ 9,587,332 | \$ 8,607,202 | \$ 7,523,134 | \$ 6,398,673 |
| Other Revenue | 125% | \$ 2,043,503 | \$ 1,783,309 | \$ 1,597,818 | \$ 1,362,549 | \$ 1,206,516 | \$ 1,007,966 |
| Operating Expenses | 98% | \$ 10,174,222 | \$ 9,315,670 | \$ 9,223,427 | \$ 7,759,666 | \$ 6,869,749 | \$ 5,123,002 |
| Debt Service, Interest only | 118% | \$ 1,997,291 | \$ 1,900,739 | \$ 1,900,739 | \$ 1,495,724 | \$ 1,105,172 | \$ 817,948 |
| PILOT Payments | 100% | \$ 1,353,006 | \$ 1,231,075 | \$ 1,109,136 | \$ 986,225 | \$ 864,292 | \$ 742,359 |

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 11 - February 28, 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 | 200,549 | 2,254 | 4,410 | 2,579 | 2,207 | 189,099 | |
| Judianne Debella | 1E 55 | 1,979 | 15 | 132 | 0 | 0 | 1,832 | Posted |
| Travis Bartlett | 3D 112 | 1,558 | 3 | 830 | 16 | 1 | 708 | Posted |
| Sherman Brown | 4A 68 | 2,063 | 19 | 60 | 33 | 18 | 1,933 | Collect. |
| Michael Wadas | 6D 150 | 1,019 | 7 | 137 | 21 | 6 | 848 | Posted |
| Hashim Mohamed | 10D 104 | 1,842 | 11 | 382 | 23 | 6 | 1,420 | Collection |
| William Bannister | 11G 73 | 1,082 | 4 | 218 | 17 | 2 | 841 | Posted |
| Vincent Labuzzetta | 12A 149 | 1,037 | 9 | 134 | 0 | 0 | 894 | Pd. current mo. |
| Jerome McKinsey | 12B 45 | 1,071 | 9 | 50 | 24 | 9 | 979 | Posted |
| Miguel Diaz | 14d 6 | 1,304 | 26 | 91 | 40 | 18 | 1,129 | Pd. \$1.6K in Feb |
| Berube | 16A 67 | 1,458 | 49 | 35 | 19 | 61 | 1,294 | Posted |
| Philomena Bruzzese | 16E 84 | 1,178 | 134 | 22 | 8 | 114 | 900 | Posted |
| NYMA Properties c/o P. LIM | 16F 40 | 1,106 | 491 | 18 | 3 | 44 | 550 | Posted |
| Robert Tisdell | 18A 109 | 1,012 | 45 | 23 | 8 | 49 | 887 | Posted |
| Paul Kelly | 24B 54 | 1,433 | 127 | 25 | 10 | 127 | 1,144 | Posted |
| Rome Turney Radiator | 24C 179 | 1,111 | 0 | 0 | 0 | 262 | 849 | Invest. |
| Francine Bruzzese | 26E 25 | 1,010 | 67 | 23 | 8 | 49 | 863 | Posted |
| Emily Czapala | 28C 120 | 2,065 | 22 | 7 | 48 | 6 | 1,982 | Collect. |
| Bishara Karam | 29B 128 | 1,221 | 15 | 19 | 19 | 20 | 1,148 | Pd. \$334 on 2/21 |
| Marcy Center Dev. LLC | 33D 2 | 2,789 | 25 | 10 | 576 | 20 | 2,158 | Posted |
| Mary Vanvalkenburg | 33F 142FA | 1,822 | 16 | 1 | 1,042 | 15 | 748 | Posted |
| Siesta Motel | 33J 184 | 1,023 | 15 | 0 | 453 | 15 | 540 | Collection |
| 239 Genesee Holding, LLC | 52B 19 | 5,647 | 813 | 860 | 687 | 492 | 2,795 | Posted |
| Utica Mills, LLC | 55B 71 | 3,447 | 34 | 34 | 33 | 27 | 3,319 | Collect. |
| Soggs, Pine & Soggs | 55C 26H | 1,820 | 524 | 316 | 224 | 235 | 521 | Posted |
| Champlin Commons | 56DD 72 | 1,918 | 167 | 199 | 134 | 144 | 1,274 | Posted |
| Champlin Commons | 56DD 73 | 1,086 | 98 | 95 | 91 | 101 | 701 | Posted |
| Mohawk LLC | 56FA 141 | 5,715 | 150 | 149 | 132 | 146 | 5,138 | Post./Coll./Inv. |
| Winsong Mountain | 56FC 170A | 11,381 | 3,609 | 3,661 | 2,888 | 1,208 | 15 | Posted |
| Sandra Albert (see also shut-offs) | 10 accounts | 6,962 | 3,139 | 3 | 0 | 0 | 3,820 | Invest. |
| Heritage Acres | 3 accounts | 7,648 | 650 | 31 | 1,851 | 738 | 4,378 | Posted |
| Timothy Klotz (see also shut-offs) | 57 accounts | 12,473 | 1,023 | 2,695 | 435 | 1,349 | 6,971 | Post./Coll./Inv. |

DELINQUENT ACCOUNTS SHUT-OFF

| | | | | | | | | |
|------------------------------|------------|--------|-----|-----|-----|----|--------|----------|
| Abelino Sanabria | 1D 86 | 1,102 | 24 | 51 | 8 | 23 | 996 | Shut-off |
| George Nugent | 1E 21 | 2,879 | 0 | 0 | 0 | 0 | 2,879 | Shut-off |
| Henry Topolski | 3F 53 | 1,457 | 12 | 92 | 22 | 6 | 1,325 | Shut-off |
| Henry Topolski | 8B 35 | 1,073 | 10 | 50 | 24 | 9 | 980 | Shut-off |
| Lisa Kewitta | 4A 54 | 1,558 | 8 | 49 | 22 | 7 | 1,472 | Shut-off |
| Ali Hassan | 6A 29A | 1,392 | 9 | 213 | 21 | 6 | 1,143 | Shut-off |
| Thomas Rayhill | 6A 167 | 1,056 | 8 | 130 | 22 | 7 | 889 | Shut-off |
| Mary Turk | 6C 1 | 3,382 | 32 | 73 | 46 | 31 | 3,200 | Shut-off |
| Haru Lukac/Renata Vujeva | 8C 46BK | 3,421 | 0 | 143 | 0 | 0 | 3,278 | Shut-off |
| Som Mang Porm | 10D 6 | 1,114 | 3 | 311 | 1 | 1 | 798 | Shut-off |
| Salvation Min.Baptist Church | 10D 53 | 1,293 | 12 | 13 | 12 | 13 | 1,243 | Shut-off |
| Stanley Wojcyk | 11B 109 | 1,318 | 11 | 102 | 26 | 11 | 1,168 | Shut-off |
| Robert Schraeder | 4 accounts | 10,683 | 100 | 264 | 160 | 96 | 10,063 | Shut-off |
| Chase Bank Mort | 11D 110BK | 2,319 | 22 | 62 | 35 | 20 | 2,180 | Shut-off |
| Erika Duran | 11E 44 | 2,433 | 23 | 63 | 37 | 21 | 2,289 | Shut-off |

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 11 - February 28, 2006

| Customer | Route & Account | Total | 0-30 | 31-60 | 61-90 | 91-120 | Over 120 | Acct. Status |
|-----------------------------------|--------------------|-------------------------|-----------------------|-----------------------|----------------------|----------------------|-------------------------|---------------------|
| Dorothea King | 11F 143 | 1,208 | 10 | 73 | 22 | 6 | 1,097 | Shut-off |
| John Lazarek | 12A 173 | 1,567 | 13 | 98 | 27 | 12 | 1,417 | Shut-off |
| Kenyel Flagg | 2 accounts | 2,693 | 27 | 26 | 26 | 25 | 2,589 | Shut-off |
| Carolyn Upshaw | 13E 55 | 1,632 | 9 | 598 | 23 | 8 | 994 | Shut-off |
| Vergilio & Ledi Suncar | 13F 10 | 1,195 | 9 | 115 | 23 | 8 | 1,040 | Shut-off |
| Charles Felton | 13F 62 | 1,148 | 10 | 51 | 24 | 9 | 1,054 | Shut-off |
| Erica Shambley | 15A 181 | 6,442 | 149 | 75 | 59 | 160 | 5,999 | Shut-off |
| Eduardo Mendoza | 15B 83 | 1,354 | 153 | 23 | 8 | 152 | 1,018 | Shut-off |
| Howard & Roger Fleming | 15F 98 | 1,094 | 71 | 20 | 4 | 46 | 953 | Shut-off |
| Magnus Ogunswano | 15F 132 | 1,069 | 519 | 40 | 0 | 455 | 55 | Shut-off |
| Magnus Ogunswano | 15F 137A | 1,514 | 408 | 17 | 1 | 586 | 502 | Shut-off |
| Darrell Moochler | 17C 149BK | 1,351 | 72 | 26 | 10 | 76 | 1,167 | Shut-off |
| Sandra Albert (also, see above) | 17D 69 | 1,908 | 802 | 0 | 0 | 0 | 1,106 | Shut-off |
| Raymond DeCarr | 5 accounts | 2,095 | 80 | 151 | 158 | 67 | 1,639 | Shut-off |
| Ingrid Grimm | 24B 136 | 2,319 | 58 | 36 | 21 | 62 | 2,142 | Shut-off |
| Jose Lozada | 26A-61 | 1,884 | 90 | 19 | 4 | 44 | 1,727 | Shut-off |
| Rich's Auto Connect | 29B 50 | 1,076 | 25 | 9 | 51 | 8 | 983 | Shut-off |
| Ken Roser | 31A 41 | 1,294 | 25 | 9 | 151 | 24 | 1,085 | Shut-off |
| 9882 River Road Liberty | 33A 117 | 1,036 | 15 | 0 | 310 | 0 | 711 | Shut-off |
| 132-42 Hotel | 50A 21 | 1,281 | 84 | 83 | 82 | 82 | 950 | Shut-off |
| Madden Concrete | 56DA 10BK | 2,222 | 22 | 22 | 22 | 21 | 2,135 | Shut-off |
| Raymond DeCarr | 5 accounts | 2,094 | 80 | 151 | 157 | 67 | 1,639 | Shut-off |
| Timothy Klotz (also, see above) | 3 accounts | 3,415 | 69 | 232 | 39 | 124 | 2,951 | Shut-off |
| City Delinquents-FY '05 | | 80,888 | | | | | 80,888 | |
| 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 Delinquent-FY '04 | | 0 | | | | | 0 | |
| County Delinquent-FY '05 | | 0 | | | | | 0 | |
| Remaining Accounts | | <u>1,184,265</u> | <u>510,163</u> | <u>189,908</u> | <u>77,593</u> | <u>59,700</u> | <u>346,901</u> | % Change |
| February, 2006 | | <u>2,131,470</u> | <u>526,807</u> | <u>208,068</u> | <u>90,673</u> | <u>69,482</u> | <u>1,236,440</u> | -4.70% |
| Prior Months Receivables: | | | | | | | | |
| 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% |
| July, 2005 | | <u>2,232,834</u> | <u>648,158</u> | <u>151,305</u> | <u>92,403</u> | <u>129,530</u> | <u>1,211,438</u> | 3.37% |
| June, 2005 | | <u>2,159,947</u> | <u>537,730</u> | <u>151,413</u> | <u>155,973</u> | <u>63,187</u> | <u>1,251,644</u> | -6.85% |
| May, 2005 | | <u>2,318,698</u> | <u>629,596</u> | <u>236,704</u> | <u>84,350</u> | <u>80,029</u> | <u>1,288,019</u> | 8.07% |
| April, 2005 | | <u>2,145,650</u> | <u>578,750</u> | <u>117,599</u> | <u>105,578</u> | <u>113,429</u> | <u>1,230,294</u> | 6.18% |
| March, 2005 | | <u>2,020,779</u> | <u>446,338</u> | <u>138,286</u> | <u>133,373</u> | <u>87,186</u> | <u>1,215,596</u> | -6.82% |
| February, 2005 | | <u>2,168,750</u> | <u>581,671</u> | <u>211,117</u> | <u>117,549</u> | <u>72,255</u> | <u>1,186,158</u> | 3.69% |

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 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 | 3,102 | 20,965 | 2,898 | 26,965 | 3,035 | |
| New Tank--Pre-Design | Airport Industrial Park | 30,000 | 0 | 11,172 | 56,458 | 0 | 67,630 | -37,630 | |
| New Tank | Smith Hill & Pleasant View | 0 | 0 | 22,361 | 0 | 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 | 105 | 44,516 | 0 | 44,621 | -9,621 | |
| Pump Station Upgrade | Valley View | 30,000 | 0 | 88 | 37,250 | 0 | 37,338 | -7,338 | |
| Pump Station Upgrade | Pleasant Street | 20,000 | 0 | 2,088 | 14,852 | 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 | | <u>507,329</u> | <u>0</u> | <u>38,916</u> | <u>214,815</u> | <u>0</u> | <u>87,898</u> | <u>341,629</u> | <u>165,700</u> |

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 | 4,700 | 35,700 | 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 | 12,226 | 27,600 | 5,000 | 44,826 | -826 |
| Chloramines PILOT Program | System Wide | 163,500 | 0 | 13,412 | 148,832 | 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 | 5,682 | 23,545 | 2,000 | 31,227 | 45,273 |
| Fiscal 2004 Budgeted Capital Projects | | <u>665,978</u> | <u>0</u> | <u>36,020</u> | <u>439,380</u> | <u>68,600</u> | <u>544,000</u> | <u>121,978</u> |

**--Project performed in-house--does not fully include MVWA labor or equipment.

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 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 | 1,871 | 9,976 | 3,438,153 | 3,450,000 | 0 |
| SCADA-Computer Hardware | System Wide | 39,255 | 0 | 8,812 | 42,374 | 0 | 51,186 | -11,931 |
| Safety & Security-Tanks & Silo | System Wide | 92,600 | 0 | 8,643 | 53,231 | 6,769 | 68,643 | 23,957 |
| Site Improvements | WTP | 89,000 | 0 | 30,433 | 4,316 | 0 | 34,749 | 54,251 |
| Hydrolic Analysis & GIS Dev. | System Wide | 80,000 | 0 | 10,714 | 17,659 | 51,627 | 80,000 | 0 |
| 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 | 37,458 | 0 | 56,292 | 93,750 | 0 |
| Safety & Security Fencing | System Wide | 100,000 | 0 | 94,095 | 0 | 0 | 94,095 | 5,905 |
| Storage Tank #2-Higby Rd | New Hartford | 20,000 | 0 | 17,976 | 0 | 2,024 | 20,000 | 0 |
| Engineering Report | System Wide | 25,000 | 0 | 13,369 | 0 | 15,384 | 28,753 | -3,753 |
| Distribution Analysis-Chloramines | System Wide | 165,000 | 4,500 | 101,025 | 0 | 65,000 | 166,025 | -1,025 |
| Tank Safety Ladder | Valley View Tank | 19,500 | 0 | 19,500 | 0 | 0 | 19,500 | 0 |
| Water Main | Bell Hill Road | 73,230 | 0 | 9,730 | 148 | 0 | 9,878 | 63,352 |
| Install Water Mains | Chapman Road | 0 | 0 | 28,400 | 0 | 0 | 28,400 | -28,400 |
| SCADA | System Wide | 43,000 | 615 | 30,371 | 0 | 14,123 | 44,494 | -1,494 |
| Clearwell | WTP | 74,500 | 0 | 29,800 | 0 | 44,700 | 74,500 | 0 |
| Install Water Mains | Henderson St | 0 | 0 | 969 | 0 | 0 | 969 | -969 |
| Meters-System Wide (FY 05) | System Wide | 250,000 | 0 | 85,465 | 0 | 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 | | <u>5,073,435</u> | <u>5,115</u> | <u>528,631</u> | <u>136,500</u> | <u>3,909,947</u> | <u>4,575,078</u> | <u>498,357</u> |

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 | 2,230 | 2,230 | 0 | 0 | 2,230 | 17,770 |
| Fiscal 2006 Budgeted Capital Projects | | <u>27,500</u> | <u>2,230</u> | <u>2,230</u> | <u>7,500</u> | <u>0</u> | <u>9,730</u> | <u>17,770</u> |

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 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 |

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 11 - February 28, 2006

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

| | FISCAL 06 | FISCAL 05 | FISCAL 04 | FISCAL 03 | FISCAL 02 |
|-----------|------------------|------------------|------------------|------------------|------------------|
| April | 421,158 | 436,874 | 438,082 | 448,176 | 377,972 |
| May | 433,169 | 433,732 | 437,133 | 369,245 | 473,330 |
| June | 463,071 | 432,431 | 430,936 | 433,322 | 398,873 |
| July | 477,805 | 476,038 | 443,310 | 449,260 | 424,831 |
| August | 514,883 | 469,873 | 440,876 | 552,861 | 599,487 |
| September | 513,111 | 449,233 | 546,365 | 547,595 | 562,426 |
| October | 469,375 | 529,942 | 477,584 | 486,491 | 563,836 |
| November | 474,227 | 424,247 | 458,962 | 458,808 | 452,667 |
| December | 424,902 | 426,796 | 416,941 | 426,849 | 419,885 |
| January | 407,949 | 409,415 | 463,977 | 459,749 | 491,816 |
| February | 398,579 | 452,494 | 428,836 | 485,891 | 405,753 |
| March | <u>0</u> | <u>427,874</u> | <u>436,128</u> | <u>478,881</u> | <u>415,563</u> |
| Total | <u>4,998,229</u> | <u>5,368,949</u> | <u>5,419,130</u> | <u>5,597,128</u> | <u>5,586,439</u> |

MONTHLY WATER BILLINGS:

| | <u>FISCAL 2006</u> | | | <u>FISCAL 2005</u> | |
|-----------|---------------------------|----------------------|-----------------------------|---------------------------|----------------------|
| | Billings | Cash Receipts | Customer Routes Read | Billings | Cash Receipts |
| April | \$ 996,320 | \$ 887,900 | 1-23; 75-77 | \$ 961,748 | \$ 788,652 |
| May | 1,041,242 | 918,904 | 24-42; 58; 75-77 | 955,459 | 1,053,674 |
| June | 1,038,762 | 1,211,380 | 43-57; 59; 75-77 | 941,863 | 1,007,135 |
| July | 1,078,160 | 1,058,316 | 1-23; 75-77 | 1,029,830 | 1,009,758 |
| August | 1,150,982 | 1,166,226 | 24-42; 58; 75-77 | 951,084 | 1,048,847 |
| September | 1,160,332 | 1,180,519 | 43-57; 59; 75-77 | 910,295 | 991,527 |
| October | 1,114,747 | 1,188,611 | 1-23; 75-77 | 1,101,789 | 1,031,463 |
| November | 1,086,651 | 838,573 | 24-42; 58; 75-77 | 917,767 | 1,165,029 |
| December | 983,813 | 1,339,885 | 43-57; 59; 75-77 | 922,311 | 993,121 |
| January | 1,000,181 | 1,007,019 | 1-23; 75-77 | 887,594 | 885,926 |
| February | 980,290 | 1,097,821 | 24-42; 58; 75-77 | 999,654 | 961,733 |
| March | <u>0</u> | <u>0</u> | | <u>909,680</u> | <u>1,135,677.</u> |
| Total | <u>\$11,631,480</u> | <u>\$11,895,154</u> | | <u>\$ 11,489,074</u> | <u>\$ 12,072,542</u> |

MAJOR REVENUE ACCOUNT ANALYSIS

Month 11 - February 28, 2006

REVENUE

- *Metered Water Sales:*

Quarterly and Monthly Billings – At eleven months, water sales has fallen short of budget estimates for the first time this year. While monthly commercial customers are down overall compared to the budget due in part to several large customers leaving the service area, quarterly consumption has remained consistent overall. An upswing in sales was anticipated; however this did not materialize. See page 3.

Overall Sales vs. Prior Year – Water sales are up \$1,051,000 for the year compared to the prior year.

- “*System Charge*” – Both quarterly billed and monthly billed system charges are consistent with the budget.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are consistent with budget estimates. Penalties have tapered off because of our consistent enforcement over time. The Unpaid bill fee for monthly accounts has fallen behind estimates. We will monitor in future months. Cash collection of these assessments is in the range of 85% to 90%.
- *Interest Income*— Interest Earnings are significantly above estimates due to a robust economy nationally.
- *Other Charges* – Hydroelectric charges and 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 11 - February 28, 2006

| | Annual Budget (Cash-Basis) | Year Ended Feb 28, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | Explanation of Variance |
|---------------------------------|---|--|--|---|---|
| Administration | | | | | |
| Salaries | 293,757 | 288,963 | 98.37% | 4,794 | Budgeted more aggressively |
| Contracted Svs.-Other | 50,842 | 32,404 | 63.73% | 18,438 | Annual Report less than anticipated; Feasibility Study for bottled water not performed. |
| Contracted Svs.-Legal Fees | 58,000 | 116,409 | 200.71% | (58,409) | Legal fees related to water permit and subsequent lawsuit; fees related to monthly meetings |
| Training | 4,210 | 1,267 | 30.10% | 2,943 | Do not anticipate training/conferences as scheduled |
| Finance & Accounting | | | | | |
| Salaries | 402,454 | 364,023 | 90.45% | 38,431 | One billing position unfilled |
| Contracted Services | 164,636 | 223,365 | 135.67% | (58,729) | Bank charges and collection charges higher than anticipated; have taken measures to reduce bank charges--will be going out for bank RFP. To receive credits for bank charges. |
| Engineering | | | | | |
| Salaries | 438,085 | 435,497 | 99.41% | 2,588 | More in-line w/ budget |
| Memberships & Dues | 5,034 | 938 | 18.63% | 4,096 | Timing of membership/dues payments |
| Operating Supplies | 15,864 | 6,415 | 40.44% | 9,449 | Budgeted expenses not purchased to date--pressure regulators and surveying equipment. |
| Contracted Services | 45,316 | 38,452 | 84.85% | 6,864 | Transfer switch for emerg. generator and flush kits for pump stations not purchased to date. Paid for data conversion budgeted in the prior year (\$16,000.) |
| Training | 10,200 | 4,469 | 43.81% | 5,731 | Minimal training to date |
| Repairs | 16,100 | 18,845 | 117.05% | (2,745) | Three castings made for large obsolete gear components for replacement of various valves in the system--not budgeted. |

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 11 - February 28, 2006

| | Annual Budget (Cash-Basis) | Year Ended Feb 28, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | Explanation of Variance |
|-------------------------------|---|--|--|---|---|
| Information Technology | | | | | |
| Overtime | 6,600 | 11,394 | 172.64% | (4,794) | Have exceeded budget cuts based on reductions for paying legal costs- -Majority of this is being offset by revenue from svcs. to City of Utica (revenue not budgeted) |
| Office Equipment | 18,500 | 13,717 | 74.15% | 4,783 | Number of PCs purchased less than scheduled to date; |
| Supplies | 11,100 | 6,795 | 61.22% | 4,305 | Timing of supplies-minimal purchase to date. |
| Contracted Services | 105,691 | 56,346 | 53.31% | 49,345 | Have not purchased software-Cool Ice and reduced budget expenses for outside consulting as part of budget cuts |
| Training | 7,700 | 0 | 0.00% | 7,700 | No training as scheduled |
| Repairs | 7,500 | 316 | 4.21% | 7,184 | Minimal repair of computer equipment |
| Water Quality | | | | | |
| Office Equipment | 14,450 | 1,704 | 11.79% | 12,746 | No purchase to date of conductivity meter and watershed lab equipment as scheduled. |
| Office Materials | 8,100 | 4,037 | 49.84% | 4,063 | Other office supplies, furniture not purchased to date |
| Membership and Dues | 11,085 | 5,792 | 52.25% | 5,293 | Timing of billing/payment of quarterly AWWA research foundation membership |
| Travel & Vehicle Usage | 11,600 | 11,863 | 102.27% | (263) | In-line with budget |
| Operating Supplies | 131,450 | 107,651 | 81.90% | 23,799 | Timing of testing supplies for water sampling; LT2 standards were anticipated to go into effect--compliance was pushed to FY2007. |
| Contracted Services | 18,950 | 11,934 | 62.98% | 7,016 | Timing of invoicing for regulated monitoring-may be less than budgeted. |
| Training | 4,400 | 158 | 3.59% | 4,242 | No training to date; primarily conferences--see travel |
| Treatment Plant | | | | | |
| Wages | 0 | 20,121 | N/A | (20,121) | Part-time WQ position working and being charged to Filtration Plant |
| Office Equipment | 15,700 | 3,447 | 21.96% | 12,253 | Purchases of turbidity meters, chlorine analyzers, hand tools, etc. not made to date. |
| Office Materials | 1,300 | 782 | 60.15% | 518 | Minimal supplies purchased. |
| Travel | 3,000 | 2,297 | 76.57% | 703 | Minimal travel to date/Increased activity in Nov. |
| Operating Supplies | 573,157 | 530,233 | 92.51% | 42,924 | Variance due to purchase/invoicing of chlorine, soda ash, and aluminum sulphate. Continued saving as a result of efficiencies gained. |
| Contracted Services | 17,402 | 11,140 | 64.02% | 6,262 | No need for emergency engineering consultant (\$15,000)-reduced as part of budget cuts. |
| Repairs | 12,000 | 17,843 | 148.69% | (5,843) | Repairs on filtration system needed./Cut 15,000 as part of budget reductions |

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 11 - February 28, 2006

| | Annual Budget (Cash-Basis) | Year Ended Feb 28, 2006 (Accrual-Basis) | Percent of Current Budget | Favorable (Unfavorable) Variance | Explanation of Variance |
|--------------------------|---|--|--|---|--|
| Maintenance | | | | | |
| Salaries | 566,294 | 461,222 | 81.45% | 105,072 | Meter Shop/Leak Detection Supervisor position unfilled; Maintenance Operations Manager unfilled. |
| Wages | 833,895 | 744,033 | 89.22% | 89,862 | Three staff vacancies at the maintenance yard filled in February. |
| Street Repair Materials | 451,500 | 592,555 | 131.24% | (141,055) | Paving anticipated to exceed budget due to several large repairs. \$135,000 to paid from R&I fund. |
| Other Equipment | 37,900 | 32,830 | 86.62% | 5,070 | Some small equipment may be capitalized (> than \$5,000) |
| Operating Supplies | 393,285 | 370,216 | 94.13% | 23,069 | Timing of meter purchases and hydrant purchases. Overall, relatively in-line. |
| Contracted Services | 43,891 | 41,503 | 94.56% | 2,388 | More in-line with budget. |
| Training | 16,700 | 3,265 | 19.55% | 13,435 | Minimal training to date |
| Vehicle & Equip. Repairs | 51,300 | 109,432 | 213.32% | (58,132) | Currently reviewing w/ Fin. Comm. to determine operating plan for future |
| General Services | | | | | |
| Printing | 53,544 | 47,188 | 88.13% | 6,356 | Timing of printing and invoicing of the quarterly newsletter-- expected to level out in last months of fiscal year. |
| Telephone | 121,963 | 109,593 | 89.86% | 12,370 | Telephone Usage down compared to budget; increase in cell phone usage--presently reviewing. |
| Gas & Electric | 330,000 | 377,024 | 114.25% | (47,024) | Anticipated to exceed budget based upon increase in rates |
| Heating Oil | 32,145 | 52,687 | 163.90% | (20,542) | Increase in fuel costs throughtout the organization |
| Postage | 67,741 | 77,419 | 114.29% | (9,678) | Timing of postage reimbursement. Overall consistent with budget by |
| Gasoline & Motor Oil | 60,968 | 82,927 | 136.02% | (21,959) | Significant increase in gas due partly to usage and price. Looking at measures to reduce usage. Presently usage is rising per month. Anticipate a \$30k to \$35k overrun |
| Overtime | | | | | |
| Administration | 825 | 492 | 59.64% | 333 | |
| Finance & Accounting | 2,400 | 927 | 38.63% | 1,473 | |
| Customer Service | 1,253 | 1,055 | 84.20% | 198 | |
| Engineering | 22,150 | 18,558 | 83.78% | 3,592 | |
| Info. Technology | 10,300 | 11,394 | 110.62% | (1,094) | |
| Water Quality | 1,800 | 163 | 9.06% | 1,637 | |
| Treatment Plant | 42,449 | 47,230 | 111.26% | (4,781) | |
| Maintenance | 146,000 | 157,263 | 107.71% | (11,263) | |
| Total Overtime | 227,177 | 237,082 | 104.36% | (11,909) | |

FINANCIAL RATIOS

Month 11 - February 28, 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>Feb '06</u> | <u>Jan '06</u> | <u>Dec. '05</u> | <u>Nov. '05</u> | <u>Oct. '05</u> | <u>Sept. '05</u> | <u>Avg.-Past Six months</u> |
|----------------|----------------|-----------------|-----------------|-----------------|------------------|---------------------------------|
| 1.75 | 1.50 | 1.64 | 1.86 | 1.73 | 1.67 | 1.63 |

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>Feb '06</u> | <u>Jan '06</u> | <u>Dec. '05</u> | <u>Nov. '05</u> | <u>Oct. '05</u> | <u>Sept. '05</u> | <u>Avg.-Past Six months</u> |
|----------------|----------------|-----------------|-----------------|-----------------|------------------|---------------------------------|
| \$2,095,850 | \$1,742,037 | \$1,847,864 | \$2,395,793 | \$2,217,372 | \$2,071,927 | \$1,884,756 |

FINANCIAL RATIOS

Month 11 - February 28, 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>Feb '06</u> | <u>Jan '06</u> | <u>Dec '05</u> | <u>Nov '05</u> | <u>Oct '05</u> | <u>Sept '05</u> | <u>Avg.-Past Six months</u> |
|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------------------|
| 81% | 81% | 81% | 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>Feb '06</u> | <u>Jan '06</u> | <u>Dec. '05</u> | <u>Nov '05</u> | <u>Oct '05</u> | <u>Sept '05</u> | <u>Avg.-Past Six months</u> |
|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------------------|
| 3.19 | 2.65 | 3.41 | 2.36 | 3.35 | 3.07 | 2.91 |

FINANCIAL RATIOS

Month 11 - February 28, 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>Feb. '06</u> | <u>Jan '06</u> | <u>Dec '05</u> | <u>Nov '05</u> | <u>Oct '05</u> | <u>Sept '05</u> | <u>Avg.-Past Six months</u> |
|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------------------|
| 34.91% | 30.22% | 26.79% | 22.93% | 23.79% | 26.00% | 32.89% |

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 11 - February 28, 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>Feb. 06</u> | <u>Jan. 06</u> | <u>Dec. 05</u> | <u>Nov 05</u> | <u>Oct 05</u> | <u>Sept 05</u> | <u>Avg.-Past Six months</u> |
|----------------|----------------|----------------|---------------|---------------|----------------|---------------------------------|
| \$35.20 | \$34.70 | \$35.23 | \$34.92 | \$35.10 | \$35.08 | \$34.98 |

GLOSSARY OF TERMS

Month 11 - February 28, 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 11 - February 28, 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.