

**ORANGE COUNTY WATER UTILITIES SYSTEM
BALANCE SHEET
for the periods ending December 31 and November 30, 2009**

	DECEMBER	NOVEMBER
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 85,003,903	\$ 87,371,799
Accrued interest receivable	530,495	544,383
Accounts receivable, net	16,635,507	17,599,544
Due from other governmental agencies	2,816,649	2,816,649
Inventories and prepaid costs	17,747,194	17,666,761
Total current assets	122,733,748	125,999,136
Restricted assets:		
Cash and cash equivalents	38,598,268	38,468,035
Noncurrent assets:		
Capital assets:		
Utility plant	1,442,671,684	1,442,454,390
Construction in progress	222,096,268	216,683,247
Intangible assets	18,751,096	18,793,013
Less accumulated depreciation and amortization	(681,502,060)	(676,793,602)
Total capital assets	1,002,016,988	1,001,137,048
Total noncurrent assets	1,040,615,256	1,039,605,083
Total assets	\$ 1,163,349,004	\$ 1,165,604,219
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,580,274	\$ 19,191,998
Developer agreements payable	15,480	15,480
Due to other governmental agencies	387,684	399,194
Total current liabilities	15,983,438	19,606,672
Liabilities payable from restricted assets:		
Accrued interest payable bonds and loans	258,411	185,444
Customer deposits	6,115,908	6,123,451
Total liabilities payable from restricted assets	6,374,319	6,308,895
Noncurrent liabilities:		
Compensated absences payable	2,036,836	2,036,836
Loan payable	10,392,088	10,392,088
Revenue bonds payable (net of unamortized costs)	10,346,548	10,336,610
Total noncurrent liabilities	22,775,472	22,765,534
Total liabilities	45,133,229	48,681,101
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	981,278,352	980,408,350
Restricted for:		
Debt service	279,187	229,440
Operating reserve	31,944,762	31,929,700
Unrestricted	104,713,474	104,355,628
Total net assets	1,118,215,775	1,116,923,118
Total liabilities and net assets	\$ 1,163,349,004	\$ 1,165,604,219

See accompanying notes to financial statements.

ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
for the periods ending December 31 and November 30, 2009

	<u>DECEMBER</u>	<u>NOVEMBER</u>
Current:		
Revenue	\$ 7,857,092	\$ 3,211,863
Operation and maintenance	1,666,158	1,712,200
Reserve revenue	38,614,165	41,520,603
Water connection fees	21,414,478	22,899,629
Wastewater connection fees	15,450,410	18,025,904
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>85,003,903</u>	<u>87,371,799</u>
Restricted:		
Net revenues	\$ -	-
Operation and maintenance reserve	23,197,726	23,186,844
Renewal and replacement	7,731,457	7,727,761
1998 Bond interest	133,438	88,958
Loan debt service	404,160	325,926
Loan repayment reserve	761,219	760,856
Rate stabilization	254,360	254,239
Customer deposits	<u>6,115,908</u>	<u>6,123,451</u>
Total restricted cash and investments	<u>38,598,268</u>	<u>38,468,035</u>
Total cash and investments	<u>\$ 123,602,171</u>	<u>\$ 125,839,834</u>

ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
for the month ended December 31, 2009

	<u>DECEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,106,700	\$ 11,703,316
Wastewater service	7,864,770	23,880,662
Miscellaneous	183,817	851,009
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Total operating revenues	12,155,287	36,434,987
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Operating and maintenance expenses:		
Personal services	3,632,733	10,843,093
Contractual services	1,090,989	4,648,959
Materials and supplies	254,225	761,317
Utilities	506,621	2,446,328
Repairs and maintenance	710,075	1,683,918
Other administrative expenses	573,927	5,598,407
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Total operating and maintenance expenses	6,768,570	25,982,022
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Operating income before depreciation	5,386,717	10,452,965
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Depreciation and amortization	4,750,375	14,251,125
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Operating income (loss)	636,342	(3,798,160)
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Nonoperating revenues (expenses):		
Interest revenue	140,807	349,601
Interest expense and fiscal charges	(81,987)	(251,029)
Gain on the disposal of assets	-	1,316
Bond amortization	(918)	(2,754)
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Total net nonoperating revenues (expenses)	57,902	97,134
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Income (loss) before contributions and transfers	694,244	(3,701,026)
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Capital contributions	598,413	1,346,096
Operating transfer out	-	(5,000,000)
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Change in net assets	1,292,657	(7,354,930)
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Total net assets, beginning of period (unaudited)	1,116,923,118	1,125,570,705
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Total net assets, end of period	<u>\$ 1,118,215,775</u>	<u>\$ 1,118,215,775</u>

ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Water service:						
Residential	\$ 1,803,957	\$ 1,777,813	\$ 5,411,871	\$ 5,144,807	\$ 21,647,486	24%
Commercial	988,601	939,066	2,965,803	2,854,943	11,863,215	24%
Conservation surcharge	<u>1,253,009</u>	<u>1,389,821</u>	<u>3,759,027</u>	<u>3,703,566</u>	<u>15,036,108</u>	25%
Total water service	<u>4,045,567</u>	<u>4,106,700</u>	<u>12,136,701</u>	<u>11,703,316</u>	<u>48,546,809</u>	24%
Wastewater service:						
Residential	4,129,285	4,212,924	12,387,855	12,295,108	49,551,417	25%
Commercial	3,468,402	3,200,195	10,405,206	10,059,453	41,620,820	24%
Environmental surcharge	152,848	207,546	458,544	652,908	1,834,172	36%
Industrial	23,434	20,332	70,302	67,785	281,207	24%
Septic and portable	24,513	11,365	73,539	37,538	294,150	13%
Revenue and maintenance fees	16,677	5,494	50,031	46,215	200,121	23%
Reclaimed service	202,354	199,625	607,062	679,531	2,428,252	28%
Reclaimed water-cooling tower	<u>10,280</u>	<u>7,289</u>	<u>30,840</u>	<u>42,124</u>	<u>123,356</u>	34%
Total wastewater service	<u>8,027,793</u>	<u>7,864,770</u>	<u>24,083,379</u>	<u>23,880,662</u>	<u>96,333,495</u>	25%
Other operating service:						
Initiate account service	27,723	37,470	83,169	108,316	332,673	33%
Turn off/on service	59,588	29,638	178,764	96,964	715,051	14%
Lien fee charges	1,801	940	5,403	960	21,607	4%
Meter removal/testing	4,537	4,483	13,611	14,087	54,449	26%
Meter/line damage	6,791	3,362	20,373	28,037	81,492	34%
NSF charges	9,513	6,691	28,539	21,446	114,159	19%
Plans and specifications	29,968	13,104	89,904	19,889	359,612	6%
Charges to other funds	4,368	-	13,104	8,371	52,421	16%
Developer reimb of plan review	4,216	2,281	12,648	7,029	50,595	14%
Miscellaneous	<u>104,995</u>	<u>85,848</u>	<u>314,985</u>	<u>545,910</u>	<u>1,259,937</u>	43%
Total other operating	<u>253,500</u>	<u>183,817</u>	<u>760,500</u>	<u>851,009</u>	<u>3,041,996</u>	28%
Total operating revenues	<u>\$ 12,326,860</u>	<u>\$ 12,155,287</u>	<u>\$ 36,980,580</u>	<u>\$ 36,434,987</u>	<u>\$ 147,922,300</u>	25%

ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Personal services:						
Salaries	\$ 2,647,191	\$ 2,461,974	\$ 7,941,573	\$ 8,338,797	\$ 31,766,295	26%
Fringe benefits	957,582	1,170,759	2,872,746	2,504,296	11,490,982	22%
Total personal services	3,604,773	3,632,733	10,814,319	10,843,093	43,257,277	25%
Contractual services:						
Research and studies	166,826	-	500,478	25,015	2,001,909	1%
Legal services	63,346	1,877	190,038	1,877	760,155	0%
Indirect costs	371,295	371,294	1,113,885	1,113,884	4,455,537	25%
Purchased water	64,398	64,437	193,194	102,205	772,772	13%
Effluent disposal	243,806	177,514	731,418	899,730	2,925,671	31%
Comptroller fees	104,049	104,779	312,147	314,336	1,248,588	25%
Officer fees	1,669	695	5,007	2,165	20,024	11%
CPA fees	-	-	-	-	-	0%
Payments to other governments	142,021	102,969	426,063	309,762	1,704,253	18%
Janitorial	43,279	25,734	129,837	55,484	519,348	11%
Employment agency	61,537	34,780	184,611	79,480	738,442	11%
Training	39,357	17,000	118,071	21,352	472,289	5%
Paving	100,142	68,881	300,426	184,517	1,201,707	15%
Software licensing/support fee	177,640	27,197	532,920	52,074	2,131,676	2%
Other professional fees	67,764	8,985	203,292	12,250	813,164	2%
Contractual services	2,060,290	84,847	6,180,870	1,474,828	24,723,482	6%
Total contractual services	3,707,419	1,090,989	11,122,257	4,648,959	44,489,017	10%
Materials and supplies						
Graphic reproduction services	17,354	-	52,062	-	208,248	0%
Graphic reproduction charges	-	-	-	-	-	0%
Microfiche services	8	-	24	-	100	0%
Office supplies	14,112	13,088	42,336	16,349	169,349	10%
Inst demo	67,408	28,028	202,224	35,255	808,891	4%
Event/meal reimbursement	332	25	996	25	3,981	1%
Software <\$1000	11,392	3,622	34,176	6,675	136,702	5%
Computer equipment <\$1000	20,126	57,842	60,378	57,842	241,506	24%
Equipment <\$1000	15,787	11,780	47,361	11,852	189,441	6%
Tools	7,407	1,089	22,221	3,620	88,881	4%
Medical	372	-	1,116	-	4,462	0%
Chemical and pesticides	343	-	1,029	-	4,120	0%
Chlorine	141,135	51,633	423,405	173,316	1,693,623	10%
Fluoride	20,645	6,432	61,935	13,875	247,734	6%
Alum	308	-	924	-	3,700	0%
Polymer	76,260	-	228,780	117,367	915,120	13%
Sealing chemicals	1,279	-	3,837	-	15,350	0%
Corrosion control	24,691	10,236	74,073	41,392	296,292	14%
Carbon Dioxide	79,386	10,761	238,158	62,442	952,636	7%
Sodium Hydroxide	131,780	29,918	395,340	120,098	1,581,355	8%
Potassium Hydroxide	-	-	-	-	-	0%
Misc chemicals	81,637	14,476	244,911	73,470	979,649	7%
Material for construction	22,731	-	68,193	-	272,766	0%
Clothing	17,132	14,366	51,396	26,045	205,579	13%
Gas-oil-lube-brfl-ant	16,119	929	48,357	1,694	193,425	1%
Misc supplies or expenses	-	-	-	-	-	0%
Total materials & supplies	767,744	254,225	2,303,232	761,317	9,212,910	8%

ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Utilities:						
Communications	\$ 55,780	\$ 18,737	\$ 167,340	\$ 97,790	\$ 669,358	15%
Water	5,965	3,952	17,895	17,759	71,580	25%
Solid waste tipping fees	1,861	1,262	5,583	4,005	22,326	18%
Garbage disposal	28,678	7,511	86,034	27,381	344,133	8%
Gas	20,135	5,890	60,405	19,535	241,615	8%
Electric	1,126,528	469,269	3,379,584	2,279,858	13,518,332	17%
Total utilities	1,238,947	506,621	3,716,841	2,446,328	14,867,344	16%
Repairs and maintenance:						
Building and grounds	338,672	254,292	1,016,016	532,370	4,064,062	13%
Equipment	564,992	199,375	1,694,976	413,699	6,779,906	6%
Vehicle maintenance	258,257	221,277	774,771	695,528	3,099,089	22%
Services	58	591	174	591	700	84%
Mains	24,996	31,808	74,988	31,948	299,949	11%
Water meters	2,340	-	7,020	-	28,074	0%
Fire lines	417	2,373	1,251	2,373	5,000	47%
Meter installations	928	-	2,784	-	11,139	0%
Valves	11,053	359	33,159	7,409	132,630	6%
Utility relocations	42	-	126	-	500	0%
Total repairs & maintenance	1,201,755	710,075	3,605,265	1,683,918	14,421,049	12%
Other administrative:						
Local travel	2,697	1,089	8,091	2,972	32,358	9%
Out of county travel	3,438	-	10,314	-	41,259	0%
Postage and messenger services	171,824	15,614	515,472	20,581	2,061,886	1%
Moving expenses	-	-	-	-	-	0%
Toll charges	12,391	8,315	37,173	21,506	148,691	14%
Rental of equipment	50,200	32,752	150,600	69,719	602,405	12%
Dues and memberships	8,286	2,490	24,858	25,181	99,437	25%
Subscriptions	2,526	683	7,578	946	30,307	3%
Training fees	9,484	4,142	28,452	4,494	113,810	4%
License and certification	3,713	294	11,139	487	44,554	1%
Leases-bldgs	400	-	1,200	-	4,800	0%
Advertising	674	748	2,022	748	8,087	9%
Promotional	11,236	10,000	33,708	94,216	134,826	70%
Educational assistance	7,375	7,697	22,125	18,078	88,500	20%
Scholarships, awards	392	-	1,176	-	4,708	0%
Improvements to non-county assets	3,437	-	10,311	-	41,249	0%
Bad debt expense	49,913	(6,676)	149,739	138,915	598,960	23%
Bank charges	45,424	40,282	136,272	52,804	545,091	10%
Self insurance	232,927	232,927	698,781	698,781	2,795,121	25%
Data processing charges	-	-	-	-	-	0%
Inventory adjustments	-	-	-	-	-	0%
Refunds of prior year revenue	25,000	156,614	75,000	165,370	300,000	55%
Operating permits	2,498	-	7,494	-	29,976	0%
Accrued expenses	-	66,956	-	4,283,609	-	0%
Total other expenses	643,835	573,927	1,931,505	5,598,407	7,726,025	72%
Total O&M expenses	\$ 11,164,473	\$ 6,768,570	\$ 33,493,419	\$ 25,982,022	\$ 133,973,622	19%

ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Interest revenue:						
Net revenue	\$ 45,129	\$ 68,104	\$ 135,387	\$ 185,390	\$ 541,550	34%
Connection fees	-	72,864	-	164,738	-	0%
Long-term notes	1	-	3	-	9	0%
Less: Customer deposits expense	-	(161)	-	(527)	-	0%
Total interest revenue	45,130	140,807	135,390	349,601	541,559	65%
Interest expense:						
Bonds	(79,481)	(72,967)	(238,443)	(218,899)	(953,772)	23%
Capital lease	-	-	-	-	-	0%
Debt service fees	(3,333)	-	(9,999)	(5,069)	(40,000)	13%
Amortization of loss on defeasance	-	(9,530)	-	(28,590)	-	0%
Amortization of bond premium	-	510	-	1,529	-	0%
Total interest expense	(82,814)	(81,987)	(248,442)	(251,029)	(993,772)	25%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	-	-	1,316	-	0%
Net book value of assets disposed	-	-	-	-	-	0%
Loss on abandoned projects	-	-	-	-	-	0%
Loss on refunding	-	-	-	-	-	0%
Total gain (loss) on disposal of assets	-	-	-	1,316	-	0%
Amortization of bond issuance costs	-	(918)	-	(2,754)	-	0%
Total non-operating revenues (expenses)	\$ (37,684)	\$ 57,902	\$ (113,052)	\$ 97,134	\$ (452,213)	-21%

ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Capital outlay:						
Land	\$ 9,260	\$ 2,303	\$ 27,780	\$ 36,547	\$ 111,118	33%
Buildings	638,520	21,063	1,915,561	99,174	7,662,245	1%
Structures	7,417,393	5,391,956	22,252,178	7,841,532	89,008,711	9%
Equipment	499,164	214,991	1,497,492	289,961	5,989,968	5%
Total capital outlay	<u>8,564,337</u>	<u>5,630,313</u>	<u>25,693,011</u>	<u>8,267,214</u>	<u>102,772,042</u>	
Debt service principal	<u>68,065</u>	<u>57,298</u>	<u>204,196</u>	<u>171,896</u>	<u>816,782</u>	0%
Total other disbursements	<u>\$ 8,632,402</u>	<u>\$ 5,687,611</u>	<u>\$ 25,897,206</u>	<u>\$ 8,439,110</u>	<u>\$ 103,588,824</u>	8%

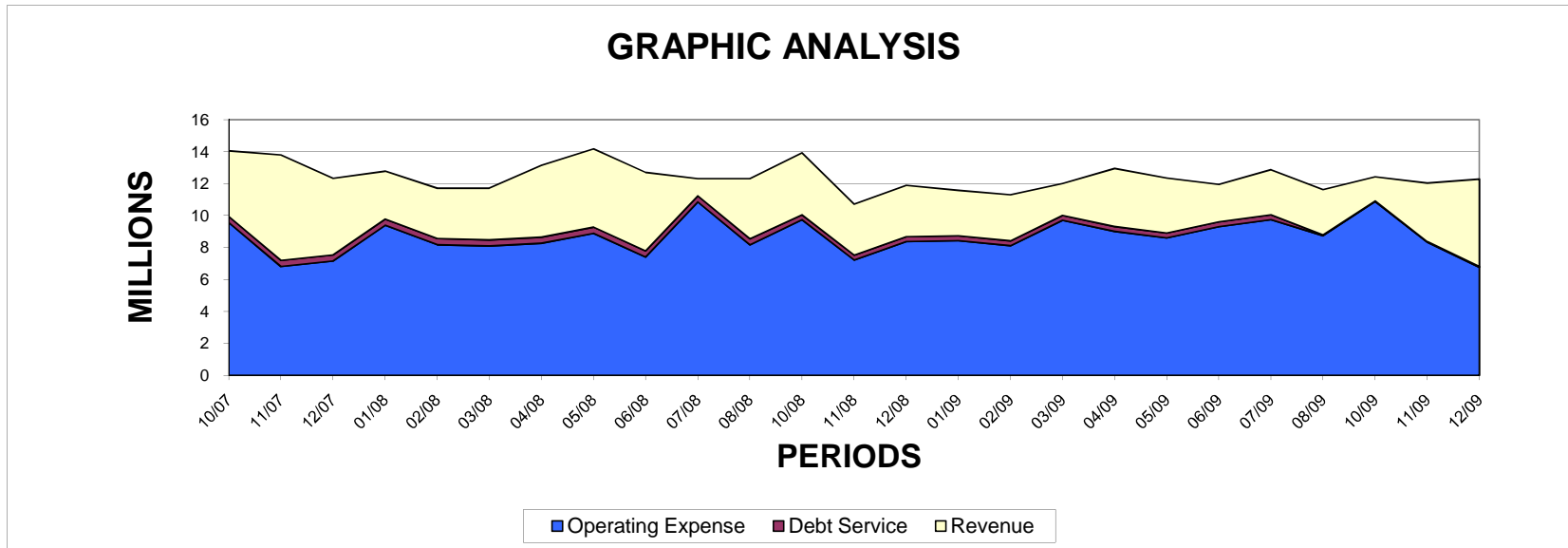
ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
for the month ended December 31, 2009

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 299,481	\$ 223,893	\$ 898,443	\$ 474,186	\$ 3,593,773	13%
Irrigation	5,434	11,370	16,302	39,684	65,210	61%
Total water connection fees	<u>304,915</u>	<u>235,263</u>	<u>914,745</u>	<u>513,870</u>	<u>3,658,983</u>	14%
Wastewater connection fees:						
Residential/Commercial	572,937	371,297	1,718,811	959,748	6,875,242	14%
Contingency fees - 3 MGD	-	-	-	-	-	0%
Total wastewater connection fees	<u>572,937</u>	<u>371,297</u>	<u>1,718,811</u>	<u>959,748</u>	<u>6,875,242</u>	14%
Less reductions:						
Affordable housing discounts	-	-	-	-	-	0%
Refunds of prior year collections	(83,333)	-	-	(151,652)	(1,000,000)	
Donations	-	(25,000)	-	(25,000)	-	0%
Total reductions	<u>(83,333)</u>	<u>(25,000)</u>	<u>-</u>	<u>(176,652)</u>	<u>(1,000,000)</u>	18%
Net connection fees	<u>794,519</u>	<u>581,560</u>	<u>2,633,556</u>	<u>1,296,966</u>	<u>9,534,225</u>	14%
DONATED SYSTEMS:						
Developer fixed assets	-	-	-	-	-	0%
Developer reimbursements	-	10,888	-	37,415	-	0%
Line extensions	-	5,965	-	11,715	-	0%
Total donated systems	<u>-</u>	<u>16,853</u>	<u>-</u>	<u>49,130</u>	<u>-</u>	0%
Total other sources	<u>\$ 794,519</u>	<u>\$ 598,413</u>	<u>\$ 2,633,556</u>	<u>\$ 1,346,096</u>	<u>\$ 9,534,225</u>	14%

ORANGE COUNTY WATER UTILITIES SYSTEM
 ANALYTICAL DATA
 FISCAL YEAR 2010

	<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	0.71	0.88	0.70	0.56								
Water	0.83	0.97	1.03	0.52								
Wastewater	0.63	0.81	0.54	0.55								
Bond Coverage Ratios*	78.33	33.23	80.66	121.11								

*Net operating income (excluding connection fees) divided by the annual debt service payments. The bond resolution requires coverage of 1.05.



ORANGE COUNTY WATER UTILITIES SYSTEM
NOTES TO FINANCIAL STATEMENTS
for the month ended December 31, 2009

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 \$5 million.