

Lehigh County Authority Financial Statements

APRIL 2017

SUMMARY - MONTH

MONTH	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Suburban Water	22,418	(13,972)	36,534	12,401	36,390	(14,116)	10,017
Suburban Wastewater	63,629	63,054	23,907	498,856	575	39,722	(435,226)
City Division	256,349	237,630	(852,859)	(1,157,120)	18,719	1,109,208	1,413,469
Cash Flow Statement (Indirect)							
Suburban Water	(513,089)	(540,511)	(482,699)	(66,917)	27,422	(30,390)	(446,172)
Suburban Wastewater	314,566	160,276	(269,039)	522,307	154,290	583,605	(207,741)
City Division	1,823,120	1,809,082	502,969	(78,823)	14,038	1,320,151	1,901,943

INCOME

- All 3 funds reporting POSITIVE net income
- All 3 funds favorable to forecast

CASH

- Suburban Wastewater & City Division are POSITIVE
- Suburban Water cash flows are negative
- All 3 funds are better than forecast

SUBURBAN WATER - MONTH

MONTH - SUBURBAN WATER	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	769,352	763,289	800,588	808,884	6,063	(31,236)	(39,532)
Operating (Expenses)	(631,301)	(655,566)	(734,533)	(773,007)	24,266	103,233	141,707
Operating Income	138,051	107,723	66,055	35,877	30,328	71,996	102,175
Non-Operating Revenues (Expenses)	6,663	(1,517)	66,167	44,513	8,180	(59,504)	(37,850)
Income Before Interest	144,714	106,206	132,222	80,390	38,508	12,492	64,324
Interest Income	4,676	6,795	16,667	20,794	(2,119)	(11,991)	(16,118)
Interest Expense	(126,972)	(126,973)	(112,355)	(88,782)	1	(14,617)	(38,190)
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	22,418	(13,972)	36,534	12,401	36,390	(14,116)	10,017
MONTH - SUBURBAN WATER	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	22,418	(13,972)	36,534	12,401	36,390	(14,116)	10,017
Add: Depreciation & Amortization	245,832	245,832	245,833	245,832	-	(1)	-
Add: Non-Cash Interest Expense	-	1	-	0	(1)	-	(0)
Add: Capex Charged to Expense	440	187	8,333	460	253	(7,893)	(20)
Principal Payments	(138,917)	(128,565)	(152,816)	(136,542)	(10,352)	13,899	(2,376)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	129,773	103,483	137,884	122,152	26,290	(8,111)	7,621
Capital Expenditures	(642,862)	(643,994)	(620,583)	(189,069)	1,132	(22,279)	(453,794)
NET FUND CASH FLOWS	(513,089)	(540,511)	(482,699)	(66,917)	27,422	(30,390)	(446,172)

Income

- Income is better than forecast
- Operating revenues up to FC
- Lower operating expenses
- Non-operating rev(exp) slightly favorable to FC
- Slightly lower interest income

Cash

- Better than FC
- Higher income
- Higher principal – timing
- Capex slightly lower than FC

SUBURBAN WASTEWATER - MONTH

MONTH - SUBURBAN WASTEWATER	APRIL 2017						
Income Statement	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Operating Revenues	1,397,701	1,430,980	1,565,323	1,798,856	(33,279)	(167,622)	(401,155)
Operating (Expenses)	(1,411,997)	(1,409,370)	(1,546,447)	(1,556,605)	(2,627)	134,450	144,608
Operating Income	(14,296)	21,610	18,876	242,250	(35,906)	(33,172)	(256,546)
Non-Operating Revenues (Expenses)	94,756	54,942	66,083	273,384	39,814	28,673	(178,628)
Income Before Interest Expense	80,460	76,552	84,959	515,634	3,908	(4,499)	(435,174)
Interest Income	466	4,602	9,917	828	(4,136)	(9,451)	(362)
Interest Expense	(17,296)	(18,100)	(70,969)	(17,606)	804	53,673	310
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	63,630	63,054	23,907	498,856	576	39,723	(435,226)
MONTH - SUBURBAN WASTEWATER	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	63,630	63,054	23,907	498,856	576	39,723	(435,226)
Add: Depreciation & Amortization	364,694	364,694	327,083	334,133	-	37,611	30,561
Add: Non-Cash Interest Expense	2,130	2,928	-	2,875	(798)	2,130	(745)
Add: Capex Charged to Expense	133	-	25,000	273	133	(24,867)	(140)
Principal Payments	(39,379)	(39,602)	(93,946)	(41,745)	223	54,567	2,366
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	391,207	391,074	282,044	794,392	133	109,163	(403,185)
Capital Expenditures	(76,682)	(230,798)	(551,083)	(272,085)	154,116	474,401	195,403
NET FUND CASH FLOWS	314,525	160,276	(269,039)	522,307	154,249	583,564	(207,781)

Income

- Slightly better than FC
- Lower operating revenues
- Slightly higher operating expenses
- Non-op rev(exp) favorable to FC
- Lower interest income
- Slightly lower interest expense

Cash

- Better than FC
- Slightly higher net income
- Lower capex - timing

CITY DIVISION - MONTH

MONTH - CITY DIVISION	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	3,249,442	3,238,388	2,649,356	2,616,151	11,054	600,086	633,291
Operating (Expenses)	(1,667,956)	(1,738,188)	(1,871,840)	(1,959,461)	70,232	203,884	291,505
Operating Income	1,581,486	1,500,200	777,516	656,690	81,286	803,970	924,796
Non-Operating Revenues (Expenses)	(72,196)	(10,583)	(283,834)	(498,725)	(61,613)	211,638	426,529
Income Before Interest Expense	1,509,290	1,489,617	493,682	157,965	19,673	1,015,608	1,351,325
Interest Income	10,000	10,954	25,167	373	(954)	(15,167)	9,626
Interest Expense	(1,262,941)	(1,262,941)	(1,371,708)	(1,315,458)	-	108,767	52,517
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	256,349	237,630	(852,859)	(1,157,120)	18,719	1,109,208	1,413,469
MONTH - CITY DIVISION	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	256,349	237,630	(852,859)	(1,157,120)	18,719	1,109,208	1,413,469
Add: Depreciation & Amortization	450,000	450,000	466,667	450,000	-	(16,667)	-
Add: Non-Cash Interest Expense	1,262,941	1,262,941	1,371,708	1,315,458	-	(108,767)	(52,517)
Add: Capex Charged to Expense	107,139	66,488	658,667	385,792	40,651	(551,528)	(278,652)
Principal Payments	-	-	-	-	-	-	-
Cash Outlays on Lease & Lease Reserve	-	-	(252,000)	(250,000)	-	252,000	250,000
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	2,076,429	2,017,059	1,392,183	744,130	59,370	684,246	1,332,299
Net Capital Expenditures	(253,310)	(207,977)	(889,214)	(822,953)	(45,333)	635,904	569,643
NET FUND CASH FLOWS	1,823,120	1,809,082	502,969	(78,823)	14,038	1,320,151	1,901,943

Income

- Better than FC
- Higher operating revenues
- Lower operating expenses
- Unfavorable non-operating rev(exp) – lower project reimbursement and higher expensed capex
- Lower interest income

Cash

- Better than FC
- Higher net income
- Lower net capex – timing

SUMMARY - YTD

YTD	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Suburban Water	(136,569)	(172,960)	(164,221)	121,479	36,391	27,652	(258,048)
Suburban Wastewater	252,618	252,043	(267,549)	292,881	576	520,167	(40,264)
City Division	(1,199,763)	(1,218,482)	(3,943,084)	(3,071,475)	18,719	2,743,321	1,871,712
Cash Flow Statement (Indirect)							
Suburban Water	(691,693)	(719,117)	(2,241,153)	222,670	27,424	1,549,460	(914,363)
Suburban Wastewater	795,178	640,929	(1,339,333)	1,058,091	154,249	2,134,511	(262,913)
City Division	4,829,362	4,815,324	2,236,228	3,147,962	14,038	2,593,134	1,681,400
Debt Service Coverage Ratio							
Suburban Water	1.34	1.32	1.12	1.62	0.02	0.22	(0.28)
Suburban Wastewater	8.15	8.14	2.16	8.04	0.01	5.99	0.11
City Division	1.46	1.43	1.20	1.79	0.02	0.25	(0.33)

INCOME

- Suburban Wastewater reporting a positive net income, other 2 funds are negative
- All 3 funds are favorable to forecast

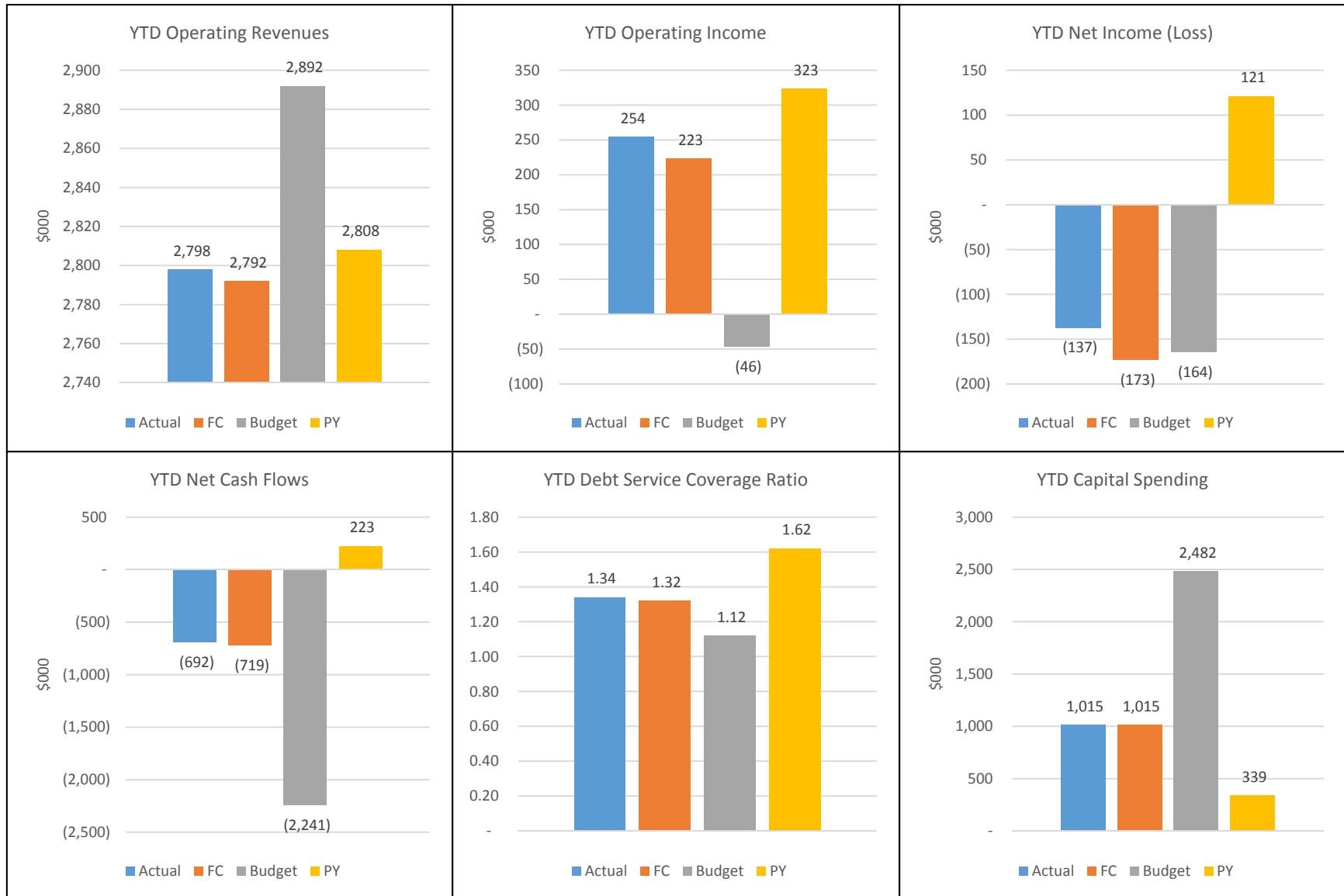
CASH

- Suburban Wastewater & City have positive cash flows, Suburban Water is negative
- All 3 funds have cash flows better than forecast

DSCR

- All 3 funds have debt service coverage ratios that are better than forecast

Dashboard – Suburban Water



SUBURBAN WATER - YTD

YTD - SUBURBAN WATER	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	2,798,220	2,792,157	2,891,995	2,807,640	6,063	(93,775)	(9,420)
Operating (Expenses)	(2,543,998)	(2,568,264)	(2,938,132)	(2,485,451)	24,266	394,134	(58,547)
Operating Income	254,222	223,893	(46,137)	322,189	30,329	300,359	(67,967)
Non-Operating Revenues (Expenses)	2,114	(6,066)	264,668	117,849	8,180	(262,554)	(115,735)
Income Before Interest Expense	256,336	217,827	218,531	440,038	38,509	37,805	(183,702)
Interest Income	25,060	27,179	66,668	35,132	(2,119)	(41,608)	(10,072)
Interest Expense	(417,965)	(417,966)	(449,420)	(353,691)	1	31,455	(64,274)
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	(136,569)	(172,960)	(164,221)	121,479	36,391	27,652	(258,048)
YTD - SUBURBAN WATER	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	(136,569)	(172,959)	(164,221)	121,479	36,390	27,652	(258,048)
Add: Depreciation & Amortization	983,328	983,328	983,332	983,328	-	(4)	-
Add: Non-Cash Interest Expense	-	-	-	(0)	-	-	0
Add: Capex Charged to Expense	1,000	747	33,332	2,304	253	(32,332)	(1,304)
Principal Payments	(524,611)	(514,259)	(611,264)	(545,818)	(10,352)	86,653	21,207
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	323,148	296,857	241,179	561,293	26,291	81,969	(238,145)
Capital Expenditures	(1,014,842)	(1,015,974)	(2,482,332)	(338,623)	1,132	1,467,490	(676,219)
NET FUND CASH FLOWS	(691,693)	(719,117)	(2,241,153)	222,670	27,424	1,549,460	(914,363)

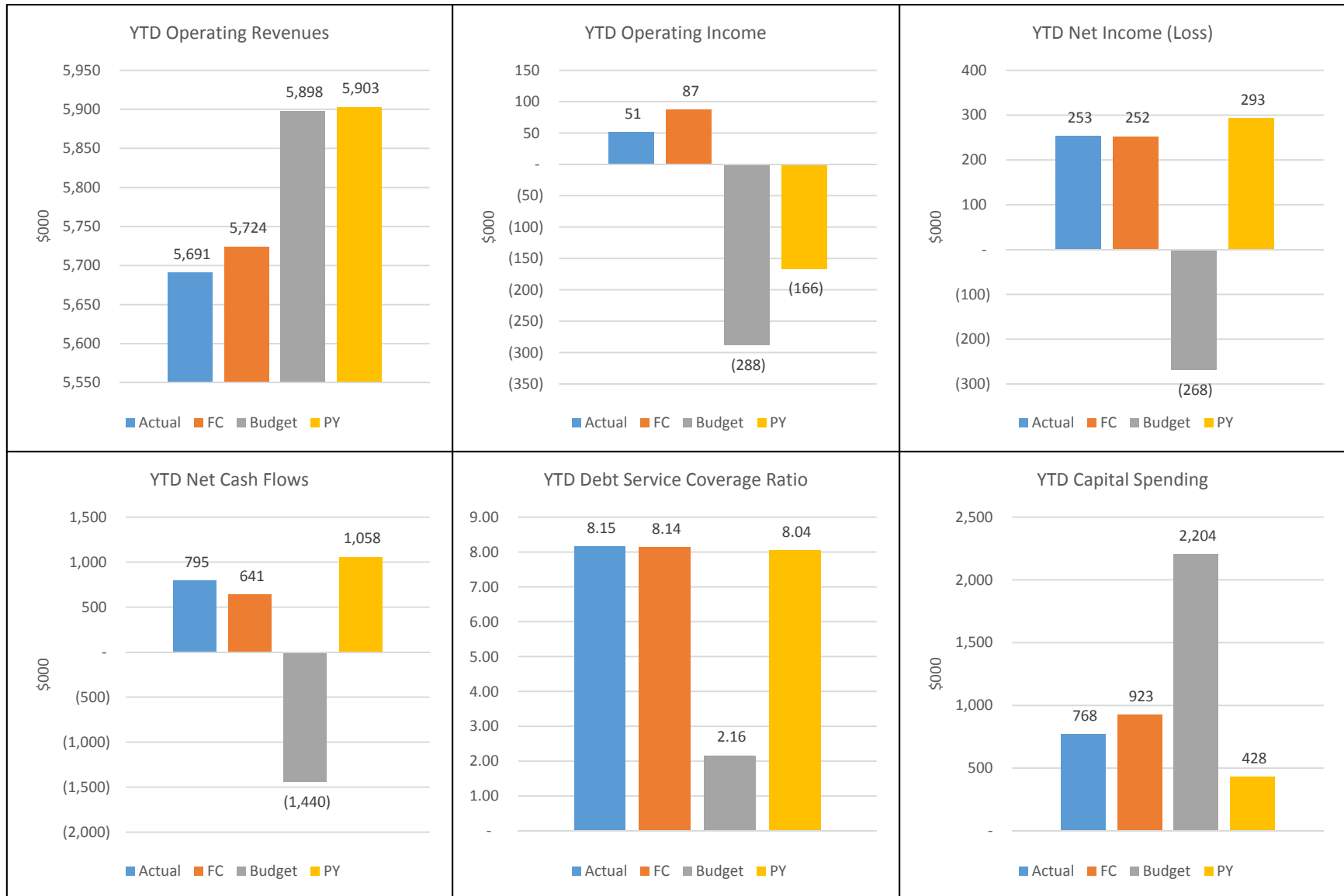
Income

- Better than FC
- Higher operating revenues
- Lower operating expenses
- Favorable non-operating rev(exp)
- Lower interest income

Cash

- Better than FC
- Higher income
- Higher principal - timing
- Lower capex - timing

Dashboard – Suburban Wastewater



SUBURBAN WASTEWATER - YTD

YTD - SUBURBAN WASTEWATER	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	5,690,639	5,723,918	5,898,115	5,903,099	(33,279)	(207,476)	(212,459)
Operating (Expenses)	(5,640,104)	(5,637,477)	(6,185,788)	(6,069,480)	(2,627)	545,684	429,375
Operating Income	50,535	86,441	(287,673)	(166,381)	(35,906)	338,208	216,916
Non-Operating Revenues (Expenses)	259,406	219,593	264,332	523,096	39,813	(4,926)	(263,690)
Income Before Interest Expense	309,941	306,034	(23,341)	356,715	3,908	333,282	(46,774)
Interest Income	14,271	18,407	39,668	3,119	(4,136)	(25,397)	11,152
Interest Expense	(71,595)	(72,399)	(283,876)	(66,953)	804	212,281	(4,642)
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	252,618	252,043	(267,549)	292,881	576	520,167	(40,264)
YTD - SUBURBAN WASTEWATER	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	252,618	252,043	(267,549)	292,881	575	520,167	(40,264)
Add: Depreciation & Amortization	1,458,776	1,458,776	1,308,332	1,336,532	-	150,444	122,244
Add: Non-Cash Interest Expense	10,913	11,711	-	11,769	(798)	10,913	(856)
Add: Capex Charged to Expense	133	-	100,000	572	133	(99,867)	(439)
Principal Payments	(158,185)	(158,408)	(375,784)	(155,851)	223	217,599	(2,334)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	1,564,255	1,564,122	764,999	1,485,903	132	799,256	78,351
Capital Expenditures	(769,077)	(923,193)	(2,104,332)	(427,812)	154,116	1,335,255	(341,265)
NET FUND CASH FLOWS	795,178	640,929	(1,339,333)	1,058,091	154,249	2,134,511	(262,913)

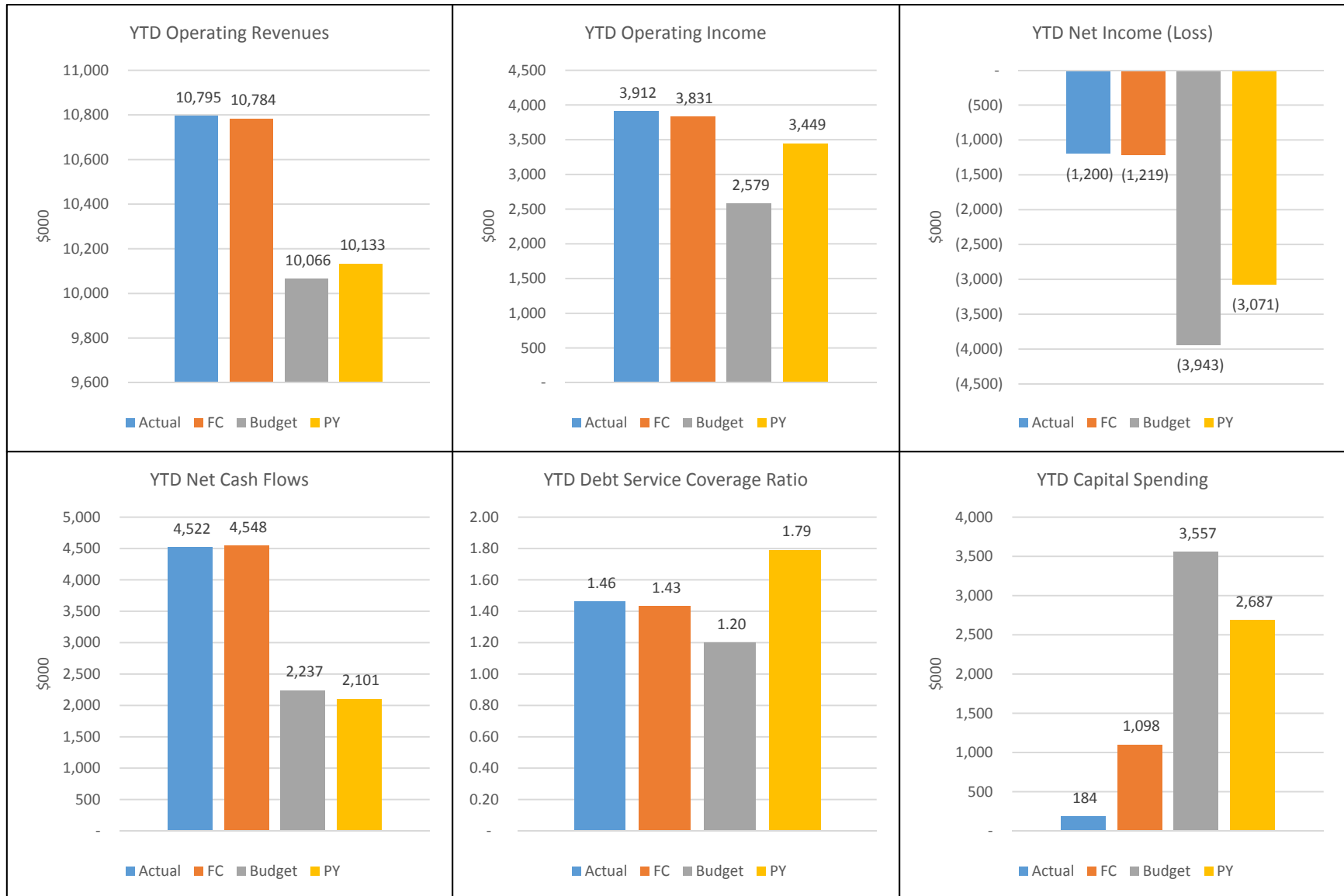
Income

- Slightly better than FC
- Lower operating revenues
- Slightly higher operating expenses
- Favorable non-op rev(exp)
- Lower interest income
- Slightly lower interest expense

Cash

- Better than FC
- Higher income
- Lower capex - timing

Dashboard – City Division



CITY DIVISION - YTD

YTD - CITY DIVISION	APRIL 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	10,795,603	10,784,549	10,065,776	10,132,970	11,054	729,827	662,633
Operating (Expenses)	(6,882,521)	(6,952,753)	(7,487,360)	(6,684,674)	70,232	604,839	(197,847)
Operating Income	3,913,082	3,831,796	2,578,416	3,448,296	81,286	1,334,666	464,786
Non-Operating Revenues (Expenses)	(103,944)	(42,331)	(1,135,336)	(1,259,039)	(61,613)	1,031,392	1,155,095
Income Before Interest Expense	3,809,139	3,789,465	1,443,080	2,189,257	19,673	2,366,059	1,619,882
Interest Income	42,862	43,816	100,668	1,100	(954)	(57,806)	41,762
Interest Expense	(5,051,764)	(5,051,764)	(5,486,832)	(5,261,832)	-	435,068	210,068
Capital Contributions	-	-	-	-	-	-	-
NET INCOME	(1,199,763)	(1,218,482)	(3,943,084)	(3,071,475)	18,719	2,743,321	1,871,712
YTD - CITY DIVISION	APRIL 2017						
Cash Flow Statement (Indirect)	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Net Income	(1,199,763)	(1,218,482)	(3,943,084)	(3,071,475)	18,719	2,743,321	1,871,712
Add: Depreciation & Amortization	1,800,000	1,800,000	1,866,668	1,800,000	-	(66,668)	-
Add: Non-Cash Interest Expense	5,051,764	5,051,764	5,486,832	5,261,832	-	(435,068)	(210,068)
Add: Capex Charged to Expense	306,603	265,951	2,634,668	1,047,476	40,651	(2,328,065)	(740,874)
Principal Payments	-	-	-	-	-	-	-
Cash Outlays on Lease & Lease Reserve	(252,000)	(252,000)	(252,000)	(250,000)	-	-	(2,000)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	5,706,603	5,647,233	5,793,084	4,787,833	59,370	(86,481)	918,770
Capital Expenditures	(877,241)	(831,909)	(3,556,856)	(1,639,871)	(45,333)	2,679,615	762,630
NET FUND CASH FLOWS	4,829,362	4,815,324	2,236,228	3,147,962	14,038	2,593,134	1,681,400

Income

- Better than FC
- Higher operating revenues
- Lower operating expenses
- Unfavorable Non-ops – lower project reimbursement & higher expensed capex
- Lower interest income
- Lower interest expense

Cash

- Better than FC
- Higher income
- Lower net capex - timing

2017 FULL YEAR FORECAST

			<u>Variance to</u>
	<u>Forecast</u>	<u>Budget</u>	<u>Budget</u>
INCOME STATEMENT			
Suburban Water	(240,735)	(34,673)	(206,061)
Suburban Wastewater	(235,352)	(237,977)	2,625
City Division	<u>(10,277,442)</u>	<u>(10,217,568)</u>	<u>(59,874)</u>
TOTAL LCA	<u>(10,753,529)</u>	<u>(10,490,218)</u>	<u>(263,311)</u>
CASH FLOW STATEMENT			
Suburban Water	8,746,797	(81,469)	8,828,266
Suburban Wastewater	37,287,310	7,121,675	30,165,635
City Division	<u>3,359,258</u>	<u>3,424,640</u>	<u>(65,382)</u>
TOTAL LCA	<u>49,393,365</u>	<u>10,464,846</u>	<u>38,928,519</u>
DEBT SERVICE COVERAGE RATIO			
Suburban Water	1.20	1.27	(0.07)
Suburban Wastewater	2.52	2.45	0.07
City Division	1.25	1.25	(0.00)

Net income

- Suburban Water is down to budget due to lower interest income as invested balances are lower.
- Suburban Wastewater is up slightly to budget.
- City Division is down due to lower interest income on lower invested balances

Cash Flows

- Suburban Water is up due to higher borrowing – we are borrowing \$15m to cover projects for three years instead of the budgeted \$5.9m for one year. Adjusting for borrowing, cash flow would be down on lower interest income.
- Suburban Wastewater is also up due to higher borrowing as the forecast has borrowing for \$25m of AO work along with an additional \$16m of other wastewater projects covering a three year period. Adjusting for borrowing, cash flow would be up slightly on higher net income.
- City Division is down on the lower interest income.