



LEHIGH COUNTY AUTHORITY

December 10, 2012

BOARD MEETING AGENDA

1. Call to Order
2. Review of Agenda
 - *Public Participation Sign-In Request*
3. Executive Sessions
4. Approval of Minutes
 - *November 28, 2012 Regular Meeting Minutes*
5. Public Comments
6. Action / Discussion Items

FINANCE AND ADMINISTRATION

- *Authorization of Transfer of Business Manager Functions to CFO (Approval)*
- *2012 Third Quarter Unaudited Financial Statements (Acceptance)*
- *2013 Budget (Approval)*
- *Knowledge Sharing Skills Development – Project Update*

WATER

- *None*

WASTEWATER

- *None*
7. System Operations Overview
 8. Staff Comments
 9. Solicitor's Comments
 10. Other Comments
 11. Adjournment

JANUARY MEETINGS

Workshop Meeting
Board Meeting

January 14 – 12:00 p.m.
January 28 – 12:00 p.m.

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. 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.

FINANCE & ADMINISTRATION**ACTION ITEMS**

1. Authorization of Transfer of Business Manager Functions to CFO (Approval)

The Board took action at its November meeting with Resolution No. 11-2012-1 in this regard, but after the fact it was discovered that Resolution No. 11-2012-1 perpetuated a mistake made in Resolution No. 4-2008-1 at the time of the elimination of the Assistant General Manager position. It is the Capital Works Manager, not the Operations Manager, who should be authorized to sign with financial transactions. In April 2008, the positions were both filled by Frank Leist, but that is no longer the case. The resolution has been revised as Resolution No. 12-2012-1 to reflect this change in §1 of the revised resolution, which is attached (**green**). It is recommended that the Board approve this revised a resolution.

2. 2012 Third Quarter Unaudited Financial Statements (Acceptance)

The third quarter statements are included as a separate document and will be reviewed for acceptance by the Board.

3. 2013 Budget (Approval)

The proposed budget for 2013 is included for review. A presentation of budget highlights will be given at the meeting. Adoption of the 2013 Budget is requested, which includes adoption of the Western Lehigh Interceptor User Fees for 2013 that were presented to the Board in November.

DISCUSSION ITEMS

1. Knowledge Sharing Skills Development – Project Update

Since the project was kicked off in August 2012, significant progress has been made toward developing Standard Operating Procedures, process maps, and defining how a mentoring program will work best for LCA. Collaboration among LCA employees and consultants from GHD has resulted in an increased awareness of the knowledge risks LCA faces, and how this project affects other aspects of our operations, including personnel management. GHD consultants will be on site for scheduled project work, and will attend the Board meeting to provide a project update, followed by staff review of additional ideas and work products this project has revealed.

INFORMATION ITEMS

1. *None.*

WATER

ACTION ITEMS

1. *None.*

DISCUSSION ITEMS

1. *None.*

INFORMATION ITEMS

1. **Phase 2 Interconnection with Allentown**

Work continues on restoration and correction of punch-list items. The Lehigh County Conservation District conducted their final inspection of the project site and reported no violations - a Notice of Termination of the NPDES Permit should follow soon. PaDEP issued an Operation Permit for the Phase 2 interconnection on November 21. We will be coordinating with City staff to test the Schantz Spring Pumping Station at its design capacity early in December.

Regular use of the Phase 2 interconnection (purchasing of 4 MGD of treated water) is scheduled to begin on January 2, 2013. At that time, the interim interconnection, allowing purchase of water from Schantz Spring, will be closed.

2. **Water Main Relocation Project – Slatedale**

Our water facilities on West Grant Street were successfully relocated in June of 2011. Work on Main Street was completed in May 2012. Staff is assembling costs for presentation to PaDOT in consideration of the cost sharing agreement. Our exposure, by PaDOT Agreement, is about \$25,000.

3. **Water Meter Replacement Project**

Phase 2 - TSE, Inc. has replaced 3,853 out of 3,863 aging meters, radio-read units and backflow preventers through November 16. There were 8 accounts removed from the project where the water has been turned off. This leaves 2 accounts where meters must be upgraded. TSE is also addressing accounts that were identified as incomplete and/or had deficiencies identified in our quality control checks. Substantial completion was issued on June 9, 2012.

4. **Water Main Replacement Project – Oakland Park**

Construction began on Fir Road on November 12 and to date water main installation has occurred along Fir Road, Elm Road, Cottonwood Street and Maple Circle. Keystone is providing inspection services for this project. Compaction testing is being completed by Certified Testing Labs on an as-needed basis. All construction is expected to be completed by December 21st.

5. **Arcadia West Pumping Station Modifications**

T&M has submitted "final" design plans and a preliminary cost estimate. An application for a public water supply permit was submitted to PA-DEP. The Project Manual (specifications) is being revised. We are evaluating a request from T&M for additional design services for expansion to a 4-pump arrangement, raw water meter bypass piping, distribution system bypass piping and various SCADA expansion elements.

6. **Route 309 Crossing @ Sand Spring Road (formerly @ Education Park Drive)**

Review comments have been received from PaDOT and have been addressed. Permits have been submitted for this crossing.

7. **Sand Spring Road Waterline Relocation**

Review comments have been received from PaDOT and have been addressed. All necessary easements have been acquired. PaDOT received bids for the project and prices have stayed close our estimated costs. A Pre-Construction meeting is planned for December 3. Construction should take place in 2013.

8. **Upper Milford Central Division Radon Mitigation Study**

Board authorized this project in June and our consultant (Cowan Associates) is currently evaluating the existing wells in Buss Acres. Final report for this project is expected by the end of the year.

9. **Lehigh County Authority Facilities Emergency Power Capabilities Project**

Board authorized this project in May and our consultant (Hanover Engineering) is currently surveying and preparing all necessary documents for the placement of emergency standby power at each of the 12 satellite facilities in the project. At our 90% project meeting held October 25th Hanover Engineering had provided us with a 90% preliminary Report for the project. Hanover Engineering is currently working upon the construction bidding documents along with all necessary construction plans. The facilities require zoning and/or other Township approvals are expected to be bid the end of December as some township approvals will be needed.

10. **Developments**

Water system construction is occurring at the following developments:

- Trexler Fields, Phases 2, 3, 4 & 5 (Partial), 28 residential lots (sfa & sfd), UMT
- Valley West Estates, Phases 4, 5 & 6, 46 residential lots (sfd), UMT *(There has not been any construction activity at this development in over three years.)*

Water system plans are being reviewed for the following developments:

- Above & Beyond (personal care facility), 2 commercial lots, UMT
- Diocesan Pastoral Center, 2 commercial lots, 3 additional lots, & residual lot for existing cemetery, LMT
- Grant Street Townes, 18 sfa residential lots, WashT
- Hamilton Crossings, 2 commercial lots with 20 buildings having retail, financial, convenience and restaurant uses, LMT
- Hickory Park Estates, 3 residential lots (sfd), UMT
- Hillview Farms, 31 residential lots (sfd), LMT/SWT
- Indian Creek Industrial Park, 6 commercial lots, UMiIT, water and sewer
- Lehigh Hills, 247 residential lots (sfa/sfd), UMT
- Liberty at Mill Creek, 2 industrial lots, UMT
- Morgan Hills, 40 residential lots (sfd), Water & Sewer, WeisT
- North Whitehall Commercial Center (Walmart), 5 commercial lots, NWT, water & sewer
- Rabenold Farms II, 288 apartment units and clubhouse, (Portion north of I-78), UMT
- Route 100 Bypass & Cetronia Road Proposed Commercial Development, 1 commercial lot with 4 buildings having auto, convenience, financial and day care uses, UMT
- Shepherd's Corner, 1 commercial lot, LMT
- Spring Creek Properties Subdivision 1, 14 commercial and industrial lots, LMT
- Trexler Business Center, Lot 1, 1 commercial building, LMT
- Trexler Senior Living Center, 2 commercial lots, LMT *(In bankruptcy)*
- Weilers Road Twins, 82 residential lots (sfa), UMT
- West Hills Business Center, 8 industrial lots, WeisT
- Woodmere Estates, 60 residential units (sfd), UMT

WASTEWATER

ACTION ITEMS

1. *None.*

DISCUSSION ITEMS

1. *None.*

INFORMATION ITEMS

1. **Infiltration and Inflow (I&I) Program Update**

Several meetings were held with the SCARP Partners to identify potential projects for 2012 that will provide an immediate reduction in the peak wet weather flows. The Partners were in agreement to initiate these “low hanging fruit” projects that may require LCA capital funding but have not committed to the projects at this point. A decision was made by the Partners to consider the projects as part of their 2013 budget process.

Areas have been identified as needing CCTV work to determine the extent of the leakage and for determining the basis of rehabilitation. The total footage includes over 57,000 LF of pipe and is located in Upper Macungie Township and Lower Macungie Township with a few segments in Macungie Borough. The CCTV work is expected to be completed in 2012. Areas completed in Alburdis and Macungie Borough will be presented in early December.

The WLI Physical Condition Assessment of the Alburdis/Macungie Branch has been completed. The results and report were presented to LCA in May 22. Malcolm Pirnie is currently reviewing that CCTV work completed on three other areas of the WLI and the LLRI will provide the report later this year. LCA will decide on the method and schedule for rehabilitation of the areas identified through the PCA when the final reports are presented.

Keystone Consulting Engineers is the generating the population projections for the LCA service area to be used in the Level of Service modeling. It is expected that KCE will have the data to Malcolm Pirnie this month. Malcolm Pirnie expected to have the Level of Service modeling work done by the end of the year.

2. **Wastewater Treatment Capacity**

The Memo of Understanding (MOU) regarding working together on a joint Act 537 Plan with the City has not been received to date.

A kick-off meeting with the City and LCA 537 Plan team was held in late October. The team also had a meeting with the DEP to discuss the requirements of the Study. DEP is pleased that the City and LCA are working together.

The Communications Plan is being developed and a stake holder’s group is being discussed.

Talks with Coplay-Whitehall Sewer Authority and Salisbury Townships may result in the sale and/or lease of allocation. An offer was presented to Salisbury for consideration several months ago and LCA received a counter offer from the Manager from Salisbury. A meeting is scheduled with the Salisbury Manager to discuss LCA’s counter-offer.

3. Northern Lehigh Wastewater System

The project is proceeding in a number of areas:

Wastewater Treatment Plant (on a 5 acre tract at Kids Peace)

In March, LCA representatives met with NWT Supervisor, Steve Panny; Solicitor, Lisa Young; and Township Manager, Jeff Bartlett to discuss the Act 537 Plan. In summary, for the westside of Rt. 309 (the 1-5 year service area) LCA has agreed to limit the size of the WTP to 200,000 GPD which in essence reflects the need for this area. Any expansion beyond 200,000 GPD would require NWT approval).

For the eastside of Rt. 309, LCA has agreed to work with NWT in developing a solution for the wastewater treatment needs for this area, which may include one (or more) WTP(s) that discharge to the Coplay Creek. NWT has taken the lead on this effort, with LCA providing support and expertise. After which NWT would amend the Act 537 Plan.

On April 2, 2012 LCA submitted a Conditional Use application which was accepted by NWT. The Planning Commission at their May 22, 2012 meeting recommended the Conditional Use to the Board of Supervisors. After being continued seven times the Conditional Use hearing was closed on September 10, 2012. Final arguments were presented on Tuesday, September 18, 2012 after which the Supervisors granted approval of the Conditional Use with nine conditions. We have received the written decision from the Township. We must accept all conditions or the approval will be denied. The opposition, the Friends of the Jordan, has indicated that they will appeal the Township decision to Commonwealth Court. The Township will bear the burden of defending their decision; however LCA support will probably be necessary.

The total cost of the WTP including soft costs and Kids-Peace acquisition costs is estimated at \$4.69 million. We are currently evaluating various Wastewater Treatment Plant options to identify cost savings.

Offsite Conveyance Facilities (OSCF)

- a) Wal-Mart has stopped design of the necessary conveyance facilities, which includes gravity sewers, a pump station and force main to deliver the wastewater from their proposed development and other future wastewater customers to the wastewater treatment facilities until a cost sharing agreement is reached with LCA. Wal-Mart has proposed that LCA assume the responsibility of designing, permitting and constructing the OSCF, which is a change from the previous plan where Wal-Mart had the responsibility. Ongoing cost-sharing negotiations are still on hold while Wal-Mart internally reevaluates the proposed store's financial viability.

The construction cost of the conveyance facilities is estimated at \$1.354 million.

Kids Peace Agreement

- b) A revised amendment to the Agreement has been sent to KidsPeace. It primarily focuses the financial impact on the Jordan Creek Wastewater system because of KidsPeace's sale of the 101 Acre parcel to LCCC. The 101 Acre parcel was an integral economic component for LCA in the 2006 Agreement. We hope to resolve this issue by the end of December 2012.

4. Park Pump Station Improvements

Fuel Tank Replacement – Staff has received and is reviewing the plans for replacement of the fuel tank at the Park Pump Station. We are in the process of acquiring additional easement area from the COA for the tank. The project is anticipated to go to bid in 2013.

5. **LCA WTP- Truck Waste Receiving Station**

Truck Waste Receiving Station (TWRS):

The project will be advertised for bid on Wednesday, November 21, 2012. A mandatory pre-bid meeting will be held on December 7, 2012 with bids due on December 21, 2012. Capital Project and Professional Services Authorization Amendments and Contract Awards for the construction phase will be requested at the January 2013 Board workshop.

Digester Mixer Replacements:

Notice to proceed for the Construction Phase of the project was issued to both the General and Electrical contractors on October 8, 2012. OMI our WTP contract operator has encountered difficulty in draining the contents of first digester to facilitate mixer installation; as such the start of project has been tentatively delayed until February 2013 until the mixer can be properly drained. A non-monetary change order for extended time for the contractors will be executed.

PPL E-Power Customizable Energy Program:

Applications have been submitted for energy savings rebates and verification methodologies for both the Digester Mixer Replacements and Truck Waste Receiving Station. We are awaiting PPL approval of the methodologies for verifying electrical savings.

6. **Arcadia West WWTP Improvements**

After receiving approval from Pennvest, we have executed the contracts for General Construction (Contract 1) and Electrical Construction (Contract 2) and issued Notices to Proceed, with the start of the construction period beginning November 26. A pre-construction conference is scheduled with these contractors on December 6.

We will receive construction proposals for Contract 3, Mechanical and Plumbing Construction on December 5.

We are reviewing a revised funding offer from Pennvest. Loan closing will probably occur in February 2013

7. **Wynnewood Terrace Pump Station Replacement**

Cowan Associates, Inc. was awarded the design work associated with replacing the primary pump station in this development in North Whitehall Township. Field surveys and inspections were completed the week of October 22, 2012. Additional testing will be conducted to measurement the range of known flows through the facility.

8. **Vera Cruz Area Sewer Project** (Approval)

Construction was complete in June. PACT has closed out their portion of the project for a total earned amount of \$2.47 million, as approved by the Board in November. All 262 pumps for the project have been delivered to the project area. Six of these currently stored at the township building. As of the end of November, 245 out of 261 properties to be served have connected.

RESOLUTION No. 12-2012-1

(Duly adopted 10 December 2012)

A RESOLUTION REFLECTING THE ELIMINATION OF THE BUSINESS MANAGER POSITION AND EFFECTUATING THE REASSIGNMENT OF RESPONSIBILITIES OF THE BUSINESS MANAGER TO THE CHIEF FINANCIAL OFFICER; ALSO TRANSFERRING AUTHORITY TO EXECUTE FINANCIAL TRANSACTIONS FROM THE OPERATIONS MANAGER TO THE CAPITAL WORKS MANAGER.

WHEREAS, Lehigh County Authority (hereinafter the "Authority") Board of Directors (the "Board") periodically takes action designating particular staff positions to share in certain of its powers and responsibilities; and

WHEREAS, the position of Business Manager was created in 1974 and during the time since then the Board has taken various actions assigning specific Board duties and responsibilities to that position as well as granting authority to the Business Manager for certain actions on behalf of the Authority not necessarily Board duties; and

WHEREAS, the position of Business Manager will be eliminated with the retirement of the present Business Manager, Douglas D. Young, at the end of December 2012 and the duties of the Business Manager will then be assigned to the new position of Chief Financial Officer, who will assume all the duties and responsibilities of the Business Manager position; and

NOW THEREFORE, it shall be resolved that the administrative duties and responsibilities of the Business Manager shall be reassigned to the Chief Financial Officer, unless indicated differently, including without limitation, the following:

1. The Chief Financial Officer shall replace the Business Manager as staff authorized to execute payments, sanction telephonic/electronic monetary transfers and perform other financial transactions as provided in both sections of Article III of the Authority's By-Laws and in the appropriate Authority Financial Guidelines, as well as in all previous motions and resolutions passed by the Board authorizing certain persons to execute and perform financial transactions for the Authority that designated the Business Manager as a signer. Also the previous authorization in Resolution No. 4-2008-1 cited the Operations Manager as having signing authority, but at that time the Operations Manager and Capital Works Manager were the same person; this is no longer the situation. This resolution will also change that signing authority from the Operations Manager to the Capital Works Manager and ratify any prior situations where the Capital Works Manager may have signed in a financial transaction rather than the Operations Manager.

Consequently, hereafter the General Manager, Chief Financial Officer, Customer Care & Communications Manager and Capital Works Manager shall be designated signers.

2. There have been various Board actions that have authorized the General Manager and/or Business Manager to sign professional service authorizations, construction contracts, service contracts, legal documents, etc. and it is the Board's intent that those Board actions continue to be effective authorizations but substituting the Chief Financial Officer for the Business Manager as a signer.

3. In regard to the provisions of Resolution No. 2-97-2, the Chief Financial Officer shall replace the Business Manager as the alternative signer to execute documents of real estate transactions, including without limitation deeds of easement, rights-of-way and easement agreements, when the General Manager is absent.

4. In regard to the provisions of Resolution No. 11-2007-1, the Chief Financial Officer shall replace the Business Manager as the person, in addition to the General Manager, that is authorized to execute and deliver documents, and to take such further actions, as may be necessary or appropriate to support Authority involvement with Pennsylvania Municipal Health Insurance Cooperative ("PMHIC"), including approval of the adoption of the annual Summary of Benefits and Plan Document Summary documents provided by the PMHIC administrator. If the Chief Financial Officer is the signer of the document, the Customer Care & Communications Manager shall be authorized, in addition to the Solicitor, to attest to the Chief Financial Officer's signature.

5. The main body of Resolution No. 5-90-1 was revised by Resolution No. 4-2008-1 to read as follows: "The General Manager, Business Manager and Capital Works Manager are authorized to sign any and all documents necessary to meet requirements of governmental bodies or agencies, with such agencies, including but not limited to the Pennsylvania Department of Transportation, United States Environmental Protection Agency, the Pennsylvania Department of Environmental Protection, the Delaware River Basin Commission, and the Pennsylvania Turnpike Commission, as well as private entities requiring approvals for projects, including but not limited to Norfolk Southern Corporation, PPL Corporation and UGI Utilities, Inc., without further specific authority, and further authorizes the Customer Care & Communications Manager or the Solicitor to attest the same and attach the seal of the Authority thereto, if required. This shall not affect the ability of Authority engineers to sign and seal such documents when a professional engineer's signature is required." This language shall be amended once again to substitute the Chief Financial Officer for the Business Manager as a signer.

6. The Board action on 20 April 1993 in regard to employee participation in the Volunteer Network for Small Systems Assistance shall be revised so that if on-site employee assistance is conducted, it is required that the employee obtain permission from either the General Manager or Chief Financial Officer beforehand.

7. The Employee Manual is revised to reflect the Chief Financial Officer hereafter performing the duties and responsibilities previously assigned to the Business

Manager, including the change by Resolution No. 4-2008-1 dealing with workplace searches.

8. The Internet Use Policy shall be revised to have any permissions or guidance that was to be given by the Computer Systems Administrator or Business Manager, per Resolution No. 4-2008-1, to now be given by the Computer Systems Administrator or Chief Financial Officer.

9. The Board action on 12 July 2010 in regard to general authorization for the Authority to participate in the procurement of electricity through a purchasing program that has used a competitive bidding process, authorized the Business Manager as one of the parties to execute such an electricity purchase contract; which designated signer shall now be changed to the Chief Financial Officer.

10. The Business Manager's notification and recordkeeping responsibilities per the Commercial Driver's Licensees Drug & Alcohol Policy shall become the responsibility of the Chief Financial Officer.

11. This resolution is meant to broadly assign and transfer all duties and responsibilities of the Business Manager to the Chief Financial Officer and the specificity of the provisions above are not meant to diminish or limit that broad interpretation.

12. This resolution hereby supersedes and amends all previous actions taken by the Authority appointing the Business Manager to transact its matters, in particular superseding Resolution No. 11-2012-1, which is hereby rescinded.

On motion of _____, seconded by _____,
this resolution was adopted the 10th day of December 2012.



**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**UNAUDITED FINANCIAL STATEMENTS FOR
THE PERIOD
JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2012**

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**UNAUDITED FINANCIAL STATEMENTS
For the 9 Month Period Ended September 30, 2012**

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**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
For the 9 Month Period Ended September 30, 2012**

ASSETS

	Business-type Activities				Total		Business-type Activities	
	Water Fund		Wastewater Fund				Internal Service Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Assets:								
Cash and Cash Equivalents	\$ 3,833,340	\$ 3,497,300	\$ 6,168,633	\$ 5,273,410	\$ 10,001,973	\$ 8,770,710	\$ -	\$ -
Cash and Cash Equivalents Restricted	5,680,450	653,442	-	-	5,680,450	653,442	-	-
Certificates of Deposit	4,516,796	3,747,085	8,169,485	7,916,222	12,686,281	11,663,307	-	-
Accounts Receivable:								
Customers	1,319,427	1,220,842	2,935,115	2,261,472	4,254,542	3,482,314	-	-
Financing Contracts	3,600	1,600	389,504	296,449	393,104	298,049	-	-
Others	111,605	113,992	77,051	3,898	188,656	117,890	-	-
Due (to) from Other Funds	1,266,511	1,166,511	(1,266,511)	(1,166,511)	-	-	-	-
Inventory	31,421	58,344	-	-	31,421	58,344	-	-
Accrued Interest Receivable	7,395	2,592	15,676	33,691	23,071	36,283	-	-
Prepaid Expenses	17,019	16,956	49,048	44,296	66,067	61,252	139,977	128,796
Total Current Assets	<u>16,787,564</u>	<u>10,478,664</u>	<u>16,538,001</u>	<u>14,662,927</u>	<u>33,325,565</u>	<u>25,141,591</u>	<u>139,977</u>	<u>128,796</u>
Noncurrent Assets:								
Restricted:								
Cash and Cash Equivalents	251,991	617,387	-	-	251,991	617,387	-	-
Certificates of Deposit	2,039,017	10,178,404	-	-	2,039,017	10,178,404	-	-
Investments	2,982,616	2,140,466	-	-	2,982,616	2,140,466	-	-
Accrued Interest Receivable	3,649	16,424	-	-	3,649	16,424	-	-
Total Restricted Assets	<u>5,277,273</u>	<u>12,952,681</u>	<u>-</u>	<u>-</u>	<u>5,277,273</u>	<u>12,952,681</u>	<u>-</u>	<u>-</u>
Capital Assets:								
Land	1,371,679	1,271,926	1,275,707	1,219,423	2,647,386	2,491,349	-	-
Wells & Reservoirs	8,204,022	8,092,791	3,490,193	3,477,115	11,694,215	11,569,906	-	-
Transmission & Distribution Mains	59,308,122	58,563,339	-	-	59,308,122	58,563,339	-	-
Services & Hydrants	12,794,256	12,715,468	-	-	12,794,256	12,715,468	-	-
Building Structure & Appurtenances	19,882,087	19,541,660	47,439,177	46,932,339	67,321,264	66,473,999	64,724	64,724
Metering System	6,182,878	5,696,316	239,107	239,105	6,421,985	5,935,421	-	-
Interceptor & Collector Systems	-	-	26,632,209	26,617,751	26,632,209	26,617,751	-	-
Capacity	1,207,901	1,207,901	2,129,976	2,352,478	3,337,877	3,560,379	-	-
Equipment and Furnishings	4,796,177	4,402,074	18,148,638	17,991,989	22,944,815	22,394,063	487,719	487,719
Less Accumulated Depreciation	(25,744,401)	(23,446,231)	(21,771,022)	(16,719,689)	(47,515,423)	(40,165,920)	(535,304)	(514,005)
Construction in Progress	6,391,611	3,269,251	9,773,093	7,002,341	16,164,704	10,271,592	-	-
Total Capital Assets (Note 2)	<u>94,394,332</u>	<u>91,314,495</u>	<u>87,357,078</u>	<u>89,112,852</u>	<u>181,751,410</u>	<u>180,427,347</u>	<u>17,139</u>	<u>38,438</u>
Other Assets:								
Long-Term Portion of Receivables -								
Financing Contracts	-	-	3,015,474	1,903,563	3,015,474	1,903,563	-	-
Pension Asset	-	-	-	-	-	-	25,563	27,661
OPEB Trust Fund	1,401,531	1,501,340	-	-	1,401,531	1,501,340	-	-
Deferred Expenses and Other Assets (Net of Accumulated Amortization)	<u>1,011,715</u>	<u>1,097,856</u>	<u>662,699</u>	<u>220,957</u>	<u>1,674,414</u>	<u>1,318,813</u>	<u>-</u>	<u>-</u>
Total Other Assets	<u>2,413,246</u>	<u>2,599,196</u>	<u>3,678,173</u>	<u>2,124,520</u>	<u>6,091,419</u>	<u>4,723,716</u>	<u>25,563</u>	<u>27,661</u>
Total Assets	<u>\$118,872,415</u>	<u>\$117,345,036</u>	<u>\$ 107,573,252</u>	<u>\$ 105,900,299</u>	<u>\$ 226,445,667</u>	<u>\$ 223,245,335</u>	<u>\$ 182,679</u>	<u>\$ 194,895</u>

The accompanying notes are an integral part of the financial statements.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
For the 9 Month Period Ended September 30, 2011**

- LIABILITIES AND FUND EQUITY -

	Business-type Activities				Total		Business-type Activities	
	Water Fund		Wastewater Fund				Internal Service Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Liabilities:								
Accounts Payable - Trade	\$ 129,926	\$ 99,564	\$ 2,060,078	\$ 2,177,483	\$ 2,190,004	\$ 2,277,047	\$ 1,355	\$ 1,476
Accounts Payable - Capital	159,213	40,089	89,799	88,649	249,012	128,738		
Accrued Interest Payable	529,717	559,263	3,346	4,437	533,063	563,700		
Notes Payable	227,789	241,378	241,438	468,068	469,227	709,446		
Revenue Bonds Payable	1,115,056	885,000	222,733	-	1,337,789	885,000		
Developer Deposits and Other	400,907	426,352	2,950	2,950	403,857	429,302		
Accrued Payroll & Other	-	-	-	-	-	-	140,044	125,839
Total Current Liabilities	2,562,608	2,251,646	2,620,344	2,741,587	5,182,952	4,993,233	141,399	127,315
Noncurrent Liabilities:								
Developer Deposits and Other	2,982,616	2,140,466	-	-	2,982,616	2,140,466	-	-
Notes Payable	3,570,305	3,752,405	4,712,559	5,763,566	8,282,864	9,515,971	-	-
Revenue Bonds Payable (Net of Deferred Charge)	30,512,018	30,422,183	1,817,481	-	32,329,499	30,422,183	-	-
Total Noncurrent Liabilities	37,064,939	36,315,054	6,530,040	5,763,566	43,594,979	42,078,620	-	-
Total Liabilities	39,627,547	38,566,700	9,150,384	8,505,153	48,777,931	47,071,853	141,399	127,315
Net Assets:								
Invested in Capital Assets, Net of Related Debt	64,706,387	64,958,723	80,362,868	83,042,840	145,069,255	148,001,563	17,139	38,437
Restricted for Debt Service	2,273,157	2,182,277	-	-	2,273,157	2,182,277		
Restricted for Capital Projects								
Unrestricted	12,265,324	11,637,336	18,060,000	14,352,306	30,325,324	25,989,642	24,141	29,143
Total Net Assets	79,244,868	78,778,336	98,422,868	97,395,146	177,667,736	176,173,482	41,280	67,580
Total Liabilities and Net Assets	\$ 118,872,415	\$ 117,345,036	\$ 107,573,252	\$ 105,900,299	\$ 226,445,667	\$ 223,245,335	\$ 182,679	\$ 194,895

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the 9 Month Period Ended September 30, 2012

	Business-type Activities				Total		Business-type Activities	
	Water Fund		Wastewater Fund				Internal Service Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
OPERATING REVENUES:								
Reimbursement of Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,185,689	\$ 1,228,649
Charges for Services	5,143,746	4,783,657	11,565,073	10,836,301	16,708,819	15,619,958	-	-
Rent	97,079	84,922	-	-	97,079	84,922	-	-
Other Income	37,873	32,881	87,863	94,390	125,736	127,271	120	42
Total Operating Revenues	<u>5,278,698</u>	<u>4,901,460</u>	<u>11,652,936</u>	<u>10,930,691</u>	<u>16,931,634</u>	<u>15,832,151</u>	<u>1,185,809</u>	<u>1,228,691</u>
OPERATING EXPENSES								
Salaries and Wages	549,143	542,974	248,916	228,914	798,059	771,888	521,689	531,841
General and Administrative	661,537	706,467	337,430	312,040	998,967	1,018,507	455,723	462,276
Utilities	380,763	347,207	137,356	164,511	518,119	511,718	41,739	44,760
Materials and Supplies	146,846	177,481	80,858	50,459	227,704	227,940	28,401	43,870
Miscellaneous Services	733,588	755,384	3,688,428	3,437,098	4,422,016	4,192,482	136,979	135,228
Treatment and Transportation	-	-	4,066,994	4,364,637	4,066,994	4,364,637	-	-
Depreciation and Amortization	2,175,003	2,025,000	3,206,984	1,816,173	5,381,987	3,841,173	30,719	30,719
Total Operating Expenses	<u>4,646,880</u>	<u>4,554,513</u>	<u>11,766,966</u>	<u>10,373,832</u>	<u>16,413,846</u>	<u>14,928,345</u>	<u>1,215,250</u>	<u>1,248,694</u>
OPERATING INCOME (LOSS)	<u>631,818</u>	<u>346,947</u>	<u>(114,030)</u>	<u>556,859</u>	<u>517,788</u>	<u>903,806</u>	<u>(29,441)</u>	<u>(20,003)</u>
NONOPERATING REVENUES (EXPENSES):								
Tapping and Capital Recovery Fees	225,351	81,411	2,176,323	240,844	2,401,674	322,255	-	-
Meter Sales	69,369	63,818	-	-	69,369	63,818	-	-
Inspection and Plan Reviews	44,713	58,391	10,558	(16,163)	55,271	42,228	-	-
Interest Earnings	62,934	69,917	87,319	87,819	150,253	157,736	-	-
Interest Expense	(1,017,095)	(1,063,375)	(85,895)	(108,753)	(1,102,990)	(1,172,128)	-	-
Other Expense	(39,772)	(6,258)	(345,915)	(323,751)	(385,687)	(330,009)	-	-
Other Income	158,094	194,452	138,759	1,547	296,853	195,999	-	-
Total Nonoperating Revenues (Expenses)	<u>(496,406)</u>	<u>(601,644)</u>	<u>1,981,149</u>	<u>(118,457)</u>	<u>1,484,743</u>	<u>(720,101)</u>	<u>-</u>	<u>-</u>
CAPITAL CONTRIBUTIONS								
Capital Grant	-	298,300	582,094	385,229	582,094	683,529	-	-
Capital Assets Provided by Developers	-	(85,195)	-	23,680	-	(61,515)	-	-
Total Capital Contributions	<u>-</u>	<u>213,105</u>	<u>582,094</u>	<u>408,909</u>	<u>582,094</u>	<u>622,014</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	135,412	(41,592)	2,449,213	847,311	2,584,625	805,719	(29,441)	(20,003)
Net Assets at Beginning of Year	<u>79,109,456</u>	<u>78,819,928</u>	<u>95,973,655</u>	<u>96,547,835</u>	<u>175,083,111</u>	<u>175,367,763</u>	<u>70,721</u>	<u>87,583</u>
Net Assets at End of Year	<u>\$ 79,244,868</u>	<u>\$ 78,778,336</u>	<u>\$ 98,422,868</u>	<u>\$ 97,395,146</u>	<u>\$ 177,667,736</u>	<u>\$ 176,173,482</u>	<u>\$ 41,280</u>	<u>\$ 67,580</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the 9 Month Period Ended September 30, 2012**

		Post Retirement Health Fund	
		2012	2011
Assets			
	Investments	\$ 2,082,927	\$ 1,772,663
	Total Assets	\$ 2,082,927	\$ 1,772,663
Liabilities			
	Accounts Payable	-	-
	Funds Held in Escrow	-	-
	Total Liabilities	-	-
Net Assets Held in Trust for Employees'			
	Post Retirement Health Benefits (Note 8)	\$ 2,082,927	\$ 1,772,663

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the 9 Month Period Ended September 30, 2012**

	<u>Post Retirement Health Fund 2012</u>	<u>2011</u>
Additions:		
Contributions:		
Employer	-	-
Total Contributions	-	-
Investment Income:		
Net Appreciation in Fair Value of Investments	\$ 206,587	\$ (172,112)
Net Investment Income	206,587	(172,112)
Total Additions	206,587	(172,112)
Deductions:		
Reimbursement of Benefits Expense	31,289	29,635
Total Deductions	31,289	29,635
Net Increase	175,298	(201,747)
Net Assets Held in Trust for Employees' Post Retirement Health Benefits:		
Beginning of Year	1,907,629	1,974,410
End of Period	\$ 2,082,927	\$ 1,772,663

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**Selective Notes to the Financial Statements
For the 9 Month Period Ended September 30, 2012**

NOTE 1 - DEPRECIATION & AMORTIZATION

Depreciation and Amortization expenses do not take into account 2012 additions. In accordance with LCA policy, these costs will be depreciated on a 1/2 year basis at year-end.

NOTE 2 - CAPITAL ASSETS

Capital assets of the Authority as of September 30, 2012 consist of the following:

	<u>WATER FUND</u>	<u>WASTEWATER FUND</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE</u>
Non-depreciable Assets:				
Land	\$ 1,371,679	\$ 1,275,707	\$ 2,647,386	\$ -
Construction in Progress	<u>6,391,611</u>	<u>9,773,093</u>	<u>16,164,704</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>7,763,290</u>	<u>11,048,800</u>	<u>18,812,090</u>	<u>-</u>
Depreciable Assets:				
Wells and Reservoirs	8,204,022	3,490,193	11,694,215	-
Transmission and Distribution Mains	59,308,122	-	59,308,122	-
Services and Hydrants	12,794,256	-	12,794,256	-
Building Structure and Appurtenances	19,882,087	47,439,177	67,321,264	64,724
Metering System	6,182,878	239,107	6,421,985	-
Interceptor and Collector Systems	-	26,632,209	26,632,209	-
Capacity	1,207,901	2,129,976	3,337,877	-
Equipment and Furnishings	<u>4,796,177</u>	<u>18,148,638</u>	<u>22,944,815</u>	<u>487,719</u>
Total Capital Assets Being Depreciated	112,375,443	98,079,300	210,454,743	552,443
Less Accumulated Depreciation	<u>(25,744,401)</u>	<u>(21,771,022)</u>	<u>(47,515,423)</u>	<u>(535,304)</u>
Total Capital Assets, Net	<u><u>\$94,394,332</u></u>	<u><u>\$87,357,078</u></u>	<u><u>\$ 181,751,410</u></u>	<u><u>\$ 17,139</u></u>

NOTE 3 - INTERNAL SERVICE FUND

Reimbursement of expenditures includes reimbursement from other funds for Administrative Services, Employee Benefits and Offtime Benefits. An analysis is prepared at year-end to determine actual costs attributable to each fund. Final Internal Service Fund costs are incorporated into the water and wastewater funds for year-end financial reporting purposes.

NOTE 4 - CHARGES FOR SERVICES / TREATMENT AND TRANSPORTATION

Includes estimated wastewater bills to municipalities.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**Selective Notes to the Financial Statements
For the 9 Month Period Ended September 30, 2012**

NOTE 5 - WASTEWATER MISCELLANEOUS SERVICES

The major portion of the costs are related to payments to OMI as contract operator of the Authority's Wastewater Treatment Plant.

NOTE 6 - LONG TERM DEBT

Specific information on all long term debt is included in the 2011 year-end Audited Financial Statements.

NOTE 7 - NET ASSETS

The basic financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) is intended to reflect the portion of net assets that are associated with non-liquid, capital assets, less outstanding capital asset related debt. Restricted assets are liquid assets generated from revenues that have third-party (statutory, bond covenant or water user) limitation on their use. Unrestricted net assets are amounts that do not meet the definitions of "invested in capital assets" or "restricted assets" and are available for Authority operations.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

In April 2010, the Authority established an irrevocable trust fund with the International City Managers Association (ICMA) to pay for the future liability of retiree healthcare costs. A deposit of \$1,895,186, which represented the expected actuarially accrued liability as of January 1, 2010, was made to the account. Every six months the Authority seeks reimbursement from ICMA for its share of the costs expended.