

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
APRIL 30 AND MARCH 31, 2018**

	APRIL	MARCH
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 114,333,482	\$ 112,091,343
Accrued interest receivable	451,593	451,593
Accounts receivable, net	20,095,076	19,096,737
Due from other governmental agencies	12,149,014	11,533,005
Inventories and prepaid costs	13,454,460	14,406,706
Total current assets	160,483,625	157,579,384
Restricted assets:		
Cash and investments	54,656,948	55,521,349
Capital assets:		
Land	102,734,400	102,707,464
Construction in progress	247,151,146	238,850,122
Buildings and improvements	2,103,948,741	2,103,948,741
Machinery and equipment	98,865,301	101,226,925
Intangible assets	97,500,221	97,500,221
Less accumulated depreciation and amortization	(1,269,023,982)	(1,264,268,421)
Total capital assets	1,381,175,827	1,379,965,052
Total noncurrent and restricted assets	1,435,832,775	1,435,486,401
Total assets	1,596,316,400	1,593,065,785
Deferred outflows of resources:		
Related to pensions	14,989,702	14,989,702
Total assets and deferred outflows of resources	\$ 1,611,306,102	\$ 1,608,055,487
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,660,257	\$ 18,831,826
Due to other governmental agencies	547,627	492,966
Net pension liability	343,702	343,702
Total current liabilities	20,551,586	19,668,494
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	367,441	1,568,748
Customer deposits	10,551,940	10,557,512
Total liabilities payable from restricted assets	10,919,381	12,126,260
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	95,109,713	94,493,704
Revenue bonds payable (net of unamortized costs)	92,564,876	92,649,722
Net pension liability	38,502,153	38,502,153
Total noncurrent liabilities	227,711,772	227,180,609
Total liabilities	259,182,739	258,975,363
Deferred inflows of resources:		
Related to pensions	2,188,764	2,188,764
Total liabilities and deferred inflows of resources	261,371,503	261,164,127
<u>NET POSITION</u>		
Net investment in capital assets	1,193,501,238	1,192,821,626
Restricted for debt service	43,737,567	43,395,089
Unrestricted	112,695,794	110,674,645
Total net position	1,349,934,599	1,346,891,360
Total liabilities and net position	\$ 1,611,306,102	\$ 1,608,055,487

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
APRIL 30 AND MARCH 31, 2018**

	<u>APRIL</u>	<u>MARCH</u>
Current:		
Reserve revenue	\$ 75,931,344	\$ 72,933,317
Water connection fees	16,783,363	16,306,417
Wastewater connection fees	21,613,675	22,846,509
Petty cash	<u>5,100</u>	<u>5,100</u>
Total current cash and investments	<u>114,333,482</u>	<u>112,091,343</u>
Restricted:		
Operation and maintenance reserve	26,316,425	26,290,934
Renewal and replacement	8,013,849	8,005,983
Bond reserve (1)	6,268,442	6,268,154
Bond principal	1,906,433	1,632,500
Bond interest	243,637	1,452,947
Loan debt service	594,766	552,610
Loan repayment reserve	761,456	760,709
Customer deposits	<u>10,551,940</u>	<u>10,557,512</u>
Total restricted cash and investments	<u>54,656,948</u>	<u>55,521,349</u>
Total cash and investments	<u>\$ 168,990,430</u>	<u>\$ 167,612,692</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 APRIL 30, 2018**

	<u>APRIL</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,859,447	\$ 31,047,013
Wastewater service	11,274,633	74,800,994
Reclaimed water service	789,534	5,318,729
Miscellaneous	619,220	3,645,137
	<hr/>	<hr/>
Total operating revenues	17,542,834	114,811,873
	<hr/>	<hr/>
Operating and maintenance expenses:		
Personal services	4,055,871	30,968,175
Contractual services	2,758,347	17,443,484
Materials and supplies	565,983	3,383,050
Utilities	1,267,240	7,718,974
Repairs and maintenance	1,983,795	9,311,249
Other administrative expenses	470,607	5,935,808
	<hr/>	<hr/>
Total operating and maintenance expenses	11,101,843	74,760,740
	<hr/>	<hr/>
Operating income before depreciation	6,440,991	40,051,133
	<hr/>	<hr/>
Depreciation and amortization	7,203,310	50,410,865
	<hr/>	<hr/>
Operating loss	(762,319)	(10,359,732)
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest revenue	292,207	2,334,211
Interest expense and fiscal charges	(228,924)	(2,019,259)
Gain on disposal of assets	206,713	249,114
	<hr/>	<hr/>
Total net nonoperating revenues (expenses)	269,996	564,066
	<hr/>	<hr/>
Loss before contributions and transfers	(492,323)	(9,795,666)
	<hr/>	<hr/>
Capital contributions	3,535,562	24,642,948
Transfers out	-	(9,100,000)
	<hr/>	<hr/>
Change in net position	3,043,239	5,747,282
	<hr/>	<hr/>
Total net position, beginning of period	1,346,891,360	1,344,187,317
	<hr/>	<hr/>
Total net position, end of period	<u>\$ 1,349,934,599</u>	<u>\$ 1,349,934,599</u>

See accompanying notes to financial statements

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

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
Water service:						
Residential	\$ 2,102,419	\$ 2,244,106	\$ 14,716,933	\$ 15,266,916	\$ 25,229,032	61%
Commercial	1,333,333	1,486,784	9,333,331	9,388,602	15,999,992	59%
Conservation surcharge	903,676	1,128,557	6,325,732	6,391,495	10,844,115	59%
Total water service	<u>4,339,428</u>	<u>4,859,447</u>	<u>30,375,996</u>	<u>31,047,013</u>	<u>52,073,139</u>	60%
Wastewater service:						
Residential	5,297,471	5,671,303	37,082,297	38,252,650	63,569,656	60%
Commercial	4,914,026	5,310,209	34,398,182	34,474,616	58,968,311	58%
Environmental surcharge	212,942	201,023	1,490,594	1,493,695	2,555,309	58%
Industrial	6,145	17,291	43,015	100,479	73,738	136%
Septic and portable	51,363	66,224	359,541	382,475	616,357	62%
Capacity maintenance fees	10,069	8,583	70,483	97,079	120,832	80%
Total wastewater service	<u>10,492,016</u>	<u>11,274,633</u>	<u>73,444,112</u>	<u>74,800,994</u>	<u>125,904,203</u>	59%
Reclaimed water service:						
Reclaimed service	702,341	770,059	4,916,387	5,212,425	8,428,093	62%
Reclaimed water-cooling tower	18,686	19,475	130,802	106,304	224,236	47%
Total reclaimed water service	<u>721,027</u>	<u>789,534</u>	<u>5,047,189</u>	<u>5,318,729</u>	<u>8,652,329</u>	61%
Miscellaneous:						
Initiate account service	44,922	42,562	314,454	278,868	539,065	52%
Turn off/on service	30,953	32,552	216,671	233,621	371,440	63%
Lien fee charges	398	360	2,786	2,820	4,775	59%
Meter removal/testing	4,751	3,728	33,257	30,312	57,015	53%
Meter/line damage	20,788	(7,732)	145,516	198,637	249,455	80%
NSF charges	3,587	3,913	25,109	37,078	43,042	86%
Plans and specifications	73,111	45,407	511,777	533,235	877,329	61%
Charges to other funds	1,365	1,951	9,555	8,873	16,375	54%
Developer reimb of plan review	29,543	37,999	206,801	349,153	354,510	98%
Miscellaneous	567,706	458,480	3,973,942	1,972,540	6,812,475	29%
Total miscellaneous	<u>777,124</u>	<u>619,220</u>	<u>5,439,868</u>	<u>3,645,137</u>	<u>9,325,481</u>	39%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 17,542,834</u>	<u>\$ 114,307,165</u>	<u>\$ 114,811,873</u>	<u>\$ 195,955,152</u>	59%

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

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,105,971	\$ 22,988,868	\$ 23,367,707	\$ 39,409,483	59%
Fringe benefits	1,249,013	949,900	8,743,091	7,600,468	14,988,155	51%
Total personal services	4,533,137	4,055,871	31,731,959	30,968,175	54,397,638	57%
Contractual services:						
Research and studies	76,416	13,666	534,912	141,743	916,989	15%
Legal services	12,145	-	85,015	9,066	145,742	6%
Indirect costs	552,539	552,538	3,867,773	3,867,769	6,630,462	58%
Purchased water	65,150	129,866	456,050	473,570	781,794	61%
Effluent disposal	270,510	222,485	1,893,570	1,300,218	3,246,122	40%
Comptroller fees	166,495	167,116	1,165,465	1,166,088	1,997,944	58%
Officer fees	1,050	931	7,350	3,980	12,600	32%
Payments to other governments	275,898	321,840	1,931,286	1,849,728	3,310,776	56%
Janitorial	38,420	15,661	268,940	174,848	461,038	38%
Employment agency	107,930	56,340	755,510	334,311	1,295,160	26%
Training	17,164	14,672	120,148	23,322	205,973	11%
Paving	160,103	187,278	1,120,721	1,100,487	1,921,236	57%
Software licensing/support fee	184,328	31,687	1,290,296	936,673	2,211,933	42%
Other professional fees	194,816	38,967	1,363,712	245,075	2,337,790	10%
Contractual services	1,838,572	1,005,300	12,870,004	5,816,606	22,062,861	26%
Total contractual services	3,961,536	2,758,347	27,730,752	17,443,484	47,538,420	37%
Materials and supplies:						
Graphic reproduction services	3,834	2,822	26,838	23,807	46,008	52%
Office supplies	13,428	4,726	93,996	55,766	161,136	35%
Event/meal reimbursement	405	50	2,835	450	4,860	9%
Software <\$1000	12,947	805	90,629	1,107	155,367	1%
Computer equipment <\$500	5,595	-	39,165	16,946	67,139	25%
Equipment <\$1000	21,372	10,665	149,604	123,778	256,461	48%
Tools	10,026	12,530	70,182	71,903	120,309	60%
Medical	133	-	931	-	1,600	0%
Liquid oxygen	14,996	8,063	104,972	48,585	179,953	27%
Chemical and pesticides	8	-	56	4,560	100	4560%
Solar salt	16,391	13,457	114,737	123,766	196,686	63%
Chlorine	116,346	107,776	814,422	824,968	1,396,149	59%
Fluoride	15,050	11,732	105,350	47,494	180,600	26%
Alum	891	1,855	6,237	20,914	10,692	196%
Polymer	57,942	36,894	405,594	396,449	695,309	57%
Sealing chemicals	208	-	1,456	8,649	2,500	346%
Corrosion control	55,568	60,503	388,976	353,755	666,817	53%
Carbon dioxide	47,313	143,541	331,191	292,668	567,750	52%
Sodium hydroxide	43,934	29,516	307,538	172,143	527,205	33%
Supplemental carbon	33,238	18,727	232,666	75,266	398,850	19%
Miscellaneous chemicals	29,084	26,190	203,588	129,581	349,007	37%
Material for construction	28,875	5,940	202,125	98,764	346,504	29%
Clothing	16,311	8,802	114,177	90,431	195,731	46%
Gas-oil-lube-brfl-ant	18,115	6,405	126,805	37,993	217,381	17%
Miscellaneous expenses	64,900	54,984	454,300	363,307	778,803	47%
Total materials & supplies	626,910	565,983	4,388,370	3,383,050	7,522,917	45%

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

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
Utilities:						
Communications	\$ 66,620	\$ 45,862	\$ 466,340	\$ 325,465	\$ 799,439	41%
Water	9,848	13,507	68,936	61,895	118,176	52%
Solid waste tipping fees	41,398	73,503	289,786	221,782	496,780	45%
Garbage disposal	5,061	3,532	35,427	21,987	60,728	36%
Gas	14,142	12,101	98,994	88,201	169,707	52%
Electric	1,066,972	1,118,735	7,468,804	6,999,644	12,803,662	55%
Total utilities	1,204,041	1,267,240	8,428,287	7,718,974	14,448,492	53%
Repairs and maintenance:						
Building and grounds	538,789	789,001	3,771,523	3,713,305	6,465,465	57%
Equipment	629,532	692,198	4,406,724	3,079,490	7,554,384	41%
Vehicle maintenance	369,327	384,604	2,585,289	2,169,799	4,431,918	49%
Services	150,759	24,368	1,055,313	73,415	1,809,113	4%
Mains	25,864	58,604	181,048	151,790	310,364	49%
Water meters	3,070	-	21,490	-	36,845	0%
Fire lines	21,435	35,020	150,045	123,250	257,225	48%
Meter installations	42	-	294	-	500	0%
Valves	5,135	-	35,945	200	61,620	0%
Utility relocations	42	-	294	-	500	0%
Total repairs & maintenance	1,743,995	1,983,795	12,207,965	9,311,249	20,927,934	44%
Other administrative:						
Local travel	2,404	1,325	16,828	8,026	28,845	28%
Out of county travel	2,820	1,878	19,740	11,011	33,841	33%
Postage and messenger services	69,852	2,057	488,964	434,990	838,223	52%
Toll charges	19,063	20,637	133,441	100,205	228,757	44%
Rental of equipment	62,110	39,339	434,770	310,580	745,319	42%
Dues and memberships	14,107	2,090	98,749	99,576	169,287	59%
Subscriptions	2,726	246	19,082	7,758	32,709	24%
Training fees	12,197	16,136	85,379	88,130	146,358	60%
License and certification	2,820	73	19,740	2,387	33,839	7%
Leases-bldgs	617	-	4,319	-	7,404	0%
Advertising	963	-	6,741	780	11,560	7%
Promotional	13,305	-	93,135	9,156	159,658	6%
Educational assistance	2,792	-	19,544	6,247	33,500	19%
Scholarships, awards	624	-	4,368	-	7,485	0%
Bad debt expense	35,750	(11,801)	250,250	388,541	429,000	91%
Bank charges	80,396	100,439	562,772	519,668	964,750	54%
Self insurance	267,306	267,306	1,871,142	1,871,143	3,207,674	58%
Refunds of prior year revenue	25,000	719	175,000	131,385	300,000	44%
Operating permits	11,654	-	81,578	-	139,849	0%
Accrued expenses	-	30,163	-	1,946,225	-	0%
Total other administrative	626,506	470,607	4,385,542	5,935,808	7,518,058	79%
Total O&M expenses	\$ 12,696,125	\$ 11,101,843	\$ 88,872,875	\$ 74,760,740	\$ 152,353,459	49%

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

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 246,443	\$ 1,138,137	\$ 2,068,875	\$ 1,951,090	106%
Connection fees	-	56,168	-	288,841	-	0%
Bond reserve	-	287	-	36,466	-	0%
Less: Customer deposits expense	-	(10,691)	-	(59,971)	-	0%
Total interest revenue	162,591	292,207	1,138,137	2,334,211	1,951,090	120%
Interest expense:						
Bonds and revolving loans	(707,717)	(313,670)	(4,954,019)	(2,841,365)	(8,492,603)	33%
Capital lease	(110)	(100)	(770)	(880)	(1,318)	67%
Debt service fees	(61,373)	-	(429,611)	-	(736,480)	0%
Amortization of bond premium	-	84,846	-	822,986	-	(1)
Total interest expense	(769,200)	(228,924)	(5,384,400)	(2,019,259)	(9,230,401)	22%
Loss on disposal of assets:						
Gain on disposal of fixed assets	-	206,713	-	356,308	-	(1)
Loss on abandoned projects	-	-	-	(107,194)	-	(1)
Total Loss on disposal of assets	-	206,713	-	249,114	-	(1)
Total non-operating revenues (expenses)	\$ (606,609)	\$ 269,996	\$ (4,246,263)	\$ 564,066	\$ (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 APRIL 30, 2018**

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 842,572	\$ 6,237,693	\$ 7,443,801	\$ 10,693,183	70%
Irrigation	47,268	51,880	330,876	365,107	567,216	64%
Total water connection fees	<u>938,367</u>	<u>894,452</u>	<u>6,568,569</u>	<u>7,808,908</u>	<u>11,260,399</u>	69%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>2,626,996</u>	<u>11,262,174</u>	<u>16,677,164</u>	<u>19,306,589</u>	86%
Total wastewater connection fees	<u>1,608,882</u>	<u>2,626,996</u>	<u>11,262,174</u>	<u>16,677,164</u>	<u>19,306,589</u>	86%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(1,237)</u>	<u>(583,331)</u>	<u>(6,232)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(1,237)</u>	<u>(583,331)</u>	<u>(6,232)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,463,916</u>	<u>3,520,211</u>	<u>17,247,412</u>	<u>24,479,840</u>	<u>29,566,988</u>	83%
DONATED SYSTEMS:						
Developer fixed assets	-	9,811	-	81,728	-	0%
Developer reimbursements	-	-	-	16,560	-	0%
Line extensions	<u>-</u>	<u>5,540</u>	<u>-</u>	<u>64,820</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>15,351</u>	<u>-</u>	<u>163,108</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 3,535,562</u>	<u>\$ 17,247,412</u>	<u>\$ 24,642,948</u>	<u>\$ 29,566,988</u>	83%

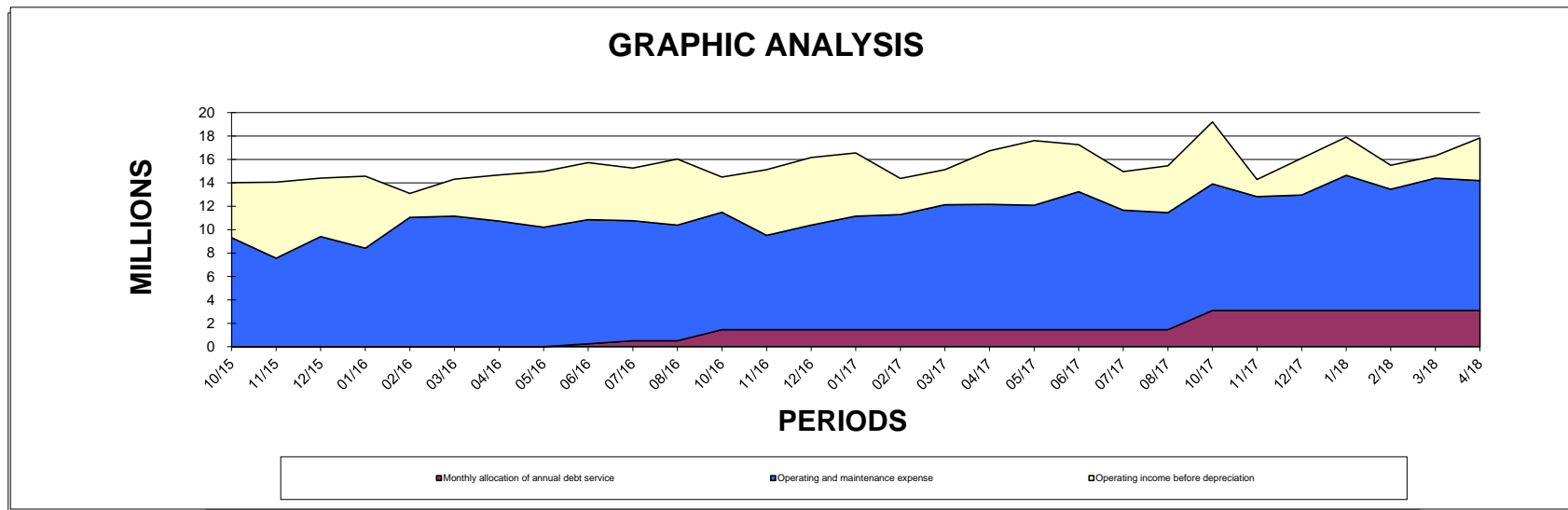
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED APRIL 30, 2018**

	APRIL BUDGET	APRIL ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 58%)
Capital outlay:						
Land	\$ 259,072	\$ 7,350	\$ 1,813,504	\$ 154,285	\$ 3,108,859	5%
Buildings	84,968	-	594,776	22,011	1,019,613	2%
Structures	12,565,495	8,301,024	87,958,465	42,130,084	150,785,936	28%
Equipment	912,375	110,383	6,386,625	1,418,134	10,948,496	13%
Total capital outlay	13,821,910	8,418,757	96,753,370	43,724,514	165,862,904	26%
Debt service principal	478,925	457,894	3,352,475	3,195,374	5,747,104	56%
Total other disbursements	<u>\$ 14,300,835</u>	<u>\$ 8,876,651</u>	<u>\$ 100,105,845</u>	<u>\$ 46,919,888</u>	<u>\$ 171,610,008</u>	27%

**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	0.70	0.63				
Water	0.83	0.95	0.87	0.73	0.83	0.71	0.97	0.73				
Wastewater	0.53	0.42	0.60	0.51	0.54	0.61	0.55	0.54				
Bond Coverage Ratios*	11.13	16.07	6.47	12.02	11.84	9.60	9.36	12.53				

*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 APRIL 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 \$11.6 million.