

# ANNUAL REPORT 2007



**BOARD OF WATER SUPPLY, MOUNT VERNON, N.Y.**



ANNUAL REPORT  
COVERING OPERATIONS OF THE BOARD OF WATER SUPPLY FOR  
THE YEAR BEGINNING JANUARY 1, 2007  
AND  
ENDING DECEMBER 31, 2007

To the Honorable Mayor Clinton I. Young, Jr.

And the City Council

Of the City of Mount Vernon, New York

Dear Mayor Young:

We respectfully submit, herewith, our Annual Report for the year ending December 31, 2007. During the past year, the Department installed eight (8) L.F. feet of new water main, four (4) new hydrants, and one (1) new valve in the system.

## DETAILS OF IMPROVEMENTS MADE TO THE PIPE SYSTEM

	ADDITIONS				DELETIONS			
	Size	Length	Valves	Hydrants	Size	Length	Valves	Hydrants
<u>Replace or Install Hydrants, Valves, and/or Pipes</u>								
1. Replace Hydrant #1029 in front of 325 Highland Avenue	6"	8'	1	1	6"	8'	1	1
2. Replace Hydrant #717 in front of 6 East Sidney Avenue	6"			1	6"			1
3. Replace Hydrant #640 in front of 208 South 14 <sup>th</sup> Avenue	6"			1	6"			1
4. Replace Hydrant #371 in front of 537 South 10 <sup>th</sup> Avenue	6"			1	6"			1

## SERVICE CONNECTIONS

The number of active metered services connected to the distribution system increased by twenty-seven (27) during the past year. The number of active unmetered fire line services increased by four (4).

Active Metered Services, December 31, 2007	10,188	
Active Metered Services, December 31, 2006	10,161	
	<u>INCREASE</u>	<u>27</u>
Unmetered Fire Line Services, December 31, 2007	328	
Unmetered Fire Line Services, December 31, 2006	324	
	<u>INCREASE</u>	<u>4</u>
	<u>NET INCREASE</u>	<u>31</u>

## WATER METERS

The City of Mount Vernon's consumer supply is 100% metered with the exception of service to fire sprinkler systems.

The metered services are shown in detail below:

Meter Size (Inches)	Owned by Board of Water Supply	In Service 12/31/07
5/8	8,148	7,926
3/4	1,106	1,055
1	630	601
1 1/2	238	214
2	334	317
3	50	41
4	20	13
6	12	12
8	3	3
10	1	1
12	1	1
20	1	1
24	3	3
<b>TOTAL</b>	<b>10,547</b>	<b>10,188</b>

## WATER PURCHASED

During the year ending December 31, 2007, water obtained by gravity from the New York City Catskill-Delaware supply was purchased at a cost of \$691.91 per million gallons for the first 6 months of the year and \$798.62 per million gallons for the last 6 months of the year. The City of Mount Vernon purchased 3,085,194,750 gallons from New York City in 2007, compared with a total purchase of 3,079,020,000 gallons for the preceding year.

This is an average increase of 16,917 gallons per day compared with the average daily consumption in 2006 as shown in detail below:

### AMOUNT PURCHASED FROM NEW YORK CITY (incl. Westchester County Water District #1) (in gallons)

Month	2006	2007
January	255,700,000	256,414,750
February	221,220,000	241,890,000
March	246,200,000	260,980,000
April	238,810,000	248,070,000
May	255,330,000	268,620,000
June	259,160,000	272,550,000
July	279,120,000	283,230,000
August	291,720,000	276,330,000
September	260,730,000	262,570,000
October	266,670,000	246,910,000
November	251,630,000	228,410,000
December	252,730,000	239,220,000
<b>TOTAL</b>	<b>3,079,020,000</b>	<b>3,085,194,750</b>

### AVERAGE DAILY CONSUMPTION

YEAR - 2006	8,435,671	Gallons per day
YEAR - 2007	8,452,588	Gallons per day
Increase	16,917	Gallons per day

Highest Daily Consumption  
June 26, 2007      10,340,000 Gallons

Lowest Daily Consumption  
November 9, 2007      6,770,000 Gallons

Of the eleven (11) consumer complaints of lack of pressure and volume, the majority were attributed to an internal problem. In these cases, the consumer was referred to a plumber.

A total of seventy-nine (79) lead service lines were replaced, the majority during the repair of street side leaks. Included in the seventy-nine are four (4) lead service lines replaced after the owner replaced the "house side".

Eight (8) service lines were replaced due to the phasing out of plastic piping.

Fifty-six (56) curb boxes were dug and repaired for various reasons, such as making them operational in case of emergency.

Five (5) road boxes were repaired. These were old style boxes that were missing covers. Because current road box covers are larger, we were unable to replace the missing caps. Maintenance workers excavated the boxes and replaced the top section.

The 1,146 fire hydrants were flushed. This yearly program is designed to flush and clean out the sediment that has accumulated in the mains and thus reduces discolored water complaints.

All hydrants were checked for proper drainage to prevent winter freeze ups.

A total of 378 valves were operated as part of the "Valve Exercising Program". The program is designed to evaluate the valves in the water system and repair those that are defective. This will ensure proper operation in an emergency.

## COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

Years Ended December 31, 2007 and 2006

	2007	2006
<b>REVENUES:</b>		
Charges for services:		
Metered private service	\$ 5,891,317	\$ 5,604,760
Metered charges unbilled	22,593	77,877
Unmetered fire protection	35,881	33,960
Total Charges for Services	5,949,791	5,716,597
Interest income	149,616	160,219
Miscellaneous income	97,285	26,944
Total Revenues	6,196,692	5,903,760
<b>EXPENDITURES:</b>		
Current:		
Home and Community Services:		
Water purchased	2,278,780	2,052,939
Operating and maintenance	1,360,439	1,412,633
Administrative and general	1,088,933	1,054,072
Total Expenditures	4,728,152	4,519,644
Net Income	1,468,540	1,384,116
<b>LESS RESERVES AND DESIGNATIONS:</b>		
(Increase) in Reserve for Liability and Casualty Claims	(56,038)	(55,447)
Decrease (Increase) in Reserve for Prepaid Expenditures	53,999	(64,092)
Decrease in Reserve for Inventory	1,660	4,238
(Increase) in Designations for Additions, Betterments and Replacements	(188,243)	(218,905)
(Increase) in Designated for Maintenance of Water Supply System	(200,000)	(200,000)
Total Reserves and Designations	(388,622)	(534,206)
Excess Revenues	\$ 1,079,918	\$ 849,910

In 2007, the Water Department embarked on a joint effort with the Building Department to solve a recurrent problem wherein vacant homes are renovated and sold without a meter. From now on, owners wishing to have the water meter removed from the premises will need to obtain a permit from the Building Department. This will ensure that when a property changes hands a meter will be in place, as all open permits must be closed.

During 2007, construction continued at Hillview Station in Yonkers on a new caustic soda storage and feed facility which meets all current chemical bulk storage regulations. Since Mount Vernon draws 20.5 % of the water entering at this site, we are responsible for that portion of the total cost of construction. The Board of Water Supply's cost for construction completed during 2007 is approximately \$44,000.

### **RECOMMENDATIONS**

Replacement of (1) 1996 Chevy Corsica.

Replacement of (1) 1996 Ford F350 Utility Truck.

Replacement of (1) 1994 Chevrolet Dump Truck

A private consultant will be engaged to conduct a "Water Leakage Survey". This survey will cover the 104 miles of water mains and will pinpoint leak locations. Leak surveillance is an ongoing operation designed to reduce the "unaccounted for" water. It is especially important now in order to avoid charges for excess per capita usage. New York City's per capita has been steadily dropping as they continue to meter all their services.

The Water Meter Replacement Program will continue to be emphasized, with a concentration on large meters. The three hundred (300) largest accounts represent approximately 35% of the department's revenue. The meters will be checked for accuracy and analyzed for proper sizing and then repaired or replaced.

The "Cross Connection Control Program" will continue to be a priority. This program is designed to protect the public water supply system from contamination by potentially hazardous or aesthetically objectionable materials. Those facilities that could pose a threat will be required to install a backflow prevention device.

The backup chlorinator at Hillview Station was purchased in 1977. Current technology has made new chlorinating equipment safer and more compact with fewer parts and greater reliability. Due to the unreliability of the older chlorinator, there is a tendency to run the newer chlorinator whenever Hillview Station is on line. Therefore, the two chlorinators are no longer affording us true redundancy. It is recommended that the older chlorinator and related equipment be replaced at a projected cost of \$12,000.

During 2008, Mount Vernon and Yonkers will request that Westchester County Water District #1 move ahead with the design of the Oak Street Pump Station and the layout of incoming and outgoing piping. The pump station will help to insure normal water system



**BOARD OF WATER SUPPLY OF THE  
CITY OF MOUNT VERNON, NEW YORK**

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2007

WITH INDEPENDENT AUDITORS' REPORT

BOARD OF WATER SUPPLY OF THE  
CITY OF MOUNT VERNON, NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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Independent Auditors' Report

To the Board of Water Supply of the  
City of Mount Vernon, New York:

We have audited the accompanying financial statements of the Board of Water Supply ("Water Fund") of the City of Mount Vernon, New York as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Board of Water Supply's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Water Fund and do not purport to, and do not present fairly the financial position of the City of Mount Vernon, New York as of December 31, 2007 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Fund of the City of Mount Vernon, New York as of December 31, 2007 and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Water Fund of the City of Mount Vernon, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bennett Kielson Storch DeSantis*

**The Government Services Division of  
O'Connor Davies Munns & Dobbins, LLP**  
February 7, 2008

Bennett Kielson Storch DeSantis Division

BOARD OF WATER SUPPLY OF THE CITY OF MOUNT VERNON, NEW YORK

COMPARATIVE STATEMENT OF REVENUES , EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Charges for services:		
Metered private service	\$ 5,913,910	\$ 5,682,637
Unmetered fire protection	<u>35,881</u>	<u>33,960</u>
Total Charges for Services	5,949,791	5,716,597
Use of money and property	149,616	160,219
Miscellaneous	<u>97,285</u>	<u>26,944</u>
Total Revenues	<u>6,196,692</u>	<u>5,903,760</u>
Expenditures:		
Current:		
Home and community services:		
Water purchases	2,278,780	2,052,939
Operating and maintenance	1,360,439	1,412,633
Administrative and general	<u>1,088,933</u>	<u>1,054,072</u>
Total Expenditures	<u>4,728,152</u>	<u>4,519,644</u>
Excess of Revenues Over Expenditures	1,468,540	1,384,116
Other Financing Uses -		
Transfers out - City of Mount Vernon	<u>(849,910)</u>	<u>(1,048,106)</u>
Net Change in Fund Balance	618,630	336,010
Fund Balance - Beginning of Year	<u>3,630,746</u>	<u>3,294,736</u>
Fund Balance - End of Year	<u>\$ 4,249,376</u>	<u>\$ 3,630,746</u>

The accompanying notes are an integral part of the financial statements.

**Note 1 - Summary of Significant Accounting Policies**

The Board of Water Supply of the City of Mount Vernon, New York ("Water Fund") was established in 1911 and became operational in 1922. The Board operates the Water Fund in accordance with the Laws of the City of Mount Vernon, New York, Chapter 127 of the Laws of 1911 of the State of New York, as revised ("The Water Act") and the various other applicable laws of the State of New York. The Board is responsible for the distribution of water to residents and other entities within the City of Mount Vernon and repairs and maintenance to the water distribution system.

The accounting policies of the Water Fund conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Water Fund's more significant accounting policies:

**A. Basis of Presentation**

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The Water Fund is a governmental fund.

The accompanying financial statements present only the activities of the Water Fund of the City of Mount Vernon, New York and do not purport to, and do not, present fairly the financial position of the City of Mount Vernon, New York as of December 31, 2007 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**B. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheets. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The reported unreserved fund balance is a measure of "available spendable resources".

The modified accrual basis of accounting is followed in the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they are "measurable" and "available" to finance current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety day availability period is used for revenue recognition for governmental fund revenues. Revenues susceptible to accrual include charges for services and intergovernmental charges.

Expenditures, under the modified accrual basis, are generally recognized when the related fund liability is incurred.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Prepaid Expenditures** - Prepaid expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which are applicable to the subsequent year. Reported amounts are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories are valued at cost on a first-in, first-out basis and consist of certain expendable supplies held for consumption. The cost is recorded as inventory at the time individual items are purchased. The Water Fund uses the consumption method to relieve inventory. Reported inventories are equally offset by a reservation of fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

**Compensated Absences** - The Water Fund provides for the payment of accumulated vacation and sick leave upon an employee's separation from service. The liability for such accumulated leave is reflected in the City of Mount Vernon, New York's government-wide and proprietary fund financial statements to which the Water Fund contributes its respective share. The liability for compensated absences includes salary related payments, where applicable.

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for liability and casualty claims, prepaid expenditures and inventories represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year or tentative plans for future use.

**D. Comparative Data**

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Water Fund's financial position and operations. Certain reclassifications of prior year financial data have been made to conform with the current year presentation.

**E. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 2 - Detailed Notes on Governmental Fund (Continued)**

**Post-Employment Health Care Benefits**

In addition to providing pension benefits, the Water Fund provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Water Fund may vary according to length of service. Substantially all of the Water Fund's employees may become eligible for those benefits if they reach normal retirement age while working for the Water Fund. The cost of retiree health care benefits is recognized as an expenditure as claims are paid. During the year, \$141,471 was paid on behalf of 15 retirees and this amount has been recorded as an expenditure.

**B. Fund Equity**

**Fund Balances - Reserved**

The Reserve for Liability and Casualty Claims represents amounts established in accordance with applicable sections of the General Municipal Law of the State of New York to provide for the payment of self-insured general liability and casualty claims.

The Reserve for Prepaid Expenditures has been provided to account for retirement payments made in advance. The reserve indicates that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Inventories has been established to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and will be utilized in the normal course of operations.

**Unreserved - Designations**

Designated for Additions, Betterments and Replacements - This designation, established by the City Council of the City of Mount Vernon, New York, is used to segregate a portion of fund balance to be utilized for additions, betterments or replacements of property and equipment. The legislation permits the Water Fund to set aside \$250,000 per year to a maximum accumulation of \$1,000,000.

Designated for Maintenance of Water Supply System - This designation, established by the City Council of the City of Mount Vernon, New York, is used to segregate a portion of fund balance to be utilized for work to be performed on the water supply system. The legislation permits the Water Fund to set aside \$200,000 per year to a maximum accumulation of \$1,000,000.

**Unreserved**

As provided in the Water Act, any excess of revenues over expenditures, after reserves and designations, are to be remitted to the City of Mount Vernon, New York in the subsequent year.

BOARD OF WATER SUPPLY OF THE CITY OF MOUNT VERNON, NEW YORK

SUPPLEMENTARY INFORMATION - COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>WATER PURCHASES</b>		
New York City	\$ 14,044	\$ 26,062
Westchester County	2,262,782	2,024,928
Other	<u>1,954</u>	<u>1,949</u>
Total Water Purchases	<u>2,278,780</u>	<u>2,052,939</u>
<b>OPERATING AND MAINTENANCE</b>		
Sources of supply plant - Operation of sources of supply plant	42,895	37,280
Water treatment:		
Operation and maintenance of water treatment building	107,451	203,949
Water treatment supplies and expenditures	10,194	15,839
Transmission and distribution:		
Maintenance of services	321,859	292,160
Removing and resetting meters	5,137	4,823
Maintenance of mains and accessories	134,256	143,870
Maintenance of meters	127,184	107,396
Maintenance of hydrants and accessories	46,062	92,584
Customers' accounting and collecting:		
Billing, accounting and collecting	327,061	310,928
Meter reading	<u>238,340</u>	<u>203,804</u>
Total Operating and Maintenance	<u>1,360,439</u>	<u>1,412,633</u>
<b>ADMINISTRATIVE AND GENERAL</b>		
Salaries	236,158	237,531
General office supplies and expenditures	1,366	962
Office furniture and equipment	451	12,680
Professional fees	19,954	19,081
Employee benefits:		
Workers' compensation	42,768	23,900
State retirement	121,331	133,140
Federal social security coverage	100,148	98,179
State health insurance	423,397	399,370
Contribution to City dental and vision plan	14,622	14,743
Contribution to welfare fund	4,900	5,300
Transportation expenditures	44,686	53,901
Miscellaneous general expenditures	13,056	7,079
Operation and maintenance of general property:		
Office, stores, shops and garage	65,909	48,146
Miscellaneous property and equipment	<u>187</u>	<u>60</u>
Total Administrative and General	<u>1,088,933</u>	<u>1,054,072</u>
Total Expenditures	<u>\$ 4,728,152</u>	<u>\$ 4,519,644</u>



