

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

	AUGUST	JULY
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and investments	\$ 119,151,263	\$ 121,268,860
Accrued interest receivable	242,853	242,853
Accounts receivable, net	18,773,138	18,529,901
Due from other governmental agencies	13,390,963	12,170,849
Inventories and prepaid costs	<u>13,631,062</u>	<u>16,218,572</u>
Total current assets	<u>165,189,279</u>	<u>168,431,035</u>
Restricted assets:		
Cash and investments	<u>52,413,095</u>	<u>51,590,762</u>
Capital assets:		
Land	102,708,313	102,685,856
Construction in progress	218,659,452	209,511,245
Buildings and improvements	2,054,413,700	2,052,558,165
Machinery and equipment	100,868,436	99,930,968
Intangible assets	87,364,239	87,360,714
Less accumulated depreciation and amortization	<u>(1,207,236,963)</u>	<u>(1,200,869,332)</u>
Total capital assets	<u>1,356,777,177</u>	<u>1,351,177,616</u>
Total noncurrent and restricted assets	<u>1,409,190,272</u>	<u>1,402,768,378</u>
Total assets	<u>1,574,379,551</u>	<u>1,571,199,413</u>
Deferred outflows of resources:		
Related to pensions	<u>12,466,757</u>	<u>12,466,757</u>
Total assets and deferred outflows of resources	<u>\$ 1,586,846,308</u>	<u>\$ 1,583,666,170</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 16,168,954	\$ 17,664,491
Due to other governmental agencies	484,208	431,285
Net pension liability	<u>390,296</u>	<u>390,296</u>
Total current liabilities	<u>17,043,458</u>	<u>18,486,072</u>
Liabilities payable from restricted assets:		
Accrued interest payable on bonds and loans	1,556,071	1,261,889
Customer deposits	<u>10,074,432</u>	<u>9,951,725</u>
Total liabilities payable from restricted assets	<u>11,630,503</u>	<u>11,213,614</u>
Noncurrent liabilities:		
Compensated absences payable	1,378,011	1,378,011
Loans payable	89,150,423	87,895,309
Revenue bonds payable (net of unamortized costs)	93,243,639	93,328,485
Net pension liability	<u>35,383,798</u>	<u>35,383,798</u>
Total noncurrent liabilities	<u>219,155,871</u>	<u>217,985,603</u>
Total liabilities	<u>247,829,832</u>	<u>247,685,289</u>
Deferred inflows of resources:		
Related to pensions	<u>632,180</u>	<u>632,180</u>
Total liabilities and deferred inflows of resources	<u>248,462,012</u>	<u>248,317,469</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,174,383,115	1,169,953,822
Restricted for debt service	40,782,592	40,377,148
Unrestricted	<u>123,218,589</u>	<u>125,017,731</u>
Total net position	<u>1,338,384,296</u>	<u>1,335,348,701</u>
Total liabilities and net position	<u>\$ 1,586,846,308</u>	<u>\$ 1,583,666,170</u>

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

	<u>AUGUST</u>	<u>JULY</u>
Current:		
Reserve revenue	\$ 76,464,404	\$ 80,260,661
Water connection fees	12,637,816	11,954,948
Wastewater connection fees	30,047,443	29,051,651
Petty cash	<u>1,600</u>	<u>1,600</u>
Total current cash and investments	<u>119,151,263</u>	<u>121,268,860</u>
Restricted:		
Operation and maintenance reserve	24,672,680	24,663,827
Renewal and replacement	8,008,817	8,005,940
Bond reserve (1)	6,205,048	6,204,903
Bond interest	1,453,578	968,631
Loan debt service	1,237,562	1,035,032
Loan repayment reserve	760,978	760,704
Customer deposits	<u>10,074,432</u>	<u>9,951,725</u>
Total restricted cash and investments	<u>52,413,095</u>	<u>51,590,762</u>
Total cash and investments	<u>\$ 171,564,358</u>	<u>\$ 172,859,622</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, 2017**

	<u>AUGUST</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 4,356,057	\$ 48,541,522
Wastewater service	10,557,300	111,936,959
Reclaimed water service	724,616	7,982,156
Miscellaneous	<u>538,092</u>	<u>4,766,267</u>
Total operating revenues	<u>16,176,065</u>	<u>173,226,904</u>
Operating and maintenance expenses:		
Personal services	4,222,272	45,020,670
Contractual services	3,164,894	27,970,664
Materials and supplies	600,953	5,067,342
Utilities	863,988	12,385,148
Repairs and maintenance	1,819,092	13,656,618
Other administrative expenses	<u>538,490</u>	<u>7,711,185</u>
Total operating and maintenance expenses	<u>11,209,689</u>	<u>111,811,627</u>
Operating income before depreciation	4,966,376	61,415,277
Depreciation and amortization	<u>6,367,631</u>	<u>70,051,393</u>
Operating loss	<u>(1,401,255)</u>	<u>(8,636,116)</u>
Nonoperating revenues (expenses):		
Interest revenue	213,266	1,644,070
Interest expense and fiscal charges	(226,722)	(2,523,556)
Loss on the disposal of assets	<u>-</u>	<u>(111,523)</u>
Total net nonoperating expenses	<u>(13,456)</u>	<u>(991,009)</u>
Loss before contributions and transfers	(1,414,711)	(9,627,125)
Capital contributions	4,450,306	59,691,761
Transfers out	<u>-</u>	<u>(8,200,000)</u>
Change in net position	3,035,595	41,864,636
Total net position, beginning of period	<u>1,335,348,701</u>	<u>1,296,519,660</u>
Total net position, end of period	<u>\$ 1,338,384,296</u>	<u>\$ 1,338,384,296</u>

See accompanying notes to financial statements

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Water service:						
Residential	\$ 1,991,599	\$ 2,096,699	\$ 21,907,589	\$ 22,971,512	\$ 23,899,193	96%
Commercial	1,251,177	1,382,125	13,762,947	14,143,087	15,014,120	94%
Conservation surcharge	888,092	877,233	9,769,012	11,426,923	10,657,107	107%
Total water service	<u>4,130,868</u>	<u>4,356,057</u>	<u>45,439,548</u>	<u>48,541,522</u>	<u>49,570,420</u>	98%
Wastewater service:						
Residential	5,045,574	5,224,107	55,501,314	57,719,785	60,546,889	95%
Commercial	4,677,267	4,995,217	51,449,937	51,213,107	56,127,207	91%
Environmental surcharge	230,664	274,566	2,537,304	2,242,247	2,767,962	81%
Industrial	3,991	5,929	43,901	95,480	47,886	199%
Septic and portable	58,069	39,819	638,759	539,386	696,827	77%
Capacity maintenance fees	13,262	17,662	145,882	126,954	159,148	80%
Total wastewater service	<u>10,028,827</u>	<u>10,557,300</u>	<u>110,317,097</u>	<u>111,936,959</u>	<u>120,345,919</u>	93%
Reclaimed water service:						
Reclaimed service	572,330	688,380	6,295,630	7,766,036	6,867,957	113%
Reclaimed water-cooling tower	20,371	36,236	224,081	216,120	244,448	88%
Total reclaimed water service	<u>592,701</u>	<u>724,616</u>	<u>6,519,711</u>	<u>7,982,156</u>	<u>7,112,405</u>	112%
Miscellaneous:						
Initiate account service	43,397	56,224	477,367	487,154	520,763	94%
Turn off/on service	22,276	38,605	245,036	376,022	267,311	141%
Lien fee charges	371	420	4,081	4,040	4,448	91%
Meter removal/testing	4,335	4,626	47,685	48,098	52,015	92%
Meter/line damage	2,082	166,386	22,902	611,311	24,988	2446%
NSF charges	3,849	7,089	42,339	45,944	46,185	99%
Plans and specifications	75,667	91,946	832,337	650,666	908,008	72%
Charges to other funds	881	1,140	9,691	14,208	10,567	134%
Developer reimb of plan review	24,987	42,193	274,857	460,762	299,840	154%
Miscellaneous	119,116	129,463	1,310,276	2,068,062	1,429,387	145%
Total miscellaneous	<u>296,961</u>	<u>538,092</u>	<u>3,266,571</u>	<u>4,766,267</u>	<u>3,563,512</u>	134%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 16,176,065</u>	<u>\$ 165,542,927</u>	<u>\$ 173,226,904</u>	<u>\$ 180,592,256</u>	96%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Personal services:						
Salaries	\$ 3,131,962	\$ 2,858,294	\$ 34,451,582	\$ 34,154,580	\$ 37,583,548	91%
Fringe benefits	1,167,682	1,363,978	12,844,502	10,866,090	14,012,186	78%
Total personal services	4,299,644	4,222,272	47,296,084	45,020,670	51,595,734	87%
Contractual services:						
Research and studies	83,044	28,756	913,484	150,963	996,525	15%
Legal services	21,563	42,617	237,193	276,698	258,753	107%
Indirect costs	519,420	519,420	5,713,620	5,794,415	6,233,040	93%
Purchased water	78,122	194,604	859,342	879,624	937,464	94%
Effluent disposal	167,989	156,166	1,847,879	1,849,973	2,015,865	92%
Comptroller fees	143,937	143,853	1,583,307	1,583,388	1,727,240	92%
Officer fees	1,398	480	15,378	7,145	16,774	43%
Payments to other governments	214,902	429,009	2,363,922	2,228,950	2,578,819	86%
Janitorial	43,621	34,640	479,831	343,518	523,446	66%
Employment agency	112,094	56,939	1,233,034	652,957	1,345,133	49%
Training	16,956	11,424	186,516	66,594	203,466	33%
Paving	165,715	58,086	1,822,865	1,521,812	1,988,575	77%
Software licensing/support fee	154,634	72,832	1,700,974	1,446,697	1,855,610	78%
Other professional fees	183,056	69,048	2,013,616	651,879	2,196,673	30%
Contractual services	1,553,678	1,347,020	17,090,458	10,516,051	18,644,140	56%
Total contractual services	3,460,129	3,164,894	38,061,419	27,970,664	41,521,523	67%
Materials and supplies:						
Graphic reproduction services	4,056	-	44,616	17,114	48,669	35%
Office supplies	12,987	8,612	142,857	88,509	155,844	57%
Event/meal reimbursement	1,693	459	18,623	3,725	20,310	18%
Software <\$1000	12,462	-	137,082	12,086	149,547	8%
Computer equipment <\$500	7,330	2,188	80,630	45,223	87,960	51%
Equipment <\$1000	22,287	24,064	245,157	181,449	267,443	68%
Tools	7,198	8,834	79,178	85,585	86,380	99%
Medical	153	-	1,683	593	1,840	32%
Liquid oxygen	14,996	8,270	164,956	97,799	179,954	54%
Chemical and pesticides	8	-	88	-	100	0%
Solar salt	15,050	27,463	165,550	222,304	180,600	123%
Chlorine	108,505	136,300	1,193,555	1,225,515	1,302,060	94%
Fluoride	15,058	19,265	165,638	93,923	180,700	52%
Alum	931	-	10,241	679	11,167	6%
Polymer	58,325	85,791	641,575	497,925	699,900	71%
Sealing chemicals	208	1,500	2,288	3,000	2,500	120%
Corrosion control	55,432	61,955	609,752	546,969	665,180	82%
Carbon dioxide	45,670	57,315	502,370	453,215	548,036	83%
Sodium hydroxide	42,277	29,889	465,047	278,433	507,323	55%
Supplemental carbon	26,163	-	287,793	-	313,956	0%
Miscellaneous chemicals	29,416	24,428	323,576	240,584	352,996	68%
Material for construction	26,218	-	288,398	91,122	314,613	29%
Clothing	14,790	22,156	162,690	142,252	177,478	80%
Gas-oil-lube-brfl-ant	26,161	2,858	287,771	140,144	313,936	45%
Miscellaneous expenses	57,087	79,606	627,957	599,194	685,043	87%
Total materials & supplies	604,461	600,953	6,649,071	5,067,342	7,253,535	70%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Utilities:						
Communications	\$ 65,148	\$ 62,618	\$ 716,628	\$ 637,162	\$ 781,774	82%
Water	9,468	22,682	104,148	108,803	113,613	96%
Solid waste tipping fees	41,115	63,392	452,265	444,031	493,384	90%
Garbage disposal	8,891	5,132	97,801	50,977	106,696	48%
Gas	14,021	21,858	154,231	194,201	168,254	115%
Electric	1,073,396	688,306	11,807,356	10,949,974	12,880,752	85%
Total utilities	1,212,039	863,988	13,332,429	12,385,148	14,544,473	85%
Repairs and maintenance:						
Building and grounds	623,986	755,040	6,863,846	4,477,808	7,487,836	60%
Roadway Systems	100	-	1,100	-	1,200	0%
Equipment	626,169	647,968	6,887,859	5,553,011	7,514,029	74%
Vehicle maintenance	346,894	375,042	3,815,834	3,440,689	4,162,728	83%
Services	42	-	462	-	500	0%
Mains	14,758	41,042	162,338	166,381	177,101	94%
Water meters	3,070	-	33,770	7,629	36,845	21%
Fire lines	17,940	-	197,340	824	215,281	0%
Meter installations	42	-	462	90	500	18%
Valves	5,652	-	62,172	10,186	67,821	15%
Utility relocations	42	-	462	-	500	0%
Total repairs & maintenance	1,638,695	1,819,092	18,025,645	13,656,618	19,664,341	69%
Other administrative:						
Local travel	2,229	1,349	24,519	13,786	26,748	52%
Out of county travel	2,387	1,297	26,257	22,311	28,645	78%
Postage and messenger services	64,808	6,907	712,888	698,226	777,693	90%
Toll charges	18,892	16,734	207,812	165,027	226,698	73%
Rental of equipment	51,317	99,946	564,487	530,218	615,800	86%
Dues and memberships	13,896	40,780	152,856	193,424	166,746	116%
Subscriptions	3,973	266	43,703	28,025	47,678	59%
Training fees	11,002	1,630	121,022	60,898	132,019	46%
License and certification	3,205	1,520	35,255	15,764	38,456	41%
Advertising	807	1,360	8,877	3,034	9,680	31%
Promotional	9,304	1,586	102,344	20,125	111,647	18%
Educational assistance	3,146	-	34,606	4,230	37,750	11%
Scholarships, awards	628	-	6,908	40	7,540	1%
Bad debt expense	40,135	36,634	441,485	344,122	481,619	71%
Bank charges	81,206	102,600	893,266	807,090	974,476	83%
Self insurance	245,254	245,254	2,697,794	2,697,792	2,943,046	92%
Refunds of prior year revenue	24,953	22	274,483	127,269	299,441	43%
Operating permits	11,654	-	128,194	-	139,849	0%
Accrued expenses	-	(19,395)	-	1,979,804	-	0%
Total other administrative	588,796	538,490	6,476,756	7,711,185	7,065,531	109%
Total O&M expenses	\$ 11,803,764	\$ 11,209,689	\$ 129,841,404	\$ 111,811,627	\$ 141,645,137	79%

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

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 176,971	\$ 1,017,192	\$ 1,353,415	\$ 1,109,666	122%
Connection fees	-	42,680	-	308,524	-	0%
Bond reserve	-	146	-	18,164	-	0%
Less: Customer deposits expense	-	(6,531)	-	(36,033)	-	0%
Total interest revenue	<u>92,472</u>	<u>213,266</u>	<u>1,017,192</u>	<u>1,644,070</u>	<u>1,109,666</u>	148%
Interest expense:						
Bonds and revolving loans	(503,086)	(311,387)	(5,533,946)	(3,453,682)	(6,037,026)	57%
Capital lease	(154)	(180)	(1,694)	(1,673)	(1,844)	91%
Debt service fees	(37,500)	-	(412,500)	(1,500)	(450,000)	0%
Amortization of bond premium	-	84,845	-	933,299	-	(1)
Total interest expense	<u>(540,740)</u>	<u>(226,722)</u>	<u>(5,948,140)</u>	<u>(2,523,556)</u>	<u>(6,488,870)</u>	39%
Gain (loss) on disposal of assets:						
Proceeds from sale	-	-	-	(500)	-	0%
Gain on disposal of fixed assets	-	-	-	170,808	-	(1)
Loss on abandoned projects	-	-	-	(281,831)	-	(1)
Total Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,523)</u>	<u>-</u>	(1)
Total non-operating revenues (expenses)	<u>\$ (448,268)</u>	<u>\$ (13,456)</u>	<u>\$ (4,930,948)</u>	<u>\$ (991,009)</u>	<u>\$ (5,379,204)</u>	18%

(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, 2017**

	<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	\$ 547,594	\$ 839,811	\$ 6,023,534	\$ 10,422,193	\$ 6,571,129	159%
Irrigation	<u>28,207</u>	<u>59,505</u>	<u>310,277</u>	<u>576,405</u>	<u>338,486</u>	170%
Total water connection fees	<u>575,801</u>	<u>899,316</u>	<u>6,333,811</u>	<u>10,998,598</u>	<u>6,909,615</u>	159%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,679,942</u>	<u>13,266,275</u>	<u>23,560,854</u>	<u>14,472,301</u>	163%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,679,942</u>	<u>13,266,275</u>	<u>23,560,854</u>	<u>14,472,301</u>	163%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(667)</u>	<u>(916,663)</u>	<u>(44,602)</u>	<u>(1,000,000)</u>	4%
Total reductions	<u>(83,333)</u>	<u>(667)</u>	<u>(916,663)</u>	<u>(44,602)</u>	<u>(1,000,000)</u>	4%
Net connection fees	<u>1,698,493</u>	<u>2,578,591</u>	<u>18,683,423</u>	<u>34,514,850</u>	<u>20,381,916</u>	169%
DONATED SYSTEMS:						
Donated easements	-	-	-	10,650,950	-	0%
Developer fixed assets	-	1,867,925	-	14,434,321	-	0%
Developer reimbursements	-	-	-	17,880	-	0%
Line extensions	<u>-</u>	<u>3,790</u>	<u>-</u>	<u>73,760</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>1,871,715</u>	<u>-</u>	<u>25,176,911</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 4,450,306</u>	<u>\$ 18,683,423</u>	<u>\$ 59,691,761</u>	<u>\$ 20,381,916</u>	293%

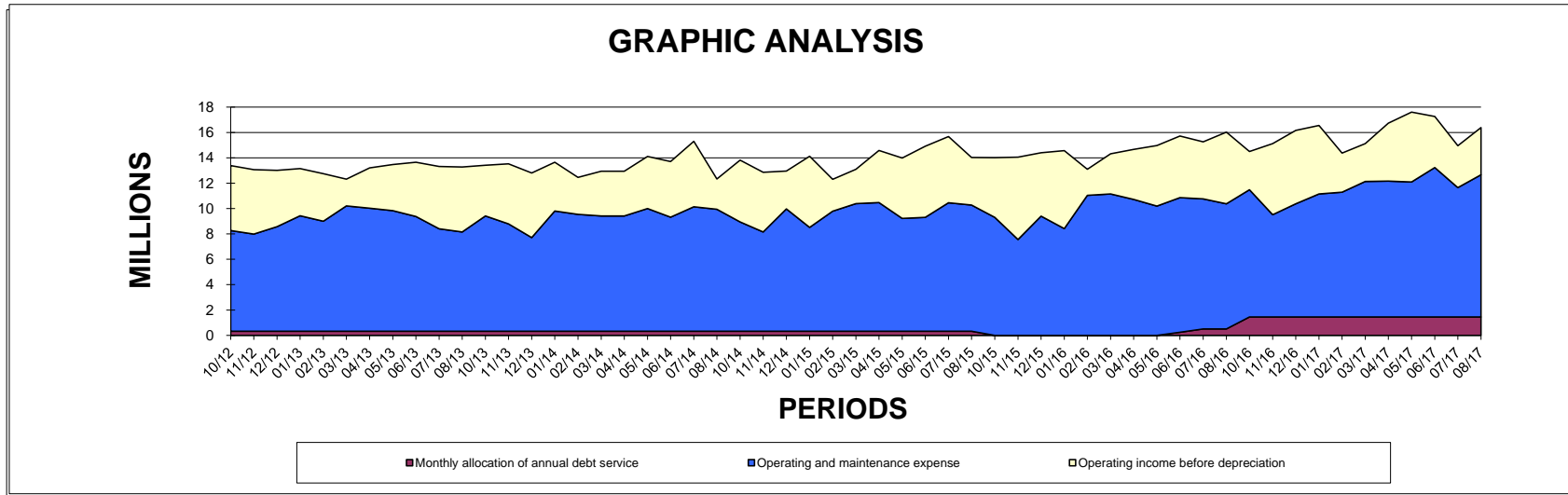
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED AUGUST 31, 2017**

	AUGUST BUDGET	AUGUST ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 92%)
Capital outlay:						
Land	\$ 38,263	\$ 12,196	\$ 420,893	\$ 331,116	\$ 459,161	72%
Buildings	59,044	3,292	649,484	65,127	708,531	9%
Structures	13,840,250	9,164,970	152,242,750	80,256,315	166,082,996	48%
Equipment	689,190	962,365	7,581,090	3,975,826	8,270,277	48%
Total capital outlay	14,626,747	10,142,823	160,894,217	84,628,384	175,520,965	48%
Debt service principal	178,568	187,713	1,964,248	2,102,944	2,142,811	98%
Total other disbursements	<u>\$ 14,805,315</u>	<u>\$ 10,330,536</u>	<u>\$ 162,858,465</u>	<u>\$ 86,731,328</u>	<u>\$ 177,663,776</u>	49%

**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	0.65	0.69	0.54	0.55	0.59	0.69	0.71	0.65	0.61	0.69	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	0.85
Wastewater	0.52	0.53	0.44	0.44	0.47	0.51	0.60	0.54	0.53	0.55	0.59	0.57
Bond Coverage Ratios*	23.06	18.44	28.62	29.78	27.70	17.91	17.65	24.19	27.75	21.96	19.20	20.51

*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, 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 \$10.7 million.