

**ORANGE COUNTY WATER UTILITIES SYSTEM
STATEMENTS OF NET POSITION
AUGUST 31 AND JULY 31, 2016**

	AUGUST	JULY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 139,599,195	\$ 137,764,988
Accrued interest receivable	163,257	163,257
Accounts receivable, net	18,792,022	18,836,357
Due from other governmental agencies	15,132,574	13,460,815
Inventories and prepaid costs	18,219,864	18,597,890
Total current assets	191,906,912	188,823,307
Restricted assets:		
Cash and investments	18,323,948	17,555,730
Capital assets:		
Land	103,534,845	103,497,426
Construction in progress	244,992,554	239,854,715
Buildings and improvements	1,910,999,378	1,905,063,771
Machinery and equipment	97,888,751	97,460,371
Intangible assets	76,682,012	73,905,512
Less accumulated depreciation and amortization	(1,132,062,472)	(1,126,110,806)
Total capital assets	1,302,035,068	1,293,670,989
Total noncurrent and restricted assets	1,320,359,016	1,311,226,719
Total assets	1,512,265,928	1,500,050,026
Deferred outflows of resources:		
Related to pensions	7,794,037	7,794,037
Total assets and deferred outflows of resources	\$ 1,520,059,965	\$ 1,507,844,063
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 17,794,919	\$ 18,618,694
Due to other governmental agencies	699,702	695,915
Net pension liability	430,543	430,543
Total current liabilities	18,925,164	19,745,152
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,093,026	783,078
Customer deposits	9,092,187	9,024,554
Total liabilities payable from restricted assets	10,185,213	9,807,632
Noncurrent liabilities:		
Compensated absences payable	1,719,337	1,719,337
Capital lease payable	9,875	-
Loans payable	71,606,303	66,146,820
Revenue bonds payable (net of unamortized costs)	94,265,319	94,353,700
Net pension liability	22,788,393	22,788,393
Total noncurrent liabilities	190,389,227	185,008,250
Total liabilities	219,499,604	214,561,034
Deferred inflows of resources:		
Related to pensions	7,606,830	7,606,830
Total liabilities and deferred inflows of resources	227,106,434	222,167,864
<u>NET POSITION</u>		
Net investment in capital assets	1,136,153,571	1,133,170,469
Restricted for debt service	8,138,735	7,748,098
Unrestricted	148,661,225	144,757,632
Total net position	1,292,953,531	1,285,676,199
Total liabilities and net position	\$ 1,520,059,965	\$ 1,507,844,063

**ORANGE COUNTY WATER UTILITIES SYSTEM
CASH AND INVESTMENTS DETAIL
AUGUST 31 AND JULY 31, 2016**

	<u>AUGUST</u>	<u>JULY</u>
Current:		
Revenue	\$ -	\$ -
Operation and maintenance	1,685	318
Series 2016 account	20,581,220	21,251,152
Reserve revenue	63,231,549	64,357,014
Water connection fees	4,294,061	3,509,167
Wastewater connection fees	20,290,128	17,482,600
Petty cash	1,600	1,600
Operation and maintenance reserve	23,187,729	23,161,436
Renewal and replacement	<u>8,011,223</u>	<u>8,001,701</u>
Total current cash and investments	<u>139,599,195</u>	<u>137,764,988</u>
Restricted:		
Issuance Costs	15,106	60,096
Bond reserve (1)	6,174,265	6,174,241
Bond interest	1,008,991	504,524
Loan debt service	1,272,205	1,032,016
Loan repayment reserve	761,194	760,299
Customer deposits	<u>9,092,187</u>	<u>9,024,554</u>
Total restricted cash and investments	<u>18,323,948</u>	<u>17,555,730</u>
Total cash and investments	<u>\$ 157,923,143</u>	<u>\$ 155,320,718</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 AUGUST 31, 2016**

	<u>AUGUST</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,366,617	\$ 44,159,038
Wastewater service	10,261,987	106,148,656
Reclaimed water service	712,560	6,323,104
Miscellaneous	<u>553,653</u>	<u>3,774,336</u>
Total operating revenues	<u>15,894,817</u>	<u>160,405,134</u>
Operating and maintenance expenses:		
Personal services	3,733,254	42,485,589
Contractual services	2,241,973	26,563,200
Materials and supplies	709,909	5,137,603
Utilities	887,251	11,516,453
Repairs and maintenance	1,841,388	15,265,000
Other administrative expenses	<u>464,386</u>	<u>7,797,188</u>
Total operating and maintenance expenses	<u>9,878,161</u>	<u>108,765,033</u>
Operating income before depreciation	6,016,656	51,640,101
Depreciation and amortization	<u>5,951,666</u>	<u>65,694,320</u>
Operating income (loss)	<u>64,990</u>	<u>(14,054,219)</u>
Nonoperating revenues (expenses):		
Interest revenue	130,458	686,070
Interest expense and fiscal charges	(241,928)	(1,242,300)
Gain (Loss) on the disposal of assets	(430)	(196,064)
Bond issuance costs	<u>-</u>	<u>(1,341,781)</u>
Total net nonoperating revenues (expenses)	<u>(111,900)</u>	<u>(2,094,075)</u>
Loss before contributions and transfers	(46,910)	(16,148,294)
Capital contributions	7,324,242	69,278,044
Transfers out	<u>-</u>	<u>(7,400,000)</u>
Change in net position	7,277,332	45,729,750
Total net position, beginning of period	<u>1,285,676,199</u>	<u>1,247,223,781</u>
Total net position, end of period	<u>\$ 1,292,953,531</u>	<u>\$ 1,292,953,531</u>

See accompanying notes to financial statements

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Water service:						
Residential	\$ 1,908,566	\$ 2,046,036	\$ 20,994,226	\$ 21,517,184	\$ 22,902,786	94%
Commercial	1,121,386	1,233,793	12,335,246	12,915,220	13,456,628	96%
Conservation surcharge	860,798	1,086,788	9,468,778	9,726,634	10,329,573	94%
Total water service	<u>3,890,750</u>	<u>4,366,617</u>	<u>42,798,250</u>	<u>44,159,038</u>	<u>46,688,987</u>	95%
Wastewater service:						
Residential	4,826,980	4,998,512	53,096,780	54,143,984	57,923,764	93%
Commercial	4,154,897	4,914,200	45,703,867	49,007,040	49,858,768	98%
Environmental surcharge	206,772	279,741	2,274,492	2,300,595	2,481,260	93%
Industrial	2,262	2,524	24,882	54,340	27,146	200%
Septic and portable	21,925	49,641	241,175	505,602	263,100	192%
Capacity maintenance fees	12,490	17,369	137,390	137,095	149,874	91%
Total wastewater service	<u>9,225,326</u>	<u>10,261,987</u>	<u>101,478,586</u>	<u>106,148,656</u>	<u>110,703,912</u>	96%
Reclaimed water service:						
Reclaimed service	403,900	664,530	4,442,900	6,121,519	4,846,803	126%
Reclaimed water-cooling tower	19,781	48,030	217,591	201,585	237,373	85%
Total reclaimed water service	<u>423,681</u>	<u>712,560</u>	<u>4,660,491</u>	<u>6,323,104</u>	<u>5,084,176</u>	124%
Miscellaneous:						
Initiate account service	43,153	58,432	474,683	481,988	517,841	93%
Turn off/on service	26,699	38,948	293,689	332,767	320,388	104%
Lien fee charges	430	280	4,730	4,660	5,165	90%
Meter removal/testing	4,025	4,662	44,275	45,771	48,303	95%
Meter/line damage	13,259	30,770	145,849	81,649	159,112	51%
NSF charges	4,033	5,981	44,363	49,208	48,395	102%
Plans and specifications	73,163	74,591	804,793	632,036	877,961	72%
Charges to other funds	1,116	2,390	12,276	12,477	13,393	93%
Developer reimb of plan review	19,216	22,626	211,376	242,391	230,591	105%
Miscellaneous	109,157	314,973	1,200,727	1,891,389	1,309,878	144%
Total miscellaneous	<u>294,251</u>	<u>553,653</u>	<u>3,236,761</u>	<u>3,774,336</u>	<u>3,531,027</u>	107%
Total operating revenues	<u>\$ 13,834,008</u>	<u>\$ 15,894,817</u>	<u>\$ 152,174,088</u>	<u>\$ 160,405,134</u>	<u>\$ 166,008,102</u>	97%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Personal services:						
Salaries	\$ 3,060,645	\$ 2,520,987	\$ 33,667,095	\$ 32,255,871	\$ 36,727,745	88%
Fringe benefits	1,083,470	1,212,267	11,918,170	10,229,718	13,001,635	79%
Total personal services	4,144,115	3,733,254	45,585,265	42,485,589	49,729,380	85%
Contractual services:						
Research and studies	86,195	32,040	948,145	742,905	1,034,337	72%
Legal services	11,036	-	121,396	92,543	132,435	70%
Indirect costs	514,586	483,754	5,660,446	5,321,287	6,175,035	86%
Purchased water	42,394	6,908	466,334	108,231	508,726	21%
Effluent disposal	159,874	203,456	1,758,614	1,788,717	1,918,490	93%
Comptroller fees	131,227	131,141	1,443,497	1,443,586	1,574,727	92%
Officer fees	1,232	700	13,552	6,856	14,783	46%
Payments to other governments	179,105	272,589	1,970,155	1,889,371	2,149,259	88%
Janitorial	36,213	28,237	398,343	324,309	434,554	75%
Employment agency	103,848	139,708	1,142,328	1,062,698	1,246,173	85%
Training	15,241	7,646	167,651	64,106	182,890	35%
Paving	161,144	160,270	1,772,584	1,137,167	1,933,733	59%
Software licensing/support fee	168,245	115,718	1,850,695	1,320,871	2,018,936	65%
Other professional fees	113,482	9,949	1,248,302	551,019	1,361,784	40%
Contractual services	1,335,206	649,857	14,687,266	10,709,534	16,022,467	67%
Total contractual services	3,059,028	2,241,973	33,649,308	26,563,200	36,708,329	72%
Materials and supplies:						
Graphic reproduction services	4,181	560	45,991	15,924	50,169	32%
Office supplies	12,673	18,615	139,403	97,583	152,073	64%
Event/meal reimbursement	434	152	4,774	752	5,210	14%
Software <\$1000	11,569	863	127,259	40,858	138,826	29%
Computer equipment <\$500	11,556	4,162	127,116	176,060	138,677	127%
Equipment <\$1000	20,152	19,233	221,672	204,367	241,823	85%
Tools	9,691	24,177	106,601	125,040	116,286	108%
Medical	149	-	1,639	190	1,790	11%
Liquid oxygen	12,184	15,313	134,024	100,546	146,212	69%
Chemical and pesticides	13	-	143	-	150	0%
Solar salt	12,231	40,635	134,541	178,299	146,775	121%
Chlorine	102,814	124,797	1,130,954	1,047,144	1,233,772	85%
Fluoride	15,173	5,148	166,903	78,016	182,070	43%
Polymer	56,126	54,355	617,386	514,785	673,508	76%
Sealing chemicals	208	-	2,288	2,770	2,500	111%
Corrosion control	52,770	70,967	580,470	551,861	633,242	87%
Carbon dioxide	33,775	88,963	371,525	381,022	405,296	94%
Sodium hydroxide	46,158	42,186	507,738	268,664	553,894	49%
Miscellaneous chemicals	35,736	31,322	393,096	255,234	428,834	60%
Material for construction	24,145	6,625	265,595	207,293	289,743	72%
Clothing	15,072	17,415	165,792	147,903	180,862	82%
Gas-oil-lube-brfl-ant	17,194	14,881	189,134	94,372	206,330	46%
Miscellaneous expenses	52,214	129,540	574,354	648,920	626,568	104%
Total materials & supplies	546,218	709,909	6,008,398	5,137,603	6,554,610	78%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Utilities:						
Communications	\$ 60,668	\$ 55,148	\$ 667,348	\$ 586,575	\$ 728,019	81%
Water	7,483	8,340	82,313	83,794	89,793	93%
Solid waste tipping fees	3,500	5,070	38,500	30,437	42,000	72%
Garbage disposal	48,896	40,644	537,856	365,433	586,748	62%
Gas	12,897	9,372	141,867	105,660	154,764	68%
Electric	1,032,921	768,677	11,362,131	10,344,554	12,395,046	83%
Total utilities	1,166,365	887,251	12,830,015	11,516,453	13,996,370	82%
Repairs and maintenance:						
Building and grounds	441,653	622,775	4,858,183	5,404,496	5,299,833	102%
Equipment	683,055	806,263	7,513,605	6,106,985	8,196,658	75%
Vehicle maintenance	388,508	401,563	4,273,588	3,365,765	4,662,092	72%
Services	42	-	462	741	500	148%
Mains	24,124	10,787	265,364	256,184	289,491	88%
Water meters	2,150	-	23,650	3,712	25,800	14%
Fire lines	2,988	-	32,868	88,608	35,855	247%
Meter installations	42	-	462	935	500	187%
Valves	4,541	-	49,951	37,574	54,486	69%
Utility relocations	42	-	462	-	500	0%
Total repairs & maintenance	1,547,145	1,841,388	17,018,595	15,265,000	18,565,715	82%
Other administrative:						
Local travel	2,436	1,614	26,796	14,437	29,236	49%
Out of county travel	1,956	40	21,516	8,045	23,477	34%
Postage and messenger services	57,972	7,754	637,692	620,305	695,663	89%
Moving expenses	92	-	1,012	-	1,100	0%
Toll charges	17,930	10,073	197,230	164,915	215,154	77%
Rental of equipment	35,383	130,151	389,213	851,468	424,594	201%
Dues and memberships	13,231	1,336	145,541	106,669	158,773	67%
Subscriptions	2,456	294	27,016	8,423	29,476	29%
Training fees	11,078	13,438	121,858	76,693	132,941	58%
License and certification	1,731	357	19,041	4,361	20,774	21%
Advertising	440	106	4,840	3,041	5,280	58%
Promotional	9,021	4,681	99,231	41,527	108,250	38%
Educational assistance	2,499	309	27,489	5,427	29,989	18%
Scholarships, awards	581	-	6,391	-	6,975	0%
Bad debt expense	40,039	32,188	440,429	97,741	480,462	20%
Bank charges	63,792	75,621	701,712	694,279	765,500	91%
Self insurance	284,894	283,578	3,133,834	3,119,361	3,418,731	91%
Refunds of prior year revenue	25,000	-	275,000	203,069	300,000	68%
Operating permits	11,654	-	128,194	-	139,849	0%
Accrued expenses	-	(97,154)	-	1,777,427	-	0%
Total other administrative	582,185	464,386	6,404,035	7,797,188	6,986,224	112%
Total O&M expenses	\$ 11,045,056	\$ 9,878,161	\$ 121,495,616	\$ 108,765,033	\$ 132,540,628	82%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Interest revenue:						
Net revenue	\$ 42,172	\$ 113,595	\$ 463,892	\$ 639,895	\$ 506,065	126%
Connection fees	-	18,487	-	56,882	-	0%
Bond reserve	-	35	-	692	-	0%
Less: Customer deposits expense	-	(1,659)	-	(11,399)	-	0%
Total interest revenue	<u>42,172</u>	<u>130,458</u>	<u>463,892</u>	<u>686,070</u>	<u>506,065</u>	136%
Interest expense:						
Bonds and revolving loans	(360,937)	(328,086)	(3,970,307)	(1,505,219)	(4,331,243)	35%
Capital lease	(73)	(2,223)	(803)	(2,223)	(871)	255%
Debt service fees	(17,500)	-	(192,500)	-	(210,000)	0%
Amortization of bond premium	-	88,381	-	265,142	-	(1)
Total interest expense	<u>(378,510)</u>	<u>(241,928)</u>	<u>(4,163,610)</u>	<u>(1,242,300)</u>	<u>(4,542,114)</u>	27%
Gain/(loss) on disposal of assets:						
Gain on disposal of fixed assets	-	-	-	33,315	-	(1)
Loss on abandoned projects	-	(430)	-	(229,379)	-	(1)
Total gain/(loss) on disposal of assets	<u>-</u>	<u>(430)</u>	<u>-</u>	<u>(196,064)</u>	<u>-</u>	(1)
Bond issuance costs	<u>(116,667)</u>	<u>-</u>	<u>(1,283,337)</u>	<u>(1,341,781)</u>	<u>(1,400,000)</u>	96%
Total non-operating revenues (expenses)	<u>\$ (453,005)</u>	<u>\$ (111,900)</u>	<u>\$ (4,983,055)</u>	<u>\$ (2,094,075)</u>	<u>\$ (5,436,049)</u>	39%

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

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

	<u>AUGUST BUDGET</u>	<u>AUGUST ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 92%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 661,745	\$ 1,273,675	\$ 7,279,195	\$ 12,218,699	\$ 7,940,944	154%
Irrigation	35,638	69,040	392,018	621,460	427,659	145%
Total water connection fees	<u>697,383</u>	<u>1,342,715</u>	<u>7,671,213</u>	<u>12,840,159</u>	<u>8,368,603</u>	153%
Wastewater connection fees:						
Residential/Commercial	<u>1,333,472</u>	<u>3,156,150</u>	<u>14,668,192</u>	<u>27,010,189</u>	<u>16,001,665</u>	169%
Total wastewater connection fees	<u>1,333,472</u>	<u>3,156,150</u>	<u>14,668,192</u>	<u>27,010,189</u>	<u>16,001,665</u>	169%
Less reductions:						
Refunds of prior year collections	(83,333)	-	(916,663)	(41,615)	(1,000,000)	4%
Donations	(1,250)	-	(13,750)	-	(15,000)	0%
Total reductions	<u>(84,583)</u>	<u>-</u>	<u>(930,413)</u>	<u>(41,615)</u>	<u>(1,015,000)</u>	4%
Net connection fees	<u>1,946,272</u>	<u>4,498,865</u>	<u>21,408,992</u>	<u>39,808,733</u>	<u>23,355,268</u>	170%
DONATED SYSTEMS:						
Donated easements	-	2,776,500	-	9,437,150	-	0%
Developer fixed assets	-	10,940	-	19,730,161	-	0%
Developer reimbursements	-	32,052	-	222,878	-	0%
Line extensions	-	5,885	-	79,122	-	0%
Total donated systems	<u>-</u>	<u>2,825,377</u>	<u>-</u>	<u>29,469,311</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,946,272</u>	<u>\$ 7,324,242</u>	<u>\$ 21,408,992</u>	<u>\$ 69,278,044</u>	<u>\$ 23,355,268</u>	297%

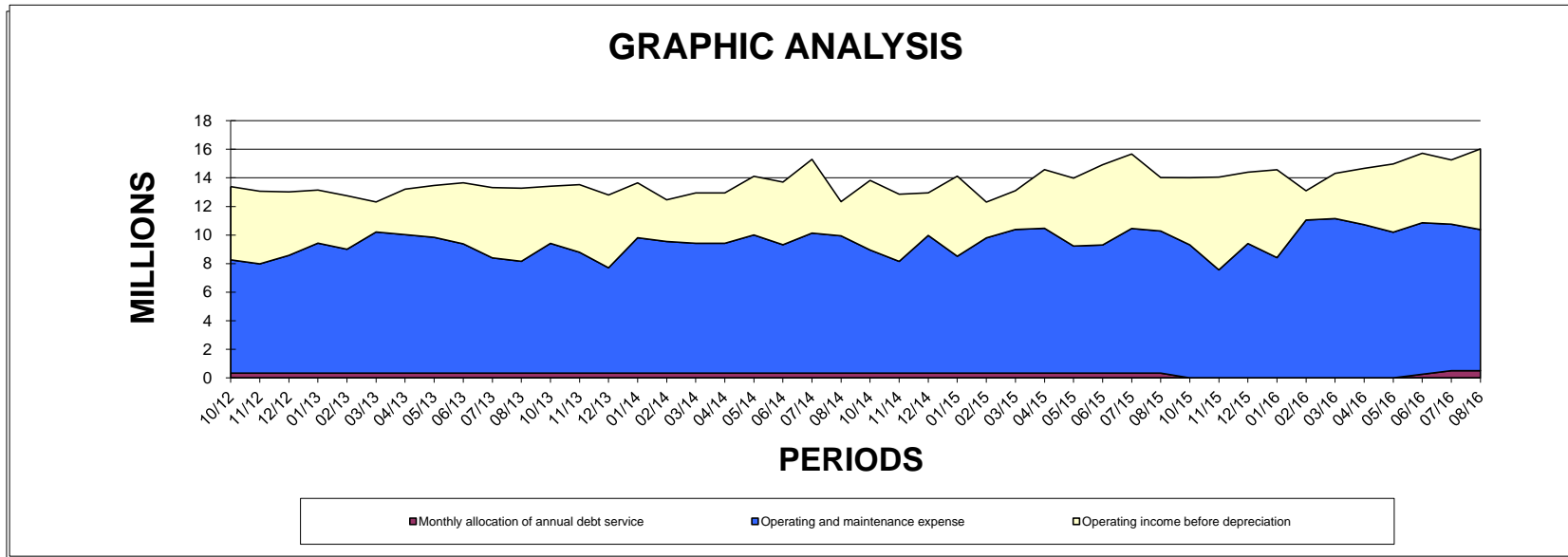
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED AUGUST 31, 2016**

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Capital outlay:						
Land	\$ 40,381	\$ 15,971	\$ 444,191	\$ 1,647,857	\$ 484,577	340%
Buildings	164,568	37,830	1,810,248	233,740	1,974,812	12%
Structures	15,676,778	11,063,587	172,444,558	77,314,054	188,121,341	41%
Equipment	785,866	466,333	8,644,526	3,244,272	9,430,387	34%
Total capital outlay	16,667,593	11,583,721	183,343,523	82,439,923	200,011,117	41%
Debt service principal	201,041	192,193	2,211,451	1,887,630	2,412,491	78%
Total other disbursements	<u>\$ 16,868,634</u>	<u>\$ 11,775,914</u>	<u>\$ 185,554,974</u>	<u>\$ 84,327,553</u>	<u>\$ 202,423,608</u>	42%

**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	0.68	0.67	0.56	0.66	0.58	0.85	0.78	0.73	0.69	0.68	0.68	0.62
Water	0.86	0.98	0.76	0.88	0.73	1.04	1.07	1.00	0.79	0.76	0.82	0.70
Wastewater	0.56	0.51	0.44	0.53	0.49	0.70	0.62	0.59	0.59	0.58	0.54	0.53
Bond Coverage Ratios*	68.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20.05	19.54	23.85

*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 AUGUST 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 \$9.4 million.