

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 4: Month Ended July 31, 2006

Finance Committee Members

Terms Ending

December 31,

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

Report produced by Jim Korfonta, Comptroller

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VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 4 - July 31, 2006

PRODUCTION & CONSUMPTION

	<u>July</u>	<u>June</u>	<u>May</u>	<u>April</u>	<u>March</u>	<u>Feb.</u>
Water Production (1,000 gallons)	537,600	531,800	554,400	547,300	570,600	523,600
Billed Consumption (1,000 gallons)	325,235	361,939	308,354	314,126	299,626	298,177

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
July 2006		\$ 1,416,184	\$ 1,256,491	\$ 159,693	
Year-To-Date	\$ 2,446,773	\$ 5,054,144	\$ 4,609,051	\$ 446,783	\$ 2,893,556

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
July 2006		18	(25)	
Year- to-Date (Fiscal 2007)	38,589	77	(55)	38,611
Fiscal 2006	38,449	573	(433)	38,589

Breakdown of Customer Movement:

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

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

From Utica To:

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

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued
 Month 4 - July 31, 2006

WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY

WATER SYSTEM MAINTENANCE--METER 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

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
Year-To-Date	697	9	9	5	15	12	747	19	1	8.7	2.2

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 4 - July 31, 2006

ACCOUNTS PAYABLE

	<u>Total</u>	<u>0-10</u>	<u>10-20</u>	<u>20-30</u>	<u>30-50</u>	<u>50+</u>	<u>Capital Project Retention</u>
May 2006	\$141,153	\$26,290	\$49,832	\$50,601	\$1,743	\$12,687	\$0

Useful Information To Know:

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

Big Picture

Monthly Water Sales: For the first quarter, billed water sales are above budgeted estimates by \$230,000 (\$4,517,000 budget vs. \$4,746,000 actual).

Monthly Consumption: At four months, consumption is 4.4 million cubic feet below the prior year. A further review is underway to determine why there was such a drop in consumption for the section billed in July. It may be weather-related, but further review and analysis is warranted. This current consumption deficit compared to the previous year, equates to approximately \$124,000 water revenue under our current rate structure of \$27.86 per 1,000 cubic feet.

COMPTROLLER'S MESSAGE

Month 4 - July 31, 2006

Big Picture-continued

Cash Flow: For the third month, the cash position has fully recovered from the \$200,000 deficit in April. However, with anticipated purchases of vehicles and equipment, payments for paving and the set-aside for new debt service related to the anticipated bonding, our cash position will be approximately \$100,000 below a breakeven point, after including normal revenues and expenses for the next month (July). We will continue monitor the effect of these unanticipated commitments (earlier in the fiscal year than budgeted) into the coming months. In addition, the impact of legal costs will continue to affect our cash position.

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

	<u>MONTHLY ACTIVITY</u>		<u>YEAR-TO-DATE ACTIVITY</u>	
	<u>TARGET</u>	<u>JULY 2006</u>	<u>TARGET</u>	<u>ACTUAL</u>
Cash Inflow	\$ 1,300,000	\$ 1,416,000	\$ 5,200,000	\$ 5,054,000
Outflows--				
Personnel Costs	322,000	318,000	1,288,000	1,270,000
Reimb. Capital Labor	-	-	-	-
PILOTS	125,000	118,000	484,000	481,000
Debt Service	305,000	302,000	1,208,000	1,210,000
Payments to Suppliers	290,000	518,000	1,400,000	1,646,000
Other Commitments:				
Set Aside for New Bonding-Debt Service	45,000	45,000	180,000	180,000
	<u>1,087,000</u>	<u>1,301,000</u>	<u>4,560,000</u>	<u>4,787,000</u>
Cash Remaining	\$ 213,000	\$ 115,000	\$ 640,000	\$ 267,000

COMPTROLLER’S MESSAGE

Month 4 - July 31, 2006

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

CURRENT CUSTOMER SERVICE ACTIVITY

- Combating theft continues to be a priority. Customer Service met with the Meter Department regarding theft of service. As a combined effort, we are looking devising procedures and incorporating additional ways to document and record vacant properties to prevent water theft.
- As a measure to inform customers of work or crews working in the area, I have purchased door hangers that will notify customers of water problems or maintenance in their area. I anticipate the maintenance crews will complete and distribute as needed.
- We are working on a layout for the web site for on-line viewing of customer’s accounts. We are also in the process of accepting on-line payments and requesting service work orders on-line.
- **New billing customer: Town of Marcy.** We have billed the Town of Marcy Sewer for prior years. During June, we billed Marcy Sewer for two years of unbilled sewer charges. This was part of a coordinated plan with the Town of Marcy to “catch-up” for the prior years’ unbilled sewer.
- We continue to concentrate on properties that have registered “0” consumption for three or more quarters. Meter readers have a list of these accounts on each route and make a concerted effort to access the property. This is to assist in our tampering efforts and to correct stopped meters.
- **Estimated Reads:** We are reviewing accounts with four or more estimated reads and attempting to correct what is required to obtain actual reads. We have also incorporated it with our Large Meter Project and are replacing meters with excessive estimated reads. With this list, Meter Readers are investigating the reasons for the estimates and attempting to correct for future reads.

In addition, notices are being sent out requesting the customer call our office in the next 20 days to have their meter upgraded or risk having their service interrupted.

- 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.

CUSTOMER SERVICE CALLS RECEIVED

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

	TOTAL CALLS	AVERAGE SPEED ANSWERED	AVERAGE TALK TIME	ABANDON CALLS
July	5,607	:21	2:02	33
June	5,633	:17	1:45	22
May	6,335	:14	1:44	24
April	5,375	:15	1:37	22
Year-To-Date	22,950	:17	1:57	101
Prior Yr.-- 2006	69,854	.17	1:50	280

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COMPTROLLER'S MESSAGE

Month 4 - July 31, 2006

METER REPLACEMENT

NEW PROJECT --LARGE METER REPLACEMENT 3" +

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

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

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

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

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

Currently, for the month, 36% of the monthly accounts were estimated; 9% of the quarterly accounts were estimated. This is a 4% increase in monthly from the prior month. We are investigating the variance. We continue to institute corrective actions to reduce account estimates.

BILLING/COLLECTIONS:

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

Fiscal 2007	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
April 2006		\$ 23,149	\$ 7,024	\$ 3,670	
May 2006		19,139	19,139	5,150	
June 2006		69,972	12,874	17,779	
July 2006		19,029	30,802	589	
Year to Date	\$ 9,460	\$131,289	\$69,839	\$27,188	\$ 43,722

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	

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COMPTROLLER'S MESSAGE

Month 4 - July 31, 2006

BILLING/COLLECTIONS: (continued)

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

	Prior Month Balance	Customers Added/ Returned From Collections	Customers Paid	Shut-Off	Ending Balance
"Posted" Accounts	215	116	20	5	306

- Since the beginning of the fiscal year, \$195,577 has been posted.
- For the month of June, accounts totaling \$47,940 have been "posted". Of the outstanding posted balances, \$140,238 has been collected for the fiscal year.
- For the previous fiscal year, accounts totaling \$1,067,125 were "posted". Of this amount, \$781,518 was collected for the 2006 year.

TAMPERING ISSUES:

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

Date	Last Name	Acct. #	Address	Fee Amt.	Fee Paid	Evidence	Letter Sent	Posted	Shut Off	Status
6/20/05	Riggles	35A-75HL	10853 Coby Mnr Rd	\$ -		Admit	7/8/05			10
1/13/06	Marris	30A-74	16 Wind Pl	\$ 2,000	\$ 1,500	Pict/Admit	1/24/06			11
5/4/06	Muon	17A-28	677 Bleecker St	\$ 2,000	\$ 500	Pict/	5/24/06			11
5/24/06	Moun	12A-15	1428-30 Seymour	\$ 2,000	\$ 500	Pict	5/24/06			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.

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FLASH REPORT

Month 4 - July 31, 2006

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

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

	Critical Ratio %	July	June	May	April	March	February
ASSETS							
Cash		\$ 2,623,256	\$ 2,644,653	\$ 2,500,094	\$ 2,227,036	\$ 2,426,809	\$ 2,386,114
Water Sales Receivable, Net		\$ 1,732,378	\$ 1,878,957	\$ 1,789,031	\$ 1,706,524	\$ 1,477,103	\$ 1,541,611
Trust Fund Assets		\$ 12,025,942	\$ 11,595,540	\$ 11,226,146	\$ 11,506,496	\$ 11,622,516	\$ 11,566,455
Utility Long Term Assets, Net		\$ 50,051,688	\$ 47,322,439	\$ 47,139,841	\$ 47,141,958	\$ 47,212,982	\$ 47,256,446
Total Assets		\$ 67,807,647	\$ 64,525,896	\$ 63,570,788	\$ 63,873,513	\$ 63,940,786	\$ 63,903,541
LIABILITIES							
Accounts Payable		\$ 141,153	\$ 269,226	\$ 216,816	\$ 130,304	\$ 94,670	\$ 111,661
Long Term Debt, Principal		\$ 47,964,129	\$ 47,951,412	\$ 47,938,693	\$ 48,030,974	\$ 48,183,256	\$ 48,330,537
Total Liabilities		\$ 51,147,153	\$ 50,973,467	\$ 50,755,384	\$ 51,105,020	\$ 51,241,212	\$ 51,440,580
EQUITY							
Unrestricted Earnings		\$ (862,777)	\$ (1,212,411)	\$ (1,949,437)	\$ (1,996,347)	\$ (2,065,265)	\$ (2,240,723)
Invested in Utility Plant, Net		\$ 16,131,408	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 145,638
"3R" Reserve		\$ 464,730	\$ 464,730	\$ 464,730	\$ 464,730	\$ 464,730	\$ 487,362
Oper. and Maint. Reserve		\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133	\$ 262,555
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)							
	% of Accum. Budget	4th Month FY 2007	3rd Month FY 2007	2nd Month FY 2007	1st Month FY 2007	12th Month FY 2006	11th Month FY 2006
Water Sales	105%	\$ 4,745,764	\$ 3,534,420	\$ 2,331,052	\$ 1,165,437	\$ 12,518,093	\$ 11,555,504
Other Revenue	128%	\$ 794,946	\$ 580,369	\$ 347,170	\$ 143,233	\$ 2,148,334	\$ 2,043,503
Operating Expenses	92%	\$ 3,447,112	\$ 2,137,238	\$ 1,417,711	\$ 688,747	\$ 11,009,260	\$ 10,174,222
Debt Service, Interest only	130%	\$ 663,782	\$ 663,782	\$ 664,237	\$ 287,226	\$ 2,016,393	\$ 1,997,291
PILOT Payments	100%	\$ 484,338	\$ 362,407	\$ 243,864	\$ 121,932	\$ 1,474,399	\$ 1,353,006

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 4 - July 31, 2006

CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:

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

Customer	Route & Account	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
City of Utica-Tax Levy	Various	206,652	5,489	2,963	2,098	5,709	190,393	
Word Faith Deliveran	1C 2	1,003	195	16	1	492	299	Posted
RCIL	8D 158	1,137	510	40	0	587	0	Collection
Angel & Maria Santana	11D 26	1,556	56	29	13	61	1,397	Posted
<u>Lim Muon:</u>								
a) 1428-30 Seymour Ave.	12A 15	1,542	42	0	1,500	0	0	Posted. Will pay
b) 677 Bleecker Street	17A 28	1,500	0	0	1,500	0	0	in August
Pamela Hamilton	12C 116	1,436	315	15	0	306	800	Posted
Davis Motel	22G 60	1,690	40	0	1,650	0	0	Pd. In full 8/3
Paul Kelly	24B 54	1,678	29	13	146	27	1,463	Posted
Rome Turkey Radiator	24C 179BK	1,197	15	0	398	0	784	Invest.
Tom Cavallos Restaurant	25C 23	1,311	15	0	1,296	0	0	Pd. In full 8/7
Donald Vetal	27G 113	1,105	15	25	286	15	764	Collection
Tony's Sports Bar	28H 77	1,358	0	355	15	0	988	Collection
Montessouri of NH	28K 166	1,405	0	739	15	0	651	Collection
Mary Vanvalkenburg	33F 142FA	1,698	9	65	15	8	1,601	Posted
Rolling Star Mfc (c/o Dean Beck)	34A 119A	2,306	0	60	15	0	2,231	Invest.
Reward, Inc DBA Mr. McGillis	37B 18	1,113	0	676	15	0	422	Pd. In full 8/1
Algonquin Corp.	50D 5	1,739	647	611	0	481	0	Posted
Hemstrought Bakery	50D 62	1,297	382	106	0	809	0	Posted
Vogel Property of Utica	50D 79	1,115	161	187	15	337	415	Posted
239 Genesee Hold, LLC	52B 19	1,807	431	704	0	672	0	Posted
Coolidge MEM, LLC	52B 60	2,463	429	429	15	868	722	Posted
Soggs, Pine & Soggs	55C 26H	1,344	321	15	672	321	15	Posted
Mohawk LLC	56FA 141	6,548	173	72	269	168	5,866	Pre-Posted
Windsong Mountain Trl. Park	56FC 170A	15,222	4,111	15	7,609	3,487	0	Posted
Timothy Klotz (see also shut-offs)	36 accounts	16,481	3,407	611	951	3,439	8,073	Post./Coll./Inv.

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 4 - July 31, 2006

Customer	Route & Account	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
DELINQUENT ACCOUNTS SHUT-OFF								
William O' Brien	6A 162BK	1,126	49	22	7	218	830	Shut-off
Henry Topolski	8B 35	1,702	56	29	13	158	1,446	Shut-off
Haru Lukac/Renata Vujeva	8C 46BK	3,729	144	0	0	165	3,420	Shut-off
Som Mang Porm	10D 6	1,065	326	15	0	361	363	Shut-off
James Jones	10F 91	1,658	42	15	0	1,309	292	Sut-off
Mauricio & Rina Valle	11C 34	1,296	44	17	2	261	972	Shut-off
Rose Britten	11D 61	1,073	555	18	2	126	372	Shut-off
NYMA Properties	13B 133	1,443	42	15	0	1,302	84	Shut-off
Christiana Joseph	14A 41	1,255	257	19	4	271	704	Shut-off
Magen Letrende	17B 107	1,171	23	7	162	20	959	Shut-off
Fiore Carbone	17C 56	1,160	19	4	403	15	719	Shut-off
Ingrid Grimm	24B 136	2,515	39	23	71	37	2,345	Shut-off
Robert Frezza	27R 20	1,077	19	4	556	18	480	Shut-off
9882 River Road Liberty	33A 117	1,746	10	368	22	0	1,346	Shut-off
Tartan Textile Serv.	55B 29	3,562	894	894	15	1,759	0	Shut-off
Soggs Realty	56DE 99	2,633	1,715	15	525	370	8	Shut-off
Raymond DeCarr	3 accounts	1,091	105	36	54	117	779	Shut-off
Sandra Albert	9 accounts	8,702	285	90	825	2,375	5,127	Shut-off
Timothy Klotz (also, see above)	2 accounts	3,084	232	37	97	257	2,461	Shut-off
City Delinquents-FY '06		120,040	0	0	0	0	120,040	
City Delinquents-FY '05		94,381	0	0	0	0	94,381	
City Delinquents-FY '04		108,591	0	0	0	0	108,591	
City Delinquents-FY '03		195,050	0	0	0	0	195,050	
City Delinquents-FY '02		194,476	0	0	0	0	194,476	
County Delinquents-FY '06		27,984	0	0	0	0	27,984	%
Remaining Accounts		1,309,575	660,864	182,443	68,362	131,699	266,207	Change
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%
Prior Months Receivables:								
June, 2006		<u>2,407,580</u>	<u>661,601</u>	<u>201,844</u>	<u>200,139</u>	<u>47,516</u>	<u>1,296,480</u>	5.95%
May, 2006		<u>2,272,423</u>	<u>588,663</u>	<u>275,909</u>	<u>85,650</u>	<u>61,878</u>	<u>1,260,323</u>	-3.85%
April, 2006		<u>2,363,426</u>	<u>835,711</u>	<u>133,146</u>	<u>82,487</u>	<u>100,208</u>	<u>1,211,874</u>	18.62%
March, 2006		<u>1,992,436</u>	<u>409,009</u>	<u>149,063</u>	<u>134,106</u>	<u>62,288</u>	<u>1,237,970</u>	-10.62%
February, 2006		<u>2,229,258</u>	<u>616,596</u>	<u>147,754</u>	<u>105,240</u>	<u>130,457</u>	<u>1,229,211</u>	-0.33%
January, 2006		<u>2,236,659</u>	<u>618,757</u>	<u>143,619</u>	<u>102,351</u>	<u>136,911</u>	<u>1,235,021</u>	1.29%
December, 2005		<u>2,208,260</u>	<u>515,278</u>	<u>190,476</u>	<u>167,458</u>	<u>104,461</u>	<u>1,230,587</u>	-11.33%
November, 2005		<u>2,490,455</u>	<u>816,979</u>	<u>267,146</u>	<u>108,841</u>	<u>65,046</u>	<u>1,232,443</u>	12.95%
October, 2005		<u>2,205,010</u>	<u>653,584</u>	<u>180,399</u>	<u>83,597</u>	<u>126,179</u>	<u>1,161,251</u>	-2.09%
September, 2005		<u>2,251,989</u>	<u>643,259</u>	<u>138,623</u>	<u>167,331</u>	<u>74,043</u>	<u>1,228,733</u>	3.31%
August, 2005		<u>2,179,819</u>	<u>519,952</u>	<u>253,713</u>	<u>94,399</u>	<u>67,733</u>	<u>1,244,022</u>	-2.37%
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%

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 4 - July 31, 2006

UPDATE ON LARGER DOLLAR ACCOUNTS:

Windsong Mountain Trailer Park

The current balance, as of the August billing, is \$18,370. The last payment was made on May 25th for which the check bounced as insufficient but was later protest and made good by the bank.

Several meetings with Oneida County officials have been attended by staff. No fruitful results have occurred as a result of these meetings.

We have tentatively scheduled a posting of this account on Monday, August 28th. Shut-off is scheduled 20 days after posting.

Hotel Utica

Balance was \$6,742 at mid July; subsequently paid \$4,399; Aug 9th paid balance. Will continue to monitor this account.

WORK IN PROCESS—CAPITAL PROJECTS

Month 4 - July 31, 2006

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	PROJECT No.	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	02-26-A	80,164	0	0	30,164	50,000	80,164	0
Safety & Security	Water Treatment Plant	03-23-A	30,000	0	0	24,067	2,898	26,965	3,035
New Tank--Pre-Design	Airport Industrial Park	03-32-A	30,000	0	0	67,630	0	67,630	-37,630
Pump Station & Treatment Facility	System Wide	03-55-B	43,000	0	0	10,610	35,000	45,610	-2,610
Fiscal 2003 Budgeted Capital Projects			183,164	0	0	132,471	87,898	220,369	-37,205

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

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	PROJECT #	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Verona/Airport Tank & Mains	Verona/OC Airport	05-02-A	3,450,000	0	311	15,768	3,438,153	3,454,232	-4,232
SCADA-Computer Hardware	System Wide	05-03-A	39,255	0	0	51,186	0	51,186	-11,931
Hydrolic Analysis & GIS Dev.	System Wide	05-08-A	80,000	0	0	36,026	51,627	87,653	-7,653
Main Replacement	New Hartford	05-08-B	90,000	0	0	7,671	82,000	89,671	329
Emergency Generator	City Hall	05-09-A	135,000	0	0	1,125	133,875	135,000	0
Main Replacement	Park Ave., Holland Pat.	05-13-A	93,750	0	0	37,458	56,292	93,750	0
Storage Tank #2-Higby Rd	New Hartford	05-15-A	20,000	1,990	1,990	17,976	2,024	21,990	-1,990
Distribution Analysis-Chloramines	System Wide	05-17-A	165,000	0	9,100	108,465	65,000	182,565	-17,565
Tank Safety Ladder	Valley View Tank	05-18-A	19,500	0	0	19,500	0	19,500	0
Install Water Mains	Chapman Road	05-20-A	44,000	0	5,625	28,990	0	34,615	9,385
SCADA	System Wide	05-21-A	43,000	0	381	31,341	11,278	43,000	0
Clearwell	WTP	05-22-A	74,500	0	11,175	44,700	29,800	85,675	-11,175
Fiscal 2005 Budgeted Capital Projects			4,254,005	1,990	28,582	400,206	3,870,049	4,298,837	-44,832

WORK IN PROCESS—CAPITAL PROJECTS

Month 4 - July 31, 2006

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	PROJECT #	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Chemical Feed	WTP	06-01-B	7,500	0	0	7,500	0	7,500	0
Security Protection	WTP	06-02-A	20,000	0	0	20,264	0	20,264	-264
Water Main	Holland Patent	06-03-A	0	0	1,306	189	0	1,495	-1,495
Disinfection BY-Product	Deerfield Tank	06-04-A	0	0	0	354	0	354	-354
Main Replacement	Leah St.	06-06-A		1,456	1,456	0	0	1,456	-1,456
Main Replacement	Sherman Drive & Tilden A	06-07-A	0	0	2,280	0	0	2,280	-2,280
Fiscal 2006 Budgeted Capital Projects			<u>27,500</u>	<u>1,456</u>	<u>5,042</u>	<u>28,307</u>	<u>0</u>	<u>33,349</u>	<u>-5,849</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 4 - July 31, 2006

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 07	FISCAL 06	FISCAL 05	FISCAL 04	FISCAL 03
April	419,898	421,158	436,874	438,082	448,176
May	412,183	433,169	433,732	437,133	369,245
June	483,811	463,071	432,431	430,936	433,322
July	434,748	<u>477,805</u>	<u>476,038</u>	<u>443,310</u>	<u>449,260</u>
		1,795,203	1,779,075	1,749,461	1,700,003
August	0	514,883	469,873	440,876	552,861
September	0	513,111	449,233	546,365	547,595
October	0	469,375	529,942	477,584	486,491
November	0	474,227	424,247	458,962	458,808
December	0	424,902	426,796	416,941	426,849
January	0	407,949	409,415	463,977	459,749
February	0	398,579	452,494	428,836	485,891
March	<u>0</u>	<u>400,517</u>	<u>427,874</u>	<u>436,128</u>	<u>478,881</u>
 Total	 <u>1,750,640</u>	 <u>5,398,746</u>	 <u>5,368,949</u>	 <u>5,419,130</u>	 <u>5,597,128</u>

MONTHLY WATER BILLINGS:

	<u>FISCAL 2007</u>			<u>FISCAL 2006</u>	
	Billings	Cash Receipts	Customer Routes Read	Billings	Cash Receipts
April	\$ 1,167,491	\$ 798,394	1-23; 75-77	\$ 996,320	\$ 887,900
May	1,168,917	1,331,614	24-42; 58; 75-77	1,041,242	918,904
June	1,205,518	1,098,036	43-57; 59; 75-77	1,038,762	1,211,380
July	1,214,680	1,225,939	1-23; 75-77	<u>1,078,160</u>	<u>1,058,316</u>
				4,154,484	4,076,500
August	0	0		1,150,982	1,166,226
September	0	0		1,160,332	1,180,519
October	0	0		1,114,747	1,188,611
November	0	0		1,086,651	838,573
December	0	0		983,813	1,339,885
January	0	0		1,000,181	1,007,019
February	0	0		980,290	1,097,821
March	<u>0</u>	<u>0</u>		<u>972,949</u>	<u>1,197,891</u>
 Total	 <u>\$ 4,756,606</u>	 <u>\$ 4,453,983</u>		 <u>\$12,604,429</u>	 <u>\$13,093,045</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 4 - July 31, 2006

REVENUE

- *Metered Water Sales:*
 - Quarterly and Monthly Billings – For the month, water sales is above by \$235,000 compared to the prior year.
 - Overall Sales vs. Prior Year – Water sales are up \$530,000 for the year compared to the prior year.
- “*System Charge*” – Both quarterly billed and monthly billed system charges are on track with estimates.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are consistent with budget estimates. Cash collection of these assessments is in the range of 85% to 90%.
- *Interest Income*— Interest Earnings are on track with estimates.
- *Hydroelectric Charges*--The downstream hydro facility has been shut down for the past month as a result of a malfunction. Following the removal of parts of the machine, it was revealed that some wood (2x4's) were lodged in the propellers of the facility creating the shutdown. This was repaired at minimal cost and the facility put back in use.
- *Other Charges* –Lab Fees, miscellaneous income and inspection of new mains remain below estimates. We will continue monitoring these accounts in the next months.

MAJOR EXPENSE ACCOUNT ANALYSIS

Month 4 - July 31, 2006

	Annual Budget (Cash-Basis)	Year Ended July 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Administration					
Salaries	89,437	93,688	104.75%	(4,251)	Position eliminated in May. Variance will continue to year-end.
Contracted Services	26,640	30,622	114.95%	(3,982)	Timing of items create a positive variance such as: annual report \$5,000 and (c) feasibility study for bottled water \$10,000.
Contracted Services.-Legal Fees	73,868	74,396	100.71%	(528)	Timing of legal expenses related to on-going lawsuit.
Finance & Accounting					
Salaries	126,532	123,328	97.47%	3,204	Transition of a temp. vacant meter reading position.
Contracted Services	60,850	66,332	109.01%	(5,482)	More customer using credit card; thus, more credit card fees than anticipated.
Customer Service					
Salaries	65,068	64,681	99.41%	387	On track w/ budget
Travel	1,280	67	5.23%	1,213	Minimal travel to date.
Engineering					
Salaries	151,496	153,798	101.52%	(2,302)	As part of Union contract, indiv. sold a week's vacation and 'ee paid for opting out of medical plan.
Wages	22,092	22,206	100.52%	(114)	On track w/ budget
Contractor Services	20,566	8,450	41.09%	12,116	Timing of transfer switch replacement @ Luke Road emergency generator.
Information Technology					
Salaries	73,012	72,773	99.67%	239	On track w/ budget.
Office Equipment	16,400	8,932	54.46%	7,468	Eight (8) computers purchased to date vs. fourteen (14) budgeted through July, 2006.
Supplies	6,550	4,178	63.79%	2,372	Timing of purchases (i.e.. Toner and paper)
Contracted Services	70,860	32,425	45.76%	38,435	No significant purchases to date under current year budget. Items not spent as scheduled: Software consultant-\$25K; Cool Ice software-\$7K; Timing of lease on server w/ UNYSIS-\$4,300
Training and Education	2,900	1,890	65.17%	1,010	No training scheduled thus far (i.e., Arc IMS Administrator training budgeted for \$1,400 in April has been postponed until later in the summer.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 4 - July 31, 2006

	Annual Budget (Cash-Basis)	Year Ended July 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Water Quality					
Salaries	115,972	114,780	98.97%	1,192	On track w/ budget
Wages	9,060	8,959	98.89%	101	On track w/ budget
Office Equipment	7,000	383	5.47%	6,617	Delay in purchase of watershed lab equipment; purchase of convection oven \$2,500.
Travel & Vehicle Usage	4,500	2,420	53.78%	2,080	Prepayment of AWWA Nat'l conference in previous fiscal year; Have not been billed for GIS conference; EPA conference in Cincinnati to be reimbursed.
Operating Supplies	48,264	42,821	88.72%	5,443	Timing of supplies purchases (e.g. pathogen monitoring CG Kit) \$13K through July .
Contracted Services	9,000	4,334	48.16%	4,666	Regulated Monitoring -\$4.7K favorable; Maintenance of microscopes.
Training and Education	1,400	319	22.79%	1,081	Timing of billing for the conference fee to the AWWA Nat'l conf.
Repairs	2,000	912	45.60%	1,088	Minimal repairs to date.
Treatment Plant					
Salaries	102,224	99,751	97.58%	2,473	On track w/ budget
Wages	3,474	6,964	200.49%	(3,490)	Part-time WQ position working more than budgeted.
Office Equipment	9,750	97	0.99%	9,653	No purchases to date (i.e.. PH analyzer and sensor and Level Sensor Hypo Feed).
Operating Supplies	223,699	228,691	102.23%	(4,992)	Purchases of chemicals have caught up and are more in line with budget.
Contractor Services	12,632	1,470	11.64%	11,162	Sludge removal budgeted for \$8K has not occurred yet.
Training and Education	1,250	0	0.00%	1,250	Operator training not performed to date.
Plant Repairs	7,500	13,779	183.72%	(6,279)	Plant repair materials including a mixer moter, mechanical scale; service pack.
Permits	1,876	0	0.00%	1,876	SPEDES permit budgeted in May has not occurred.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 4 - July 31, 2006

	Annual Budget (Cash-Basis)	Year Ended July 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Maintenance					
Salaries	174,784	160,533	91.85%	14,251	Unfilled meter shop supervisor position
Wages	286,872	261,178	91.04%	25,694	Positions being filled by part-timers in anticipation for full-time.
Street Repair Materials	283,068	248,617	87.83%	34,451	Timing of paving invoices. Paving charges to date = \$153,000. The cost of this work was budgeted in December.
Office Equipment	4,075	406	9.96%	3,669	Limited purchase of office furniture to date.
Small Equipment	11,500	0	0.00%	11,500	Gears for valves not purchased to date.
Operating Supplies	175,385	159,967	91.21%	15,418	Large meter replacement completed-favorable variance \$8,600; small meter variance to date-\$9,000; parts for hydrants (\$10,500) negative
Training & Education	10,470	540	5.16%	9,930	Training for land management (cutting trees, etc.), and safety training have not occurred.
Clothing Allowance	4,700	5,770	122.77%	(1,070)	Timing of clothing allowance purchases.
Vehicle & Equip. Repairs	64,436	64,371	99.90%	65	On track year to date. Will continue to monitor account for significant variances.
General Services					
Printing	15,195	7,228	47.57%	7,967	Timing of water bill and envelopes purchases.
Telephone	38,222	37,163	97.23%	1,059	Cell phone usage = \$1,900 favorable to date.
Electricity and Gas	158,000	133,990	84.80%	24,010	Year to date favorability is due to budget estimates based on anticipated higher utility rates.
Postage	32,512	30,259	93.07%	2,253	Timing of postage for water bills
Gas & Oil	35,025	42,738	122.02%	(7,713)	Gasoline purchases for vehicles are unfavorable by \$9,200. We are currently reviewing the inconsistencies.

MOHAWK VALLEY WATER AUTHORITY

FINANCIAL RATIOS

Month 4 - July 31, 2006

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

A. *CURRENT RATIO*

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

(Current assets / Current liabilities)

Best Practice: Current Ratio of 2.0

<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Avg.-Past Six months</u>
1.95	2.02	2.03	1.74	1.80	1.75	1.60

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>June '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Avg.-Past Six months</u>
\$2,698,000	\$2,736,741	\$2,538,988	\$2,080,241	\$2,174,165	\$2,095,850	\$1,894,686

FINANCIAL RATIOS

Month 4 - July 31, 2006

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

A. DEBT TO ASSETS LEVERAGE RATIO

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

(Total liabilities / Total assets)

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

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

<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Avg.-Past Six months</u>
80%	80%	80%	80%	80%	81%	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>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Avg.-Past Six months</u>
3.37	2.98	3.41	1.98	3.38	3.19	2.87

FINANCIAL RATIOS

Month 4 - July 31, 2006

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

A. UNACCOUNTED FOR WATER RATIO

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

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

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

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

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

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

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

<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb. '06</u>	<u>Avg.-Past Six months</u>
29.27%	32.23%	35.33%	35.30%	35.84%	34.91%	28.00%

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 4 - July 31, 2006

B. DEBT & PILOT PAYMENT BURDEN RATIO

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

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

Example: The average quarterly bill for a family of four (4) using approximately 21,000 gallons is \$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>July 06</u>	<u>June 06</u>	<u>May 06</u>	<u>April 06</u>	<u>March 06</u>	<u>Feb. 06</u>	<u>Avg.-Past Six months</u>
\$34.11	\$35.12	\$35.16	\$38.83	\$35.13	\$35.20	\$34.91

GLOSSARY OF TERMS

Month 4 - July 31, 2006

1) Three Traditional Financial Statements:

- I. **Balance Sheet** – Indicates “where we are now”. Includes accounts like cash, receivables, long term assets, accounts payable and debt.
- II. **Statement of Income** – Shows “how we are doing” at a point in time-usually a month or year. The statement identifies the revenue earned and expenses incurred at that specific point in time. The difference between revenues and expenses is an organization’s net income or deficit.
- III. **Statement of Cash Flows** – Shows “where the cash came from and where it went”. Drawback: Does not indicate assets used to generate cash nor any commitments or liabilities for which cash will be needed in the short term or long term.

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

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

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

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

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

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

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

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

GLOSSARY OF TERMS

Month 4 - July 31, 2006

- 10) **Matching Principal** – As stated above, expenses incurred to produce Sales must be matched together within the same period. Otherwise, there is a distortion of Net Income for certain accounting periods.
- 11) **Capitalization** – The practice of recording purchases where the usefulness will be recognized over time to generate revenue. (The “usefulness” is what we call depreciation.)
- 12) **Net Realizable Value** – The value of a transaction or series of transactions after allowances or discounts have been taken against the transaction(s).

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

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