

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
NOVEMBER 30 AND OCTOBER 31, 2016**

	NOVEMBER	OCTOBER
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 143,362,643	\$ 138,435,538
Accrued interest receivable	242,853	243,808
Accounts receivable, net	19,045,404	16,268,191
Due from other governmental agencies	15,841,830	16,210,565
Inventories and prepaid costs	15,847,587	16,112,708
Total current assets	194,340,317	187,270,810
Restricted assets:		
Cash and investments	17,700,464	16,983,682
Capital assets:		
Land	102,361,116	102,397,201
Construction in progress	142,819,217	140,309,706
Buildings and improvements	2,039,105,152	2,039,105,151
Machinery and equipment	98,888,310	98,784,064
Intangible assets	76,704,515	76,704,515
Less accumulated depreciation and amortization	(1,151,476,698)	(1,145,108,364)
Total capital assets	1,308,401,612	1,312,192,273
Total noncurrent and restricted assets	1,326,102,076	1,329,175,955
Total assets	1,520,442,393	1,516,446,765
Deferred outflows of resources:		
Related to pensions	7,794,037	7,794,037
Total assets and deferred outflows of resources	\$ 1,528,236,430	\$ 1,524,240,802
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 23,725,523	\$ 23,856,253
Due to other governmental agencies	452,379	415,190
Net pension liability	430,543	430,543
Total current liabilities	24,608,445	24,701,986
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	723,496	407,095
Customer deposits	9,383,946	9,177,622
Total liabilities payable from restricted assets	10,107,442	9,584,717
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	75,085,059	74,526,410
Revenue bonds payable (net of unamortized costs)	94,007,249	94,092,094
Net pension liability	22,788,393	22,788,393
Total noncurrent liabilities	193,258,712	192,784,908
Total liabilities	227,974,599	227,071,611
Deferred inflows of resources:		
Related to pensions	7,606,830	7,606,830
Total liabilities and deferred inflows of resources	235,581,429	234,678,441
<u>NET POSITION</u>		
Net investment in capital assets	1,139,309,304	1,143,573,769
Restricted for debt service	7,593,022	7,398,965
Unrestricted	145,752,675	138,589,627
Total net position	1,292,655,001	1,289,562,361
Total liabilities and net position	\$ 1,528,236,430	\$ 1,524,240,802

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
NOVEMBER 30 AND OCTOBER 31, 2016**

	<u>NOVEMBER</u>	<u>OCTOBER</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	102	362
Series 2016 account	11,120,197	13,790,027
Reserve revenue	65,525,892	61,775,344
Water connection fees	7,394,071	6,740,670
Wastewater connection fees	26,697,576	24,919,824
Petty cash	1,600	1,600
Operation and maintenance reserve	24,615,482	23,201,592
Renewal and replacement	<u>8,007,723</u>	<u>8,006,119</u>
Total current cash and investments	<u>143,362,643</u>	<u>138,435,538</u>
Restricted:		
Bond reserve (1)	6,184,398	6,184,398
Bond interest	484,316	242,311
Loan debt service	886,931	618,633
Loan repayment reserve	760,873	760,718
Customer deposits	<u>9,383,946</u>	<u>9,177,622</u>
Total restricted cash and investments	<u>17,700,464</u>	<u>16,983,682</u>
Total cash and investments	<u>\$ 161,063,107</u>	<u>\$ 155,419,220</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 NOVEMBER 30, 2016**

	<u>NOVEMBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,195,829	\$ 8,077,199
Wastewater service	9,690,705	19,285,215
Reclaimed water service	692,252	1,240,954
Miscellaneous	406,612	886,241
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Total operating revenues	14,985,398	29,489,609
Operating and maintenance expenses:		
Personal services	4,000,424	8,153,917
Contractual services	1,589,306	3,007,526
Materials and supplies	317,239	502,135
Utilities	837,433	2,104,472
Repairs and maintenance	844,558	1,411,814
Other administrative expenses	481,992	2,929,201
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Total operating and maintenance expenses	8,070,952	18,109,065
Operating income before depreciation	6,914,446	11,380,544
Depreciation and amortization	6,368,334	12,736,667
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Operating income (loss)	546,112	(1,356,123)
Nonoperating revenues (expenses):		
Interest revenue	134,224	227,032
Interest expense and fiscal charges	(231,885)	(463,441)
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Total net nonoperating revenues (expenses)	(97,661)	(236,409)
Gain (loss) before contributions and transfers	448,451	(1,592,532)
Capital contributions	2,644,189	5,020,085
Transfers out	-	(8,200,000)
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Change in net position	3,092,640	(4,772,447)
Total net position, beginning of period	1,289,562,361	1,297,427,448
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Total net position, end of period	\$ 1,292,655,001	\$ 1,292,655,001
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See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Water service:						
Residential	\$ 1,991,599	\$ 2,018,261	\$ 3,983,198	\$ 3,954,513	\$ 23,899,193	17%
Commercial	1,251,177	1,191,605	2,502,354	2,371,496	15,014,120	16%
Conservation surcharge	888,092	985,963	1,776,184	1,751,190	10,657,107	16%
Total water service	<u>4,130,868</u>	<u>4,195,829</u>	<u>8,261,736</u>	<u>8,077,199</u>	<u>49,570,420</u>	16%
Wastewater service:						
Residential	5,045,574	5,007,474	10,091,148	9,915,534	60,546,889	16%
Commercial	4,677,267	4,424,465	9,354,534	8,893,859	56,127,207	16%
Environmental surcharge	230,664	180,540	461,328	339,702	2,767,962	12%
Industrial	3,991	4,625	7,982	16,353	47,886	34%
Septic and portable	58,069	43,032	116,138	88,501	696,827	13%
Capacity maintenance fees	13,262	30,569	26,524	31,266	159,148	20%
Total wastewater service	<u>10,028,827</u>	<u>9,690,705</u>	<u>20,057,654</u>	<u>19,285,215</u>	<u>120,345,919</u>	16%
Reclaimed water service:						
Reclaimed service	572,330	676,945	1,144,660	1,202,921	6,867,957	18%
Reclaimed water-cooling tower	20,371	15,307	40,742	38,033	244,448	16%
Total reclaimed water service	<u>592,701</u>	<u>692,252</u>	<u>1,185,402</u>	<u>1,240,954</u>	<u>7,112,405</u>	17%
Miscellaneous:						
Initiate account service	43,397	36,770	86,794	77,650	520,763	15%
Turn off/on service	22,276	35,303	44,552	74,832	267,311	28%
Lien fee charges	371	-	742	-	4,448	0%
Meter removal/testing	4,335	4,461	8,670	9,304	52,015	18%
Meter/line damage	2,082	55,022	4,164	55,060	24,988	220%
NSF charges	3,849	4,630	7,698	(2,131)	46,185	-5%
Plans and specifications	75,667	80,824	151,334	154,819	908,008	17%
Charges to other funds	881	1,409	1,762	1,409	10,567	13%
Developer reimb of plan review	24,987	36,817	49,974	85,947	299,840	29%
Miscellaneous	119,116	151,376	238,232	429,351	1,429,387	30%
Total miscellaneous	<u>296,961</u>	<u>406,612</u>	<u>593,922</u>	<u>886,241</u>	<u>3,563,512</u>	25%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 14,985,398</u>	<u>\$ 30,098,714</u>	<u>\$ 29,489,609</u>	<u>\$ 180,592,256</u>	16%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Personal services:						
Salaries	\$ 3,177,556	\$ 3,170,931	\$ 6,355,112	\$ 6,627,776	\$ 38,130,677	17%
Fringe benefits	1,163,136	829,493	2,326,272	1,526,141	13,957,630	11%
Total personal services	4,340,692	4,000,424	8,681,384	8,153,917	52,088,307	16%
Contractual services:						
Research and studies	88,581	(3,689)	177,162	2,800	1,062,975	0%
Legal services	19,579	2,637	39,158	8,746	234,953	4%
Indirect costs	483,753	483,754	967,506	967,507	5,805,040	17%
Purchased water	44,789	(2,562)	89,578	(101)	537,464	0%
Effluent disposal	167,989	76,617	335,978	319,196	2,015,865	16%
Comptroller fees	143,937	143,853	287,874	287,705	1,727,240	17%
Officer fees	1,231	(280)	2,462	420	14,774	3%
Payments to other governments	197,527	181,922	395,054	295,140	2,370,319	12%
Janitorial	37,579	32,350	75,158	32,800	450,946	7%
Employment agency	111,761	63,873	223,522	84,523	1,341,133	6%
Training	16,956	(1,399)	33,912	-	203,466	0%
Paving	161,715	44,821	323,430	65,272	1,940,575	3%
Software licensing/support fee	154,551	56,865	309,102	160,498	1,854,610	9%
Other professional fees	182,473	(19,214)	364,946	4,487	2,189,673	0%
Contractual services	1,740,326	529,758	3,480,652	778,533	20,883,913	4%
Total contractual services	3,552,747	1,589,306	7,105,494	3,007,526	42,632,946	7%
Materials and supplies:						
Graphic reproduction services	4,056	-	8,112	-	48,669	0%
Office supplies	12,987	-	25,974	-	155,844	0%
Event/meal reimbursement	443	-	886	-	5,310	0%
Software <\$1000	12,379	8,238	24,758	8,238	148,547	6%
Computer equipment <\$500	7,330	-	14,660	-	87,960	0%
Equipment <\$1000	21,787	17,601	43,574	28,775	261,443	11%
Tools	7,198	2,528	14,396	5,526	86,380	6%
Medical	153	-	306	-	1,840	0%
Liquid oxygen	14,996	-	29,992	-	179,954	0%
Chemical and pesticides	8	-	16	-	100	0%
Solar salt	15,050	13,527	30,100	27,082	180,600	15%
Chlorine	108,505	64,836	217,010	144,476	1,302,060	11%
Fluoride	15,058	6,624	30,116	12,869	180,700	7%
Alum	931	-	1,862	-	11,167	0%
Polymer	58,325	41,271	116,650	77,938	699,900	11%
Sealing chemicals	208	-	416	-	2,500	0%
Corrosion control	55,432	65,615	110,864	65,615	665,180	10%
Carbon dioxide	45,670	-	91,340	-	548,036	0%
Sodium hydroxide	42,277	5,245	84,554	15,738	507,323	3%
Supplemental carbon	26,163	-	52,326	-	313,956	0%
Miscellaneous chemicals	29,416	6,714	58,832	12,471	352,996	4%
Material for construction	25,968	-	51,936	-	311,613	0%
Clothing	14,790	14,229	29,580	17,116	177,478	10%
Gas-oil-lube-brfl-ant	14,495	37,196	28,990	49,969	173,936	29%
Miscellaneous expenses	56,837	33,615	113,674	36,322	682,043	5%
Total materials & supplies	590,462	317,239	1,180,924	502,135	7,085,535	7%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Utilities:						
Communications	\$ 65,648	\$ 52,186	\$ 131,296	\$ 95,808	\$ 787,774	12%
Water	9,468	2,583	18,936	14,565	113,613	13%
Solid waste tipping fees	41,115	38,754	82,230	38,754	493,384	8%
Garbage disposal	8,891	125	17,782	1,078	106,696	1%
Gas	14,021	17,970	28,042	20,724	168,254	12%
Electric	1,073,396	725,815	2,146,792	1,933,543	12,880,752	15%
Total utilities	1,212,539	837,433	2,425,078	2,104,472	14,550,473	14%
Repairs and maintenance:						
Building and grounds	479,237	300,117	958,474	492,815	5,750,842	9%
Roadway Systems	100	-	200	-	1,200	0%
Equipment	620,002	308,219	1,240,004	473,373	7,440,029	6%
Vehicle maintenance	373,977	230,549	747,954	437,671	4,487,728	10%
Services	42	-	84	-	500	0%
Mains	14,758	5,819	29,516	7,131	177,101	4%
Water meters	3,070	-	6,140	-	36,845	0%
Fire lines	17,940	-	35,880	824	215,281	0%
Meter installations	42	-	84	-	500	0%
Valves	5,652	(146)	11,304	-	67,821	0%
Utility relocations	42	-	84	-	500	0%
Total repairs & maintenance	1,514,862	844,558	3,029,724	1,411,814	18,178,347	8%
Other administrative:						
Local travel	2,229	1,224	4,458	2,044	26,748	8%
Out of county travel	2,387	554	4,774	683	28,645	2%
Postage and messenger services	64,808	16,497	129,616	216,626	777,693	28%
Toll charges	18,892	7,663	37,784	16,881	226,698	7%
Rental of equipment	46,727	(11,323)	93,454	16,736	560,719	3%
Dues and memberships	13,896	60,933	27,792	117,438	166,746	70%
Subscriptions	3,973	-	7,946	-	47,678	0%
Training fees	11,002	-	22,004	-	132,019	0%
License and certification	3,205	1,961	6,410	1,961	38,456	5%
Advertising	723	-	1,446	-	8,680	0%
Promotional	9,304	-	18,608	-	111,647	0%
Educational assistance	3,146	-	6,292	-	37,750	0%
Scholarships, awards	628	-	1,256	-	7,540	0%
Bad debt expense	40,135	16,670	80,270	82,130	481,619	17%
Bank charges	81,206	7,302	162,412	14,802	974,476	2%
Self insurance	245,254	245,254	490,508	490,508	2,943,046	17%
Refunds of prior year revenue	25,000	18,223	50,000	119,986	300,000	40%
Operating permits	11,654	-	23,308	-	139,849	0%
Accrued expenses	-	117,034	-	1,849,406	-	0%
Total other administrative	584,169	481,992	1,168,338	2,929,201	7,010,009	42%
Total O&M expenses	\$ 11,795,471	\$ 8,070,952	\$ 23,590,942	\$ 18,109,065	\$ 141,545,617	13%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 115,056	\$ 184,944	\$ 198,538	\$ 1,109,666	18%
Connection fees	-	20,644	-	33,989	-	0%
Bond reserve	-	-	-	(2,486)	-	0%
Less: Customer deposits expense	-	(1,476)	-	(3,009)	-	0%
Total interest revenue	<u>92,472</u>	<u>134,224</u>	<u>184,944</u>	<u>227,032</u>	<u>1,109,666</u>	20%
Interest expense:						
Bonds and revolving loans	(503,086)	(316,401)	(1,006,172)	(632,802)	(6,037,026)	10%
Capital lease	(62)	(329)	(124)	(329)	(740)	44%
Debt service fees	(37,500)	-	(75,000)	-	(450,000)	0%
Amortization of bond premium	-	84,845	-	169,690	-	(1)
Total interest expense	<u>(540,648)</u>	<u>(231,885)</u>	<u>(1,081,296)</u>	<u>(463,441)</u>	<u>(6,487,766)</u>	7%
Total non-operating revenues (expenses)	<u>\$ (448,176)</u>	<u>\$ (97,661)</u>	<u>\$ (896,352)</u>	<u>\$ (236,409)</u>	<u>\$ (5,378,100)</u>	4%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 711,954	\$ 1,095,188	\$ 1,486,904	\$ 6,571,129	23%
Irrigation	28,207	30,355	56,414	75,520	338,486	22%
Total water connection fees	<u>575,801</u>	<u>742,309</u>	<u>1,151,602</u>	<u>1,562,424</u>	<u>6,909,615</u>	23%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,879,985</u>	<u>2,412,050</u>	<u>3,428,409</u>	<u>14,472,301</u>	24%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,879,985</u>	<u>2,412,050</u>	<u>3,428,409</u>	<u>14,472,301</u>	24%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	-	<u>(166,666)</u>	<u>(3,669)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	-	<u>(166,666)</u>	<u>(3,669)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>1,698,493</u>	<u>2,622,294</u>	<u>3,396,986</u>	<u>4,987,164</u>	<u>20,381,916</u>	24%
DONATED SYSTEMS:						
Developer fixed assets	-	17,422	-	26,133	-	0%
Developer reimbursements	-	408	-	408	-	0%
Line extensions	-	4,065	-	6,380	-	0%
Total donated systems	<u>-</u>	<u>21,895</u>	<u>-</u>	<u>32,921</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 2,644,189</u>	<u>\$ 3,396,986</u>	<u>\$ 5,020,085</u>	<u>\$ 20,381,916</u>	25%

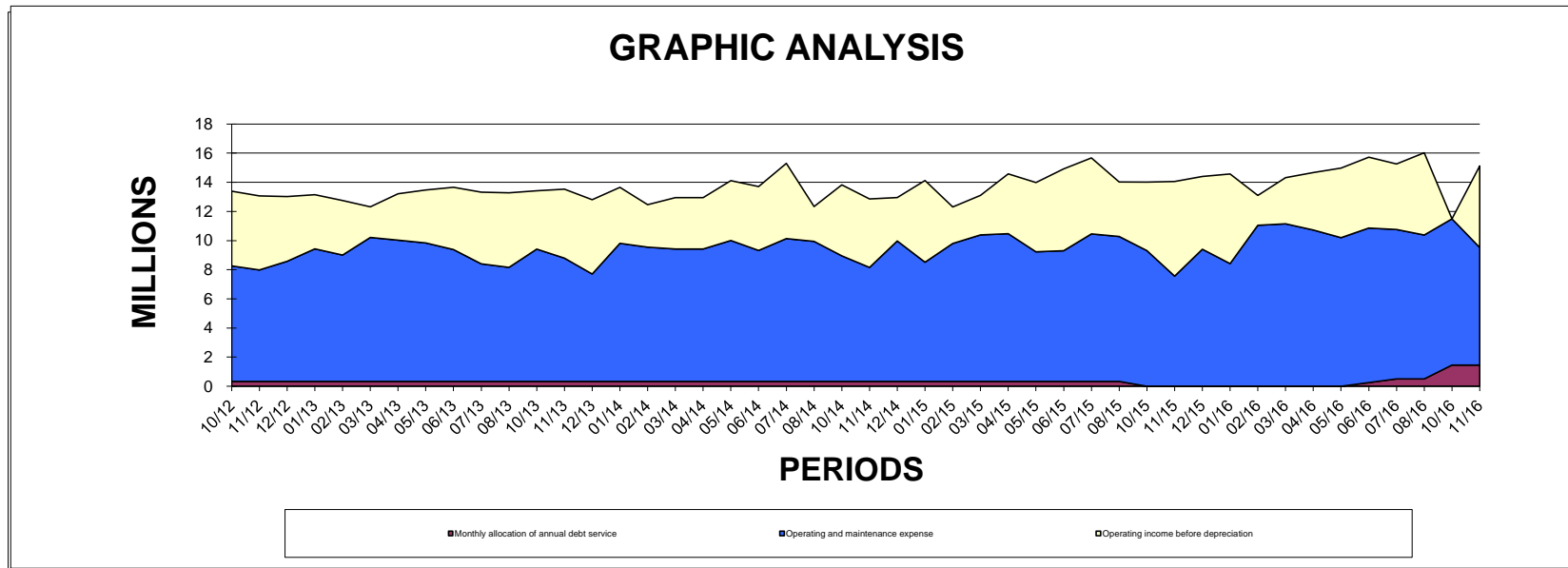
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED NOVEMBER 30, 2016**

	NOVEMBER BUDGET	NOVEMBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 17%)
Capital outlay:						
Land	\$ 37,763	\$ (36,085)	\$ 75,526	\$ 178,454	\$ 453,161	39%
Buildings	165,711	-	331,422	-	1,988,536	0%
Structures	15,593,180	2,509,512	31,186,360	3,204,485	187,118,158	2%
Equipment	774,892	104,246	1,549,784	207,850	9,298,707	2%
Total capital outlay	16,571,546	2,577,673	33,143,092	3,590,789	198,858,562	2%
Debt service principal	178,568	193,787	357,136	387,574	2,142,811	18%
Total other disbursements	<u>\$ 16,750,114</u>	<u>\$ 2,771,460</u>	<u>\$ 33,500,228</u>	<u>\$ 3,978,363</u>	<u>\$ 201,001,373</u>	2%

**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									
Water	0.84	1.00	0.70									
Wastewater	0.49	0.53	0.44									
Bond Coverage Ratios*	47.00	18.44	28.55									

*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 NOVEMBER 30, 2016**

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 \$9.5 million.