

LEHIGH COUNTY AUTHORITY - FINANCIAL PERFORMANCE ALLENTOWN WATER / SEWER LEASE (2013-2017)

CASH FLOW STATEMENT <small>(figures shown in \$1,000s)</small>	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Prelim. 2017
Total Operating Revenues	14,167	30,588	26,964	31,673	33,850
Operating Expenses (Excluding Depreciation)	(5,091)	(16,595)	(15,200)	(15,831)	(16,921)
Other / Non-Operating Revenues (Expenses)	331	(302)	321	2,065	3,080
Debt Service	(4,132)	(13,048)	(13,048)	(13,048)	(13,048)
Cash Funded Capital Improvements (Pay Go)	-	-	(2,800)	(1,501)	(6,361)
NET OPERATING CASH FLOWS (ANNUAL)	5,275	643	(3,763)	3,358	600
OPERATING CASH BALANCE					
Beginning Operating Cash Balance	-	5,166	5,809	2,046	5,404
Net Cash Flows (From Above)	5,275	643	(3,763)	3,358	600
Transfers	(109)	-	-	-	-
Investments	-	-	-	-	-
ENDING OPERATING CASH BALANCE (CUMULATIVE)	5,166	5,809	2,046	5,404	6,004
PROJECT RESERVE CASH BALANCE					
Beginning Balance	-	18,162	14,681	7,401	1,025
Maturities (Investments)	(13,689)	1,899	(86)	6,000	4,000
Cash From Operations	-	-	2,800	1,501	6,361
Borrowing	31,851	-	-	-	-
Capital Improvements	-	(5,380)	(9,994)	(13,877)	(7,902)
ENDING PROJECT RESERVE CASH BALANCE	18,162	14,681	7,401	1,025	3,484

What does it mean?

1. Annual cash flow covers current expenses, but won't cover rising debt service expenses or ongoing cost of system / capital improvements.
2. Current Project Reserve and Operating Cash Balance may cover 2018 capital improvements, and that's it! What happens in 2019 and beyond?
3. Slim operating cash flow (\$600,000 in 2017) will not support additional borrowing for capital improvements.