

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
NOVEMBER 30 AND OCTOBER 31, 2018**

	NOVEMBER	OCTOBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 118,433,059	\$ 123,574,829
Accrued interest receivable	524,334	524,334
Accounts receivable, net	20,609,900	20,424,036
Due from other governmental agencies	4,702,095	5,046,147
Inventories and prepaid costs	10,810,406	8,520,508
Total current assets	155,079,794	158,089,854
Restricted assets:		
Cash and investments	57,250,803	54,444,982
Capital assets:		
Land	102,864,156	102,636,120
Construction in progress	257,149,006	256,547,627
Buildings and improvements	2,160,295,735	2,159,948,110
Machinery and equipment	101,176,996	100,691,713
Intangible assets	117,841,176	117,841,176
Less accumulated depreciation and amortization	(1,297,831,678)	(1,291,964,178)
Total capital assets	1,441,495,391	1,445,700,568
Total noncurrent and restricted assets	1,498,746,194	1,500,145,550
Total assets	1,653,825,988	1,658,235,404
Deferred outflows of resources:		
Related to pensions and OPEB	15,916,090	15,916,090
Total assets and deferred outflows of resources	\$ 1,669,742,078	\$ 1,674,151,494
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,269,441	\$ 32,905,145
Due to other governmental agencies	542,024	520,767
Net pension liability	322,654	322,654
Total current liabilities	30,134,119	33,748,566
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	977,020	593,089
Revenue bonds payable (net of unamortized costs)	3,430,000	3,430,000
Customer deposits	10,615,016	10,601,313
Total liabilities payable from restricted assets	15,022,036	14,624,402
Noncurrent liabilities:		
Compensated absences payable	1,540,394	1,540,394
Loans payable	93,314,627	93,644,117
Revenue bonds payable (net of unamortized costs)	85,298,838	85,372,243
Net pension and OPEB liability	43,144,585	43,144,585
Total noncurrent liabilities	223,298,444	223,701,339
Total liabilities	268,454,599	272,074,307
Deferred inflows of resources:		
Related to pensions and OPEB	4,710,266	4,710,266
Total liabilities and deferred inflows of resources	273,164,865	276,784,573
<u>NET POSITION</u>		
Net investment in capital assets	1,259,451,926	1,263,254,208
Restricted for debt service	45,658,767	43,250,580
Unrestricted	91,466,520	90,862,133
Total net position	1,396,577,213	1,397,366,921
Total liabilities and net position	\$ 1,669,742,078	\$ 1,674,151,494

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
NOVEMBER 30 AND OCTOBER 31, 2018**

	<u>NOVEMBER</u>	<u>OCTOBER</u>
Current:		
Reserve revenue	\$ 76,676,095	\$ 85,322,128
Water connection fees	22,916,823	21,797,445
Wastewater connection fees	18,835,041	16,450,156
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>118,433,059</u>	<u>123,574,829</u>
Restricted:		
Operation and maintenance reserve	28,164,326	26,510,582
Renewal and replacement	8,015,026	8,017,775
Bond reserve (1)	6,315,773	6,315,764
Bond principal	581,122	294,934
Bond interest	459,309	230,480
Loan debt service	2,338,663	1,712,305
Loan repayment reserve	761,568	761,829
Customer deposits	<u>10,615,016</u>	<u>10,601,313</u>
Total restricted cash and investments	<u>57,250,803</u>	<u>54,444,982</u>
Total cash and investments	<u><u>\$ 175,683,862</u></u>	<u><u>\$ 178,019,811</u></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, 2018**

	<u>NOVEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,819,934	\$ 9,490,413
Wastewater service	11,288,914	22,739,039
Reclaimed water service	885,928	1,708,319
Miscellaneous	562,312	1,101,367
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Total operating revenues	17,557,088	35,039,138
Operating and maintenance expenses:		
Personal services	4,796,705	9,954,362
Contractual services	1,622,303	2,905,453
Materials and supplies	258,117	473,676
Utilities	1,031,356	2,834,239
Repairs and maintenance	750,520	1,430,095
Other administrative expenses	529,845	3,072,451
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Total operating and maintenance expenses	8,988,846	20,670,276
Operating income before depreciation	8,568,242	14,368,862
Depreciation and amortization	5,867,500	11,735,000
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Operating income	2,700,742	2,633,862
Nonoperating revenues (expenses):		
Interest revenue	297,312	658,001
Interest expense and fiscal charges	(310,577)	(621,347)
Gain on disposal of assets	251	24,238
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Total net nonoperating revenues (expenses)	(13,014)	60,892
Income before contributions and transfers	2,687,728	2,694,754
Capital contributions	5,422,564	8,485,298
Transfers out	(8,900,000)	(8,900,000)
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Change in net position	(789,708)	2,280,052
Total net position, beginning of period	1,397,366,921	1,394,297,161
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Total net position, end of period	\$ 1,396,577,213	\$ 1,396,577,213

See accompanying notes to financial statements

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

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Water service:						
Residential	\$ 2,232,982	\$ 2,268,122	\$ 4,465,964	\$ 4,547,241	\$ 26,795,779	17%
Commercial	1,399,494	1,472,153	2,798,988	2,896,702	16,793,930	17%
Conservation surcharge	1,007,319	1,079,659	2,014,638	2,046,470	12,087,826	17%
Total water service	<u>4,639,795</u>	<u>4,819,934</u>	<u>9,279,590</u>	<u>9,490,413</u>	<u>55,677,535</u>	17%
Wastewater service:						
Residential	5,617,464	5,741,607	11,234,928	11,322,050	67,409,567	17%
Commercial	5,046,569	5,271,459	10,093,138	10,825,272	60,558,832	18%
Environmental surcharge	213,867	179,099	427,734	413,287	2,566,401	16%
Industrial	7,306	16,013	14,612	33,943	87,667	39%
Septic and portable	55,917	53,928	111,834	104,150	671,007	16%
Capacity maintenance fees	9,442	26,808	18,884	40,337	113,304	36%
Total wastewater service	<u>10,950,565</u>	<u>11,288,914</u>	<u>21,901,130</u>	<u>22,739,039</u>	<u>131,406,778</u>	17%
Reclaimed water service:						
Reclaimed service	820,620	886,424	1,641,240	1,669,240	9,847,435	17%
Reclaimed water-cooling tower	20,424	(496)	40,848	39,079	245,089	16%
Total reclaimed water service	<u>841,044</u>	<u>885,928</u>	<u>1,682,088</u>	<u>1,708,319</u>	<u>10,092,524</u>	17%
Miscellaneous:						
Initiate account service	44,592	38,752	89,184	85,424	535,105	16%
Turn off/on service	32,894	34,445	65,788	71,574	394,731	18%
Lien fee charges	469	-	938	-	5,630	0%
Meter removal/testing	4,196	3,711	8,392	6,641	50,347	13%
Meter/line damage	19,934	1,552	39,868	7,921	239,211	3%
NSF charges	4,008	5,152	8,016	11,581	48,091	24%
Plans and specifications	75,006	69,742	150,012	114,373	900,076	13%
Charges to other funds	1,388	2,361	2,776	2,361	16,653	14%
Developer reimb of plan review	45,388	97,741	90,776	124,548	544,653	23%
Cross Connection Control Program	226,259	213,515	452,518	430,565	2,715,113	16%
Miscellaneous	135,922	95,341	271,844	246,379	1,631,058	15%
Total miscellaneous	<u>590,056</u>	<u>562,312</u>	<u>1,180,112</u>	<u>1,101,367</u>	<u>7,080,668</u>	16%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 17,557,088</u>	<u>\$ 34,042,920</u>	<u>\$ 35,039,138</u>	<u>\$ 204,257,505</u>	17%

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

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Personal services:						
Salaries	\$ 3,467,351	\$ 3,698,663	\$ 6,934,702	\$ 8,045,317	\$ 41,608,212	19%
Fringe benefits	1,359,355	1,098,042	2,718,710	1,909,045	16,312,262	12%
Total personal services	4,826,706	4,796,705	9,653,412	9,954,362	57,920,474	17%
Contractual services:						
Research and studies	115,978	3,304	231,956	3,304	1,391,733	0%
Legal services	11,582	-	23,164	-	138,978	0%
Indirect costs	620,092	620,091	1,240,184	1,240,183	7,441,099	17%
Purchased water	91,800	12,504	183,600	12,504	1,101,594	1%
Effluent disposal	264,173	183,077	528,346	289,459	3,170,072	9%
Comptroller fees	155,727	155,727	311,454	311,454	1,868,724	17%
Officer fees	761	460	1,522	460	9,130	5%
Payments to other governments	316,829	241,516	633,658	383,651	3,801,947	10%
Janitorial	42,885	15,992	85,770	15,992	514,615	3%
Employment agency	112,435	47,202	224,870	70,587	1,349,220	5%
Training	26,418	1,995	52,836	1,995	317,010	1%
Paving	139,904	80,768	279,808	115,828	1,678,852	7%
Software licensing/support fee	195,983	12,582	391,966	21,482	2,351,794	1%
Other professional fees	237,757	(9,287)	475,514	7,789	2,853,078	0%
Contractual services	1,904,709	256,372	3,809,418	430,765	22,856,513	2%
Total contractual services	4,237,033	1,622,303	8,474,066	2,905,453	50,844,359	6%
Materials and supplies:						
Graphic reproduction services	5,194	-	10,388	-	62,331	0%
Office supplies	13,517	-	27,034	-	162,201	0%
Event/meal reimbursement	309	-	618	-	3,710	0%
Software <\$1000	4,544	378	9,088	378	54,527	1%
Computer equipment <\$500	5,876	-	11,752	261	70,509	0%
Equipment <\$1000	26,678	994	53,356	1,910	320,131	1%
Tools	10,014	8,306	20,028	9,373	120,169	8%
Medical	133	-	266	-	1,600	0%
Liquid oxygen	16,834	-	33,668	-	202,004	0%
Chemical and pesticides	8	-	16	-	100	0%
Solar salt	23,336	-	46,672	-	280,027	0%
Chlorine	159,775	27,148	319,550	114,244	1,917,300	6%
Fluoride	15,480	8,315	30,960	8,315	185,760	4%
Alum	4,961	-	9,922	3,842	59,528	6%
Polymer	88,663	44,044	177,326	85,229	1,063,954	8%
Sealing chemicals	208	-	416	-	2,500	0%
Corrosion control	60,315	84,769	120,630	102,801	723,779	14%
Carbon dioxide	49,205	-	98,410	-	590,460	0%
Sodium hydroxide	42,271	(22,876)	84,542	-	507,248	0%
Supplemental carbon	33,409	-	66,818	24,558	400,907	6%
Miscellaneous chemicals	31,579	2,487	63,158	4,286	378,944	1%
Material for construction	28,957	21,714	57,914	23,793	347,483	7%
Clothing	20,417	24,502	40,834	28,685	244,998	12%
Gas-oil-lube-brfl-ant	26,324	21,249	52,648	21,249	315,885	7%
Miscellaneous expenses	70,562	37,087	141,124	44,752	846,746	5%
Total materials & supplies	738,569	258,117	1,477,138	473,676	8,862,801	5%

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

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Utilities:						
Communications	\$ 69,232	\$ 48,593	\$ 138,464	\$ 105,686	\$ 830,784	13%
Water	9,878	5,865	19,756	18,455	118,536	16%
Solid waste tipping fees	41,398	60,904	82,796	60,904	496,780	12%
Garbage disposal	5,664	278	11,328	500	67,968	1%
Gas	14,678	1,818	29,356	8,528	176,132	5%
Electric	1,110,325	913,898	2,220,650	2,640,166	13,323,899	20%
Total utilities	1,251,175	1,031,356	2,502,350	2,834,239	15,014,099	19%
Repairs and maintenance:						
Building and grounds	592,179	339,605	1,184,358	676,016	7,106,148	10%
Equipment	706,482	109,975	1,412,964	198,371	8,477,789	2%
Vehicle maintenance	366,762	257,353	733,524	492,820	4,401,146	11%
Services	101,710	-	203,420	-	1,220,515	0%
Mains	75,973	43,587	151,946	62,888	911,671	7%
Water meters	13,497	-	26,994	-	161,965	0%
Fire lines	30,269	-	60,538	-	363,230	0%
Meter installations	42	-	84	-	500	0%
Valves	95,978	-	191,956	-	1,151,730	0%
Utility relocations	42	-	84	-	500	0%
Total repairs & maintenance	1,982,934	750,520	3,965,868	1,430,095	23,795,194	6%
Other administrative:						
Local travel	2,371	1,387	4,742	1,387	28,456	5%
Out of county travel	3,365	98	6,730	1,299	40,375	3%
Postage and messenger services	71,820	4,162	143,640	44,612	861,845	5%
Toll charges	19,128	10,583	38,256	15,981	229,532	7%
Rental of equipment	79,664	11,344	159,328	35,929	955,969	4%
Dues and memberships	13,872	9,591	27,744	31,118	166,462	19%
Subscriptions	2,306	-	4,612	497	27,672	2%
Training fees	13,484	-	26,968	-	161,808	0%
License and certification	3,540	267	7,080	616	42,474	1%
Advertising	1,243	-	2,486	-	14,920	0%
Promotional	9,803	-	19,606	11,234	117,635	10%
Educational assistance	2,875	1,185	5,750	1,185	34,500	3%
Scholarships, awards	638	-	1,276	-	7,655	0%
Improvements to non-county assets	15,934	-	31,868	-	191,209	0%
Bad debt expense	41,817	37,800	83,634	76,204	501,800	15%
Bank charges	92,319	(104)	184,638	167	1,107,822	0%
Self insurance	257,647	257,646	515,294	515,293	3,091,758	17%
Refunds of prior year revenue	25,000	117,565	50,000	117,565	300,000	39%
Operating permits	11,654	-	23,308	-	139,849	0%
Accrued expenses	-	78,321	-	2,219,364	-	0%
Total other administrative	668,480	529,845	1,336,960	3,072,451	8,021,741	38%
Total O&M expenses	\$ 13,704,897	\$ 8,988,846	\$ 27,409,794	\$ 20,670,276	\$ 164,458,668	13%

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

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Interest revenue:						
Net revenue	\$ 171,741	\$ 248,833	\$ 343,482	\$ 548,862	\$ 2,060,889	27%
Connection fees	-	66,152	-	144,782	-	0%
Bond reserve	-	9	-	(2,194)	-	0%
Less: Customer deposits expense	-	(17,682)	-	(33,449)	-	0%
Total interest revenue	<u>171,741</u>	<u>297,312</u>	<u>343,482</u>	<u>658,001</u>	<u>2,060,889</u>	32%
Interest expense:						
Bonds and revolving loans	(424,121)	(383,931)	(848,242)	(768,107)	(5,089,453)	15%
Capital lease	(128)	(51)	(256)	(51)	(1,541)	3%
Debt service fees	(201,474)	-	(402,948)	-	(2,417,689)	0%
Amortization of bond premium	-	73,405	-	146,811	-	(1)
Total interest expense	<u>(625,723)</u>	<u>(310,577)</u>	<u>(1,251,446)</u>	<u>(621,347)</u>	<u>(7,508,683)</u>	8%
Gain on disposal of assets:						
Proceeds from sale	-	251	-	24,238	-	0%
Total gain on disposal of assets	<u>-</u>	<u>251</u>	<u>-</u>	<u>24,238</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (453,982)</u>	<u>\$ (13,014)</u>	<u>\$ (907,964)</u>	<u>\$ 60,892</u>	<u>\$ (5,447,794)</u>	-1%

(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, 2018**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 1,517,391	\$ 1,724,920	\$ 2,581,564	\$ 10,349,514	25%
Irrigation	49,789	50,400	99,578	100,955	597,468	17%
Total water connection fees	<u>912,249</u>	<u>1,567,791</u>	<u>1,824,498</u>	<u>2,682,519</u>	<u>10,946,982</u>	25%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>3,838,501</u>	<u>3,048,354</u>	<u>5,784,725</u>	<u>18,290,123</u>	32%
Total wastewater connection fees	<u>1,524,177</u>	<u>3,838,501</u>	<u>3,048,354</u>	<u>5,784,725</u>	<u>18,290,123</u>	32%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	-	<u>(166,666)</u>	<u>(4,623)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	-	<u>(166,666)</u>	<u>(4,623)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,353,093</u>	<u>5,406,292</u>	<u>4,706,186</u>	<u>8,462,621</u>	<u>28,237,105</u>	30%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	8,711	-	0%
Developer reimbursements	-	136	-	136	-	0%
Line extensions	<u>-</u>	<u>7,425</u>	<u>-</u>	<u>13,830</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>16,272</u>	<u>-</u>	<u>22,677</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 5,422,564</u>	<u>\$ 4,706,186</u>	<u>\$ 8,485,298</u>	<u>\$ 28,237,105</u>	30%

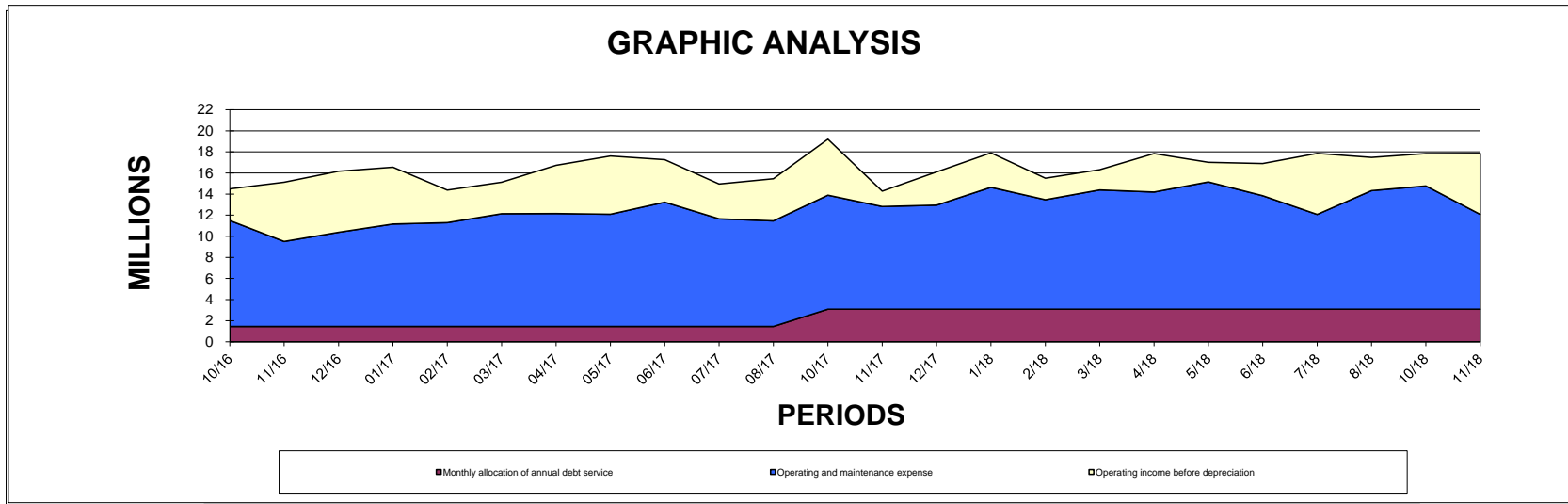
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2018**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Capital outlay:						
Land	\$ 40,525	\$ 228,036	\$ 81,050	\$ 228,361	\$ 486,297	47%
Buildings	179,514	(1,277)	359,028	2,920	2,154,169	0%
Structures	12,985,066	911,070	25,970,132	1,553,830	155,820,789	1%
Equipment	973,134	524,494	1,946,268	526,019	11,677,602	5%
Total capital outlay	14,178,239	1,662,323	28,356,478	2,311,130	170,138,857	1%
Debt service principal	634,951	756,859	1,269,902	1,513,472	7,619,417	20%
Total other disbursements	<u>\$ 14,813,190</u>	<u>\$ 2,419,182</u>	<u>\$ 29,626,380</u>	<u>\$ 3,824,602</u>	<u>\$ 177,758,274</u>	2%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2019**

	<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	0.59	0.67	0.51									
Water	0.84	0.90	0.78									
Wastewater	0.47	0.55	0.40									
Bond Coverage Ratios*	13.97	11.28	16.66									

*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 NOVEMBER 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 \$12.3 million.