

# MOHAWK VALLEY WATER AUTHORITY

## *MONTHLY FINANCIAL REPORTING PACKAGE*

### **Month 12: Month Ended March 31, 2009**

#### **Finance Committee Members**

#### **Terms Ending**

December 31,

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

Report produced by Jim Korfonta, Comptroller

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

Month 12 - March 31, 2009

**PRODUCTION & CONSUMPTION**

All amounts in <u>Cubic Feet</u> (1 cubic foot=7.481 gallons.)	<b>December 2008, January and February, 2009</b>	<b>November, December, January, 2009</b>	<b>October, November, December, 2008</b>	<b>Average--Past 6 Months</b>
<b>Average Water Consumption</b>	39,618,486	42,180,023	43,121,358	43,167,700
<b>Average Water Production</b>	76,322,782	74,068,034	71,791,005	72,350,236

**CASH FLOW**

Cash Flow-(See cash flow detail on page 4.)	<b>Beginning Cash</b>	<b>Operating Cash In</b>	<b>Operating Cash Out</b>	<b>Net Change In Cash</b>	<b>Balance Remaining</b>
March, 2009		\$ 1,802,503	\$ 1,935,812	\$ (133,309)	
Year-To-Date	\$ 4,165,197	\$18,592,618	\$ 18,852,856	\$ (260,238)	\$ 3,904,959

**CUSTOMER ACCOUNT MAINTENANCE**

<b>Customers in the Water System</b>	<b>Beginning Balance</b>	<b>New Accounts/ Moved into Area</b>	<b>Moved Out of Service. Area</b>	<b>Ending Balance</b>
March, 2009		6	(26)	
Fiscal 2009	38,914	293	(252)	38,955
Fiscal 2008	38,877	497	(460)	38,914
Fiscal 2007	38,589	981	(693)	38,877
Fiscal 2006	38,449	573	(433)	38,589

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

**From Utica To:**

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

**MOHAWK VALLEY WATER AUTHORITY**

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

Month 12 - March 31, 2009

**WATER SYSTEM MAINTENANCE--METER ACTIVITY**

Current Fiscal Year	Meters Replaced							Daily Activity			
	5/8"	3/4"	1"- 1½"	2"	3"-4"	6"-8"	Total	High	Low	Daily Avg.	Staff Avg.
March 2009	236	3	5	2	2	0	248	22	5	11.3	2.8
February, 2009	258	6	3	0	0	0	267	22	8	14.1	3.5
Janauvy 2009	332	3	1	3	0	0	339	32	9	17.0	4.2
December 2008	242	4	5	1	0	1	253	19	6	12.1	3.0
Nov. 2008	206	2	4	0	0	0	212	22	7	13.3	3.3
October 2008	290	1	4	0	2	2	299	19	7	13.5	3.4
September 2008	232	2	3	1	0	0	238	23	5	11.3	2.8
August 2008	258	5	4	2	1	0	270	25	6	12.9	3.2
July 2008	324	5	7	0	1	1	338	22	8	14.7	3.7
June 2008	255	6	2	2	6	0	271	22	7	12.9	3.2
May 2008	187	2	7	0	2	0	198	16	5	9.4	2.4
April 2008	293	7	16	5	1	0	322	23	4	16.1	4.0
Fiscal 2009	3,113	46	61	16	15	4	3,255	32	4	13.2	3.3

Prior Year Activity	Meters Replaced							Daily Activity			
	5/8"	3/4"	1"- 1 ½"	2"	3"-4"	6"-8"	Total	High	Low	Daily Avg.	Staff Avg.
Fiscal 2008	3,414	52	61	9	9	18	3,563	27	1	14	3.7
Fiscal 2007	2,344	34	30	9	23	17	2,457	20	1	8.4	2.4
Fiscal 2006	2,486	50	51	18	6	20	2,631	24	1	10.9	2.7
Fiscal 2005	2,964	54	51	24	0	3	3,096	27	1	12.6	3.2

**COMPTROLLER'S MESSAGE**

Month 12 - March 31, 2009

**WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY**

Month	Water Main Breaks / Install, etc.	Curb Box	Leak Investigations	Meters-- Inspect./ Special Reads / Replaced	Hydrants	Valves	Pavement Cuts	Other	TOTALS
April, 2008	23	69	92	897	7	2	176	9	1,275
May, 2008	15	210	44	879	10	3	26	4	1,191
June, 2008	17	82	36	761	7	4	31	16	954
July, 2008	32	110	53	1,024	4	1	2	12	1,238
August, 2008	24	68	22	869	3	6	87	9	1,088
September, 2008	16	114	33	877	7	5	63	9	1,124
October, 2008	17	167	50	941	9	2	4	10	1,200
November, 2008	12	62	124	698	4	1	3	6	910
December, 2008	46	80	28	707	6	1	2	9	879
January, 2009	36	74	25	888	7	2	24	10	1,066
February, 2008	32	97	20	947	5	2	1	12	1,116
March, 2009	33	101	51	1,134	5	4	3	8	1,339

**ACCOUNTS PAYABLE**

	<u>Total</u>	<u>0-10</u>	<u>10-20</u>	<u>20-30</u>	<u>30-45</u>	<u>45+</u>	<u>Capital Project Retention</u>
March, 2009	\$461,729	\$171,598	\$99,598	\$27,108	\$10,820	\$6,970	\$145,635

**COMPTROLLER'S MESSAGE**

Month 12 - March 31, 2009

**Big Picture**

*Water Sales and Consumption:*

Consumption

For the fiscal year, consumption was down 21.4 million cubic feet or 4.1% compared to the previous fiscal year and 10.2 million cubic feet or 2.0% compared to the consumption budget. This decrease occurred both in monthly and quarterly accounts.

As part of the year-end analysis, we will identify the largest variances in consumption as well as the largest revenue variances. I anticipate having larger consumption variances among some of our larger monthly accounts.

Water Sales

Overall, accumulated water sales for FY 2009 were .60% above the 3.2% increase in water sales compared to the FY 2008 actual.

Tracking quarter-by-quarter:

The first quarter (April thru June) experienced an increase in water sales of 1.3% over the budgeted increase of 3.2% (or 4.3%) compared to 2008 actual.

For the second quarter, (July thru August), water sales was below 1.1% of the budgeted 3.2%. For the third quarter, (October – December), water sales recovered and posted a .8% increase over the budgeted 3.2%.

After three quarters, the accumulated water sales are up .8% over the budgeted 3.2%.

For the fourth quarter, quarterly sales were in-line with the 3.2% budget average.

**COMPTROLLER'S MESSAGE**

Month 12 - March 31, 2009

**Big Picture**-continued

**Cash Flow:** Several large upfront payments were made in January for the calendar year including insurance and chemicals. As a result, our cash position is breakeven for the fiscal year. Contingent on having two remaining healthy months of revenue and minimal expenses, we could have a positive addition in the range of \$100,000 to \$200,000 going into the next fiscal year.

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

	MONTHLY ACTIVITY		YEAR-TO-DATE ACTIVITY	
	TARGET	MARCH 2009	TARGET	ACTUAL
<b>Cash Inflow</b>	\$ 1,529,000	\$ 1,802,000	\$ 18,379,500	<del>\$ 18,593,000</del>
<b>Outflows--</b>				
<b>Transfer to Fund Reserves</b>	\$ 525,000	\$ 597,000	\$ 675,500	\$ 675,500
<b>Personnel Costs</b>	328,000	333,000	4,264,000	4,324,000
<b>PILOTS</b>	129,000	129,000	1,560,000	1,553,000
<b>Debt Service</b>	439,000	439,000	5,280,000	5,278,000
<b>Payments to Suppliers</b>	561,000	438,000	6,600,000	7,023,000
	1,982,000	1,936,000	18,379,500	18,853,500
<b>Cash Remaining</b>	\$ (453,000)	\$ (134,000)	\$ -	\$ (260,500)

**LITIGATION EXPENSES—TO DATE**

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	142,845
2007	DECLARATORY JUDGMENT ACTIVITY	243,757
2008	DECLARATORY JUDGMENT ACTIVITY	394,663
2009	DECLARATORY JUDGMENT ACTIVITY (Estimated to YE)	250,000
<b>TOTAL</b>		<b>\$ 1,075,445</b>

**COMPTROLLER'S MESSAGE**

Month 12 - March 31, 2009

**CONVERSION TO NEW BANKING SERVICES**

- Starting February 9<sup>th</sup>, we began sending the new bills out that will be collected by the new bank (HSBC) and lock-box system.
- Customers can also pay their water/sewer bill at any HSBC bank. In addition, customers can also pay in person by credit card, over-the phone, access the internet to pay on-line, or pay at a local Parkway Drugs.

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

**CURRENT CUSTOMER SERVICE ACTIVITY**

**Ongoing Initiatives--**

- We continue to execute a program to address properties that have either registered "0" consumption or estimated consumption for three or more quarters. Results will be displayed in future reports presented to the Finance Committee. This is to assist in our tampering efforts and to correct stopped meters.
  - For the month, 8.3% of the monthly accounts were estimated. This is compared to 7.1% from the previous month.
  - 2.26% of the quarterly accounts were estimated. This is comparable to the 2.67% recorded in December (The prior time this area was billed).

**MOHAWK VALLEY WATER AUTHORITY**

**COMPTROLLER'S MESSAGE**

Month 12 - March 31, 2009

**BILLING/COLLECTIONS:**

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

<b>Fiscal 2009</b>	<b>Beginning Balance</b>	<b>Sent to Collections</b>	<b>Amount Collected</b>	<b>Returned From Collections</b>	<b>Ending Balance</b>
March 2009		\$ 0	\$ 0	\$ 0	
February 2009		\$ 0	\$ 8,880	\$ 0	
January 2009		\$ 0	\$ 6,470	\$ 0	
December 2008		\$ 0	\$ 7,823	\$ 0	
November 2008		\$ 0	\$ 13,286	\$ 0	
October 2008		\$ 0	\$ 14,861	\$ 0	
September 2008		\$ 113,552	\$ 5,893	\$ 0	
August 2008		\$ 0	\$ 1,176	\$ 0	
July 2008		\$ 0	\$ 5,003	\$ 0	
June 2008		\$ 0	\$ 2,835	\$ 0	
May 2008		\$ 0	\$ 0	\$ 0	
April 2008		\$ 65,952	\$ 0	\$ 0	
Fiscal 2009	\$ 7,219	\$ 179,504	\$ 66,227	\$ 0	\$ 120,496

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

**Shut-Offs**

Approximately 458 accounts "posted" for non-payment were addressed from a listing of back-logged work orders. 520 remain that need additional attention (curb box, replaced, special digging,)

Update: Approximately 280 new accounts have been added in October-March. Including the 280 noted above, 520 accounts remain. Significant shut-offs began occurring in March and April. As a result, customers either pay or remain shut-off.

**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>
6/10/08	Grimmer	29A-87	2216 Sinclair Ave Y	\$2,000	\$2,000	Valve be turned	6/10/08			11
10/27/08	Pideo	7D-26	1502 Whitesboro St	\$2,000		Meter	11/2/08		10/29/2008	11
1/16/09	Sanabria	16	Properties	\$64,000		Pictures/Meters				11

**MOHAWK VALLEY WATER AUTHORITY**

**FLASH REPORT**

Month 12 - March 31, 2009

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 %	March	February	January	December	November	October
<b>ASSETS</b>							
Cash		\$ 4,350,337	\$ 3,942,873	\$ 4,204,040	\$ 4,704,854	\$ 5,058,231	\$ 5,227,440
Water Sales Receivable, Net		\$ 1,372,574	\$ 1,585,023	\$ 1,472,068	\$ 1,387,148	\$ 1,566,366	\$ 1,356,917
Trust Fund Assets		\$ 27,655,380	\$ 27,781,745	\$ 27,351,666	\$ 26,875,002	\$ 14,941,111	\$ 16,740,299
Utility Long Term Assets, Net		\$ 62,674,609	\$ 62,051,125	\$ 61,996,180	\$ 61,741,069	\$ 61,628,752	\$ 61,570,445
<b>Total Assets</b>		\$ 98,108,677	\$ 97,233,116	\$ 96,713,764	\$ 95,810,049	\$ 84,558,317	\$ 87,042,321
<b>LIABILITIES</b>							
Accounts Payable		\$ 461,729	\$ 553,538	\$ 767,533	\$ 464,109	\$ 968,557	\$ 669,329
Long Term Debt, Principal		\$ 67,811,947	\$ 67,962,804	\$ 67,948,661	\$ 67,934,518	\$ 56,040,392	\$ 57,291,249
<b>Total Liabilities</b>		\$ 72,486,691	\$ 72,619,681	\$ 72,607,629	\$ 71,872,891	\$ 60,639,586	\$ 62,340,888
<b>EQUITY</b>							
Unrestricted Earnings		\$ 4,301,529	\$ 4,898,653	\$ 4,391,354	\$ 4,222,398	\$ 4,204,437	\$ 4,988,313
Invested in Utility Plant, Net		\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 872,264	\$ 872,264	\$ 872,264	\$ 872,256	\$ 872,101	\$ 871,710
Oper. and Maint. Reserve		\$ 872,264	\$ 573,062	\$ 573,054	\$ 573,054	\$ 572,899	\$ 572,508
Repair & Improvement		\$ 526,533	\$ 526,533	\$ 526,533	\$ 526,526	\$ 526,370	\$ 525,979
Bond Covenant Reserve		\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456
Capital Maintenanac Reserve		\$ 597,124	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OPERATIONS - (Monthly Accumulation)</b>							
	<i>Accum. Budget</i>	<b>11th Month FY 2009</b>	<b>11th Month FY 2009</b>	<b>10th Month FY 2009</b>	<b>9th Month FY 2009</b>	<b>8th Month FY 2009</b>	<b>7th Month FY 2009</b>
Water Sales	101%	\$ 16,353,628	\$ 15,081,700	\$ 13,774,673	\$ 12,442,114	\$ 11,159,063	\$ 9,705,786
Other Revenue	76%	\$ 2,288,196	\$ 2,111,659	\$ 1,976,634	\$ 1,824,412	\$ 1,600,660	\$ 1,446,111
Operating Expenses less PILOTS	91%	\$ 10,626,866	\$ 9,884,482	\$ 9,111,781	\$ 7,940,103	\$ 6,992,630	\$ 5,722,623
Debt Service, Interest only	100%	\$ 2,403,986	\$ 2,394,765	\$ 2,387,543	\$ 2,387,543	\$ 1,997,120	\$ 1,026,083
PILOT Payments	100%	\$ 1,553,163	\$ 1,424,418	\$ 1,295,673	\$ 1,166,928	\$ 1,037,178	\$ 908,431

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 11 – February 28, 2009

**CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:**

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

Customer	Route & Account	Address	Total	0-23	24-45	46-71	72-122	123-157	158 +	Acct. Status
City of Utica	4 accounts	Parks / Recr. / Public Safety etc.	7,258	-	179	-	69	-	7,010	
City of Utica	17 accounts	All Other	6,149	90	67	351	309	481	4,851	
Ashford Clinton Corp.	2F 52BK	244 Roosevelt Dr. Utica	1,610	-	-	-	123	-	1,487	Posted
GID Properties	4A 132B	808 Wager Street	2,417	15	11	10	1,088	-	1,293	Posted
Christina Joseph	13D 21	602 Eagle Street, Utica	1,226	15	11	76	15	55	1,054	Investigation
Milquiades Burdier	16E 122	664-66 Bleeker Street, Utica	1,045	-	7	142	21	141	734	Posted
Nadine Parkes	17A 72	308 Kossuth Ave. Utica	1,261	-	-	643	15	603	-	Posted
Marc Cittadino	32R 73	10 Norris Street, Whitesboro	1,193	131	8	23	154	21	856	Posted
Marcy Campus Plaza	33A 79A	9841 State Rte. 49, Marcy	1,724	273	-	15	1,367	15	54	Posted
Cybersports, Inc	34A 52A	8020 Ste. Route 12, NH	1,747	208	-	-	283	-	1,256	Investigation
T. Klotz ( also, see shut-offs)	16 accounts	See separate attachment	5,601	320	459	830	689	1,563	1,740	Posted

**MOHAWK VALLEY WATER AUTHORITY**

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 11 – February 28, 2009

**DELINQUENT ACCOUNTS - SHUT-OFFS**

<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>
CNY Properties, Inc.	3A 49	1857-59 Merriline Ave. Utica	1,549	15	7	6	434	1,087	-	Shut-off
Lawrence Raynor	6A 133	919 Lenox Ave. Utica	1,755	15	6	6	1,109	4	615	Shut-off
William Almas	8C 26	1424 Oneida St. Utica	1,944	15	8	7	621	-	1,293	Posted
Hari Lukac	8C 46BK	17 Clinton Pl. Utica	1,109	-	-	-	189	-	920	Shut-off
Hidalgo Diaz	10F 86	1506 Steuben Street, Utica	1,459	15	13	67	27	12	1,325	Shut-off
Margaret Natale	12B 89	339 Pleasant Street, Utica	3,772	15	36	90	40	79	3,512	Shut-off
Manuel Marte	13E 104	1131 West Street, Utica	1,025	15	5	180	17	340	468	Shut-off
Chanty Srey	16B 16	516 Lansing Street ( 1 Fl ), Utica	1,389	-	12	66	19	109	1,183	Posted
Sammang Phou	16E 56	705 Elizabeth Street, Utica	1,230	-	12	12	12	10	1,184	Posted
Stanley Williams	16E 114	516 Mohawk Street, Utica	1,135	-	6	171	20	294	644	Shut-off
Derek Roberts	29A 178	1010 Ney Avenue, Utica	1,104	57	9	22	70	21	925	Shut-off
Matt Morreale	29B 33	2140 McBride Avenue, Utica	1,416	47	11	24	284	22	1,028	Shut-off
Kathi Wojtowycz	29F 67	33 WhitesboroStr. Yorkville	1,484	269	9	20	327	17	842	Shut-off
Erica & John Smaldon	30C 1	1 Dewey Avenue	1,826	463	12	25	164	24	1,138	Shut-off
Alan Pflanz	30C 62	389 Oriskny Blvd. Utica	2,861	2,582	2	16	55	16	190	Shut-off
Patrick O'Connor	31A 33	103-105 River Street, Oriskany	1,379	47	12	26	115	25	1,154	Shut-off
Michael Knapp	37B 14	2260 Route 5	3,808	718	39	24	68	28	2,931	Shut-off
Seco Leasing Corp.	50A 21	132-42 Hotel Street	1,612	15	91	105	198	101	1,102	Shut-off
Coolidge Mem. LLC	52B 60	106 Memorial Pkwy	8,173	15	535	545	1,033	529	5,516	Shut-off
Charles Property Mgmt.	55B 29	311-15 Whitesboro Street	4,408	15	184	190	345	173	3,501	Shut-off
Sandra Albert	3 accounts	See separate attachment	1,141	45	6	6	213	3	868	Shut-off
T. Klotz ( also, see posted )	3 accounts	See separate attachment	1,747	45	16	145	165	61	1,315	Shut-off
City of Utica Delinquents-FY '09			189,684	-	-	-	-	-	189,684	
City of Utica Delinquents-FY '08			78,088	-	-	-	-	-	78,088	
City of Utica Delinquents-FY '07			70,422	-	-	-	-	-	70,422	
City of Utica Delinquents-FY '06			46,962	-	-	-	-	-	46,962	
City of Utica Delinquents - Prior Years			1,116,153	-	-	-	-	-	1,116,153	
Oneida County Delinquents - FY '08			3,425	-	-	-	-	-	3,425	
Oneida County Delinquents - Prior Years			51,427	-	-	-	-	-	51,427	
Village Delinquents - FY '08			1,820	-	-	-	-	-	1,820	
Village Delinquents - Prior Years			88,293	-	-	-	-	-	88,293	
<b>Remaining Accounts</b>			<b>1,419,116</b>	<b>756,144</b>	<b>183,984</b>	<b>122,461</b>	<b>156,220</b>	<b>46,983</b>	<b>153,324</b>	<b>Change</b>
<b>March, 2009</b>			<b><u>3,143,047</u></b>	<b><u>761,459</u></b>	<b><u>185,514</u></b>	<b><u>126,207</u></b>	<b><u>166,134</u></b>	<b><u>52,014</u></b>	<b><u>1,851,719</u></b>	<b>-6.10%</b>
<b>February, 2009</b>			<b><u>3,347,059</u></b>	<b><u>1085,444</u></b>	<b><u>160,079</u></b>	<b><u>171,931</u></b>	<b><u>170,214</u></b>	<b><u>151,873</u></b>	<b><u>1,833,518</u></b>	<b>4.50%</b>

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 12 - March 31, 2009

**WORK IN PROGRESS--CAPITAL PROJECTS**

Project Status as of March 31, 2009

**CAPITAL PROJECTS - FY2003**

CAPITAL PROJECT	LOCATION	PROJECT No.	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Toby Road Tank	Marcy	02-26-A	7,978,750	14,944	103,176	33,914	137,090	7,841,660
Fiscal 2003 Budgeted Capital Projects			7,978,750	14,944	103,176	33,914	137,090	7,841,660

**CAPITAL PROJECTS - FY2005**

CAPITAL PROJECT	LOCATION	PROJECT #	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Verona/Airport Tank & Mains	Verona/OC Airport	05-02-A	3,450,000	0	8,184	177,137	185,321	3,264,679
Emergency Generator	City Hall	05-09-A	135,000	0	0	2,763	2,763	132,237
SCADA-All Phases	System Wide	05-21-A	132,255	8,725	34,981	63,655	98,636	33,619
Clearwell	WTP	05-22-A	4,697,000	0	445,753	4,032,229	4,477,982	219,018
Fiscal 2005 Budgeted Capital Projects			8,414,255	8,725	488,918	4,275,784	4,764,702	3,649,553

**CAPITAL PROJECTS - FY2006**

CAPITAL PROJECT	LOCATION	PROJECT #	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Water Main	Holland Patent	06-03-A	90,000	0	22,759	58,308	81,067	8,933
Tank-10m Gallon	Deerfield Tank	06-04-A	5,939,705	1,788	674,080	5,158,566	5,832,646	107,059
Fiscal 2006 Budgeted Capital Projects			6,029,705	1,788	696,839	5,216,874	5,913,713	115,992

**MOHAWK VALLEY WATER AUTHORITY**

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 12 - March 31, 2009

**CAPITAL PROJECTS - FY2007**

<b>CAPITAL PROJECT</b>	<b>LOCATION</b>	<b>PROJECT #</b>	<b>AMENDED BUDGET</b>	<b>CURRENT MONTH EXPENSE</b>	<b>YEAR TO DATE EXPENSE</b>	<b>PRIOR YEAR EXPENSE</b>	<b>TOTAL PROJECT EXPENSE</b>	<b>REMAINING BALANCE</b>
Corrosion Compliance Study	System Wide	07-01-A	180,000	2,835	8,836	154,947	163,783	16,217
Main Replacement	York St., Utica	07-03-A	84,600	0	0	82,887	82,887	1,713
Pump Station	Cascade Drive, NH	07-04-A	2,500	0	0	1,325	1,325	1,175
System Improve.-WQ and Turb	System Wide	07-05-A	300,000	0	0	22,300	22,300	277,700
GIS & Hydraulic Modeling	System Wide	07-06-A	550,000	6,346	50,055	488,246	538,301	11,699
Main Replacement/Crossings	Holland Patent	07-07-A	54,310	0	0	53,310	53,310	1,000
Ladder Safety/ Security	WTP-Backwash Tank	07-09-A	38,000	0	26,800	0	26,800	11,200
Water Tank	Smith Hill, Deerfield	07-10-A	600,000	0	1,356	975	2,331	597,669
Water Tank	Marcy Reservoir	07-12-A	4,454,500	28,766	131,105	12,029	143,134	4,311,366
Canal Crossing	Marcy	07-13-B	1,000,000	0	0	7,822	7,822	992,178
Activated Carbon PILOT	WTP	07-15-A	35,000	0	23,070	33,600	56,670	-21,670
Main Extension	Mason Road	07-16-A	14,000	0	4,914	6,151	11,065	2,935
Safety/Security/Equipment	System Wide	07-17-A	12,000	0	0	0	0	12,000
Security Surveillance Projects	System Wide	07-18-A	20,000	0	0	0	0	20,000
Leak Detection-Phase IV-VI	System Wide	07-19-A	80,000	20,670	27,670	19,032	46,702	33,298
Emergency Intake Valve	WTP	07-20-A	124,000	0	0	124,000	124,000	0
3rd Raw Water Intake Line-De	WTP	07-21-A	20,000	0	13,795	7,500	21,295	-1,295
In-Line Hydro Generation Stud	WTP	07-22-B	11,000	0	0	3,013	3,013	7,987
Fiscal 2007 Budgeted Capital Projects			<u>7,579,910</u>	<u>58,617</u>	<u>287,601</u>	<u>1,017,137</u>	<u>1,304,738</u>	<u>6,275,172</u>

**MOHAWK VALLEY WATER AUTHORITY**

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 12 - March 31, 2009

**CAPITAL PROJECTS - FY2009**

<b>CAPITAL PROJECT</b>	<b>LOCATION</b>	<b>PROJECT #</b>	<b>AMENDED BUDGET</b>	<b>CURRENT MONTH EXPENSE</b>	<b>YEAR TO DATE EXPENSE</b>	<b>PRIOR YEAR EXPENSE</b>	<b>TOTAL PROJECT EXPENSE</b>	<b>REMAINING BALANCE</b>
Main Replacement	Walnut St., Utica	09-01-A	65,000	0	28,547	0	28,547	36,453
Main Replacement	Colonial Dr. Utica	09-03-A	10,305	0	6,880	0	6,880	3,425
Main Replacement	Parkside Court	09-04-A	6,120	0	5,311	0	5,311	809
Main Replacement	Scott St, Utica	09-05-A	1,950	0	1,950	0	1,950	0
Butterfly Valve	Deerfield Reservoir	09-06-A	79,785	0	79,785	0	79,785	0
Sludge Removal	WTP	09-07-A	79,785	0	48,990	0	48,990	30,795
WQ Monitoring Station	Yorkville	09-08-A	0	0	13,180	0	13,180	-13,180
Water Main	Evergreen Dr-	09-09-A	0	0	453	0	453	-453
Powell Rd. Crossover - HP	Holland Patent	09-10-A	8,000	0	7,226	0	7,226	774
Asbestos Remediation	Kemble Street	09-11-B	10,000	5,895	5,895	0	5,895	4,105
Fiscal 2009 Budgeted Capital Projects			250,945	5,895	185,096	0	185,096	57,849

**MOHAWK VALLEY WATER AUTHORITY**

**MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS**

Month 12 - March 31, 2009

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

	<b>FISCAL 09</b>	<b>FISCAL 08</b>	<b>FISCAL 07</b>	<b>FISCAL 06</b>	<b>FISCAL 05</b>
April	378,976	432,916	419,898	421,158	436,874
May	457,738	426,915	412,183	433,169	433,732
June	430,138	443,804	483,811	463,071	432,431
July	403,899	441,659	434,748	477,805	476,038
August	476,222	509,872	475,336	514,883	469,873
September	443,089	490,350	481,683	513,111	449,233
October	445,281	442,832	436,160	469,375	529,942
November	465,692	453,228	472,410	474,227	424,247
December	382,666	396,729	451,290	424,902	426,796
January	417,041	414,074	397,180	407,949	409,415
February	388,846	426,833	434,793	398,579	452,494
March	<u>388,181</u>	<u>413,102</u>	<u>410,322</u>	<u>400,517</u>	<u>427,874</u>
Total	<u>5,077,769</u>	<u>5,292,314</u>	<u>5,309,814</u>	<u>5,398,746</u>	<u>5,368,949</u>

**MONTHLY WATER BILLINGS:**

	<b>FISCAL 2009</b>			<b>FISCAL 2008</b>	
	<b>Billings</b>	<b>Cash Receipts</b>	<b>Reading Areas</b>	<b>Billings</b>	<b>Cash Receipts</b>
April	\$ 1,199,556	\$ 1,000,257	Area 1	\$ 1,309,707	\$ 1,019,228
May	1,483,419	1,606,528	Area 2	1,261,871	1,456,458
June	1,367,807	1,564,270	Area 3	1,310,916	1,180,125
July	1,369,271	1,505,133	Area 1	1,310,354	1,337,397
August	1,498,222	1,300,309	Area 2	1,459,484	1,375,328
September	1,388,459	1,532,306	Area 3	1,396,332	1,188,049
October	1,399,083	1,375,866	Area 1	1,363,214	1,896,068
November	1,453,277	1,273,817	Area 2	1,339,290	1,221,617
December	1,283,018	1,532,110	Area 3	1,208,607	1,414,089
January	1,332,559	1,262,924	Area 1	1,260,075	1,261,182
February	1,307,028	1,205,149	Area 2	1,281,830	1,249,834
March	<u>1,271,928</u>	<u>1,573,678</u>	Area 3	<u>1,247,605</u>	<u>1,417,892</u>
Total	<u>\$16,353,627</u>	<u>\$16,732,347</u>		<u>\$15,749,285</u>	<u>\$16,017,267</u>

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

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

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

**MAJOR REVENUE ACCOUNT ANALYSIS**

Month 12 - March 31, 2009

REVENUE

- *Metered Water Sales*: See page 4.
- *System Charge* – As expected, both quarterly billed and monthly billed system charges for FY 2009 were under budget by \$64K or 1.4%.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* – Accumulated FY 2009 penalties exceeded budget by \$127K or 31%. Unpaid bill fees exceeded budget by \$60K or 27%. Cash collection of these fees has historically been in the range of 85% to 90%.
- Interest Income from operating funds were below budget for FY 2009 by \$192K or 74% due to the changes in the financial markets.

We are currently investing trust funds in a wide array of CDs with banks at increments below \$100,000 to assure that the principal and the earning will both be covered by FDIC insurance.

**MAJOR EXPENSE ACCOUNT ANALYSIS**

Month 12 - March 31, 2009

	March-09		Percent of Current Budget	Favorable (Unfavorable) Variance	Monthly Variance Explanation
	Current Budget (Cash-Basis)	Actual (Accrual-Basis)			
<b>Administration</b>					
Salaries	311,200	311,056	99.95%	144	Minimal Variance
Travel & Vehicle Usage	5,750	9,589	166.77%	(3,839)	Bond rating trip to NYC by Executive Director and Comptroller not budgeted.
Legal Fees	209,850	250,000	119.13%	(40,150)	Unanticipated adjudication of law suit resulted in cost overrun.
<b>Finance &amp; Accounting</b>					
Salaries	474,957	431,985	90.95%	42,972	Budgeted position is currently open
Contracted Services	181,900	214,173	117.74%	(32,273)	Banking services is unfavorable by \$29K. Switched to HSBC bank. This variance will be eliminated in FY2010.
<b>Engineering</b>					
Salaries	534,078	470,045	88.01%	64,033	Assistant Engineer position remained open during the whole year.
Travel	14,824	10,309	69.54%	4,515	Conferences not attended ( Water Modeling-\$2.1K; MWH Conference-\$1.4K; AWWA National Conference-\$1.2K)
Operating Supplies	17,029	10,055	59.05%	6,974	Portable radios were not purchased=\$4.9K.
Contractor Services	45,080	37,179	82.47%	7,901	High Voltage inspections for Hydro generators and Hanger Road were not performed
Training and Education	10,789	5,804	53.80%	4,985	Training conferences budgeted were not attended (i.e. ARC GIS = \$1.5K; GIS Auto Cad = \$1.5K).

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 12 - March 31, 2009

	March-09 Year Ended				Favorable (Unfavorable) Variance	
	Current Budget (Cash-Basis)	Actual (Accrual-Basis)	Percent of Current Budget			
<b>Information Technology</b>						
Salaries	252,012	251,105	99.64%		907	Minimal variance
Operating Supplies	17,620	11,492	65.22%		6,128	Purchase of computer paper = \$1.5K favorable, and back-up tapes = \$2.8K favorable.
Contracted Services	158,682	127,886	80.59%		30,796	Favorable variance for the year due to: Hydrant/valve software = \$12K; paperless reporting conversion -\$12K; Hydrant & Valve Software = \$12K.
Training and Education.	600	3,639	606.50%		(3,039)	Unanticipated training performed for various departments
<b>Water Quality</b>						
Salaries	402,955	405,368	100.60%		(2,413)	Minimal variance
Office Equipment	14,000	206	1.47%		13,794	No equipment purchases made during the year: watershed equipment-\$3K; on-line monitoring equipment-\$10K; and PH electrodes-\$1K.
Office Materials	8,000	4,370	54.63%		3,630	FY 2007 Water Quality Report favorable by \$2.4K
Operating Supplies	152,200	112,664	74.02%		39,536	Pathogen monitoring supplies purchases were favorable during FY 2009
Training and Education	8,050	3,241	40.26%		4,809	Various seminars / conferences not attended
Repairs	10,000	166	1.66%		9,834	Minimal repairs during the year
<b>Treatment Plant</b>						
Salaries	346,762	348,107	100.39%		(1,345)	Minimal variance
Wages	17,290	10,491	60.68%		6,799	1 open position since January, 2009
Small Equipment	28,200	12,710	45.07%		15,490	Some purchases not made ( i.e. chlorine scale purchases = \$4K; feed pumps = \$6.8K; chlorine parts = \$2.0K ).
Travel	4,000	799	19.98%		3,201	AWWA Water Quality Tech. Conference not attended ( \$2.9K )
Operating Supplies	972,000	1,101,298	113.30%		(129,298)	As expected, granulated activated carbon (GAC) purchases exceeded budget by \$95K.
Contractor Services	15,500	11,734	75.70%		3,766	Sludge removal favorable by \$2.9K.
Training and Education	6,000	522	8.70%	17	5,478	Did not attend Operator Training as scheduled

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 12 - March 31, 2009

March-09  
Year Ended

	Current Budget (Cash-Basis)	Actual (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Monthly Variance Explanation
<b>Maintenance</b>					
Salaries	602,045	544,129	90.38%	57,916	Open Position / Temporary Employee
Wages	986,069	913,551	92.65%	72,518	3 budgeted positions were open for a portion of the year.
Street Repair Materials	135,417	126,986	93.77%	8,431	Cold Patch was favorable by \$8K.
Office Equipment	5,536	1,650	29.80%	3,886	Office furniture and air conditioner for the Luke Road Pump Station were not purchased
Small Equipment	57,195	22,384	39.14%	34,811	Some purchases were not made: (Gears for Horz Rennselaer = \$5.4K; hand held radios-\$8.4K; plumbing tools/equipment-\$10.6K; safety equipment-\$7.6K).
Operating Supplies	100,900	132,688	131.50%	(31,788)	General supplies (i.e. mains supplies, clamps, couplings, etc.) exceeded budget by \$14K. Valve boxes expenditures of \$18K were not budgeted.
Contracted Services	35,900	20,309	56.57%	15,591	Some expenditures not incurred (i.e. staff augmentation = \$4.9K; tree cutting = \$5K)
Training & Education	25,220	7,783	30.86%	17,437	Did not attend Trenching & Shoring; Chains, Slings and Hoists; Respiratory and Hazard Communication
Vehicle & Equip. Repairs	207,910	170,619	82.06%	37,291	Vehicle repairs was less than budgeted.
<b>Cash-Financed Construction</b>					
Meters	255,539	243,189	95.17%	12,350	Reasonable variance for meter purchases and repair parts
Hydrants	67,820	76,786	113.22%	(8,966)	Reasonable variance for hydrant purchases and repair parts.
Paving	476,265	426,321	89.51%	49,944	No more expenses are anticipated for the rest of the year.
Vehicles & Machinery	269,000	401,293	149.18%	(132,293)	Purchase of Wachs valve turning unit-\$45K not budgeted. GPS units and software = 77K ( budgeted \$50K in FY 2008 ).

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 12 - March 31, 2009

	<b>March-09</b>				
	<b>Year Ended</b>				
	<b>Current Budget</b> <b>(Cash-Basis)</b>	<b>Actual</b> <b>(Accrual-Basis)</b>	<b>Percent</b> <b>of Current</b> <b>Budget</b>	<b>Favorable</b> <b>(Unfavorable)</b> <b>Variance</b>	<b>Monthly Variance Explanation</b>
<b>General Services</b>					
Printing	44,870	22,545	50.25%	22,325	Quarterly Newsletter = \$13.2K and Annual Report = \$1.5K were not printed during the current fiscal year. Printing of business forms were under budget during the year.
Telephone	90,927	109,119	120.01%	(18,192)	GPS usage for trucks = \$17K not budgeted
Electricity and Gas	436,400	452,607	103.71%	(16,207)	Variance caused by higher and volatile commodity prices.
Gas & Oil	146,950	164,408	111.88%	(17,458)	Gasoline consumption exceeded budget by \$13.3K due primarily to higher commodity prices ( about 6% ) higher than budgeted.
<b>Overtime</b>					
Treatment Plant	42,000	60,039	142.95%	(18,039)	
Maintenance	186,000	200,319	107.70%	(14,319)	

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**MOHAWK VALLEY WATER AUTHORITY**

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**FINANCIAL RATIOS**

Month 12 - March 31, 2009

**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>Mar. '09</u>	<u>Feb. '09</u>	<u>Jan. '09</u>	<u>Dec. '08</u>	<u>Nov. '08</u>	<u>Oct. '08</u>	<u>Avg.-Past Six months</u>
1.81	1.89	1.88	1.99	1.87	1.85	1.87

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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>Mar. '09</u>	<u>Feb. '09</u>	<u>Jan. '09</u>	<u>Dec. '08</u>	<u>Nov. '08</u>	<u>Oct. '08</u>	<u>Avg.-Past Six months</u>
\$3,469,365	\$3,483,791	\$3,447,373	\$3,579,360	\$3,713,013	\$4,005,693	\$3,462,153

**FINANCIAL RATIOS**

Month 12 - March 31, 2009

**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>Mar. '09</u>	<u>Feb. '09</u>	<u>Jan. '09</u>	<u>Dec '08</u>	<u>Nov '08</u>	<u>Oct '08</u>	<u>Avg.-Past Six months</u>
74%	75%	75%	75%	73%	73%	73%

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>Mar. '09</u>	<u>Feb. '09</u>	<u>Jan. '09</u>	<u>Dec '08</u>	<u>Nov '08</u>	<u>Oct '08</u>	<u>Avg.-Past Six months</u>
3.18	2.33	2.45	2.88	2.41	3.15	2.78

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**FINANCIAL RATIOS**

Month 12 - March 31, 2009

**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>Dec.2008 and Jan. and Feb.09</u>	<u>Nov. 2008 Dec.2008 and Jan.09</u>	<u>Oct. Nov. Dec.2008</u>	<u>Avg.-Past Six months</u>
Average Billed Water %	51.91%	56.95%	60.07%	58.66%
Other Unmetered Uses (See Detail Above)	17.76%	17.76%	17.76%	17.76%
Total Water Usage	69.67%	74.71%	77.83%	77.42%
Remaining “Unaccounted-For Leakage”	30.33%	25.29%	22.17%	22.58%

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 12 - March 31, 2009

**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 \$89.00. 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>Mar. '09</u>	<u>Feb. '09</u>	<u>Jan. '09</u>	<u>Dec '08</u>	<u>Nov '08</u>	<u>Oct '08</u>	<u>Avg.-Past Six months</u>
\$43.66	\$43.68	\$43.68	\$40.68	\$43.68	\$43.75	\$42.80

**GLOSSARY OF TERMS**

Month 12 - March 31, 2009

**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 12 - March 31, 2009

- 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.