



PUBLIC UTILITIES
anaheim.net/utilities

ANNUAL REPORT

For the Fiscal Year Ended June 30, 2019

Relating to:

CITY OF ANAHEIM PUBLIC UTILITIES DEPARTMENT (WATER SYSTEM)

- Anaheim Housing and Public Improvements Authority Revenue Bonds, Series 2016-A (Water System Project)
- California Municipal Finance Authority Revenue Bonds, Series 2015-A (Water System Project)
- Anaheim Public Financing Authority Revenue Bonds, Series 2010-A (Water System Project) – Tax Exempt
- Anaheim Public Financing Authority Revenue Bonds, Series 2010-B (Water System Project) – Federally Taxable Build America Bonds
- Anaheim Public Financing Authority Revenue Bonds, Series 2008 (Water System Project)

Dated as of:
December 27, 2019

CUSIP NUMBERS*

Anaheim Housing and Public Improvements Authority Revenue Bonds, Series 2016-A (Water System Project)

032556AD4	032556AJ1	032556AS1
032556AE2	032556AK8	032556AT9
032556AF9	032556AL6	032556AU6
032556AG7	032556AM4	032556AV4
032556AH5	032556AN2	032556AW2
	032556AP7	032556AX0
	032556AQ5	032556AY8
	032556AR3	

California Municipal Finance Authority Revenue Bonds, Series 2015-A (Water System Project)

13048TTZ6	13048TUD3	13048TUL5
13048TUA9	13048TUE1	13048TUM3
13048TUB7	13048TUF8	13048TUN1
13048TUC5	13048TUG6	13048TUP6
	13048TUH4	13048TUQ4
	13048TUJ0	13048TUR2
	13048TUK7	13048TUS0

Anaheim Public Financing Authority Revenue Bonds, Series 2010-A (Water System Project) – Tax Exempt

03255MPV3
03255MPW1
03255MPX9

Anaheim Public Financing Authority Revenue Bonds, Series 2010-B (Water System Project) – Federally Taxable Build America Bonds

03255MPY7 03255MPZ4 03255MQA8 03255MQB6

* CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is set forth for convenience of reference only. The department assumes no responsibility for the accuracy of such data.

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City of Anaheim
PUBLIC UTILITIES DEPARTMENT
Administration

Date: December 27, 2019

To: Holders and Beneficial Owners of the Anaheim Housing and Public Improvements Authority, Anaheim Public Financing Authority Bonds and California Municipal Finance Authority as listed below

From: Public Utilities Department of the City of Anaheim, California

RE: Fiscal Year 2019 - Ongoing Disclosure of Financial Information and Operating Data Relating to the Water System

This submission constitutes the 2019 Annual Report of the City of Anaheim ("the City") and is being provided by the City's Department of Public Utilities ("the Department") to provide updated financial and operating information of the Department's Water Utility of the type included in the final official statements for the following:

- \$4,835,000 Anaheim Public Financing Authority Revenue Bonds, Series 2010-A (Water System Project) ("the 2010-A Bonds")
- \$29,690,000 Anaheim Public Financing Authority Revenue Bonds, Series 2010-B (Water System Project) ("the 2010-B Bonds") – Build America Bonds
- \$95,885,000 California Municipal Finance Authority Revenue Bonds, Series 2015-A (City of Anaheim Water System Project) ("the 2015-A Bonds")
- \$35,225,000 Anaheim Housing and Public Improvements Authority Revenue Bonds, series 2016-A (Water System Project) ("the 2016-A Bonds")

The 2019 Annual Report is provided pursuant to the covenants made by the Department in connection with the issuance of (i) the 2010-A and 2010-B Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S Bank National Association dated as of October 1, 2010, (ii) the 2015-A Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of April 1, 2015 and (iii) the 2016-A Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of October 1, 2016..

The information provided in this submission pertains only as of its date and is subject to change without notice. The submission of this information may not create an implication that there has been no change to the information provided. The City has not agreed to provide notice in the event of subsequent changes to the information provided.

The Annual Report and Audited Financial Statements were filed on December 27, 2019 with Electronic Municipal Market Access (emma.msrb.org).

For further information regarding this Report, please contact Russell Dowell at (714) 765-4628.

Sincerely,

A handwritten signature in blue ink that reads "Russell E. Dowell". The signature is written in a cursive style with a large initial 'R'.

Russell E. Dowell
Controller
Public Utilities Department
City of Anaheim, CA

City of Anaheim Water Utility
Continuing Disclosure Tabular Requirements

1. Water System Statistics

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Anaheim Population Served	359,339	357,084	358,546	358,136	351,433
Population Served Outside City (Est.)	4,568	5,812	2,839	2,836	8,709
Total Population served	<u>363,907</u>	<u>362,896</u>	<u>361,385</u>	<u>360,972</u>	<u>360,142</u>
Total Water Sales (Million Gallons)	17,760	18,806	17,424	16,607	19,522
Capacity (Million Gallons Per Day)					
From Metropolitan Water District Connections	110	110	110	110	110
From Water System Wells (Average)	75	77	76	78	76
Total Supply Capacity	<u>185</u>	<u>187</u>	<u>186</u>	<u>188</u>	<u>187</u>
Treatment Plant Capacity	15	15	15	15	15
Peak day Distribution (Million Gallons)	77.1	80.1	80.1	71.9	88.3
Average Daily Distribution (Million Gallons)	50.9	53.4	50.4	48.2	55.0
Average Daily Sales Per Capita (Gallons)	133.7	142.0	132.1	126.2	148.5

2. Water Production (Millions of Gallons)

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>From MWD</u>					
Purchases, not including in-lieu water	3,581	4,854	4,170	3,708	3,946
In-lieu Program or CUP Water ⁽¹⁾	-	3,913	-	665	771
Total Purchases from MWD	<u>3,581</u>	<u>8,767</u>	<u>4,170</u>	<u>4,373</u>	<u>4,717</u>
Percentage of Total Supply	20%	45%	23%	25%	24%
<u>From Water System Wells</u>					
Pumping from Groundwater Wells	14,603	14,655	14,217	13,878	15,951
In-lieu Program or CUP Water ⁽¹⁾	-	(3,913)	-	(665)	(771)
Pumping above BPP per OCWD's request	-	-	-	-	-
Total Pumping from System Wells	<u>14,603</u>	<u>10,742</u>	<u>14,217</u>	<u>13,213</u>	<u>15,180</u>
Percentage of Total Supply (not incl in-lieu)	80%	55%	77%	75%	76%
Total Water Production ⁽²⁾	<u>18,184</u>	<u>19,509</u>	<u>18,387</u>	<u>17,586</u>	<u>19,897</u>

(1) In-lieu Program or Conjunctive Use Program (CUP) Water represents water taken from MWD, at OCWD's request and at the OCWD standard rate, in lieu of permitted groundwater pumping in order to replenish the Orange County Groundwater Basin.

(2) Total Water Production represents all water produced in local wells and purchases from MWD. This differs from water sales, which also accounts for water losses in the system that occur during distribution, and timing differences between actual production and billing.

3. Water Sales

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Water Sold (in millions of gallons)					
Residential	10,213	10,795	10,004	9,701	11,480
Commercial and Industrial	7,285	7,739	7,163	6,643	7,771
Other	262	272	257	263	271
Total	<u>17,760</u>	<u>18,806</u>	<u>17,424</u>	<u>16,607</u>	<u>19,522</u>
Billed Revenues (in thousands)					
Residential	\$ 45,704	\$ 45,302	\$ 39,750	\$ 33,229	\$ 37,575
Commercial and Industrial	29,022	28,926	24,929	20,868	23,654
Other	3,745	3,675	3,515	2,618	2,122
Total	<u>\$ 78,471</u>	<u>\$ 77,903</u>	<u>\$ 68,194</u>	<u>\$ 56,715</u>	<u>\$ 63,351</u>

City of Anaheim Water Utility
Continuing Disclosure Tabular Requirements

4. Major Water Customers (in alphabetic order)

Commercial and Industrial Customers

Anaheim Hills Planned Community Association
 Colony Park Condominium Association
 Disneyland Resort
 Expo Dyeing and Finishing, Inc.
 Kaiser Foundation
 Anaheim Shores HOA
 Makar Anaheim, LLC
 Nor-Cal Beverage Company, Inc.
 Rondell Homes, Inc.
 Summit Community Homeowners Association

Homeowners Association
 Homeowners Association
 Recreation, Entertainment and Lodging
 Textile Manufacturer
 Healthcare
 Homeowners Association
 Hotel Operations
 Beverage Container Manufacturer
 Management Company
 Homeowners Association

Public Agency Customers

Anaheim Union High School District
 Anaheim Elementary School District
 City of Anaheim
 County of Orange

Education
 Education
 Municipal Government
 County Government

5 Operating Expenses

(Excluding Depreciation and Amortization)
 (\$ in thousands)

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Purchased water	\$ 33,789	\$ 35,028	\$ 27,581	\$ 22,891	\$ 27,301
Treatment and pumping	7,622	7,954	8,367	8,168	8,485
Operations, maintenance and administration	16,693	15,949	19,645	14,384	15,932
Right of way fee	1,169	1,044	894	940	978
Total	\$ 59,273	\$ 59,975	\$ 56,487	\$ 46,383	\$ 52,696

6. Financial Results of the Water System

(\$ in thousands)

REVENUES:

	Fiscal Year Ended June 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sale of water					
Residential	\$ 45,704	\$ 45,302	\$ 39,750	\$ 33,229	\$ 37,575
Commercial/Industrial	29,022	28,926	24,929	20,868	23,654
Other	3,746	3,675	3,515	2,618	2,122
Billed revenue from the sale of water	78,472	77,903	68,194	56,715	63,351
Change in unbilled water revenue					(1,294)
Total revenue from the sale of water	78,472	77,903	68,194	56,715	62,057
Rate Stabilization Account revenues	-	-	1,375	2,900	624
Other revenue (including interest income)	4,607	2,228	2,468	2,106	2,837
Total gross revenues	83,079	80,131	72,037	61,721	65,518

EXPENSES (excluding depreciation and amortization):

Purchased water	33,789	35,028	27,581	22,891	27,301
Treatment and pumping	7,622	7,954	8,367	8,168	8,485
Operations, maintenance, and administration	17,862	16,993	20,539	15,324	16,910
Total expenses	59,273	59,975	56,487	46,383	52,696

NET REVENUES (a)

	23,806	20,156	15,550	15,338	12,822
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Senior Bond debt service requirements (b)

	-	-	-	-	-
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Deposits to Renewal and Replacement Account

	93	(127)	11	(84)	63
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SURPLUS REVENUES (c)

	23,713	20,283	15,539	15,422	12,759
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Qualified Obligations (d)

	11,009	11,008	10,195	7,661	6,323
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NET REVENUES AFTER SENIOR AND PARITY DEBT SERVICE PAYMENTS

	12,704	9,275	5,344	7,761	6,436
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Net Transfers from (to) General Fund of the City

	600	600	600	600	561
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Net Transfers from (to) other funds of the City

	(227)	(492)	(53)	(110)	(4,114)
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BALANCE FOR OTHER PURPOSES

	\$ 13,077	\$ 9,383	\$ 5,891	\$ 8,251	\$ 2,883
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Senior Bond debt service coverage (a/b)

	N/A	N/A	N/A	N/A	N/A
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Qualified Obligation debt service coverage (c/d)

	2.2	1.8	1.5	2.0	2.0
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Total debt service coverage (a/(b+d))

	2.2	1.8	1.5	2.0	2.0
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AUDITED FINANCIAL STATEMENTS

The City of Anaheim Water Utility Fund Financial Statements for the Fiscal Year Ended June 30, 2019 (With Independent Auditors' Report Thereon dated December 23, 2019) is attached as a separate file.