



## BOARD MEETING AGENDA – April 24, 2017

1. Call to Order

- NOTICE OF MEETING RECORDINGS

Meetings of Lehigh County Authority's Board of Directors that are held at LCA's Main Office at 1053 Spruce Road, Wescosville, PA, may be recorded for viewing online at [lehighcountauthority.org](http://lehighcountauthority.org). Recordings of LCA meetings are for public convenience and internal use only and are not considered as minutes for the meeting being recorded, nor are they part of public record. Recordings may be retained or destroyed at LCA's discretion.

- *Public Participation Sign-In Request*

2. Review of Agenda / Executive Sessions

3. Approval of Minutes

- *April 10, 2017 Board meeting minutes*

4. Public Comments

5. Action / Discussion Items:

**FINANCE AND ADMINISTRATION**

- *Annual Non-Union Employee Performance Evaluations & Merit Increases – Information Only (blue)*

**WATER**

- *Water Filtration Plant – Treatment Process Review – Discussion Only*

**WASTEWATER**

- *City Signatory Billing Meter Evaluation (green)*

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) – **March report attached**

8. Monthly System Operations Overview (2<sup>nd</sup> Board meeting per month) – **March 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.*

May 8, 2017

May 22, 2017

June 12, 2017

**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**  
**April 10, 2017**

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The Regular Meeting of the Lehigh County Authority was called to order at 12:01 p.m. on Monday, April 10, 2017, Chairman Nagle presiding. Other Members present at the commencement of the meeting were: Jeff Morgan, Richard Bohner, Norma Cusick, Scott Bieber, and Deana Zosky. Authority Staff present were Liesel Gross, Brad Landon, Chuck Volk, Ed Klein, John Parsons, Chris Moughan and Lisa Miller.

**REVIEW OF AGENDA**

Chairman Nagle announced that today's Board meeting is being videotaped and streaming live and recordings will be posted to the Authority's website.

Liesel Gross noted the agenda was updated to include the Suburban Water & Wastewater Divisions-Capital Financing item and was emailed to the Board prior to the meeting and a hardcopy given to the Board at today's meeting. Ms. Gross stated there will be an Executive Session for two items regarding potential litigation.

**APPROVAL OF MINUTES**

**March 27, 2017 Regular Meeting Minutes**

Richard Bohner suggested a correction on page 2 under Suburban Division Hydrant & Valve Exercising Program, last sentence, that the word *on* be deleted. And on page 3 under Suburban Division – Western Lehigh Interceptor (WLI) Easement Clearing, fifth sentence from the end of the paragraph, changing the word *has*, to *have*. Also, under Flow Meter Data Evaluation, third sentence from the end of the paragraph, the word *area* should be plural, *areas*, and the sentence *The Board asked what happens if the TFE data is not valid or is incorrect* should have a question mark at the end of the sentence, not a period.

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the March 27, 2017 meeting with the noted changes and corrections (6-0).

**PUBLIC COMMENTS**

None.

**ACTION AND DISCUSSION ITEMS**

**FCC Spectrum License**

Brad Landon informed the Board that an application needs to be submitted to the Federal Communications Commission (FCC), via Sensus, for the Authority to use a bandwidth assigned to Sensus for new upgraded meter reading devices. The upgraded device permits off-site meter reading via radio signals. Mr. Landon said he explored whether there was a different application or a provision that could be altered to reflect using information for Authority management staff on the FCC Spectrum License application rather than Board members, but because it has to do with federal regulations, they would not allow it. Therefore, Board members will need to provide the Ownership Disclosure Information for the application. In addition to the memo provided with this agenda, Mr. Landon will provide the Board members with the request for their individual information via email.

**Suburban Water & Wastewater Divisions – Capital Financing**

Liesel Gross explained that the Authority will require additional financing to fund capital improvements beginning this year because project funds derived from prior bond issues have been depleted. Ed Klein provided to the Board a schedule of the Suburban Water Fund capital financing and explained that due to a favorable borrowing climate and the ongoing need for capital improvements spanning the next several years, the Authority will pursue financing for a three-year period of Suburban Water Division projects through a municipal bond issue. The schedule includes details drawn from the Authority's capital plan and outlined the anticipating financing costs associated with the requested \$15,922,864.00 bond issue. Ms. Gross

commented that having the financing completed in advance of the water rate study that will be performed later this year will allow for this information to be included in the development of the 2018 water rates and the budget. The Authority is asking for approval to retain Concord Public Financial Advisors, Inc. as financial advisor, retain King, Spry, Herman, Freund & Faul, LLC as bond counsel, and to move the financing forward. The next step will be to review and approve the bond sale documents and Parameters Resolution in May.

On a motion by Norma Cusick, seconded by Richard Bohner, the Board approved retaining Concord Public Financial Advisors, Inc. as financial advisor, retaining King, Spry, Herman, Freund & Faul, LLC as bond counsel, and moving forward with the financing in the amount of \$15,922,864.00 (6-0).

Liesel Gross distributed information on the Water Infrastructure Finance and Innovation Act (WIFIA) program along with a Letter of Interest addressed to WIFIA. For Suburban Wastewater Division capital financing, the Authority will seek financing through federal and state infrastructure financing programs that offer favorable rates for large projects such as the work required to comply with the US EPA Administrative Order (AO) to eliminate sanitary sewer overflows. The first phase of AO work included in the WIFIA Letter of Interest totals \$23.7 million and includes upgrades and repairs to existing facilities, pump stations, force mains and interceptors, as well as new parallel interceptors. The Authority is asking for approval from the Board to start the application process with WIFIA by sending the Letter of Interest.

On a motion by Norma Cusick, seconded by Richard Bohner, the Board approved sending the Letter of Interest for WIFIA program funding in the amount of \$23.7 million (6-0).

### **Storm Water Injection Wells**

Chuck Volk gave a history of three of the projects where the Authority has been involved in reviewing and commenting on local storm water management proposals for developments that include the proposed use of storm water injection wells. The Authority's hydrogeologist, Al Guiseppe, was present to discuss the methodology used to prepare comments by the Authority for these types of proposals and also to explain how the risks to source water quality are evaluated. Scott Bieber commented that he thinks the Authority should have a policy of opposing all storm water injection wells that may be proposed. Mr. Guiseppe explained that the Authority's opposition to injection wells is more impactful when it is coupled with data that illustrates the risk to Authority water sources or other risks. The Source Water Protection Plan is a valuable tool when evaluating storm water management proposals for potential risks from injection wells.

Deana Zosky voiced her concern about the cumulative effects of injection wells on the watershed and if the permitting agencies such as DEP understand and track any of these effects. She explained her concern is related to both the quality of the water and the quantity of the storm water that could be injected into the groundwater over time if a holistic view is not taken and each injection well is evaluated individually. She also expressed concern over general environmental and ecological conditions related to storm water management and injection wells specifically.

Mr. Guiseppe explained that the Authority as a water supplier does not have direct authority over storm water, but can continue to object to storm water plans that pose a risk to Authority operations. He explained that local municipalities, the US Environmental Protection Agency and the Pa. Department of Environmental Protection all play a role in permitting storm water injection wells, but the Authority does not. However, the Lehigh County Conservation District staff have expressed willingness to help the Authority state its objections when plans are proposed.

Liesel Gross suggested the Authority staff should gather additional information about the permitting process for storm water injection wells, and what best management practices are available that would allow for appropriate groundwater infiltration while minimizing the risks to the Authority's supplies. This information may provide the basis for additional discussion about the Authority's participation in the permitting process for future proposed injection wells.

Eric Andreus, an employee of Nestle Waters, commented that he appreciates the discussion and information regarding storm water management and injections wells but in his opinion feels that all plans for injection wells should be rejected.

Scott Bieber asked to have the research regarding the permitting process for injection wells presented at a future Board meeting.

**PROJECT UPDATES/INFORMATION ITEMS**

Liesel Gross brought to the attention of the Board items listed in the report for upcoming meetings. Ms. Gross noted that Tim Carlson, the Authority's Water Plant Manager, will attend the next Board meeting to present a brief overview of the coagulant change.

**STAFF COMMENTS**

None.

**SOLICITOR'S COMMENTS**

None.

**PUBLIC COMMENTS / OTHER COMMENTS**

None.

**EXECUTIVE SESSION**

Chairman Nagle called an Executive Session at 1:24 p.m. to discuss two items regarding potential litigation.

The Executive Session ended at 1:40 p.m.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 1:40 p.m.

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Richard H. Bohner  
Secretary



1053 SPRUCE ROAD \* P.O. BOX 3348 \* ALLENTOWN, PA 18106-0348  
610-398-2503 \* FAX 610-398-8413 \* www.lehighcountyauthority.org  
email: service@lehighcountyauthority.org

## MEMORANDUM

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**TO:** LCA Board of Directors  
**FROM:** Liesel Gross  
**DATE:** April 17, 2017  
**RE:** Non-Union Employees – Annual Performance Evaluation & Merit Increases

Each year, Lehigh County Authority (LCA) offers pay increases for all employees as follows:

**Union Employees – SEIU (76 employees)** – per contract, mix of step & general increases

- 2017 = July 1<sup>st</sup> general increase of 3% plus step increases for those who are below the qualified rate for their position.

**Union Employees – Sheet Metal Workers (18 employees)** – per contract, mix of general, career path & merit-based increases

- 2017 = Wages set January 1<sup>st</sup> per contract, with additional grade increases available based on achievement of additional licensing & specialization skills.

**Non-Union Employees (57 employees)** – merit-based increases following annual performance evaluation process, utilizing budgeted salary pool

- 2017 = budget assumptions included pool of 3% for merit-based increases

LCA's standard process has been to include this information with the preparation of the annual budget so that funds are included and approved with the budget. Then, following completion of the annual performance evaluations, a summary of results is shared with the Board of Directors. This process is scheduled to be completed by the end of the first calendar quarter every year, so that non-union employees receive pay increases with the first full paycheck in the second calendar quarter of the year.

In March, LCA managers began annual performance evaluations for all non-union employees, and the resulting merit-based pay increases will go into effect on April 8, 2017. A summary of the performance evaluation results and use of budgeted funds is attached.

Should the Board require additional details on the implementation of performance evaluations and use of budgeted payroll funds for merit increases, discussion can be held in Executive Session.

Lehigh County Authority - 2017 Merit Increases - Summary - Effective 4/8/2017

	<u>Total</u>	<u>Eligible 4/8/17 *</u>
Non-Union Employees	57	50
Base Salaries	\$ 3,643,474	\$ 3,202,555
Salary Increase Pool (3%)	\$ 109,304	\$ 96,077
<b>Merit Increases - Total</b>		<b>\$ 93,081</b>
<b>Increase Pool Remaining - Total</b>		<b>\$ 16,223</b>

**Performance Results:**

1 - Does Not Meet Expectations	0
2 - Meets Most Expectations/ Developing in Role	3
3 - Successfully Meets Expectations	29
4 - Exceeds Expectations	16
5 - Significantly Exceeds Expectations	2

**Merit Increases**

Lowest	0.00%
Average	2.94%
Highest	4.50%

**Compa Ratio / Pay Range Position (Before)**

Lowest	82.0%
Average	92.9%
Highest	123.9%

**Compa Ratio / Pay Range Position (After)**

Lowest	83.8%
Average	95.5%
Highest	123.9%

*\* Employees who were hired, promoted, or received a pay increase within the past 6 months (since October 1, 2016) are not eligible to receive a pay increase as part of this annual process. However, a pay increase may be awarded six months after such action occurred, upon recommendation of the employee's manager, prior to being incorporated into the standard annual evaluation process.*



Lehigh County Authority

1053 Spruce Street \* P.O. Box 3348 \* Allentown, PA 18106-0348  
(610)398-2503 \* FAX (610)398-8413

**PROFESSIONAL SERVICES AUTHORIZATION**

**Professional:**

Arcadis  
Jim Shelton  
1128 Walnut St.  
Philadelphia, PA 19107

**Date:** 4/24/17

**Requested By:** Pat Mandes

**Approvals**

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

**Chief Executive**

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

**Description of Services (Work Scope, Steps, Check Points, etc.):**

This authorization is for the development of flow metering standards for the City Signatory wastewater billing meters. Accurate meter reads are necessary for the following reasons:

- Accurate City Signatory wastewater billing to cover cost of providing wastewater treatment
- Calculation of annual wastewater allocation
- Monitor peaks flows during wet weather events
- Trust that other Signatory meters are working properly

An evaluation of the billing meters in 2015 indicated that most of the signatory billing meters were not reading accurately. This was due to improper installation, location of meters, calibration, set-up, or lack of maintenance. Engineers from the City Signatories have been meeting to discuss the billing meter and other issues. The group decided that their preferred way of getting the meters to read accurate flows and to report accurate data was to develop a set of common standards and have an independent panel of experts to provide guidance to implement the recommended procedures.

Arcadis will manage the project to develop a set of flow metering standards and to assess all significant flow metering sites against the new standards and make recommendations for improvements.

Task 1: A panel of flow measurement professionals (Blue Ribbon Panel) will hold workshop sessions to develop the standards. Standards will be presented to Signatory Engineering team.

Task 2: The Blue Ribbon Panel will conduct flow meter site assessments against the new standards and make recommendations for the improvements needed to meet the standards.

The scope of work is described in more detail in the proposal dated February 20, 2017.

**Cost Estimate (not to be exceeded without further authorization):** This amendment is not to exceed \$94,000 for City Signatory Billing Meter Evaluation/SOP.

**Time Table and Completion Deadline:**

Within 8 months of Notice to Proceed.

**(For Authority Use Only)**

**Authorization Completion:**

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



# LEHIGH COUNTY AUTHORITY

FINANCIAL REPORT – MARCH 2017



# FINANCIAL REPORT

## MARCH 2017

### 1. SUMMARY

#### A. Month

MONTH	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Suburban Water	(124,218)	(81,058)	(81,058)	(698)	(43,160)	(43,160)	(123,520)
Suburban Wastewater	(145,458)	(137,275)	(137,275)	(20,977)	(8,183)	(8,183)	(124,481)
City Division	(1,175,813)	(939,637)	(939,637)	(548,355)	(236,176)	(236,176)	(627,458)
<b>Cash Flow Statement (Indirect)</b>							
Suburban Water	(172,098)	(600,291)	(600,291)	43,284	428,193	428,193	(215,382)
Suburban Wastewater	(311,360)	(430,221)	(430,221)	174,793	118,861	118,861	(486,153)
City Division	5,325	668,191	668,191	891,983	(662,866)	(662,866)	(886,657)

#### Net income

All three funds are reporting net income lower than forecast and budget. Suburban Wastewater was the closest to forecast followed by Suburban Water and then the City Division.

#### Cash Flows

Suburban Water and Suburban Wastewater reported negative cash flows for the month that were better than forecast and budget. City Division reported a slightly positive cash flow figure, however, that was below forecast and budget.

#### B. YTD

YTD	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Suburban Water	(158,987)	(200,755)	(200,755)	109,078	41,768	41,768	(268,065)
Suburban Wastewater	189,162	(291,456)	(291,456)	(205,974)	480,618	480,618	395,137
City Division	(1,456,112)	(3,090,225)	(3,090,225)	(1,914,355)	1,634,113	1,634,113	458,243
<b>Cash Flow Statement (Indirect)</b>							
Suburban Water	(178,604)	(1,758,454)	(1,758,454)	289,586	1,579,850	1,579,850	(468,191)
Suburban Wastewater	480,826	(1,170,294)	(1,170,294)	535,837	1,651,120	1,651,120	(55,011)
City Division	3,510,242	1,733,259	1,733,259	3,226,785	1,776,983	1,776,983	283,457
<b>Debt Service Coverage Ratio</b>							
Suburban Water	1.29	1.02	1.02	1.65	0.26	0.26	(0.37)
Suburban Wastewater	8.14	1.98	1.98	5.47	6.16	6.16	2.67
City Division	1.73	1.57	0.26	1.96	0.16	1.47	(0.23)

## Net income

Net income for all three funds came in better than forecast and budget. Suburban Water is higher with a lower reported loss than forecast. Suburban Wastewater reported a positive net income that was higher than forecast. City Division incurred a loss that was significantly lower than forecast.

## Cash Flows

Similar to net income, all three funds are reporting better than forecast and budget cash flows. Both Suburban Wastewater and City Division have positive net cash flows significantly better than forecast. Suburban Water has a negative net cash flow but that is also significantly favorable to forecast.

## Debt Service Coverage Ratio

YTD Debt Service Coverage ratios are better than forecast and budget for all three funds. In the City Division, the 1.73 DSCR is 0.53 ahead of the indenture target of 1.20. DSCR's for both Suburban Water and Suburban Wastewater are also ahead of 1.20 targets.

## 2. SUBURBAN WATER

### A. Month

MONTH - SUBURBAN WATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement							
Operating Revenues	664,995	682,996	682,996	665,627	(18,001)	(18,001)	(632)
Operating (Expenses)	(715,558)	(734,533)	(734,533)	(601,243)	18,975	18,975	(114,316)
Operating Income	(50,563)	(51,537)	(51,537)	64,384	974	974	(114,947)
Non-Operating Revenues (Expenses)	6,956	66,167	66,167	18,289	(59,211)	(59,211)	(11,334)
Income Before Interest	(43,607)	14,630	14,630	82,674	(58,237)	(58,237)	(126,281)
Interest Income	7,225	16,667	16,667	4,419	(9,442)	(9,442)	2,806
Interest Expense	(87,836)	(112,355)	(112,355)	(87,791)	24,519	24,519	(46)
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>(124,218)</b>	<b>(81,058)</b>	<b>(81,058)</b>	<b>(698)</b>	<b>(43,160)</b>	<b>(43,160)</b>	<b>(123,520)</b>

## Net income

Net income was negative and was unfavorable to forecast by \$43k. This was driven, mostly, by lower capital recovery fees, lower Inspection & plan review fees, and lower project reimbursement with some help from lower interest expenses. Operating revenues were slightly lower than forecast but this was offset by lower operating expenses.

Operating revenues were down to forecast by only \$18k with most of this coming from industrial and residential segments.

Operating expenses were \$19k lower than forecast with most of that attributable to lower spending on purchased services and materials & supplies.

Non-operating revenues (expenses) were unfavorable to forecast by \$59k driven by lower capital recovery revenues and lower project reimbursement that was negatively impacted by lower overall capital spending.

Interest income was affected by lower invested balances and interest expenses were \$25k favorable to forecast.

MONTH - SUBURBAN WATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Cash Flow Statement (Indirect)</b>							
Net Income	(124,218)	(81,058)	(81,058)	(698)	(43,160)	(43,160)	(123,520)
Add: Depreciation & Amortization	245,832	245,833	245,833	245,832	(1)	(1)	-
Add: Non-Cash Interest Expense	-	-	-	(0)	-	-	0
Add: Capex Charged to Expense	(8)	8,333	8,333	861	(8,341)	(8,341)	(868)
Principal Payments	(138,869)	(152,816)	(152,816)	(136,473)	13,947	13,947	(2,396)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	(17,263)	20,292	20,292	109,521	(37,555)	(37,555)	(126,784)
Capital Expenditures	(154,836)	(620,583)	(620,583)	(66,237)	465,747	465,747	(88,598)
<b>NET FUND CASH FLOWS</b>	<b>(172,098)</b>	<b>(600,291)</b>	<b>(600,291)</b>	<b>43,284</b>	<b>428,193</b>	<b>428,193</b>	<b>(215,382)</b>

### Cash Flows

Cash flows were negative but better than forecast due to lower capital spending which more than offset the unfavorable impact of lower net income. Capital spending timing is off to budget.

### B. YTD

YTD - SUBURBAN WATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Operating Revenues	2,028,868	2,091,407	2,091,407	1,998,756	(62,539)	(62,539)	30,112
Operating (Expenses)	(1,912,698)	(2,203,599)	(2,203,599)	(1,712,444)	290,901	290,901	(200,254)
Operating Income	116,170	(112,192)	(112,192)	286,312	228,362	228,362	(170,142)
Non-Operating Revenues (Expenses)	(4,549)	198,501	198,501	73,336	(203,050)	(203,050)	(77,885)
Income Before Interest Expense	111,622	86,309	86,309	359,648	25,313	25,313	(248,027)
Interest Income	20,384	50,001	50,001	14,338	(29,617)	(29,617)	6,046
Interest Expense	(290,993)	(337,065)	(337,065)	(264,909)	46,072	46,072	(26,084)
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>(158,987)</b>	<b>(200,755)</b>	<b>(200,755)</b>	<b>109,078</b>	<b>41,768</b>	<b>41,768</b>	<b>(268,065)</b>

### Net income

YTD Net income was negative but \$42k better than forecast. This was due, primarily, to lower operating expenses and lower interest expenses. Although operating revenues were a little lower than forecast, significantly lower operating expenses had a positive impact on operating income. The higher operating income along with lower interest expenses were partially eroded then by lower non-operating revenues and lower interest income.

Operating revenues are down to forecast by only \$63k. Through the first quarter, we are slightly unfavorable on large industrial and miscellaneous revenues, but higher residential revenues are making up some of that variance.

Operating expenses are well below forecast, \$291k lower than forecast. We have lower spending on services and on materials & supplies. Most of this is attributable to timing as we have a number of major maintenance efforts that are budgeted that have not had any significant spending on so far.

Non-Operating revenues (expenses) are unfavorable to forecast by \$203k due to lower capital recovery fees and lower project reimbursement which is being driven by lower capital spending.

Interest income is down by \$30k on lower invested balances but interest expense was favorable by \$46k to partially offset.

YTD - SUBURBAN WATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Cash Flow Statement (Indirect)</b>							
Net Income	(158,987)	(200,755)	(200,755)	109,078	41,768	41,768	(268,065)
Add: Depreciation & Amortization	737,496	737,499	737,499	737,496	(3)	(3)	-
Add: Non-Cash Interest Expense	-	-	-	(0)	-	-	0
Add: Capex Charged to Expense	560	24,999	24,999	1,843	(24,439)	(24,439)	(1,283)
Principal Payments	(385,694)	(458,448)	(458,448)	(409,277)	72,754	72,754	23,582
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	193,375	103,295	103,295	439,141	90,080	90,080	(245,766)
Capital Expenditures	(371,980)	(1,861,749)	(1,861,749)	(149,554)	1,489,769	1,489,769	(222,425)
<b>NET FUND CASH FLOWS</b>	<b>(178,604)</b>	<b>(1,758,454)</b>	<b>(1,758,454)</b>	<b>289,586</b>	<b>1,579,850</b>	<b>1,579,850</b>	<b>(468,191)</b>

### Cash Flows

YTD Cash Flow was negative but was significantly favorable to forecast from lower capital spending with some help from higher net income. Capital spending timing is off with respect to budget.

## 3. SUBURBAN WASTEWATER

### A. Month

MONTH - SUBURBAN WASTEWATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Operating Revenues	1,290,586	1,404,141	1,404,141	1,299,170	(113,555)	(113,555)	(8,584)
Operating (Expenses)	(1,389,878)	(1,546,447)	(1,546,447)	(1,415,682)	156,569	156,569	25,804
Operating Income	(99,292)	(142,306)	(142,306)	(116,512)	43,014	43,014	17,220
Non-Operating Revenues (Expenses)	(40,694)	66,083	66,083	112,724	(106,777)	(106,777)	(153,418)
Income Before Interest Expense	(139,986)	(76,223)	(76,223)	(3,788)	(63,763)	(63,763)	(136,198)
Interest Income	12,767	9,917	9,917	767	2,850	2,850	12,000
Interest Expense	(18,238)	(70,969)	(70,969)	(17,955)	52,731	52,731	(283)
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>(145,458)</b>	<b>(137,275)</b>	<b>(137,275)</b>	<b>(20,977)</b>	<b>(8,183)</b>	<b>(8,183)</b>	<b>(124,481)</b>

### Net income

Net income was negative and was unfavorable to forecast by \$8k. A lot of offsetting variances for the month with unfavorable operating revenues and non-operating revenues being mostly offset by lower operating expenses, lower interest expenses, and higher interest income.

Operating revenues were \$114k lower than forecast with most of the unfavorable variance due to lower revenues from Wastewater Treatment Plant with a partial offset from higher revenues from Western Lehigh Interceptor group.

Operating expenses were \$157k favorable to forecast with significant favorable variances in purchased services.

Non-operating revenues (expenses) is unfavorable to forecast by \$107 due to higher expensed project costs.

Interest income is \$2k favorable to forecast and interest expense is favorable by \$51k.

MONTH - SUBURBAN WASTEWATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Cash Flow Statement (Indirect)</b>							
Net Income	(145,458)	(137,275)	(137,275)	(20,977)	(8,183)	(8,183)	(124,481)
Add: Depreciation & Amortization	364,694	327,083	327,083	334,133	37,611	37,611	30,561
Add: Non-Cash Interest Expense	2,961	-	-	3,016	2,961	2,961	(55)
Add: Capex Charged to Expense	-	25,000	25,000	299	(25,000)	(25,000)	(299)
Principal Payments	(39,310)	(93,946)	(93,946)	(37,435)	54,636	54,636	(1,876)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	182,887	120,862	120,862	279,037	62,025	62,025	(96,150)
Capital Expenditures	(494,246)	(551,083)	(551,083)	(104,244)	56,837	56,837	(390,002)
<b>NET FUND CASH FLOWS</b>	<b>(311,360)</b>	<b>(430,221)</b>	<b>(430,221)</b>	<b>174,793</b>	<b>118,861</b>	<b>118,861</b>	<b>(486,153)</b>

### Cash Flows

Cash Flows were negative but \$119k higher than forecast with the favorable variance due a favorable timing effect on principal payments along with lower capital spending. Capital spending rate is slower than the forecast/budget rate

### B. YTD

YTD - SUBURBAN WASTEWATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Operating Revenues	4,292,938	4,332,792	4,332,792	4,104,243	(39,854)	(39,854)	188,696
Operating (Expenses)	(4,228,107)	(4,639,341)	(4,639,341)	(4,512,874)	411,234	411,234	284,767
Operating Income	64,831	(306,549)	(306,549)	(408,631)	371,380	371,380	473,463
Non-Operating Revenues (Expenses)	164,824	198,249	198,249	249,712	(33,425)	(33,425)	(84,888)
Income Before Interest Expense	229,655	(108,300)	(108,300)	(158,919)	337,955	337,955	388,575
Interest Income	13,805	29,751	29,751	2,291	(15,946)	(15,946)	11,514
Interest Expense	(54,299)	(212,907)	(212,907)	(49,346)	158,608	158,608	(4,952)
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>189,162</b>	<b>(291,456)</b>	<b>(291,456)</b>	<b>(205,974)</b>	<b>480,618</b>	<b>480,618</b>	<b>395,137</b>

### Net income

YTD Net income was \$481k better than forecast due to lower operating expenses and lower interest expense with a partial offset from lower non-operating revenues. Operating revenues, non-operating

revenues and interest income were unfavorable to forecast but only eroded the favorable operating expenses and interest expenses to a very small degree.

Operating revenues are down by \$40k to forecast through the first quarter with lower revenues from the Wastewater Treatment Plan partially offset by higher revenues from the Western Lehigh Interceptor group.

Operating expenses are \$411k lower than forecast/budget. We have significant favorable spending variances for purchased service and materials & supplies. Similar to Suburban Wastewater, most of this favorable variance is due to timing of spending with a number of maintenance initiatives to take place yet.

Non-operating revenues (expenses) are \$33k unfavorable to forecast with higher miscellaneous expenses partially offset by higher capital recovery revenues.

Interest income is down on lower invested balances while interest income is favorable to forecast.

YTD - SUBURBAN WASTEWATER	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Cash Flow Statement (Indirect)							
Net Income	189,162	(291,456)	(291,456)	(205,974)	480,618	480,618	395,137
Add: Depreciation & Amortization	1,094,082	981,249	981,249	1,002,399	112,833	112,833	91,683
Add: Non-Cash Interest Expense	8,783	-	-	8,894	8,783	8,783	(111)
Add: Capex Charged to Expense	-	75,000	75,000	352	(75,000)	(75,000)	(352)
Principal Payments	(118,806)	(281,838)	(281,838)	(114,106)	163,032	163,032	(4,700)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	1,173,222	482,955	482,955	691,564	690,267	690,267	481,657
Capital Expenditures	(692,395)	(1,653,249)	(1,653,249)	(155,727)	960,854	960,854	(536,668)
<b>NET FUND CASH FLOWS</b>	<b>480,826</b>	<b>(1,170,294)</b>	<b>(1,170,294)</b>	<b>535,837</b>	<b>1,651,120</b>	<b>1,651,120</b>	<b>(55,011)</b>

### Cash Flows

Cash Flows were \$1.6m better than forecast on significantly higher net income aided by lower capex project spending. Timing of capex spending is the primary cause of the lower capital spending.

## 4. CITY DIVISION

### A. Month

MONTH - CITY DIVISION	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Operating Revenues	2,215,063	2,562,578	2,562,578	2,680,575	(347,515)	(347,515)	(465,512)
Operating (Expenses)	(2,005,611)	(1,871,840)	(1,871,840)	(1,607,068)	(133,771)	(133,771)	(398,544)
Operating Income	209,452	690,738	690,738	1,073,507	(481,286)	(481,286)	(864,056)
Non-Operating Revenues (Expenses)	(127,661)	(283,834)	(283,834)	(306,745)	156,173	156,173	179,084
Income Before Interest Expense	81,791	406,904	406,904	766,763	(325,113)	(325,113)	(684,972)
Interest Income	5,337	25,167	25,167	341	(19,830)	(19,830)	4,996
Interest Expense	(1,262,941)	(1,371,708)	(1,371,708)	(1,315,458)	108,767	108,767	52,517
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>(1,175,813)</b>	<b>(939,637)</b>	<b>(939,637)</b>	<b>(548,355)</b>	<b>(236,176)</b>	<b>(236,176)</b>	<b>(627,458)</b>

#### Net income

Net income was \$236 lower than forecast on lower operating revenues and higher operating expenses offset partly by favorable non-operating revenues (expenses) and lower interest expense.

Operating revenues were down by \$348k due to significantly lower municipal wastewater charges that were just slightly offset by higher overall water revenues.

Operating expenses were \$133k higher than forecast with most of that coming from the additional payroll period (three pays this month).

Non-operating revenues (expenses) was \$156k favorable with lower expensed capital partially offset by lower capital recovery fees and project reimbursement.

Interest income was \$19k unfavorable on lower invested balances and interest expense was \$109k favorable.

MONTH - CITY DIVISION	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Cash Flow Statement (Indirect)</b>							
Net Income	(1,175,813)	(939,637)	(939,637)	(548,355)	(236,176)	(236,176)	(627,458)
Add: Depreciation & Amortization	450,000	466,667	466,667	450,000	(16,667)	(16,667)	-
Add: Non-Cash Interest Expense	1,262,941	1,371,708	1,371,708	1,315,458	(108,767)	(108,767)	(52,517)
Add: Capex Charged to Expense	129,506	658,667	658,667	251,142	(529,161)	(529,161)	(121,636)
Principal Payments	-	-	-	-	-	-	-
Cash Outlays on Lease & Lease Reserve	(252,000)	-	-	-	(252,000)	(252,000)	(252,000)
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	414,635	1,557,405	1,557,405	1,468,245	(1,142,771)	(1,142,771)	(1,053,611)
Net Capital Expenditures	(409,309)	(889,214)	(889,214)	(576,262)	479,905	479,905	166,953
<b>NET FUND CASH FLOWS</b>	<b>5,325</b>	<b>668,191</b>	<b>668,191</b>	<b>891,983</b>	<b>(662,866)</b>	<b>(662,866)</b>	<b>(886,657)</b>

## Cash Flows

Cash flow was \$663k lower than forecast due to the effect of lower net income along with the earlier than forecasted lease payment of \$252k.

### B. YTD

YTD - CITY DIVISION	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Income Statement</b>							
Operating Revenues	7,546,161	7,416,420	7,416,420	7,516,819	129,741	129,741	29,342
Operating (Expenses)	<u>(5,214,565)</u>	<u>(5,615,520)</u>	<u>(5,615,520)</u>	<u>(4,725,213)</u>	<u>400,955</u>	<u>400,955</u>	<u>(489,352)</u>
Operating Income	2,331,596	1,800,900	1,800,900	2,791,606	530,696	530,696	(460,010)
Non-Operating Revenues (Expenses)	<u>(31,748)</u>	<u>(851,502)</u>	<u>(851,502)</u>	<u>(760,314)</u>	<u>819,754</u>	<u>819,754</u>	<u>728,566</u>
Income Before Interest Expense	2,299,848	949,398	949,398	2,031,292	1,350,450	1,350,450	268,556
Interest Income	32,862	75,501	75,501	727	(42,639)	(42,639)	32,136
Interest Expense	<u>(3,788,823)</u>	<u>(4,115,124)</u>	<u>(4,115,124)</u>	<u>(3,946,374)</u>	<u>326,301</u>	<u>326,301</u>	<u>157,551</u>
Capital Contributions	-	-	-	-	-	-	-
<b>NET INCOME</b>	<u>(1,456,112)</u>	<u>(3,090,225)</u>	<u>(3,090,225)</u>	<u>(1,914,355)</u>	<u>1,634,113</u>	<u>1,634,113</u>	<u>458,243</u>

### Net income

We are reporting a YTD loss of \$1.5m which is \$1.6m better than the forecasted loss of \$3.1m. This is being driven by higher operating revenues, lower operating expenses, and lower interest expense.

Operating revenues for the first quarter are favorable overall with favorable water revenues partially offset by lower municipal wastewater revenues.

Operating expenses are favorable due to lower purchased service and lower materials & supplies. Affecting this is timing of spending as a number of maintenance initiatives are just starting.

Non-operating revenues (expenses) are favorable due to the favorable effect from timing of capital expenditures.

Interest income is down on lower invested balances and interest expense is favorable.

YTD - CITY DIVISION	MARCH 2017						
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
<b>Cash Flow Statement (Indirect)</b>							
Net Income	(1,456,112)	(3,090,225)	(3,090,225)	(1,914,355)	1,634,113	1,634,113	458,243
Add: Depreciation & Amortization	1,350,000	1,400,001	1,400,001	1,350,000	(50,001)	(50,001)	-
Add: Non-Cash Interest Expense	3,788,823	4,115,124	4,115,124	3,946,374	(326,301)	(326,301)	(157,551)
Add: Capex Charged to Expense	199,463	1,976,001	1,976,001	661,685	(1,776,538)	(1,776,538)	(462,221)
Principal Payments	-	-	-	-	-	-	-
Cash Outlays on Lease & Lease Reserve	<u>(252,000)</u>	-	-	-	<u>(252,000)</u>	<u>(252,000)</u>	<u>(252,000)</u>
Investments Converting To Cash	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	3,630,174	4,400,901	4,400,901	4,043,703	(770,727)	(770,727)	(413,530)
Capital Expenditures	<u>(623,932)</u>	<u>(2,667,642)</u>	<u>(2,667,642)</u>	<u>(816,918)</u>	<u>2,043,710</u>	<u>2,043,710</u>	<u>192,986</u>
<b>NET FUND CASH FLOWS</b>	<u>3,006,242</u>	<u>1,733,259</u>	<u>1,733,259</u>	<u>3,226,785</u>	<u>1,272,983</u>	<u>1,272,983</u>	<u>(220,543)</u>



### **Cash Flows**

Cash flow was a positive \$3.0m and is \$1,9m higher than forecast due to significantly better net income position along with lower capital project spending. The capital spending variance is a timing effect.

## **5. FULL YEAR FORECAST**

We have finished the first quarter of the year and will be doing a forecast of the remaining months for this year. There are clearly some timing issues on revenues, operating expenses, and capital spending that will be sorted through as the forecast is prepared.

LEHIGH COUNTY AUTHORITY											
SUBURBAN WATER											
MONTHLY FINANCIAL STATEMENTS											
MONTH - SUBURBAN WATER											
	Actual	Forecast	Budget	Prior Year	MARCH 2017						
	FC Var	Bud Var	PY Var								
Income Statement											
Operating Revenues	664,995	682,996	682,996	665,627	(632)	(18,001)	(632)				
Operating (Expenses)	(715,588)	(734,533)	(734,533)	(601,243)	(114,316)	18,975	(114,316)				
Operating Income	(50,593)	(51,537)	(51,537)	64,384	(114,947)	974	(114,947)				
Non-Operating Revenues (Expenses)	6,956	66,167	66,167	18,289	(11,334)	(59,211)	(11,334)				
Income Before Interest	(43,637)	14,630	14,630	82,674	(126,281)	(58,237)	(126,281)				
Interest Expense	7,225	16,667	16,667	4,419	2,806	(9,442)	2,806				
Capital Contributions	(87,856)	(112,355)	(112,355)	(87,791)	(46)	24,519	(46)				
NET INCOME	(124,218)	(81,058)	(81,058)	(698)	(123,520)	(43,160)	(123,520)				
MARCH 2017											
YTD - SUBURBAN WATER											
Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var					
(124,218)	(81,058)	(81,058)	(698)	(43,160)	(43,160)	(123,520)					
245,932	245,933	245,933	245,832	(1)	(1)	0					
(8)	8,333	8,333	861	(8,341)	(8,341)	(868)					
(138,869)	(152,816)	(152,816)	(136,473)	13,947	13,947	(2,396)					
-	-	-	-	-	-	-					
-	-	-	-	-	-	-					
(17,263)	20,292	20,292	109,521	(37,555)	(37,555)	(126,784)					
(154,836)	(620,583)	(620,583)	(66,237)	465,747	465,747	(88,598)					
(172,098)	(600,291)	(600,291)	43,284	428,193	428,193	(215,382)					
MARCH 2017											
MONTH - SUBURBAN WATER											
	Actual	Forecast	Budget	Prior Year	MARCH 2017						
	FC Var	Bud Var	PY Var								
Operating Revenues	664,995	682,996	682,996	665,627	(632)	(18,001)	(632)				
Operating Expenses (Ex Depreciation)	(469,726)	(488,700)	(488,700)	(355,411)	(114,316)	18,974	(114,316)				
Cash Flow From Operations	195,269	194,296	194,296	310,216	973	(114,947)	973				
Non-Operating Revenues (Expenses)	6,956	66,167	66,167	18,289	(11,334)	(59,211)	(11,334)				
Add: Capex Charged to Expense	(8)	8,333	8,333	861	(8,341)	(8,341)	(868)				
Less: Project Reimbursement	-	(27,833)	(27,833)	-	27,833	27,833	-				
Interest Income	7,225	16,667	16,667	4,419	2,806	(9,442)	2,806				
Net Cash Available For Debt Service	209,443	257,630	257,630	333,785	(48,187)	(48,187)	(24,343)				
Interest Payments	(87,856)	(112,355)	(112,355)	(87,791)	(46)	24,519	(46)				
Principal Payments	(138,869)	(152,816)	(152,816)	(136,473)	(2,396)	13,947	(2,396)				
Net Cash After Debt Service	(17,263)	(7,541)	(7,541)	109,521	(126,784)	(9,722)	(126,784)				
Project Reimbursement	-	27,833	27,833	-	(27,833)	(27,833)	-				
Capital Contributions	-	-	-	-	-	-	-				
Investments Converting To Cash	-	-	-	-	-	-	-				
New Borrowing	-	-	-	-	-	-	-				
Net Cash Available For Capital Spending	(17,263)	20,292	20,292	109,521	(126,784)	(9,722)	(126,784)				
Capital Expenditures	(154,836)	(620,583)	(620,583)	(66,237)	465,747	465,747	(88,598)				
NET FUND CASH FLOWS	(172,098)	(600,291)	(600,291)	43,284	428,193	428,193	(215,382)				
MARCH 2017											
MONTH - SUBURBAN WATER											
	Actual	Forecast	Budget	Prior Year	MARCH 2017						
	FC Var	Bud Var	PY Var								
Operating Revenues	2,028,868	2,091,407	2,091,407	1,998,756	(62,539)	(62,539)	30,112				
Operating Expenses (Ex Depreciation)	(1,175,202)	(1,466,100)	(1,466,100)	(974,948)	290,898	290,898	(200,254)				
Cash Flow From Operations	853,666	625,307	625,307	1,023,808	228,359	228,359	(170,142)				
Non-Operating Revenues (Expenses)	(4,549)	198,501	198,501	73,336	(203,050)	(203,050)	(77,885)				
Add: Capex Charged to Expense	560	24,999	24,999	1,843	(24,439)	(24,439)	(1,283)				
Less: Project Reimbursement	-	(83,499)	(83,499)	-	83,499	83,499	-				
Interest Income	20,384	50,001	50,001	14,338	(29,617)	(29,617)	6,046				
Net Cash Available For Debt Service	870,062	815,309	815,309	1,113,326	54,753	54,753	(243,264)				
Interest Payments	(290,993)	(337,065)	(337,065)	(264,909)	46,072	46,072	(26,084)				
Principal Payments	(385,694)	(458,418)	(458,418)	(409,277)	72,754	72,754	(23,582)				
Net Cash After Debt Service	193,375	19,796	19,796	439,141	173,579	173,579	(245,766)				
Project Reimbursement	-	83,499	83,499	-	(83,499)	(83,499)	-				
Capital Contributions	-	-	-	-	-	-	-				
Investments Converting To Cash	-	-	-	-	-	-	-				
New Borrowing	-	-	-	-	-	-	-				
Net Cash Available For Capital Spending	193,375	103,295	103,295	439,141	90,080	90,080	(245,766)				
Capital Expenditures	(371,980)	(1,861,749)	(1,861,749)	(149,554)	1,489,769	1,489,769	(222,425)				
NET FUND CASH FLOWS	(178,604)	(1,758,454)	(1,758,454)	289,586	1,579,850	1,579,850	(468,191)				
MARCH 2017											
MONTH - SUBURBAN WATER											
	Actual	Forecast	Budget	Prior Year	MARCH 2017						
	FC Var	Bud Var	PY Var								
Operating Revenues	2,028,868	2,091,407	2,091,407	1,998,756	(62,539)	(62,539)	30,112				
Operating Expenses (Ex Depreciation)	(1,175,202)	(1,466,100)	(1,466,100)	(974,948)	290,898	290,898	(200,254)				
Cash Flow From Operations	853,666	625,307	625,307	1,023,808	228,359	228,359	(170,142)				
Non-Operating Revenues (Expenses)	(4,549)	198,501	198,501	73,336	(203,050)	(203,050)	(77,885)				
Add: Capex Charged to Expense	560	24,999	24,999	1,843	(24,439)	(24,439)	(1,283)				
Less: Project Reimbursement	-	(83,499)	(83,499)	-	83,499	83,499	-				
Interest Income	20,384	50,001	50,001	14,338	(29,617)	(29,617)	6,046				
Net Cash Available For Debt Service	870,062	815,309	815,309	1,113,326	54,753	54,753	(243,264)				
Interest Payments	(290,993)	(337,065)	(337,065)	(264,909)	46,072	46,072	(26,084)				
Principal Payments	(385,694)	(458,418)	(458,418)	(409,277)	72,754	72,754	(23,582)				
Net Cash After Debt Service	193,375	19,796	19,796	439,141	173,579	173,579	(245,766)				
Project Reimbursement	-	83,499	83,499	-	(83,499)	(83,499)	-				
Capital Contributions	-	-	-	-	-	-	-				
Investments Converting To Cash	-	-	-	-	-	-	-				
New Borrowing	-	-	-	-	-	-	-				
Net Cash Available For Capital Spending	193,375	103,295	103,295	439,141	90,080	90,080	(245,766)				
Capital Expenditures	(371,980)	(1,861,749)	(1,861,749)	(149,554)	1,489,769	1,489,769	(222,425)				
NET FUND CASH FLOWS	(178,604)	(1,758,454)	(1,758,454)	289,586	1,579,850	1,579,850	(468,191)				
MARCH 2017											
DEBT SERVICE COVERAGE RATIO											
Net Cash Available For Debt Service	870,062	815,309	815,309	1,113,326							
Debt Service	226,705	265,171	265,171	224,264							
DCSR	0.92	0.97	0.97	1.49							

LEHIGH COUNTY AUTHORITY SUBURBAN WASTEWATER MONTHLY FINANCIAL STATEMENTS												
MONTH - SUBURBAN WASTEWATER												
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var					
	(1,389,878)	(1,546,447)	(1,546,447)	(1,415,682)	156,569	156,569	25,804					
	(99,292)	(142,306)	(142,306)	(116,512)	43,014	43,014	17,220					
	(40,694)	66,083	66,083	112,724	(106,777)	(106,777)	(153,418)					
	(139,986)	(76,223)	(76,223)	(3,788)	(63,763)	(63,763)	(136,198)					
	12,767	9,917	9,917	767	2,850	2,850	12,000					
	(18,238)	(70,969)	(70,969)	(17,955)	52,731	52,731	(283)					
	(145,458)	(137,275)	(137,275)	(20,977)	(8,183)	(8,183)	(124,481)					
	(145,458)	(137,275)	(137,275)	(20,977)	(8,183)	(8,183)	(124,481)					
YTD - SUBURBAN WASTEWATER												
Income Statement												
Operating Revenues	4,292,938	4,332,792	4,332,792	4,104,243	(39,854)	(39,854)	188,696					
Operating (Expenses)	(4,228,107)	(4,639,341)	(4,639,341)	(4,512,874)	411,234	411,234	284,767					
Operating Income	64,831	(306,549)	(306,549)	(408,631)	371,380	371,380	473,463					
Non-Operating Revenues (Expenses)	164,824	198,249	198,249	249,712	(33,425)	(33,425)	(84,888)					
Income Before Interest Expense	229,655	(108,300)	(108,300)	(158,919)	337,955	337,955	388,575					
Interest Income	13,805	29,751	29,751	2,291	(15,946)	(15,946)	11,514					
Interest Expense	(64,299)	(212,907)	(212,907)	(49,346)	158,608	158,608	(4,952)					
Capital Contributions	-	-	-	-	-	-	-					
NET INCOME	189,162	(291,456)	(291,456)	(205,974)	480,618	480,618	395,137					
MONTH - SUBURBAN WASTEWATER												
Cash Flow Statement (Indirect)												
Net Income	189,162	(291,456)	(291,456)	(205,974)	480,618	480,618	395,137					
Add: Depreciation & Amortization	1,094,082	981,249	981,249	1,002,399	112,933	112,933	91,683					
Add: Non-Cash Interest Expense	8,783	-	-	8,694	8,783	8,783	(11)					
Add: Capex Charged to Expense	-	75,000	75,000	-	(75,000)	(75,000)	(352)					
Principal Payments	(118,806)	(281,838)	(281,838)	(114,106)	163,032	163,032	(4,700)					
Investments Converting To Cash	-	-	-	-	-	-	-					
New Borrowing	-	-	-	-	-	-	-					
Net Cash Available For Capital Spending	1,173,222	482,955	482,955	691,564	690,267	690,267	481,657					
Capital Expenditures	(692,395)	(1,653,249)	(1,653,249)	(155,727)	960,854	960,854	(536,668)					
NET FUND CASH FLOWS	480,826	(1,170,294)	(1,170,294)	535,837	1,651,120	1,651,120	(55,011)					
MONTH - SUBURBAN WASTEWATER												
Cash Flow Statement (Direct)												
Operating Revenues	1,290,586	1,404,141	1,404,141	1,299,170	(113,555)	(113,555)	(6,584)					
Operating Expenses (Ex Depreciation)	(1,025,184)	(1,219,364)	(1,219,364)	(1,081,549)	194,180	194,180	56,365					
Cash Flow From Operations	265,402	184,777	184,777	217,621	80,625	80,625	47,781					
Non-Operating Revenues (Expenses)	(40,694)	66,083	66,083	112,724	(106,777)	(106,777)	(153,418)					
Add: Capex Charged to Expense	-	25,000	25,000	299	(25,000)	(25,000)	(299)					
Less: Project Reimbursement	-	-	-	-	-	-	-					
Interest Income	12,767	9,917	9,917	767	2,850	2,850	12,000					
Net Cash Available For Debt Service	237,474	285,777	285,777	331,411	(48,303)	(48,303)	(93,937)					
Interest Payments	(15,277)	(70,969)	(70,969)	(14,939)	55,692	55,692	(338)					
Principal Payments	(39,310)	(93,946)	(93,946)	(37,435)	54,636	54,636	(1,876)					
Net Cash After Debt Service	182,887	120,862	120,862	279,037	62,025	62,025	(96,150)					
Project Reimbursement	-	-	-	-	-	-	-					
Capital Contributions	-	-	-	-	-	-	-					
Investments Converting To Cash	-	-	-	-	-	-	-					
New Borrowing	-	-	-	-	-	-	-					
Net Cash Available For Capital Spending	182,887	120,862	120,862	279,037	62,025	62,025	(96,150)					
Capital Expenditures	(494,246)	(551,083)	(551,083)	(104,244)	56,837	56,837	(390,002)					
NET FUND CASH FLOWS	(311,360)	(430,221)	(430,221)	174,793	118,861	118,861	(486,153)					
DEBT SERVICE COVERAGE RATIO												
Net Cash Available For Debt Service	237,474	285,777	285,777	331,411								
Debt Service	54,587	164,915	164,915	52,374								
DCSR	4.35	1.73	1.73	6.33								

LEHIGH COUNTY AUTHORITY														
CITY DIVISION														
MONTHLY FINANCIAL STATEMENTS														
MONTH - CITY DIVISION	MARCH 2017						MARCH 2017							
	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var	Actual	Forecast	Budget	Prior Year	FC Var	Bud Var	PY Var
Income Statement														
Operating Revenues	2,215,063	2,562,578	2,562,578	2,680,575	(347,515)	(347,515)	(465,512)	7,546,161	7,416,420	7,416,420	7,516,819	129,741	129,741	29,342
Operating (Expenses)	(2,005,611)	(1,871,840)	(1,871,840)	(1,607,068)	(133,771)	(133,771)	(398,544)	(5,214,565)	(5,615,520)	(5,615,520)	(4,725,213)	400,955	400,955	(489,352)
Operating Income	209,452	690,738	690,738	1,073,507	(481,266)	(481,266)	(864,056)	2,331,596	1,800,900	1,800,900	2,791,606	530,696	530,696	(460,010)
Non-Operating Revenues (Expenses)	(127,661)	(283,834)	(283,834)	(306,745)	156,173	156,173	179,084	(31,748)	(851,502)	(851,502)	(760,314)	819,754	819,754	728,566
Income Before Interest Expense	81,791	406,904	406,904	766,763	(325,113)	(325,113)	(684,972)	2,299,848	949,398	949,398	2,031,292	1,350,450	1,350,450	268,556
Interest Income	5,337	25,167	25,167	341	(19,830)	(19,830)	4,996	32,862	745,501	75,501	727	(42,639)	(42,639)	32,136
Interest Expense	(1,262,941)	(1,371,708)	(1,371,708)	(1,315,458)	108,767	108,767	52,517	(3,788,823)	(4,115,124)	(4,115,124)	(3,946,374)	326,301	326,301	157,551
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	(1,175,813)	(939,637)	(939,637)	(548,355)	(236,176)	(236,176)	(627,458)	(1,456,112)	(3,090,225)	(3,090,225)	(1,914,355)	1,634,113	1,634,113	458,243
MONTH - CITY DIVISION	MARCH 2017						MARCH 2017							
Cash Flow Statement (Indirect)														
Net Income	(1,175,813)	(939,637)	(939,637)	(548,355)	(236,176)	(236,176)	(627,458)	(1,456,112)	(3,090,225)	(3,090,225)	(1,914,355)	1,634,113	1,634,113	458,243
Add: Depreciation & Amortization	450,000	466,667	466,667	450,000	(16,667)	(16,667)	-	1,350,000	1,400,001	1,400,001	1,350,000	(50,001)	(50,001)	-
Add: Non-Cash Interest Expense	1,262,941	1,371,708	1,371,708	1,315,458	(108,767)	(108,767)	(52,517)	3,788,823	4,115,124	4,115,124	3,946,374	(326,301)	(326,301)	(157,551)
Add: Capex Charged to Expense	129,506	658,667	658,667	251,142	(529,161)	(529,161)	(121,636)	199,463	1,976,001	1,976,001	661,685	(1,776,538)	(1,776,538)	(462,221)
Principal Payments	-	-	-	-	-	-	-	(252,000)	-	-	-	-	-	-
Cash Outlays on Lease & Lease Reserve Investments Converting To Cash	(252,000)	-	-	-	(252,000)	(252,000)	(252,000)	(252,000)	-	-	-	(252,000)	(252,000)	(252,000)
New Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	414,635	1,557,405	1,557,405	1,468,245	(1,142,771)	(1,142,771)	(1,053,611)	3,630,174	4,400,901	4,400,901	4,043,703	(770,227)	(770,227)	(413,530)
Net Capital Expenditures	(409,309)	(889,214)	(889,214)	(576,262)	479,905	479,905	166,953	(623,932)	(2,667,642)	(2,667,642)	(816,918)	2,043,710	2,043,710	192,986
NET FUND CASH FLOWS	5,325	668,191	668,191	891,983	(662,866)	(662,866)	(886,657)	3,006,242	1,733,259	1,733,259	3,226,785	1,272,983	1,272,983	(220,543)
MONTH - CITY DIVISION	MARCH 2017						MARCH 2017							
Cash Flow Statement (Direct)														
Operating Revenues	2,215,063	2,562,578	2,562,578	2,680,575	(347,515)	(347,515)	(465,512)	7,546,161	7,416,420	7,416,420	7,516,819	129,741	129,741	29,342
Operating Expenses (Ex Depreciation)	(1,555,611)	(1,405,173)	(1,405,173)	(1,157,068)	(150,438)	(150,438)	(398,544)	(3,864,565)	(4,215,519)	(4,215,519)	(3,375,213)	350,954	350,954	(489,352)
Cash Flow From Operations	659,452	1,157,405	1,157,405	1,523,507	(497,953)	(497,953)	(864,056)	3,681,596	3,200,901	3,200,901	4,141,606	480,695	480,695	(460,010)
Non-Operating Revenues (Expenses)	(127,661)	(283,834)	(283,834)	(306,745)	156,173	156,173	179,084	(31,748)	(851,502)	(851,502)	(760,314)	819,754	819,754	728,566
Add: Capex Charged to Expense	129,506	658,667	658,667	251,142	(529,161)	(529,161)	(121,636)	199,463	1,976,001	1,976,001	661,685	(1,776,538)	(1,776,538)	(462,221)
Less: Project Reimbursement	-	(327,750)	(327,750)	-	327,750	327,750	4,996	(123,598)	(983,250)	(983,250)	-	859,652	859,652	(123,598)
Interest Income	5,337	25,167	25,167	341	(19,830)	(19,830)	4,996	32,862	75,501	75,501	727	(42,639)	(42,639)	32,136
Net Cash Available For Debt Service	666,635	1,229,655	1,229,655	1,468,245	(563,021)	(563,021)	(801,611)	3,758,576	3,417,651	3,417,651	4,043,703	340,925	340,925	(285,127)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments	(252,000)	-	-	-	(252,000)	(252,000)	(252,000)	(252,000)	-	-	-	(252,000)	(252,000)	(252,000)
Cash Outlays on Lease & Lease Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash After Debt & Lease Service	414,635	1,229,655	1,229,655	1,468,245	(1,142,771)	(1,142,771)	(1,053,611)	3,506,576	3,417,651	3,417,651	4,043,703	88,925	88,925	(537,127)
Project Reimbursement	-	327,750	327,750	-	(327,750)	(327,750)	-	123,598	983,250	983,250	-	(859,652)	(859,652)	123,598
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Converting To Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Available For Capital Spending	414,635	1,557,405	1,557,405	1,468,245	(1,142,771)	(1,142,771)	(1,053,611)	3,630,174	4,400,901	4,400,901	4,043,703	(770,227)	(770,227)	(413,530)
Capital Expenditures	(409,309)	(889,214)	(889,214)	(576,262)	479,905	479,905	166,953	(623,932)	(2,667,642)	(2,667,642)	(816,918)	2,043,710	2,043,710	192,986
NET FUND CASH FLOWS	5,325	668,191	668,191	891,983	(662,866)	(662,866)	(886,657)	3,006,242	1,733,259	1,733,259	3,226,785	1,272,983	1,272,983	(220,543)
DEBT SERVICE COVERAGE RATIO														
Net Cash Available For Debt Service	666,635	1,229,655	1,229,655	1,468,245				3,758,576	3,417,651	3,417,651	4,043,703			
Debt Service	1,087,310	1,087,310	1,087,310	1,031,060				2,174,620	2,174,620	13,047,722	2,062,120			
DCSR	0.61	1.13	1.13	1.42				1.73	1.57	0.26	1.96			

Lehigh County Authority

System Operations Review - March 2017

Presented: April 24, 2017

<u>Critical Activities</u>	<u>System</u>	<u>Description</u>	<u>Mar-17</u>	<u>2017-to-Date</u>	<u>2016 Totals</u>	<u>Permit</u>
			<u>Daily Avg (MGD)</u>	<u>Daily Avg (MGD)</u>	<u>Daily Avg (MGD)</u>	<u>Daily Max (MGD)</u>
Water Production	Allentown	Total	20.83	21.09	20.41	39.0
		Schantz Spring	6.14	6.04	5.91	9.0
		Crystal Spring	3.89	3.90	3.86	4.0
		Little Lehigh Creek	10.77	11.08	10.46	30.0
		Lehigh River	0.04	0.06	0.18	28.0
	Central Lehigh	Total	8.93	8.66	9.27	19.04 MGD Avg
		Feed from Allentown	6.98	7.02	5.99	7.0 MGD Avg 10.5 MGD Max
		Well Production (CLD)	1.95	1.64	3.28	8.54 MGD Avg
		Sum of all (12) other Suburban Water Systems	0.18	0.17	0.19	1.71 Sum of all wells
Wastewater Treatment	Kline's Island	30.60	29.48	29.67	40.0	
	Pretreatment Plant	4.26	4.10	4.33	5.75 (design capacity)	
	Sum of all (5) other Suburban WW Systems	0.17	0.17	0.17	0.36	
			<u>Mar-17</u>	<u>2017-to-Date</u>	<u>2016 Totals</u>	
Precipitation Totals (inches)			5.26	10.35	36.82	
Compliance Reports Submitted to Allentown			39	89	269	
Notices of Violation (NOVs)	(Allentown + Suburban)		0	0	3	
Sanitary Sewer Overflows (SSOs)/Bypasses	(Allentown + Suburban)		3	4	16	
Main Breaks Repaired	Allentown		0	6	19	
	Suburban		1	3	11	
Customer Service Phone Inquiries	(Allentown + Suburban)		2,587	7,202	28,099	
Water Shutoffs for Non-Payment	(Allentown + Suburban)		192	516	1,685	
Injury Accidents	(Allentown + Suburban)		1	4	10	
Emergency Declarations	Allentown		0	(1) @ \$22,246	(2) @ \$87,079	
	Suburban		0	0	(1) @ \$33,495	

Significant Repairs:

Primary Digester #1 at KIWWTP is off-line and its existing cover is being removed. The project will run into Q4 2017. Arcadia WWTP has punch list items remaining for its cold weather treatment equipment installs. Structural, electrical, and HVAC upgrades are currently being designed for nine (9) water and (2) wastewater suburban facilities.

Description of NOVs and/or SSOs:

There were no NOVs for either division during March 2017. There were two (2) SSOs during March, one (1) in the suburban division and one (1) in the city division. There was a bypass at Heidelberg Heights WWTP in March due to very high flows which occurred during a heavy rain event.

Other Highlights:

As of 4/14/2017, Lehigh County and (18) other PA counties are now in Drought Watch status. Currently there are no PA counties under a Drought Warning. Current status of LCA ground water and surface water supplies are being checked routinely, as are local monitoring wells. Weekly and monthly reports are being posted on the LCA website.