

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
NOVEMBER 30 AND OCTOBER 31, 2017**

	NOVEMBER	OCTOBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 105,196,898	\$ 111,888,678
Accrued interest receivable	451,593	452,607
Accounts receivable, net	19,896,605	22,354,732
Due from other governmental agencies	17,080,688	17,790,864
Inventories and prepaid costs	<u>11,001,815</u>	<u>11,515,803</u>
Total current assets	<u>153,627,599</u>	<u>164,002,684</u>
Restricted assets:		
Cash and investments	<u>52,039,669</u>	<u>51,221,763</u>
Capital assets:		
Land	102,501,645	102,440,684
Construction in progress	209,709,245	206,613,125
Buildings and improvements	2,103,910,055	2,103,910,055
Machinery and equipment	101,443,494	101,127,517
Intangible assets	97,500,102	97,500,102
Less accumulated depreciation and amortization	<u>(1,236,557,867)</u>	<u>(1,229,356,617)</u>
Total capital assets	<u>1,378,506,674</u>	<u>1,382,234,866</u>
Total noncurrent and restricted assets	<u>1,430,546,343</u>	<u>1,433,456,629</u>
Total assets	<u>1,584,173,942</u>	<u>1,597,459,313</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>\$ 1,599,163,644</u>	<u>\$ 1,612,449,015</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,325,728	\$ 27,181,286
Due to other governmental agencies	491,109	477,352
Net pension liability	<u>343,702</u>	<u>343,702</u>
Total current liabilities	<u>25,160,539</u>	<u>28,002,340</u>
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	737,046	354,168
Customer deposits	<u>10,210,855</u>	<u>10,193,180</u>
Total liabilities payable from restricted assets	<u>10,947,901</u>	<u>10,547,348</u>
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	91,043,780	91,556,357
Revenue bonds payable (net of unamortized costs)	93,073,949	93,073,949
Net pension liability	<u>38,502,153</u>	<u>38,502,153</u>
Total noncurrent liabilities	<u>224,154,912</u>	<u>224,667,489</u>
Total liabilities	<u>260,263,352</u>	<u>263,217,177</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>262,452,116</u>	<u>265,405,941</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,194,388,945	1,197,604,560
Restricted for debt service	41,091,768	40,674,415
Unrestricted	<u>101,230,815</u>	<u>108,764,099</u>
Total net position	<u>1,336,711,528</u>	<u>1,347,043,074</u>
Total liabilities and net position	<u>\$ 1,599,163,644</u>	<u>\$ 1,612,449,015</u>

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
NOVEMBER 30 AND OCTOBER 31, 2017**

	<u>NOVEMBER</u>	<u>OCTOBER</u>
Current:		
Reserve revenue	\$ 71,269,256	\$ 77,107,749
Water connection fees	12,387,651	11,898,987
Wastewater connection fees	21,534,891	22,876,842
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>105,196,898</u>	<u>111,888,678</u>
Restricted:		
Operation and maintenance reserve	24,940,519	24,919,874
Renewal and replacement	8,013,301	8,006,634
Bond reserve (1)	6,774,226	6,501,879
Bond interest	485,420	243,133
Loan debt service	853,944	596,292
Loan repayment reserve	761,404	760,771
Customer deposits	<u>10,210,855</u>	<u>10,193,180</u>
Total restricted cash and investments	<u>52,039,669</u>	<u>51,221,763</u>
Total cash and investments	<u>\$ 157,236,567</u>	<u>\$ 163,110,441</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 NOVEMBER 30, 2017**

	<u>NOVEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,349,922	\$ 8,672,630
Wastewater service	7,416,678	21,009,325
Reclaimed water service	798,876	1,578,631
Miscellaneous	491,661	876,686
	<hr/>	<hr/>
Total operating revenues	13,057,137	32,137,272
Operating and maintenance expenses:		
Personal services	4,616,496	9,211,751
Contractual services	1,998,409	3,131,012
Materials and supplies	528,536	702,333
Utilities	792,665	2,555,132
Repairs and maintenance	1,123,178	1,747,823
Other administrative expenses	672,392	3,199,953
	<hr/>	<hr/>
Total operating and maintenance expenses	9,731,676	20,548,004
Operating income before depreciation	3,325,461	11,589,268
Depreciation and amortization	7,201,250	14,402,500
Operating loss	<hr/> (3,875,789)	<hr/> (2,813,232)
Nonoperating revenues (expenses):		
Interest revenue	1,222,084	1,347,006
Interest expense and fiscal charges	(383,163)	(595,767)
Loss on the disposal of assets	-	(84,228)
	<hr/>	<hr/>
Total net nonoperating expenses	838,921	667,011
Income before contributions and transfers	(3,036,868)	(2,146,221)
Capital contributions	1,805,322	3,770,432
Transfers out	(9,100,000)	(9,100,000)
	<hr/>	<hr/>
Change in net position	(10,331,546)	(7,475,789)
Total net position, beginning of period	<hr/> 1,347,043,074	<hr/> 1,344,187,317
Total net position, end of period	<u>\$ 1,336,711,528</u>	<u>\$ 1,336,711,528</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Water service:						
Residential	\$ 2,519,752	\$ 2,135,883	\$ 5,039,504	\$ 4,292,305	\$ 30,237,026	14%
Commercial	1,333,333	1,293,923	2,666,666	2,616,802	15,999,992	16%
Conservation surcharge	903,676	920,116	1,807,352	1,763,523	10,844,115	16%
Total water service	<u>4,756,761</u>	<u>4,349,922</u>	<u>9,513,522</u>	<u>8,672,630</u>	<u>57,081,133</u>	15%
Wastewater service:						
Residential	5,297,471	4,065,872	10,594,942	10,634,065	63,569,656	17%
Commercial	4,914,026	3,038,707	9,828,052	9,752,063	58,968,311	17%
Environmental surcharge	212,942	214,517	425,884	448,167	2,555,309	18%
Industrial	6,145	17,710	12,290	26,661	73,738	36%
Septic and portable	51,363	48,338	102,726	92,691	616,357	15%
Capacity maintenance fees	10,069	31,534	20,138	55,678	120,832	46%
Total wastewater service	<u>10,492,016</u>	<u>7,416,678</u>	<u>20,984,032</u>	<u>21,009,325</u>	<u>125,904,203</u>	17%
Reclaimed water service:						
Reclaimed service	702,341	797,806	1,404,682	1,542,212	8,428,093	18%
Reclaimed water-cooling tower	18,686	1,070	37,372	36,419	224,236	16%
Total reclaimed water service	<u>721,027</u>	<u>798,876</u>	<u>1,442,054</u>	<u>1,578,631</u>	<u>8,652,329</u>	18%
Miscellaneous:						
Initiate account service	44,922	40,544	89,844	82,176	539,065	15%
Turn off/on service	30,953	29,546	61,906	65,795	371,440	18%
Lien fee charges	398	-	796	-	4,775	0%
Meter removal/testing	4,751	4,128	9,502	8,720	57,015	15%
Meter/line damage	20,788	95,774	41,576	98,494	249,455	39%
NSF charges	3,587	4,589	7,174	10,265	43,042	24%
Plans and specifications	73,111	198,586	146,222	216,384	877,329	25%
Charges to other funds	1,365	1,824	2,730	1,824	16,375	11%
Developer reimb of plan review	29,543	55,762	59,086	104,152	354,510	29%
Miscellaneous	150,373	60,908	300,746	288,876	1,804,481	16%
Total miscellaneous	<u>359,791</u>	<u>491,661</u>	<u>719,582</u>	<u>876,686</u>	<u>4,317,487</u>	20%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 13,057,137</u>	<u>\$ 32,659,190</u>	<u>\$ 32,137,272</u>	<u>\$ 195,955,152</u>	16%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,589,959	\$ 6,568,248	\$ 7,428,787	\$ 39,409,483	19%
Fringe benefits	1,249,013	1,026,537	2,498,026	1,782,964	14,988,155	12%
Total personal services	4,533,137	4,616,496	9,066,274	9,211,751	54,397,638	17%
Contractual services:						
Research and studies	76,416	1,846	152,832	1,846	916,989	0%
Legal services	12,116	6,414	24,232	8,451	145,392	6%
Indirect costs	552,539	552,538	1,105,078	1,105,077	6,630,462	17%
Purchased water	65,150	2,053	130,300	10,542	781,794	1%
Effluent disposal	277,844	126,882	555,688	225,400	3,334,122	7%
Comptroller fees	166,495	166,496	332,990	332,991	1,997,944	17%
Officer fees	1,050	410	2,100	410	12,600	3%
Payments to other governments	275,898	51,856	551,796	260,872	3,310,776	8%
Janitorial	38,420	30,921	76,840	30,921	461,038	7%
Employment agency	107,930	37,256	215,860	48,363	1,295,160	4%
Training	17,164	(1,710)	34,328	1,730	205,973	1%
Paving	160,103	254,386	320,206	289,178	1,921,236	15%
Software licensing/support fee	184,187	170,523	368,374	179,273	2,210,238	8%
Other professional fees	194,733	2,961	389,466	2,961	2,336,790	0%
Contractual services	1,890,242	595,577	3,780,484	632,997	22,682,903	3%
Total contractual services	4,020,287	1,998,409	8,040,574	3,131,012	48,243,417	6%
Materials and supplies:						
Graphic reproduction services	3,834	-	7,668	-	46,008	0%
Office supplies	13,428	-	26,856	-	161,136	0%
Event/meal reimbursement	405	-	810	-	4,860	0%
Software <\$1000	12,947	-	25,894	-	155,367	0%
Computer equipment <\$500	5,512	-	11,024	-	66,139	0%
Equipment <\$1000	21,288	6,888	42,576	8,415	255,461	3%
Tools	10,026	5,358	20,052	22,968	120,309	19%
Medical	133	-	266	-	1,600	0%
Liquid oxygen	14,996	5,498	29,992	10,797	179,953	6%
Chemical and pesticides	8	-	16	-	100	0%
Solar salt	16,391	33,093	32,782	33,093	196,686	17%
Chlorine	116,346	143,190	232,692	212,554	1,396,149	15%
Fluoride	15,050	6,981	30,100	6,981	180,600	4%
Alum	891	1,857	1,782	1,857	10,692	17%
Polymer	57,942	95,392	115,884	95,392	695,309	14%
Sealing chemicals	208	-	416	-	2,500	0%
Corrosion control	55,568	42,562	111,136	75,897	666,817	11%
Carbon dioxide	47,313	48,826	94,626	74,708	567,750	13%
Sodium hydroxide	43,934	23,751	87,868	29,677	527,205	6%
Supplemental carbon	33,238	-	66,476	-	398,850	0%
Miscellaneous chemicals	29,084	20,513	58,168	22,168	349,007	6%
Material for construction	28,875	51,425	57,750	51,425	346,504	15%
Clothing	16,311	18,491	32,622	24,015	195,731	12%
Gas-oil-lube-brfl-ant	18,115	4,943	36,230	4,943	217,381	2%
Miscellaneous expenses	65,042	19,768	130,084	27,443	780,498	4%
Total materials & supplies	626,885	528,536	1,253,770	702,333	7,522,612	9%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Utilities:						
Communications	\$ 66,620	\$ 50,967	\$ 133,240	\$ 103,664	\$ 799,439	13%
Water	9,848	11,581	19,696	21,552	118,176	18%
Solid waste tipping fees	41,398	32,304	82,796	32,304	496,780	7%
Garbage disposal	5,061	4,316	10,122	4,316	60,728	7%
Gas	14,142	5,590	28,284	8,748	169,707	5%
Electric	1,066,972	687,907	2,133,944	2,384,548	12,803,662	19%
Total utilities	1,204,041	792,665	2,408,082	2,555,132	14,448,492	18%
Repairs and maintenance:						
Building and grounds	534,205	559,730	1,068,410	834,242	6,410,465	13%
Equipment	629,532	317,578	1,259,064	436,987	7,554,384	6%
Vehicle maintenance	369,243	245,890	738,486	466,329	4,430,918	11%
Services	150,759	-	301,518	-	1,809,113	0%
Mains	25,864	10,265	51,728	10,265	310,364	3%
Water meters	3,070	-	6,140	-	36,845	0%
Fire lines	21,435	(10,285)	42,870	-	257,225	0%
Meter installations	42	-	84	-	500	0%
Valves	5,135	-	10,270	-	61,620	0%
Utility relocations	42	-	84	-	500	0%
Total repairs & maintenance	1,739,327	1,123,178	3,478,654	1,747,823	20,871,934	8%
Other administrative:						
Local travel	2,404	1,035	4,808	1,054	28,845	4%
Out of county travel	2,820	288	5,640	972	33,841	3%
Postage and messenger services	69,852	681	139,704	205,881	838,223	25%
Toll charges	19,063	3,509	38,126	3,514	228,757	2%
Rental of equipment	62,027	65,807	124,054	71,020	744,319	10%
Dues and memberships	14,107	18,523	28,214	60,089	169,287	35%
Subscriptions	2,726	-	5,452	-	32,709	0%
Training fees	12,072	-	24,144	50	144,858	0%
License and certification	2,820	811	5,640	811	33,839	2%
Leases-bldgs	617	-	1,234	-	7,404	0%
Advertising	963	-	1,926	-	11,560	0%
Promotional	13,305	-	26,610	1,785	159,658	1%
Educational assistance	2,792	-	5,584	545	33,500	2%
Scholarships, awards	624	-	1,248	-	7,485	0%
Bad debt expense	35,750	21,253	71,500	248,519	429,000	58%
Bank charges	80,679	(1,599)	161,358	(1,363)	968,150	0%
Self insurance	267,306	267,306	534,612	534,612	3,207,674	17%
Refunds of prior year revenue	25,000	121,477	50,000	121,477	300,000	40%
Operating permits	11,654	-	23,308	-	139,849	0%
Accrued expenses	-	173,301	-	1,950,987	-	0%
Total other administrative	626,581	672,392	1,253,162	3,199,953	7,518,958	43%
Total O&M expenses	\$ 12,750,258	\$ 9,731,676	\$ 25,500,516	\$ 20,548,004	\$ 153,003,051	13%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 1,166,713	\$ 325,182	\$ 1,269,242	\$ 1,951,090	65%
Connection fees	-	62,780	-	94,881	-	0%
Bond reserve	-	121	-	(2,059)	-	0%
Less: Customer deposits expense	-	(7,530)	-	(15,058)	-	0%
Total interest revenue	<u>162,591</u>	<u>1,222,084</u>	<u>325,182</u>	<u>1,347,006</u>	<u>1,951,090</u>	69%
Interest expense:						
Bonds and revolving loans	(707,717)	(382,878)	(1,415,434)	(680,327)	(8,492,603)	8%
Capital lease	(110)	(285)	(220)	(285)	(1,318)	22%
Debt service fees	(61,373)	-	(122,746)	-	(736,480)	0%
Amortization of bond premium	-	-	-	84,845	-	(1)
Total interest expense	<u>(769,200)</u>	<u>(383,163)</u>	<u>(1,538,400)</u>	<u>(595,767)</u>	<u>(9,230,401)</u>	6%
Loss on disposal of assets:						
Loss on abandoned projects	-	-	-	(84,228)	-	(1)
Total Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,228)</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (606,609)</u>	<u>\$ 838,921</u>	<u>\$ (1,213,218)</u>	<u>\$ 667,011</u>	<u>\$ (7,279,311)</u>	-9%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 605,395	\$ 1,782,198	\$ 1,300,523	\$ 10,693,183	12%
Irrigation	47,268	65,960	94,536	107,695	567,216	19%
Total water connection fees	<u>938,367</u>	<u>671,355</u>	<u>1,876,734</u>	<u>1,408,218</u>	<u>11,260,399</u>	13%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>1,099,925</u>	<u>3,217,764</u>	<u>2,302,185</u>	<u>19,306,589</u>	12%
Total wastewater connection fees	<u>1,608,882</u>	<u>1,099,925</u>	<u>3,217,764</u>	<u>2,302,185</u>	<u>19,306,589</u>	12%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	-	<u>(166,666)</u>	-	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	-	<u>(166,666)</u>	-	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,463,916</u>	<u>1,771,280</u>	<u>4,927,832</u>	<u>3,710,403</u>	<u>29,566,988</u>	13%
DONATED SYSTEMS:						
Developer fixed assets	-	28,362	-	45,784	-	0%
Line extensions	-	5,680	-	14,245	-	0%
Total donated systems	<u>-</u>	<u>34,042</u>	<u>-</u>	<u>60,029</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 1,805,322</u>	<u>\$ 4,927,832</u>	<u>\$ 3,770,432</u>	<u>\$ 29,566,988</u>	13%

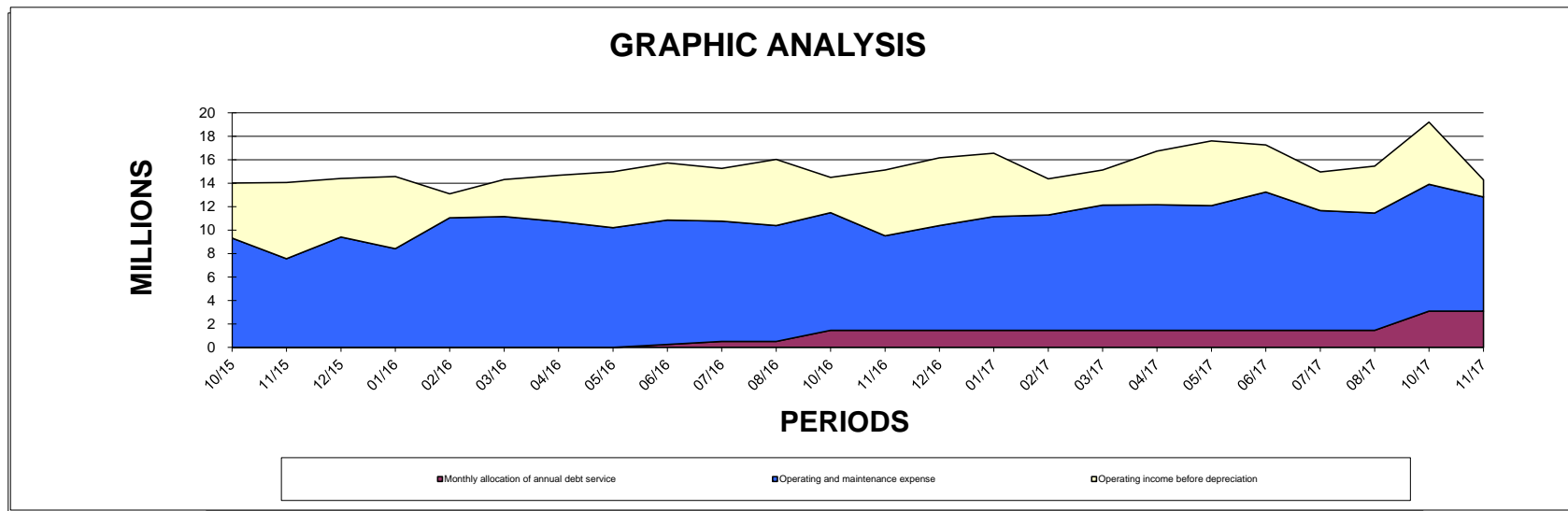
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2017**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Capital outlay:						
Land	\$ 259,155	\$ 60,961	\$ 518,310	\$ 75,761	\$ 3,109,859	2%
Buildings	161,990	-	323,980	-	1,943,874	0%
Structures	15,839,298	3,096,120	31,678,596	4,262,514	190,071,575	2%
Equipment	953,756	315,977	1,907,512	374,362	11,445,066	3%
Total capital outlay	17,214,199	3,473,058	34,428,398	4,712,637	206,570,374	2%
Debt service principal	478,925	655,294	957,850	1,118,982	5,747,104	19%
Total other disbursements	<u>\$ 17,693,124</u>	<u>\$ 4,128,352</u>	<u>\$ 35,386,248</u>	<u>\$ 5,831,619</u>	<u>\$ 212,317,478</u>	3%

**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	0.64	0.57	0.75									
Water	0.91	0.95	0.87									
Wastewater	0.49	0.42	0.60									
Bond Coverage Ratios*	11.27	16.07	6.47									

*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 NOVEMBER 30, 2017**

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 \$10.9 million.