

Lehigh County Authority
2019 Preliminary Budget

09-24-2018

SUMMARY

2019 Preliminary Budget - Summary

Budget Overview	Sub. Water	Sub. Wastewater	City Division	Total
Operating, Non-Operating & Other Revenue	\$10,876,588	\$16,389,964	\$37,176,802	\$64,443,354
Operating Expenses (net of depreciation)	\$6,421,054	\$11,354,896	\$18,270,913	\$36,046,863
Revenues Available for Debt Service	\$4,455,534	\$5,035,068	\$18,905,889	\$28,396,491
Debt Service	\$3,191,702	\$684,476	\$14,956,576	\$18,832,754
Debt Service Coverage Ratio (indenture based)	1.40	7.36	1.26	1.51
Capital Budget Overview	Sub. Water	Sub. Wastewater	City Division	Total
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	\$0	\$0	\$6,570,850
Funding from New Borrowing	\$0	\$0	\$0	\$0
Year-End Project Reserve Balance	\$1,740,011	\$1,139,670	\$2,669,949	\$5,549,630
Total Cash Flow	Sub. Water	Sub. Wastewater	City Division	Total
Beginning Operations Cash Balance (2018 forecast)	\$4,854,240	\$6,072,409	\$1,419,518	\$12,346,167
2019 Surplus	\$520,832	\$3,524,592	\$3,247,027	\$7,292,451
Provided From (To) Capital	(\$2,000,000)	(\$2,500,000)	(\$500,000)	(\$5,000,000)
Ending Operations Cash Balance	\$3,375,072	\$7,097,001	\$4,166,545	\$14,638,618
Operating Days Cash on Hand	192	228	83	148
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	\$38,677,913	\$50,072,661
Ending Total Fund Balance - 2019 Budget	\$12,146,633	\$12,600,289	\$45,514,490	\$70,261,057
Ending Total Fund Balance - 2018 Forecast	\$21,093,149	\$17,868,969	\$44,902,380	\$83,864,498

Internal Service

Internal Service

	2019 BUDGET	2018 FORECAST	2018 BUDGET	2017 Actual	BUD vs FC
GLOBAL					
Labor	1,685,813.00	1,511,432.00	1,493,499.00	1,569,092.68	(174,381.00)
Services	1,201,509.00	1,043,185.00	986,492.00	911,937.89	(158,324.00)
Materials & Supplies	65,900.00	100,183.00	132,000.00	52,170.13	34,283.00
Financing Costs	-	-	-	-	-
Allocations	(2,953,222.00)	(2,654,800.00)	(2,611,991.00)	(2,533,200.70)	298,422.00
TOTAL	-	-	-	-	-
COSTS	2,953,222.00	2,654,800.00	2,611,991.00	2,533,200.70	(298,422.00)
CHANGE%					-11.24%
SUBURBAN					
Labor	708,106.00	503,296.00	515,567.00	490,494.24	(204,810.00)
Services	398,774.00	411,234.00	402,533.00	351,377.55	12,460.00
Materials & Supplies	35,370.00	50,210.00	53,550.00	41,834.57	14,840.00
Financing Costs	-	-	-	-	-
Allocation	787,154.00	704,417.00	693,732.00	626,713.85	(82,737.00)
TOTAL	1,929,404.00	1,669,157.00	1,665,382.00	1,510,420.21	(260,247.00)
CHANGE %					-15.59%
CITY					
Labor	582,595.00	527,760.00	539,288.00	1,357,846.47	(54,835.00)
Services	828,963.00	1,077,097.00	979,235.00	1,023,988.02	248,134.00
Materials & Supplies	23,000.00	20,546.00	28,500.00	7,887.04	(2,454.00)
Financing Costs	8,840.00	10,758.00	-	-	1,918.00
Allocations	2,166,068.00	1,950,383.00	1,918,259.00	1,906,486.85	(215,685.00)
TOTAL	3,609,466.00	3,586,544.00	3,465,282.00	4,296,208.38	(22,922.00)
CHANGE %					-0.64%
CONSOLIDATED					
Labor	2,976,514.00	2,586,677.00	2,548,354.00	3,518,777.39	(389,837.00)
Services	2,429,246.00	2,487,327.00	2,368,260.00	2,185,959.46	58,081.00
Materials & Supplies	124,270.00	170,939.00	214,050.00	101,891.74	46,669.00
Financing Costs	8,840.00	10,758.00	-	-	1,918.00
Allocations	-	-	-	-	-
TOTAL	5,538,870.00	5,255,701.00	5,130,664.00	5,806,628.59	(283,169.00)
CHANGE %					-5.39%

- Global up by a little more than 11%
- Suburban up by almost 16%
- City up by less than 1%
- Consolidated up by 5.4%
- Labor is significantly higher while all other categories are down to partially offset

Internal Service

MAJOR VARIANCES			
Labor			
Labor pool increase	3.00%	(52,017)	
Employee Insurance Increase	7.50%	(83,066)	
Additional Headcount			
Open position - IPP Sampler			
Open position - O&M Technician (Sharrer)			
2 Open positions - Utility Technicians			
2 Open Treatment Plant Operators			
Open position for W&WW Shift Supervisor			
Open position for W&WW Shift Supervisor			
New position - Accountant Planning & Analysis			
New position - Billing Analyst			
2 seasonal positions for City & Suburban Lab		\$ (254,754)	Headcount additions
Total Labor		<u>(389,837)</u>	
Services			
Public Relations		(52,871)	Additional expenses added for enhancements in public outreach on infrastructure and associated rate impacts, including direct mail, social media, public meetings, and website upgrades
Education & Training		(34,700)	Budgeting leadership development training and individual employee training
Computer services		(35,350)	Additional spending on GIS, MUNIS, and Citiworks
Engineering Consultant		30,934	Not spending as much as this year
Special Studies		165,000	Cost reduction in 2019 due to completion of City Division Financial Evaluation study in 2018
Other miscellaneous net		<u>(14,932)</u>	
Total Services		<u>58,081</u>	
Materials & Supplies			
Equipment Purchases		37,000	Reduction in equipment purchases
Other miscellaneous net		<u>9,669</u>	
Total Materials & Supplies		<u>46,669</u>	
Finance Expenses		<u>1,918</u>	
TOTAL		<u>(283,169)</u>	

Suburban Water

SUBURBAN WATER

\$'s	<u>2019 Budget</u>	<u>2018 Forecast</u>	<u>2018 Budget</u>	<u>2017 Actuals</u>	<u>2019 vs. 2018 FC</u>
OPERATING REVENUES					
Charges for Services	9,772,570	9,219,406	9,591,000	8,863,788	553,164
Rent	87,860	87,860	91,000	91,019	-
Other income	129,158	129,158	51,000	99,307	-
Total Operating Revenues	<u>9,989,588</u>	<u>9,436,424</u>	<u>9,733,000</u>	<u>9,054,114</u>	<u>553,164</u>
OPERATING EXPENSES (CASH BASED)					
Salaries and Wages	(1,020,940)	(1,129,114)	(1,064,358)	(1,042,565)	108,174
General and Administrative	(1,399,959)	(1,360,096)	(1,251,856)	(1,257,063)	(39,863)
Utilities	(592,750)	(544,741)	(584,346)	(420,812)	(48,009)
Materials and Supplies	(504,580)	(274,264)	(320,654)	(422,730)	(230,316)
Miscellaneous Services	(2,902,825)	(2,941,460)	(2,758,370)	(2,270,359)	38,635
Treatment and Transportation	-	-	-	-	-
Total Operating Expenses	<u>(6,421,054)</u>	<u>(6,249,675)</u>	<u>(5,979,584)</u>	<u>(5,413,529)</u>	<u>(171,379)</u>
CASH FROM OPERATIONS	<u>3,568,534</u>	<u>3,186,749</u>	<u>3,753,416</u>	<u>3,640,585</u>	<u>381,785</u>
Interest Received	144,000	173,750	125,000	127,486	(29,750)
CASH AVAILABLE FOR DEBT SERVICE	<u>3,712,534</u>	<u>3,360,499</u>	<u>3,878,416</u>	<u>3,768,071</u>	<u>352,035</u>
DEBT SERVICE					
Interest and Fees Paid	(1,466,582)	(1,638,942)	(2,003,000)	(1,202,612)	172,360
Principal Paid	(1,725,120)	(1,518,853)	(1,741,000)	(1,667,818)	(206,267)
Total Debt Service	<u>(3,191,702)</u>	<u>(3,157,795)</u>	<u>(3,744,000)</u>	<u>(2,870,430)</u>	<u>(33,907)</u>
NET CASH AVAILABLE AFTER DEBT SERVICE	<u>520,832</u>	<u>202,704</u>	<u>134,416</u>	<u>897,641</u>	<u>318,128</u>
	1.16	1.06	1.04	1.31	0.10

SUBURBAN WATER

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
NON-OPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	467,000	472,950	485,000	455,405	(5,950)
Meter Sales	108,000	107,459	105,000	112,468	541
Inspection, Plan Reviews, and Project Reimbursements	144,000	157,913	156,000	154,433	(13,913)
Other Income	24,000	18,065	23,000	109,343	5,935
Less: Project Reimbursement	-	-	(23,000)	-	-
Other Expense	-	(1,808)	-	-	1,808
Less: Expensed Capex	-	1,808	-	(427,991)	(1,808)
Total Non-Operating Revenues (Expenses)	743,000	756,387	746,000	403,658	(13,387)
Changes in Assets and Liabilities	-	-	-	143,887	-
NET CASH AVAILABLE FOR CAPITAL	1,263,832	959,091	880,416	1,445,186	304,741
FINANCING AND INVESTMENT ACTIVITY					
Grants Received	-	-	-	-	-
New Borrowing	-	-	-	15,292,006	-
Investments Converted to Cash	6,570,850	2,022,010	4,000,000	5,520,144	4,548,840
New Investments From Cash	-	-	-	(12,309,800)	-
Annual Lease Payments	-	-	-	-	-
Project Reimbursements	-	-	23,000	-	-
Total Financing & Investment Activity	6,570,850	2,022,010	4,023,000	8,502,350	4,548,840
CAPITAL SPENDING					
Net Capital Spending	(10,210,540)	(5,136,989)	(9,296,000)	(5,270,884)	(5,073,551)
Add: Expensed Capex	-	(1,808)	-	(427,991)	1,808
Total Capital Spending	(10,210,540)	(5,138,797)	(9,296,000)	(5,698,875)	(5,071,743)
NET CASH FLOW TO FUND	(2,375,858)	(2,157,696)	(4,392,584)	4,248,661	(218,162)

SUBURBAN WATER

\$'s	2019 <u>Budget</u>	2018 <u>Forecast</u>	2018 <u>Budget</u>	2017 <u>Actuals</u>	2019 vs. <u>2018 FC</u>
DEBT SERVICE RATIO (INDENTURE BASED)					
Total Operating Revenues	9,989,588	9,436,424	9,733,000	9,054,114	553,164
Total Operating Expenses (Cash Based)	(6,421,054)	(6,249,675)	(5,979,584)	(5,413,529)	(171,379)
Interest Income	144,000	173,750	125,000	127,486	(29,750)
Annual Lease Payment (City)	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>743,000</u>	<u>756,387</u>	<u>746,000</u>	<u>403,658</u>	<u>(13,387)</u>
Cash Available For Debt Service	4,455,534	4,116,886	4,624,416	4,171,729	338,648
Total Debt Service	<u>3,191,702</u>	<u>3,157,795</u>	<u>3,744,000</u>	<u>2,870,430</u>	<u>33,907</u>
Debt Service Ratio	<u>1.40</u>	<u>1.30</u>	<u>1.24</u>	<u>1.45</u>	<u>0.09</u>
CAPITAL COVERAGE RATIO					
Net Available for Capital	1,263,832	959,091	903,416	1,301,299	304,741
Total Capex	<u>10,210,540</u>	<u>5,138,797</u>	<u>9,296,000</u>	<u>5,698,875</u>	<u>5,071,743</u>
Capital Coverage Ratio	<u>0.12</u>	<u>0.19</u>	<u>0.10</u>	<u>0.23</u>	<u>(0.06)</u>
SUMMARY OF ACCOUNT BALANCES					
Cash - Operations	3,375,072	4,854,240			
Cash - Project Reserves	1,740,011	2,636,701			
Cash - Restricted	<u>1,553,815</u>	<u>1,553,815</u>			
Total Cash Accounts	<u>6,668,898</u>	<u>9,044,756</u>			
Investments - Operations	5,452,019	5,452,019			
Investments - Project Reserves	-	6,570,850			
Investments - Restricted	<u>25,524</u>	<u>25,524</u>			
Total Investments	<u>5,477,543</u>	<u>12,048,393</u>			
TOTAL BALANCES	<u>12,146,441</u>	<u>21,093,149</u>			

SUBURBAN WATER

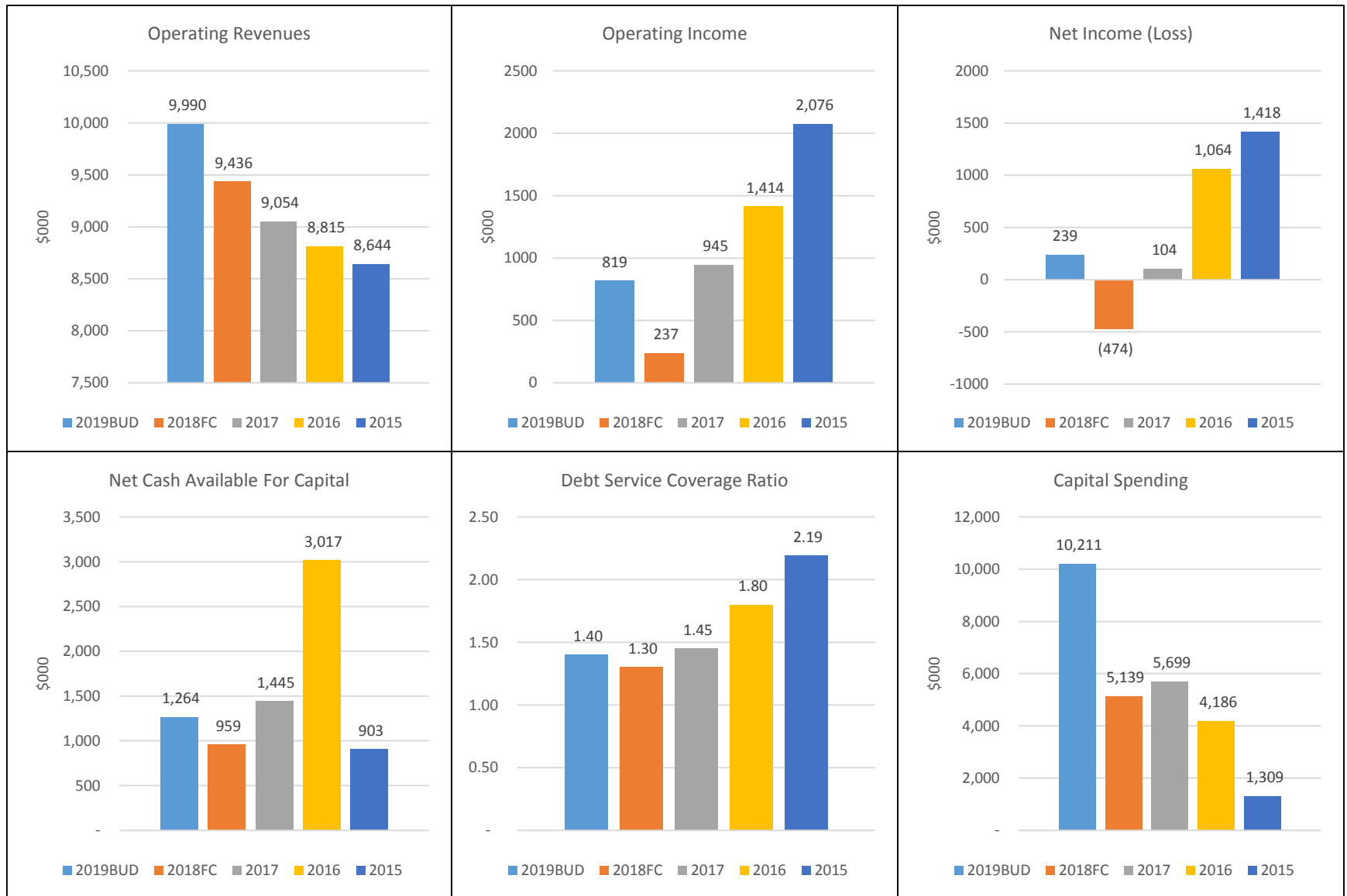
NET CASH FLOW PER 2018 Q3 FORECAST	<u>(2,157,696)</u>	
Revenues		
Increase in Revenue requirement	<u>553,164</u>	6.0% increase in total revenue dollars. Will be doing rate study
Operating expenses		
Salaries & Wages	108,174	3.0% wage pool, 7.5% increase in benefits, favorable shift in hours
Cost inflation	(97,282)	2.6% general inflation rate
Change in spending levels	<u>(182,271)</u>	2.9% increase in spending levels
Total Operating Expenses	<u>(171,379)</u>	Net increase of 2.7%
Interest Income	<u>(29,750)</u>	Reduction in invested balances
Debt Service		
Reduction in interest expense	172,360	
Increase in principal portion	<u>(206,267)</u>	Higher principal requirements kicking in
Net increase	<u>(33,907)</u>	
Non-Operating Revenues (Expenses)		
Change in Non-Operating revenues (expenses)	(11,579)	
Higher expensed capex	<u>(1,808)</u>	Not budgeting any capex to be expensed
Net NOR (NOE)	<u>(13,387)</u>	
Capital Spending/Funding		
Higher total capex	(5,071,743)	
Investments converting to cash	4,548,840	Using remainder of invested balances
Lower balances of cash invested	-	
No Borrowing	<u>-</u>	
Net Changes	<u>(522,903)</u>	
Net Increase (Decrease)	<u>(218,162)</u>	
NET CASH FLOW PER 2019 BUDGET	<u>(2,375,858)</u>	

SUBURBAN WATER

CAPITAL EXPENDITURES

Project	Primary Project Category	Estimated Project Cost	Estimated Costs Through 2018	2019 Budget	Estimated Costs 2020 - 2023
<u>LCA Funded Projects</u>					
Annual Projects	AM - Varies	\$ 8,036,000	-	\$ 1,636,000	6,400,000
Water Main Replacement Projects	AM - Varies	13,700,000	-	2,500,000	11,200,000
CLD Auxiliary Pump Station & Main Extension	Sys Imp	1,768,000	350,140	1,417,860	-
Upper Milford Central Division Improvements - Buss Acres	AM - High	1,370,000	-	700,000	670,000
Additional (Redundant) Water Supply - Small Satellite Divisions	Sys Imp	465,000	10,000	100,000	355,000
Water Meter Reading Equipment Upgrade	AM - Med	3,927,000	-	1,963,500	1,963,500
Central Lehigh to Upper Milford Division Interconnection	New Cust	1,785,800	237,620	1,348,180	200,000
CLD Well Improvements	AM - Med	370,000	-	60,000	310,000
CLD Water System Optimization	Sys Imp	120,000	-	60,000	60,000
Total Suburban Division Water Capital Expenditures (Funded):			\$ 597,760	\$ 9,785,540	
ADMINISTRATION CAPITAL ALLOCATION				\$ 425,000	
				\$ 10,210,540	

Dashboard – Suburban Water



Suburban Wastewater

SUBURBAN WASTEWATER

\$'s	2019 <u>Budget</u>	2018 <u>Forecast</u>	2018 <u>Budget</u>	2017 <u>Actuals</u>	2019 vs. <u>2018 FC</u>
OPERATING REVENUES					
Charges for Services	15,488,964	13,719,174	15,697,000	12,858,781	1,769,790
Rent	-	-	-	-	-
Other income	-	-	-	-	-
Total Operating Revenues	<u>15,488,964</u>	<u>13,719,174</u>	<u>15,697,000</u>	<u>12,858,781</u>	<u>1,769,790</u>
OPERATING EXPENSES (CASH BASED)					
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	(7,719,715)	(6,913,277)	(7,079,017)	(6,369,014)	(806,438)
Treatment and Transportation	(1,943,364)	(2,132,710)	(1,969,993)	(3,516,548)	189,346
Total Operating Expenses	<u>(11,354,896)</u>	<u>(10,562,584)</u>	<u>(10,632,285)</u>	<u>(11,251,381)</u>	<u>(792,312)</u>
CASH FROM OPERATIONS	<u>4,134,068</u>	<u>3,156,590</u>	<u>5,064,715</u>	<u>1,607,400</u>	<u>977,477</u>
Interest Received	<u>75,000</u>	<u>100,459</u>	<u>5,000</u>	<u>162,034</u>	<u>(25,459)</u>
CASH AVAILABLE FOR DEBT SERVICE	<u>4,209,068</u>	<u>3,257,049</u>	<u>5,069,715</u>	<u>1,769,434</u>	<u>952,018</u>
DEBT SERVICE					
Interest and Fees Paid	(206,346)	(194,435)	(216,000)	(204,418)	(11,911)
Principal Paid	(478,130)	(478,130)	(474,000)	(475,585)	-
Total Debt Service	<u>(684,476)</u>	<u>(672,565)</u>	<u>(690,000)</u>	<u>(680,003)</u>	<u>(11,911)</u>
NET CASH AVAILABLE AFTER DEBT SERVICE	<u>3,524,592</u>	<u>2,584,484</u>	<u>4,379,715</u>	<u>1,089,431</u>	<u>940,107</u>
	6.15	4.84	7.35	2.60	1.31

SUBURBAN WASTEWATER

\$'s	2019 <u>Budget</u>	2018 <u>Forecast</u>	2018 <u>Budget</u>	2017 <u>Actuals</u>	2019 vs. 2018 FC
NON-OPERATING REVENUES (EXPENSES)					
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)
Total Non-Operating Revenues (Expenses)	<u>826,000</u>	<u>790,034</u>	<u>1,107,000</u>	<u>469,340</u>	<u>35,966</u>
Changes in Assets and Liabilities	-	-	-	468,817	-
NET CASH AVAILABLE FOR CAPITAL	<u>4,350,592</u>	<u>3,374,518</u>	<u>5,486,715</u>	<u>2,027,588</u>	<u>976,073</u>
FINANCING AND INVESTMENT ACTIVITY					
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	-	-	-	-	-
Total Financing & Investment Activity	<u>3,500,000</u>	<u>980,000</u>	<u>3,480,000</u>	<u>(173,156)</u>	<u>2,520,000</u>
CAPITAL SPENDING					
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
Total Capital Spending	<u>(9,619,500)</u>	<u>(2,605,587)</u>	<u>(11,718,000)</u>	<u>(2,865,337)</u>	<u>(7,013,913)</u>
NET CASH FLOW TO FUND	<u>(1,768,908)</u>	<u>1,748,931</u>	<u>(2,751,285)</u>	<u>(1,010,905)</u>	<u>(3,517,840)</u>

SUBURBAN WASTEWATER

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
DEBT SERVICE RATIO (INDENTURE BASED)					
Total Operating Revenues	15,488,964	13,719,174	15,697,000	12,858,781	1,769,790
Total Operating Expenses (Cash Based)	(11,354,896)	(10,562,584)	(10,632,285)	(11,251,381)	(792,312)
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
Cash Available For Debt Service	5,035,068	4,047,083	6,176,715	2,238,774	987,984
Total Debt Service	684,476	672,565	690,000	680,003	11,911
Debt Service Ratio	7.36	6.02	8.95	3.29	1.34
CAPITAL COVERAGE RATIO					
Net Available for Capital	4,350,592	3,374,518	5,486,715	2,027,588	976,073
Total Capex	9,619,500	2,605,587	11,718,000	2,865,337	7,013,913
Capital Coverage Ratio	0.45	1.30	0.47	0.71	(0.84)
SUMMARY OF ACCOUNT BALANCES					
Cash - Operations	7,097,001	6,072,409			
Cash - Project Reserves	1,139,670	3,933,170			
Cash - Restricted	337,271	337,271			
Total Cash Accounts	8,573,942	10,342,850			
Investments - Operations					
Investments - Project Reserves	4,026,119	7,526,119			
Investments - Restricted	-	-			
Total Investments	4,026,119	7,526,119			
TOTAL BALANCES	12,600,061	17,868,969			

SUBURBAN WASTEWATER

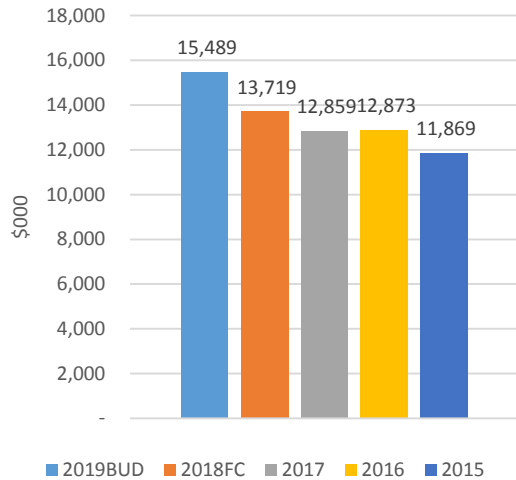
NET CASH FLOW PER 2018 Q3 FORECAST	<u>1,748,931</u>	
Revenues		
Signatory Revenues	505,974	6.6% revenues increase from flows& loads and rates
WWTP Revenues	<u>1,263,816</u>	13.5% increase in WWTP revenues driven by higher excess removal credits, higher hauler revenues, and higher industrial fees
Total Revenues	<u>1,769,790</u>	12.9% increase in total revenues
Operating expenses		
Salaries & Wages	(23,751)	3.0% wage pool, 7.5% benefits increase
General inflation	(210,277)	2.6% general inflation
Spending levels	<u>(558,284)</u>	5.2% increase in spending levels with increased spending for purchased services, materials & supplies, and equipment
Total Operating expenses	<u>(792,312)</u>	7.5% total increase
Interest Income	<u>(25,459)</u>	Lower investment balances
Debt Service	<u>(11,911)</u>	Just slightly higher
Non-Operating Revenues (Expenses)		
Change in Non-Operating revenues (expenses)	<u>35,966</u>	Small increase in tapping fees and inspection/plan review fees
Financing activity		
Investments converting to cash	<u>2,520,000</u>	Will be rolling \$3,500,000 into cash compared to \$980,000 in 2018
Capital Spending/Funding	<u>(7,013,913)</u>	Significant increase in project activity
Net Changes	<u>(3,517,839)</u>	
NET CASH FLOW PER 2019 BUDGET	<u>(1,768,908)</u>	

SUBURBAN WASTEWATER

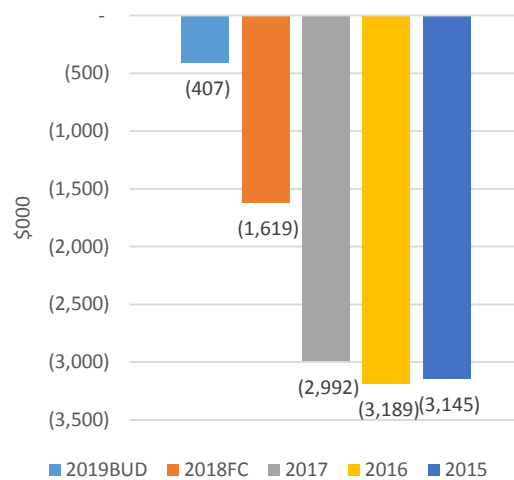
CAPITAL EXPENDITURES					
Project	Primary Project Category	Estimated Project Cost	Estimated Costs Through 2018	2019 Budget	Estimated Costs 2020 - 2023
General:					
Annual Projects	AM - Varies	\$ 3,894,500	\$ -	\$ 414,500	\$ 3,480,000
Subtotal			-	414,500	3,480,000
LCA Wastewater Treatment Plant					
Pretreatment Plant Improvements	AM - Varies	3,500,000	-	700,000	2,800,000
Subtotal			-	700,000	2,800,000
Western Lehigh Interceptor System:					
Central Lehigh County WW Capacity Planning & Expansion	New Cust	50,000	-	50,000	-
Signatory I/I Investigation & Remediation Program	Regulatory	3,290,000	-	500,000	2,790,000
Spring Creek Force Main A/V Valve Replacements	Sys Imp	230,000	30,000	40,000	160,000
WLI-Trexlerstown Area Interceptor Upgrade	Regulatory	13,400,000	80,000	100,000	13,220,000
Subtotal			110,000	690,000	16,170,000
Little Lehigh Relief Interceptor System:					
Park Pump Station Rehabilitation/Improvements	AM - High	4,655,000	500,000	4,100,000	55,000
Park Pump Station Force Main Rehabilitation	AM - High	1,300,000	40,000	100,000	1,160,000
Subtotal			540,000	4,200,000	1,215,000
Northern Lehigh Service Area:					
Wynnewood Terrace WWTP Remediation & Replacement	AM - High	3,850,000	180,000	2,000,000	1,670,000
Wynnewood I/I Investigation and Remediation Program	AM - Varies	190,000	-	50,000	140,000
Sand Spring WWTP Remediation & Replacement	AM - High	3,450,000	140,000	800,000	2,510,000
Heidelberg Heights I/I Investigation and Remediation Program	AM - Varies	350,000	-	250,000	100,000
Heidelberg Heights WWTP Rehabilitation	AM - High	450,000	20,000	40,000	390,000
Subtotal			340,000	3,140,000	4,810,000
Weisenberg Township:					
WWTP Mechanical Screen	Efficiency	300,000	-	-	300,000
Subtotal			-	-	300,000
Lynn Township					
Lynn Township WWTP Improvements & Expansion	AM - High	3,263,755	952,755	20,000	2,291,000
Lynn Township I/I Investigation and Remediation Program	AM - High	180,000	-	30,000	150,000
			952,755	50,000	2,441,000
Total Suburban Wastewater Division Capital Expenditures			\$ 1,942,755	\$ 9,194,500	\$ 31,216,000
ADMINISTRATION CAPITAL ALLOCATION				\$ 425,000	
				\$ 9,619,500	

Dashboard – Suburban Wastewater

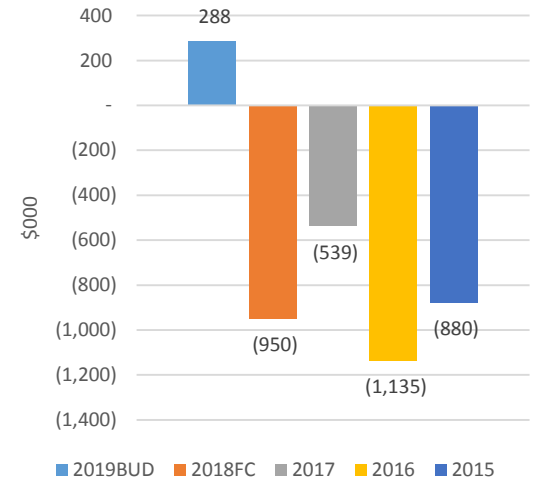
Operating Revenues



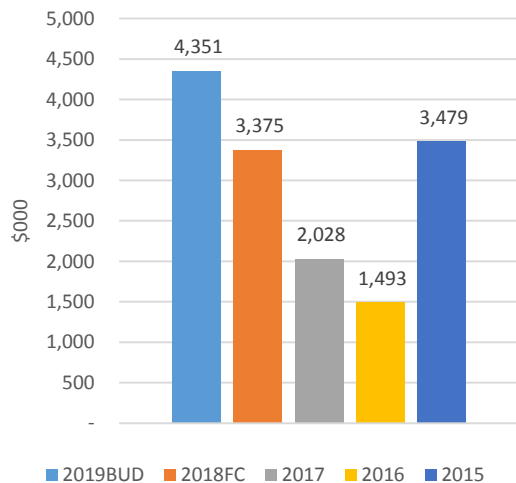
Operating Income



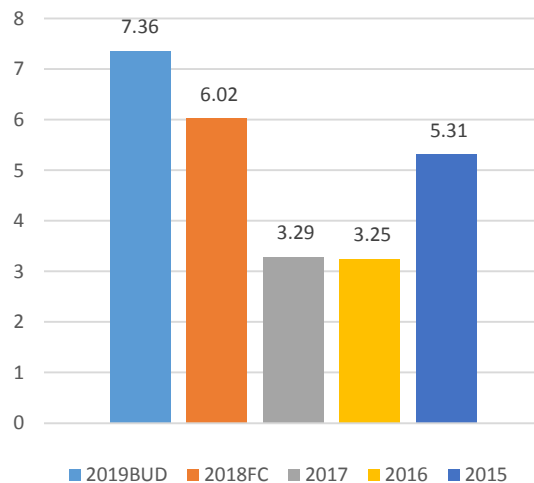
Net Income (Loss)



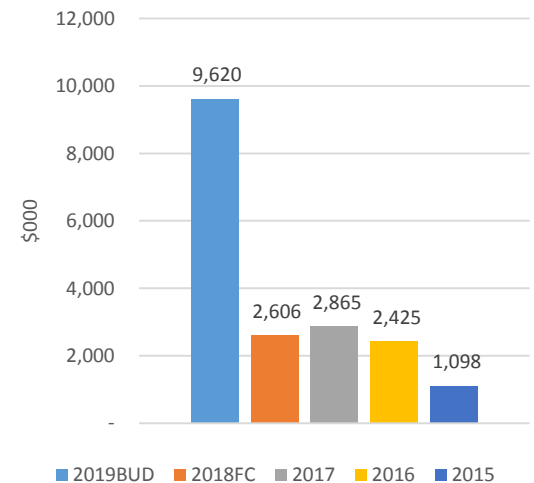
Net Cash Available For Capital



Debt Service Coverage Ratio



Capital Spending



City Division

CITY DIVISION

\$'s	2019 Budget	2018 Forecast	2018 Budget	2017 Actuals	2019 vs. 2018 FC
OPERATING REVENUES					
Charges for Services	35,999,516	33,797,640	33,494,000	32,802,663	2,201,876
Rent	-	-	-	-	-
Other income	75,000	75,000	75,000	93,262	-
Total Operating Revenues	<u>36,074,516</u>	<u>33,872,640</u>	<u>33,569,000</u>	<u>32,895,925</u>	<u>2,201,876</u>
OPERATING EXPENSES (CASH BASED)					
Salaries and Wages	(5,653,796)	(5,418,938)	(5,483,083)	(5,356,508)	(234,858)
General and Administrative	(6,407,601)	(5,981,114)	(5,988,429)	(5,668,909)	(426,487)
Utilities	(2,095,255)	(2,105,775)	(1,983,202)	(1,903,666)	10,520
Materials and Supplies	(1,597,216)	(1,450,148)	(1,489,546)	(1,312,551)	(147,068)
Miscellaneous Services	(1,988,845)	(1,825,072)	(1,845,730)	(2,620,544)	(163,773)
Treatment and Transportation	(12,000)	(6,000)	(12,000)	(10,096)	(6,000)
Total Operating Expenses	<u>(17,754,713)</u>	<u>(16,787,047)</u>	<u>(16,801,990)</u>	<u>(16,872,274)</u>	<u>(967,666)</u>
CASH FROM OPERATIONS	<u>18,319,803</u>	<u>17,085,593</u>	<u>16,767,010</u>	<u>16,023,651</u>	<u>1,234,210</u>
Interest Received	400,000	569,393	348,000	341,431	(169,393)
CASH AVAILABLE FOR DEBT SERVICE	<u>18,719,803</u>	<u>17,654,986</u>	<u>17,115,010</u>	<u>16,365,082</u>	<u>1,064,817</u>
DEBT SERVICE					
Interest and Fees Paid	(14,956,576)	(13,797,722)	(13,748,000)	(13,047,721)	(1,158,854)
Principal Paid	-	(18,735,000)	-	-	18,735,000
Total Debt Service	<u>(14,956,576)</u>	<u>(32,532,722)</u>	<u>(13,748,000)</u>	<u>(13,047,721)</u>	<u>17,576,146</u>
NET CASH AVAILABLE AFTER DEBT SERVICE	<u>3,763,227</u>	<u>(14,877,736)</u>	<u>3,367,010</u>	<u>3,321,361</u>	<u>18,640,963</u>
	1.25	0.54	1.24	1.25	0.71

CITY DIVISION

\$'s	<u>2019 Budget</u>	<u>2018 Forecast</u>	<u>2018 Budget</u>	<u>2017 Actuals</u>	<u>2019 vs. 2018 FC</u>
NON-OPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	324,000	321,750	144,000	725,230	2,250
Meter Sales	12,000	11,132	15,000	17,187	868
Inspection, Plan Reviews, and Project Reimbursements	1,852,000	396,695	293,000	1,132,206	1,455,305
Other Income	22,000	21,980	2,480,000	1,123,827	20
Less: Project Reimbursement	(1,645,000)	(190,000)	(2,480,000)	(684,661)	(1,455,000)
Other Expense	(1,645,000)	(3,860,576)	(4,980,000)	(3,312,624)	2,215,576
Less: Expensed Capex	<u>1,645,000</u>	<u>3,860,576</u>	<u>4,980,000</u>	<u>3,312,624</u>	<u>(2,215,576)</u>
Total Non-Operating Revenues (Expenses)	<u>565,000</u>	<u>561,557</u>	<u>452,000</u>	<u>2,313,789</u>	<u>3,443</u>
Changes in Assets and Liabilities	-	-	-	(1,884,139)	-
NET CASH AVAILABLE FOR CAPITAL	<u>4,328,227</u>	<u>(14,316,179)</u>	<u>3,819,010</u>	<u>3,751,011</u>	<u>18,644,406</u>
FINANCING AND INVESTMENT ACTIVITY					
Grants Received	-	-	-	-	-
New Borrowing	-	10,000,000	1,720,000	-	(10,000,000)
Investments Converted to Cash	-	-	-	10,136,360	-
New Investments From Cash	-	-	-	-	-
Annual Lease Payments	(516,200)	(515,560)	(512,000)	(504,000)	(640)
Project Reimbursements	<u>1,645,000</u>	<u>190,000</u>	<u>2,480,000</u>	<u>684,661</u>	<u>1,455,000</u>
Total Financing & Investment Activity	<u>1,128,800</u>	<u>9,674,440</u>	<u>3,688,000</u>	<u>10,317,021</u>	<u>(8,545,640)</u>
CAPITAL SPENDING					
Net Capital Spending	(3,200,000)	(3,635,353)	(7,612,500)	(4,446,986)	435,353
Add: Expensed Capex	<u>(1,645,000)</u>	<u>(3,860,576)</u>	<u>(4,980,000)</u>	<u>(3,312,624)</u>	<u>2,215,576</u>
Total Capital Spending	<u>(4,845,000)</u>	<u>(7,495,929)</u>	<u>(12,592,500)</u>	<u>(7,759,610)</u>	<u>2,650,929</u>
NET CASH FLOW TO FUND	<u><u>612,027</u></u>	<u><u>(12,137,668)</u></u>	<u><u>(5,085,490)</u></u>	<u><u>6,308,422</u></u>	<u><u>12,749,695</u></u>

CITY DIVISION

\$'s	<u>2019</u> <u>Budget</u>	<u>2018</u> <u>Forecast</u>	<u>2018</u> <u>Budget</u>	<u>2017</u> <u>Actuals</u>	<u>2019 vs.</u> <u>2018 FC</u>
DEBT SERVICE RATIO (INDENTURE BASED)					
Total Operating Revenues	36,074,516	33,872,640	33,569,000	32,895,925	2,201,876
Total Operating Expenses (Cash Based)	(17,754,713)	(16,718,337)	(16,727,323)	(16,717,848)	(1,036,376)
Interest Income	400,000	569,393	348,000	341,431	(169,393)
Annual Lease Payment (City)	(516,200)	(515,560)	(512,000)	(508,000)	(640)
Total Non-Operating Revenues (Expenses)	<u>702,286</u>	<u>561,711</u>	<u>452,179</u>	<u>2,313,789</u>	<u>140,575</u>
Cash Available For Debt Service	18,905,889	17,769,847	17,129,856	18,325,297	1,136,042
Total Debt Service	<u>14,956,576</u>	<u>13,047,722</u>	<u>13,748,000</u>	<u>13,047,721</u>	<u>1,908,854</u>
Debt Service Ratio	<u>1.26</u>	<u>1.36</u>	<u>1.25</u>	<u>1.40</u>	<u>(0.10)</u>
CAPITAL COVERAGE RATIO					
Net Available for Capital	5,973,227	(14,126,179)	6,299,010	4,435,672	20,099,406
Total Capex	<u>4,845,000</u>	<u>7,495,929</u>	<u>12,592,500</u>	<u>7,759,610</u>	<u>(2,650,929)</u>
Capital Coverage Ratio	<u>1.23</u>	<u>(1.88)</u>	<u>0.50</u>	<u>0.57</u>	<u>3.12</u>
SUMMARY OF ACCOUNT BALANCES					
Cash - Operations	4,166,545	1,419,518			
Cash - Project Reserves	2,669,949	4,804,949			
Cash - Restricted	<u>30,737,273</u>	<u>30,737,273</u>			
Total Cash Accounts	<u>37,573,767</u>	<u>36,961,740</u>			
Investments - Operations	-	-			
Investments - Project Reserves	-	-			
Investments - Restricted	<u>7,940,640</u>	<u>7,940,640</u>			
Total Investments	<u>7,940,640</u>	<u>7,940,640</u>			
TOTAL BALANCES	<u>45,514,407</u>	<u>44,902,380</u>			

CITY DIVISION

NET CASH FLOW PER 2018 Q3 FORECAST	<u>(12,137,668)</u>	
Revenues		
Volume	-	Not budgeting any volume increase
Base rate increase	915,345	2.5% increase per concession agreement
CPI increase	951,958	2.6% per compliance
Increase in Municipal charges	<u>334,573</u>	
Total Revenues	<u>2,201,876</u>	
Operating expenses		
Salaries & Wages	(234,858)	3.0% wage pool, 7.5% benefits increase, higher labor charging
General inflation	(305,442)	2.6% inflation
Spending levels	<u>(427,366)</u>	3.6% increase in real spending
Total Operating Expenses	<u>(967,666)</u>	5.8% net increase in total operating expenses
Interest income	<u>(169,393)</u>	Reduction in invested balances
Debt Service		
Additional interest expense	(1,158,854)	New debt service replacing C Bonds
Additional principal payments	<u>18,735,000</u>	No refinancing principal
Total Debt service	<u>17,576,146</u>	
Non-Operating Revenues (Expenses)		
Change in Non-Operating revenues (expenses)	<u>3,443</u>	No major changes made
Financing activity	<u>(10,190,640)</u>	No new borrowing, small increase in lease payment, no project reimbursement
Capital Spending/Funding		
Lower total capex	<u>4,295,929</u>	Trimmed capex due to operating revenue levels
Net Changes	<u>12,749,695</u>	
NET CASH FLOW PER 2019 BUDGET	<u>612,027</u>	

CITY DIVISION

WATER FUND

CAPITAL EXPENDITURES

	Primary	Estimated	Estimated		
	Project	Project	Costs	2019	Estimated
Project	Category	Cost	Through 2018	Budget	Costs
					2020 - 2023
<u>LCA Funded Projects</u>					
Annual Projects	AM - Varies	6,200,000	-	1,300,000	4,900,000
Various Water System Related Studies	CA/OS	300,000	-	-	300,000
Sub-total Allentown Division Water Capital Funded by LCA			-	1,300,000	5,200,000
					-
<u>City Funded Projects</u>					
Itron/AMR Meter Project ⁽¹⁾	CA/OS	325,000	-	145,000	180,000
Sub-total Allentown Division Water Capital Funded by the City			-	145,000	180,000
Total Allentown Division Water Capital Expenditures (Funded):			\$ -	\$ 1,445,000	\$ 5,380,000

(1) "Uncompleted Work" City Projects that were supposed to be complete by the time of settlement or executed by City personnel after settlement.

The City will fund these projects but has requested that LCA execute them.

CITY - DIVISION

**WASTEWATER SYSTEM
CAPITAL EXPENDITURES**

WASTEWATER SYSTEM CAPITAL EXPENDITURES					
Project	Primary Project Category	Estimated Project Cost	Estimated Costs Through 2018	2019 Budget	Estimated Costs 2020 - 2023
<u>LCA Funded Projects</u>					
Annual Projects	AM - High	5,700,000	-	400,000	5,300,000
WWTP Electrical Substation Replacements	AM - High	2,847,500	1,347,500	1,500,000	-
Various Wastewater System Related Studies	CA/OS	300,000	-	-	300,000
Sub-total Allentown Division Wastewater Capital Funded by LCA			\$ 1,347,500	\$ 1,900,000	\$ 5,600,000
<u>City Funded Projects</u>					
Administrative Order Improvements ⁽²⁾	Regulatory	2,395,000	-	-	2,395,000
WWTP Interim Blending Pumping System ⁽²⁾	Regulatory	1,500,000	-	1,500,000	-
Sub-total Allentown Division Wastewater Capital Funded by the City			\$ -	\$ 1,500,000	\$ 2,395,000
Total Allentown Division Wastewater Capital Expenditures (Funded):			\$ 1,347,500	\$ 3,400,000	\$ 7,995,000
<p>(1) "Uncompleted Work" City Projects that were supposed to be complete by the time of settlement or executed by City personnel after settlement. The City will fund these projects but has requested that LCA execute them.</p> <p>(2) "Administrative Order" Projects as per the Agreement are to be Funded by the City and executed by LCA.</p>					

Dashboard – City Division



CAPEX SUMMARY

	Suburban	Suburban	City	
\$'S	<u>Water</u>	<u>Wastewater</u>	<u>Division</u>	<u>TOTAL</u>
Total Capital Spending	<u>10,210,540</u>	<u>9,619,500</u>	<u>4,845,000</u>	<u>24,675,040</u>
Funding Analysis:				
Project Reimbursement	-	-	1,645,000	1,645,000
Cash Provided By Operations	2,000,000	2,500,000	500,000	5,000,000
Current Non-Operating Cash Flow s	743,000	826,000	565,000	2,134,000
Existing Project Reserves	7,467,540	6,293,500	2,135,000	15,896,040
New Borrowing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Funding	<u>10,210,540</u>	<u>9,619,500</u>	<u>4,845,000</u>	<u>24,675,040</u>

2019 Preliminary Budget - Summary

Budget Overview	Sub. Water	Sub. Wastewater	City Division	Total
Operating, Non-Operating & Other Revenue	\$10,876,588	\$16,389,964	\$37,176,802	\$64,443,354
Operating Expenses (net of depreciation)	\$6,421,054	\$11,354,896	\$18,270,913	\$36,046,863
Revenues Available for Debt Service	\$4,455,534	\$5,035,068	\$18,905,889	\$28,396,491
Debt Service	\$3,191,702	\$684,476	\$14,956,576	\$18,832,754
Debt Service Coverage Ratio (indenture based)	1.40	7.36	1.26	1.51
Capital Budget Overview	Sub. Water	Sub. Wastewater	City Division	Total
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	\$0	\$0	\$6,570,850
Funding from New Borrowing	\$0	\$0	\$0	\$0
Year-End Project Reserve Balance	\$1,740,011	\$1,139,670	\$2,669,949	\$5,549,630
Total Cash Flow	Sub. Water	Sub. Wastewater	City Division	Total
Beginning Operations Cash Balance (2018 forecast)	\$4,854,240	\$6,072,409	\$1,419,518	\$12,346,167
2019 Surplus	\$520,832	\$3,524,592	\$3,247,027	\$7,292,451
Provided From (To) Capital	(\$2,000,000)	(\$2,500,000)	(\$500,000)	(\$5,000,000)
Ending Operations Cash Balance	\$3,375,072	\$7,097,001	\$4,166,545	\$14,638,618
Operating Days Cash on Hand	192	228	83	148
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	\$38,677,913	\$50,072,661
Ending Total Fund Balance - 2019 Budget	\$12,146,633	\$12,600,289	\$45,514,490	\$70,261,057
Ending Total Fund Balance - 2018 Forecast	\$21,093,149	\$17,868,969	\$44,902,380	\$83,864,498