

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

	DECEMBER	NOVEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 131,339,529	\$ 118,433,059
Accrued interest receivable	524,334	524,334
Accounts receivable, net	20,395,813	20,609,900
Due from other governmental agencies	1,383,548	4,702,095
Inventories and prepaid costs	10,443,059	10,810,406
Total current assets	164,086,283	155,079,794
Restricted assets:		
Cash and investments	58,529,250	57,250,803
Capital assets:		
Land	102,864,184	102,864,156
Construction in progress	263,762,312	257,149,006
Buildings and improvements	2,159,948,110	2,160,295,735
Machinery and equipment	101,811,574	101,176,996
Intangible assets	117,841,176	117,841,176
Less accumulated depreciation and amortization	(1,303,699,178)	(1,297,831,678)
Total capital assets	1,442,528,178	1,441,495,391
Total noncurrent and restricted assets	1,501,057,428	1,498,746,194
Total assets	1,665,143,711	1,653,825,988
Deferred outflows of resources:		
Related to pensions and OPEB	15,916,090	15,916,090
Total assets and deferred outflows of resources	\$ 1,681,059,801	\$ 1,669,742,078
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,562,652	\$ 29,269,441
Due to other governmental agencies	481,539	
Net pension liability	322,654	322,654
Total current liabilities	31,366,845	30,134,119
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,361,350	977,020
Revenue bonds payable (net of unamortized costs)	3,430,000	3,430,000
Customer deposits	10,749,233	10,615,016
Total liabilities payable from restricted assets	15,540,583	15,022,036
Noncurrent liabilities:		
Compensated absences payable	1,540,394	1,540,394
Loans payable	94,271,174	93,314,627
Revenue bonds payable (net of unamortized costs)	85,225,432	85,298,838
Net pension and OPEB liability	43,144,585	43,144,585
Total noncurrent liabilities	224,181,585	223,298,444
Total liabilities	271,089,013	268,454,599
Deferred inflows of resources:		
Related to pensions and OPEB	4,710,266	4,710,266
Total liabilities and deferred inflows of resources	275,799,279	273,164,865
<u>NET POSITION</u>		
Net investment in capital assets	1,259,601,572	1,259,451,926
Restricted for debt service	46,418,667	45,658,767
Unrestricted	99,240,283	91,466,520
Total net position	1,405,260,522	1,396,577,213
Total liabilities and net position	\$ 1,681,059,801	\$ 1,669,742,078

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

	<u>DECEMBER</u>	<u>NOVEMBER</u>
Current:		
Reserve revenue	\$ 83,679,097	\$ 76,676,095
Water connection fees	25,371,527	22,916,823
Wastewater connection fees	22,283,805	18,835,041
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>131,339,529</u>	<u>118,433,059</u>
Restricted:		
Operation and maintenance reserve	28,165,602	28,164,326
Renewal and replacement	8,014,953	8,015,026
Bond reserve (1)	6,315,781	6,315,773
Bond principal	867,828	581,122
Bond interest	688,551	459,309
Loan debt service	2,965,742	2,338,663
Loan repayment reserve	761,560	761,568
Customer deposits	<u>10,749,233</u>	<u>10,615,016</u>
Total restricted cash and investments	<u>58,529,250</u>	<u>57,250,803</u>
Total cash and investments	<u>\$ 189,868,779</u>	<u>\$ 175,683,862</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, 2018**

	<u>DECEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,232,120	\$ 13,722,533
Wastewater service	10,741,866	33,480,905
Reclaimed water service	751,502	2,459,821
Miscellaneous	574,432	1,675,799
	<hr/>	<hr/>
Total operating revenues	16,299,920	51,339,058
	<hr/>	<hr/>
Operating and maintenance expenses:		
Personal services	4,630,983	14,585,345
Contractual services	2,531,336	5,436,789
Materials and supplies	282,026	755,702
Utilities	1,187,563	4,021,802
Repairs and maintenance	925,383	2,355,478
Other administrative expenses	775,553	3,848,004
	<hr/>	<hr/>
Total operating and maintenance expenses	10,332,844	31,003,120
	<hr/>	<hr/>
Operating income before depreciation	5,967,076	20,335,938
	<hr/>	<hr/>
Depreciation and amortization	5,867,500	17,602,500
	<hr/>	<hr/>
Operating income	99,576	2,733,438
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest revenue	298,288	956,289
Interest expense and fiscal charges	(311,028)	(932,375)
Gain on disposal of assets	45,342	69,580
	<hr/>	<hr/>
Total net nonoperating revenues (expenses)	32,602	93,494
	<hr/>	<hr/>
Income before contributions and transfers	132,178	2,826,932
	<hr/>	<hr/>
Capital contributions	8,551,131	17,036,429
Transfers out	-	(8,900,000)
	<hr/>	<hr/>
Change in net position	8,683,309	10,963,361
	<hr/>	<hr/>
Total net position, beginning of period	1,396,577,213	1,394,297,161
	<hr/>	<hr/>
Total net position, end of period	<u>\$ 1,405,260,522</u>	<u>\$ 1,405,260,522</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Water service:						
Residential	\$ 2,232,982	\$ 2,127,662	\$ 6,698,946	\$ 6,674,903	\$ 26,795,779	25%
Commercial	1,399,494	1,340,167	4,198,482	4,236,869	16,793,930	25%
Conservation surcharge	1,007,319	764,291	3,021,957	2,810,761	12,087,826	23%
Total water service	<u>4,639,795</u>	<u>4,232,120</u>	<u>13,919,385</u>	<u>13,722,533</u>	<u>55,677,535</u>	25%
Wastewater service:						
Residential	5,617,464	5,615,881	16,852,392	16,937,931	67,409,567	25%
Commercial	5,046,569	4,839,663	15,139,707	15,664,935	60,558,832	26%
Environmental surcharge	213,867	197,433	641,601	610,720	2,566,401	24%
Industrial	7,306	12,161	21,918	46,104	87,667	53%
Septic and portable	55,917	56,602	167,751	160,752	671,007	24%
Capacity maintenance fees	9,442	20,126	28,326	60,463	113,304	53%
Total wastewater service	<u>10,950,565</u>	<u>10,741,866</u>	<u>32,851,695</u>	<u>33,480,905</u>	<u>131,406,778</u>	25%
Reclaimed water service:						
Reclaimed service	820,620	731,185	2,461,860	2,400,425	9,847,435	24%
Reclaimed water-cooling tower	20,424	20,317	61,272	59,396	245,089	24%
Total reclaimed water service	<u>841,044</u>	<u>751,502</u>	<u>2,523,132</u>	<u>2,459,821</u>	<u>10,092,524</u>	24%
Miscellaneous:						
Initiate account service	44,592	38,240	133,776	123,664	535,105	23%
Turn off/on service	32,894	30,091	98,682	101,665	394,731	26%
Lien fee charges	469	960	1,407	960	5,630	17%
Meter removal/testing	4,196	2,747	12,588	9,388	50,347	19%
Meter/line damage	19,934	38,525	59,802	46,446	239,211	19%
NSF charges	4,008	7,461	12,024	19,042	48,091	40%
Plans and specifications	75,006	157,405	225,018	271,778	900,076	30%
Charges to other funds	1,388	705	4,164	3,066	16,653	18%
Developer reimb of plan review	45,388	37,706	136,164	162,254	544,653	30%
Cross Connection Control Program	226,259	207,666	678,777	638,231	2,715,113	24%
Miscellaneous	135,922	52,926	407,766	299,305	1,631,058	18%
Total miscellaneous	<u>590,056</u>	<u>574,432</u>	<u>1,770,168</u>	<u>1,675,799</u>	<u>7,080,668</u>	24%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 16,299,920</u>	<u>\$ 51,064,380</u>	<u>\$ 51,339,058</u>	<u>\$ 204,257,505</u>	25%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Personal services:						
Salaries	\$ 3,467,351	\$ 3,544,481	\$ 10,402,053	\$ 11,589,798	\$ 41,608,212	28%
Fringe benefits	1,359,355	1,086,502	4,078,065	2,995,547	16,312,262	18%
Total personal services	4,826,706	4,630,983	14,480,118	14,585,345	57,920,474	25%
Contractual services:						
Research and studies	115,978	37,986	347,934	41,290	1,391,733	3%
Legal services	11,582	-	34,746	-	138,978	0%
Indirect costs	620,092	620,092	1,860,276	1,860,275	7,441,099	25%
Purchased water	91,800	153,798	275,400	166,302	1,101,594	15%
Effluent disposal	264,173	206,662	792,519	496,121	3,170,072	16%
Comptroller fees	155,727	155,727	467,181	467,181	1,868,724	25%
Officer fees	761	-	2,283	460	9,130	5%
Payments to other governments	316,829	285,559	950,487	669,210	3,801,947	18%
Janitorial	42,885	6,402	128,655	22,394	514,615	4%
Employment agency	112,435	49,805	337,305	120,392	1,349,220	9%
Training	26,418	6,100	79,254	8,095	317,010	3%
Paving	139,904	108,605	419,712	224,433	1,678,852	13%
Software licensing/support fee	195,983	110,344	587,949	131,826	2,351,794	6%
Other professional fees	237,757	36,237	713,271	44,026	2,853,078	2%
Contractual services	1,904,709	754,019	5,714,127	1,184,784	22,856,513	5%
Total contractual services	4,237,033	2,531,336	12,711,099	5,436,789	50,844,359	11%
Materials and supplies:						
Graphic reproduction services	5,194	-	15,582	-	62,331	0%
Office supplies	13,517	16,139	40,551	16,139	162,201	10%
Event/meal reimbursement	309	694	927	694	3,710	19%
Software <\$1000	4,544	1,676	13,632	2,054	54,527	4%
Computer equipment <\$500	5,876	3,051	17,628	3,312	70,509	5%
Equipment <\$1000	26,678	25,613	80,034	27,523	320,131	9%
Tools	10,014	4,584	30,042	13,957	120,169	12%
Medical	133	-	399	-	1,600	0%
Liquid oxygen	16,834	11,883	50,502	11,883	202,004	6%
Chemical and pesticides	8	-	24	-	100	0%
Solar salt	23,336	7,020	70,008	7,020	280,027	3%
Chlorine	159,775	45,379	479,325	159,623	1,917,300	8%
Fluoride	15,480	-	46,440	8,315	185,760	4%
Alum	4,961	-	14,883	3,842	59,528	6%
Polymer	88,663	2,266	265,989	87,495	1,063,954	8%
Sealing chemicals	208	-	624	-	2,500	0%
Corrosion control	60,315	3,800	180,945	106,601	723,779	15%
Carbon dioxide	49,205	13,758	147,615	13,758	590,460	2%
Sodium hydroxide	42,271	61,458	126,813	61,458	507,248	12%
Supplemental carbon	33,409	9,408	100,227	33,966	400,907	8%
Miscellaneous chemicals	31,579	11,767	94,737	16,053	378,944	4%
Material for construction	28,957	-	86,871	23,793	347,483	7%
Clothing	20,417	15,818	61,251	44,503	244,998	18%
Gas-oil-lube-brfl-ant	26,324	1,297	78,972	22,546	315,885	7%
Miscellaneous expenses	70,562	46,415	211,686	91,167	846,746	11%
Total materials & supplies	738,569	282,026	2,215,707	755,702	8,862,801	9%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED DECEMBER 31, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Utilities:						
Communications	\$ 69,232	\$ 31,826	\$ 207,696	\$ 137,512	\$ 830,784	17%
Water	9,878	127	29,634	18,582	118,536	16%
Solid waste tipping fees	41,398	(25,111)	124,194	35,793	496,780	7%
Garbage disposal	5,664	1,613	16,992	2,113	67,968	3%
Gas	14,678	3,980	44,034	12,508	176,132	7%
Electric	1,110,325	1,175,128	3,330,975	3,815,294	13,323,899	29%
Total utilities	1,251,175	1,187,563	3,753,525	4,021,802	15,014,099	27%
Repairs and maintenance:						
Building and grounds	592,179	327,922	1,776,537	1,003,938	7,106,148	14%
Equipment	706,482	279,904	2,119,446	478,275	8,477,789	6%
Vehicle maintenance	366,762	222,456	1,100,286	715,276	4,401,146	16%
Services	101,710	56,230	305,130	56,230	1,220,515	5%
Mains	75,973	11,671	227,919	74,559	911,671	8%
Water meters	13,497	-	40,491	-	161,965	0%
Fire lines	30,269	27,200	90,807	27,200	363,230	7%
Meter installations	42	-	126	-	500	0%
Valves	95,978	-	287,934	-	1,151,730	0%
Utility relocations	42	-	126	-	500	0%
Total repairs & maintenance	1,982,934	925,383	5,948,802	2,355,478	23,795,194	10%
Other administrative:						
Local travel	2,371	627	7,113	2,014	28,456	7%
Out of county travel	3,365	42	10,095	1,341	40,375	3%
Postage and messenger services	71,820	222,590	215,460	267,202	861,845	31%
Toll charges	19,128	25,197	57,384	41,178	229,532	18%
Rental of equipment	79,664	66,638	238,992	102,567	955,969	11%
Dues and memberships	13,872	1,957	41,616	33,075	166,462	20%
Subscriptions	2,306	441	6,918	938	27,672	3%
Training fees	13,484	6,626	40,452	6,626	161,808	4%
License and certification	3,540	1,687	10,620	2,303	42,474	5%
Advertising	1,243	-	3,729	-	14,920	0%
Promotional	9,803	-	29,409	11,234	117,635	10%
Educational assistance	2,875	-	8,625	1,185	34,500	3%
Scholarships, awards	638	-	1,914	-	7,655	0%
Improvements to non-county assets	15,934	36,257	47,802	36,257	191,209	19%
Bad debt expense	41,817	19,673	125,451	95,877	501,800	19%
Bank charges	92,319	97,264	276,957	97,431	1,107,822	9%
Self insurance	257,647	257,647	772,941	772,940	3,091,758	25%
Refunds of prior year revenue	25,000	4,022	75,000	121,587	300,000	41%
Operating permits	11,654	-	34,962	-	139,849	0%
Accrued expenses	-	34,885	-	2,254,249	-	0%
Total other administrative	668,480	775,553	2,005,440	3,848,004	8,021,741	48%
Total O&M expenses	\$ 13,704,897	\$ 10,332,844	\$ 41,114,691	\$ 31,003,120	\$ 164,458,668	19%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Interest revenue:						
Net revenue	\$ 171,741	\$ 251,971	\$ 515,223	\$ 800,833	\$ 2,060,889	39%
Connection fees	-	64,242	-	209,024	-	0%
Bond reserve	-	9	-	(2,185)	-	0%
Less: Customer deposits expense	-	(17,934)	-	(51,383)	-	0%
Total interest revenue	<u>171,741</u>	<u>298,288</u>	<u>515,223</u>	<u>956,289</u>	<u>2,060,889</u>	46%
Interest expense:						
Bonds and revolving loans	(424,121)	(384,330)	(1,272,363)	(1,152,437)	(5,089,453)	23%
Capital lease	(128)	(104)	(384)	(155)	(1,541)	10%
Debt service fees	(201,474)	-	(604,422)	-	(2,417,689)	0%
Amortization of bond premium	-	73,406	-	220,217	-	(1)
Total interest expense	<u>(625,723)</u>	<u>(311,028)</u>	<u>(1,877,169)</u>	<u>(932,375)</u>	<u>(7,508,683)</u>	12%
Gain on disposal of assets:						
Proceeds from sale	-	45,342	-	69,580	-	0%
Total gain on disposal of assets	<u>-</u>	<u>45,342</u>	<u>-</u>	<u>69,580</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (453,982)</u>	<u>\$ 32,602</u>	<u>\$ (1,361,946)</u>	<u>\$ 93,494</u>	<u>\$ (5,447,794)</u>	-2%

(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, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 2,920,448	\$ 2,587,380	\$ 5,502,012	\$ 10,349,514	53%
Irrigation	49,789	41,155	149,367	142,110	597,468	24%
Total water connection fees	<u>912,249</u>	<u>2,961,603</u>	<u>2,736,747</u>	<u>5,644,122</u>	<u>10,946,982</u>	52%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>5,565,487</u>	<u>4,572,531</u>	<u>11,350,212</u>	<u>18,290,123</u>	62%
Total wastewater connection fees	<u>1,524,177</u>	<u>5,565,487</u>	<u>4,572,531</u>	<u>11,350,212</u>	<u>18,290,123</u>	62%
Less reductions:						
Refunds of prior year collections	(83,333)	(1,151)	(249,999)	(5,774)	(1,000,000)	1%
Total reductions	<u>(83,333)</u>	<u>(1,151)</u>	<u>(249,999)</u>	<u>(5,774)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,353,093</u>	<u>8,525,939</u>	<u>7,059,279</u>	<u>16,988,560</u>	<u>28,237,105</u>	60%
DONATED SYSTEMS:						
Developer fixed assets	-	17,422	-	26,133	-	0%
Developer reimbursements	-	-	-	136	-	0%
Line extensions	-	7,770	-	21,600	-	0%
Total donated systems	<u>-</u>	<u>25,192</u>	<u>-</u>	<u>47,869</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 8,551,131</u>	<u>\$ 7,059,279</u>	<u>\$ 17,036,429</u>	<u>\$ 28,237,105</u>	60%

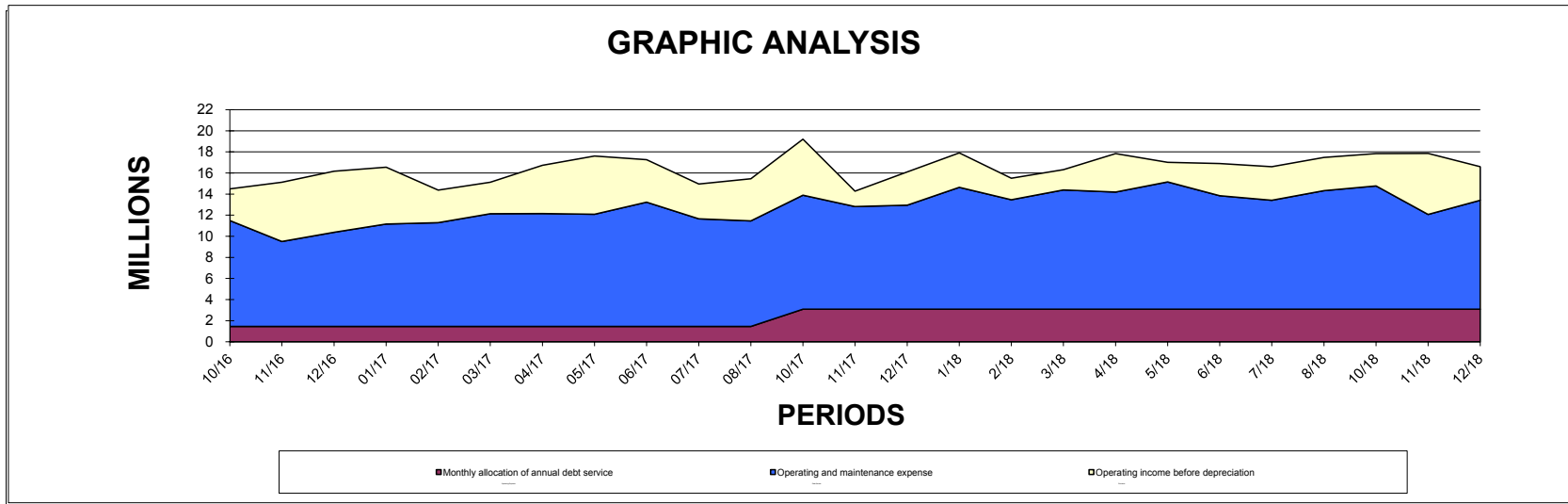
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED DECEMBER 31, 2018**

	DECEMBER BUDGET	DECEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 25%)
Capital outlay:						
Land	\$ 40,941	\$ 28	\$ 122,823	\$ 228,389	\$ 491,297	46%
Buildings	179,514	-	538,542	2,920	2,154,169	0%
Structures	12,984,649	6,265,681	38,953,947	7,819,511	155,815,789	5%
Equipment	973,134	634,578	2,919,402	1,160,597	11,677,602	10%
Total capital outlay	14,178,238	6,900,287	42,534,714	9,211,417	170,138,857	5%
Debt service principal	634,951	756,459	1,904,853	2,269,931	7,619,417	30%
Total other disbursements	<u>\$ 14,813,189</u>	<u>\$ 7,656,746</u>	<u>\$ 44,439,567</u>	<u>\$ 11,481,348</u>	<u>\$ 177,758,274</u>	6%

**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	0.60	0.67	0.51	0.63								
Water	0.84	0.90	0.78	0.86								
Wastewater	0.48	0.55	0.40	0.48								
Bond Coverage Ratios*	13.18	11.28	16.66	11.60								

*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, 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 \$12.4 million.