

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 1: Month Ended May 31, 2006

Finance Committee Members

Terms Ending

December 31,

Bruce Brodsky, Committee Chairman	2005
Vincent Coyne	2005
Elis DeLia	2007
George Gaston, Board Chairman	2005
Joseph Hobika, Jr.	2007
Frank Trevisani	2006

Report produced by Jim Korfonta, Comptroller

- Telephone: 792-0335
- FAX: 792-0342
- E-mail: jkorfonta@mvwa.us

Table of Contents

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)	1
COMPTROLLER'S MESSAGE	4
FLASH REPORT	8
SIGNIFICANT DELINQUENT RECEIVABLE BALANCES	9
WORK IN PROCESS—CAPITAL PROJECTS	11
MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS	14
FINANCIAL RATIOS	19
GLOSSARY OF TERMS	23
QUESTION/COMMENT SHEET	25

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 2 - May 31, 2006

PRODUCTION & DISTRIBUTION

	<u>May</u>	<u>April</u>	<u>March</u>	<u>Feb.</u>	<u>Jan.</u>	<u>Dec.</u>
Water Production (1,000 gallons)	554,400	547,300	570,600	523,600	576,700	552,300
Billed Consumption (1,000 gallons)	308,354	314,126	299,626	298,177	305,187	317,869

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
May		\$ 1,450,938	\$ 1,162,222	\$ 288,716	
Year-To-Date	\$ 1,865,216	\$ 2,379,952	\$ 2,311,440	\$ 68,512	\$1,933,728

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
May 2005		24	(30)	
Year- to-Date (Fiscal 2007)	36,242	24	(30)	36,236
Fiscal 2006	36,533	142	(433)	36,242

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 2 - May 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

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
Year-To-Date	386	7	5	4	1	5	338	17	4	9.5	2.4

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

COMPTROLLER'S MESSAGE

Month 2 - May 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	\$130,304	\$45,722	\$3,376	\$35,333	\$9	\$5,194	\$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: At month 2, billed water sales are above budgeted estimates by \$100,000 (\$2,111,000 budget vs. \$2,231,000 actual).

Monthly Consumption: At month 2, consumption is 2 million cubic feet below the prior year. This equates to approximately \$56,000 revenue under our current rate structure of \$27.86 per 1,000 cubic feet.

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2006

Big Picture-continued

Cash Flow: For the second month, the cash position has recovered from the \$200,000 deficit in May. However, with anticipated purchases of vehicles and equipment in June, our cash position will be \$100,000 below a breakeven point, after including normal revenues and expenses for the month of June. We will continue monitor the effect of these unanticipated large equipment purchases into June and July. 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>MAY 2006</u>	<u>TARGET</u>	<u>ACTUAL</u>
Cash Inflow	\$ 1,300,000	\$ 1,451,000	\$ 2,600,000	\$ 2,380,000
Outflows--				
Personnel Costs	322,000	317,000	644,000	638,000
Reimb. Capital Labor	-	-	-	-
PILOTS	125,000	122,000	250,000	244,000
Debt Service	350,000	303,000	700,000	605,000
Payments to Suppliers	350,000	420,000	700,000	824,000
Large Equip. Purchases Anticipated			-	199,000
Funding of Reserves	-	-	-	-
	<u>1,147,000</u>	<u>1,162,000</u>	<u>2,294,000</u>	<u>2,510,000</u>
Cash Remaining	\$ 153,000	\$ 289,000	\$ 306,000	\$ (130,000)

COMPTROLLER’S MESSAGE

Month 2 - May 31, 2006

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

CURRENT CUSTOMER SERVICE ACTIVITY

- **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. As a result, we posted 851 properties to date.

- The Customer Service manager continues to attend court hearings related to theft cases. Considerable time is spent gathering information for the Defense Attorney to present cases. Arbitration has been the result for many of these cases.

With the use of appealing to outside mediation agencies as well as reviewing and retooling our processes in-house, we are beginning to address continued court hearings and the time spent by the CS manager gathering information and analysis necessary to defend our theft cases.

- 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
May	6,335	.14	1:44	24
April	5,375	.15	1:37	22
Prior Yr.-- 2006	69,854	.17	1:50	280

COMPTROLLER'S MESSAGE

Month 2 - May 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.

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, 37% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated. This is a small percentage reduction from the prior month. We continue to institute corrective actions to reduce the monthly account estimates.

BILLING/COLLECTIONS:

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

Fiscal 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	
Year to Date	\$ 9,460	\$ 42,288	\$ 26,163	\$ 8,820	\$ 7,305

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

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 2 - May 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	140	27	27	0	140

- For fiscal 2006, accounts totaling \$1,067,125 were "posted". Of this amount, \$781,518 was collected for the 2006 year.
- For the month of May, accounts totaling \$74,331 have been "posted". Of the outstanding posted balances, \$48,298 has been collected for the fiscal 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
12/30/04	Madden	56DA-10BK	35 Campion Rd	\$ 2,000		Pict/Mtr	1/11/05		Yes	12
3/1/05	Karam	29B-128	1109 Champlin Ave	\$ 2,000	\$ 1,285	Pict	3/14/05	4/25/05		12
6/20/05	Riggles	35A-75HL	10853 Cosby Mnr Rd	\$ -		Admit	7/8/05			10
11/16/05	Duda	33K-143	7803 Maple	\$ 2,000	\$ 875	Admit	11/23/05	12/9/05		12
1/13/06	Marris	30A-74	16 Wind Pl	\$ 2,000	\$ 1,200	Pict/Admit	1/24/06			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.

MOHAWK VALLEY WATER AUTHORITY

FLASH REPORT

Month 2 - May 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 %	May	April	March	February	January
ASSETS						
Cash		\$ 2,500,094	\$ 2,227,036	\$ 2,426,809	\$ 2,386,114	\$ 2,407,061
Water Sales Receivable, Net		\$ 1,789,031	\$ 1,706,524	\$ 1,477,103	\$ 1,541,611	\$ 1,657,609
Trust Fund Assets		\$ 11,226,146	\$ 11,506,496	\$ 11,622,516	\$ 11,566,455	\$ 11,634,426
Utility Long Term Assets, Net		\$ 47,139,841	\$ 47,141,958	\$ 47,212,982	\$ 47,256,446	\$ 47,290,089
Total Assets		\$ 63,570,788	\$ 63,873,513	\$ 63,940,786	\$ 63,903,541	\$ 64,388,334
LIABILITIES						
Accounts Payable		\$ 216,816	\$ 130,304	\$ 94,670	\$ 111,661	\$ 512,790
Long Term Debt, Principal		\$ 47,938,693	\$ 48,030,974	\$ 48,183,256	\$ 48,330,537	\$ 48,317,819
Total Liabilities		\$ 50,755,384	\$ 51,105,020	\$ 51,241,212	\$ 51,440,580	\$ 51,164,854
EQUITY						
Unrestricted Earnings		\$ (1,949,437)	\$ (1,996,347)	\$ (2,065,265)	\$ (2,240,723)	\$ (2,277,362)
Invested in Utility Plant, Net		\$ 13,372,977	\$ 13,372,977	\$ 13,372,977	\$ 13,372,977	\$ 13,315,777
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 145,638	\$ -
"3R" Reserve		\$ 464,730	\$ 464,730	\$ 464,730	\$ 487,362	\$ 487,362
Oper. and Maint. Reserve		\$ 292,133	\$ 292,133	\$ 292,133	\$ 262,555	\$ 262,555
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)						
	% of Accum. Budget	2nd Month FY 2007	1st Month FY 2007	12th Month FY 2006	11th Month FY 2006	10th Month FY 2006
Water Sales	110%	\$ 2,331,052	\$ 1,165,437	\$ 12,518,093	\$ 11,555,504	\$ 10,580,664
Other Revenue	121%	\$ 347,170	\$ 143,233	\$ 2,148,334	\$ 2,043,503	\$ 1,783,309
Operating Expenses	85%	\$ 1,417,711	\$ 688,747	\$ 11,009,260	\$ 10,174,222	\$ 9,315,670
Debt Service, Interest only	196%	\$ 664,237	\$ 287,226	\$ 2,016,393	\$ 1,997,291	\$ 1,900,739
PILOT Payments	100%	\$ 243,864	\$ 121,932	\$ 1,474,399	\$ 1,353,006	\$ 1,231,075

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 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-Facilities	4 accounts	0						
City of Utica-Tax Levy	Various	199,721	2,309	5,584	2,711	3,037	186,080	
Oneida Realty, LLC	10C 171BK	2,195	0	1,103	40	0	1,052	Posted
Angel & Maria Santana	11D 26	1,471	13	61	28	12	1,357	Posted
Pamela Hamilton	12C 116	1,181	0	306	40	0	835	Posted
Dzevad Dizdarevic	13D 12	1,253	3	401	15	0	834	Posted
Mathew Gaston	14A 101	1,092	3	330	15	0	744	Posted
Paul Kelly	24B 54	1,619	128	27	12	145	1,307	Posted
Mary Vanvalkenburg	33F 142FA	1,825	15	8	744	16	1,042	Posted
Siesta Motel	33J 184	1,384	20	5	336	15	1,008	Pd. \$2,430 in 6/5
GEN, LLC	52B 53	5,119	1,698	1,947	15	1,459	0	Posted
Coolidge MEM, LLC	52B 60	1,605	429	454	15	707	0	Posted
Blackburn Property, LLC	52D 76	1,717	347	385	15	687	283	Posted
Mohawk LLC	56FA 141	6,203	169	168	67	150	5,649	Pre-Posted
Timothy Klotz (see also shut-offs)	35 accounts	12,358	1,045	3,280	261	528	7,244	Post./Coll./Inv.

DELINQUENT ACCOUNTS SHUT-OFF

Travis Bartlett	3D 112	1,713	0	819	18	3	873	Shut-off
William O' Brien	6A 162BK	1,055	7	218	20	5	805	Shut-off
Henry Topolski	8B 35	1,618	13	158	25	10	1,412	Shut-off
Haru Lukac/Renata Vujeva	8C 46BK	3,585	0	165	0	0	3,420	Shut-off
Mauricio & Rina Valle	11C 34	1,235	2	261	15	0	957	Shut-off
Magen Letrende	17B 107	1,141	162	20	0	187	772	Shut-off
Ingrid Grimm	24B 136	2,448	65	38	22	63	2,260	Shut-off
Jose Lozada	26A-61	1,999	60	33	17	95	1,794	Shut-off
9882 River Road Liberty	33A 117	1,368	22	0	310	15	1,021	Shut-off
Raymond DeCarr	4 accounts	1,238	54	133	182	67	802	Shut-off
Sandra Albert	9 accounts	8,328	825	2,375	56	2,128	2,944	Shut-off
Timothy Klotz (also, see above)	4 accounts	4,088	661	332	51	117	2,927	Shut-off
City Delinquents-FY '06		172,539					172,539	
City Delinquents-FY '05		94,381					94,381	
City Delinquents-FY '04		108,591					108,591	
City Delinquents-FY '03		195,050					195,050	
City Delinquents-FY '02		194,476					194,476	
County Delinquents-FY '06		27,984					27,984	
Remaining Accounts		<u>1,210,843</u>	<u>580,613</u>	<u>257,298</u>	<u>80,620</u>	<u>52,432</u>	<u>239,880</u>	Change
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%

Prior Months Receivables:

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%
June, 2005	<u>2,159,947</u>	<u>537,730</u>	<u>151,413</u>	<u>155,973</u>	<u>63,187</u>	<u>1,251,644</u>	-6.85%
May, 2005	<u>2,318,698</u>	<u>629,596</u>	<u>236,704</u>	<u>84,350</u>	<u>80,029</u>	<u>1,288,019</u>	8.07%

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 31, 2006

Two larger –sized customers, Kennedy Plaza Apartments and Windsong Mountain Trailer Park have accumulated unpaid charges of \$17,000 and 7,000, respectively.

Kennedy Plaza has been bankrupt for close to a year and recently been sold to a new owner out of Rochester. The account is anticipated to become in good standing on future charges.

Several meetings with Oneida County officials have been attended by staff to help alleviate health and codes conditions at the park. As a result, Windsong Mountain recently paid a check for \$3,000 which bounced as insufficient funds in the account. MVWA subsequently protested the check where sufficient funds were provided by the bank.

Another meeting has been tentatively set-up to discuss this and other issues with county officials and Trailer Park representatives.

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2006

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Toby Road Tank-Land Purchase	Marcy	80,164	0	0	30,164	50,000	80,164	0
Safety & Security	Water Treatment Plant	30,000	0	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
New Tank	Smith Hill & Pleasant View	0	0	0	22,361	0	22,361	-22,361
Pump Station & Treatment Facility	System Wide	43,000	0	0	10,610	35,000	45,610	-2,610
Pump Station Upgrade	Luke Road	35,000	0	0	44,621	0	44,621	-9,621
Pump Station Upgrade	Valley View	30,000	0	0	37,338	0	37,338	-7,338
Pump Station Upgrade	Pleasant Street	20,000	0	0	16,940	0	16,940	3,060
Other Projects--Reallocated to FY06	System Wide	239,165	0	0	0	0	0	239,165
Fiscal 2003 Budgeted Capital Projects		<u>507,329</u>	<u>0</u>	<u>0</u>	<u>253,731</u>	<u>87,898</u>	<u>341,629</u>	<u>165,700</u>

CAPITAL PROJECTS - FY2004

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Emergency Action Plan	Reservoir	40,000	0	0	40,400	2,000	42,400	-2,400
Cash Investment in Water Disrt.	Whitestown	190,478	0	0	140,478	50,000	190,478	0
Water Quality Monitoring	System Wide	44,000	0	0	39,826	5,000	44,826	-826
Chloramines PILOT Program	System Wide	163,500	0	0	162,244	5,600	167,844	-4,344
Repair/Replace Existing Mains**	Nichols St.	25,500	0	0	35,049	0	35,049	-9,549
Repair/Replace Existing Mains**	Armory Drive	126,000	0	0	28,176	4,000	32,176	93,824
Repair/Replace Existing Mains**	Howard Avenue	76,500	0	0	29,227	2,000	31,227	45,273
Fiscal 2004 Budgeted Capital Projects		<u>665,978</u>	<u>0</u>	<u>0</u>	<u>475,400</u>	<u>68,600</u>	<u>544,000</u>	<u>121,978</u>

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2006

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	0	15,768	3,438,153	3,453,921	-3,921
SCADA-Computer Hardware	System Wide	39,255	0	0	51,186	0	51,186	-11,931
Safety & Security-Tanks & Silo	System Wide	92,600	0	0	61,874	6,769	68,643	23,957
Site Improvements	WTP	89,000	0	0	34,749	0	34,749	54,251
Hydrolic Analysis & GIS Dev.	System Wide	80,000	0	0	36,026	51,627	87,653	-7,653
Main Replacement	New Hartford	90,000	0	0	7,671	82,000	89,671	329
Emergency Generator	City Hall	135,000	0	0	1,125	133,875	135,000	0
Main Replacement	Park Ave., Holland Pat.	93,750	0	0	37,458	56,292	93,750	0
Safety & Security Fencing	System Wide	100,000	0	0	94,095	0	94,095	5,905
Storage Tank #2-Higby Rd	New Hartford	20,000	0	0	17,976	2,024	20,000	0
Engineering Report	System Wide	25,000	0	0	16,058	15,384	31,442	-6,442
Distribution Analysis-Chloramines	System Wide	165,000	9,100	9,100	108,465	65,000	182,565	-17,565
Tank Safety Ladder	Valley View Tank	19,500	0	0	19,500	0	19,500	0
Water Main	Bell Hill Road	73,230	0	0	9,878	0	9,878	63,352
Install Water Mains	Chapman Road	44,000	272	3,488	28,990	0	32,478	11,522
SCADA	System Wide	43,000	0	381	31,341	11,278	43,000	0
Clearwell	WTP	74,500	3,725	3,725	44,700	29,800	78,225	-3,725
Install Water Mains	Henderson St	0	0	0	969	0	969	-969
Meters-System Wide (FY 05)	System Wide	250,000	0	0	85,465	0	85,465	164,535
Hydrants-System Wide (FY 05)	System Wide	45,000	0	0	0	0	0	45,000
Paving-System Wide (FY 05)	System Wide	188,600	0	0	0	0	0	188,600
Fiscal 2005 Budgeted Capital Projects		<u>5,117,435</u>	<u>13,097</u>	<u>16,694</u>	<u>703,294</u>	<u>3,892,202</u>	<u>4,612,190</u>	<u>505,245</u>

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Chemical Feed	WTP	7,500	0	0	7,500	0	7,500	0
Security Protection	WTP	20,000	0	0	20,264	0	20,264	-264
Water Main	Holland Patent	0	0	0	189	0	189	-189
Disinfection BY-Product	Deerfield Tank	0	0	0	354	0	354	-354
Fiscal 2006 Budgeted Capital Projects		<u>27,500</u>	<u>0</u>	<u>0</u>	<u>28,307</u>	<u>0</u>	<u>28,307</u>	<u>-807</u>

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2006

Note: The following projects may have incurred labor, materials and equipment furnished by MVWA (in-house); however, these amounts, if any, have not been recorded to the appropriate projects. Therefore, the overall project cost may not be accurate.

PROJECTS COMPLETED IN FISCAL YEAR 2006

CAPITAL PROJECT	LOCATION	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	ADD'L. COMMITTED	TOTAL EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Storage Tank-Higby Rd	New Hartford	20,000	0	0	17,263	2,000	19,263	737
Pavement of Mains	Dewey Street	7,665	0	0	7,665	0	7,665	0
Pleasant View Tank	Marcy	241,552	0	0	190,742	50,810	241,552	0
Other Security Projects	System Wide	12,700	0	0	3,494	9,206	12,700	0
Site Improvements	WTP	4,130	0	0	4,316	0	4,316	-186
Wall Repair	Southern Reserv.	33,000	0	0	20,652	0	20,652	12,348
Valve Exercising Program	System Wide	15,000	0	0	15,000	0	15,000	0
Cash Investment in Water Disrt.	Whitestown-Contract #5	83,400	0	36,375	0	0	36,375	47,025

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 2 - May 31, 2006

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 06	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	0	463,071	432,431	430,936	433,322
July	0	477,805	476,038	443,310	449,260
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>832,081</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	0	0		1,038,762	1,211,380
July	0	0		1,078,160	1,058,316
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>\$ 2,336,408</u>	<u>\$ 2,130,008</u>		<u>\$12,604,429</u>	<u>\$13,093,045</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 2 - May 31, 2006

REVENUE

- *Metered Water Sales:*

- Quarterly and Monthly Billings – At month 2, water sales is above by \$100,000.

- Overall Sales vs. Prior Year – Water sales are up \$300,000 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 2 - May 31, 2006

	Annual Budget (Cash-Basis)	Year Ended May 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Administration					
Salaries	44,719	48,264	107.93%	(3,545)	Position eliminated in May.
Travel & Vehicle Usage	1,010	0	0.00%	1,010	No travel to date for seminar or conferences.
Contracted Services.-Legal Fees	53,600	29,018	54.14%	24,582	Timing of legal expenses related to ongoing lawsuit.
Finance & Accounting					
Salaries	63,266	63,161	99.83%	105	On track with budget.
Contracted Services	28,050	24,823	88.50%	3,227	Reduction in collection agency charges.
Customer Service					
Salaries	32,534	32,358	99.46%	176	On track w/ budget
Travel	980	67	6.84%	913	Minimal travel to date.
Engineering					
Salaries	75,748	75,474	99.64%	274	On track w/ budget
Contractor Services	7,858	1,667	21.21%	6,191	Timing of transfer switch replacement @ Luke Road emergency generator.
Information Technology					
Salaries	36,506	36,305	99.45%	201	On track w/ budget
Office Equipment	9,200	0	0.00%	9,200	No replacement of computers (workstations) to date.
Supplies	3,800	753	19.82%	3,047	Timing of purchases (i.e.. Toner and paper)
Contracted Services	54,780	8,504	15.52%	46,276	No significant purchases to date under current year budget. Items not spent as scheduled: Software consultant-\$20k; ESRI software-\$8k; coolice software-\$7k.
Training and Education	2,400	0	0.00%	2,400	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 2 - May 31, 2006

	Annual Budget (Cash-Basis)	Year Ended May 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Water Quality					
Salaries	57,986	57,320	98.85%	666	On track w/ budget
Wages	4,530	4,514	99.65%	16	On track w/ budget
Office Equipment	1,500	336	22.40%	1,164	Delay in purchase watershed lab equipment.
Operating Supplies	24,132	14,392	59.64%	9,740	Timing of supplies purchases (e.g. pathogen monitoring CG Kit) = \$10K under budget thru May.
Contracted Services	5,500	125	2.27%	5,375	Items budgeted but not spent--lab equipment-\$2.5k; Regulated Monitoring -\$3k.
Training and Education	1,400	250	17.86%	1,150	Minimal training to date. Expected to increase later in the year.
Repairs	2,000	0	0.00%	2,000	No repairs of lab equipment to date.
Treatment Plant					
Salaries	49,481	49,672	100.39%	(191)	On track w/ budget
Wages	1,880	3,332	177.23%	(1,452)	Part-time WQ position working more than budgeted.
Office Equipment	3,750	0	0.00%	3,750	No purchases to date (i.e.. PH analyzer and sensor).
Operating Supplies	114,987	95,290	82.87%	19,697	Timing of purchases have resulted in budget underrun thru May: soda ash-\$17K; chlorine = \$3K.
Training and Education	1,250	0	0.00%	1,250	Operator training not performed to date.
Plant Repairs	0	3,462	#DIV/0!	(3,462)	Plant repair material.
Permits	1,876	0	0.00%	1,876	SPEDES permit budgeted in May has not occurred.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 2 - May 31, 2006

	Annual Budget (Cash-Basis)	Year Ended May 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
Maintenance					
Salaries	87,392	80,280	91.86%	7,112	Unfilled meter shop supervisor position
Wages	143,436	133,686	93.20%	9,750	Positions being filled by part-timers in anticipation for full-time.
Street Repair Materials	14,284	7,844	54.91%	6,440	Timing of Item # 4 purchases. Purchases were \$2.9K less than the amount budgeted for the month.
Office Equipment	1,650	199	12.06%	1,451	Purchase of office furniture has not occurred .
Small Equipment	4,140	0	0.00%	4,140	Timing of weed eater purchases and other minor tools.
Operating Supplies	69,625	69,146	99.31%	479	Meters procured to date = \$9.6K under budget; this is offset by overruns in: piping purchases-\$5.2K; batteries for hand held radios-\$2.0K; other materials = \$1.9K.
Contracted Services	4,950	7,320	147.88%	(2,370)	Overrun caused by hiring of Railroad inspector = \$6.3K to repair leak in Marcy. Offset by budget underruns in (a) contracted temporary personnel = \$2.0K; (b) all other = \$1.9K.
Training & Education	1,470	40	2.72%	1,430	Training for land management (cutting trees, etc.) has not occurred.
Vehicle & Equip. Repairs	30,618	31,021	101.32%	(403)	On track w/ budget
General Services					
Printing	9,810	210	2.14%	9,600	Timing of water bill and envelopes purchases.
Electricity and Gas	83,000	74,919	90.26%	8,081	Budget underrun in April and May is due to budget estimates based on anticipated higher utility rates.
Postage	11,656	19,743	169.38%	(8,087)	Timing of Postage for mwater bills
Gas & Oil	15,900	19,277	121.24%	(3,377)	Overrun due to timing of diesel fuel purchase. Gasoline purchases
Overtime					
Administration	155	90	58.06%	65	
Finance & Accounting	0	0	0.00%	0	
Customer Service	0	0	0.00%	0	
Engineering	3,000	2,666	88.87%	334	
Info. Technology	5,000	2,621	52.42%	2,379	Services for City of Utica not performed to date
Water Quality	0	0	0.00%	0	
Treatment Plant	8,284	8,713	105.18%	(429)	
Maintenance	26,000	19,372	74.51%	6,628	
Total Overtime	42,439	33,462	78.85%	8,912	

FINANCIAL RATIOS

Month 2 - May 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>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Jan '06</u>	<u>Dec. '05</u>	<u>Avg.-Past Six months</u>
2.03	1.74	1.80	1.75	1.50	1.64	1.78

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>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Jan '06</u>	<u>Dec. '05</u>	<u>Avg.-Past Six months</u>
\$2,538,988	\$2,080,241	\$2,174,165	\$2,095,850	\$1,742,037	\$1,847,864	\$2,246,825

FINANCIAL RATIOS

Month 2 - May 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>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Jan '06</u>	<u>Dec '05</u>	<u>Avg.-Past Six months</u>
80%	80%	80%	81%	81%	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>May '06</u>	<u>April '06</u>	<u>March '06</u>	<u>Feb '06</u>	<u>Jan '06</u>	<u>Dec. '05</u>	<u>Avg.-Past Six months</u>
3.41	1.98	3.38	3.19	2.65	3.41	2.77

FINANCIAL RATIOS

Month 2 - May 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>May ‘06</u>	<u>April ‘06</u>	<u>March ‘06</u>	<u>Feb. ‘06</u>	<u>Jan ‘06</u>	<u>Dec ‘05</u>	<u>Avg.-Past Six months</u>
35.33%	35.30%	35.84%	34.91%	30.22%	26.79%	24.78%

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 2 - May 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).

(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>April 06</u>	<u>April 06</u>	<u>March 06</u>	<u>Feb. 06</u>	<u>Jan. 06</u>	<u>Dec. 05</u>	<u>Avg.-Past Six months</u>
\$35.16	\$38.83	\$35.13	\$35.20	\$34.70	\$35.23	\$35.00

GLOSSARY OF TERMS

Month 2 - May 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 2 - May 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.