

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
MAY 31 AND APRIL 30, 2016**

	MAY	APRIL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 139,325,510	\$ 51,204,176
Accrued interest receivable	163,257	163,257
Accounts receivable, net	17,875,816	17,795,067
Due from other governmental agencies	15,042,642	10,940,060
Inventories and prepaid costs	18,071,263	19,085,949
Total current assets	190,478,488	99,188,509
Restricted assets:		
Cash and investments	16,645,950	10,097,324
Noncurrent assets:		
Capital assets:		
Land	103,456,650	103,396,499
Construction in progress	228,866,691	218,727,732
Buildings and improvements	1,894,038,696	1,891,014,802
Machinery and equipment	95,981,297	95,986,965
Intangible assets	71,502,737	71,502,736
Less accumulated depreciation and amortization	(1,114,295,197)	(1,108,343,532)
Total capital assets	1,279,550,874	1,272,285,202
Total noncurrent and restricted assets	1,296,196,824	1,282,382,526
Total assets	1,486,675,312	1,381,571,035
Deferred outflows of resources:		
Related to pensions	7,794,037	7,794,037
Total assets and deferred outflows of resources	\$ 1,494,469,349	\$ 1,389,365,072
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,232,701	\$ 20,542,910
Due to other governmental agencies	701,366	648,202
Net pension liability	430,543	430,543
Total current liabilities	23,364,610	21,621,655
Liabilities payable from restricted assets:		
Accrued interest payable on loans	221,861	145,556
Customer deposits	8,924,340	8,847,833
Total liabilities payable from restricted assets	9,146,201	8,993,389
Noncurrent liabilities:		
Compensated absences payable	1,719,337	1,719,337
Loans payable	62,730,124	58,627,542
Revenue bonds payable (net of unamortized costs)	94,530,461	-
Net pension liability	22,788,393	22,788,393
Total noncurrent liabilities	181,768,315	83,135,272
Total liabilities	214,279,126	113,750,316
Deferred inflows of resources:		
Related to pensions	7,606,830	7,606,830
Total liabilities and deferred inflows of resources	221,885,956	121,357,146
<u>NET POSITION</u>		
Net investment in capital assets	1,122,290,289	1,213,657,660
Restricted for debt service	7,499,749	1,103,935
Unrestricted	142,793,355	53,246,331
Total net position	1,272,583,393	1,268,007,926
Total liabilities and net position	\$ 1,494,469,349	\$ 1,389,365,072

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
MAY 31 AND APRIL 30, 2016**

	<u>MAY</u>	<u>APRIL</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	1,933,832	1,932,344
Series 2016 account	25,406,284	-
Reserve revenue	67,816,287	6,932,587
Water connection fees	1,990,492	1,818,181
Wastewater connection fees	13,679,006	12,296,476
Petty cash	1,600	1,600
Operation and maintenance reserve	20,173,740	20,128,425
Renewal and replacement	<u>8,324,269</u>	<u>8,094,563</u>
Total current cash and investments	<u>139,325,510</u>	<u>51,204,176</u>
Restricted:		
Issuance Costs	320,450	-
Bond reserve (1)	6,173,644	-
Loan debt service	776,729	489,175
Loan repayment reserve	760,902	760,316
Customer deposits	<u>8,614,225</u>	<u>8,847,833</u>
Total restricted cash and investments	<u>16,645,950</u>	<u>10,097,324</u>
Total cash and investments	<u>\$ 155,971,460</u>	<u>\$ 61,301,500</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 MAY 31, 2016**

	<u>MAY</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,331,983	\$ 30,967,546
Wastewater service	9,589,377	75,947,588
Reclaimed water service	672,588	4,269,816
Miscellaneous	270,004	2,478,518
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Total operating revenues	14,863,952	113,663,468
Operating and maintenance expenses:		
Personal services	3,992,876	31,354,486
Contractual services	2,206,549	18,844,996
Materials and supplies	413,683	3,328,631
Utilities	1,534,297	8,429,370
Repairs and maintenance	1,602,378	10,082,280
Other administrative expenses	449,270	5,985,470
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Total operating and maintenance expenses	10,199,053	78,025,233
Operating income before depreciation	4,664,899	35,638,235
Depreciation and amortization	5,951,666	47,839,320
Operating loss	<u>(1,286,767)</u>	<u>(12,201,085)</u>
Nonoperating revenues (expenses):		
Interest revenue	109,234	423,667
Interest expense and fiscal charges	(76,305)	(520,026)
Loss on the disposal of assets	-	(230,274)
Bond issuance costs	(1,036,367)	(1,036,367)
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Total net nonoperating revenues (expenses)	(1,003,438)	(1,363,000)
Loss before contributions and transfers	(2,290,205)	(13,564,085)
Capital contributions	6,865,672	42,623,697
Transfers out	-	(3,700,000)
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Change in net position	4,575,467	25,359,612
Total net position, beginning of period	<u>1,268,007,926</u>	<u>1,247,223,781</u>
Total net position, end of period	<u>\$ 1,272,583,393</u>	<u>\$ 1,272,583,393</u>

See accompanying notes to financial statements

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING REVENUE DETAIL
FOR THE MONTH ENDED MAY 31, 2016**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Water service:						
Residential	\$ 1,908,566	\$ 2,015,393	\$ 15,268,528	\$ 15,456,622	\$ 22,902,786	67%
Commercial	1,121,386	1,139,401	8,971,088	9,146,053	13,456,628	68%
Conservation surcharge	860,798	1,177,189	6,886,384	6,364,871	10,329,573	62%
Total water service	<u>3,890,750</u>	<u>4,331,983</u>	<u>31,126,000</u>	<u>30,967,546</u>	<u>46,688,987</u>	66%
Wastewater service:						
Residential	4,826,980	5,040,008	38,615,840	39,034,015	57,923,764	67%
Commercial	4,154,897	4,284,586	33,239,176	34,684,064	49,858,768	70%
Environmental surcharge	206,772	201,241	1,654,176	1,673,729	2,481,260	67%
Industrial	2,262	7,345	18,096	102,302	27,146	377%
Septic and portable	21,925	46,670	175,400	357,931	263,100	136%
Capacity maintenance fees	12,490	9,527	99,920	95,547	149,874	64%
Total wastewater service	<u>9,225,326</u>	<u>9,589,377</u>	<u>73,802,608</u>	<u>75,947,588</u>	<u>110,703,912</u>	69%
Reclaimed water service:						
Reclaimed service	403,900	645,067	3,231,200	4,162,009	4,846,803	86%
Reclaimed water-cooling tower	19,781	27,521	158,248	107,807	237,373	45%
Total reclaimed water service	<u>423,681</u>	<u>672,588</u>	<u>3,389,448</u>	<u>4,269,816</u>	<u>5,084,176</u>	84%
Miscellaneous:						
Initiate account service	43,153	42,404	345,224	321,764	517,841	62%
Turn off/on service	26,699	24,703	213,592	239,442	320,388	75%
Lien fee charges	430	-	3,440	3,120	5,165	60%
Meter removal/testing	4,025	3,378	32,200	33,563	48,303	69%
Meter/line damage	13,259	2,833	106,072	24,908	159,112	16%
NSF charges	4,033	4,526	32,264	35,065	48,395	72%
Plans and specifications	73,163	53,862	585,304	474,877	877,961	54%
Charges to other funds	1,116	877	8,928	8,799	13,393	66%
Developer reimb of plan review	19,216	27,271	153,728	169,312	230,591	73%
Miscellaneous	109,157	110,150	873,256	1,167,668	1,309,878	89%
Total miscellaneous	<u>294,251</u>	<u>270,004</u>	<u>2,354,008</u>	<u>2,478,518</u>	<u>3,531,027</u>	70%
Total operating revenues	<u>\$ 13,834,008</u>	<u>\$ 14,863,952</u>	<u>\$ 110,672,064</u>	<u>\$ 113,663,468</u>	<u>\$ 166,008,102</u>	68%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL
FOR THE MONTH ENDED MAY 31, 2016**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Personal services:						
Salaries	\$ 3,102,312	\$ 3,126,849	\$ 24,818,496	\$ 23,944,681	\$ 37,227,745	64%
Fringe benefits	1,083,470	866,027	8,667,760	7,409,805	13,001,635	57%
Total personal services	<u>4,185,782</u>	<u>3,992,876</u>	<u>33,486,256</u>	<u>31,354,486</u>	<u>50,229,380</u>	62%
Contractual services:						
Research and studies	87,861	4,063	702,888	630,285	1,054,337	60%
Legal services	11,036	9,454	88,288	64,795	132,435	49%
Indirect costs	514,586	267,923	4,116,688	3,870,027	6,175,035	63%
Purchased water	50,727	10,258	405,816	90,255	608,726	15%
Effluent disposal	159,874	207,634	1,278,992	1,354,022	1,918,490	71%
Comptroller fees	131,227	131,142	1,049,816	1,050,161	1,574,727	67%
Officer fees	1,232	1,273	9,856	4,905	14,783	33%
Payments to other governments	183,272	242,911	1,466,176	1,331,758	2,199,259	61%
Janitorial	36,213	30,167	289,704	237,554	434,554	55%
Employment agency	103,848	115,009	830,784	728,891	1,246,173	58%
Training	15,241	17,155	121,928	33,163	182,890	18%
Paving	158,978	57,698	1,271,824	718,789	1,907,733	38%
Software licensing/support fee	168,245	37,574	1,345,960	904,881	2,018,936	45%
Other professional fees	113,482	23,291	907,856	357,294	1,361,784	26%
Contractual services	<u>1,329,706</u>	<u>1,050,997</u>	<u>10,637,648</u>	<u>7,468,216</u>	<u>15,956,467</u>	47%
Total contractual services	<u>3,065,528</u>	<u>2,206,549</u>	<u>24,524,224</u>	<u>18,844,996</u>	<u>36,786,329</u>	51%
Materials and supplies:						
Graphic reproduction services	4,181	2,619	33,448	11,019	50,169	22%
Office supplies	12,673	13,275	101,384	60,141	152,073	40%
Event/meal reimbursement	434	-	3,472	500	5,210	10%
Software <\$1000	11,569	-	92,552	39,600	138,826	29%
Computer equipment <\$500	11,556	918	92,448	85,118	138,677	61%
Equipment <\$1000	19,974	14,781	159,792	146,953	239,690	61%
Tools	9,691	3,581	77,528	70,922	116,286	61%
Medical	149	-	1,192	190	1,790	11%
Liquid oxygen	12,184	5,387	97,472	66,616	146,212	46%
Chemical and pesticides	13	-	104	-	150	0%
Solar salt	12,231	16,942	97,848	103,927	146,775	71%
Chlorine	102,814	96,317	822,512	718,108	1,233,772	58%
Fluoride	15,173	18,285	121,384	72,868	182,070	40%
Polymer	56,126	41,787	449,008	341,921	673,508	51%
Sealing chemicals	208	924	1,664	1,847	2,500	74%
Corrosion control	52,770	37,724	422,160	366,342	633,242	58%
Carbon dioxide	33,775	16,237	270,200	206,784	405,296	51%
Sodium hydroxide	46,158	15,789	369,264	179,149	553,894	32%
Miscellaneous chemicals	35,736	38,973	285,888	158,955	428,834	37%
Material for construction	24,145	12,579	193,160	194,259	289,743	67%
Clothing	15,072	13,499	120,576	90,924	180,862	50%
Gas-oil-lube-brfl-ant	17,194	8,214	137,552	36,816	206,330	18%
Miscellaneous expenses	<u>52,214</u>	<u>55,852</u>	<u>417,712</u>	<u>375,672</u>	<u>626,568</u>	60%
Total materials & supplies	<u>546,040</u>	<u>413,683</u>	<u>4,368,320</u>	<u>3,328,631</u>	<u>6,552,477</u>	51%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OPERATING AND MAINTENANCE EXPENSES DETAIL, (continued)
FOR THE MONTH ENDED MAY 31, 2016**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Utilities:						
Communications	\$ 60,668	\$ 90,461	\$ 485,344	\$ 456,012	\$ 728,019	63%
Water	7,483	7,829	59,864	61,986	89,793	69%
Solid waste tipping fees	3,500	-	28,000	21,199	42,000	50%
Garbage disposal	48,896	3,711	391,168	254,313	586,748	43%
Gas	12,897	13,586	103,176	71,832	154,764	46%
Electric	1,049,587	1,418,710	8,396,696	7,564,028	12,595,046	60%
Total utilities	1,183,031	1,534,297	9,464,248	8,429,370	14,196,370	59%
Repairs and maintenance:						
Building and grounds	433,528	556,507	3,468,224	3,583,829	5,202,333	69%
Equipment	620,472	759,242	4,963,776	3,923,758	7,445,658	53%
Vehicle maintenance	387,519	281,806	3,100,152	2,261,980	4,650,225	49%
Services	42	-	336	741	500	148%
Mains	24,124	4,823	192,992	184,855	289,491	64%
Water meters	2,150	-	17,200	-	25,800	0%
Fire lines	2,988	-	23,904	88,608	35,855	247%
Meter installations	42	-	336	935	500	187%
Valves	4,541	-	36,328	37,574	54,486	69%
Utility relocations	42	-	336	-	500	0%
Total repairs & maintenance	1,475,448	1,602,378	11,803,584	10,082,280	17,705,348	57%
Other administrative:						
Local travel	2,436	1,213	19,488	9,708	29,236	33%
Out of county travel	1,956	87	15,648	6,117	23,477	26%
Postage and messenger services	58,597	4,582	468,776	454,231	703,163	65%
Moving expenses	92	-	736	-	1,100	0%
Toll charges	17,930	18,693	143,440	115,456	215,154	54%
Rental of equipment	35,383	37,464	283,064	469,212	424,594	111%
Dues and memberships	13,231	1,629	105,848	104,083	158,773	66%
Subscriptions	2,456	1,723	19,648	8,129	29,476	28%
Training fees	11,078	17,520	88,624	45,503	132,941	34%
License and certification	1,731	428	13,848	1,896	20,774	9%
Advertising	440	700	3,520	2,935	5,280	56%
Promotional	9,021	9,974	72,168	14,628	108,250	14%
Educational assistance	2,499	1,002	19,992	4,518	29,989	15%
Scholarships, awards	581	-	4,648	-	6,975	0%
Bad debt expense	40,039	1,459	320,312	(29,287)	480,462	-6%
Bank charges	63,792	89,267	510,336	476,796	765,500	62%
Self insurance	284,894	284,894	2,279,152	2,279,154	3,418,731	67%
Refunds of prior year revenue	25,000	766	200,000	203,069	300,000	68%
Operating permits	11,654	-	93,232	-	139,849	0%
Accrued expenses	-	(22,131)	-	1,819,322	-	0%
Total other administrative	582,810	449,270	4,662,480	5,985,470	6,993,724	86%
Total O&M expenses	\$ 11,038,639	\$ 10,199,053	\$ 88,309,112	\$ 78,025,233	\$ 132,463,628	59%

**ORANGE COUNTY WATER UTILITIES SYSTEM
NON-OPERATING REVENUE AND EXPENSE DETAIL
FOR THE MONTH ENDED MAY 31, 2016**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Interest revenue:						
Net revenue	\$ 42,172	\$ 100,855	\$ 337,376	\$ 403,733	\$ 506,065	80%
Connection fees	-	9,640	-	27,040	-	0%
Less: Customer deposits expense	-	(1,261)	-	(7,106)	-	0%
Total interest revenue	<u>42,172</u>	<u>109,234</u>	<u>337,376</u>	<u>423,667</u>	<u>506,065</u>	84%
Interest expense:						
Revolving loans	(360,937)	(76,305)	(2,887,496)	(520,026)	(4,331,243)	12%
Capital lease	(73)	-	(584)	-	(871)	0%
Debt service fees	(17,500)	-	(140,000)	-	(210,000)	0%
Total interest expense	<u>(378,510)</u>	<u>(76,305)</u>	<u>(3,028,080)</u>	<u>(520,026)</u>	<u>(4,542,114)</u>	11%
Loss on disposal of assets:						
Loss on disposal of fixed assets	-	-	-	(1,325)	-	(1)
Loss on abandoned projects	-	-	-	(228,949)	-	(1)
Total loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,274)</u>	<u>-</u>	(1)
Bond issuance costs	<u>(116,667)</u>	<u>(1,036,367)</u>	<u>(933,336)</u>	<u>(1,036,367)</u>	<u>(1,400,000)</u>	74%
Total non-operating revenues (expenses)	<u>\$ (453,005)</u>	<u>\$ (1,003,438)</u>	<u>\$ (3,624,040)</u>	<u>\$ (1,363,000)</u>	<u>\$ (5,436,049)</u>	25%

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

**ORANGE COUNTY WATER UTILITIES SYSTEM
CAPITAL CONTRIBUTIONS DETAIL
FOR THE MONTH ENDED MAY 31, 2016**

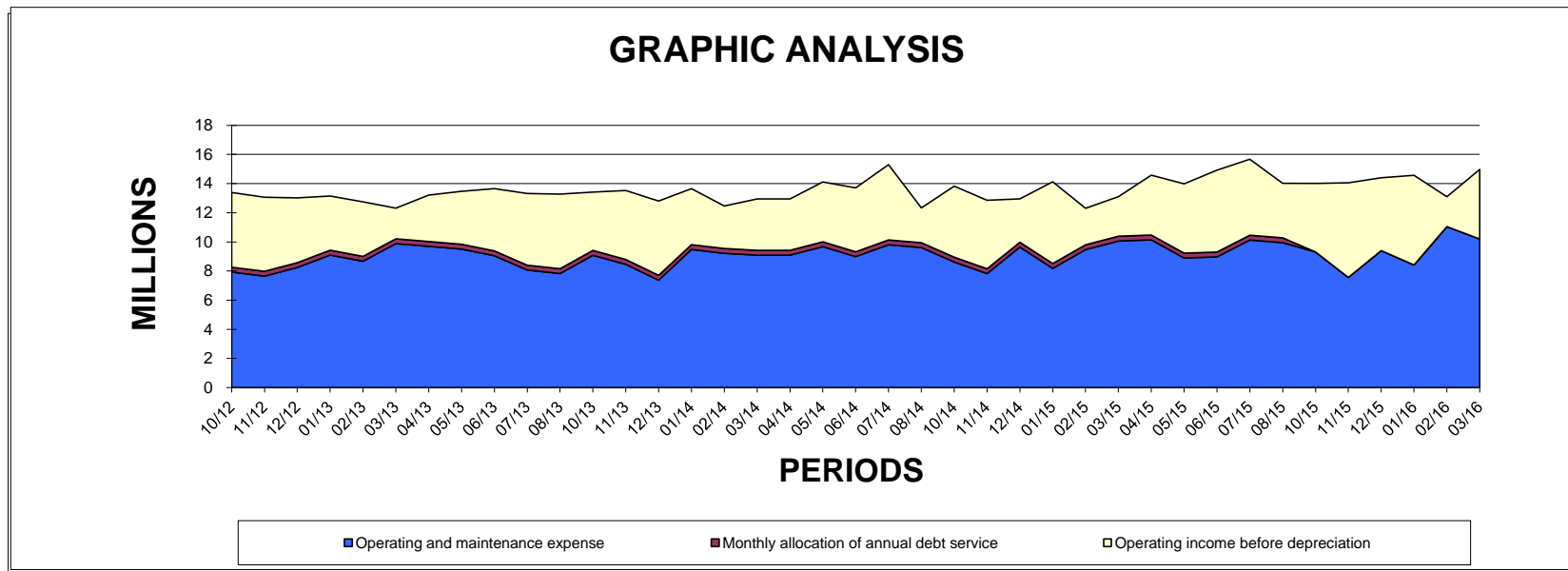
	<u>MAY BUDGET</u>	<u>MAY ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 67%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 661,745	\$ 1,254,876	\$ 5,293,960	\$ 8,869,286	\$ 7,940,944	112%
Irrigation	35,638	79,795	285,104	435,055	427,659	102%
Total water connection fees	<u>697,383</u>	<u>1,334,671</u>	<u>5,579,064</u>	<u>9,304,341</u>	<u>8,368,603</u>	111%
Wastewater connection fees:						
Residential/Commercial	<u>1,333,472</u>	<u>2,503,897</u>	<u>10,667,776</u>	<u>19,380,089</u>	<u>16,001,665</u>	121%
Less reductions:						
Refunds of prior year collections	(83,333)	(1,140)	(666,664)	(12,743)	(1,000,000)	1%
Donations	<u>(1,250)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(15,000)</u>	0%
Total reductions	<u>(84,583)</u>	<u>(1,140)</u>	<u>(676,664)</u>	<u>(12,743)</u>	<u>(1,015,000)</u>	1%
Net connection fees	<u>1,946,272</u>	<u>3,837,428</u>	<u>15,570,176</u>	<u>28,671,687</u>	<u>23,355,268</u>	123%
DONATED SYSTEMS:						
Donated easements	-	-	-	4,258,200	-	0%
Developer fixed assets	-	2,999,255	-	9,456,533	-	0%
Developer reimbursements	-	23,894	-	173,010	-	0%
Line extensions	<u>-</u>	<u>5,095</u>	<u>-</u>	<u>64,267</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>3,028,244</u>	<u>-</u>	<u>13,952,010</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,946,272</u>	<u>\$ 6,865,672</u>	<u>\$ 15,570,176</u>	<u>\$ 42,623,697</u>	<u>\$ 23,355,268</u>	183%

**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED MAY 31, 2016**

	MAY BUDGET	MAY ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 67%)
Capital outlay:						
Land	\$ 40,381	\$ 15,280	\$ 323,048	\$ 1,593,560	\$ 484,577	329%
Buildings	161,234	10,162	1,289,872	125,651	1,934,812	6%
Structures	15,690,278	10,126,375	125,522,224	54,552,896	188,283,341	29%
Equipment	782,116	66,265	6,256,928	1,208,366	9,385,387	13%
Total capital outlay	16,674,009	10,218,082	133,392,072	57,480,473	200,088,117	29%
Debt service principal	201,041	191,724	1,608,328	1,311,989	2,412,491	54%
Total other disbursements	<u>\$ 16,875,050</u>	<u>\$ 10,409,806</u>	<u>\$ 135,000,400</u>	<u>\$ 58,792,462</u>	<u>\$ 202,500,608</u>	29%

**ORANGE COUNTY WATER UTILITIES SYSTEM
ANALYTICAL DATA
FISCAL YEAR 2016**

	<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	0.69	0.67	0.56	0.66	0.58	0.85	0.78	0.73	0.69			
Water	0.90	0.98	0.76	0.88	0.73	1.04	1.07	1.00	0.79			
Wastewater	0.56	0.51	0.44	0.53	0.49	0.70	0.62	0.59	0.59			



**ORANGE COUNTY WATER UTILITIES SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE MONTH ENDED MAY 31, 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 \$9.2 million.