



## LEHIGH COUNTY AUTHORITY

**LCA Main Office:**  
1053 Spruce Road  
Wescosville, PA 18106  
610-398-2503

**Agendas & Minutes Posted:**  
[www.lehighcountyauthority.org](http://www.lehighcountyauthority.org)

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### BOARD MEETING AGENDA – August 22, 2016

1. Call to Order
  - *Public Participation Sign-In Request*
2. Review of Agenda / Executive Sessions
3. Approval of Minutes
  - *August 8, 2016 Board meeting minutes*
4. Public Comments
5. Action / Discussion Items:

#### **FINANCE AND ADMINISTRATION**

- *2015 Audit: Financial Statements (Acceptance)*
- *2017 Budget Assumptions – Discussion only*
- *2017-2021 Capital Plan – Discussion only*

#### **WATER**

- *Suburban Division – Capece Tract, WL #20 and Res #3 Improvements (yellow)*

#### **WASTEWATER**

6. Monthly Project Updates / Information Items (1<sup>st</sup> Board meeting per month)
7. Monthly Financial Review (2<sup>nd</sup> Board meeting per month) – **July Report attached**
8. Monthly System Operations Overview (2<sup>nd</sup> Board meeting per month) – **July Report attached**
9. Staff Comments
10. Solicitor's Comments
11. Public Comments / Other Comments
12. Executive Sessions
13. Adjournment

#### **UPCOMING BOARD MEETINGS**

*Meetings begin at Noon at LCA's Main Office, unless noted otherwise below.*

September 12, 2016  
September 26, 2016  
October 10, 2016

#### **PUBLIC PARTICIPATION POLICY**

In accordance with Authority policy, members of the public shall record their name, address, and discussion item on the sign-in sheet at the start of each meeting; this information shall also be stated when addressing the meeting. During the Public Comment portions of the meeting, members of the public will be allowed 5 minutes to make comments/ask questions regarding non-agenda items, but time may be extended at the discretion of the Chair; comments/questions regarding agenda items may be addressed after the presentation of the agenda item. Members of the public may not request that specific items or language be included in the meeting minutes.

**REGULAR MEETING MINUTES**  
**August 8, 2016**

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The Regular Meeting of the Lehigh County Authority was called to order at 12:15 p.m. on Monday, August 8, 2016, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Richard Bohner, Norma Cusick, Scott Bieber, Ted Lyons and Deana Zosky. Authority Staff present were Liesel Gross, Ed Klein, Pat Mandes, Frank Leist, Brad Landon, Phil DePoe and Lisa Miller.

**REVIEW OF AGENDA**

Liesel Gross stated that there will be one item under Staff Comments and two items under Executive Session. One regarding potential litigation and one regarding real estate acquisition.

**APPROVAL OF MINUTES**

**July 11, 2016 Regular Meeting Minutes**

The Board asked that the July 11 Minutes reflect that Ted Lyons was unable to vote because he was not on the phone for the duration of the meeting.

On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the Minutes of the July 11, 2016 Regular meeting as corrected (7-0).

**PUBLIC COMMENTS**

None.

**ACTION AND DISCUSSION ITEMS**

**2017-2021 Capital Plan**

Frank Leist presented the draft 2017-2021 Suburban Division, Allentown Division, and Administrative Capital Plans to the Board for their review. Questions and concerns will be addressed at the August 22, 2016 meeting, with final approval requested at the September 12, 2016 meeting. The plans are being mailed to the City of Allentown, Lehigh Valley Planning Commission and the Lehigh County Board of Commissioners for comments. Any comments received will be distributed to the Board for their consideration. Mr. Leist noted that the format of the project detail sheets has been changed giving much more detail of the projects. A glossary has also been added to the plans.

Deana Zosky asked if a process overview memo was included explaining what changes were made to the process. Liesel Gross said that a process overview can be prepared and distributed to the Board prior to the next meeting.

Mr. Leist noted the following projects that require special attention: Upper Milford Central Division - replacement of two existing well stations with a new well station; City Division - emergency generation at the water filtration plant and the change in disinfectant at the Kline's Island wastewater treatment plant.

The Board will review the draft Capital Plans and discuss in more detail at the August 22, 2016 meeting.

**2015 Audit & Financial Statement**

Ed Klein reported that the 2015 Comprehensive Annual Financial Report (CAFR) was sent out on July 29, 2016. He also reported that the Finance Committee met on August 3, 2016 to review the audit and the audit process. Mr. Klein also reported that there are no issues with the statements. He recommended the Board review the Management Discussion and Analysis (MDA) which is an introduction to the Authority's basic financial statements. He gave a brief overview of the net position and income statements. The Board stated their concerns regarding understanding of the Audit and financial statements and would like to see a

summary or dashboard for clarification. The Auditors will be attending the August 22, 2016 meeting to address any questions from the Board.

### **Rainstorm Ready – Administrative Order Planning**

Liesel Gross said the purpose of today's discussion is to provide more information on the flow credit process, to update the Board on how the municipal meetings are going, and to request feedback on any additional topics or information the Board would like to discuss at future meetings. Pat Mandes presented a PowerPoint presentation regarding the flow credit process. Ms. Mandes explained how new connections to the system are allowed as measurable reductions in wet-weather flows are achieved. Some discussion followed. The Board requested a copy of the chapter in report to the Department of Environmental Protection that explains the flow credit process in detail.

Liesel Gross gave an overview of the municipal meetings that have been taking place. The purpose of the meetings is to give communities a more focused look at costs for their Administrative Order work. Some general comments included EPA's authority for the Administrative Order and how some of the common projects costs will be shared amongst municipalities. There were a lot of questions about future cost allocations and how they will work. In general, the municipalities are committed to moving forward with the work.

Ed Klein explained that the Authority is exploring financing strategies for the first phase of Administrative Order work. The municipalities are exploring financing on their own or joining with the Authority's financing to determine how they can achieve the best interest rates.

Liesel Gross said that the Authority will be presenting the Board with a financing request in the upcoming months to begin work on the Park Pump Station projects that are outlined in the plan. She asked if the Board would like to see any additional information provided at a future meeting to help the Board learn more or feel confident in approving such future funding requests. Deana Zosky requested a special meeting with the project engineer to understand more details, and said she would provide a more detailed listing of data requests. Other Board members declined such a meeting, and Liesel Gross said she would set up a special meeting for Ms. Zosky to meet with the Authority's engineer.

### **PROJECT UPDATES/INFORMATION ITEMS**

Liesel Gross brought to the attention of the Board items listed in the report for upcoming meetings.

### **FINANCIAL REVIEW**

#### **2016 Q3 Forecast**

Ed Klein reviewed the 2016 Q3 Forecast report as attached and presented to the Board.

### **SYSTEM OPERATIONS REVIEW**

Liesel Gross informed the Board that John Parsons was on vacation and that any questions regarding the June 2016 report can be forwarded to him. The Board had no specific questions. Pat Mandes noted that the Notice of Violation (NOV) listed in the report regarding a fuel tank registration fee was similar to the NOV in May. Precautions are being set up to prevent additional similar NOVs. Liesel Gross noted that the two injury accidents reported in June were slip and falls.

### **STAFF COMMENTS**

Liesel Gross explained that the Authority's employee manual has some deficiencies and does not include certain detailed policies that the Authority is required to adopt to meet regulatory requirements such as the Family Medical Leave Act and other employment legislation. Ms. Gross recommended that the Board authorize the Staff to develop and implement such policies that are required by law without Board approval.

Board approval would continue to be required for employee policies that have a discretionary economic impact to the Authority, change the general scope, philosophy or terms of Authority employment that are not legislated, or which deviate from legislative requirements. Discussion followed. The Board asked that a resolution be drafted that outlines Authority staff recommendations for policies for consideration at a future meeting.

#### **SOLICITOR'S COMMENTS**

None.

#### **PUBLIC COMMENTS / OTHER COMMENTS**

Scott Bieber asked for an update on the injection wells proposed in Upper Macungie Township. Frank Leist said the Authority has not received a plan submittal and so no additional comments have been submitted to the township.

#### **EXECUTIVE SESSION**

Chairman Nagle called an Executive Session at 2:05 p.m. to discuss potential litigation and real estate acquisition.

Liesel Gross left the meeting at 3:00 p.m.

The Executive Session ended at 3:30 p.m.

#### **ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 3:30 p.m.

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Richard H. Bohner  
Secretary

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## MEMORANDUM

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**Date:** August 11, 2016

**To:** Authority Board  
**From:** Amy Kunkel  
**Subject:** Suburban Division- CLD Capece Tract, Well #20 & Reservoir #3 –  
Construction Phase

**MOTIONS / APPROVALS REQUESTED:**

No.	Item	Amount
1	Capital Project Authorization – Construction Phase	\$78,300
2 <sup>(1)</sup>	Professional Services Authorization 1. ARRO Consulting, Inc., Amendment No. 1- Construction. Engineering and Inspection	\$14,400
3 <sup>(1)</sup>	Construction Contracts 1. Blooming Glen Contractors, Inc. General/Electrical Contract	\$47,900

*(1) Included in the Capital Project Authorization.*

**BACKGROUND:** *(Reference attached map)*

The Central Lehigh Division lower system is serviced by a series of wells and an interconnection with the Allentown Division. The operating hydraulic service elevation (*i.e. pressure*) is maintained by three above ground reservoirs (#s 2, 3 & 5).

Because Reservoir #3 is only ~ 1,800 linear- feet from supply wells WL#s 20, 23 & 24 (*all located on the Capece Tract well field*), the reservoir will overflow before Reservoir #2 (which is located a few miles away from these supply wells) reaches the optimum storage level. This operating condition is caused by water main head losses. Currently, to remedy this operating condition, a system valve near the intersection of Newton Road is partially closed, which creates a higher head loss in the water main supplying Reservoir #3 therefore diverting more water flow to the south eastern section of the service area (*rather than to Reservoir #3 which allows Reservoir #2 to reach optimum storage level*). Secondly, upon startup of WL#20, a certain amount of water is wasted to the surface because the turbidity levels are unacceptable. The installation of a Variable Frequency Drive (VFD) on WL#20, would minimize starts and stops, minimize wasting water discharges that at times flow over privately owned property, and allow operation at varying rates based upon the

reservoir level. An upgrade of the SCADA system is necessary to address the new operating control and telemetry needs of the project.

**PROJECT OVERVIEW**

This Authorization is for the construction of improvements necessary to maximize operation of the water supply system and address the deficiencies notes above in the Central Lehigh Division. The project includes in the installation of a VFD at WL#20 and a 16-inch motor operated valve at Reservoir #3. .

**FUNDING:**

The Project will be funded by the LCA Suburban Central Lehigh Division

**PROJECT STATUS:**

Board approval is requested for the Construction Phase.

**THIS APPROVAL –CONSTRUCTION PHASE**

**BIDDING SUMMARY**

This project was bid under one Electrical Construction Contract. The project was advertised for bid on June 8, 2016. A mandatory pre-bid meeting was held on June 22, 2016. .Bids were received on July 12, 2016, the results of which follow:

<b>Electrical Construction</b>	
<b>Bidder</b>	<b>Amount</b>
<i><b>Blooming Glen Contractors, Inc.</b></i>	<i><b>\$ 47,900</b></i>
Barry J. Hoffman Co., Inc.	\$49,795

Blooming Glen Contractors, Inc. has worked for LCA before and performed their work in a satisfactory manner. Therefore, we recommend awarding the contract to the aforementioned contractor, subject to the receipt of the necessary Performance Bonds, Insurance and other required documentation.

**PROFESSIONAL SERVICES:**

1. *ARRO Consulting, Inc.*, the design engineer will provide construction engineering and inspection services to include:

<b>Professional Services</b>
1. Attend Pre-Construction Meeting and Prepare/distribute Minutes
2. Attend Progress Meeting
3. Respond to design related RFIs
4. Log, review and process shop drawing submittals
5. Provide Contract Administration
6. Provide Inspection Services
7. Assess work for Contractor Payments and work completion
8. Compile and review as-built drawings; from Contractors

**PROJECT SCHEDULE:**

It is anticipated that from the date of the Notice to Proceed will be completed in approximately by the end of December 2016

**FUTURE AUTHORIZATIONS-**

None



## Location Map-Capece Tract, Well #20 & Reservoir #3 Improvements





# CAPITAL PROJECT AUTHORIZATION

## Amendment No. 1

<b>PROJECT NO.:</b>	<u>SD-W-15-6</u>	<b>BUDGET FUND:</b>	<u>Suburban Div\Water\Capital\CLD</u>
<b>PROJECT TITLE:</b>	<u>Capece WL-20 &amp; Res No. 3-</u>	<b>PROJECT TYPE:</b>	<input checked="" type="checkbox"/> Construction <input type="checkbox"/> Engineering Study <input type="checkbox"/> Equipment Purchase <input checked="" type="checkbox"/> Amendment
<b>THIS AUTHORIZATION:</b>	<u>\$78,300</u>		
<b>TO DATE (W/ ABOVE)</b>	<u>\$167,146</u>		

### DESCRIPTION AND BENEFITS:

This Authorization is for the construction of improvements necessary to maximize operation of the water supply system in the Central Lehigh division. The project will result in the installation of a Variable Frequency Drive (VFD) at WL#20 and a 16-inch motor operated valve at Reservoir #3. Included in these efforts is SCADA control updates for these facilities. This authorization takes us through construction phase.

Previous Authorizations	
Design Phase	\$88,846

REQUESTED THIS AUTHORIZATION	
Construction Phase	
Staff	\$10,000
Professional Services	
Construction Engineering/Management- ARRO Consulting, Inc.	\$14,400
Contract 1-General/Electrical Construction	\$47,900
Contingency	\$6,000
Total This Authorization	\$78,300

Future Authorization	
None	

Total Estimated Project	\$167,146
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### REVIEW AND APPROVALS:

_____	_____	_____	_____
Project Manager	Date	Chief Executive Officer	Date
_____	_____	_____	_____
Chief Capital Works Officer	Date	Chairman	Date



**Lehigh County Authority**

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**PROFESSIONAL SERVICES AUTHORIZATION**  
**Amendment No. 1**

**Professional:** ARRO CONSULTING, INC.  
108 West Airport Road  
Lititz, PA 17543

**Date:** August 11, 2016

**Requested By:** Amy Kunkel

**Approvals**

**Department Head:** \_\_\_\_\_

**Chief Executive**

**Officer:** \_\_\_\_\_

**Suburban Division- CLD Capece Tract, Well #20 & Reservoir #3**

*Previous Authorizations- Design Phase; \$34,300*

**This Authorization- Construction Phase, \$14,400**

ARRO Consulting, Inc. will provide construction engineering related services for the aforementioned project

<b>Professional Services</b>
1. Attend Pre-Construction Meeting and Prepare/distribute Minutes
2. Attend Progress Meeting
3. Respond to design related RFIs
4. Log, review and process shop drawing submittals
5. Provide Contract Administration
6. Provide Inspection Services
7. Assess work for Contractor Payments and work completion
8. Compile and review as-built drawings; from Contractors

**Cost Estimate** (not to be exceeded without further authorization): **\$48,700**

**Time Table and Completion Deadline:** As required to meet construction timeline requirements.

**(For Authority Use Only)**

**Authorization Completion:**

**Approval:** \_\_\_\_\_ **Actual Cost:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# FINANCIAL REPORT

## JULY 2016

### 1. SUMMARY

MONTH	City Division			Suburban Division			LCA TOTAL		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
Net Income (Loss)	(748,519)	(828,000)	79,481	174,165	(66,000)	240,165	(574,354)	(894,000)	319,646
Net Cash Flows	382,331	150,000	232,331	521,297	507,000	14,297	903,628	657,000	246,628

  

YEAR-TO-DATE	City Division			Suburban Division			LCA TOTAL		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
Net Income (Loss)	(5,580,127)	(5,650,000)	69,873	540,065	300,000	240,065	(5,040,063)	(5,350,000)	309,937
Net Cash Flows	1,235,821	1,013,000	222,821	2,984,203	2,970,000	14,203	4,220,024	3,983,000	237,024
Debt Service Coverage	1.33	1.30	0.03	2.30	2.20	0.10	3.63	3.50	0.14

For the month, LCA change in net position was a loss, however this was better than the forecast for the month. Both the City and Suburban had favorable performance against forecast for the month.

For the month, total LCA cash flow was a positive figure and was better than forecast. City cash flows were positive and better than forecast, and Suburban cash flows were also positive and better than forecast.

Year-to-date, LCA change in net position is a loss of \$5.0m. This is better than forecast. Year-to-date cash flows are positive at \$4.2m and are also better than forecast.

Debt Service Coverage ratios through July are ahead of forecast and ahead of required levels. City DSCR is 1.30 compared to 1.20 minimum requirement.

With the month being favorable to forecast, we are off to a good start in the quarter with respect to forecast. We are ahead of the pace in both divisions and totals for LCA across our major financial performance metrics.

## 2. MONTH - INCREASE (DECREASE) IN NET POSITION

### A. City

	Month				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
<b>OPERATING REVENUES</b>					
Charges for Service	2,635,495	2,459,000	2,434,005	2,399,155	176,495
Rent	-	-	-	-	-
Other Income	36,915	20,000	25,233	21,669	16,915
Total Operating Revenues	2,672,410	2,479,000	2,459,238	2,420,824	193,410
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	626,682	676,000	625,808	1,097,929	49,318
General & Administrative	73,512	46,000	45,785	100,068	(27,512)
Utilities	162,538	165,000	175,398	286,116	2,462
Materials & Supplies	151,269	159,000	201,734	258,662	7,731
Miscellaneous Services	200,305	255,000	128,828	510,447	54,695
Treatment & Transportation	-	-	-	-	-
Depreciation & Amortization	450,000	450,000	450,000	441,114	-
Total Operating Expenses	1,664,306	1,751,000	1,627,553	2,694,337	86,694
<b>OPERATING INCOME (LOSS)</b>	1,008,104	728,000	831,685	(273,514)	280,104
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Tapping and Capital Recovery Fees	6,584	2,000	17,750	1,964	4,584
Meter Sales	-	1,000	1,417	258	(1,000)
Inspection & Plan Reviews	4,864	2,000	2,250	5,257	2,864
Other Income	90	5,000	1,667	3,375	(4,910)
Other Expense	(452,702)	(300,000)	(452,702)	-	(152,702)
Interest Earnings	-	50,000	35,833	321	(50,000)
Interest Expense	(1,315,458)	(1,316,000)	(1,315,458)	(1,001,195)	542
Total Nonoperating Expenses	(1,756,623)	(1,556,000)	(1,709,243)	(990,020)	(200,623)
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	(748,519)	(828,000)	(877,558)	(1,263,534)	79,481
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(748,519)</b>	<b>(828,000)</b>	<b>(877,558)</b>	<b>(1,263,534)</b>	<b>79,481</b>

Change in net position was a loss of \$749k for the month. The good news is that the loss was better than the forecasted loss for the month. The principal driver behind the favorable income variance was higher operating revenues and lower operating expenses although some of the favorable variance was eroded by higher expenses from capital works projects.

Operating revenues were up to forecast by \$193k. We had higher water revenues of around \$154k from residential, commercial/industrial, and other industrial sources. Wastewater revenues were up by \$22k due, mostly, to higher residential user charges. Other miscellaneous was up by \$17k.

Operating expenses were lower than forecast by almost \$87k. We were favorable on employee costs and had favorable variances on utilities, maintenance & supplies, and outside services. We had a partial offset by higher G&A expenses. G&A costs were up to forecast with the unfavorable effect of a quarterly

workers' compensation insurance payment made in July that was forecasted as a monthly charge. Just a timing issue.

Non-operating revenues were just about in line with forecast, however non-operating expenses were significantly higher than forecast. This was due to the timing of capital works spending charged to expenses. We had forecasted \$300k while actuals came in at \$452.7k reflecting a difference in expenditure timing compared to forecast.

## B. Suburban

	Month				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
<b>OPERATING REVENUES</b>					
Charges for Service	2,280,014	2,090,000	1,646,434	2,289,641	190,014
Rent	8,267	15,000	14,917	9,542	(6,733)
Other Income	30,065	51,000	50,799	334,399	(20,935)
Total Operating Revenues	2,318,345	2,156,000	1,712,150	2,633,582	162,345
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	241,601	245,000	183,985	196,019	3,399
General & Administrative	27,332	30,000	19,530	26,120	2,668
Utilities	93,872	94,000	64,259	68,943	128
Materials & Supplies	70,869	77,000	137,503	244,689	6,131
Miscellaneous Services	710,248	770,000	666,383	690,107	59,752
Treatment & Transportation	470,678	475,000	450,321	451,406	4,322
Depreciation & Amortization	572,918	573,000	572,926	591,210	82
Total Operating Expenses	2,187,518	2,264,000	2,094,907	2,268,494	76,482
<b>OPERATING INCOME (LOSS)</b>	130,828	(108,000)	(382,757)	365,088	238,828
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Tapping and Capital Recovery Fees	142,089	100,000	112,415	160,613	42,089
Meter Sales	12,315	10,000	6,250	6,775	2,315
Inspection & Plan Reviews	1,000	10,000	8,000	12,186	(9,000)
Other Income	4,335	7,000	458	3,700	(2,665)
Other Expense	(1,025)	-	(583)	(5,968)	(1,025)
Interest Earnings	(10,572)	20,000	3,152	2,965	(30,572)
Interest Expense	(104,806)	(105,000)	(139,076)	(102,996)	195
Total Nonoperating Expenses	43,337	42,000	(9,383)	77,274	1,337
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	174,165	(66,000)	(392,140)	442,362	240,165
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	174,165	(66,000)	(392,140)	442,362	240,165

For the month, change in net position was an increase of \$174k which is \$240k better than the forecast for the month. This was driven, primarily, by higher operating revenues and lower operating expenses.

Operating revenues were higher than forecast by \$162k with water up by \$81k on higher residential user revenues along with higher private fire revenues and wastewater up by \$109k on significantly higher revenues from Western Lehigh Interceptor with a partial unfavorable offset from lower wastewater

treatment plant revenues. As an offset to the \$190k of favorable revenue effect from Water and wastewater, other incomes were down to forecast by \$28k

Operating expenses, in total, were \$76k lower than forecast aided by significant favorable variance on outside services along with favorable variances on all the other cost categories.

Non-operating revenues were up slightly but were about offset by lower interest earnings.

### 3. MONTH – NET CASH FLOWS

#### A. City

	Month				Forecast
	Actual	Forecast	Budget	Prior Year	Variance
Increase (Decrease) in Net position	(748,519)	(828,000)	(877,558)	(1,263,534)	79,481
Depreciation (non-cash)	450,000	450,000	450,000	441,114	-
Non-Cash Interest expenses	228,148	228,000	228,148	137,500	148
Expenses from Capital Projects	452,702	300,000	452,702	-	152,702
Cash generated by Operations	382,331	150,000	253,292	(684,920)	232,331
Capex spending	(2,849,255)	(1,000,000)	(1,391,425)	(499,668)	(1,849,255)
Capex Funding Applied	2,849,255	1,000,000	1,391,425	499,668	1,849,255
Principal Payments	-	-	-	-	-
Concession Lease Payment	-	-	-	-	-
<b>NET CASH FLOWS</b>	<b>382,331</b>	<b>150,000</b>	<b>253,292</b>	<b>(684,920)</b>	<b>232,331</b>

Cash flow for the month was \$382k. This was better than forecast and is attributable to the higher cash generated by operations coming from better than forecasted change in net position.

#### B. Suburban

	Month				Forecast
	Actual	Forecast	Budget	Prior Year	Variance
Increase (Decrease) in Net position	174,165	(66,000)	(392,140)	442,362	240,165
Depreciation (non-cash)	572,918	573,000	572,926	591,210	(82)
Cash generated by Operations	747,083	507,000	180,786	1,033,572	240,083
Capex spending	(227,777)	(1,300,000)	(998,023)	(151,851)	1,072,223
Capex Funding Applied	227,777	1,300,000	998,023	151,851	(1,072,223)
Principal Payments	(225,786)	-	(152,405)	(143,106)	(225,786)
<b>NET CASH FLOWS</b>	<b>521,297</b>	<b>507,000</b>	<b>28,381</b>	<b>890,467</b>	<b>14,297</b>

Cash flow was \$521k. This was better than forecast due to higher cash generated by operations as a result of a higher than forecasted change in net position.

#### 4. YTD – INCREASE (DECREASE) IN NET POSITION

##### A. City

	YTD				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
<b>OPERATING REVENUES</b>					
Charges for Service	17,316,532	17,140,000	18,109,911	16,322,773	176,532
Rent	-	-	-	-	-
Other Income	207,162	190,000	176,631	137,655	17,162
Total Operating Revenues	17,523,694	17,330,000	18,286,542	16,460,428	193,694
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	4,856,915	4,906,000	4,693,560	5,862,741	49,085
General & Administrative	352,310	325,000	320,495	393,136	(27,310)
Utilities	1,069,874	1,071,000	1,227,786	1,267,283	1,126
Materials & Supplies	1,056,458	1,055,000	1,501,674	1,361,151	(1,458)
Miscellaneous Services	1,310,821	1,366,000	901,796	1,952,687	55,179
Treatment & Transportation	5,429	5,000	-	5,301	(429)
Depreciation & Amortization	3,150,000	3,150,000	3,150,000	3,087,798	-
Total Operating Expenses	11,801,806	11,878,000	11,795,311	13,930,096	76,194
<b>OPERATING INCOME (LOSS)</b>	5,721,888	5,452,000	6,491,231	2,530,332	269,888
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Tapping and Capital Recovery Fees	175,459	161,000	124,250	241,667	14,459
Meter Sales	4,103	5,000	9,919	7,508	(897)
Inspection & Plan Reviews	20,307	22,000	15,750	19,157	(1,693)
Other Income	27,932	33,000	11,669	22,680	(5,068)
Other Expense	(2,323,742)	(2,166,000)	(2,318,912)	4,830	(157,742)
Interest Earnings	2,130	52,000	250,831	287,397	(49,870)
Interest Expense	(9,208,206)	(9,209,000)	(9,208,206)	(7,008,365)	794
Total Nonoperating Expenses	(11,302,016)	(11,102,000)	(11,114,699)	(6,425,127)	(200,016)
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	(5,580,127)	(5,650,000)	(4,623,468)	(3,894,795)	69,873
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(5,580,127)</b>	<b>(5,650,000)</b>	<b>(4,623,468)</b>	<b>(3,894,795)</b>	<b>69,873</b>

Year-to-date change in net position for the City is a loss of \$5.6m. The loss however is better than the forecasted loss of \$5.7m, a favorable variance of around \$70k. The variance is favorable due to higher operating revenues along with lower operating expenses and higher non-operating revenues with a partial offset from higher projects from capital works expensed.

Operating revenues are up by \$194k from higher customer charges on the water side of \$154k and higher customer charges on the wastewater side of \$23k along with \$17k of favorable variance on other miscellaneous revenues.

Operating expenses were lower than forecast by \$76k with unfavorable G&A more than offset by lower spending on outside services. The G&A variance was due to timing of insurance premium payment.

Non-operating revenues were higher than forecast from stronger tapping fees while non-operating expenses were higher than forecast on higher capital charges to expense from project expenditure timing.



## B. Suburban

	YTD				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
<b>OPERATING REVENUES</b>					
Charges for Service	15,241,844	15,052,000	14,287,598	14,970,080	189,844
Rent	59,624	66,000	104,419	77,438	(6,376)
Other Income	165,740	187,000	355,593	409,137	(21,260)
Total Operating Revenues	15,467,208	15,305,000	14,747,610	15,456,655	162,208
<b>OPERATING EXPENSES</b>					
Salaries, Wages, and Benefits	1,602,182	1,605,000	1,379,886	1,372,693	2,818
General & Administrative	149,325	152,000	136,710	138,818	2,675
Utilities	410,625	411,000	449,813	421,999	375
Materials & Supplies	555,322	562,000	1,134,537	957,932	6,678
Miscellaneous Services	5,341,113	5,401,000	4,664,681	4,160,210	59,887
Treatment & Transportation	3,364,668	3,368,000	3,121,625	3,090,684	3,332
Depreciation & Amortization	4,010,426	4,011,000	4,010,482	4,138,470	574
Total Operating Expenses	15,433,662	15,510,000	14,897,734	14,280,805	76,338
<b>OPERATING INCOME (LOSS)</b>	33,546	(205,000)	(150,124)	1,175,850	238,546
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Tapping and Capital Recovery Fees	1,013,414	971,000	786,905	1,122,885	42,414
Meter Sales	103,489	101,000	43,750	54,690	2,489
Inspection & Plan Reviews	34,913	44,000	56,000	112,877	(9,087)
Other Income	53,939	57,000	3,206	21,101	(3,061)
Other Expense	(5,614)	(5,000)	(4,081)	(43,959)	(614)
Interest Earnings	38,180	69,000	22,064	19,492	(30,820)
Interest Expense	(731,803)	(732,000)	(973,532)	(808,388)	197
Total Nonoperating Expenses	506,519	505,000	(65,688)	478,697	1,519
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	540,065	300,000	(215,812)	1,654,547	240,065
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	540,065	300,000	(215,812)	1,654,547	240,065

Year-to-date change in net position of \$540k is better than the forecast of \$320k by \$220k. This is due to higher operating revenues, lower operating expenses and higher non-operating revenues offset partly by lower interest income.

## 5. YTD – NET CASH FLOWS

### A. City

	YTD				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
Increase (Decrease) in Net position	(5,580,127)	(5,650,000)	(4,623,468)	(3,894,795)	69,873
Non-Cash Depreciation & Other Adjustments	7,065,948	6,913,000	7,065,948	3,087,798	152,948
Cash generated by Operations	1,485,821	1,263,000	2,442,480	(806,997)	222,821
Capex spending	(4,190,492)	(9,739,975)	(9,739,975)	(2,844,950)	5,549,483
Capex Funding Applied	4,190,492	9,739,975	9,739,975	2,844,950	(5,549,483)
Principal Payments	-	-	-	-	-
Annual Payment	(250,000)	(250,000)	(250,000)	-	-
<b>NET CASH FLOWS</b>	1,235,821	1,013,000	2,192,480	(806,997)	222,821

City cash flows YTD are \$1,236k which is higher than forecast due to higher cash generated by operations resulting from a better change in net position and the effect of adjusting for capital charged to expenses

## B. Suburban

	YTD				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
Increase (Decrease) in Net position	540,065	300,000	(215,812)	1,654,547	240,065
Non-Cash Depreciation & Other Adjustments	4,010,426	4,011,000	4,010,482	4,138,470	(574)
Cash generated by Operations	4,550,491	4,311,000	3,794,670	5,793,017	239,491
Capex spending	(1,696,772)	(1,969,000)	(6,986,161)	(1,392,393)	272,228
Capex Funding Applied	1,696,772	1,969,000	6,986,161	1,392,393	(272,228)
Principal Payments	(1,566,288)	(1,341,000)	(1,066,835)	(1,406,146)	(225,288)
Annual Payment	-	-	-	-	-
<b>NET CASH FLOWS</b>	<b>2,984,203</b>	<b>2,970,000</b>	<b>2,727,835</b>	<b>4,386,871</b>	<b>14,203</b>

Suburban cash flow YTD is \$3.0m and is \$14k higher than forecast on higher cash generated by operations partially offset by timing of principal payment.

## 6. FULL YEAR FORECAST

The Q3 Forecast was reported.

The following table is a summary:

<b>SUMMARY</b>	<b>2016 Q3 Forecast</b>	<b>2016 Budget</b>	<b>Budget Variance</b>
<b>Increase (Decrease) in Net Position</b>			
City	(9,060)	(4,436)	(4,624)
Suburban	(1,194)	(578)	(616)
<b>Total LCA</b>	<b>(10,254)</b>	<b>(5,014)</b>	<b>(5,240)</b>
<b>Cash Flows</b>			
City	2,243	4,040	(1,797)
Suburban	3,658	1,582	2,076
<b>Total LCA</b>	<b>5,901</b>	<b>5,622</b>	<b>279</b>

# 7. FINANCIAL STATEMENTS

## A. City

### LEHIGH COUNTY AUTHORITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION CITY DIVISION

	Jul-2016				2016 YTD				Annual Budget	Month Variance to			YTD Variance to		
	Actual	Forecast	Budget	Prior Yr	Actual	Forecast	Budget	Prior Yr		Forecast	Budget	Prior Yr	Forecast	Budget	Prior Yr
<b>OPERATING REVENUES</b>															
Charges for Service	2,635,495	2,459,000	2,434,005	2,399,155	17,316,532	17,140,000	18,109,911	18,322,773	31,529,219	176,495	201,490	236,341	176,632	(793,379)	993,759
Rent															
Other Income	36,915	20,000	25,333	21,669	207,162	180,000	175,031	137,655	302,800	16,915	11,681	15,248	17,162	30,531	69,507
Total Operating Income	2,672,410	2,479,000	2,459,338	2,420,824	17,523,694	17,320,000	18,284,942	18,460,428	31,832,019	193,410	213,172	251,589	193,794	(762,848)	1,063,266
<b>OPERATING EXPENSES</b>															
Salaries, Wages, and Benefits	626,682	679,000	625,808	1,097,529	4,859,915	4,906,000	4,939,550	5,062,741	8,135,910	49,319	(974)	471,247	49,065	(193,365)	1,006,829
General & Administrative	73,512	48,000	42,785	100,068	352,310	325,000	322,495	323,136	649,434	(27,512)	(21,727)	26,556	(27,313)	(31,819)	40,639
Utilities	162,536	165,000	175,399	286,116	1,059,874	1,071,000	1,222,786	1,267,283	2,104,778	2,492	12,660	129,578	1,129	157,812	197,409
Materials & Supplies	151,369	159,000	201,734	258,682	1,058,458	1,055,000	1,501,974	1,361,151	2,652,292	7,731	50,465	107,393	(1,458)	445,218	304,993
Miscellaneous Services	200,305	255,000	128,838	510,447	1,310,821	1,368,000	901,796	1,522,687	2,347,154	54,566	(71,477)	310,142	55,179	(406,025)	64,155
Treatment & Transportation					5,459	1,000		5,301						(429)	(128)
Depreciation & Amortization	450,000	450,000	450,000	441,114	3,150,000	3,150,000	3,150,000	3,087,798	5,400,000			(8,899)			(82,202)
Total Operating Expenses	1,664,308	1,761,000	1,627,553	2,684,337	11,801,806	11,878,000	11,793,311	13,030,096	21,189,118	66,894	(98,753)	1,030,032	76,194	(8,495)	2,128,290
<b>OPERATING INCOME (LOSS)</b>	1,008,104	728,000	831,685	(273,514)	5,721,888	5,442,000	6,491,631	2,630,332	10,642,901	286,194	178,419	1,281,616	209,685	(769,343)	3,191,556
<b>NON-OPERATING REVENUES (EXPENSES)</b>															
Tapping and Capital Recovery Fees	6,594	2,000	17,750	1,964	175,459	161,000	124,250	241,667	213,000	4,564	(11,160)	4,620	14,459	51,209	(66,208)
Meter Sales	1,000	1,000	1,417	238	4,103	5,000	3,919	7,508	7,000	1,000	(1,417)	(258)	(697)	(9,440)	(5,440)
Inspection & Plan Reviews	4,864	2,850	2,250	5,257	20,307	27,000	15,750	18,157	27,000	2,694	2,614	(503)	(1,655)	4,567	1,150
Other Income	50	5,000	1,667	3,375	27,932	33,000	11,669	22,680	20,000	(4,910)	(3,203)	(5,068)	(5,068)	18,289	6,202
Other Expense	(452,702)	(300,000)	(622,702)	-	(2,323,742)	(2,166,000)	(2,318,912)	4,830	(162,702)	(53,000)	(452,702)	(157,742)	(4,830)	(3,328,572)	(2,328,572)
Interest Earnings	50,000	33,633	321	2,130	27,000	259,831	397,397	430,000	(83,000)	(35,833)	(321)	(49,810)	(248,701)	(268,599)	(2,328,572)
Interest Expense	(1,315,458)	(1,319,000)	(1,315,458)	(1,001,199)	(9,208,205)	(9,205,000)	(9,208,205)	(7,008,365)	(15,785,500)	542		(314,283)	786		(5,199,841)
Total Non-Operating Expenses	(1,758,623)	(1,506,000)	(1,709,243)	(890,020)	(11,302,016)	(11,162,000)	(11,114,669)	(9,435,127)	(18,078,500)	(200,833)	(47,319)	(767,623)	(200,819)	(187,317)	(4,878,669)
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	(748,519)	(828,000)	(877,558)	(1,263,534)	(5,580,127)	(5,650,000)	(4,623,468)	(3,804,795)	(4,435,599)	79,491	129,039	515,015	69,873	(666,559)	(1,685,332)
<b>CAPITAL CONTRIBUTIONS</b>															
Capital Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	(748,519)	(828,000)	(877,558)	(1,263,534)	(5,580,127)	(5,650,000)	(4,623,468)	(3,804,795)	(4,435,599)	79,491	129,039	515,015	69,873	(666,559)	(1,685,332)

### LEHIGH COUNTY AUTHORITY COMPARATIVE STATEMENT FORMAT CITY DIVISION

	Jul-2016			2016 YTD			Annual Budget	Month Variance to		YTD Variance to	
	Actual	Budget	Prior Yr	Actual	Budget	Prior Yr		Budget	Prior Yr	Budget	Prior Yr
<b>OPERATING REVENUES</b>											
Customer Charges	2,635,495	2,434,005	2,399,155	17,316,532	16,109,911	16,322,773	31,529,219	201,490	236,341	(793,379)	993,759
Rental Income											
Other Operating Income	36,915	25,333	21,669	207,162	170,681	137,655	302,800	11,681	15,248	30,531	69,507
Total Operating Revenues	2,672,410	2,459,338	2,420,824	17,523,694	16,280,592	16,460,428	31,832,019	213,172	251,589	(162,848)	1,063,266
<b>OPERATING EXPENSES</b>											
Salaries & Wages	422,179	394,921	716,689	3,085,959	2,961,907	3,784,210	5,133,971	(27,258)	294,690	(124,052)	696,281
Overtime	51,386	57,884	89,757	370,317	454,130	400,759	792,495	6,496	18,371	63,813	30,442
Employee Benefits	153,117	173,003	311,304	1,400,639	1,287,523	1,677,772	2,249,045	19,586	158,187	(103,115)	277,133
Utilities	162,536	175,399	286,116	1,069,874	1,227,796	1,267,283	2,104,778	12,860	123,578	157,912	197,409
Insurance	68,021	39,752	73,271	296,647	276,294	308,181	477,027	(28,269)	5,250	(18,335)	12,634
Maintenance	45,322	64,303	59,140	369,475	478,893	442,797	833,305	18,591	53,916	110,189	74,322
Engineering	14,224	1,775	-	29,425	13,214	8,496	81,000	(12,449)	(14,224)	(16,211)	(21,020)
Legal	5,491	6,033	26,797	55,663	42,231	83,664	72,396	542	21,306	(13,437)	28,292
Lab Analysis	380	1,544	-	2,974	11,491	4,672	20,000	1,154	(300)	8,517	1,696
Supplies & Equipment	91,333	134,112	159,022	695,584	906,306	905,277	1,737,848	42,779	68,190	342,722	249,693
Other Outside Services	91,941	77,873	268,620	860,001	543,011	1,237,070	1,732,089	(14,368)	173,890	(318,660)	377,070
Treatment & Transportation				5,459		5,301				(5,429)	(128)
Miscellaneous Operating Expenses	108,384	51,255	244,627	450,820	358,785	715,617	615,065	(67,109)	338,283	(92,035)	254,797
Depreciation & Amortization	450,000	450,000	441,114	3,150,000	3,150,000	3,087,798	5,400,000		(8,899)		(82,202)
Total Operating Expenses	1,664,308	1,627,553	2,684,337	11,801,806	11,793,311	13,030,096	21,189,118	(38,753)	1,030,032	(5,496)	2,128,290
<b>OPERATING INCOME (LOSS)</b>	1,008,104	831,685	(273,514)	5,721,888	6,491,231	2,530,332	10,642,901	178,419	1,281,616	(769,343)	3,191,556
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Water Tapping Fees	3,937	11,300	1,964	98,637	80,500	134,639	158,000	(7,663)	1,873	19,137	(34,971)
WW Capacity & Connection Fees	2,747	6,250	-	75,822	43,750	107,068	75,000	(3,503)	2,747	32,072	(31,236)
Meter Sales	-	1,417	238	4,103	8,919	7,508	17,000	(1,417)	(258)	(5,816)	(3,405)
Inspection & Plan Reviews	4,864	2,250	5,257	20,307	15,750	18,157	27,000	2,614	(3,285)	4,567	1,150
Other Non-Operating Income	90	1,667	3,375	27,932	11,669	22,680	20,000	(1,577)	(3,285)	18,289	5,252
Other Non-Operating Expenses	(452,702)	(452,702)	-	(2,323,742)	(2,318,912)	4,830		-	(452,702)	(4,830)	(2,328,572)
Total Non-Operating Income (Expenses)	(441,165)	(439,816)	10,854	(2,085,940)	(2,157,324)	295,842	277,000	(11,546)	(452,702)	61,384	(2,381,782)
<b>INCREASE (DECREASE) IN NET POSITION BEFORE INTEREST AND CAPITAL CONTRIBUTIONS</b>	566,939	402,067	(262,660)	3,625,948	4,333,907	2,826,174	10,919,901	184,872	829,599	(707,959)	796,776
<b>INTEREST INCOME (EXPENSES)</b>											
Interest Income		35,833	321	2,130	250,831	287,397	430,000	(35,833)	(321)	(248,701)	(285,266)
Interest Expense	(1,315,458)	(1,315,458)	(1,001,199)	(9,208,206)	(9,208,206)	(7,008,365)	(15,785,500)		(314,283)		(2,199,841)
Total Interest Income (Expenses)	(1,315,458)	(1,279,625)	(1,000,878)	(9,206,076)	(8,957,375)	(6,720,968)	(15,355,500)	(35,833)	(314,584)	(248,701)	(2,485,107)
<b>CAPITAL CONTRIBUTIONS</b>											
Capital Grants	-	-	-	-	-	-	-	-	-	-	-
Capital Assets Provided	-	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	(748,519)	(877,558)	(1,263,534)	(5,580,127)	(4,623,468)	(3,804,795)	(4,435,599)	129,039	515,015	(666,559)	(1,685,332)
<b>CAPITAL EXPENDITURES</b>											
LCA Costs (1)	(85,931)	(1,391,425)	(58,985)	(600,782)	(9,739,975)	(454,985)	(18,997,100)	1,305,494	(25,646)	9,139,193	(145,797)
Contractor/Other Costs (1)	(2,763,323)	-	(430,682)	(3,586,710)	-	(2,389,965)	-	(2,763,323)	(2,323,841)	(3,569,710)	(1,199,745)
Total Capital Expenditures	(2,849,254)	(1,391,425)	(489,667)	(4,187,492)	(9,739,975)	(2,844,950)	(18,997,100)	(1,457,830)	(2,349,587)	5,569,483	(1,345,542)
<b>PRINCIPAL REDUCTION</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>NET METRICS</b>											
Operating Income (Expense) Before Depreciation	1,458,104	1,281,685	167,600	8,871,888	9,641,231	5,616,130	16,042,901				
Operating Income (Expense) Before Depreciation / Operating Revenues (%)	54.6%	52.1%	6.9%	50.6%	52.7%	34.1%	50.4%				
Operating Income (Expense) / Operating Revenues (%)	37.7%	33.6%	-11.3%	32.7%	35.6%	15.4%	33.4%				
Net Position Before Interest & Capital Contrib. / Operating Revenue (%)	21.2%	18.3%	-10.9%	20.7%	23.7%	17.2%	34.3%				
Interest Coverage Ratio	0.431	0.333	-0.282	0.394	0.468	0.444	0.719				
Debt Service Coverage Ratio	0.950	0.425	-0.262	0.503	0.635	0.444	0.917				
Indefinite Debt Service Coverage Ratio (excluding depreciation)	1.910	1.789	0.183	1.330	1.462	1.000	1.954				

(1) Capital costs budgeted as total LCA and Contractor Costs

## B. Suburban

### LEHIGH COUNTY AUTHORITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION SUBURBAN DIVISION

	Jul-2016				2016 YTD				Annual Budget	Month Variance to			YTD Variance to		
	Actual	Forecast	Budget	Prior Yr	Actual	Forecast	Budget	Prior Yr		Forecast	Budget	Prior Yr	Forecast	Budget	Prior Yr
<b>OPERATING REVENUES</b>															
Charges for Service	2,380,014	2,090,000	1,646,434	2,288,641	15,241,844	15,052,000	14,287,558	14,970,060	24,301,607	180,014	633,580	(9,628)	180,844	654,248	271,763
Rent	8,267	15,000	14,917	9,542	59,624	66,000	104,419	77,438	179,004	(6,733)	(6,650)	(1,275)	(6,374)	(44,785)	(17,814)
Other Income	30,065	51,000	50,789	334,399	165,740	187,000	355,553	409,137	609,582	(20,839)	(20,730)	(304,334)	(21,269)	(159,833)	(243,397)
Total Operating Income	2,318,345	2,156,000	1,712,150	2,633,382	15,467,208	15,305,000	14,747,610	15,456,635	25,090,203	162,345	606,198	(315,237)	157,205	719,588	10,552
<b>OPERATING EXPENSES</b>															
Salaries, Wages, and Benefits	241,601	245,000	183,980	198,019	1,802,182	1,805,000	1,378,986	1,372,593	2,391,801	3,399	(57,610)	(45,501)	2,818	(222,296)	(235,400)
General & Administrative	37,332	30,000	18,530	78,780	145,325	152,000	138,710	138,518	234,354	2,668	(7,802)	(1,212)	2,675	(12,815)	(10,507)
Utilities	63,872	64,000	64,250	68,043	410,656	411,000	448,913	421,399	771,112	138	(28,810)	(24,928)	378	36,188	11,374
Materials & Supplies	70,869	77,000	137,503	244,658	555,322	562,000	1,124,637	967,937	2,029,690	6,131	68,634	173,820	6,678	578,215	402,009
Miscellaneous Services	710,248	770,000	668,303	693,107	5,341,113	5,401,000	4,664,681	4,183,219	7,960,600	58,726	(43,660)	(23,141)	58,687	(876,423)	(1,180,923)
Treatment & Transportation	470,678	416,000	450,321	451,406	3,384,053	3,368,000	3,121,625	3,090,684	5,331,851	4,322	(30,571)	(19,272)	3,332	(243,943)	(271,094)
Depreciation & Amortization	572,918	573,000	572,920	591,210	4,010,428	4,011,000	4,010,482	4,138,470	6,875,111	82	8	18,252	574	56	128,044
Total Operating Expenses	2,187,518	2,264,000	2,094,907	2,268,494	15,433,692	15,510,000	14,697,734	14,280,805	25,630,418	76,483	(92,611)	60,978	76,338	(535,929)	(1,152,867)
<b>OPERATING INCOME (LOSS)</b>	130,826	(108,000)	(382,757)	365,088	33,548	(205,000)	(150,124)	1,175,830	(540,216)	238,825	513,584	(234,260)	238,545	183,570	(1,142,304)
<b>NON-OPERATING REVENUES (EXPENSES)</b>															
Tapping and Capital Recovery Fees	142,059	100,000	112,415	150,613	1,013,414	871,000	785,005	1,122,855	1,348,680	42,059	29,874	(18,523)	42,414	238,509	(109,470)
Meter Sales	12,315	10,000	6,250	5,775	103,469	101,000	43,750	34,690	75,000	2,315	6,065	5,540	2,485	59,739	45,759
Inspection & Plan Reviews	1,000	10,000	8,000	12,186	34,913	40,000	50,000	112,877	96,000	(9,000)	(7,100)	(11,189)	(8,037)	(21,087)	(77,964)
Other Income	4,335	7,000	458	3,700	53,639	57,000	3,206	21,101	5,500	(2,665)	3,877	635	(3,061)	50,733	32,838
Other Expenses	(1,025)	-	(583)	(5,968)	(5,614)	(6,000)	(4,081)	(43,859)	(7,000)	(1,025)	(441)	4,943	(816)	(1,533)	38,348
Interest Earnings	(10,572)	20,000	3,152	2,965	36,180	50,000	22,064	19,492	37,826	(30,572)	(13,724)	(13,537)	(30,623)	16,118	18,888
Interest Expense	(104,809)	(105,000)	(139,076)	(102,996)	(731,933)	(733,000)	(673,533)	(608,389)	(1,668,907)	195	34,270	(1,810)	197	243,728	76,585
Total Non-Operating Expenses	43,337	42,000	(9,383)	77,274	506,519	505,000	(65,688)	478,697	(112,621)	1,307	52,721	(53,937)	1,519	572,207	27,822
<b>INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	174,165	(86,000)	(392,140)	442,362	540,065	300,000	(215,812)	1,654,547	(577,817)	240,165	566,306	(268,198)	240,065	755,877	(1,114,482)
<b>CAPITAL CONTRIBUTIONS</b>															
Capital Grants	-	-	-	-	-	-	-	-	75,000	-	-	-	-	-	-
Capital Assets Provided by Developers and Others	-	-	-	-	-	-	-	-	75,000	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	-	-	150,000	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	174,165	(86,000)	(392,140)	442,362	540,065	300,000	(215,812)	1,654,547	(577,817)	240,165	566,306	(268,198)	240,065	755,877	(1,114,482)

### LEHIGH COUNTY AUTHORITY COMPARATIVE STATEMENT FORMAT SUBURBAN DIVISION

	Jul-2016			2015 YTD			Annual Budget	Month Variance to		YTD Variance to	
	Actual	Budget	Prior Yr	Actual	Budget	Prior Yr		Budget	Prior Yr	Budget	Prior Yr
<b>OPERATING REVENUES</b>											
Customer Charges	2,260,014	1,646,434	2,288,641	15,241,844	14,287,558	14,970,060	24,301,607	633,580	(9,628)	954,248	271,763
Rental Income	8,267	14,917	9,542	59,624	104,419	77,438	179,004	(6,650)	(1,275)	(44,785)	(17,814)
Other Operating Income	30,065	50,799	334,399	165,740	355,553	409,137	609,582	(20,730)	(304,334)	(189,833)	(243,397)
Total Operating Revenues	2,318,345	1,712,150	2,633,382	15,467,208	14,747,610	15,456,635	25,090,203	606,198	(315,237)	719,588	10,552
<b>OPERATING EXPENSES</b>											
Salaries & Wages	140,137	130,830	130,293	1,038,203	981,674	933,215	1,702,085	(9,207)	(9,844)	(58,229)	(104,989)
Overtime	12,719	8,508	10,114	77,582	83,610	84,865	110,607	(4,211)	(2,604)	(13,772)	(12,698)
Employee Benefits	88,745	44,547	55,612	486,397	334,102	374,593	579,108	(44,198)	(33,133)	(152,295)	(111,504)
Utilities	63,872	64,259	68,943	410,625	448,913	421,699	771,112	(28,810)	(24,929)	39,186	11,374
Insurance	24,677	16,553	24,391	128,034	115,541	127,218	198,751	(8,114)	(285)	(12,053)	(819)
Maintenance	25,859	61,328	168,959	214,726	505,997	915,295	605,160	35,387	163,059	291,256	400,556
Engineering	1,850	12,567	1,895	61,276	103,692	21,148	165,500	10,177	135	42,418	(49,129)
Legal	2,856	2,967	1,728	21,291	20,769	11,600	35,804	311	(527)	(522)	(5,891)
Lab Analysis	5,529	10,189	18,685	39,821	84,072	63,064	150,390	4,681	13,157	44,251	23,273
Supplies & Equipment	37,551	53,421	35,021	235,497	440,776	258,386	788,511	15,870	(2,531)	201,279	18,899
Other Outside Services	687,060	630,960	688,193	5,179,374	4,418,720	3,963,263	7,571,523	(56,100)	1,133	(782,854)	(1,186,091)
Treatment & Transportation	470,678	450,321	451,406	3,364,668	3,121,625	3,090,684	5,331,851	(20,357)	(19,272)	(243,043)	(273,984)
Miscellaneous Operating Expenses	23,188	35,423	1,914	151,739	247,961	168,628	425,078	12,335	(21,274)	88,222	5,188
Depreciation & Amortization	572,918	572,626	591,210	4,010,426	4,010,482	4,138,470	6,875,111	8	18,252	56	128,044
Total Operating Expenses	2,197,518	2,094,907	2,268,494	15,433,692	14,697,734	14,280,805	25,630,418	(92,611)	60,978	(635,929)	(1,152,867)
<b>OPERATING INCOME (LOSS)</b>											
	130,826	(382,757)	365,088	33,548	(150,124)	1,175,830	(540,216)	513,584	(234,260)	183,570	(1,142,304)
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Water Tapping Fees	31,585	15,165	78,965	218,660	113,155	187,760	193,960	15,420	(47,380)	103,525	46,920
WW Capacity & Capital Recovery Fees	110,504	96,250	81,648	786,734	873,750	955,125	1,155,000	14,254	29,857	122,894	(153,350)
Meter Sales	12,315	6,250	6,775	103,469	43,750	54,690	75,000	6,065	5,540	59,739	48,769
Inspection & Plan Reviews	1,000	8,000	12,186	34,913	56,000	112,877	96,000	(7,000)	(11,189)	(21,087)	(77,964)
Other Non-Operating Income	4,335	458	3,700	53,639	3,206	21,101	5,500	3,877	635	50,733	32,838
Other Non-Operating Expense	(1,025)	(583)	(5,968)	(5,614)	(4,081)	(43,859)	(7,000)	(441)	4,943	(1,533)	38,346
Total Non-Operating Income (Expense)	156,715	126,540	177,306	1,200,142	585,780	1,267,593	1,518,480	32,175	(18,591)	314,362	(67,451)
<b>INCREASE (DECREASE) IN NET POSITION BEFORE INTEREST AND CAPITAL CONTRIBUTIONS</b>											
	289,542	(256,217)	542,394	1,233,688	735,656	2,443,443	978,264	545,759	(252,851)	498,032	(1,206,756)
<b>INTEREST INCOME (EXPENSES)</b>											
Interest Income	(10,572)	3,152	2,965	36,180	22,064	19,492	37,826	(13,724)	(13,537)	16,116	16,888
Interest Expense	(104,809)	(139,076)	(102,996)	(731,803)	(673,532)	(608,389)	(1,668,907)	34,270	(1,810)	241,729	76,585
Total Interest Income (Expense)	(115,379)	(135,923)	(100,031)	(695,623)	(651,468)	(588,897)	(1,631,081)	20,546	(15,346)	257,845	95,273
<b>CAPITAL CONTRIBUTIONS</b>											
Capital Grants	-	-	-	-	-	-	75,000	-	-	-	-
Capital Assets Provided	-	-	-	-	-	-	75,000	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	150,000	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>											
	174,165	(392,140)	442,362	540,065	(215,812)	1,654,547	(577,817)	566,306	(268,198)	755,877	(1,114,482)
<b>CAPITAL EXPENDITURES</b>											
LCA Costs (1)	(54,057)	(986,023)	(54,231)	(400,521)	(6,986,161)	(440,912)	(11,976,270)	943,965	174	6,985,240	39,892
Contractor/Other Costs (1)	(173,720)	-	(97,819)	(1,295,551)	-	(951,480)	-	(173,720)	(76,101)	(1,295,851)	(344,371)
Total Capital Expenditures	(227,777)	(986,023)	(151,651)	(1,696,072)	(6,986,161)	(1,392,393)	(11,976,270)	770,245	(75,927)	5,269,389	(304,379)
<b>PRINCIPAL REDUCTION</b>											
	(225,788)	(152,409)	(143,106)	(1,566,288)	(1,066,835)	(1,406,146)	(1,828,850)	(73,381)	(82,680)	(499,453)	(160,142)
<b>KEY METRICS</b>											
Operating Income (Expense) Before Depreciation	703,746	160,169	956,268	4,043,972	3,680,398	5,314,320	6,334,885				
Operating Income (Expense) Before Depreciation / Operating Revenues (%)	30.4%	11.1%	38.3%	26.1%	26.2%	34.4%	25.2%				
Operating Income (Expense) / Operating Revenues (%)	5.6%	22.4%	13.9%	0.2%	-1.0%	7.6%	-2.2%				
Net Position Before Interest & Capital Contrib. / Operating Revenues (%)	12.3%	-15.0%	20.9%	8.0%	5.2%	15.8%	9.4%				
Interest Coverage Ratio	2.662	-1.820	5.295	1.738	0.778	3.047	0.809				
Debt Service Coverage Ratio	0.844	-0.668	2.216	0.553	0.371	1.112	0.290				
Debt Service Coverage Ratio (excluding depreciation)	2.577	1.097	4.816	2.299	2.337	2.981	2.256				

Presented: August 22, 2016

Critical Activities	System	Description	Jul-16	2016-to-Date	2015 Totals	Permit
			Daily Avg (MGD)	Daily Avg (MGD)	Daily Avg (MGD)	Daily Max (MGD)
Water Production	Allentown	Total	21.96	20.50	19.99	39.0
		Schantz Spring	5.58	6.21	6.16	9.0
		Crystal Spring	3.49	3.85	3.88	4.0
		Little Lehigh Creek	12.83	10.26	9.85	30.0
		Lehigh River	0.06	0.18	0.10	28.0
	Central Lehigh	Total	10.91	9.32	9.08	19.04 MGD Avg
		Feed from Allentown	6.04	6.05	4.95	6.0 MGD Avg 10.5 MGD Max
		Well Production (CLD)	4.87	3.28	4.13	8.54 MGD Avg
		Sum of all (12) other Suburban Water Systems	0.20	0.18	0.17	1.71 Sum of all wells
Wastewater Treatment		Kline's Island	29.29	30.55	30.44	40.0
		Pretreatment Plant	4.61	4.43	4.34	5.75 (design capacity)
		Sum of all (5) other Suburban WW Systems	0.15	0.18	0.21	0.36
			Jul-16	2016-to-Date	2015 Totals	
Precipitation Totals (inches)			6.72	24.42	40.24	
Compliance Reports Submitted to Allentown			30	168	246	
Notices of Violation (NOVs)		(Allentown + Suburban)	0	3	3	
Sanitary Sewer Overflows (SSOs)/Bypasses		(Allentown + Suburban)	1	13	13	
Main Breaks Repaired		Allentown	2	14	29	
		Suburban	1	4	12	
Customer Service Phone Inquiries		(Allentown + Suburban)	2,095	17,378	35,983	
Water Shutoffs for Non-Payment		(Allentown + Suburban)	150	890	1,844	
Injury Accidents		(Allentown + Suburban)	1	6	9	
Significant Repairs: The secondary digester cover at KIWWTTP has been removed and a new cover is being erected. Completion is expected by the beginning of November, 2016.						
Description of NOVs and/or SSOs: There was one SSO in the City Division during July 2016. The SSO occurred on 7/4/2016 and was caused by an accumulation of rags and was not weather-related.						
Other Highlights: A water service line break on 7/4/2016 at Farview Farms/Mink Estates resulted in depletion of all water storage. A boil water notice was issued to effected customers until repairs were made. A chemical overfeed at the Arcadia water system on 7/10/2016 resulted in a "Do Not Use" notice being issued for 11 hours until the system was flushed.						