

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
FEBRUARY 28 AND JANUARY 31, 2017**

	FEBRUARY	JANUARY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 115,171,668	\$ 111,938,840
Accrued interest receivable	242,853	242,853
Accounts receivable, net	17,903,785	19,518,162
Due from other governmental agencies	14,765,892	10,369,480
Inventories and prepaid costs	17,734,355	18,180,796
Total current assets	165,818,553	160,250,131
Restricted assets:		
Cash and investments	55,818,771	59,086,879
Capital assets:		
Land	102,434,469	102,371,835
Construction in progress	165,272,209	156,357,829
Buildings and improvements	2,039,105,151	2,039,105,151
Machinery and equipment	99,610,584	99,052,963
Intangible assets	76,704,515	76,704,515
Less accumulated depreciation and amortization	(1,170,581,698)	(1,164,213,364)
Total capital assets	1,312,545,230	1,309,378,929
Total noncurrent and restricted assets	1,368,364,001	1,368,465,808
Total assets	1,534,182,554	1,528,715,939
Deferred outflows of resources:		
Related to pensions	12,466,757	12,466,757
Total assets and deferred outflows of resources	\$ 1,546,649,311	\$ 1,541,182,696
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,542,567	\$ 20,888,023
Due to other governmental agencies	395,924	516,770
Net pension liability	390,296	390,296
Total current liabilities	22,328,787	21,795,089
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,803,074	1,262,742
Customer deposits	9,753,929	9,528,280
Total liabilities payable from restricted assets	11,557,003	10,791,022
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	80,748,867	76,352,454
Revenue bonds payable (net of unamortized costs)	93,752,712	93,837,558
Net pension liability	35,383,798	35,383,798
Total noncurrent liabilities	211,263,388	206,951,821
Total liabilities	245,149,178	239,537,932
Deferred inflows of resources:		
Related to pensions	632,180	632,180
Total liabilities and deferred inflows of resources	245,781,358	240,170,112
<u>NET POSITION</u>		
Net investment in capital assets	1,141,716,499	1,147,108,585
Restricted for debt service	40,588,920	40,376,189
Unrestricted	118,562,534	113,527,810
Total net position	1,300,867,953	1,301,012,584
Total liabilities and net position	\$ 1,546,649,311	\$ 1,541,182,696

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
FEBRUARY 28 AND JANUARY 31, 2017**

	<u>FEBRUARY</u>	<u>JANUARY</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	-	-
Reserve revenue	72,774,226	71,404,389
Water connection fees	9,955,042	9,389,087
Wastewater connection fees	32,440,800	31,143,764
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>115,171,668</u>	<u>111,938,840</u>
Restricted:		
Operation and maintenance reserve	24,677,720	24,626,244
Renewal and replacement	8,010,754	8,007,402
Bond reserve (1)	6,184,556	6,184,501
Bond interest	1,452,947	968,867
Loan debt service	1,304,855	1,091,073
Loan repayment reserve	761,162	760,844
Series 2016 account	3,672,848	7,919,668
Customer deposits	<u>9,753,929</u>	<u>9,528,280</u>
Total restricted cash and investments	<u>55,818,771</u>	<u>59,086,879</u>
Total cash and investments	<u>\$ 170,990,439</u>	<u>\$ 171,025,719</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, 2017**

	<u>FEBRUARY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 3,617,745	\$ 20,761,866
Wastewater service	9,679,586	49,789,257
Reclaimed water service	584,480	3,347,308
Miscellaneous	295,625	2,322,135
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Total operating revenues	14,177,436	76,220,566
Operating and maintenance expenses:		
Personal services	3,403,924	19,969,160
Contractual services	2,579,706	10,414,158
Materials and supplies	595,467	1,922,385
Utilities	1,555,397	5,024,879
Repairs and maintenance	1,336,523	4,767,793
Other administrative expenses	370,527	4,488,030
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Total operating and maintenance expenses	9,841,544	46,586,405
Operating income before depreciation	4,335,892	29,634,161
Depreciation and amortization	6,368,334	31,841,667
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Operating loss	(2,032,442)	(2,207,506)
Nonoperating revenues (expenses):		
Interest revenue	200,872	583,194
Interest expense and fiscal charges	(473,160)	(1,399,643)
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Total net nonoperating expenses	(272,288)	(816,449)
Loss before contributions and transfers	(2,304,730)	(3,023,955)
Capital contributions	2,160,099	15,572,248
Transfers out	-	(8,200,000)
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Change in net position	(144,631)	4,348,293
Total net position, beginning of period	1,301,012,584	1,296,519,660
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Total net position, end of period	\$ 1,300,867,953	\$ 1,300,867,953
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See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2017**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Water service:						
Residential	\$ 1,991,599	\$ 2,004,570	\$ 9,957,995	\$ 10,209,996	\$ 23,899,193	43%
Commercial	1,251,177	1,146,213	6,255,885	6,239,069	15,014,120	42%
Conservation surcharge	888,092	466,962	4,440,460	4,312,801	10,657,107	40%
Total water service	<u>4,130,868</u>	<u>3,617,745</u>	<u>20,654,340</u>	<u>20,761,866</u>	<u>49,570,420</u>	42%
Wastewater service:						
Residential	5,045,574	5,037,522	25,227,870	25,700,221	60,546,889	42%
Commercial	4,677,267	4,343,762	23,386,335	22,789,241	56,127,207	41%
Environmental surcharge	230,664	222,435	1,153,320	949,286	2,767,962	34%
Industrial	3,991	9,883	19,955	47,330	47,886	99%
Septic and portable	58,069	53,640	290,345	247,121	696,827	35%
Capacity maintenance fees	13,262	12,344	66,310	56,058	159,148	35%
Total wastewater service	<u>10,028,827</u>	<u>9,679,586</u>	<u>50,144,135</u>	<u>49,789,257</u>	<u>120,345,919</u>	41%
Reclaimed water service:						
Reclaimed service	572,330	559,110	2,861,650	3,260,730	6,867,957	47%
Reclaimed water-cooling tower	20,371	25,370	101,855	86,578	244,448	35%
Total reclaimed water service	<u>592,701</u>	<u>584,480</u>	<u>2,963,505</u>	<u>3,347,308</u>	<u>7,112,405</u>	47%
Miscellaneous:						
Initiate account service	43,397	37,792	216,985	194,562	520,763	37%
Turn off/on service	22,276	33,107	111,380	179,061	267,311	67%
Lien fee charges	371	260	1,855	1,440	4,448	32%
Meter removal/testing	4,335	3,927	21,675	21,679	52,015	42%
Meter/line damage	2,082	4,469	10,410	289,412	24,988	1158%
NSF charges	3,849	5,122	19,245	14,462	46,185	31%
Plans and specifications	75,667	28,032	378,335	344,731	908,008	38%
Charges to other funds	881	1,276	4,405	5,705	10,567	54%
Developer reimb of plan review	24,987	44,759	124,935	195,632	299,840	65%
Miscellaneous	119,116	136,881	595,580	1,075,451	1,429,387	75%
Total miscellaneous	<u>296,961</u>	<u>295,625</u>	<u>1,484,805</u>	<u>2,322,135</u>	<u>3,563,512</u>	65%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 14,177,436</u>	<u>\$ 75,246,785</u>	<u>\$ 76,220,566</u>	<u>\$ 180,592,256</u>	42%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2017**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Personal services:						
Salaries	\$ 3,174,296	\$ 2,839,129	\$ 15,871,480	\$ 15,828,777	\$ 38,091,548	42%
Fringe benefits	1,167,682	564,795	5,838,410	4,140,383	14,012,186	30%
Total personal services	4,341,978	3,403,924	21,709,890	19,969,160	52,103,734	38%
Contractual services:						
Research and studies	82,852	4,322	414,260	16,963	994,225	2%
Legal services	21,563	26,065	107,815	54,494	258,753	21%
Indirect costs	483,753	483,754	2,418,765	2,418,767	5,805,040	42%
Purchased water	44,789	73,824	223,945	207,050	537,464	39%
Effluent disposal	167,989	160,340	839,945	751,136	2,015,865	37%
Comptroller fees	143,937	143,853	719,685	719,263	1,727,240	42%
Officer fees	1,398	970	6,990	2,850	16,774	17%
Payments to other governments	197,527	241,209	987,635	785,447	2,370,319	33%
Janitorial	37,621	32,357	188,105	135,517	451,446	30%
Employment agency	111,761	83,195	558,805	283,881	1,341,133	21%
Training	16,956	-	84,780	12,959	203,466	6%
Paving	161,965	102,695	809,825	494,075	1,943,575	25%
Software licensing/support fee	154,634	52,614	773,170	877,006	1,855,610	47%
Other professional fees	182,973	32,247	914,865	174,798	2,195,673	8%
Contractual services	1,663,969	1,142,261	8,319,845	3,479,952	19,967,630	17%
Total contractual services	3,473,687	2,579,706	17,368,435	10,414,158	41,684,213	25%
Materials and supplies:						
Graphic reproduction services	4,056	-	20,280	4,235	48,669	9%
Office supplies	12,987	10,332	64,935	34,640	155,844	22%
Event/meal reimbursement	443	186	2,215	1,508	5,310	28%
Software <\$1000	12,462	-	62,310	10,763	149,547	7%
Computer equipment <\$500	7,330	6,559	36,650	14,039	87,960	16%
Equipment <\$1000	22,287	45,730	111,435	101,774	267,443	38%
Tools	7,198	12,173	35,990	22,226	86,380	26%
Medical	153	593	765	593	1,840	32%
Liquid oxygen	14,996	37,820	74,980	37,820	179,954	21%
Chemical and pesticides	8	-	40	-	100	0%
Solar salt	15,050	27,715	75,250	84,971	180,600	47%
Chlorine	108,505	130,745	542,525	433,938	1,302,060	33%
Fluoride	15,058	15,443	75,290	42,344	180,700	23%
Alum	931	-	4,655	-	11,167	0%
Polymer	58,325	18,699	291,625	197,462	699,900	28%
Sealing chemicals	208	-	1,040	-	2,500	0%
Corrosion control	55,432	72,107	277,160	223,536	665,180	34%
Carbon dioxide	45,670	43,515	228,350	163,350	548,036	30%
Sodium hydroxide	42,277	26,855	211,385	95,142	507,323	19%
Supplemental carbon	26,163	-	130,815	-	313,956	0%
Miscellaneous chemicals	29,416	28,595	147,080	101,855	352,996	29%
Material for construction	26,218	12,438	131,090	21,543	314,613	7%
Clothing	14,790	11,439	73,950	49,727	177,478	28%
Gas-oil-lube-brfl-ant	14,495	7,847	72,475	69,203	173,936	40%
Miscellaneous expenses	56,837	86,676	284,185	211,716	682,043	31%
Total materials & supplies	591,295	595,467	2,956,475	1,922,385	7,095,535	27%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED FEBRUARY 28, 2017**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Utilities:						
Communications	\$ 65,148	\$ 102,557	\$ 325,740	\$ 306,403	\$ 781,774	39%
Water	9,468	23,027	47,340	45,428	113,613	40%
Solid waste tipping fees	41,115	64,801	205,575	172,045	493,384	35%
Garbage disposal	8,891	10,509	44,455	17,277	106,696	16%
Gas	14,021	12,170	70,105	45,418	168,254	27%
Electric	1,073,396	1,342,333	5,366,980	4,438,308	12,880,752	34%
Total utilities	1,212,039	1,555,397	6,060,195	5,024,879	14,544,473	35%
Repairs and maintenance:						
Building and grounds	577,622	476,938	2,888,110	1,658,972	6,931,461	24%
Roadway Systems	100	-	500	-	1,200	0%
Equipment	621,836	522,863	3,109,180	1,659,661	7,462,029	22%
Vehicle maintenance	373,977	331,466	1,869,885	1,422,073	4,487,728	32%
Services	42	-	210	-	500	0%
Mains	14,758	1,120	73,790	18,843	177,101	11%
Water meters	3,070	-	15,350	3,284	36,845	9%
Fire lines	17,940	-	89,700	824	215,281	0%
Meter installations	42	-	210	-	500	0%
Valves	5,652	4,136	28,260	4,136	67,821	6%
Utility relocations	42	-	210	-	500	0%
Total repairs & maintenance	1,615,081	1,336,523	8,075,405	4,767,793	19,380,966	25%
Other administrative:						
Local travel	2,229	1,385	11,145	6,122	26,748	23%
Out of county travel	2,387	699	11,935	2,541	28,645	9%
Postage and messenger services	64,808	7,568	324,040	454,907	777,693	58%
Toll charges	18,892	17,310	94,460	58,388	226,698	26%
Rental of equipment	46,554	54,853	232,770	119,478	558,643	21%
Dues and memberships	13,896	23,958	69,480	147,012	166,746	88%
Subscriptions	3,973	1,944	19,865	7,761	47,678	16%
Training fees	11,002	3,240	55,010	11,610	132,019	9%
License and certification	3,205	1,469	16,025	5,495	38,456	14%
Advertising	723	-	3,615	-	8,680	0%
Promotional	9,304	110	46,520	10,431	111,647	9%
Educational assistance	3,146	618	15,730	1,308	37,750	3%
Scholarships, awards	628	-	3,140	-	7,540	0%
Bad debt expense	40,135	(21,704)	200,675	198,162	481,619	41%
Bank charges	81,206	79,813	406,030	256,388	974,476	26%
Self insurance	245,254	245,254	1,226,270	1,226,269	2,943,046	42%
Refunds of prior year revenue	24,953	4,580	124,765	128,079	299,441	43%
Operating permits	11,654	-	58,270	-	139,849	0%
Accrued expenses	-	(50,570)	-	1,854,079	-	0%
Total other administrative	583,949	370,527	2,919,745	4,488,030	7,007,374	64%
Total O&M expenses	\$ 11,818,029	\$ 9,841,544	\$ 59,090,145	\$ 46,586,405	\$ 141,816,295	33%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2017**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 164,787	\$ 462,360	\$ 495,078	\$ 1,109,666	45%
Connection fees	-	38,371	-	99,249	-	0%
Bond reserve	-	55	-	(2,327)	-	0%
Less: Customer deposits expense	-	(2,341)	-	(8,806)	-	0%
Total interest revenue	<u>92,472</u>	<u>200,872</u>	<u>462,360</u>	<u>583,194</u>	<u>1,109,666</u>	53%
Interest expense:						
Bonds and revolving loans	(503,086)	(558,006)	(2,515,430)	(1,823,135)	(6,037,026)	30%
Capital lease	(101)	-	(505)	(735)	(1,208)	61%
Debt service fees	(37,500)	-	(187,500)	-	(450,000)	0%
Amortization of bond premium	-	84,846	-	424,227	-	(1)
Total interest expense	<u>(540,687)</u>	<u>(473,160)</u>	<u>(2,703,435)</u>	<u>(1,399,643)</u>	<u>(6,488,234)</u>	22%
Total non-operating revenues (expenses)	<u>\$ (448,215)</u>	<u>\$ (272,288)</u>	<u>\$ (2,241,075)</u>	<u>\$ (816,449)</u>	<u>\$ (5,378,568)</u>	15%

(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, 2017**

	<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	\$ 547,594	\$ 647,127	\$ 2,737,970	\$ 4,801,979	\$ 6,571,129	73%
Irrigation	<u>28,207</u>	<u>48,430</u>	<u>141,035</u>	<u>245,075</u>	<u>338,486</u>	72%
Total water connection fees	<u>575,801</u>	<u>695,557</u>	<u>2,879,005</u>	<u>5,047,054</u>	<u>6,909,615</u>	73%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,455,973</u>	<u>6,030,125</u>	<u>10,442,845</u>	<u>14,472,301</u>	72%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,455,973</u>	<u>6,030,125</u>	<u>10,442,845</u>	<u>14,472,301</u>	72%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(3,417)</u>	<u>(416,665)</u>	<u>(12,432)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>(3,417)</u>	<u>(416,665)</u>	<u>(12,432)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>1,698,493</u>	<u>2,148,113</u>	<u>8,492,465</u>	<u>15,477,467</u>	<u>20,381,916</u>	76%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	69,688	-	0%
Developer reimbursements	-	-	-	408	-	0%
Line extensions	<u>-</u>	<u>3,275</u>	<u>-</u>	<u>24,685</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>11,986</u>	<u>-</u>	<u>94,781</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 2,160,099</u>	<u>\$ 8,492,465</u>	<u>\$ 15,572,248</u>	<u>\$ 20,381,916</u>	76%

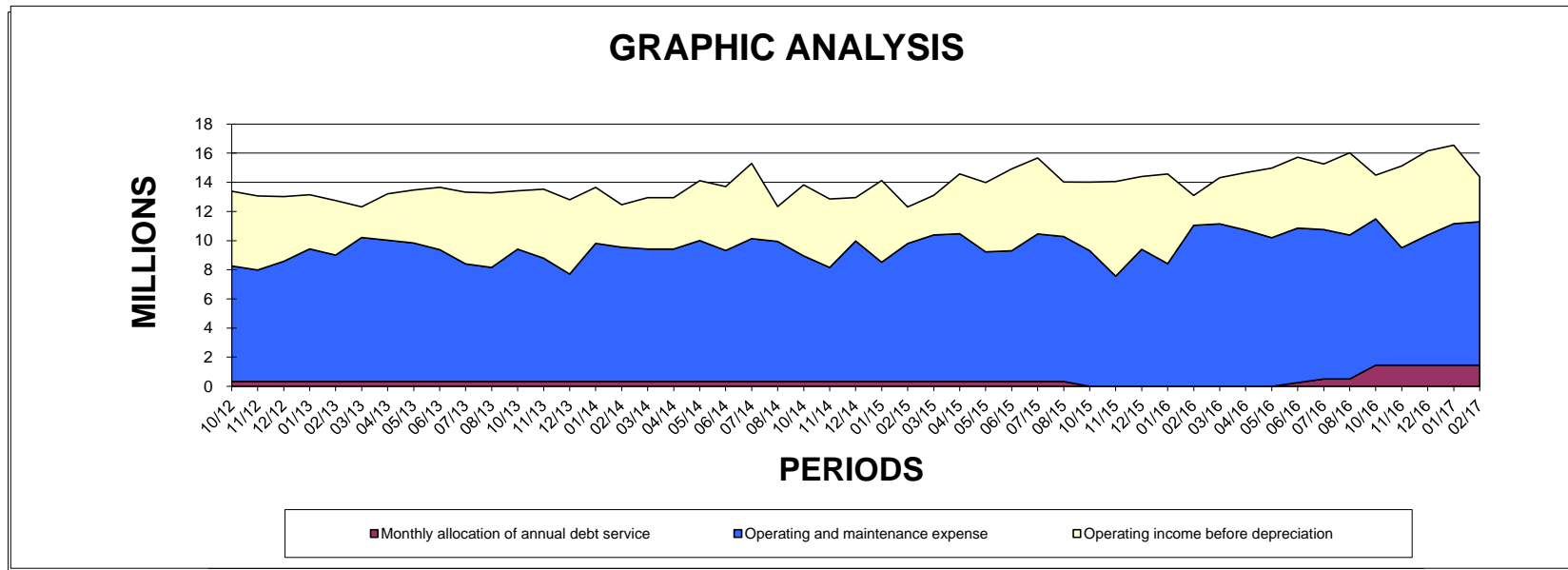
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED FEBRUARY 28, 2017**

	FEBRUARY BUDGET	FEBRUARY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 42%)
Capital outlay:						
Land	\$ 38,263	\$ 62,634	\$ 191,315	\$ 250,981	\$ 459,161	55%
Buildings	65,294	26,595	326,470	26,595	783,531	3%
Structures	13,857,089	8,887,786	69,285,445	25,630,882	166,285,071	15%
Equipment	614,949	557,621	3,074,745	930,950	7,379,387	13%
Total capital outlay	14,575,595	9,534,636	72,877,975	26,839,408	174,907,150	15%
Debt service principal	178,568	194,339	892,840	969,961	2,142,811	45%
Total other disbursements	<u>\$ 14,754,163</u>	<u>\$ 9,728,975</u>	<u>\$ 73,770,815</u>	<u>\$ 27,809,369</u>	<u>\$ 177,049,961</u>	16%

**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	0.61	0.69	0.54	0.55	0.59	0.69						
Water	0.83	1.00	0.69	0.74	0.75	1.04						
Wastewater	0.48	0.53	0.44	0.44	0.47	0.51						
Bond Coverage Ratios*	24.48	18.44	28.62	29.78	27.70	17.91						

*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, 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 \$9.9 million.