

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

	MAY	APRIL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 126,336,022	\$ 114,333,482
Accrued interest receivable	451,593	451,593
Accounts receivable, net	18,806,472	20,095,076
Due from other governmental agencies	2,680,700	12,149,014
Inventories and prepaid costs	12,449,987	13,454,460
Total current assets	160,724,774	160,483,625
Restricted assets:		
Cash and investments	55,421,341	54,656,948
Capital assets:		
Land	102,776,713	102,734,400
Construction in progress	255,656,412	247,151,146
Buildings and improvements	2,103,948,741	2,103,948,741
Machinery and equipment	99,057,807	98,865,301
Intangible assets	99,247,721	97,500,221
Less accumulated depreciation and amortization	(1,276,053,704)	(1,269,023,982)
Total capital assets	1,384,633,690	1,381,175,827
Total noncurrent and restricted assets	1,440,055,031	1,435,832,775
Total assets	1,600,779,805	1,596,316,400
Deferred outflows of resources:		
Related to pensions	14,989,702	14,989,702
Total assets and deferred outflows of resources	\$ 1,615,769,507	\$ 1,611,306,102

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,012,913	\$ 19,660,257
Due to other governmental agencies	521,312	547,627
Net pension liability	343,702	343,702
Total current liabilities	21,877,927	20,551,586
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	678,112	367,441
Customer deposits	10,547,022	10,551,940
Total liabilities payable from restricted assets	11,225,134	10,919,381
Noncurrent liabilities:		
Compensated absences payable	1,535,030	1,535,030
Loans payable	96,006,638	95,109,713
Revenue bonds payable (net of unamortized costs)	92,480,031	92,564,876
Net pension liability	38,502,153	38,502,153
Total noncurrent liabilities	228,523,852	227,711,772
Total liabilities	261,626,913	259,182,739
Deferred inflows of resources:		
Related to pensions	2,188,764	2,188,764
Total liabilities and deferred inflows of resources	263,815,677	261,371,503

NET POSITION

Net investment in capital assets	1,196,147,021	1,193,501,238
Restricted for debt service	44,196,207	43,737,567
Unrestricted	111,610,602	112,695,794
Total net position	1,351,953,830	1,349,934,599
Total liabilities and net position	\$ 1,615,769,507	\$ 1,611,306,102

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

	<u>MAY</u>	<u>APRIL</u>
Current:		
Reserve revenue	\$ 88,928,410	\$ 75,931,344
Water connection fees	17,647,575	16,783,363
Wastewater connection fees	19,758,437	21,613,675
Petty cash	<u>1,600</u>	<u>5,100</u>
Total current cash and investments	<u>126,336,022</u>	<u>114,333,482</u>
Restricted:		
Operation and maintenance reserve	26,315,172	26,316,425
Renewal and replacement	8,013,356	8,013,849
Bond reserve (1)	6,268,716	6,268,442
Bond principal	2,180,870	1,906,433
Bond interest	486,053	243,637
Loan debt service	848,743	594,766
Loan repayment reserve	761,409	761,456
Customer deposits	<u>10,547,022</u>	<u>10,551,940</u>
Total restricted cash and investments	<u>55,421,341</u>	<u>54,656,948</u>
Total cash and investments	<u>\$ 181,757,363</u>	<u>\$ 168,990,430</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 MAY 31, 2018**

	<u>MAY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,533,727	\$ 35,580,740
Wastewater service	10,499,700	85,300,694
Reclaimed water service	924,515	6,243,244
Miscellaneous	792,766	4,437,903
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Total operating revenues	16,750,708	131,562,581
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Operating and maintenance expenses:		
Personal services	4,918,910	35,887,085
Contractual services	2,710,764	20,154,248
Materials and supplies	796,389	4,179,439
Utilities	1,218,540	8,937,514
Repairs and maintenance	1,917,988	11,229,237
Other administrative expenses	500,532	6,436,340
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Total operating and maintenance expenses	12,063,123	86,823,863
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Operating income before depreciation	4,687,585	44,738,718
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Depreciation and amortization	7,201,250	57,612,115
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Operating loss	(2,513,665)	(12,873,397)
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Nonoperating revenues (expenses):		
Interest revenue	259,687	2,593,898
Interest expense and fiscal charges	(225,947)	(2,245,206)
Gain on disposal of assets	-	249,114
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Total net nonoperating revenues (expenses)	33,740	597,806
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Loss before contributions and transfers	(2,479,925)	(12,275,591)
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Capital contributions	4,499,156	29,142,104
Transfers out	-	(9,100,000)
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Change in net position	2,019,231	7,766,513
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Total net position, beginning of period	1,349,934,599	1,344,187,317
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Total net position, end of period	<u>\$ 1,351,953,830</u>	<u>\$ 1,351,953,830</u>

See accompanying notes to financial statements

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

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Water service:						
Residential	\$ 2,102,419	\$ 2,237,546	\$ 16,819,352	\$ 17,504,462	\$ 25,229,032	69%
Commercial	1,333,333	1,270,835	10,666,664	10,659,437	15,999,992	67%
Conservation surcharge	903,676	1,025,346	7,229,408	7,416,841	10,844,115	68%
Total water service	<u>4,339,428</u>	<u>4,533,727</u>	<u>34,715,424</u>	<u>35,580,740</u>	<u>52,073,139</u>	68%
Wastewater service:						
Residential	5,297,471	5,654,908	42,379,768	43,907,558	63,569,656	69%
Commercial	4,914,026	4,550,543	39,312,208	39,025,159	58,968,311	66%
Environmental surcharge	212,942	201,358	1,703,536	1,695,053	2,555,309	66%
Industrial	6,145	23,362	49,160	123,841	73,738	168%
Septic and portable	51,363	47,781	410,904	430,256	616,357	70%
Capacity maintenance fees	10,069	21,748	80,552	118,827	120,832	98%
Total wastewater service	<u>10,492,016</u>	<u>10,499,700</u>	<u>83,936,128</u>	<u>85,300,694</u>	<u>125,904,203</u>	68%
Reclaimed water service:						
Reclaimed service	702,341	898,172	5,618,728	6,110,597	8,428,093	73%
Reclaimed water-cooling tower	18,686	26,343	149,488	132,647	224,236	59%
Total reclaimed water service	<u>721,027</u>	<u>924,515</u>	<u>5,768,216</u>	<u>6,243,244</u>	<u>8,652,329</u>	72%
Miscellaneous:						
Initiate account service	44,922	46,864	359,376	325,732	539,065	60%
Turn off/on service	30,953	31,231	247,624	264,852	371,440	71%
Lien fee charges	398	220	3,184	3,040	4,775	64%
Meter removal/testing	4,751	3,375	38,008	33,687	57,015	59%
Meter/line damage	20,788	11,311	166,304	209,948	249,455	84%
NSF charges	3,587	6,503	28,696	43,581	43,042	101%
Plans and specifications	73,111	27,231	584,888	560,466	877,329	64%
Charges to other funds	1,365	1,548	10,920	10,421	16,375	64%
Developer reimb of plan review	29,543	45,381	236,344	394,534	354,510	111%
Miscellaneous	567,706	619,102	4,541,648	2,591,642	6,812,475	38%
Total miscellaneous	<u>777,124</u>	<u>792,766</u>	<u>6,216,992</u>	<u>4,437,903</u>	<u>9,325,481</u>	48%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 16,750,708</u>	<u>\$ 130,636,760</u>	<u>\$ 131,562,581</u>	<u>\$ 195,955,152</u>	67%

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

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,847,403	\$ 26,272,992	\$ 27,215,110	\$ 39,409,483	69%
Fringe benefits	1,249,013	1,071,507	9,992,104	8,671,975	14,988,155	58%
Total personal services	<u>4,533,137</u>	<u>4,918,910</u>	<u>36,265,096</u>	<u>35,887,085</u>	<u>54,397,638</u>	66%
Contractual services:						
Research and studies	76,416	25,504	611,328	167,247	916,989	18%
Legal services	12,145	350	97,160	9,416	145,742	6%
Indirect costs	552,539	552,539	4,420,312	4,420,308	6,630,462	67%
Purchased water	65,150	76,938	521,200	550,508	781,794	70%
Effluent disposal	270,510	456,106	2,164,080	1,756,324	3,246,122	54%
Comptroller fees	166,495	166,496	1,331,960	1,332,584	1,997,944	67%
Officer fees	1,050	512	8,400	4,492	12,600	36%
Payments to other governments	275,898	150,629	2,207,184	2,000,357	3,310,776	60%
Janitorial	38,420	31,193	307,360	206,041	461,038	45%
Employment agency	107,930	78,043	863,440	412,354	1,295,160	32%
Training	17,164	2,490	137,312	25,812	205,973	13%
Paving	160,103	155,260	1,280,824	1,255,747	1,921,236	65%
Software licensing/support fee	184,328	89,953	1,474,624	1,026,626	2,211,933	46%
Other professional fees	194,816	88,883	1,558,528	333,958	2,337,790	14%
Contractual services	1,838,572	835,868	14,708,576	6,652,474	22,062,861	30%
Total contractual services	<u>3,961,536</u>	<u>2,710,764</u>	<u>31,692,288</u>	<u>20,154,248</u>	<u>47,538,420</u>	42%
Materials and supplies:						
Graphic reproduction services	3,834	9,749	30,672	33,556	46,008	73%
Office supplies	13,428	6,162	107,424	61,928	161,136	38%
Event/meal reimbursement	405	80	3,240	530	4,860	11%
Software <\$1000	12,947	-	103,576	1,107	155,367	1%
Computer equipment <\$500	5,595	445	44,760	17,391	67,139	26%
Equipment <\$1000	21,372	72,800	170,976	196,578	256,461	77%
Tools	10,026	7,372	80,208	79,275	120,309	66%
Medical	133	-	1,064	-	1,600	0%
Liquid oxygen	14,996	8,204	119,968	56,789	179,953	32%
Chemical and pesticides	8	-	64	4,560	100	4560%
Solar salt	16,391	24,069	131,128	147,835	196,686	75%
Chlorine	116,346	171,045	930,768	996,013	1,396,149	71%
Fluoride	15,050	7,150	120,400	54,644	180,600	30%
Alum	891	5,569	7,128	26,483	10,692	248%
Polymer	57,942	118,833	463,536	515,282	695,309	74%
Sealing chemicals	208	-	1,664	8,649	2,500	346%
Corrosion control	55,568	77,303	444,544	431,058	666,817	65%
Carbon dioxide	47,313	59,241	378,504	351,909	567,750	62%
Sodium hydroxide	43,934	23,616	351,472	195,759	527,205	37%
Supplemental carbon	33,238	9,396	265,904	84,662	398,850	21%
Miscellaneous chemicals	29,084	17,225	232,672	146,806	349,007	42%
Material for construction	28,875	28,769	231,000	127,533	346,504	37%
Clothing	16,311	13,037	130,488	103,468	195,731	53%
Gas-oil-lube-brfl-ant	18,115	1,872	144,920	39,865	217,381	18%
Miscellaneous expenses	64,900	134,452	519,200	497,759	778,803	64%
Total materials & supplies	<u>626,910</u>	<u>796,389</u>	<u>5,015,280</u>	<u>4,179,439</u>	<u>7,522,917</u>	56%

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

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Utilities:						
Communications	\$ 66,620	\$ 48,834	\$ 532,960	\$ 374,299	\$ 799,439	47%
Water	9,848	6,296	78,784	68,191	118,176	58%
Solid waste tipping fees	41,398	-	331,184	221,782	496,780	45%
Garbage disposal	5,061	4,460	40,488	26,447	60,728	44%
Gas	14,142	12,837	113,136	101,038	169,707	60%
Electric	1,066,972	1,146,113	8,535,776	8,145,757	12,803,662	64%
Total utilities	1,204,041	1,218,540	9,632,328	8,937,514	14,448,492	62%
Repairs and maintenance:						
Building and grounds	538,789	663,749	4,310,312	4,377,054	6,465,465	68%
Equipment	629,532	810,965	5,036,256	3,890,455	7,554,384	51%
Vehicle maintenance	369,327	331,971	2,954,616	2,501,770	4,431,918	56%
Services	150,759	51,642	1,206,072	125,057	1,809,113	7%
Mains	25,864	23,868	206,912	175,658	310,364	57%
Water meters	3,070	-	24,560	-	36,845	0%
Fire lines	21,435	35,793	171,480	159,043	257,225	62%
Meter installations	42	-	336	-	500	0%
Valves	5,135	-	41,080	200	61,620	0%
Utility relocations	42	-	336	-	500	0%
Total repairs & maintenance	1,743,995	1,917,988	13,951,960	11,229,237	20,927,934	54%
Other administrative:						
Local travel	2,404	890	19,232	8,916	28,845	31%
Out of county travel	2,820	8,463	22,560	19,474	33,841	58%
Postage and messenger services	69,852	9,020	558,816	444,010	838,223	53%
Toll charges	19,063	18,122	152,504	118,327	228,757	52%
Rental of equipment	62,110	86,815	496,880	397,395	745,319	53%
Dues and memberships	14,107	1,155	112,856	100,731	169,287	60%
Subscriptions	2,726	3,019	21,808	10,777	32,709	33%
Training fees	12,197	20,548	97,576	108,678	146,358	74%
License and certification	2,820	1,530	22,560	3,917	33,839	12%
Leases-bldgs	617	-	4,936	-	7,404	0%
Advertising	963	700	7,704	1,480	11,560	13%
Promotional	13,305	1,390	106,440	10,546	159,658	7%
Educational assistance	2,792	3,477	22,336	9,724	33,500	29%
Scholarships, awards	624	-	4,992	-	7,485	0%
Bad debt expense	35,750	(37,454)	286,000	351,087	429,000	82%
Bank charges	80,396	116,597	643,168	636,265	964,750	66%
Self insurance	267,306	267,306	2,138,448	2,138,449	3,207,674	67%
Refunds of prior year revenue	25,000	6,697	200,000	138,082	300,000	46%
Operating permits	11,654	-	93,232	-	139,849	0%
Accrued expenses	-	(7,743)	-	1,938,482	-	0%
Total other administrative	626,506	500,532	5,012,048	6,436,340	7,518,058	86%
Total O&M expenses	\$ 12,696,125	\$ 12,063,123	\$ 101,569,000	\$ 86,823,863	\$ 152,353,459	57%

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

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Interest revenue:						
Net revenue	\$ 162,591	\$ 216,869	\$ 1,300,728	\$ 2,285,744	\$ 1,951,090	117%
Connection fees	-	55,008	-	343,849	-	0%
Bond reserve	-	274	-	36,740	-	0%
Less: Customer deposits expense	-	(12,464)	-	(72,435)	-	0%
Total interest revenue	162,591	259,687	1,300,728	2,593,898	1,951,090	133%
Interest expense:						
Bonds and revolving loans	(707,717)	(310,671)	(5,661,736)	(3,152,036)	(8,492,603)	37%
Capital lease	(110)	(121)	(880)	(1,001)	(1,318)	76%
Debt service fees	(61,373)	-	(490,984)	-	(736,480)	0%
Amortization of bond premium	-	84,845	-	907,831	-	(1)
Total interest expense	(769,200)	(225,947)	(6,153,600)	(2,245,206)	(9,230,401)	24%
Loss on disposal of assets:						
Proceeds from sale	-	(1,696)	-	(1,696)	-	0%
Gain on disposal of fixed assets	-	1,696	-	358,004	-	(1)
Loss on abandoned projects	-	-	-	(107,194)	-	(1)
Total Loss on disposal of assets	-	-	-	249,114	-	(1)
Total non-operating revenues (expenses)	\$ (606,609)	\$ 33,740	\$ (4,852,872)	\$ 597,806	\$ (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 MAY 31, 2018**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 955,948	\$ 7,128,792	\$ 8,399,749	\$ 10,693,183	79%
Irrigation	47,268	82,925	378,144	448,032	567,216	79%
Total water connection fees	<u>938,367</u>	<u>1,038,873</u>	<u>7,506,936</u>	<u>8,847,781</u>	<u>11,260,399</u>	79%
Wastewater connection fees:						
Residential/Commercial	<u>1,608,882</u>	<u>1,704,404</u>	<u>12,871,056</u>	<u>18,381,568</u>	<u>19,306,589</u>	95%
Total wastewater connection fees	<u>1,608,882</u>	<u>1,704,404</u>	<u>12,871,056</u>	<u>18,381,568</u>	<u>19,306,589</u>	95%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(5,155)</u>	<u>(666,664)</u>	<u>(11,387)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(5,155)</u>	<u>(666,664)</u>	<u>(11,387)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>2,463,916</u>	<u>2,738,122</u>	<u>19,711,328</u>	<u>27,217,962</u>	<u>29,566,988</u>	92%
DONATED SYSTEMS:						
Donated easements	-	1,747,500	-	1,747,500	-	0%
Developer fixed assets	-	8,711	-	90,439	-	0%
Developer reimbursements	-	408	-	16,968	-	0%
Line extensions	<u>-</u>	<u>4,415</u>	<u>-</u>	<u>69,235</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>1,761,034</u>	<u>-</u>	<u>1,924,142</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,463,916</u>	<u>\$ 4,499,156</u>	<u>\$ 19,711,328</u>	<u>\$ 29,142,104</u>	<u>\$ 29,566,988</u>	99%

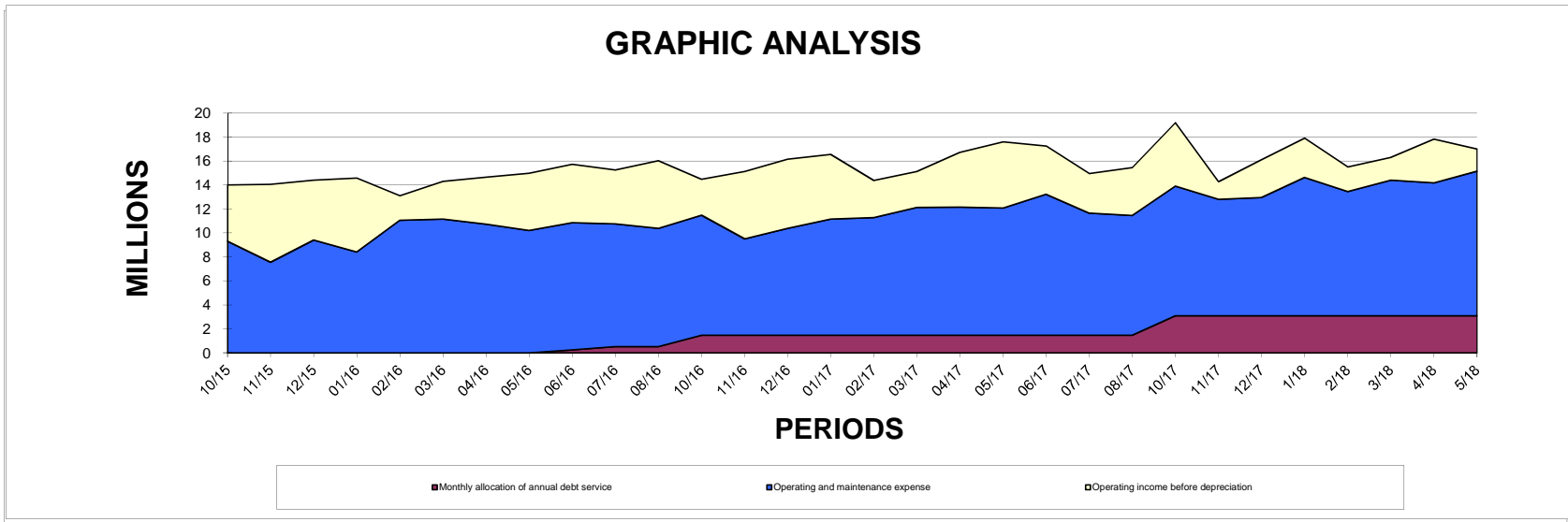
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED MAY 31, 2018**

	<u>MAY BUDGET</u>	<u>MAY ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 67%)</u>
Capital outlay:						
Land	\$ 259,155	\$ 20,856	\$ 2,073,240	\$ 175,141	\$ 3,109,859	6%
Buildings	84,968	-	679,744	22,011	1,019,613	2%
Structures	12,565,411	8,505,265	100,523,288	50,635,349	150,784,936	34%
Equipment	912,375	385,491	7,299,000	1,803,625	10,948,496	16%
Total capital outlay	13,821,909	8,911,612	110,575,272	52,636,126	165,862,904	32%
Debt service principal	478,925	457,895	3,831,400	3,653,269	5,747,104	64%
Total other disbursements	<u>\$ 14,300,834</u>	<u>\$ 9,369,507</u>	<u>\$ 114,406,672</u>	<u>\$ 56,289,395</u>	<u>\$ 171,610,008</u>	33%

**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	0.66	0.57	0.75	0.62	0.65	0.68	0.70	0.63	0.72			
Water	0.83	0.95	0.87	0.73	0.83	0.71	0.97	0.73	0.89			
Wastewater	0.54	0.42	0.60	0.51	0.54	0.61	0.55	0.54	0.59			
Bond Coverage Ratios*	10.87	16.07	6.47	12.02	11.84	9.60	9.36	12.53	9.12			

*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 MAY 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 \$11.7 million.