

Lehigh County Authority 2020 Budget

Review October 7, 2019

Budget Summary

| Budget Overview | Sub. Water | Sub. Wastewater | City Division | Total |
|--|-------------------|------------------------|----------------------|--------------------|
| Operating, Non-Operating & Other Revenue | 11,518,510 | 17,492,436 | 40,257,288 | 69,268,234 |
| Operating Expenses (net of depreciation) | 7,334,728 | 12,355,646 | 18,659,910 | 38,350,284 |
| Net Revenues Available for Debt Service | 4,183,782 | 5,136,790 | 21,597,378 | 30,917,950 |
| Debt Service | 3,341,564 | 1,616,435 | 15,421,170 | 20,379,169 |
| Debt Service Coverage Ratio (indenture based) | 1.25 | 3.18 | 1.38 | 1.52 |
| | | | | |
| | | | | |
| | | | | |
| Capital Budget Overview | Sub. Water | Sub. Wastewater | City Division | Total |
| Capital Expenses | 8,010,000 | 8,670,500 | 4,815,000 | 21,495,500 |
| Funding from 2020 Revenue & Operating Reserves | 842,218 | 2,846,282 | 4,451,024 | 8,139,524 |
| Funding from Existing Project Reserves | 2,048,282 | - | 363,976 | 2,412,258 |
| Funding from New Borrowing | 5,119,500 | 5,824,218 | - | 10,943,718 |
| Year-End Project Reserve Balance | 5,991,806 | 18,526,257 | 829,392 | 25,347,455 |
| | | | | |
| | | | | |
| | | | | |
| Total Cash Flow | Sub. Water | Sub. Wastewater | City Division | Total |
| Beginning Operations Cash Balance (2018 forecast) | 3,644,120 | 5,469,433 | 6,590,618 | 15,704,171 |
| 2020 Surplus | 65,718 | 2,674,073 | 4,998,150 | 7,737,941 |
| Provided From (To) Capital | - | (2,000,000) | (2,500,000) | (4,500,000) |
| Ending Operations Cash Balance | 3,709,838 | 6,143,506 | 9,088,768 | 18,942,112 |
| Operating Days Cash on Hand | 185 | 181 | 178 | 180 |
| Project Reserve Balance | 5,991,806 | 18,526,257 | 829,392 | 25,347,455 |
| Other Reserves & Investments (includes restricted) | 5,609,222 | 337,562 | 51,431,921 | 57,378,705 |
| Ending Total Fund Balance - 2020 Budget | 15,310,866 | 25,007,325 | 61,350,081 | 101,668,272 |
| | | | | |
| Ending Total Fund Balance - 2019 Forecast | 17,359,148 | 7,522,470 | 58,207,131 | 83,088,749 |

Changes – Suburban Water

| Budget Overview | SUBURBAN WATER | | |
|--|-----------------------|-------------------|---------------|
| | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 11,518,510 | 11,518,510 | - |
| Operating Expenses (net of depreciation) | 7,334,728 | 7,176,549 | 158,179 |
| Net Revenues Available for Debt Service | 4,183,782 | 4,341,961 | (158,179) |
| Debt Service | 3,341,564 | 3,504,729 | 163,165 |
| Debt Service Coverage Ratio (indenture based) | 1.25 | 1.24 | 0.01 |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 8,010,000 | 8,010,000 | - |
| Funding from 2020 Revenue & Operating Reserves | 842,218 | 837,232 | 4,986 |
| Funding from Existing Project Reserves | 2,048,282 | 2,053,268 | (4,986) |
| Funding from New Borrowing | 5,119,500 | 5,119,500 | - |
| Year-End Project Reserve Balance | 5,991,806 | 6,052,538 | (60,732) |
| | | | |
| | | | |
| | | | |
| Total Cash Flow | Current | Previous | |
| Beginning Operations Cash Balance (2019 forecast) | 3,644,120 | 3,644,120 | - |
| 2020 Surplus (deficit) | 65,718 | 60,732 | 4,986 |
| Provided From (To) Capital | - | (60,732) | 60,732 |
| Ending Operations Cash Balance | 3,709,838 | 3,644,120 | 65,718 |
| Operating Days Cash on Hand | 185 | 185 | - |
| Project Reserve Balance | 5,991,806 | 6,052,538 | (60,732) |
| Other Reserves & Investments (includes restricted) | 5,609,222 | 5,609,222 | - |
| Ending Total Fund Balance - 2020 Budget | 15,310,866 | 15,305,880 | 4,986 |
| | | | |
| Ending Total Fund Balance - 2019 Forecast | 17,359,148 | 17,359,148 | |

Changes – Suburban Wastewater

| Budget Overview | SUBURBAN WASTEWATER | | |
|--|---------------------|-------------------|------------------|
| | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 17,492,436 | 17,492,436 | - |
| Operating Expenses (net of depreciation) | 12,355,646 | 12,216,436 | 139,210 |
| Net Revenues Available for Debt Service | 5,136,790 | 5,276,000 | (139,210) |
| Debt Service | 1,616,435 | 1,651,436 | 35,001 |
| Debt Service Coverage Ratio (indenture based) | 3.18 | 3.19 | (0.01) |
| Capital Budget Overview | | | |
| Capital Spending | 8,670,500 | 8,670,500 | - |
| Funding from 2020 Revenue & Operating Reserves | 2,846,282 | 3,450,491 | (604,209) |
| Funding from Existing Project Reserves | - | - | - |
| Funding from New Borrowing | 5,824,218 | 5,220,009 | 604,209 |
| Year-End Project Reserve Balance | 18,526,257 | 19,026,257 | (500,000) |
| Total Cash Flow | | | |
| Beginning Operations Cash Balance (2019 forecast) | 5,469,433 | 5,469,433 | - |
| 2020 Surplus (deficit) | 2,674,073 | 2,778,282 | (104,209) |
| Provided From (To) Capital | (2,000,000) | (2,500,000) | 500,000 |
| Ending Operations Cash Balance | 6,143,506 | 5,747,715 | 395,791 |
| Operating Days Cash on Hand | 181 | 172 | 10 |
| Project Reserve Balance | 18,526,257 | 19,026,257 | (500,000) |
| Other Reserves & Investments (includes restricted) | 337,562 | 337,562 | - |
| Ending Total Fund Balance - 2020 Budget | 25,007,325 | 25,111,534 | (104,209) |
| Ending Total Fund Balance - 2019 Forecast | 7,522,470 | 7,522,470 | |

Changes – City Division

| Budget Overview | CITY DIVISION | | |
|--|----------------------|-------------------|------------------|
| | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 40,257,288 | 40,157,288 | 100,000 |
| Operating Expenses (net of depreciation) | 18,659,910 | 18,889,350 | (229,440) |
| Net Revenues Available for Debt Service | 21,597,378 | 21,267,938 | 329,440 |
| Debt Service | 15,421,170 | 16,816,914 | 1,395,744 |
| Debt Service Coverage Ratio (indenture based) | 1.38 | 1.26 | - |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 4,815,000 | 4,815,000 | - |
| Funding from 2020 Revenue & Operating Reserves | 4,451,024 | 3,971,599 | 479,425 |
| Funding from Existing Project Reserves | 363,976 | 843,401 | (479,425) |
| Funding from New Borrowing | - | - | - |
| Year-End Project Reserve Balance | 829,392 | 829,392 | - |
| | | | |
| | | | |
| Total Cash Flow | | | |
| Beginning Operations Cash Balance (2019 forecast) | 6,590,618 | 6,590,618 | - |
| 2020 Surplus (deficit) | 4,998,150 | 3,272,966 | 1,725,184 |
| Provided From (To) Capital | (2,500,000) | (2,500,000) | - |
| Ending Operations Cash Balance | 9,088,768 | 7,363,584 | 1,725,184 |
| Operating Days Cash on Hand | 178 | 142 | 35 |
| Project Reserve Balance | 829,392 | 829,392 | - |
| Other Reserves & Investments (includes restricted) | 51,431,921 | 51,431,921 | - |
| Ending Total Fund Balance - 2020 Budget | 61,350,081 | 59,624,897 | 1,725,184 |
| | | | |
| Ending Total Fund Balance - 2019 Forecast | 58,207,131 | 58,207,131 | |

Changes – Total LCA

| Budget Overview | TOTAL LCA | | |
|--|--------------------|--------------------|------------------|
| | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 69,268,234 | 69,168,234 | 100,000 |
| Operating Expenses (net of depreciation) | 38,350,284 | 38,282,335 | 67,949 |
| Net Revenues Available for Debt Service | 30,917,950 | 30,885,899 | 32,051 |
| Debt Service | 20,379,169 | 21,973,079 | 1,593,910 |
| Debt Service Coverage Ratio (indenture based) | 1.52 | 1.41 | 0.11 |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 21,495,500 | 21,495,500 | - |
| Funding from 2020 Revenue & Operating Reserves | 8,139,524 | 8,259,322 | (119,798) |
| Funding from Existing Project Reserves | 2,412,258 | 2,896,669 | (484,411) |
| Funding from New Borrowing | 10,943,718 | 10,339,509 | 604,209 |
| Year-End Project Reserve Balance | 25,347,455 | 25,908,187 | (560,732) |
| | | | |
| | | | |
| | | | |
| Total Cash Flow | | | |
| Beginning Operations Cash Balance (2019 forecast) | 15,704,171 | 15,704,171 | - |
| 2020 Surplus (deficit) | 7,737,941 | 6,111,980 | 1,625,961 |
| Provided From (To) Capital | (4,500,000) | (5,060,732) | 560,732 |
| Ending Operations Cash Balance | 18,942,112 | 16,755,419 | 2,186,693 |
| Operating Days Cash on Hand | 180 | 160 | 21 |
| Project Reserve Balance | 25,347,455 | 25,908,187 | (560,732) |
| Other Reserves & Investments (includes restricted) | 57,378,705 | 57,378,705 | - |
| Ending Total Fund Balance - 2020 Budget | 101,668,272 | 100,042,311 | 1,625,961 |
| | - | | |
| Ending Total Fund Balance - 2019 Forecast | 83,088,749 | 83,088,749 | |

What's in the 2020 Budget?

Review of LCA's Organizational Goals

- **Product Quality** – Focus on elimination of SSOs & Administrative Order compliance
- **Financial Viability** – Focus on developing capital financing & rate-making strategies
- **Infrastructure Stability** – Focus on Suburban Division asset management & organization-wide CityWorks implementation
- **Employee & Leadership Development** – Focus on workforce / succession planning & knowledge creation

Plus two more...



- The longer-term view:
 - Establish measures for each attribute area
 - Develop ways to leverage technology within all goal areas
 - Develop longer-term plans beyond 2020
- 1. Build a culture of Continual Improvement**
 - 2. Address near- and long-term system capacity requirements**

Key Barriers to Success

(discussed in more detail at July 2019 Board meeting)

- Complex / unclear planning process for wastewater capacity issues
- Significant complex “legacy” administrative processes (payroll, sewer billing, document management, etc.)
- Knowledge loss & staffing capacity for new work
 - “How do I...?” “Who do I ask for info about...?”
 - Adding preventive maintenance = increased resources needed to implement
 - Implementing new programs = what work doesn’t get done?
 - Focus on improving processes = who has time for that?
- Undefined capacity for rate increases and revenue growth to support needed improvements to address these challenges.

Strategic Planning Required!

(discussed in more detail at July 2019 Board meeting)

- Where are we now?
- Where do we want / need to be?
- How do we get there?
- What will it cost and is that acceptable?

Next Steps

(discussed in more detail at July 2019 Board meeting)

- Keep working the LCA 2020 Plan!
- Preliminary staffing evaluation
 - **2020 Budget: address critical needs**
- Kick off strategic planning process
 - 2020
 - Stakeholder involvement
 - Financial analysis
 - True implementation planning/strategy



2020 Budget: What's Included?

- **Staff additions to address critical areas**
- **“Seed” funding for strategic initiatives**
- **Support for asset management program**

- Suburban capital financing and revenue increases according to 2020-2024 Capital Plan
- Maximizing what maintenance “catch up” is possible in City Division

2020 Budget: Staff Additions

| | |
|--|------------|
| Pre-Lease LCA Positions (March 2013) | 42 |
| City Lease Positions Transferred (August 2013) | 101 |
| Organizational Positions Added (2013-2019)* | 17 |
| Suburban Positions Added (2013-2019) | 5 |
| TOTAL LCA POSITIONS - CURRENT | 165 |

*** Organizational Positions Added:**

Human Resources X1

Accounting / Finance X4

Risk Management X1

Information Tech X4

Contracts Administration X1

Billing / Cust Svc X3

Admin Support X2

Cap Works X1

2020 Budget: Staff Additions

| | <u>Current</u> | <u>Proposed</u> |
|--------------------------------------|----------------|-----------------|
| Organizational | 41 | 44 |
| Allentown Division | 98 | 98 |
| Suburban Division | 26 | 29 |
| TOTAL LCA POSITIONS - CURRENT | 165 | 171 |

2020 Staff Additions

| <u>Position</u> | <u>Critical Needs Addressed</u> |
|-------------------------------|--|
| Regional Services Director | Regional system capacity planning, intermunicipal coordination, revenue protection |
| Human Resources Coordinator | Policy development, employee engagement, training, succession planning |
| Collections & Data Analyst | Accurate & timely billing and collections, significant process improvement needed |
| (2) Suburban Operations Techs | New preventive maintenance goals for Suburban water & sewer systems |
| Suburban Field Supervisor | Employee technical skills development & succession planning |

2020 Budget: Strategic Initiatives

- **Strategic Planning Support**
- **Customer Survey**
- **Compensation Study**
- **Process Improvement Support**
- **Technology Advancement**
- **Document Management**

2020 Budget: Asset Management

- **Maintenance, Maintenance, Maintenance!**
- **Capacity Management, Operations and Maintenance program support (Suburban Wastewater “CMOM”)**
- **New Fleet Management Approach**
- **SCADA / GIS / CMMS Continuous Improvement**

Internal Services Summary

| | 2020 | 2019 | 2019 | | 2020 Budget |
|----------------------|---------------------|---------------------|---------------------|--|---------------------|
| | BUDGET | FORECAST | BUDGET | | vs. 2019 FC |
| CONSOLIDATED | | | | | |
| Labor | 3,959,250.00 | 3,470,462.00 | 2,976,514.00 | | (488,788.00) |
| Services | 2,441,778.00 | 2,342,234.00 | 2,429,246.00 | | (99,544.00) |
| Materials & Supplies | 123,950.00 | 107,533.00 | 124,270.00 | | (16,417.00) |
| Financing Costs | - | - | 8,840.00 | | - |
| Allocations | - | - | - | | - |
| TOTAL | 6,524,978.00 | 5,920,229.00 | 5,538,870.00 | | (604,749.00) |
| CHANGE % | | | | | -10.21% |

This is up to Preliminary version by \$19,176 as fringe benefits were reviewed and re-budgeted

That pushed labor variances up by the \$19,176 to \$488,788

Variances in other categories remained the same as no other changes were made

Internal Services Variances

| MAJOR VARIANCES | | | |
|---------------------------------------|--------|------------------|---|
| Labor | | | |
| Labor pool increase | 3.00% | (75,792) | |
| Employee Insurance Increase | 18.00% | (223,258) | |
| Headcount Changes | | (189,738) | Headcount changes |
| Total Labor | | (488,788) | |
| Services | | | |
| Public Relations | | (19,449) | 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 | | (24,986) | Management team training and individual employee training |
| Computer services | | (35,350) | Additional spending on GIS, MUNIS, and Citiworks |
| Special Studies | | (105,000) | Items budgeted for 2020: Strategic Planning Consulting - \$40,000 Process Improvement Projects - \$40,000 Compensation Study - \$25,000 Customer Survey - \$25,000 (deferred from 2019) |
| Legal fees | | 104,881 | Solicitor in personnel costs for 2020 pending decision from selection process |
| Risk Management | | (46,842) | Increase in insurance premiums |
| Other miscellaneous net | | 27,202 | Favorable other net |
| Total Services | | (99,544) | |
| Materials & Supplies | | | |
| Other miscellaneous net | | (16,417) | |
| Total Materials & Supplies | | (16,417) | |
| Finance Expenses | | | |
| | | - | |
| TOTAL | | (604,749) | |

Suburban Water

| \$'s | <u>2020 Budget</u> | <u>2019 Forecast</u> | <u>2019 Budget</u> | <u>2018 Actuals</u> | <u>2020 vs. 2019 FC</u> |
|--|------------------------|--------------------------|------------------------|-------------------------|-----------------------------|
| OPERATING REVENUES | | | | | |
| Charges for Services | 10,370,176 | 9,785,911 | 9,772,570 | 9,209,531 | 584,265 |
| Rent | 111,213 | 111,213 | 87,860 | 98,405 | - |
| Other income | 100,621 | 100,621 | 129,158 | 40,949 | - |
| Total Operating Revenues | <u>10,582,010</u> | <u>9,997,745</u> | <u>9,989,588</u> | <u>9,348,885</u> | <u>584,265</u> |
| OPERATING EXPENSES (CASH BASED) | | | | | |
| Salaries and Wages | (1,245,079) | (1,022,669) | (1,020,940) | (1,037,882) | (222,410) |
| General and Administrative | (2,054,980) | (1,527,328) | (1,399,959) | (1,261,241) | (527,652) |
| Utilities | (596,540) | (601,683) | (592,750) | (437,253) | 5,143 |
| Materials and Supplies | (563,005) | (492,663) | (504,580) | (294,937) | (70,342) |
| Miscellaneous Services | (2,875,124) | (2,778,964) | (2,905,325) | (2,703,594) | (96,160) |
| Treatment and Transportation | - | - | - | - | - |
| Total Operating Expenses | <u>(7,334,728)</u> | <u>(6,423,307)</u> | <u>(6,423,554)</u> | <u>(5,734,907)</u> | <u>(911,421)</u> |
| CASH FROM OPERATIONS | <u>3,247,282</u> | <u>3,574,438</u> | <u>3,566,034</u> | <u>3,613,978</u> | <u>(327,156)</u> |
| Interest Received | <u>160,000</u> | <u>158,937</u> | <u>144,000</u> | <u>255,439</u> | <u>1,063</u> |
| CASH AVAILABLE FOR DEBT SERVICE | <u>3,407,282</u> | <u>3,733,375</u> | <u>3,710,034</u> | <u>3,869,417</u> | <u>(326,093)</u> |
| DEBT SERVICE | | | | | |
| Interest and Fees Paid | (1,508,789) | (1,496,071) | (1,466,582) | (1,499,805) | (12,718) |
| Principal Paid | (1,832,775) | (1,724,544) | (1,725,120) | (1,693,208) | (108,231) |
| Total Debt Service | <u>(3,341,564)</u> | <u>(3,220,615)</u> | <u>(3,191,702)</u> | <u>(3,193,013)</u> | <u>(120,949)</u> |
| NET CASH AVAILABLE AFTER DEBT SERVICE | <u>65,718</u> | <u>512,760</u> | <u>518,332</u> | <u>676,404</u> | <u>(447,042)</u> |
| | 1.02 | 1.16 | 1.16 | 1.21 | (0.14) |

Suburban Water

| \$'s | <u>Budget</u> | <u>Forecast</u> | <u>Budget</u> | <u>Actuals</u> | <u>2019 FC</u> |
|--|--------------------|--------------------|---------------------|--------------------|--------------------|
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Tapping and Capital Recovery Fees | 472,000 | 471,990 | 467,000 | 221,405 | 10 |
| Meter Sales | 108,000 | 107,907 | 108,000 | 85,259 | 93 |
| Inspection, Plan Reviews, and Project Reimbursements | 161,000 | 160,772 | 144,000 | 183,148 | 228 |
| Other Income | 35,500 | 35,445 | 24,000 | 86,971 | 55 |
| Less: Project Reimbursement | - | - | (24,000) | - | - |
| Other Expense | (3,400) | (3,391) | - | (82,142) | (9) |
| Less: Expensed Capex | <u>3,400</u> | <u>3,391</u> | <u>-</u> | <u>82,142</u> | <u>9</u> |
| Total Non-Operating Revenues (Expenses) | <u>776,500</u> | <u>776,114</u> | <u>719,000</u> | <u>576,783</u> | <u>386</u> |
| Changes in Assets and Liabilities | <u>-</u> | <u>7,587,177</u> | <u>-</u> | <u>(5,531,610)</u> | <u>(7,587,177)</u> |
| | | | | | - |
| NET CASH AVAILABLE FOR CAPITAL | <u>842,218</u> | <u>8,876,051</u> | <u>1,237,332</u> | <u>(4,278,423)</u> | <u>(8,033,833)</u> |
| FINANCING AND INVESTMENT ACTIVITY | | | | | |
| Grants Received | - | - | - | - | - |
| New Borrowing | 5,119,500 | - | - | - | 5,119,500 |
| Investments Converted to Cash | - | 2,571,258 | 6,570,850 | 11,501,487 | (2,571,258) |
| New Investments From Cash | - | - | - | (2,161,990) | - |
| Annual Lease Payments | - | - | - | - | - |
| Project Reimbursements | - | - | 24,000 | - | - |
| Total Financing & Investment Activity | <u>5,119,500</u> | <u>2,571,258</u> | <u>6,594,850</u> | <u>9,339,497</u> | <u>2,548,242</u> |
| CAPITAL SPENDING | | | | | |
| Net Capital Spending | (8,006,600) | (8,246,271) | (10,210,540) | (5,266,828) | 239,671 |
| Add: Expensed Capex | <u>(3,400)</u> | <u>(3,391)</u> | <u>-</u> | <u>(82,142)</u> | <u>(9)</u> |
| Total Capital Spending | <u>(8,010,000)</u> | <u>(8,249,662)</u> | <u>(10,210,540)</u> | <u>(5,348,970)</u> | <u>239,662</u> |
| NET CASH FLOW TO FUND | <u>(2,048,282)</u> | <u>3,197,647</u> | <u>(2,378,358)</u> | <u>(287,896)</u> | <u>(5,245,929)</u> |

Suburban Water

| \$'s | <u>2020 Budget</u> | <u>2019 Forecast</u> | <u>2019 Budget</u> | <u>2018 Actuals</u> | <u>2020 vs. 2019 FC</u> |
|---|--------------------------|--------------------------|-------------------------|-------------------------|-----------------------------|
| DEBT SERVICE RATIO (INDENTURE BASED) | | | | | |
| Total Operating Revenues | 10,582,010 | 9,997,745 | 9,989,588 | 9,348,885 | 584,265 |
| Total Operating Expenses (Cash Based) | (7,334,728) | (6,423,307) | (6,423,554) | (5,734,907) | (911,421) |
| Interest Income | 160,000 | 158,937 | 144,000 | 255,439 | 1,063 |
| Annual Lease Payment (City) | - | - | - | - | - |
| Total Non-Operating Revenues (Expenses) | <u>776,500</u> | <u>776,114</u> | <u>719,000</u> | <u>576,783</u> | <u>386</u> |
| Cash Available For Debt Service | 4,183,782 | 4,509,489 | 4,429,034 | 4,446,200 | (325,707) |
| Total Debt Service | <u>3,341,564</u> | <u>3,220,615</u> | <u>3,191,702</u> | <u>3,193,013</u> | <u>120,949</u> |
| Debt Service Ratio | <u>1.25</u> | <u>1.40</u> | <u>1.39</u> | <u>1.39</u> | <u>(0.15)</u> |
| CAPITAL COVERAGE RATIO | | | | | |
| Net Available for Capital | 842,218 | 1,288,874 | 1,261,332 | 1,253,187 | (446,656) |
| Total Capex | <u>8,010,000</u> | <u>8,249,662</u> | <u>10,210,540</u> | <u>5,348,970</u> | <u>(239,662)</u> |
| Capital Coverage Ratio | <u>0.11</u> | <u>0.16</u> | <u>0.12</u> | <u>0.23</u> | <u>(0.05)</u> |
| SUMMARY OF ACCOUNT BALANCES | | | | | |
| Cash - Operations | 3,709,838 | 3,644,120 | | | |
| Cash - Project Reserves | 5,991,806 | 8,105,806 | | | |
| Cash - Restricted | <u>1,583,700</u> | <u>1,583,700</u> | | | |
| Total Cash Accounts | <u>11,285,344</u> | <u>13,333,626</u> | | | |
| Investments - Operations | 785,733 | 785,733 | | | |
| Investments - Project Reserves | 1,000,000 | 1,000,000 | | | |
| Investments - Restricted | <u>2,239,789</u> | <u>2,239,789</u> | | | |
| Total Investments | <u>4,025,522</u> | <u>4,025,522</u> | | | |
| TOTAL BALANCES | <u>15,310,866</u> | <u>17,359,148</u> | | | |

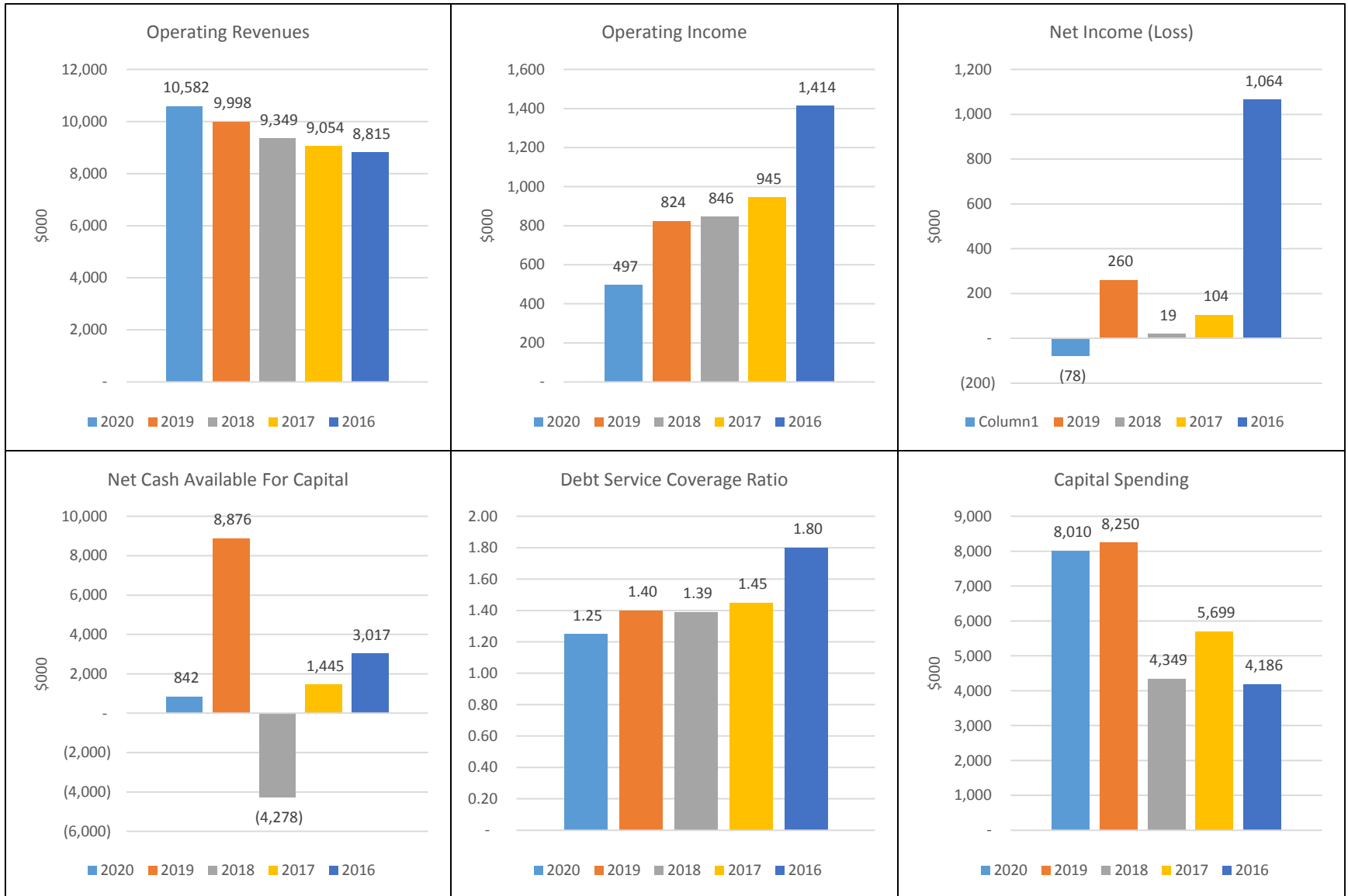
Suburban Water

| | | |
|--|--------------------|--|
| NET CASH FLOW PER 2019 FORECAST | 3,197,647 | |
| Revenues | | |
| Increase in revenues from rate payers | 584,265 | 6.9% increase in revenue dollars without any volume adjustment |
| Rental & Miscellaneous | - | 0.0% increase budgeted, budgeting at 2019 FC amount |
| Total Operating Revenues | 584,265 | |
| Operating expenses | | |
| Personnel Costs | | |
| Addition of new headcount | (260,604) | (3) New positions budgeted impacting this |
| Salary & Wage increase effect | (36,264) | 3.0% increase pool budgeted |
| Increase in employee benefits | (294,755) | 18.0% increase budgeted with increases in Health care and pension |
| Labor charging changes | - | No labor charging adjustments |
| Total personnel costs | (591,623) | |
| Other Discretionary spending | | |
| Inflation effects | (79,110) | Budgeting 2.0% inflation across discretionary spending areas |
| Decrease (Increase) in real spending levels | | |
| Utilities | 16,840 | Lower utility usage |
| Materials & Supplies | (59,303) | 26.9% increase due to higher equipment |
| | | Budgeting a decrease in overall spending with most of that reduction coming from lower analysis costs |
| Purchased services | (39,786) | |
| Total Discretionary Spending | (161,359) | |
| Internal Services | (158,439) | Higher charges coming into the fund from Suburban Internal Services |
| Total Operating Expenses | (911,421) | |
| Interest Income | 1,063 | Small increase in interest income |
| Debt Service | | |
| Interest Expense | (12,718) | Additional debt service from new borrowing |
| Loan Principal Payments | (108,231) | Additional debt service from new borrowing |
| Net increase | (120,949) | New borrowing of \$5,119,500 |
| Non-Operating Revenues (Expenses) | | |
| Change in Non-Operating revenues (expenses) | 377 | No major change |
| Higher expensed capex | 9 | No major change |
| Net NOR (NOE) | 386 | |
| Capital Spending/Funding | | |
| Higher total capex | 239,662 | Lower capex spending |
| | | Had \$2.6m of investments convert to cash in 2019, not budgeting any in 2020, will still have \$1.8m of investments remaining at the end of 2020 |
| Net Investments | (2,571,258) | |
| New Borrowing | 5,119,500 | New Borrowing to fund capex |
| Net Changes | 2,787,904 | |
| Working Capital Changes | (7,587,177) | Large receivables at year-end 2018 converted to cash in 2019 but will not repeat in 2020 |
| Net Increase (Decrease) in Cash Flows | (5,245,929) | |
| NET CASH FLOW PER 2020 BUDGET | (2,048,282) | |

Suburban Water

| CAPITAL EXPENDITURES | | | | | |
|---|-------------|--------------|---------------------|---------------------|----------------------|
| | Primary | Estimated | Estimated | 2020 | Estimated |
| | Project | Project | Costs | Budget | Costs |
| Project | Category | Cost | Through 2019 | | 2021 - 2024 |
| <u>LCA Funded Projects</u> | | | | | |
| Annual Projects | AM - Varies | \$ 8,042,500 | - | \$ 1,672,500 | 6,370,000 |
| Water Main Replacement Projects | AM - Varies | \$ 9,600,000 | - | - | 9,600,000 |
| CLD Auxiliary Pump Station & Main Extension | Sys Imp | \$ 1,900,000 | 1,700,000 | 200,000 | - |
| Water Meter Reading Equipment Upgrade | AM - Med | \$ 4,000,000 | 2,500,000 | 1,500,000 | - |
| Upper Milford Central Division Improvements (Buss Acres) | AM - High | \$ 2,500,000 | 200,000 | 2,300,000 | - |
| Additional (Redundant) Water Supply - Small Satellite Divisions | Sys Imp | \$ 930,000 | 60,000 | 300,000 | 570,000 |
| North Whitehall Division System Improvements | Sys Imp | N/A | - | 50,000 | N/A |
| Fixed Base Metering Reading System | Sys Imp | N/A | - | 50,000 | N/A |
| Arcadia Water Tank Replacement | Sys Imp | N/A | - | 100,000 | N/A |
| Central Lehigh to Upper Milford Division Interconnection | New Cust | \$ 1,800,000 | 480,000 | 1,320,000 | - |
| CLD Well Improvements | AM - Med | \$ 150,000 | 40,000 | 60,000 | 50,000 |
| CLD Distribution System Improvements | Sys Imp | \$ 130,000 | 40,000 | 60,000 | 30,000 |
| | | | | | |
| Total Suburban Division Water Capital Expenditures (Funded): | | | \$ 5,020,000 | \$ 7,612,500 | \$ 16,620,000 |
| Allocated Admin | | | | \$ 397,500 | |
| | | | | \$ 8,010,000 | |

Dashboard – Suburban Water



Suburban Wastewater

| \$'s | <u>2020 Budget</u> | <u>2019 Forecast</u> | <u>2019 Budget</u> | <u>2018 Actuals</u> | <u>2020 vs. 2019 FC</u> |
|--|------------------------|--------------------------|------------------------|-------------------------|-----------------------------|
| OPERATING REVENUES | | | | | |
| Charges for Services | 16,446,154 | 14,425,933 | 13,676,460 | 14,014,429 | 2,020,221 |
| Rent | - | - | - | - | - |
| Other income | - | - | - | - | - |
| Total Operating Revenues | <u>16,446,154</u> | <u>14,425,933</u> | <u>13,676,460</u> | <u>14,014,429</u> | <u>2,020,221</u> |
| OPERATING EXPENSES (CASH BASED) | | | | | |
| Salaries and Wages | (574,986) | (556,785) | (420,095) | (462,145) | (18,201) |
| General and Administrative | (870,253) | (659,594) | (474,363) | (580,467) | (210,659) |
| Utilities | (464,325) | (422,393) | (338,035) | (290,201) | (41,932) |
| Materials and Supplies | (430,139) | (350,914) | (459,324) | (264,744) | (79,225) |
| Miscellaneous Services | (6,688,264) | (6,445,866) | (6,458,708) | (5,717,168) | (242,398) |
| Treatment and Transportation | (3,327,679) | (3,545,445) | (2,649,555) | (3,543,753) | 217,766 |
| Total Operating Expenses | <u>(12,355,646)</u> | <u>(11,980,997)</u> | <u>(10,800,080)</u> | <u>(10,858,478)</u> | <u>(374,649)</u> |
| CASH FROM OPERATIONS | <u>4,090,508</u> | <u>2,444,936</u> | <u>2,876,380</u> | <u>3,155,951</u> | <u>1,645,572</u> |
| Interest Received | <u>200,000</u> | <u>266,086</u> | <u>75,000</u> | <u>222,306</u> | <u>(66,086)</u> |
| CASH AVAILABLE FOR DEBT SERVICE | <u>4,290,508</u> | <u>2,711,022</u> | <u>2,951,380</u> | <u>3,378,257</u> | <u>1,579,486</u> |
| DEBT SERVICE | | | | | |
| Interest and Fees Paid | (803,082) | (208,913) | (206,346) | (197,000) | (594,169) |
| Principal Paid | (813,353) | (484,500) | (478,130) | (484,839) | (328,853) |
| Total Debt Service | <u>(1,616,435)</u> | <u>(693,413)</u> | <u>(684,476)</u> | <u>(681,839)</u> | <u>(923,022)</u> |
| NET CASH AVAILABLE AFTER DEBT SERVICE | <u>2,674,073</u> | <u>2,017,609</u> | <u>2,266,904</u> | <u>2,696,418</u> | <u>656,464</u> |
| | 2.65 | 3.91 | 4.31 | 4.95 | (1.26) |

Suburban Wastewater

| \$'s | <u>2020 Budget</u> | <u>2019 Forecast</u> | <u>2019 Budget</u> | <u>2018 Actuals</u> | <u>2020 vs. 2019 FC</u> |
|--|------------------------|--------------------------|------------------------|-------------------------|-----------------------------|
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Tapping and Capital Recovery Fees | 800,000 | 1,744,841 | 800,000 | 523,526 | (944,841) |
| Meter Sales | - | - | - | - | - |
| Inspection, Plan Reviews, and Project Reimbursements | 45,282 | 20,282 | 25,000 | 37,773 | 25,000 |
| Other Income | 1,000 | 46,940 | 1,000 | 690 | (45,940) |
| Less: Project Reimbursement | - | - | (1,000) | - | - |
| Other Expense | (1,000,000) | (2,228,550) | (2,211,510) | (30,876) | 1,228,550 |
| Less: Expensed Capex | <u>1,000,000</u> | <u>2,228,550</u> | <u>2,211,510</u> | <u>30,876</u> | <u>(1,228,550)</u> |
| Total Non-Operating Revenues (Expenses) | <u>846,282</u> | <u>1,812,063</u> | <u>825,000</u> | <u>561,989</u> | <u>(965,781)</u> |
| Changes in Assets and Liabilities | - | (391,228) | - | (88,717) | 391,228 |
| | - | - | - | - | - |
| NET CASH AVAILABLE FOR CAPITAL | <u>3,520,355</u> | <u>3,438,444</u> | <u>3,091,904</u> | <u>3,169,690</u> | <u>81,911</u> |
| FINANCING AND INVESTMENT ACTIVITY | | | | | |
| Grants Received | - | - | - | - | - |
| New Borrowing | 22,635,000 | - | - | - | 22,635,000 |
| Investments Converted to Cash | - | 6,455,704 | 3,500,000 | 5,206,318 | (6,455,704) |
| New Investments From Cash | - | - | - | (3,154,859) | - |
| Annual Lease Payments | - | - | - | - | - |
| Project Reimbursements | - | - | 1,000 | - | - |
| Total Financing & Investment Activity | <u>22,635,000</u> | <u>6,455,704</u> | <u>3,501,000</u> | <u>2,051,459</u> | <u>16,179,296</u> |
| CAPITAL SPENDING | | | | | |
| Net Capital Spending | (7,670,500) | (9,223,742) | (9,619,500) | (2,656,309) | 1,553,242 |
| Add: Expensed Capex | <u>(1,000,000)</u> | <u>(2,228,550)</u> | <u>(2,211,510)</u> | <u>(30,876)</u> | <u>1,228,550</u> |
| Total Capital Spending | <u>(8,670,500)</u> | <u>(11,452,292)</u> | <u>(11,831,010)</u> | <u>(2,687,185)</u> | <u>2,781,792</u> |
| NET CASH FLOW TO FUND | <u>17,484,855</u> | <u>(1,558,144)</u> | <u>(5,238,106)</u> | <u>2,533,964</u> | <u>19,042,999</u> |

Suburban Wastewater

| \$'s | <u>2020 Budget</u> | <u>2019 Forecast</u> | <u>2019 Budget</u> | <u>2018 Actuals</u> | <u>2020 vs. 2019 FC</u> |
|---|--------------------------|--------------------------|------------------------|-------------------------|-----------------------------|
| DEBT SERVICE RATIO (INDENTURE BASED) | | | | | |
| Total Operating Revenues | 16,446,154 | 14,425,933 | 13,676,460 | 14,014,429 | 2,020,221 |
| Total Operating Expenses (Cash Based) | (12,355,646) | (11,980,997) | (10,800,080) | (10,858,478) | (374,649) |
| Interest Income | 200,000 | 266,086 | 75,000 | 222,306 | (66,086) |
| Annual Lease Payment (City) | - | - | - | - | - |
| Total Non-Operating Revenues (Expenses) | <u>846,282</u> | <u>1,812,063</u> | <u>825,000</u> | <u>561,989</u> | <u>(965,781)</u> |
| Cash Available For Debt Service | 5,136,790 | 4,523,085 | 3,776,380 | 3,940,246 | 613,705 |
| Total Debt Service | <u>1,616,435</u> | <u>693,413</u> | <u>684,476</u> | <u>681,839</u> | <u>923,022</u> |
| Debt Service Ratio | <u>3.18</u> | <u>6.52</u> | <u>5.52</u> | <u>5.78</u> | <u>(3.35)</u> |
| CAPITAL COVERAGE RATIO | | | | | |
| Net Available for Capital | 3,520,355 | 3,438,444 | 3,092,904 | 3,169,690 | 81,911 |
| Total Capex | <u>8,670,500</u> | <u>11,452,292</u> | <u>11,831,010</u> | <u>2,687,185</u> | <u>(2,781,792)</u> |
| Capital Coverage Ratio | <u>0.41</u> | <u>0.30</u> | <u>0.26</u> | <u>1.18</u> | <u>0.11</u> |
| SUMMARY OF ACCOUNT BALANCES | | | | | |
| Cash - Operations | 6,143,506 | 5,469,433 | | | |
| Cash - Project Reserves | 18,526,257 | 1,715,475 | | | |
| Cash - Restricted | <u>337,562</u> | <u>337,562</u> | | | |
| Total Cash Accounts | <u>25,007,325</u> | <u>7,522,470</u> | | | |
| Investments - Operations | | | | | |
| Investments - Project Reserves | - | - | | | |
| Investments - Restricted | - | - | | | |
| Total Investments | <u>-</u> | <u>-</u> | | | |
| TOTAL BALANCES | <u>25,007,325</u> | <u>7,522,470</u> | | | |

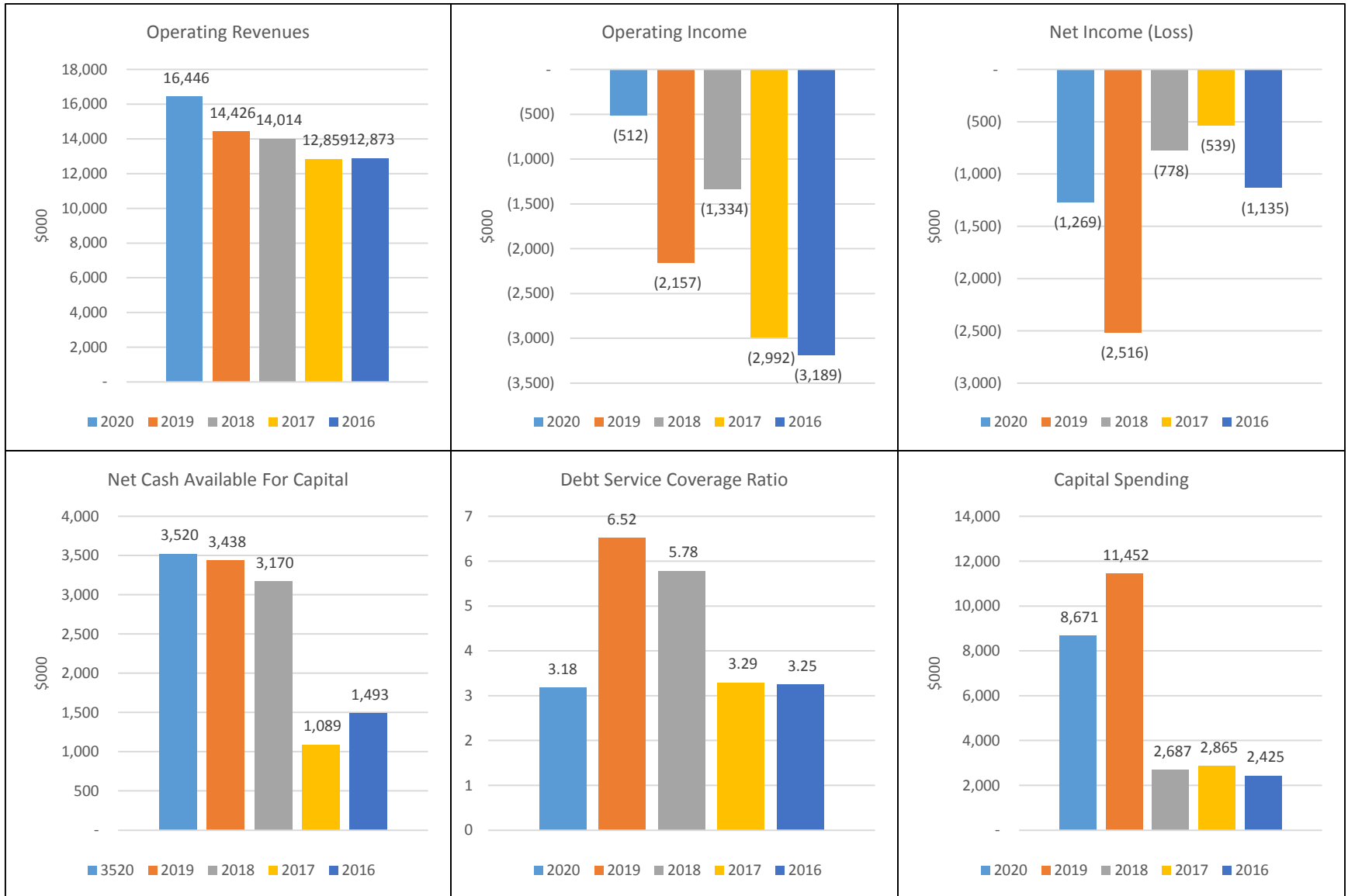
Suburban Wastewater

| | | |
|---|--------------------|---|
| NET CASH FLOW PER 2019 FORECAST | (1,558,144) | |
| Revenues | | |
| Signatory Revenues | 2,020,221 | Higher signatory flows and loads with operating expenses inflated by 3.0% |
| WWTP Revenues | - | No increase budgeted |
| Total Revenues | 2,020,221 | |
| Operating expenses | | |
| Salaries & Wages | (18,201) | 3.0% wage pool increase |
| Benefits | (150,571) | 18.0% increase in benefits for health care and pension |
| General inflation | (148,681) | 2.0% general inflation |
| Other Spending levels | | Increase in spending levels with increased spending for purchased services, materials & supplies, and equipment |
| Utilities | (32,828) | 7.8% increase in usage |
| Materials & Supplies | (70,791) | 20.2% increase in spending levels |
| Services | (111,255) | 1.73% increase in spending levels |
| Treatment & Transportation | 217,766 | Lower T&T costs |
| Total Operating expense spending levels | (314,561) | 3.0% overall increase in spending volumes |
| Internal Service Charged in | (60,088) | Higher charges coming in from Internal Services |
| Interest Income | (66,086) | Lower investment balances and lower interest rates |
| Debt Service | (923,022) | Higher due to new borrowing |
| Non-Operating Revenues (Expenses) | | |
| Change in Non-Operating revenues (expenses) | (965,781) | Higher allocation sales in 2019 not repeating |
| Financing activity | | |
| Investments converting to cash | (6,455,704) | No maturities for 2020, new borrowing of \$17.6m |
| New Borrowing | 22,635,000 | New borrowing for capex |
| Working capital Changes | 391,228 | Some reduction in receivables balances |
| Capital Spending/Funding | 2,781,792 | Decrease in capex |
| Net Changes | 19,042,999 | |
| NET CASH FLOW PER 2020 BUDGET | 17,484,855 | |

Suburban Wastewater

| CAPITAL EXPENDITURES | | | | | |
|--|--------------------------|------------------------|------------------------------|---------------------|-----------------------------|
| Project | Primary Project Category | Estimated Project Cost | Estimated Costs Through 2019 | 2020 Budget | Estimated Costs 2021 - 2024 |
| General: | | | | | |
| Annual Projects | AM - Varies | \$ 1,783,500 | \$ - | \$ 320,500 | \$ 1,463,000 |
| Subtotal | | | - | 320,500 | 1,463,000 |
| 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 | 620,000 | - | 620,000 | - |
| Signatory I/I Investigation & Remediation Program | Regulatory | 3,820,000 | - | 1,000,000 | 2,820,000 |
| Spring Creek Force Main A/V Valve Replacements | Sys Imp | 220,000 | 20,000 | 40,000 | 160,000 |
| WLI-Trexlerstown Area Storage Facility | Regulatory | 14,500,000 | 100,000 | 400,000 | 14,000,000 |
| Subtotal | | | 120,000 | 2,060,000 | 16,980,000 |
| Little Lehigh Relief Interceptor System: | | | | | |
| Park Pump Station Rehabilitation/Improvements | AM - High | 3,900,000 | 3,500,000 | 400,000 | - |
| Park Pump Station Force Main Rehabilitation | AM - High | 1,280,000 | 20,000 | 100,000 | 1,160,000 |
| Subtotal | | | 3,520,000 | 500,000 | 1,160,000 |
| LCA Owned Interceptor System: | | | | | |
| SSES (Weisenberg, UMiT, Lowhill) | AM - High | 75,000 | - | 75,000 | - |
| Subtotal | | | - | 75,000 | - |
| Northern Lehigh Service Area: | | | | | |
| Wynnewood Terrace WWTP Remediation & Replacement | AM - High | 4,000,000 | 3,300,000 | 700,000 | - |
| Wynnewood I/I Investigation and Remediation Program | AM - Varies | 120,000 | 20,000 | 50,000 | 50,000 |
| Sand Spring WWTP Remediation & Replacement | AM - High | 4,390,000 | 250,000 | 3,600,000 | 540,000 |
| Heidelberg Heights I/I Investigation and Remediation Program | AM - Varies | 1,425,000 | 300,000 | 275,000 | 850,000 |
| Heidelberg Heights WWTP Rehabilitation | AM - High | 420,000 | 20,000 | 40,000 | 360,000 |
| Subtotal | | | 3,890,000 | 4,665,000 | 1,800,000 |
| Weisenberg Township: | | | | | |
| WWTP Mechanical Screen | Efficiency | 275,000 | - | - | 275,000 |
| Subtotal | | | - | - | 275,000 |
| Lynn Township | | | | | |
| Lynn Township WWTP Improvements & Expansion | AM - High | 4,112,000 | - | 50,000 | 4,062,000 |
| Lynn Township I/I Investigation and Remediation Program | AM - High | 510,000 | 50,000 | 300,000 | 160,000 |
| | | | 50,000 | 350,000 | 4,222,000 |
| Total Suburban Wastewater Division Capital Expenditures (Funded): | | | \$ 7,580,000 | \$ 8,670,500 | \$ 28,700,000 |

Dashboard – Suburban Wastewater



City Division

| \$USD | 2020 Budget | 2019 Forecast | 2019 Budget | 2018 Actuals | 2020 vs. 2019FC |
|--|------------------------|--------------------------|------------------------|-------------------------|----------------------------|
| OPERATING REVENUES | | | | | |
| Charges for Services | 38,637,488 | 37,546,337 | 37,514,912 | 34,590,898 | 1,091,151 |
| Rent | - | - | - | - | - |
| Other income | 75,000 | 75,000 | 75,000 | 53,764 | - |
| Total Operating Revenues | 38,712,488 | 37,621,337 | 37,589,912 | 34,644,662 | 1,091,151 |
| OPERATING EXPENSES (CASH BASED) | | | | | |
| Salaries and Wages | (5,547,898) | (5,606,749) | (5,653,796) | (5,396,761) | 58,851 |
| General and Administrative | (6,939,978) | (6,761,873) | (6,407,601) | (5,713,940) | (178,105) |
| Utilities | (2,141,069) | (2,118,481) | (2,095,255) | (2,040,103) | (22,588) |
| Materials and Supplies | (1,688,624) | (1,574,483) | (1,597,216) | (1,267,835) | (114,141) |
| Miscellaneous Services | (2,330,341) | (2,031,779) | (1,988,845) | (2,782,126) | (298,562) |
| Treatment and Transportation | (12,000) | (12,000) | (12,000) | (9,827) | - |
| Total Operating Expenses | (18,659,910) | (18,105,365) | (17,754,713) | (17,210,592) | (554,545) |
| CASH FROM OPERATIONS | 20,052,578 | 19,515,972 | 19,835,199 | 17,434,070 | 536,606 |
| Interest Received | 900,000 | 1,164,612 | 400,000 | 1,047,630 | (264,612) |
| CASH AVAILABLE FOR DEBT SERVICE | 20,952,578 | 20,680,584 | 20,235,199 | 18,481,700 | 271,994 |
| DEBT SERVICE | | | | | |
| Interest and Fees Paid | (13,978,238) | (14,961,810) | (14,956,576) | (13,047,722) | 983,572 |
| Principal Paid | (1,442,932) | - | - | (18,735,000) | (1,442,932) |
| Total Debt Service | (15,421,170) | (14,961,810) | (14,956,576) | (31,782,722) | (459,360) |
| NET CASH AVAILABLE AFTER DEBT SERVICE | 5,531,408 | 5,718,774 | 5,278,623 | (13,301,022) | (187,366) |
| | 1.36 | 1.38 | 1.35 | 0.58 | (0.02) |

City Division

| \$USD | 2020 Budget | 2019 Forecast | 2019 Budget | 2018 Actuals | 2020 vs. 2019FC |
|--|------------------------|--------------------------|------------------------|-------------------------|----------------------------|
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Tapping and Capital Recovery Fees | 416,500 | 415,294 | 324,000 | 1,360,605 | 1,206 |
| Meter Sales | 13,200 | 13,159 | 13,200 | 8,397 | 41 |
| Inspection, Plan Reviews, and Project Reimbursements | 2,495,100 | 199,846 | 1,852,000 | 913,550 | 2,295,254 |
| Other Income | 35,000 | 34,742 | 22,000 | 1,587,086 | 258 |
| Less: Project Reimbursement | (2,315,000) | (190,000) | (2,480,000) | (372,527) | (2,125,000) |
| Other Expense | (2,782,916) | (453,958) | (1,645,000) | (3,525,992) | (2,328,958) |
| Less: Expensed Capex | 2,782,916 | 457,458 | 1,645,000 | 3,529,992 | 2,325,458 |
| Total Non-Operating Revenues (Expenses) | 644,800 | 476,541 | (268,800) | 3,501,111 | 168,259 |
| Changes in Assets and Liabilities | - | - | - | (7,156,997) | - |
| NET CASH AVAILABLE FOR CAPITAL | 6,176,208 | 6,195,315 | 5,009,823 | (16,956,908) | (19,107) |
| FINANCING AND INVESTMENT ACTIVITY | | | | | |
| Grants Received | - | - | - | - | - |
| New Borrowing | - | - | - | 18,735,000 | - |
| Investments Converted to Cash | - | - | - | 3,999,840 | - |
| New Investments From Cash | - | - | - | - | - |
| Annual Lease Payments | (533,258) | (524,862) | (516,200) | (511,560) | (8,396) |
| Project Reimbursements | 2,315,000 | 190,000 | 2,480,000 | 372,527 | 2,125,000 |
| Total Financing & Investment Activity | 1,781,742 | (334,862) | 1,963,800 | 22,595,807 | 2,116,604 |
| CAPITAL SPENDING | | | | | |
| Net Capital Spending | (2,032,084) | (3,267,427) | (3,724,885) | (4,323,997) | 1,235,343 |
| Add: Expensed Capex | (2,782,916) | (457,458) | (1,645,000) | (3,529,992) | (2,325,458) |
| Total Capital Spending | (4,815,000) | (3,724,885) | (5,369,885) | (7,853,989) | (1,090,115) |
| NET CASH FLOW TO FUND | 3,142,950 | 2,135,568 | 1,603,738 | (2,215,090) | 1,007,382 |

City Division

| \$USD | 2020 Budget | 2019 Forecast | 2019 Budget | 2018 Actuals | 2020 vs. 2019FC |
|---|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| DEBT SERVICE RATIO (INDENTURE BASED) | | | | | |
| Total Operating Revenues | 38,712,488 | 37,621,337 | 37,589,912 | 34,644,662 | 1,091,151 |
| Total Operating Expenses (Cash Based) | (18,659,910) | (18,036,655) | (17,680,046) | (17,056,166) | (623,255) |
| Interest Income | 900,000 | 1,164,612 | 400,000 | 1,047,630 | (264,612) |
| Annual Lease Payment (City) | (533,258) | (524,862) | (516,200) | (511,560) | (8,396) |
| Total Non-Operating Revenues (Expenses) | <u>815,040</u> | <u>476,695</u> | <u>(268,621)</u> | <u>3,501,111</u> | <u>338,345</u> |
| Cash Available For Debt Service | 21,234,360 | 20,701,127 | 19,525,045 | 21,625,677 | 533,233 |
| Total Debt Service | <u>15,421,170</u> | <u>13,047,722</u> | <u>14,956,576</u> | <u>13,047,722</u> | <u>2,373,448</u> |
| Debt Service Ratio | <u>1.38</u> | <u>1.59</u> | <u>1.31</u> | <u>1.66</u> | <u>(0.21)</u> |
| CAPITAL COVERAGE RATIO | | | | | |
| Net Available for Capital | 8,491,208 | 6,385,315 | 7,489,823 | 2,150,619 | 2,105,893 |
| Total Capex | <u>4,815,000</u> | <u>3,724,885</u> | <u>5,369,885</u> | <u>7,853,989</u> | <u>1,090,115</u> |
| Capital Coverage Ratio | <u>1.76</u> | <u>1.71</u> | <u>1.39</u> | <u>0.27</u> | <u>0.05</u> |
| SUMMARY OF ACCOUNT BALANCES | | | | | |
| Cash - Operations | 9,088,768 | 6,590,618 | | | |
| Cash - Project Reserves | 829,392 | 184,592 | | | |
| Cash - Restricted | <u>47,491,281</u> | <u>47,491,281</u> | | | |
| Total Cash Accounts | <u>57,409,441</u> | <u>54,266,491</u> | | | |
| Investments - Operations | - | - | | | |
| Investments - Project Reserves | - | - | | | |
| Investments - Restricted | <u>3,940,640</u> | <u>3,940,640</u> | | | |
| Total Investments | <u>3,940,640</u> | <u>3,940,640</u> | | | |
| TOTAL BALANCES | <u>61,350,081</u> | <u>58,207,131</u> | | | |

City Division

| | | |
|--|------------------|--|
| Revenues | | |
| Volume | - | NO MONTHLY BILLING and No budgeted volume increase |
| Base rate increase on rate payer base | 389,292 | 2.5% increase per concession agreement |
| CPI increase on rate payer base | 218,005 | 1.4% per compliance (based upon an inflation index) |
| CCRC - Water | 188,243 | Based upon completed projects that meet lease criteria |
| CCRC - Wastewater | 144,310 | Based upon completed projects that meet lease criteria |
| Other Water Sales | 279,590 | Increase in other water sales |
| Wastewater revenues - cost based | 536,189 | 3.0% inflation effect built into revenue |
| Municipal Wastewater | (664,478) | Lower signatory flows and loads |
| Total Revenues | 1,091,151 | |
| Operating expenses | | |
| Personnel Costs | | |
| Headcount from last year | (50,000) | Catch up for full year of headcount brought on board in 2019 |
| Wage increases | (169,702) | 3.0% wage pool |
| Benefits increase | (191,929) | 8.0% increase in employee insurance costs |
| Charging re-allocation | 534,866 | Less cross charging coming into the City fund |
| Discretionary spending | | |
| Inflation | (120,785) | 2.0% inflation rate used across all spending categories |
| Real spending | | |
| Utilities | 19,394 | Reduction in utility usage |
| Materials and supplies | (81,030) | Spending increase of 5.1% |
| Services | (252,870) | Spending increase of 12.4% |
| Internal Services Charged In | (242,489) | Net reduction in Internal Services Charged in |
| Total operating expenses | (554,545) | |
| Interest income | | |
| | (264,612) | Assuming a reduction in overall interest rates |
| Debt Service | | |
| Additional interest expense | 983,572 | Based upon series A&B along with Loan from Fulton Bank |
| Additional principal payments | (1,442,932) | |
| Total Debt service | (459,360) | |
| Non-Operating Revenues (Expenses) | | |
| Capital Recovery Fees | 1,247 | Staying conservative |
| Planning and Inspection reviews | 170,512 | Staying conservative |
| Project Reimbursement | 2,125,000 | From COA |
| Expenses | (3,500) | Not repeating in 2020 |
| Annual Lease Payments | (8,396) | CPI Index effect |
| Total Non-Operating Revenues (Expenses) | 2,284,863 | |
| Capital Spending/Funding | | |
| Capex | (1,090,115) | Based upon Capex plan |
| Net Changes | 1,007,382 | |
| NET CASH FLOW PER 2020 BUDGET | 3,142,950 | |

City Division

| WATER FUND | | | | | |
|--|-------------|-----------|--------------|---------------------|---------------------|
| CAPITAL EXPENDITURES | | | | | |
| | Primary | Estimated | Estimated | | Estimated |
| | Project | Project | Costs | 2020 | Costs |
| Project | Category | Cost | Through 2019 | Budget | 2021 - 2024 |
| <u>LCA Funded Projects</u> | | | | | |
| Annual Projects | AM - Varies | 8,640,000 | - | 972,500 | 7,667,500 |
| Various Water System Related Studies | CA/OS | 300,000 | - | - | 300,000 |
| Sub-total Allentown Division Water Capital Funded by LCA | | | - | 972,500 | 7,967,500 |
| - | | | | | |
| <u>City Funded Projects</u> | | | | | |
| Itron/AMR Meter Project ⁽¹⁾ | CA/OS | 85,000 | - | 85,000 | - |
| Sub-total Allentown Division Water Capital Funded by the City | | | - | 85,000 | - |
| Administration Fund Capital Allocation | | | | 317,500 | 1,270,000 |
| Total Allentown Division Water Capital Expenditures (Funded): | | | \$ - | \$ 1,375,000 | \$ 9,237,500 |

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

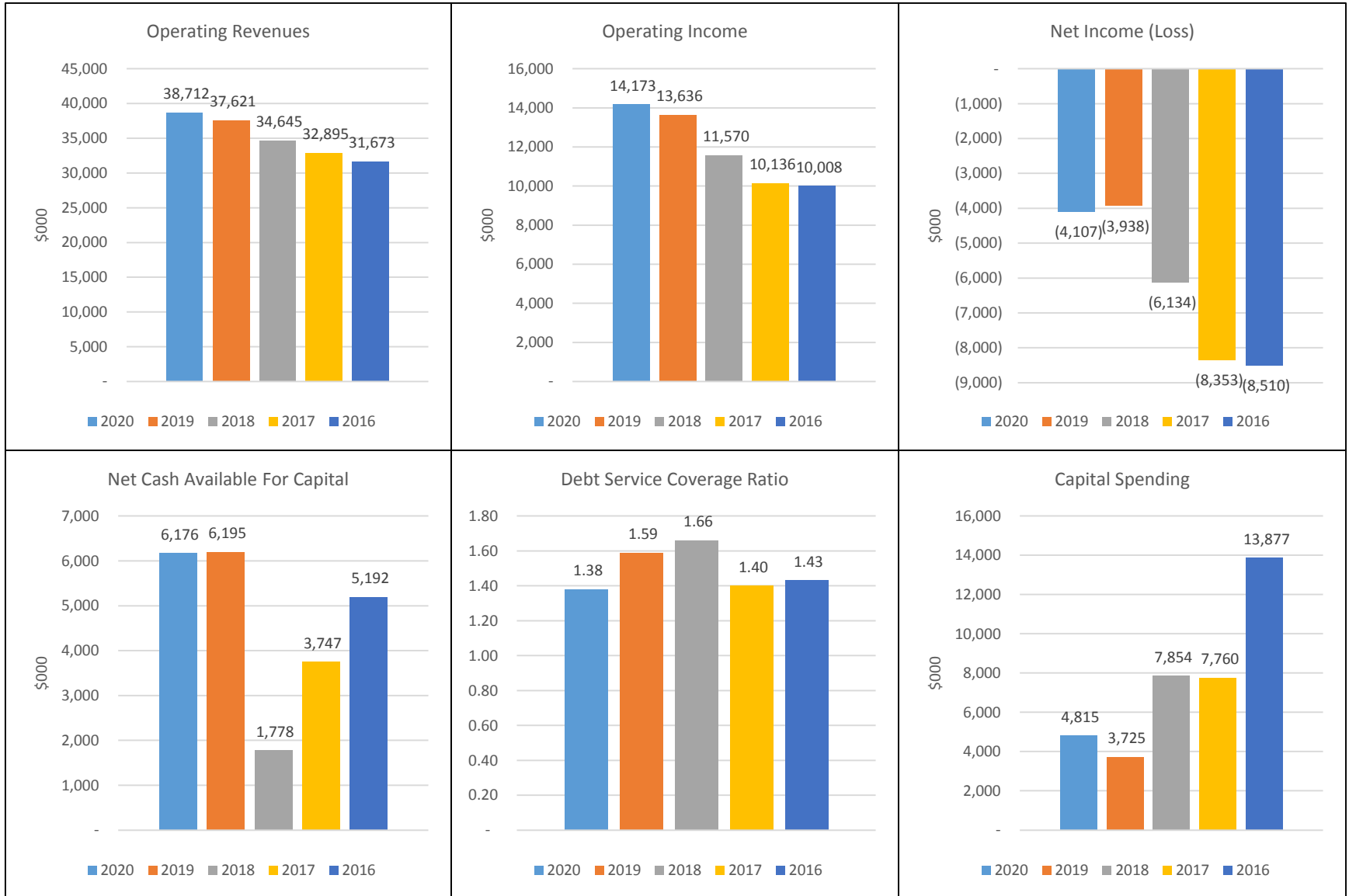
The City will fund these projects but has requested that LCA execute them.

City Division

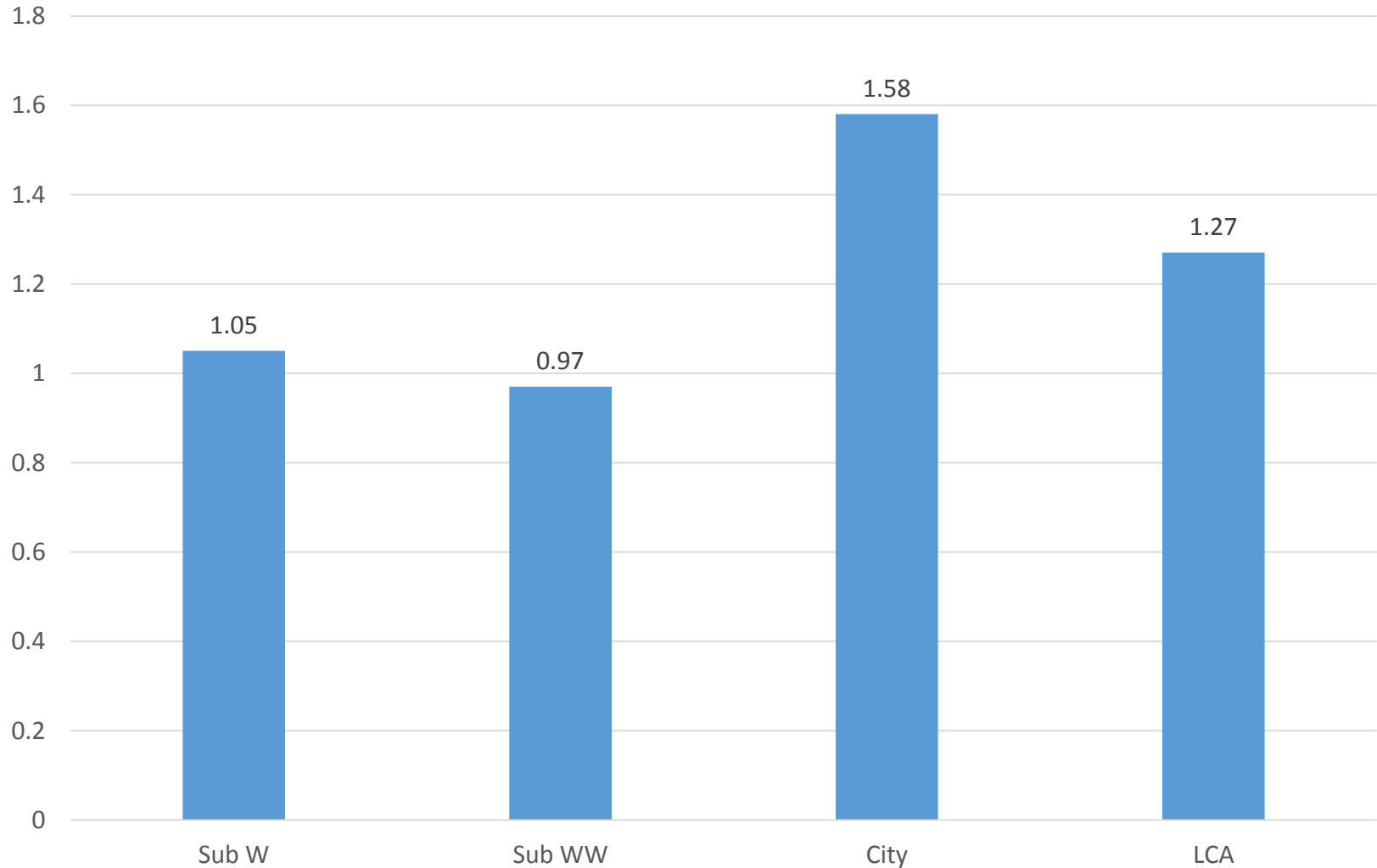
| WASTEWATER SYSTEM | | | | | |
|---|------------|-----------|--------------|---------------------|----------------------|
| CAPITAL EXPENDITURES | | | | | |
| | Primary | Estimated | Estimated | | Estimated |
| | Project | Project | Costs | 2020 | Costs |
| Project | Category | Cost | Through 2019 | Budget | 2021 - 2024 |
| <u>LCA Funded Projects</u> | | | | | |
| Annual Projects | AM - High | 9,060,000 | - | 1,210,000 | 7,850,000 |
| Various Wastewater System Related Studies | CA/OS | 300,000 | - | - | 300,000 |
| Sub-total Allentown Division Wastewater Capital Funded by LCA | | | \$ - | \$ 1,210,000 | \$ 8,150,000 |
| <u>City Funded Projects</u> | | | | | |
| Regional Flow Management Strategy ⁽¹⁾ | Regulatory | 3,145,000 | - | 730,000 | 2,415,000 |
| WWTP Interim Blending Pumping System ⁽¹⁾ | Regulatory | 1,500,000 | - | 1,500,000 | - |
| Sub-total Allentown Division Wastewater Capital Funded by the City | | | \$ - | \$ 2,230,000 | \$ 2,415,000 |
| Total Allentown Division Wastewater Capital Expenditures (Funded): | | | \$ - | \$ 3,440,000 | \$ 10,565,000 |

(1) "Administrative Order" Projects as per the Agreement are to be Funded by the City and executed by LCA.

Dashboard – City Division

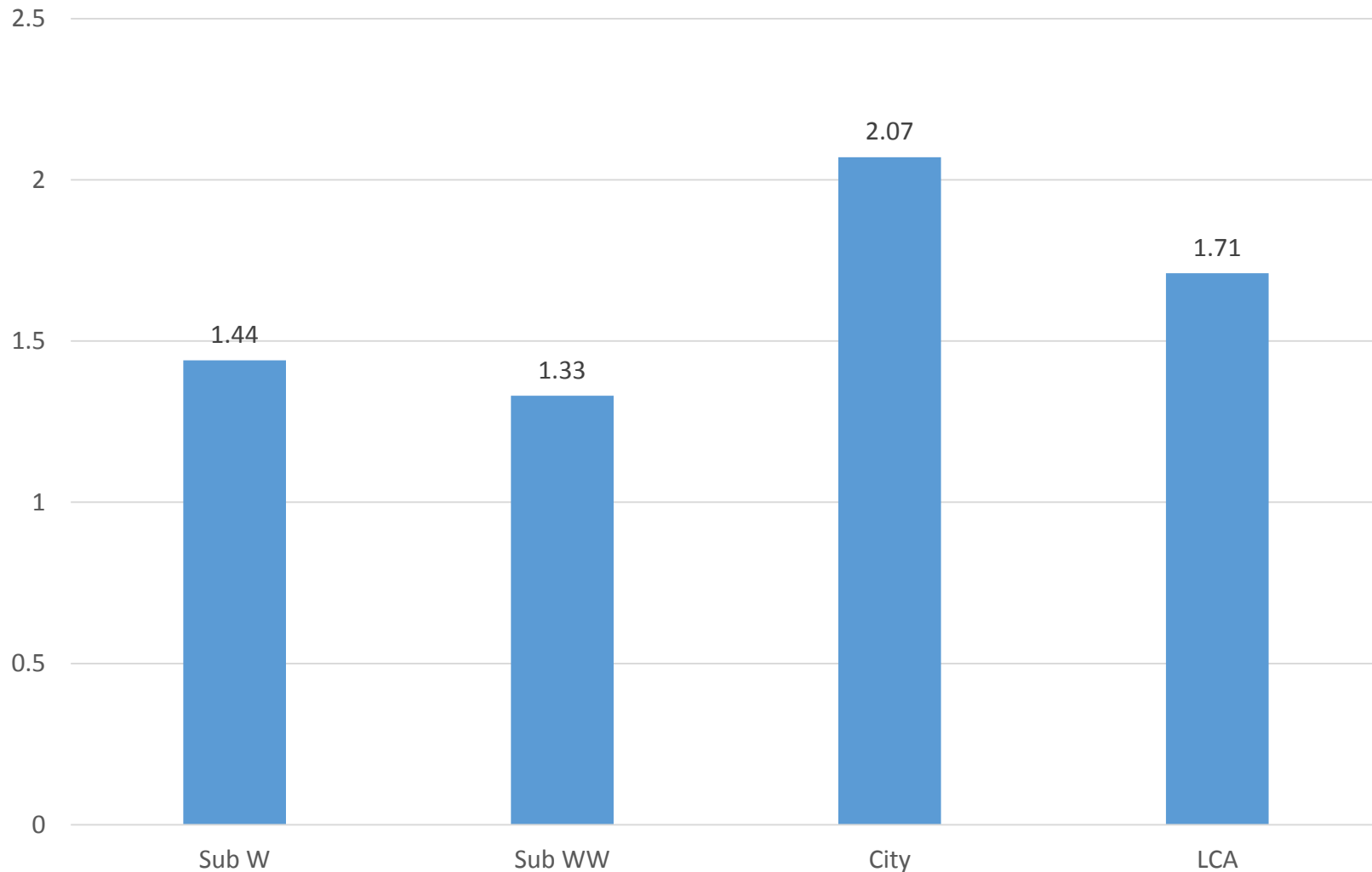


Operating Ratio (with D&A)



Operating Revenues / Operating Expenses including depreciation:
Illustrates financial capacity to address capital needs of the system.

Operating Ratio (ex D&A)



Operating Revenues / Operating Expenses excluding depreciation:
Illustrates cash available after operating expenses, available for debt.