

The logo for Lehigh County Authority features a stylized shield shape. The shield is divided into two main sections: a dark blue section on the left and a lighter blue section on the right. The shield is set against a dark blue background that transitions into a lighter blue background on the right side of the slide.

LEHIGH COUNTY AUTHORITY

2022 PROPOSED BUDGET

OCTOBER 11, 2021

2022
Proposed
Budget:

Review Topics

2022 Budget summary

Staff additions for strategic initiatives

Review of changes by fund

(changes from 9/27/2021 presentation)

Suburban Water rate review

Revenue & expense trends

Next steps

2022 Budget Summary – All Funds

	Budget	Forecast	Budget	Actual
	2022	2021	2021	2020
NET INCOME				
Suburban Water	2,094,223	1,139,599	183,548	456,932
Suburban Wastewater	1,788,879	1,361,873	1,175,879	2,724,420
City Division	<u>2,194,319</u>	<u>1,063,156</u>	<u>865,692</u>	<u>(4,289,352)</u>
Total LCA	<u>6,077,421</u>	<u>3,564,628</u>	<u>2,225,119</u>	<u>(1,108,000)</u>
CASH FLOWS				
Suburban Water	402,292	(1,325,787)	(3,490,153)	(3,715,921)
Suburban Wastewater	4,353,353	4,011,491	2,321,828	398,090
City Division	<u>5,439,552</u>	<u>3,017,494</u>	<u>4,663,547</u>	<u>2,036,188</u>
Total LCA	<u>10,195,197</u>	<u>5,703,198</u>	<u>3,495,222</u>	<u>(1,281,643)</u>
DEBT SERVICE COVERAGE RATIO				
Suburban Water	2.01	1.69	1.20	1.32
Suburban Wastewater	10.82	11.60	9.54	11.95
City Division	1.86	1.73	1.66	1.45
CAPITAL SPENDING				
Suburban Water	5,487,500	3,628,033	4,190,000	5,063,707
Suburban Wastewater	2,870,000	3,738,195	3,921,800	8,336,452
City Division	<u>11,265,000</u>	<u>8,340,673</u>	<u>8,877,500</u>	<u>4,158,796</u>
Total LCA	<u>19,622,500</u>	<u>15,706,901</u>	<u>16,989,300</u>	<u>17,558,955</u>

2022 Budget Summary – All Funds

RESERVES SUMMARY	Sub. Water	Sub. Wastewater	City Division	Total
Operations Cash + Investments				
Operations Cash	4,277,520	8,147,829	14,389,739	26,815,088
Operations Investments	<u>1,497,825</u>	<u>5,387,746</u>	<u>-</u>	<u>6,885,571</u>
Total Operations	<u>5,775,345</u>	<u>13,535,575</u>	<u>14,389,739</u>	<u>33,700,659</u>
Days Cash + Investments on Hand	<u>209</u>	<u>372</u>	<u>208</u>	<u>269</u>
Project Cash + Investments				
Cash	2,042,457	7,672,019	169,980	9,884,456
Investments	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total Project	<u>3,042,457</u>	<u>8,672,019</u>	<u>169,980</u>	<u>11,884,456</u>
TOTAL	<u>8,817,802</u>	<u>22,207,594</u>	<u>14,559,719</u>	<u>45,585,115</u>



Staffing for Strategic Initiatives

LCA Strategic Plan Preview

Staff Additions

Strategic Plan – Preview

Critical Feedback Received

- Employees, Board & External Stakeholders
- In the years ahead, LCA should focus on:
 - Continuous improvement
 - Employee development and training
 - Infrastructure / asset management
 - Standardizing our approaches and processes
 - Demonstrating leadership in our industry / region
 - And much more!

Strategic Plan – Preview

Next Steps

- Finalizing staff-level implementation approach
 - Develop meaningful metrics
 - More Board discussion (October/November)
 - Plan approval (November/December)
-
- However, solid framework is in place!
 - Resources needed to move forward in 2022

2022 Staffing Changes - Proposed

Support for
Strategic
Priorities

Employee Development

Process Improvement

Asset Management

Existing staff has limited capacity to make progress in these areas – but they are critical for LCA’s long-term success!

2022 Budget Impact = \$349,000 (salary & benefits, spread across all funds as an “Internal Service” expense)

Staff Addition # 1:

Employee Development

Strategic Priority: Employee Engagement & Safety
Supportive of all other LCA priorities!

Support for LCA's Strategic Priorities:

- Conduct job evaluations, develop training requirements
- Evaluate training resources for cost-effectiveness and quality
- Ensure compliance with licensing requirements
- Track training needs, training received, and program effectiveness
- Develop in-house training resources
- Deliver training to employees (e.g. drug/alcohol awareness, supervisory policy training, safety, train-the-trainer programs)
- Support development of SOPs and other knowledge capture tools

Staff Addition # 1:

Employee Development

Key Benefits / Results Expected:

- Standardization of LCA's employee training program
- Increased accountability for training (quality and cost-effectiveness)
- Increased employee job satisfaction and retention
- Increased productivity & cross training
- Increased opportunity for internal advancement (bench strength)

Staff Addition # 2:

Process Improvement

Strategic Priority:

Operational Excellence
Customer Engagement & Support
Financial Stewardship
Employee Engagement & Safety

Support for LCA's Strategic Priorities:

- Evaluate and prioritize process improvement opportunities
- Work across all departments to design and implement process improvements
- Create organizational focus on eliminating complex, manual processes
- Evaluate LCA practices against industry best practices
- Create process maps and other tools to help LCA teams identify and eliminate inefficiencies
- Quantify and report on cost-savings, quality improvements, and other benefits associated with process improvement

Process Improvement

Examples / Opportunities:

- Manual, complex time-recording system
- Manual, paper-based customer service dispatching system
- Sewer signatory billing process
- Duplicative / non-standardized regulatory and operational reporting
- Approximately 100 other small and large process improvement opportunities identified!

Staff Addition # 2:

Process Improvement

Key Benefits / Results Expected:

- Efficiency improvements (can be quantified for each process improvement opportunity)
- Opportunity to reduce (or repurpose) headcount
- Faster, more consistent regulatory and operational reporting
- Reduced risk of institutional knowledge loss
- Increased customer satisfaction (enhanced responsiveness)
- Increased employee satisfaction
- Increased return on investment in technology

Staff Addition # 3:

Asset Management

Strategic Priority: Operational Excellence
 System Capacity & Reliability

Support for LCA's Strategic Priorities:

- Develop a standardized asset management approach for all LCA systems
- Coordinate asset management activities across the organization
- Standardize data collection on asset condition and risk
- Develop preventive and predictive maintenance strategies
- Develop asset replacement strategies that optimize asset life cycle costs
- Identify and incorporate best management practices for utility asset management

Staff Addition # 3:

Asset Management

Key Benefits / Results Expected:

- Decrease in system failures and reduced regulatory risk
- Lower cost for emergency response / faster response to emergencies
- Increased organizational capacity for data-driven decision-making (capital and operational priorities)
- Optimized asset life cycle costs
- Improved service to customers (enhanced system reliability)
- Increased accuracy of long-range capital planning and operational expense forecasting

2022 Staff Additions

Discussion / Questions?



2022 Proposed Budget

Changes by Fund since 9/27/2021 Review
Suburban Water rates

Suburban Water - Changes

Budget Overview	SUBURBAN WATER		
	Current	Previous	Change
Operating, Non-Operating & Other Revenue	16,337,883	16,337,883	-
Operating Expenses (net of depreciation)	10,064,906	10,064,906	-
Net Revenues Available for Debt Service	6,272,977	6,272,977	-
Debt Service	3,125,490	3,125,490	-
Debt Service Coverage Ratio (indenture based)	2.01	2.01	-
Capital Budget Overview			
Capital Spending	5,487,500	5,487,500	-
Funding from 2022 Revenue & Operating Reserves	2,412,500	2,412,500	-
Funding from Existing Project Reserves	-	-	-
Funding from New Borrowing	3,075,000	3,075,000	-
Year-End Project Reserve Balance	-	-	-
Total Cash Flow	Current	Previous	
Beginning Operations Cash Balance (2021 forecast)	3,875,228	3,875,228	-
2022 Surplus (deficit)	2,814,792	2,814,792	-
Provided From (To) Capital	(2,412,500)	(2,412,500)	-
Ending Operations Cash Balance	4,277,520	4,277,520	-
Operating Days Cash on Hand	155	155	-
Project Reserve Balance	2,042,457	2,042,457	-
Other Reserves & Investments (includes restricted)	8,811,994	8,811,994	-
Ending Total Fund Balance - 2022 Budget	15,131,971	15,131,971	-
Ending Total Fund Balance - 2021 Forecast	14,729,679	14,729,679	
2022 Cash Flows	402,292	402,292	-

Suburban Water – Cash Flows

	Budget	Forecast	Budget	Actual
CONDENSED CASH FLOWS	2022	2021	2021	2020
Operating Revenues	16,287,758	13,325,173	12,742,423	11,832,779
Operating Expenses (ex. D&A)	(10,064,906)	(8,063,842)	(8,641,175)	(7,266,081)
Non-Operating Revenues (Expenses)	50,125	49,142	94,327	84,958
Net Available for Debt Service	6,272,977	5,310,474	4,195,575	4,651,656
Debt Service	(3,125,490)	(3,134,360)	(3,499,146)	(3,537,234)
Non-Cash Working Capital Changes	(332,695)	126,132	18	(190,730)
Net Available for Capex	2,814,792	2,302,246	696,447	923,692
Investing	-	-	-	404,318
Borrowing	3,075,000	-	-	-
Capex, net of MM	(5,487,500)	(3,628,033)	(4,186,600)	(5,043,931)
NET CASH FLOWS	402,292	(1,325,787)	(3,490,153)	(3,715,921)
	Budget	Forecast	Budget	Actual
KEY METRICS	2022	2021	2021	2020
Operating Ratio with D&A	1.25	1.21	1.13	1.16
Debt Service Coverage Ratio	2.01	1.69	1.20	1.32
Capital Coverage Ratio	0.57	0.60	0.17	0.22
Unrestricted Days Cash on Hand	229.19	267.86	135.62	363.86
Unrestricted Investment Balances	2,497,825	2,497,825	3,136,930	2,497,825

Suburban Water

2022 Rate Review

Looking Ahead – Future Expenses

- Water Purchase Costs from Allentown
 - Increase of \$754,000 in 2022 (36% increase)
 - Resumption of Water Filtration Plant pay-go capital (work reduced 2016-2020 due to financial constraints)
 - Future cost increases expected to stabilize
 - 12% expected increase in 2024 for other Major Capital Improvements (filter project, VFD project)

	Budget	Estimated				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Suburban Water Purchase Amount (GPD)	7,750,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Water Purchase Cost	\$ 3,117,305	\$ 3,220,830	\$ 3,613,078	\$ 3,706,142	\$ 3,801,998	\$ 3,900,730
Cost Increase		3.3%	12.2%	2.6%	2.6%	2.6%

Looking Ahead – Future Expenses

- Suburban Water – Capital Improvements
 - Program shift toward annual Repair and Replacement
 - Borrowing for R&R is allowable, but pay-go is preferred

<u>New Facilities / Studies*</u>	<u>2022 Capital Budget</u>
Upper System Pump Station and Water Main Extension	\$ 200,000
Fixed Base Metering Reading System	\$ 100,000
CLD Well Improvements and Capacity Study	\$ 100,000
Additional (Redundant) Water Supply - Small Satellite Divisions	\$ 50,000
North Whitehall Division System Improvements - Study Phase	\$ 25,000
Total New Facility Projects	\$ 475,000
<u>Repair & Replacement</u>	<u>2022 Capital Budget</u>
Water Main Replacement Projects	\$ 2,400,000
Annual Projects	\$ 662,500
Water Meter Replacement Program	\$ 450,000
Arcadia Water Tank Replacement	\$ 400,000
Total Repair & Replacement Projects	\$ 3,912,500

** Water Supply studies may result in projects that would be appropriate for future borrowing*

Calculation of 2022 Revenue Requirements

USER CHARGE REQUIREMENT	2022
Operating Expenses - ex D&A	10,064,906
Non-Operating Rev	(50,125)
System & Connection Revenues	(966,554)
Debt Service - Existing debt	3,125,490
Debt Service - New Debt	92,250
Debt Service Coverage	643,548
Pay-Go Capex	2,412,500
TOTAL USER CHARGE REQUIREMENT	15,322,015
PY User Charges	12,363,189
Increase %	23.93%



Suburban Water – 2022 Rate Discussion

- 2022 Revenue Increase of \$2,958,826 = 24%
- Capital funding from operations (\$2,412,500) makes up 82% of the revenue increase
- Continued borrowing required to fully fund capex
- Assuming 2% sales growth in 2022

-
- **Option 1** – 2022 Rate Impact, lower increases in future
 - **Option 2** – Phased-In Approach, borrow more in next 5 years

Option 1 – 2022 Rate Impact

CONDENSED CASH FLOW - SUBURBAN WATER										
US DOLLARS	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
User Charges	16,275,841	17,333,771	18,460,466	19,660,396	20,938,322	21,147,705	21,359,182	21,572,774	21,788,502	22,006,387
Other Operating Revenues	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724
Non-Operating Revenues	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	806,129	806,129	806,129	806,129	806,129
Operating expenses	(10,376,860)	(10,983,788)	(11,297,972)	(11,621,582)	(11,954,902)	(12,410,407)	(12,879,578)	(13,362,825)	(13,860,568)	(14,373,245)
Debt Service - Current Debt	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)
Debt Service - NEW Debt	(137,299)	(274,597)	(274,597)	(274,597)	(274,597)	(274,597)	(274,597)	(274,597)	(274,597)	(274,597)
Proceeds From NEW Debt	3,782,000	-	-	-	-	-	-	-	-	-
Capex - Total	(6,782,000)	(5,006,500)	(4,362,500)	(6,054,500)	(3,737,500)	(5,100,000)	(5,100,000)	(5,100,000)	(5,100,000)	(5,100,000)
NET FUND FLOWS	691,596	(1,001,200)	455,311	(360,369)	2,901,237	1,082,064	824,370	554,715	272,700	(22,092)
User Charge Rate Increase %	5.50%	5.50%	5.50%	5.50%	5.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Cash Balance	5,117,356	5,416,663	5,571,603	5,731,191	5,895,568	6,120,201	6,351,573	6,589,886	6,835,349	7,088,175
Days on Hand	180	180	180	180	180	180	180	180	180	180
Project Reserve Balance	1,894,218	593,711	894,081	374,124	3,110,984	3,968,414	4,561,412	4,877,813	4,905,051	4,630,133
Debt Service Coverage Ratio	2.13	2.18	2.42	2.67	2.95	2.82	2.74	2.66	2.58	2.49

Option 2 – Phased-In Approach

CONDENSED CASH FLOW - SUBURBAN WATER										
US DOLLARS	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
User Charges	14,293,276	15,436,738	16,671,677	18,005,411	19,445,844	20,126,449	20,830,875	21,559,956	22,314,554	23,095,563
Other Operating Revenues	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724	38,724
Non-Operating Revenues	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680	1,016,680
Operating expenses	(10,376,860)	(10,983,788)	(11,297,972)	(11,621,582)	(11,954,902)	(12,410,407)	(12,879,578)	(13,362,825)	(13,860,568)	(14,373,245)
Debt Service - Current Debt	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)	(3,125,490)
Debt Service - NEW Debt	(230,505)	(488,671)	(652,138)	(726,219)	(865,111)	(865,111)	(865,111)	(865,111)	(865,111)	(865,111)
Proceeds From NEW Debt	5,782,000	3,006,500	1,362,500	2,554,500	-	-	-	-	-	-
Capex - Total	(6,782,000)	(5,006,500)	(4,362,500)	(6,054,500)	(3,737,500)	(5,100,000)	(5,100,000)	(5,100,000)	(5,100,000)	(5,100,000)
NET FUND FLOWS	615,825	(105,807)	(348,520)	87,523	818,245	(319,155)	(83,900)	161,934	418,789	687,121
User Charge Rate Increase %	7.00%	7.00%	7.00%	7.00%	7.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Cash Balance	5,117,356	5,416,663	5,571,603	5,731,191	5,895,568	6,120,201	6,351,573	6,589,886	6,835,349	7,088,175
Days on Hand	180	180	180	180	180	180	180	180	180	180
Project Reserve Balance	1,857,981	1,452,867	949,407	877,342	1,531,210	987,422	672,150	595,770	769,096	1,203,391
Debt Service Coverage Ratio	1.48	1.52	1.70	1.93	2.14	2.15	2.20	2.27	2.33	2.40

Summary Comparison – 10-Year Outlook

	Option 1	Option 2
	2022 Rate Impact	Phased-In Approach
	10-Year Forecast	10-Year Forecast
2022 Rate Impact	22.0%	7.0%
Average Rate Impact 2023-2027	5.5%	7.0%
Average Rate Impact 2028-2032	0.0%	2.5%
Cumulative Rate Impact (2022-2032)	49.5%	54.5%
Operating Cash Balance (2032)	\$7,088,175	\$7,088,175
Days Cash on Hand	180	180
Cumulative Capital Improvements (2023-2032)	\$51,443,000	\$51,443,000
New Borrowing for Capital Improvements	\$3,782,000	\$12,705,500
Annual Debt Service	\$3,400,087	\$3,990,601
Project Reserve Balance	\$4,630,133	\$1,203,391
Debt Service Coverage Ratio	2.49	2.40

Water Rate Design Elements

- Fixed Charge -
 - Captures fixed expenses
 - Higher percentage of residential bill is in fixed charge
- Declining Block Rate (Large Users) -
 - Captures variable costs based on volume
 - Higher percentage of industrial users' bill is in the volume charge
- Distributing expenses to all users requires different increases in fixed vs. volume charge

2022 Proposed Rates (Option 1) balanced to achieve revenue targets included in preliminary budget

Proposed Fixed Charge (Option 1)

	2021	2022
Meter Size:	Current Charge	Proposed Charge
<u>Quarterly</u>		
5/8" & 3/4"	\$20.05	\$31.30
1"	\$35.54	\$55.48
<u>Monthly</u>		
1-1/2"	\$26.93	\$42.04
2"	\$37.27	\$58.18
3"	\$67.29	\$105.05
4"	\$98.64	\$154.00
6"	\$184.83	\$288.54
8"	\$287.15	\$448.27
10"	\$404.23	\$631.04

Other Water Utility Fixed Charges

Water Utility	Quarterly Fixed Charge
Borough of Emmaus	\$17.00
LCA-Suburban Common Rates – Current	\$20.05
Easton Suburban Water Authority	\$23.00
Lower Nazareth Township Authority	\$23.00
Capital Region Water (Harrisburg)	\$23.79
City of Bethlehem	\$24.75
Upper Saucon Township	\$25.00
South Whitehall Township	\$25.00
LCA-Suburban Common Rates – 2022 Proposed	\$31.30
Northampton Borough Municipal Authority	\$36.00
Borough of Macungie	\$37.07
AWWA 2021 Water Rate Study – National Average	\$40.41
PA American	\$49.50
Aqua America	\$54.00
Borough of Kutztown	\$58.74
LCA-Allentown Division – 2022 Lease Rate	\$60.81

Proposed Volume Charge (Option 1)

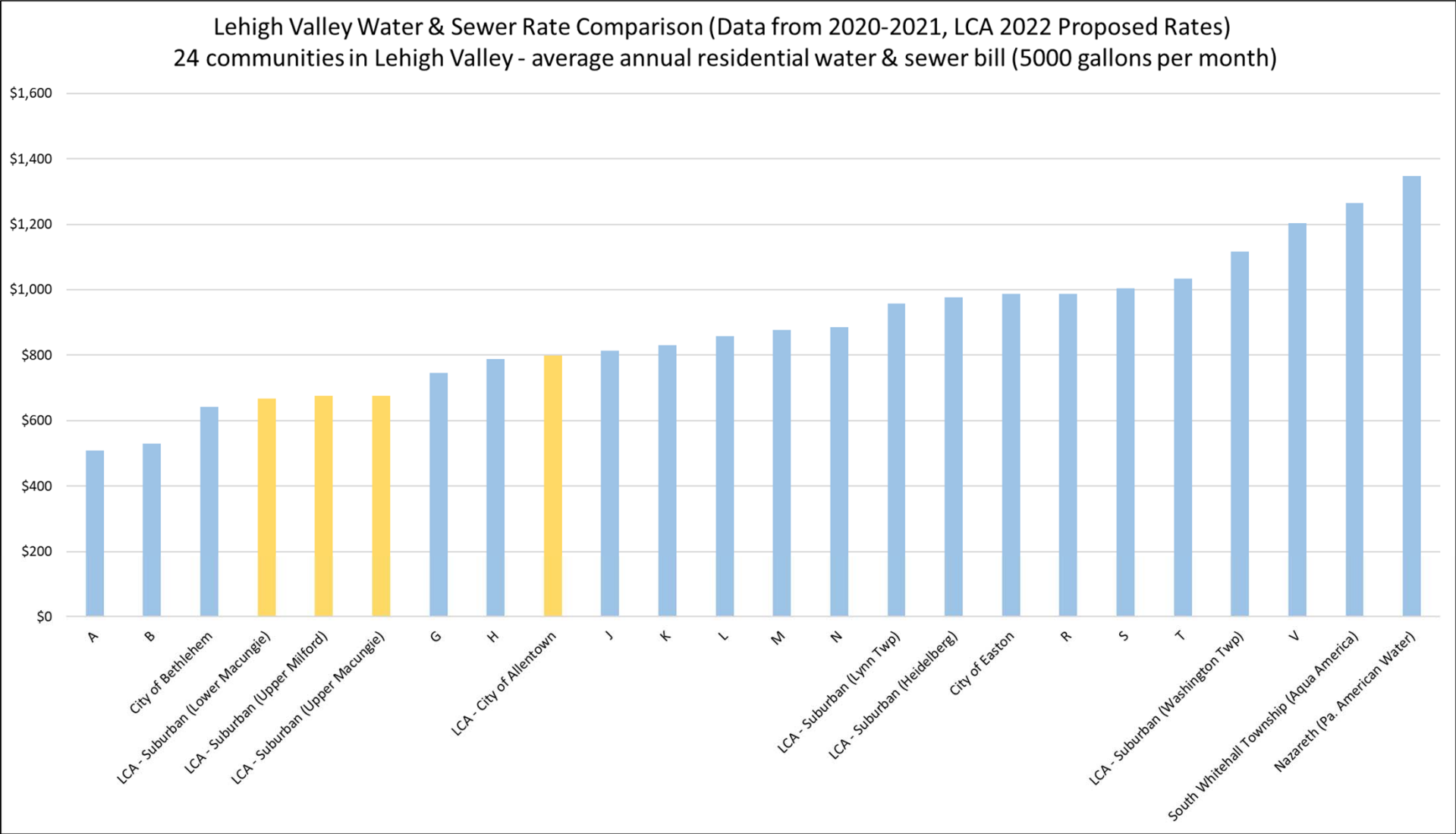
	2021 Current Rate	2022 Proposed Rate
Volume Rate Block (monthly usage)	Rate/1000 Gallons	Rate/1000 Gallons
0-40,000	\$2.76	\$3.26
41,000-1,000,000	\$2.68	\$3.17
1,001,000-9,000,000	\$2.33	\$2.75
9,001,000-58,000,000	\$2.01	\$2.38
>58,000,000	\$1.82	\$2.15

Summary of Impacts (Option 1)

- Average Residential Customer:
 - \$18.75 per quarter or \$75 per year
- Large commercial / industrial customers: impact varies depending on usage*
- All customers: impact is between 18-30% depending on usage

**Large industrial users were notified of Option 1 rate proposal on 10/5/2021.*

Comparative Rates in Lehigh Valley (Option 1)



What about Option 2 (Phased-In Approach)?

- All 2022 rates shown in Option 1 would be reduced proportionately to achieve 7% increase (vs. 22%)
- Average Residential Customer Impact:
 - \$5.40 per quarter or \$22 per year
- Large commercial / industrial customers:
 - Impact varies depending on usage
- All customers:
 - Impact is between 5-9% depending on usage



LCA Board Discussion

- ***Final 2022 Budget proposal will include rate approach discussed today!***
- Should R&R capital (or depreciation as proxy) be funded through user rates?
- Is a larger upfront increase appropriate to achieve greater long-term financial stability?
- Is \$75 per year too high of an increase for an average residential customer?
- How to address largest users who face 6-figure increases in water costs?
- Is a phased-in rate approach more acceptable, with higher borrowing over time for R&R capital projects?

Suburban Water Rates

Discussion / Questions?

Suburban Wastewater - Changes

Budget Overview	SUBURBAN WASTEWATER		
	Current	Previous	Change
Operating, Non-Operating & Other Revenue	21,247,517	20,642,002	605,515
Operating Expenses (net of depreciation)	13,288,362	13,201,164	87,198
Net Revenues Available for Debt Service	7,959,155	7,440,838	518,317
Debt Service	735,802	735,802	-
Debt Service Coverage Ratio (indenture based)	10.82	10.11	-
Capital Budget Overview			
Capital Spending	2,870,000	2,870,000	-
Funding from 2022 Revenue & Operating Reserves	2,870,000	2,870,000	-
Funding from Existing Project Reserves	-	-	-
Funding from New Borrowing	-	-	-
Year-End Project Reserve Balance	7,672,019	7,672,019	-
Total Cash Flow			
Beginning Operations Cash Balance (2021 forecast)	3,794,475	3,794,475	-
2022 Surplus (deficit)	7,223,353	6,705,036	518,317
Provided From (To) Capital	(2,870,000)	(2,870,000)	-
Ending Operations Cash Balance	8,147,828	7,629,511	518,317
Operating Days Cash on Hand	224	211	13
Project Reserve Balance	7,672,019	7,672,019	-
Other Reserves & Investments (includes restricted)	6,725,950	6,725,950	-
Ending Total Fund Balance - 2022 Budget	22,545,797	22,027,480	518,317
Ending Total Fund Balance - 2021 Forecast	18,192,445	18,192,445	
2022 Cash Flows	4,353,352	3,835,035	518,317

Suburban Wastewater – Cash Flows

	Budget	Forecast	Budget	Actual
CONDENSED CASH FLOWS	2022	2021	2021	2020
Operating Revenues	21,159,552	20,911,781	20,032,585	19,764,968
Operating Expenses (ex. D&A)	(13,288,362)	(13,516,970)	(14,248,398)	(11,105,203)
Non-Operating Revenues (Expenses)	87,965	86,240	190,471	193,926
Net Available for Debt Service	7,959,155	7,481,051	5,974,657	8,853,692
Debt Service	(735,802)	(731,365)	(731,029)	(741,773)
Non-Cash Working Capital Changes	-	83,837	-	(701,907)
Net Available for Capex	7,223,353	6,833,523	5,243,628	7,410,012
Investing	-	-	-	1,369,530
Borrowing	-	-	-	-
Capex	(2,870,000)	(2,822,032)	(2,921,800)	(8,381,452)
NET CASH FLOWS	4,353,353	4,011,491	2,321,828	398,090
	Budget	Forecast	Budget	Actual
KEY METRICS	2022	2021	2021	2020
Operating Ratio with D&A	1.10	1.07	1.06	1.16
Debt Service Coverage Ratio	10.82	11.60	9.54	11.95
Capital Coverage Ratio	2.52	2.07	1.59	0.97
Unrestricted Days Cash on Hand	434.53	334.37	330.27	245.03
Unrestricted Investment Balances	6,387,746	6,387,746	7,757,276	6,387,746

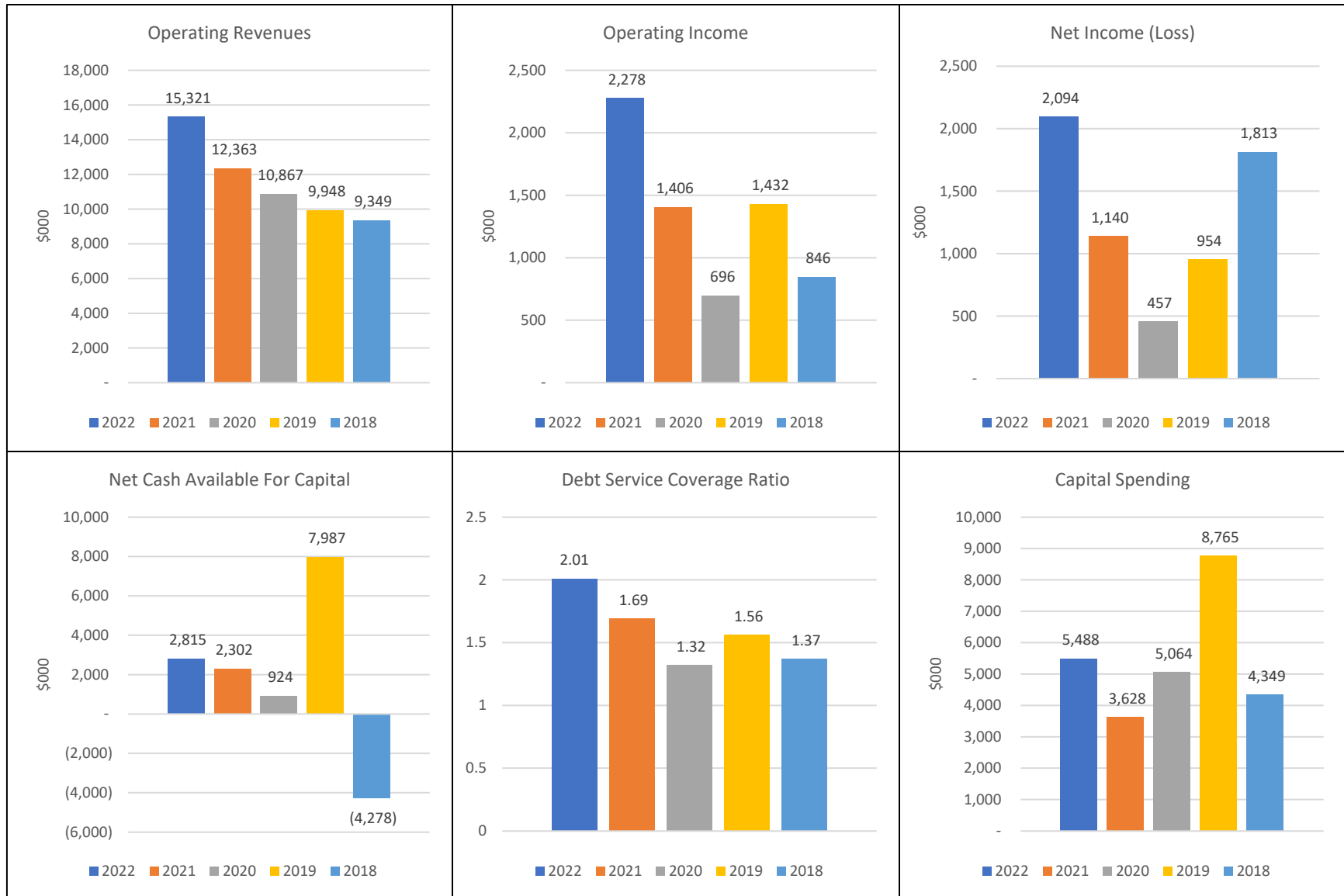
City Division - Changes

Budget Overview	CITY DIVISION		
	Current	Previous	Change
Operating, Non-Operating & Other Revenue	51,120,578	50,929,613	190,965
Operating Expenses (net of depreciation)	22,297,092	22,297,092	-
Net Revenues Available for Debt Service	28,823,486	28,632,521	190,965
Debt Service	15,460,362	15,460,362	-
Debt Service Coverage Ratio (indenture based)	1.86	1.85	0.01
Capital Budget Overview			
Capital Spending	11,265,000	11,215,000	50,000
Funding from 2022 Revenue & Operating Reserves	5,858,800	5,808,800	50,000
Funding from Existing Project Reserves	4,206,200	4,206,200	-
Funding from New Borrowing	1,200,000	1,200,000	-
Year-End Project Reserve Balance	169,980	169,980	-
Total Cash Flow			
Beginning Operations Cash Balance (2021 forecast)	8,950,187	8,950,187	-
2022 Surplus (deficit)	11,298,352	11,107,387	190,965
Provided From (To) Capital	(5,858,800)	(5,808,800)	(50,000)
Ending Operations Cash Balance	14,389,739	14,248,774	140,965
Operating Days Cash on Hand	208	206	2
Project Reserve Balance	169,980	169,980	-
Other Reserves & Investments (includes restricted)	55,392,868	55,392,868	-
Ending Total Fund Balance - 2022 Budget	69,952,587	69,811,622	140,965
Ending Total Fund Balance - 2021 Forecast	64,513,035	64,513,035	
2022 Cash Flows	5,439,552	5,298,587	140,965

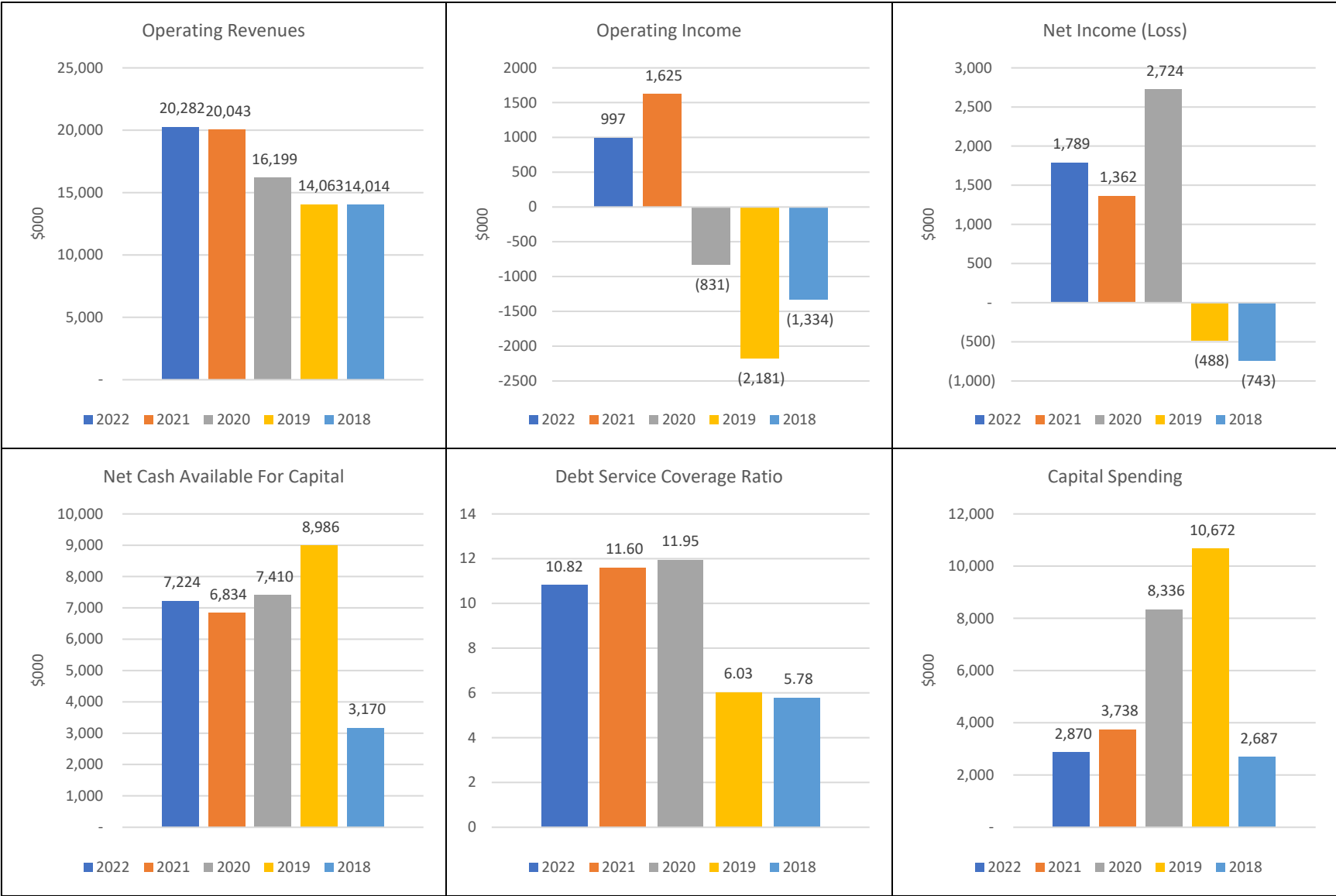
City Division – Cash Flows

	Budget 2022	Forecast 2021	Budget 2021	Actual 2020
CONDENSED CASH FLOWS				
Operating Revenues	50,944,159	46,205,139	46,003,744	40,803,338
Operating Expenses (ex. D&A)	(25,272,692)	(22,453,296)	(21,882,064)	(19,793,241)
Non-Operating Revenues (Expenses)	176,419	172,960	172,960	162,075
Annual Payments	(1,230,600)	(1,230,600)	(1,230,600)	(533,258)
Net Available for Debt Service	24,617,286	22,694,203	23,064,040	20,638,914
Debt Service	(15,460,362)	(15,565,444)	(14,225,917)	(12,893,413)
Non-Cash Working Capital Changes	2,141,428	23,208	50,000	(1,550,517)
Net Available for Capex	11,298,352	7,151,967	8,888,123	6,194,984
Investing	-	-	-	-
Borrowing	1,200,000	-	2,000,000	-
Capex	(7,058,800)	(4,134,473)	(6,224,576)	(4,158,796)
NET CASH FLOWS	5,439,552	3,017,494	4,663,547	2,036,188
	Budget 2022	Forecast 2021	Budget 2021	Actual 2020
KEY METRICS				
Operating Ratio with D&A	1.62	1.62	1.66	1.46
Debt Service Coverage Ratio	1.86	1.73	1.66	1.45
Capital Coverage Ratio	1.19	1.36	1.06	1.69
Unrestricted Days Cash on Hand	210.28	148.26	330.41	28.55
Unrestricted Investment Balances	-	-	-	-

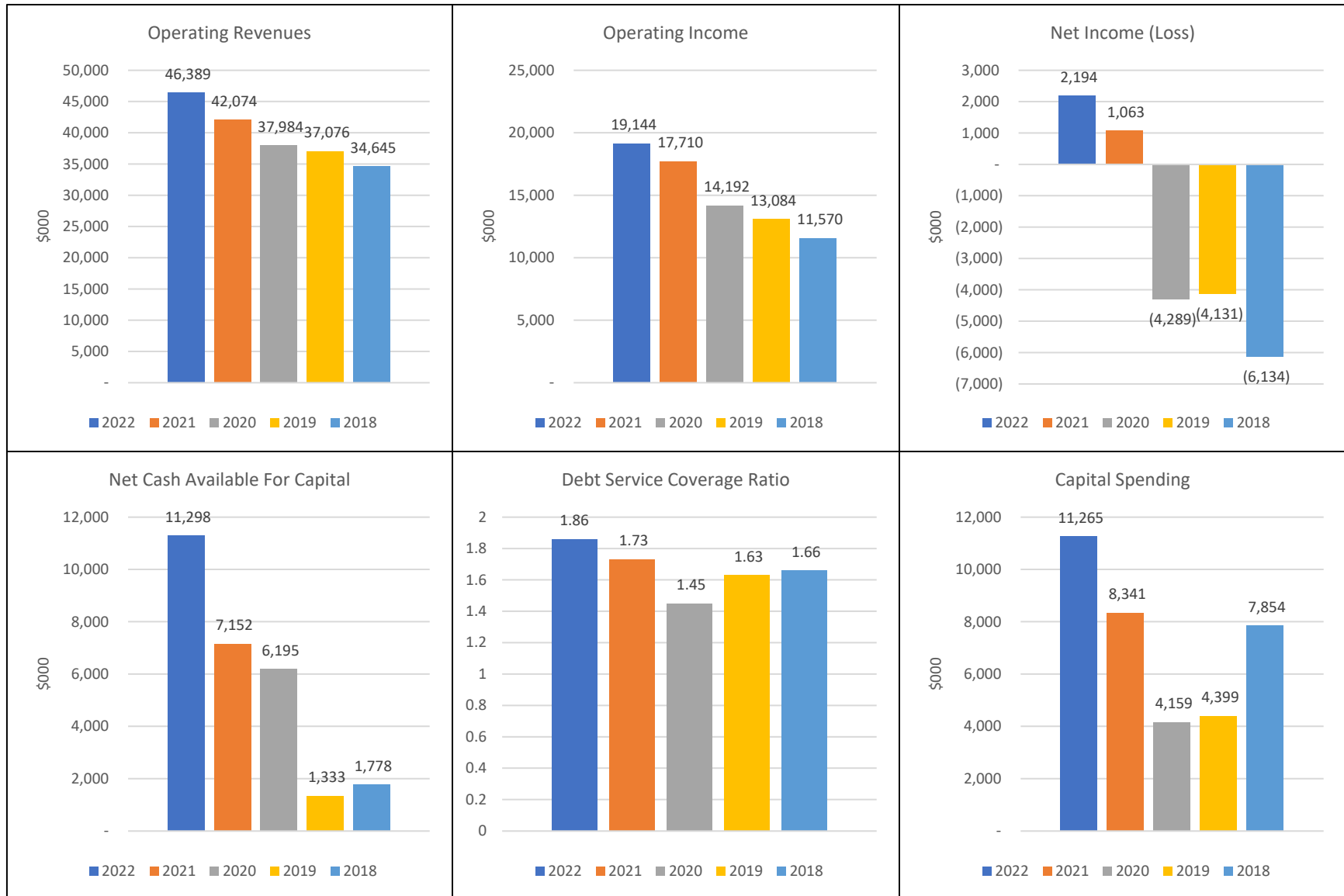
Dashboard – Suburban Water



Dashboard – Suburban Wastewater



Dashboard – City Division



Next Steps:

Western Lehigh User Charge Report - today

Suburban Water Industrial Customer Communication – October

City Review of Allentown Division Rates – October

Proposed 2022 Rates Published on Website – October

Budget Approval – 10/25/2021

Budget Approval Deadline – 11/1/2021

Rate Adoption – 11/8/2021

Tapping Fees – December

Discussion
&
Questions

