

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

	JULY	JUNE
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Current assets:		
Cash and investments	\$ 121,268,860	\$ 123,137,743
Accrued interest receivable	242,853	242,853
Accounts receivable, net	18,529,901	19,523,315
Due from other governmental agencies	12,170,849	10,079,148
Inventories and prepaid costs	16,218,572	16,405,389
Total current assets	168,431,035	169,388,448
Restricted assets:		
Cash and investments	51,590,762	51,354,581
Capital assets:		
Land	102,685,856	102,648,269
Construction in progress	209,511,245	200,106,652
Buildings and improvements	2,052,558,165	2,052,545,623
Machinery and equipment	99,930,968	99,713,449
Intangible assets	87,360,714	76,709,764
Less accumulated depreciation and amortization	(1,200,869,332)	(1,194,500,999)
Total capital assets	1,351,177,616	1,337,222,758
Total noncurrent and restricted assets	1,402,768,378	1,388,577,339
Total assets	1,571,199,413	1,557,965,787
Deferred outflows of resources:		
Related to pensions	12,466,757	12,466,757
Total assets and deferred outflows of resources	\$ 1,583,666,170	\$ 1,570,432,544
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 17,664,491	\$ 18,388,526
Due to other governmental agencies	431,285	560,703
Net pension liability	390,296	390,296
Total current liabilities	18,486,072	19,339,525
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,261,889	1,040,660
Customer deposits	9,951,725	9,871,660
Total liabilities payable from restricted assets	11,213,614	10,912,320
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	87,895,309	85,215,982
Revenue bonds payable (net of unamortized costs)	93,328,485	93,413,330
Net pension liability	35,383,798	35,383,798
Total noncurrent liabilities	217,985,603	215,391,121
Total liabilities	247,685,289	245,642,966
Deferred inflows of resources:		
Related to pensions	632,180	632,180
Total liabilities and deferred inflows of resources	248,317,469	246,275,146
<b><u>NET POSITION</u></b>		
Net investment in capital assets	1,169,953,822	1,158,593,446
Restricted for debt service	40,377,148	40,442,261
Unrestricted	125,017,731	125,121,691
Total net position	1,335,348,701	1,324,157,398
Total liabilities and net position	\$ 1,583,666,170	\$ 1,570,432,544

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

	<u>JULY</u>	<u>JUNE</u>
Current:		
Reserve revenue	\$ 80,260,661	\$ 78,840,654
Water connection fees	11,954,948	11,850,759
Wastewater connection fees	29,051,651	32,444,730
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>121,268,860</u>	<u>123,137,743</u>
Restricted:		
Operation and maintenance reserve	24,663,827	24,671,750
Renewal and replacement	8,005,940	8,008,526
Bond reserve (1)	6,204,903	6,204,776
Bond interest	968,631	726,473
Loan debt service	1,035,032	1,110,446
Loan repayment reserve	760,704	760,950
Customer deposits	<u>9,951,725</u>	<u>9,871,660</u>
Total restricted cash and investments	<u>51,590,762</u>	<u>51,354,581</u>
Total cash and investments	<u>\$ 172,859,622</u>	<u>\$ 174,492,324</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 JULY 31, 2017**

	<u>JULY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 3,865,531	\$ 44,185,465
Wastewater service	9,967,631	101,379,659
Reclaimed water service	608,251	7,257,540
Miscellaneous	409,555	4,228,175
	<hr/>	<hr/>
Total operating revenues	14,850,968	157,050,839
Operating and maintenance expenses:		
Personal services	4,265,610	40,798,398
Contractual services	2,268,205	24,805,770
Materials and supplies	481,775	4,466,389
Utilities	1,599,092	11,521,160
Repairs and maintenance	1,140,347	11,837,526
Other administrative expenses	450,050	7,172,695
	<hr/>	<hr/>
Total operating and maintenance expenses	10,205,079	100,601,938
Operating income before depreciation	4,645,889	56,448,901
Depreciation and amortization	6,368,333	63,683,762
Operating loss	<hr/> (1,722,444)	<hr/> (7,234,861)
Nonoperating revenues (expenses):		
Interest revenue	109,228	1,430,804
Interest expense and fiscal charges	(227,240)	(2,296,834)
Loss on the disposal of assets	(136,179)	(111,523)
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Total net nonoperating expenses	(254,191)	(977,553)
Loss before contributions and transfers	(1,976,635)	(8,212,414)
Capital contributions	13,167,938	55,241,455
Transfers out	<hr/> -	<hr/> (8,200,000)
Change in net position	11,191,303	38,829,041
Total net position, beginning of period	<hr/> 1,324,157,398	<hr/> 1,296,519,660
Total net position, end of period	<u>\$ 1,335,348,701</u>	<u>\$ 1,335,348,701</u>

See accompanying notes to financial statements

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

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
<b>Water service:</b>						
Residential	\$ 1,991,599	\$ 1,911,054	\$ 19,915,990	\$ 20,874,813	\$ 23,899,193	87%
Commercial	1,251,177	1,280,261	12,511,770	12,760,962	15,014,120	85%
Conservation surcharge	888,092	674,216	8,880,920	10,549,690	10,657,107	99%
Total water service	<u>4,130,868</u>	<u>3,865,531</u>	<u>41,308,680</u>	<u>44,185,465</u>	<u>49,570,420</u>	89%
<b>Wastewater service:</b>						
Residential	5,045,574	5,052,988	50,455,740	52,495,678	60,546,889	87%
Commercial	4,677,267	4,634,766	46,772,670	46,217,890	56,127,207	82%
Environmental surcharge	230,664	225,518	2,306,640	1,967,681	2,767,962	71%
Industrial	3,991	4,520	39,910	89,551	47,886	187%
Septic and portable	58,069	46,569	580,690	499,567	696,827	72%
Capacity maintenance fees	13,262	3,270	132,620	109,292	159,148	69%
Total wastewater service	<u>10,028,827</u>	<u>9,967,631</u>	<u>100,288,270</u>	<u>101,379,659</u>	<u>120,345,919</u>	84%
<b>Reclaimed water service:</b>						
Reclaimed service	572,330	581,275	5,723,300	7,077,656	6,867,957	103%
Reclaimed water-cooling tower	20,371	26,976	203,710	179,884	244,448	74%
Total reclaimed water service	<u>592,701</u>	<u>608,251</u>	<u>5,927,010</u>	<u>7,257,540</u>	<u>7,112,405</u>	102%
<b>Miscellaneous:</b>						
Initiate account service	43,397	50,176	433,970	430,930	520,763	83%
Turn off/on service	22,276	27,643	222,760	337,417	267,311	126%
Lien fee charges	371	560	3,710	3,620	4,448	81%
Meter removal/testing	4,335	4,430	43,350	43,472	52,015	84%
Meter/line damage	2,082	62,164	20,820	444,925	24,988	1781%
NSF charges	3,849	6,115	38,490	38,855	46,185	84%
Plans and specifications	75,667	59,623	756,670	558,720	908,008	62%
Charges to other funds	881	1,343	8,810	13,068	10,567	124%
Developer reimb of plan review	24,987	18,586	249,870	418,569	299,840	140%
Miscellaneous	119,116	178,915	1,191,160	1,938,599	1,429,387	136%
Total miscellaneous	<u>296,961</u>	<u>409,555</u>	<u>2,969,610</u>	<u>4,228,175</u>	<u>3,563,512</u>	119%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 14,850,968</u>	<u>\$ 150,493,570</u>	<u>\$ 157,050,839</u>	<u>\$ 180,592,256</u>	87%

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

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
<b>Personal services:</b>						
Salaries	\$ 3,131,962	\$ 3,266,935	\$ 31,319,620	\$ 31,296,286	\$ 37,583,548	83%
Fringe benefits	1,167,682	998,675	11,676,820	9,502,112	14,012,186	68%
<b>Total personal services</b>	<b>4,299,644</b>	<b>4,265,610</b>	<b>42,996,440</b>	<b>40,798,398</b>	<b>51,595,734</b>	<b>79%</b>
<b>Contractual services:</b>						
Research and studies	83,044	9,047	830,440	122,207	996,525	12%
Legal services	21,563	-	215,630	234,081	258,753	90%
Indirect costs	519,420	519,420	5,194,200	5,274,995	6,233,040	85%
Purchased water	44,789	162,368	447,890	685,020	537,464	127%
Effluent disposal	167,989	189,841	1,679,890	1,693,807	2,015,865	84%
Comptroller fees	143,937	-	1,439,370	1,439,535	1,727,240	83%
Officer fees	1,398	800	13,980	6,665	16,774	40%
Payments to other governments	198,235	139,120	1,982,350	1,799,941	2,378,819	76%
Janitorial	43,621	32,959	436,210	308,878	523,446	59%
Employment agency	111,761	49,069	1,117,610	596,018	1,341,133	44%
Training	16,956	5,775	169,560	55,170	203,466	27%
Paving	165,715	289,828	1,657,150	1,463,726	1,988,575	74%
Software licensing/support fee	154,634	12,600	1,546,340	1,373,865	1,855,610	74%
Other professional fees	183,056	49,483	1,830,560	582,831	2,196,673	27%
Contractual services	1,611,178	807,895	16,111,780	9,169,031	19,334,140	47%
<b>Total contractual services</b>	<b>3,467,296</b>	<b>2,268,205</b>	<b>34,672,960</b>	<b>24,805,770</b>	<b>41,607,523</b>	<b>60%</b>
<b>Materials and supplies:</b>						
Graphic reproduction services	4,056	2,593	40,560	17,114	48,669	35%
Office supplies	12,987	3,566	129,870	79,897	155,844	51%
Event/meal reimbursement	443	452	4,430	3,266	5,310	62%
Software <\$1000	12,462	-	124,620	12,086	149,547	8%
Computer equipment <\$500	7,330	1,377	73,300	43,035	87,960	49%
Equipment <\$1000	22,287	8,164	222,870	157,385	267,443	59%
Tools	7,198	3,933	71,980	76,751	86,380	89%
Medical	153	-	1,530	593	1,840	32%
Liquid oxygen	14,996	8,323	149,960	89,529	179,954	50%
Chemical and pesticides	8	-	80	-	100	0%
Solar salt	15,050	16,995	150,500	194,841	180,600	108%
Chlorine	108,505	122,437	1,085,050	1,089,215	1,302,060	84%
Fluoride	15,058	9,712	150,580	74,658	180,700	41%
Alum	931	-	9,310	679	11,167	6%
Polymer	58,325	41,418	583,250	412,134	699,900	59%
Sealing chemicals	208	-	2,080	1,500	2,500	60%
Corrosion control	55,432	43,742	554,320	485,014	665,180	73%
Carbon dioxide	45,670	40,178	456,700	395,900	548,036	72%
Sodium hydroxide	42,277	29,682	422,770	248,544	507,323	49%
Supplemental carbon	26,163	-	261,630	-	313,956	0%
Miscellaneous chemicals	29,416	20,254	294,160	216,156	352,996	61%
Material for construction	26,218	6,514	262,180	91,122	314,613	29%
Clothing	14,790	6,692	147,900	120,096	177,478	68%
Gas-oil-lube-brfl-ant	14,495	18,784	144,950	137,286	173,936	79%
Miscellaneous expenses	57,004	96,959	570,040	519,588	684,043	76%
<b>Total materials &amp; supplies</b>	<b>591,462</b>	<b>481,775</b>	<b>5,914,620</b>	<b>4,466,389</b>	<b>7,097,535</b>	<b>63%</b>

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

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
<b>Utilities:</b>						
Communications	\$ 65,148	\$ 49,912	\$ 651,480	\$ 574,544	\$ 781,774	73%
Water	9,468	6,967	94,680	86,121	113,613	76%
Solid waste tipping fees	41,115	-	411,150	380,639	493,384	77%
Garbage disposal	8,891	8,904	88,910	45,845	106,696	43%
Gas	14,021	57,678	140,210	172,343	168,254	102%
Electric	1,073,396	1,475,631	10,733,960	10,261,668	12,880,752	80%
<b>Total utilities</b>	<b>1,212,039</b>	<b>1,599,092</b>	<b>12,120,390</b>	<b>11,521,160</b>	<b>14,544,473</b>	<b>79%</b>
<b>Repairs and maintenance:</b>						
Building and grounds	580,653	201,961	5,806,530	3,722,768	6,967,836	53%
Roadway Systems	100	-	1,000	-	1,200	0%
Equipment	622,002	516,428	6,220,020	4,905,043	7,464,029	66%
Vehicle maintenance	373,977	410,828	3,739,770	3,065,647	4,487,728	68%
Services	42	-	420	-	500	0%
Mains	14,758	11,040	147,580	125,339	177,101	71%
Water meters	3,070	-	30,700	7,629	36,845	21%
Fire lines	17,940	-	179,400	824	215,281	0%
Meter installations	42	90	420	90	500	18%
Valves	5,652	-	56,520	10,186	67,821	15%
Utility relocations	42	-	420	-	500	0%
<b>Total repairs &amp; maintenance</b>	<b>1,618,278</b>	<b>1,140,347</b>	<b>16,182,780</b>	<b>11,837,526</b>	<b>19,419,341</b>	<b>61%</b>
<b>Other administrative:</b>						
Local travel	2,229	869	22,290	12,437	26,748	46%
Out of county travel	2,387	1,738	23,870	21,014	28,645	73%
Postage and messenger services	64,808	5,193	648,080	691,319	777,693	89%
Toll charges	18,892	14,396	188,920	148,293	226,698	65%
Rental of equipment	46,317	60,317	463,170	430,272	555,800	77%
Dues and memberships	13,896	1,236	138,960	152,644	166,746	92%
Subscriptions	3,973	5,385	39,730	27,759	47,678	58%
Training fees	11,002	9,839	110,020	59,268	132,019	45%
License and certification	3,205	244	32,050	14,244	38,456	37%
Advertising	807	441	8,070	1,674	9,680	17%
Promotional	9,304	2,794	93,040	18,539	111,647	17%
Educational assistance	3,146	1,200	31,460	4,230	37,750	11%
Scholarships, awards	628	-	6,280	40	7,540	1%
Bad debt expense	40,135	(8,986)	401,350	307,488	481,619	64%
Bank charges	81,206	83,381	812,060	704,490	974,476	72%
Self insurance	245,254	245,254	2,452,540	2,452,538	2,943,046	83%
Refunds of prior year revenue	24,953	1	249,530	127,247	299,441	42%
Operating permits	11,654	-	116,540	-	139,849	0%
Accrued expenses	-	26,748	-	1,999,199	-	0%
<b>Total other administrative</b>	<b>583,796</b>	<b>450,050</b>	<b>5,837,960</b>	<b>7,172,695</b>	<b>7,005,531</b>	<b>102%</b>
<b>Total O&amp;M expenses</b>	<b>\$ 11,772,515</b>	<b>\$ 10,205,079</b>	<b>\$ 117,725,150</b>	<b>\$ 100,601,938</b>	<b>\$ 141,270,137</b>	<b>71%</b>

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

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
<b>Interest revenue:</b>						
Net revenue	\$ 92,472	\$ 85,608	\$ 924,720	\$ 1,176,444	\$ 1,109,666	106%
Connection fees	-	28,789	-	265,844	-	0%
Bond reserve	-	126	-	18,018	-	0%
Less: Customer deposits expense	-	(5,295)	-	(29,502)	-	0%
<b>Total interest revenue</b>	<u>92,472</u>	<u>109,228</u>	<u>924,720</u>	<u>1,430,804</u>	<u>1,109,666</u>	<u>129%</u>
<b>Interest expense:</b>						
Bonds and revolving loans	(503,086)	(311,466)	(5,030,860)	(3,142,295)	(6,037,026)	52%
Capital lease	(154)	(619)	(1,540)	(1,493)	(1,844)	81%
Debt service fees	(37,500)	-	(375,000)	(1,500)	(450,000)	0%
Amortization of bond premium	-	84,845	-	848,454	-	(1)
<b>Total interest expense</b>	<u>(540,740)</u>	<u>(227,240)</u>	<u>(5,407,400)</u>	<u>(2,296,834)</u>	<u>(6,488,870)</u>	<u>35%</u>
<b>Gain (loss) on disposal of assets:</b>						
Proceeds from sale	-	-	-	(500)	-	0%
Gain on disposal of fixed assets	-	-	-	170,808	-	(1)
Loss on abandoned projects	-	(136,179)	-	(281,831)	-	(1)
<b>Total Loss on disposal of assets</b>	<u>-</u>	<u>(136,179)</u>	<u>-</u>	<u>(111,523)</u>	<u>-</u>	<u>(1)</u>
<b>Total non-operating revenues (expenses)</b>	<u>\$ (448,268)</u>	<u>\$ (254,191)</u>	<u>\$ (4,482,680)</u>	<u>\$ (977,553)</u>	<u>\$ (5,379,204)</u>	<u>18%</u>

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

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

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
<b>CONNECTION FEES COLLECTED:</b>						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 752,840	\$ 5,475,940	\$ 9,582,382	\$ 6,571,129	146%
Irrigation	28,207	49,435	282,070	516,900	338,486	153%
Total water connection fees	<u>575,801</u>	<u>802,275</u>	<u>5,758,010</u>	<u>10,099,282</u>	<u>6,909,615</u>	146%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,694,542</u>	<u>12,060,250</u>	<u>21,880,912</u>	<u>14,472,301</u>	151%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,694,542</u>	<u>12,060,250</u>	<u>21,880,912</u>	<u>14,472,301</u>	151%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	-	<u>(833,330)</u>	<u>(43,935)</u>	<u>(1,000,000)</u>	4%
Total reductions	<u>(83,333)</u>	-	<u>(833,330)</u>	<u>(43,935)</u>	<u>(1,000,000)</u>	4%
Net connection fees	<u>1,698,493</u>	<u>2,496,817</u>	<u>16,984,930</u>	<u>31,936,259</u>	<u>20,381,916</u>	157%
<b>DONATED SYSTEMS:</b>						
Donated easements	-	10,650,950	-	10,650,950	-	0%
Developer fixed assets	-	17,416	-	12,566,396	-	0%
Developer reimbursements	-	-	-	17,880	-	0%
Line extensions	<u>-</u>	<u>2,755</u>	<u>-</u>	<u>69,970</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>10,671,121</u>	<u>-</u>	<u>23,305,196</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 13,167,938</u>	<u>\$ 16,984,930</u>	<u>\$ 55,241,455</u>	<u>\$ 20,381,916</u>	271%



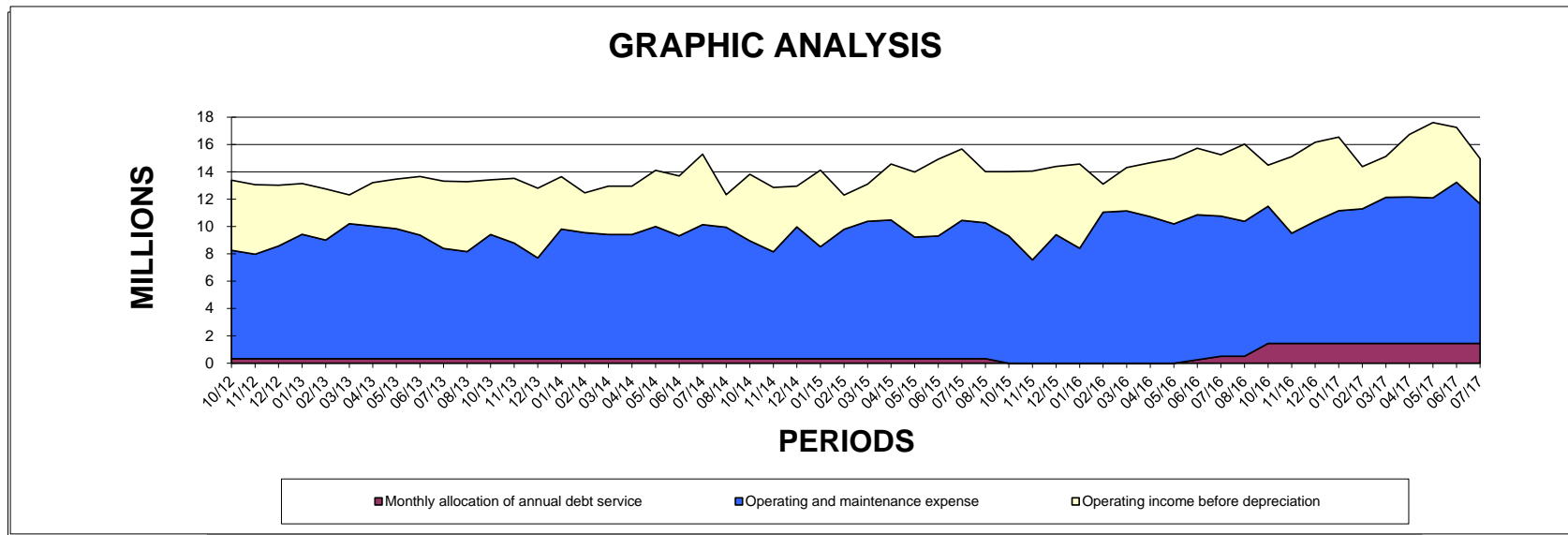
**ORANGE COUNTY WATER UTILITIES SYSTEM  
OTHER DISBURSEMENTS DETAIL  
FOR THE MONTH ENDED JULY 31, 2017**

	JULY BUDGET	JULY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 83%)
Capital outlay:						
Land	\$ 38,263	\$ 9,895	\$ 382,630	\$ 318,920	\$ 459,161	69%
Buildings	67,378	6,679	673,780	61,835	808,531	8%
Structures	13,840,250	9,550,092	138,402,500	71,091,345	166,082,996	43%
Equipment	712,106	241,754	7,121,060	3,013,461	8,545,277	35%
Total capital outlay	14,657,997	9,808,420	146,579,970	74,485,561	175,895,965	42%
Debt service principal	178,568	187,634	1,785,680	1,915,231	2,142,811	89%
Total other disbursements	<u>\$ 14,836,565</u>	<u>\$ 9,996,054</u>	<u>\$ 148,365,650</u>	<u>\$ 76,400,792</u>	<u>\$ 178,038,776</u>	43%

**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	0.69	
Water	0.81	1.00	0.69	0.74	0.75	1.04	0.84	0.75	0.67	0.89	0.82	
Wastewater	0.52	0.53	0.44	0.44	0.47	0.51	0.60	0.54	0.53	0.55	0.59	
Bond Coverage Ratios*	23.31	18.44	28.62	29.78	27.70	17.91	17.65	24.19	27.75	21.96	19.20	

\*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 JULY 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 \$10.5 million.