

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 2: Month Ended May 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 2 - May 31, 2007

PRODUCTION & CONSUMPTION

All amounts in <u>Cubic Feet</u>	<u>Feb., March, April</u>	<u>Jan., Feb., March</u>	<u>Dec., Jan., Feb.</u>	<u>Average Past 6 Months</u>
Average Water Consumption	42,826,500	43,291,600	41,034,903	45,235,973
Average Water Production	76,055,420	76,162,365	73,007,500	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
May 2007		\$ 1,690,870	\$ 1,391,722	\$ 299,148	
Year-To-Date	\$ 3,147,760	\$ 2,858,865	\$ 2,654,235	\$ 204,630	\$ 3,352,390

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
May 2007		15	(36)	
Year-To Date (Fiscal 2008)	38,757	24	(57)	38,724
Fiscal 2007	38,589	861	(693)	38,757
Fiscal 2006	38,449	573	(433)	38,589

Breakdown of Customer Movement:

- Month to date, 347 final bills were processed of which 290 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

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--continued

Month 2 - May 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.
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	505	8	10	1	1	6	531	20	11	12.3	3.2

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 2 - May 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	TOTAL
April 2007 (Fiscal 2008)	13	96	31	947	8	2	28	10	1,135
Fiscal 2007	325	868	400	10,785	113	68	516	140	13,215

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 2007	\$324,297	\$41,785	\$184,397	\$28,324	\$1,211	\$52,259	\$16,321

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 2 - May 31, 2007

Big Picture

Monthly Water Sales: For the month, billed water sales are above the monthly budget by \$95,000 due to consumption being up primarily in the monthly-billed accounts.

Monthly Consumption: For April, consumption is 1.6 million cubic feet above April '06 (Fiscal 07). In addition, consumption is 600,000 cubic feet above April '05 level. We will continue to monitor consumption for any significant variances.

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2007

Big Picture-continued

Cash Flow: Surprisingly, our cash position is above estimates. I anticipate this will be reduced in the next months.

We will also continue to monitor the impact of legal costs on overall cash into the new 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	MAY 2007	TARGET	ACTUAL
Cash Inflow	\$ 1,300,000	\$ 1,691,000	\$ 2,600,000	\$ 2,859,000
Outflows--				
Transfer to Funds Reserves	\$ -	\$ -	\$ -	\$ -
Personnel Costs	326,000	329,000	652,000	651,000
Reimb. Capital Labor	-	-	-	-
PILOTS	136,000	136,000	272,000	271,000
Debt Service	376,000	376,000	752,000	753,000
Payments to Suppliers	450,000	551,000	900,000	979,000
	1,288,000	1,392,000	2,576,000	2,654,000
Cash Remaining	\$ 12,000	\$ 299,000	\$ 24,000	\$ 205,000

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	Current Year Activity (April 1, 2007 to March 31, 2008)	\$ -
TOTAL		\$ 430,782

COMPTROLLER'S MESSAGE

Month 2 - May 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, 5% of the monthly accounts were estimated; 6% of the quarterly accounts were estimated. (Bruce, I will explain this change and how we calculate the %s.)

Ongoing Initiatives--

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

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2007

BILLING/COLLECTIONS:

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

Fiscal 2008	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
May 2007		\$ 50,591	\$ 28,801	\$ 30,311	
April 2007		\$ 32,120	\$ 36,683	\$ 0	
Year to Date	\$ 150,174	\$ 82,711	\$ 65,484	\$ 30,311	\$ 137,090

Prior Fiscal Years	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
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

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2007

BILLING/COLLECTIONS: (continued)

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

	Prior Month Balance	Customers Added/ Returned From Collections	Customers Paid	Shut-Off	Ending Balance
"Posted" Accounts	529	93	21	1	600

- Month to date, \$199,600 was posted; \$81,904 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.

Date	Last Name	Acct. #	Address	Fee Amt.	Fee Paid	Evidence	Letter Sent	Posted	Shut Off	Status
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 2 - May 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 %	May	April	March	February	January	December
ASSETS							
Cash		\$ 2,976,205	\$ 2,790,403	\$ 2,913,196	\$ 2,886,428	\$ 2,857,276	\$ 2,982,921
Water Sales Receivable, Net		\$ 1,711,616	\$ 1,506,697	\$ 1,491,460	\$ 1,698,972	\$ 1,609,047	\$ 1,549,176
Trust Fund Assets		\$ 24,960,479	\$ 25,363,438	\$ 25,594,333	\$ 25,775,896	\$ 25,377,240	\$ 25,045,669
Utility Long Term Assets, Net		\$ 51,292,283	\$ 50,245,840	\$ 50,192,859	\$ 49,944,944	\$ 49,982,989	\$ 50,004,195
Total Assets		\$ 82,000,698	\$ 81,704,437	\$ 81,904,948	\$ 82,042,949	\$ 81,372,147	\$ 80,870,259
LIABILITIES							
Accounts Payable		\$ 324,297	\$ 483,438	\$ 409,720	\$ 464,104	\$ 476,862	\$ 223,742
Long Term Debt, Principal		\$ 61,835,906	\$ 60,012,322	\$ 60,649,660	\$ 60,801,998	\$ 60,789,336	\$ 61,281,242
Total Liabilities		\$ 63,610,016	\$ 63,966,165	\$ 63,904,386	\$ 64,635,496	\$ 64,416,455	\$ 64,789,631
EQUITY							
Unrestricted Earnings		\$ (164,392)	\$ (580,932)	\$ (314,089)	\$ (907,199)	\$ (979,033)	\$ (1,179,435)
Invested in Utility Plant, Net		\$ 16,131,408	\$ 16,124,408	\$ 16,124,408	\$ 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		\$ 592,231	\$ 590,306	\$ 588,788	\$ 588,788	\$ 332,706	\$ 332,706
Oper. and Maint. Reserve		\$ 428,029	\$ 426,104	\$ 424,586	\$ 424,586	\$ 303,504	\$ 303,504
Repair & Improvement (legislative)		\$ 545,312	\$ 543,387	\$ 541,869	\$ 541,869	\$ 539,099	\$ 539,099
Bond Covenant Reserve		\$ 650,456	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)							
	% of Accum. Budget	2ndt Month FY 2008	1st Month FY 2008	12th Month FY 2007	11th Month FY 2007	10th Month FY 2007	9th Month FY 2007
Water Sales	102%	\$ 2,564,162	\$ 1,307,382	\$ 14,284,962	\$ 13,133,158	\$ 11,899,557	\$ 10,768,823
Other Revenue	96%	\$ 386,404	\$ 135,799	\$ 2,570,662	\$ 2,193,780	\$ 2,086,534	\$ 1,682,000
Operating Expenses	82%	\$ 1,410,985	\$ 797,053	\$ 9,669,829	\$ 9,228,704	\$ 8,434,953	\$ 7,575,990
Debt Service, Interest only	100%	\$ 597,494	\$ 330,403	\$ 1,458,313	\$ 1,445,773	\$ 1,434,973	\$ 1,434,973
PILOT Payments	100%	\$ 298,349	\$ 135,486	\$ 1,458,788	\$ 1,323,303	\$ 1,200,317	\$ 1,076,353

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 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 +
Parks and Facilities-City of Utica	6 accounts		-						
City Owned Properties -Utica	Various	City Owned Properties -Utica	222,017	30	3,446	3,887	5,374	6,315	202,965
Arthur Randazzo	1E 152	11 Noyes Street, Utica	1,190	-	2	410	15	365	398
Beverly Blum	5C 54	920 Haak Avenue, Utica	1,259	-	6	532	22	112	587
Thornberry's	8B 55	1011 King Street, Utica	1,052	-	6	240	24	144	638
Juan Jimenez	12C 162	1501 Dudley Street, Utica	1,019	-	222	-	18	779	-
Jessencia Gonzalez	14F 72	1153 Hoover Avenue, Utica	1,371	-	571	40	-	697	63
Coolidge Rutger, LLC	15A 101A	7 Rutger Park, Utica	1,045	-	539	15	476	15	-
West Canada Properties	16D 95	735 Blandina Stret, Utica	1,225	-	51	40	115	-	1,019
Desdery Masao	17D 69	520 Kosouth Ave. Utica	1,065	25	10	25	48	87	870
Nexmet Ilmic	18A 128	518 Wetmore Street, Utica	1,004	-	245	15	264	40	440
Heritage Acres	22G 66	Birchdale Rd. Utica	1,639	-	799	15	810	15	-
Heritage Acres	37A 84	Birchdale Rd. Utica	1,695	15	-	1,680	-	-	-
Heritage Acres	37A 95	Birchdale Rd. Utica	2,927	15	8	1,017	15	-	1,872
Heritage Acres	37A 95A	Birchdale Rd. Utica	1,936	15	-	1,832	15	-	74
Valleybrook Motel	27P 69	8463 Seneca Turnpike, NH	1,129	580	40	-	494	15	-
J & J Properties	33A 108	9797 River Road, NH	1,397	40	-	267	1,090	-	-
Brenda Conway	33D 74	9163 Jones Road, Marcy	1,050	15	6	6	251	4	768
Frank E. Debiase, Jr.	33E 99A	9315 Fishlane, Marcy	1,901	15	-	-	411	-	1,475
Claudia Loy	37C 15AA	356 Windfall Road, Utica	1,066	15	7	207	28	7	802
Fountainhead Group	56DC 58	23 Garden St. NY Mills	2,713	40	989	1,040	644	-	-
Timothy Klotz (see also shut-offs)	28 accounts	Multiple accounts listed seperately	10,764	164	2,314	1,651	1,499	2,338	2,798

DELINQUENT ACCOUNTS SHUT-OFF

Christina Dole	5E 102	P.O.Box 37 Remsden, 13438	1,280	-	2	893	18	84	283
Hari Lukac/Renata Vujeva	8C 46BK	17 Clinton Place, Utica	4,257	-	-	176	-	165	3,916
Kim Tuy	10E 112	134-36 Elmwood St. Utica	3,712	-	3,376	25	15	90	206
Timothy Lee	11F 164	1411 Howard Avenue, Utica	1,131	-	158	3	21	308	641
Francis Zongrone	13A 13	1610 Gibson Road, Utica	3,492	-	3,093	2	19	116	262
Ingrid Grimm	24B 136	37 Pratt Street, Clark Mills	3,009	44	43	28	102	41	2,751

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 31, 2007

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+
<u>DELINQUENT ACCOUNTS SHUT-OFF</u>									
9882 River Road Realty	33A 117	9882 River road, NH	1,199	15	4	4	377	-	799
Dorothey Mae Weir	37A 102	2017 State, Route 5, Utica	1,386	15	-	1,323	-	-	48
Tartan Textile Serv.	55B 29	311-15 Whitesboro Street, Utica	5,694	15	962	977	1,889	930	921
Timothy Klotz (also, see above)	6 accounts	Multiple accounts listed seperately	1,605	-	343	146	204	757	155
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			21,578	-	-	-	-	-	21,578
City of Utica Delinquents-FY '04			101,787	-	-	-	-	-	101,787
City of Utica Delinquents-FY '03			137,869	-	-	-	-	-	137,869
City of Utica Delinquents-FY '02			196,000	-	-	-	-	-	196,000
Oneida County Delinquents-FY '06			27,984	-	-	-	-	-	27,984
Oneida County Delinquents-FY '07			4,618	-	-	-	-	-	4,618
Remaining Accounts			1,370,442	488,110	272,973	175,510	136,293	78,884	218,672
May, 2007			<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>
Prior Months Receivables:									
April, 2007			<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>
March, 2007			<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>	
February, 2007			<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>	
January, 2007			<u>2,399,983</u>	<u>686,386</u>	<u>162,340</u>	<u>121,975</u>	<u>140,385</u>	<u>1,288,897</u>	
December, 2006			<u>2,324,650</u>	<u>543,985</u>	<u>224,756</u>	<u>192,756</u>	<u>92,200</u>	<u>1,270,953</u>	
November, 2006			<u>2,431,002</u>	<u>711,597</u>	<u>258,271</u>	<u>135,084</u>	<u>68,585</u>	<u>1,257,465</u>	
October, 2006			<u>2,318,544</u>	<u>719,644</u>	<u>194,147</u>	<u>87,351</u>	<u>128,356</u>	<u>1,189,046</u>	
September, 2006			<u>2,292,431</u>	<u>628,857</u>	<u>232,531</u>	<u>117,426</u>	<u>56,697</u>	<u>1,256,920</u>	
August, 2006			<u>2,287,325</u>	<u>612,805</u>	<u>249,745</u>	<u>114,533</u>	<u>60,521</u>	<u>1,249,721</u>	
July, 2006			<u>2,368,888</u>	<u>682,512</u>	<u>191,817</u>	<u>89,614</u>	<u>158,625</u>	<u>1,246,320</u>	
June, 2006			<u>2,407,580</u>	<u>661,601</u>	<u>201,844</u>	<u>200,139</u>	<u>47,516</u>	<u>1,296,480</u>	
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>	
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>	

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2007

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED
Toby Road Tank-Land Purchase	Marcy	25,000	0	0	2,500	0	2,500
Toby Road Tank	Marcy	80,164	0	0	30,164	50,000	80,164
Safety & Security	Water Treatment Plant	30,000	0	0	24,067	2,898	26,965
New Tank--Pre-Design	Airport Industrial Park	30,000	0	0	67,630	0	67,630
Pump Station & Treatment Facility	System Wide	43,000	0	0	10,610	32,390	43,000
Fiscal 2003 Budgeted Capital Projects		<u>183,164</u>	<u>0</u>	<u>0</u>	<u>132,471</u>	<u>85,288</u>	<u>217,759</u>

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED
Verona/Airport Tank & Mains	Verona/OC Airport	3,450,000	0	0	66,926	3,383,074	3,450,000
SCADA-Computer Hardware	System Wide	39,255	0	0	51,186	0	51,186
Hydrolic Analysis & GIS Dev.	System Wide	80,000	0	0	60,516	19,484	80,000
Main Replacement	New Hartford	90,000	0	0	7,671	82,000	89,671
Emergency Generator	City Hall	135,000	1,638	1,638	1,125	133,875	136,638
Main Replacement	Park Ave., Holland Pat.	93,750	0	0	37,458	54,654	92,112
Storage Tank #2-Higby Rd	New Hartford	20,000	0	0	24,197	0	24,197
Distribution Analysis-Chloramines	System Wide	165,000	0	0	154,037	10,000	164,037
Tank Safety Ladder	Valley View Tank	19,500	0	0	19,500	0	19,500
Install Water Mains	Chapman Road	44,000	0	0	35,751	0	35,751
SCADA	System Wide	43,000	733	1,142	33,919	7,939	43,000
Clearwell	WTP	3,174,500	342,442	342,442	145,515	11,175	499,132
Fiscal 2005 Budgeted Capital Projects		<u>7,354,005</u>	<u>344,813</u>	<u>345,222</u>	<u>637,801</u>	<u>3,702,201</u>	<u>4,685,224</u>

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 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
Chemical Feed	WTP	7,500	0	0	7,500	0	7,500
Security Protection	WTP	20,000	0	0	20,264	0	20,264
Water Main	Holland Patent	90,000	0	0	21,206	68,794	90,000
Disinfection BY-Product	Deerfield Tank	6,500,000	8,767	8,767	324,342	6,166,891	6,500,000
Main Replacement	Commercial Drive	30,000	0	0	21,287	0	21,287
Main Replacement	Leah St.	51,600	0	0	23,056	0	23,056
Main Replacement	Sherman Drive & Tilden Ave	14,000	0	0	4,447	7,273	11,720
		6,713,100	8,767	8,767	422,102 0	6,242,958	6,673,827

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
Corrosion Compliance Study	System Wide	180,000	18,546	19,882	64,110	96,008	180,000
Main Replacement	Church St.	22,000	0	0	45,668	0	45,668
Main Replacement	York St.	33,440	3,100	3,100	17,271	0	20,371
Pump Station	Cascade Drive, NH	180,000	0	0	937	0	937
System Improve.-WQ and Turnover	Sytem Wide	300,000	0	0	1,959	0	1,959
GIS & Hydrolic Modeling	Sytem Wide	400,000	35,119	35,119	269,874	0	304,993
WTP GAC PILOT Testing	WTP	35,000	8,750	8,750	0	0	8,750
Fiscal 2007 Budgeted Capital Projects		1,234,440	83,049	84,385	1,195,053	12,513,130	13,792,568

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 2 - May 31, 2007

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 08	FISCAL 07	FISCAL 06	FISCAL 05	FISCAL 04
April	432,019	419,898	421,158	436,874	438,082
May	428,265	412,183	433,169	433,732	437,133
June	0	483,811	463,071	432,431	430,936
July	0	434,748	477,805	476,038	443,310
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	<u>0</u>	<u>410,322</u>	<u>400,517</u>	<u>427,874</u>	<u>436,128</u>
Total	<u>860,284</u>	<u>5,309,814</u>	<u>5,398,746</u>	<u>5,368,949</u>	<u>5,419,130</u>

MONTHLY WATER BILLINGS:

	FISCAL 2008			FISCAL 2007	
	Billings	Cash Receipts	Customer Routes Read	Billings	Cash Receipts
April	\$ 1,318,493	\$ 1,019,228	1-23; 75-77	\$ 1,167,491	\$ 774,267
May	1,277,933	1,487,995	24-42; 58; 75-77	1,168,917	1,303,161
June	0	0		1,205,518	1,077,589
July	0	0		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	<u>0</u>	<u>0</u>		<u>1,156,992</u>	<u>1,364,942</u>
Total	<u>\$2,596,426</u>	<u>\$2,507,223</u>		<u>\$14,415,394</u>	<u>\$14,262,776</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 2 - May 31, 2007

REVENUE

- *Metered Water Sales:*
 - Quarterly and Monthly Billings – For the month, water sales is above by \$91,000 compared to the prior year.
 - Overall Sales vs. Prior Year – Water sales are up \$144,000 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* –Termination of services, miscellaneous income and inspection of new mains are below estimates.

MAJOR EXPENSE ACCOUNT ANALYSIS

Month 2 - May 31, 2007

	Year-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-May 31, 2007 (Accrual-Basis)			
Administration					
Salaries	46,254	44,314	95.81%	1,940	Compt. Contract outstanding
Contracted Services	9,600	16,716	174.13%	(7,116)	Timing of advertising costs-\$4.9K. Timing of spring newsletter = \$2.9K charged in May.
Finance & Accounting					
Salaries	65,528	65,920	100.60%	(392)	New Mtr. Reader hired/ transferring other staff to open yard pos.
Contracted Services	36,135	38,511	106.58%	(2,376)	Lock-box & credit card charges unfavorable.
Training & Education	0	2,264	0.00%	(2,264)	Timing of training meter readers on hand held units.
Engineering					
Salaries	78,774	79,867	101.39%	(1,093)	Cashed-in one week's vacation, per contract.
Contractor Services	7,014	17,728	252.75%	(10,714)	Tap card field management system = \$13K offset by State Grant received in FY 2007. Will capitalize once complete.
Training and Education	1,000	0	0.00%	1,000	NASTT (Trenching Conference) attendance has been postponed till summer.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 2 - May 31, 2007

	Year-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	
	Budget (Cash-Basis)	Actual-May 31, 2007 (Accrual-Basis)			
Information Technology					
Operating Supplies	5,050	1,811	35.86%	3,239	Timing of purchases (ie, paper and toner).
Contracted Services	41,591	24,250	58.31%	17,341	Timing of pending charges : a) software licensing = \$11.6K; b) maintenance agreement (ie., Cool Ice) = \$7K.
Water Quality					
Office Equipment	1,580	3,315	209.81%	(1,735)	Convection oven purchased in May, 2007 but budgeted in prior year = \$2.8K..
Office Materials	5,750	3,574	62.16%	2,176	Annual Water Quality report was budgeted for \$5.5K but actual charges = \$3.5K.
Operating Supplies	23,990	8,383	34.94%	15,607	Timing of purchases : Pathogen Monitoring (C&G Kit) = \$11.4K; toxicity testing = \$2K
Contracted Services	4,500	91	2.02%	4,409	The following work has not been performed to date as budgeted: a) maintenance service of lab equipment = \$2.5K; b) regulated monitoring = \$2K.
Treatment Plant					
Wages	1,846	4,653	252.04%	(2,807)	Unfavorable variance caused by a part-time employee was needed to work full-time. This trend should not continue in the future as a retiring employee's position will not be replaced.
Operating Supplies	124,623	105,753	84.86%	18,870	Timing of chemicals purchases: soda ash = \$20K;

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 2 - May 31, 2007

	Year-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	
	Budget (Cash-Basis)	Actual-May 31, 2007 (Accrual-Basis)			
Maintenance					
Salaries	82,888	80,038	96.56%	2,850	Meter serviceman out on workman's compensation during April.
Wages	143,159	129,548	90.49%	13,611	Unfilled postions currently being filled.
Operating Supplies	22,226	16,188	72.83%	6,038	Timing of purchases: a) clamps, couplings, adaptors, etc.; b) batteries c) herbacides; hand tools
Vehicle & Equip. Repairs	25,500	18,162	71.22%	7,338	Repairs to hydrogenerators not needed to date = \$4K. Other repairs on vehicles/equipment less than anticipated = \$7K (ie, trailers, backhoes,
General Services					
Electricity and Gas	78,665	84,613	107.56%	(5,948)	Budget overrun attributed to 4 electric space heaters added to Pleasant St. location,
Gas & Oil	25,630	30,715	119.84%	(5,085)	Unfavorability caused by a \$10K prepaid reserve established in April, 2007.
Overtime					
Finance & Accounting	0	1,075	0.00%	(1,075)	
Engineering	3,092	3,442	111.32%	(350)	
Info. Technology	2,000	601	30.05%	1,399	Minimal work performed in connection with the testing of a new billing system.
Treatment Plant Maintenance	8,562	7,291	85.16%	1,271	
	32,000	30,021	93.82%	1,979	
Total Overtime	45,795	42,861	93.59%	3,961	

FINANCIAL RATIOS

Month 2 - May 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>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Jan. '07</u>	<u>Dec. '06</u>	<u>Avg.-Past Six months</u>
1.60	1.68	1.85	1.79	1.81	1.81	1.99

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 '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb '07</u>	<u>Jan '07</u>	<u>Dec '06</u>	<u>Avg.-Past Six months</u>
\$2,112,516	\$2,426,486	\$2,769,913	\$2,739,490	\$2,635,678	\$2,562,885	\$2,845,171

FINANCIAL RATIOS

Month 2 - May 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>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb '07</u>	<u>Jan '07</u>	<u>Dec'06</u>	<u>Avg.-Past Six months</u>
78%	78%	78%	78%	79%	75%	76%

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 '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Jan. '07</u>	<u>Dec. '06</u>	<u>Avg.-Past Six months</u>
3.30	2.28	3.86	2.70	2.50	2.89	4.02

FINANCIAL RATIOS

Month 2 - May 31, 2007

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

A. UNACCOUNTED FOR WATER RATIO

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

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

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

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

• Firefighting	2.50%	<u>Comment:</u> 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.
• Construction	.01%	
• Street Cleaning	.02%	
• Flushing	.001%	
• Main Breaks	1.50%	
• Meter Under-Registration	5.64%	
TOTAL	9.67%	

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

<u>May ‘07</u>	<u>April ‘07</u>	<u>March ‘07</u>	<u>Feb. ‘07</u>	<u>Jan. ‘07</u>	<u>Dec ‘06</u>	<u>Nov ‘06</u>	<u>Avg.-Past Six months</u>
36.28%	34.31%	32.40%	32.40%	27.91%	27.68%	27.20%	28.24%

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, 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>May '07</u>	<u>April '07</u>	<u>March '07</u>	<u>Feb. '07</u>	<u>Jan. '07</u>	<u>Dec. 06</u>	<u>Avg.-Past Six months</u>
\$39.67	\$34.31	\$37.11	\$35.93	\$37.84	\$38.11	\$32.89

GLOSSARY OF TERMS

Month 2 - May 31, 2007

1) Three Traditional Financial Statements:

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

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

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

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

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

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

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

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

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

GLOSSARY OF TERMS

Month 2 - May 31, 2007

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

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

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