

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31 AND NOVEMBER 30, 2019**

	DECEMBER	NOVEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 80,788,961	\$ 85,023,984
Accrued interest receivable	533,815	533,815
Accounts receivable, net	22,184,412	24,856,016
Due from other governmental agencies	5,589,047	5,462,356
Inventories and prepaid costs	11,871,822	9,579,747
Total current assets	120,968,057	125,455,918
Restricted assets:		
Cash and investments	61,531,951	60,416,008
Capital assets:		
Land	102,839,684	102,815,149
Construction in progress	236,445,052	230,857,762
Buildings and improvements	2,335,959,613	2,335,959,613
Machinery and equipment	104,186,845	104,064,686
Intangible assets	147,366,194	147,366,194
Less accumulated depreciation and amortization	(1,380,733,659)	(1,373,866,159)
Total capital assets	1,546,063,729	1,547,197,245
Total noncurrent and restricted assets	1,607,595,680	1,607,613,253
Total assets	1,728,563,737	1,733,069,171
Deferred outflows of resources:		
Related to pensions and OPEB	16,034,954	16,034,954
Total assets and deferred outflows of resources	\$ 1,744,598,691	\$ 1,749,104,125
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 31,780,860	\$ 40,413,491
Due to other governmental agencies	520,271	534,569
Net pension liability	246,180	246,180
Total current liabilities	32,547,311	41,194,240
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,311,368	943,466
Revenue bonds payable (net of unamortized costs)	3,600,000	3,600,000
Customer deposits	11,094,221	11,179,078
Total liabilities payable from restricted assets	16,005,589	15,722,544
Noncurrent liabilities:		
Compensated absences payable	1,490,789	1,490,789
Loans payable	93,435,912	93,308,570
Revenue bonds payable (net of unamortized costs)	80,779,392	80,841,189
Net pension and OPEB liability	50,848,035	50,848,035
Total noncurrent liabilities	226,554,128	226,488,583
Total liabilities	275,107,028	283,405,367
Deferred inflows of resources:		
Related to pensions and OPEB	3,703,403	3,703,403
Total liabilities and deferred inflows of resources	278,810,431	287,108,770
<u>NET POSITION</u>		
Net investment in capital assets	1,368,248,425	1,369,447,486
Restricted for debt service	49,126,362	48,293,464
Unrestricted	48,413,473	44,254,405
Total net position	1,465,788,260	1,461,995,355
Total liabilities and net position	\$ 1,744,598,691	\$ 1,749,104,125

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
DECEMBER 31 AND NOVEMBER 30, 2019**

	<u>DECEMBER</u>	<u>NOVEMBER</u>
Current:		
Reserve revenue	\$ 46,609,229	\$ 50,868,533
Water connection fees	2,766,192	4,424,040
Wastewater connection fees	31,408,440	29,726,311
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>80,788,961</u>	<u>85,023,984</u>
Restricted:		
Operation and maintenance reserve	30,664,301	30,621,330
Renewal and replacement	8,021,143	8,009,526
Bond reserve (1)	6,476,291	6,475,843
Bond principal	905,868	605,240
Bond interest	645,416	430,708
Loan debt service	2,962,563	2,333,239
Loan repayment reserve	762,148	761,044
Customer deposits	<u>11,094,221</u>	<u>11,179,078</u>
Total restricted cash and investments	<u>61,531,951</u>	<u>60,416,008</u>
Total cash and investments	<u>\$ 142,320,912</u>	<u>\$ 145,439,992</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 DECEMBER 31, 2019**

	<u>DECEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,607,765	\$ 14,232,464
Wastewater service	11,657,025	34,595,942
Reclaimed water service	801,532	2,758,068
Miscellaneous	651,655	1,665,681
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Total operating revenues	17,717,977	53,252,155
Operating and maintenance expenses:		
Personal services	5,115,124	14,879,389
Contractual services	2,291,583	5,838,145
Materials and supplies	601,042	1,307,456
Utilities	1,241,618	4,444,583
Repairs and maintenance	1,672,348	3,844,018
Other administrative expenses	936,939	5,103,691
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Total operating and maintenance expenses	11,858,654	35,417,282
Operating income before depreciation	5,859,323	17,834,873
Depreciation and amortization	6,867,500	20,508,085
Operating loss	(1,008,177)	(2,673,212)
Nonoperating revenues (expenses):		
Interest revenue	365,555	817,781
Interest expense and fiscal charges	(306,187)	(918,475)
Gain on disposal of assets	8,850	86,345
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Total net nonoperating expenses	68,218	(14,349)
Loss before contributions and transfers	(939,959)	(2,687,561)
Capital contributions	4,732,864	8,610,465
Transfers out	-	(8,900,000)
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Change in net position	3,792,905	(2,977,096)
Total net position, beginning of period	1,461,995,355	1,468,765,356
Total net position, end of period	<u>\$ 1,465,788,260</u>	<u>\$ 1,465,788,260</u>

See accompanying notes to financial statements

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

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Water service:						
Residential	\$ 2,304,038	\$ 2,372,609	\$ 6,912,114	\$ 7,006,303	\$ 27,648,456	25%
Commercial	1,523,887	1,419,603	4,571,661	4,325,785	18,286,649	24%
Conservation surcharge	849,121	815,553	2,547,363	2,900,376	10,189,452	28%
Total water service	<u>4,677,046</u>	<u>4,607,765</u>	<u>14,031,138</u>	<u>14,232,464</u>	<u>56,124,557</u>	25%
Wastewater service:						
Residential	5,904,933	5,987,962	17,714,799	17,693,953	70,859,190	25%
Commercial	5,528,375	5,341,179	16,585,125	16,024,718	66,340,505	24%
Environmental surcharge	241,219	241,130	723,657	627,933	2,894,633	22%
Industrial	16,383	34,157	49,149	43,961	196,599	22%
Septic and portable	58,936	53,095	176,808	170,010	707,232	24%
Capacity maintenance fees	11,876	(498)	35,628	35,367	142,512	25%
Total wastewater service	<u>11,761,722</u>	<u>11,657,025</u>	<u>35,285,166</u>	<u>34,595,942</u>	<u>141,140,671</u>	25%
Reclaimed water service:						
Residential	423,446	406,864	1,270,338	1,300,230	5,081,347	26%
Commercial	427,974	380,196	1,283,922	1,422,677	5,135,687	28%
Reclaimed water-cooling tower	25,745	14,472	77,235	35,161	308,943	11%
Total reclaimed water service	<u>877,165</u>	<u>801,532</u>	<u>2,631,495</u>	<u>2,758,068</u>	<u>10,525,977</u>	26%
Miscellaneous:						
Initiate account service	45,532	38,992	136,596	119,408	546,384	22%
Turn off/on service	32,829	25,776	98,487	89,312	393,946	23%
Lien fee charges	424	1,340	1,272	1,340	5,085	26%
Meter removal/testing	3,764	2,138	11,292	8,194	45,165	18%
Meter/line damage	14,804	5,156	44,412	7,895	177,646	4%
NSF charges	4,424	6,277	13,272	18,091	53,088	34%
Plans and specifications	69,365	44,813	208,095	72,738	832,381	9%
Charges to other funds	1,311	1,126	3,933	4,368	15,731	28%
Developer reimb of plan review	50,539	33,209	151,617	113,793	606,466	19%
Cross Connection Control Program	229,858	224,749	689,574	663,180	2,758,296	24%
Miscellaneous	145,942	268,079	437,826	567,362	1,751,304	32%
Total miscellaneous	<u>598,792</u>	<u>651,655</u>	<u>1,796,376</u>	<u>1,665,681</u>	<u>7,185,492</u>	23%
Total operating revenues	<u>\$ 17,914,725</u>	<u>\$ 17,717,977</u>	<u>\$ 53,744,175</u>	<u>\$ 53,252,155</u>	<u>\$ 214,976,697</u>	25%

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

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Personal services:						
Salaries	\$ 3,654,880	\$ 3,137,218	\$ 10,964,640	\$ 11,001,164	\$ 43,858,564	25%
Fringe benefits	1,480,691	1,977,906	4,442,073	3,878,225	17,768,293	22%
Total personal services	5,135,571	5,115,124	15,406,713	14,879,389	61,626,857	24%
Contractual services:						
Research and studies	118,846	6,277	356,538	13,841	1,426,156	1%
Legal services	11,582	-	34,746	53	138,978	0%
Indirect costs	647,199	647,199	1,941,597	1,941,597	7,766,386	25%
Purchased water	103,754	30,469	311,262	149,824	1,245,049	12%
Effluent disposal	274,274	174,733	822,822	464,131	3,291,289	14%
Comptroller fees	144,293	144,294	432,879	432,881	1,731,521	25%
Officer fees	761	521	2,283	69	9,130	1%
Payments to other governments	320,557	311,340	961,671	681,273	3,846,679	18%
Janitorial	38,579	58,530	115,737	61,308	462,943	13%
Employment agency	115,089	76,451	345,267	172,865	1,381,062	13%
Training	25,421	5,434	76,263	20,104	305,052	7%
Paving	182,685	181,678	548,055	374,904	2,192,221	17%
Software licensing/support fee	199,045	177,331	597,135	445,393	2,388,543	19%
Other professional fees	281,883	(3,535)	845,649	28,265	3,382,597	1%
Contractual services	1,882,623	480,861	5,647,869	1,051,637	22,591,474	5%
Total contractual services	4,346,591	2,291,583	13,039,773	5,838,145	52,159,080	11%
Materials and supplies:						
Graphic reproduction services	5,286	-	15,858	-	63,433	0%
Office supplies	13,922	3,952	41,766	3,952	167,059	2%
Event/meal reimbursement	301	689	903	689	3,610	19%
Software <\$1000	10,382	-	31,146	-	124,579	0%
Computer equipment <\$500	4,480	340	13,440	7,887	53,760	15%
Equipment <\$1000	25,279	5,611	75,837	19,449	303,346	6%
Tools	11,529	23,140	34,587	31,763	138,352	23%
Medical	96	-	288	-	1,150	0%
Liquid oxygen	15,017	7,207	45,051	16,867	180,206	9%
Chemical and pesticides	8	-	24	-	100	0%
Solar salt	23,710	16,874	71,130	33,475	284,524	12%
Chlorine	184,123	168,915	552,369	368,356	2,209,479	17%
Fluoride	16,985	-	50,955	-	203,820	0%
Alum	4,218	7,470	12,654	15,738	50,614	31%
Polymer	93,873	49,808	281,619	220,634	1,126,480	20%
Sealing chemicals	417	-	1,251	-	5,000	0%
Corrosion control	67,667	34,432	203,001	110,190	812,007	14%
Carbon dioxide	52,485	62,333	157,455	113,460	629,824	18%
Sodium hydroxide	43,800	45,817	131,400	84,127	525,598	16%
Supplemental carbon	50,835	39,467	152,505	96,126	610,022	16%
Miscellaneous chemicals	32,520	3,683	97,560	17,777	390,245	5%
Material for construction	29,015	-	87,045	-	348,174	0%
Clothing	20,963	14,865	62,889	35,621	251,559	14%
Gas-oil-lube-brfl-ant	21,480	6,570	64,440	10,170	257,762	4%
Miscellaneous expenses	86,870	109,869	260,610	121,175	1,042,436	12%
Total materials & supplies	815,261	601,042	2,445,783	1,307,456	9,783,139	13%

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

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Utilities:						
Communications	\$ 72,512	\$ 72,443	\$ 217,536	\$ 233,528	\$ 870,139	27%
Water	9,952	9,867	29,856	44,126	119,424	37%
Solid waste tipping fees	41,398	65,139	124,194	65,139	496,780	13%
Garbage disposal	6,756	6,420	20,268	7,840	81,076	10%
Gas	17,073	5,967	51,219	15,114	204,877	7%
Electric	1,175,617	1,081,782	3,526,851	4,078,836	14,107,409	29%
Total utilities	1,323,308	1,241,618	3,969,924	4,444,583	15,879,705	28%
Repairs and maintenance:						
Building and grounds	653,869	819,917	1,961,607	1,975,901	7,846,424	25%
Equipment	761,819	579,095	2,285,457	909,919	9,141,830	10%
Vehicle maintenance	378,426	206,869	1,135,278	699,203	4,541,113	15%
Services	101,710	240	305,130	240	1,220,515	0%
Mains	138,612	47,813	415,836	233,863	1,663,345	14%
Water meters	19,747	18,414	59,241	18,414	236,965	8%
Fire lines	16,552	-	49,656	6,478	198,628	3%
Meter installations	42	-	126	-	500	0%
Valves	153,060	-	459,180	-	1,836,720	0%
Utility relocations	42	-	126	-	500	0%
Total repairs & maintenance	2,223,879	1,672,348	6,671,637	3,844,018	26,686,540	14%
Other administrative:						
Local travel	2,563	1,952	7,689	3,855	30,756	13%
Out of county travel	3,650	1,107	10,950	2,738	43,800	6%
Postage and messenger services	80,252	224,487	240,756	229,018	963,023	24%
Toll charges	19,773	18,766	59,319	38,735	237,279	16%
Rental of equipment	96,366	37,130	289,098	145,770	1,156,390	13%
Dues and memberships	13,753	7,342	41,259	137,643	165,032	83%
Subscriptions	2,524	-	7,572	820	30,293	3%
Training fees	15,209	8,129	45,627	8,236	182,511	5%
License and certification	2,186	1,000	6,558	1,792	26,229	7%
Leases-bldgs	600	-	1,800	-	7,194	0%
Advertising	1,138	1,620	3,414	1,620	13,660	12%
Promotional	10,285	1,688	30,855	5,661	123,416	5%
Educational assistance	2,979	423	8,937	423	35,750	1%
Scholarships, awards	633	-	1,899	-	7,590	0%
Improvements to non-county assets	1,054	-	3,162	-	12,644	0%
Bad debt expense	37,333	27,585	111,999	82,159	448,000	18%
Bank charges	146,908	124,708	440,724	118,876	1,762,894	7%
Self insurance	270,032	270,032	810,096	810,097	3,240,389	25%
Refunds of prior year revenue	66,667	123,441	200,001	123,473	800,000	15%
Operating permits	11,654	-	34,962	-	139,849	0%
Accrued expenses	-	87,529	-	3,392,775	-	0%
Total other administrative	785,559	936,939	2,356,677	5,103,691	9,426,699	54%
Total O&M expenses	\$ 14,630,169	\$ 11,858,654	\$ 43,890,507	\$ 35,417,282	\$ 175,562,020	20%

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

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Interest revenue:						
Net revenue	\$ 219,202	\$ 278,418	\$ 657,606	\$ 620,845	\$ 2,630,427	24%
Connection fees	-	103,000	-	252,513	-	0%
Bond reserve	-	447	-	(2,566)	-	0%
Less: Customer deposits expense	-	(16,310)	-	(53,011)	-	0%
Total interest revenue	219,202	365,555	657,606	817,781	2,630,427	31%
Interest expense:						
Bonds and revolving loans	(500,800)	(367,902)	(1,502,400)	(1,103,706)	(6,009,605)	18%
Capital lease	(51)	(82)	(153)	(160)	(617)	26%
Debt service fees	(100,167)	-	(300,501)	-	(1,202,000)	0%
Amortization of bond premium	-	61,797	-	185,391	-	(1)
Total interest expense	(601,018)	(306,187)	(1,803,054)	(918,475)	(7,212,222)	13%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	8,850	-	86,345	-	0%
Total gain on disposal of assets	-	8,850	-	86,345	-	(1)
Total non-operating revenues (expenses)	\$ (381,816)	\$ 68,218	\$ (1,145,448)	\$ (14,349)	\$ (4,581,795)	0%

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

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

	<u>DECEMBER BUDGET</u>	<u>DECEMBER ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 25%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 851,769	\$ 1,439,804	\$ 2,555,307	\$ 2,689,390	\$ 10,221,231	26%
Irrigation	<u>49,935</u>	<u>18,380</u>	<u>149,805</u>	<u>72,030</u>	<u>599,217</u>	12%
Total water connection fees	<u>901,704</u>	<u>1,458,184</u>	<u>2,705,112</u>	<u>2,761,420</u>	<u>10,820,448</u>	26%
Wastewater connection fees:						
Residential/Commercial	<u>1,965,943</u>	<u>3,249,587</u>	<u>5,897,829</u>	<u>6,341,387</u>	<u>23,591,312</u>	27%
Total wastewater connection fees	<u>1,965,943</u>	<u>3,249,587</u>	<u>5,897,829</u>	<u>6,341,387</u>	<u>23,591,312</u>	27%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(8,920)</u>	<u>(249,999)</u>	<u>(551,400)</u>	<u>(1,000,000)</u>	55%
Total reductions	<u>(83,333)</u>	<u>(8,920)</u>	<u>(249,999)</u>	<u>(551,400)</u>	<u>(1,000,000)</u>	55%
Net connection fees	<u>2,784,314</u>	<u>4,698,851</u>	<u>8,352,942</u>	<u>8,551,407</u>	<u>33,411,760</u>	26%
DONATED SYSTEMS:						
Developer fixed assets	-	26,133	-	26,133	-	0%
Line extensions	<u>-</u>	<u>7,880</u>	<u>-</u>	<u>32,925</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>34,013</u>	<u>-</u>	<u>59,058</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,784,314</u>	<u>\$ 4,732,864</u>	<u>\$ 8,352,942</u>	<u>\$ 8,610,465</u>	<u>\$ 33,411,760</u>	26%

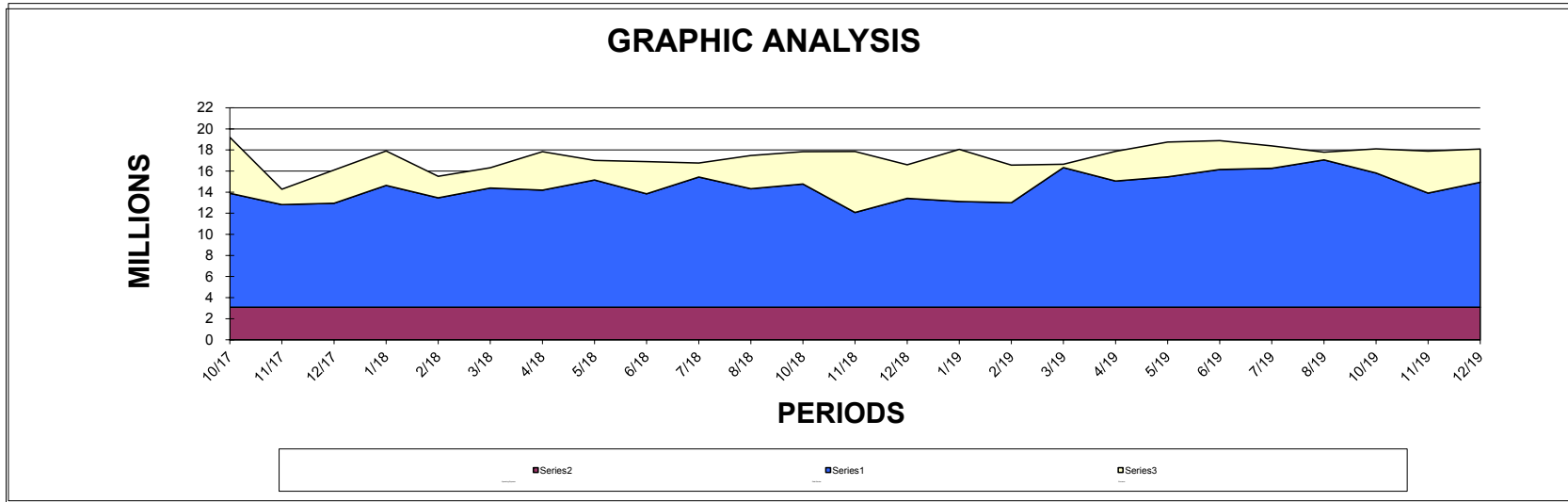
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2019**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Capital outlay:						
Land	\$ 43,758	\$ 24,535	\$ 131,274	\$ 66,446	\$ 525,101	13%
Buildings	113,854	197,993	341,562	197,993	1,366,245	14%
Structures	15,573,810	5,389,297	46,721,430	8,737,810	186,885,721	5%
Equipment	879,634	122,159	2,638,902	428,815	10,555,611	4%
Total capital outlay	16,611,056	5,733,984	49,833,168	9,431,064	199,332,678	5%
Debt service principal	789,864	771,586	2,369,592	2,314,760	9,478,370	24%
Total other disbursements	<u>\$ 17,400,920</u>	<u>\$ 6,505,570</u>	<u>\$ 52,202,760</u>	<u>\$ 11,745,824</u>	<u>\$ 208,811,048</u>	6%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2020**

	<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	0.67	0.72	0.61	0.67								
Water	0.89	0.96	0.78	0.94								
Wastewater	0.54	0.59	0.52	0.51								
Bond Coverage Ratios*	11.56	9.85	13.44	11.39								

*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 DECEMBER 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 \$14.0 million.