

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

OCTOBER

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and investments	\$ 138,435,538
Accrued interest receivable	243,808
Accounts receivable, net	16,268,191
Due from other governmental agencies	16,210,565
Inventories and prepaid costs	<u>16,112,708</u>
Total current assets	<u>187,270,810</u>
Restricted assets:	
Cash and investments	<u>16,983,682</u>
Capital assets:	
Land	102,397,201
Construction in progress	140,309,706
Buildings and improvements	2,039,105,151
Machinery and equipment	98,784,064
Intangible assets	76,704,515
Less accumulated depreciation and amortization	<u>(1,145,108,364)</u>
Total capital assets	<u>1,312,192,273</u>
Total noncurrent and restricted assets	<u>1,329,175,955</u>
Total assets	<u>1,516,446,765</u>
Deferred outflows of resources:	
Related to pensions	<u>7,794,037</u>
Total assets and deferred outflows of resources	<u>\$ 1,524,240,802</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities:	
Accounts payable and accrued liabilities	\$ 23,856,253
Due to other governmental agencies	415,190
Net pension liability	<u>430,543</u>
Total current liabilities	<u>24,701,986</u>
Liabilities payable from restricted assets:	
Accrued interest payable on bonds and loans	407,095
Customer deposits	<u>9,177,622</u>
Total liabilities payable from restricted assets	<u>9,584,717</u>
Noncurrent liabilities:	
Compensated absences payable	1,378,011
Loans payable	74,526,410
Revenue bonds payable (net of unamortized costs)	94,092,094
Net pension liability	<u>22,788,393</u>
Total noncurrent liabilities	<u>192,784,908</u>
Total liabilities	<u>227,071,611</u>
Deferred inflows of resources:	
Related to pensions	<u>7,606,830</u>
Total liabilities and deferred inflows of resources	<u>234,678,441</u>

NET POSITION

Net investment in capital assets	1,143,573,769
Restricted for debt service	7,398,965
Unrestricted	<u>138,589,627</u>
Total net position	<u>1,289,562,361</u>
Total liabilities and net position	<u>\$ 1,524,240,802</u>

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

OCTOBER

Current:

Revenue	\$	-
Operation and maintenance		362
Series 2016 account		13,790,027
Reserve revenue		61,775,344
Water connection fees		6,740,670
Wastewater connection fees		24,919,824
Petty cash		1,600
Operation and maintenance reserve		23,201,592
Renewal and replacement		8,006,119
		138,435,538
Total current cash and investments		138,435,538

Restricted:

Bond reserve (1)		6,184,398
Bond interest		242,311
Loan debt service		618,633
Loan repayment reserve		760,718
Customer deposits		9,177,622
		16,983,682
Total restricted cash and investments		16,983,682
Total cash and investments	\$	155,419,220

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 OCTOBER 31, 2016**

	<u>OCTOBER</u>	<u>FISCAL YEAR TO DATE</u>
Operating revenues:		
Water service	\$ 3,881,370	\$ 3,881,370
Wastewater service	9,594,510	9,594,510
Reclaimed water service	548,702	548,702
Miscellaneous	479,629	479,629
	<hr/>	<hr/>
Total operating revenues	14,504,211	14,504,211
Operating and maintenance expenses:		
Personal services	4,153,493	4,153,493
Contractual services	1,418,220	1,418,220
Materials and supplies	184,896	184,896
Utilities	1,267,039	1,267,039
Repairs and maintenance	567,256	567,256
Other administrative expenses	2,447,209	2,447,209
	<hr/>	<hr/>
Total operating and maintenance expenses	10,038,113	10,038,113
Operating income before depreciation	4,466,098	4,466,098
Depreciation and amortization	<hr/> 6,368,333	<hr/> 6,368,333
Operating loss	<hr/> (1,902,235)	<hr/> (1,902,235)
Nonoperating revenues (expenses):		
Interest revenue	92,808	92,808
Interest expense and fiscal charges	<hr/> (231,556)	<hr/> (231,556)
Total net nonoperating revenues (expenses)	<hr/> (138,748)	<hr/> (138,748)
Loss before contributions and transfers	(2,040,983)	(2,040,983)
Capital contributions	2,375,896	2,375,896
Transfers out	<hr/> (8,200,000)	<hr/> (8,200,000)
Change in net position	(7,865,087)	(7,865,087)
Total net position, beginning of period	<hr/> 1,297,427,448	<hr/> 1,297,427,448
Total net position, end of period	<u>\$ 1,289,562,361</u>	<u>\$ 1,289,562,361</u>

See accompanying notes to financial statements

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Water service:						
Residential	\$ 1,991,599	\$ 1,936,252	\$ 1,991,599	\$ 1,936,252	\$ 23,899,193	8%
Commercial	1,251,177	1,179,891	1,251,177	1,179,891	15,014,120	8%
Conservation surcharge	888,092	765,227	888,092	765,227	10,657,107	7%
Total water service	<u>4,130,868</u>	<u>3,881,370</u>	<u>4,130,868</u>	<u>3,881,370</u>	<u>49,570,420</u>	8%
Wastewater service:						
Residential	5,045,574	4,908,060	5,045,574	4,908,060	60,546,889	8%
Commercial	4,677,267	4,469,394	4,677,267	4,469,394	56,127,207	8%
Environmental surcharge	230,664	159,162	230,664	159,162	2,767,962	6%
Industrial	3,991	11,728	3,991	11,728	47,886	24%
Septic and portable	58,069	45,469	58,069	45,469	696,827	7%
Capacity maintenance fees	13,262	697	13,262	697	159,148	0%
Total wastewater service	<u>10,028,827</u>	<u>9,594,510</u>	<u>10,028,827</u>	<u>9,594,510</u>	<u>120,345,919</u>	8%
Reclaimed water service:						
Reclaimed service	572,330	525,976	572,330	525,976	6,867,957	8%
Reclaimed water-cooling tower	20,371	22,726	20,371	22,726	244,448	9%
Total reclaimed water service	<u>592,701</u>	<u>548,702</u>	<u>592,701</u>	<u>548,702</u>	<u>7,112,405</u>	8%
Miscellaneous:						
Initiate account service	43,397	40,880	43,397	40,880	520,763	8%
Turn off/on service	22,276	39,529	22,276	39,529	267,311	15%
Lien fee charges	371	-	371	-	4,448	0%
Meter removal/testing	4,335	4,843	4,335	4,843	52,015	9%
Meter/line damage	2,082	38	2,082	38	24,988	0%
NSF charges	3,849	(6,761)	3,849	(6,761)	46,185	-15%
Plans and specifications	75,667	73,995	75,667	73,995	908,008	8%
Charges to other funds	881	-	881	-	10,567	0%
Developer reimb of plan review	24,987	49,130	24,987	49,130	299,840	16%
Miscellaneous	119,116	277,975	119,116	277,975	1,429,387	19%
Total miscellaneous	<u>296,961</u>	<u>479,629</u>	<u>296,961</u>	<u>479,629</u>	<u>3,563,512</u>	13%
Total operating revenues	<u>\$ 15,049,357</u>	<u>\$ 14,504,211</u>	<u>\$ 15,049,357</u>	<u>\$ 14,504,211</u>	<u>\$ 180,592,256</u>	8%

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Personal services:						
Salaries	\$ 3,177,556	\$ 3,456,845	\$ 3,177,556	\$ 3,456,845	\$ 38,130,677	9%
Fringe benefits	1,163,136	696,648	1,163,136	696,648	13,957,630	5%
Total personal services	4,340,692	4,153,493	4,340,692	4,153,493	52,088,307	8%
Contractual services:						
Research and studies	88,581	6,489	88,581	6,489	1,062,975	1%
Legal services	19,579	6,109	19,579	6,109	234,953	3%
Indirect costs	483,753	483,753	483,753	483,753	5,805,040	8%
Purchased water	44,789	2,461	44,789	2,461	537,464	0%
Effluent disposal	167,989	242,579	167,989	242,579	2,015,865	12%
Comptroller fees	143,937	143,852	143,937	143,852	1,727,240	8%
Officer fees	1,231	700	1,231	700	14,774	5%
Payments to other governments	197,527	113,218	197,527	113,218	2,370,319	5%
Janitorial	37,354	450	37,354	450	448,246	0%
Employment agency	111,761	20,650	111,761	20,650	1,341,133	2%
Training	16,956	1,399	16,956	1,399	203,466	1%
Paving	161,715	20,451	161,715	20,451	1,940,575	1%
Software licensing/support fee	154,551	103,633	154,551	103,633	1,854,610	6%
Other professional fees	182,473	23,701	182,473	23,701	2,189,673	1%
Contractual services	1,740,326	248,775	1,740,326	248,775	20,883,913	1%
Total contractual services	3,552,522	1,418,220	3,552,522	1,418,220	42,630,246	3%
Materials and supplies:						
Graphic reproduction services	4,056	-	4,056	-	48,669	0%
Office supplies	12,987	-	12,987	-	155,844	0%
Event/meal reimbursement	443	-	443	-	5,310	0%
Software <\$1000	12,379	-	12,379	-	148,547	0%
Computer equipment <\$500	7,330	-	7,330	-	87,960	0%
Equipment <\$1000	21,787	11,174	21,787	11,174	261,443	4%
Tools	7,198	2,998	7,198	2,998	86,380	3%
Medical	153	-	153	-	1,840	0%
Liquid oxygen	14,996	-	14,996	-	179,954	0%
Chemical and pesticides	8	-	8	-	100	0%
Solar salt	15,050	13,555	15,050	13,555	180,600	8%
Chlorine	108,505	79,640	108,505	79,640	1,302,060	6%
Fluoride	15,058	6,245	15,058	6,245	180,700	3%
Alum	931	-	931	-	11,167	0%
Polymer	58,325	36,667	58,325	36,667	699,900	5%
Sealing chemicals	208	-	208	-	2,500	0%
Corrosion control	55,432	-	55,432	-	665,180	0%
Carbon dioxide	45,670	-	45,670	-	548,036	0%
Sodium hydroxide	42,277	10,493	42,277	10,493	507,323	2%
Supplemental carbon	26,163	-	26,163	-	313,956	0%
Miscellaneous chemicals	29,416	5,757	29,416	5,757	352,996	2%
Material for construction	25,968	-	25,968	-	311,613	0%
Clothing	14,790	2,887	14,790	2,887	177,478	2%
Gas-oil-lube-brfl-ant	14,495	12,773	14,495	12,773	173,936	7%
Miscellaneous expenses	56,837	2,707	56,837	2,707	682,043	0%
Total materials & supplies	590,462	184,896	590,462	184,896	7,085,535	3%

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Utilities:						
Communications	\$ 65,648	\$ 43,622	\$ 65,648	\$ 43,622	\$ 787,774	6%
Water	9,468	11,982	9,468	11,982	113,613	11%
Solid waste tipping fees	41,115	-	41,115	-	493,384	0%
Garbage disposal	8,891	953	8,891	953	106,696	1%
Gas	14,021	2,754	14,021	2,754	168,254	2%
Electric	1,073,396	1,207,728	1,073,396	1,207,728	12,880,752	9%
Total utilities	1,212,539	1,267,039	1,212,539	1,267,039	14,550,473	9%
Repairs and maintenance:						
Building and grounds	479,237	192,698	479,237	192,698	5,750,842	3%
Roadway Systems	100	-	100	-	1,200	0%
Equipment	620,002	165,154	620,002	165,154	7,440,029	2%
Vehicle maintenance	373,977	207,122	373,977	207,122	4,487,728	5%
Services	42	-	42	-	500	0%
Mains	14,758	1,312	14,758	1,312	177,101	1%
Water meters	3,070	-	3,070	-	36,845	0%
Fire lines	17,940	824	17,940	824	215,281	0%
Meter installations	42	-	42	-	500	0%
Valves	5,652	146	5,652	146	67,821	0%
Utility relocations	42	-	42	-	500	0%
Total repairs & maintenance	1,514,862	567,256	1,514,862	567,256	18,178,347	3%
Other administrative:						
Local travel	2,229	820	2,229	820	26,748	3%
Out of county travel	2,387	129	2,387	129	28,645	0%
Postage and messenger services	64,808	200,129	64,808	200,129	777,693	26%
Toll charges	18,892	9,218	18,892	9,218	226,698	4%
Rental of equipment	46,727	28,059	46,727	28,059	560,719	5%
Dues and memberships	13,896	56,505	13,896	56,505	166,746	34%
Subscriptions	3,973	-	3,973	-	47,678	0%
Training fees	11,002	-	11,002	-	132,019	0%
License and certification	3,205	-	3,205	-	38,456	0%
Advertising	723	-	723	-	8,680	0%
Promotional	9,304	-	9,304	-	111,647	0%
Educational assistance	3,146	-	3,146	-	37,750	0%
Scholarships, awards	628	-	628	-	7,540	0%
Bad debt expense	40,135	65,460	40,135	65,460	481,619	14%
Bank charges	81,206	7,500	81,206	7,500	974,476	1%
Self insurance	245,254	245,254	245,254	245,254	2,943,046	8%
Refunds of prior year revenue	25,000	101,763	25,000	101,763	300,000	34%
Operating permits	11,654	-	11,654	-	139,849	0%
Accrued expenses	-	1,732,372	-	1,732,372	-	0%
Total other administrative	584,169	2,447,209	584,169	2,447,209	7,010,009	35%
Total O&M expenses	\$ 11,795,246	\$ 10,038,113	\$ 11,795,246	\$ 10,038,113	\$ 141,542,917	7%

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

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Interest revenue:						
Net revenue	\$ 92,472	\$ 83,482	\$ 92,472	\$ 83,482	\$ 1,109,666	8%
Connection fees	-	13,345	-	13,345	-	0%
Bond reserve	-	(2,486)	-	(2,486)	-	0%
Less: Customer deposits expense	-	(1,533)	-	(1,533)	-	0%
Total interest revenue	<u>92,472</u>	<u>92,808</u>	<u>92,472</u>	<u>92,808</u>	<u>1,109,666</u>	8%
Interest expense:						
Bonds and revolving loans	(503,086)	(316,401)	(503,086)	(316,401)	(6,037,026)	5%
Capital lease	(62)	-	(62)	-	(740)	0%
Debt service fees	(37,500)	-	(37,500)	-	(450,000)	0%
Amortization of bond premium	-	84,845	-	84,845	-	(1)
Total interest expense	<u>(540,648)</u>	<u>(231,556)</u>	<u>(540,648)</u>	<u>(231,556)</u>	<u>(6,487,766)</u>	4%
Total non-operating revenues (expenses)	<u>\$ (448,176)</u>	<u>\$ (138,748)</u>	<u>\$ (448,176)</u>	<u>\$ (138,748)</u>	<u>\$ (5,378,100)</u>	3%

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

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

	<u>OCTOBER BUDGET</u>	<u>OCTOBER ACTUAL</u>	<u>FISCAL YTD BUDGET</u>	<u>FISCAL YTD ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>FISCAL YTD (STD 8%)</u>
CONNECTION FEES COLLECTED:						
Water connection fees:						
Residential/Commercial	\$ 547,594	\$ 774,950	\$ 547,594	\$ 774,950	\$ 6,571,129	12%
Irrigation	<u>28,207</u>	<u>45,165</u>	<u>28,207</u>	<u>45,165</u>	<u>338,486</u>	13%
Total water connection fees	<u>575,801</u>	<u>820,115</u>	<u>575,801</u>	<u>820,115</u>	<u>6,909,615</u>	12%
Wastewater connection fees:						
Residential/Commercial	<u>1,206,025</u>	<u>1,548,424</u>	<u>1,206,025</u>	<u>1,548,424</u>	<u>14,472,301</u>	11%
Total wastewater connection fees	<u>1,206,025</u>	<u>1,548,424</u>	<u>1,206,025</u>	<u>1,548,424</u>	<u>14,472,301</u>	11%
Less reductions:						
Refunds of prior year collections	<u>(83,333)</u>	<u>(3,669)</u>	<u>(83,333)</u>	<u>(3,669)</u>	<u>(1,000,000)</u>	0%
Total reductions	<u>(83,333)</u>	<u>(3,669)</u>	<u>(83,333)</u>	<u>(3,669)</u>	<u>(1,000,000)</u>	0%
Net connection fees	<u>1,698,493</u>	<u>2,364,870</u>	<u>1,698,493</u>	<u>2,364,870</u>	<u>20,381,916</u>	12%
DONATED SYSTEMS:						
Developer fixed assets	-	8,711	-	8,711	-	0%
Line extensions	<u>-</u>	<u>2,315</u>	<u>-</u>	<u>2,315</u>	<u>-</u>	0%
Total donated systems	<u>-</u>	<u>11,026</u>	<u>-</u>	<u>11,026</u>	<u>-</u>	0%
Total capital contributions	<u>\$ 1,698,493</u>	<u>\$ 2,375,896</u>	<u>\$ 1,698,493</u>	<u>\$ 2,375,896</u>	<u>\$ 20,381,916</u>	12%

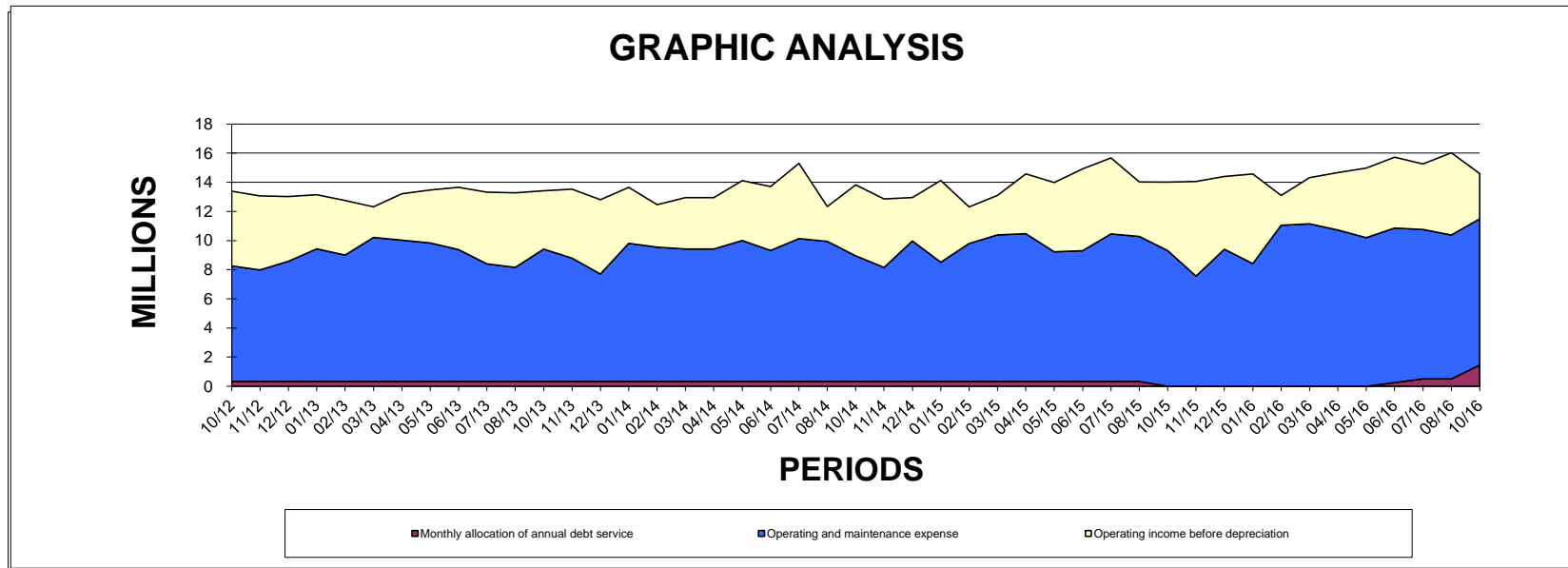
**ORANGE COUNTY WATER UTILITIES SYSTEM
OTHER DISBURSEMENTS DETAIL
FOR THE MONTH ENDED OCTOBER 31, 2016**

	OCTOBER BUDGET	OCTOBER ACTUAL	FISCAL YTD BUDGET	FISCAL YTD ACTUAL	ANNUAL BUDGET	FISCAL YTD (STD 8%)
Capital outlay:						
Land	\$ 37,763	\$ 214,539	\$ 37,763	\$ 214,539	\$ 453,161	47%
Buildings	165,711	-	165,711	-	1,988,536	0%
Structures	15,593,405	694,973	15,593,405	694,973	187,120,858	0%
Equipment	774,892	103,604	774,892	103,604	9,298,707	1%
Total capital outlay	16,571,771	1,013,116	16,571,771	1,013,116	198,861,262	1%
Debt service principal	178,568	193,787	178,568	193,787	2,142,811	9%
Total other disbursements	<u>\$ 16,750,339</u>	<u>\$ 1,206,903</u>	<u>\$ 16,750,339</u>	<u>\$ 1,206,903</u>	<u>\$ 201,004,073</u>	1%

**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	0.69	0.69										
Water	1.00	1.00										
Wastewater	0.53	0.53										
Bond Coverage Ratios*	18.44	18.44										

*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 OCTOBER 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 \$9.5 million.