

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
FEBRUARY 29 AND JANUARY 31, 2020**

	FEBRUARY	JANUARY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 78,330,875	\$ 80,286,562
Accrued interest receivable	533,815	533,815
Accounts receivable, net	20,849,309	20,021,543
Due from other governmental agencies	5,606,803	5,589,047
Inventories and prepaid costs	10,050,340	10,667,375
Total current assets	115,371,142	117,098,342
Restricted assets:		
Cash and investments	61,311,607	62,106,700
Capital assets:		
Land	102,948,980	102,922,802
Construction in progress	257,374,815	248,479,809
Buildings and improvements	2,343,193,084	2,343,402,065
Machinery and equipment	100,660,631	101,966,809
Intangible assets	147,366,194	147,366,194
Less accumulated depreciation and amortization	(1,391,616,822)	(1,384,962,768)
Total capital assets	1,559,926,882	1,559,174,911
Total noncurrent and restricted assets	1,621,238,489	1,621,281,611
Total assets	1,736,609,631	1,738,379,953
Deferred outflows of resources:		
Related to pensions and OPEB	16,034,954	16,034,954
Total assets and deferred outflows of resources	\$ 1,752,644,585	\$ 1,754,414,907
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,439,903	\$ 33,521,122
Due to other governmental agencies	501,434	516,411
Net pension liability	246,180	246,180
Total current liabilities	30,187,517	34,283,713
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,327,512	1,600,778
Revenue bonds payable (net of unamortized costs)	3,600,000	3,600,000
Customer deposits	11,054,195	10,891,379
Total liabilities payable from restricted assets	15,981,707	16,092,157
Noncurrent liabilities:		
Compensated absences payable	1,490,789	1,490,789
Loans payable	93,435,912	93,435,912
Revenue bonds payable (net of unamortized costs)	80,655,798	80,717,595
Net pension and OPEB liability	50,848,035	50,848,035
Total noncurrent liabilities	226,430,534	226,492,331
Total liabilities	272,599,758	276,868,201
Deferred inflows of resources:		
Related to pensions and OPEB	3,703,403	3,703,403
Total liabilities and deferred inflows of resources	276,303,161	280,571,604
<u>NET POSITION</u>		
Net investment in capital assets	1,382,235,172	1,381,421,404
Restricted for debt service	48,929,900	49,614,543
Unrestricted	45,176,352	42,807,356
Total net position	1,476,341,424	1,473,843,303
Total liabilities and net position	\$ 1,752,644,585	\$ 1,754,414,907

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
FEBRUARY 29 AND JANUARY 31, 2020**

	<u>FEBRUARY</u>	<u>JANUARY</u>
Current:		
Reserve revenue	\$ 48,289,267	\$ 48,887,895
Water connection fees	1,505,390	773,486
Wastewater connection fees	28,531,118	30,620,081
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>78,330,875</u>	<u>80,286,562</u>
Restricted:		
Operation and maintenance reserve	30,616,272	30,636,193
Renewal and replacement	8,007,620	8,013,093
Bond reserve (1)	6,477,187	6,476,743
Bond principal	1,508,305	1,206,902
Bond interest	1,289,939	860,415
Loan debt service	1,597,225	3,260,591
Loan repayment reserve	760,864	761,384
Customer deposits	<u>11,054,195</u>	<u>10,891,379</u>
Total restricted cash and investments	<u>61,311,607</u>	<u>62,106,700</u>
Total cash and investments	<u>\$ 139,642,482</u>	<u>\$ 142,393,262</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 FEBRUARY 29, 2020**

	<u>FEBRUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,459,095	\$ 23,313,276
Wastewater service	11,445,558	58,160,238
Reclaimed water service	773,180	4,347,719
Miscellaneous	629,975	3,226,826
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Total operating revenues	17,307,808	89,048,059
Operating and maintenance expenses:		
Personal services	4,553,266	24,191,439
Contractual services	2,791,953	11,563,529
Materials and supplies	761,020	2,975,494
Utilities	289,192	5,827,073
Repairs and maintenance	1,739,323	8,092,286
Other administrative expenses	576,343	6,238,815
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Total operating and maintenance expenses	10,711,097	58,888,636
Operating income before depreciation	6,596,711	30,159,423
Depreciation and amortization	6,857,619	34,233,204
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Operating loss	(260,908)	(4,073,781)
Nonoperating revenues (expenses):		
Interest revenue	131,324	1,198,335
Interest expense and fiscal charges	(302,972)	(1,527,210)
Gain on disposal of assets	169,745	256,090
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Total net nonoperating expenses	(1,903)	(72,785)
Loss before contributions and transfers	(262,811)	(4,146,566)
Capital contributions	2,760,932	20,622,634
Transfers out	-	(8,900,000)
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Change in net position	2,498,121	7,576,068
Total net position, beginning of period	1,473,843,303	1,468,765,356
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Total net position, end of period	\$ 1,476,341,424	\$ 1,476,341,424
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See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Water service:						
Residential	\$ 2,304,038	\$ 2,333,339	\$ 11,520,190	\$ 11,709,424	\$ 27,648,456	42%
Commercial	1,523,887	1,451,010	7,619,435	7,310,300	18,286,649	40%
Conservation surcharge	849,121	674,746	4,245,605	4,293,552	10,189,452	42%
Total water service	<u>4,677,046</u>	<u>4,459,095</u>	<u>23,385,230</u>	<u>23,313,276</u>	<u>56,124,557</u>	42%
Wastewater service:						
Residential	5,904,933	6,035,484	29,524,665	29,834,995	70,859,190	42%
Commercial	5,528,375	5,136,816	27,641,875	26,903,727	66,340,505	41%
Environmental surcharge	241,219	198,922	1,206,095	1,058,589	2,894,633	37%
Industrial	16,383	1,850	81,915	14,296	196,599	7%
Septic and portable	58,936	62,046	294,680	292,376	707,232	41%
Capacity maintenance fees	11,876	10,440	59,380	56,255	142,512	39%
Total wastewater service	<u>11,761,722</u>	<u>11,445,558</u>	<u>58,808,610</u>	<u>58,160,238</u>	<u>141,140,671</u>	41%
Reclaimed water service:						
Residential	423,446	380,822	2,117,230	2,070,496	5,081,347	41%
Commercial	427,974	366,272	2,139,870	2,197,077	5,135,687	43%
Reclaimed water-cooling tower	25,745	26,086	128,725	80,146	308,943	26%
Total reclaimed water service	<u>877,165</u>	<u>773,180</u>	<u>4,385,825</u>	<u>4,347,719</u>	<u>10,525,977</u>	41%
Miscellaneous:						
Initiate account service	45,532	35,824	227,660	189,904	546,384	35%
Turn off/on service	32,829	33,550	164,145	153,376	393,946	39%
Lien fee charges	424	520	2,120	2,060	5,085	41%
Meter removal/testing	3,764	3,733	18,820	15,542	45,165	34%
Meter/line damage	14,804	1,343	74,020	10,265	177,646	6%
NSF charges	4,424	5,106	22,120	29,337	53,088	55%
Plans and specifications	69,365	73,293	346,825	546,799	832,381	66%
Charges to other funds	1,311	1,140	6,555	6,337	15,731	40%
Developer reimb of plan review	50,539	132,610	252,695	368,225	606,466	61%
Cross Connection Control Program	229,858	226,121	1,149,290	1,115,068	2,758,296	40%
Miscellaneous	145,942	116,735	729,710	789,913	1,751,304	45%
Total miscellaneous	<u>598,792</u>	<u>629,975</u>	<u>2,993,960</u>	<u>3,226,826</u>	<u>7,185,492</u>	45%
Total operating revenues	<u>\$ 17,914,725</u>	<u>\$ 17,307,808</u>	<u>\$ 89,573,625</u>	<u>\$ 89,048,059</u>	<u>\$ 214,976,697</u>	41%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Personal services:						
Salaries	\$ 3,654,880	\$ 3,359,701	\$ 18,274,400	\$ 18,244,487	\$ 43,858,564	42%
Fringe benefits	1,480,691	1,193,565	7,403,455	5,946,952	17,768,293	33%
Total personal services	5,135,571	4,553,266	25,677,855	24,191,439	61,626,857	39%
Contractual services:						
Research and studies	118,846	31,074	594,230	54,862	1,426,156	4%
Legal services	11,582	682	57,910	1,653	138,978	1%
Indirect costs	647,199	647,199	3,235,995	3,235,994	7,766,386	42%
Purchased water	103,754	101,131	518,770	354,648	1,245,049	28%
Effluent disposal	274,274	159,846	1,371,370	764,274	3,291,289	23%
Comptroller fees	144,293	144,294	721,465	721,468	1,731,521	42%
Officer fees	761	1,754	3,805	2,295	9,130	25%
Payments to other governments	320,557	304,716	1,602,785	1,254,052	3,846,679	33%
Janitorial	38,579	35,464	192,895	127,274	462,943	27%
Employment agency	115,089	72,372	575,445	339,325	1,381,062	25%
Training	25,421	3,540	127,105	32,644	305,052	11%
Paving	182,685	55,456	913,425	578,576	2,192,221	26%
Software licensing/support fee	199,045	44,350	995,225	908,887	2,388,543	38%
Other professional fees	281,883	16,520	1,409,415	191,500	3,382,597	6%
Contractual services	1,882,623	1,173,555	9,413,115	2,996,077	22,591,474	13%
Total contractual services	4,346,591	2,791,953	21,732,955	11,563,529	52,159,080	22%
Materials and supplies:						
Graphic reproduction services	5,286	4,994	26,430	4,994	63,433	8%
Office supplies	13,922	8,654	69,610	27,788	167,059	17%
Event/meal reimbursement	301	164	1,505	853	3,610	24%
Software <\$1000	10,382	-	51,910	-	124,579	0%
Computer equipment <\$500	4,480	4,803	22,400	16,252	53,760	30%
Equipment <\$1000	25,279	13,033	126,395	57,927	303,346	19%
Tools	11,529	5,888	57,645	46,783	138,352	34%
Medical	96	-	480	-	1,150	0%
Liquid oxygen	15,017	7,156	75,085	33,454	180,206	19%
Chemical and pesticides	8	-	40	-	100	0%
Solar salt	23,710	13,956	118,550	74,972	284,524	26%
Chlorine	184,123	226,357	920,615	753,538	2,209,479	34%
Fluoride	16,985	9,235	84,925	16,544	203,820	8%
Alum	4,218	7,231	21,090	29,469	50,614	58%
Polymer	93,873	168,852	469,365	520,777	1,126,480	46%
Sealing chemicals	417	-	2,085	-	5,000	0%
Corrosion control	67,667	48,728	338,335	254,238	812,007	31%
Carbon dioxide	52,485	16,365	262,425	209,337	629,824	33%
Sodium hydroxide	43,800	30,476	219,000	167,503	525,598	32%
Supplemental carbon	50,835	52,924	254,175	226,397	610,022	37%
Miscellaneous chemicals	32,520	2,686	162,600	36,726	390,245	9%
Material for construction	29,015	63,000	145,075	130,931	348,174	38%
Clothing	20,963	16,744	104,815	82,730	251,559	33%
Gas-oil-lube-brfl-ant	21,480	17,231	107,400	31,943	257,762	12%
Miscellaneous expenses	86,870	42,543	434,350	252,338	1,042,436	24%
Total materials & supplies	815,261	761,020	4,076,305	2,975,494	9,783,139	30%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Utilities:						
Communications	\$ 72,512	\$ 55,258	\$ 362,560	\$ 359,914	\$ 870,139	41%
Water	9,952	4,244	49,760	56,321	119,424	47%
Solid waste tipping fees	41,398	48,883	206,990	114,022	496,780	23%
Garbage disposal	6,756	3,562	33,780	15,432	81,076	19%
Gas	17,073	6,318	85,365	33,458	204,877	16%
Electric	1,175,617	170,927	5,878,085	5,247,926	14,107,409	37%
Total utilities	1,323,308	289,192	6,616,540	5,827,073	15,879,705	37%
Repairs and maintenance:						
Building and grounds	653,869	635,271	3,269,345	3,450,475	7,846,424	44%
Equipment	761,819	654,811	3,809,095	2,579,145	9,141,830	28%
Vehicle maintenance	378,426	265,832	1,892,130	1,330,892	4,541,113	29%
Services	101,710	-	508,550	432	1,220,515	0%
Mains	138,612	158,522	693,060	676,587	1,663,345	41%
Water meters	19,747	447	98,735	19,984	236,965	8%
Fire lines	16,552	24,236	82,760	30,950	198,628	16%
Meter installations	42	-	210	-	500	0%
Valves	153,060	204	765,300	3,821	1,836,720	0%
Utility relocations	42	-	210	-	500	0%
Total repairs & maintenance	2,223,879	1,739,323	11,119,395	8,092,286	26,686,540	30%
Other administrative:						
Local travel	2,563	1,660	12,815	7,980	30,756	26%
Out of county travel	3,650	141	18,250	3,812	43,800	9%
Postage and messenger services	80,252	3,068	401,260	237,927	963,023	25%
Toll charges	19,773	20,924	98,865	78,223	237,279	33%
Rental of equipment	96,366	47,393	481,830	294,604	1,156,390	25%
Dues and memberships	13,753	3,195	68,765	145,960	165,032	88%
Subscriptions	2,524	299	12,620	2,354	30,293	8%
Training fees	15,209	149	76,045	45,949	182,511	25%
License and certification	2,186	1,187	10,930	3,727	26,229	14%
Leases-bldgs	600	-	3,000	-	7,194	0%
Advertising	1,138	980	5,690	3,535	13,660	26%
Promotional	10,285	2,450	51,425	20,093	123,416	16%
Educational assistance	2,979	-	14,895	3,972	35,750	11%
Scholarships, awards	633	-	3,165	199	7,590	3%
Improvements to non-county assets	1,054	-	5,270	-	12,644	0%
Bad debt expense	37,333	18,880	186,665	111,008	448,000	25%
Bank charges	146,908	107,476	734,540	333,457	1,762,894	19%
Self insurance	270,032	250,797	1,350,160	1,342,764	3,240,389	41%
Refunds of prior year revenue	66,667	424	333,335	126,061	800,000	16%
Operating permits	11,654	-	58,270	-	139,849	0%
Accrued expenses	-	117,320	-	3,477,190	-	0%
Total other administrative	785,559	576,343	3,927,795	6,238,815	9,426,699	66%
Total O&M expenses	\$ 14,630,169	\$ 10,711,097	\$ 73,150,845	\$ 58,888,636	\$ 175,562,020	34%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Interest revenue:						
Net revenue	\$ 219,202	\$ 113,548	\$ 1,096,010	\$ 940,161	\$ 2,630,427	36%
Connection fees	-	31,378	-	341,433	-	0%
Bond reserve	-	444	-	(1,670)	-	0%
Less: Customer deposits expense	-	(14,046)	-	(81,589)	-	0%
Total interest revenue	<u>219,202</u>	<u>131,324</u>	<u>1,096,010</u>	<u>1,198,335</u>	<u>2,630,427</u>	46%
Interest expense:						
Bonds and revolving loans	(500,800)	(364,769)	(2,504,000)	(1,835,884)	(6,009,605)	31%
Capital lease	(51)	-	(255)	(311)	(617)	50%
Debt service fees	(100,167)	-	(500,835)	-	(1,202,000)	0%
Amortization of bond premium	-	61,797	-	308,985	-	(1)
Total interest expense	<u>(601,018)</u>	<u>(302,972)</u>	<u>(3,005,090)</u>	<u>(1,527,210)</u>	<u>(7,212,222)</u>	21%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	293,517	-	33,117	-	0%
Gain (loss) on disposal of fixed assets	-	(15,893)	-	330,852	-	(1)
Loss on abandoned projects	-	(107,879)	-	(107,879)	-	(1)
Total gain on disposal of assets	<u>-</u>	<u>169,745</u>	<u>-</u>	<u>256,090</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (381,816)</u>	<u>\$ (1,903)</u>	<u>\$ (1,909,080)</u>	<u>\$ (72,785)</u>	<u>\$ (4,581,795)</u>	2%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	<u>FEBRUARY BUDGET</u>	<u>FEBRUARY ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 42%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 851,769	\$ 695,267	\$ 4,258,845	\$ 4,095,978	\$ 10,221,231	40%
Irrigation	49,935	36,400	249,675	157,072	599,217	26%
Total water connection fees	<u>901,704</u>	<u>731,667</u>	<u>4,508,520</u>	<u>4,253,050</u>	<u>10,820,448</u>	39%
Wastewater connection fees:						
Residential/Commercial	<u>1,965,943</u>	<u>1,818,886</u>	<u>9,829,715</u>	<u>9,340,275</u>	<u>23,591,312</u>	40%
Total wastewater connection fees	<u>1,965,943</u>	<u>1,818,886</u>	<u>9,829,715</u>	<u>9,340,275</u>	<u>23,591,312</u>	40%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(6,982)</u>	<u>(416,665)</u>	<u>(671,433)</u>	<u>(1,000,000)</u>	67%
Total reductions	<u>(83,333)</u>	<u>(6,982)</u>	<u>(416,665)</u>	<u>(671,433)</u>	<u>(1,000,000)</u>	67%
Net connection fees	<u>2,784,314</u>	<u>2,543,571</u>	<u>13,921,570</u>	<u>12,921,892</u>	<u>33,411,760</u>	39%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	7,449,282	-	0%
Developer reimbursements	-	204,760	-	204,760	-	0%
Line extensions	-	3,890	-	46,700	-	0%
Total donated systems	<u>-</u>	<u>217,361</u>	<u>-</u>	<u>7,700,742</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,784,314</u>	<u>\$ 2,760,932</u>	<u>\$ 13,921,570</u>	<u>\$ 20,622,634</u>	<u>\$ 33,411,760</u>	62%

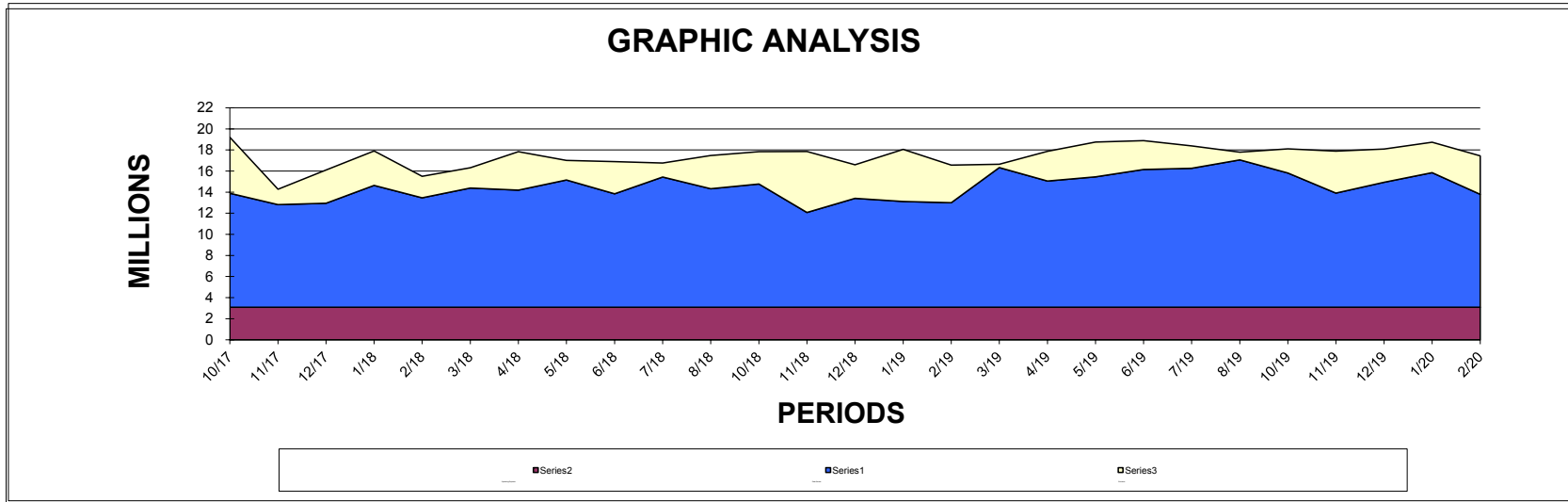
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED FEBRUARY 29, 2020**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Capital outlay:						
Land	\$ 43,758	\$ 5,819	\$ 218,790	\$ 86,812	\$ 525,101	17%
Buildings	113,854	40,345	569,270	238,338	1,366,245	17%
Structures	15,573,810	7,133,725	77,869,050	27,975,896	186,885,721	15%
Equipment	879,634	271,971	4,398,170	1,154,833	10,555,611	11%
Total capital outlay	16,611,056	7,451,860	83,055,280	29,455,879	199,332,678	15%
Debt service principal	789,864	774,720	3,949,320	3,861,560	9,478,370	41%
Total other disbursements	<u>\$ 17,400,920</u>	<u>\$ 8,226,580</u>	<u>\$ 87,004,600</u>	<u>\$ 33,317,439</u>	<u>\$ 208,811,048</u>	16%

**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	0.66	0.72	0.61	0.67	0.69	0.62						
Water	0.88	0.96	0.78	0.94	0.89	0.82						
Wastewater	0.54	0.59	0.52	0.51	0.56	0.51						
Bond Coverage Ratios*	11.73	9.85	13.44	11.39	11.14	12.83						

*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 FEBRUARY 29, 2020**

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 \$14.2 million.