

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 7: Month Ended October 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
FLASH REPORT	7
SIGNIFICANT DELINQUENT RECEIVABLE BALANCES	8
WORK IN PROCESS—CAPITAL PROJECTS	11
MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS	14
FINANCIAL RATIOS	19
GLOSSARY OF TERMS	23

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 7 – October 31, 2008

PRODUCTION & CONSUMPTION

All amounts in <u>Cubic Feet</u> (1 cubic foot=7.481 gallons.)	July, August, Sept. 2008	June, July, August, 2008	May, June, July 2008	Average--Past 6 Months
Average Water Consumption	44,107,059	43,675,358	43,152,058	42,446,633
Average Water Production	72,744,595	72,298,992	73,038,692	75,447,173

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
October, 2008		\$ 1,789,917	\$ 1,391,245	\$ 398,672	
Year-To-Date	\$ 4,165,197	\$11,068,067	\$ 10,122,209	\$ 945,858	\$ 5,111,055

Please Note: In accordance with our FY 2009 budget, the “balance remaining” includes \$41,667 per month (\$291,669 after 7 months) set-aside for debt service related to the new bonding scheduled for April, 2009.

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts/ Moved into Area	Moved Out of Service. Area	Ending Balance
October, 2008		23	42	
Year-To Date (Fiscal 2009)	38,914	247	(145)	39,016
Fiscal 2008	38,877	497	(460)	38,914
Fiscal 2007	38,589	981	(693)	38,877
Fiscal 2006	38,449	573	(433)	38,589

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

From Utica To:

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

MOHAWK VALLEY WATER AUTHORITY

VITAL SIGNS—(KEY PERFORMANCE INDICATORS)--CONTINUED

Month 7 - October 31, 2008

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.
October 2008	290	1	4	0	2	2	299	19	7	13.5	3.4
September	232	1	3	1	0	0	238	23	5	11.3	2.8
August 2008	258	5	4	2	1	0	270	25	6	12.9	3.2
July 2008	324	5	7	0	1	1	338	22	8	14.7	3.7
June 2008	255	6	2	2	6	0	271	22	7	12.9	3.2
May 2008	187	2	7	0	2	0	198	16	5	9.4	2.4
April 2008	293	7	16	5	1	0	322	23	4	16.1	4.0
Year-To-Date	1,549	26	39	10	11	1	1,637	25	4	12.8	3.2

Note: Two meter reading staff (certain days more staff) continued to be deployed to execute shut-off of properties that have been “posted” for non-payment. This effort will allow troubleshooter staff additional time to fulfill other duties.

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

WATER SYSTEM MAINTENANCE—PRODUCTION ACTIVITY

Month	Water Main Breaks / Install, etc.	Curb Box	Leak Investigations	Meters-- Inspect./ Special Reads/ Replaced	Hydrants	Valves	Pavement Cuts	Other	TOTALS
April, 2008	23	69	92	897	7	2	176	9	1,275
May, 2008	15	210	44	879	10	3	26	4	1,191
June, 2008	17	82	36	761	7	4	31	16	954
July, 2008	32	110	53	1,024	4	1	2	12	1,238
August, 2008	24	68	22	869	3	6	87	9	1,088
September, 2008	16	114	33	877	7	5	63	9	1,124
October, 2008	17	167	50	941	9	2	4	10	1,200

COMPTROLLER'S MESSAGE

Month 7 - October 31, 2008

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 2008	\$669,329	\$65,498	\$54,208	\$354,304	\$17,886	\$54,102	\$123,331

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. This includes a quarterly maintenance fee of \$20.00.
- 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 October, consumption is in-line with the October consumption from the previous year. However, accumulated year-to-date, consumption is below by 16.4 million cubic ft; up very slightly (.2) from the previous month. This accumulated consumption variance is 3.1% of the FY08 total consumption. Our FY09 budgeted consumption has an allowance of 11 million cubic feet built in compared to the FY08 actual. This allows for variances in consumption as we have experienced without also incurring large dollar variances.

Specifically, we are down 7.0% in our monthly accounts and have remained relatively the same in our quarterly accounts. Decreases in monthly accounts include Masonic Home, OC Sewer, FX Matt's Brewery, Con Med, Utica Psychiatric, and St. Luke's Hospital and Marcy Correctional facility.

As a note, when comparing the previous monthly accounts billed (September) to the current monthly accounts billed (October), large accounts including the OC Sewer, FX Matt's Brewery, Marcy Correctional facility and Tri-state Industrial Laundries increased usage. This recovery has offset some of the reduction experienced from the previous month.

Receivables from water sales (see p.10 of this report) increased by \$44,000 from the previous month but decreased by \$135,000 since the beginning of the fiscal year. The \$135,000 decrease is primarily focused in the 0-23 day category and the over 158 days category; however, an increase in the 24-45 days category partially offsets the overall decrease in accounts receivable at the end of October, 2008.

COMPTROLLER'S MESSAGE

Month 7 - October 31, 2008

Big Picture-continued

Cash Flow: There was a healthy increase in cash during October (\$357,000) due primarily to higher supplier payments than targeted. YTD cash is a positive \$250,000, less the \$655,000 set-aside to date for the new debt service. This additional cash will be needed later in the year for paving and retirement payments.

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

	MONTHLY ACTIVITY		YEAR-TO-DATE ACTIVITY	
	TARGET	OCTOBER 2008	TARGET	ACTUAL
Cash Inflow	\$ 1,549,000	\$ 1,790,000	\$ 10,717,000	\$ 11,068,000
Outflows--				
Transfer to Funds Reserves	\$ -	\$ -	\$ -	\$ 78,500
Personnel Costs	328,000	337,000	2,460,000	2,489,000
PILOTS	129,000	129,000	909,000	908,000
Debt Service	399,000	399,000	2,786,000	2,791,000
Anticipated Bonding	41,667	41,667	292,000	292,000
Payments to Suppliers	500,000	526,600	3,850,000	3,855,000
	1,397,667	1,433,267	10,297,000	10,413,500
Cash Remaining	\$ 151,333	\$ 356,733	\$ 420,000	\$ 654,500

LITIGATION EXPENSES—TO DATE

FISCAL YEAR	PURPOSE	AMOUNT
2005	WATER PERMIT REVIEW & DISCOVERY	\$ 44,180
2006	DISCOVERY & DECLARATORY JUDGMENT	\$ 142,845
2007	DECLARATORY JUDGMENT ACTIVITY	\$ 243,757
2008	DECLARATORY JUDGMENT ACTIVITY	\$ 394,663
2009	DECLARATORY JUDGMENT ACTIVITY (thru July)	\$ 30,022
TOTAL		\$ 825,445

COMPTROLLER'S MESSAGE

Month 7 - October 31, 2008

CONVERSION TO NEW BANKING SERVICES (this has been updated)

- We have finalized the bill and will be reproducing it for billing in the next couple of weeks.
- We have finalized the web site customer access and customers can now pay via internet. (A press release is in order so the public is aware of this anticipated advancement) Customers will now be able to pay by credit card over-the phone, access the internet to pay on-line, pay at a local Parkway Drugs or pay at one of the local HSBC branches.

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, 3.97% of the monthly accounts were estimated. This is compared to 4.31% from the previous month;

5.25% of the quarterly accounts were estimated. This is comparable to the 6.31% recorded in July (The prior time this area was billed).

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 7 - October 31, 2008

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
October 2008		\$ 0	\$ 14,861	\$ 0	
September 2008		\$ 113,552	\$ 5,893	\$ 0	
August 2008		\$ 0	\$ 0	\$ 0	
July 2008		\$ 0	\$ 0	\$ 0	
June 2008		\$ 0	\$ 2,835	\$ 0	
May 2008		\$ 0	\$ 0	\$ 0	
April 2008		\$ 65,952	\$ 0	\$ 0	
Year to Date	\$ 7,219	\$ 179,504	\$ 23,589	\$ 0	\$ 163,134

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

Shut-Offs

Approximately 800 accounts “posted” for non-payment were addressed from a listing of back-logged work orders. 150 remain that need additional attention (curb box, replaced, special digging, etc.)

Update: Approximately 100 new accounts have been added. Including the 150 noted above, 187 accounts remain. Customers have either paid or been shut-off.

TAMPERING ISSUES:

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

Date	Last Name	Acct. #	Address	Fee Amt.	Fee Paid	Evidence	Letter Sent	Posted	Shut Off	Status
6/10/08	Grimmer	29A-87	2216 Sinclair Ave	\$2,000	\$2,000	Valve be turned	6/10/08			Fee Assessed

MOHAWK VALLEY WATER AUTHORITY

FLASH REPORT

Month 7 - October 31, 2008

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 %	October	September	August	July	June	May
ASSETS							
Cash		\$ 5,227,440	\$ 4,862,244	\$ 4,683,601	\$ 5,013,161	\$ 4,539,520	\$ 4,359,718
Water Sales Receivable, Net		\$ 1,356,917	\$ 1,336,612	\$ 1,432,079	\$ 1,233,847	\$ 1,350,916	\$ 1,507,460
Trust Fund Assets		\$ 16,740,299	\$ 16,531,274	\$ 16,436,011	\$ 16,147,047	\$ 16,526,227	\$ 16,077,026
Utility Long Term Assets, Net		\$ 61,570,445	\$ 61,492,388	\$ 60,950,221	\$ 60,820,356	\$ 60,416,713	\$ 60,310,923
Total Assets		\$ 87,042,321	\$ 86,088,704	\$ 85,194,108	\$ 84,766,151	\$ 84,199,501	\$ 83,356,661
LIABILITIES							
Accounts Payable		\$ 669,329	\$ 742,473	\$ 622,788	\$ 482,891	\$ 767,301	\$ 732,724
Long Term Debt, Principal		\$ 57,291,249	\$ 57,277,106	\$ 57,262,964	\$ 57,328,821	\$ 57,314,678	\$ 57,300,535
Total Liabilities		\$ 62,340,888	\$ 62,201,419	\$ 61,890,310	\$ 61,637,467	\$ 61,631,576	\$ 61,400,492
EQUITY							
Unrestricted Earnings		\$ 4,988,313	\$ 4,174,166	\$ 3,672,045	\$ 3,498,212	\$ 2,937,454	\$ 2,327,421
Invested in Utility Plant, Net		\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829	\$ 16,944,829
Timber Sales Reserve		\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638	\$ 147,638
"3R" Reserve		\$ 871,710	\$ 871,710	\$ 870,754	\$ 870,327	\$ 870,327	\$ 896,752
Oper. and Maint. Reserve		\$ 572,508	\$ 572,508	\$ 571,552	\$ 571,125	\$ 571,125	\$ 570,550
Repair & Improvement		\$ 525,979	\$ 525,979	\$ 446,524	\$ 446,096	\$ 446,096	\$ 445,522
Bond Covenant Reserve		\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456	\$ 650,456
OPERATIONS - (Monthly Accumulation)							
	Accum. Budget	7th Month FY 2009	6th Month FY 2009	5th Month FY 2009	4th Month FY 2009	3rd Month FY 2009	2nd Month FY 2009
Water Sales	100%	\$ 9,705,786	\$ 8,273,131	\$ 6,884,672	\$ 5,396,351	\$ 4,041,259	\$ 2,676,222
Other Revenue	85%	\$ 1,446,111	\$ 1,233,150	\$ 1,012,716	\$ 884,939	\$ 685,881	\$ 436,174
Operating Expenses less PILOTS	85%	\$ 5,722,623	\$ 5,040,634	\$ 4,173,669	\$ 2,912,744	\$ 2,185,929	\$ 1,449,635
Debt Service, Interest only	100%	\$ 1,026,083	\$ 1,026,083	\$ 1,017,118	\$ 986,540	\$ 985,964	\$ 985,964
PILOT Payments	100%	\$ 908,431	\$ 779,684	\$ 650,937	\$ 522,190	\$ 393,443	\$ 264,558

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 7 - October 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	25 accounts	Parks / Recreations / etc.	13,310	1,332	7,255	149	807	248	3,519	
Way Way Under Construction	ID 128	511 Plant Street, Utica	3,093	-	994	15	422	-	1,662	Posted
Migdalia Cortes	2A 173	11 Shepper dPlace, Utica	1,159	-	861	15	126	15	142	Posted
Ashford Clinton Corp.	2F 52BK	244 Roosevelt Dr. Utica	1,487	-	54	-	54	-	1,379	Posted
GID Properties	4A 132B	808 Wager Street	3,990	2,945	15	1,030	-	-	-	Posted
Vogels Int Bakery	6B 72	1219-21 Lennox Avenue, Utica	1,009	47	8	23	68	21	842	Posted
Milquiade Burdier	10D 123	109 Hobart Str. Utica	1,085	148	2	17	253	15	650	Posted
Charlrity Chheng	11A 136	1415 Elm Street, Utica	1,348	193	2	17	450	15	671	Posted
Milquiades Burdier	11G 74	1308 Brinkerhoff Ave. Utica	1,012	254	1	16	307	15	419	Posted
Domingo Romero	11G 82	404 Leah Street, Utica	1,026	497	4	19	60	18	428	Posted
Christina Joseph	13D 21	602 Eagle Street, Utica	1,257	47	1	16	1,058	15	120	Investigation
Tomorrow Tonight, Inc	13F 64	1123 Dudley Avenue, Utica	2,546	97	1	16	72	-	2,360	Posted
Chanty Srey	16B 16	516 Lansing Street (1 fl) Utica	1,183	-	16	1	713	15	438	Posted
Samnang Phou	16E 56	705 Elizabeth Street, Utica	1,184	-	10	9	17	8	1,140	Posted
Scott Bennett	28A 125	507 Main Street, Utica	1,033	-	7	166	26	137	697	Posted
Cybersports, Inc	34A 52A	8020 Ste. Route 12, NH	1,256	-	329	-	-	228	699	Investigation
Michael Knapp	37B 14	2260 Route 5, Utica	2,931	-	591	2	18	995	1,325	Posted
Algonquin Corp	50D 5	1434 Genesee St Utica	2,128	15	697	709	707	-	-	Posted
Genesee Holding LLC	52B 19	239 Genesee Street, Utica	2,076	15	426	427	1,208	-	-	Investigation
Brandegee Gar. Apts	52E 27C	827 Jay Street, Utica	3,546	15	1,080	1,206	1,245	-	-	Posted
Charles Property Mgmt.	55B 29	311-15 Whitesboro Street, Utica	3,501	15	866	881	1,724	15	-	Posted
T. Klotz (also, see shut-offs)	29 accounts	See separate attachment	15,622	1,631	1,198	480	3,294	275	8,744	Posted

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 7 - October 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
DELINQUENT ACCOUNTS SHUT-OFF										
Peter Lim	ID 41	613 Henry Street, Utica	1,880	-	104	15	766	15	980	Shut-off/Coll
Shane Berge	2E 18A	105 Richardson Avenue, Utica	1,086	-	186	22	79	21	778	Shut-off/Coll
Agueda Calle	3F 66	1247 Lincoln Ave. Utica	1,153	-	7	7	463	6	670	Shut-off/Coll
George Bassett	4C 133	720 Roberts Street, Utica	1,269	-	58	25	74	24	1,088	Shut-off/Coll
James Spratt	5E 93	1207 Erie Street, Utica	1,183	100	8	23	148	21	883	Shut-off/Coll
James Spratt	5F 84	617 Lennox Avenue, Utica	1,264	71	8	23	189	21	952	Shut-off
Jim Spratt	11E 150	1507 Miller Street, Utica	1,672	47	14	29	129	26	1,427	Shut-off/Coll
Martin Davis	5E 159	1043 Erie Street, Utica	1,073	47	4	19	62	18	923	Shut-off/Coll
Mohammed Hashim	6A 105	1109 Court Street, Utica	1,498	47	10	25	121	22	1,273	Shut-off/Coll
Angel Rios	7D 20	424 French Road, Utica	2,381	47	21	36	93	33	2,151	Shut-off/Coll
Sapi Dussi	10D 8	1309-13 Oneida Street, Utica	2,025	251	14	29	228	26	1,477	Shut-off/Coll
Kim Willie	10E 110	128 Elmwood Pl (3rd Fl) Utica	1,343	639	-	19	670	15	-	Shut-off/Coll
Hidalgo Diaz	10F 86	1506 Steuben Street, Utica	1,316	47	10	25	64	15	1,155	Shut-off/Coll
Michael Cipriano	10F 108	105-107 Wall Street, Utica	3,063	47	21	35	275	31	2,654	Shut-off/Coll
William Hawkins	11B 118	1210 Steuben St. Utica	2,435	97	22	36	95	15	2,170	Shut-off/Coll
Rafaela Pantaleon	11B 179	107 Leah Street, Utica	2,286	97	-	15	2,159	15	-	Shut-off/Coll
Damian Planco	11C 130BK	1575-77 Steuben Street, Utica	1,013	47	7	21	115	20	803	Shut-off/Coll
Thach Buon Bopha Suno	11E 34	1502 Howard Avenue, Utica	1,450	47	12	27	122	21	1,221	Shut-off/Coll
Bank of America	11F 157	1427-29 Howard Avenue, Utica	1,619	224	4	19	649	15	708	Shut-off/Coll
Donald Shaub	11G 97	1308 Dudley Avenue, Utica	2,143	47	14	28	426	26	1,602	Shut-off/Coll
Wells Fargo Bank	12B 27	1518 Dudley Avenue, Utica	1,080	172	7	22	66	19	794	Shut-off/Coll
Margaret Natale	12B 89	339 Pleasant Street, Utica	3,559	47	5	20	1,026	15	2,446	Shut-off/Coll
SueAnn Stevens	13C 102	1139 Seymour Avenue, Utica	1,658	499	9	27	146	25	952	Shut-off
Darlene Clark	13D 148	1546 Vincent Street, Utica	3,015	47	23	38	137	25	2,745	Shut-off/Coll
Marco Gonzales	13F 61	1124 Dudley Ave. Utica	1,338	47	11	25	160	24	1,071	Shut-off/Coll
Kerim Omeragic	14EE 12	1150 Kossuth Ave. Utica	1,209	97	9	24	119	22	938	Shut-off/Coll
Christopher Jones	15D 64	1005 Jefferson Ave. Utica	1,340	-	24	9	297	23	987	Shut-off/Coll

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 7 - October 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	
<u>DELINQUENT ACCOUNTS SHUT-OFF</u>											
Rafael Padalla	17A 150A	689 Bleeker Street, Utica	1,066	-	10	10	33	9	1,004	Shut-off/Coll	
Thein Aung	17B 114A	925 Catherine Street, Utica	1,354	-	25	9	212	8	1,100	Shut-off/Coll	
Campion Weeks	17E 148	917 Blandina St. Utica	1,067	-	23	8	132	6	898	Shut-off/Coll	
Efren Ortiz	18A 54	1206 Catherine Street, Utica	1,172	-	24	9	133	6	1,000	Shut-off	
Matt Morreale	29B 33	2140 McBride Avenue, Utica	1,029	-	7	130	26	184	682	Shut-off/Coll	
Lucille Halpin	30B 159	208 Main Street, Whitesboro	1,269	-	11	65	32	113	1,048	Shut-off/Coll	
Erica & John Smaldon	30C 1	1 Dewey Avenue, Utica	1,139	-	9	145	31	109	845	Shut-off	
Gerald Dos Santos	30D 61	23 Brainard Street, Whitesboro	1,273	-	8	8	17	372	868	Shut-off/Coll	
Molly O'Malley	31A 33	103-105 River Street, Oriskany	1,155	-	10	64	32	112	937	Shut-off	
Seco Leasing Corp.	50A 21	132-42 Hotel Street, Utica	1,102	15	85	99	196	97	610	Shut-off/Coll	
Coolidge Mem. LLC	52B 60	106 Memorial Pkwy	5,517	15	509	519	1,022	504	2,948	Shut-off/Coll	
SIBFS 1900, LLC	52E 61	1900 Bleeker Str. Utica	3,418	15	388	453	831	1,731	-	Shut-off/Coll	
807-11 Broad Street, LLC	55A 6	807 Broad St. Utica	5,289	1,015	767	544	834	411	1,718	Shut-off	
Fay Street Warehouse	55A 9A	825-27 Broad Street, Utica	1,784	-	50	50	85	57	1,542	Shut-off/Coll	
T. Klotz (also, see above)	7 accounts	See separate attachment	2,239	272	123	67	547	75	1,155	Shut-off	
City of Utica Delinquents-FY '08			87,996	-	-	-	-	-	87,996		
City of Utica Delinquents-FY '07			81,691	-	-	-	-	-	81,691		
City of Utica Delinquents-FY '06			47,489	-	-	-	-	-	47,489		
City of Utica Delinquents - Prior Years			1,116,461	-	-	-	-	-	1,116,461		
Oneida County Delinquents - FY '08			7,325	-	-	-	-	-	7,325		
Oneida County Delinquents - Prior Years			51,427	-	-	-	-	-	51,427		
Village Delinquents - FY '08			3,224	-	-	-	-	-	3,224		
Village Delinquents - Prior Years			88,293	-	-	-	-	-	88,293		
Remaining Accounts			1,418,791	678,732	204,861	118,482	196,713	35,461	184,542	Change	
October, 2008			<u>3,045,703</u>	<u>690,126</u>	<u>221,940</u>	<u>126,519</u>	<u>222,383</u>	<u>41,849</u>	<u>1,742,886</u>	1.46%	
September, 2008			<u>3,001,859</u>	<u>606,137</u>	<u>136,613</u>	<u>131,401</u>	<u>257,298</u>	<u>90,415</u>	<u>1,779,995</u>	-2.46%	

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 7 - October 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	8,762,000	0	9,184	33,914	43,098	8,718,902
Fiscal 2003 Budgeted Capital Projects		<u>8,762,000</u>	<u>0</u>	<u>9,184</u>	<u>33,914</u>	<u>43,098</u>	<u>8,718,902</u>

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	1,602	177,137	178,739	3,271,261
Emergency Generator	City Hall	135,000	0	0	2,763	2,763	132,237
SCADA-All Phases	System Wide	132,255	215	25,211	63,655	88,866	43,389
Clearwell	WTP	4,174,500	500	443,458	4,032,229	4,475,687	-301,187
Fiscal 2005 Budgeted Capital Projects		<u>7,891,755</u>	<u>715</u>	<u>470,271</u>	<u>4,275,784</u>	<u>4,746,055</u>	<u>3,145,700</u>

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	0	22,759	58,308	81,067	8,933
Tank-10m Gallon	Deerfield Tank	5,939,705	0	545,823	5,158,566	5,704,389	235,316
Fiscal 2006 Budgeted Capital Projects		<u>6,029,705</u>	<u>0</u>	<u>568,582</u>	<u>5,216,874</u>	<u>5,785,456</u>	<u>244,249</u>

MOHAWK VALLEY WATER AUTHORITY

WORK IN PROCESS—CAPITAL PROJECTS

Month 7 - October 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	0	6,001	154,947	160,948	19,052
Main Replacement	York St., Utica	84,600	.	0	82,887	82,887	1,713
Pump Station	Cascade Drive, NH	2,500	0	0	1,325	1,325	1,175
System Improve.-WQ and Turnc	System Wide	300,000	0	0	22,300	22,300	277,700
GIS & Hydraulic Modeling	System Wide	550,000	0	12,984	488,246	501,230	48,770
Main Replacement/Crossings	Holland Patent	54,310	0	0	53,310	53,310	1,000
Ladder Safety/ Security	WTP-Backwash Tank	38,000	0	26,800	0	26,800	11,200
Water Tank	Smith Hill, Deerfield	600,000	0	1,356	975	2,331	597,669
Water Tank	Marcy Reservoir	3,600,000	0	15,989	12,029	28,018	3,571,982
Canal Crossing	Marcy	1,000,000	0	0	7,822	7,822	992,178
Activated Carbon PILOT	WTP	35,000	0	23,070	33,600	56,670	-21,670
Main Extension	Mason Road	14,000	0	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-Desi	WTP	20,000	7,500	13,795	7,500	21,295	-1,295
In-Line Hydro Generation Study	WTP	11,000	0	0	3,013	3,013	7,987
Fiscal 2007 Budgeted Capital Projects		6,730,410	7,500	104,909	1,017,137	1,122,046	5,608,364

WORK IN PROCESS—CAPITAL PROJECTS

Month 7 - October 31, 2008

CAPITAL PROJECTS - FY2009

CAPITAL PROJECT	LOCATION	AMENDED BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	TOTAL PROJECT EXPENSE	REMAINING BALANCE
Main Replacement	Walnut St., Utica	65,000	0	28,547	0	28,547	36,453
Main Replacement	Colonial Dr. Utica	10,305	0	6,880	0	6,880	3,425
Main Replacement	Scott St, Utica	1,950	0	1,950	0	1,950	0
Butterfly Valve	Deerfield Reservoir	79,785	0	79,785	0	79,785	0
WQ Monitoring Station	Yorkville	0	0	13,180	0	13,180	-13,180
Water Main	Evergreen Dr-	0	194	453	0	453	-453
Fiscal 2009 Budgeted Capital Projects		<u>157,040</u>	<u>194</u>	<u>130,795</u>	<u>0</u>	<u>130,795</u>	<u>26,245</u>

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 7 - October 31, 2008

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 09	FISCAL 08	FISCAL 07	FISCAL 06	FISCAL 05
April	378,976	432,019	419,898	421,158	436,874
May	457,738	428,265	412,183	433,169	433,732
June	430,138	449,886	483,811	463,071	432,431
July	406,684	441,659	434,748	477,805	476,038
August	476,222	510,472	475,336	514,883	469,873
September	443,089	493,270	481,683	513,111	449,233
October	445,281	<u>446,832</u>	<u>436,160</u>	<u>469,375</u>	<u>529,942</u>
		3,202,403	3,143,819	3,292,572	3,228,123
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	<u>0</u>	<u>421,810</u>	<u>410,322</u>	<u>400,517</u>	<u>427,874</u>
Total	<u>3,038,128</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	1,367,807	1,564,270	Area 3	1,310,916	1,180,125
July	1,369,271	1,505,133	Area 1	1,310,354	1,337,397
August	1,498,222	1,300,309	Area 2	1,459,484	1,375,328
September	1,388,459	1,532,306	Area 3	1,396,332	1,188,049
October	1,399,083	1,375,866	Area 1	<u>1,363,214</u>	<u>1,896,068</u>
				\$9,411,878	\$9,452,653
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	<u>0</u>	<u>0</u>		<u>1,247,605</u>	<u>1,417,892</u>
Total	<u>\$9,705,817</u>	<u>\$9,884,669</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 7 - October 31, 2008

REVENUE

- *Metered Water Sales:*

Monthly Billing--Quarterly and Monthly Accounts – The first quarter (April thru June) experienced an increase in water sales of 4.3% compared to an anticipated 3.3% increased compared to 2008 actual. However, for the second quarter, (July thru August), water sales was up only 2.1% compared to an anticipated 3.3% increased compared to 2008 actual.

For October, water sales are up a modest \$36,000 compared to the prior year. Overall, we are on-track with our budgeted water sales. Accumulated water sales (\$\$) are above the prior year actual by \$294,000 or 3.2% above last year's actual.

- *System Charge* – As expected, both quarterly billed and monthly billed system charges is now slightly above budgeted estimates.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Accumulated year to date, penalties are slightly higher than 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 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.

Further analysis will be performed to optimize earnings by investing in several different CD's or money markets.

MAJOR EXPENSE ACCOUNT ANALYSIS

Month 7 - October 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Oct 31, 2008 (Accrual-Basis)			
Administration					
Salaries	179,537	177,714	98.98%	1,823	Minimal variance
Travel & Vehicle Usage	4,500	8,805	195.67%	(4,305)	Bond rating trip to NYC by Executive Director and Comptroller not budgeted.
Contracted Services	25,761	30,043	116.62%	(4,282)	Marketing Consultant over budget by \$7.4K due to timing. Offset by the printing of the annual report which hasn't occurred = \$1.5K
Legal Fees	137,600	61,363	44.60%	76,237	Judge's ruling expected in Feb.-March of 2009. At that time, variance will be reduced.
Finance & Accounting					
Salaries	274,013	249,981	91.23%	24,032	Budgeted position is currently open
Contracted Services	130,150	127,340	97.84%	2,810	Collection agency payments have a favorable variance of \$\$24k (due to change in collection policy); This is off set by charges for the various banking services by our old bank, M&T bank.
Engineering					
Salaries	308,123	270,909	87.92%	37,214	Position presently unfilled
Operating Supplies	13,129	5,742	43.74%	7,387	Replacement of portable radios not occurred to date=\$4.9K.
Contractor Services	33,940	18,755	55.26%	15,185	Some of the budgeted work has not been performed (i.e. high voltage inspection of hydrogenerators = \$8K; semi-annual emergency generator = \$2.9K; master meter calibration = \$20K.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 7 - October 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Oct 31, 2008 (Accru al-Basis)			
Information Technology					
Salaries	145,393	142,879	98.27%	2,514	Minimal variance
Office Equipment	14,000	8,538	60.99%	5,462	Timing of the purchasing of replacement computers = \$7.1K.
Operating Supplies	14,020	6,923	49.38%	7,097	Purchase of computer paper = \$3.8K favorable, and back-up tapes = \$2.8K favorable.
Contracted Services	127,677	62,631	49.05%	65,046	Timing of several purchases (i.e. hydrant/valve software = \$12K; software development support -\$28K; paperless reporting conversion -\$9K; and Cool Ice maintenance-\$7.5K.
Water Quality					
Salaries	232,472	231,182	99.45%	1,290	Minimal variance
Office Equipment	8,500	0	0.00%	8,500	The following equipment items were budgeted but have not been purchased: watershed equipment = \$3K; on-line monitoring equipment = \$5K, and PH electrodes = \$.5K.
Office Materials	7,600	4,242	55.82%	3,358	FY 2007 Water Quality Report favorable by \$2.4K
Operating Supplies	96,700	69,373	71.74%	27,327	Timing of chemicals and monitoring purchases--Pathogen monitoring
Contracted Services	11,100	6,694	60.31%	4,406	Year to date favorability are attributed to timing of work performed--regulated monitoring \$2.4K; waste disposal = \$1.0K and, Lab Equip service = \$1.0K).
Training and Education	6,650	2,422	36.42%	4,228	Timing of expenses.
Repairs	10,000	128	1.28%	9,872	Minimal repairs to date
Treatment Plant					
Salaries	200,055	198,400	99.17%	1,655	Reasonable variance.
Small Equipment	20,300	6,796	33.48%	13,504	Timing of chlorine scale purchases = \$4K. Feed pumps have not been purchased = \$8K
Operating Supplies	620,478	686,681	110.67%	(66,203)	As expected, granulated activated carbon (GAC) purchases have exceeded budget.
Contractor Services	13,570	2,131	15.70%	11,439	Sludge removal has not been performed = \$10K.
Plant Repairs	18,000	20,343	113.02%	(2,343)	Numerous small repairs to maintain the WTP

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 7 – October 31, 2008

	Month-To-Date		Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
	Budget (Cash-Basis)	Actual-Oct 31, 2008 (Accrual-Basis)			
Maintenance					
Salaries	347,333	330,336	95.11%	16,997	Minimal variance
Wages	568,884	514,552	90.45%	54,332	3 budgeted positions are currently open-in process of being filled.
Street Repair Materials	90,412	85,416	94.47%	4,996	Timing of paving materials purchases (cold patch = \$4.0K; and item # 4 = \$1.2K).
Office Equipment	4,896	952	19.44%	3,944	Office furniture and air conditioner for the Luke Road Pump Station have not been purchased
Small Equipment	54,195	12,515	23.09%	41,680	Timing of purchases as follows: (Gears for Horz Rennselaer = \$5.4K; hand held radios-\$8.4K; plumbing tools/equipment-\$14.4K; safety equipment-\$8K).
Operating Supplies	58,680	111,281	189.64%	(52,601)	General supplies (i.e. mains supplies, clamps, couplings, etc.) are exceeding budget.
Training & Education	16,570	150	0.91%	16,420	No safety training performed to date
Vehicle & Equip. Repairs	130,077	64,358	49.48%	65,719	Minimal repairs to date.
Cash-Financed Construction					
Meters	180,465	120,212	66.61%	60,253	Timing in the purchase of meters. The purchase of 750 residential meters budgeted in October has been moved to later in the year
Hydrants	67,820	61,291	90.37%	6,529	No more purchases of hydrants are anticipated for FY 2009.
Paving	476,265	110,540	23.21%	365,725	Timing of invoices
General Services					
Printing	22,750	6,953	30.56%	15,797	Very limited printing of business forms to date = \$7.4K. Timing of the printing of the quarterly newsletter = \$6.6K
Telephone	53,041	59,865	88.60%	(6,824)	GPS usage for trucks = \$6.8K not budgeted
Electricity and Gas	243,300	248,632	102.19%	(5,332)	Reasonable variance caused by higher commodity prices.
Heating Oil	36,161	1,125	3.11%	35,036	Timing of heating oil purchases vs. budget.
Gas & Oil	86,625	97,662	112.74%	(11,037)	Unfavorable to date attributed to higher fuel prices than anticipated during the first half of the year.
Overtime					
Treatment Plant	24,232	35,371	145.97%	(11,139)	
Maintenance	107,310	104,530	97.41%	2,780	

FINANCIAL RATIOS

Month 7 - October 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>Oct. '08</u>	<u>Sept. '08</u>	<u>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>Avg.-Past Six months</u>
1.86	1.77	1.83	1.98	1.84	1.87	1.67

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. '08</u>	<u>Sept. '08</u>	<u>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>Avg.-Past Six months</u>
\$4,047,360	\$3,506,151	\$3,545,951	\$3,855,523	\$3,305,085	\$3,234,176	\$2,610,851

FINANCIAL RATIOS

Month 7 - October 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>Oct '08</u>	<u>Sept '08</u>	<u>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>Avg.-Past Six months</u>
72%	72%	73%	73%	73%	74%	75%

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>Oct '08</u>	<u>Sept '08</u>	<u>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>Avg.-Past Six months</u>
3.15	2.88	2.55	2.90	2.95	3.27	2.95

FINANCIAL RATIOS

Month 7 - October 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>July, August, Sept. '08</u>	<u>June, July, August '08</u>	<u>May, June, July '08</u>	<u>Avg.-Past Six months</u>
Average Billed Water %	60.63%	60.41%	59.08%	55.26%
Other Unmetered Uses (See Detail Above)	17.76%	17.76%	17.76%	17.76%
Total Water Usage	78.39%	78.17%	76.84%	73.02%
Remaining “Unaccounted-For Leakage”	21.61%	21.83%	23.16%	26.98%

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 7 - October 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>Oct '08</u>	<u>Sept '08</u>	<u>August '08</u>	<u>July '08</u>	<u>June '08</u>	<u>May '08</u>	<u>Avg.-Past Six months</u>
\$43.75	\$43.75	\$43.75	\$43.79	\$43.80	\$40.86	\$40.09

GLOSSARY OF TERMS

Month 7 - October 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 7 - October 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.