

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JANUARY 31, 2020 AND DECEMBER 31, 2019**

	JANUARY	DECEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 80,286,562	\$ 80,788,961
Accrued interest receivable	533,815	533,815
Accounts receivable, net	20,021,543	22,184,412
Due from other governmental agencies	5,589,047	5,589,047
Inventories and prepaid costs	10,667,375	11,871,822
Total current assets	117,098,342	120,968,057
Restricted assets:		
Cash and investments	62,106,700	61,531,951
Capital assets:		
Land	102,922,802	102,839,684
Construction in progress	248,479,809	236,445,052
Buildings and improvements	2,343,402,065	2,335,959,613
Machinery and equipment	101,966,809	104,186,845
Intangible assets	147,366,194	147,366,194
Less accumulated depreciation and amortization	(1,384,962,768)	(1,380,733,659)
Total capital assets	1,559,174,911	1,546,063,729
Total noncurrent and restricted assets	1,621,281,611	1,607,595,680
Total assets	1,738,379,953	1,728,563,737
Deferred outflows of resources:		
Related to pensions and OPEB	16,034,954	16,034,954
Total assets and deferred outflows of resources	\$ 1,754,414,907	\$ 1,744,598,691
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 33,521,122	\$ 31,780,860
Due to other governmental agencies	516,411	520,271
Net pension liability	246,180	246,180
Total current liabilities	34,283,713	32,547,311
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,600,778	1,311,368
Revenue bonds payable (net of unamortized costs)	3,600,000	3,600,000
Customer deposits	10,891,379	11,094,221
Total liabilities payable from restricted assets	16,092,157	16,005,589
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)	80,717,595	80,779,392
Net pension and OPEB liability	50,848,035	50,848,035
Total noncurrent liabilities	226,492,331	226,554,128
Total liabilities	276,868,201	275,107,028
Deferred inflows of resources:		
Related to pensions and OPEB	3,703,403	3,703,403
Total liabilities and deferred inflows of resources	280,571,604	278,810,431
<u>NET POSITION</u>		
Net investment in capital assets	1,381,421,404	1,368,248,425
Restricted for debt service	49,614,543	49,126,362
Unrestricted	42,807,356	48,413,473
Total net position	1,473,843,303	1,465,788,260
Total liabilities and net position	\$ 1,754,414,907	\$ 1,744,598,691

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JANUARY 31, 2020 AND DECEMBER 31, 2019**

	<u>JANUARY</u>	<u>DECEMBER</u>
Current:		
Reserve revenue	\$ 48,887,895	\$ 46,609,229
Water connection fees	773,486	2,766,192
Wastewater connection fees	30,620,081	31,408,440
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>80,286,562</u>	<u>80,788,961</u>
Restricted:		
Operation and maintenance reserve	30,636,193	30,664,301
Renewal and replacement	8,013,093	8,021,143
Bond reserve (1)	6,476,743	6,476,291
Bond principal	1,206,902	905,868
Bond interest	860,415	645,416
Loan debt service	3,260,591	2,962,563
Loan repayment reserve	761,384	762,148
Customer deposits	<u>10,891,379</u>	<u>11,094,221</u>
Total restricted cash and investments	<u>62,106,700</u>	<u>61,531,951</u>
Total cash and investments	<u>\$ 142,393,262</u>	<u>\$ 142,320,912</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 JANUARY 31, 2020**

	<u>JANUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,621,717	\$ 18,854,181
Wastewater service	12,118,738	46,714,680
Reclaimed water service	816,471	3,574,539
Miscellaneous	931,170	2,596,851
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Total operating revenues	18,488,096	71,740,251
Operating and maintenance expenses:		
Personal services	4,758,784	19,638,173
Contractual services	2,933,431	8,771,576
Materials and supplies	907,018	2,214,474
Utilities	1,093,298	5,537,881
Repairs and maintenance	2,508,945	6,352,963
Other administrative expenses	558,781	5,662,472
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Total operating and maintenance expenses	12,760,257	48,177,539
Operating income before depreciation	5,727,839	23,562,712
Depreciation and amortization	6,867,500	27,375,585
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Operating loss	(1,139,661)	(3,812,873)
Nonoperating revenues (expenses):		
Interest revenue	249,230	1,067,011
Interest expense and fiscal charges	(305,763)	(1,224,238)
Gain on disposal of assets	-	86,345
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Total net nonoperating expenses	(56,533)	(70,882)
Loss before contributions and transfers	(1,196,194)	(3,883,755)
Capital contributions	9,251,237	17,861,702
Transfers out	-	(8,900,000)
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Change in net position	8,055,043	5,077,947
Total net position, beginning of period	1,465,788,260	1,468,765,356
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Total net position, end of period	\$ 1,473,843,303	\$ 1,473,843,303
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See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED JANUARY 31, 2020**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Water service:						
Residential	\$ 2,304,038	\$ 2,369,782	\$ 9,216,152	\$ 9,376,085	\$ 27,648,456	34%
Commercial	1,523,887	1,533,505	6,095,548	5,859,290	18,286,649	32%
Conservation surcharge	849,121	718,430	3,396,484	3,618,806	10,189,452	36%
Total water service	<u>4,677,046</u>	<u>4,621,717</u>	<u>18,708,184</u>	<u>18,854,181</u>	<u>56,124,557</u>	34%
Wastewater service:						
Residential	5,904,933	6,105,558	23,619,732	23,799,511	70,859,190	34%
Commercial	5,528,375	5,742,193	22,113,500	21,766,911	66,340,505	33%
Environmental surcharge	241,219	231,734	964,876	859,667	2,894,633	30%
Industrial	16,383	(31,515)	65,532	12,446	196,599	6%
Septic and portable	58,936	60,320	235,744	230,330	707,232	33%
Capacity maintenance fees	11,876	10,448	47,504	45,815	142,512	32%
Total wastewater service	<u>11,761,722</u>	<u>12,118,738</u>	<u>47,046,888</u>	<u>46,714,680</u>	<u>141,140,671</u>	33%
Reclaimed water service:						
Residential	423,446	389,444	1,693,784	1,689,674	5,081,347	33%
Commercial	427,974	408,128	1,711,896	1,830,805	5,135,687	36%
Reclaimed water-cooling tower	25,745	18,899	102,980	54,060	308,943	17%
Total reclaimed water service	<u>877,165</u>	<u>816,471</u>	<u>3,508,660</u>	<u>3,574,539</u>	<u>10,525,977</u>	34%
Miscellaneous:						
Initiate account service	45,532	34,672	182,128	154,080	546,384	28%
Turn off/on service	32,829	30,514	131,316	119,826	393,946	30%
Lien fee charges	424	200	1,696	1,540	5,085	30%
Meter removal/testing	3,764	3,615	15,056	11,809	45,165	26%
Meter/line damage	14,804	1,027	59,216	8,922	177,646	5%
NSF charges	4,424	6,140	17,696	24,231	53,088	46%
Plans and specifications	69,365	400,768	277,460	473,506	832,381	57%
Charges to other funds	1,311	829	5,244	5,197	15,731	33%
Developer reimb of plan review	50,539	121,822	202,156	235,615	606,466	39%
Cross Connection Control Program	229,858	225,767	919,432	888,947	2,758,296	32%
Miscellaneous	145,942	105,816	583,768	673,178	1,751,304	38%
Total miscellaneous	<u>598,792</u>	<u>931,170</u>	<u>2,395,168</u>	<u>2,596,851</u>	<u>7,185,492</u>	36%
Total operating revenues	<u>\$ 17,914,725</u>	<u>\$ 18,488,096</u>	<u>\$ 71,658,900</u>	<u>\$ 71,740,251</u>	<u>\$ 214,976,697</u>	33%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED JANUARY 31, 2020**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Personal services:						
Salaries	\$ 3,654,880	\$ 3,883,622	\$ 14,619,520	\$ 14,884,786	\$ 43,858,564	34%
Fringe benefits	1,480,691	875,162	5,922,764	4,753,387	17,768,293	27%
Total personal services	5,135,571	4,758,784	20,542,284	19,638,173	61,626,857	32%
Contractual services:						
Research and studies	118,846	9,947	475,384	23,788	1,426,156	2%
Legal services	11,582	918	46,328	971	138,978	1%
Indirect costs	647,199	647,198	2,588,796	2,588,795	7,766,386	33%
Purchased water	103,754	103,693	415,016	253,517	1,245,049	20%
Effluent disposal	274,274	140,297	1,097,096	604,428	3,291,289	18%
Comptroller fees	144,293	144,293	577,172	577,174	1,731,521	33%
Officer fees	761	472	3,044	541	9,130	6%
Payments to other governments	320,557	268,063	1,282,228	949,336	3,846,679	25%
Janitorial	38,579	30,502	154,316	91,810	462,943	20%
Employment agency	115,089	94,088	460,356	266,953	1,381,062	19%
Training	25,421	9,000	101,684	29,104	305,052	10%
Paving	182,685	148,216	730,740	523,120	2,192,221	24%
Software licensing/support fee	199,045	419,144	796,180	864,537	2,388,543	36%
Other professional fees	281,883	146,715	1,127,532	174,980	3,382,597	5%
Contractual services	1,882,623	770,885	7,530,492	1,822,522	22,591,474	8%
Total contractual services	4,346,591	2,933,431	17,386,364	8,771,576	52,159,080	17%
Materials and supplies:						
Graphic reproduction services	5,286	-	21,144	-	63,433	0%
Office supplies	13,922	15,182	55,688	19,134	167,059	11%
Event/meal reimbursement	301	-	1,204	689	3,610	19%
Software <\$1000	10,382	-	41,528	-	124,579	0%
Computer equipment <\$500	4,480	3,562	17,920	11,449	53,760	21%
Equipment <\$1000	25,279	25,445	101,116	44,894	303,346	15%
Tools	11,529	9,132	46,116	40,895	138,352	30%
Medical	96	-	384	-	1,150	0%
Liquid oxygen	15,017	9,431	60,068	26,298	180,206	15%
Chemical and pesticides	8	-	32	-	100	0%
Solar salt	23,710	27,541	94,840	61,016	284,524	21%
Chlorine	184,123	158,825	736,492	527,181	2,209,479	24%
Fluoride	16,985	7,309	67,940	7,309	203,820	4%
Alum	4,218	6,500	16,872	22,238	50,614	44%
Polymer	93,873	131,291	375,492	351,925	1,126,480	31%
Sealing chemicals	417	-	1,668	-	5,000	0%
Corrosion control	67,667	95,320	270,668	205,510	812,007	25%
Carbon dioxide	52,485	79,512	209,940	192,972	629,824	31%
Sodium hydroxide	43,800	52,900	175,200	137,027	525,598	26%
Supplemental carbon	50,835	77,347	203,340	173,473	610,022	28%
Miscellaneous chemicals	32,520	16,263	130,080	34,040	390,245	9%
Material for construction	29,015	67,931	116,060	67,931	348,174	20%
Clothing	20,963	30,365	83,852	65,986	251,559	26%
Gas-oil-lube-brfl-ant	21,480	4,542	85,920	14,712	257,762	6%
Miscellaneous expenses	86,870	88,620	347,480	209,795	1,042,436	20%
Total materials & supplies	815,261	907,018	3,261,044	2,214,474	9,783,139	23%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED JANUARY 31, 2020**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Utilities:						
Communications	\$ 72,512	\$ 71,128	\$ 290,048	\$ 304,656	\$ 870,139	35%
Water	9,952	7,951	39,808	52,077	119,424	44%
Solid waste tipping fees	41,398	-	165,592	65,139	496,780	13%
Garbage disposal	6,756	4,030	27,024	11,870	81,076	15%
Gas	17,073	12,026	68,292	27,140	204,877	13%
Electric	1,175,617	998,163	4,702,468	5,076,999	14,107,409	36%
Total utilities	1,323,308	1,093,298	5,293,232	5,537,881	15,879,705	35%
Repairs and maintenance:						
Building and grounds	653,869	839,303	2,615,476	2,815,204	7,846,424	36%
Equipment	761,819	1,014,415	3,047,276	1,924,334	9,141,830	21%
Vehicle maintenance	378,426	365,857	1,513,704	1,065,060	4,541,113	23%
Services	101,710	192	406,840	432	1,220,515	0%
Mains	138,612	284,202	554,448	518,065	1,663,345	31%
Water meters	19,747	1,123	78,988	19,537	236,965	8%
Fire lines	16,552	236	66,208	6,714	198,628	3%
Meter installations	42	-	168	-	500	0%
Valves	153,060	3,617	612,240	3,617	1,836,720	0%
Utility relocations	42	-	168	-	500	0%
Total repairs & maintenance	2,223,879	2,508,945	8,895,516	6,352,963	26,686,540	24%
Other administrative:						
Local travel	2,563	2,465	10,252	6,320	30,756	21%
Out of county travel	3,650	933	14,600	3,671	43,800	8%
Postage and messenger services	80,252	5,841	321,008	234,859	963,023	24%
Toll charges	19,773	18,564	79,092	57,299	237,279	24%
Rental of equipment	96,366	101,441	385,464	247,211	1,156,390	21%
Dues and memberships	13,753	5,122	55,012	142,765	165,032	87%
Subscriptions	2,524	1,235	10,096	2,055	30,293	7%
Training fees	15,209	37,564	60,836	45,800	182,511	25%
License and certification	2,186	748	8,744	2,540	26,229	10%
Leases-bldgs	600	-	2,400	-	7,194	0%
Advertising	1,138	935	4,552	2,555	13,660	19%
Promotional	10,285	11,982	41,140	17,643	123,416	14%
Educational assistance	2,979	3,549	11,916	3,972	35,750	11%
Scholarships, awards	633	199	2,532	199	7,590	3%
Improvements to non-county assets	1,054	-	4,216	-	12,644	0%
Bad debt expense	37,333	9,969	149,332	92,128	448,000	21%
Bank charges	146,908	107,105	587,632	225,981	1,762,894	13%
Self insurance	270,032	281,870	1,080,128	1,091,967	3,240,389	34%
Refunds of prior year revenue	66,667	2,164	266,668	125,637	800,000	16%
Operating permits	11,654	-	46,616	-	139,849	0%
Accrued expenses	-	(32,905)	-	3,359,870	-	0%
Total other administrative	785,559	558,781	3,142,236	5,662,472	9,426,699	60%
Total O&M expenses	\$ 14,630,169	\$ 12,760,257	\$ 58,520,676	\$ 48,177,539	\$ 175,562,020	27%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED JANUARY 31, 2020**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Interest revenue:						
Net revenue	\$ 219,202	\$ 205,768	\$ 876,808	\$ 826,613	\$ 2,630,427	31%
Connection fees	-	57,542	-	310,055	-	0%
Bond reserve	-	452	-	(2,114)	-	0%
Less: Customer deposits expense	-	(14,532)	-	(67,543)	-	0%
Total interest revenue	<u>219,202</u>	<u>249,230</u>	<u>876,808</u>	<u>1,067,011</u>	<u>2,630,427</u>	41%
Interest expense:						
Bonds and revolving loans	(500,800)	(367,409)	(2,003,200)	(1,471,115)	(6,009,605)	24%
Capital lease	(51)	(151)	(204)	(311)	(617)	50%
Debt service fees	(100,167)	-	(400,668)	-	(1,202,000)	0%
Amortization of bond premium	-	61,797	-	247,188	-	(1)
Total interest expense	<u>(601,018)</u>	<u>(305,763)</u>	<u>(2,404,072)</u>	<u>(1,224,238)</u>	<u>(7,212,222)</u>	17%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	(346,745)	-	(260,400)	-	0%
Gain on disposal of fixed assets	-	346,745	-	346,745	-	(1)
Total gain on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,345</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (381,816)</u>	<u>\$ (56,533)</u>	<u>\$ (1,527,264)</u>	<u>\$ (70,882)</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 JANUARY 31, 2020**

	<u>JANUARY BUDGET</u>	<u>JANUARY ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 33%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 851,769	\$ 711,321	\$ 3,407,076	\$ 3,400,711	\$ 10,221,231	33%
Irrigation	49,935	48,642	199,740	120,672	599,217	20%
Total water connection fees	<u>901,704</u>	<u>759,963</u>	<u>3,606,816</u>	<u>3,521,383</u>	<u>10,820,448</u>	33%
Wastewater connection fees:						
Residential/Commercial	<u>1,965,943</u>	<u>1,180,002</u>	<u>7,863,772</u>	<u>7,521,389</u>	<u>23,591,312</u>	32%
Total wastewater connection fees	<u>1,965,943</u>	<u>1,180,002</u>	<u>7,863,772</u>	<u>7,521,389</u>	<u>23,591,312</u>	32%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(113,051)</u>	<u>(333,332)</u>	<u>(664,451)</u>	<u>(1,000,000)</u>	66%
Total reductions	<u>(83,333)</u>	<u>(113,051)</u>	<u>(333,332)</u>	<u>(664,451)</u>	<u>(1,000,000)</u>	66%
Net connection fees	<u>2,784,314</u>	<u>1,826,914</u>	<u>11,137,256</u>	<u>10,378,321</u>	<u>33,411,760</u>	31%
DONATED SYSTEMS:						
Developer fixed assets	-	7,414,438	-	7,440,571	-	0%
Line extensions	-	9,885	-	42,810	-	0%
Total donated systems	<u>-</u>	<u>7,424,323</u>	<u>-</u>	<u>7,483,381</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,784,314</u>	<u>\$ 9,251,237</u>	<u>\$ 11,137,256</u>	<u>\$ 17,861,702</u>	<u>\$ 33,411,760</u>	53%

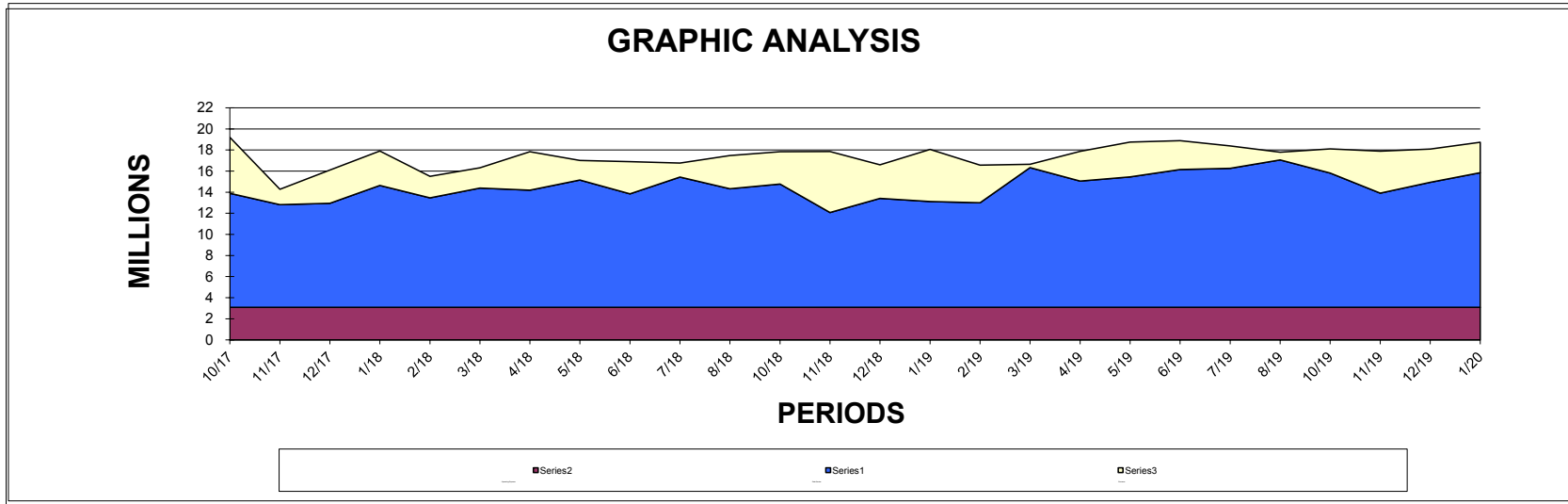
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JANUARY 31, 2020**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Capital outlay:						
Land	\$ 43,758	\$ 14,547	\$ 175,032	\$ 80,993	\$ 525,101	15%
Buildings	113,854	-	455,416	197,993	1,366,245	14%
Structures	15,573,810	12,104,361	62,295,240	20,842,171	186,885,721	11%
Equipment	879,634	454,047	3,518,536	882,862	10,555,611	8%
Total capital outlay	16,611,056	12,572,955	66,444,224	22,004,019	199,332,678	11%
Debt service principal	789,864	772,080	3,159,456	3,086,840	9,478,370	33%
Total other disbursements	<u>\$ 17,400,920</u>	<u>\$ 13,345,035</u>	<u>\$ 69,603,680</u>	<u>\$ 25,090,859</u>	<u>\$ 208,811,048</u>	12%

**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	0.69							
Water	0.89	0.96	0.78	0.94	0.89							
Wastewater	0.54	0.59	0.52	0.51	0.56							
Bond Coverage Ratios*	11.45	9.85	13.44	11.39	11.14							

*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 JANUARY 31, 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 \$14.1 million.