

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 2: Month Ended May 31, 2008

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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Table of Contents

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)	1
COMPTROLLER'S MESSAGE	3
CURRENT CUSTOMER SERVICE ACTIVITY	5
SIGNIFICANT DELINQUENT RECEIVABLE BALANCES	7
WORK IN PROCESS—CAPITAL PROJECTS	9
MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS	11
FINANCIAL RATIOS	16
GLOSSARY OF TERMS	20

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 2 - May 31, 2008

PRODUCTION & CONSUMPTION

All amounts in <u>Cubic Feet</u> (1 cubic foot=7.481 gallons.)	February, March, April 2008	January, February, March 2008	December, January, February 2008	Average Past 6 Months
Average Water Consumption	40,592,654	41,800,356	41,259,588	44,447,300
Average Water Production	72,757,963	74,727,525	74,954,782	79,658,116

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 2008		\$ 1,737,186	\$ 1,400,836	\$ 336,351	
Year-To-Date	\$ 4,165,197	\$ 2,854,458	\$ 2,684,648	\$ 169,811	\$ 4,335,008

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts/ Moved into Area	Moved Out of Svs. Area	Ending Balance
May 2008		47	(15)	
Year-To Date (Fiscal 2009)	38,914	77	(26)	38,965
Fiscal 2008	38,877	497	(460)	38,914
Fiscal 2007	38,589	981	(693)	38,877
Fiscal 2006	38,449	573	(433)	38,589

Breakdown of Customer Movement:

- For fiscal 2008, 2,332 final bills were processed of which 2,070 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, 2008

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 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
Year-To-Date	293	7	16	5	1	0	322	23	4	16.1	4.0

Note: At least two meter reading staff (certain days more staff) were used to execute shut-off of properties that had previously been posted for non-payment. This was an effort to catch-up on an increasing backlog. Once the back-log is addressed, meter readers will continue to execute shut-offs allowing the troubleshooter staff (previously responsible for shutting-off properties) time to fulfill other duties. It is anticipated that the number of meter replacements will drop as a result of this additional workload for designated meter repair staff.

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 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 2 - May 31, 2008

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

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 2008	\$577,786	\$95,274	\$20,480	\$143,001	\$26,717	\$40,843	\$251,471

Useful Information To Know: (UPDATED for 2008-2009 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.

Big Picture

Water Sales and Consumption:

For May, consumption is very consistent with May '07 consumption. Monthly consumption saw a slight increase compared to the prior year and to the prior month. Accumulated consumption is 4 million cubic feet below last year.

The reduction occurred in April and consisted of both quarterly and monthly consumption being less than the prior year. Quarterly consumption was down in April due primarily to the correction of estimated or leaking customer accounts over the year. Monthly consumption was down in April because several large employers have been using less water over the previous year. For April, revenue was down by \$100,000 compared to April of last year primarily because of the drop in consumption among larger businesses. (Midstate, Faxton Hospital and St. Elizabeth's)

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2008

Big Picture-continued

Cash Flow: Cash flow has recovered following a deficit in April. April activity is due in large part to the closing process at year-end. Billing is delayed (10 days) while year-end reporting and reconciliation is performed. Cash receipts somewhat surge in May because of receipts from the late billing. However, cash inflow remains approximately \$200,000 short of target collections. Payouts are on track with estimates.

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

	MONTHLY ACTIVITY		YEAR-TO-DATE ACTIVITY	
	TARGET	MAY 2008	TARGET	ACTUAL
Cash Inflow	\$ 1,500,000	\$ 1,737,000	\$ 3,000,000	\$ 2,854,000
Outflows--				
Transfer to Funds Reserves	\$ -	\$ -	\$ -	\$ -
Personnel Costs	328,000	323,000	656,000	642,000
PILOTS	132,000	132,000	264,000	265,000
Debt Service	399,000	399,000	752,000	798,000
Anticipated Bonding	41,667	41,667	83,334	83,334
Payments to Suppliers	500,000	546,000	1,000,000	980,000
	1,400,667	1,441,667	2,755,334	2,768,334
Cash Remaining	\$ 99,333	\$ 295,333	\$ 244,666	\$ 85,666

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	\$ 406,370
2009	DECLARATORY JUDGMENT ACTIVITY (April Activity)	\$ 11,707
TOTAL		\$ 837,152

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2008

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, 7.4% of the monthly accounts were estimated. This is compared to 5.6% from the previous month; 4.3% of the quarterly accounts were estimated. This is down from 6.5% in February (The prior time this area was billed).

- The training of meter staff to change-out the "guts" or registers of larger size meters as part of a large meter maintenance program.

BILLING/COLLECTIONS:

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

Fiscal 2009	Beginning Balance	Sent to Collections	Amount Collected	Returned From Collections	Ending Balance
May 2008		\$ 0	\$ 0	\$ 0	
April 2008		\$ 65,952	\$ 0	\$ 0	
Year to Date	\$ 7,219	\$65,952	\$ 0	\$ 0	\$ 73,171

Note: The \$65,952 in delinquent accounts sent to collections consists of all accounts that were previously shut-off. These are accounts that were held back from re-levy for various reasons. A detail list can be provided.

Prior Fiscal Years		Sent to Collections	Amount Collected	Returned From Collections	
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	

COMPTROLLER'S MESSAGE

Month 2 - May 31, 2008

BILLING/COLLECTIONS: (continued)

Shut-Offs

Please see a summary update in your monthly packet by Steve Gassner on the shut-off project. Approximately 800 accounts "posted" for non-payment were addressed from a listing of back-logged work orders.

- 50% have paid either prior or during shut-off
- Approximately ¼ have been shut-off. A portion remain shut-off
- Approximately ¼ of the properties need special attention—(i.e., locating , digging, repair cur box)

TAMPERING ISSUES:

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

There are no outstanding issues or accounts as of April, 2008.

TAMPERING 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—Fine and/or misdemeanor assessed by Court. Case will be removed the following month.

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 31, 2008

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	20 accounts	Parks / Recreations / etc.	7,889	453	1,265	294	603	597	4,677	
Joseph McHarris	1F 43	1637 Sunset Ave. NH	1,229	-	5	317	15	325	567	Posted
William Schram	3F 8	512 Henry Street, Utica	1,404	25	9	280	27	202	861	Collection
George Bassett	4C 133	720 Roberts Street, Utica	1,087	25	9	71	28	78	876	Collection
Mohamed Kewitta	5F 122	1230 Court Street, Utica	1,163	25	110	6	22	392	608	Collection
Mohammed Hashim	6A 105	1109 Court Street, Utica	1,273	25	312	5	25	206	700	Collection
Angel Rios	7D 20	424 French Road, Utica	2,151	25	122	16	45	188	1,755	Collection
Lawrence Spada, III	8E 68	125 Thomas Street, Utica	1,127	-	287	4	22	260	554	Posted
Sapi Dussi	10D 8	1309-13 Oneida Street, Utica	1,477	-	171	7	29	188	1,082	Posted
Hidalgo Diaz	10F 86	1506 Steuben Street, Utica	1,342	25	297	-	17	987	16	Posted
Stanley Truax	11F 82	1640 Neilson Street, Utica	1,327	-	87	4	23	403	810	Posted
Donald Shaub	11G 97	1308 Dudley Avenue, Utica	1,603	-	303	3	19	231	1,047	Posted
Phoroth Chun Kim	12A 16A	311 Arthur Street, Utica	1,136	-	206	4	22	258	646	Posted
Ariste Accede	12A 142	1547 Neilson St. Utica	1,236	25	10	-	1,176	10	15	Collection
Freda Lewis	13B 10	228 Eagle Street, Utica	1,157	-	198	7	29	56	867	Posted
SueAnn Stevens	13C 102	1139 Seymour Avenue, Utica	1,353	-	164	9	33	129	1,018	Posted
Virgilio & Ledi Suncar	13E 63	1131-33 Miller Street, Utica	1,349	-	202	8	31	159	949	Posted
Magnus Ogunswano	15F 137A	707 John Street, Utica	1,636	-	1,546	15	56	17	2	Posted
Booker Wilson	15F 138	705 John Street, Utica	2,248	-	472	15	1,761	-	-	Posted
Sammang Phou	16E 56	705 Elizabeth Street, Utic	1,128	218	8	22	65	21	794	Posted
Sopha Hang	17C 97	519 Jefferson St (1 Fl) Utica	1,021	138	7	21	135	19	701	Posted
Sopha Hang	17C 98	519 Jefferson St (2 Fl) Utica	1,041	128	8	22	65	21	797	Posted
Lloyd Barth	17D 23	612 Kassouth Street, Utica	1,997	314	9	16	751	17	890	Posted
Clotario Saporetti	17D 93	830 Bleeker Street, Utica	1,163	122	10	23	67	21	920	Collection
Celestino Montoya	17F 63	1007 Rutger Street, Utica	1,173	116	8	21	252	19	757	Posted
Ingrid Grimm	24B 136	37 Pratt Street, Clark Mills	3,647	72	49	34	117	47	3,328	Collection
Ron Dobrzanski	24C 28	7815 State Rte. 5, Clinton	1,168	83	20	5	216	17	827	Posted
Timothy Tallman	27C 55	40 Jordan Rd. New Hartford	2,061	133	262	18	-	-	1,648	Posted
Lucille Halpin	30B 159	208 Main Street, Whitesboro	1,048	25	22	7	173	5	816	Collection
Anthony Nassar	33A 77	9835 River Road, Utica	1,236	15	5	7	274	2	933	Posted
Phillip Aiello	33F 64H	7504 Alvord Road, Stittville	1,379	40	-	-	1,288	-	51	Collection
Coolidge Mem. LLC	52B 60	106 Memorial Pkwy	2,948	40	484	499	972	479	474	Posted
T. Klotz (also, see shut-offs)	24 accounts	See separate attachment	11,261	389	2,966	668	811	1,427	5,000	Posted

MOHAWK VALLEY WATER AUTHORITY

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 2 - May 31, 2008

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 +	A cct. Status
DELINQUENT ACCOUNTS SHUT-OFF										
Kim Willie	10E 110	128 Elmwood Pl Utica	1,444	-	1,049	-	15	380	-	Shut-off
William Hawkins	11B 118	1210 Steuben St. Utica	2,170	-	54	-	15	101	2,000	Shut-off
Thach Buon Bopha Suno	11E 34	1502 Howard Avenue, Utica	1,220	-	60	4	23	563	570	Shut-off
Jim Spratt	11E 150	1507 Miller Street, Utica	1,427	-	65	3	20	242	1,097	Shut-off
M of M Inc.	11G 69	1318 Brinckerhoff Ave (1 Flr)	2,346	-	880	9	33	320	1,104	Shut-off
Darlene Clark	13D 148	1546 Vincent Street, Utica	2,747	-	512	8	30	1,250	947	Shut-off
Marco Gonzales	13F 61	1124 Dudley Ave. Utica	1,070	-	63	9	32	56	910	Shut-off
Robert McMurray	33G 18	5934 Cavanaugh Rd. Marcy	1,540	15	9	9	297	-	1,210	Shut-off
Victor Rodriguez	33G 82	6373 Cavanaugh Rd. Marcy	1,435	15	9	9	240	5	1,157	Shut-off
1B Property Holdings	55A 6	807 Broad St. Utica	4,719	15	643	404	2,309	376	972	Shut-off
Fay St. Warehouse	55A 9A	825-27 Broad Str. Utica	1,542	25	186	56	756	37	482	Shut-off
T. Klotz (also, see above)	7 accounts	See separate attachment	1,203	25	360	138	171	451	58	Shut-off
City of Utica Delinquents-FY '08			144,257	-	-	-	-	-	144,257	
City of Utica Delinquents-FY '07			108,057	-	-	-	-	-	108,057	
City of Utica Delinquents-FY '06			59,808	-	-	-	-	-	59,808	
City of Utica Delinquents - Prior Years			1,208,605	-	-	-	-	-	1,208,605	
Oneida County Delinquents - FY '08			593	-	-	-	-	-	593	
Oneida County Delinquents - Prior Years			51,426	-	-	-	-	-	51,426	
Village Delinquents - FY '08			6,871	-	-	-	-	-	6,871	
Village Delinquents - Prior Years			88,293	-	-	-	-	-	88,293	
Remaining Accounts			1,338,090	622,324	278,817	96,562	125,415	78,816	136,156	Change
May, 2008			<u>3,094,321</u>	<u>624,880</u>	<u>292,340</u>	<u>99,639</u>	<u>138,525</u>	<u>89,378</u>	<u>1,849,559</u>	-2.06%
April, 2008			<u>3,159,354</u>	<u>842,556</u>	<u>72,923</u>	<u>112,417</u>	<u>186,905</u>	<u>63,730</u>	<u>1,880,823</u>	8.54%
March, 2008			<u>2,910,761</u>	<u>538,526</u>	<u>118,355</u>	<u>139,933</u>	<u>167,476</u>	<u>45,127</u>	<u>1,901,344</u>	-5.46%
April, 2007			<u>3,342,684</u>	<u>839,859</u>	<u>86,043</u>	<u>114,146</u>	<u>176,871</u>	<u>76,527</u>	<u>2,049,238</u>	6.05%

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2008

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Toby Road Tank	Marcy	105,164	0	0	33,914	33,914	71,250
Fiscal 2003 Budgeted Capital Projects		105,164	0	0	33,914 0	33,914	71,250

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Verona/Airport Tank & Mains	Verona/OC Airport	3,450,000	0	0	177,137	177,137	3,272,863
Emergency Generator	City Hall	135,000	0	0	2,763	2,763	132,237
SCADA-All Phases	System Wide	132,255	12,602	13,114	63,655	76,769	55,486
Clearwell	WTP	4,174,500	10,190	10,190	4,032,229	4,042,419	132,081
Fiscal 2005 Budgeted Capital Projects		7,891,755	22,792	23,304	4,275,784	4,299,088	3,592,667

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Water Main	Holland Patent	90,000	580	580	58,308	58,888	31,112
Tank-10m Gallon	Deerfield Tank	5,500,000	10,043	10,043	5,158,566	5,168,609	331,391
		5,590,000	10,623	10,623	5,216,874 0	5,227,497	362,503

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 2 - May 31, 2008

CAPITAL PROJECTS - FY2007

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Corrosion Compliance Study	System Wide	180,000	2,520	3,617	154,947	158,564	21,436
Main Replacement	York St., Utica	33,440	0	0	82,887	82,887	-49,447
Pump Station	Cascade Drive, NH	2,500	0	0	1,325	1,325	1,175
System Improve.-WQ and Turr	System Wide	300,000	0	0	22,300	22,300	277,700
GIS & Hydraulic Modeling	System Wide	400,000	0	0	488,246	488,246	-88,246
Main Replacement/Crossings	Holland Patent	54,310	0	0	53,310	53,310	1,000
Ladder Safety/ Security	WTP-Backwash Tank	38,000	0	0	0	0	38,000
Water Tank	Smith Hill, Deerfield	600,000	0	0	975	975	599,025
Water Tank	Marcy Reservoir	3,600,000	0	0	12,029	12,029	3,587,971
Canal Crossing	Marcy	1,000,000	0	0	7,822	7,822	992,178
Activated Carbon PILOT	WTP	35,000	5,250	5,250	33,600	38,850	-3,850
Main Extension	Mason Road	14,000	4,914	4,914	6,151	11,065	2,935
Safety/Security/Equipment	System Wide	12,000	0	0	0	0	12,000
Security Surveillance Projects	System Wide	20,000	0	0	0	0	20,000
Leak Detection-Phase IV-VI	System Wide	85,000	0	0	19,032	19,032	65,968
Emergency Intake Valve	WTP	124,000	0	0	124,000	124,000	0
3rd Raw Water Intake Line-De	WTP	20,000	0	0	7,500	7,500	12,500
In-Line Hydro Generation Stud	WTP	11,000	0	0	3,013	3,013	7,987
Fiscal 2007 Budgeted Capital Projects		<u>6,529,250</u>	<u>12,684</u>	<u>13,781</u>	<u>11,392,577</u>	<u>11,427,024</u>	<u>6,192,226</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 2 - May 31, 2008

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 09	FISCAL 08	FISCAL 07	FISCAL 06	FISCAL 05
April	422,417	432,019	419,898	421,158	436,874
May	427,566	428,265	412,183	433,169	433,732
June	0	449,886	483,811	463,071	432,431
July	0	441,659	434,748	477,805	476,038
August	0	510,472	475,336	514,883	469,873
September	0	493,270	481,683	513,111	449,233
October	0	446,832	436,160	469,375	529,942
November	0	453,228	472,410	474,227	424,247
December	0	403,309	451,290	424,902	426,796
January	0	404,724	397,180	407,949	409,415
February	0	430,673	434,793	398,579	452,494
March	0	421,810	410,322	400,517	427,874
Total	<u>849,983</u>	<u>5,316,147</u>	<u>5,309,814</u>	<u>5,398,746</u>	<u>5,368,949</u>

MONTHLY WATER BILLINGS:

	FISCAL 2009			FISCAL 2008	
	Billings	Cash Receipts	Reading Areas	Billings	Cash Receipts
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	0	0		1,310,916	1,180,125
July	0	0		1,310,354	1,337,397
August	0	0		1,459,484	1,375,328
September	0	0		1,396,332	1,188,049
October	0	0		1,363,214	1,896,068
November	0	0		1,339,290	1,221,617
December	0	0		1,208,607	1,414,089
January	0	0		1,260,075	1,261,182
February	0	0		1,281,830	1,249,834
March	0	0		1,247,605	1,417,892
Total	<u>\$ 2,682,975</u>	<u>\$ 2,606,785</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 2 - May 31, 2008

REVENUE

- *Metered Water Sales:*

Monthly Billing--Quarterly and Monthly Accounts – For May, water sales (\$\$) has rebounded slightly above the prior year by \$35,000. Several cycles (series of accounts) were billed in May that should have been billed in April. This was due primarily to the 10-day billing closing of the prior year and billing procedure changes.

- *System Charge*” – over (May and June together), both quarterly billed and monthly billed system charges are relatively consistent with budget.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –For the first month, penalties are slightly below budget estimates. Unpaid bill fees are on track with budget estimates. Cash collection of these fees has historically been in the range of 85% to 90%.
- Interest Income from operating funds is also below budget due primarily to the changes in the financial markets and a change in the investment products offered by our current bank (M&T). Interest from trust funds is slightly below budget for amount invested in variable rate. Several trust funds are invested in longer fixed rate investments minimizing the impact of the current market.

We will be calculating arbitrage (excess interest earned) in the next months on bonded funds to determine if rebates are due on some serial bonds.

- Lab fees are up due to the timing and billing of completed work.

MAJOR EXPENSE ACCOUNT ANALYSIS

Month 2 - May 31, 2008

	<u>Month-To-Date</u>		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-May 31, 2008 (Accrual-Basis)			
Administration					
Salaries	47,876	46,486	97.10%	1,390	Minimal variance
Contracted Services	4,521	5,449	120.53%	(928)	Marketing Consultant slightly over budget
Contracted Services.-Legal Fees	39,350	15,164	38.54%	24,186	Litigation charges have not been received for May.
Finance & Accounting					
Salaries	73,069	67,710	92.67%	5,359	Budgeted position is currently open
Contracted Services	36,600	23,528	64.28%	13,072	We have not been invoiced for the maintenance contract Readers/Guns software = \$4.6K, and the City of Utica \$4.5 K.
Engineering					
Salaries	82,168	70,091	85.30%	12,077	Position presently unfilled
Travel	2,660	4,736	178.05%	(2,076)	EDGE Seminar in Portland, Oregon. Not budgeted
Operating Supplies	7,129	338	4.74%	6,791	Replacement of portable radios (\$4.9K) and the installation of emergency beacon on a company vehicle (\$1.0K) has not been budgeted
Contractor Services	5,600	658	11.75%	4,942	Emergency generators semi-annual inspection has not been performed (\$2.9K). Appraisal services and painting of fire hydrants performed to date = (\$2.0K)

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 2 - May 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-May 31, 2008 (Accrual-Basis)			
Information Technology					
Salaries	38,772	38,592	99.54%	180	Minimal variance
Office Equipment	8,000	2,245	28.06%	5,755	Timing in the purchase of replacement computers = \$; point projector has not been purchased yet.
Operating Supplies	5,700	1,270	22.28%	4,430	Timing of several purchases such as: computer paper printing and cartridges = \$.6K; back-up tapes = \$1.11
Contracted Services	61,222	10,225	16.70%	50,997	Timing of several purchases such as: software licensi = \$18K; maintenance agreements = \$6.5K and the co reporting = \$3K.
Water Quality					
Salaries	61,992	60,165	97.05%	1,827	Minimal variance
Operating Supplies	25,700	17,623	68.57%	8,077	Timing of chemicals and monitoring purchases--Pathc
Repairs	5,000	0	0.00%	5,000	No repairs incurred to date.
Treatment Plant					
Salaries	53,348	51,301	96.16%	2,047	Reasonable variance based upon holiday premium
Small Equipment	9,250	795	8.59%	8,455	Timing of chlorine equipment parts and scale purchas pumps have not been purchased = \$4K
Operating Supplies	136,266	122,671	90.02%	13,595	Timing of chemicals purchases (i.e. aluminum sulphu
Plant Repairs	6,000	9,572	159.53%	(3,572)	Numerous small repairs to maintain the WTP

MOHAWK VALLEY WATER AUTHORITY

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 2 - May 31, 2008

	<u>Month-To-Date</u>		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-May 31, 2008 (Accrual-Basis)			
Maintenance					
Salaries	92,622	90,850	98.09%	1,772	Minimal variance
Wages	151,702	128,593	84.77%	23,109	3 budgeted positions are currently open-in process of
Street Repair Materials	18,217	10,411	57.15%	7,806	Timing of paving materials purchases
Training & Education	8,220	150	1.82%	8,070	Minimal training to date
Cash-Financed Construction					
Meters	55,194	14,060	25.47%	41,134	Timing in the purchase of meters. An order for 750 (process- (\$42k)
Hydrants	33,910	-	0.00%	33,910	No purchases of hydrants to date
Paving	-	10,900	-	(10,900)	Timing of paving work
General Services					
Printing	4,800	751	15.65%	4,049	Timing of the printing of the quarterly newsletter = \$3
Heating Oil	0	35,741	-	(35,741)	Timing of heating oil purchases
Postage	19,440	10,471	53.86%	8,969	Timing of postage expenditures
Gas & Oil	25,850	29,628	114.62%	(3,778)	Unfavorability to date attributed to fast rising prices.
Overtime					
Treatment Plant	6,462	7,389	114.35%	(927)	
Maintenance	28,616	18,398	64.29%	10,218	

MOHAWK VALLEY WATER AUTHORITY

FINANCIAL RATIOS

Month 2 - May 31, 2008

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 '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Feb. '08</u>	<u>Jan. '08</u>	<u>Dec. '07</u>	<u>Avg.-Past Six months</u>
1.87	2.01	1.74	1.68	1.56	1.62	1.69

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 '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Feb. '08</u>	<u>Jan. '08</u>	<u>Dec. '07</u>	<u>Avg.-Past Six months</u>
\$3,234,176	\$3,543,366	\$3,004,840	\$2,486,824	\$2,354,405	\$2,451,120	\$2,598,504

FINANCIAL RATIOS

Month 2 - May 31, 2008

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 '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Feb. '08</u>	<u>Jan. '08</u>	<u>Dec. '07</u>	<u>Avg.-Past Six months</u>
74%	74%	75%	75%	75%	75%	76%

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%.

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 '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Feb. '08</u>	<u>Jan. '08</u>	<u>Dec. '07</u>	<u>Avg.-Past Six months</u>
3.27	2.10	3.86	2.59	2.68	2.95	3.12

FINANCIAL RATIOS

Month 2 - May 31, 2008

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>Feb., March, April '08</u>	<u>Jan., Feb., March '08</u>	<u>Dec., Jan., Feb. '08</u>	<u>Avg.-Past Six months</u>
Average Billed Water %	55.79%	55.94%	55.05%	55.77%
Other Unmetered Uses (See Detail Above)	17.76%	17.76%	17.76%	17.76%
Total Water Usage	73.55%	73.70%	72.81%	73.53%
Remaining “Unaccounted-For Leakage”	26.45%	26.30%	27.19%	26.47%

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 2 - May 31, 2008

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 '08</u>	<u>April '08</u>	<u>March '08</u>	<u>Feb. '08</u>	<u>Jan. '08</u>	<u>Dec. '07</u>	<u>Avg.-Past Six months</u>
\$40.86	\$40.85	\$36.91	\$40.84	\$40.84	\$40.92	\$39.86

GLOSSARY OF TERMS

Month 2 - May 31, 2008

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, 2008

- 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.