

# **Orange Water and Sewer Authority**

**Financial Report  
For the Nine-Month Period Ended  
March 31, 2023**

**Orange Water and Sewer Authority**  
**Statement of Net Position**  
**March 31, 2023**  
(unaudited)

**Assets**

Current Assets	
Cash	\$26,380,025
Receivables	5,336,050
Inventory	1,970,305
Prepaid expenses	395,982
Restricted cash	5,014,729

Total Current Assets	39,097,091
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Noncurrent Assets	
Leases receivable	755,581
Capital assets (net of depreciation)	303,019,085
Other noncurrent assets	61,186,225

Total Noncurrent Assets	364,960,891
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<b>Total Assets</b>	<b>\$404,057,982</b>
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**Liabilities and Net Position**

Current Liabilities	
Accounts payable and deferred outflows	\$4,375,707
Leases payable	616,054
Other current liabilities	1,716,636

Total Current Liabilities	6,708,397
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Noncurrent Liabilities	
Bonds payable	67,010,000
State revolving fund loans	17,911,010
Other noncurrent liabilities	23,460,183

Total Noncurrent Liabilities	108,381,193
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Net Position	
Contributed capital	128,058,595
Net position at the beginning of the year	157,099,768
Year-to-date accrual basis net income	3,810,029

<b>Total Liabilities and Net Position</b>	<b>\$404,057,982</b>
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**Net income reconciliation:**

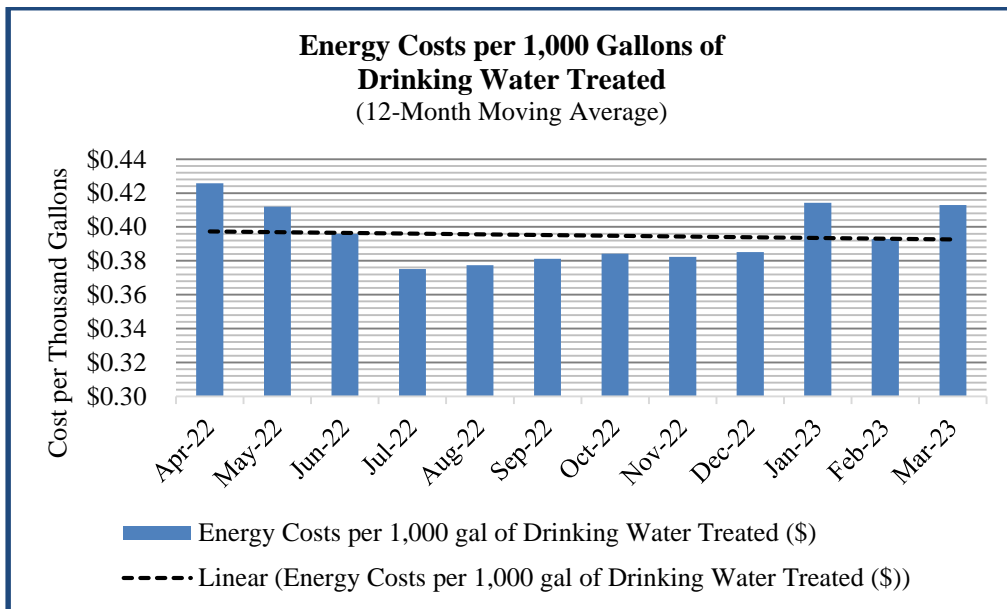
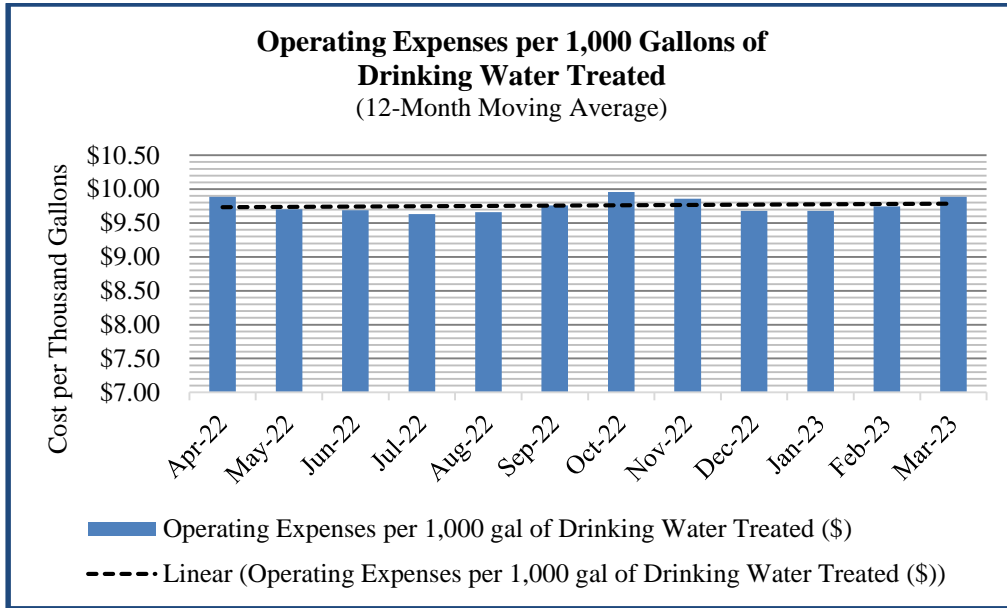
Accrual basis net income	\$3,810,029
Depreciation, interest, other post-employment benefits expenses	10,325,335

<b>Modified accrual basis net income</b>	<b>\$14,135,364</b>
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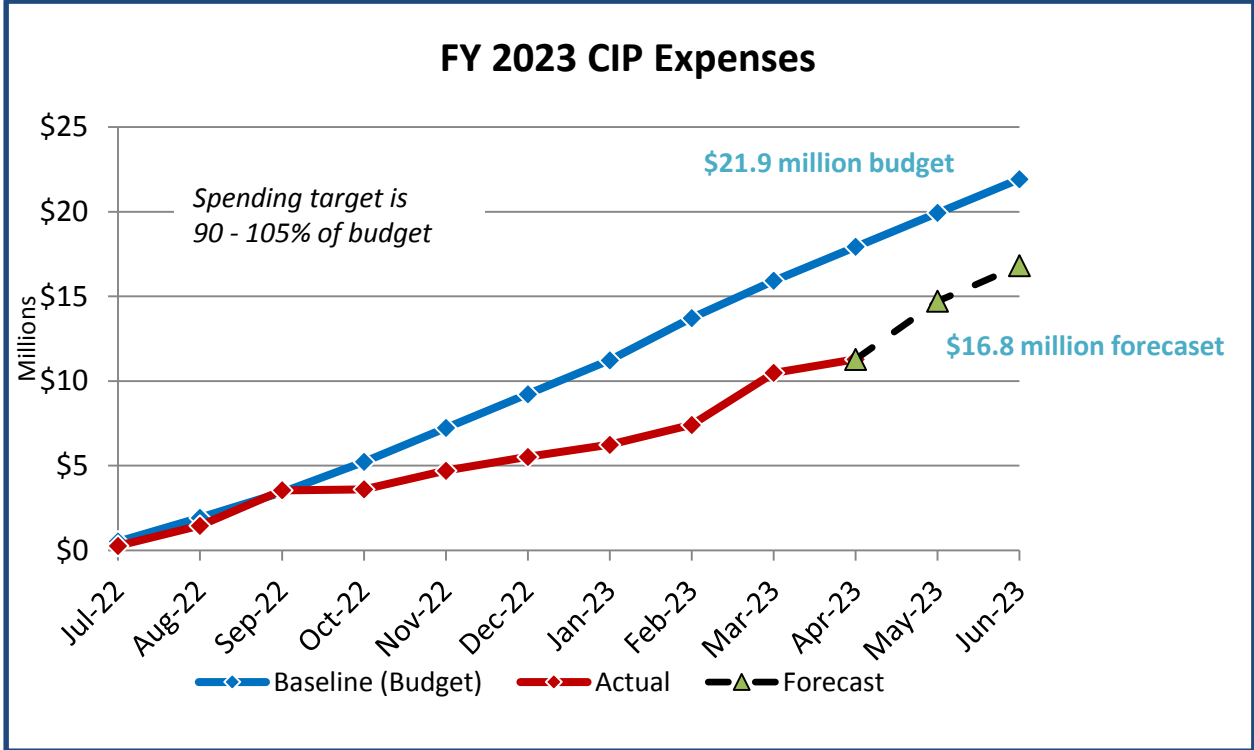
**Orange Water and Sewer Authority**  
**Income Statement**  
**For the Nine-month Period Ended March 31, 2023**  
(unaudited)

	<b>Actual through March 31, 2023</b>	<b>Budget through March 31, 2023</b>	<b>Variance (effect on net change in Fund Balance)</b>	<b>Percent Variance</b>
<b>Operating Revenue</b>				
Water	\$15,828,828	\$15,165,758	\$663,070	4.4%
Sewer	15,268,594	15,594,150	(325,556)	(2.1)
Reclaimed Water	321,427	330,083	(8,656)	(2.6)
Service Initiation Fees	10,325	12,384	(2,059)	(16.6)
Other	191,641	116,118	75,523	65.0
Refunds and Allowances	(209,960)	(80,325)	(129,635)	(161.4)
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<b>Total Operating Revenue</b>	<b>31,410,855</b>	<b>31,138,168</b>	<b>272,687</b>	<b>0.9</b>
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<b>Non-Operating Income (Expense)</b>				
System Development Fees	720,573	1,013,760	(293,187)	(28.9)
Interest and Other Non-Operating Income	528,961	458,033	70,928	15.5
Other Non-Operating Expenses	(272,584)		(272,584)	
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<b>Total Non-Operating Income</b>	<b>976,950</b>	<b>1,471,793</b>	<b>(494,843)</b>	<b>(33.6)</b>
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<b>Total Income</b>	<b>32,387,805</b>	<b>32,609,961</b>	<b>(222,156)</b>	<b>(0.7)</b>
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<b>Operating Expense</b>				
General and Administrative	6,421,068	6,864,409	443,341	6.5
Water Supply and Treatment	4,318,631	4,740,863	422,232	8.9
Water Distribution	2,169,110	2,685,008	515,898	19.2
Wastewater Treatment	4,203,165	4,538,846	335,681	7.4
Wastewater Collection	1,140,467	1,121,184	(19,283)	(1.7)
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<b>Total Operating Expense</b>	<b>18,252,441</b>	<b>19,950,310</b>	<b>1,697,869</b>	<b>8.5</b>
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<b>Net Income (modified accrual)</b>	<b>14,135,364</b>	<b>12,659,651</b>	<b>1,475,713</b>	<b>11.7</b>
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Debt Service	5,166,152	5,195,256	29,104	0.6
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Net Income less Debt Service	8,969,212	7,464,395	1,504,817	20.2
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CIP Expenditures	10,482,585	17,930,000	7,447,415	41.5
Capital Equipment Expenditures	960,414	1,315,374	354,960	27.0
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<b>Net Change in Fund Balance</b>	<b>(\$3,277,958)</b>	<b>(\$11,780,979)</b>	<b>\$9,307,193s</b>	
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**Orange Water and Sewer Authority**  
**Select Financial Data**  
**For the Nine-month Period Ended March 31, 2023**



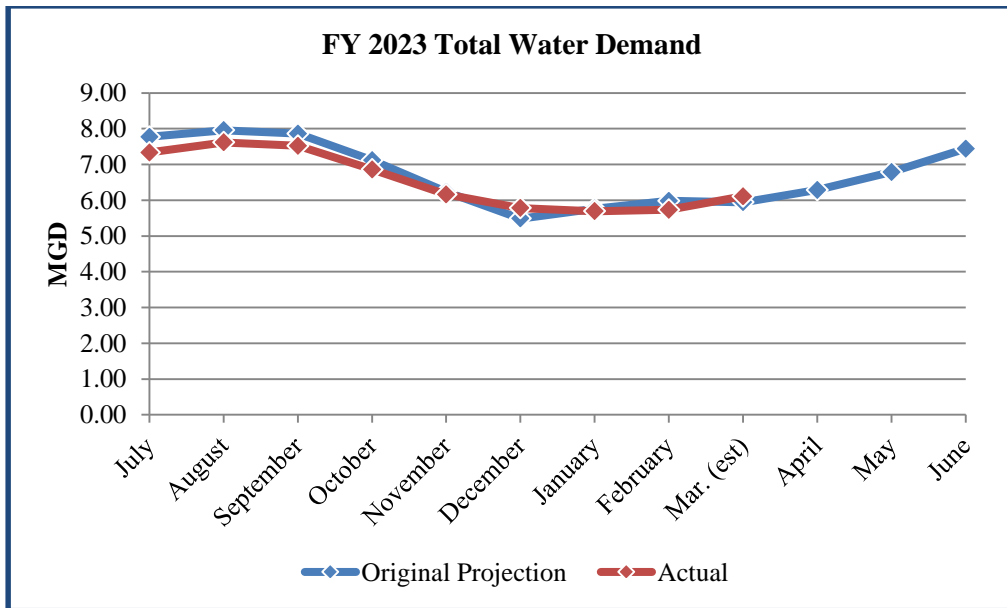
**Orange Water and Sewer Authority  
 Select Financial Data  
 For the Nine-month Period Ended March 31, 2023**



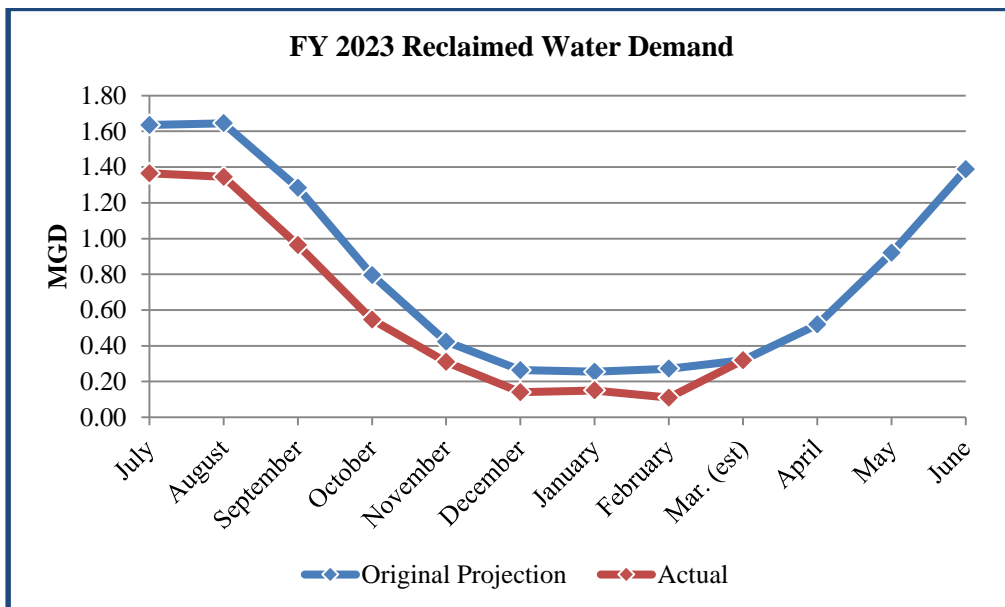
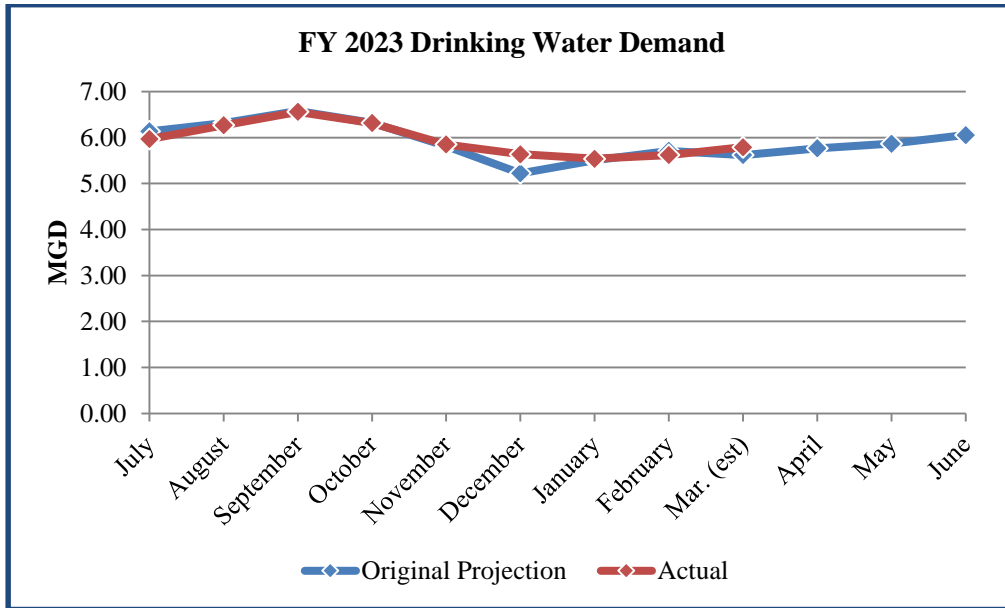
**Orange Water and Sewer Authority  
Select Financial Data  
For the Nine-month Period Ended March 31, 2023**

<b><u>FY 2023 Water Sales Projection (Average Day)</u></b>						
	<b>Original Projections</b>		<b>Actual Water Sales</b>		<b>Revised Projections</b>	
	<b>DW</b>	<b>RCW</b>	<b>DW</b>	<b>RCW</b>	<b>DW</b>	<b>RCW</b>
July	6.14	1.64	5.97	1.36	5.97	1.36
August	6.31	1.64	6.27	1.35	6.27	1.35
September	6.58	1.28	6.56	0.96	6.56	0.96
October	6.33	0.80	6.32	0.55	6.32	0.55
November	5.81	0.42	5.85	0.31	5.85	0.31
December	5.22	0.26	5.64	0.14	5.64	0.14
January	5.51	0.26	5.54	0.15	5.54	0.15
February	5.71	0.27	5.62	0.11	5.62	0.11
March	5.62	0.32	5.79	0.32	5.62	0.32
April	5.77	0.52			5.77	0.52
May	5.87	0.92			5.87	0.92
June	6.06	1.39			6.06	1.39
Average	5.91	0.81	5.95	0.58	5.92	0.67
DW = Drinking Water RCW = Reclaimed Water						

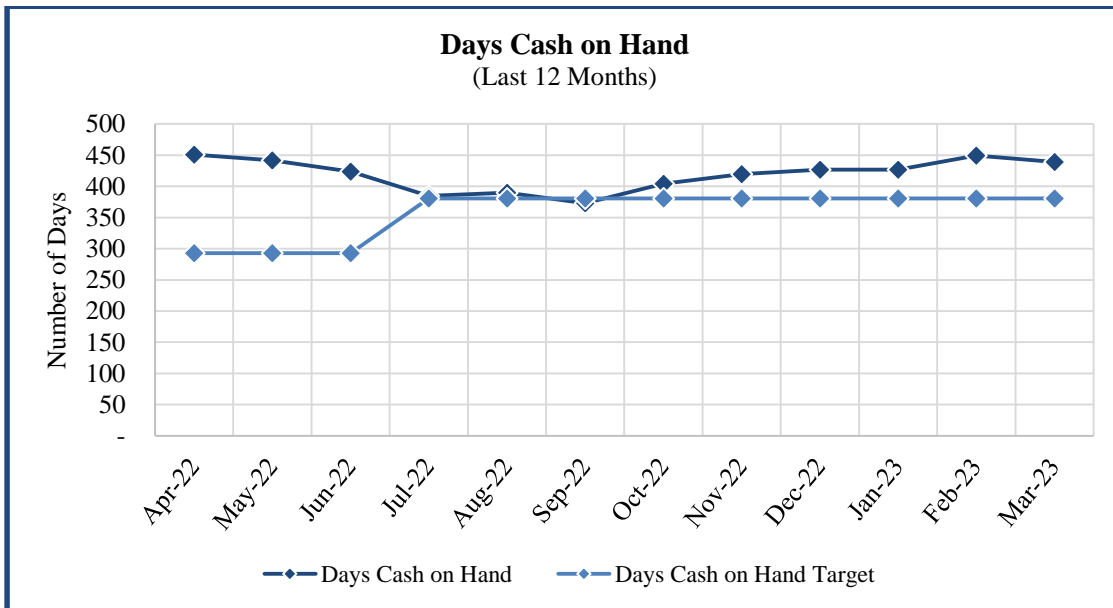
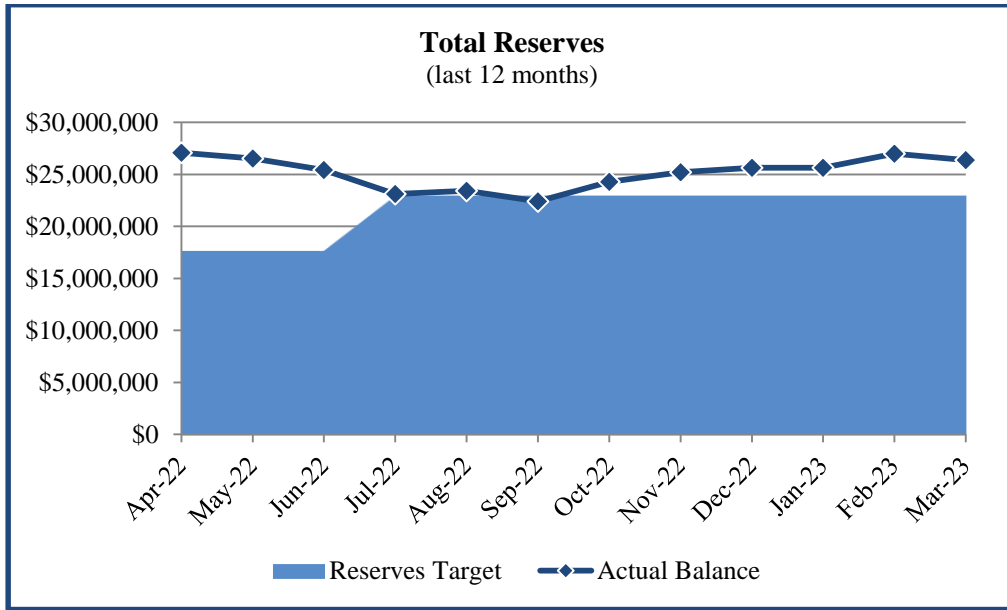
**Estimates in red**



**Orange Water and Sewer Authority  
Select Financial Data  
For the Nine-month Period Ended March 31, 2023**

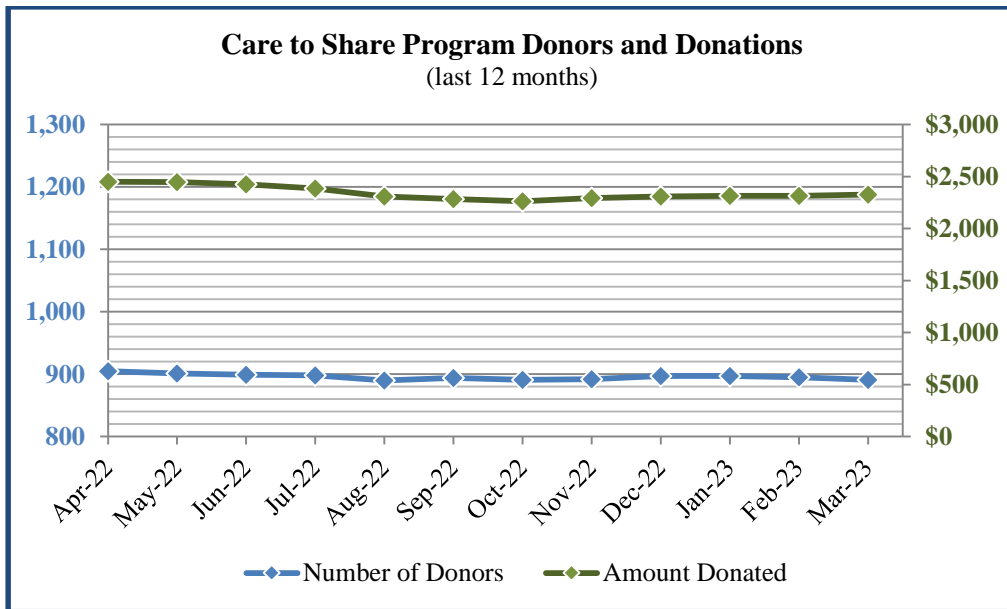


**Orange Water and Sewer Authority  
Select Financial Data  
For the Nine-month Period Ended March 31, 2023**





**Orange Water and Sewer Authority  
 Select Financial Data  
 For the Nine-month Period Ended March 31, 2023**



**Orange Water and Sewer Authority  
Financial Management Policy Report Card  
For the Nine-month Period Ended March 31, 2023**

<b>Measurement</b>	<b>Objective</b>	<b>FY22 Results</b>	<b>FY23 Goal</b>	<b>YTD FY23 Results</b>
Working Capital Reserves	Greater of four months Operating Expenses or 20% of succeeding three years CIP	\$18.4M	\$15.2M	\$18.7M
Capital Improvements Reserve	2% of Net Capital Assets (Funding \$400,000 per year until reach goal of approximately \$6M)	\$5.2M	\$5.6M	\$5.6M
Rate/Revenue Stabilization Reserve	5% of annual Water and Sewer Revenue	\$1.9M	\$2.0M	\$2.0M
Debt Burden to Asset Value	Total Debt not more than 50% of Total Assets	28%	≤ 50%	28%
Sufficiency of Revenues above Debt Requirements <sup>3</sup>	Annual Debt Service no more than 35% of Gross Revenue	22%	≤ 35%	24%
Cash Financing of Capital <sup>1</sup>	Annual revenues and reserves provide at least 30% of CIP funding	37%	≥ 30%	30%
Debt Service Coverage Ratio <sup>3</sup>	Annual Net Income not less than two times Annual Debt Service	2.0	2.0	1.6
Service Affordability Ratio <sup>2</sup>	Average annual OWASA bill not more than 1.5% of area median household income	1.38%	1.50%	1.50%

M = million

<sup>1</sup> Cash Financing of Capital based on 5-Year CIP Budget and potential borrowing during the same period.

<sup>2</sup> FY 2023 calculation based on median household income of \$73,614 (weighted average of 2021 median household income of Carrboro and Chapel Hill) and average monthly household water use of 4,000 gallons.

<sup>3</sup> Calculation based on the FY 2023 Annual Budget until full-year results are available.