

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

	JUNE	MAY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 134,354,436	\$ 139,325,510
Accrued interest receivable	163,257	163,257
Accounts receivable, net	18,482,823	17,875,816
Due from other governmental agencies	13,445,022	15,042,642
Inventories and prepaid costs	19,680,988	18,071,263
Total current assets	186,126,526	190,478,488
Restricted assets:		
Cash and investments	17,312,438	16,645,950
Noncurrent assets:		
Capital assets:		
Land	103,469,968	103,456,650
Construction in progress	236,825,416	228,866,691
Buildings and improvements	1,894,038,696	1,894,038,696
Machinery and equipment	96,534,915	95,981,297
Intangible assets	71,503,062	71,502,737
Less accumulated depreciation and amortization	(1,120,159,139)	(1,114,295,197)
Total capital assets	1,282,212,918	1,279,550,874
Total noncurrent and restricted assets	1,299,525,356	1,296,196,824
Total assets	1,485,651,882	1,486,675,312
Deferred outflows of resources:		
Related to pensions	7,794,037	7,794,037
Total assets and deferred outflows of resources	\$ 1,493,445,919	\$ 1,494,469,349
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,887,514	\$ 22,232,701
Due to other governmental agencies	707,087	701,366
Net pension liability	430,543	430,543
Total current liabilities	20,025,144	23,364,610
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	550,415	221,861
Customer deposits	8,995,032	8,924,340
Total liabilities payable from restricted assets	9,545,447	9,146,201
Noncurrent liabilities:		
Compensated absences payable	1,719,337	1,719,337
Loans payable	66,146,820	62,730,124
Revenue bonds payable (net of unamortized costs)	94,442,080	94,530,461
Net pension liability	22,788,393	22,788,393
Total noncurrent liabilities	185,096,630	181,768,315
Total liabilities	214,667,221	214,279,126
Deferred inflows of resources:		
Related to pensions	7,606,830	7,606,830
Total liabilities and deferred inflows of resources	222,274,051	221,885,956
<u>NET POSITION</u>		
Net investment in capital assets	1,121,624,018	1,122,290,289
Restricted for debt service	7,766,991	7,499,749
Unrestricted	141,780,859	142,793,355
Total net position	1,271,171,868	1,272,583,393
Total liabilities and net position	\$ 1,493,445,919	\$ 1,494,469,349

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

	<u>JUNE</u>	<u>MAY</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	1,318	1,933,832
Series 2016 account	20,584,976	25,406,284
Reserve revenue	63,303,360	67,816,287
Water connection fees	3,190,230	1,990,492
Wastewater connection fees	16,092,592	13,679,006
Petty cash	1,600	1,600
Operation and maintenance reserve	23,174,052	20,173,740
Renewal and replacement	<u>8,006,308</u>	<u>8,324,269</u>
Total current cash and investments	<u>134,354,436</u>	<u>139,325,510</u>
Restricted:		
Issuance Costs	60,045	320,450
Bond reserve (1)	6,173,825	6,173,644
Bond interest	252,248	-
Loan debt service	1,070,558	776,729
Loan repayment reserve	760,730	760,902
Customer deposits	<u>8,995,032</u>	<u>8,614,225</u>
Total restricted cash and investments	<u>17,312,438</u>	<u>16,645,950</u>
Total cash and investments	<u>\$ 151,666,874</u>	<u>\$ 155,971,460</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, 2016**

	<u>JUNE</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,496,069	\$ 35,463,615
Wastewater service	10,093,694	86,041,282
Reclaimed water service	661,846	4,931,662
Miscellaneous	412,520	2,891,038
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Total operating revenues	15,664,129	129,327,597
Operating and maintenance expenses:		
Personal services	3,409,841	34,764,327
Contractual services	3,237,200	22,082,196
Materials and supplies	480,067	3,808,698
Utilities	1,105,138	9,534,508
Repairs and maintenance	1,690,259	11,772,539
Other administrative expenses	683,869	6,669,339
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Total operating and maintenance expenses	10,606,374	88,631,607
Operating income before depreciation	5,057,755	40,695,990
Depreciation and amortization	5,951,667	53,790,987
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Operating loss	(893,912)	(13,094,997)
Nonoperating revenues (expenses):		
Interest revenue	57,690	481,357
Interest expense and fiscal charges	(240,173)	(760,199)
Gain (Loss) on the disposal of assets	34,640	(195,634)
Bond issuance costs	(260,414)	(1,296,781)
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Total net nonoperating revenues (expenses)	(408,257)	(1,771,257)
Loss before contributions and transfers	(1,302,169)	(14,866,254)
Capital contributions	3,590,644	46,214,341
Transfers out	(3,700,000)	(7,400,000)
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Change in net position	(1,411,525)	23,948,087
Total net position, beginning of period	1,272,583,393	1,247,223,781
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Total net position, end of period	\$ 1,271,171,868	\$ 1,271,171,868

See accompanying notes to financial statements

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

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Water service:						
Residential	\$ 1,908,566	\$ 2,058,463	\$ 17,177,094	\$ 17,515,085	\$ 22,902,786	76%
Commercial	1,121,386	1,259,632	10,092,474	10,405,685	13,456,628	77%
Conservation surcharge	860,798	1,177,974	7,747,182	7,542,845	10,329,573	73%
Total water service	<u>3,890,750</u>	<u>4,496,069</u>	<u>35,016,750</u>	<u>35,463,615</u>	<u>46,688,987</u>	76%
Wastewater service:						
Residential	4,826,980	5,113,068	43,442,820	44,147,083	57,923,764	76%
Commercial	4,154,897	4,762,889	37,394,073	39,446,953	49,858,768	79%
Environmental surcharge	206,772	202,722	1,860,948	1,876,451	2,481,260	76%
Industrial	2,262	(52,861)	20,358	49,441	27,146	182%
Septic and portable	21,925	45,969	197,325	403,900	263,100	154%
Capacity maintenance fees	12,490	21,907	112,410	117,454	149,874	78%
Total wastewater service	<u>9,225,326</u>	<u>10,093,694</u>	<u>83,027,934</u>	<u>86,041,282</u>	<u>110,703,912</u>	78%
Reclaimed water service:						
Reclaimed service	403,900	628,685	3,635,100	4,790,694	4,846,803	99%
Reclaimed water-cooling tower	19,781	33,161	178,029	140,968	237,373	59%
Total reclaimed water service	<u>423,681</u>	<u>661,846</u>	<u>3,813,129</u>	<u>4,931,662</u>	<u>5,084,176</u>	97%
Miscellaneous:						
Initiate account service	43,153	50,704	388,377	372,468	517,841	72%
Turn off/on service	26,699	28,682	240,291	268,124	320,388	84%
Lien fee charges	430	940	3,870	4,060	5,165	79%
Meter removal/testing	4,025	4,228	36,225	37,791	48,303	78%
Meter/line damage	13,259	7,449	119,331	32,357	159,112	20%
NSF charges	4,033	4,222	36,297	39,287	48,395	81%
Plans and specifications	73,163	57,287	658,467	532,164	877,961	61%
Charges to other funds	1,116	20	10,044	8,819	13,393	66%
Developer reimb of plan review	19,216	21,329	172,944	190,641	230,591	83%
Miscellaneous	109,157	237,659	982,413	1,405,327	1,309,878	107%
Total miscellaneous	<u>294,251</u>	<u>412,520</u>	<u>2,648,259</u>	<u>2,891,038</u>	<u>3,531,027</u>	82%
Total operating revenues	<u>\$ 13,834,008</u>	<u>\$ 15,664,129</u>	<u>\$ 124,506,072</u>	<u>\$ 129,327,597</u>	<u>\$ 166,008,102</u>	78%

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

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Personal services:						
Salaries	\$ 3,102,312	\$ 2,700,092	\$ 27,920,808	\$ 26,644,773	\$ 37,227,745	72%
Fringe benefits	1,083,470	709,749	9,751,230	8,119,554	13,001,635	62%
Total personal services	<u>4,185,782</u>	<u>3,409,841</u>	<u>37,672,038</u>	<u>34,764,327</u>	<u>50,229,380</u>	69%
Contractual services:						
Research and studies	87,861	14,069	790,749	644,354	1,054,337	61%
Legal services	11,036	6,802	99,324	71,597	132,435	54%
Indirect costs	514,586	483,753	4,631,274	4,353,780	6,175,035	71%
Purchased water	50,727	6,813	456,543	97,068	608,726	16%
Effluent disposal	159,874	117,621	1,438,866	1,471,643	1,918,490	77%
Comptroller fees	131,227	131,142	1,181,043	1,181,303	1,574,727	75%
Officer fees	1,232	741	11,088	5,646	14,783	38%
Payments to other governments	183,272	179,870	1,649,448	1,511,628	2,199,259	69%
Janitorial	36,213	30,402	325,917	267,956	434,554	62%
Employment agency	103,848	101,103	934,632	829,994	1,246,173	67%
Training	15,241	8,613	137,169	41,776	182,890	23%
Paving	158,978	194,159	1,430,802	912,948	1,907,733	48%
Software licensing/support fee	168,245	181,623	1,514,205	1,086,504	2,018,936	54%
Other professional fees	113,482	72,105	1,021,338	429,399	1,361,784	32%
Contractual services	<u>1,333,872</u>	<u>1,708,384</u>	<u>12,004,848</u>	<u>9,176,600</u>	<u>16,006,467</u>	57%
Total contractual services	<u>3,069,694</u>	<u>3,237,200</u>	<u>27,627,246</u>	<u>22,082,196</u>	<u>36,836,329</u>	60%
Materials and supplies:						
Graphic reproduction services	4,181	3,517	37,629	14,536	50,169	29%
Office supplies	12,673	868	114,057	61,009	152,073	40%
Event/meal reimbursement	434	100	3,906	600	5,210	12%
Software <\$1000	11,569	-	104,121	39,600	138,826	29%
Computer equipment <\$500	11,556	85,722	104,004	170,840	138,677	123%
Equipment <\$1000	19,974	7,829	179,766	154,782	239,690	65%
Tools	9,691	11,173	87,219	82,095	116,286	71%
Medical	149	-	1,341	190	1,790	11%
Liquid oxygen	12,184	10,462	109,656	77,078	146,212	53%
Chemical and pesticides	13	-	117	-	150	0%
Solar salt	12,231	20,215	110,079	124,142	146,775	85%
Chlorine	102,814	73,974	925,326	792,082	1,233,772	64%
Fluoride	15,173	-	136,557	72,868	182,070	40%
Polymer	56,126	40,940	505,134	382,861	673,508	57%
Sealing chemicals	208	923	1,872	2,770	2,500	111%
Corrosion control	52,770	49,250	474,930	415,592	633,242	66%
Carbon dioxide	33,775	41,149	303,975	247,933	405,296	61%
Sodium hydroxide	46,158	20,926	415,422	200,075	553,894	36%
Miscellaneous chemicals	35,736	15,868	321,624	174,823	428,834	41%
Material for construction	24,145	-	217,305	194,259	289,743	67%
Clothing	15,072	22,828	135,648	113,752	180,862	63%
Gas-oil-lube-brfl-ant	17,194	15,914	154,746	52,730	206,330	26%
Miscellaneous expenses	<u>52,214</u>	<u>58,409</u>	<u>469,926</u>	<u>434,081</u>	<u>626,568</u>	69%
Total materials & supplies	<u>546,040</u>	<u>480,067</u>	<u>4,914,360</u>	<u>3,808,698</u>	<u>6,552,477</u>	58%

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

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Utilities:						
Communications	\$ 60,668	\$ 41,315	\$ 546,012	\$ 497,327	\$ 728,019	68%
Water	7,483	8,066	67,347	70,052	89,793	78%
Solid waste tipping fees	3,500	4,168	31,500	25,367	42,000	60%
Garbage disposal	48,896	69,313	440,064	323,626	586,748	55%
Gas	12,897	12,503	116,073	84,335	154,764	54%
Electric	1,049,587	969,773	9,446,283	8,533,801	12,595,046	68%
Total utilities	1,183,031	1,105,138	10,647,279	9,534,508	14,196,370	67%
Repairs and maintenance:						
Building and grounds	433,528	742,481	3,901,752	4,326,310	5,202,333	83%
Equipment	620,472	515,323	5,584,248	4,439,081	7,445,658	60%
Vehicle maintenance	388,352	396,497	3,495,168	2,658,477	4,660,225	57%
Services	42	-	378	741	500	148%
Mains	24,124	35,958	217,116	220,813	289,491	76%
Water meters	2,150	-	19,350	-	25,800	0%
Fire lines	2,988	-	26,892	88,608	35,855	247%
Meter installations	42	-	378	935	500	187%
Valves	4,541	-	40,869	37,574	54,486	69%
Utility relocations	42	-	378	-	500	0%
Total repairs & maintenance	1,476,281	1,690,259	13,286,529	11,772,539	17,715,348	66%
Other administrative:						
Local travel	2,436	1,504	21,924	11,212	29,236	38%
Out of county travel	1,956	878	17,604	6,995	23,477	30%
Postage and messenger services	58,597	10,421	527,373	464,652	703,163	66%
Moving expenses	92	-	828	-	1,100	0%
Toll charges	17,930	19,753	161,370	135,209	215,154	63%
Rental of equipment	35,383	119,419	318,447	588,631	424,594	139%
Dues and memberships	13,231	-	119,079	104,083	158,773	66%
Subscriptions	2,456	-	22,104	8,129	29,476	28%
Training fees	11,078	9,384	99,702	54,887	132,941	41%
License and certification	1,731	400	15,579	2,296	20,774	11%
Advertising	440	-	3,960	2,935	5,280	56%
Promotional	9,021	9,884	81,189	24,512	108,250	23%
Educational assistance	2,499	600	22,491	5,118	29,989	17%
Scholarships, awards	581	-	5,229	-	6,975	0%
Bad debt expense	40,039	60,240	360,351	30,953	480,462	6%
Bank charges	63,792	65,691	574,128	542,487	765,500	71%
Self insurance	284,894	284,894	2,564,046	2,564,048	3,418,731	75%
Refunds of prior year revenue	25,000	-	225,000	203,069	300,000	68%
Operating permits	11,654	-	104,886	-	139,849	0%
Accrued expenses	-	100,801	-	1,920,123	-	0%
Total other administrative	582,810	683,869	5,245,290	6,669,339	6,993,724	95%
Total O&M expenses	\$ 11,043,638	\$ 10,606,374	\$ 99,392,742	\$ 88,631,607	\$ 132,523,628	67%

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

	<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>
Interest revenue:						
Net revenue	\$ 42,172	\$ 49,952	\$ 379,548	\$ 453,685	\$ 506,065	90%
Connection fees	-	8,893	-	35,933	-	0%
Bond reserve	-	191	-	191	-	0%
Less: Customer deposits expense	-	(1,346)	-	(8,452)	-	0%
Total interest revenue	<u>42,172</u>	<u>57,690</u>	<u>379,548</u>	<u>481,357</u>	<u>506,065</u>	<u>95%</u>
Interest expense:						
Bonds and revolving loans	(360,937)	(328,554)	(3,248,433)	(848,580)	(4,331,243)	20%
Capital lease	(73)	-	(657)	-	(871)	0%
Debt service fees	(17,500)	-	(157,500)	-	(210,000)	0%
Amortization of bond premium	-	88,381	-	88,381	-	(1)
Total interest expense	<u>(378,510)</u>	<u>(240,173)</u>	<u>(3,406,590)</u>	<u>(760,199)</u>	<u>(4,542,114)</u>	<u>17%</u>
Gain/(loss) on disposal of assets:						
Gain on disposal of fixed assets	-	34,640	-	33,315	-	(1)
Loss on abandoned projects	-	-	-	(228,949)	-	(1)
Total gain/(loss) on disposal of assets	<u>-</u>	<u>34,640</u>	<u>-</u>	<u>(195,634)</u>	<u>-</u>	<u>(1)</u>
Bond issuance costs	(116,667)	(260,414)	(1,050,003)	(1,296,781)	(1,400,000)	93%
Total non-operating revenues (expenses)	<u>\$ (453,005)</u>	<u>\$ (408,257)</u>	<u>\$ (4,077,045)</u>	<u>\$ (1,771,257)</u>	<u>\$ (5,436,049)</u>	<u>33%</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 JUNE 30, 2016**

	<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	\$ 661,745	\$ 1,118,860	\$ 5,955,705	\$ 9,988,146	\$ 7,940,944	126%
Irrigation	<u>35,638</u>	<u>71,105</u>	<u>320,742</u>	<u>506,160</u>	<u>427,659</u>	118%
Total water connection fees	<u>697,383</u>	<u>1,189,965</u>	<u>6,276,447</u>	<u>10,494,306</u>	<u>8,368,603</u>	125%
Wastewater connection fees:						
Residential/Commercial	<u>1,333,472</u>	<u>2,377,510</u>	<u>12,001,248</u>	<u>21,757,599</u>	<u>16,001,665</u>	136%
Total wastewater connection fees	<u>1,333,472</u>	<u>2,377,510</u>	<u>12,001,248</u>	<u>21,757,599</u>	<u>16,001,665</u>	136%
Less reductions:						
Refunds of prior year collections	(83,333)	(4,862)	(749,997)	(17,605)	(1,000,000)	2%
Donations	<u>(1,250)</u>	<u>-</u>	<u>(11,250)</u>	<u>-</u>	<u>(15,000)</u>	0%
Total reductions	<u>(84,583)</u>	<u>(4,862)</u>	<u>(761,247)</u>	<u>(17,605)</u>	<u>(1,015,000)</u>	2%
Net connection fees	<u>1,946,272</u>	<u>3,562,613</u>	<u>17,516,448</u>	<u>32,234,300</u>	<u>23,355,268</u>	138%
DONATED SYSTEMS:						
Donated easements	-	-	-	4,258,200	-	0%
Developer fixed assets	-	17,422	-	9,473,955	-	0%
Developer reimbursements	-	5,729	-	178,739	-	0%
Line extensions	<u>-</u>	<u>4,880</u>	<u>-</u>	<u>69,147</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>28,031</u>	<u>-</u>	<u>13,980,041</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,946,272</u>	<u>\$ 3,590,644</u>	<u>\$ 17,516,448</u>	<u>\$ 46,214,341</u>	<u>\$ 23,355,268</u>	198%

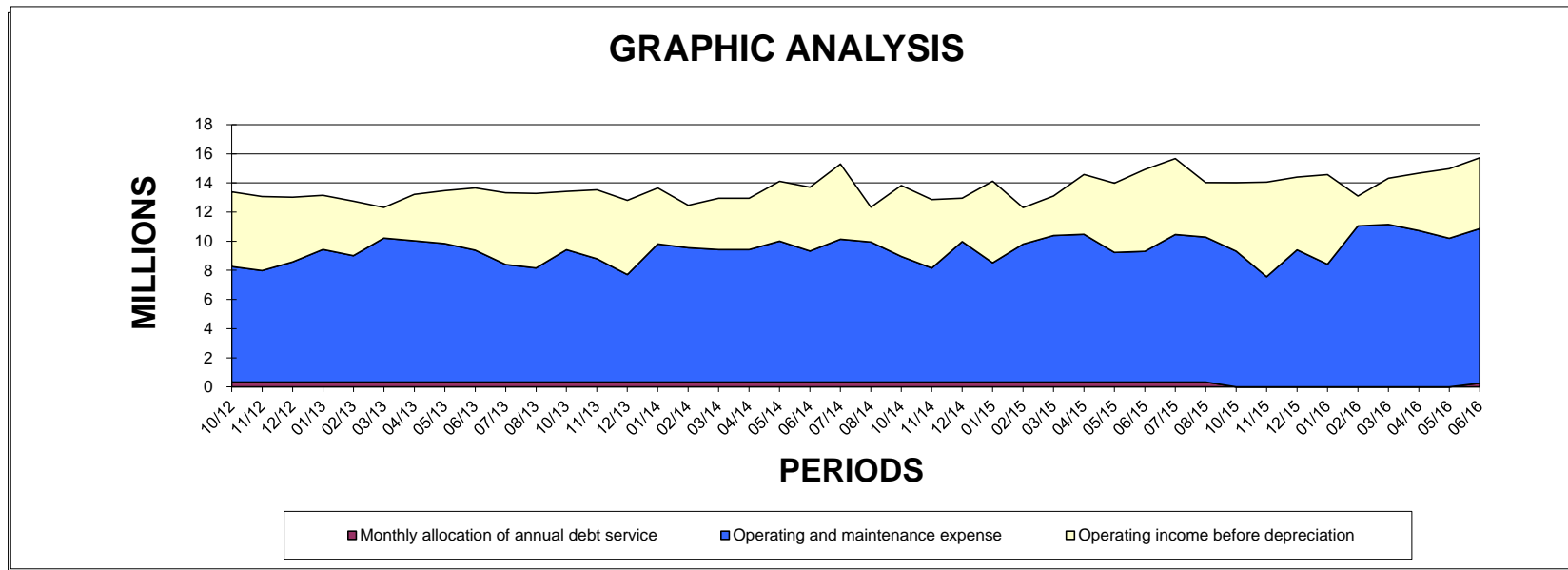
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED JUNE 30, 2016**

	JUNE BUDGET	JUNE ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 75%)
Capital outlay:						
Land	\$ 40,381	\$ 10,868	\$ 363,429	\$ 1,604,428	\$ 484,577	331%
Buildings	161,234	49,371	1,451,106	175,022	1,934,812	9%
Structures	15,686,112	7,909,352	141,175,008	62,462,248	188,233,341	33%
Equipment	781,282	644,117	7,031,538	1,852,483	9,375,387	20%
Total capital outlay	16,669,009	8,613,708	150,021,081	66,094,181	200,028,117	33%
Debt service principal	201,041	191,724	1,809,369	1,503,713	2,412,491	62%
Total other disbursements	<u>\$ 16,870,050</u>	<u>\$ 8,805,432</u>	<u>\$ 151,830,450</u>	<u>\$ 67,597,894</u>	<u>\$ 202,440,608</u>	33%

**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	0.68		
Water	0.88	0.98	0.76	0.88	0.73	1.04	1.07	1.00	0.79	0.76		
Wastewater	0.56	0.51	0.44	0.53	0.49	0.70	0.62	0.59	0.59	0.58		
Bond Coverage Ratios*	53.78	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60.15		

*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, 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 \$9.3 million.