

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
OCTOBER 31, 2017**

OCTOBER

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and investments	\$ 111,888,678
Accrued interest receivable	452,607
Accounts receivable, net	22,354,732
Due from other governmental agencies	17,790,864
Inventories and prepaid costs	<u>11,515,803</u>
Total current assets	<u>164,002,684</u>
Restricted assets:	
Cash and investments	<u>51,221,763</u>
Capital assets:	
Land	102,440,684
Construction in progress	206,613,125
Buildings and improvements	2,103,910,055
Machinery and equipment	101,127,517
Intangible assets	97,500,102
Less accumulated depreciation and amortization	<u>(1,229,356,617)</u>
Total capital assets	<u>1,382,234,866</u>
Total noncurrent and restricted assets	<u>1,433,456,629</u>
Total assets	<u>1,597,459,313</u>
Deferred outflows of resources:	
Related to pensions	<u>14,989,702</u>
Total assets and deferred outflows of resources	<u>\$ 1,612,449,015</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities:	
Accounts payable and accrued liabilities	\$ 27,181,286
Due to other governmental agencies	477,352
Net pension liability	<u>343,702</u>
Total current liabilities	<u>28,002,340</u>
Liabilities payable from restricted assets:	
Accrued interest payable on bonds and loans	354,168
Customer deposits	<u>10,193,180</u>
Total liabilities payable from restricted assets	<u>10,547,348</u>
Noncurrent liabilities:	
Compensated absences payable	1,535,030
Loans payable	91,556,357
Revenue bonds payable (net of unamortized costs)	93,073,949
Net pension liability	<u>38,502,153</u>
Total noncurrent liabilities	<u>224,667,489</u>
Total liabilities	<u>263,217,177</u>
Deferred inflows of resources:	
Related to pensions	<u>2,188,764</u>
Total liabilities and deferred inflows of resources	<u>265,405,941</u>

NET POSITION

Net investment in capital assets	1,197,604,560
Restricted for debt service	40,674,415
Unrestricted	<u>108,764,099</u>
Total net position	<u>1,347,043,074</u>
Total liabilities and net position	<u>\$ 1,612,449,015</u>

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
OCTOBER 31, 2017**

OCTOBER

Current:

Reserve revenue	\$	77,107,749
Water connection fees		11,898,987
Wastewater connection fees		22,876,842
Petty cash		<u>5,100</u>
Total current cash and investments		<u>111,888,678</u>

Restricted:

Operation and maintenance reserve		24,919,874
Renewal and replacement		8,006,634
Bond reserve (1)		6,501,879
Bond interest		243,133
Loan debt service		596,292
Loan repayment reserve		760,771
Customer deposits		<u>10,193,180</u>
Total restricted cash and investments		<u>51,221,763</u>
Total cash and investments	\$	<u><u>163,110,441</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, 2017**

	<u>OCTOBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,322,708	\$ 4,322,708
Wastewater service	13,592,647	13,592,647
Reclaimed water service	779,755	779,755
Miscellaneous	385,025	385,025
	<hr/>	<hr/>
Total operating revenues	19,080,135	19,080,135
Operating and maintenance expenses:		
Personal services	4,595,255	4,595,255
Contractual services	1,132,603	1,132,603
Materials and supplies	173,797	173,797
Utilities	1,762,467	1,762,467
Repairs and maintenance	624,645	624,645
Other administrative expenses	2,527,561	2,527,561
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Total operating and maintenance expenses	10,816,328	10,816,328
Operating income before depreciation	8,263,807	8,263,807
Depreciation and amortization	7,201,250	7,201,250
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Operating income	1,062,557	1,062,557
Nonoperating revenues (expenses):		
Interest revenue	124,922	124,922
Interest expense and fiscal charges	(212,604)	(212,604)
Loss on the disposal of assets	(84,228)	(84,228)
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Total net nonoperating expenses	(171,910)	(171,910)
Income before contributions and transfers	890,647	890,647
Capital contributions	1,965,110	1,965,110
Change in net position	2,855,757	2,855,757
Total net position, beginning of period	<hr/> 1,344,187,317	<hr/> 1,344,187,317
Total net position, end of period	<u>\$ 1,347,043,074</u>	<u>\$ 1,347,043,074</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED OCTOBER 31, 2017**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Water service:						
Residential	\$ 2,519,752	\$ 2,156,422	\$ 2,519,752	\$ 2,156,422	\$ 30,237,026	7%
Commercial	1,333,333	1,322,879	1,333,333	1,322,879	15,999,992	8%
Conservation surcharge	903,676	843,407	903,676	843,407	10,844,115	8%
Total water service	<u>4,756,761</u>	<u>4,322,708</u>	<u>4,756,761</u>	<u>4,322,708</u>	<u>57,081,133</u>	8%
Wastewater service:						
Residential	5,297,471	6,568,193	5,297,471	6,568,193	63,569,656	10%
Commercial	4,914,026	6,713,356	4,914,026	6,713,356	58,968,311	11%
Environmental surcharge	212,942	233,650	212,942	233,650	2,555,309	9%
Industrial	6,145	8,951	6,145	8,951	73,738	12%
Septic and portable	51,363	44,353	51,363	44,353	616,357	7%
Capacity maintenance fees	10,069	24,144	10,069	24,144	120,832	20%
Total wastewater service	<u>10,492,016</u>	<u>13,592,647</u>	<u>10,492,016</u>	<u>13,592,647</u>	<u>125,904,203</u>	11%
Reclaimed water service:						
Reclaimed service	702,341	744,406	702,341	744,406	8,428,093	9%
Reclaimed water-cooling tower	18,686	35,349	18,686	35,349	224,236	16%
Total reclaimed water service	<u>721,027</u>	<u>779,755</u>	<u>721,027</u>	<u>779,755</u>	<u>8,652,329</u>	9%
Miscellaneous:						
Initiate account service	44,922	41,632	44,922	41,632	539,065	8%
Turn off/on service	30,953	36,249	30,953	36,249	371,440	10%
Lien fee charges	398	-	398	-	4,775	0%
Meter removal/testing	4,751	4,592	4,751	4,592	57,015	8%
Meter/line damage	20,788	2,720	20,788	2,720	249,455	1%
NSF charges	3,587	5,676	3,587	5,676	43,042	13%
Plans and specifications	73,111	17,798	73,111	17,798	877,329	2%
Charges to other funds	1,365	-	1,365	-	16,375	0%
Developer reimb of plan review	29,543	48,390	29,543	48,390	354,510	14%
Miscellaneous	150,373	227,968	150,373	227,968	1,804,481	13%
Total miscellaneous	<u>359,791</u>	<u>385,025</u>	<u>359,791</u>	<u>385,025</u>	<u>4,317,487</u>	9%
Total operating revenues	<u>\$ 16,329,595</u>	<u>\$ 19,080,135</u>	<u>\$ 16,329,595</u>	<u>\$ 19,080,135</u>	<u>\$ 195,955,152</u>	10%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED OCTOBER 31, 2017**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Personal services:						
Salaries	\$ 3,284,124	\$ 3,838,828	\$ 3,284,124	\$ 3,838,828	\$ 39,409,483	10%
Fringe benefits	1,249,013	756,427	1,249,013	756,427	14,988,155	5%
Total personal services	4,533,137	4,595,255	4,533,137	4,595,255	54,397,638	8%
Contractual services:						
Research and studies	76,416	-	76,416	-	916,989	0%
Legal services	12,116	2,037	12,116	2,037	145,392	1%
Indirect costs	552,539	552,539	552,539	552,539	6,630,462	8%
Purchased water	65,150	8,489	65,150	8,489	781,794	1%
Effluent disposal	277,844	98,518	277,844	98,518	3,334,122	3%
Comptroller fees	166,548	166,495	166,548	166,495	1,998,574	8%
Officer fees	1,168	-	1,168	-	14,020	0%
Payments to other governments	275,898	209,016	275,898	209,016	3,310,776	6%
Janitorial	38,420	-	38,420	-	461,038	0%
Employment agency	107,930	11,107	107,930	11,107	1,295,160	1%
Training	17,164	3,440	17,164	3,440	205,973	2%
Paving	160,103	34,792	160,103	34,792	1,921,236	2%
Software licensing/support fee	184,187	8,750	184,187	8,750	2,210,238	0%
Other professional fees	194,733	-	194,733	-	2,336,790	0%
Contractual services	1,890,242	37,420	1,890,242	37,420	22,682,903	0%
Total contractual services	4,020,458	1,132,603	4,020,458	1,132,603	48,245,467	2%
Materials and supplies:						
Graphic reproduction services	3,834	-	3,834	-	46,008	0%
Office supplies	13,428	-	13,428	-	161,136	0%
Event/meal reimbursement	405	-	405	-	4,860	0%
Software <\$1000	12,947	-	12,947	-	155,367	0%
Computer equipment <\$500	5,512	-	5,512	-	66,139	0%
Equipment <\$1000	21,205	1,527	21,205	1,527	254,461	1%
Tools	10,026	17,610	10,026	17,610	120,309	15%
Medical	133	-	133	-	1,600	0%
Liquid oxygen	14,996	5,299	14,996	5,299	179,953	3%
Chemical and pesticides	8	-	8	-	100	0%
Solar salt	16,391	-	16,391	-	196,686	0%
Chlorine	116,346	69,364	116,346	69,364	1,396,149	5%
Fluoride	15,050	-	15,050	-	180,600	0%
Alum	891	-	891	-	10,692	0%
Polymer	57,942	-	57,942	-	695,309	0%
Sealing chemicals	208	-	208	-	2,500	0%
Corrosion control	55,568	33,335	55,568	33,335	666,817	5%
Carbon dioxide	47,313	25,882	47,313	25,882	567,750	5%
Sodium hydroxide	43,934	5,926	43,934	5,926	527,205	1%
Supplemental carbon	33,238	-	33,238	-	398,850	0%
Miscellaneous chemicals	29,084	1,655	29,084	1,655	349,007	0%
Material for construction	28,875	-	28,875	-	346,504	0%
Clothing	16,311	5,524	16,311	5,524	195,731	3%
Gas-oil-lube-brfl-ant	18,115	-	18,115	-	217,381	0%
Miscellaneous expenses	65,042	7,675	65,042	7,675	780,498	1%
Total materials & supplies	626,802	173,797	626,802	173,797	7,521,612	2%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED OCTOBER 31, 2017**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Utilities:						
Communications	\$ 66,620	\$ 52,697	\$ 66,620	\$ 52,697	\$ 799,439	7%
Water	9,848	9,971	9,848	9,971	118,176	8%
Solid waste tipping fees	41,398	-	41,398	-	496,780	0%
Garbage disposal	5,061	-	5,061	-	60,728	0%
Gas	14,142	3,158	14,142	3,158	169,707	2%
Electric	1,066,972	1,696,641	1,066,972	1,696,641	12,803,662	13%
Total utilities	1,204,041	1,762,467	1,204,041	1,762,467	14,448,492	12%
Repairs and maintenance:						
Building and grounds	534,205	274,512	534,205	274,512	6,410,465	4%
Equipment	629,532	119,409	629,532	119,409	7,554,384	2%
Vehicle maintenance	369,243	220,439	369,243	220,439	4,430,918	5%
Services	150,759	-	150,759	-	1,809,113	0%
Mains	25,864	-	25,864	-	310,364	0%
Water meters	3,070	-	3,070	-	36,845	0%
Fire lines	21,435	10,285	21,435	10,285	257,225	4%
Meter installations	42	-	42	-	500	0%
Valves	5,135	-	5,135	-	61,620	0%
Utility relocations	42	-	42	-	500	0%
Total repairs & maintenance	1,739,327	624,645	1,739,327	624,645	20,871,934	3%
Other administrative:						
Local travel	2,404	19	2,404	19	28,845	0%
Out of county travel	2,820	684	2,820	684	33,841	2%
Postage and messenger services	69,852	205,200	69,852	205,200	838,223	24%
Toll charges	19,063	5	19,063	5	228,757	0%
Rental of equipment	62,027	5,213	62,027	5,213	744,319	1%
Dues and memberships	14,107	41,566	14,107	41,566	169,287	25%
Subscriptions	2,726	-	2,726	-	32,709	0%
Training fees	12,072	50	12,072	50	144,858	0%
License and certification	2,820	-	2,820	-	33,839	0%
Leases-bldgs	617	-	617	-	7,404	0%
Advertising	963	-	963	-	11,560	0%
Promotional	13,305	1,785	13,305	1,785	159,658	1%
Educational assistance	2,875	545	2,875	545	34,500	2%
Scholarships, awards	624	-	624	-	7,485	0%
Bad debt expense	35,750	227,266	35,750	227,266	429,000	53%
Bank charges	80,679	236	80,679	236	968,150	0%
Self insurance	267,306	267,306	267,306	267,306	3,207,674	8%
Refunds of prior year revenue	25,000	-	25,000	-	300,000	0%
Operating permits	11,654	-	11,654	-	139,849	0%
Accrued expenses	-	1,777,686	-	1,777,686	-	0%
Total other administrative	626,664	2,527,561	626,664	2,527,561	7,519,958	34%
Total O&M expenses	\$ 12,750,429	\$ 10,816,328	\$ 12,750,429	\$ 10,816,328	\$ 153,005,101	7%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED OCTOBER 31, 2017**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Interest revenue:						
Net revenue	\$ 163,165	\$ 102,529	\$ 163,165	\$ 102,529	\$ 1,957,983	5%
Connection fees	-	32,101	-	32,101	-	0%
Bond reserve	-	(2,180)	-	(2,180)	-	0%
Less: Customer deposits expense	-	(7,528)	-	(7,528)	-	0%
Total interest revenue	<u>163,165</u>	<u>124,922</u>	<u>163,165</u>	<u>124,922</u>	<u>1,957,983</u>	6%
Interest expense:						
Bonds and revolving loans	(707,717)	(297,449)	(707,717)	(297,449)	(8,492,603)	4%
Capital lease	(110)	-	(110)	-	(1,318)	0%
Debt service fees	(61,373)	-	(61,373)	-	(736,480)	0%
Amortization of bond premium	-	84,845	-	84,845	-	(1)
Total interest expense	<u>(769,200)</u>	<u>(212,604)</u>	<u>(769,200)</u>	<u>(212,604)</u>	<u>(9,230,401)</u>	2%
Loss on disposal of assets:						
Loss on abandoned projects	-	(84,228)	-	(84,228)	-	(1)
Total Loss on disposal of assets	<u>-</u>	<u>(84,228)</u>	<u>-</u>	<u>(84,228)</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (606,035)</u>	<u>\$ (171,910)</u>	<u>\$ (606,035)</u>	<u>\$ (171,910)</u>	<u>\$ (7,272,418)</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 OCTOBER 31, 2017**

	<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>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 891,099	\$ 695,128	\$ 891,099	\$ 695,128	\$ 10,693,183	7%
Irrigation	<u>47,268</u>	<u>41,735</u>	<u>47,268</u>	<u>41,735</u>	<u>567,216</u>	7%
Total water connection fees	<u>938,367</u>	<u>736,863</u>	<u>938,367</u>	<u>736,863</u>	<u>11,260,399</u>	7%
Wastewater connection fees:						
Residential/Commercial	<u>1,634,159</u>	<u>1,202,260</u>	<u>1,634,159</u>	<u>1,202,260</u>	<u>19,609,909</u>	6%
Total wastewater connection fees	<u>1,634,159</u>	<u>1,202,260</u>	<u>1,634,159</u>	<u>1,202,260</u>	<u>19,609,909</u>	6%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>-</u>	<u>(83,333)</u>	<u>-</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	<u>-</u>	<u>(83,333)</u>	<u>-</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>2,489,193</u>	<u>1,939,123</u>	<u>2,489,193</u>	<u>1,939,123</u>	<u>29,870,308</u>	6%
DONATED SYSTEMS:						
Developer fixed assets	-	17,422	-	17,422	-	0%
Line extensions	<u>-</u>	<u>8,565</u>	<u>-</u>	<u>8,565</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>25,987</u>	<u>-</u>	<u>25,987</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 2,489,193</u>	<u>\$ 1,965,110</u>	<u>\$ 2,489,193</u>	<u>\$ 1,965,110</u>	<u>\$ 29,870,308</u>	7%

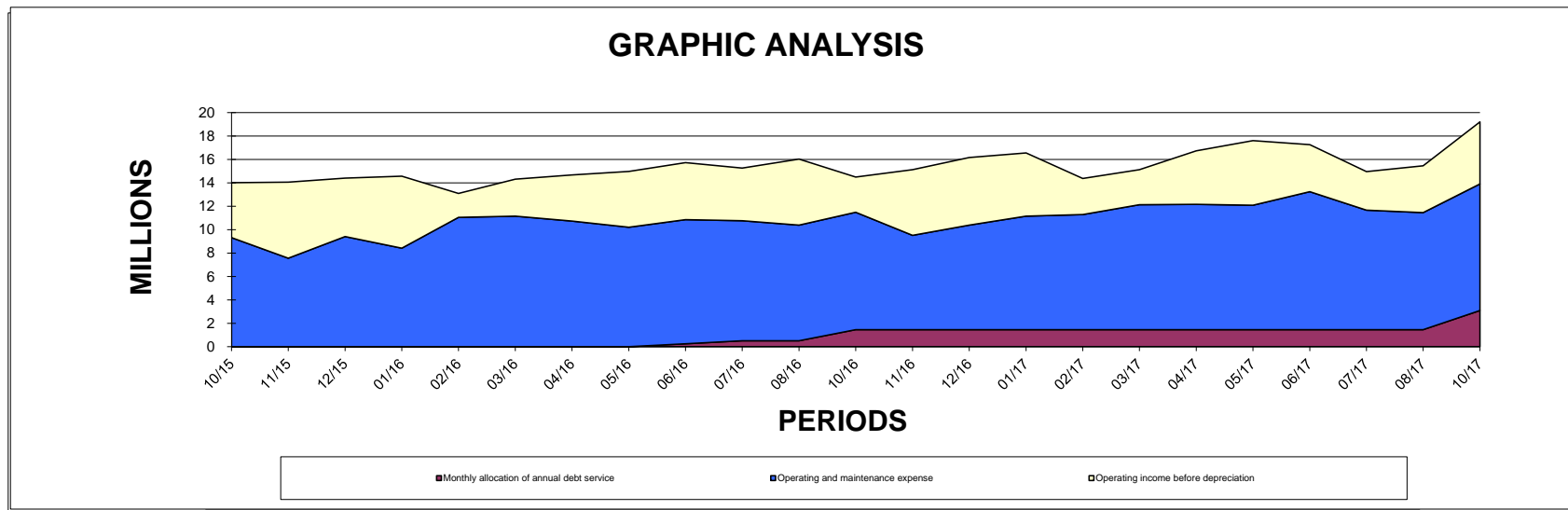
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED OCTOBER 31, 2017**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Capital outlay:						
Land	\$ 259,155	\$ 14,800	\$ 259,155	\$ 14,800	\$ 3,109,859	0%
Buildings	161,990	-	161,990	-	1,943,874	0%
Structures	16,855,039	1,166,394	16,855,039	1,166,394	202,260,472	1%
Equipment	953,756	58,385	953,756	58,385	11,445,066	1%
Total capital outlay	18,229,940	1,239,579	18,229,940	1,239,579	218,759,271	1%
Debt service principal	478,925	463,688	478,925	463,688	5,747,104	8%
Total other disbursements	<u>\$ 18,708,865</u>	<u>\$ 1,703,267</u>	<u>\$ 18,708,865</u>	<u>\$ 1,703,267</u>	<u>\$ 224,506,375</u>	1%

**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	0.57	0.57										
Water	0.95	0.95										
Wastewater	0.42	0.42										
Bond Coverage Ratios*	16.07	16.07										

*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, 2017**

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 \$10.8 million.