

MOHAWK VALLEY WATER AUTHORITY

MONTHLY FINANCIAL REPORTING PACKAGE

Month 11: Month Ended February 28, 2006

Finance Committee Members

Terms Ending

December 31,

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

Report produced by Jim Korfonta, Comptroller

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VITAL SIGNS—(KEY PERFORMANCE INDICATORS)

Month 11 - February 28, 2006

PRODUCTION & DISTRIBUTION

	<u>Feb.</u>	<u>Jan.</u>	<u>Dec.</u>	<u>Nov.</u>	<u>Oct.</u>	<u>Sept</u>
Water Production (1,000 gallons)	523,600	576,700	552,300	543,700	549,900	534,900
Billed Consumption (1,000 gallons)	298,177	305,187	317,869	354,769	351,139	383,858

Note—Water production is for the current month while billed consumption is for the prior three months.

CASH FLOW

Cash Flow-(See cash flow detail on page 4.)	Beginning Cash	Operating Cash In	Operating Cash Out	Net Change In Cash	Balance Remaining
February 2006		\$ 1,358,213	\$ 1,183,112	\$ 175,101	
Year-To-Date	\$ 1,442,326	\$ 13,502,256	\$ 13,142,024	\$ 360,232	\$1,802,558

CUSTOMER ACCOUNT MAINTENANCE

Customers in the Water System	Beginning Balance	New Accounts	Moved Out of Svs. Area	Ending Balance
February 2005		12	(34)	
Year-To-Date	36,533	122	(395)	36,260

Breakdown of Customer Movement:

For the fiscal year, 1,771 final bills have been processed--customers that move from their current location. Of this balance, 1,587 have 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 11 - February 28, 2006

WATER SYSTEM MAINTENANCE--DISTRIBUTION LINES

WATER SYSTEM MAINTENANCE--METER ACTIVITY

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

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.
February 2006	125	6	2	0	0	0	187	14	4	9.8	2.5
January 2006	200	6	6	2	2	0	216	15	6	10.8	2.7
December 2005	192	4	6	2	0	0	204	21	5	9.7	2.4
November 2005	178	1	3	0	1	6	189	19	4	10.5	2.6
October 2005	211	5	3	0	0	0	219	15	6	10.4	2.6
Sept. 2005	274	4	3	2	0	2	285	24	1	12.9	3.2
August 2005	241	3	5	1	2	11	263	20	8	12.5	3.1
July 2005	196	4	6	2	1	1	210	18	1	9.5	2.4
June 2005	193	3	4	1	0	0	201	14	2	9.1	2.3
May 2005	236	4	3	2	0	0	245	15	7	11.6	2.9
April 2005	230	7	5	5	0	0	247	18	7	11.8	2.9
Year-To-Date	2,276	47	46	17	6	20	2,412	24	1	10.9	2.7

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

COMPTROLLER'S MESSAGE

Month 11 - February 28, 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>
February 2006	\$111,661	\$68,588	\$27,727	\$1,264	\$6,788	\$2,728	\$4,566

Useful Information To Know:

- There are approximately 37,000 service connections in our service area.
- An average family of four uses approximately 2,840 cubic feet or 21,000 gallons per quarter. The average quarterly bill for a customer with this usage is \$60.00.
- An average individual uses approximately (220-250 cubic ft.) 1,650—1,750 gallons per month. The average charge per month is approximately \$10.50

Big Picture

Monthly Water Sales: At 11 months, billed water sales have fallen below budget. (\$11,877,000 budget vs. \$11,555,000 actual). While August, September, October and November's billings were higher than budgeted, primarily the result of a very dry summer, February consumption was much lower than the previous year.

Monthly Consumption: August through November consumption reflected the very dry summer month's activity. December and January consumption was more consistent with the prior year; however, February's consumption fell far below compared to 2005. We remain 5.7 million cubic feet above last year due to the summer month's activity. This equate to approximately \$120,000 additional revenue under our current rate structure.

Projection to Year-End: Below is a summary of projected income and expenses. If these projections are realized, the Organization will "essentially" break-even for the year.

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

PROJECTED ACTUALS FOR FISCAL 2006 (BUDGET VS. PROJECTED ACTUAL)

CURRENT YEAR--FISCAL 2006			
	FISCAL 2006 Adopted Budget (Cash-Basis)		Fiscal 2006 Projected Actual
REVENUES (Cash Basis)			
Water Sales	\$ 12,671,764	\$	12,422,732
Collection of Delinquent Water Levied	0		126,516
Bad Debts	(225,000)		
Net Water Sales	12,446,764		12,549,248
Delinquency Charges	683,000		757,895
Fees and Ancillary Charges	211,500		265,735
Other Services	655,000		663,967
Interest Income and Miscellaneous Items	363,850		417,410
Total Revenues	14,360,114		14,654,255
OPERATING EXPENSES			
Administrative	667,168		613,788
Finance and Accounting	772,308		813,716
Customer Service	291,394		265,460
Engineering	846,469		811,305
Information Technology	486,184		429,653
Water Quality Lab--(In-house & Outside Svs.)	748,585		723,173
Treatment Plant	1,202,677		1,072,487
Maintenance	3,343,469		3,390,291
General Services	1,252,678		1,339,491
PILOT Payments	1,474,939		1,474,939
Long-Term Asset Purchases	359,282		236,358
Total Operating Expenses	11,445,152		11,170,662
OTHER EXPENSES			
Existing Debt Service & Promissory Note	3,614,150		3,643,843
New Debt Service	0		0
Bond Covenant (15% of Current Debt Req'd.)	0		0
O&M Reserve	59,156		59,156
Repair, Renewal & Replacement Reserve	59,156		59,156
Total Other Expenses	3,732,462		3,762,155
Total Expenses	15,177,614		14,932,817
Ending Cash--Before Use of Bonded Funds	(817,500)		(278,562)
Bonded Funds Used to Offset			
Operating Purchases	817,500		713,490
Remaining Cash	\$ 0	\$	434,928

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

Big Picture-continued

Cash Flow: We continue to assess the impact legal costs related to our law suit over water rights have on our operating budget. For the year, we have a relatively small positive cash flow that is anticipated to extend to the March year-end. Overall, cash flow is consistent with estimates. Our cash position will remain "GUARDED" for to year end due to mounting legal fees.

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>FEB 2006</u>	<u>TARGET</u>	<u>ACTUAL</u>
Cash Inflow	\$ 1,150,000	\$ 1,358,000	\$ 13,450,000	\$ 13,446,000
Outflows--				
Personnel Costs	312,000	315,000	3,744,000	3,770,000
Reimb. Capital Labor	(146,000)	(292,000)	(292,000)	(292,000)
PILOTS	125,000	122,000	1,375,000	1,350,000
Debt Service	305,000	303,000	3,355,000	3,341,000
Payments to Suppliers	350,000	735,000	4,700,000	4,858,000
Funding of Reserves	-	-	59,000	59,000
	946,000	1,183,000	12,941,000	13,086,000
Cash Remaining	\$ 204,000	\$ 175,000	\$ 509,000	\$ 360,000

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

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

CURRENT CUSTOMER SERVICE ACTIVITY

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

A plan should be created to address continued court hearings and the time spent by the CS manager gathering information and analysis necessary to defend our theft cases.

- We continue to concentrate on properties that have registered "0" consumption for three or more quarters. This is to assist in our tampering efforts and to correct stopped meters.
- We are focusing on sending out letters to customers where their shuts off valves were noted as requiring replacement and reminding them to have repaired so we could update their meter. We currently have sent 305 letters out and 153 were repaired or meters replaced.
- We continue to focus on estimated reads. We are looking for properties 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. As a result, we posted 851 properties to date.

CUSTOMER SERVICE CALLS RECEIVED

There were 20 total workdays in the month. Here are the results of the current and prior months:

	TOTAL CALLS	AVERAGE SPEED ANSWERED	AVERAGE TALK TIME	ABANDON CALLS
April	4,641	:14	1:43	15
May	5,446	:20	1:49	18
June	5,721	:20	1:49	26
July	5,696	:17	1:52	24
August	5,696	:17	1:52	24
September	6,573	:17	1:51	25
October	6,581	:15	1:44	26
November	5,819	:16	1:48	28
December	5,879	:19	1:56	24
January	5,808	:15	1:50	19
February	5,695	:18	1:55	24

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

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, 36% of the monthly accounts were estimated; 7% of the quarterly accounts were estimated. This is a small percentage reduction from the prior month. We continue to institute corrective actions to reduce the monthly account estimates.

BILLING/COLLECTIONS:

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

Fiscal 2006	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
February		\$ 40,006	\$ 50,467	\$ 20,733	
January 2006		\$ 68,720	\$ 44,660	\$ 20,107	
December 2005		\$ 78,729	\$ 26,086	\$ 10,053	
November 2005		\$ 23,636	\$ 16,221	\$ 34,522	
October 2005		\$ 32,880	\$ 41,024	\$ 11,252	
September 2005		\$ 92,801	\$ 41,607	\$ 13,923	
August 2005		\$ 35,851	\$ 28,542	\$ 26,900	
July 2005		\$ 42,290	\$ 34,629	\$ 19,887	
June 2005		\$ 43,709	\$ 39,518	\$ 20,995	
May 2005		\$ 100,972	\$ 12,296	\$ 2,073	
April 2005		\$ 0	\$ 0	\$ 0	
Year to Date		\$ 559,594	\$ 335,050	\$ 180,445	\$ 44,099

Prior Fiscal Year	Beginning Balance	Sent to Collections	Amount Collected	Amount Returned	Ending Balance
Fiscal 2005		\$ 673,903	\$ 368,184	\$ 305,719	

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

	Prior Month Balance	Customers Added/ Returned From Collections	Customers Paid	Shut-Off	Returned/ Sent to Tax Sale	Ending Balance
"Posted" Accounts	235	103	56	10	0	272

- As of the beginning of the fiscal year, accounts totaling \$978,353 have been "posted". Of this amount, \$597,455 has been collected for the fiscal year. For the current month, \$87,406 was collected.

MOHAWK VALLEY WATER AUTHORITY

COMPTROLLER'S MESSAGE

Month 11 - February 28, 2006

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
10/20/03	Advantage	10D-8A	1301 Oneida St, Utica	\$ 8,000		Pict/Nip	10/30/03	1/13/04	Yes	1
4/19/04	Berube	16A-67	401 Blandina St	\$ 2,000		Pict	5/17/04	11/23/04		1
7/9/04	Cannistra	36A-27Y	2261 E. Broad Street	\$ 2,000	\$ 2,000	Lab Test	7/13/04			2
11/23/04	Prymas	6A-123	940 Lenox Ave	\$ 2,000	\$ 2,000	Pict.	11/23/04			2
12/30/04	Madden	56DA-10BK	35 Campion Rd	\$ 2,000		Pict/Mtr	1/11/05		Yes	1
3/1/05	Karam	29B-128	1109 Champlin Ave	\$ 2,000	\$ 984	Pict	3/14/05	4/25/05		6
3/9/05	Duran	11E-44	1532 Howard Ave	\$ 2,000		Pict	4/4/05	4/13/05	Yes	1
3/29/05	Diaz	14D-6	1133 Kossuth Ave	\$ 2,000	\$ 2,000	Pict	4/4/05	4/12/05		2
3/29/05	Diaz	14D-6A	1133 Kossuth Ave	\$ 2,000	\$ 1,600	Pict	4/4/05	4/12/05		2
6/20/05	Riggles	35A-75HL	10853 Coby Mnr Rd	\$ 2,000		Admit	7/8/05			10
7/21/05	Labuzzetta	12A-149	1531-33 Neilson	\$ 2,000	\$ 1,750	Pict/Mtr	7/21/05	9/14/05		10
7/21/05	Labuzzetta	14A-131	1108 Taylor ave	\$ 2,000	\$ 2,000	Pict/Mtr	7/21/05	9/14/05		10
10/4/05	Debella	1E-55	721 Oswego St	\$ 2,000		Pict	10/20/05			10
10/13/05	Maher	9B-77	12-14 Emerson Ave	\$ 2,000	\$ 2,000	Pict	10/20/05	10/31/05		8
11/16/05	Duda	33K-143	7803 Maple Ave HP	\$ 2,000	\$ 300	Admit	11/23/05			9
1/13/06	Marris	30A-74	16 Wind Place	\$ 2,000	\$ 1,000	Pict./Admit	1/24/06			1

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.

METER REPLACEMENT**NEW PROJECT --LARGE METER REPLACEMENT 3" +**

Project Synopsis: We have identified 18 large meters for replacement and have ordered or have in stock the meters and equipment to begin replacement. Once the contractor has been selected, replacement of these meters will commence. A combined effort with Customer Service, Engineering, Metering, and our meter supplier is taking place to evaluate all these large meters.

Project Status: Material (meters) on order and an RFP for bids to perform the replacement occurred in March.

FLASH REPORT

Month 11 - February 28, 2006

The following is a “**snapshot**” of operating results for major account balances in our financial statements.

The “**Critical Ratio Percentages**” are a comparison of our month-to-date **Budget** to the month-to-date **Actual**.)

	Critical Ratio %	February	January	December	November	October	September
ASSETS							
Cash		\$ 2,386,114	\$ 2,407,061	\$ 2,025,486	\$ 2,293,706	\$ 2,359,586	\$ 2,106,821
Water Sales Receivable, Net		\$ 1,541,611	\$ 1,657,609	\$ 1,647,584	\$ 1,923,758	\$ 16,690,476	\$ 1,729,203
Trust Fund Assets		\$ 11,566,455	\$ 11,634,426	\$ 11,611,472	\$ 11,604,248	\$ 12,945,258	\$ 12,994,511
Utility Long Term Assets, Net		\$ 47,256,446	\$ 47,290,089	\$ 47,330,086	\$ 47,404,723	\$ 47,452,442	\$ 47,504,896
Total Assets		\$ 63,903,541	\$ 64,388,334	\$ 63,861,542	\$ 64,489,596	\$ 65,934,529	\$ 65,840,971
LIABILITIES							
Accounts Payable		\$ 111,661	\$ 512,790	\$ 236,529	\$ 711,924	\$ 246,029	\$ 364,871
Long Term Debt, Principal		\$ 48,330,537	\$ 48,317,819	\$ 48,305,101	\$ 48,374,056	\$ 49,536,337	\$ 49,523,619
Total Liabilities		\$ 51,440,580	\$ 51,164,854	\$ 51,502,474	\$ 51,484,142	\$ 52,881,049	\$ 52,928,249
EQUITY							
Unrestricted Earnings		\$ (2,240,723)	\$ (2,277,362)	\$ (2,141,778)	\$ (1,495,391)	\$ (1,447,365)	\$ (1,419,230)
Invested in Utility Plant, Net		\$ 13,372,977	\$ 13,315,777	\$ 13,315,777	\$ 13,315,777	\$ 13,315,777	\$ 13,315,777
Timber Sales Reserve		\$ 145,638	\$ -	\$ -	\$ -	\$ -	\$ -
"3R" Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 405,574	\$ 405,574	\$ 405,574
Oper. and Maint. Reserve		\$ 262,555	\$ 262,555	\$ 262,555	\$ 232,977	\$ 232,977	\$ 232,977
Bond Covenant Reserve		\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362	\$ 487,362
OPERATIONS - (Monthly Accumulation)							
	% of Accum. Budget	11th Month FY 2006	10th Month FY 2006	9th Month FY 2006	8th Month FY 2006	7th Month FY 2006	6th Month FY 2006
Water Sales	98%	\$ 11,555,504	\$ 10,580,664	\$ 9,587,332	\$ 8,607,202	\$ 7,523,134	\$ 6,398,673
Other Revenue	125%	\$ 2,043,503	\$ 1,783,309	\$ 1,597,818	\$ 1,362,549	\$ 1,206,516	\$ 1,007,966
Operating Expenses	98%	\$ 10,174,222	\$ 9,315,670	\$ 9,223,427	\$ 7,759,666	\$ 6,869,749	\$ 5,123,002
Debt Service, Interest only	118%	\$ 1,997,291	\$ 1,900,739	\$ 1,900,739	\$ 1,495,724	\$ 1,105,172	\$ 817,948
PILOT Payments	100%	\$ 1,353,006	\$ 1,231,075	\$ 1,109,136	\$ 986,225	\$ 864,292	\$ 742,359

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 11 - February 28, 2006

CURRENT WATER RECEIVABLES – AGING OF ACCOUNTS:

Note: Accounts have been specifically identified if they are greater than \$1,000 with significant balances over 60 days old.

Customer	Route & Account	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
City of Utica-Facilities	4 accounts	0						
City of Utica-Tax Levy	Various	200,549	2,254	4,410	2,579	2,207	189,099	
Judianne Debella	1E 55	1,979	15	132	0	0	1,832	Posted
Travis Bartlett	3D 112	1,558	3	830	16	1	708	Posted
Sherman Brown	4A 68	2,063	19	60	33	18	1,933	Collect.
Michael Wadas	6D 150	1,019	7	137	21	6	848	Posted
Hashim Mohamed	10D 104	1,842	11	382	23	6	1,420	Collection
William Bannister	11G 73	1,082	4	218	17	2	841	Posted
Vincent Labuzzetta	12A 149	1,037	9	134	0	0	894	Pd. current mo.
Jerome McKinsey	12B 45	1,071	9	50	24	9	979	Posted
Miguel Diaz	14d 6	1,304	26	91	40	18	1,129	Pd. \$1.6K in Feb
Berube	16A 67	1,458	49	35	19	61	1,294	Posted
Philomena Bruzzese	16E 84	1,178	134	22	8	114	900	Posted
NYMA Properties c/o P. LIM	16F 40	1,106	491	18	3	44	550	Posted
Robert Tisdell	18A 109	1,012	45	23	8	49	887	Posted
Paul Kelly	24B 54	1,433	127	25	10	127	1,144	Posted
Rome Turney Radiator	24C 179	1,111	0	0	0	262	849	Invest.
Francine Bruzzese	26E 25	1,010	67	23	8	49	863	Posted
Emily Czapala	28C 120	2,065	22	7	48	6	1,982	Collect.
Bishara Karam	29B 128	1,221	15	19	19	20	1,148	Pd. \$334 on 2/21
Marcy Center Dev. LLC	33D 2	2,789	25	10	576	20	2,158	Posted
Mary Vanvalkenburg	33F 142FA	1,822	16	1	1,042	15	748	Posted
Siesta Motel	33J 184	1,023	15	0	453	15	540	Collection
239 Genesee Holding, LLC	52B 19	5,647	813	860	687	492	2,795	Posted
Utica Mills, LLC	55B 71	3,447	34	34	33	27	3,319	Collect.
Soggs, Pine & Soggs	55C 26H	1,820	524	316	224	235	521	Posted
Champlin Commons	56DD 72	1,918	167	199	134	144	1,274	Posted
Champlin Commons	56DD 73	1,086	98	95	91	101	701	Posted
Mohawk LLC	56FA 141	5,715	150	149	132	146	5,138	Post./Coll./Inv.
Winsong Mountain	56FC 170A	11,381	3,609	3,661	2,888	1,208	15	Posted
Sandra Albert (see also shut-offs)	10 accounts	6,962	3,139	3	0	0	3,820	Invest.
Heritage Acres	3 accounts	7,648	650	31	1,851	738	4,378	Posted
Timothy Klotz (see also shut-offs)	57 accounts	12,473	1,023	2,695	435	1,349	6,971	Post./Coll./Inv.

DELINQUENT ACCOUNTS SHUT-OFF

Abelino Sanabria	1D 86	1,102	24	51	8	23	996	Shut-off
George Nugent	1E 21	2,879	0	0	0	0	2,879	Shut-off
Henry Topolski	3F 53	1,457	12	92	22	6	1,325	Shut-off
Henry Topolski	8B 35	1,073	10	50	24	9	980	Shut-off
Lisa Kewitta	4A 54	1,558	8	49	22	7	1,472	Shut-off
Ali Hassan	6A 29A	1,392	9	213	21	6	1,143	Shut-off
Thomas Rayhill	6A 167	1,056	8	130	22	7	889	Shut-off
Mary Turk	6C 1	3,382	32	73	46	31	3,200	Shut-off
Haru Lukac/Renata Vujeva	8C 46BK	3,421	0	143	0	0	3,278	Shut-off
Som Mang Porm	10D 6	1,114	3	311	1	1	798	Shut-off
Salvation Min.Baptist Church	10D 53	1,293	12	13	12	13	1,243	Shut-off
Stanley Wojcyk	11B 109	1,318	11	102	26	11	1,168	Shut-off
Robert Schraeder	4 accounts	10,683	100	264	160	96	10,063	Shut-off
Chase Bank Mort	11D 110BK	2,319	22	62	35	20	2,180	Shut-off
Erika Duran	11E 44	2,433	23	63	37	21	2,289	Shut-off

SIGNIFICANT DELINQUENT RECEIVABLE BALANCES

Month 11 - February 28, 2006

Customer	Route & Account	Total	0-30	31-60	61-90	91-120	Over 120	Acct. Status
Dorothea King	11F 143	1,208	10	73	22	6	1,097	Shut-off
John Lazarek	12A 173	1,567	13	98	27	12	1,417	Shut-off
Kenyel Flag	2 accounts	2,693	27	26	26	25	2,589	Shut-off
Carolyn Upshaw	13E 55	1,632	9	598	23	8	994	Shut-off
Vergilio & Ledi Suncar	13F 10	1,195	9	115	23	8	1,040	Shut-off
Charles Felton	13F 62	1,148	10	51	24	9	1,054	Shut-off
Erica Shambley	15A 181	6,442	149	75	59	160	5,999	Shut-off
Eduardo Mendoza	15B 83	1,354	153	23	8	152	1,018	Shut-off
Howard & Roger Fleming	15F 98	1,094	71	20	4	46	953	Shut-off
Magnus Ogunswano	15F 132	1,069	519	40	0	455	55	Shut-off
Magnus Ogunswano	15F 137A	1,514	408	17	1	586	502	Shut-off
Darrell Moochler	17C 149BK	1,351	72	26	10	76	1,167	Shut-off
Sandra Albert (also, see above)	17D 69	1,908	802	0	0	0	1,106	Shut-off
Raymond DeCarr	5 accounts	2,095	80	151	158	67	1,639	Shut-off
Ingrid Grimm	24B 136	2,319	58	36	21	62	2,142	Shut-off
Jose Lozada	26A-61	1,884	90	19	4	44	1,727	Shut-off
Rich's Auto Connect	29B 50	1,076	25	9	51	8	983	Shut-off
Ken Roser	31A 41	1,294	25	9	151	24	1,085	Shut-off
9882 River Road Liberty	33A 117	1,036	15	0	310	0	711	Shut-off
132-42 Hotel	50A 21	1,281	84	83	82	82	950	Shut-off
Madden Concrete	56DA 10BK	2,222	22	22	22	21	2,135	Shut-off
Raymond DeCarr	5 accounts	2,094	80	151	157	67	1,639	Shut-off
Timothy Klotz (also, see above)	3 accounts	3,415	69	232	39	124	2,951	Shut-off
City Delinquents-FY '05		80,888					80,888	
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 Delinquent-FY '04		0					0	
County Delinquent-FY '05		0					0	
Remaining Accounts		<u>1,184,265</u>	<u>510,163</u>	<u>189,908</u>	<u>77,593</u>	<u>59,700</u>	<u>346,901</u>	% Change
February, 2006		<u>2,131,470</u>	<u>526,807</u>	<u>208,068</u>	<u>90,673</u>	<u>69,482</u>	<u>1,236,440</u>	-4.70%
Prior Months Receivables:								
January, 2006		<u>2,236,659</u>	<u>618,757</u>	<u>143,619</u>	<u>102,351</u>	<u>136,911</u>	<u>1,235,021</u>	1.29%
December, 2005		<u>2,208,260</u>	<u>515,278</u>	<u>190,476</u>	<u>167,458</u>	<u>104,461</u>	<u>1,230,587</u>	-11.33%
November, 2005		<u>2,490,455</u>	<u>816,979</u>	<u>267,146</u>	<u>108,841</u>	<u>65,046</u>	<u>1,232,443</u>	12.95%
October, 2005		<u>2,205,010</u>	<u>653,584</u>	<u>180,399</u>	<u>83,597</u>	<u>126,179</u>	<u>1,161,251</u>	-2.09%
September, 2005		<u>2,251,989</u>	<u>643,259</u>	<u>138,623</u>	<u>167,331</u>	<u>74,043</u>	<u>1,228,733</u>	3.31%
August, 2005		<u>2,179,819</u>	<u>519,952</u>	<u>253,713</u>	<u>94,399</u>	<u>67,733</u>	<u>1,244,022</u>	-2.37%
July, 2005		<u>2,232,834</u>	<u>648,158</u>	<u>151,305</u>	<u>92,403</u>	<u>129,530</u>	<u>1,211,438</u>	3.37%
June, 2005		<u>2,159,947</u>	<u>537,730</u>	<u>151,413</u>	<u>155,973</u>	<u>63,187</u>	<u>1,251,644</u>	-6.85%
May, 2005		<u>2,318,698</u>	<u>629,596</u>	<u>236,704</u>	<u>84,350</u>	<u>80,029</u>	<u>1,288,019</u>	8.07%
April, 2005		<u>2,145,650</u>	<u>578,750</u>	<u>117,599</u>	<u>105,578</u>	<u>113,429</u>	<u>1,230,294</u>	6.18%
March, 2005		<u>2,020,779</u>	<u>446,338</u>	<u>138,286</u>	<u>133,373</u>	<u>87,186</u>	<u>1,215,596</u>	-6.82%
February, 2005		<u>2,168,750</u>	<u>581,671</u>	<u>211,117</u>	<u>117,549</u>	<u>72,255</u>	<u>1,186,158</u>	3.69%

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 2006

CAPITAL PROJECTS - FY2003

CAPITAL PROJECT	LOCATION	ORIGINAL BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEARS EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Toby Road Tank-Land Purchase	Marcy	80,164	0	0	30,164	50,000	80,164	0
Safety & Security	Water Treatment Plant	30,000	0	3,102	20,965	2,898	26,965	3,035
New Tank--Pre-Design	Airport Industrial Park	30,000	0	11,172	56,458	0	67,630	-37,630
New Tank	Smith Hill & Pleasant View	0	0	22,361	0	0	22,361	-22,361
Pump Station & Treatment Facility	System Wide	43,000	0	0	10,610	35,000	45,610	-2,610
Pump Station Upgrade	Luke Road	35,000	0	105	44,516	0	44,621	-9,621
Pump Station Upgrade	Valley View	30,000	0	88	37,250	0	37,338	-7,338
Pump Station Upgrade	Pleasant Street	20,000	0	2,088	14,852	0	16,940	3,060
Other Projects--Reallocated to FY06	System Wide	239,165	0	0	0	0	0	239,165
Fiscal 2003 Budgeted Capital Projects		507,329	0	38,916	214,815 0	87,898	341,629	165,700

CAPITAL PROJECTS - FY2004

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L. COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Emergency Action Plan	Reservoir	40,000	0	4,700	35,700	2,000	42,400	-2,400
Cash Investment in Water Disrt.	Whitestown	190,478	0	0	140,478	50,000	190,478	0
Water Quality Monitoring	System Wide	44,000	0	12,226	27,600	5,000	44,826	-826
Chloramines PILOT Program	System Wide	163,500	0	13,412	148,832	5,600	167,844	-4,344
Repair/Replace Existing Mains**	Nichols St.	25,500	0	0	35,049	0	35,049	-9,549
Repair/Replace Existing Mains**	Armory Drive	126,000	0	0	28,176	4,000	32,176	93,824
Repair/Replace Existing Mains**	Howard Avenue	76,500	0	5,682	23,545	2,000	31,227	45,273
Fiscal 2004 Budgeted Capital Projects		665,978	0	36,020	439,380	68,600	544,000	121,978

**--Project performed in-house--does not fully include MVWA labor or equipment.

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 2006

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

CAPITAL PROJECTS - FY2005

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Verona/Airport Tank & Mains	Verona/OC Airport	3,450,000	0	1,871	9,976	3,438,153	3,450,000	0
SCADA-Computer Hardware	System Wide	39,255	0	8,812	42,374	0	51,186	-11,931
Safety & Security-Tanks & Silo	System Wide	92,600	0	8,643	53,231	6,769	68,643	23,957
Site Improvements	WTP	89,000	0	30,433	4,316	0	34,749	54,251
Hydrolic Analysis & GIS Dev.	System Wide	80,000	0	10,714	17,659	51,627	80,000	0
Main Replacement	New Hartford	90,000	0	0	7,671	82,000	89,671	329
Emergency Generator	City Hall	135,000	0	0	1,125	133,875	135,000	0
Main Replacement	Park Ave., Holland Pat.	93,750	0	37,458	0	56,292	93,750	0
Safety & Security Fencing	System Wide	100,000	0	94,095	0	0	94,095	5,905
Storage Tank #2-Higby Rd	New Hartford	20,000	0	17,976	0	2,024	20,000	0
Engineering Report	System Wide	25,000	0	13,369	0	15,384	28,753	-3,753
Distribution Analysis-Chloramines	System Wide	165,000	4,500	101,025	0	65,000	166,025	-1,025
Tank Safety Ladder	Valley View Tank	19,500	0	19,500	0	0	19,500	0
Water Main	Bell Hill Road	73,230	0	9,730	148	0	9,878	63,352
Install Water Mains	Chapman Road	0	0	28,400	0	0	28,400	-28,400
SCADA	System Wide	43,000	615	30,371	0	14,123	44,494	-1,494
Clearwell	WTP	74,500	0	29,800	0	44,700	74,500	0
Install Water Mains	Henderson St	0	0	969	0	0	969	-969
Meters-System Wide (FY 05)	System Wide	250,000	0	85,465	0	0	85,465	164,535
Hydrants-System Wide (FY 05)	System Wide	45,000	0	0	0	0	0	45,000
Paving-System Wide (FY 05)	System Wide	188,600	0	0	0	0	0	188,600
Fiscal 2005 Budgeted Capital Projects		<u>5,073,435</u>	<u>5,115</u>	<u>528,631</u>	<u>136,500</u>	<u>3,909,947</u>	<u>4,575,078</u>	<u>498,357</u>

CAPITAL PROJECTS - FY2006

CAPITAL PROJECT	LOCATION	BUDGET	CURRENT MONTH EXPENSE	YEAR TO DATE EXPENSE	PRIOR YEAR EXPENSE	ADD'L COMMITTED	EXPENSED AND/OR COMMITTED	REMAINING BALANCE
Chemical Feed	WTP	7,500	0	0	7,500	0	7,500	0
Security Protection	WTP	20,000	2,230	2,230	0	0	2,230	17,770
Fiscal 2006 Budgeted Capital Projects		<u>27,500</u>	<u>2,230</u>	<u>2,230</u>	<u>7,500</u>	<u>0</u>	<u>9,730</u>	<u>17,770</u>

WORK IN PROCESS—CAPITAL PROJECTS

Month 11 - February 28, 2006

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

PROJECTS COMPLETED IN FISCAL YEAR 2006

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

MOHAWK VALLEY WATER AUTHORITY

MAJOR REVENUE AND EXPENSE ACCOUNT ANALYSIS

Month 11 - February 28, 2006

MONTHLY CONSUMPTION- (IN HUNDREDS OF CUBIC FEET)

	FISCAL 06	FISCAL 05	FISCAL 04	FISCAL 03	FISCAL 02
April	421,158	436,874	438,082	448,176	377,972
May	433,169	433,732	437,133	369,245	473,330
June	463,071	432,431	430,936	433,322	398,873
July	477,805	476,038	443,310	449,260	424,831
August	514,883	469,873	440,876	552,861	599,487
September	513,111	449,233	546,365	547,595	562,426
October	469,375	529,942	477,584	486,491	563,836
November	474,227	424,247	458,962	458,808	452,667
December	424,902	426,796	416,941	426,849	419,885
January	407,949	409,415	463,977	459,749	491,816
February	398,579	452,494	428,836	485,891	405,753
March	<u>0</u>	<u>427,874</u>	<u>436,128</u>	<u>478,881</u>	<u>415,563</u>
Total	<u>4,998,229</u>	<u>5,368,949</u>	<u>5,419,130</u>	<u>5,597,128</u>	<u>5,586,439</u>

MONTHLY WATER BILLINGS:

<u>FISCAL 2006</u>				<u>FISCAL 2005</u>	
	Billings	Cash Receipts	Customer Routes Read	Billings	Cash Receipts
April	\$ 996,320	\$ 887,900	1-23; 75-77	\$ 961,748	\$ 788,652
May	1,041,242	918,904	24-42; 58; 75-77	955,459	1,053,674
June	1,038,762	1,211,380	43-57; 59; 75-77	941,863	1,007,135
July	1,078,160	1,058,316	1-23; 75-77	1,029,830	1,009,758
August	1,150,982	1,166,226	24-42; 58; 75-77	951,084	1,048,847
September	1,160,332	1,180,519	43-57; 59; 75-77	910,295	991,527
October	1,114,747	1,188,611	1-23; 75-77	1,101,789	1,031,463
November	1,086,651	838,573	24-42; 58; 75-77	917,767	1,165,029
December	983,813	1,339,885	43-57; 59; 75-77	922,311	993,121
January	1,000,181	1,007,019	1-23; 75-77	887,594	885,926
February	980,290	1,097,821	24-42; 58; 75-77	999,654	961,733
March	<u>0</u>	<u>0</u>		<u>909,680</u>	<u>1,135,677</u>
Total	<u>\$11,631,480</u>	<u>\$11,895,154</u>		<u>\$ 11,489,074</u>	<u>\$ 12,072,542</u>

MAJOR REVENUE ACCOUNT ANALYSIS

Month 11 - February 28, 2006

REVENUE

- *Metered Water Sales:*

Quarterly and Monthly Billings – At eleven months, water sales has fallen short of budget estimates for the first time this year. While monthly commercial customers are down overall compared to the budget due in part to several large customers leaving the service area, quarterly consumption has remained consistent overall. An upswing in sales was anticipated; however this did not materialize. See page 3.

Overall Sales vs. Prior Year – Water sales are up \$1,051,000 for the year compared to the prior year.

- “*System Charge*” – Both quarterly billed and monthly billed system charges are consistent with the budget.
- *Quarterly and Monthly Penalties and Unpaid Bill Fees* –Overall, penalties are consistent with budget estimates. Penalties have tapered off because of our consistent enforcement over time. The Unpaid bill fee for monthly accounts has fallen behind estimates. We will monitor in future months. Cash collection of these assessments is in the range of 85% to 90%.
- *Interest Income*— Interest Earnings are significantly above estimates due to a robust economy nationally.
- *Other Charges* – Hydroelectric charges and 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 11 - February 28, 2006

	Annual Budget (Cash-Basis)	Year Ended Feb 28, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Administration					
Salaries	293,757	288,963	98.37%	4,794	Budgeted more aggressively
Contracted Svs.-Other	50,842	32,404	63.73%	18,438	Annual Report less than anticipated; Feasability Study for bottled water not performed.
Contracted Svs.-Legal Fees	58,000	116,409	200.71%	(58,409)	Legal fees related to water permit and subsequent lawsuit; fees related to monthly meetings
Training	4,210	1,267	30.10%	2,943	Do not anticipate training/conferences as scheduled
Finance & Accounting					
Salaries	402,454	364,023	90.45%	38,431	One billing position unfilled
Contracted Services	164,636	223,365	135.67%	(58,729)	Bank charges and collection charges higher than anticipated; have taken measures to reduce bank charges--will be going out for bank RFP. To receive credits for bank charges.
Engineering					
Salaries	438,085	435,497	99.41%	2,588	More in-line w/ budget
Memberships & Dues	5,034	938	18.63%	4,096	Timing of membership/dues payments
Operating Supplies	15,864	6,415	40.44%	9,449	Budgeted expenses not purchased to date--pressure regulators and surveying equipment.
Contracted Services	45,316	38,452	84.85%	6,864	Transfer switch for emerg. generator and flush kits for pump stations not purchased to date. Paid for data conversion budgeted in the prior year (\$16,000.)
Training	10,200	4,469	43.81%	5,731	Minimal training to date
Repairs	16,100	18,845	117.05%	(2,745)	Three castings made for large obsolete gear components for replacement of various valves in the system--not budgeted.

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 11 - February 28, 2006

	Annual Budget (Cash-Basis)	Year Ended Feb 28, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Information Technology					
Overtime	6,600	11,394	172.64%	(4,794)	Have exceeded budget cuts based on reductions for paying legal costs- -Majority of this is being offset by revenue from svcs. to City of Utica (revenue not budgeted)
Office Equipment	18,500	13,717	74.15%	4,783	Number of PCs purchased less than scheduled to date;
Supplies	11,100	6,795	61.22%	4,305	Timing of supplies-minimal purchase to date.
Contracted Services	105,691	56,346	53.31%	49,345	Have not purchased software-Cool Ice and reduced budget expenses for outside consulting as part of budget cuts
Training	7,700	0	0.00%	7,700	No training as scheduled
Repairs	7,500	316	4.21%	7,184	Minimal repair of computer equipment
Water Quality					
Office Equipment	14,450	1,704	11.79%	12,746	No purchase to date of conductivity meter and watershed lab equipment as scheduled.
Office Materials	8,100	4,037	49.84%	4,063	Other office supplies, furniture not purchased to date
Membership and Dues	11,085	5,792	52.25%	5,293	Timing of billing/payment of quarterly AWWA research foundation membership
Travel & Vehicle Usage	11,600	11,863	102.27%	(263)	In-line with budget
Operating Supplies	131,450	107,651	81.90%	23,799	Timing of testing supplies for water sampling; LT2 standards were anticipated to go into effect--compliance was pushed to FY2007.
Contracted Services	18,950	11,934	62.98%	7,016	Timing of invoicing for regulated monitoring-may be less than budgeted.
Training	4,400	158	3.59%	4,242	No training to date; primarily conferences--see travel
Treatment Plant					
Wages	0	20,121	N/A	(20,121)	Part-time WQ position working and being charged to Filtration Plant
Office Equipment	15,700	3,447	21.96%	12,253	Purchases of turbidity meters, chlorine analyzers, hand tools, etc. not made to date.
Office Materials	1,300	782	60.15%	518	Minimal supplies purchased.
Travel	3,000	2,297	76.57%	703	Minimal travel to date/Increased activity in Nov.
Operating Supplies	573,157	530,233	92.51%	42,924	Variance due to purchase/invoicing of chlorine, soda ash, and aluminum sulphate. Continued saving as a result of efficiencies gained.
Contracted Services	17,402	11,140	64.02%	6,262	No need for emergency engineering consultant (\$15,000)-reduced as part of budget cuts.
Repairs	12,000	17,843	148.69%	(5,843)	Repairs on filtration system needed./Cut 15,000 as part of budget reductions

MAJOR EXPENSE ACCOUNT ANALYSIS-CONTINUED

Month 11 - February 28, 2006

	Annual Budget (Cash-Basis)	Year Ended Feb 28, 2006 (Accrual-Basis)	Percent of Current Budget	Favorable (Unfavorable) Variance	Explanation of Variance
Maintenance					
Salaries	566,294	461,222	81.45%	105,072	Meter Shop/Leak Detection Supervisor position unfilled; Maintenance Operations Manager unfilled.
Wages	833,895	744,033	89.22%	89,862	Three staff vacancies at the maintenance yard filled in February.
Street Repair Materials	451,500	592,555	131.24%	(141,055)	Paving anticipated to exceed budget due to several large repairs. \$135,000 to paid from R&I fund.
Other Equipment	37,900	32,830	86.62%	5,070	Some small equipment may be capitalized (> than \$5,000)
Operating Supplies	393,285	370,216	94.13%	23,069	Timing of meter purchases and hydrant purchases. Overall, relatively in-line.
Contracted Services	43,891	41,503	94.56%	2,388	More in-line with budget.
Training	16,700	3,265	19.55%	13,435	Minimal training to date
Vehicle & Equip. Repairs	51,300	109,432	213.32%	(58,132)	Currently reviewing w/ Fin. Comm. to determine operating plan for future
General Services					
Printing	53,544	47,188	88.13%	6,356	Timing of printing and invoicing of the quarterly newsletter-- expected to level out in last months of fiscal year.
Telephone	121,963	109,593	89.86%	12,370	Telephone Usage down compared to budget; increase in cell phone usage--presently reviewing.
Gas & Electric	330,000	377,024	114.25%	(47,024)	Anticipated to exceed budget based upon increase in rates
Heating Oil	32,145	52,687	163.90%	(20,542)	Increase in fuel costs throughout the organization
Postage	67,741	77,419	114.29%	(9,678)	Timing of postage reimbursement. Overall consistent with budget by
Gasoline & Motor Oil	60,968	82,927	136.02%	(21,959)	Significant increase in gas due partly to usage and price. Looking at measures to reduce usage. Presently usage is rising per month. Anticipate a \$30k to \$35k overrun
Overtime					
Administration	825	492	59.64%	333	
Finance & Accounting	2,400	927	38.63%	1,473	
Customer Service	1,253	1,055	84.20%	198	
Engineering	22,150	18,558	83.78%	3,592	
Info. Technology	10,300	11,394	110.62%	(1,094)	
Water Quality	1,800	163	9.06%	1,637	
Treatment Plant	42,449	47,230	111.26%	(4,781)	
Maintenance	146,000	157,263	107.71%	(11,263)	
Total Overtime	227,177	237,082	104.36%	(11,909)	

FINANCIAL RATIOS

Month 11 - February 28, 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>Feb ‘06</u>	<u>Jan ‘06</u>	<u>Dec. ‘05</u>	<u>Nov. ‘05</u>	<u>Oct. ‘05</u>	<u>Sept. ‘05</u>	<u>Avg.-Past Six months</u>
1.75	1.50	1.64	1.86	1.73	1.67	1.63

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>Feb ‘06</u>	<u>Jan ‘06</u>	<u>Dec. ‘05</u>	<u>Nov. ‘05</u>	<u>Oct. ‘05</u>	<u>Sept. ‘05</u>	<u>Avg.-Past Six months</u>
\$2,095,850	\$1,742,037	\$1,847,864	\$2,395,793	\$2,217,372	\$2,071,927	\$1,884,756

FINANCIAL RATIOS

Month 11 - February 28, 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>Feb ‘06</u>	<u>Jan ‘06</u>	<u>Dec ‘05</u>	<u>Nov ‘05</u>	<u>Oct ‘05</u>	<u>Sept ‘05</u>	<u>Avg.-Past Six months</u>
81%	81%	81%	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%.

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>Feb ‘06</u>	<u>Jan ‘06</u>	<u>Dec. ‘05</u>	<u>Nov ‘05</u>	<u>Oct ‘05</u>	<u>Sept ‘05</u>	<u>Avg.-Past Six months</u>
3.19	2.65	3.41	2.36	3.35	3.07	2.91

FINANCIAL RATIOS

Month 11 - February 28, 2006

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

A. *UNACCOUNTED FOR WATER RATIO*

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

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

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

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

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

Comment: In the annual water supply audit, an additional item was noted-- “water leaks that have since been repaired” which accounted for 14% of the unaccounted for water usage. Per review of Jan. ’03 to December ’03, no significant reduction of water produced has occurred.

$(1 - (((3\text{-Month Average Billed Consumption}) / (3\text{-Month Average Water Production})) + \text{un-metered usage noted above}))$

<u>Feb. ‘06</u>	<u>Jan ‘06</u>	<u>Dec ‘05</u>	<u>Nov ‘05</u>	<u>Oct ‘05</u>	<u>Sept ‘05</u>	<u>Avg.-Past Six months</u>
34.91%	30.22%	26.79%	22.93%	23.79%	26.00%	32.89%

Caution: There is no standardized method of calculating this ratio. Factors such as fire fighting, leakage, evaporation and amounts used for system backwash may impact the percentage of water loss.

FINANCIAL RATIOS

Month 11 - February 28, 2006

B. *DEBT & PILOT PAYMENT BURDEN RATIO*

What does it measure?– The portion of an average customer’s quarterly bill attributed to non-discretionary costs (debt service and PILOT payments).

(Monthly Debt Service + PILOTs) / # of Customers Billed per Month)

Example: The average quarterly bill for a family of four (4) using approximately 21,000 gallons is \$61.00. A burden of \$25.00 indicates that this portion of an average customer’s bill goes toward paying monthly debt service and PILOT payments.

<u>Feb. 06</u>	<u>Jan. 06</u>	<u>Dec. 05</u>	<u>Nov 05</u>	<u>Oct 05</u>	<u>Sept 05</u>	<u>Avg.-Past Six months</u>
\$35.20	\$34.70	\$35.23	\$34.92	\$35.10	\$35.08	\$34.98

GLOSSARY OF TERMS

Month 11 - February 28, 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 11 - February 28, 2006

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

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

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