

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
FEBRUARY 28 AND JANUARY 31, 2018**

	FEBRUARY	JANUARY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 113,217,943	\$ 111,109,509
Accrued interest receivable	451,593	451,593
Accounts receivable, net	19,073,490	20,788,938
Due from other governmental agencies	11,433,290	11,202,223
Inventories and prepaid costs	13,397,476	13,469,214
Total current assets	157,573,792	157,021,477
Restricted assets:		
Cash and investments	55,753,286	54,691,895
Capital assets:		
Land	102,682,503	102,512,607
Construction in progress	231,686,483	223,827,018
Buildings and improvements	2,103,948,741	2,103,910,055
Machinery and equipment	101,955,508	101,502,635
Intangible assets	97,500,221	97,500,102
Less accumulated depreciation and amortization	(1,258,089,826)	(1,250,960,367)
Total capital assets	1,379,683,630	1,378,292,050
Total noncurrent and restricted assets	1,435,436,916	1,432,983,945
Total assets	1,593,010,708	1,590,005,422
Deferred outflows of resources:		
Related to pensions	14,989,702	14,989,702
Total assets and deferred outflows of resources	\$ 1,608,000,410	\$ 1,604,995,124
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,859,411	\$ 22,394,329
Due to other governmental agencies	445,146	536,431
Net pension liability	343,702	343,702
Total current liabilities	22,648,259	23,274,462
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,515,630	1,212,800
Customer deposits	10,645,291	10,284,234
Total liabilities payable from restricted assets	12,160,921	11,497,034
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	94,393,989	93,925,148
Revenue bonds payable (net of unamortized costs)	92,734,568	92,819,413
Net pension liability	38,502,153	38,502,153
Total noncurrent liabilities	227,165,740	226,781,744
Total liabilities	261,974,920	261,553,240
Deferred inflows of resources:		
Related to pensions	2,188,764	2,188,764
Total liabilities and deferred inflows of resources	264,163,684	263,742,004
<u>NET POSITION</u>		
Net investment in capital assets	1,192,555,073	1,191,547,489
Restricted for debt service	43,592,365	43,194,861
Unrestricted	107,689,288	106,510,770
Total net position	1,343,836,726	1,341,253,120
Total liabilities and net position	\$ 1,608,000,410	\$ 1,604,995,124

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
FEBRUARY 28 AND JANUARY 31, 2018**

	<u>FEBRUARY</u>	<u>JANUARY</u>
Current:		
Reserve revenue	\$ 75,521,857	\$ 77,109,470
Water connection fees	14,737,917	13,506,347
Wastewater connection fees	22,953,069	20,488,592
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>113,217,943</u>	<u>111,109,509</u>
Restricted:		
Operation and maintenance reserve	26,305,175	26,314,320
Renewal and replacement	8,010,494	8,013,650
Bond reserve (1)	6,230,363	6,230,198
Bond principal	1,362,491	1,089,436
Bond interest	1,213,614	970,591
Loan debt service	1,224,720	1,028,029
Loan repayment reserve	761,138	761,437
Customer deposits	<u>10,645,291</u>	<u>10,284,234</u>
Total restricted cash and investments	<u>55,753,286</u>	<u>54,691,895</u>
Total cash and investments	<u>\$ 168,971,229</u>	<u>\$ 165,801,404</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 FEBRUARY 28, 2018**

	<u>FEBRUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,185,382	\$ 22,079,632
Wastewater service	10,022,955	53,021,581
Reclaimed water service	610,375	3,798,724
Miscellaneous	491,350	2,244,216
	<hr/>	<hr/>
Total operating revenues	15,310,062	81,144,153
	<hr/>	<hr/>
Operating and maintenance expenses:		
Personal services	4,047,201	21,860,389
Contractual services	3,250,655	11,943,933
Materials and supplies	566,307	2,288,495
Utilities	501,503	5,529,134
Repairs and maintenance	1,220,014	5,713,656
Other administrative expenses	787,850	5,014,019
	<hr/>	<hr/>
Total operating and maintenance expenses	10,373,530	52,349,626
	<hr/>	<hr/>
Operating income before depreciation	4,936,532	28,794,527
	<hr/>	<hr/>
Depreciation and amortization	7,201,305	36,006,305
	<hr/>	<hr/>
Operating loss	(2,264,773)	(7,211,778)
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest revenue	195,940	1,857,365
Interest expense and fiscal charges	(234,913)	(1,139,521)
Loss on the disposal of assets	(205)	(107,399)
	<hr/>	<hr/>
Total net nonoperating expenses	(39,178)	610,445
	<hr/>	<hr/>
Loss before contributions and transfers	(2,303,951)	(6,601,333)
	<hr/>	<hr/>
Capital contributions	4,887,557	15,350,742
Transfers out	-	(9,100,000)
	<hr/>	<hr/>
Change in net position	2,583,606	(350,591)
	<hr/>	<hr/>
Total net position, beginning of period	1,341,253,120	1,344,187,317
	<hr/>	<hr/>
Total net position, end of period	<u>\$ 1,343,836,726</u>	<u>\$ 1,343,836,726</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2018**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Water service:						
Residential	\$ 2,519,752	\$ 2,302,291	\$ 12,598,760	\$ 11,156,402	\$ 30,237,026	37%
Commercial	1,333,333	1,257,924	6,666,665	6,605,332	15,999,992	41%
Conservation surcharge	903,676	625,167	4,518,380	4,317,898	10,844,115	40%
Total water service	<u>4,756,761</u>	<u>4,185,382</u>	<u>23,783,805</u>	<u>22,079,632</u>	<u>57,081,133</u>	39%
Wastewater service:						
Residential	5,297,471	5,343,404	26,487,355	27,238,270	63,569,656	43%
Commercial	4,914,026	4,392,234	24,570,130	24,280,259	58,968,311	41%
Environmental surcharge	212,942	200,698	1,064,710	1,092,099	2,555,309	43%
Industrial	6,145	13,810	30,725	66,325	73,738	90%
Septic and portable	51,363	60,736	256,815	257,231	616,357	42%
Capacity maintenance fees	10,069	12,073	50,345	87,397	120,832	72%
Total wastewater service	<u>10,492,016</u>	<u>10,022,955</u>	<u>52,460,080</u>	<u>53,021,581</u>	<u>125,904,203</u>	42%
Reclaimed water service:						
Reclaimed service	702,341	600,611	3,511,705	3,732,956	8,428,093	44%
Reclaimed water-cooling tower	18,686	9,764	93,430	65,768	224,236	29%
Total reclaimed water service	<u>721,027</u>	<u>610,375</u>	<u>3,605,135</u>	<u>3,798,724</u>	<u>8,652,329</u>	44%
Miscellaneous:						
Initiate account service	44,922	35,904	224,610	193,314	539,065	36%
Turn off/on service	30,953	29,113	154,765	168,863	371,440	45%
Lien fee charges	398	480	1,990	1,880	4,775	39%
Meter removal/testing	4,751	4,384	23,755	21,582	57,015	38%
Meter/line damage	20,788	8,214	103,940	206,723	249,455	83%
NSF charges	3,587	4,214	17,935	25,386	43,042	59%
Plans and specifications	73,111	89,991	365,555	454,480	877,329	52%
Charges to other funds	1,365	1,445	6,825	6,922	16,375	42%
Developer reimb of plan review	29,543	45,637	147,715	270,463	354,510	76%
Miscellaneous	150,373	271,968	751,865	894,603	1,804,481	50%
Total miscellaneous	<u>359,791</u>	<u>491,350</u>	<u>1,798,955</u>	<u>2,244,216</u>	<u>4,317,487</u>	52%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 15,310,062</u>	<u>\$ 81,647,975</u>	<u>\$ 81,144,153</u>	<u>\$ 195,955,152</u>	41%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2018**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,055,850	\$ 16,420,620	\$ 16,666,023	\$ 39,409,483	42%
Fringe benefits	1,249,013	991,351	6,245,065	5,194,366	14,988,155	35%
Total personal services	4,533,137	4,047,201	22,665,685	21,860,389	54,397,638	40%
Contractual services:						
Research and studies	76,416	17,325	382,080	80,696	916,989	9%
Legal services	12,116	-	60,580	9,066	145,392	6%
Indirect costs	552,539	552,539	2,762,695	2,762,693	6,630,462	42%
Purchased water	65,150	220,795	325,750	279,276	781,794	36%
Effluent disposal	277,844	210,417	1,389,220	763,967	3,334,122	23%
Comptroller fees	166,495	166,496	832,475	832,477	1,997,944	42%
Officer fees	1,050	681	5,250	2,023	12,600	16%
Payments to other governments	275,898	321,305	1,379,490	1,249,859	3,310,776	38%
Janitorial	38,420	30,671	192,100	129,747	461,038	28%
Employment agency	107,930	80,531	539,650	213,811	1,295,160	17%
Training	17,164	1,730	85,820	6,920	205,973	3%
Paving	160,103	316,600	800,515	802,523	1,921,236	42%
Software licensing/support fee	184,328	49,708	921,640	795,657	2,211,933	36%
Other professional fees	194,816	6,889	974,080	155,067	2,337,790	7%
Contractual services	1,837,976	1,274,968	9,189,880	3,860,151	22,055,711	18%
Total contractual services	3,968,245	3,250,655	19,841,225	11,943,933	47,618,920	25%
Materials and supplies:						
Graphic reproduction services	3,834	4,667	19,170	13,317	46,008	29%
Office supplies	13,428	14,566	67,140	35,834	161,136	22%
Event/meal reimbursement	405	350	2,025	400	4,860	8%
Software <\$1000	12,947	-	64,735	-	155,367	0%
Computer equipment <\$500	5,512	9,542	27,560	14,700	66,139	22%
Equipment <\$1000	21,288	38,853	106,440	64,307	255,461	25%
Tools	10,026	11,539	50,130	46,135	120,309	38%
Medical	133	-	665	-	1,600	0%
Liquid oxygen	14,996	8,199	74,980	32,708	179,953	18%
Chemical and pesticides	8	4,560	40	4,560	100	4560%
Solar salt	16,391	20,508	81,955	90,240	196,686	46%
Chlorine	116,346	147,662	581,730	610,976	1,396,149	44%
Fluoride	15,050	16,227	75,250	35,762	180,600	20%
Alum	891	3,836	4,455	15,217	10,692	142%
Polymer	57,942	68,539	289,710	318,045	695,309	46%
Sealing chemicals	208	-	1,040	1,500	2,500	60%
Corrosion control	55,568	75,203	277,840	240,559	666,817	36%
Carbon dioxide	47,313	-	236,565	149,127	567,750	26%
Sodium hydroxide	43,934	23,860	219,670	118,889	527,205	23%
Supplemental carbon	33,238	9,400	166,190	37,695	398,850	9%
Miscellaneous chemicals	29,084	28,531	145,420	85,716	349,007	25%
Material for construction	28,875	6,244	144,375	80,560	346,504	23%
Clothing	16,311	12,795	81,555	64,483	195,731	33%
Gas-oil-lube-brfl-ant	18,115	2,995	90,575	19,809	217,381	9%
Miscellaneous expenses	64,900	58,231	324,500	207,956	778,803	27%
Total materials & supplies	626,743	566,307	3,133,715	2,288,495	7,520,917	30%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED FEBRUARY 28, 2018**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Utilities:						
Communications	\$ 66,620	\$ 46,474	\$ 333,100	\$ 235,639	\$ 799,439	29%
Water	9,848	6,612	49,240	43,455	118,176	37%
Solid waste tipping fees	41,398	26,911	206,990	148,279	496,780	30%
Garbage disposal	5,061	4,666	25,305	15,345	60,728	25%
Gas	14,142	42,451	70,710	71,685	169,707	42%
Electric	1,066,972	374,389	5,334,860	5,014,731	12,803,662	39%
Total utilities	1,204,041	501,503	6,020,205	5,529,134	14,448,492	38%
Repairs and maintenance:						
Building and grounds	538,789	222,533	2,693,945	2,122,600	6,465,465	33%
Equipment	629,532	597,299	3,147,660	1,957,492	7,554,384	26%
Vehicle maintenance	369,243	326,544	1,846,215	1,425,075	4,430,918	32%
Services	150,759	362	753,795	27,542	1,809,113	2%
Mains	25,864	14,201	129,320	92,517	310,364	30%
Water meters	3,070	-	15,350	-	36,845	0%
Fire lines	21,435	59,075	107,175	88,230	257,225	34%
Meter installations	42	-	210	-	500	0%
Valves	5,135	-	25,675	200	61,620	0%
Utility relocations	42	-	210	-	500	0%
Total repairs & maintenance	1,743,911	1,220,014	8,719,555	5,713,656	20,926,934	27%
Other administrative:						
Local travel	2,404	1,834	12,020	5,304	28,845	18%
Out of county travel	2,820	2,573	14,100	7,675	33,841	23%
Postage and messenger services	69,852	204,527	349,260	423,545	838,223	51%
Toll charges	19,063	16,449	95,315	63,277	228,757	28%
Rental of equipment	62,027	83,590	310,135	202,593	744,319	27%
Dues and memberships	14,107	1,493	70,535	95,973	169,287	57%
Subscriptions	2,726	1,069	13,630	3,274	32,709	10%
Training fees	12,072	8,185	60,360	44,483	144,858	31%
License and certification	2,820	343	14,100	1,920	33,839	6%
Leases-bldgs	617	-	3,085	-	7,404	0%
Advertising	963	-	4,815	780	11,560	7%
Promotional	13,305	1,498	66,525	6,863	159,658	4%
Educational assistance	2,792	-	13,960	4,997	33,500	15%
Scholarships, awards	624	-	3,120	-	7,485	0%
Bad debt expense	35,750	49,503	178,750	409,003	429,000	95%
Bank charges	80,679	118,677	403,395	318,729	968,150	33%
Self insurance	267,306	267,306	1,336,530	1,336,531	3,207,674	42%
Refunds of prior year revenue	25,000	189	125,000	128,163	300,000	43%
Operating permits	11,654	-	58,270	-	139,849	0%
Accrued expenses	-	30,614	-	1,960,909	-	0%
Total other administrative	626,581	787,850	3,132,905	5,014,019	7,518,958	67%
Total O&M expenses	\$ 12,702,658	\$ 10,373,530	\$ 63,513,290	\$ 52,349,626	\$ 152,431,859	34%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2018**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 162,272	\$ 812,955	\$ 1,689,267	\$ 1,951,090	87%
Connection fees	-	42,864	-	209,623	-	0%
Bond reserve	-	166	-	(1,612)	-	0%
Less: Customer deposits expense	-	(9,362)	-	(39,913)	-	0%
Total interest revenue	<u>162,591</u>	<u>195,940</u>	<u>812,955</u>	<u>1,857,365</u>	<u>1,951,090</u>	95%
Interest expense:						
Bonds and revolving loans	(707,717)	(319,561)	(3,538,585)	(1,563,000)	(8,492,603)	18%
Capital lease	(110)	(197)	(550)	(747)	(1,318)	57%
Debt service fees	(61,373)	-	(306,865)	-	(736,480)	0%
Amortization of bond premium	-	84,845	-	424,226	-	(1)
Total interest expense	<u>(769,200)</u>	<u>(234,913)</u>	<u>(3,846,000)</u>	<u>(1,139,521)</u>	<u>(9,230,401)</u>	12%
Loss on disposal of assets:						
Gain on disposal of fixed assets	-	(205)	-	(205)	-	(1)
Loss on abandoned projects	-	-	-	(107,194)	-	(1)
Total Loss on disposal of assets	<u>-</u>	<u>(205)</u>	<u>-</u>	<u>(107,399)</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (606,609)</u>	<u>\$ (39,178)</u>	<u>\$ (3,033,045)</u>	<u>\$ 610,445</u>	<u>\$ (7,279,311)</u>	-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 FEBRUARY 28, 2018**

	<u>FEBRUARY BUDGET</u>	<u>FEBRUARY ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 42%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 1,671,042	\$ 4,455,495	\$ 5,042,437	\$ 10,693,183	47%
Irrigation	47,268	45,325	236,340	248,337	567,216	44%
Total water connection fees	<u>938,367</u>	<u>1,716,367</u>	<u>4,691,835</u>	<u>5,290,774</u>	<u>11,260,399</u>	47%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>3,148,395</u>	<u>8,044,410</u>	<u>9,933,929</u>	<u>19,306,589</u>	51%
Total wastewater connection fees	<u>1,608,882</u>	<u>3,148,395</u>	<u>8,044,410</u>	<u>9,933,929</u>	<u>19,306,589</u>	51%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(3,406)</u>	<u>(416,665)</u>	<u>(4,916)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	<u>(3,406)</u>	<u>(416,665)</u>	<u>(4,916)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,463,916</u>	<u>4,861,356</u>	<u>12,319,580</u>	<u>15,219,787</u>	<u>29,566,988</u>	51%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	63,206	-	0%
Developer reimbursements	-	-	-	16,424	-	0%
Line extensions	<u>-</u>	<u>17,490</u>	<u>-</u>	<u>51,325</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>26,201</u>	<u>-</u>	<u>130,955</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 4,887,557</u>	<u>\$ 12,319,580</u>	<u>\$ 15,350,742</u>	<u>\$ 29,566,988</u>	52%

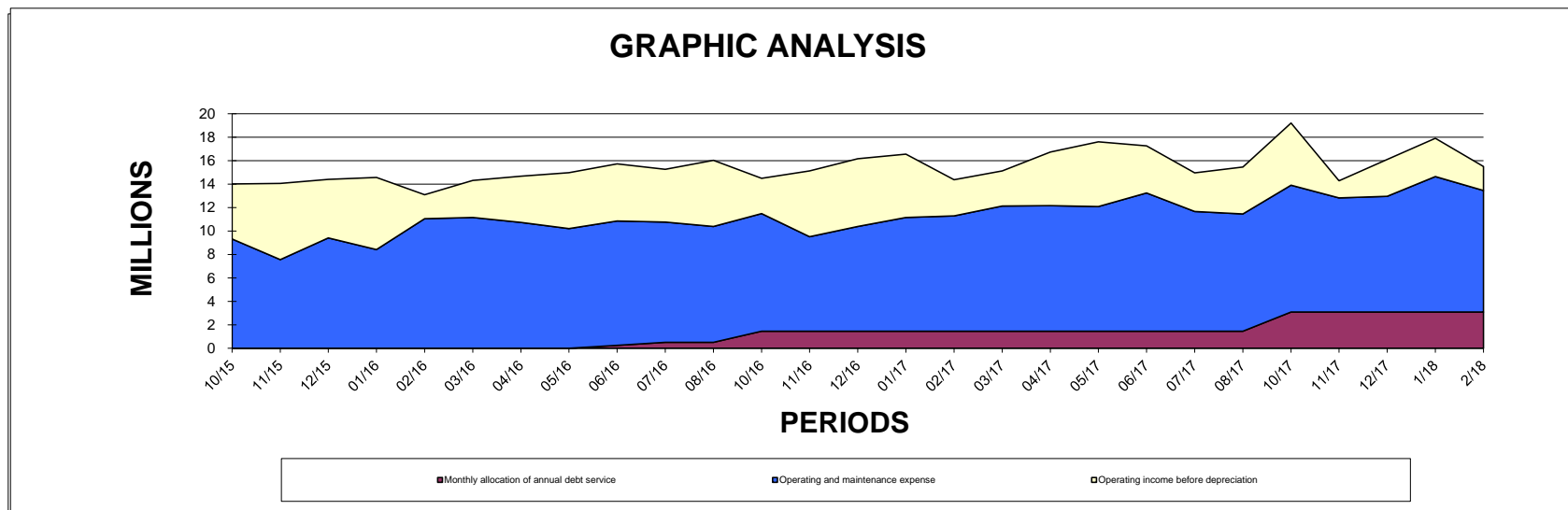
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2018**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Capital outlay:						
Land	\$ 259,072	\$ 42,829	\$ 1,295,360	\$ 129,552	\$ 3,108,859	4%
Buildings	85,051	-	425,255	-	1,020,613	0%
Structures	12,566,495	7,859,465	62,832,475	26,262,718	150,797,936	17%
Equipment	904,758	690,796	4,523,790	1,155,901	10,857,096	11%
Total capital outlay	13,815,376	8,593,090	69,076,880	27,548,171	165,784,504	17%
Debt service principal	478,925	445,413	2,394,625	2,279,827	5,747,104	40%
Total other disbursements	<u>\$ 14,294,301</u>	<u>\$ 9,038,503</u>	<u>\$ 71,471,505</u>	<u>\$ 29,827,998</u>	<u>\$ 171,531,608</u>	17%

**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	0.65	0.57	0.75	0.62	0.65	0.68						
Water	0.82	0.95	0.87	0.73	0.83	0.71						
Wastewater	0.52	0.42	0.60	0.51	0.54	0.61						
Bond Coverage Ratios*	11.20	16.07	6.47	12.02	11.84	9.60						

*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 FEBRUARY 28, 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 \$11.3 million.