

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JUNE 30 AND MAY 31, 2018**

	JUNE	MAY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 125,482,584	\$ 126,336,022
Accrued interest receivable	451,593	451,593
Accounts receivable, net	19,741,523	18,806,472
Due from other governmental agencies	3,267,307	2,680,700
Inventories and prepaid costs	<u>11,555,133</u>	<u>12,449,987</u>
Total current assets	<u>160,498,140</u>	<u>160,724,774</u>
Restricted assets:		
Cash and investments	<u>56,142,994</u>	<u>55,421,341</u>
Capital assets:		
Land	102,789,856	102,776,713
Construction in progress	261,885,038	255,656,412
Buildings and improvements	2,110,996,822	2,103,948,741
Machinery and equipment	98,072,406	99,057,807
Intangible assets	108,808,987	99,247,721
Less accumulated depreciation and amortization	<u>(1,283,232,912)</u>	<u>(1,276,053,704)</u>
Total capital assets	<u>1,399,320,197</u>	<u>1,384,633,690</u>
Total noncurrent and restricted assets	<u>1,455,463,191</u>	<u>1,440,055,031</u>
Total assets	<u>1,615,961,331</u>	<u>1,600,779,805</u>
Deferred outflows of resources:		
Related to pensions	<u>14,989,702</u>	<u>14,989,702</u>
Total assets and deferred outflows of resources	<u>\$ 1,630,951,033</u>	<u>\$ 1,615,769,507</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,096,489	\$ 21,012,913
Due to other governmental agencies	498,880	521,312
Net pension liability	<u>343,702</u>	<u>343,702</u>
Total current liabilities	<u>20,939,071</u>	<u>21,877,927</u>
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	988,782	678,112
Customer deposits	<u>10,523,062</u>	<u>10,547,022</u>
Total liabilities payable from restricted assets	<u>11,511,844</u>	<u>11,225,134</u>
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	96,593,245	96,006,638
Revenue bonds payable (net of unamortized costs)	92,395,185	92,480,031
Net pension liability	<u>38,502,153</u>	<u>38,502,153</u>
Total noncurrent liabilities	<u>229,025,613</u>	<u>228,523,852</u>
Total liabilities	<u>261,476,528</u>	<u>261,626,913</u>
Deferred inflows of resources:		
Related to pensions	<u>2,188,764</u>	<u>2,188,764</u>
Total liabilities and deferred inflows of resources	<u>263,665,292</u>	<u>263,815,677</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,210,331,767	1,196,147,021
Restricted for debt service	44,631,150	44,196,207
Unrestricted	<u>112,322,824</u>	<u>111,610,602</u>
Total net position	<u>1,367,285,741</u>	<u>1,351,953,830</u>
Total liabilities and net position	<u>\$ 1,630,951,033</u>	<u>\$ 1,615,769,507</u>

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JUNE 30 AND MAY 31, 2018**

	<u>JUNE</u>	<u>MAY</u>
Current:		
Reserve revenue	\$ 88,375,932	\$ 88,928,410
Water connection fees	18,013,554	17,647,575
Wastewater connection fees	19,091,498	19,758,437
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>125,482,584</u>	<u>126,336,022</u>
Restricted:		
Operation and maintenance reserve	26,295,751	26,315,172
Renewal and replacement	8,007,401	8,013,356
Bond reserve (1)	6,269,010	6,268,716
Bond principal	2,455,804	2,180,870
Bond interest	728,774	486,053
Loan debt service	1,102,349	848,743
Loan repayment reserve	760,843	761,409
Customer deposits	<u>10,523,062</u>	<u>10,547,022</u>
Total restricted cash and investments	<u>56,142,994</u>	<u>55,421,341</u>
Total cash and investments	<u>\$ 181,625,578</u>	<u>\$ 181,757,363</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 JUNE 30, 2018**

	<u>JUNE</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,413,798	\$ 39,994,538
Wastewater service	11,067,799	96,368,493
Reclaimed water service	735,605	6,978,849
Miscellaneous	543,666	4,981,569
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Total operating revenues	16,760,868	148,323,449
Operating and maintenance expenses:		
Personal services	4,103,158	39,990,243
Contractual services	2,621,951	22,776,199
Materials and supplies	664,311	4,843,750
Utilities	1,108,861	10,046,375
Repairs and maintenance	1,554,616	12,783,853
Other administrative expenses	712,728	7,149,068
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Total operating and maintenance expenses	10,765,625	97,589,488
Operating income before depreciation	5,995,243	50,733,961
Depreciation and amortization	7,203,002	64,815,117
Operating loss	<hr/> (1,207,759) <hr/>	<hr/> (14,081,156) <hr/>
Nonoperating revenues (expenses):		
Interest revenue	143,237	2,737,135
Interest expense and fiscal charges	(227,444)	(2,472,650)
Gain (loss) on disposal of assets	(1,652)	247,462
	<hr/>	<hr/>
Total net nonoperating revenues (expenses)	(85,859)	511,947
Loss before contributions and transfers	(1,293,618)	(13,569,209)
Capital contributions	16,625,529	45,767,633
Transfers out	-	(9,100,000)
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Change in net position	15,331,911	23,098,424
Total net position, beginning of period	<hr/> 1,351,953,830 <hr/>	<hr/> 1,344,187,317 <hr/>
Total net position, end of period	<u>\$ 1,367,285,741</u>	<u>\$ 1,367,285,741</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED JUNE 30, 2018**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Water service:						
Residential	\$ 2,102,419	\$ 2,150,574	\$ 18,921,771	\$ 19,655,036	\$ 25,229,032	78%
Commercial	1,333,333	1,422,358	11,999,997	12,081,795	15,999,992	76%
Conservation surcharge	903,676	840,866	8,133,084	8,257,707	10,844,115	76%
Total water service	<u>4,339,428</u>	<u>4,413,798</u>	<u>39,054,852</u>	<u>39,994,538</u>	<u>52,073,139</u>	77%
Wastewater service:						
Residential	5,297,471	5,521,933	47,677,239	49,429,491	63,569,656	78%
Commercial	4,914,026	5,221,875	44,226,234	44,247,034	58,968,311	75%
Environmental surcharge	212,942	238,139	1,916,478	1,933,192	2,555,309	76%
Industrial	6,145	23,951	55,305	147,792	73,738	200%
Septic and portable	51,363	43,839	462,267	474,095	616,357	77%
Capacity maintenance fees	10,069	18,062	90,621	136,889	120,832	113%
Total wastewater service	<u>10,492,016</u>	<u>11,067,799</u>	<u>94,428,144</u>	<u>96,368,493</u>	<u>125,904,203</u>	77%
Reclaimed water service:						
Reclaimed service	702,341	706,240	6,321,069	6,816,837	8,428,093	81%
Reclaimed water-cooling tower	18,686	29,365	168,174	162,012	224,236	72%
Total reclaimed water service	<u>721,027</u>	<u>735,605</u>	<u>6,489,243</u>	<u>6,978,849</u>	<u>8,652,329</u>	81%
Miscellaneous:						
Initiate account service	44,922	50,480	404,298	376,212	539,065	70%
Turn off/on service	30,953	29,051	278,577	293,903	371,440	79%
Lien fee charges	398	440	3,582	3,480	4,775	73%
Meter removal/testing	4,751	2,618	42,759	36,305	57,015	64%
Meter/line damage	20,788	39,917	187,092	249,865	249,455	100%
NSF charges	3,587	5,305	32,283	48,886	43,042	114%
Plans and specifications	73,111	20,328	657,999	580,794	877,329	66%
Charges to other funds	1,365	846	12,285	11,267	16,375	69%
Developer reimb of plan review	29,543	53,725	265,887	448,259	354,510	126%
Miscellaneous	567,706	340,956	5,109,354	2,932,598	6,812,475	43%
Total miscellaneous	<u>777,124</u>	<u>543,666</u>	<u>6,994,116</u>	<u>4,981,569</u>	<u>9,325,481</u>	53%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 16,760,868</u>	<u>\$ 146,966,355</u>	<u>\$ 148,323,449</u>	<u>\$ 195,955,152</u>	76%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED JUNE 30, 2018**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,130,958	\$ 29,557,116	\$ 30,346,068	\$ 39,409,483	77%
Fringe benefits	1,249,013	972,200	11,241,117	9,644,175	14,988,155	64%
Total personal services	4,533,137	4,103,158	40,798,233	39,990,243	54,397,638	74%
Contractual services:						
Research and studies	76,416	29,419	687,744	196,666	916,989	21%
Legal services	12,145	-	109,305	9,416	145,742	6%
Indirect costs	552,539	552,538	4,972,851	4,972,846	6,630,462	75%
Purchased water	65,150	104,205	586,350	654,713	781,794	84%
Effluent disposal	270,510	(146,208)	2,434,590	1,610,116	3,246,122	50%
Comptroller fees	166,495	166,495	1,498,455	1,499,079	1,997,944	75%
Officer fees	1,050	691	9,450	5,183	12,600	41%
Payments to other governments	275,898	450,593	2,483,082	2,450,950	3,310,776	74%
Janitorial	38,420	2,750	345,780	208,791	461,038	45%
Employment agency	107,930	112,688	971,370	525,042	1,295,160	41%
Training	17,164	2,950	154,476	28,762	205,973	14%
Paving	160,103	183,749	1,440,927	1,439,496	1,921,236	75%
Software licensing/support fee	184,328	132,669	1,658,952	1,159,295	2,211,933	52%
Other professional fees	182,316	25,863	1,640,844	359,821	2,187,790	16%
Contractual services	1,826,072	1,003,549	16,434,648	7,656,023	21,912,861	35%
Total contractual services	3,936,536	2,621,951	35,428,824	22,776,199	47,238,420	48%
Materials and supplies:						
Graphic reproduction services	3,834	1,023	34,506	34,579	46,008	75%
Office supplies	13,428	21,717	120,852	83,645	161,136	52%
Event/meal reimbursement	405	169	3,645	699	4,860	14%
Software <\$1000	12,947	368	116,523	1,475	155,367	1%
Computer equipment <\$500	5,595	2,381	50,355	19,772	67,139	29%
Equipment <\$1000	21,372	8,575	192,348	205,153	256,461	80%
Tools	10,026	5,275	90,234	84,550	120,309	70%
Medical	133	-	1,197	-	1,600	0%
Liquid oxygen	14,996	2,768	134,964	59,557	179,953	33%
Chemical and pesticides	8	-	72	4,560	100	4560%
Solar salt	16,391	26,449	147,519	174,284	196,686	89%
Chlorine	137,179	130,426	1,234,611	1,126,439	1,646,149	68%
Fluoride	15,050	7,187	135,450	61,831	180,600	34%
Alum	891	5,527	8,019	32,010	10,692	299%
Polymer	78,776	126,599	708,984	641,881	945,309	68%
Sealing chemicals	208	-	1,872	8,649	2,500	346%
Corrosion control	55,568	36,797	500,112	467,855	666,817	70%
Carbon dioxide	47,313	29,947	425,817	381,856	567,750	67%
Sodium hydroxide	43,934	45,941	395,406	241,700	527,205	46%
Supplemental carbon	33,238	28,209	299,142	112,871	398,850	28%
Miscellaneous chemicals	29,084	13,449	261,756	160,255	349,007	46%
Material for construction	28,875	5,885	259,875	133,418	346,504	39%
Clothing	16,311	20,915	146,799	124,383	195,731	64%
Gas-oil-lube-brfl-ant	18,115	3,602	163,035	43,467	217,381	20%
Miscellaneous expenses	62,817	141,102	565,353	638,861	753,803	85%
Total materials & supplies	666,494	664,311	5,998,446	4,843,750	7,997,917	61%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED JUNE 30, 2018**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Utilities:						
Communications	\$ 66,620	\$ 51,269	\$ 599,580	\$ 425,568	\$ 799,439	53%
Water	9,848	12,671	88,632	80,862	118,176	68%
Solid waste tipping fees	41,398	37,519	372,582	259,301	496,780	52%
Garbage disposal	5,061	1,193	45,549	27,640	60,728	46%
Gas	14,142	(11,181)	127,278	89,857	169,707	53%
Electric	1,058,639	1,017,390	9,527,751	9,163,147	12,703,662	72%
Total utilities	1,195,708	1,108,861	10,761,372	10,046,375	14,348,492	70%
Repairs and maintenance:						
Building and grounds	538,789	537,091	4,849,101	4,914,145	6,465,465	76%
Equipment	662,865	520,418	5,965,785	4,410,873	7,954,384	55%
Vehicle maintenance	369,327	355,839	3,323,943	2,857,609	4,431,918	64%
Services	150,759	85,813	1,356,831	210,870	1,809,113	12%
Mains	25,864	55,088	232,776	230,746	310,364	74%
Water meters	3,070	-	27,630	-	36,845	0%
Fire lines	21,435	-	192,915	159,043	257,225	62%
Meter installations	42	167	378	167	500	33%
Valves	5,135	200	46,215	400	61,620	1%
Utility relocations	42	-	378	-	500	0%
Total repairs & maintenance	1,777,328	1,554,616	15,995,952	12,783,853	21,327,934	60%
Other administrative:						
Local travel	2,404	2,085	21,636	11,001	28,845	38%
Out of county travel	2,820	5,181	25,380	24,655	33,841	73%
Postage and messenger services	65,685	226,873	591,165	670,883	788,223	85%
Toll charges	19,063	19,941	171,567	138,268	228,757	60%
Rental of equipment	62,110	69,662	558,990	467,057	745,319	63%
Dues and memberships	14,107	1,441	126,963	102,172	169,287	60%
Subscriptions	2,726	857	24,534	11,634	32,709	36%
Training fees	12,197	10,190	109,773	118,868	146,358	81%
License and certification	2,820	471	25,380	4,388	33,839	13%
Leases-bldgs	617	-	5,553	-	7,404	0%
Advertising	963	150	8,667	1,630	11,560	14%
Promotional	11,222	3,003	100,998	13,549	134,658	10%
Educational assistance	2,792	-	25,128	9,724	33,500	29%
Scholarships, awards	624	18	5,616	18	7,485	0%
Bad debt expense	35,750	1,866	321,750	352,953	429,000	82%
Bank charges	80,396	116,244	723,564	752,509	964,750	78%
Self insurance	267,306	267,307	2,405,754	2,405,756	3,207,674	75%
Refunds of prior year revenue	25,000	55	225,000	138,137	300,000	46%
Operating permits	11,654	-	104,886	-	139,849	0%
Accrued expenses	-	(12,616)	-	1,925,866	-	0%
Total other administrative	620,256	712,728	5,582,304	7,149,068	7,443,058	96%
Total O&M expenses	\$ 12,729,459	\$ 10,765,625	\$ 114,565,131	\$ 97,589,488	\$ 152,753,459	64%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED JUNE 30, 2018**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 121,689	\$ 1,463,319	\$ 2,407,433	\$ 1,951,090	123%
Connection fees	-	33,298	-	377,147	-	0%
Bond reserve	-	294	-	37,034	-	0%
Less: Customer deposits expense	-	(12,044)	-	(84,479)	-	0%
Total interest revenue	162,591	143,237	1,463,319	2,737,135	1,951,090	140%
Interest expense:						
Bonds and revolving loans	(707,717)	(310,671)	(6,369,453)	(3,462,707)	(8,492,603)	41%
Capital lease	(110)	(119)	(990)	(1,120)	(1,318)	85%
Debt service fees	(61,373)	(1,500)	(552,357)	(1,500)	(736,480)	0%
Amortization of bond premium	-	84,846	-	992,677	-	(1)
Total interest expense	(769,200)	(227,444)	(6,922,800)	(2,472,650)	(9,230,401)	27%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	(850)	-	(2,546)	-	0%
Gain (loss) on disposal of fixed assets	-	(802)	-	357,202	-	(1)
Loss on abandoned projects	-	-	-	(107,194)	-	(1)
Total Loss on disposal of assets	-	(1,652)	-	247,462	-	(1)
Total non-operating revenues (expenses)	\$ (606,609)	\$ (85,859)	\$ (5,459,481)	\$ 511,947	\$ (7,279,311)	-7%

(1) These are noncash items, and therefore not included in adopted budget.

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED JUNE 30, 2018**

	<u>JUNE BUDGET</u>	<u>JUNE ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 75%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 558,245	\$ 8,019,891	\$ 8,957,994	\$ 10,693,183	84%
Irrigation	<u>47,268</u>	<u>43,240</u>	<u>425,412</u>	<u>491,272</u>	<u>567,216</u>	87%
Total water connection fees	<u>938,367</u>	<u>601,485</u>	<u>8,445,303</u>	<u>9,449,266</u>	<u>11,260,399</u>	84%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>1,330,646</u>	<u>14,479,938</u>	<u>19,712,214</u>	<u>19,306,589</u>	102%
Total wastewater connection fees	<u>1,608,882</u>	<u>1,330,646</u>	<u>14,479,938</u>	<u>19,712,214</u>	<u>19,306,589</u>	102%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(1,497)</u>	<u>(749,997)</u>	<u>(12,884)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(1,497)</u>	<u>(749,997)</u>	<u>(12,884)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,463,916</u>	<u>1,930,634</u>	<u>22,175,244</u>	<u>29,148,596</u>	<u>29,566,988</u>	99%
DONATED SYSTEMS:						
Donated easements	-	9,560,300	-	11,307,800	-	0%
Developer fixed assets	-	5,122,100	-	5,212,539	-	0%
Developer reimbursements	-	-	-	16,968	-	0%
Line extensions	<u>-</u>	<u>12,495</u>	<u>-</u>	<u>81,730</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>14,694,895</u>	<u>-</u>	<u>16,619,037</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 16,625,529</u>	<u>\$ 22,175,244</u>	<u>\$ 45,767,633</u>	<u>\$ 29,566,988</u>	155%

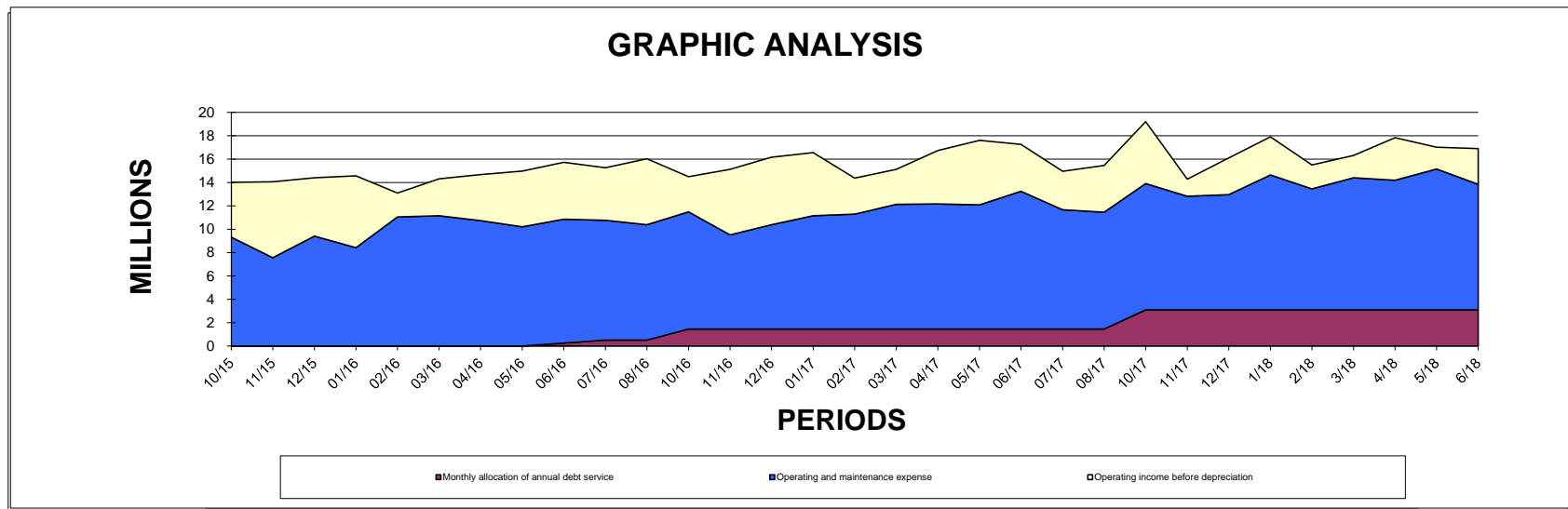
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JUNE 30, 2018**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Capital outlay:						
Land	\$ 259,155	\$ 3,360	\$ 2,332,395	\$ 178,501	\$ 3,109,859	6%
Buildings	84,968	-	764,712	22,011	1,019,613	2%
Structures	12,561,245	6,357,853	113,051,205	56,993,202	150,734,936	38%
Equipment	883,208	847,548	7,948,872	2,651,173	10,598,496	25%
Total capital outlay	13,788,576	7,208,761	124,097,184	59,844,887	165,462,904	36%
Debt service principal	478,925	457,894	4,310,325	4,111,163	5,747,104	72%
Total other disbursements	<u>\$ 14,267,501</u>	<u>\$ 7,666,655</u>	<u>\$ 128,407,509</u>	<u>\$ 63,956,050</u>	<u>\$ 171,210,008</u>	37%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2018**

	<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	0.66	0.57	0.75	0.62	0.65	0.68	0.70	0.63	0.72	0.64		
Water	0.83	0.95	0.87	0.73	0.83	0.71	0.97	0.73	0.89	0.78		
Wastewater	0.54	0.42	0.60	0.51	0.54	0.61	0.55	0.54	0.59	0.55		
Bond Coverage Ratios*	10.96	16.07	6.47	12.02	11.84	9.60	9.36	12.53	9.12	11.66		

*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 JUNE 30, 2018**

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 \$11.8 million.