

Lehigh County Authority  
2019 Budget  
10-08-2018

# Summary

<b>Budget Overview</b>	<b>Sub. Water</b>	<b>Sub. Wastewater</b>	<b>City Division</b>	<b>Total</b>
Operating, Non-Operating & Other Revenue	10,876,588	15,806,873	38,692,198	65,375,659
Operating Expenses (net of depreciation)	6,423,554	12,029,493	18,270,913	36,723,960
Net Revenues Available for Debt Service	4,453,034	3,777,380	20,421,285	28,651,699
Debt Service	3,191,702	684,476	14,956,576	18,832,754
Debt Service Coverage Ratio (indenture based)	1.40	5.52	1.37	1.52
<b>Capital Budget Overview</b>	<b>Sub. Water</b>	<b>Sub. Wastewater</b>	<b>City Division</b>	<b>Total</b>
Capital Expenses	10,210,540	9,619,500	4,845,000	24,675,040
Funding from 2019 Revenue & Operating Reserves	2,743,000	3,326,000	2,710,000	8,779,000
Funding from Existing Project Reserves	896,690	6,293,500	2,135,000	9,325,190
Funding from Prior Borrowing	6,570,850	-	-	6,570,850
Funding from New Borrowing	-	-	-	-
Year-End Project Reserve Balance	1,740,011	1,139,670	2,669,949	5,549,630
<b>Total Cash Flow</b>	<b>Sub. Water</b>	<b>Sub. Wastewater</b>	<b>City Division</b>	<b>Total</b>
Beginning Operations Cash Balance (2018 forecast)	4,854,240	6,072,409	1,281,159	12,207,808
2019 Surplus	518,332	2,266,904	4,762,423	7,547,659
Provided From (To) Capital	(2,000,000)	(2,500,000)	(500,000)	(5,000,000)
Ending Operations Cash Balance	3,372,572	5,839,313	5,543,582	14,755,467
Operating Days Cash on Hand	192	177	111	147
Project Reserve Balance	1,740,011	1,139,670	2,669,949	5,549,630
Other Reserves & Investments (includes restricted)	7,031,358	4,363,390	47,551,272	58,946,020
<b>Ending Total Fund Balance - 2019 Budget</b>	<b>12,143,941</b>	<b>11,342,373</b>	<b>55,764,803</b>	<b>79,251,117</b>

# Internal Service

- NO CHANGES MADE TO ANY INTERNAL SERVICE FUNDS
  - Global up by a little more than 11%
  - Suburban up by almost 16%
  - City up by less than 1%
- When you add the internal service funds all together and compare, consolidated internal service is up by 5.4% in total
- Labor is significantly higher while all other categories are down to partially offset reflecting filling of open positions and new positions
  - Headcount of 155 at the end of September
  - Filling (7) open positions the remainder of this year
  - (3) new positions in 2019
  - Budgeting to be at 165 employees by the end of 2019

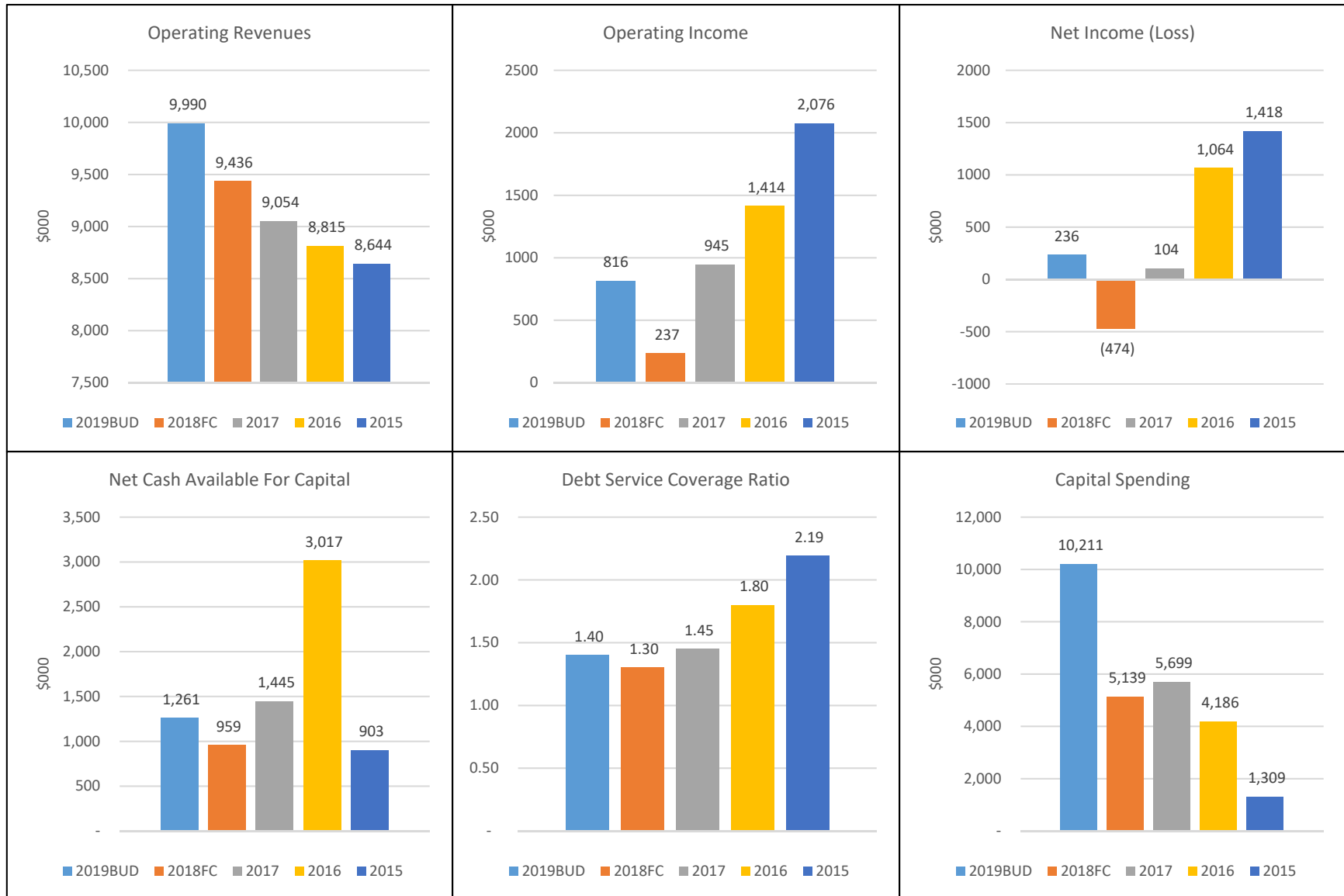
# Summary – Suburban Water

	SUBURBAN WATER		
<b>Budget Overview</b>	<b>Current</b>	<b>Previous</b>	<b>Change</b>
Operating, Non-Operating & Other Revenue	10,876,588	10,876,588	-
Operating Expenses (net of depreciation)	6,423,554	6,421,054	2,500
Net Revenues Available for Debt Service	4,453,034	4,455,534	(2,500)
Debt Service	3,191,702	3,191,702	-
Debt Service Coverage Ratio (indenture based)	1.40	1.40	(0)
<b>Capital Budget Overview</b>			
Capital Expenses	10,210,540	10,210,540	-
Funding from 2019 Revenue & Operating Reserves	2,743,000	2,743,000	-
Funding from Existing Project Reserves	896,690	896,690	-
Funding from Prior Borrowing	6,570,850	6,570,850	-
Funding from New Borrowing	-	-	-
Year-End Project Reserve Balance	1,740,011	1,740,011	
<b>Total Cash Flow</b>	<b>Current</b>	<b>Previous</b>	
Beginning Operations Cash Balance (2018 forecast)	4,854,240	4,854,240	-
2019 Surplus	518,332	520,832	(2,500)
Provided From (To) Capital	(2,000,000)	(2,000,000)	-
Ending Operations Cash Balance	3,372,572	3,375,072	(2,500)
Operating Days Cash on Hand	192	192	(0)
Project Reserve Balance	1,740,011	1,740,011	-
Other Reserves & Investments (includes restricted)	7,031,358	7,031,358	-
<b>Ending Total Fund Balance - 2019 Budget</b>	<b>12,143,941</b>	<b>12,146,441</b>	<b>(2,500)</b>

# Summary – Suburban Water

- Only change made to the budget was an additional operating expense item worth a total of \$2,500
- Cash flow is a deficit position as a little more than \$10m of capital will be coming out of reserves
- \$6.6m of investments converting to cash helps to fund some of the capex
- Capex is relatively higher than last couple of years
- Operating revenues will need to grow by 6% - will be doing another take on a water rate study
- Expenses are only growing 2.7% compared to 2018
- Debt service coverage of 1.40 is better than target and up to 2018
- Overall cash position is fine – 192 days operating cash on hand

# Dashboard – Suburban Water



# Summary – Suburban WW

<b>Budget Overview</b>	<b>SUBURBAN WASTEWATER</b>		
	<b>Current</b>	<b>Previous</b>	<b>Change</b>
Operating, Non-Operating & Other Revenue	15,806,873	16,389,964	(583,091)
Operating Expenses (net of depreciation)	12,029,493	11,354,896	674,597
Net Revenues Available for Debt Service	3,777,380	5,035,068	(1,257,688)
Debt Service	684,476	684,476	-
Debt Service Coverage Ratio (indenture based)	5.52	7.36	(1.84)
<b>Capital Budget Overview</b>			
Capital Expenses	9,619,500	9,619,500	-
Funding from 2019 Revenue & Operating Reserves	3,326,000	3,326,000	-
Funding from Existing Project Reserves	6,293,500	6,293,500	-
Funding from Prior Borrowing	-	-	-
Funding from New Borrowing	-	-	-
Year-End Project Reserve Balance	1,139,670	1,139,670	-
<b>Total Cash Flow</b>			
Beginning Operations Cash Balance (2018 forecast)	6,072,409	6,072,409	-
2019 Surplus	2,266,904	3,524,592	(1,257,688)
Provided From (To) Capital	(2,500,000)	(2,500,000)	-
Ending Operations Cash Balance	5,839,313	7,097,001	(1,257,688)
Operating Days Cash on Hand	177	228	(51)
Project Reserve Balance	1,139,670	1,139,670	-
Other Reserves & Investments (includes restricted)	4,363,390	4,363,390	-
<b>Ending Total Fund Balance - 2019 Budget</b>	<b>11,342,373</b>	<b>12,600,061</b>	<b>(1,257,688)</b>

# Summary – Suburban WW

- Made quite a few changes to this fund
- Operating revenues are different
- Redid operating expenses
- Cash flows decreased
- Capex stayed the same
- Cash Flow is a deficit position – we have enough cash after debt service and with non-operating revenues a little more than \$3m in cash available for capital
- Relatively large amount of capex will use up cash reserves
- Have some help from investment reserves
- Still a healthy DSCR against a relatively lower Debt Service requirement



# Summary – Suburban WW

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
<b>OPERATING REVENUES</b>					
Charges for Services	14,905,873	14,970,474	15,397,000	12,858,781	(64,601)
Rent	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>14,905,873</u>	<u>14,970,474</u>	<u>15,397,000</u>	<u>12,858,781</u>	<u>(64,601)</u>
<b>OPERATING EXPENSES (CASH BASED)</b>					
Salaries and Wages	(420,095)	(396,344)	(461,482)	(424,208)	(23,751)
General and Administrative	(474,363)	(470,721)	(464,057)	(559,911)	(3,642)
Utilities	(338,035)	(347,377)	(285,486)	(226,197)	9,342
Materials and Supplies	(459,324)	(302,155)	(372,250)	(155,503)	(157,169)
Miscellaneous Services	(7,688,121)	(7,410,577)	(7,079,017)	(6,369,014)	(277,544)
Treatment and Transportation	(2,649,555)	(2,886,710)	(1,669,993)	(3,516,548)	237,155
<b>Total Operating Expenses</b>	<u>(12,029,493)</u>	<u>(11,813,884)</u>	<u>(10,332,285)</u>	<u>(11,251,381)</u>	<u>(215,609)</u>
	-80.70%	-78.91%			
<b>CASH FROM OPERATIONS</b>	<u>2,876,380</u>	<u>3,156,590</u>	<u>5,064,715</u>	<u>1,607,400</u>	<u>(280,210)</u>
Interest Received	<u>75,000</u>	<u>100,459</u>	<u>5,000</u>	<u>162,034</u>	<u>(25,459)</u>
<b>CASH AVAILABLE FOR DEBT SERVICE</b>	<u>2,951,380</u>	<u>3,257,049</u>	<u>5,069,715</u>	<u>1,769,434</u>	<u>(305,669)</u>
<b>DEBT SERVICE</b>					
Interest and Fees Paid	(206,346)	(194,435)	(216,000)	(204,418)	(11,911)
Principal Paid	(478,130)	(478,130)	(474,000)	(475,585)	-
<b>Total Debt Service</b>	<u>(684,476)</u>	<u>(672,565)</u>	<u>(690,000)</u>	<u>(680,003)</u>	<u>(11,911)</u>
<b>NET CASH AVAILABLE AFTER DEBT SERVICE</b>	<u>2,266,904</u>	<u>2,584,484</u>	<u>4,379,715</u>	<u>1,089,431</u>	<u>(317,580)</u>
	<b>4.31</b>	<b>4.84</b>	<b>7.35</b>	<b>2.60</b>	<b>(0.53)</b>

# Summary – Suburban WW

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Tapping and Capital Recovery Fees	800,000	788,788	1,015,000	449,376	11,212
Meter Sales	-	-	-	-	-
Inspection, Plan Reviews, and Project Reimbursements	25,000	311	92,000	12,444	24,689
Other Income	1,000	935	-	7,520	65
Less: Project Reimbursement	-	-	-	-	-
Other Expense	-	(15,556)	(301,000)	(30,104)	15,556
Less: Expensed Capex	-	15,556	301,000	30,104	(15,556)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>826,000</b>	<b>790,034</b>	<b>1,107,000</b>	<b>469,340</b>	<b>35,966</b>
Changes in Assets and Liabilities	-	-	-	468,817	-
<b>NET CASH AVAILABLE FOR CAPITAL</b>	<b>3,092,904</b>	<b>3,374,518</b>	<b>5,486,715</b>	<b>2,027,588</b>	<b>(281,614)</b>
<b>FINANCING AND INVESTMENT ACTIVITY</b>					
Grants Received	-	-	-	-	-
New Borrowing	-	-	-	-	-
Investments Converted to Cash	3,500,000	980,000	3,480,000	5,445,346	2,520,000
New Investments From Cash	-	-	-	(5,618,502)	-
Annual Lease Payments	-	-	-	-	-
Project Reimbursements	-	-	-	-	-
<b>Total Financing &amp; Investment Activity</b>	<b>3,500,000</b>	<b>980,000</b>	<b>3,480,000</b>	<b>(173,156)</b>	<b>2,520,000</b>
<b>CAPITAL SPENDING</b>					
Net Capital Spending	(9,619,500)	(2,590,031)	(11,417,000)	(2,835,233)	(7,029,469)
Add: Expensed Capex	-	(15,556)	(301,000)	(30,104)	15,556
<b>Total Capital Spending</b>	<b>(9,619,500)</b>	<b>(2,605,587)</b>	<b>(11,718,000)</b>	<b>(2,865,337)</b>	<b>(7,013,913)</b>
<b>NET CASH FLOW TO FUND</b>	<b>(3,026,596)</b>	<b>1,748,931</b>	<b>(2,751,285)</b>	<b>(1,010,905)</b>	<b>(4,775,527)</b>

# Summary – Suburban WW

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
<b>DEBT SERVICE RATIO (INDENTURE BASED)</b>					
Total Operating Revenues	14,905,873	14,970,474	15,397,000	12,858,781	(64,601)
Total Operating Expenses (Cash Based)	(12,029,493)	(11,813,884)	(10,332,285)	(11,251,381)	(215,609)
Interest Income	75,000	100,459	5,000	162,034	(25,459)
Annual Lease Payment (City)	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	826,000	790,034	1,107,000	469,340	35,966
<b>Cash Available For Debt Service</b>	<b>3,777,380</b>	<b>4,047,083</b>	<b>6,176,715</b>	<b>2,238,774</b>	<b>(269,703)</b>
<b>Total Debt Service</b>	<b>684,476</b>	<b>672,565</b>	<b>690,000</b>	<b>680,003</b>	<b>11,911</b>
<b>Debt Service Ratio</b>	<b>5.52</b>	<b>6.02</b>	<b>8.95</b>	<b>3.29</b>	<b>(0.50)</b>
<b>CAPITAL COVERAGE RATIO</b>					
Net Available for Capital	3,092,904	3,374,518	5,486,715	2,027,588	(281,614)
Total Capex	9,619,500	2,605,587	11,718,000	2,865,337	7,013,913
<b>Capital Coverage Ratio</b>	<b>0.32</b>	<b>1.30</b>	<b>0.47</b>	<b>0.71</b>	<b>(0.97)</b>
<b>SUMMARY OF ACCOUNT BALANCES</b>					
Cash - Operations	5,839,313	6,072,409			
Cash - Project Reserves	1,139,670	3,933,170			
Cash - Restricted	337,271	337,271			
Total Cash Accounts	7,316,254	10,342,850			
Investments - Operations					
Investments - Project Reserves	4,026,119	7,526,119			
Investments - Restricted	-	-			
Total Investments	4,026,119	7,526,119			
<b>TOTAL BALANCES</b>	<b>11,342,373</b>	<b>17,868,969</b>			

# Summary – Suburban WW

<b>NET CASH FLOW PER 2018 Q3 FORECAST</b>	<b><u>1,748,931</u></b>	
<b>Revenues</b>		
Signatory Revenues	50,706	0.6% revenue increase from flows& loads and rates in the Signatory group
WWTP Revenues	<u>(115,307)</u>	1.6% decrease in WWTP revenues due, mainly, to a decrease in excess removal credit revenues
Total Revenues	<u>(64,601)</u>	3.2% increase in total revenues
<b>Operating expenses</b>		
Salaries & Wages	(24,491)	3.0% wage pool, 7.5% benefits increase
General inflation	(290,875)	2.6% general inflation on other spending
Spending levels	(204,542)	2.30% increase in spending levels with increased spending for purchased services, materials & supplies, and equipment
Treatment & Transportation Costs	<u>304,299</u>	Lower signatory charges for treatment & transportation
Total Operating expenses	<u>(215,609)</u>	1.8% increase in total operating expenses
Interest Income	<u>(25,459)</u>	Lower investment balances
<b>Debt Service</b>	<u>(11,911)</u>	Just slightly higher
<b>Non-Operating Revenues (Expenses)</b>		
Change in Non-Operating revenues (expenses)	<u>35,966</u>	Small increase in tapping fees and inspection/plan review fees
<b>Financing activity</b>		
Investments converting to cash	<u>2,520,000</u>	Will be rolling \$3,500,000 into cash compared to \$980,000 in 2018
<b>Capital Spending/Funding</b>	<u>(7,013,913)</u>	Significant increase in project activity
Net Changes	<u>(4,775,527)</u>	
<b>NET CASH FLOW PER 2019 BUDGET</b>	<b><u>(3,026,596)</u></b>	

# Dashboard – Suburban Wastewater



# Summary – City Division

	CITY DIVISION		
	Current	Previous	Change
<b>Budget Overview</b>			
Operating, Non-Operating & Other Revenue	38,692,198	37,176,802	1,515,396
Operating Expenses (net of depreciation)	18,270,913	18,270,913	-
Net Revenues Available for Debt Service	20,421,285	18,905,889	1,515,396
Debt Service	14,956,576	14,956,576	-
Debt Service Coverage Ratio (indenture based)	1.37	1.26	0.10
<b>Capital Budget Overview</b>			
Capital Expenses	4,845,000	4,845,000	-
Funding from 2019 Revenue & Operating Reserves	2,710,000	2,710,000	-
Funding from Existing Project Reserves	2,135,000	2,135,000	-
Funding from Prior Borrowing	-	-	-
Funding from New Borrowing	-	-	-
Year-End Project Reserve Balance	2,669,949	2,669,949	-
<b>Total Cash Flow</b>			
Beginning Operations Cash Balance (2018 forecast)	1,281,159	1,419,518	(138,359)
2019 Surplus	4,762,423	3,247,027	1,515,396
Provided From (To) Capital	(500,000)	(500,000)	-
Ending Operations Cash Balance	5,543,582	4,166,545	1,377,037
Operating Days Cash on Hand	111	83	28
Project Reserve Balance	2,669,949	2,669,949	-
Other Reserves & Investments (includes restricted)	47,551,272	38,677,913	8,873,359
<b>Ending Total Fund Balance - 2019 Budget</b>	<b>55,764,803</b>	<b>45,514,407</b>	<b>10,250,396</b>

# Dashboard – City Division



# Summary – Total LCA

Budget Overview	TOTAL LCA		
	Current	Previous	Change
Operating, Non-Operating & Other Revenue	65,375,659	64,443,354	932,305
Operating Expenses (net of depreciation)	36,723,960	36,046,863	677,097
Net Revenues Available for Debt Service	28,651,699	28,396,491	255,208
Debt Service	18,832,754	18,832,754	-
Debt Service Coverage Ratio (indenture based)	1.52	1.51	0.01
<b>Capital Budget Overview</b>			
Capital Expenses	24,675,040	24,675,040	-
Funding from 2019 Revenue & Operating Reserves	8,779,000	8,779,000	-
Funding from Existing Project Reserves	9,325,190	9,325,190	-
Funding from Prior Borrowing	6,570,850	6,570,850	-
Funding from New Borrowing	-	-	-
Year-End Project Reserve Balance	5,549,630	5,549,630	-
<b>Total Cash Flow</b>			
Beginning Operations Cash Balance (2018 forecast)	12,207,808	12,346,167	(138,359)
2019 Surplus	7,547,659	7,292,451	255,208
Provided From (To) Capital	(5,000,000)	(5,000,000)	-
Ending Operations Cash Balance	14,755,467	14,638,618	116,849
Operating Days Cash on Hand	147	148	(2)
Project Reserve Balance	5,549,630	5,549,630	-
Other Reserves & Investments (includes restricted)	58,946,020	50,072,661	8,873,359
<b>Ending Total Fund Balance - 2019 Budget</b>	<b>79,251,117</b>	<b>70,260,909</b>	<b>8,990,208</b>