

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
JUNE 30 AND MAY 31, 2017**

	JUNE	MAY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 123,137,743	\$ 112,220,093
Accrued interest receivable	242,853	242,853
Accounts receivable, net	19,523,315	19,481,285
Due from other governmental agencies	10,079,148	17,853,774
Inventories and prepaid costs	16,405,389	17,234,838
Total current assets	169,388,448	167,032,843
Restricted assets:		
Cash and investments	51,354,581	50,825,859
Capital assets:		
Land	102,648,269	102,623,462
Construction in progress	200,106,652	190,639,512
Buildings and improvements	2,052,545,623	2,052,769,577
Machinery and equipment	99,713,449	99,452,146
Intangible assets	76,709,764	76,705,946
Less accumulated depreciation and amortization	(1,194,500,999)	(1,188,132,666)
Total capital assets	1,337,222,758	1,334,057,977
Total noncurrent and restricted assets	1,388,577,339	1,384,883,836
Total assets	1,557,965,787	1,551,916,679
Deferred outflows of resources:		
Related to pensions	12,466,757	12,466,757
Total assets and deferred outflows of resources	\$ 1,570,432,544	\$ 1,564,383,436
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,388,526	\$ 16,183,644
Due to other governmental agencies	560,703	632,597
Net pension liability	390,296	390,296
Total current liabilities	19,339,525	17,206,537
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,040,660	728,715
Customer deposits	9,871,660	9,831,364
Total liabilities payable from restricted assets	10,912,320	10,560,079
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	85,215,982	84,535,280
Revenue bonds payable (net of unamortized costs)	93,413,330	93,498,175
Net pension liability	35,383,798	35,383,798
Total noncurrent liabilities	215,391,121	214,795,264
Total liabilities	245,642,966	242,561,880
Deferred inflows of resources:		
Related to pensions	632,180	632,180
Total liabilities and deferred inflows of resources	246,275,146	243,194,060
<u>NET POSITION</u>		
Net investment in capital assets	1,158,593,446	1,156,024,522
Restricted for debt service	40,442,261	40,265,780
Unrestricted	125,121,691	124,899,074
Total net position	1,324,157,398	1,321,189,376
Total liabilities and net position	\$ 1,570,432,544	\$ 1,564,383,436

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
JUNE 30 AND MAY 31, 2017**

	<u>JUNE</u>	<u>MAY</u>
Current:		
Operation and maintenance	\$ -	\$ 2
Reserve revenue	78,840,654	66,488,278
Water connection fees	11,850,759	11,433,621
Wastewater connection fees	32,444,730	34,296,592
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>123,137,743</u>	<u>112,220,093</u>
Restricted:		
Operation and maintenance reserve	24,671,750	24,679,537
Renewal and replacement	8,008,526	8,011,069
Bond reserve (1)	6,204,776	6,204,570
Bond interest	726,473	484,316
Loan debt service	1,110,446	853,811
Loan repayment reserve	760,950	761,192
Customer deposits	<u>9,871,660</u>	<u>9,831,364</u>
Total restricted cash and investments	<u>51,354,581</u>	<u>50,825,859</u>
Total cash and investments	<u>\$ 174,492,324</u>	<u>\$ 163,045,952</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 JUNE 30, 2017**

	<u>JUNE</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,960,547	\$ 40,319,934
Wastewater service	10,953,411	91,412,028
Reclaimed water service	832,620	6,649,289
Miscellaneous	353,262	3,818,620
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Total operating revenues	17,099,840	142,199,871
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Operating and maintenance expenses:		
Personal services	3,926,741	36,532,788
Contractual services	2,881,843	22,537,565
Materials and supplies	616,287	3,984,614
Utilities	1,850,277	9,922,068
Repairs and maintenance	1,898,345	10,697,179
Other administrative expenses	609,161	6,722,645
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Total operating and maintenance expenses	11,782,654	90,396,859
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Operating income before depreciation	5,317,186	51,803,012
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Depreciation and amortization	6,368,333	57,315,429
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Operating loss	(1,051,147)	(5,512,417)
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Nonoperating revenues (expenses):		
Interest revenue	157,289	1,321,576
Interest expense and fiscal charges	(228,755)	(2,069,594)
Gain on the disposal of assets	-	24,656
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Total net nonoperating expenses	(71,466)	(723,362)
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Loss before contributions and transfers	(1,122,613)	(6,235,779)
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Capital contributions	4,090,635	42,073,517
Transfers out	-	(8,200,000)
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Change in net position	2,968,022	27,637,738
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Total net position, beginning of period	1,321,189,376	1,296,519,660
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Total net position, end of period	<u>\$ 1,324,157,398</u>	<u>\$ 1,324,157,398</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED JUNE 30, 2017**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Water service:						
Residential	\$ 1,991,599	\$ 2,279,050	\$ 17,924,391	\$ 18,963,759	\$ 23,899,193	79%
Commercial	1,251,177	1,406,630	11,260,593	11,480,701	15,014,120	76%
Conservation surcharge	888,092	1,274,867	7,992,828	9,875,474	10,657,107	93%
Total water service	<u>4,130,868</u>	<u>4,960,547</u>	<u>37,177,812</u>	<u>40,319,934</u>	<u>49,570,420</u>	81%
Wastewater service:						
Residential	5,045,574	5,600,911	45,410,166	47,442,690	60,546,889	78%
Commercial	4,677,267	5,065,632	42,095,403	41,583,124	56,127,207	74%
Environmental surcharge	230,664	214,240	2,075,976	1,742,163	2,767,962	63%
Industrial	3,991	4,834	35,919	85,031	47,886	178%
Septic and portable	58,069	47,240	522,621	452,998	696,827	65%
Capacity maintenance fees	13,262	20,554	119,358	106,022	159,148	67%
Total wastewater service	<u>10,028,827</u>	<u>10,953,411</u>	<u>90,259,443</u>	<u>91,412,028</u>	<u>120,345,919</u>	76%
Reclaimed water service:						
Reclaimed service	572,330	811,515	5,150,970	6,496,381	6,867,957	95%
Reclaimed water-cooling tower	20,371	21,105	183,339	152,908	244,448	63%
Total reclaimed water service	<u>592,701</u>	<u>832,620</u>	<u>5,334,309</u>	<u>6,649,289</u>	<u>7,112,405</u>	93%
Miscellaneous:						
Initiate account service	43,397	53,456	390,573	380,754	520,763	73%
Turn off/on service	22,276	34,549	200,484	309,774	267,311	116%
Lien fee charges	371	140	3,339	3,060	4,448	69%
Meter removal/testing	4,335	4,926	39,015	39,042	52,015	75%
Meter/line damage	2,082	9,723	18,738	382,761	24,988	1532%
NSF charges	3,849	5,308	34,641	32,740	46,185	71%
Plans and specifications	75,667	33,247	681,003	499,097	908,008	55%
Charges to other funds	881	2,059	7,929	11,725	10,567	111%
Developer reimb of plan review	24,987	47,967	224,883	399,983	299,840	133%
Miscellaneous	119,116	161,887	1,072,044	1,759,684	1,429,387	123%
Total miscellaneous	<u>296,961</u>	<u>353,262</u>	<u>2,672,649</u>	<u>3,818,620</u>	<u>3,563,512</u>	107%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 17,099,840</u>	<u>\$ 135,444,213</u>	<u>\$ 142,199,871</u>	<u>\$ 180,592,256</u>	79%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED JUNE 30, 2017**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Personal services:						
Salaries	\$ 3,131,962	\$ 3,114,706	\$ 28,187,658	\$ 28,029,351	\$ 37,583,548	75%
Fringe benefits	1,167,682	812,035	10,509,138	8,503,437	14,012,186	61%
Total personal services	4,299,644	3,926,741	38,696,796	36,532,788	51,595,734	71%
Contractual services:						
Research and studies	83,044	31,185	747,396	113,160	996,525	11%
Legal services	21,563	79,901	194,067	234,081	258,753	90%
Indirect costs	519,420	519,420	4,674,780	4,755,575	6,233,040	76%
Purchased water	44,789	85,046	403,101	522,652	537,464	97%
Effluent disposal	167,989	173,650	1,511,901	1,503,966	2,015,865	75%
Comptroller fees	143,937	287,704	1,295,433	1,439,535	1,727,240	83%
Officer fees	1,398	1,111	12,582	5,865	16,774	35%
Payments to other governments	198,235	238,774	1,784,115	1,660,821	2,378,819	70%
Janitorial	43,621	42,631	392,589	275,919	523,446	53%
Employment agency	111,761	73,288	1,005,849	546,949	1,341,133	41%
Training	16,956	6,145	152,604	49,395	203,466	24%
Paving	165,715	123,646	1,491,435	1,173,898	1,988,575	59%
Software licensing/support fee	154,634	234,780	1,391,706	1,361,265	1,855,610	73%
Other professional fees	183,056	50,873	1,647,504	533,348	2,196,673	24%
Contractual services	1,644,553	933,689	14,800,977	8,361,136	19,734,630	42%
Total contractual services	3,500,671	2,881,843	31,506,039	22,537,565	42,008,013	54%
Materials and supplies:						
Graphic reproduction services	4,056	7,222	36,504	14,521	48,669	30%
Office supplies	12,987	15,383	116,883	76,331	155,844	49%
Event/meal reimbursement	443	723	3,987	2,814	5,310	53%
Software <\$1000	12,462	150	112,158	12,086	149,547	8%
Computer equipment <\$500	7,330	11,418	65,970	41,658	87,960	47%
Equipment <\$1000	22,287	11,778	200,583	149,221	267,443	56%
Tools	7,198	3,372	64,782	72,818	86,380	84%
Medical	153	-	1,377	593	1,840	32%
Liquid oxygen	14,996	13,753	134,964	81,206	179,954	45%
Chemical and pesticides	8	-	72	-	100	0%
Solar salt	15,050	30,677	135,450	177,846	180,600	98%
Chlorine	108,505	158,383	976,545	966,778	1,302,060	74%
Fluoride	15,058	14,880	135,522	64,946	180,700	36%
Alum	931	-	8,379	679	11,167	6%
Polymer	58,325	41,584	524,925	370,716	699,900	53%
Sealing chemicals	208	1,500	1,872	1,500	2,500	60%
Corrosion control	55,432	43,752	498,888	441,272	665,180	66%
Carbon dioxide	45,670	47,815	411,030	355,722	548,036	65%
Sodium hydroxide	42,277	41,756	380,493	218,862	507,323	43%
Supplemental carbon	26,163	-	235,467	-	313,956	0%
Miscellaneous chemicals	29,416	19,186	264,744	195,902	352,996	55%
Material for construction	26,218	46,329	235,962	84,608	314,613	27%
Clothing	14,790	9,898	133,110	113,404	177,478	64%
Gas-oil-lube-brfl-ant	14,495	37,523	130,455	118,502	173,936	68%
Miscellaneous expenses	56,837	59,205	511,533	422,629	682,043	62%
Total materials & supplies	591,295	616,287	5,321,655	3,984,614	7,095,535	56%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED JUNE 30, 2017**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Utilities:						
Communications	\$ 65,148	\$ 52,009	\$ 586,332	\$ 524,632	\$ 781,774	67%
Water	9,468	8,361	85,212	79,154	113,613	70%
Solid waste tipping fees	41,115	62,815	370,035	380,639	493,384	77%
Garbage disposal	8,891	4,056	80,019	36,941	106,696	35%
Gas	14,021	42,377	126,189	114,665	168,254	68%
Electric	1,073,396	1,680,659	9,660,564	8,786,037	12,880,752	68%
Total utilities	1,212,039	1,850,277	10,908,351	9,922,068	14,544,473	68%
Repairs and maintenance:						
Building and grounds	580,653	470,236	5,225,877	3,520,807	6,967,836	51%
Roadway Systems	100	-	900	-	1,200	0%
Equipment	621,836	1,105,954	5,596,524	4,388,615	7,462,029	59%
Vehicle maintenance	373,977	292,087	3,365,793	2,654,819	4,487,728	59%
Services	42	-	378	-	500	0%
Mains	14,758	29,488	132,822	114,299	177,101	65%
Water meters	3,070	-	27,630	7,629	36,845	21%
Fire lines	17,940	-	161,460	824	215,281	0%
Meter installations	42	-	378	-	500	0%
Valves	5,652	580	50,868	10,186	67,821	15%
Utility relocations	42	-	378	-	500	0%
Total repairs & maintenance	1,618,112	1,898,345	14,563,008	10,697,179	19,417,341	55%
Other administrative:						
Local travel	2,229	1,675	20,061	11,568	26,748	43%
Out of county travel	2,387	8,810	21,483	19,276	28,645	67%
Postage and messenger services	64,808	209,272	583,272	686,126	777,693	88%
Toll charges	18,892	19,149	170,028	133,897	226,698	59%
Rental of equipment	46,317	31,298	416,853	369,955	555,800	67%
Dues and memberships	13,896	685	125,064	151,408	166,746	91%
Subscriptions	3,973	1,773	35,757	22,374	47,678	47%
Training fees	11,002	24,766	99,018	49,429	132,019	37%
License and certification	3,205	762	28,845	14,000	38,456	36%
Advertising	807	680	7,263	1,233	9,680	13%
Promotional	9,304	140	83,736	15,745	111,647	14%
Educational assistance	3,146	310	28,314	3,030	37,750	8%
Scholarships, awards	628	-	5,652	40	7,540	1%
Bad debt expense	40,135	(742)	361,215	316,474	481,619	66%
Bank charges	81,206	94,684	730,854	621,109	974,476	64%
Self insurance	245,254	245,253	2,207,286	2,207,284	2,943,046	75%
Refunds of prior year revenue	24,953	(1)	224,577	127,246	299,441	42%
Operating permits	11,654	-	104,886	-	139,849	0%
Accrued expenses	-	(29,353)	-	1,972,451	-	0%
Total other administrative	583,796	609,161	5,254,164	6,722,645	7,005,531	96%
Total O&M expenses	\$ 11,805,557	\$ 11,782,654	\$ 106,250,013	\$ 90,396,859	\$ 141,666,627	64%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED JUNE 30, 2017**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 121,381	\$ 832,248	\$ 1,090,836	\$ 1,109,666	98%
Connection fees	-	40,701	-	237,055	-	0%
Bond reserve	-	206	-	17,892	-	0%
Less: Customer deposits expense	-	(4,999)	-	(24,207)	-	0%
Total interest revenue	92,472	157,289	832,248	1,321,576	1,109,666	119%
Interest expense:						
Bonds and revolving loans	(503,086)	(311,945)	(4,527,774)	(2,830,829)	(6,037,026)	47%
Capital lease	(154)	(156)	(1,386)	(874)	(1,844)	47%
Debt service fees	(37,500)	(1,500)	(337,500)	(1,500)	(450,000)	0%
Amortization of bond premium	-	84,846	-	763,609	-	(1)
Total interest expense	(540,740)	(228,755)	(4,866,660)	(2,069,594)	(6,488,870)	32%
Gain on disposal of assets:						
Proceeds from sale	-	-	-	(500)	-	0%
Gain on disposal of fixed assets	-	-	-	170,808	-	(1)
Loss on abandoned projects	-	-	-	(145,652)	-	(1)
Total gain on disposal of assets	-	-	-	24,656	-	(1)
Total non-operating revenues (expenses)	\$ (448,268)	\$ (71,466)	\$ (4,034,412)	\$ (723,362)	\$ (5,379,204)	13%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED JUNE 30, 2017**

	<u>JUNE BUDGET</u>	<u>JUNE ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 75%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 1,058,411	\$ 4,928,346	\$ 8,829,542	\$ 6,571,129	134%
Irrigation	28,207	68,425	253,863	467,465	338,486	138%
Total water connection fees	<u>575,801</u>	<u>1,126,836</u>	<u>5,182,209</u>	<u>9,297,007</u>	<u>6,909,615</u>	135%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>3,186,272</u>	<u>10,854,225</u>	<u>20,186,370</u>	<u>14,472,301</u>	139%
Total wastewater connection fees	<u>1,206,025</u>	<u>3,186,272</u>	<u>10,854,225</u>	<u>20,186,370</u>	<u>14,472,301</u>	139%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(5,135)</u>	<u>(749,997)</u>	<u>(43,935)</u>	<u>(1,000,000)</u>	4%
Total reductions	<u>(83,333)</u>	<u>(5,135)</u>	<u>(749,997)</u>	<u>(43,935)</u>	<u>(1,000,000)</u>	4%
Net connection fees	<u>1,698,493</u>	<u>4,307,973</u>	<u>15,286,437</u>	<u>29,439,442</u>	<u>20,381,916</u>	144%
DONATED SYSTEMS:						
Developer fixed assets	-	(223,943)	-	12,548,980	-	0%
Developer reimbursements	-	-	-	17,880	-	0%
Line extensions	<u>-</u>	<u>6,605</u>	<u>-</u>	<u>67,215</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>(217,338)</u>	<u>-</u>	<u>12,634,075</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 4,090,635</u>	<u>\$ 15,286,437</u>	<u>\$ 42,073,517</u>	<u>\$ 20,381,916</u>	206%

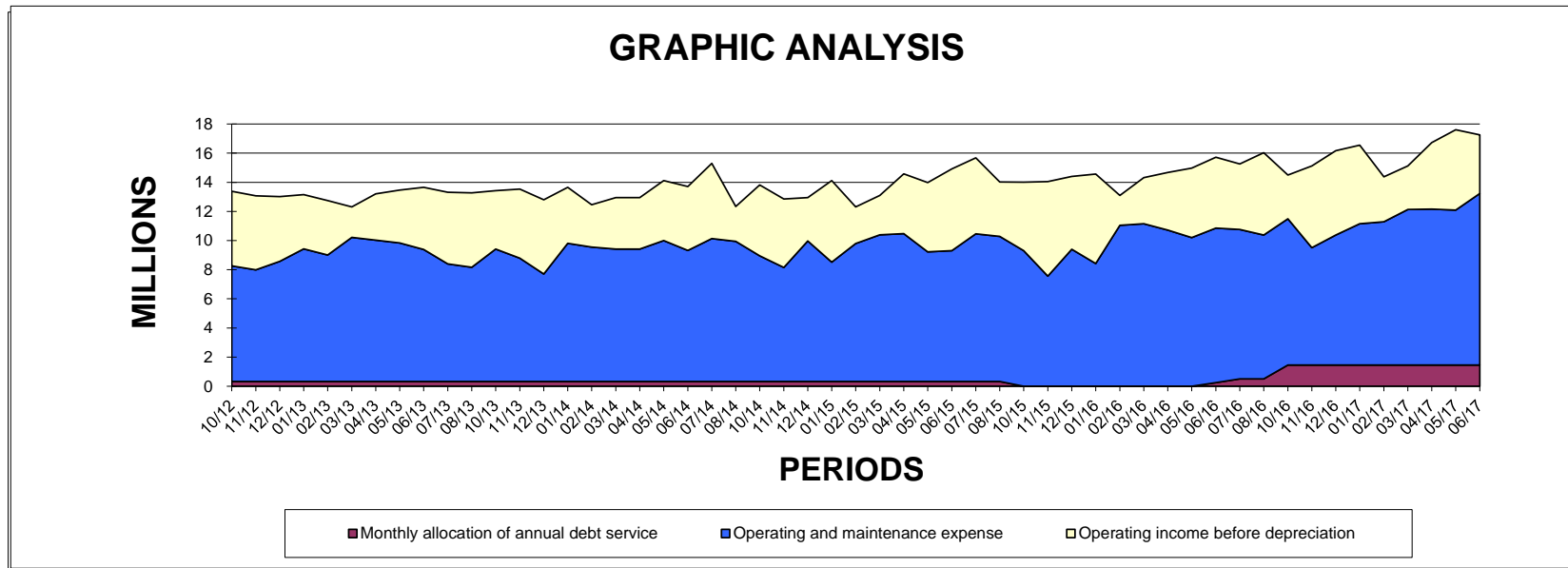
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JUNE 30, 2017**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Capital outlay:						
Land	\$ 38,263	\$ 13,163	\$ 344,367	\$ 309,025	\$ 459,161	67%
Buildings	67,378	24,943	606,402	55,156	808,531	7%
Structures	13,840,583	9,442,197	124,565,247	61,541,253	166,086,996	37%
Equipment	678,732	276,763	6,108,588	2,771,707	8,144,787	34%
Total capital outlay	14,624,956	9,757,066	131,624,604	64,677,141	175,499,475	37%
Debt service principal	178,568	187,155	1,607,112	1,727,597	2,142,811	81%
Total other disbursements	<u>\$ 14,803,524</u>	<u>\$ 9,944,221</u>	<u>\$ 133,231,716</u>	<u>\$ 66,404,738</u>	<u>\$ 177,642,286</u>	37%

**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	0.64	0.69	0.54	0.55	0.59	0.69	0.71	0.65	0.61	0.69		
Water	0.81	1.00	0.69	0.74	0.75	1.04	0.84	0.75	0.67	0.89		
Wastewater	0.51	0.53	0.44	0.44	0.47	0.51	0.60	0.54	0.53	0.55		
Bond Coverage Ratios*	23.77	18.44	28.62	29.78	27.70	17.91	17.65	24.19	27.75	21.96		

*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 JUNE 30, 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 \$10.4 million.