

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JANUARY 31, 2017 AND DECEMBER 31, 2016**

	JANUARY	DECEMBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 111,938,840	\$ 102,071,459
Accrued interest receivable	242,853	242,853
Accounts receivable, net	19,518,162	22,472,645
Due from other governmental agencies	10,369,480	16,188,179
Inventories and prepaid costs	<u>18,180,796</u>	<u>17,995,273</u>
Total current assets	<u>160,250,131</u>	<u>158,970,409</u>
Restricted assets:		
Cash and investments	<u>59,086,879</u>	<u>58,213,383</u>
Capital assets:		
Land	102,371,835	102,363,655
Construction in progress	156,357,829	150,159,636
Buildings and improvements	2,039,105,151	2,039,105,151
Machinery and equipment	99,052,963	98,980,706
Intangible assets	76,704,515	76,704,515
Less accumulated depreciation and amortization	<u>(1,164,213,364)</u>	<u>(1,157,845,031)</u>
Total capital assets	<u>1,309,378,929</u>	<u>1,309,468,632</u>
Total noncurrent and restricted assets	<u>1,368,465,808</u>	<u>1,367,682,015</u>
Total assets	<u>1,528,715,939</u>	<u>1,526,652,424</u>
Deferred outflows of resources:		
Related to pensions	<u>12,466,757</u>	<u>12,466,757</u>
Total assets and deferred outflows of resources	<u>\$ 1,541,182,696</u>	<u>\$ 1,539,119,181</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,888,023	\$ 22,659,614
Due to other governmental agencies	516,770	501,418
Net pension liability	<u>390,296</u>	<u>390,296</u>
Total current liabilities	<u>21,795,089</u>	<u>23,551,328</u>
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,262,742	1,039,897
Customer deposits	<u>9,528,280</u>	<u>9,541,019</u>
Total liabilities payable from restricted assets	<u>10,791,022</u>	<u>10,580,916</u>
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	76,352,454	75,431,408
Revenue bonds payable (net of unamortized costs)	93,837,558	93,922,404
Net pension liability	<u>35,383,798</u>	<u>35,383,798</u>
Total noncurrent liabilities	<u>206,951,821</u>	<u>206,115,621</u>
Total liabilities	<u>239,537,932</u>	<u>240,247,865</u>
Deferred inflows of resources:		
Related to pensions	<u>632,180</u>	<u>632,180</u>
Total liabilities and deferred inflows of resources	<u>240,170,112</u>	<u>240,880,045</u>
<u>NET POSITION</u>		
Net investment in capital assets (1)	1,147,108,585	1,147,355,307
Restricted for debt service (1)	40,376,189	40,391,980
Unrestricted	<u>113,527,810</u>	<u>110,491,849</u>
Total net position	<u>1,301,012,584</u>	<u>1,298,239,136</u>
Total liabilities and net position	<u>\$ 1,541,182,696</u>	<u>\$ 1,539,119,181</u>

(1) Net position has been updated from that previously presented.

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JANUARY 31, 2017 AND DECEMBER 31, 2016**

	<u>JANUARY</u>	<u>DECEMBER</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	-	-
Reserve revenue	71,404,389	63,019,199
Water connection fees	9,389,087	8,927,576
Wastewater connection fees	31,143,764	30,123,084
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>111,938,840</u>	<u>102,071,459</u>
Restricted:		
Operation and maintenance reserve	24,626,244	24,605,240
Renewal and replacement	8,007,402	8,001,185
Bond reserve (1)	6,184,501	6,184,426
Bond interest	968,867	726,501
Loan debt service	1,091,073	1,154,272
Loan repayment reserve	760,844	760,253
Series 2016 account	7,919,668	7,240,487
Customer deposits	<u>9,528,280</u>	<u>9,541,019</u>
Total restricted cash and investments	<u>59,086,879</u>	<u>58,213,383</u>
Total cash and investments	<u>\$ 171,025,719</u>	<u>\$ 160,284,842</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 JANUARY 31, 2017**

	<u>JANUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,518,445	\$ 17,144,121
Wastewater service	10,551,689	40,109,671
Reclaimed water service	722,411	2,762,828
Miscellaneous	621,797	2,026,510
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Total operating revenues	16,414,342	62,043,130
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Operating and maintenance expenses:		
Personal services	4,051,306	16,565,236
Contractual services	2,624,401	7,834,452
Materials and supplies	455,702	1,326,918
Utilities	779,837	3,469,482
Repairs and maintenance	1,080,073	3,431,270
Other administrative expenses	715,798	4,117,503
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Total operating and maintenance expenses	9,707,117	36,744,861
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Operating income before depreciation	6,707,225	25,298,269
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Depreciation and amortization	6,368,333	25,473,333
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Operating income (loss)	338,892	(175,064)
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Nonoperating revenues (expenses):		
Interest revenue	134,155	382,322
Interest expense and fiscal charges	(231,153)	(926,483)
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Total net nonoperating expenses	(96,998)	(544,161)
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Gain (loss) before contributions and transfers	241,894	(719,225)
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Capital contributions	2,531,554	13,412,149
Transfers out	-	(8,200,000)
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Change in net position	2,773,448	4,492,924
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Total net position, beginning of period	1,298,239,136	1,296,519,660
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Total net position, end of period	<u>\$ 1,301,012,584</u>	<u>\$ 1,301,012,584</u>

See accompanying notes to financial statements

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

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Water service:						
Residential	\$ 1,991,599	\$ 2,159,582	\$ 7,966,396	\$ 8,205,426	\$ 23,899,193	34%
Commercial	1,251,177	1,380,953	5,004,708	5,092,856	15,014,120	34%
Conservation surcharge	888,092	977,910	3,552,368	3,845,839	10,657,107	36%
Total water service	<u>4,130,868</u>	<u>4,518,445</u>	<u>16,523,472</u>	<u>17,144,121</u>	<u>49,570,420</u>	35%
Wastewater service:						
Residential	5,045,574	5,435,975	20,182,296	20,662,699	60,546,889	34%
Commercial	4,677,267	4,833,997	18,709,068	18,445,479	56,127,207	33%
Environmental surcharge	230,664	201,453	922,656	726,851	2,767,962	26%
Industrial	3,991	14,477	15,964	37,447	47,886	78%
Septic and portable	58,069	54,290	232,276	193,481	696,827	28%
Capacity maintenance fees	13,262	11,497	53,048	43,714	159,148	27%
Total wastewater service	<u>10,028,827</u>	<u>10,551,689</u>	<u>40,115,308</u>	<u>40,109,671</u>	<u>120,345,919</u>	33%
Reclaimed water service:						
Reclaimed service	572,330	711,872	2,289,320	2,701,620	6,867,957	39%
Reclaimed water-cooling tower	20,371	10,539	81,484	61,208	244,448	25%
Total reclaimed water service	<u>592,701</u>	<u>722,411</u>	<u>2,370,804</u>	<u>2,762,828</u>	<u>7,112,405</u>	39%
Miscellaneous:						
Initiate account service	43,397	37,120	173,588	156,770	520,763	30%
Turn off/on service	22,276	41,977	89,104	145,954	267,311	55%
Lien fee charges	371	900	1,484	1,180	4,448	27%
Meter removal/testing	4,335	4,601	17,340	17,752	52,015	34%
Meter/line damage	2,082	132,154	8,328	284,943	24,988	1140%
NSF charges	3,849	5,927	15,396	9,340	46,185	20%
Plans and specifications	75,667	109,132	302,668	316,699	908,008	35%
Charges to other funds	881	1,678	3,524	4,429	10,567	42%
Developer reimb of plan review	24,987	40,599	99,948	150,873	299,840	50%
Miscellaneous	119,116	247,709	476,464	938,570	1,429,387	66%
Total miscellaneous	<u>296,961</u>	<u>621,797</u>	<u>1,187,844</u>	<u>2,026,510</u>	<u>3,563,512</u>	57%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 16,414,342</u>	<u>\$ 60,197,428</u>	<u>\$ 62,043,130</u>	<u>\$ 180,592,256</u>	34%

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

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Personal services:						
Salaries	\$ 3,174,296	\$ 2,832,206	\$ 12,697,184	\$ 12,989,648	\$ 38,091,548	34%
Fringe benefits	1,167,682	1,219,100	4,670,728	3,575,588	14,012,186	26%
Total personal services	4,341,978	4,051,306	17,367,912	16,565,236	52,103,734	32%
Contractual services:						
Research and studies	80,248	6,841	320,992	12,641	962,975	1%
Legal services	21,563	13,619	86,252	28,429	258,753	11%
Indirect costs	483,753	483,753	1,935,012	1,935,013	5,805,040	33%
Purchased water	44,789	16,839	179,156	133,226	537,464	25%
Effluent disposal	167,989	191,915	671,956	590,796	2,015,865	29%
Comptroller fees	143,937	143,853	575,748	575,410	1,727,240	33%
Officer fees	1,398	1,080	5,592	1,880	16,774	11%
Payments to other governments	197,527	133,472	790,108	544,238	2,370,319	23%
Janitorial	37,621	37,263	150,484	103,160	451,446	23%
Employment agency	111,761	59,556	447,044	200,686	1,341,133	15%
Training	16,956	4,559	67,824	12,959	203,466	6%
Paving	161,965	292,724	647,860	391,380	1,943,575	20%
Software licensing/support fee	154,634	211,622	618,536	824,392	1,855,610	44%
Other professional fees	182,973	25,868	731,892	142,551	2,195,673	6%
Contractual services	1,666,573	1,001,437	6,666,292	2,337,691	19,998,880	12%
Total contractual services	3,473,687	2,624,401	13,894,748	7,834,452	41,684,213	19%
Materials and supplies:						
Graphic reproduction services	4,056	4,235	16,224	4,235	48,669	9%
Office supplies	12,987	5,196	51,948	24,308	155,844	16%
Event/meal reimbursement	443	-	1,772	1,322	5,310	25%
Software <\$1000	12,462	-	49,848	10,763	149,547	7%
Computer equipment <\$500	7,330	-	29,320	7,480	87,960	9%
Equipment <\$1000	22,287	20,329	89,148	56,044	267,443	21%
Tools	7,198	2,791	28,792	10,053	86,380	12%
Medical	153	-	612	-	1,840	0%
Liquid oxygen	14,996	-	59,984	-	179,954	0%
Chemical and pesticides	8	-	32	-	100	0%
Solar salt	15,050	20,028	60,200	57,256	180,600	32%
Chlorine	108,505	61,638	434,020	303,193	1,302,060	23%
Fluoride	15,058	7,837	60,232	26,901	180,700	15%
Alum	931	-	3,724	-	11,167	0%
Polymer	58,325	59,167	233,300	178,763	699,900	26%
Sealing chemicals	208	-	832	-	2,500	0%
Corrosion control	55,432	36,049	221,728	151,429	665,180	23%
Carbon dioxide	45,670	111,811	182,680	119,835	548,036	22%
Sodium hydroxide	42,277	21,227	169,108	68,287	507,323	13%
Supplemental carbon	26,163	-	104,652	-	313,956	0%
Miscellaneous chemicals	29,416	40,664	117,664	73,260	352,996	21%
Material for construction	26,218	9,105	104,872	9,105	314,613	3%
Clothing	14,790	11,539	59,160	38,288	177,478	22%
Gas-oil-lube-brfl-ant	14,495	220	57,980	61,356	173,936	35%
Miscellaneous expenses	56,837	43,866	227,348	125,040	682,043	18%
Total materials & supplies	591,295	455,702	2,365,180	1,326,918	7,095,535	19%

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

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Utilities:						
Communications	\$ 65,148	\$ 62,204	\$ 260,592	\$ 203,846	\$ 781,774	26%
Water	9,468	4,323	37,872	22,401	113,613	20%
Solid waste tipping fees	41,115	46,108	164,460	107,244	493,384	22%
Garbage disposal	8,891	4,862	35,564	6,768	106,696	6%
Gas	14,021	8,094	56,084	33,248	168,254	20%
Electric	1,073,396	654,246	4,293,584	3,095,975	12,880,752	24%
Total utilities	1,212,039	779,837	4,848,156	3,469,482	14,544,473	24%
Repairs and maintenance:						
Building and grounds	577,522	357,738	2,310,088	1,182,034	6,930,261	17%
Roadway Systems	100	-	400	-	1,200	0%
Equipment	621,836	307,960	2,487,344	1,136,798	7,462,029	15%
Vehicle maintenance	373,977	405,057	1,495,908	1,090,607	4,487,728	24%
Services	42	-	168	-	500	0%
Mains	14,758	6,034	59,032	17,723	177,101	10%
Water meters	3,070	3,284	12,280	3,284	36,845	9%
Fire lines	17,940	-	71,760	824	215,281	0%
Meter installations	42	-	168	-	500	0%
Valves	5,652	-	22,608	-	67,821	0%
Utility relocations	42	-	168	-	500	0%
Total repairs & maintenance	1,614,981	1,080,073	6,459,924	3,431,270	19,379,766	18%
Other administrative:						
Local travel	2,229	1,201	8,916	4,737	26,748	18%
Out of county travel	2,387	396	9,548	1,842	28,645	6%
Postage and messenger services	64,808	204,573	259,232	447,339	777,693	58%
Toll charges	18,892	15,370	75,568	41,078	226,698	18%
Rental of equipment	46,860	24,942	187,440	64,625	562,319	11%
Dues and memberships	13,896	1,089	55,584	123,054	166,746	74%
Subscriptions	3,973	1,715	15,892	5,817	47,678	12%
Training fees	11,002	23	44,008	8,370	132,019	6%
License and certification	3,205	1,071	12,820	4,026	38,456	10%
Advertising	723	-	2,892	-	8,680	0%
Promotional	9,304	3,858	37,216	10,321	111,647	9%
Educational assistance	3,146	-	12,584	690	37,750	2%
Scholarships, awards	628	-	2,512	-	7,540	0%
Bad debt expense	40,135	105,460	160,540	219,866	481,619	46%
Bank charges	81,206	73,247	324,824	176,575	974,476	18%
Self insurance	245,254	245,254	981,016	981,015	2,943,046	33%
Refunds of prior year revenue	24,953	973	99,812	123,499	299,441	41%
Operating permits	11,654	-	46,616	-	139,849	0%
Accrued expenses	-	36,626	-	1,904,649	-	0%
Total other administrative	584,255	715,798	2,337,020	4,117,503	7,011,050	59%
Total O&M expenses	\$ 11,818,235	\$ 9,707,117	\$ 47,272,940	\$ 36,744,861	\$ 141,818,771	26%

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

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 112,978	\$ 369,888	\$ 330,291	\$ 1,109,666	30%
Connection fees	-	23,012	-	60,878	-	0%
Bond reserve	-	75	-	(2,382)	-	0%
Less: Customer deposits expense	-	(1,910)	-	(6,465)	-	0%
Total interest revenue	<u>92,472</u>	<u>134,155</u>	<u>369,888</u>	<u>382,322</u>	<u>1,109,666</u>	34%
Interest expense:						
Bonds and revolving loans	(503,086)	(315,927)	(2,012,344)	(1,265,129)	(6,037,026)	21%
Capital lease	(62)	(72)	(248)	(735)	(740)	99%
Debt service fees	(37,500)	-	(150,000)	-	(450,000)	0%
Amortization of bond premium	-	84,846	-	339,381	-	(1)
Total interest expense	<u>(540,648)</u>	<u>(231,153)</u>	<u>(2,162,592)</u>	<u>(926,483)</u>	<u>(6,487,766)</u>	14%
Total non-operating revenues (expenses)	<u>\$ (448,176)</u>	<u>\$ (96,998)</u>	<u>\$ (1,792,704)</u>	<u>\$ (544,161)</u>	<u>\$ (5,378,100)</u>	10%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED JANUARY 31, 2017**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 800,479	\$ 2,190,376	\$ 4,154,852	\$ 6,571,129	63%
Irrigation	28,207	73,240	112,828	196,645	338,486	58%
Total water connection fees	<u>575,801</u>	<u>873,719</u>	<u>2,303,204</u>	<u>4,351,497</u>	<u>6,909,615</u>	63%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,636,894</u>	<u>4,824,100</u>	<u>8,986,872</u>	<u>14,472,301</u>	62%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,636,894</u>	<u>4,824,100</u>	<u>8,986,872</u>	<u>14,472,301</u>	62%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(5,346)</u>	<u>(333,332)</u>	<u>(9,015)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(5,346)</u>	<u>(333,332)</u>	<u>(9,015)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>1,698,493</u>	<u>2,505,267</u>	<u>6,793,972</u>	<u>13,329,354</u>	<u>20,381,916</u>	65%
DONATED SYSTEMS:						
Developer fixed assets	-	17,422	-	60,977	-	0%
Developer reimbursements	-	-	-	408	-	0%
Line extensions	<u>-</u>	<u>8,865</u>	<u>-</u>	<u>21,410</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>26,287</u>	<u>-</u>	<u>82,795</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 2,531,554</u>	<u>\$ 6,793,972</u>	<u>\$ 13,412,149</u>	<u>\$ 20,381,916</u>	66%

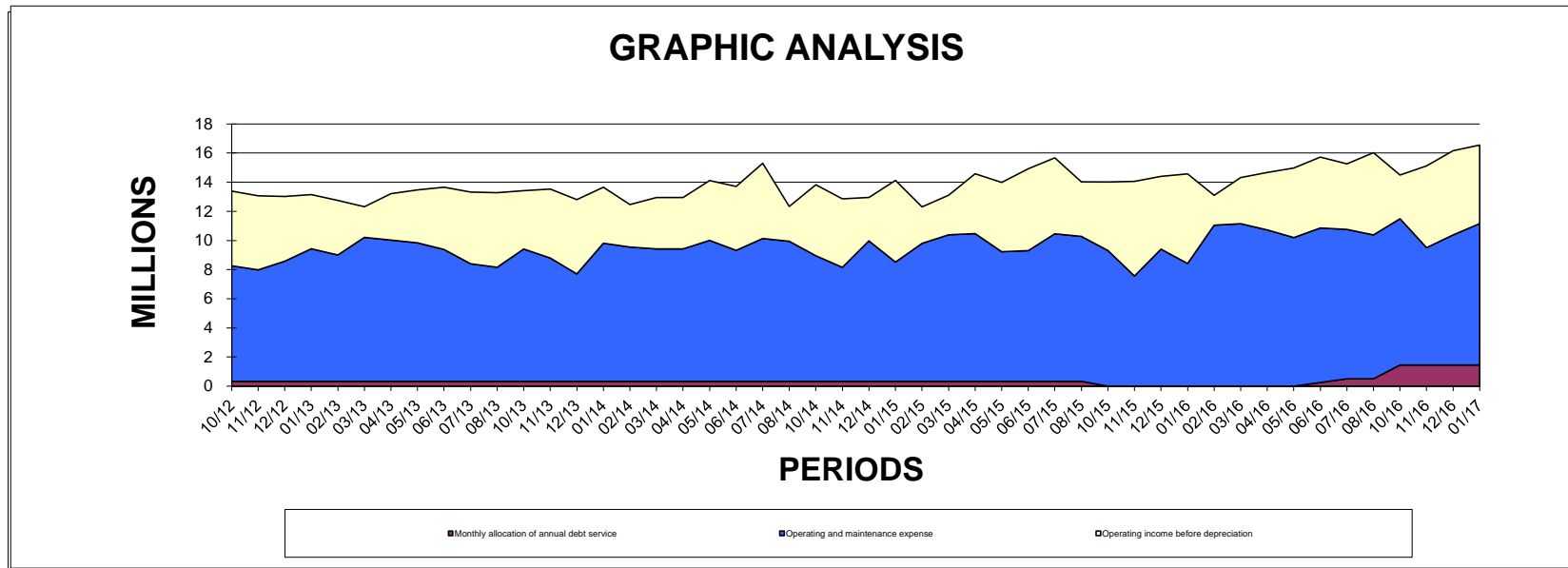
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JANUARY 31, 2017**

	JANUARY BUDGET	JANUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 33%)
Capital outlay:						
Land	\$ 37,763	\$ 7,354	\$ 151,052	\$ 188,347	\$ 453,161	42%
Buildings	1,169	-	4,676	-	14,031	0%
Structures	13,921,314	6,198,193	55,685,256	16,743,096	167,055,771	10%
Equipment	615,449	73,083	2,461,796	373,329	7,385,387	5%
Total capital outlay	14,575,695	6,278,630	58,302,780	17,304,772	174,908,350	10%
Debt service principal	178,568	194,261	714,272	775,622	2,142,811	36%
Total other disbursements	<u>\$ 14,754,263</u>	<u>\$ 6,472,891</u>	<u>\$ 59,017,052</u>	<u>\$ 18,080,394</u>	<u>\$ 177,051,161</u>	10%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2017**

	<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	0.59	0.69	0.54	0.55	0.59							
Water	0.79	1.00	0.69	0.74	0.75							
Wastewater	0.47	0.53	0.44	0.44	0.47							
Bond Coverage Ratios*	26.12	18.44	28.62	29.78	27.70							

*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 JANUARY 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 \$9.8 million.