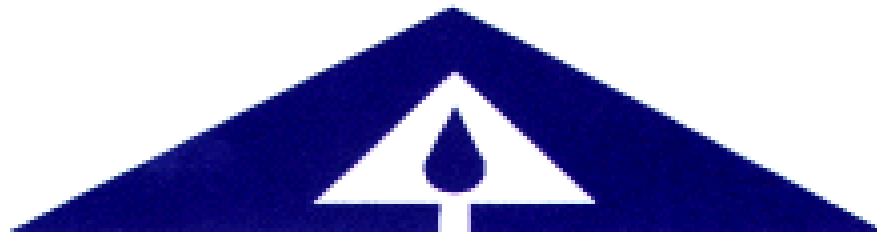


2017 BUDGET

Preliminary Budget Review



LEHIGH COUNTY AUTHORITY

Strategic thrusts of the Budget

- Maintain / enhance operational capability & quality
- Continue progress on Asset Management
- Begin execution of Administrative Order work plan
- Address succession planning / organizational development needs
- Obtain adequate cash flow
- Meet Debt Service Coverage targets
- Use project reserves and excess cash to buffer need to borrow

LCA SUMMARY

	CITY DIVISION			SUBURBAN WATER			SUBURBAN WASTEWATER			LCA TOTAL		
	2017	2016		2017	2016		2017	2016		2017	2016	
\$000'S	Budget	Estimate	Variance	Budget	Estimate	Variance	Budget	Estimate	Variance	Budget	Estimate	Variance
Net Operating Cash Flows	1,196	2,245	(1,049)	26	1,096	(1,070)	977	2,340	(1,363)	2,199	5,681	(3,482)
All-in DSCR	1.25	1.32	(0.07)	1.29	1.35	(0.06)	1.98	3.60	(1.62)	1.33	1.45	(0.12)
Net income (loss)	(10,307)	(9,059)	(1,248)	(23)	(322)	299	(1,445)	(1,094)	(351)	(11,775)	(10,475)	(1,300)
Operating Cash Balance	5,598	4,402	1,196	5,866	5,840	26	14,133	13,156	977	25,597	23,398	2,199
Debt Balance	345,356	345,860	(504)	32,423	28,324	4,099	17,900	8,028	9,872	395,679	382,212	13,467

- All 3 funds have positive operating cash flow
- DSCR calculations following indenture agreement requirements (All-in DSCR) are >1.20, with City at 1.25
- Showing net loss across the board for City, Suburban Water, and Suburban Wastewater
- With positive cash flows across all funds, operating cash balances are up across all 3 funds as well.
- Debt levels are the same in the City and rise in Suburban Water and Wastewater due to borrowing requirements for capital projects
- Suburban Water financial performance is dependent upon 4% increase in revenues

TOTAL LCA

TOTAL LCA	2017	2016	
\$000	Budget	Estimate	Variance
CASH BASED STATEMENT			
Operations			
Operating revenues	58,002	55,573	2,429
Operating expenses	(49,969)	(47,006)	(2,963)
Add: depreciation expense	<u>12,475</u>	<u>12,275</u>	<u>200</u>
Operating income	20,508	20,842	(334)
Interest income	<u>621</u>	<u>471</u>	<u>150</u>
Available for debt service	<u>21,129</u>	<u>21,313</u>	<u>(184)</u>
Debt service	-	-	-
Interest payments	(15,197)	(14,753)	(444)
Principal payments	<u>(2,804)</u>	<u>(2,323)</u>	<u>(481)</u>
Debt Service	<u>(18,001)</u>	<u>(17,076)</u>	<u>(925)</u>
Net after debt service	3,128	4,237	(1,109)
Non-operating revenues (expenses)	6,485	1,944	4,541
Concession lease payment	<u>(504)</u>	<u>(500)</u>	<u>(4)</u>
Available for capital	9,109	5,681	3,428
Capital funding by operations	<u>(6,910)</u>	<u>-</u>	<u>(6,910)</u>
Net operations	<u>2,199</u>	<u>5,681</u>	<u>(3,482)</u>
Capital			
Capital Spending	(24,676)	(16,159)	(8,517)
Available from operations	6,910	-	6,910
Funding from Reserves	<u>17,766</u>	<u>16,159</u>	<u>1,607</u>
Net capital	<u>-</u>	<u>-</u>	<u>-</u>
NET FUND SURPLUS (DEFICIT)	<u>2,199</u>	<u>5,681</u>	<u>(3,482)</u>
DEBT SERVICE RATIO (per Indenture)			
Available for debt service	21,129	21,313	(184)
Balance in annual payment reserve	504	500	4
Non-operating revenues (expenses)	6,485	1,944	4,541
Less: project reimbursement	<u>(4,218)</u>	<u>-</u>	<u>(4,218)</u>
Total available for debt service	<u>23,900</u>	<u>23,757</u>	<u>143</u>
Debt Service	18,001	17,076	925
Adjustments to Debt Service	<u>-</u>	<u>(675)</u>	<u>675</u>
Adjusted debt service	<u>18,001</u>	<u>16,401</u>	<u>1,600</u>
DSCR	<u>1.33</u>	<u>1.45</u>	<u>(0.12)</u>

- Cash flow is a positive \$2.2m even though it is lower than 2016
- Contributing \$6.9m to capital, cash flows before contribution is \$9.1m which is \$3.4m higher than 2016
- Surplus inflow from operations is sufficient to cover debt service and to provide for some portion of capital funding
- Capital spending is according to capital plan – total capital spending of \$24.7m
- Total borrowing of \$16.8m is required to fund capital projects
- All-in DSCR of 1.33 is above internal target of 1.20 but down to 2016

TOTAL LCA

TOTAL LCA	2017	2016	
<u>\$000</u>	<u>Budget</u>	<u>Estimate</u>	<u>Variance</u>
NET INCOME (LOSS)			
Operating revenues	58,002	55,573	2,429
Operating Expenses (ex Deprec)	(37,494)	(34,731)	(2,763)
Depreciation expense	(12,475)	(12,275)	(200)
Interest income	621	471	150
Interest payments	(15,197)	(14,753)	(444)
Non-cash interest	(3,413)	(2,738)	(675)
Expensed Capital	(8,304)	(3,966)	(4,338)
Non-operating revenues (expenses)	<u>6,485</u>	<u>1,944</u>	<u>4,541</u>
NET INCOME (LOSS)	<u>(11,775)</u>	<u>(10,475)</u>	<u>(1,300)</u>
BALANCE SHEET			
Operating Cash	25,597	23,398	2,199
Investments	24,307	24,307	-
Other Current assets	53,352	53,352	-
Project Fund	8,652	9,643	(991)
PPE, net	192,511	186,614	5,897
Other LT assets	243,052	248,465	(5,413)
Current liabilities	(8,699)	(8,699)	-
Long-term debt	(350,499)	(336,528)	(13,971)
Other LT liabilities	(49,912)	(50,416)	504
Net Position	<u>(138,361)</u>	<u>(150,136)</u>	<u>11,775</u>
<i>Check</i>	<u>-</u>	<u>-</u>	<u>-</u>
Risk Analysis			
Revenues	(1,290)	2.0%	
Costs	(750)	2.0%	
Total	(2,040)	-	
Revised Cash Flows	159	-	
Revised DSCR	1.21	-	

- Net loss of \$11.8m is \$1.3m worse than 2016
- Net position is a cumulative loss that is incremented in 2016 with the net loss being budgeted
- Operating cash going up by \$2.2m
- Project fund will be down to \$8.7m
- Debt level will be up by \$14m driven by the new borrowing
- 2.0% risk of not attaining revenue levels along with 2.0% risk of cost overruns still leaves a positive cash flow, but all-in DSCR would drop to 1.21 which is still above target of 1.20

City Division

CITY DIVISION	2017	2016	
\$000	Budget	Estimate	Variance
CASH BASED STATEMENT			
Operations			
Operating revenues	31,809	30,637	1,172
Operating expenses	(22,552)	(20,818)	(1,734)
Add: depreciation expense	5,600	5,400	200
Operating income	14,857	15,219	(362)
Interest income	302	302	-
Available for debt service	15,159	15,521	(362)
Debt Service			
Interest payments	(13,047)	(13,047)	-
Principal payments	-	-	-
Debt service	(13,047)	(13,047)	-
Net after debt service	2,112	2,474	(362)
Non-operating revenues (expenses)	4,498	271	4,227
Concession Lease Payment	(504)	(500)	(4)
Available for capital	6,106	2,245	3,861
Capital funding provided by operations	(4,910)	-	(4,910)
Net operations	1,196	2,245	(1,049)
Capital			
Capital Spending	(10,616)	(10,190)	(426)
Provided by operations	4,910	-	4,910
Funding from Reserves	5,706	10,190	(4,484)
Net capital	-	-	-
NET FUND SURPLUS (DEFICIT)	1,196	2,245	(1,049)
DEBT SERVICE RATIO (per Indenture)			
Available for debt service	15,159	15,521	(362)
Balance in annual payment reserve	504	500	4
Non-operating revenues (expenses)	4,498	271	4,227
Less: project reimbursement	(3,904)	-	(3,904)
Total available for debt service	16,257	16,292	(35)
Debt service	13,047	13,047	-
Adjustment for capitalized interest	-	(675)	675
Adjusted debt service	13,047	12,372	675
DSCR	1.25	1.32	(0.07)

- Cash flow is positive \$1.2m even though it is lower than 2016
- Contributing \$4.9m to capital, cash flows before contribution is \$6.1m which is higher than 2016
- Surplus inflow from operations is sufficient to cover debt service and to provide for some portion of capital funding
- Capital spending is according to capital plan – total capital spending of \$10.6m
- No new borrowing is required in 2017
- All-in DSCR of 1.25 is above requirement but down to 2016

City Division

CITY DIVISION	2017	2016	
<u>\$000</u>	<u>Budget</u>	<u>Estimate</u>	<u>Variance</u>
NET INCOME (LOSS)			
Operating revenues	31,809	30,637	1,172
Operating Expenses (ex Deprec)	(16,952)	(15,418)	(1,534)
Depreciation expense	(5,600)	(5,400)	(200)
Interest income	302	302	-
Interest payments	(13,047)	(13,047)	-
Non-cash interest	(3,413)	(2,738)	(675)
Expensed Capital	(7,904)	(3,666)	(4,238)
Non-operating revenues (expenses)	<u>4,498</u>	<u>271</u>	<u>4,227</u>
NET INCOME (LOSS)	<u>(10,307)</u>	<u>(9,059)</u>	<u>(1,248)</u>
BALANCE SHEET			
Operating Cash	5,598	4,402	1,196
Investments	8,392	8,392	-
Other Current assets	47,765	47,765	-
Project Fund	1,408	7,114	(5,706)
PPE, net	1,974	2,862	(888)
Other LT assets	237,609	243,022	(5,413)
Current liabilities	(4,073)	(4,073)	-
Long-term debt	(303,796)	(303,796)	-
Other LT liabilities	(41,560)	(42,064)	504
Net Position	<u>46,683</u>	<u>36,376</u>	<u>10,307</u>
	<i>Check</i>	-	-
Risk Analysis			
Revenues	(726)	2.00%	
Costs	(339)	2.00%	
Total	(1,065)		
Revised Cash Flows	131		
Revised DSCR	1.16		

- Net loss of \$10.3m is \$1,248k worse than 2016
- Net position is a cumulative loss that is incremented in 2016 with the net loss of \$10.3m
- Operating cash going up by \$1.2m
- Project fund will be down to \$1.4m
- No change in debt levels
- 2.0% risk of not attaining revenue levels along with 2.0% risk of cost overruns still leaves a positive cash flow, but all-in DSCR would drop to 1.16 which is below target of 1.20

Assumptions-City Division

CITY DIVISION	Cash	Profit
\$000's	Flows	(Loss)
2016 Estimate	2,245	(9,059)
2017 Changes:		
1MGD additional volume purchase by Suburban	182	182
2.5% rate increase per Concession Agreement	626	626
0.8% CPI Indexed rate increase per Concession Agreement	200	200
3.0% inflationary effect on Signatory revenues	164	164
3.0% wage rate increase	(179)	(179)
15% increase to employee insurance rates	(383)	(383)
2.5% general inflation effect on purchases	(174)	(174)
Additional CCRC from large Capital Works projects	323	323
Labor cost additions from additional headcount and position upgrades	(307)	(307)
Additional material & supplies to support sytem	(386)	(386)
Additional outside services	(105)	(105)
AO reimbursement for execution of AO projects on behalf of City	2,607	2,607
Other project reimbursement	1,297	1,297
Depreciation expense	-	(200)
Loss of capitalized interest deduction	-	(675)
Additional annual payment requirement	(4)	-
(Increase) Decrease in capital works expensed	-	(334)
AO Capital Projects that are reimbursable from City	(2,607)	(2,607)
Other reimbursable projects	(1,297)	(1,297)
Difference in non-Reimbursable Capital spending budgeted for the year	3,478	-
Funding from Reserves	(4,484)	-
Increase (Decrease)	(1,049)	(1,248)
2017 BUDGET	1,196	(10,307)

Suburban Water

SUBURBAN WATER	2017	2016	
\$000	Budget	Estimate	Variance
CASH BASED STATEMENT			
Operations			
Operating revenues	9,134	8,787	347
Operating expenses	(8,808)	(8,142)	(666)
Add: depreciation expense	2,950	2,950	-
Operating income	3,276	3,595	(319)
Interest income	200	50	150
Available for debt service	3,476	3,645	(169)
Debt service			
Interest payments	(1,343)	(1,497)	154
Principal payments	(1,801)	(1,632)	(169)
Debt Service	(3,144)	(3,129)	(15)
Net after debt service	332	516	(184)
Non-operating revenues (expenses)	894	580	314
Concession lease payment	-	-	-
Available for capital	1,226	1,096	130
Capital funding provided by operations	(1,200)	-	(1,200)
Net operations	26	1,096	(1,070)
Capital			
Capital Spending	(7,447)	(2,890)	(4,557)
Provided by operations	1,200	-	1,200
Funding from Reserves	6,247	2,890	3,357
Net capital	-	-	-
NET FUND SURPLUS (DEFICIT)	26	1,096	(1,070)
DEBT SERVICE RATIO (per Indenture)			
Available for debt service	3,476	3,645	(169)
Balance in annual payment reserve	-	-	-
Non-operating revenues (expenses)	894	580	314
Less: project reimbursement	(314)	-	(314)
Total available for debt service	4,056	4,225	(169)
Debt Service	3,144	3,129	15
Adjustments to Debt Service	-	-	-
Adjusted debt service	3,144	3,129	15
DSCR	1.29	1.35	(0.06)

- Net fund surplus of \$26k which is over \$1m lower than 2016
- Contributing \$1.2m to capital, cash flow before contribution is \$1.2m which is higher than 2016
- To attain this surplus we need a 4% increase in revenues
- Operations cash flow is sufficient to fund debt service and to provide for some capital funding
- Capital spending is per capital plan – total capital spending of \$7.4m
- All-in DSCR is lower than 2016 and but above the 1.20 internal target
- Borrowing \$5.9m to fund capital projects. Only borrowing for 2017 capital needs

Suburban Water

SUBURBAN WATER	2017	2016	
<u>\$000</u>	<u>Budget</u>	<u>Estimate</u>	<u>Variance</u>
NET INCOME (LOSS)			
Operating revenues	9,134	8,787	347
Operating Expenses (ex Deprec)	(5,858)	(5,192)	(666)
Depreciation expense	(2,950)	(2,950)	-
Interest income	200	50	150
Interest payments	(1,343)	(1,497)	154
Non-cash interest	-	-	-
Expensed Capital	(100)	(100)	-
Non-operating revenues (expenses)	894	580	314
NET INCOME (LOSS)	(23)	(322)	299
BALANCE SHEET			
Operating Cash	5,866	5,840	26
Investments	10,627	10,627	-
Other Current assets	5,250	5,250	-
Project Fund	25	372	(347)
PPE, net	101,113	96,716	4,397
Other LT assets	2,066	2,066	-
Current liabilities	(2,489)	(2,489)	-
Long-term debt	(28,941)	(24,842)	(4,099)
Other LT liabilities	(8,214)	(8,214)	-
Net Position	<u>(85,303)</u>	<u>(85,326)</u>	<u>23</u>
<i>Check</i>	<u>-</u>	<u>-</u>	<u>-</u>
Risk Analysis			
Revenues	(201)	2.0%	
Costs	(117)	2.0%	
Total	(318)		
Revised Cash Flows	(292)		
Revised DSCR	1.19		

- Net loss of \$23k is \$299k better than 2016
- Net position is down due to the net loss
- Operating cash going up by \$26k
- Project fund will be down to \$25k
- Debt is up due to the borrowing of \$5.9m
- 2.0% risk of not attaining revenue levels along with 2.0% risk of cost overruns still leaves a positive cash flow, but all-in DSCR would drop to 1.19 which is slightly below internal target of 1.20

Assumptions-Suburban Water

SUBURBAN WATER	Cash	Profit
\$000's	Flows	(Loss)
2016 ESTIMATE	1,096	(322)
2017 Changes		
1.0% growth in overall volumes	86	86
3.0% overall increase in rates	261	261
3.0% wage rate increase	(33)	(33)
20.0% increase to employee insurance rates	(96)	(96)
2.5% general inflation effect on purchases	(91)	(91)
Labor cost additions from additional headcount and position upgrades	(130)	(130)
Additional equipment & supplies	(9)	(9)
Additional outside services	(125)	(125)
Additional 1MGD from City	(182)	(182)
Project Reimbursement	314	314
Lower interest on previous debt	479	479
Higher interest income	150	150
Additional Interest Expense on New Debt	(325)	(325)
Additional principal payments on new debt	(169)	-
Additional capital spending	(4,557)	-
Additional funding from reserves	<u>3,357</u>	<u>-</u>
Increase (Decrease)	<u>(1,070)</u>	<u>299</u>
2017 BUDGET	<u>26</u>	<u>(23)</u>

Suburban Wastewater

SUBURBAN WASTEWATER	2017	2016	
\$000	Budget	Estimate	Variance
CASH BASED STATEMENT			
Operations			
Operating revenues	17,059	16,149	910
Operating expenses	(18,609)	(18,046)	(563)
Add: depreciation expense	3,925	3,925	-
Operating income	2,375	2,028	347
Interest income	119	119	-
Available for debt service	2,494	2,147	347
Debt service			
Interest payments	(807)	(209)	(598)
Principal payments	(1,003)	(691)	(312)
Debt Service	(1,810)	(900)	(910)
Net after debt service	684	1,247	(563)
Non-operating revenues (expenses)	1,093	1,093	-
Concession lease payment	-	-	-
Available for capital	1,777	2,340	(563)
Capital funding by operations	(800)	-	(800)
Net operations	977	2,340	(1,363)
Capital			
Capital Spending	(6,613)	(3,079)	(3,534)
Available from operations	800	-	800
Funding from Reserves	5,813	3,079	2,734
Net capital	-	-	-
NET FUND SURPLUS (DEFICIT)	977	2,340	(1,363)
DEBT SERVICE RATIO (per Indenture)			
Available for debt service	2,494	2,147	347
Balance in annual payment reserve	-	-	-
Non-operating revenues (expenses)	1,093	1,093	-
Less: project reimbursement	-	-	-
Total available for debt service	3,587	3,240	347
Debt Service	1,810	900	910
Adjustments to Debt Service	-	-	-
Adjusted debt service	1,810	900	910
DSCR	1.98	3.60	(1.62)

- Cash flow a surplus of \$977k is down to last 2016 by almost \$1.4m
- Contributing \$800k to capital
- Operations surplus is sufficient to cover debt service and to provide for some capital funding
- DSCR is better than internal target of 1.20
- Borrowing \$10.9m for Phase 1 AO projects in 2017

Suburban Wastewater

SUBURBAN WASTEWATER	2017	2016	
<u>\$000</u>	<u>Budget</u>	<u>Estimate</u>	<u>Variance</u>
NET INCOME (LOSS)			
Operating revenues	17,059	16,149	910
Operating Expenses (ex Deprec)	(14,684)	(14,121)	(563)
Depreciation expense	(3,925)	(3,925)	-
Interest income	119	119	-
Interest payments	(807)	(209)	(598)
Non-cash interest	-	-	-
Expensed Capital	(300)	(200)	(100)
Non-operating revenues (expenses)	<u>1,093</u>	<u>1,093</u>	<u>-</u>
NET INCOME (LOSS)	<u>(1,445)</u>	<u>(1,094)</u>	<u>(351)</u>
BALANCE SHEET			
Operating Cash	14,133	13,156	977
Investments	5,288	5,288	-
Other Current assets	337	337	-
Project Fund	7,219	2,157	5,062
PPE, net	89,424	87,036	2,388
Other LT assets	3,377	3,377	-
Current liabilities	(2,137)	(2,137)	-
Long-term debt	(17,762)	(7,890)	(9,872)
Other LT liabilities	(138)	(138)	-
Net Position	<u>(99,741)</u>	<u>(101,186)</u>	<u>1,445</u>
<i>Check</i>	<u>-</u>	<u>-</u>	<u>-</u>
Risk Analysis			
Revenues	(363)	2.0%	
Costs	(294)	2.0%	
Total	(657)		
Revised Cash Flows	320		
Revised DSCR	1.62		

- Revenue/expense statement showing a loss worse than the loss for 2016
- Operating cash going up by \$977k
- Debt level climbing due to Phase 1 AO borrowing
- Net position decreases due to the loss
- 2.0% risk of not attaining revenue levels along with 2.0% risk of cost overruns still results in a positive cash flow, but all-in DSCR would drop to 1.62 which is still above internal target of 1.20

Assumptions-Suburban Wastewater

SUBURBAN WASTEWATER	Cash	Profit
\$000's	Flows	(Loss)
2016 Estimate	2,340	(1,094)
3.0% wage rate increase	(24)	(24)
20.0% increase to employee insurance rates	(70)	(70)
2.5% general inflation effect on purchases	(324)	(324)
Additional labor costs	(20)	(20)
Additional equipment & supplies	(125)	(125)
Additional capital spending	(3,434)	-
Additional Interest Expense on AO Debt	(598)	(598)
Difference in funding levels	2,634	-
Difference in amount of capital projects charged to expense	-	(100)
Principal payments on new debt	(312)	-
Additional Signatory Revenues from new debt service	910	910
NET CHANGE	(1,363)	(351)
2017 BUDGET	977	(1,445)

Capital Projects

\$000'S	City	Suburban	Suburban	TOTAL
	Division	Water	Wastewater	
Total capital spending	(10,616)	(7,447)	(6,613)	(24,676)
Funding				
Funding from operating cash	4,910	1,200	800	6,910
Funding from existing Project Reserves	5,706	372	2,157	8,235
Funding from New Debt	-	5,875	3,656	9,531
TOTAL FUNDING	10,616	7,447	6,613	24,676
Project Reserves				
Existing Debt				
Beginning Balance	7,790	372	2,157	10,319
Project Funding Applied	(5,706)	(372)	(2,157)	(8,235)
Ending Balance	2,084	-	-	2,084
New Debt				
New Borrowing	-	5,900	10,875	16,775
Project Funding Applied	-	(5,875)	(3,656)	(9,531)
Ending Balance	-	25	7,219	7,244
TOTAL PROJECT RESERVES	2,084	25	7,219	9,328
New Borrowing Summary				
Amount borrowed	-	5,900	10,875	16,775
Annual Debt Service	-	(494)	(910)	(1,404)

- Capital spending is per the capital plan
- Breakdown of funding is via :
 - Operating cash - \$6.9m
 - Existing reserves - \$8.2m
 - New debt - \$9.5m
- New debt total \$16.8m for 2017
- Total project reserves at the end of 2017 will be \$9.3m with \$7.2m in City, \$2.1m in Suburban Water, and \$25k in Suburban Wastewater
- Annual new total debt service is \$1.4m all in Suburban

Cash Basis Statement

	Suburban Water Fund			Suburban Wastewater Fund			City Division Fund			TOTAL		
	Actual 2015	Forecast 2016	Budget 2017	Actual 2015	Forecast 2016	Budget 2017	Actual 2015	Forecast 2016	Budget 2017	Actual 2015	Forecast 2016	Budget 2017
OPERATIONS												
Operating Revenues												
Customer Charges	8,481	8,627	8,974	11,616	15,726	16,636	26,878	30,344	31,516	46,975	54,697	57,126
Rental Income	112	109	109	-	-	-	-	-	-	112	109	109
Other Operating Income	51	51	51	253	423	423	86	293	293	390	767	767
Total Operating Revenues	8,644	8,787	9,134	11,869	16,149	17,059	26,964	30,637	31,809	47,477	55,573	58,002
Operating Expenses (excluding Dep & Amort)												
Salaries & Wages	(802)	(1,592)	(1,851)	(430)	(1,163)	(1,277)	(8,845)	(8,511)	(9,380)	(10,077)	(11,266)	(12,508)
General & Administrative	(770)	(500)	(513)	(475)	(102)	(105)	(645)	(552)	(566)	(1,890)	(1,154)	(1,184)
Utilities	(436)	(450)	(461)	(218)	(231)	(237)	(1,940)	(1,981)	(2,031)	(2,594)	(2,662)	(2,729)
Materials & Supplies	(292)	(350)	(550)	(187)	(200)	(330)	(1,400)	(2,426)	(2,873)	(1,879)	(2,976)	(3,753)
Miscellaneous Services	(1,760)	(2,300)	(2,483)	(6,996)	(6,732)	(6,900)	(2,359)	(1,943)	(2,097)	(11,115)	(10,975)	(11,480)
Treatment & Transportation	-	-	-	(2,348)	(5,693)	(5,835)	(11)	(5)	(5)	(2,359)	(5,698)	(5,840)
Total Operating Expenses	(4,060)	(5,192)	(5,858)	(10,654)	(14,121)	(14,684)	(15,200)	(15,418)	(16,952)	(29,914)	(34,731)	(37,494)
Operating Income (Loss)	4,584	3,595	3,276	1,215	2,028	2,375	11,764	15,219	14,857	17,563	20,842	20,508
Interest Income	54	50	200	110	119	119	424	302	302	588	471	621
Available for Debt Service	4,638	3,645	3,476	1,325	2,147	2,494	12,188	15,521	15,159	18,151	21,313	21,129
Debt Service												
Interest Payments	(1,223)	(1,497)	(1,343)	(151)	(209)	(807)	(13,047)	(13,047)	(13,047)	(14,421)	(14,753)	(15,197)
Principal Payments	(948)	(1,632)	(1,801)	(383)	(691)	(1,003)	-	-	-	(1,331)	(2,323)	(2,804)
Total Debt Service	(2,171)	(3,129)	(3,144)	(534)	(900)	(1,810)	(13,047)	(13,047)	(13,047)	(15,752)	(17,076)	(18,001)
Net Available After Debt Service	2,467	516	332	791	1,247	684	(859)	2,474	2,112	2,399	4,237	3,128
Non-Operating Revenues (Expenses)												
Tapping & Capital Recovery Fees	276	280	280	2,385	1,000	1,000	237	250	250	2,898	1,530	1,530
Meter Sales	88	80	80	-	-	-	13	15	15	101	95	95
Inspection & Plan Reviews	208	200	200	1	93	93	1,296	300	300	1,505	593	593
Other Non-Operating Income	54	20	334	-	-	-	543	500	3,933	597	520	4,267
Other Non-Operating Expenses	-	-	-	(81)	-	-	-	(794)	-	(81)	(794)	-
Annual Lease Payment	-	-	-	-	-	-	(500)	(500)	(504)	(500)	(500)	(504)
Total Non-Operating Income (Expenses)	626	580	894	2,305	1,093	1,093	1,589	(229)	3,994	4,520	1,444	5,981
Net Available for Capital	3,093	1,096	1,226	3,096	2,340	1,777	730	2,245	6,106	6,919	5,681	9,109
Capital Funding Provided by Operations	-	-	(1,200)	-	-	(800)	-	-	(4,910)	-	-	(6,910)
NET OPERATIONS	3,093	1,096	26	3,096	2,340	977	730	2,245	1,196	6,919	5,681	2,199
CAPITAL												
Capital Spending												
Net Capital Expenditures	(1,451)	(2,790)	(7,347)	(1,491)	(2,879)	(6,313)	(8,139)	(6,524)	(2,712)	(11,081)	(12,193)	(16,372)
Capital Spending Charged to Expense	-	(100)	(100)	-	(200)	(300)	(2,047)	(3,666)	(7,904)	(2,047)	(3,966)	(8,304)
Total Capital Spending	(1,451)	(2,890)	(7,447)	(1,491)	(3,079)	(6,613)	(10,186)	(10,190)	(10,616)	(13,128)	(16,159)	(24,676)
Capital Funding												
Funding From Operations	-	-	1,200	-	-	800	-	-	4,910	-	-	6,910
Funding From Existing Debt	1,451	2,890	372	1,491	3,079	2,157	10,186	10,190	5,706	13,128	16,159	8,235
Funding from NEW Debt	-	-	5,875	-	-	3,656	-	-	-	-	-	9,531
Total Capital Funding	1,451	2,890	7,447	1,491	3,079	6,613	10,186	10,190	10,616	13,128	16,159	24,676
NET CAPITAL	-	-	-	-	-	-	-	-	-	-	-	-
NET FUND SURPLUS (DEFICIT)	3,093	1,096	26	3,096	2,340	977	730	2,245	1,196	6,919	5,681	2,199
OPERATING CASH BALANCE												
Beginning Balance	1,651	4,744	5,840	7,720	10,816	13,156	1,427	2,157	4,402	10,798	17,717	23,398
Net Fund Surplus (Deficit)	3,093	1,096	26	3,096	2,340	977	730	2,245	1,196	6,919	5,681	2,199
Ending Balance	4,744	5,840	5,866	10,816	13,156	14,133	2,157	4,402	5,598	17,717	23,398	25,597



Questions?

LEHIGH COUNTY AUTHORITY
STATEMENT OF NET POSITION
2015 ACTUAL, 2016 ESTIMATE, & 2017 BUDGET

	Suburban Water Fund		Suburban Wastewater Fund		City Division Fund		TOTAL	
	2015	2017	2015	2017	2015	2016	2015	2017
Current Assets								
Cash	4,744	5,840	10,816	13,156	2,157	4,402	17,717	23,398
Certificates of Deposit	7,481	7,481	3,755	3,755	-	-	11,236	11,236
Receivables	2,936	2,936	1,412	1,412	8,085	8,085	12,433	12,433
Inventories	64	64	-	-	-	-	64	64
Accrued Interest Receivable	9	9	6	6	-	-	15	15
Prepays	137	137	115	115	307	307	559	559
Total Current Assets	15,371	16,467	16,104	18,444	10,549	12,794	42,024	49,904
Restricted assets								
Cash equivalents	2,978	88	1,619	2,157	36,929	39,102	41,526	40,640
Investments	5,534	5,534	3,954	337	28,140	15,777	37,628	21,364
Accrued Interest	-	-	-	-	-	-	-	-
Total Restricted Assets	8,512	5,622	5,573	2,494	65,069	54,879	79,154	62,004
Capital Assets								
Land	1,620	1,620	1,726	1,726	-	-	3,346	3,346
Buildings	22,322	22,322	55,498	55,498	-	-	77,820	77,820
Equipment	105,859	108,649	65,473	68,352	2,618	3,118	173,950	194,279
Acc Depreciation	(32,925)	(35,875)	(34,615)	(38,540)	(880)	(1,280)	(68,420)	(82,970)
Total Capital Assets	96,876	96,716	88,082	87,036	1,738	1,838	186,696	192,475
Other Assets								
Long-term Receivables	-	-	2,662	2,662	-	-	2,662	2,662
Concession Arrangement	-	-	-	-	243,618	241,904	243,618	241,904
Pension Asset	-	-	-	-	-	-	-	-
OPEB Asset	1,150	1,150	-	-	1,216	1,216	2,366	2,366
Other Assets	-	-	-	-	-	-	-	-
Planning Costs, Net of Amortization	266	266	589	589	-	-	855	855
Total Other Assets	1,416	1,416	3,251	3,251	244,834	243,120	249,501	241,386
Total Assets	122,175	120,221	113,010	111,225	322,190	312,631	557,375	545,769
Deferrals	650	650	126	126	926	926	1,702	1,702
TOTAL ASSETS AND DEFERRED OUTFLOWS	122,825	120,871	113,136	111,351	323,116	313,557	559,077	547,471

LEHIGH COUNTY AUTHORITY
STATEMENT OF NET POSITION
2015 ACTUAL, 2016 ESTIMATE, & 2017 BUDGET

	Suburban Water Fund		Suburban Wastewater Fund		City Division Fund			TOTAL	
	2015	2016	2017	2015	2016	2017	2015	2016	2017
\$000									
Current Liabilities									
Payables	2,365	2,365	2,365	1,485	1,485	1,485	3,672	3,672	3,672
Accruals & Other	124	124	124	652	652	652	401	401	401
Total Current Liabilities	2,489	2,489	2,489	2,137	2,137	2,137	4,073	4,073	4,073
Other Liabilities									
Developer Deposits	4,732	4,732	4,732	-	-	-	-	-	-
Long-term Liabilities	3,482	3,482	3,482	7,017	7,017	7,017	42,564	42,064	41,560
Revenue Bonds Payable	26,474	24,842	28,941	1,702	1,011	10,883	303,796	303,796	303,796
Total Other Liabilities	34,688	33,056	37,155	8,719	8,028	17,900	346,360	345,860	345,356
Total Liabilities	37,177	35,545	39,644	10,856	10,165	20,037	350,433	349,933	349,429
Net Position	85,648	85,326	85,303	102,280	101,186	99,741	(27,317)	(36,376)	(46,683)
TOTAL LIABILITIES & NET POSITION	<u>122,825</u>	<u>120,871</u>	<u>124,947</u>	<u>113,136</u>	<u>111,351</u>	<u>119,778</u>	<u>323,116</u>	<u>313,557</u>	<u>302,746</u>
Check against income statement	85,648	85,326	85,303	102,280	101,186	99,741	(27,317)	(36,376)	(46,683)
Difference	-	-	-	-	-	-	-	-	-
Total Cash									
Unrestricted Cash	4,744	5,840	5,866	10,816	13,156	14,133	2,157	4,402	5,598
Restricted Cash	2,978	88	25	1,619	2,157	7,219	36,929	39,102	33,396
Total Cash	<u>7,722</u>	<u>5,928</u>	<u>5,891</u>	<u>12,435</u>	<u>15,313</u>	<u>21,352</u>	<u>39,086</u>	<u>43,504</u>	<u>38,994</u>
Check	-	-	-	-	-	-	-	-	-
Difference	-	-	-	-	-	-	-	-	-

