

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

	MARCH	FEBRUARY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 108,719,978	\$ 115,171,668
Accrued interest receivable	242,853	242,853
Accounts receivable, net	17,259,504	17,903,785
Due from other governmental agencies	14,765,892	14,765,892
Inventories and prepaid costs	<u>20,716,852</u>	<u>17,734,355</u>
Total current assets	<u>161,705,079</u>	<u>165,818,553</u>
Restricted assets:		
Cash and investments	<u>51,558,176</u>	<u>55,818,771</u>
Capital assets:		
Land	102,549,144	102,434,469
Construction in progress	173,062,882	165,272,209
Buildings and improvements	2,039,105,151	2,039,105,151
Machinery and equipment	100,324,607	99,610,584
Intangible assets	76,704,645	76,704,515
Less accumulated depreciation and amortization	<u>(1,176,950,031)</u>	<u>(1,170,581,698)</u>
Total capital assets	<u>1,314,796,398</u>	<u>1,312,545,230</u>
Total noncurrent and restricted assets	<u>1,366,354,574</u>	<u>1,368,364,001</u>
Total assets	<u>1,528,059,653</u>	<u>1,534,182,554</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>\$ 1,540,526,410</u>	<u>\$ 1,546,649,311</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,470,052	\$ 21,542,567
Due to other governmental agencies	478,611	395,924
Net pension liability	<u>390,296</u>	<u>390,296</u>
Total current liabilities	<u>15,338,959</u>	<u>22,328,787</u>
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,587,000	1,803,074
Customer deposits	<u>9,816,297</u>	<u>9,753,929</u>
Total liabilities payable from restricted assets	<u>11,403,297</u>	<u>11,557,003</u>
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	81,131,466	80,748,867
Revenue bonds payable (net of unamortized costs)	93,667,867	93,752,712
Net pension liability	<u>35,383,798</u>	<u>35,383,798</u>
Total noncurrent liabilities	<u>211,561,142</u>	<u>211,263,388</u>
Total liabilities	<u>238,303,398</u>	<u>245,149,178</u>
Deferred inflows of resources:		
Related to pensions	<u>632,180</u>	<u>632,180</u>
Total liabilities and deferred inflows of resources	<u>238,935,578</u>	<u>245,781,358</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,139,997,065	1,141,716,499
Restricted for debt service	40,154,879	40,588,920
Unrestricted	<u>121,438,888</u>	<u>118,562,534</u>
Total net position	<u>1,301,590,832</u>	<u>1,300,867,953</u>
Total liabilities and net position	<u>\$ 1,540,526,410</u>	<u>\$ 1,546,649,311</u>

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

	<u>MARCH</u>	<u>FEBRUARY</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	23	-
Reserve revenue	66,235,855	72,774,226
Water connection fees	9,970,162	9,955,041
Wastewater connection fees	32,512,338	32,440,800
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>108,719,978</u>	<u>115,171,668</u>
Restricted:		
Operation and maintenance reserve	24,669,533	24,677,720
Renewal and replacement	8,007,913	8,010,754
Bond reserve (1)	6,204,490	6,184,556
Bond interest	1,452,947	1,452,947
Loan debt service	646,104	1,304,855
Loan repayment reserve	760,892	761,162
Series 2016 account	-	3,672,848
Customer deposits	<u>9,816,297</u>	<u>9,753,929</u>
Total restricted cash and investments	<u>51,558,176</u>	<u>55,818,771</u>
Total cash and investments	<u>\$ 160,278,154</u>	<u>\$ 170,990,439</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 MARCH 31, 2017**

	<u>MARCH</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,272,013	\$ 25,033,879
Wastewater service	9,682,360	59,471,617
Reclaimed water service	669,550	4,016,858
Miscellaneous	329,794	2,651,929
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Total operating revenues	14,953,717	91,174,283
Operating and maintenance expenses:		
Personal services	4,255,126	24,224,286
Contractual services	2,779,744	13,193,902
Materials and supplies	466,039	2,388,424
Utilities	1,170,797	6,195,676
Repairs and maintenance	1,334,370	6,102,163
Other administrative expenses	673,313	5,161,343
	<hr/>	<hr/>
Total operating and maintenance expenses	10,679,389	57,265,794
Operating income before depreciation	4,274,328	33,908,489
Depreciation and amortization	<hr/>	<hr/>
	6,368,333	38,210,000
Operating loss	<hr/>	<hr/>
	(2,094,005)	(4,301,511)
Nonoperating revenues (expenses):		
Interest revenue	171,555	754,749
Interest expense and fiscal charges	12,399	(1,387,244)
Gain on the disposal of assets	171,861	171,861
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Total net nonoperating expenses	355,815	(460,634)
Loss before contributions and transfers	(1,738,190)	(4,762,145)
Capital contributions	2,461,069	18,033,317
Transfers out	<hr/>	<hr/>
	-	(8,200,000)
Change in net position	722,879	5,071,172
Total net position, beginning of period	<hr/>	<hr/>
	1,300,867,953	1,296,519,660
Total net position, end of period	<hr/>	<hr/>
	\$ 1,301,590,832	\$ 1,301,590,832

See accompanying notes to financial statements

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Water service:						
Residential	\$ 1,991,599	\$ 2,126,710	\$ 11,949,594	\$ 12,336,706	\$ 23,899,193	52%
Commercial	1,251,177	1,250,773	7,507,062	7,489,842	15,014,120	50%
Conservation surcharge	888,092	894,530	5,328,552	5,207,331	10,657,107	49%
Total water service	<u>4,130,868</u>	<u>4,272,013</u>	<u>24,785,208</u>	<u>25,033,879</u>	<u>49,570,420</u>	51%
Wastewater service:						
Residential	5,045,574	5,166,024	30,273,444	30,866,245	60,546,889	51%
Commercial	4,677,267	4,256,740	28,063,602	27,045,981	56,127,207	48%
Environmental surcharge	230,664	178,932	1,383,984	1,128,218	2,767,962	41%
Industrial	3,991	10,953	23,946	58,283	47,886	122%
Septic and portable	58,069	59,137	348,414	306,258	696,827	44%
Capacity maintenance fees	13,262	10,574	79,572	66,632	159,148	42%
Total wastewater service	<u>10,028,827</u>	<u>9,682,360</u>	<u>60,172,962</u>	<u>59,471,617</u>	<u>120,345,919</u>	49%
Reclaimed water service:						
Reclaimed service	572,330	651,636	3,433,980	3,912,366	6,867,957	57%
Reclaimed water-cooling tower	20,371	17,914	122,226	104,492	244,448	43%
Total reclaimed water service	<u>592,701</u>	<u>669,550</u>	<u>3,556,206</u>	<u>4,016,858</u>	<u>7,112,405</u>	56%
Miscellaneous:						
Initiate account service	43,397	45,872	260,382	240,434	520,763	46%
Turn off/on service	22,276	34,634	133,656	213,695	267,311	80%
Lien fee charges	371	500	2,226	1,940	4,448	44%
Meter removal/testing	4,335	2,755	26,010	24,434	52,015	47%
Meter/line damage	2,082	2,212	12,492	291,624	24,988	1167%
NSF charges	3,849	4,619	23,094	19,081	46,185	41%
Plans and specifications	75,667	33,478	454,002	378,209	908,008	42%
Charges to other funds	881	1,365	5,286	7,070	10,567	67%
Developer reimb of plan review	24,987	27,073	149,922	222,705	299,840	74%
Miscellaneous	119,116	177,286	714,696	1,252,737	1,429,387	88%
Total miscellaneous	<u>296,961</u>	<u>329,794</u>	<u>1,781,766</u>	<u>2,651,929</u>	<u>3,563,512</u>	74%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 14,953,717</u>	<u>\$ 90,296,142</u>	<u>\$ 91,174,283</u>	<u>\$ 180,592,256</u>	50%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Personal services:						
Salaries	\$ 3,174,296	\$ 2,569,972	\$ 19,045,776	\$ 18,398,749	\$ 38,091,548	48%
Fringe benefits	1,167,682	1,685,154	7,006,092	5,825,537	14,012,186	42%
Total personal services	4,341,978	4,255,126	26,051,868	24,224,286	52,103,734	46%
Contractual services:						
Research and studies	83,044	31,740	498,264	48,703	996,525	5%
Legal services	21,563	31,147	129,378	85,641	258,753	33%
Indirect costs	483,753	738,160	2,902,518	3,156,927	5,805,040	54%
Purchased water	44,789	14,485	268,734	221,535	537,464	41%
Effluent disposal	167,989	184,034	1,007,934	935,170	2,015,865	46%
Comptroller fees	143,937	143,852	863,622	863,115	1,727,240	50%
Officer fees	1,398	410	8,388	3,260	16,774	19%
Payments to other governments	197,527	244,701	1,185,162	1,030,148	2,370,319	43%
Janitorial	37,621	32,864	225,726	168,381	451,446	37%
Employment agency	111,761	69,226	670,566	353,107	1,341,133	26%
Training	16,956	-	101,736	12,959	203,466	6%
Paving	161,965	111,518	971,790	605,593	1,943,575	31%
Software licensing/support fee	154,634	131,140	927,804	1,008,146	1,855,610	54%
Other professional fees	182,973	42,468	1,097,838	217,266	2,195,673	10%
Contractual services	1,647,303	1,003,999	9,883,818	4,483,951	19,767,630	23%
Total contractual services	3,457,213	2,779,744	20,743,278	13,193,902	41,486,513	32%
Materials and supplies:						
Graphic reproduction services	4,056	-	24,336	4,235	48,669	9%
Office supplies	12,987	7,317	77,922	41,957	155,844	27%
Event/meal reimbursement	443	263	2,658	1,771	5,310	33%
Software <\$1000	12,462	1,173	74,772	11,936	149,547	8%
Computer equipment <\$500	7,330	181	43,980	14,220	87,960	16%
Equipment <\$1000	22,287	12,451	133,722	114,225	267,443	43%
Tools	7,198	12,437	43,188	34,663	86,380	40%
Medical	153	-	918	593	1,840	32%
Liquid oxygen	14,996	5,334	89,976	43,154	179,954	24%
Chemical and pesticides	8	-	48	-	100	0%
Solar salt	15,050	20,689	90,300	105,660	180,600	59%
Chlorine	108,505	112,705	651,030	546,643	1,302,060	42%
Fluoride	15,058	7,722	90,348	50,066	180,700	28%
Alum	931	679	5,586	679	11,167	6%
Polymer	58,325	81,641	349,950	279,103	699,900	40%
Sealing chemicals	208	-	1,248	-	2,500	0%
Corrosion control	55,432	54,944	332,592	278,480	665,180	42%
Carbon dioxide	45,670	26,430	274,020	189,780	548,036	35%
Sodium hydroxide	42,277	15,851	253,662	110,993	507,323	22%
Supplemental carbon	26,163	-	156,978	-	313,956	0%
Miscellaneous chemicals	29,416	26,147	176,496	128,002	352,996	36%
Material for construction	26,218	209	157,308	21,752	314,613	7%
Clothing	14,790	14,348	88,740	64,075	177,478	36%
Gas-oil-lube-brfl-ant	14,495	10,255	86,970	79,458	173,936	46%
Miscellaneous expenses	56,837	55,263	341,022	266,979	682,043	39%
Total materials & supplies	591,295	466,039	3,547,770	2,388,424	7,095,535	34%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Utilities:						
Communications	\$ 65,148	\$ 46,699	\$ 390,888	\$ 353,102	\$ 781,774	45%
Water	9,468	12,300	56,808	57,728	113,613	51%
Solid waste tipping fees	41,115	105,769	246,690	277,814	493,384	56%
Garbage disposal	8,891	1,936	53,346	19,213	106,696	18%
Gas	14,021	9,748	84,126	55,166	168,254	33%
Electric	1,073,396	994,345	6,440,376	5,432,653	12,880,752	42%
Total utilities	1,212,039	1,170,797	7,272,234	6,195,676	14,544,473	43%
Repairs and maintenance:						
Building and grounds	577,622	411,827	3,465,732	2,070,799	6,931,461	30%
Roadway Systems	100	-	600	-	1,200	0%
Equipment	621,836	585,248	3,731,016	2,244,909	7,462,029	30%
Vehicle maintenance	373,977	322,495	2,243,862	1,744,568	4,487,728	39%
Services	42	-	252	-	500	0%
Mains	14,758	14,800	88,548	33,643	177,101	19%
Water meters	3,070	-	18,420	3,284	36,845	9%
Fire lines	17,940	-	107,640	824	215,281	0%
Meter installations	42	-	252	-	500	0%
Valves	5,652	-	33,912	4,136	67,821	6%
Utility relocations	42	-	252	-	500	0%
Total repairs & maintenance	1,615,081	1,334,370	9,690,486	6,102,163	19,380,966	31%
Other administrative:						
Local travel	2,229	1,035	13,374	7,157	26,748	27%
Out of county travel	2,387	2,414	14,322	4,955	28,645	17%
Postage and messenger services	64,808	6,227	388,848	461,134	777,693	59%
Toll charges	18,892	20,098	113,352	78,486	226,698	35%
Rental of equipment	46,317	109,265	277,902	228,743	555,800	41%
Dues and memberships	13,896	2,115	83,376	149,127	166,746	89%
Subscriptions	3,973	4,714	23,838	12,475	47,678	26%
Training fees	11,002	180	66,012	11,790	132,019	9%
License and certification	3,205	3,551	19,230	9,046	38,456	24%
Advertising	723	-	4,338	-	8,680	0%
Promotional	9,304	403	55,824	10,834	111,647	10%
Educational assistance	3,146	-	18,876	1,308	37,750	3%
Scholarships, awards	628	-	3,768	-	7,540	0%
Bad debt expense	40,135	123,290	240,810	321,452	481,619	67%
Bank charges	81,206	93,664	487,236	350,052	974,476	36%
Self insurance	245,254	245,254	1,471,524	1,471,523	2,943,046	50%
Refunds of prior year revenue	24,953	(1,533)	149,718	126,546	299,441	42%
Operating permits	11,654	-	69,924	-	139,849	0%
Accrued expenses	-	62,636	-	1,916,715	-	0%
Total other administrative	583,712	673,313	3,502,272	5,161,343	7,004,531	74%
Total O&M expenses	\$ 11,801,318	\$ 10,679,389	\$ 70,807,908	\$ 57,265,794	\$ 141,615,752	40%

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

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 121,687	\$ 554,832	\$ 616,765	\$ 1,109,666	56%
Connection fees	-	32,750	-	131,999	-	0%
Bond reserve	-	19,934	-	17,607	-	0%
Less: Customer deposits expense	-	(2,816)	-	(11,622)	-	0%
Total interest revenue	92,472	171,555	554,832	754,749	1,109,666	68%
Interest expense:						
Bonds and revolving loans	(503,086)	(72,316)	(3,018,516)	(1,895,451)	(6,037,026)	31%
Capital lease	(154)	(130)	(924)	(865)	(1,844)	47%
Debt service fees	(37,500)	-	(225,000)	-	(450,000)	0%
Amortization of bond premium	-	84,845	-	509,072	-	(1)
Total interest expense	(540,740)	12,399	(3,244,440)	(1,387,244)	(6,488,870)	21%
Gain on disposal of assets:						
Proceeds from sale	-	171,861	-	171,861	-	0%
Total gain on disposal of assets	-	171,861	-	171,861	-	(1)
Total non-operating revenues (expenses)	\$ (448,268)	\$ 355,815	\$ (2,689,608)	\$ (460,634)	\$ (5,379,204)	9%

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

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

	<u>MARCH BUDGET</u>	<u>MARCH ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 50%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 706,825	\$ 3,285,564	\$ 5,508,804	\$ 6,571,129	84%
Irrigation	<u>28,207</u>	<u>48,865</u>	<u>169,242</u>	<u>293,940</u>	<u>338,486</u>	87%
Total water connection fees	<u>575,801</u>	<u>755,690</u>	<u>3,454,806</u>	<u>5,802,744</u>	<u>6,909,615</u>	84%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,668,517</u>	<u>7,236,150</u>	<u>12,111,362</u>	<u>14,472,301</u>	84%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,668,517</u>	<u>7,236,150</u>	<u>12,111,362</u>	<u>14,472,301</u>	84%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>-</u>	<u>(499,998)</u>	<u>(12,432)</u>	<u>(1,000,000)</u>	1%
Total reductions	<u>(83,333)</u>	<u>-</u>	<u>(499,998)</u>	<u>(12,432)</u>	<u>(1,000,000)</u>	1%
Net connection fees	<u>1,698,493</u>	<u>2,424,207</u>	<u>10,190,958</u>	<u>17,901,674</u>	<u>20,381,916</u>	88%
DONATED SYSTEMS:						
Developer fixed assets	-	9,811	-	79,499	-	0%
Developer reimbursements	-	17,336	-	17,744	-	0%
Line extensions	<u>-</u>	<u>9,715</u>	<u>-</u>	<u>34,400</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>36,862</u>	<u>-</u>	<u>131,643</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 2,461,069</u>	<u>\$ 10,190,958</u>	<u>\$ 18,033,317</u>	<u>\$ 20,381,916</u>	88%

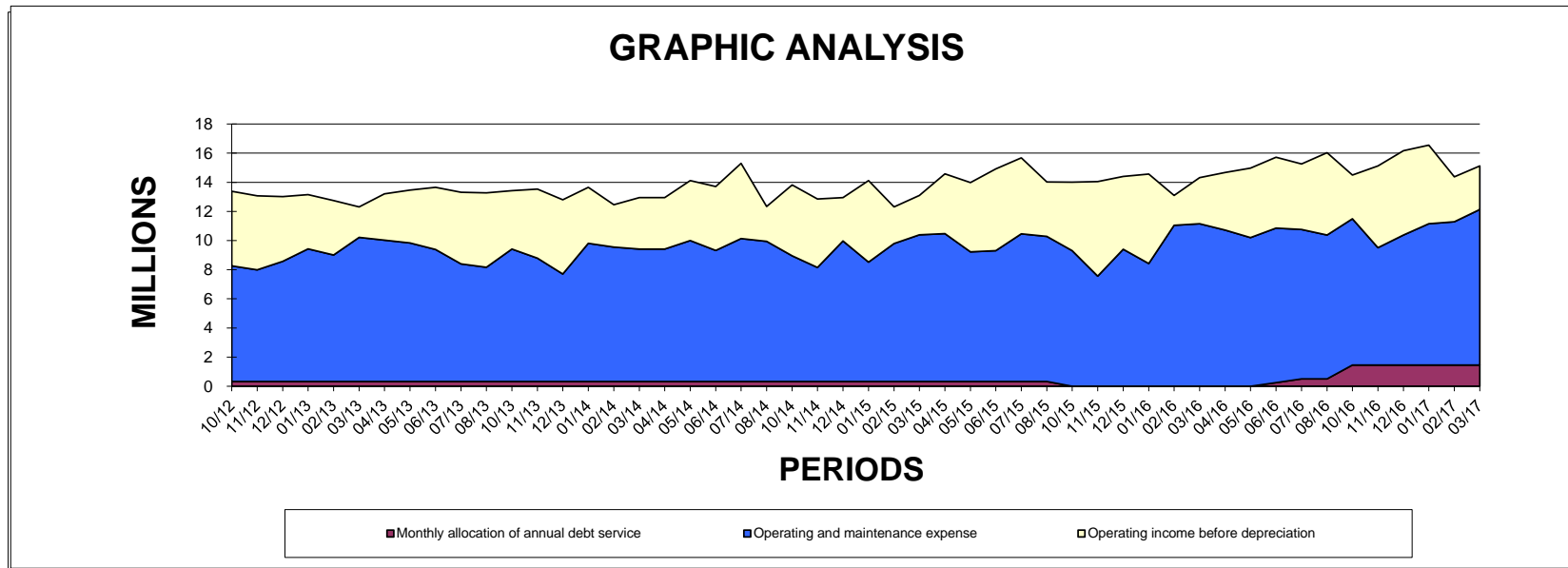
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED MARCH 31, 2017**

	MARCH BUDGET	MARCH ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 50%)
Capital outlay:						
Land	\$ 38,263	\$ 8,280	\$ 229,578	\$ 259,261	\$ 459,161	56%
Buildings	65,294	-	391,764	26,595	783,531	3%
Structures	13,815,231	7,790,672	82,891,386	33,421,554	165,782,771	20%
Equipment	673,282	820,548	4,039,692	1,751,498	8,079,387	22%
Total capital outlay	14,592,070	8,619,500	87,552,420	35,458,908	175,104,850	20%
Debt service principal	178,568	195,714	1,071,408	1,165,675	2,142,811	54%
Total other disbursements	<u>\$ 14,770,638</u>	<u>\$ 8,815,214</u>	<u>\$ 88,623,828</u>	<u>\$ 36,624,583</u>	<u>\$ 177,247,661</u>	21%

**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	0.63	0.69	0.54	0.55	0.59	0.69	0.71					
Water	0.83	1.00	0.69	0.74	0.75	1.04	0.84					
Wastewater	0.50	0.53	0.44	0.44	0.47	0.51	0.60					
Bond Coverage Ratios*	23.34	18.44	28.62	29.78	27.70	17.91	17.65					

*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 MARCH 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 \$10.1 million.