

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 10: Month Ended January 31, 2007

Finance Committee Members

Terms Ending

December 31,

Bruce Brodsky, Committee Chairman	2008
Vincent Coyne	2008
Elis DeLia	2007
George Gaston, Board Chairman	2008
Joseph Hobika, Jr.	2007
Frank Trevisani	2006

Report produced by Jim Korfonta, Comptroller

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VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 10 - January 31, 2007

PRODUCTION & CONSUMPTION

	<u>January</u>	<u>December</u>	<u>November</u>	<u>October</u>	<u>September</u>	<u>August</u>
Water Production (1,000 gallons)	556,900	548,200	531,900	549,900	547,100	551,400
Billed Consumption (1,000 gallons)	297,130	337,610	353,410	326,291	360,347	355,560

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
January 2007		\$ 1,219,058	\$ 1,342,122	\$ (123,064)	
Year-To-Date	\$ 2,445,083	\$ 13,575,269	\$ 13,262,692	\$ 312,577	\$ 2,757,660

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
January 2007		27	(38)	
Year- to-Date (Fiscal 2007)	38,589	828	(642)	38,775
Fiscal 2006	38,449	573	(433)	38,589

Breakdown of Customer Movement:

- Currently, 1,534 final bills were processed of which 1,226 moved within the service area.
- For last year (Fiscal 2006), 1,976 final bills were processed--customers that move from their current location. Of this balance, 1,754 moved within our service area.

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

From Utica To:

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

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued

Month 10 - January 31, 2007

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.
April 2006	185	1	1	1	0	0	188	16	4	9.4	2.3
May 2006	201	6	4	3	1	5	220	17	5	10.0	2.5
June 2006	169	0	1	1	14	5	190	19	5	8.6	2.1
July 2006	142	2	3	0	0	2	149	14	1	7.0	1.8
August 2006	209	3	1	1	1	2	217	16	5	10.3	2.6
Sept. 2006	222	3	2	0	2	0	229	19	6	11.5	2.9
October 2006	227	5	3	1	1	1	238	18	5	11.3	2.8
November 2006	195	3	6	1	1	0	206	17	3	11.4	2.9
December 2006	171	3	4	0	0	1	179	17	5	9.0	2.3
January 2007	200	5	2	0	2	0	209	19	1	9.5	2.4
Year-To-Date	1,921	31	27	8	22	16	2,025	19	1	8.4	2.4

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

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY

Month	Water Main Breaks / Install, etc.	Curb Box	Leak Investigations	Meters-- Inspect./ Special Reads / Replaced	Hydrants	Valves	Pavement Cuts	Other	TOTALS
Dec. 2005	29	77	38	968	23	9	87	16	1,247
Jan. 2006	22	93	31	1,043	1	10	35	11	1,246
Feb. 2006	16	63	30	742	0	55	20	32	958
Mar. 2006	21	114	28	1,052	8	5	49	22	1,299
April, 2006	22	74	44	832	23	7	52	16	1,070
May, 2006	34	100	27	913	14	3	25	3	1,119
June, 2006	27	69	26	793	7	3	38	24	987
July, 2006	28	72	42	779	8	4	28	10	971
August, 2006	20	69	51	1,073	4	3	34	9	1,263
September, 2006	18	81	46	862	5	6	36	6	1,060
October, 2006	25	99	14	1,071	5	9	41	8	1,272
November, 2006	41	73	14	826	15	4	30	6	1,009
December, 2006	29	40	24	828	3	12	59	8	1,003

ACCOUNTS PAYABLE

	Total	0-10	10-20	20-30	30-50	50+	Capital Project Retention
January 2007	\$476,861	\$130,492	\$122,458	\$147,373	16,582	\$59,956	\$0

Useful Information To Know: (UPDATED for 2006-2007 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 \$332.00 annually.
- An average individual uses approximately (220-260 cubic ft.) 1,650—1,950 gallons per month. The average quarterly bill is approximately \$42.00 or annually is \$168.00.

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

Big Picture

Monthly Water Sales: At ten months, billed water sales are slightly above budgeted estimates by \$88,000 (\$11,811,584 budget vs. \$11,899,557 actual).

Monthly Consumption: At ten months, consumption is 13.5 million cubic feet below the prior year. A recovery of 3 million cubic feet occurred during December; however, 1 million was added during January. Prior to December, consumption dropped five consecutive months at an average of 3.7 million cubic feet per month.

Prior month's reductions in consumption were scattered throughout the areas billed. Last summer was very hot and dry. This past summer period was cool and wet. We will continue to analyze accounts to determine if other factors can be attributed to this reduction.

This current consumption deficit compared to the previous year, equates to approximately \$375,000 water revenue under our current rate structure of an average of \$27.86 per 1,000 cubic feet.

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

Big Picture-continued

Cash Flow: At ten months, there remains a positive cash position. Projected cash flow is estimated to end the fiscal year at a positive \$240,000. This balance is net funding reserves and all necessary debt service and PILOT payments.

Staff will continue to monitor the effect of larger unanticipated commitments into the final months of the year. We will also continue to monitor the impact of legal costs on our overall cash position.

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

	MONTHLY ACTIVITY		YEAR-TO-DATE ACTIVITY	
	TARGET	JANUARY 2007	TARGET	ACTUAL
Cash Inflow	\$ 1,300,000	\$ 1,219,000	\$ 11,700,000	\$ 13,575,000
Outflows--				
Personnel Costs	322,000	329,000	3,059,000	3,386,000
Reimb. Capital Labor	-	-	-	-
PILOTS	125,000	123,000	1,089,000	1,201,000
Debt Service	305,000	354,000	3,154,000	3,512,000
Payments to Suppliers	848,000	526,000	3,648,000	5,063,000
	<u>1,600,000</u>	<u>1,332,000</u>	<u>10,950,000</u>	<u>13,162,000</u>
Cash Remaining	\$ (300,000)	\$ (113,000)	\$ 750,000	\$ 413,000

LITIGATION EXPENSES—TO DATE

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
	Legal Water Flow 1917 Agreement	\$ 5,416
	Review of Canal Law	\$ 18,409
2006	Declaratory Judgment - Canal Corp. DISCOVERY & DECLARATORY JUDGMENT	\$ 119,020
		\$ 142,845
2007	DECLARATORY JUDGMENT--April 1, 2006 to December 31, 2006	\$ 148,396
	TOTALS	\$ 335,421

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

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

CURRENT CUSTOMER SERVICE ACTIVITY

New Initiatives--

- A draft proposal is under review to provide relief to residential customers with extraordinary water leakage.
- 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. The Meter Readers focus on these properties to determine why a property has no consumption recorded.
- Customer Service has teamed up with the Meter Repair shop to develop a more concentrated route schedule to allow for more repairs in a day resulting in higher production.
- We are in the process of setting up a phone line so meter readers and other staff can report properties not on their route or in our data bases so follow-up review can be performed and properly accounted for. This will prevent field personnel from tying up Customer Service lines as well as field personnel not having to wait for a representative to report a property.
- We are also considering creating a Theft of Service/Tampering Hotline for customers to report potential theft or miss-use.

Ongoing Initiatives--

- ***Estimated Reads:*** We are reviewing accounts with four or more estimated reads and attempting to correct what is required to obtain actual reads. We have also incorporated it with our Large Meter Project and are replacing meters with excessive estimated reads. With this list, Meter Readers are investigating the reasons for the estimates and attempting to correct for future reads. Since we started this program, we have reduced estimated reads for a year or more by 27%.
- We are working on a layout for the web site for on-line viewing of customer's accounts. We are also in the process of accepting on-line payments and requesting service work orders on-line.
- We continue to concentrate on properties that have registered "0" consumption for three or more quarters. Meter readers have a list of these accounts on each route and make a concerted effort to access the property. This is to assist in our tampering efforts and to correct stopped meters.
- We have been working on a new category in the work order system for non-appointment meter work that allows Customer Service to assign work to technicians on a more efficient basis. We have found this to be a productive tool when a customer cancels a scheduled appointment or the daily work is completed quicker than expected.

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

METER REPLACEMENT

LARGE METER REPLACEMENT 3" +

Project Synopsis: 18 large meters were identified for replacement based on age and accuracy. All were replaced during the summer and fall of 2006.

All currently are showing and increase in revenue and consumption except for one. The highest performer has an increase of 45% in revenue. Current ROI (return on investment) without results of the recently replaced meters is approximately 20 months.

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

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

Currently, for the month, 33% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated. Monthly accounts are consistent with the prior month; quarterly accounts remained constant. We continue to institute corrective actions to reduce account estimates.

BILLING/COLLECTIONS:

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

Fiscal 2007	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
April 2006		\$ 23,149	\$ 7,024	\$ 3,670	
May 2006		19,139	19,139	5,150	
June 2006		69,972	12,874	17,779	
July 2006		19,029	30,802	589	
August 2006		31,255	31,881	29,515	
September		55,397	23,304	10,431	
October		52,047	29,007	10,338	
November		50,570	30,723	21,896	
December		67,108	34,202	0	
January 07		79,665	29,693	8,333	
Year to Date	\$ 9,460	\$467,331	\$248,649	\$107,701	\$ 120,441

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

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 10 - January 31, 2007

BILLING/COLLECTIONS: (continued)

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

	Prior Month Balance	Customers Added/ Returned From Collections	Customers Paid	Shut-Off	Ending Balance
"Posted" Accounts	338	163	34	0	467

- Since the beginning of the fiscal year, \$574,834 has been posted.
- For the current month, accounts totaling \$24,593 have been "posted". Of the outstanding posted balances, \$384,074 has been collected for the fiscal year.
- For the previous fiscal year, accounts totaling \$1,067,125 were "posted". Of this amount, \$781,518 was collected for the 2006 year.

TAMPERING ISSUES:

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

Date	Last Name	Acct. #	Address	Fee Amt.	Fee Paid	Evidence	Letter Sent	Posted	Shut Off	Status
6/20/05	Riggles	35A-75HL	10853 Coby Mnr	\$ 2,000		Admit	1/9/07	1/22/07		1
1/13/06	Marris	30A-74	16 Wind Pl	\$ 2,000	\$ 2,000	Pict/Admit	1/24/06			11
5/4/06	Muon	17A-28	677 Bleecker St	\$ 2,000	\$ 2,000	Pict/	5/24/06			11
5/24/06	Moun	12A-15	1428-30 Seymour	\$ 2,000	\$ 2,000	Pict	5/24/06			11
7/25/06	Helmes	14E-51	1134 Hilton Ave	\$ 2,000	\$ 1,000	Pict	7/25/06	8/8/06	2/01/07	11
8/9/06	Rivera	17E-171	715 Albany St	\$ 2,000	\$ 2,000	Pict	8/11/06			11

STATUS LEGEND:

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

MOHAWK VALLEY WATER AUTHORITY

FLASH REPORT

Month 10 - January 31, 2007

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 %	January	December	November	October	September	August
ASSETS							
Cash		\$ 2,857,276	\$ 2,982,921	\$ 3,172,007	\$ 3,265,305	\$ 2,727,153	\$ 2,966,635
Water Sales Receivable, Net		\$ 1,609,047	\$ 1,549,176	\$ 1,682,544	\$ 1,582,621	\$ 1,769,856	\$ 1,636,966
Trust Fund Assets		\$ 25,377,240	\$ 25,045,669	\$ 25,195,331	\$ 12,647,988	\$ 12,487,860	\$ 12,108,741
Utility Long Term Assets, Net		\$ 49,982,989	\$ 50,004,195	\$ 49,896,378	\$ 49,985,026	\$ 50,038,746	\$ 50,023,776
Total Assets		\$ 81,372,147	\$ 80,870,259	\$ 81,092,965	\$ 69,196,857	\$ 68,598,131	\$ 68,136,084
LIABILITIES							
Accounts Payable		\$ 476,862	\$ 223,742	\$ 325,249	\$ 280,055	\$ 348,514	\$ 305,501
Long Term Debt, Principal		\$ 60,789,336	\$ 61,281,242	\$ 61,355,000	\$ 47,927,286	\$ 47,914,568	\$ 47,901,849
Total Liabilities		\$ 64,416,455	\$ 64,789,631	\$ 64,536,694	\$ 51,755,597	\$ 51,527,676	\$ 51,206,353
EQUITY							
Unrestricted Earnings		\$ (979,033)	\$ (1,179,435)	\$ (701,090)	\$ (585,905)	\$ (991,915)	\$ (1,132,639)
Invested in Utility Plant, Net		\$ 16,124,408	\$ 16,124,408	\$ 16,124,408	\$ 16,131,408	\$ 16,131,408	\$ 16,131,408
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 332,706	\$ 332,706	\$ 331,355	\$ 328,624	\$ 328,624	\$ 328,624
Oper. and Maint. Reserve		\$ 303,504	\$ 303,504	\$ 302,153	\$ 299,422	\$ 292,133	\$ 292,133
Repair & Improvement (legislative)		\$ 539,099	\$ 539,099	\$ 539,099	\$ 539,099	\$ 539,099	\$ 539,099
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)							
	% of Accum. Budget	10th Month FY 2007	9th Month FY 2007	8th Month FY 2007	7th Month FY 2007	6th Month FY 2007	5th Month FY 2007
Water Sales	100%	\$ 11,899,557	\$ 10,768,823	\$ 9,641,309	\$ 8,472,165	\$ 7,265,137	\$ 6,017,896
Other Revenue	116%	\$ 2,086,534	\$ 1,682,000	\$ 1,682,000	\$ 1,419,603	\$ 1,191,339	\$ 999,950
Operating Expenses	95%	\$ 8,434,953	\$ 7,575,990	\$ 6,436,969	\$ 5,657,075	\$ 5,561,430	\$ 4,405,270
Debt Service, Interest only	76%	\$ 1,434,973	\$ 1,434,973	\$ 772,873	\$ 772,873	\$ 772,873	\$ 760,333
PILOT Payments	100%	\$ 1,200,317	\$ 1,076,353	\$ 957,950	\$ 839,547	\$ 721,144	\$ 602,741

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES
WATER RECEIVABLES--COLLECTION HISTORY
 Month 10 - January 31, 2007

- **Collection of Delinquent Accounts:**

	FY 2006	FY 2005	FY 2004	FY 2003
→ Delinquent Receivables (Outstanding >60 Days)	628,000	\$727,000	\$750,000	\$770,000
→ Amounts sent to City of Utica Tax Levy	184,292	\$132,504	\$315,000	\$420,000

- **Collection Agency Activity/ Shut-off Activity:**

Collection Agency	FY 2006	%	FY 2005	%
→ Amount Sent	\$588,000		\$674,000	
→ Amount Collected	\$356,000	61%	\$368,000	55%
→ Of Remaining Balance, amount collected thru shut-off Procedures	\$ 145,000	63%	\$203,000	66%

- **Reduction of Collection Threshold of Delinquent Accounts Receivable—**
 - Original threshold: send accounts >\$500/over 90 days;
 - Current Threshold: send accounts >\$200/over 60 days—
- **Reduction of Estimated Readings/Billings—20% reduction**

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 10 - January 31, 2007

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	Address	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
City Owned Properties -Utica	Various		224,074	6,337	2,784	9,032	4,193	201,728	
Ernie Sanida-Property Mgr.	11F 154	1505 Howard Ave. Utica	1,049	196	20	5	171	657	Posted/ City tax Levy
M of M Inc. - Landlord	11G 69	1318 Brinkerhoff Ave. Utica	2,706	63	356	2,001	90	196	Posted/ City tax Levy
Franklin DeLos Santos	12A 155	1517 Neilson Street, Utica	1,252	166	19	4	162	901	Posted/ City tax Levy
Valerie Ziembra - Landlord	12D 161	1537 Brinkerhoff Ave. Utica	1,126	254	18	3	290	561	Posted/ City tax Levy
Darlene Clark	13D 148	1546 St. Vincent St. Utica	1,007	154	19	4	205	625	Posted/ City tax Levy
Carolyn Upshaw	13E 55	231 Eagle Street, Utica	1,147	60	23	8	101	955	Posted/ City tax Levy
Nira Maljisevic	14B 50	1173 McQuade Avenue, Utica	1,130	91	22	7	173	837	Posted/ City tax Levy
Kim Dipierro - Landlord	14C 110	1557-59 St. Vincent Street, Utica	1,033	160	18	3	317	535	Posted/ City tax Levy
Armory	14H 200	1700 Parkway East	1,039	25	0	1,014	0	0	Collections
Magnus Ognunsanwo	15F 137A	707 John Street, Utica	1,696	23	8	449	5	1,211	Posted/ City tax Levy
Tony's Sports Car.	28H 77	3921 Oneida Str. Washington Mills	1,208	471	15	0	722	0	Posted/ City tax Levy
Airport Road Property, Inc.	31D 98	5920 Airport Road, Oriskany	4,243	1,907	15	0	2,321	0	Posted/ City tax Levy
239 Genesee Holding-Landlord	52B 19	239 Genesee Street-Mayro Building	2,043	531	15	1,322	0	175	Posted/ City tax Levy
Blackburn Property, LLC-Soggs	52D 76	2005 Beechgrove Place, Utica	1,372	347	15	678	0	332	Posted/Pmt. Sent
Soggs, Pine & Soggs	55C 26H	122 Business Park Drive	1,178	15	253	649	0	261	Posted/Pmt. Sent
Soggs Realty Shopping Plaza	56DE 99	Oriskany Blvd. New Hartford	2,370	15	527	1,417	0	411	Posted/ City tax Levy
Timothy Klotz (see also shut-offs)	38 accounts	Multiple accounts listed seperately	20,846	3,150	519	1,536	2,227	13,414	Posted/collect.

DELINQUENT ACCOUNTS SHUT-OFF

Word Faith Deliverance	1C 2	306-8 Court Street, Utica	1,418	8	23	8	343	1,036	Shut-off/ City Tax Levy
Henry Topolski	3F 53	708 Plant Street, Utica	1,135	52	24	9	82	968	Shut-off/ City Tax Levy
Henry Topolski	8B 35	1000 Park Avenue, Utica	1,925	59	32	17	64	1,753	Shut-off/ City Tax Levy
Hari Lukac/Renata Vujeva	8C 46BK	17 Clinton Place, Utica	4,060	144	0	0	165	3,751	Shut-off/ City Tax Levy
Wanda Brito	10B 114	1668 Steuben Street, Utica	1,169	69	22	7	100	971	Shut-off/ City Tax Levy
Som Mang Porn	10D 6	1335 Oneida Street, Utica	1,853	322	22	8	364	1,137	Shut-off/ City Tax Levy
James Jones	10F 91	137 Wall Street, Utica	1,842	58	31	16	51	1,686	Shut-off/ City Tax Levy
Angel & Mario Santana	11D 26	1428 Miller Street, Utica	1,823	58	31	15	113	1,606	Shut-off/ City Tax Levy
NYMA Properties	13B 133	1311 Steuben Street, Utica	1,613	56	29	14	49	1,465	Shut-off/ City Tax Levy
Christiana Joseph	14A 41	601 Eagle Street, Utica	1,482	52	25	10	73	1,322	Shut-off/ City Tax Levy

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 10 - January 31, 2007

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

Customer	Route & Account	Address	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
Ron Helmes	14E 51	1134 Hilton Street, Utica	1,210	15	0	69	15	1,111	Shut-off/ City Tax Levy
Magen Letrende	17B 107	906 Catherine Street, Utica	1,469	12	27	60	10	1,360	Shut-off/ City Tax Levy
Fiore Carbone	17C 56	1021-23 Bleeker Street, Utica	1,842	12	27	559	8	1,236	Shut-off/ City Tax Levy
Ingrid Grimm	24B 136	37 Pratt Street, Clark Mills	2,792	41	26	73	40	2,612	Shut-off/ City Tax Levy
132-42 Hotel Inc.	50A 21	132-42 Hotel Street, Utica	1,505	95	23	187	6	1,194	Shut-off/ City Tax Levy
Tartan Textile Serv.	55B 29	311-15 Whitesboro Street, Utica	9,002	930	42	1,791	9	6,230	Shut-off/ City Tax Levy
Raymond DeCarr	3 accounts	Multiple accounts listed seperately	1,524	109	40	58	105	1,212	Shut-off/ City Tax Levy
Sandra Albert	8 accounts	Multiple accounts listed seperately	11,354	2,087	156	273	249	8,589	Shut-off/ City Tax Levy
Timothy Klotz (also, see above)	3 accounts	Multiple accounts listed seperately	4,978	236	71	89	261	4,321	Shut-off/ City Tax Levy
City Delinquents-FY '06			18,769					18,769	
City Delinquents-FY '05			94,381					94,381	
City Delinquents-FY '04			108,591					108,591	
City Delinquents-FY '03			195,050					195,050	
City Delinquents-FY '02			194,476					194,476	
County Delinquents-FY '06			27,984					27,984	%
County Delinquents-FY '07			6,934					6,934	
Remaining Accounts			1,429,283	668,006	157,043	100,580	127,301	376,353	Change
January, 2007			<u>2,399,983</u>	<u>686,386</u>	<u>162,340</u>	<u>121,975</u>	<u>140,385</u>	<u>1,288,897</u>	3.24%
December, 2006			<u>2,324,650</u>	<u>543,985</u>	<u>224,756</u>	<u>192,756</u>	<u>92,200</u>	<u>1,270,953</u>	-4.37%
November, 2006			<u>2,431,002</u>	<u>711,597</u>	<u>258,271</u>	<u>135,084</u>	<u>68,585</u>	<u>1,257,465</u>	4.85%
October, 2006			<u>2,318,544</u>	<u>719,644</u>	<u>194,147</u>	<u>87,351</u>	<u>128,356</u>	<u>1,189,046</u>	1.14%
September, 2006			<u>2,292,431</u>	<u>628,857</u>	<u>232,531</u>	<u>117,426</u>	<u>56,697</u>	<u>1,256,920</u>	0.22%
August, 2006			<u>2,287,325</u>	<u>612,805</u>	<u>249,745</u>	<u>114,533</u>	<u>60,521</u>	<u>1,249,721</u>	-3.44%
July, 2006			<u>2,368,888</u>	<u>682,512</u>	<u>191,817</u>	<u>89,614</u>	<u>158,625</u>	<u>1,246,320</u>	-1.61%
June, 2006			<u>2,407,580</u>	<u>661,601</u>	<u>201,844</u>	<u>200,139</u>	<u>47,516</u>	<u>1,296,480</u>	5.95%
May, 2006			<u>2,272,423</u>	<u>588,663</u>	<u>275,909</u>	<u>85,650</u>	<u>61,878</u>	<u>1,260,323</u>	-3.85%
April, 2006			<u>2,363,426</u>	<u>835,711</u>	<u>133,146</u>	<u>82,487</u>	<u>100,208</u>	<u>1,211,874</u>	18.62%
March, 2006			<u>1,992,436</u>	<u>409,009</u>	<u>149,063</u>	<u>134,106</u>	<u>62,288</u>	<u>1,237,970</u>	-10.62%
February, 2006			<u>2,229,258</u>	<u>616,596</u>	<u>147,754</u>	<u>105,240</u>	<u>130,457</u>	<u>1,229,211</u>	-0.33%
January, 2006			<u>2,236,659</u>	<u>618,757</u>	<u>143,619</u>	<u>102,351</u>	<u>136,911</u>	<u>1,235,021</u>	1.29%

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 10 - January 31, 2007

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
Toby Road Tank-Land Purchase	Marcy	25,000	0	2,500	0	0	2,500
Toby Road Tank	Marcy	80,164	0	0	30,164	50,000	80,164
Safety & Security	Water Treatment Plant	30,000	0	0	24,067	2,898	26,965
New Tank--Pre-Design	Airport Industrial Park	30,000	0	0	67,630	0	67,630
Pump Station & Treatment Facility	System Wide	43,000	0	0	10,610	32,390	43,000
Fiscal 2003 Budgeted Capital Projects		<u>183,164</u>	<u>0</u>	<u>0</u>	<u>132,471</u>	<u>85,288</u>	<u>217,759</u>

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

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED
Verona/Airport Tank & Mains	Verona/OC Airport	3,450,000	0	30,942	15,768	3,406,413	3,453,123
SCADA-Computer Hardware	System Wide	39,255	0	0	51,186	0	51,186
Hydrolic Analysis & GIS Dev.	System Wide	80,000	0	24,490	36,026	19,484	80,000
Main Replacement	New Hartford	90,000	0	0	7,671	82,000	89,671
Emergency Generator	City Hall	135,000	0	0	1,125	133,875	135,000
Main Replacement	Park Ave., Holland Pat.	93,750	0	0	37,458	56,292	93,750
Storage Tank #2-Higby Rd	New Hartford	20,000	0	6,221	17,976	0	24,197
Distribution Analysis-Chloramines	System Wide	165,000	0	39,455	108,465	20,656	168,576
Tank Safety Ladder	Valley View Tank	19,500	0	0	19,500	0	19,500
Install Water Mains	Chapman Road	44,000	0	6,761	28,990	0	35,751
SCADA	System Wide	43,000	0	2,578	31,341	9,081	43,000
Clearwell	WTP	74,500	0	18,625	44,700	11,175	74,500
Fiscal 2005 Budgeted Capital Projects		<u>4,254,005</u>	<u>0</u>	<u>129,072</u>	<u>400,206</u>	<u>3,738,976</u>	<u>4,268,254</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 10 - January 31, 2007

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 07	FISCAL 06	FISCAL 05	FISCAL 04	FISCAL 03
April	419,898	421,158	436,874	438,082	448,176
May	412,183	433,169	433,732	437,133	369,245
June	483,811	463,071	432,431	430,936	433,322
July	434,748	477,805	476,038	443,310	449,260
August	475,336	514,883	469,873	440,876	552,861
September	481,683	513,111	449,233	546,365	547,595
October	436,160	469,375	529,942	477,584	486,491
November	472,410	474,227	424,247	458,962	458,808
December	451,290	424,902	426,796	416,941	426,849
January	397,180	407,949	409,415	463,977	459,749
		<u>4,599,650</u>	<u>4,488,581</u>	<u>4,554,166</u>	<u>4,632,356</u>
February	0	398,579	452,494	428,836	485,891
March	<u>0</u>	<u>400,517</u>	<u>427,874</u>	<u>436,128</u>	<u>478,881</u>
 Total	 <u>4,464,699</u>	 <u>5,398,746</u>	 <u>5,368,949</u>	 <u>5,419,130</u>	 <u>5,597,128</u>

MONTHLY WATER BILLINGS:

	FISCAL 2007			FISCAL 2006	
	Billings	Cash Receipts	Customer Routes Read	Billings	Cash Receipts
April	\$ 1,167,491	\$ 774,267	1-23; 75-77	\$ 996,320	\$ 887,900
May	1,168,917	1,303,161	24-42; 58; 75-77	1,041,242	918,904
June	1,205,518	1,077,589	43-57; 59; 75-77	1,038,762	1,211,380
July	1,214,680	1,260,740	1-23; 75-77	1,078,160	1,058,316
August	1,296,257	1,365,171	24-42; 58; 75-77	1,150,982	1,166,226
September	1,265,491	1,124,613	43-57; 59; 75-77	1,160,332	1,180,519
October	1,247,789	1,394,845	1-23; 75-77	1,114,747	1,188,611
November	1,224,796	1,133,510	24-42; 58; 75-77	1,086,651	838,573
December	1,132,871	1,283,037	43-57; 59; 75-77	983,813	1,339,885
January	1,134,424	1,062,568	1-23; 75-77	<u>1,000,181</u>	<u>1,007,019</u>
				10,651,190	10,797,333
February	0	0		980,290	1,097,821
March	<u>0</u>	<u>0</u>		<u>972,949</u>	<u>1,197,891</u>
 Total	 <u>\$12,058,234</u>	 <u>\$11,779,501</u>		 <u>\$ 12,604,429</u>	 <u>\$ 13,093,045</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 10 - January 31, 2007

REVENUE

- *Metered Water Sales:*

- Quarterly and Monthly Billings – For the month, water sales is above by \$134,000 compared to the prior year.

- Overall Sales vs. Prior Year – Water sales are up \$1,407,000 for the year compared to the prior year.

- “*System Charge*” – Both quarterly billed and monthly billed system charges have fallen slightly behind estimates.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are above budget estimates by approximately 26%. Cash collection of these assessments is in the range of 85% to 90%, on target with budgeted amounts.
- *Other Delinquent Charges*— Revenue from shut-off fees and metered line charges are significantly above budget estimates.
- *Interest Income*— Interest earnings are exceeding estimates due to the recovery of the markets over the fiscal year.
- *Other Charges* –Lab Fees, termination of services, 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 10 - January 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Jan.31, 2006 (Accrual-Basis)			
Administration					
Salaries	234,774	243,735	103.82%	(8,961)	Unbudgeted position paid until May.
Unemployment	3,000	7,047	234.90%	(4,047)	Actual cost for reduction of marketing position
Contracted Services	42,800	59,100	138.08%	(16,300)	Marketing firm expenses exceeding budget amount.
Training & Education	4,000	1,128	28.20%	2,872	Minimal training/seminars to date.
Contracted Services.-Legal Fees	187,500	183,469	97.85%	4,031	Billed up to December for litigation
Finance & Accounting					
Salaries	332,149	328,772	98.98%	3,377	Reasonable favorable variance
Contracted Services	145,250	176,899	121.79%	(31,649)	M&T banking charges unfavorable by \$13.4K. In process of RFP for banking svcs. Credit card charges unfavorable by \$7.1K.
Training & Education	1,500	275	0.00%	1,225	Minimal training for accounting staff
Customer Service					
Salaries	170,807	168,526	98.66%	2,281	Meter reader position vacant for short period of time.
Travel	1,880	208	11.06%	1,672	Minimal travel to date.
Engineering					
Salaries	397,674	402,957	101.33%	(5,283)	As part of employ. contract, 2 staff sold a week's vacation; in addition 'ee paid for opting out of medical plan.
Wages	57,994	58,429	100.75%	(435)	On track w/ budget.
Operating Supplies	14,035	8,200	58.43%	5,835	Purchase of parts for pressure regulator has not occurred = \$4K..
Contractor Services	36,490	17,651	48.37%	18,839	The following has not been performed to date: transfer switch replacement = \$4K; calibration of equipment = \$2K; flushing kits = \$3K; interns for data entry = \$1.5K; annual inspect. of Hydro generators.-
Travel	1,336	2,319	173.58%	(983)	Travel to AWWA conference not budgeted.
Training and Education	4,700	1,340	28.51%	3,360	Hydraulic Modeling training budgeted for 2 employees (\$2,000) will take place later in the year.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 10 - January 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	
	Budget (Cash-Basis)	Actual-Jan.31, 2006 (Accrual-Basis)			
Information Technology					
Office Equipment	22,000	18,886	85.85%	3,114	Supplies for equipment less than anticipated.
Travel & Vehicle Usage	1,700	18	1.06%	1,682	Minimal travel for training incurred to date
Operating Supplies	14,500	6,738	46.47%	7,762	Timing of purchases (i.e.. Toner and paper)
Contracted Services	106,149	68,469	64.50%	37,680	Items not spent as scheduled: Software consultant-\$22K; Cool Ice software-\$7K; Timing of lease on server w/ UNYSIS-\$3K; Web Page development-\$6K
Training and Education	7,600	1,890	24.87%	5,710	The following budgeted training programs have not occurred: Arc IMS Administrator = \$1.4K; SCADA Training = \$1.8K; GIS training = \$1.2K.
Repairs	2,250	60	2.67%	2,190	No repairs on computer equipment incurred to date.
Water Quality					
Office Equipment	12,000	801	6.68%	11,199	Delay in purchase of watershed lab equipment = \$3K; purchase of convection oven = \$2K; On-Line Monitoring Chips \$1K; all other (ie., automatic pipetors) = \$3K.
Operating Supplies	120,659	108,026	89.53%	12,633	Timing of supplies purchases (ie., PCR supplies = \$6.5K)
Contracted Services	21,500	8,872	41.27%	12,628	Regulated Monitoring performed = \$9K favorable; Maintenance of microscopes not performed = \$1.5K favorable. Charges for summer intern unbudgeted = (\$1.5K)
Repairs	5,000	912	18.24%	4,088	Minimal repairs to date.
Shipping Charges	6,500	5,317	81.80%	1,183	Less shipping than anticipated for outside analysis of samples.
Travel	8,600	10,581	123.03%	(1,981)	Add'l cost for national confernece not budgeted.
Treatment Plant					
Salaries	268,336	266,384	99.27%	1,952	Reasonable positive variance
Wages	9,118	21,231	232.85%	(12,113)	Part-time WQ position working more than budgeted.
Office Equipment	14,750	13,347	90.49%	1,403	Items not purchased to date: Hypo Feed = \$4K
Operating Supplies	558,085	627,773	112.49%	(69,688)	Polymer purchases - \$42K unfavorable. Aluminum sulphate purchases = \$175K unfavorable. High usage of polymer and aluminum sulphate is attributed to excessive rainfall which caused high levels of turbidity in the water. Chlorine purchases are also unfavorable by \$5K.
Travel	1,750	3,680	210.29%	(1,930)	Add'l member attended national conference.
Training and Education	4,000	1,334	33.35%	2,666	Operator training not performed to date.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 10 - January 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	
	Budget (Cash-Basis)	Actual-Jan.31, 2006 (Accrual-Basis)			
Maintenance					
Salaries	458,808	427,353	93.14%	31,455	Unfilled meter shop supervisor position recently filled; variance will continue to y/e.
Wages	753,038	671,192	89.13%	81,846	Positions being filled by part-timers in anticipation for full-time; variance will continue to y/e..
Street Repair Materials	601,218	578,552	96.23%	22,666	Timing of paving charges. Expected to even out throughout the rest of the year.
Office Equipment	5,875	729	12.41%	5,146	Limited purchase of office furniture to date.
Small Equipment	34,450	1,001	2.91%	33,449	Several budgeted items have not been purchased. Pipe thawers = \$4K; leak surveying equipment = \$8K; gears for Horz Rensselear = \$6K; diaphragm pump = \$5K; weed eaters = \$3K; air drill = \$3K; all other = \$4K.
Operating Supplies	363,020	328,119	90.39%	34,901	Purchases to date: hydrants \$28K favorable; valves \$10K unfavorable; general supplies \$2K favorable.
Contracted Services	21,600	15,392	71.26%	6,208	Unbudgeted railroad flagman = \$6K
Training & Education	22,820	2,147	9.41%	20,673	Various safety training programs have not occurred or are running under budget (ie. Pesh, Haz Communication)
Clothing Allowance	13,559	11,907	87.82%	1,652	Timing of clothing allowance purchases.
Vehicle & Equip. Repairs	155,883	122,056	78.30%	33,827	Favorable year to date. Cold weather will equate to more \$\$. Will continue to monitor account for significant variances.
General Services					
Printing	39,055	20,613	52.78%	18,442	Timing of water bill and envelopes purchases.
Heat	52,825	33,038	62.54%	19,787	Year to date favorability is due to budget estimates based on anticipated higher fuel costs and mild winter to date.
Electricity and Gas	402,000	334,704	83.26%	67,296	Year to date favorability is due to budget estimates based on anticipated higher utility rates and mild winter to date.
Postage	69,180	72,640	105.00%	(3,460)	Timing of billing replenishment.
Gas & Oil	90,300	99,149	109.80%	(8,849)	Gasoline purchases for vehicles are unfavorable by \$9K.
Overtime					
Finance & Accounting	750	3,551	0.00%	(2,801)	Project for upgrading data related to tap cards and other engineering data bases
Engineering	19,450	19,785	101.72%	(335)	
Info. Technology	11,000	11,299	102.72%	(299)	Services for City of Utica not performed to date
Treatment Plant	41,420	51,905	125.31%	(10,485)	
Maintenance	145,000	139,829	96.43%	5,171	
Total Overtime	218,600	226,880	103.79%	(5,617)	

FINANCIAL RATIOS

Month 10 - January 31, 2007

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>Jan. '07</u>	<u>Dec. '06</u>	<u>Nov. '06</u>	<u>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>Avg.-Past Six months</u>
1.81	1.81	2.05	1.83	1.80	1.96	2.43

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>Jan '07</u>	<u>Dec '06</u>	<u>Nov. '06</u>	<u>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>Avg.-Past Six months</u>
\$2,635,678	\$2,562,885	\$2,970,444	\$2,886,411	\$2,609,297	\$2,849,942	\$2,611,056

FINANCIAL RATIOS

Month 10 - January 31, 2007

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>Jan '07</u>	<u>Dec '06</u>	<u>Nov '06</u>	<u>Oct '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>Avg.-Past Six months</u>
79%	75%	74%	75%	75%	75%	80%

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>Jan. '07</u>	<u>Dec. '06</u>	<u>Nov. '06</u>	<u>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>Avg.-Past Six months</u>
2.50	2.89	4.59	4.29	3.00	3.69	3.19

FINANCIAL RATIOS

Month 10 - January 31, 2007

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>Jan. '07</u>	<u>Dec '06</u>	<u>Nov '06</u>	<u>Oct '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>Avg.-Past Six months</u>
27.91%	27.68%	27.79%	29.70%	28.79%	27.54%	29.27%	33.56%

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 10 - January 31, 2007

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).

$$\text{(Monthly Debt Service + PILOTs) / \# of Customers Billed per Month}$$

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>Jan. '07</u>	<u>Dec. 06</u>	<u>Nov. 06</u>	<u>Oct. 06</u>	<u>Sept. 06</u>	<u>Aug 06</u>	<u>Avg.-Past Six months</u>
\$37.84	\$38.11	\$32.53	\$32.71	\$32.71	\$32.16	\$34.71

GLOSSARY OF TERMS

Month 10 - January 31, 2007

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 10 - January 31, 2007

- 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.