

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JANUARY 31, 2019 AND DECEMBER 31, 2018**

	JANUARY	DECEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 127,708,389	\$ 131,339,529
Accrued interest receivable	524,334	524,334
Accounts receivable, net	21,574,722	20,395,813
Due from other governmental agencies	3,235,831	1,383,548
Inventories and prepaid costs	10,017,264	10,443,059
Total current assets	163,060,540	164,086,283
Restricted assets:		
Cash and investments	59,333,525	58,529,250
Capital assets:		
Land	102,870,720	102,864,184
Construction in progress	272,781,210	263,762,312
Buildings and improvements	2,159,948,110	2,159,948,110
Machinery and equipment	101,889,101	101,811,574
Intangible assets	117,841,176	117,841,176
Less accumulated depreciation and amortization	(1,309,544,610)	(1,303,699,178)
Total capital assets	1,445,785,707	1,442,528,178
Total noncurrent and restricted assets	1,505,119,232	1,501,057,428
Total assets	1,668,179,772	1,665,143,711
Deferred outflows of resources:		
Related to pensions and OPEB (1)	15,887,628	15,887,628
Total assets and deferred outflows of resources	\$ 1,684,067,400	\$ 1,681,031,339
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,166,431	\$ 30,562,652
Due to other governmental agencies	518,985	481,539
Net pension liability	322,654	322,654
Total current liabilities	27,008,070	31,366,845
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,661,794	1,361,350
Revenue bonds payable (net of unamortized costs)	3,430,000	3,430,000
Customer deposits	10,750,764	10,749,233
Total liabilities payable from restricted assets	15,842,558	15,540,583
Noncurrent liabilities:		
Compensated absences payable	1,540,394	1,540,394
Loans payable	96,123,458	94,271,174
Revenue bonds payable (net of unamortized costs)	85,152,027	85,225,432
Net pension and OPEB liability	43,144,585	43,144,585
Total noncurrent liabilities	225,960,464	224,181,585
Total liabilities	268,811,092	271,089,013
Deferred inflows of resources:		
Related to pensions and OPEB (1)	4,002,361	4,002,361
Total liabilities and deferred inflows of resources	272,813,453	275,091,374
<u>NET POSITION</u>		
Net investment in capital assets	1,261,080,222	1,259,601,572
Restricted for debt service	46,920,967	46,418,667
Unrestricted (1)	103,252,758	99,919,726
Total net position	1,411,253,947	1,405,939,965
Total liabilities and net position	\$ 1,684,067,400	\$ 1,681,031,339

(1) Due to a change in the Actuarial Reporting date, OPEB related deferrals and net position have been updated from that previously presented.

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JANUARY 31, 2019 AND DECEMBER 31, 2018**

	<u>JANUARY</u>	<u>DECEMBER</u>
Current:		
Reserve revenue	\$ 77,042,139	\$ 83,679,097
Water connection fees	26,605,207	25,371,527
Wastewater connection fees	24,055,943	22,283,805
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>127,708,389</u>	<u>131,339,529</u>
Restricted:		
Operation and maintenance reserve	28,159,171	28,165,602
Renewal and replacement	8,012,865	8,014,953
Bond reserve (1)	6,315,791	6,315,781
Bond principal	1,155,074	867,828
Bond interest	918,224	688,551
Loan debt service	3,260,274	2,965,742
Loan repayment reserve	761,362	761,560
Customer deposits	<u>10,750,764</u>	<u>10,749,233</u>
Total restricted cash and investments	<u>59,333,525</u>	<u>58,529,250</u>
Total cash and investments	<u>\$ 187,041,914</u>	<u>\$ 189,868,779</u>

Note: (1) The Bond Reserve requirement is prescribed in the bond covenants as the maximum annual debt service for all bonds outstanding, \$6,173,644. The amount reflected in this statement represents the current market value of this account.

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2019**

	<u>JANUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,642,114	\$ 18,364,647
Wastewater service	11,608,413	45,089,318
Reclaimed water service	782,423	3,242,244
Miscellaneous	<u>765,527</u>	<u>2,441,326</u>
Total operating revenues	<u>17,798,477</u>	<u>69,137,535</u>
Operating and maintenance expenses:		
Personal services	4,614,120	19,199,465
Contractual services	2,306,023	7,742,812
Materials and supplies	703,024	1,458,726
Utilities	502,708	4,524,510
Repairs and maintenance	1,386,934	3,742,412
Other administrative expenses	<u>510,715</u>	<u>4,358,719</u>
Total operating and maintenance expenses	<u>10,023,524</u>	<u>41,026,644</u>
Operating income before depreciation	7,774,953	28,110,891
Depreciation and amortization	<u>5,867,500</u>	<u>23,470,000</u>
Operating income	<u>1,907,453</u>	<u>4,640,891</u>
Nonoperating revenues (expenses):		
Interest revenue	257,835	1,214,124
Interest expense and fiscal charges	(310,987)	(1,243,362)
Gain on disposal of assets	<u>1,700</u>	<u>71,280</u>
Total net nonoperating revenues (expenses)	<u>(51,452)</u>	<u>42,042</u>
Income before contributions and transfers	1,856,001	4,682,933
Capital contributions	3,457,981	20,494,410
Transfers out	<u>-</u>	<u>(8,900,000)</u>
Change in net position	5,313,982	16,277,343
Total net position, beginning of period	<u>1,405,939,965</u>	<u>1,394,976,604</u>
Total net position, end of period	<u>\$ 1,411,253,947</u>	<u>\$ 1,411,253,947</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Water service:						
Residential	\$ 2,232,982	\$ 2,354,775	\$ 8,931,928	\$ 9,029,678	\$ 26,795,779	34%
Commercial	1,399,494	1,482,682	5,597,976	5,719,551	16,793,930	34%
Conservation surcharge	1,007,319	804,657	4,029,276	3,615,418	12,087,826	30%
Total water service	<u>4,639,795</u>	<u>4,642,114</u>	<u>18,559,180</u>	<u>18,364,647</u>	<u>55,677,535</u>	33%
Wastewater service:						
Residential	5,617,464	5,883,289	22,469,856	22,821,220	67,409,567	34%
Commercial	5,046,569	5,417,003	20,186,276	21,081,938	60,558,832	35%
Environmental surcharge	213,867	262,591	855,468	873,311	2,566,401	34%
Industrial	7,306	6,638	29,224	52,742	87,667	60%
Septic and portable	55,917	56,879	223,668	217,631	671,007	32%
Capacity maintenance fees	9,442	(17,987)	37,768	42,476	113,304	37%
Total wastewater service	<u>10,950,565</u>	<u>11,608,413</u>	<u>43,802,260</u>	<u>45,089,318</u>	<u>131,406,778</u>	34%
Reclaimed water service:						
Reclaimed service	820,620	770,909	3,282,480	3,171,334	9,847,435	32%
Reclaimed water-cooling tower	20,424	11,514	81,696	70,910	245,089	29%
Total reclaimed water service	<u>841,044</u>	<u>782,423</u>	<u>3,364,176</u>	<u>3,242,244</u>	<u>10,092,524</u>	32%
Miscellaneous:						
Initiate account service	44,592	35,984	178,368	159,648	535,105	30%
Turn off/on service	32,894	39,555	131,576	141,220	394,731	36%
Lien fee charges	469	440	1,876	1,400	5,630	25%
Meter removal/testing	4,196	2,971	16,784	12,359	50,347	25%
Meter/line damage	19,934	(20,902)	79,736	25,544	239,211	11%
NSF charges	4,008	5,940	16,032	24,982	48,091	52%
Plans and specifications	75,006	32,126	300,024	303,904	900,076	34%
Charges to other funds	1,388	1,371	5,552	4,437	16,653	27%
Developer reimb of plan review	45,388	52,556	181,552	214,810	544,653	39%
Cross Connection Control Program	226,259	220,249	905,036	858,480	2,715,113	32%
Miscellaneous	135,922	395,237	543,688	694,542	1,631,058	43%
Total miscellaneous	<u>590,056</u>	<u>765,527</u>	<u>2,360,224</u>	<u>2,441,326</u>	<u>7,080,668</u>	34%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 17,798,477</u>	<u>\$ 68,085,840</u>	<u>\$ 69,137,535</u>	<u>\$ 204,257,505</u>	34%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Personal services:						
Salaries	\$ 3,467,351	\$ 2,997,547	\$ 13,869,404	\$ 14,587,345	\$ 41,608,212	35%
Fringe benefits	1,359,355	1,616,573	5,437,420	4,612,120	16,312,262	28%
Total personal services	4,826,706	4,614,120	19,306,824	19,199,465	57,920,474	33%
Contractual services:						
Research and studies	115,978	18,493	463,912	59,783	1,391,733	4%
Legal services	11,582	-	46,328	-	138,978	0%
Indirect costs	620,092	620,091	2,480,368	2,480,366	7,441,099	33%
Purchased water	91,800	193,231	367,200	359,533	1,101,594	33%
Effluent disposal	264,173	165,373	1,056,692	661,494	3,170,072	21%
Comptroller fees	155,727	155,727	622,908	622,908	1,868,724	33%
Officer fees	761	874	3,044	1,334	9,130	15%
Payments to other governments	316,829	214,820	1,267,316	884,030	3,801,947	23%
Janitorial	42,885	63,788	171,540	86,182	514,615	17%
Employment agency	112,435	72,224	449,740	192,616	1,349,220	14%
Training	26,418	922	105,672	9,017	317,010	3%
Paving	139,904	55,691	559,616	280,124	1,678,852	17%
Software licensing/support fee	195,983	293,502	783,932	425,328	2,351,794	18%
Other professional fees	237,757	22,279	951,028	66,305	2,853,078	2%
Contractual services	1,904,709	429,008	7,618,836	1,613,792	22,856,513	7%
Total contractual services	4,237,033	2,306,023	16,948,132	7,742,812	50,844,359	15%
Materials and supplies:						
Graphic reproduction services	5,194	-	20,776	-	62,331	0%
Office supplies	13,517	8,803	54,068	24,942	162,201	15%
Event/meal reimbursement	309	265	1,236	959	3,710	26%
Software <\$1000	4,544	2,163	18,176	4,217	54,527	8%
Computer equipment <\$500	5,876	3,493	23,504	6,805	70,509	10%
Equipment <\$1000	26,678	31,106	106,712	58,629	320,131	18%
Tools	10,014	6,219	40,056	20,176	120,169	17%
Medical	133	-	532	-	1,600	0%
Liquid oxygen	16,834	11,322	67,336	23,205	202,004	11%
Chemical and pesticides	8	-	32	-	100	0%
Solar salt	23,336	20,221	93,344	27,241	280,027	10%
Chlorine	159,775	176,821	639,100	336,444	1,917,300	18%
Fluoride	15,480	9,615	61,920	17,930	185,760	10%
Alum	4,961	-	19,844	3,842	59,528	6%
Polymer	88,663	99,781	354,652	187,276	1,063,954	18%
Sealing chemicals	208	-	832	-	2,500	0%
Corrosion control	60,315	68,420	241,260	175,021	723,779	24%
Carbon dioxide	49,205	146,764	196,820	160,522	590,460	27%
Sodium hydroxide	42,271	38,561	169,084	100,019	507,248	20%
Supplemental carbon	33,409	18,548	133,636	52,514	400,907	13%
Miscellaneous chemicals	31,579	19,198	126,316	35,251	378,944	9%
Material for construction	28,957	-	115,828	23,793	347,483	7%
Clothing	20,417	4,267	81,668	48,770	244,998	20%
Gas-oil-lube-brfl-ant	26,324	4,709	105,296	27,255	315,885	9%
Miscellaneous expenses	70,562	32,748	282,248	123,915	846,746	15%
Total materials & supplies	738,569	703,024	2,954,276	1,458,726	8,862,801	16%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Utilities:						
Communications	\$ 69,232	\$ 51,216	\$ 276,928	\$ 188,728	\$ 830,784	23%
Water	9,878	1,006	39,512	19,588	118,536	17%
Solid waste tipping fees	41,398	17,499	165,592	53,292	496,780	11%
Garbage disposal	5,664	2,021	22,656	4,134	67,968	6%
Gas	14,678	9,964	58,712	22,472	176,132	13%
Electric	1,110,325	421,002	4,441,300	4,236,296	13,323,899	32%
Total utilities	1,251,175	502,708	5,004,700	4,524,510	15,014,099	30%
Repairs and maintenance:						
Building and grounds	592,179	535,660	2,368,716	1,539,598	7,106,148	22%
Equipment	706,482	459,637	2,825,928	937,912	8,477,789	11%
Vehicle maintenance	366,762	292,845	1,467,048	1,008,121	4,401,146	23%
Services	101,710	60,518	406,840	116,748	1,220,515	10%
Mains	75,973	31,474	303,892	106,033	911,671	12%
Water meters	13,497	-	53,988	-	161,965	0%
Fire lines	30,269	-	121,076	27,200	363,230	7%
Meter installations	42	-	168	-	500	0%
Valves	95,978	6,800	383,912	6,800	1,151,730	1%
Utility relocations	42	-	168	-	500	0%
Total repairs & maintenance	1,982,934	1,386,934	7,931,736	3,742,412	23,795,194	16%
Other administrative:						
Local travel	2,371	2,633	9,484	4,647	28,456	16%
Out of county travel	3,365	228	13,460	1,569	40,375	4%
Postage and messenger services	71,820	4,422	287,280	271,624	861,845	32%
Toll charges	19,128	19,016	76,512	60,194	229,532	26%
Rental of equipment	79,664	20,962	318,656	123,529	955,969	13%
Dues and memberships	13,872	25,479	55,488	58,554	166,462	35%
Subscriptions	2,306	4,800	9,224	5,738	27,672	21%
Training fees	13,484	35,041	53,936	41,667	161,808	26%
License and certification	3,540	1,959	14,160	4,262	42,474	10%
Advertising	1,243	-	4,972	-	14,920	0%
Promotional	9,803	4,467	39,212	15,701	117,635	13%
Educational assistance	2,875	4,453	11,500	5,638	34,500	16%
Scholarships, awards	638	-	2,552	-	7,655	0%
Improvements to non-county assets	15,934	1,643	63,736	37,900	191,209	20%
Bad debt expense	41,817	15,851	167,268	111,728	501,800	22%
Bank charges	92,319	111,690	369,276	209,121	1,107,822	19%
Self insurance	257,647	257,646	1,030,588	1,030,586	3,091,758	33%
Refunds of prior year revenue	25,000	1,170	100,000	122,757	300,000	41%
Operating permits	11,654	-	46,616	-	139,849	0%
Accrued expenses	-	(745)	-	2,253,504	-	0%
Total other administrative	668,480	510,715	2,673,920	4,358,719	8,021,741	54%
Total O&M expenses	\$ 13,704,897	\$ 10,023,524	\$ 54,819,588	\$ 41,026,644	\$ 164,458,668	25%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Interest revenue:						
Net revenue	\$ 171,741	\$ 223,088	\$ 686,964	\$ 1,023,921	\$ 2,060,889	50%
Connection fees	-	54,817	-	263,841	-	0%
Bond reserve	-	9	-	(2,176)	-	0%
Less: Customer deposits expense	-	(20,079)	-	(71,462)	-	0%
Total interest revenue	171,741	257,835	686,964	1,214,124	2,060,889	59%
Interest expense:						
Bonds and revolving loans	(424,121)	(384,330)	(1,696,484)	(1,536,767)	(5,089,453)	30%
Capital lease	(128)	(62)	(512)	(217)	(1,541)	14%
Debt service fees	(201,474)	-	(805,896)	-	(2,417,689)	0%
Amortization of bond premium	-	73,405	-	293,622	-	(1)
Total interest expense	(625,723)	(310,987)	(2,502,892)	(1,243,362)	(7,508,683)	17%
Gain on disposal of assets:						
Proceeds from sale	-	-	-	69,580	-	0%
Gain on disposal of fixed assets	-	1,700	-	1,700	-	(1)
Total gain on disposal of assets	-	1,700	-	71,280	-	(1)
Total non-operating revenues (expenses)	\$ (453,982)	\$ (51,452)	\$ (1,815,928)	\$ 42,042	\$ (5,447,794)	-1%

(1) These are noncash items, and therefore not included in adopted budget.

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 1,115,530	\$ 3,449,840	\$ 6,617,542	\$ 10,349,514	64%
Irrigation	49,789	41,530	199,156	183,640	597,468	31%
Total water connection fees	<u>912,249</u>	<u>1,157,060</u>	<u>3,648,996</u>	<u>6,801,182</u>	<u>10,946,982</u>	62%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>2,289,147</u>	<u>6,096,708</u>	<u>13,639,359</u>	<u>18,290,123</u>	75%
Total wastewater connection fees	<u>1,524,177</u>	<u>2,289,147</u>	<u>6,096,708</u>	<u>13,639,359</u>	<u>18,290,123</u>	75%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(3,672)</u>	<u>(333,332)</u>	<u>(9,446)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(3,672)</u>	<u>(333,332)</u>	<u>(9,446)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,353,093</u>	<u>3,442,535</u>	<u>9,412,372</u>	<u>20,431,095</u>	<u>28,237,105</u>	72%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	34,844	-	0%
Developer reimbursements	-	-	-	136	-	0%
Line extensions	<u>-</u>	<u>6,735</u>	<u>-</u>	<u>28,335</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>15,446</u>	<u>-</u>	<u>63,315</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 3,457,981</u>	<u>\$ 9,412,372</u>	<u>\$ 20,494,410</u>	<u>\$ 28,237,105</u>	73%

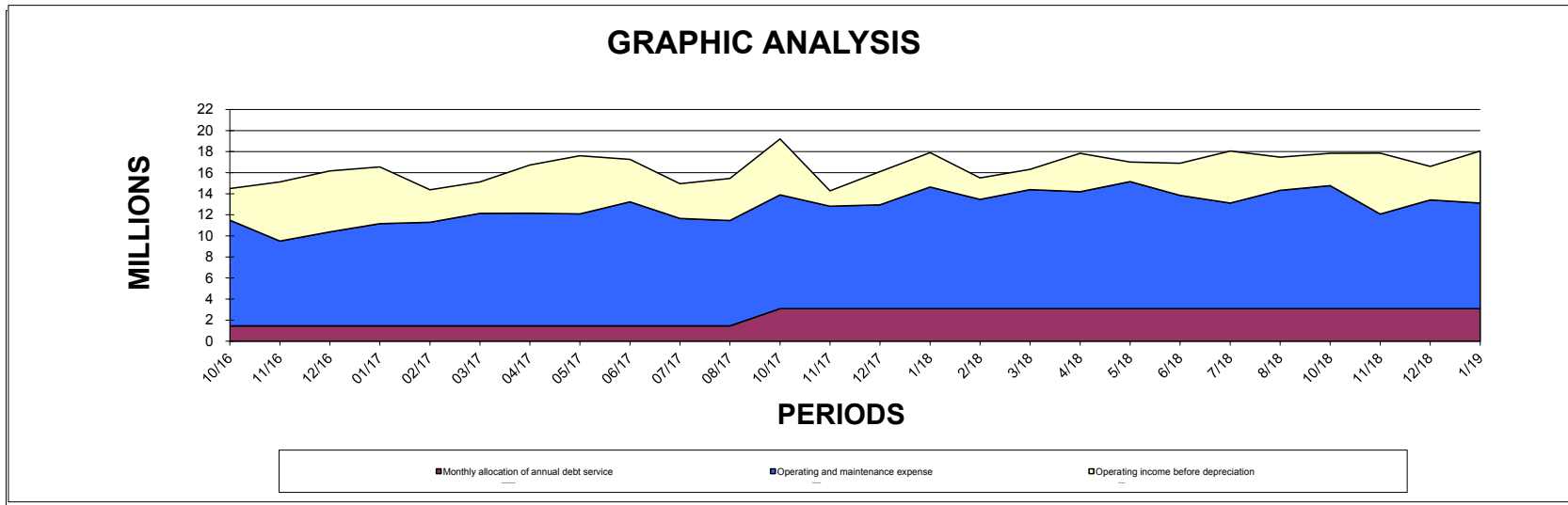
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JANUARY 31, 2019**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Capital outlay:						
Land	\$ 40,941	\$ 6,536	\$ 163,764	\$ 234,925	\$ 491,297	48%
Buildings	179,514	36,012	718,056	38,932	2,154,169	2%
Structures	12,984,649	8,982,886	51,938,596	16,802,397	155,815,789	11%
Equipment	973,134	99,595	3,892,536	1,260,192	11,677,602	11%
Total capital outlay	14,178,238	9,125,029	56,712,952	18,336,446	170,138,857	11%
Debt service principal	634,951	756,460	2,539,804	3,026,391	7,619,417	40%
Total other disbursements	<u>\$ 14,813,189</u>	<u>\$ 9,881,489</u>	<u>\$ 59,252,756</u>	<u>\$ 21,362,837</u>	<u>\$ 177,758,274</u>	12%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2019**

	<u>Year to Date</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>
Operating Ratios												
Overall	0.59	0.67	0.51	0.63	0.56							
Water	0.82	0.90	0.78	0.86	0.73							
Wastewater	0.48	0.55	0.40	0.48	0.47							
Bond Coverage Ratios*	13.66	11.28	16.66	11.60	15.11							

*Net operating income (excluding connection fees) divided by the annual debt service payments. The bond resolution requires coverage of 1.10.



**ORANGE COUNTY WATER UTILITIES SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE MONTH ENDED JANUARY 31, 2019**

Pursuant to Section 37-304 of Orange County Ordinance No. 92-10, water and wastewater capacity has been sold net of \$10.5 million in affordable multi-family housing discounts, since inception of the program. Pursuant to Orange County ordinance No. 94-21, the County also offers a discount on water & wastewater connection fees for each residential lot that receives service from a Reclaimed Water Distribution System. Since inception of this program water & wastewater capacity has been sold net of \$12.5 million.