

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

OCTOBER

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current assets:	
Cash and investments	\$ 123,574,829
Accrued interest receivable	524,334
Accounts receivable, net	20,424,036
Due from other governmental agencies	5,046,147
Inventories and prepaid costs	<u>8,520,508</u>
Total current assets	<u>158,089,854</u>
Restricted assets:	
Cash and investments	<u>54,444,982</u>
Capital assets:	
Land	102,636,120
Construction in progress	256,547,627
Buildings and improvements	2,159,948,110
Machinery and equipment	100,691,713
Intangible assets	117,841,176
Less accumulated depreciation and amortization	<u>(1,291,964,178)</u>
Total capital assets	<u>1,445,700,568</u>
Total noncurrent and restricted assets	<u>1,500,145,550</u>
Total assets	<u>1,658,235,404</u>
Deferred outflows of resources:	
Related to pensions and OPEB	<u>15,916,090</u>
Total assets and deferred outflows of resources	<u>\$ 1,674,151,494</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Current liabilities:	
Accounts payable and accrued liabilities	\$ 32,905,145
Due to other governmental agencies	520,767
Net pension liability	<u>322,654</u>
Total current liabilities	<u>33,748,566</u>
Liabilities payable from restricted assets:	
Accrued interest payable on bonds and loans	593,089
Revenue bonds payable (net of unamortized costs)	3,430,000
Customer deposits	<u>10,601,313</u>
Total liabilities payable from restricted assets	<u>14,624,402</u>
Noncurrent liabilities:	
Compensated absences payable	1,540,394
Loans payable	93,644,117
Revenue bonds payable (net of unamortized costs)	85,372,243
Net pension and OPEB liability	<u>43,144,585</u>
Total noncurrent liabilities	<u>223,701,339</u>
Total liabilities	<u>272,074,307</u>
Deferred inflows of resources:	
Related to pensions and OPEB	<u>4,710,266</u>
Total liabilities and deferred inflows of resources	<u>276,784,573</u>

**NET POSITION**

Net investment in capital assets	1,263,254,208
Restricted for debt service	43,250,580
Unrestricted	<u>90,862,133</u>
Total net position	<u>1,397,366,921</u>
Total liabilities and net position	<u>\$ 1,674,151,494</u>

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

OCTOBER

Current:

Reserve revenue	\$	85,322,128
Water connection fees		21,797,445
Wastewater connection fees		16,450,156
Petty cash		<u>5,100</u>
Total current cash and investments		<u>123,574,829</u>

Restricted:

Operation and maintenance reserve		26,510,582
Renewal and replacement		8,017,775
Bond reserve (1)		6,315,764
Bond principal		294,934
Bond interest		230,480
Loan debt service		1,712,305
Loan repayment reserve		761,829
Customer deposits		<u>10,601,313</u>
Total restricted cash and investments		<u>54,444,982</u>
Total cash and investments	\$	<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 OCTOBER 31, 2018**

	<u>OCTOBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,670,479	\$ 4,670,479
Wastewater service	11,450,125	11,450,125
Reclaimed water service	822,391	822,391
Miscellaneous	539,055	539,055
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Total operating revenues	17,482,050	17,482,050
Operating and maintenance expenses:		
Personal services	5,157,657	5,157,657
Contractual services	1,283,150	1,283,150
Materials and supplies	215,559	215,559
Utilities	1,802,883	1,802,883
Repairs and maintenance	679,575	679,575
Other administrative expenses	2,542,606	2,542,606
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Total operating and maintenance expenses	11,681,430	11,681,430
Operating income before depreciation	5,800,620	5,800,620
Depreciation and amortization	5,867,500	5,867,500
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Operating loss	(66,880)	(66,880)
Nonoperating revenues (expenses):		
Interest revenue	360,689	360,689
Interest expense and fiscal charges	(310,770)	(310,770)
Gain on disposal of assets	23,987	23,987
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Total net nonoperating revenues (expenses)	73,906	73,906
Income before contributions and transfers	7,026	7,026
Capital contributions	3,062,734	3,062,734
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Change in net position	3,069,760	3,069,760
Total net position, beginning of period	1,394,297,161	1,394,297,161
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Total net position, end of period	\$ 1,397,366,921	\$ 1,397,366,921
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See accompanying notes to financial statements

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
<b>Water service:</b>						
Residential	\$ 2,232,982	\$ 2,279,119	\$ 2,232,982	\$ 2,279,119	\$ 26,795,779	9%
Commercial	1,399,494	1,424,549	1,399,494	1,424,549	16,793,930	8%
Conservation surcharge	1,007,319	966,811	1,007,319	966,811	12,087,826	8%
Total water service	<u>4,639,795</u>	<u>4,670,479</u>	<u>4,639,795</u>	<u>4,670,479</u>	<u>55,677,535</u>	8%
<b>Wastewater service:</b>						
Residential	5,617,464	5,580,443	5,617,464	5,580,443	67,409,567	8%
Commercial	5,046,569	5,553,813	5,046,569	5,553,813	60,558,832	9%
Environmental surcharge	213,867	234,188	213,867	234,188	2,566,401	9%
Industrial	7,306	17,930	7,306	17,930	87,667	20%
Septic and portable	55,917	50,222	55,917	50,222	671,007	7%
Capacity maintenance fees	9,442	13,529	9,442	13,529	113,304	12%
Total wastewater service	<u>10,950,565</u>	<u>11,450,125</u>	<u>10,950,565</u>	<u>11,450,125</u>	<u>131,406,778</u>	9%
<b>Reclaimed water service:</b>						
Reclaimed service	820,620	782,816	820,620	782,816	9,847,435	8%
Reclaimed water-cooling tower	20,424	39,575	20,424	39,575	245,089	16%
Total reclaimed water service	<u>841,044</u>	<u>822,391</u>	<u>841,044</u>	<u>822,391</u>	<u>10,092,524</u>	8%
<b>Miscellaneous:</b>						
Initiate account service	44,592	46,672	44,592	46,672	535,105	9%
Turn off/on service	32,894	37,129	32,894	37,129	394,731	9%
Lien fee charges	469	-	469	-	5,630	0%
Meter removal/testing	4,196	2,930	4,196	2,930	50,347	6%
Meter/line damage	19,934	6,369	19,934	6,369	239,211	3%
NSF charges	4,008	6,429	4,008	6,429	48,091	13%
Plans and specifications	75,006	44,631	75,006	44,631	900,076	5%
Charges to other funds	1,388	-	1,388	-	16,653	0%
Developer reimb of plan review	45,388	26,807	45,388	26,807	544,653	5%
Cross Connection Control Program	226,259	217,050	226,259	217,050	2,715,113	8%
Miscellaneous	135,922	151,038	135,922	151,038	1,631,058	9%
Total miscellaneous	<u>590,056</u>	<u>539,055</u>	<u>590,056</u>	<u>539,055</u>	<u>7,080,668</u>	8%
Total operating revenues	<u>\$ 17,021,460</u>	<u>\$ 17,482,050</u>	<u>\$ 17,021,460</u>	<u>\$ 17,482,050</u>	<u>\$ 204,257,505</u>	9%

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
<b>Personal services:</b>						
Salaries	\$ 3,467,351	\$ 4,346,654	\$ 3,467,351	\$ 4,346,654	\$ 41,608,212	10%
Fringe benefits	1,351,249	811,003	1,351,249	811,003	16,214,991	5%
<b>Total personal services</b>	<b>4,818,600</b>	<b>5,157,657</b>	<b>4,818,600</b>	<b>5,157,657</b>	<b>57,823,203</b>	<b>9%</b>
<b>Contractual services:</b>						
Research and studies	115,978	-	115,978	-	1,391,733	0%
Legal services	11,582	-	11,582	-	138,978	0%
Indirect costs	620,092	620,092	620,092	620,092	7,441,099	8%
Purchased water	91,800	-	91,800	-	1,101,594	0%
Effluent disposal	264,173	106,382	264,173	106,382	3,170,072	3%
Comptroller fees	155,727	155,727	155,727	155,727	1,868,724	8%
Officer fees	761	-	761	-	9,130	0%
Payments to other governments	316,829	142,135	316,829	142,135	3,801,947	4%
Janitorial	42,885	-	42,885	-	514,615	0%
Employment agency	112,435	23,385	112,435	23,385	1,349,220	2%
Training	26,418	-	26,418	-	317,010	0%
Paving	139,904	35,060	139,904	35,060	1,678,852	2%
Software licensing/support fee	195,983	8,900	195,983	8,900	2,351,794	0%
Other professional fees	237,757	17,076	237,757	17,076	2,853,078	1%
Contractual services	1,791,401	174,393	1,791,401	174,393	21,496,815	1%
<b>Total contractual services</b>	<b>4,123,725</b>	<b>1,283,150</b>	<b>4,123,725</b>	<b>1,283,150</b>	<b>49,484,661</b>	<b>3%</b>
<b>Materials and supplies:</b>						
Graphic reproduction services	5,194	-	5,194	-	62,331	0%
Office supplies	13,517	-	13,517	-	162,201	0%
Event/meal reimbursement	309	-	309	-	3,710	0%
Software <\$1000	4,544	-	4,544	-	54,527	0%
Computer equipment <\$500	5,876	261	5,876	261	70,509	0%
Equipment <\$1000	26,678	916	26,678	916	320,131	0%
Tools	10,014	1,067	10,014	1,067	120,169	1%
Medical	133	-	133	-	1,600	0%
Liquid oxygen	16,834	-	16,834	-	202,004	0%
Chemical and pesticides	8	-	8	-	100	0%
Solar salt	23,336	-	23,336	-	280,027	0%
Chlorine	159,775	87,096	159,775	87,096	1,917,300	5%
Fluoride	15,480	-	15,480	-	185,760	0%
Alum	4,961	3,842	4,961	3,842	59,528	6%
Polymer	88,663	41,185	88,663	41,185	1,063,954	4%
Sealing chemicals	208	-	208	-	2,500	0%
Corrosion control	60,315	18,032	60,315	18,032	723,779	2%
Carbon dioxide	49,205	-	49,205	-	590,460	0%
Sodium hydroxide	42,271	22,876	42,271	22,876	507,248	5%
Supplemental carbon	33,409	24,558	33,409	24,558	400,907	6%
Miscellaneous chemicals	31,579	1,799	31,579	1,799	378,944	0%
Material for construction	28,957	2,079	28,957	2,079	347,483	1%
Clothing	20,417	4,183	20,417	4,183	244,998	2%
Gas-oil-lube-brfl-ant	26,324	-	26,324	-	315,885	0%
Miscellaneous expenses	70,562	7,665	70,562	7,665	846,746	1%
<b>Total materials &amp; supplies</b>	<b>738,569</b>	<b>215,559</b>	<b>738,569</b>	<b>215,559</b>	<b>8,862,801</b>	<b>2%</b>

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
<b>Utilities:</b>						
Communications	\$ 69,232	\$ 57,093	\$ 69,232	\$ 57,093	\$ 830,784	7%
Water	9,878	12,590	9,878	12,590	118,536	11%
Solid waste tipping fees	41,398	-	41,398	-	496,780	0%
Garbage disposal	5,664	222	5,664	222	67,968	0%
Gas	14,678	6,710	14,678	6,710	176,132	4%
Electric	1,110,325	1,726,268	1,110,325	1,726,268	13,323,899	13%
<b>Total utilities</b>	<b>1,251,175</b>	<b>1,802,883</b>	<b>1,251,175</b>	<b>1,802,883</b>	<b>15,014,099</b>	<b>12%</b>
<b>Repairs and maintenance:</b>						
Building and grounds	592,179	336,411	592,179	336,411	7,106,148	5%
Equipment	706,066	88,396	706,066	88,396	8,472,789	1%
Vehicle maintenance	366,762	235,467	366,762	235,467	4,401,146	5%
Services	101,710	-	101,710	-	1,220,515	0%
Mains	75,973	19,301	75,973	19,301	911,671	2%
Water meters	13,497	-	13,497	-	161,965	0%
Fire lines	30,269	-	30,269	-	363,230	0%
Meter installations	42	-	42	-	500	0%
Valves	95,978	-	95,978	-	1,151,730	0%
Utility relocations	42	-	42	-	500	0%
<b>Total repairs &amp; maintenance</b>	<b>1,982,518</b>	<b>679,575</b>	<b>1,982,518</b>	<b>679,575</b>	<b>23,790,194</b>	<b>3%</b>
<b>Other administrative:</b>						
Local travel	2,371	-	2,371	-	28,456	0%
Out of county travel	3,365	1,201	3,365	1,201	40,375	3%
Postage and messenger services	71,820	40,450	71,820	40,450	861,845	5%
Toll charges	19,128	5,398	19,128	5,398	229,532	2%
Rental of equipment	79,664	24,585	79,664	24,585	955,969	3%
Dues and memberships	13,872	21,527	13,872	21,527	166,462	13%
Subscriptions	2,306	497	2,306	497	27,672	2%
Training fees	13,484	-	13,484	-	161,808	0%
License and certification	3,540	349	3,540	349	42,474	1%
Advertising	1,243	-	1,243	-	14,920	0%
Promotional	9,803	11,234	9,803	11,234	117,635	10%
Educational assistance	2,875	-	2,875	-	34,500	0%
Scholarships, awards	638	-	638	-	7,655	0%
Improvements to non-county assets	15,934	-	15,934	-	191,209	0%
Bad debt expense	41,817	38,404	41,817	38,404	501,800	8%
Bank charges	92,319	271	92,319	271	1,107,822	0%
Self insurance	257,647	257,647	257,647	257,647	3,091,758	8%
Refunds of prior year revenue	25,000	-	25,000	-	300,000	0%
Operating permits	11,654	-	11,654	-	139,849	0%
Accrued expenses	-	2,141,043	-	2,141,043	-	0%
<b>Total other administrative</b>	<b>668,480</b>	<b>2,542,606</b>	<b>668,480</b>	<b>2,542,606</b>	<b>8,021,741</b>	<b>32%</b>
<b>Total O&amp;M expenses</b>	<b>\$ 13,583,067</b>	<b>\$ 11,681,430</b>	<b>\$ 13,583,067</b>	<b>\$ 11,681,430</b>	<b>\$ 162,996,699</b>	<b>7%</b>

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
<b>Interest revenue:</b>						
Net revenue	\$ 171,741	\$ 300,029	\$ 171,741	\$ 300,029	\$ 2,060,889	15%
Connection fees	-	78,630	-	78,630	-	0%
Bond reserve	-	(2,203)	-	(2,203)	-	0%
Less: Customer deposits expense	-	(15,767)	-	(15,767)	-	0%
<b>Total interest revenue</b>	<u>171,741</u>	<u>360,689</u>	<u>171,741</u>	<u>360,689</u>	<u>2,060,889</u>	<b>18%</b>
<b>Interest expense:</b>						
Bonds and revolving loans	(424,121)	(384,176)	(424,121)	(384,176)	(5,089,453)	8%
Capital lease	(128)	-	(128)	-	(1,541)	0%
Debt service fees	(201,474)	-	(201,474)	-	(2,417,689)	0%
Amortization of bond premium	-	73,406	-	73,406	-	(1)
<b>Total interest expense</b>	<u>(625,723)</u>	<u>(310,770)</u>	<u>(625,723)</u>	<u>(310,770)</u>	<u>(7,508,683)</u>	<b>4%</b>
<b>Gain on disposal of assets:</b>						
Proceeds from sale	-	23,987	-	23,987	-	0%
<b>Total gain on disposal of assets</b>	<u>-</u>	<u>23,987</u>	<u>-</u>	<u>23,987</u>	<u>-</u>	<b>(1)</b>
<b>Total non-operating revenues (expenses)</b>	<u>\$ (453,982)</u>	<u>\$ 73,906</u>	<u>\$ (453,982)</u>	<u>\$ 73,906</u>	<u>\$ (5,447,794)</u>	<b>-1%</b>

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

**ORANGE COUNTY WATER UTILITIES SYSTEM  
CAPITAL CONTRIBUTIONS DETAIL  
FOR THE MONTH ENDED OCTOBER 31, 2018**

	<u>OCTOBER BUDGET</u>	<u>OCTOBER ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 8%)</u>
<b>CONNECTION FEES COLLECTED:</b>						
Water connection fees:						
Residential/Commercial	\$ 862,460	\$ 1,064,173	\$ 862,460	\$ 1,064,173	\$ 10,349,514	10%
Irrigation	<u>49,789</u>	<u>50,555</u>	<u>49,789</u>	<u>50,555</u>	<u>597,468</u>	8%
Total water connection fees	<u>912,249</u>	<u>1,114,728</u>	<u>912,249</u>	<u>1,114,728</u>	<u>10,946,982</u>	10%
Wastewater connection fees:						
Residential/Commercial	<u>1,524,177</u>	<u>1,946,224</u>	<u>1,524,177</u>	<u>1,946,224</u>	<u>18,290,123</u>	11%
Total wastewater connection fees	<u>1,524,177</u>	<u>1,946,224</u>	<u>1,524,177</u>	<u>1,946,224</u>	<u>18,290,123</u>	11%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(4,623)</u>	<u>(83,333)</u>	<u>(4,623)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	<u>(4,623)</u>	<u>(83,333)</u>	<u>(4,623)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,353,093</u>	<u>3,056,329</u>	<u>2,353,093</u>	<u>3,056,329</u>	<u>28,237,105</u>	11%
<b>DONATED SYSTEMS:</b>						
Line extensions	<u>-</u>	<u>6,405</u>	<u>-</u>	<u>6,405</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>6,405</u>	<u>-</u>	<u>6,405</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,353,093</u>	<u>\$ 3,062,734</u>	<u>\$ 2,353,093</u>	<u>\$ 3,062,734</u>	<u>\$ 28,237,105</u>	11%



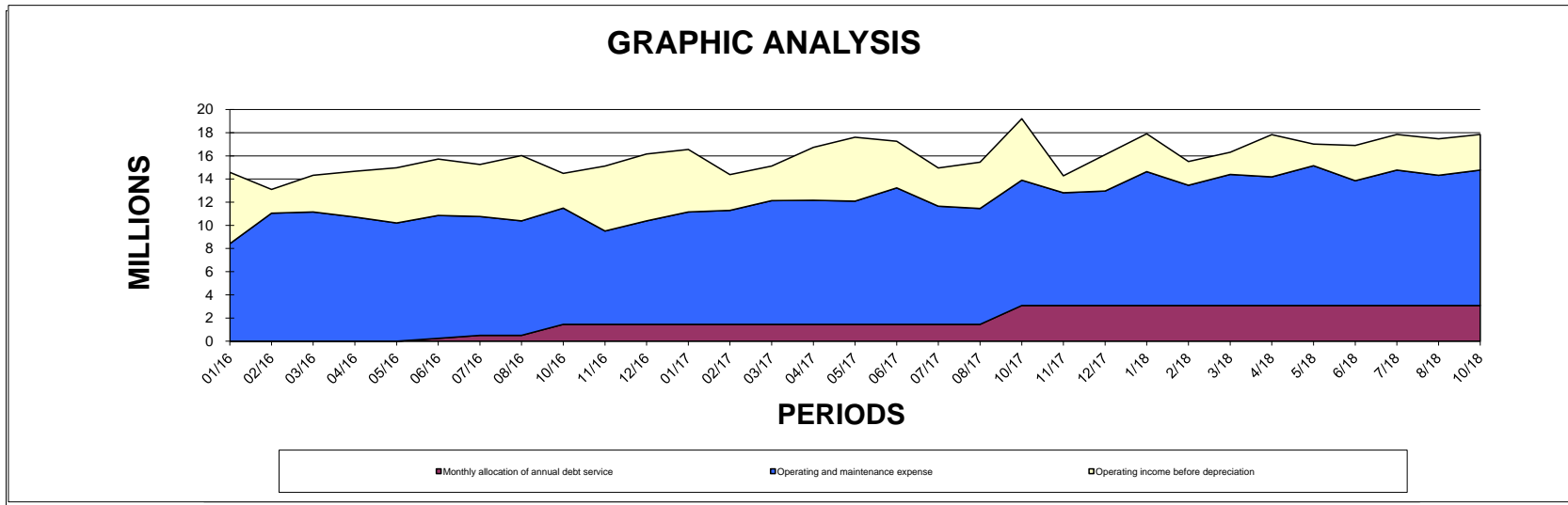
**ORANGE COUNTY WATER UTILITIES SYSTEM  
OTHER DISBURSEMENTS DETAIL  
FOR THE MONTH ENDED OCTOBER 31, 2018**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Capital outlay:						
Land	\$ 40,525	\$ 325	\$ 40,525	\$ 325	\$ 486,297	0%
Buildings	95,981	4,197	95,981	4,197	1,151,773	0%
Structures	17,808,241	642,760	17,808,241	642,760	213,698,896	0%
Equipment	1,047,540	1,525	1,047,540	1,525	12,570,484	0%
Total capital outlay	18,992,287	648,807	18,992,287	648,807	227,907,450	0%
Debt service principal	634,951	756,613	634,951	756,613	7,619,417	10%
Total other disbursements	<u>\$ 19,627,238</u>	<u>\$ 1,405,420</u>	<u>\$ 19,627,238</u>	<u>\$ 1,405,420</u>	<u>\$ 235,526,867</u>	1%

**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	0.67	0.67										
Water	0.90	0.90										
Wastewater	0.55	0.55										
Bond Coverage Ratios*	11.28	11.28										

\*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 OCTOBER 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 \$12.2 million.