

# MOHAWK VALLEY WATER AUTHORITY

## *MONTHLY FINANCIAL REPORTING PACKAGE*

### **Month 3: Month Ended July 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	2009

Report produced by Jim Korfonta, Comptroller

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**VITAL SIGNS—(KEY PERFORMANCE INDICATORS)**

Month 4 - July 31, 2007

**PRODUCTION & CONSUMPTION**

All amounts in <u>Cubic Feet</u> (1 cubic foot=7.481 gallons.)	April, May, June	March, April, May	Feb., March, April	Average Past 6 Months
<b>Average Water Consumption</b>	43,499,558	43,702,233	42,826,500	45,235,973
<b>Average Water Production</b>	78,974,116	75,988,580	76,055,420	73,199,109

**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 2007		\$ 1,529,393	\$ 1,455,262	\$ 74,131	
Year-To-Date	\$ 3,147,760	\$ 5,717,460	\$ 5,325,923	\$ 391,537	\$ 3,539,927

**CUSTOMER ACCOUNT MAINTENANCE**

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
July 2007		13	(51)	
Year-To Date (Fiscal 2008)	38,757	49	(135)	38,671
Fiscal 2007	38,589	861	(693)	38,757
Fiscal 2006	38,449	573	(433)	38,589

**Breakdown of Customer Movement:**

- Month to date, 608 final bills were processed of which 500 moved within the service area.
- For fiscal 2007, 1,815 final bills were processed of which 1,466 moved within the service area.
- For fiscal 2006, 1,976 final bills were processed of which 1,754 moved within our service area.

**MOHAWK VALLEY WATER AUTHORITY**

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**VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued**

Month 4 - July 31, 2007

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%		

**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.
July 2007	289	6	2	1	1	1	300	21	9	14.5	3.6
June 2007	330	2	6	0	1	1	340	22	8	16.2	4.1
May 2007	288	6	6	0	1	5	306	20	11	13.9	3.5
April 2007	217	2	4	1	0	1	225	15	6	11.3	2.8
Year-To-Date	1,124	16	18	2	3	8	1,171	22	6	14.0	3.5

Prior Year Activity	Meters Replaced							Daily Activity			
	5/8"	3/4"	1"- 1 1/2"	2"	3"-4"	6"-8"	Total	High	Low	Daily Avg.	Staff Avg.
Fiscal 2007	2,344	34	30	9	23	17	2,457	20	1	8.4	2.4
Fiscal 2006	2,486	50	51	18	6	20	2,631	24	1	10.9	2.7
Fiscal 2005	2,964	54	51	24	0	3	3,096	27	1	12.6	3.2

**COMPTROLLER'S MESSAGE**

Month 4 - July 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
April, 2007	13	96	31	947	8	2	28	10	1,135
May, 2007	16	177	41	1,078	9	10	35	15	1,381
June, 2007	30	78	22	1,329	1	5	35	5	1,505
July, 2007	18	179	30	1,202	7	2	35	7	1,480

**ACCOUNTS PAYABLE**

	Total	0-10	10-20	20-30	30-50	50+	Capital Project Retention
July 2007	\$353,702	\$39,408	\$142,739	\$39,344	\$0	\$56,437	\$75,774

Useful Information To Know: (UPDATED for 2007-2008 RATES)

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

**COMPTROLLER'S MESSAGE**

Month 4 - July 31, 2007

**Big Picture**

*Water Sales and Consumption:* For July, monthly consumption has increased compared to the prior month. This is primarily due to the meter replacement of some larger meters and increased consumption of other meters including New Hartford High School; Hamilton College and Holland Patent.

However, quarterly consumption is down compared to this past April. This is primarily due to the correction of leaks and shut-offs since the last billing in April and fluctuation in consumption at apartment buildings where tenant come and go.

**COMPTROLLER'S MESSAGE**

Month 4 - July 31, 2007

**Big Picture**-continued

**Cash Flow:** Our cash position continues to be positive. However, we have not been billed for paving by the contractor-this bill is anticipated at \$300,000. In addition, we are scheduled to make our annual retirement payment in December--\$500,000.

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

	MONTHLY ACTIVITY		YEAR-TO-DATE ACTIVITY	
	TARGET	JULY 2007	TARGET	ACTUAL
<b><u>LITIGATION</u></b>				
<b>Cash Inflow</b>	\$ 1,300,000	\$ 1,529,000	\$ 5,200,000	\$ 5,717,000
<b>Outflows--</b>				
<b>Transfer to Funds Reserves</b>	\$ -	\$ -	\$ -	\$ -
<b>Personnel Costs</b>	326,000	327,000	1,304,000	1,300,000
<b>PILOTS</b>	136,000	134,000	544,000	537,000
<b>Debt Service</b>	376,000	384,000	1,504,000	1,514,000
<b>Payments to Suppliers</b>	450,000	610,000	1,850,000	1,975,000
	1,288,000	1,455,000	5,202,000	5,326,000
<b>Cash Remaining</b>	\$ 12,000	\$ 74,000	\$ (2,000)	\$ 391,000

**EXPENSES—TO DATE**

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	\$ 142,845
2007	DECLARATORY JUDGMENT ACTIVITY	\$ 243,757
2008	Current Year Activity (April thru May)	\$ 14,559
<b>TOTAL</b>		<b>\$ 445,341</b>

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**MOHAWK VALLEY WATER AUTHORITY**

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**COMPTROLLER'S MESSAGE**

Month 4 - July 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 proposed a program to the Finance Committee to address properties that have either registered "0" consumption or estimated reads consumption for three or more quarters. Results will be displayed in future reports presented to the Finance Committee. This is to assist in our tampering efforts and to correct stopped meters.

For the month, 3% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated.

**Ongoing Initiatives--**

- We are in the final stages on a layout for the web site for on-line viewing of customer's accounts. We are also finalizing the process of accepting on-line payments and requesting service work orders on-line.

**BILLING/COLLECTIONS:**

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

<b>Fiscal 2008</b>	<b>Beginning Balance</b>	<b>Sent to Collections</b>	<b>Amount Collected</b>	<b>Amount Returned</b>	<b>Ending Balance</b>
July 2007		\$ 136,293	\$ 40,942	\$ 20,705	
June 2007		\$ 57,123	\$ 29,866	\$ 15,540	
May 2007		\$ 50,591	\$ 28,801	\$ 30,311	
April 2007		\$ 32,120	\$ 36,683	\$ 0	
Year to Date	\$ 150,174	\$ 276,127	\$ 136,292	\$ 66,556	\$ 223,453

<b>Prior Fiscal Years</b>	<b>Beginning Balance</b>	<b>Sent to Collections</b>	<b>Amount Collected</b>	<b>Amount Returned</b>	<b>Ending Balance</b>
Fiscal 2007		\$ 550,183	\$ 301,768	\$ 107,701	
Fiscal 2006		\$ 588,361	\$ 356,190	\$ 222,711	
Fiscal 2005		\$ 673,903	\$ 368,184	\$ 305,719	

**MOHAWK VALLEY WATER AUTHORITY**

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**COMPTROLLER'S MESSAGE**

Month 4 - July 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:

	<b>Prior Month Balance</b>	<b>Customers Added/ Returned From Collections</b>	<b>Customers Paid</b>	<b>Shut-Off</b>	<b>Ending Balance</b>
"Posted" Accounts	658	79	39	1	697

- Month to date, \$428,014 was posted; \$138,637 was collected from posted accounts.
- For fiscal 2007, \$682,817 was posted. Of the outstanding posted balances, \$444,012 was collected.
- For fiscal 2006, 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.

<b>Date</b>	<b>Last Name</b>	<b>Acct. #</b>	<b>Address</b>	<b>Fee Amt.</b>	<b>Fee Paid</b>	<b>Evidence</b>	<b>Letter Sent</b>	<b>Posted</b>	<b>Shut Off</b>	<b>Status</b>
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
5/8/07	Gaumer	24C-17	7914 Seneca Tpke	\$ 2,000	\$ 0	Visual	05/10/07			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.
- 13—Payment negotiated; case closed

**MOHAWK VALLEY WATER AUTHORITY**

**FLASH REPORT**

Month 4 - July 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 %	July	June	May	April	March	February
<b>ASSETS</b>							
Cash		\$ 3,552,192	\$ 3,376,098	\$ 2,976,205	\$ 2,790,403	\$ 2,913,196	\$ 2,886,428
Water Sales Receivable, Net		\$ 1,688,381	\$ 1,839,898	\$ 1,711,616	\$ 1,506,697	\$ 1,491,460	\$ 1,698,972
Trust Fund Assets		\$ 23,511,486	\$ 24,438,522	\$ 24,960,479	\$ 25,363,438	\$ 25,594,333	\$ 25,775,896
Utility Long Term Assets, Net		\$ 52,711,707	\$ 51,893,924	\$ 51,292,283	\$ 50,245,840	\$ 50,192,859	\$ 49,944,944
<b>Total Assets</b>		\$ 83,140,975	\$ 82,863,536	\$ 82,000,698	\$ 81,704,437	\$ 81,904,948	\$ 82,042,949
<b>LIABILITIES</b>							
Accounts Payable		\$ 485,946	\$ 1,044,444	\$ 324,297	\$ 483,438	\$ 409,720	\$ 464,104
Long Term Debt, Principal		\$ 59,780,675	\$ 59,766,532	\$ 61,835,906	\$ 60,012,322	\$ 60,649,660	\$ 60,801,998
<b>Total Liabilities</b>		\$ 63,735,972	\$ 64,082,884	\$ 63,610,016	\$ 63,966,165	\$ 63,904,386	\$ 64,635,496
<b>EQUITY</b>							
Unrestricted Earnings		\$ 904,667	\$ 285,578	\$ (164,392)	\$ (580,932)	\$ (314,089)	\$ (907,199)
Invested in Utility Plant, Net		\$ 16,131,408	\$ 16,131,408	\$ 16,131,408	\$ 16,124,408	\$ 16,124,408	\$ 16,124,408
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 593,986	\$ 592,231	\$ 592,231	\$ 590,306	\$ 588,788	\$ 588,788
Oper. and Maint. Reserve		\$ 429,783	\$ 428,029	\$ 428,029	\$ 426,104	\$ 424,586	\$ 424,586
Repair & Improvement (legislative)		\$ 547,066	\$ 545,312	\$ 545,312	\$ 543,387	\$ 541,869	\$ 541,869
Bond Covenant Reserve		\$ 650,456	\$ 650,456	\$ 650,456	\$ 487,362	\$ 487,362	\$ 487,362
Increase in Net Assets		\$ 624,352	\$ 449,970	\$ 592,409	\$ (262,289)	\$ 593,110	\$ 451,768
<b>OPERATIONS - (Monthly Accumulation)</b>							
	% of Accum. Budget	<b>4th Month FY 2008</b>	<b>3rd Month FY 2008</b>	<b>2nd Month FY 2008</b>	<b>1st Month FY 2008</b>	<b>12th Month FY 2007</b>	<b>11th Month FY 2007</b>
Water Sales	101%	\$ 5,069,799	\$ 3,869,906	\$ 2,564,162	\$ 1,307,382	\$ 14,284,962	\$ 13,133,158
Other Revenue	122%	\$ 967,459	\$ 554,020	\$ 386,404	\$ 135,799	\$ 2,570,662	\$ 2,193,780
Operating Expenses	72%	\$ 2,985,971	\$ 2,178,748	\$ 1,410,985	\$ 797,053	\$ 9,669,829	\$ 9,228,704
Debt Service, Interest only	136%	\$ 897,916	\$ 897,897	\$ 597,494	\$ 330,403	\$ 1,458,313	\$ 1,445,773
PILOT Payments	100%	\$ 537,287	\$ 415,559	\$ 298,349	\$ 135,486	\$ 1,458,788	\$ 1,323,303
Excess Revenue after Expenses		\$ 577,310	\$ 529,833	\$ 61,407	\$ (14,368)		

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 4 - July 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 71 days old.

Customer	Route & Account	Address	Total	0-23	24-45	46-71	72-122	123-157	158 +	Acct. Status
Parks and Facilities-City of Utica	3 accounts	Parks / Recreations / etc.	4,163	44	4,119	-	-	-	-	
City Owned Properties -Utica	Various	City Owned Properties -Utica	222,117	1,581	2,738	2,529	7,072	2,797	205,400	
Lillian Cooper Apts.	IC 80	276 Genesee St. Utica	2,440	1,037	40	1,363	-	-	-	Collection
Sarkis Zeina	1D 141	513 Henry Street - Utica, 13502	1,012	-	314	15	207	17	459	Posted
Arthur Randazzo	1E 152	11 Noyes Street, Utica	1,808	-	601	19	412	15	761	Posted
Mattie Brown	3F 94	702 Kirkland Street, Utica	1,136	528	-	15	553	40	-	Posted
Beverly Blum	5C 54	920 Haak Avenue, Utica	2,035	750	6	21	538	18	702	Posted
Ray & Wendy Hickey	5F 40A	617 Saratoga Street, Utica	1,060	-	11	10	20	10	1,009	Posted
Ray & Wendy Hickey	5F 40B	617 Saratoga Street, Utica	1,046	-	10	10	20	10	996	Posted
Thornberry's	8B 55	1011 King Street, Utica	1,220	139	7	21	246	20	787	Posted
Michael Rossi	8E 127BK	47 Parkside Ct. Utica	1,048	97	25	15	821	16	74	Posted
Som Manf Porm	10D 6	1335 Oneida Street, Utica	1,253	390	16	25	392	27	403	Posted
Gloria Sylvia	12A 45	1566 - 68 Seymour Avenue, Utic	1,218	249	17	2	268	40	642	Posted
Rafael & Nereda Perez	13D 117A	1409 Taylor Avenue, Utica	1,159	238	16	1	660	41	203	Posted
Jessencia Gonzalez	14F 72	1153 Hoover Avenue, Utica	1,499	462	16	-	596	15	410	Posted
Coolidge Rutger, LLC	15A 101A	7 Rutger Park, Utica	1,059	-	15	-	553	-	491	Posted
Heritage Acres	22G 66	Birchdale Rd. Utica	1,774	-	15	-	934	-	825	Posted
Heritage Acres	37A 84	Mapleton Drive, Utica	3,061	-	1,367	-	15	1,679	-	Posted
Heritage Acres	37A 95	Birchdale Rd. Utica	4,478	-	1,542	9	23	1,017	1,887	Posted
Heritage Acres	37A 95A	Birchdale Rd. Utica	3,897	-	1,961	-	15	1,832	89	Posted
Cavallos Restaurant	25C 23	40 Genesee Street, New Hartforc	1,335	-	15	-	1,320	-	-	Posted
Brenda Conway	33D 74	9163 Jones Road, Marcy	1,293	-	238	6	26	232	791	Posted
Stephen Gardner	33G 267A	9096 Koronowski Rd. Marcy	1,093	-	143	7	29	126	788	Posted
Mr. McGills DBA Reward, Co.	37B 1B	2102 State Rte 5, Utica	1,638	-	651	2	20	412	553	Posted
Claudia Loy	37C 15AA	356 Windfall Road, Utica	1,274	-	199	8	30	207	830	Posted
Greater Utica Food Bank	52A 49	114-118 Bleeker St. Utica	1,205	15	189	229	407	190	175	Collection
Blackburn Properties, LLC	52D 76	2007 Beechgrove Pl. NH	3,930	15	359	2,403	821	332	-	Posted
Soggs, Pine, Soggs	55C 26H	122 Business Pk. Dr. NH	3,076	15	446	616	1,716	283	-	Posted
Timothy Klotz (see also shut-r	29 accounts	Multiple accounts listed seperately	13,180	2,945	410	309	3,620	501	5,395	Posted/co

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 4 - July 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 71 days old.

<b>Customer</b>	<b>Route &amp; Account</b>	<b>Address</b>	<b>Total</b>	<b>0-23</b>	<b>24-45</b>	<b>46-71</b>	<b>72-122</b>	<b>123-157</b>	<b>158 +</b>	<b>Acct. Status</b>
<b>DELINQUENT ACCOUNTS SHUT-OFF</b>										
Jessee R. Buckley	1E 85	708 Chestnut St., Utica	2,885	687	16	1,992	15	175	-	Shut-Off
Christina Dole	5E 102	P.O.Box 37 Remsden, 13438	1,346	44	3	18	896	17	368	Shut-Off
Gloria Velez	5F 121	1226 Court St. Utica	4,184	210	-	15	3,911	-	48	Shut-Off
Carlos Humberto Chavez	7C 115	129-31 Matthews Ave. Utica	2,938	44	-	15	2,879	-	-	Shut-Off
Lewis Reuther	8F 137	1919 Butterfield Avenue, Utica	1,055	107	15	-	571	40	322	Shut-Off
Kim Tuy	10E 112	134-36 Elmwood St. Utica	3,731	-	17	2	3,376	40	296	Shut-Off
Timothy Lee	11F 164	1411 Howard Avenue, Utica	1,203	44	22	6	161	18	952	Shut-Off
Juan Jimenez	12C 162	1501 Dudley Street, Utica	1,233	200	15	-	222	-	796	Shut-Off
Francis Zongrone	13A 13	1610 Gibson Road, Utica	3,557	44	18	3	3,095	17	380	Shut-Off
Ingrid Grimm	24B 136	37 Pratt Street, Clark Mills	3,089	15	29	29	121	76	2,819	Shut-Off
9882 River Road Realty	33A 117	9882 River road, NH	1,602	-	8	395	24	361	814	Shut-Off
Dorothy Mae Weir	37A 102	2017 State, Route 5, Utica	1,437	-	51	-	1,183	155	48	Shut-Off
Tartan Textile Serv.	55B 29	311-15 Whitesboro Street, Utica	7,675	15	980	986	1,954	949	2,791	Shut-Off
Timothy Klotz ( also, see abo	7 accounts	Multiple accounts listed seperately	2,150	478	47	17	491	101	1,016	Shut-Off

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 4 - July 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 71 days old.

<b>Customer</b>	<b>Route &amp; Account</b>	<b>Address</b>	<b>Total</b>	<b>0-23</b>	<b>24-45</b>	<b>46-71</b>	<b>72-122</b>	<b>123-157</b>	<b>158 +</b>	<b>Acct. Status</b>
City of Utica Delinquents-FY '07			180,585	-	-	-	-	-	180,585	
City of Utica Delinquents-FY '06			92,362	-	-	-	-	-	92,362	
City of Utica Delinquents-FY '05			19,378	-	-	-	-	-	19,378	
City of Utica Delinquents-FY '04			95,979	-	-	-	-	-	95,979	
City of Utica Delinquents-FY '03			137,869	-	-	-	-	-	137,869	
City of Utica Delinquents-FY '02			196,000	-	-	-	-	-	196,000	
Oneida County Delinquents - FY '07			4,618	-	-	-	-	-	4,618	
Oneida County Delinquents - PY			46,809	-	-	-	-	-	46,809	
Remaining Accounts			1,296,278	634,842	121,485	104,372	201,647	62,844	171,088	<b>Change</b>
<b>July, 2007</b>			<u>2,394,470</u>	<u>645,235</u>	<u>138,192</u>	<u>115,485</u>	<u>241,880</u>	<u>74,670</u>	<u>1,179,008</u>	-1.07%
<b>June, 2007</b>			<u>2,475,096</u>	<u>630,032</u>	<u>131,711</u>	<u>179,584</u>	<u>218,065</u>	<u>62,100</u>	<u>1,253,604</u>	2.26%
<b>May, 2007</b>			<u>2,420,454</u>	<u>489,168</u>	<u>290,215</u>	<u>192,006</u>	<u>150,551</u>	<u>92,308</u>	<u>1,206,206</u>	-2.17%
<b>April, 2007</b>			<u>2,474,130</u>	<u>839,859</u>	<u>86,043</u>	<u>114,146</u>	<u>176,871</u>	<u>76,527</u>	<u>1,180,684</u>	8.35%
<b>March, 2007</b>			<u>2,283,521</u>	<u>572,540</u>	<u>145,324</u>	<u>147,927</u>	<u>77,822</u>	<u>1,339,908</u>		-7.91%
<b>February, 2007</b>			<u>2,479,613</u>	<u>715,231</u>	<u>234,073</u>	<u>96,440</u>	<u>98,433</u>	<u>1,335,436</u>		3.32%
<b>January, 2007</b>			<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%
<b>December, 2006</b>			<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%
<b>November, 2006</b>			<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%
<b>October, 2006</b>			<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%
<b>September, 2006</b>			<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%
<b>August, 2006</b>			<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%
<b>July, 2006</b>			<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%

**MOHAWK VALLEY WATER AUTHORITY**

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 4 - July 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	REMAINING BALANCE	
Toby Road Tank-Land Purchase	Marcy	25,000	0	0	2,500	0	2,500	22,500	
Toby Road Tank	Marcy	80,164	0	0	30,164	50,000	80,164	0	
Safety & Security	Water Treatment Plant	30,000	0	0	24,067	2,898	26,965	3,035	
New Tank--Pre-Design	Airport Industrial Park	30,000	0	0	67,630	0	67,630	-37,630	
Pump Station & Treatment Facility	System Wide	43,000	0	0	10,610	32,390	43,000	0	
Fiscal 2003 Budgeted Capital Projects		<u>183,164</u>	<u>0</u>	<u>0</u>	<u>132,471</u>	<u>0</u>	<u>85,288</u>	<u>217,759</u>	<u>-34,595</u>

**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	10,854	66,926	3,372,220	3,450,000	0
SCADA-Computer Hardware	System Wide	39,255	0	0	51,186	0	51,186	-11,931
Hydrolic Analysis & GIS Dev.	System Wide	80,000	0	0	60,516	19,484	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	1,638	1,125	132,237	135,000	0
Main Replacement	Park Ave., Holland Pat.	93,750	0	0	37,458	54,654	92,112	1,638
Storage Tank #2-Higby Rd	New Hartford	20,000	0	0	24,197	0	24,197	-4,197
Distribution Analysis-Chloramines	System Wide	165,000	0	0	154,037	10,000	164,037	963
Tank Safety Ladder	Valley View Tank	19,500	0	0	19,500	0	19,500	0
Install Water Mains	Chapman Road	44,000	0	0	35,751	0	35,751	8,249
SCADA	System Wide	43,000	0	1,142	33,919	7,939	43,000	0
Clearwell	WTP	3,174,500	147,520	748,573	145,515	11,175	905,263	2,269,237
Fiscal 2005 Budgeted Capital Projects		<u>7,354,005</u>	<u>147,520</u>	<u>762,207</u>	<u>637,801</u>	<u>3,689,709</u>	<u>5,089,717</u>	<u>2,264,288</u>

**MOHAWK VALLEY WATER AUTHORITY**

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 4 - July 31, 2007

**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	0	0	20,264	0	20,264	-264	
Water Main	Holland Patent	90,000	0	0	21,206	68,794	90,000	0	
Tank- 10m Gallon	Deerfield Tank	6,500,000	771,378	1,169,883	324,342	5,005,775	6,500,000	0	
Main Replacement	Commercial Drive	30,000	0	0	21,287	0	21,287	8,713	
Main Replacement	Leah St.	51,600	0	0	23,056	0	23,056	28,544	
Main Replacement	Sherman Drive & Tilden Ave	14,000	0	0	4,447	7,273	11,720	2,280	
		<u>6,713,100</u>	<u>771,378</u>	<u>1,169,883</u>	<u>422,102</u>	<u>0</u>	<u>5,081,842</u>	<u>6,673,827</u>	<u>39,273</u>

**CAPITAL PROJECTS - FY2007**

CAPITAL PROJECT	LOCATION	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Corrosion Compliance Study	System Wide	180,000	5,712	27,434	64,110	88,456	180,000	0
Main Replacement	Church St.	22,000	0	0	45,668	0	45,668	-23,668
Main Replacement	York St.	33,440	0	3,100	17,271	0	20,371	13,069
Pump Station	Cascade Drive, NH	180,000	0	0	937	0	937	179,063
System Improve.-WQ and Turnover	Sytem Wide	300,000	0	0	1,959	0	1,959	298,041
GIS & Hydrolic Modeling	Sytem Wide	400,000	0	35,119	269,874	0	304,993	95,007
WTP GAC PILOT Testing	WTP	35,000	0	19,250	0	0	19,250	15,750
Fiscal 2007 Budgeted Capital Projects		<u>1,234,440</u>	<u>5,712</u>	<u>2,424,669</u>	<u>1,195,053</u>	<u>10,183,346</u>	<u>13,803,068</u>	<u>740,072</u>

**MOHAWK VALLEY WATER AUTHORITY**

**MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS**

Month 4 - July 31, 2007

**MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)**

	<b>FISCAL 08</b>	<b>FISCAL 07</b>	<b>FISCAL 06</b>	<b>FISCAL 05</b>	<b>FISCAL 04</b>
April	432,019	419,898	421,158	436,874	438,082
May	428,265	412,183	433,169	433,732	437,133
June	449,886	483,811	463,071	432,431	430,936
July	441,659	434,748	477,805	476,038	443,310
		<u>1,750,640</u>	<u>1,795,203</u>	<u>1,779,075</u>	<u>1,749,461</u>
August	0	475,336	514,883	469,873	440,876
September	0	481,683	513,111	449,233	546,365
October	0	436,160	469,375	529,942	477,584
November	0	472,410	474,227	424,247	458,962
December	0	451,290	424,902	426,796	416,941
January	0	397,180	407,949	409,415	463,977
February	0	434,793	398,579	452,494	428,836
March	0	410,322	400,517	427,874	436,128
		<u>1,751,829</u>	<u>5,309,814</u>	<u>5,368,949</u>	<u>5,419,130</u>
Total		<u>1,751,829</u>	<u>5,309,814</u>	<u>5,368,949</u>	<u>5,419,130</u>

**MONTHLY WATER BILLINGS:**

	<b>FISCAL 2008</b>			<b>FISCAL 2007</b>	
	<b>Billings</b>	<b>Cash Receipts</b>	<b>Customer Routes Read</b>	<b>Billings</b>	<b>Cash Receipts</b>
April	\$ 1,309,707	\$ 1,019,228	1-23; 75-77	\$ 1,167,491	\$ 774,267
May	1,261,871	1,487,995	24-42; 58; 75-77	1,168,917	1,303,161
June	1,310,916	1,219,228	43-57; 59; 75-77	1,205,518	1,077,589
July	1,310,354	1,370,609	1-23; 75-77	1,214,680	1,260,740
August	0	0		1,296,257	1,365,171
September	0	0		1,265,491	1,124,613
October	0	0		1,247,789	1,394,845
November	0	0		1,224,796	1,133,510
December	0	0		1,132,871	1,283,037
January	0	0		1,134,424	1,062,568
February	0	0		1,200,168	1,118,333
March	0	0		<u>1,156,992</u>	<u>1,364,942</u>
Total	<u>\$ 5,192,848</u>	<u>\$ 3,726,451</u>		<u>\$14,415,394</u>	<u>\$14,262,776</u>

**MAJOR REVENUE ACCOUNT ANALYSIS**

Month 4 - July 31, 2007

REVENUE

- *Metered Water Sales:*
  - Quarterly and Monthly Billings – For the month, water sales is above by \$96,000 compared to the prior year.
  - Overall Sales vs. Prior Year – Water sales are up \$438,000 for the year compared to the prior year.
- “*System Charge*” – Both quarterly billed and monthly billed system charges are above estimates.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are above budget estimates. 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 continue to be below estimates.
- *Other Charges* –Metered Line Charges, Line Tap Charges, Curb Box Charges, and miscellaneous income are below estimates.

**MAJOR EXPENSE ACCOUNT ANALYSIS**

Month 4 - July 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-July 31, 2007 (Accrual-Basis)			
<b>Administration</b>					
Salaries	92,508	89,574	96.83%	2,934	Comptroller Contract outstanding
Contracted Services.-Legal Fees	83,400	14,559	17.46%	68,841	Have not been billed for June and July
<b>Finance &amp; Accounting</b>					
Salaries	131,056	130,502	99.58%	554	Minimal variance
Contracted Services	100,119	90,220	90.11%	9,899	Budgeted but not spent to date: Post Retirement Benefits valuation = \$15K favorable; Revaluation of fixed assets = \$7.5K favorable. Unfavorable variances year-to-date charges are: Lock-Box = \$10K; Credit cards = \$7.36K; Collection Agency = \$8.8K.
Training & Education	0	2,714	0.00%	(2,714)	Timing of training meter readers on hand held units.
<b>Engineering</b>					
Salaries	157,548	159,888	101.49%	(2,340)	Two employees cashed-in one week's vacation, per contract.
Travel	3,144	1,413	44.94%	1,731	NASTT ( Trenching Conference ) attendance has been postponed till summer.
Contractor Services	21,214	67,309	317.29%	(46,095)	Tap card field management system = \$52 k not budgeted. This amt. is partially offset by state grant funds. Timing of engineering report budgeted in July = \$4K.

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 4 - July 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-July 31, 2007 (Accrual-Basis)			
<b>Information Technology</b>					
Operating Supplies	8,600	5,703	66.31%	2,897	Timing of purchases (ie, paper and toner).
Contracted Services	72,133	43,780	60.69%	28,353	Timing of pending charges : software licenses= \$10.5k; maintenance agreements = \$15.3k; IT contract support = \$9k; web page development over by \$6.0k.
<b>Water Quality</b>					
Salaries	119,844	118,063	98.51%	1,781	Minimal favorable variance
Wages	9,328	9,227	98.92%	101	Employee hired as provincial plant operator. Salary being posted under treatment plant.
Operating Supplies	46,030	40,961	88.99%	5,069	Timing of supply purchases=\$16k. Other purchases of microbiological supplies unfavorable \$13k.
Contracted Services	7,500	3,402	45.36%	4,098	The following budgeted work has not been performed to date: a) maintenance service of lab equipment = \$.9K; b) regulated monitoring = \$2K; c) waste disposal = \$1K.
Repairs	2,000	0	0.00%	2,000	No repair work performed to date.
Training and Education	2,250	6,472	287.64%	(4,222)	Training on new lab equipment not covered by federal grant--\$4.8k.
<b>Treatment Plant</b>					
Salaries	105,264	101,949	96.85%	3,315	Fav. variance due to timing of new hire after employee retirement.
Wages	3,692	6,645	179.98%	(2,953)	Unfavorable variance caused by a part-time employee working full-time hours.
Small Equipment	9,550	2,370	24.82%	7,180	Timing of purchases: a) Chlorine Analyzer = \$2.8K; b) Radiator for generator = \$3.5K
Operating Supplies	246,621	244,424	99.11%	2,197	Timing of chemicals purchases

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 4 - July 31, 2007

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-July 31, 2007 (Accrual-Basis)			
<b>Maintenance</b>					
Salaries	165,776	162,439	97.99%	3,337	Meter serviceman out on workman's compensation during April.
Wages	286,316	268,069	93.63%	18,247	Unfilled positions currently being filled.
Street Repair Materials	44,925	40,043	89.13%	4,882	Timing of purchases. Favorable ytd variances are: a) item # 4 (stone)= \$7.7K; b) cold patch = \$3.1K; c) Topsoil = \$9K. Offset by unfavorable ytd variances: a) concrete = ( \$3K ); b) rebar = ( 3.9K ).
Small Equipment	8,500	2,699	31.75%	5,801	Gears for special valves have not been purchased to date= \$5.7K.
Operating Supplies	39,076	59,165	151.41%	(20,089)	Valve replacements =( \$16.8K ) unfavorable, and general supplies ( i.e., clamps, couplings, main supplies.etc.) are ( \$4.5K ) unfavorable.
Contracted Services	6,050	8,268	136.66%	(2,218)	Unfavorability due to the fabrication and installation of manway at the Pleasantview Storage Tank = \$4.5K which was not budgeted.
Training & Education	4,220	440	10.43%	3,780	Minimal training to date.
Vehicle & Equip. Repairs	53,000	38,801	73.21%	14,199	Repairs to hydrogenerators not required to date = \$6K. Repairs to vehicles and trucks are \$8.2K favorable.
<b>Cash-Financed Construction</b>					
Meters	101,600	60,311	59.36%	41,289	Favorability due to more favorable prices obtained from new a vendor resulting in a \$26K year to date favorability. The remaining year to date favorability of \$16K is due to the timing of purchases
Hydrants	7,000	29,513	421.61%	(22,513)	Full allotment of hydrants needed immediately.
<b>General Services</b>					
Printing	14,320	16,248	113.46%	(1,928)	Year to date unfavorability do to the timing of purchases ( i.e. envelopes, notices, etc.).
Electricity and Gas	140,689	150,658	107.09%	(9,969)	Budget overrun attributed to increased electricity consumption: a) 4 electric space heaters added to Pleasant St. location; b) increased number of customers being serviced by the Higby Rd. Pump Station ( i.e. Sitrin Nursing Home ).
Heating Oil	12,480	23,057	184.75%	(10,577)	Timing of fuel oil purchases for the Treatment Plant.
Gas & Oil	47,405	42,337	89.31%	5,068	Year to date favorability due to the July gasoline purchases not invoiced. To assure uninterrupted operation, paid \$10K reserve.
<b>Overtime</b>					
Info. Technology	4,000	1,949	48.73%	2,051	
Water Quality	100	406	0.00%	(306)	
Treatment Plant	17,124	19,402	113.30%	(2,278)	
Maintenance	64,000	47,175	73.71%	16,825	

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**MOHAWK VALLEY WATER AUTHORITY**

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**FINANCIAL RATIOS**

Month 4 - July 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>July '07</u>	<u>June '07</u>	<u>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Avg.-Past Six months</u>
1.88	1.64	1.60	1.68	1.85	1.79	1.81

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**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>July '07</u>	<u>June '07</u>	<u>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb '07</u>	<u>Avg.-Past Six months</u>
\$3,158,342	\$2,499,907	\$2,058,130	\$2,426,486	\$2,769,913	\$2,739,490	\$2,752,443

**FINANCIAL RATIOS**

Month 4 - July 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>July '07</u>	<u>June '07</u>	<u>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb '07</u>	<u>Avg.-Past Six months</u>
77%	77%	78%	78%	78%	78%	81%

Note: Excluding the original debt financing of approx. \$25 million to buy the regional water system, the debt to assets leverage ratio is approximately 47%.

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**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 '07</u>	<u>June '07</u>	<u>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Avg.-Past Six months</u>
2.95	2.61	3.30	2.28	3.86	2.70	3.24

**FINANCIAL RATIOS**

Month 4 - July 31, 2007

**A. UNACCOUNTED FOR WATER RATIO**

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

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

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

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

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

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

	<u>July '07</u>	<u>June '07</u>	<u>May '07</u>	<u>Avg.-Past Six months</u>
Average Billed Water %	55.08%	59.77%	55.78%	60.39%
Other Unmetered Uses (See Detail Above)	17.76%	17.76%	17.76%	17.76%
Total Water Usage	72.84%	77.53%	73.54%	78.15%
Remaining “Unaccounted-For Leakage”	27.16%	22.47%	26.46%	21.85%

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

**FINANCIAL RATIOS**

Month 4 - July 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).

(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>July '07</u>	<u>June '07</u>	<u>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Avg.-Past Six months</u>
\$40.22	\$39.13	\$39.67	\$34.31	\$37.11	\$35.93	\$34.32

**GLOSSARY OF TERMS**

Month 4 - July 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**

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- 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.