

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
MARCH 31 AND FEBRUARY 28, 2019**

	MARCH	FEBRUARY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 120,135,081	\$ 123,760,411
Accrued interest receivable	524,334	524,334
Accounts receivable, net	19,614,165	20,139,705
Due from other governmental agencies	3,589,096	3,235,831
Inventories and prepaid costs	8,922,059	9,991,967
Total current assets	152,784,735	157,652,248
Restricted assets:		
Cash and investments	58,689,913	58,671,248
Capital assets:		
Land	103,183,075	102,904,710
Construction in progress	298,347,464	284,451,963
Buildings and improvements	2,164,941,945	2,159,948,110
Machinery and equipment	102,278,433	103,051,948
Intangible assets	121,303,176	117,841,176
Less accumulated depreciation and amortization	(1,319,739,329)	(1,315,401,579)
Total capital assets	1,470,314,764	1,452,796,328
Total noncurrent and restricted assets	1,529,004,677	1,511,467,576
Total assets	1,681,789,412	1,669,119,824
Deferred outflows of resources:		
Related to pensions and OPEB	15,887,628	15,887,628
Total assets and deferred outflows of resources	\$ 1,697,677,040	\$ 1,685,007,452
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,785,862	\$ 25,490,453
Due to other governmental agencies	463,593	457,967
Net pension liability	322,654	322,654
Total current liabilities	30,572,109	26,271,074
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,541,925	1,403,824
Revenue bonds payable (net of unamortized costs)	3,430,000	3,430,000
Customer deposits	10,762,232	10,748,826
Total liabilities payable from restricted assets	15,734,157	15,582,650
Noncurrent liabilities:		
Compensated absences payable	1,540,394	1,540,394
Loans payable	96,476,722	96,123,458
Revenue bonds payable (net of unamortized costs)	85,005,216	85,078,621
Net pension and OPEB liability	43,144,585	43,144,585
Total noncurrent liabilities	226,166,917	225,887,058
Total liabilities	272,473,183	267,740,782
Deferred inflows of resources:		
Related to pensions and OPEB	4,002,361	4,002,361
Total liabilities and deferred inflows of resources	276,475,544	271,743,143
<u>NET POSITION</u>		
Net investment in capital assets	1,285,402,826	1,268,164,249
Restricted for debt service	46,385,756	46,518,598
Unrestricted	89,412,914	98,581,462
Total net position	1,421,201,496	1,413,264,309
Total liabilities and net position	\$ 1,697,677,040	\$ 1,685,007,452

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
MARCH 31 AND FEBRUARY 28, 2019**

	<u>MARCH</u>	<u>FEBRUARY</u>
Current:		
Reserve revenue	\$ 74,452,269	\$ 76,499,299
Water connection fees	23,910,554	24,219,812
Wastewater connection fees	21,767,158	23,036,200
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>120,135,081</u>	<u>123,760,411</u>
Restricted:		
Operation and maintenance reserve	28,382,161	28,409,129
Renewal and replacement	8,007,195	8,015,087
Bond reserve (1)	6,392,497	6,315,800
Bond principal	1,715,000	1,442,970
Bond interest	1,371,322	1,376,971
Loan debt service	1,298,683	1,600,892
Loan repayment reserve	760,823	761,573
Customer deposits	<u>10,762,232</u>	<u>10,748,826</u>
Total restricted cash and investments	<u>58,689,913</u>	<u>58,671,248</u>
Total cash and investments	<u>\$ 178,824,994</u>	<u>\$ 182,431,659</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 MARCH 31, 2019**

	<u>MARCH</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,082,382	\$ 26,552,366
Wastewater service	10,671,391	66,627,349
Reclaimed water service	765,183	4,626,890
Miscellaneous	870,427	3,955,745
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Total operating revenues	16,389,383	101,762,350
Operating and maintenance expenses:		
Personal services	4,686,814	27,973,394
Contractual services	3,718,674	13,920,465
Materials and supplies	840,235	2,929,979
Utilities	1,145,412	6,551,019
Repairs and maintenance	2,037,463	7,165,220
Other administrative expenses	817,395	5,648,543
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Total operating and maintenance expenses	13,245,993	64,188,620
Operating income before depreciation	3,143,390	37,573,730
Depreciation and amortization	5,865,254	35,202,773
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Operating income (loss)	(2,721,864)	2,370,957
Nonoperating revenues (expenses):		
Interest revenue	252,122	1,789,316
Interest expense and fiscal charges	(306,464)	(1,860,237)
Gain (loss) on disposal of assets	(10,792)	146,764
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Total net nonoperating revenues (expenses)	(65,134)	75,843
Income (loss) before contributions and transfers	(2,786,998)	2,446,800
Capital contributions	10,724,185	32,678,092
Transfers out	-	(8,900,000)
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Change in net position	7,937,187	26,224,892
Total net position, beginning of period	1,413,264,309	1,394,976,604
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Total net position, end of period	\$ 1,421,201,496	\$ 1,421,201,496

See accompanying notes to financial statements

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Water service:						
Residential	\$ 2,232,982	\$ 2,143,736	\$ 13,397,892	\$ 13,349,949	\$ 26,795,779	50%
Commercial	1,399,494	1,326,965	8,396,964	8,399,424	16,793,930	50%
Conservation surcharge	1,007,319	611,681	6,043,914	4,802,993	12,087,826	40%
Total water service	<u>4,639,795</u>	<u>4,082,382</u>	<u>27,838,770</u>	<u>26,552,366</u>	<u>55,677,535</u>	48%
Wastewater service:						
Residential	5,617,464	5,441,212	33,704,784	33,855,753	67,409,567	50%
Commercial	5,046,569	4,905,892	30,279,414	30,909,150	60,558,832	51%
Environmental surcharge	213,867	250,662	1,283,202	1,404,000	2,566,401	55%
Industrial	7,306	9,096	43,836	70,966	87,667	81%
Septic and portable	55,917	52,605	335,502	330,027	671,007	49%
Capacity maintenance fees	9,442	11,924	56,652	57,453	113,304	51%
Total wastewater service	<u>10,950,565</u>	<u>10,671,391</u>	<u>65,703,390</u>	<u>66,627,349</u>	<u>131,406,778</u>	51%
Reclaimed water service:						
Reclaimed service	820,620	741,760	4,923,720	4,517,346	9,847,435	46%
Reclaimed water-cooling tower	20,424	23,423	122,544	109,544	245,089	45%
Total reclaimed water service	<u>841,044</u>	<u>765,183</u>	<u>5,046,264</u>	<u>4,626,890</u>	<u>10,092,524</u>	46%
Miscellaneous:						
Initiate account service	44,592	42,594	267,552	238,946	535,105	45%
Turn off/on service	32,894	29,904	197,364	204,249	394,731	52%
Lien fee charges	469	360	2,814	2,120	5,630	38%
Meter removal/testing	4,196	3,464	25,176	20,789	50,347	41%
Meter/line damage	19,934	1,904	119,604	28,468	239,211	12%
NSF charges	4,008	3,565	24,048	33,802	48,091	70%
Plans and specifications	75,006	42,425	450,036	452,212	900,076	50%
Charges to other funds	1,388	684	8,328	5,923	16,653	36%
Developer reimb of plan review	45,388	35,623	272,328	291,799	544,653	54%
Cross Connection Control Program	226,259	212,245	1,357,554	1,288,150	2,715,113	47%
Miscellaneous	135,922	497,659	815,532	1,389,287	1,631,058	85%
Total miscellaneous	<u>590,056</u>	<u>870,427</u>	<u>3,540,336</u>	<u>3,955,745</u>	<u>7,080,668</u>	56%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 16,389,383</u>	<u>\$ 102,128,760</u>	<u>\$ 101,762,350</u>	<u>\$ 204,257,505</u>	50%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Personal services:						
Salaries	\$ 3,467,351	\$ 3,172,246	\$ 20,804,106	\$ 20,784,279	\$ 41,608,212	50%
Fringe benefits	1,359,355	1,514,568	8,156,130	7,189,115	16,312,262	44%
Total personal services	4,826,706	4,686,814	28,960,236	27,973,394	57,920,474	48%
Contractual services:						
Research and studies	115,978	33,203	695,868	120,869	1,391,733	9%
Legal services	11,582	-	69,492	-	138,978	0%
Indirect costs	620,092	620,092	3,720,552	3,720,550	7,441,099	50%
Purchased water	91,800	125,188	550,800	501,690	1,101,594	46%
Effluent disposal	264,173	198,404	1,585,038	1,016,169	3,170,072	32%
Comptroller fees	155,727	155,727	934,362	934,362	1,868,724	50%
Officer fees	761	820	4,566	2,574	9,130	28%
Payments to other governments	316,829	282,065	1,900,974	1,407,822	3,801,947	37%
Janitorial	42,885	29,879	257,310	123,081	514,615	24%
Employment agency	112,435	112,699	674,610	406,972	1,349,220	30%
Training	26,418	1,800	158,508	12,316	317,010	4%
Paving	139,904	154,716	839,424	689,394	1,678,852	41%
Software licensing/support fee	195,983	506,088	1,175,898	996,150	2,351,794	42%
Other professional fees	237,757	103,963	1,426,542	288,474	2,853,078	10%
Contractual services	1,904,709	1,394,030	11,428,254	3,700,042	22,856,513	16%
Total contractual services	4,237,033	3,718,674	25,422,198	13,920,465	50,844,359	27%
Materials and supplies:						
Graphic reproduction services	5,194	3,275	31,164	13,701	62,331	22%
Office supplies	13,517	5,983	81,102	45,409	162,201	28%
Event/meal reimbursement	309	-	1,854	1,334	3,710	36%
Software <\$1000	4,544	-	27,264	4,217	54,527	8%
Computer equipment <\$500	5,876	14,405	35,256	24,860	70,509	35%
Equipment <\$1000	26,678	8,865	160,068	101,691	320,131	32%
Tools	10,014	11,735	60,084	55,036	120,169	46%
Medical	133	-	798	-	1,600	0%
Liquid oxygen	16,834	14,469	101,004	37,674	202,004	19%
Chemical and pesticides	8	-	48	-	100	0%
Solar salt	23,336	22,842	140,016	50,083	280,027	18%
Chlorine	159,775	144,977	958,650	762,372	1,917,300	40%
Fluoride	15,480	8,759	92,880	31,099	185,760	17%
Alum	4,961	-	29,766	3,842	59,528	6%
Polymer	88,663	152,729	531,978	377,256	1,063,954	35%
Sealing chemicals	208	-	1,248	-	2,500	0%
Corrosion control	60,315	67,722	361,890	266,666	723,779	37%
Carbon dioxide	49,205	113,077	295,230	273,599	590,460	46%
Sodium hydroxide	42,271	53,629	253,626	199,679	507,248	39%
Supplemental carbon	33,409	75,068	200,454	184,057	400,907	46%
Miscellaneous chemicals	31,579	30,323	189,474	86,701	378,944	23%
Material for construction	28,957	14,572	173,742	38,365	347,483	11%
Clothing	20,417	14,605	122,502	81,416	244,998	33%
Gas-oil-lube-brfl-ant	26,324	14,015	157,944	46,928	315,885	15%
Miscellaneous expenses	70,562	69,185	423,372	243,994	846,746	29%
Total materials & supplies	738,569	840,235	4,431,414	2,929,979	8,862,801	33%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Utilities:						
Communications	\$ 69,232	\$ 87,750	\$ 415,392	\$ 316,663	\$ 830,784	38%
Water	9,878	12,268	59,268	47,358	118,536	40%
Solid waste tipping fees	41,398	23,656	248,388	109,911	496,780	22%
Garbage disposal	5,664	3,067	33,984	10,943	67,968	16%
Gas	14,678	5,065	88,068	45,862	176,132	26%
Electric	1,110,325	1,013,606	6,661,950	6,020,282	13,323,899	45%
Total utilities	1,251,175	1,145,412	7,507,050	6,551,019	15,014,099	44%
Repairs and maintenance:						
Building and grounds	591,246	651,229	3,547,476	2,588,222	7,094,948	36%
Equipment	706,482	957,047	4,238,892	2,534,413	8,477,789	30%
Vehicle maintenance	366,762	275,439	2,200,572	1,585,334	4,401,146	36%
Services	101,710	74,154	610,260	191,264	1,220,515	16%
Mains	75,973	79,594	455,838	199,786	911,671	22%
Water meters	13,497	-	80,982	-	161,965	0%
Fire lines	30,269	-	181,614	58,601	363,230	16%
Meter installations	42	-	252	-	500	0%
Valves	95,978	-	575,868	7,600	1,151,730	1%
Utility relocations	42	-	252	-	500	0%
Total repairs & maintenance	1,982,001	2,037,463	11,892,006	7,165,220	23,783,994	30%
Other administrative:						
Local travel	2,371	1,875	14,226	7,759	28,456	27%
Out of county travel	3,365	1,117	20,190	3,208	40,375	8%
Postage and messenger services	71,820	11,823	430,920	290,801	861,845	34%
Toll charges	19,128	14,391	114,768	95,690	229,532	42%
Rental of equipment	79,664	102,610	477,984	318,442	955,969	33%
Dues and memberships	13,872	2,041	83,232	66,133	166,462	40%
Subscriptions	2,306	665	13,836	6,505	27,672	24%
Training fees	13,484	4,798	80,904	56,672	161,808	35%
License and certification	3,540	3,563	21,240	8,530	42,474	20%
Advertising	1,243	-	7,458	760	14,920	5%
Promotional	9,803	8,232	58,818	23,933	117,635	20%
Educational assistance	2,875	-	17,250	7,986	34,500	23%
Scholarships, awards	638	-	3,828	180	7,655	2%
Improvements to non-county assets	34,934	235,976	209,604	273,876	419,209	65%
Bad debt expense	41,817	4,444	250,902	52,265	501,800	10%
Bank charges	92,319	118,217	553,914	429,272	1,107,822	39%
Self insurance	257,647	257,646	1,545,882	1,545,879	3,091,758	50%
Refunds of prior year revenue	25,000	849	150,000	124,365	300,000	41%
Operating permits	11,654	-	69,924	-	139,849	0%
Accrued expenses	-	49,148	-	2,336,287	-	0%
Total other administrative	687,480	817,395	4,124,880	5,648,543	8,249,741	68%
Total O&M expenses	\$ 13,722,964	\$ 13,245,993	\$ 82,337,784	\$ 64,188,620	\$ 164,675,468	39%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Interest revenue:						
Net revenue	\$ 171,741	\$ 159,510	\$ 1,030,446	\$ 1,458,030	\$ 2,060,889	71%
Connection fees	-	34,482	-	366,642	-	0%
Bond reserve	-	76,697	-	74,531	-	0%
Less: Customer deposits expense	-	(18,567)	-	(109,887)	-	0%
Total interest revenue	171,741	252,122	1,030,446	1,789,316	2,060,889	87%
Interest expense:						
Bonds and revolving loans	(424,121)	(379,814)	(2,544,726)	(2,300,335)	(5,089,453)	45%
Capital lease	(128)	(55)	(768)	(335)	(1,541)	22%
Debt service fees	(201,474)	-	(1,208,844)	-	(2,417,689)	0%
Amortization of bond premium	-	73,405	-	440,433	-	(1)
Total interest expense	(625,723)	(306,464)	(3,754,338)	(1,860,237)	(7,508,683)	25%
Gain on disposal of assets:						
Proceeds from sale	-	(135,150)	-	20,851	-	0%
Gain (loss) on disposal of fixed assets	-	124,358	-	125,913	-	(1)
Total gain (loss) on disposal of assets	-	(10,792)	-	146,764	-	(1)
Total non-operating revenues (expenses)	\$ (453,982)	\$ (65,134)	\$ (2,723,892)	\$ 75,843	\$ (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 MARCH 31, 2019**

	<u>MARCH BUDGET</u>	<u>MARCH ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 50%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 525,359	\$ 5,174,760	\$ 7,639,745	\$ 10,349,514	74%
Irrigation	49,789	29,525	298,734	257,983	597,468	43%
Total water connection fees	<u>912,249</u>	<u>554,884</u>	<u>5,473,494</u>	<u>7,897,728</u>	<u>10,946,982</u>	72%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>1,715,561</u>	<u>9,145,062</u>	<u>16,256,119</u>	<u>18,290,123</u>	89%
Total wastewater connection fees	<u>1,524,177</u>	<u>1,715,561</u>	<u>9,145,062</u>	<u>16,256,119</u>	<u>18,290,123</u>	89%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	-	<u>(499,998)</u>	<u>(9,446)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	-	<u>(499,998)</u>	<u>(9,446)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,353,093</u>	<u>2,270,445</u>	<u>14,118,558</u>	<u>24,144,401</u>	<u>28,237,105</u>	86%
DONATED SYSTEMS:						
Donated easements	-	3,462,000	-	3,462,000	-	0%
Developer fixed assets	-	4,976,453	-	5,020,008	-	0%
Developer reimbursements	-	-	-	136	-	0%
Line extensions	-	15,287	-	51,547	-	0%
Total donated systems	<u>-</u>	<u>8,453,740</u>	<u>-</u>	<u>8,533,691</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 10,724,185</u>	<u>\$ 14,118,558</u>	<u>\$ 32,678,092</u>	<u>\$ 28,237,105</u>	116%

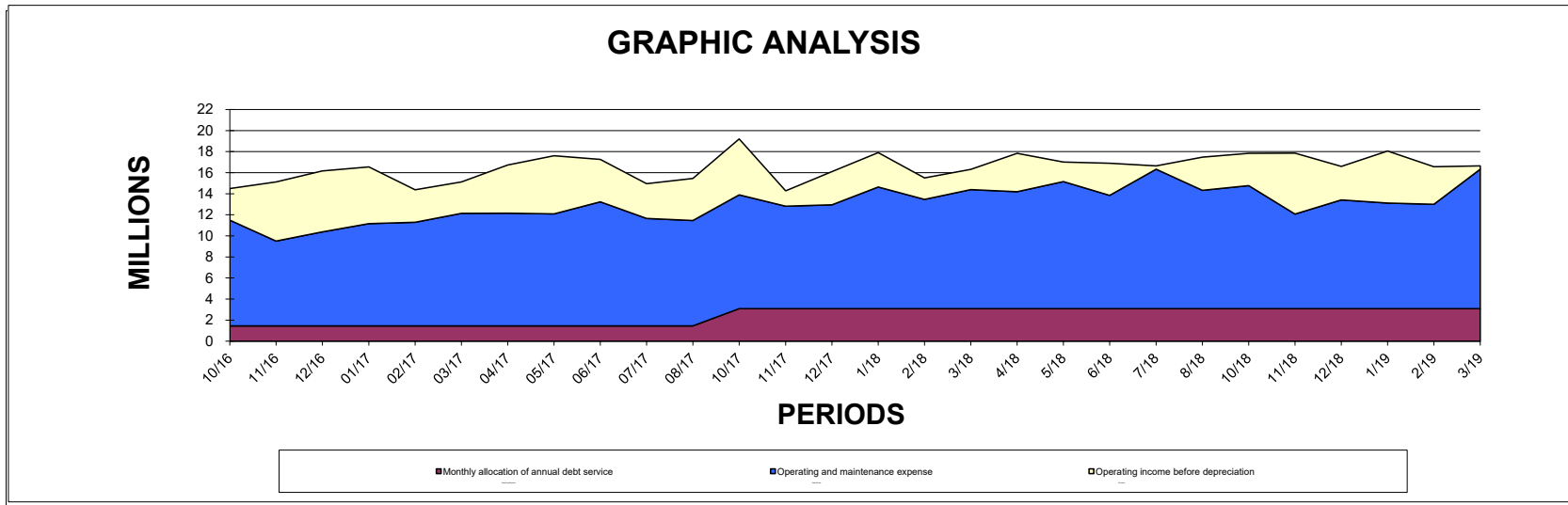
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED MARCH 31, 2019**

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Capital outlay:						
Land	\$ 41,775	\$ 4,725	\$ 250,650	\$ 273,640	\$ 501,297	55%
Buildings	179,514	16,611	1,077,084	85,698	2,154,169	4%
Structures	12,965,649	14,051,470	77,793,894	42,494,465	155,587,789	27%
Equipment	973,234	1,038,420	5,839,404	3,472,156	11,678,802	30%
Total capital outlay	14,160,172	15,111,226	84,961,032	46,325,959	169,922,057	27%
Debt service principal	634,951	760,977	3,809,706	4,544,403	7,619,417	60%
Total other disbursements	<u>\$ 14,795,123</u>	<u>\$ 15,872,203</u>	<u>\$ 88,770,738</u>	<u>\$ 50,870,362</u>	<u>\$ 177,541,474</u>	29%

**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	0.63	0.67	0.51	0.63	0.56	0.61	0.81					
Water	0.85	0.90	0.78	0.86	0.73	0.71	1.10					
Wastewater	0.51	0.55	0.40	0.48	0.47	0.53	0.64					
Bond Coverage Ratios*	12.17	11.28	16.66	11.60	15.11	12.29	6.11					

*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 MARCH 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 \$12.6 million.