



INTERIM FINANCIAL
R E P O R T



THREE MONTHS ENDED
December 2018

Orlando Utilities Commission

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The unaudited statements presented in this interim financial report have been prepared in accordance with generally accepted accounting principles and follow the standards outlined by the Governmental Accounting Standards Board. It is management’s assertion that the management discussion and supporting statements do not omit information necessary for a fair presentation nor do they improperly include untrue statements of a material fact or statements of a misleading nature.

Management's Discussion and Analysis

The following discussion and analysis provides an overview of OUC's financial position and results of operations for the period identified within each component of the financial statements presented below.

- The Operating Revenues, Expenses and Change in Net Position report presents the financial information for the three-month period ended December 31, 2018 in comparison to the approved budget and prior year equivalent periods.
 - Income before contributions for the three-month ended December 31, 2018 was \$23.1 million, \$2.4 million higher than budget and \$2.5 million higher than prior year.
- The Total Assets and Deferred Outflow of Resources and Total Liabilities and Deferred Inflows of Resources presents the nature and amount of resources and obligations at December 31, 2018 and September 30, 2018.
- The Statement of Cash Flows report presents the cash provided and used by operating activities, non-capital financing activities, capital financing activities and investing activities.

Operating Revenues Analysis

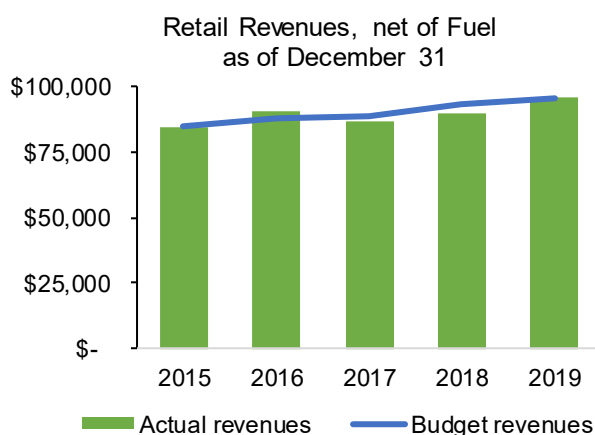
(\$ in thousands)	As of December 31			Variance			
	2019	2019	2018	Actual vs Budget		FY19 vs FY18	
	Actual	Budget	Actual				
Retail energy revenues	\$ 96,033	\$ 95,195	\$ 89,979	\$ 838	0.9%	\$ 6,054	6.7%
Resale energy revenues	23,052	22,399	22,419	655	2.9%	634	2.8%
Water revenues	19,485	19,899	18,622	(415)	-2.1%	862	4.6%
Other revenues	18,114	18,254	18,950	(141)	-0.8%	(837)	-4.4%
Operating revenues, net of fuel	156,684	155,748	149,971	938	0.6%	6,714	4.5%
Fuel revenues	64,914	60,091	66,524	4,822	8.0%	(1,610)	-2.4%
Total operating revenues	\$ 221,598	\$ 215,839	\$ 216,494	\$ 5,760	2.7%	\$ 5,104	2.4%

Budget Analysis:

- Fuel revenues were \$4.8 million higher due to rising commodity prices and an increase in consumption.
- Retail and resale energy revenues were slightly higher due to cooler than normal weather in November.

Prior Year Analysis:

- Retail energy revenues were \$6.1 million higher due to a return to normal weather with a slight rise in heating degree days in November.
- Fuel revenues decreased \$1.6 million due to lower rail transportation costs.



Operating Expenses Analysis, net of mutual aid storm restoration activities

(\$ in thousands)	As of December 31			Variance			
	2019	2019	2018	Actual vs Budget		FY19 vs FY18	
	Actual	Budget	Actual				
Unit department expenses	\$ 69,771	\$ 71,131	\$ 66,594	\$ (1,360)	-1.9%	\$ 3,177	4.8%
Depreciation and amortization	33,973	34,051	32,436	(79)	-0.2%	1,537	4.7%
Payments to other governments and taxes	13,951	13,646	13,926	304	2.2%	25	0.2%
Capacity payments	7,570	7,799	8,024	(230)	-3.0%	(454)	-5.7%
Operating expenses, net of fuel	125,265	126,626	120,980	(1,364)	-1.1%	4,285	3.5%
Fuel for generation and purchased power	64,914	60,091	66,524	4,822	8.0%	(1,611)	-2.4%
Total operating expenses	\$ 190,178	\$ 186,718	\$ 187,504	\$ 3,458	1.9%	\$ 2,674	1.4%

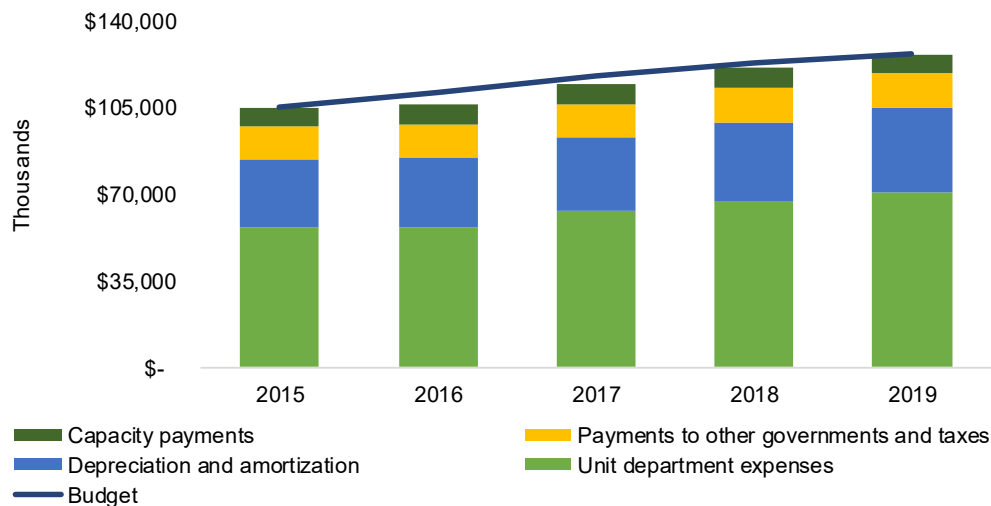
Budget Analysis:

- Unit Department expenses were \$1.4 million lower due to the timing of customer-focused initiatives offset by higher reliability costs.
- Fuel for generation and purchased power were \$4.8 million higher due to rising natural gas commodity prices and an increase in consumption due to higher than forecasted sales.

Prior Year Analysis:

- Unit department expenses were \$3.2 million higher due to the timing of system outage costs and budgeted inflationary changes.
- Depreciation and amortization increased due to the annualized impact of the major generation facility outages at Stanton A & B.
- Fuel for generation and purchased power decreased \$1.6 million due to lower transportation costs.

Operating Expenses, net of Fuel and Purchased Power
as of December 31

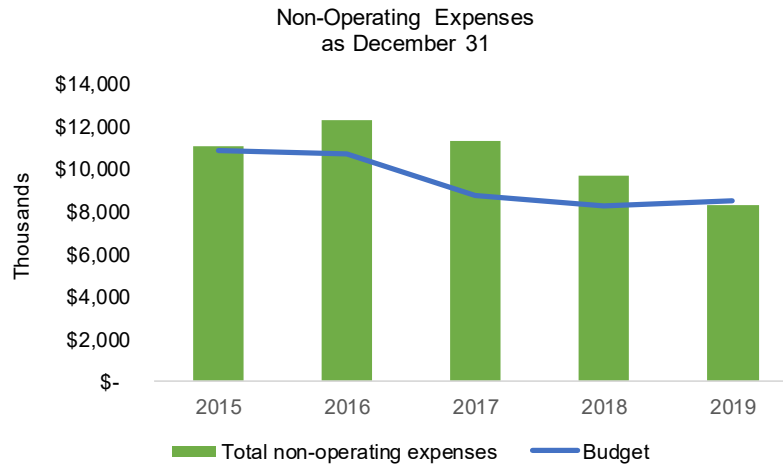


Non-Operating Income and Expenses Analysis

(\$ in thousands)	As of December 31			Variance			
	2019	2019	2018	Actual vs Budget		FY19 vs FY18	
	Actual	Budget	Actual				
Interest and other income	\$ 5,466	\$ 5,728	\$ 4,093	\$ (260)	-4.5%	\$ 1,373	33.6%
Interest expense	13,772	14,206	12,473	(434)	-3.1%	1,299	10.4%
Total non-operating expenses	\$ 8,306	\$ 8,478	\$ 8,380	\$ (172)	-2.0%	\$ (74)	-0.9%

Budget and Prior Year Analysis:

- Total non-operating expenses were in-line with budget and prior year.



Change in Net Position Analysis

(\$ in thousands)	As of December 31			Variance			
	2019	2019	2018	Actual vs Budget		FY19 vs FY18	
	Actual	Budget	Actual				
Income before contributions	\$ 23,113	\$ 20,643	\$ 20,610	\$ 2,471	12.0%	\$ 2,503	12.1%
Contributions in aid of construction	2,577	4,051	2,220	(1,474)	-36.4%	356	16.0%
Annual dividend	(15,841)	(15,841)	(15,154)	-	0.0%	(686)	4.5%
Increase in net position	\$ 9,849	\$ 8,853	\$ 7,676	\$ 996	11.3%	\$ 2,173	28.3%

Budget Analysis:

- Net position is consistent with budget as a result of Income before contributions offsetting timing differences from contributions in aid of construction.

Prior Year Analysis:

- Income before contributions was \$2.5 million higher than prior year.

Total Assets and Deferred Outflows of Resources

(\$ in thousands)	December			December
	2018	September 2018	Change	2017
Utility plant	\$ 2,490,349	\$ 2,485,182	\$ 5,167	\$ 2,451,448
Restricted and internally designated assets	606,836	657,489	(50,653)	469,847
Current assets	250,562	286,548	(35,986)	280,933
Other assets	184,169	185,065	(896)	199,890
Deferred outflows of resources	110,308	112,556	(2,248)	129,497
Total assets and deferred outflows of resources	\$ 3,642,222	\$ 3,726,840	\$ (84,618)	\$ 3,531,615

Restricted and Internally Designated Assets: Restricted and internally designated assets decreased in conjunction with the scheduled annual principal payments.

Current Assets: Current assets decreased \$36.0 million due to the continued realignment of the consolidated billing process and the utilization of operating cash resources.

Total Liabilities and Deferred Inflows of Resources

(\$ in thousands)	December			December
	2018	September 2018	Change	2017
Payables from restricted assets	\$ 72,706	\$ 157,955	\$ (85,249)	\$ 70,936
Payables from current assets	82,876	107,746	(24,870)	102,743
Other liabilities	209,736	207,717	2,019	251,833
Long-term debt, net	1,564,238	1,564,637	(399)	1,473,025
Deferred inflows of resources	307,970	293,938	14,032	285,555
Total liabilities and deferred inflows of resources	2,237,526	2,331,993	(94,467)	2,184,091
Net position	1,403,515	1,394,847	8,668	1,347,523
Total liabilities, deferred inflows of resources and net position	\$ 3,641,041	\$ 3,726,840	\$ (85,799)	\$ 3,531,615

Payables from Restricted and Current Assets: Payables from restricted and current assets decreased as a result of the debt service payments of \$95.6 million and the timing of payables from current assets including fuel payables.

Deferred inflows of resources: Deferred inflows of resources increased primarily due to the receipt of \$20.0 million from the City of Vero Beach settlement agreement.

Condensed Statement of Cash Flows and Capital Spend Analysis

(\$ in thousands)	As of December 30,		
	2018	2017	Change
Net cash provided by operating activities	\$ 65,319	\$ 65,991	\$ (672)
Net cash used in non-capital related financing activities	(20,984)	(20,161)	(823)
Net cash used in capital related financing activities	(137,010)	(121,115)	(15,895)
Net cash provided by investing activities	104,865	9,772	95,093
Net decrease in cash and cash equivalents	12,190	(65,513)	77,703
Cash and cash equivalents - beginning of Year	209,441	179,779	29,662
Cash and cash equivalents - current	\$ 221,631	\$ 114,266	\$ 107,365

Cash used in capital related financing activities: Higher scheduled annual principal and interest payments in the amount of \$12.7 million and an increase in deposit collateral payments of \$2.2 million.

Cash flow from investing activities: Cash provided by investing activities for the three-months ending December 2018 was \$104.9 million primarily associated with the increased debt principal and interest payments.

Orlando Utilities Commission
Statements of Revenues, Expenses and Changes in Net Position - Unaudited

Dollars in thousands

	Actual Year to Date December 2018	Budget Year to Date December 2018	Variance to Budget		Actual Year to Date December 2017	Variance to Prior Year	
Operating revenues							
Retail energy	\$ 96,033	\$ 95,195	\$ 838	0.9%	\$ 89,979	\$ 6,054	6.7%
Resale energy	23,052	22,399	654	2.9%	22,419	634	2.8%
Fuel	64,914	60,091	4,822	8.0%	66,524	(1,610)	-2.4%
Electric revenues	183,999	177,685	6,314	3.6%	178,921	5,078	2.8%
Water revenues	19,485	19,899	(415)	-2.1%	18,622	862	4.6%
Other revenues							
Lighting service revenues	3,710	4,051	(340)	-8.4%	3,337	373	11.2%
Chilled water revenues	7,968	7,153	815	11.4%	7,766	202	2.6%
Service fees & other revenues	6,435	7,050	(615)	-8.7%	7,847	(1,412)	-18.0%
Total operating revenues	221,598	215,839	5,759	2.7%	216,494	5,104	2.4%
Operating expenses							
Fuel for generation and purchased power	64,914	60,091	4,822	8.0%	66,524	(1,611)	-2.4%
Capacity payment	7,570	7,799	(229)	-2.9%	8,024	(454)	-5.7%
Unit/department	69,771	71,131	(1,360)	-1.9%	66,594	3,177	4.8%
Depreciation and amortization	33,973	34,051	(78)	-0.2%	32,436	1,537	4.7%
Payments to other governments and taxes	13,951	13,646	305	2.2%	13,926	25	0.2%
Total operating expenses	190,178	186,718	3,461	1.9%	187,504	2,674	1.4%
Non-operating income and (expenses)							
Interest income	2,609	3,128	(520)	-16.6%	1,403	1,205	85.9%
Other income	2,857	2,599	258	9.9%	2,689	168	6.3%
Interest expense	(13,772)	(14,206)	434	-3.1%	(12,473)	(1,299)	10.4%
Total non-operating income and (expenses)	(8,306)	(8,478)	172	-2.0%	(8,380)	74	-0.9%
Income before contributions	23,113	20,643	2,470	12.0%	20,610	2,503	12.1%
Revenue from contributions in aid of construction	2,577	4,051	(1,474)	-36.4%	2,220	357	16.1%
Dividend payments	(15,841)	(15,841)	-	0.0%	(15,154)	(687)	4.5%
Increase in net position	9,849	\$ 8,853	\$ 996	11.3%	7,676	\$ 2,173	28.3%
Net position - beginning of period	1,394,848				1,341,123		
Net position - end of period	\$ 1,404,697				\$ 1,348,799		

Orlando Utilities Commission
Statements of Net Position - Unaudited

Dollars in thousands

	December 2018	September 2018	Variance to Prior Year	
Assets				
Utility plant	\$ 2,490,349	\$ 2,485,182	\$ 5,166	0.2%
Restricted and internally designated assets	606,836	657,489	(50,653)	-7.7%
Current assets	250,562	286,548	(35,986)	-12.6%
Other assets	184,169	185,065	(896)	-0.5%
Deferred outflows of resources	110,308	112,556	(2,248)	-2.0%
Total Assets and deferred outflows of resources	\$ 3,642,222	\$ 3,726,840	\$ (84,617)	-2.3%
Liabilities				
Payables from restricted assets	\$ 72,706	\$ 157,955	\$ (85,249)	-54.0%
Payables from current assets	82,876	107,746	(24,870)	-23.1%
Other liabilities	209,736	207,717	2,019	1.0%
Long-term debt, net	1,564,238	1,564,637	(399)	0.0%
Total liabilities	1,929,556	2,038,055	(108,499)	-5.3%
Deferred inflows of resources	307,970	293,938	14,032	4.8%
Net position	1,404,697	1,394,847	9,849	0.7%
Total liabilities, deferred inflows of resources and net position	\$ 3,642,222	\$ 3,726,840	\$ (84,618)	-2.3%

Orlando Utilities Commission Statements of Cash Flows - Unaudited

Dollars in thousands

	December 2018	December 2017
Cash flow from operating activities		
Cash received from customers	\$ 248,736	\$ 241,470
Cash paid for fuel and purchased power	(80,657)	(80,112)
Cash paid for unit department expenses	(42,177)	(23,147)
Cash paid for salaries and benefits	(45,370)	(43,211)
Cash paid for storm recovery	(586)	(14,472)
Cash paid for other payments and taxes	(14,627)	(14,537)
Net cash provided by operating activities	65,319	65,991
Cash flows from non-capital related financing activities		
Dividend to the City of Orlando	(15,841)	(15,154)
Debt principle payments - pension bonds	(5,010)	(4,755)
Debt interest payments - pension bonds	(133)	(252)
Net cash used in non-capital related financing activities	(20,984)	(20,161)
Cash flows from capital related financing activities		
Utility plant net of contributions in aid of construction	(39,136)	(38,119)
Debt interest payments	(31,793)	(29,373)
Collateral deposits	(1,901)	306
Principal payments on long-term debt and use of bond proceeds	(63,905)	(53,630)
Debt issuances and related costs	(275)	(299)
Net cash used in capital related financing activities	(137,010)	(121,115)
Cash flows from investing activities		
Proceeds from sale and maturities of investment securities	186,157	97,188
Purchases of investment securities	(105,289)	(88,310)
Investments and other expenses paid	23,997	894
Net cash provided by investing activities	104,865	9,772
Net decrease in cash and cash equivalents	12,190	(65,513)
Cash and Cash Equivalents - beginning of year	209,441	179,779
Cash and Cash Equivalents - current	\$ 221,631	\$ 114,266
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 31,420	\$ 28,990
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	33,973	32,436
Depreciation and amortization charged to fuel for generation and purchased power	738	1,059
Depreciation of vehicles and equipment charged to unit department expenses	451	506
Changes in assets and liabilities		
Decrease in receivables and accrued revenue	28,349	24,931
Decrease in fuel and materials and supplies inventories	3,386	3,069
Decrease in accounts payable	(23,186)	(18,818)
Increase in deposits paid and deferred items	(6,521)	(5,537)
Increase in stabilization and deferred revenue accounts	(3,291)	(645)
Net cash provided by operating activities	\$ 65,319	\$ 65,991

**Orlando Utilities Commission
Capital Plan**

Dollars in thousands

	Adopted 2019 Plan	Year to Date December 2018 Budget	Year to Date December 2018 Actual	Variance to Budget	
Electric Production (1)	\$ 42,200	\$ 7,033	\$ 7,363	\$ (330)	-4.7%
Transmission	47,200	7,867	7,112	755	9.6%
Electric Delivery	43,000	7,167	10,780	(3,614)	-50.4%
Electric Delivery contributions	(6,000)	(1,000)	(776)	(224)	22.4%
Electric Delivery, net	37,000	6,167	10,004	(3,837)	-62.2%
Lighting	8,235	1,373	1,892	(519)	-37.8%
Lighting contributions	(2,235)	(373)	(211)	(163)	43.8%
Lighting, net	6,000	1,000	1,681	(681)	-68.2%
Water	16,400	2,733	2,539	194	7.1%
Water contributions	(1,000)	(167)	(149)	(19)	11.2%
Water, net	15,400	2,567	2,390	176	6.8%
Chilled Water	26,100	4,350	175	4,175	96.0%
Support Services	44,200	7,367	7,117	249	3.4%
Total OUC	\$ 218,100	\$ 36,350	\$ 35,843	\$ 507	1.4%

(1) - Totals are net of participant share