

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

	DECEMBER	NOVEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 113,410,571	\$ 105,196,898
Accrued interest receivable	451,593	451,593
Accounts receivable, net	20,044,710	19,896,605
Due from other governmental agencies	10,173,555	17,080,688
Inventories and prepaid costs	13,166,721	11,001,815
Total current assets	157,247,150	153,627,599
Restricted assets:		
Cash and investments	54,197,379	52,039,669
Capital assets:		
Land	102,502,070	102,501,645
Construction in progress	216,856,913	209,709,245
Buildings and improvements	2,103,910,055	2,103,910,055
Machinery and equipment	101,470,910	101,443,494
Intangible assets	97,500,102	97,500,102
Less accumulated depreciation and amortization	(1,243,759,117)	(1,236,557,867)
Total capital assets	1,378,480,933	1,378,506,674
Total noncurrent and restricted assets	1,432,678,312	1,430,546,343
Total assets	1,589,925,462	1,584,173,942
Deferred outflows of resources:		
Related to pensions	14,989,702	14,989,702
Total assets and deferred outflows of resources	\$ 1,604,915,164	\$ 1,599,163,644
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,958,117	\$ 24,325,728
Due to other governmental agencies	489,618	491,109
Net pension liability	343,702	343,702
Total current liabilities	27,791,437	25,160,539
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	987,177	737,046
Customer deposits	10,276,461	10,210,855
Total liabilities payable from restricted assets	11,263,638	10,947,901
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	92,894,548	91,043,780
Revenue bonds payable (net of unamortized costs)	92,904,258	93,073,949
Net pension liability	38,502,153	38,502,153
Total noncurrent liabilities	225,835,989	224,154,912
Total liabilities	264,891,064	260,263,352
Deferred inflows of resources:		
Related to pensions	2,188,764	2,188,764
Total liabilities and deferred inflows of resources	267,079,828	262,452,116
<u>NET POSITION</u>		
Net investment in capital assets	1,192,682,127	1,194,388,945
Restricted for debt service	42,933,741	41,091,768
Unrestricted	102,219,468	101,230,815
Total net position	1,337,835,336	1,336,711,528
Total liabilities and net position	\$ 1,604,915,164	\$ 1,599,163,644

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

	<u>DECEMBER</u>	<u>NOVEMBER</u>
Current:		
Reserve revenue	\$ 78,067,594	\$ 71,269,256
Water connection fees	12,949,290	12,387,651
Wastewater connection fees	22,388,587	21,534,891
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>113,410,571</u>	<u>105,196,898</u>
Restricted:		
Operation and maintenance reserve	26,280,906	24,940,519
Renewal and replacement	8,003,063	8,013,301
Bond reserve (1)	7,046,756	6,774,226
Bond interest	727,861	485,420
Loan debt service	1,101,900	853,944
Loan repayment reserve	760,432	761,404
Customer deposits	<u>10,276,461</u>	<u>10,210,855</u>
Total restricted cash and investments	<u>54,197,379</u>	<u>52,039,669</u>
Total cash and investments	<u>\$ 167,607,950</u>	<u>\$ 157,236,567</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 DECEMBER 31, 2017**

	<u>DECEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,286,008	\$ 12,958,638
Wastewater service	10,532,518	31,541,843
Reclaimed water service	834,891	2,413,522
Miscellaneous	400,180	1,276,866
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Total operating revenues	16,053,597	48,190,869
Operating and maintenance expenses:		
Personal services	4,143,327	13,355,078
Contractual services	2,335,566	5,466,578
Materials and supplies	439,059	1,141,392
Utilities	1,333,201	3,888,333
Repairs and maintenance	1,116,598	2,864,421
Other administrative expenses	506,641	3,706,594
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Total operating and maintenance expenses	9,874,392	30,422,396
Operating income before depreciation	6,179,205	17,768,473
Depreciation and amortization	7,201,250	21,603,750
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Operating loss	(1,022,045)	(3,835,277)
Nonoperating revenues (expenses):		
Interest revenue	51,436	1,398,442
Interest expense and fiscal charges	(80,514)	(676,281)
Loss on the disposal of assets	(22,966)	(107,194)
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Total net nonoperating revenues (expenses)	(52,044)	614,967
Loss before contributions and transfers	(1,074,089)	(3,220,310)
Capital contributions	2,197,897	5,968,329
Transfers out	-	(9,100,000)
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Change in net position	1,123,808	(6,351,981)
Total net position, beginning of period	1,336,711,528	1,344,187,317
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Total net position, end of period	\$ 1,337,835,336	\$ 1,337,835,336
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See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2017**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Water service:						
Residential	\$ 2,519,752	\$ 2,109,434	\$ 7,559,256	\$ 6,401,739	\$ 30,237,026	21%
Commercial	1,333,333	1,253,308	3,999,999	3,870,110	15,999,992	24%
Conservation surcharge	903,676	923,266	2,711,028	2,686,789	10,844,115	25%
Total water service	<u>4,756,761</u>	<u>4,286,008</u>	<u>14,270,283</u>	<u>12,958,638</u>	<u>57,081,133</u>	23%
Wastewater service:						
Residential	5,297,471	5,457,830	15,892,413	16,091,895	63,569,656	25%
Commercial	4,914,026	4,766,563	14,742,078	14,518,626	58,968,311	25%
Environmental surcharge	212,942	230,188	638,826	678,355	2,555,309	27%
Industrial	6,145	16,971	18,435	43,632	73,738	59%
Septic and portable	51,363	50,868	154,089	143,559	616,357	23%
Capacity maintenance fees	10,069	10,098	30,207	65,776	120,832	54%
Total wastewater service	<u>10,492,016</u>	<u>10,532,518</u>	<u>31,476,048</u>	<u>31,541,843</u>	<u>125,904,203</u>	25%
Reclaimed water service:						
Reclaimed service	702,341	823,282	2,107,023	2,365,494	8,428,093	28%
Reclaimed water-cooling tower	18,686	11,609	56,058	48,028	224,236	21%
Total reclaimed water service	<u>721,027</u>	<u>834,891</u>	<u>2,163,081</u>	<u>2,413,522</u>	<u>8,652,329</u>	28%
Miscellaneous:						
Initiate account service	44,922	38,320	134,766	120,496	539,065	22%
Turn off/on service	30,953	33,270	92,859	99,065	371,440	27%
Lien fee charges	398	1,120	1,194	1,120	4,775	23%
Meter removal/testing	4,751	4,173	14,253	12,893	57,015	23%
Meter/line damage	20,788	94,466	62,364	192,960	249,455	77%
NSF charges	3,587	5,658	10,761	15,923	43,042	37%
Plans and specifications	73,111	69,473	219,333	285,857	877,329	33%
Charges to other funds	1,365	2,352	4,095	4,176	16,375	26%
Developer reimb of plan review	29,543	35,925	88,629	140,077	354,510	40%
Miscellaneous	150,373	115,423	451,119	404,299	1,804,481	22%
Total miscellaneous	<u>359,791</u>	<u>400,180</u>	<u>1,079,373</u>	<u>1,276,866</u>	<u>4,317,487</u>	30%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 16,053,597</u>	<u>\$ 48,988,785</u>	<u>\$ 48,190,869</u>	<u>\$ 195,955,152</u>	25%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2017**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,303,285	\$ 9,852,372	\$ 10,732,072	\$ 39,409,483	27%
Fringe benefits	1,249,013	840,042	3,747,039	2,623,006	14,988,155	18%
Total personal services	4,533,137	4,143,327	13,599,411	13,355,078	54,397,638	25%
Contractual services:						
Research and studies	76,416	22,758	229,248	24,604	916,989	3%
Legal services	12,116	307	36,348	8,758	145,392	6%
Indirect costs	552,539	552,539	1,657,617	1,657,616	6,630,462	25%
Purchased water	65,150	28,623	195,450	39,165	781,794	5%
Effluent disposal	277,844	316,644	833,532	542,044	3,334,122	16%
Comptroller fees	166,495	166,495	499,485	499,486	1,997,944	25%
Officer fees	1,050	80	3,150	490	12,600	4%
Payments to other governments	275,898	379,822	827,694	640,694	3,310,776	19%
Janitorial	38,420	5,502	115,260	36,423	461,038	8%
Employment agency	107,930	19,882	323,790	68,245	1,295,160	5%
Training	17,164	-	51,492	1,730	205,973	1%
Paving	160,103	113,821	480,309	402,999	1,921,236	21%
Software licensing/support fee	184,328	127,120	552,984	306,393	2,211,933	14%
Other professional fees	194,733	38,241	584,199	41,202	2,336,790	2%
Contractual services	1,837,976	563,732	5,513,928	1,196,729	22,055,711	5%
Total contractual services	3,968,162	2,335,566	11,904,486	5,466,578	47,617,920	11%
Materials and supplies:						
Graphic reproduction services	3,834	-	11,502	-	46,008	0%
Office supplies	13,428	4,148	40,284	4,148	161,136	3%
Event/meal reimbursement	405	-	1,215	-	4,860	0%
Software <\$1000	12,947	-	38,841	-	155,367	0%
Computer equipment <\$500	5,512	493	16,536	493	66,139	1%
Equipment <\$1000	21,288	10,509	63,864	18,924	255,461	7%
Tools	10,026	4,323	30,078	27,291	120,309	23%
Medical	133	-	399	-	1,600	0%
Liquid oxygen	14,996	8,244	44,988	19,041	179,953	11%
Chemical and pesticides	8	-	24	-	100	0%
Solar salt	16,391	16,421	49,173	49,514	196,686	25%
Chlorine	116,346	102,702	349,038	315,256	1,396,149	23%
Fluoride	15,050	6,897	45,150	13,878	180,600	8%
Alum	891	3,962	2,673	5,819	10,692	54%
Polymer	57,942	75,068	173,826	170,460	695,309	25%
Sealing chemicals	208	-	624	-	2,500	0%
Corrosion control	55,568	56,222	166,704	132,119	666,817	20%
Carbon dioxide	47,313	37,296	141,939	112,004	567,750	20%
Sodium hydroxide	43,934	35,534	131,802	65,211	527,205	12%
Supplemental carbon	33,238	-	99,714	-	398,850	0%
Miscellaneous chemicals	29,084	4,784	87,252	26,952	349,007	8%
Material for construction	28,875	12,427	86,625	63,852	346,504	18%
Clothing	16,311	16,098	48,933	40,113	195,731	20%
Gas-oil-lube-brfl-ant	18,115	3,095	54,345	8,038	217,381	4%
Miscellaneous expenses	64,900	40,836	194,700	68,279	778,803	9%
Total materials & supplies	626,743	439,059	1,880,229	1,141,392	7,520,917	15%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED DECEMBER 31, 2017**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Utilities:						
Communications	\$ 66,620	\$ 38,897	\$ 199,860	\$ 142,561	\$ 799,439	18%
Water	9,848	11,618	29,544	33,170	118,176	28%
Solid waste tipping fees	41,398	-	124,194	32,304	496,780	7%
Garbage disposal	5,061	392	15,183	4,708	60,728	8%
Gas	14,142	5,610	42,426	14,358	169,707	8%
Electric	1,066,972	1,276,684	3,200,916	3,661,232	12,803,662	29%
Total utilities	1,204,041	1,333,201	3,612,123	3,888,333	14,448,492	27%
Repairs and maintenance:						
Building and grounds	537,122	341,856	1,611,366	1,176,098	6,445,465	18%
Equipment	629,532	388,579	1,888,596	825,566	7,554,384	11%
Vehicle maintenance	369,243	333,409	1,107,729	799,738	4,430,918	18%
Services	150,759	-	452,277	-	1,809,113	0%
Mains	25,864	52,754	77,592	63,019	310,364	20%
Water meters	3,070	-	9,210	-	36,845	0%
Fire lines	21,435	-	64,305	-	257,225	0%
Meter installations	42	-	126	-	500	0%
Valves	5,135	-	15,405	-	61,620	0%
Utility relocations	42	-	126	-	500	0%
Total repairs & maintenance	1,742,244	1,116,598	5,226,732	2,864,421	20,906,934	14%
Other administrative:						
Local travel	2,404	1,323	7,212	2,377	28,845	8%
Out of county travel	2,820	3,443	8,460	4,415	33,841	13%
Postage and messenger services	69,852	4,473	209,556	210,354	838,223	25%
Toll charges	19,063	29,031	57,189	32,545	228,757	14%
Rental of equipment	62,027	487	186,081	71,507	744,319	10%
Dues and memberships	14,107	9,137	42,321	69,226	169,287	41%
Subscriptions	2,726	368	8,178	368	32,709	1%
Training fees	12,072	28,565	36,216	28,615	144,858	20%
License and certification	2,820	308	8,460	1,119	33,839	3%
Leases-bldgs	617	-	1,851	-	7,404	0%
Advertising	963	780	2,889	780	11,560	7%
Promotional	13,305	-	39,915	1,785	159,658	1%
Educational assistance	2,792	-	8,376	545	33,500	2%
Scholarships, awards	624	-	1,872	-	7,485	0%
Bad debt expense	35,750	18,472	107,250	266,991	429,000	62%
Bank charges	80,679	101,362	242,037	99,999	968,150	10%
Self insurance	267,306	267,307	801,918	801,919	3,207,674	25%
Refunds of prior year revenue	25,000	4,119	75,000	125,596	300,000	42%
Operating permits	11,654	-	34,962	-	139,849	0%
Accrued expenses	-	37,466	-	1,988,453	-	0%
Total other administrative	626,581	506,641	1,879,743	3,706,594	7,518,958	49%
Total O&M expenses	\$ 12,700,908	\$ 9,874,392	\$ 38,102,724	\$ 30,422,396	\$ 152,410,859	20%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2017**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 45,958	\$ 487,773	\$ 1,315,200	\$ 1,951,090	67%
Connection fees	-	12,727	-	107,608	-	0%
Bond reserve	-	128	-	(1,931)	-	0%
Less: Customer deposits expense	-	(7,377)	-	(22,435)	-	0%
Total interest revenue	162,591	51,436	487,773	1,398,442	1,951,090	72%
Interest expense:						
Bonds and revolving loans	(707,717)	(250,131)	(2,123,151)	(930,458)	(8,492,603)	11%
Capital lease	(110)	(74)	(330)	(359)	(1,318)	27%
Debt service fees	(61,373)	-	(184,119)	-	(736,480)	0%
Amortization of bond premium	-	169,691	-	254,536	-	(1)
Total interest expense	(769,200)	(80,514)	(2,307,600)	(676,281)	(9,230,401)	7%
Loss on disposal of assets:						
Loss on abandoned projects	-	(22,966)	-	(107,194)	-	(1)
Total Loss on disposal of assets	-	(22,966)	-	(107,194)	-	(1)
Total non-operating revenues (expenses)	\$ (606,609)	\$ (52,044)	\$ (1,819,827)	\$ 614,967	\$ (7,279,311)	-8%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2017**

	<u>DECEMBER BUDGET</u>	<u>DECEMBER ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 25%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 660,460	\$ 2,673,297	\$ 1,960,983	\$ 10,693,183	18%
Irrigation	<u>47,268</u>	<u>41,605</u>	<u>141,804</u>	<u>149,300</u>	<u>567,216</u>	26%
Total water connection fees	<u>938,367</u>	<u>702,065</u>	<u>2,815,101</u>	<u>2,110,283</u>	<u>11,260,399</u>	19%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>1,485,392</u>	<u>4,826,646</u>	<u>3,787,577</u>	<u>19,306,589</u>	20%
Total wastewater connection fees	<u>1,608,882</u>	<u>1,485,392</u>	<u>4,826,646</u>	<u>3,787,577</u>	<u>19,306,589</u>	20%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(1,510)</u>	<u>(249,999)</u>	<u>(1,510)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	<u>(1,510)</u>	<u>(249,999)</u>	<u>(1,510)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,463,916</u>	<u>2,185,947</u>	<u>7,391,748</u>	<u>5,896,350</u>	<u>29,566,988</u>	20%
DONATED SYSTEMS:						
Developer fixed assets	-	-	-	45,784	-	0%
Line extensions	<u>-</u>	<u>11,950</u>	<u>-</u>	<u>26,195</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>11,950</u>	<u>-</u>	<u>71,979</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 2,197,897</u>	<u>\$ 7,391,748</u>	<u>\$ 5,968,329</u>	<u>\$ 29,566,988</u>	20%

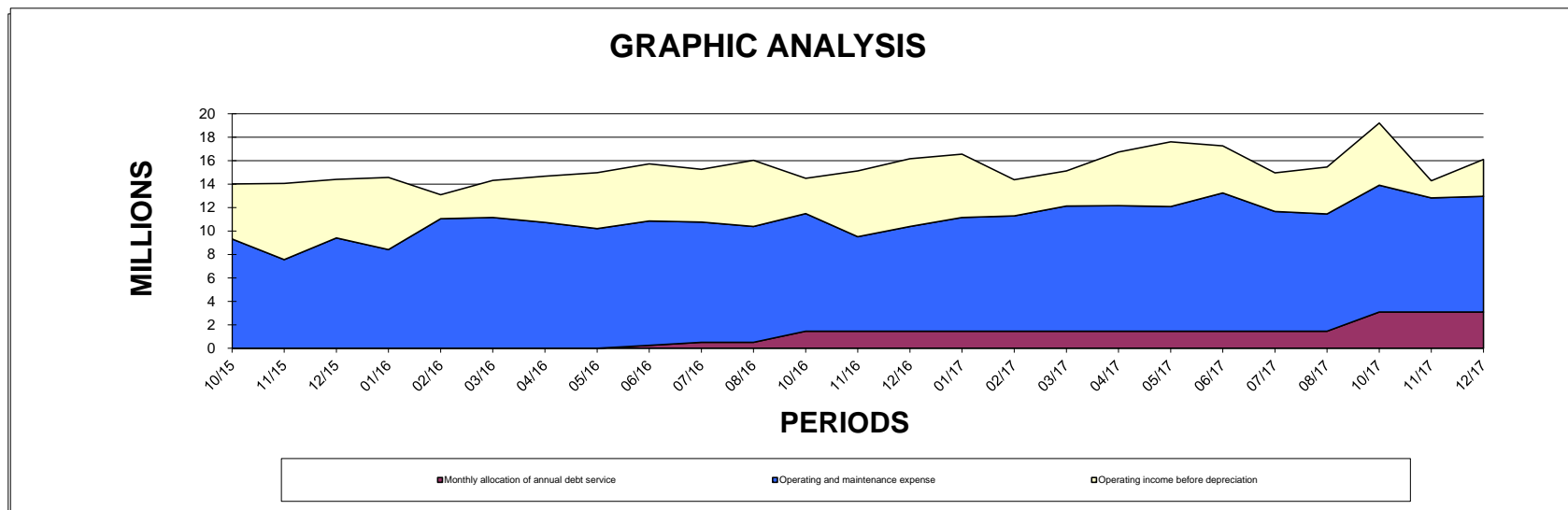
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2017**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Capital outlay:						
Land	\$ 259,072	\$ 425	\$ 777,216	\$ 76,186	\$ 3,108,859	2%
Buildings	86,718	-	260,154	-	1,040,613	0%
Structures	12,566,578	7,170,634	37,699,734	11,433,148	150,798,936	8%
Equipment	904,758	59,018	2,714,274	433,380	10,857,096	4%
Total capital outlay	13,817,126	7,230,077	41,451,378	11,942,714	165,805,504	7%
Debt service principal	478,925	260,183	1,436,775	1,379,165	5,747,104	24%
Total other disbursements	<u>\$ 14,296,051</u>	<u>\$ 7,490,260</u>	<u>\$ 42,888,153</u>	<u>\$ 13,321,879</u>	<u>\$ 171,552,608</u>	8%

**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	0.63	0.57	0.75	0.62								
Water	0.85	0.95	0.87	0.73								
Wastewater	0.49	0.42	0.60	0.51								
Bond Coverage Ratios*	11.52	16.07	6.47	12.02								

*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 DECEMBER 31, 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.