

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JUNE 30 AND MAY 31, 2019**

	JUNE	MAY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 113,353,870	\$ 113,595,347
Accrued interest receivable	524,334	524,334
Accounts receivable, net	21,703,341	20,824,063
Due from other governmental agencies	4,661,663	4,418,725
Inventories and prepaid costs	7,607,373	8,024,452
Total current assets	147,850,581	147,386,921
Restricted assets:		
Cash and investments	60,658,614	59,539,605
Capital assets:		
Land	103,040,813	102,982,105
Construction in progress	310,143,752	322,386,737
Buildings and improvements	2,191,638,700	2,169,541,278
Machinery and equipment	99,303,484	98,815,677
Intangible assets	121,303,499	121,303,499
Less accumulated depreciation and amortization	(1,334,420,033)	(1,328,770,739)
Total capital assets	1,491,010,215	1,486,258,557
Total noncurrent and restricted assets	1,551,668,829	1,545,798,162
Total assets	1,699,519,410	1,693,185,083
Deferred outflows of resources:		
Related to pensions and OPEB	15,887,628	15,887,628
Total assets and deferred outflows of resources	\$ 1,715,407,038	\$ 1,709,072,711
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,848,008	\$ 28,653,837
Due to other governmental agencies	611,861	586,395
Net pension liability	322,654	322,654
Total current liabilities	31,782,523	29,562,886
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,250,189	870,621
Revenue bonds payable (net of unamortized costs)	3,430,000	3,430,000
Customer deposits	10,801,045	10,818,964
Total liabilities payable from restricted assets	15,481,234	15,119,585
Noncurrent liabilities:		
Compensated absences payable	1,540,394	1,540,394
Loans payable	97,549,290	97,306,352
Revenue bonds payable (net of unamortized costs)	84,785,000	84,858,405
Net pension and OPEB liability	43,144,585	43,144,585
Total noncurrent liabilities	227,019,269	226,849,736
Total liabilities	274,283,026	271,532,207
Deferred inflows of resources:		
Related to pensions and OPEB	4,002,361	4,002,361
Total liabilities and deferred inflows of resources	278,285,387	275,534,568
<u>NET POSITION</u>		
Net investment in capital assets	1,305,245,925	1,300,663,800
Restricted for debt service	48,607,380	47,850,020
Unrestricted	83,268,346	85,024,323
Total net position	1,437,121,651	1,433,538,143
Total liabilities and net position	\$ 1,715,407,038	\$ 1,709,072,711

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JUNE 30 AND MAY 31, 2019**

	<u>JUNE</u>	<u>MAY</u>
Current:		
Reserve revenue	\$ 63,692,697	\$ 66,468,369
Water connection fees	25,074,616	24,126,145
Wastewater connection fees	24,581,457	22,995,733
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>113,353,870</u>	<u>113,595,347</u>
Restricted:		
Operation and maintenance reserve	28,453,492	28,455,190
Renewal and replacement	8,011,979	8,017,483
Bond reserve (1)	6,392,730	6,392,638
Bond principal	2,583,441	2,293,314
Bond interest	689,280	459,951
Loan debt service	2,965,369	2,340,264
Loan repayment reserve	761,278	761,801
Customer deposits	<u>10,801,045</u>	<u>10,818,964</u>
Total restricted cash and investments	<u>60,658,614</u>	<u>59,539,605</u>
Total cash and investments	<u>\$ 174,012,484</u>	<u>\$ 173,134,952</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 JUNE 30, 2019**

	<u>JUNE</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 5,373,856	\$ 41,689,144
Wastewater service	11,728,427	101,411,784
Reclaimed water service	993,310	7,474,924
Miscellaneous	539,820	5,648,493
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Total operating revenues	18,635,413	156,224,345
Operating and maintenance expenses:		
Personal services	4,182,379	41,083,075
Contractual services	3,741,348	23,601,083
Materials and supplies	642,857	4,814,388
Utilities	1,271,514	10,462,972
Repairs and maintenance	2,694,742	14,274,545
Other administrative expenses	534,410	7,359,758
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Total operating and maintenance expenses	13,067,250	101,595,821
Operating income before depreciation	5,568,163	54,628,524
Depreciation and amortization	5,867,500	52,812,753
Operating income (loss)	<hr/> (299,337) <hr/>	<hr/> 1,815,771 <hr/>
Nonoperating revenues (expenses):		
Interest revenue	255,919	2,834,805
Interest expense and fiscal charges	(306,301)	(2,779,301)
Gain (loss) on disposal of assets	(53,043)	261,063
	<hr/>	<hr/>
Total net nonoperating revenues (expenses)	(103,425)	316,567
Income (loss) before contributions and transfers	(402,762)	2,132,338
Capital contributions	3,986,270	48,912,709
Transfers out	-	(8,900,000)
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Change in net position	3,583,508	42,145,047
Total net position, beginning of period	<hr/> 1,433,538,143 <hr/>	<hr/> 1,394,976,604 <hr/>
Total net position, end of period	<u>\$ 1,437,121,651</u>	<u>\$ 1,437,121,651</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED JUNE 30, 2019**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Water service:						
Residential	\$ 2,232,982	\$ 2,398,501	\$ 20,096,838	\$ 20,385,948	\$ 26,795,779	76%
Commercial	1,399,494	1,523,623	12,595,446	12,806,475	16,793,930	76%
Conservation surcharge	1,007,319	1,451,732	9,065,871	8,496,721	12,087,826	70%
Total water service	<u>4,639,795</u>	<u>5,373,856</u>	<u>41,758,155</u>	<u>41,689,144</u>	<u>55,677,535</u>	75%
Wastewater service:						
Residential	5,617,464	6,049,693	50,557,176	51,653,837	67,409,567	77%
Commercial	5,046,569	5,275,977	45,419,121	46,765,582	60,558,832	77%
Environmental surcharge	213,867	330,035	1,924,803	2,321,470	2,566,401	90%
Industrial	7,306	3,720	65,754	82,528	87,667	94%
Septic and portable	55,917	63,950	503,253	509,298	671,007	76%
Capacity maintenance fees	9,442	5,052	84,978	79,069	113,304	70%
Total wastewater service	<u>10,950,565</u>	<u>11,728,427</u>	<u>98,555,085</u>	<u>101,411,784</u>	<u>131,406,778</u>	77%
Reclaimed water service:						
Reclaimed service	820,620	962,866	7,385,580	7,286,257	9,847,435	74%
Reclaimed water-cooling tower	20,424	30,444	183,816	188,667	245,089	77%
Total reclaimed water service	<u>841,044</u>	<u>993,310</u>	<u>7,569,396</u>	<u>7,474,924</u>	<u>10,092,524</u>	74%
Miscellaneous:						
Initiate account service	44,592	49,444	401,328	382,392	535,105	71%
Turn off/on service	32,894	24,720	296,046	287,767	394,731	73%
Lien fee charges	469	420	4,221	3,400	5,630	60%
Meter removal/testing	4,196	3,443	37,764	30,525	50,347	61%
Meter/line damage	19,934	931	179,406	31,720	239,211	13%
NSF charges	4,008	5,851	36,072	50,320	48,091	105%
Plans and specifications	75,006	44,535	675,054	712,896	900,076	79%
Charges to other funds	1,388	1,346	12,492	9,668	16,653	58%
Developer reimb of plan review	45,388	71,363	408,492	462,352	544,653	85%
Cross Connection Control Program	226,259	219,802	2,036,331	1,942,063	2,715,113	72%
Miscellaneous	135,922	117,965	1,223,298	1,735,390	1,631,058	106%
Total miscellaneous	<u>590,056</u>	<u>539,820</u>	<u>5,310,504</u>	<u>5,648,493</u>	<u>7,080,668</u>	80%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 18,635,413</u>	<u>\$ 153,193,140</u>	<u>\$ 156,224,345</u>	<u>\$ 204,257,505</u>	76%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED JUNE 30, 2019**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Personal services:						
Salaries	\$ 3,467,351	\$ 3,130,252	\$ 31,206,159	\$ 30,816,964	\$ 41,608,212	74%
Fringe benefits	1,359,355	1,052,127	12,234,195	10,266,111	16,312,262	63%
Total personal services	4,826,706	4,182,379	43,440,354	41,083,075	57,920,474	71%
Contractual services:						
Research and studies	115,103	25,446	1,035,927	274,317	1,381,233	20%
Legal services	11,582	-	104,238	4,066	138,978	3%
Indirect costs	620,092	620,091	5,580,828	5,580,824	7,441,099	75%
Purchased water	91,800	112,522	826,200	799,541	1,101,594	73%
Effluent disposal	264,173	298,189	2,377,557	1,831,815	3,170,072	58%
Comptroller fees	155,727	155,727	1,401,543	1,401,990	1,868,724	75%
Officer fees	761	570	6,849	4,741	9,130	52%
Payments to other governments	317,037	349,274	2,853,333	2,329,420	3,804,447	61%
Janitorial	42,885	7,087	385,965	207,212	514,615	40%
Employment agency	112,435	98,077	1,011,915	697,936	1,349,220	52%
Training	26,418	24,075	237,762	54,951	317,010	17%
Paving	140,821	222,189	1,267,389	1,263,704	1,689,852	75%
Software licensing/support fee	199,016	242,806	1,791,144	1,419,493	2,388,194	59%
Other professional fees	237,840	82,362	2,140,560	678,542	2,854,078	24%
Contractual services	1,866,536	1,502,933	16,798,824	7,052,531	22,398,435	31%
Total contractual services	4,202,226	3,741,348	37,820,034	23,601,083	50,426,681	47%
Materials and supplies:						
Graphic reproduction services	5,194	5,016	46,746	21,041	62,331	34%
Office supplies	13,517	14,707	121,653	85,426	162,201	53%
Event/meal reimbursement	309	225	2,781	1,559	3,710	42%
Software <\$1000	4,544	28,976	40,896	37,798	54,527	69%
Computer equipment <\$500	5,876	20,600	52,884	57,273	70,509	81%
Equipment <\$1000	26,678	7,821	240,102	169,693	320,131	53%
Tools	10,014	27,838	90,126	139,379	120,169	116%
Medical	133	-	1,197	-	1,600	0%
Liquid oxygen	16,834	3,633	151,506	50,011	202,004	25%
Chemical and pesticides	8	-	72	-	100	0%
Solar salt	23,336	7,237	210,024	143,674	280,027	51%
Chlorine	159,775	159,090	1,437,975	1,144,739	1,917,300	60%
Fluoride	15,480	-	139,320	42,148	185,760	23%
Alum	4,961	6,200	44,649	34,628	59,528	58%
Polymer	88,663	48,288	797,967	501,079	1,063,954	47%
Sealing chemicals	208	-	1,872	-	2,500	0%
Corrosion control	60,315	33,563	542,835	382,042	723,779	53%
Carbon dioxide	49,205	-	442,845	376,807	590,460	64%
Sodium hydroxide	42,271	23,047	380,439	293,418	507,248	58%
Supplemental carbon	33,409	93,624	300,681	381,264	400,907	95%
Miscellaneous chemicals	31,579	14,043	284,211	150,825	378,944	40%
Material for construction	28,957	32,059	260,613	163,167	347,483	47%
Clothing	20,417	23,525	183,753	145,082	244,998	59%
Gas-oil-lube-brfl-ant	26,324	53,261	236,916	105,569	315,885	33%
Miscellaneous expenses	70,562	40,104	635,058	387,766	846,746	46%
Total materials & supplies	738,569	642,857	6,647,121	4,814,388	8,862,801	54%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED JUNE 30, 2019**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Utilities:						
Communications	\$ 69,232	\$ 57,801	\$ 623,088	\$ 487,731	\$ 830,784	59%
Water	9,878	8,392	88,902	67,262	118,536	57%
Solid waste tipping fees	41,398	49,091	372,582	177,972	496,780	36%
Garbage disposal	5,664	6,189	50,976	24,930	67,968	37%
Gas	14,678	8,462	132,102	70,205	176,132	40%
Electric	1,110,325	1,141,579	9,992,925	9,634,872	13,323,899	72%
Total utilities	1,251,175	1,271,514	11,260,575	10,462,972	15,014,099	70%
Repairs and maintenance:						
Building and grounds	591,246	646,731	5,321,214	4,745,420	7,094,948	67%
Equipment	741,899	674,840	6,677,091	5,199,550	8,902,789	58%
Vehicle maintenance	366,762	294,955	3,300,858	2,507,855	4,401,146	57%
Services	101,710	143,346	915,390	429,453	1,220,515	35%
Mains	75,973	903,845	683,757	1,286,183	911,671	141%
Water meters	13,497	30,385	121,473	31,279	161,965	19%
Fire lines	30,269	619	272,421	59,799	363,230	16%
Meter installations	42	-	378	-	500	0%
Valves	95,978	21	863,802	15,006	1,151,730	1%
Utility relocations	42	-	378	-	500	0%
Total repairs & maintenance	2,017,418	2,694,742	18,156,762	14,274,545	24,208,994	59%
Other administrative:						
Local travel	2,371	1,863	21,339	12,337	28,456	43%
Out of county travel	3,365	4,415	30,285	16,971	40,375	42%
Postage and messenger services	71,820	7,592	646,380	531,534	861,845	62%
Toll charges	19,128	23,338	172,152	154,609	229,532	67%
Rental of equipment	79,664	40,558	716,976	424,774	955,969	44%
Dues and memberships	13,872	919	124,848	71,297	166,462	43%
Subscriptions	2,306	121	20,754	7,861	27,672	28%
Training fees	13,484	12,428	121,356	92,462	161,808	57%
License and certification	3,540	1,574	31,860	16,645	42,474	39%
Advertising	1,243	780	11,187	2,880	14,920	19%
Promotional	9,803	4,944	88,227	43,554	117,635	37%
Educational assistance	2,875	1,690	25,875	10,167	34,500	29%
Scholarships, awards	638	135	5,742	315	7,655	4%
Improvements to non-county assets	34,934	29,863	314,406	329,005	419,209	78%
Bad debt expense	41,817	29,669	376,353	120,148	501,800	24%
Bank charges	92,319	116,484	830,871	751,838	1,107,822	68%
Self insurance	257,647	257,646	2,318,823	2,318,818	3,091,758	75%
Refunds of prior year revenue	25,000	43	225,000	124,666	300,000	42%
Operating permits	11,654	-	104,886	-	139,849	0%
Accrued expenses	-	348	-	2,329,877	-	0%
Total other administrative	687,480	534,410	6,187,320	7,359,758	8,249,741	89%
Total O&M expenses	\$ 13,723,574	\$ 13,067,250	\$ 123,512,166	\$ 101,595,821	\$ 164,682,790	62%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED JUNE 30, 2019**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Interest revenue:						
Net revenue	\$ 171,741	\$ 211,062	\$ 1,545,669	\$ 2,308,927	\$ 2,060,889	112%
Connection fees	-	62,580	-	620,099	-	0%
Bond reserve	-	92	-	74,764	-	0%
Less: Customer deposits expense	-	(17,815)	-	(168,985)	-	0%
Total interest revenue	171,741	255,919	1,545,669	2,834,805	2,060,889	138%
Interest expense:						
Bonds and revolving loans	(424,121)	(379,567)	(3,817,089)	(3,439,036)	(5,089,453)	68%
Capital lease	(128)	(140)	(1,152)	(915)	(1,541)	59%
Debt service fees	(201,474)	-	(1,813,266)	-	(2,417,689)	0%
Amortization of bond premium	-	73,406	-	660,650	-	(1)
Total interest expense	(625,723)	(306,301)	(5,631,507)	(2,779,301)	(7,508,683)	37%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	(5,134)	-	39,744	-	0%
Gain on disposal of fixed assets	-	5,134	-	354,042	-	(1)
Loss on abandoned projects	-	(53,043)	-	(132,723)	-	(1)
Total gain (loss) on disposal of assets	-	(53,043)	-	261,063	-	(1)
Total non-operating revenues (expenses)	\$ (453,982)	\$ (103,425)	\$ (4,085,838)	\$ 316,567	\$ (5,447,794)	-6%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED JUNE 30, 2019**

	<u>JUNE BUDGET</u>	<u>JUNE ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 75%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 1,034,815	\$ 7,762,140	\$ 10,592,113	\$ 10,349,514	102%
Irrigation	49,789	28,535	448,101	366,690	597,468	61%
Total water connection fees	<u>912,249</u>	<u>1,063,350</u>	<u>8,210,241</u>	<u>10,958,803</u>	<u>10,946,982</u>	100%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>2,930,835</u>	<u>13,717,593</u>	<u>24,089,581</u>	<u>18,290,123</u>	132%
Total wastewater connection fees	<u>1,524,177</u>	<u>2,930,835</u>	<u>13,717,593</u>	<u>24,089,581</u>	<u>18,290,123</u>	132%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(537)</u>	<u>(749,997)</u>	<u>(15,104)</u>	<u>(1,000,000)</u>	2%
Total reductions	<u>(83,333)</u>	<u>(537)</u>	<u>(749,997)</u>	<u>(15,104)</u>	<u>(1,000,000)</u>	2%
Net connection fees	<u>2,353,093</u>	<u>3,993,648</u>	<u>21,177,837</u>	<u>35,033,280</u>	<u>28,237,105</u>	124%
DONATED SYSTEMS:						
Donated easements	-	-	-	3,462,000	-	0%
Developer fixed assets	-	(12,138)	-	10,341,731	-	0%
Developer reimbursements	-	-	-	136	-	0%
Line extensions	<u>-</u>	<u>4,760</u>	<u>-</u>	<u>75,562</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>(7,378)</u>	<u>-</u>	<u>13,879,429</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 3,986,270</u>	<u>\$ 21,177,837</u>	<u>\$ 48,912,709</u>	<u>\$ 28,237,105</u>	173%

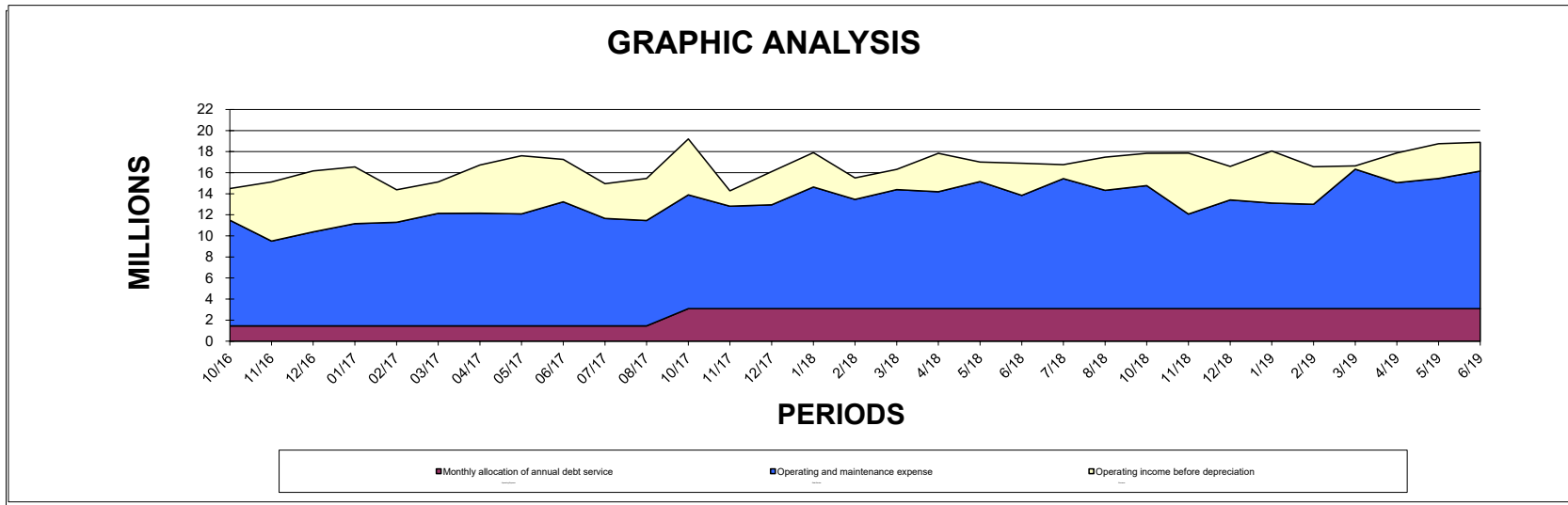
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JUNE 30, 2019**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Capital outlay:						
Land	\$ 46,025	\$ 28,427	\$ 414,225	\$ 89,585	\$ 552,297	16%
Buildings	179,514	45,675	1,615,626	147,220	2,154,169	7%
Structures	12,951,857	9,873,944	116,566,713	73,370,281	155,422,289	47%
Equipment	982,165	736,293	8,839,485	5,855,424	11,785,980	50%
Total capital outlay	14,159,561	10,684,339	127,436,049	79,462,510	169,914,735	47%
Debt service principal	634,951	761,222	5,714,559	6,828,070	7,619,417	90%
Total other disbursements	<u>\$ 14,794,512</u>	<u>\$ 11,445,561</u>	<u>\$ 133,150,608</u>	<u>\$ 86,290,580</u>	<u>\$ 177,534,152</u>	49%

**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	0.65	0.67	0.51	0.63	0.56	0.61	0.81	0.69	0.67	0.70		
Water	0.85	0.90	0.78	0.86	0.73	0.71	1.10	0.97	0.73	0.87		
Wastewater	0.53	0.55	0.40	0.48	0.47	0.53	0.64	0.53	0.60	0.59		
Bond Coverage Ratios*	11.80	11.28	16.66	11.60	15.11	12.29	6.11	10.61	11.72	10.82		

*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 JUNE 30, 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 \$12.8 million.