

# MOHAWK VALLEY WATER AUTHORITY

## *MONTHLY FINANCIAL REPORTING PACKAGE*

### **Month 7: Month Ended October 31, 2006**

#### **Finance Committee Members**

#### **Terms Ending**

December 31,

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

Report produced by Jim Korfonta, Comptroller

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

Month 7 - October 31, 2006

**PRODUCTION & CONSUMPTION**

	<u>October</u>	<u>September</u>	<u>August</u>	<u>July</u>	<u>June</u>	<u>May</u>
Water Production (1,000 gallons)	549,900	547,100	551,400	537,600	531,800	554,400
Billed Consumption (1,000 gallons)	326,291	360,347	355,560	325,235	361,939	308,354

**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.)	<b>Beginning Cash</b>	<b>Operating Cash In</b>	<b>Operating Cash Out</b>	<b>Net Change In Cash</b>	<b>Balance Remaining</b>
October 2006		\$ 1,808,181	\$ 1,211,767	\$ 596,414	
Year-To-Date	\$ 2,446,773	\$ 9,679,240	\$ 8,763,392	\$ 915,848	\$ 3,362,621

**CUSTOMER ACCOUNT MAINTENANCE**

<b>Customers in the Water System</b>	<b>Beginning Balance</b>	<b>New Accounts</b>	<b>Moved Out of Svs. Area</b>	<b>Ending Balance</b>
October 2006		56	(47)	
Year- to-Date (Fiscal 2007)	38,589	758	(531)	38,816
Fiscal 2006	38,449	573	( 433)	38,589

**Breakdown of Customer Movement:**

Currently, 521 final bills were processed of which 419 moved within the service area. For last year (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 7 - October 31, 2006

**WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY**

<b>WATER SYSTEM MAINTENANCE--METER ACTIVITY</b>									
Month	Breaks / Install, etc.	Curb Box	Leak Investigations	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
June, 2006	27	69	26	793	7	3	38	24	987
July, 2006	28	72	42	779	8	4	28	10	971
August, 2006	20	69	51	1,073	4	3	34	9	1,263
September, 2006	18	81	46	862	5	6	36	6	1,060
October, 2006	25	99	14	1,071	5	9	41	8	1,272

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
June 2006	169	0	1	1	14	5	190	19	5	8.6	2.1
July 2006	142	2	3	0	0	2	149	14	1	7.0	1.8
August 2006	209	3	1	1	1	2	217	16	5	10.3	2.6
Sept. 2006	222	3	2	0	2	0	229	19	6	11.5	2.9
October 2006	227	5	3	1	1	1	238	18	5	11.3	2.8
Year-To-Date	1,355	20	15	7	19	15	1,431	19	1	8.4	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 7 - October 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>
October 2006	\$280,054	\$44,208	\$58,567	\$102,744	\$14,942	\$59,593	\$0

Useful Information To Know: (UPDATED for 2006-2007 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 \$332.00 annually.
- An average individual uses approximately (220-260 cubic ft.) 1,650—1,950 gallons per month. The average quarterly bill is approximately \$42.00 or annually is \$168.00.

**Big Picture**

***Monthly Water Sales:*** At seven months, billed water sales are above budgeted estimates by \$213,000 (\$8,259,000 budget vs. \$8,472,000 actual).

***Monthly Consumption:*** At seven months, consumption is 14.8 million cubic feet below the prior year. This trend of dropping consumption has occurred for the fourth consecutive month averaging 3.7 million cubic feet per month. For October, consumption dropped 3.3 million compared to the prior October. This same area, billed this past July, experience a 4.3 million cubic feet drop.

Theses reductions in consumption were scattered throughout the area billed. In addition, previous billings also incurred reduction in consumption scattered through the areas. Last summer was very hot and dry. This past summer period was cool and wet. We will continue to analyze accounts to determine if other factors can be attributed to this reduction.

This current consumption deficit compared to the previous year, equates to approximately \$400,000 water revenue under our current rate structure of \$27.86 per 1,000 cubic feet.

**COMPTROLLER'S MESSAGE**

Month 7 - October 31, 2006

**Big Picture**-continued

**Cash Flow:** At seven months, there remains a positive cash position even though a drop of \$231,000 occurred during September. Cash receipts are in range of budget estimates; however, payments to suppliers are \$500,000 more than anticipated partly due to the timing of vehicles purchases and paving costs. In addition, the annual payment to the NYS retirement system is due in December for approximately \$450,000. We will continue to monitor the effect of these unanticipated commitments (earlier in the fiscal year than budgeted) into the coming months. 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>NOVEMBER 2006</u>	<u>TARGET</u>	<u>ACTUAL</u>
<b>Cash Inflow</b>	\$ 1,300,000	\$ 1,808,000	\$ 9,100,000	\$ 9,679,000
<b>Outflows--</b>				
<b>Personnel Costs</b>	322,000	317,000	2,415,000	2,387,000
<b>PILOTS</b>	125,000	118,000	847,000	836,000
<b>Debt Service</b>	305,000	302,000	2,114,000	2,117,000
<b>Payments to Suppliers</b>	290,000	429,000	2,450,000	3,107,000
<b>Other Commitments:</b>				
<b>Annual Retirement-December</b>	-	-	-	460,000
<b>Set Aside for New Bonding-Debt Service</b>	45,000	45,000	315,000	315,000
	<u>1,087,000</u>	<u>1,211,000</u>	<u>8,141,000</u>	<u>9,222,000</u>
<b>Cash Remaining</b>	\$ 213,000	\$ 597,000	\$ 959,000	\$ 457,000

**LITIGATION EXPENSES—TO DATE**

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	\$ 142,845
2007	DECLARATORY JUDGMENT	\$ 130,978
(April 1, 2006 to September 30, 2006)		
	<b>TOTALS</b>	<b>\$ 318,003</b>

**COMPTROLLER'S MESSAGE**

Month 7 - October 31, 2006

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

**CURRENT CUSTOMER SERVICE ACTIVITY**

**New Initiatives--**

- As part of our telephone bid review, I had the opportunity to spend a day with the customer service manager at the Onondaga County Water Authority. We have exchanged techniques and ideas as to the operations in both water systems. We intend on keeping the relationship to assist each other
- We are in the process of setting up a phone line so meter readers and other staff can report properties not on their route or in our data bases so follow-up review can be performed and properly accounted for. This will prevent field personnel from tying up Customer Service lines as well as field personnel not having to wait for a representative to report a property.
- We are also considering creating a Theft of Service/Tampering Hotline for customers to report potential theft or miss-use.

**Ongoing Initiatives--**

- *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. Since we started this program, we have reduced estimated reads for a year or more by 27%. (From 947 accounts in April to 692 accounts currently.)
- Combating theft continues to be a priority. Customer Service met with the Meter Department regarding theft of service. As a combined effort, we are looking devising procedures and incorporating additional ways to document and record vacant properties to prevent water theft.
- As a measure to inform customers of work or crews working in the area, I have purchased door hangers that will notify customers of water problems or maintenance in their area. I anticipate the maintenance crews will complete and distribute as needed.
- 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.
- 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.
- 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.
- We have gone out to bid for phone systems as our lease has expired. We have all bids and are in the process of making a final decision. We have taken numerous tours at different water systems throughout central New York as well as other companies to become more acclimated to the products offered.

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**MOHAWK VALLEY WATER AUTHORITY**

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**COMPTROLLER'S MESSAGE**

Month 7 - October 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.

All currently are showing and increase in revenue and consumption except for one. The highest performer had an increase of 114% in revenue. Current ROI (return on investment) without results of the quarterly meters is approximately 2 years or 26 months.

**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, 34% of the monthly accounts were estimated; 9% of the quarterly accounts were estimated. This is a 4% increase in monthly from the prior month. We are investigating the variance. We continue to institute corrective actions to reduce account estimates.

**BILLING/COLLECTIONS:**

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

<b>Fiscal 2007</b>	<b>Beginning Balance</b>	<b>Sent to Collections</b>	<b>Amount Collected</b>	<b>Amount Returned</b>	<b>Ending Balance</b>
April 2006		\$ 23,149	\$ 7,024	\$ 3,670	
May 2006		19,139	19,139	5,150	
June 2006		69,972	12,874	17,779	
July 2006		19,029	30,802	589	
August 2006		31,255	31,881	29,515	
September		55,397	23,304	10,431	
October		52,047	29,007	10,338	
Year to Date	\$ 9,460	\$269,988	\$154,031	\$77,472	\$ 47,945

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

**MOHAWK VALLEY WATER AUTHORITY**

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**COMPTROLLER'S MESSAGE**

Month 7 - October 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:

	<b>Prior Month Balance</b>	<b>Customers Added/ Returned From Collections</b>	<b>Customers Paid</b>	<b>Shut-Off</b>	<b>Ending Balance</b>
"Posted" Accounts	390	74	58	3	403

- Since the beginning of the fiscal year, \$389,300 has been posted.
- For the current month, accounts totaling \$61,537 have been "posted". Of the outstanding posted balances, \$288,846 has been collected for the fiscal year.
- For the previous fiscal year, accounts totaling \$1,067,125 were "posted". Of this amount, \$781,518 was collected for the 2006 year.

**TAMPERING ISSUES:**

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

<b>Date</b>	<b>Last Name</b>	<b>Acct. #</b>	<b>Address</b>	<b>Fee Amt.</b>	<b>Fee Paid</b>	<b>Evidence</b>	<b>Letter Sent</b>	<b>Posted</b>	<b>Status</b>
6/20/05	Riggles	35A-75HL	10853 Coby Mnr Rd	\$ -		Admit	7/8/05		10
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		Pict	7/25/06	8/8/06	11
8/9/06	Rivera	17E-171	715 Albany St	\$ 2,000	\$ 2,000	Pict	8/11/06		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 7 - October 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**.)

	<b>Critical Ratio %</b>	<b>October</b>	<b>September</b>	<b>August</b>	<b>July</b>	<b>June</b>	<b>May</b>
<b>ASSETS</b>							
Cash		\$ 3,265,305	\$ 2,727,153	\$ 2,966,635	\$ 2,623,256	\$ 2,644,653	\$ 2,500,094
Water Sales Receivable, Net		\$ 1,582,621	\$ 1,769,856	\$ 1,636,966	\$ 1,732,378	\$ 1,878,957	\$ 1,789,031
Trust Fund Assets		\$ 12,647,988	\$ 12,487,860	\$ 12,108,741	\$ 12,025,942	\$ 11,595,540	\$ 11,226,146
Utility Long Term Assets, Net		\$ 49,985,026	\$ 50,038,746	\$ 50,023,776	\$ 50,051,688	\$ 47,322,439	\$ 47,139,841
<b>Total Assets</b>		<b>\$ 69,196,857</b>	<b>\$ 68,598,131</b>	<b>\$ 68,136,084</b>	<b>\$ 67,807,647</b>	<b>\$ 64,525,896</b>	<b>\$ 63,570,788</b>
<b>LIABILITIES</b>							
Accounts Payable		\$ 280,055	\$ 348,514	\$ 305,501	\$ 141,153	\$ 269,226	\$ 216,816
Long Term Debt, Principal		\$ 47,927,286	\$ 47,914,568	\$ 47,901,849	\$ 47,964,129	\$ 47,951,412	\$ 47,938,693
<b>Total Liabilities</b>		<b>\$ 51,755,597</b>	<b>\$ 51,527,676</b>	<b>\$ 51,206,353</b>	<b>\$ 51,147,153</b>	<b>\$ 50,973,467</b>	<b>\$ 50,755,384</b>
<b>EQUITY</b>							
Unrestricted Earnings		\$ (46,806)	\$ (452,816)	\$ (593,540)	\$ (862,777)	\$ (1,212,411)	\$ (1,949,437)
Invested in Utility Plant, Net		\$ 16,131,408	\$ 16,131,408	\$ 16,131,408	\$ 16,131,408	\$ 13,372,977	\$ 13,372,977
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 328,624	\$ 328,624	\$ 328,624	\$ 328,624	\$ 328,624	\$ 328,624
Oper. and Maint. Reserve		\$ 299,422	\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133	\$ 292,133
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
<b>OPERATIONS - (Monthly Accumulation)</b>							
	<b>% of Accum. Budget</b>	<b>7th Month FY 2007</b>	<b>6th Month FY 2007</b>	<b>5th Month FY 2007</b>	<b>4th Month FY 2007</b>	<b>3rd Month FY 2007</b>	<b>2nd Month FY 2007</b>
Water Sales	104%	\$ 8,472,165	\$ 7,265,137	\$ 6,017,896	\$ 4,745,764	\$ 3,534,420	\$ 2,331,052
Other Revenue	129%	\$ 1,419,603	\$ 1,191,339	\$ 999,950	\$ 794,946	\$ 580,369	\$ 347,170
Operating Expenses	99%	\$ 5,657,075	\$ 5,561,430	\$ 4,405,270	\$ 3,447,112	\$ 2,137,238	\$ 1,417,711
Debt Service, Interest only	76%	\$ 772,873	\$ 772,873	\$ 760,333	\$ 663,782	\$ 663,782	\$ 664,237
PILOT Payments	100%	\$ 839,547	\$ 721,144	\$ 602,741	\$ 484,338	\$ 362,407	\$ 243,864

**MOHAWK VALLEY WATER AUTHORITY**

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 7 - October 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.

<b>Customer</b>	<b>Route &amp; Account</b>	<b>Total</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-120</b>	<b>Over 120</b>	<b>Acct. Status</b>
City of Utica-Facilities	5 accounts	4,246	42	4,195	9	0	0	
City of Utica-Tax Levy	Various	210,020	4,414	2,768	2,990	4,644	195,204	
Magnus Ognunsanwo	3F 126	1,006	444	15	0	394	153	Posted
Magnus Ognunsanwo	15F 137A	1,216	20	5	433	0	758	Posted
Wanda Brito	10B 114	1,059	88	20	5	97	849	Posted
James Jones	10F 91	1,732	45	18	3	49	1,617	Posted
Jose Urena	12A 155	1,044	142	18	3	510	371	Posted
Carolyn Upshaw	13E 55	1,044	88	17	2	155	782	Posted
Ron Helmes	14E 51	2,186	60	15	0	2,111	0	Will pay in Nov
Rome Turkey Radiator	24C 179BK	1,493	23	8	297	15	1,150	Pd. In full on 11/8
E. Clayton Lortie	27N 5	1,294	65	0	131	15	1,083	Posted
Algonquin Corp.	50D 5	2,469	0	1,167	15	1,194	93	Posted
Municipal Housing	50D 137	2,289	1,168	11	11	11	1,088	Collections
Timothy Klotz (see also shut-offs)	33 accounts	17,935	3,219	496	1,401	2,687	10,132	Posted/collect.

**DELINQUENT ACCOUNTS SHUT-OFF**

Word Faith Deliverance	1C 2	1,387	333	18	3	224	809	Shut-off
Henry Topolski	3F 53	1,041	73	23	7	89	849	Shut-off
Henry Topolski	8B 35	1,810	57	30	15	62	1,646	Shut-off
William O' Brien	6A 162BK	1,377	212	24	8	55	1,078	Shut-off
Haru Lukac/Renata Vujeva	8C 46BK	3,894	144	0	0	165	3,585	Shut-off
Som Mang Porm	10D 6	1,456	318	19	4	375	740	Shut-off
Mauricio & Rina Valle	11C 34	1,391	52	25	10	51	1,253	Shut-off
Angel & Mario Santana	11D 26	1,713	107	30	14	62	1,500	Shut-off
NYMA Properties	13B 133	1,509	43	16	1	48	1,401	Shut-off
Christiana Joseph	14A 41	1,653	331	22	7	295	998	Shut-off
Magen Letrende	17B 107	1,370	25	10	164	23	1,148	Shut-off
Fiore Carbone	17C 56	1,244	23	7	55	19	1,140	Shut-off
Ingrid Grimm	24B 136	2,653	40	25	72	39	2,477	Shut-off
132-42 Hotel Inc.	50A 121	1,201	6	181	20	198	796	Shut-off

**MOHAWK VALLEY WATER AUTHORITY**

**SIGNIFICANT DELINQUENT RECEIVABLE BALANCES**

Month 7 - October 31, 2006

<b>Customer</b>	<b>Route &amp; Account</b>	<b>Total</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-120</b>	<b>Over 120</b>	<b>Acct. Status</b>
Coolidge MEM, LLC	52B 60	3,760	12	850	19	844	2,035	Shut-off
Tartan Textile Serv.	55B 29	6,240	9	1,774	15	1,774	2,668	Shut-off
Raymond DeCarr	4 accounts	1,304	107	38	56	117	986	Shut-off
Sandra Albert	10 accounts	8,881	321	113	324	268	7,855	Shut-off
Timothy Klotz ( also, see above )	3 accounts	4,551	247	51	97	271	3,885	Shut-off
City Delinquents-FY '06		30,281					30,281	
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	%
County Delinquents-FY '07		6,934					6,934	
Remaining Accounts		1,363,379	707,366	182,138	81,160	111,495	281,220	<b>Change</b>
<b>October, 2006</b>		<u>2,318,544</u>	<u>719,644</u>	<u>194,147</u>	<u>87,351</u>	<u>128,356</u>	<u>1,189,046</u>	1.36%

**Prior Months Receivables:**

<b>September, 2006</b>	<u>2,292,431</u>	<u>628,857</u>	<u>232,531</u>	<u>117,426</u>	<u>56,697</u>	<u>1,256,920</u>	0.22%
<b>August, 2006</b>	<u>2,287,325</u>	<u>612,805</u>	<u>249,745</u>	<u>114,533</u>	<u>60,521</u>	<u>1,249,721</u>	-3.44%
<b>July, 2006</b>	<u>2,368,888</u>	<u>682,512</u>	<u>191,817</u>	<u>89,614</u>	<u>158,625</u>	<u>1,246,320</u>	-1.61%
<b>June, 2006</b>	<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>	5.95%
<b>May, 2006</b>	<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%
<b>April, 2006</b>	<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%
<b>March, 2006</b>	<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%
<b>February, 2006</b>	<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%
<b>January, 2006</b>	<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%
<b>December, 2005</b>	<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%
<b>November, 2005</b>	<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%
<b>October, 2005</b>	<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%

**UPDATE ON LARGER DOLLAR ACCOUNTS:**

Windsong Mountain Trailer Park

As of November, Windsong Mountain paid outstanding balances and are current.

**WORK IN PROCESS—CAPITAL PROJECTS**

Month 7 - October 31, 2006

**CAPITAL PROJECTS - FY2005**

CAPITAL PROJECT	LOCATION	PROJECT #	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	05-02-A	3,450,000	8,827	21,361	15,768	3,421,698	3,458,827	-8,827
SCADA-Computer Hardware	System Wide	05-03-A	39,255	0	0	51,186	0	51,186	-11,931
Hydrolic Analysis & GIS Dev.	System Wide	05-08-A	80,000	0	24,490	36,026	19,484	80,000	0
Main Replacement	New Hartford	05-08-B	90,000	0	0	7,671	82,000	89,671	329
Emergency Generator	City Hall	05-09-A	135,000	0	0	1,125	133,875	135,000	0
Main Replacement	Park Ave., Holland Pat.	05-13-A	93,750	0	0	37,458	56,292	93,750	0
Storage Tank #2-Higby Rd	New Hartford	05-15-A	20,000	0	6,221	17,976	0	24,197	-4,197
Distribution Analysis-Chloramines	System Wide	05-17-A	165,000	13,612	35,879	108,465	34,268	178,612	-13,612
Tank Safety Ladder	Valley View Tank	05-18-A	19,500	0	0	19,500	0	19,500	0
Install Water Mains	Chapman Road	05-20-A	44,000	0	6,761	28,990	0	35,751	8,249
SCADA	System Wide	05-21-A	43,000	1,789	2,205	31,341	11,243	44,789	-1,789
Clearwell	WTP	05-22-A	74,500	0	18,625	44,700	29,800	93,125	-18,625
Fiscal 2005 Budgeted Capital Projects			4,254,005	24,228	115,542	400,206	3,788,660	4,304,408	-50,403

**CAPITAL PROJECTS - FY2006**

CAPITAL PROJECT	LOCATION	PROJECT #	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Chemical Feed	WTP	06-01-B	7,500	0	0	7,500	0	7,500	0
Security Protection	WTP	06-02-A	20,000	0	0	20,264	0	20,264	-264
Water Main	Holland Patent	06-03-A	90,000	0	21,017	189	68,794	90,000	0
			117,500	0	21,017	27,953	68,794	117,764	-264

**CAPITAL PROJECTS - FY2007**

CAPITAL PROJECT	LOCATION	PROJECT #	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Disinfection BY-Product	Deerfield Tank	06-04-A	6,500,000	0	3,500	354	6,496,146	6,500,000	0
Main Replacement	Commercial Drive	06-05-A	30,000	0	11,326	0	0	11,326	18,674
Main Replacement	Leah St.	06-06-A	51,600	0	23,056	0	0	23,056	28,544
Main Replacement	Sherman Drive & Tilden A	06-07-A	14,000	0	4,447	0	7,273	11,720	2,280
Corrosion Compliance Study	System Wide	07-01-A	0	13,037	42,639	0	0	42,639	-42,639
Main Replacement	Church St.	07-02-A	0	39,313	45,516	0	0	45,516	-45,516
Main Replacement	York St.	07-03-A	0	0	17,271	0	0	17,271	-17,271
Fiscal 2007 Budgeted Capital Projects			6,595,600	52,350	147,755	354	6,503,419	6,651,528	-55,928

**MOHAWK VALLEY WATER AUTHORITY**

**MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS**

Month 7 - October 31, 2006

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

	<b>FISCAL 07</b>	<b>FISCAL 06</b>	<b>FISCAL 05</b>	<b>FISCAL 04</b>	<b>FISCAL 03</b>
April	419,898	421,158	436,874	438,082	448,176
May	412,183	433,169	433,732	437,133	369,245
June	483,811	463,071	432,431	430,936	433,322
July	434,748	477,805	476,038	443,310	449,260
August	475,336	514,883	469,873	440,876	552,861
September	481,683	513,111	449,233	546,365	547,595
October	436,160	469,375	529,942	477,584	486,491
		3,292,572	3,228,123	3,214,286	3,286,950
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	0	400,517	427,874	436,128	478,881
Total	<u>3,143,819</u>	<u>5,398,746</u>	<u>5,368,949</u>	<u>5,419,130</u>	<u>5,597,128</u>

**MONTHLY WATER BILLINGS:**

	<b>FISCAL 2007</b>			<b>FISCAL 2006</b>	
	<b>Billings</b>	<b>Cash Receipts</b>	<b>Customer Routes Read</b>	<b>Billings</b>	<b>Cash Receipts</b>
April	\$ 1,167,491	\$ 774,267	1-23; 75-77	\$ 996,320	\$ 887,900
May	1,168,917	1,303,161	24-42; 58; 75-77	1,041,242	918,904
June	1,205,518	1,077,589	43-57; 59; 75-77	1,038,762	1,211,380
July	1,214,680	1,260,740	1-23; 75-77	1,078,160	1,058,316
August	1,296,257	1,365,171	24-42; 58; 75-77	1,150,982	1,166,226
September	1,265,491	1,124,613	43-57 & 59; 75-77	1,160,332	1,180,519
October	1,247,789	1,394,845	1-23; 75-77	<u>1,114,747</u>	<u>1,188,611</u>
				7,580,545	7,611,856
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	0	0		<u>972,949</u>	<u>1,197,891</u>
Total	<u>\$ 8,566,143</u>	<u>\$ 8,300,386</u>		<u>\$12,604,429</u>	<u>\$13,093,045</u>

**MAJOR REVENUE ACCOUNT ANALYSIS**

Month 7 - October 31, 2006

REVENUE

- *Metered Water Sales:*
  - Quarterly and Monthly Billings – For the month, water sales is above by \$200,000 compared to the prior year.
  - Overall Sales vs. Prior Year – Water sales are up \$980,000 for the year compared to the prior year.
- “*System Charge*” – Both quarterly billed and monthly billed system charges have fallen slightly behind 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 was shut down for the in April 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. The agreement with National Grid is due to expire in December.
- *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 7 - October 31, 2006

	<b>Annual Budget (Cash-Basis)</b>	<b>Year Ended October 31, 2006 (Accrual-Basis)</b>	<b>Percent of Current Budget</b>	<b>Favorable (Unfavorable) Variance</b>	<b>Explanation of Variance</b>
<b>Administration</b>					
Salaries	167,695	172,673	102.97%	(4,978)	Unbudgeted position paid until May; Exec Dir. Contract exercised.
Membership Dues	3,940	940	23.86%	3,000	Renewal of AWWA Water Agencies membership budgeted for \$2,900 in October. Charges are expected in November.
Contracted Services	34,720	48,685	140.22%	(13,965)	Marketing firm expenses exceeding budget amount.
Training & Education	3,250	568	0.00%	2,682	Minimal travel to date.
Contracted Services.-Legal Fees	129,269	143,293	110.85%	(14,024)	Timing of legal expenses related to on-going lawsuit.
<b>Finance &amp; Accounting</b>					
Salaries	237,250	234,099	98.67%	3,151	Reasonable favorable variance
Contracted Services	104,800	124,962	119.24%	(20,162)	M&T Lock-Box charges unfavorable by \$13.4K. In process of RFP for banking svcs. Credit card charges unfavorable by \$7.1K.
Training & Education	1,500	0	0.00%	1,500	No training to date.
<b>Customer Service</b>					
Salaries	122,005	119,572	98.01%	2,433	Meter reader position vacant for short period of time.
Travel	1,580	168	10.63%	1,412	Minimal travel to date.
<b>Engineering</b>					
Salaries	284,052	287,367	101.17%	(3,315)	As part of employ. contract, 2 staff sold a week's vacation; in addition fee paid for opting out of medical plan.
Wages	41,425	41,899	101.14%	(474)	On track w/ budget.
Operating Supplies	11,340	5,707	50.33%	5,633	Purchase of parts for pressure regulator has not occurred = \$4K..
Contractor Services	22,753	10,620	46.68%	12,133	The following has not been performed to date: transfer switch replacement = \$4K; calibration of equipment = \$2K; flushing kits = \$3K; interns for data entry = \$1.5K.
Training and Education	3,500	854	24.40%	2,646	Hydraulic Modeling training budgeted for 2 employees ( \$2,000 ) will take place later in the year.

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 7 - October 31, 2006

	<b>Annual Budget (Cash-Basis)</b>	<b>Year Ended October 31, 2006 (Accrual-Basis)</b>	<b>Percent of Current Budget</b>	<b>Favorable (Unfavorable) Variance</b>	
<b>Information Technology</b>					
Office Equipment	18,200	10,366	56.96%	7,834	Eight (8) computers purchased to date vs. fourteen (14) budgeted through October, 2006.
Travel & Vehicle Usage	1,700	0	0.00%	1,700	No travel for training incurred to date
Operating Supplies	10,400	5,615	53.99%	4,785	Timing of purchases ( i.e.. Toner and paper )
Contracted Services	94,675	43,219	45.65%	51,456	Items not spent as scheduled: Software consultant-\$25K; Cool Ice software-\$7K; Timing of lease on server w/ UNYSIS-\$8K; Web Page development-\$4K; Firewall anti-virus = \$6K.
Training and Education	7,000	1,890	27.00%	5,110	The following budgeted training programs have not occurred: Arc IMS Administrator = \$1.4K; SCADA Training = \$1.8K; GIS training = \$1.2K.
Repairs	2,000	0	0.00%	2,000	No repairs on computer equipment incurred to date.
<b>Water Quality</b>					
Office Equipment	10,000	801	8.01%	9,199	Delay in purchase of watershed lab equipment = \$3K; purchase of convection oven = \$2K; On-Line Monitoring Chips \$1K; all other (ie., automatic pipetors) = \$3K.
Operating Supplies	84,462	77,345	91.57%	7,117	Timing of supplies purchases (ie., PCR supplies = \$6.5K)
Contracted Services	15,500	7,621	49.17%	7,879	Regulated Monitoring performed = \$7.2K favorable; Maintenance of microscopes not performed = \$1.5K favorable. Charges for summer intern unbudgeted = (\$1.5K)
Repairs	3,000	912	30.40%	2,088	Minimal repairs to date.
<b>Treatment Plant</b>					
Salaries	191,668	187,227	97.68%	4,441	Reasonable positive variance
Wages	6,513	13,998	214.93%	(7,485)	Part-time WQ position working more than budgeted.
Office Equipment	11,500	5,403	46.98%	6,097	Items not purchased to date: PH analyzer and sensor = \$2.5K; Hypo Feed = \$4K
Operating Supplies	391,017	439,231	112.33%	(48,214)	Polymer purchases - \$33K unfavorable. Aluminum sulphate purchases = \$12K unfavorable. High usage of polymer and aluminum sulphate is attributed to excessive rainfall which caused high levels of turbidity in the water. Chlorine purchases are also unfavorable by \$5K.
Training and Education	3,000	151	5.03%	2,849	Operator training not performed to date.
Plant Repairs	15,000	21,091	140.61%	(6,091)	Timing of budgeted plant repairs vs. budget. Include materials including a mixer moter, mechanical scale; service pack.

**MOHAWK VALLEY WATER AUTHORITY**

**MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED**

Month 7 - October 31, 2006

	Annual Budget (Cash-Basis)	Year Ended October 31, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	
<b>Maintenance</b>					
Salaries	327,720	300,177	91.60%	27,543	Unfilled meter shop supervisor position
Wages	537,884	478,397	88.94%	59,487	Positions being filled by part-timers in anticipation for full-time.
Street Repair Materials	386,977	475,168	122.79%	(88,191)	Timing of paving charges. Expected to even out throughout the rest of the year.
Office Equipment	5,475	729	13.32%	4,746	Limited purchase of office furniture to date.
Small Equipment	33,450	0	0.00%	33,450	Several budgeted items have not been purchased. Pipe thawers = \$4K; leak surveying equipment = \$8K; gears for Horz Rensselear = \$6K; diaphragm pump = \$5K; weed eaters = \$3K; air drill = \$3K; all other = \$4K.
Operating Supplies	272,930	258,501	94.71%	14,429	Purchases to date: meters \$5K unfavorable; hydrants \$28K favorable; valves \$10K unfavorable; general supplies \$2K favorable.
Contracted Services	15,325	11,550	75.37%	3,775	Unbudgeted railroad flagman = \$6K; offset by temp. services of \$4.6K
Training & Education	19,120	1,975	10.33%	17,145	Various safety training programs have not occurred or are running under budget (ie. Respiratory, Pesh, Haz Communication)
Clothing Allowance	9,100	10,243	112.56%	(1,143)	Timing of clothing allowance purchases.
Vehicle & Equip. Repairs	113,060	89,532	79.19%	23,528	Favorable year to date. Will continue to monitor account for significant variances.
<b>General Services</b>					
Printing	26,780	13,933	52.03%	12,847	Timing of water bill and envelopes purchases.
Electricity and Gas	265,000	221,344	83.53%	43,656	Year to date favorability is due to budget estimates based on anticipated higher utility rates.
Postage	45,896	51,875	113.03%	(5,979)	Timing of water billing postage.
Gas & Oil	60,875	73,309	120.43%	(12,434)	Gasoline purchases for vehicles are unfavorable by \$13K.
<b>Overtime</b>					
Administration	430	342	79.53%	88	
Finance & Accounting	500	2,729	0.00%	(2,229)	
Engineering	15,200	12,085	79.51%	3,115	
Info. Technology	9,500	6,824	71.83%	2,676	Services for City of Utica not performed to date
Treatment Plant	28,994	37,327	128.74%	(8,333)	
Maintenance	95,000	77,528	81.61%	17,472	
<b>Total Overtime</b>	<b>150,124</b>	<b>137,004</b>	<b>91.26%</b>	<b>15,261</b>	

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**MOHAWK VALLEY WATER AUTHORITY**

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**FINANCIAL RATIOS**

Month 7 - October 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>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>Avg.-Past Six months</u>
1.83	1.80	1.96	1.95	2.02	2.03	1.76

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**B. *WORKING CAPITAL***

**What does it measure?** The Authority’s ability to meet short-term obligations using current, liquid assets.

(Current assets - Current liabilities)

**Best Practice:** Any amount in excess of current liabilities.

<u>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>Avg.-Past Six months</u>
\$2,886,411	\$2,609,297	\$2,849,942	\$2,698,000	\$2,736,741	\$2,538,988	\$2,083,979

**FINANCIAL RATIOS**

Month 7 - October 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>Oct '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>Avg.-Past Six months</u>
75%	75%	75%	80%	80%	80%	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%.

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**B. COVERAGE RATIO**

**What does it measure?** – Measures cash flow generated by operations compared to debt service and PILOT payments (non-discretionary costs).

(Total Cash Received / Total Debt Service (principal & interest) + PILOT payments)

Example: 1.25 indicates the Authority generated 25% more than the cash needed to pay monthly/annual debt service.

**Best Practice:** Over 1.00 indicates an organization can at least pay these non-discretionary costs. However, higher the better.

<u>Oct. '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>Avg.-Past Six months</u>
4.29	3.00	3.69	3.37	2.98	3.41	2.59

**FINANCIAL RATIOS**

Month 7 - October 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:

<ul style="list-style-type: none"> <li>• Firefighting</li> <li>• Construction</li> <li>• Street Cleaning</li> <li>• Flushing</li> <li>• Main Breaks</li> <li>• Meter Under-Registration</li> </ul>	<p>2.50%</p> <p>.01%</p> <p>.02%</p> <p>.001%</p> <p>1.50%</p> <p><u>5.64%</u></p>	<p><b>TOTAL</b></p> <p>9.67%</p>	<p><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.</p>
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(1 –(((3-Month Average Billed Consumption) / (3-Month Average Water Production))) + un-metered usage noted above)

<u>Oct '06</u>	<u>Sept '06</u>	<u>Aug '06</u>	<u>July '06</u>	<u>June '06</u>	<u>May '06</u>	<u>Avg.-Past Six months</u>
29.70%	28.79%	27.54%	29.27%	32.23%	35.33%	34.48%

**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.

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**FINANCIAL RATIOS**

Month 7 - October 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).

$$\text{(Monthly Debt Service + PILOTs) / \# of Customers Billed per Month}$$

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>Nov. 06</u>	<u>Oct. 06</u>	<u>Sept. 06</u>	<u>Aug 06</u>	<u>July 06</u>	<u>June 06</u>	<u>Avg.-Past Six months</u>
\$32.71	\$32.71	\$32.71	\$32.16	\$34.11	\$35.12	\$36.06

**GLOSSARY OF TERMS**

Month 7 - October 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 7 - October 31, 2006

- 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.