PCWA

Placer County Water Agency

Auburn, CA

2019

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2019

Comprehensive Annual Financial Report
For the Year Ended December 31, 2019

Placer County Water Agency
Auburn, California
www.pcwa.net

Prepared by the Department of Financial Services

On the cover Ophir Pump Station

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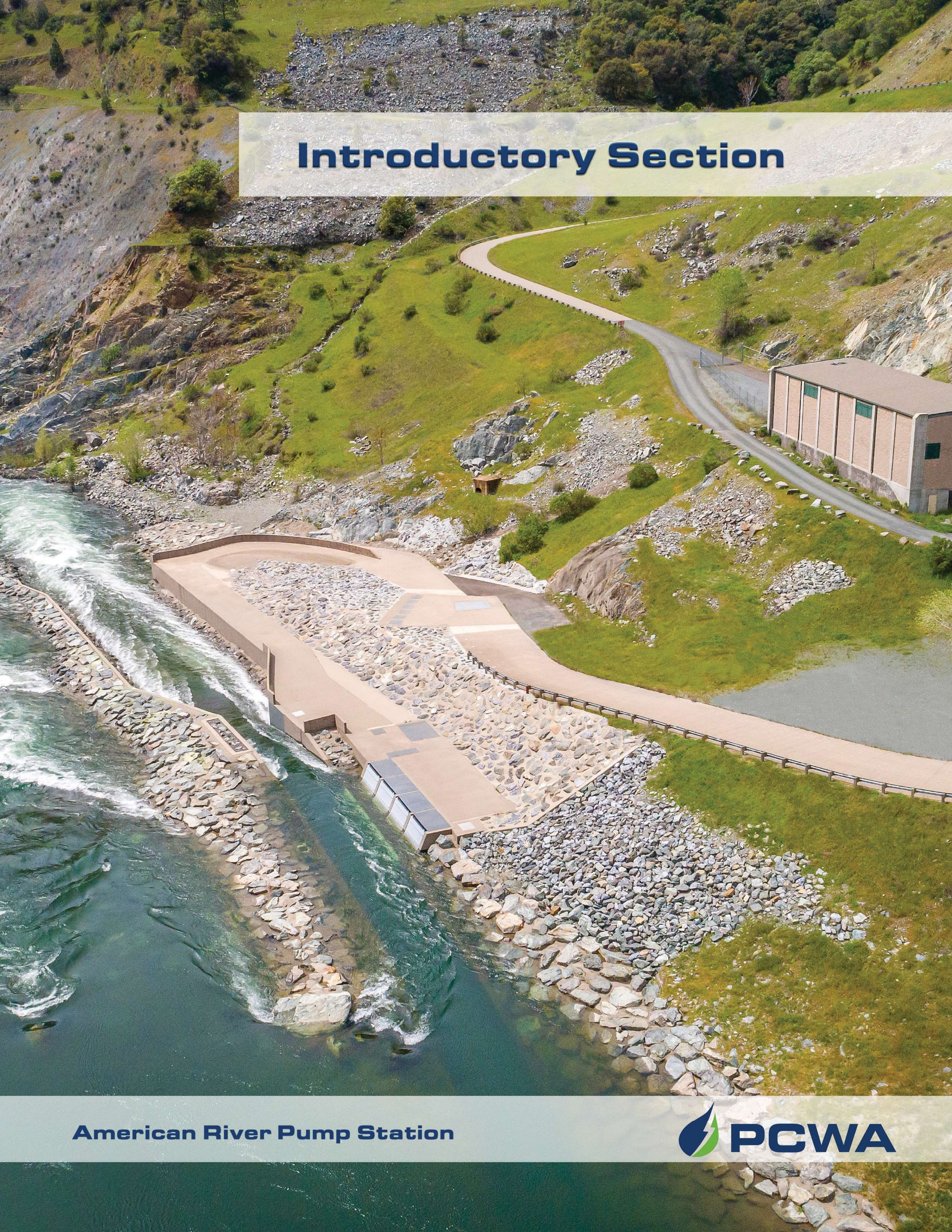

American River Pump Station

PCWA

PLACER COUNTY WATER AGENCY
SINCE 1957

water • energy • stewardship

BOARD OF DIRECTORS
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Primo Santini, District 2
Mike Lee, District 3
Robert Dugan, District 4
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April 28, 2020

The Honorable Board of Directors and General Manager
Placer County Water Agency

The Department of Financial Services is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Placer County Water Agency (PCWA or Agency) for the year ended December 31, 2019. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it.

The California Government Code requires an annual independent audit of PCWA's financial statements by a Certified Public Accountant. Davis Farr LLP has issued an unmodified "clean" opinion on the Placer County Water Agency's financial statements for the year ended December 31, 2019, which is included in the financial section of this CAFR.

OVERVIEW OF THE PLACER COUNTY WATER AGENCY

PCWA was created in 1957 under its own state legislative act entitled the "Placer County Water Agency Act." The Agency is a special district and its boundaries are coterminous with the boundaries of Placer County, California. Placer County (County) is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and Sacramento and El Dorado Counties on the south. Placer County occupies an area of approximately 1,500 square miles, which includes relatively level valley lands in its western portion and extends easterly into the Sierra-Nevada Mountains to Lake Tahoe and the Nevada state line. The County is located immediately northeast of Sacramento County, approximately 100 miles northeast of the San Francisco Bay metropolitan area. Interstate 80 transects Placer County from west to east. The Agency has a five-member board of directors elected by district voters for four-year terms. The Agency carries out a broad range of responsibilities including resources planning and management, retail and wholesale supply of water, and production of hydroelectric energy and has staff of 227 regular employees providing services to its three operating budget units: Agency Wide, Power Division and Water Division.

Agency Wide

Agency Wide provides the water and energy advocacy and stewardship functions within the boundaries of the County. Agency officials understand the complexities, interrelationships and importance of sustaining reliable and affordable water and energy for Placer County's present and future needs. PCWA serves as a local water resources management and stewardship entity striving to protect the watershed, water ways and water quality important to the people, lands and ecosystems of the County. PCWA holds extensive surface water entitlements and rights on the Middle Fork American River. Water is sold wholesale to various water purveyors who retail it to their customers. Agency Wide wholesales water to the City of Roseville, San Juan Water District, Sacramento Suburban Water District, and to PCWA's Water Division. Agency Wide activities are varied and far ranging. These include involvement in water issues affecting the Lake Tahoe and Truckee River system, the American River system, the Yuba/Bear Rivers system, the Central Valley Project and the Bay/Delta system. PCWA is actively involved in numerous collaborative partnerships, including watershed planning, groundwater management, and regional infrastructure and conjunctive use projects. Advocacy for PCWA water entitlements and energy resources for Placer County are at the forefront of Agency Wide interests and activities. The Middle Fork Project (MFP), an Agency Wide asset, consists of 3 storage reservoirs and 5 diversion dams, 5 power plants, diversion and water transmittal facilities, 5 tunnels and related facilities. The 1963 revenue bonds, which originally funded the construction of the MFP, were approved by a vote of the people of Placer County in 1961 and repaid on January 1, 2013. No single community or water system has a superior entitlement to receive the benefits of the MFP. The financial activities that flow from the sale of water from the MFP are kept in the Agency Wide division. The financial activities that flow from the operation and maintenance of the MFP and the sale of power are kept under the Power Division.

Power Division

PCWA's Power Division was established with the construction of the MFP that began in 1963 and was completed in 1967. PCWA owns and operates 5 hydroelectric power plants, 3 primary storage reservoirs (French Meadows, Hell Hole and Ralston) and 24 miles of tunnels. The MFP can generate, at peak power, 224 megawatts that averages 1.03 million megawatt hours annually of hydroelectric power. The electricity generated is metered by the CAISO and shadow settled by the Agency. Power generation is sold directly to the CAISO, while other energy products services (renewables, resource adequacy and carbon-free) are sold through bilateral contracts.

Water Division

PCWA acquired its first and primary water system in 1968. With subsequent acquisitions and growth, the Agency has become the largest water purveyor in the County, serving more than 40,000 water accounts. Surface water supplies are purchased from PG&E and Agency Wide. The backbone of the water system is the over 160 miles of canals, ditches, flumes and several small reservoirs that PCWA owns and operates, most of which were built in the gold rush era. PCWA delivers and sells a significant amount of untreated water for irrigation of pastures, orchards, rice fields, farms, ranches, golf courses and landscaping. The Agency owns and operates eight water treatment plants, 24 water tanks and over 600 miles of treated water pipelines. Treated surface water is sold directly to PCWA customers residing in Auburn, Colfax, Loomis, Rocklin, portions of Roseville and throughout various unincorporated areas of the County. Treated water is also sold wholesale to the City of Lincoln and others who retail it directly to their customers. The Agency also uses groundwater to occasionally supplement surface water supplies when needed in Western Placer County.

Sources of Water Supply

PCWA's region has plentiful water resources as its service area is bordered by two rivers: the Yuba/Bear River to the north and the American River to the south. PCWA's jurisdiction extends into the watershed that provides mostly gravity fed water to the Agency's water infrastructure. The Agency obtains water from three primary sources: 1) Currently, the majority of water PCWA delivers to its treated and untreated water customers in Western Placer County comes from water pursuant its Western Water Supply Contract with PG&E and allows the Agency to take delivery of up to a maximum of 100,400 AF per year from the Yuba and Bear Rivers through PG&E's Drum-Spaulding Project; 2) In 1982 the Agency acquired treated and untreated water systems serving the portion of upper Western Placer County that is adjacent to Interstate 80 from Alta, down through Colfax, to the Eastern boundary, just above Auburn. With this acquisition, the Agency acquired the right to purchase up to 25,000 acre feet annually from PG&E for use in this area with water from PG&E's Drum-Spaulding Project; 3) The Agency has up to 120,000 acre feet of water available annually from appropriated water rights developed through the construction of the 1963 Middle Fork Project on the American River. Water can be diverted into the water system through the American River Pump Station to Auburn tunnel and from Folsom Reservoir.

In addition to the three primary sources above, the Agency has rights to approximately 35,000 AF of water from the United States Bureau of Reclamation's Central Valley Project. The Agency also has two wells that reliably provide up to 2,000 AF of water per year within the Sunset Industrial area located in unincorporated Western Placer County. These wells provide back-up supply to the Agency's water system and are not routinely operated to meet normal system demands.

Governance

PCWA is a public agency (special district) governed by a five member independently elected Board of Directors (Board) serving staggered four-year terms with one Director from each of the five Placer County supervisorial districts. The Directors reside within their geographical district areas and are elected by the constituents of that district only. Annually, a Chairman and Vice Chair are chosen among the Board members. PCWA operates under a Board-Manager form of government. The General Manager is appointed by the Board to administer the daily affairs of the Agency and carry out the policies of the Board of Directors.

The Board meets in regular session on the first and third Thursdays of each month. Regular meetings are held at 2:00 p.m. at the Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California. Board meetings are open to the public.

Budget Process

Annually, the Agency prepares and adopts an operating budget and updates its five-year Capital Improvement Program (CIP). Both budgets serve as the foundation for the Agency's financial planning and fiscal control. Budgets are adopted on a basis consistent with governmental generally accepted accounting principles. Budgetary controls are set at the department level and are maintained to ensure compliance with the budget approved by the Board of Directors. Department directors have the discretion to transfer budgeted funds between accounts/activities within their departments. Two consenting departments can transfer budgeted funds between their departments. Changes to the Capital Improvement Program budget and increases to the operating budget require Board approval.

Significant Events and Accomplishments

Hydrology – 2019
2019 was a strong year yielding 146% of average precipitation. MFP combined storage was at a level of 86% of normal conditions.

Middle Fork Project (MFP)
The Agency received a Clean Water Act Section 401 Certification from the State Water Resources Control Board (SWRCB) on April 17, 2019, however, the Federal Energy Regulatory Commission (FERC) met on April 18, 2019 and declared by motion that the SWRCB had waived their right to issue the 401 Cert. FERC will take into consideration, the 401 Cert, along with all other items filed for consideration in determining the final license terms and issuance. Implementation of certain beneficial infrastructure projects included in the new license has already begun, with planning and engineering of several MFP enhancements well under way. In addition, during this interim period, the Agency must maintain its commitments to providing a quality recreational experience for citizens at all MFP related facilities. To date, the Agency is still waiting on the issuance of the FERC License and continues to operate on a temporary license.

MFP Water Rights Extension of Time
Staff continued progress on the development of an Environmental Impact Report that will be used by the State Water Board to support its decision regarding the Agency's petitions to extend the Agency's water rights on the American River until build-out of the service area is completed. The Agency has been preparing a draft CEQA document that will document the environmental impacts of withdrawing the additional MFP water from the American River. Due to developments at the Federal level, the Agency has turned its focus to negotiating a Warren Act Contract with the US Bureau of Reclamation that will be required to implement the mitigation associated with the Water Rights Extension Project. The Warren Act will require an Environmental Assessment under NEPA, which is currently being prepared in coordination with Reclamation, and Endangered Species Act consultation with National Marine Fisheries Service and US Fish and Wildlife Service.

Bay-Delta Water Quality Control Plan Update
In December 2018, the SWRCB adopted the Bay-Delta Plan Amendments for the Lower San Joaquin River and South Delta. The amendments include, among other things, an unimpaired flow range for each of the major tributaries to the lower San Joaquin River. An effort to reach voluntary settlements on these tributaries failed, as agreements were not reached on the Stanislaus or Merced Rivers, which resulted in the SWRCB adopting the Plan Amendments as proposed by staff.

For nearly a year, Water Forum stakeholders including PCWA have been actively working with the State Water Resources Control Board and U.S. Bureau of Reclamation to negotiate a voluntary agreement (VA) as part of the state's Bay-Delta Water Quality Control Plan Update process. The Water Forum's proposed VA would improve conditions for fish in the American River, maintain our region's water supply reliability and provide additional water to improve the Delta environment.

Now, this proposal is closer to reality as the State Water Board has pledged to consider the VA as an alternative to the conventional regulatory approach. There are still details to be ironed out but the VA approach is expected to provide better conditions for fish in the lower American River in the near- and long-term.

French Meadows Forest Restoration Project

The Agency received the 2019 Innovative Project of the Year Award for a large district by the California Special Districts Association for the French Meadows Restoration Project. Eager to reduce the risk to hydroelectric assets, water quality, and biodiversity from future fires, the Agency joined with Placer County, The Nature Conservancy, the United States Forest Service, American River Conservancy, Sierra Nevada Conservancy, and the Sierra Nevada Research Institute at the University of California, Merced, to form the French Meadows Partnership. The Partnership is working to restore forest health to reduce the risk of high-severity fire, and to study the effects of forest treatments on watershed health. The Project spans over 22,000 acres of federal land and is a test case for the partnership's effectiveness in improving fire resilience.

Under a master stewardship agreement between Placer County and the Tahoe National Forest, over 1000 acres of federal land was treated in 2019, bringing more than 3 million board feet to a local mill and over 4000 tons of biomass to local renewable energy facilities to help offset restoration costs. The work employed over 80 local contractors. Strategically selected to start in the most fire prone areas, work will move its way out from heavily trafficked areas into the upper reaches of the watershed in succeeding years.

Located in the headwaters of the Middle Fork American River, in the Tahoe National Forest, the Project is one of the first instances of private and public interests coming together to fund and implement active forest management on public land. In California, the French Meadows Forest Restoration Project demonstrates that important forest restoration work is possible through innovation, partnership, and shared stewardship. While completion of the Project is slated to take several more years, the conclusion of work this season is the culmination of years of planning, preparation, and partnership.

Planning and Land Development

The Agency experienced a steady level of development activity, committing more than 400 new equivalent dwelling units (EDUs). Based on recent capacity enhancements and absorption forecasts, the Agency has sufficient water treatment capacity to meet demand to 2030. The Agency has made efforts towards new water supply infrastructure, including the Ophir Water Treatment Plant, through a revised water connection charge (WCC) model and by wholesale purchase agreements.

ECONOMIC CONDITIONS OF PCWA

PCWA's jurisdiction is contiguous with the boundaries of Placer County, hence, County wide economic information follows:

Placer County Economy

Placer County has been one of the fastest growing counties in California featuring thousands of acres available for growth, low cost housing and a skilled and educated workforce. In the last decade the County has experienced an overall population growth of approximately 12.6%, while the increase from 2018 to 2019 was only 1.5%. The long-term forecast for the County's growth is a steady of an average 1%. The population is expected to reach approximately 449,000 by 2029. The 2029 figure represents a 13.7% increase over the current population of 394,737.

At December 2019, Placer County's unemployment is currently lower than the State's average: Placer County at 2.7% and State at 3.9%, and both are lower now than a year ago.

The County's per capita personal income also exceeded the State's per capita personal income by 6.6% in 2018 (Data is not currently available for 2019). Please see the Statistical Section for additional information.

Placer County has experienced an increase in development over the past five years. For example, the Agency's Water Connection Charge revenues, which are charges to connect to new water service, increased from a total of $5.0 million in 2013 to $25.0 million in 2015 and $7.7 million in 2019. The decrease in EDU commitment since 2015 was expected as the Agency has changed its EDU allocation method whereas the Agency may now only allocate a fraction of an EDU for a residential service that commits to a limited water consumption agreement.

Long–term Financial Planning

Annually, during the budget process, the Agency reviews its water rates, fees and charges and makes adjustments, as needed, to provide the revenues and funding necessary to cover the Water Division's coming year operating expenses. Correspondingly, both the Power Division and Agency Wide budgets are reviewed to ensure they are balanced. The Agency's Capital Improvement Program is reported for the next 5 years, yet is projected up to 30 years out for the Water Division to ensure sufficient planning for necessary infrastructure. With certain Water Division infrastructure reaching the end of its maintainable life, in 2001 PCWA adopted a new component to the water rates to specifically fund the replacement of aging infrastructure. Since 2001, the renewal and replacement (R&R) charge has steadily grown to result in $14 million annual funding for R&R Capital Projects.

In 2017, the Agency overlaid Zones 1, 2, 3, and 5 with a newly established Zone 6 (also known as the Western Water System), following a comprehensive Water Cost of Service and Rate Study (Study) across all Agency water services. Initiated in 2015 and completed in September 2017, the Study sought to (1) establish fair and equitable water rates for Zone 6 that proportionately allocated the costs of providing service in accordance with California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218), (2) provide sufficient revenue based on costs, (3) ensure rates are based upon the costs to provide service to each customer class and each rate tier, and (4) produce an administrative record to support decisions made within the rate design.

The Study proposed a new rate structure and design that shifted the Water System revenue components from 45% fixed and 55% commodity based, to 60% fixed and 40% commodity based. This adjustment aligned revenue more closely to the Agency's cost structure, which is approximately 85% fixed, while still promoting conservation through a tiered commodity pricing structure. The Study also included a revenue requirement of $3.74 million (increase of 8.3%) to the annual cost of service to replenish recent annual reserve use.

In 2018, the Board adopted uniform rates, fees and charges throughout the Agency's service area, consolidated some customer classifications, reduced the number of commodity tiers for many rate schedules, in order to maintain a cost of service structure consistent with state law and industry standards, and allow for an annual inflation adjustment based on the Consumer Price Index for years 2019-2022, upon annual Board consideration and approval. For 2019, a 3.5% CPI increase was adopted for monthly service charges and renewal and replacement rates.

FINANCIAL POLICIES AND GUIDELINES

The financial integrity of PCWA is of utmost importance. Maintaining fiscal stability is a critical component of the overall financial plan. PCWA is accountable to its ratepayers and the public for the use of public funds. Resources should be used wisely to ensure adequate funding for services, public facilities and infrastructure necessary to meet present and future needs. PCWA's financial policies and guidelines provide the backbone for making financial decisions and a benchmark for monitoring financial activities.

General Financial Policy Guidelines

The General Financial Policy Guidelines, adopted in March 2005, provide a framework to guide the Agency's decision-making with respect to operations, budgeting, debt issuance, and financial planning. These guidelines provide overview policy guidelines in the areas of general, revenue, budgeting and expenses, reserves, investments, debt management, capital improvements, purchasing and fixed assets.

These guidelines state:

- The Agency will manage its financial assets in a sound and prudent manner.
- The Agency will maintain sound financial practices in accordance with generally accepted accounting principles, the Agency Act, Local, State and Federal laws and regulations.
- The Agency will maintain and further develop programs to assure its long-term ability to pay all the costs necessary to provide the level and quality of service required by its customers.

These guidelines are to promote sound financial management and to ensure that its finances are managed in a manner, which will:

- Support the continued delivery of quality services,
- Ensure the Agency's stability, efficiency and effectiveness in accomplishing the Board of Director's goals and objectives,
- Maintain a balanced budget annually to ensure that the Agency is operating within its revenue constraints, even when faced with growth demands, and
- Maintain adequate reserves necessary to meet known and unknown future obligations.

This policy was revised, renamed **Revenue and Expense Guidelines** and adopted in February 2020. The new policy removes any conflicting guidance where a more current stand-alone policy exists and focuses on relevant guidance that supplement other policies to support financial stability and integrity and provides measures to ensure financial accountability and transparency.

Investment Policy

The Agency's *Investment Policy* follows California Government Code objectives of safety, liquidity and yield (in that priority order). Annually during the first quarter of each year, the policy is reviewed and re-adopted by the Board of Directors to ensure PCWA's Investment Policy is up-to-date with current regulations. The Director of Financial Services also serves as the Agency's Treasurer who annually reviews the Investment Policy and as necessary, submits recommended revisions to the Board for their annual consideration and approval. The investing process is carefully monitored to ensure compliance with the Investment Policy and other applicable regulations.

Budget Policy

In 2018, the Agency's *Budget Policy* was updated to provide a more flexibility for the Capital Improvement Plan (CIP). Adopted by the Board in November 2006, amended in 2007 and again in 2018, the revised Budget Policy more clearly defines the budget process for both the operating and CIP budgets. This also provides better guidance to Agency personnel performing budgetary process functions. The policy requires balanced budgets, which will serve as a financial plan to promote financial stability while accomplishing the Board's goals and objectives.

Reserve Policy

The Agency's *Reserve Policy,* initially adopted in 2005 as the *Net Asset Reserve and Designation Policy,* was renamed and revised in July 2015 for the purpose of a simpler more streamlined policy. This policy is designed to distinguish between Legally Restricted Reserves and Board Designated Reserves, establish distinct purposes for each reserve category, set funding targets and accumulation levels for reserves, and identify events or conditions prompting use.

The Reserve Policy provides guidance for establishing, funding and using reserves to meet known future obligations and unforeseen needs as deemed prudent and/or required by agreement. As available and deemed appropriate, Board Designated Reserves are funded to reserves in the following broad categories; Operational, Capital, Liabilities, Specific Activities, Programs and Special Projects. Each category is further defined by distinct reserve accounts, for example, reserve for contingencies under the operational category. Each reserve category has a description for purpose, funding amount, funding source and use.

Debt Management Policy
In April 2007, the Agency adopted its first *Debt Management Policy,* which provides written guidelines and restrictions that affect the amount and type of debt issued by the Agency, the issuance process, and the management of the debt portfolio. The policy is intended to provide guidance for debt structure, its justification and evaluation. The primary objective of the Debt Management Policy is to establish conditions for the use of debt and to create procedures and policies that minimize PCWA's debt service and issuance costs, retain the highest practical credit rating, and maintain full and complete financial disclosure and reporting.

Capital Asset Policy
In January 2020, the Agency revised and updated its *Capital Asset Policy*, initially adopted in last revised in August 2009. This policy establishes the policy for asset capitalization and safeguarding and defines capital-type items (fixed assets) as land, buildings, machinery or equipment with an original cost of $10,000 or greater and a useful life of more than one year.

The Capital Asset Policy stems from two objectives: (1) To accurately account for and report capital assets in financial reports and to update the guidelines for capitalizing capital-type items, and (2) to establish procedures to protect Agency fixed assets from damage, loss or theft.

Fraud Policy
The financial integrity is of utmost importance to PCWA. Initially adopted in June 2004, the *Fraud Policy* formalizes the expectations of personal honesty and integrity required of Agency officials and employees. This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed if fraud is suspected or identified and the subsequent investigation process.

Identity Theft Prevention Program
In 2008, the Agency adopted an *Identity Theft Prevention Policy* consistent with Federal Trade Commission (FTC) Red Flag rules. This policy provides for the identification, detection, and response to patterns, practices, or specific activities ("red flags") that could detect identity theft.

Procurement Policy
The Agency's *Procurement Policy* was revised and readopted by the Agency in 2018. This policy provides the framework and guidelines for Agency purchases and contracts. This policy covers all Agency procurement activities (commodity and service purchases and public works contracts) and adheres to Government Code Section 54202 that requires local governmental agencies to adopt policies and procedures including "bidding regulations, governing purchases of supplies and equipment."

P-Card Policy
In 2016, the Agency adopted a *Procurement Card (P-Card) Policy* to provide the framework and guidelines for the prudent use of Agency Procurement Cards. The objective of the policy is to provide delegation of authority and responsibility within a framework of accountability and controls for an Agency P-Card Program.

Major Initiatives

The Agency continues its active involvement at the Board and management levels in a wide variety of water and energy related issues affecting Placer County. The Agency continues participation in Bay-Delta, Lake Tahoe and Truckee River issues, a county-wide financial assistance program, American and Yuba/Bear River watershed interests, and an integrated water resources program including surface water, reclaimed water, conservation and groundwater management issues. The Agency's involvement includes the State's plan to modify the water delivery infrastructure of the Bay-Delta and possible impacts upon Placer County's water supplies through the Delta Stewardship Council and its related programs; monitoring the Truckee River operating agreement; hearings on water right matters important to the Agency that are under consideration by the State Water Resources Board; legislative and regulatory advocacy at the state and federal levels; adapting the organization to an ever-changing and expanding role as a resource agency on water and energy issues; greater involvement in watershed, groundwater and planning strategies; and continued support of local Cities and the County's general plans (including Placer Legacy) relevant to water.

The Agency's Power System department will be implementing a number of new studies and implementing a number of new procedures in anticipation of a new FERC license issuance anticipated in early 2020. With the new license will come all new terms and conditions, and will start the clock on required infrastructure and recreation improvements, each with an implementation timeline.

The Technical Services department will continue to manage several large projects in 2020, which includes the Foothill Raw Water Supply Pipeline expansion project to address growing demands in the region. Finally, water quality and plant maintenance operations will continue to perform in accordance with the Agency's responsibility to maintain and preserve water facilities and infrastructure, while delivering high quality potable water to its customers.

FINANCIAL INFORMATION

Internal Controls

Elected officials and those employed by the Agency are entrusted as stewards of public resources. Whether cash, equipment or water rights, these resources are entrusted to their care and need to be properly safeguarded, managed and accounted for. As with any good business operation, good decisions are based upon complete, accurate, reliable, relevant and timely information. A strong system of effective internal controls will provide a backbone for good stewardship and sound decision-making.

Internal controls are the system of checks and balances an organization employs to prevent and detect errors in the processing of data (accurate and reliable), to promote smooth operation, to monitor and maintain compliance and to safeguard and manage the entity's assets.

Integrated into the Agency's daily activities, internal controls are incorporated within the overall control environment. The Agency's control environment includes its organizational structure, culture, philosophies, policies and procedures as established by the Board and management. The control environment sets the "tone from the top" and promotes the organizational integrity of information for stewardship and decision-making.

PCWA is responsible for designating and maintaining an internal control structure to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate financial data are accounted for and compiled into financial information including the annual financial statements. The internal control structure is designed to provide reasonable assurance the financial and other management information is authorized, accurate, and reliable. This concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Placer County Water Agency for its comprehensive annual financial report for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This CAFR reflects the hard work, talent and commitment of the staff members of the Financial Services Department. This document could not have been accomplished without their efforts and each contributor deserves sincere appreciation. I would also like to express appreciation to staff members of other departments who contributed to the preparation of this report.

Respectfully Submitted,

Joseph H. Parker

Joseph H. Parker, CPA
Director, Department of Financial Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Placer County Water Agency
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Placer County Water Agency

December 31, 2019

Board of Directors

District 4, Chair	Robert Dugan
District 5, Vice Chair	Josh Alpine
District 1	Gray Allen
District 2	Primo Santini
District 3	Mike Lee

Agency Officials

General Manager	Einar Maisch
Agency Counsel	Scott Morris
Staff Counsel	Dan Kelly
Director of Administrative Services	Michael Willihnganz
Director of Financial Services	Joseph Parker
Director of Power Generation Services	Jay L'Estrange
Director of Customer Services	Matt Young
Director of Field Services	Daryl Hensler
Director of Strategic Affairs	Andy Fecko
Director of Technical Services	R. Brent Smith
Director of Energy Marketing	Ryan Cline

Acknowledgements

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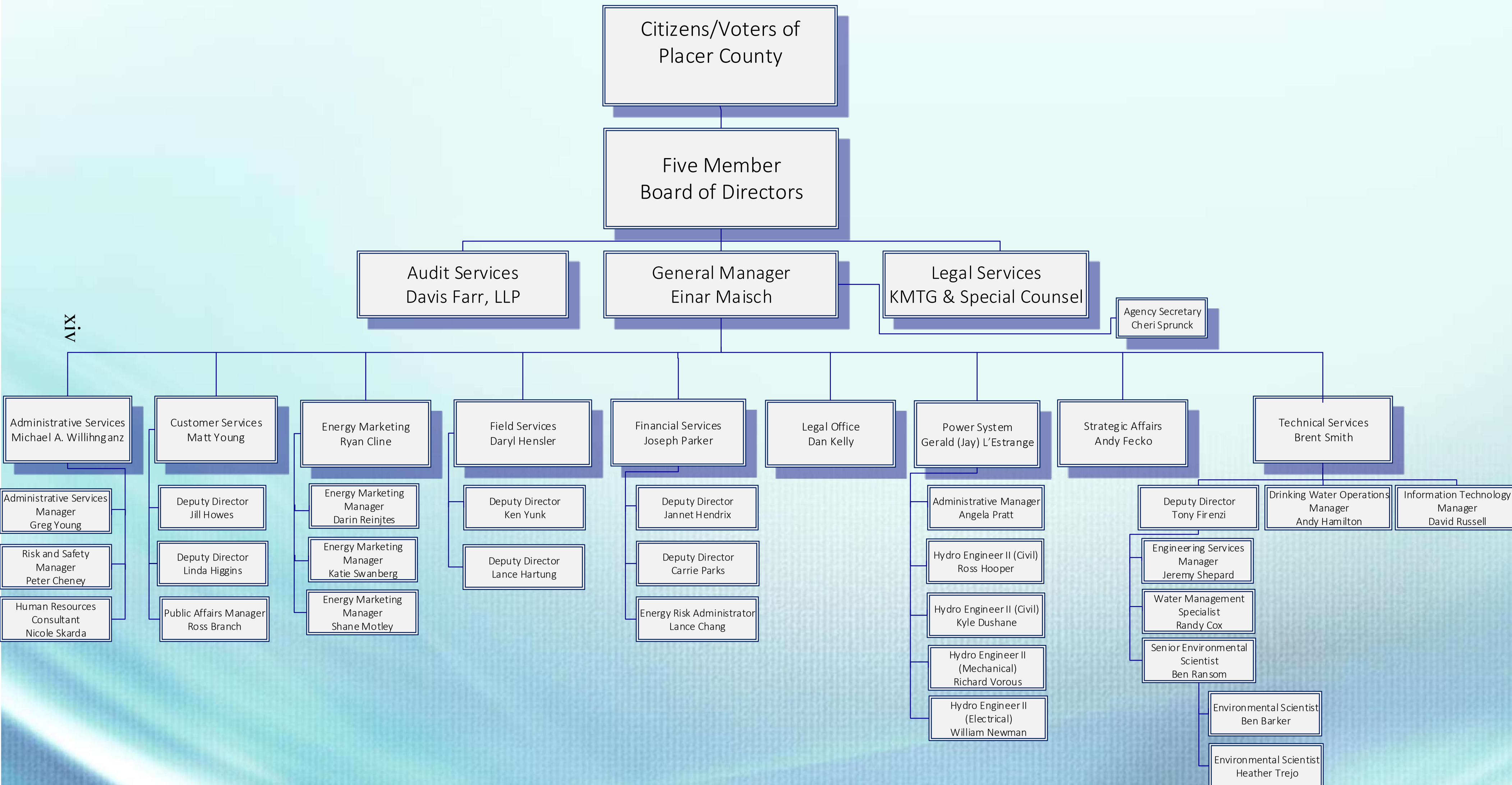
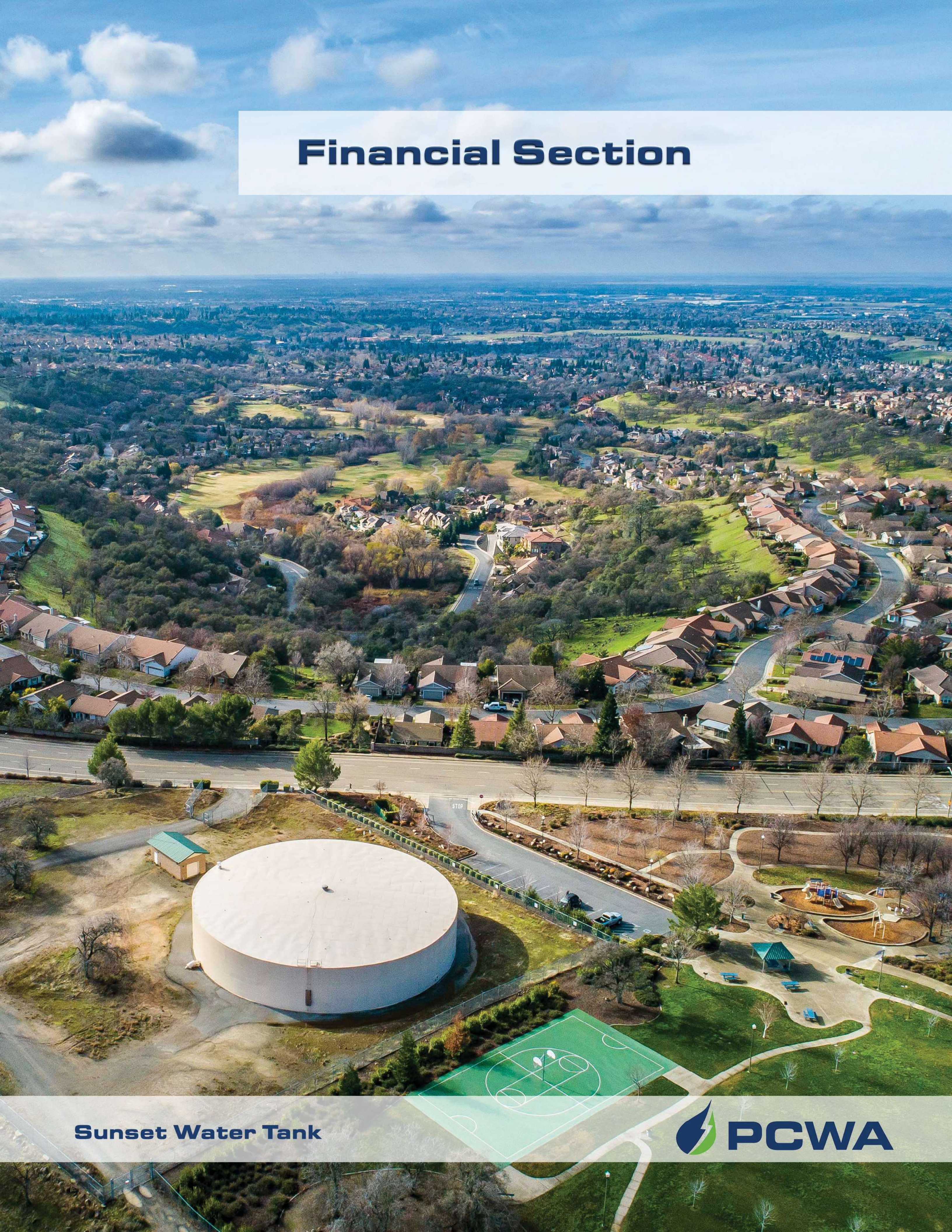
Special thanks and photo credits to Brie Anne Coleman

Placer County Water Agency
Organizational Structure



Financial Section



Sunset Water Tank

PCWA

Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Placer County Water Agency
Auburn, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Placer County Water Agency (the "Agency"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Placer County Water Agency, as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, the *schedule of changes in net pension liability and related ratios*, *the schedule of pension plan contributions,* the *schedule of changes in net OPEB liability and related ratios,* and the *schedule of OPEB plan contributions* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The *supplemental schedules*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *supplemental schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *supplemental schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2020 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
April 27, 2020

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This section presents management's analysis of the Placer County Water Agency's (the Agency) financial condition and activities as of and for the year ended December 31, 2019. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Agency's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The Agency, as the primary governmental entity, includes, within the financial statements, the financial position and activities of the Placer County Water Agency Public Facilities Corporation (Corporation) as a component unit. The Corporation is a blended component unit and does not issue separate financial statements.

The information in this MD&A is presented under the following headings:

- Organization and Business
- Overview of the Basic Financial Statements
- Financial Analysis
- Capital Assets and Capital Improvement Plan
- Long-Term Debt
- Requests for Information

ORGANIZATION AND BUSINESS

The Agency was created in 1957 under its own legislative act and since inception has been actively involved in Placer County's 1,500 square mile area on a variety of water and energy issues. The Agency provides treated and untreated water services, produces hydroelectric power and provides stewardship over water and energy in Placer County.

The Agency's general operations division titled "Agency Wide" holds extensive surface water entitlements for which water is sold wholesale to various water purveyors. Agency Wide interests and stewardship activities include water entitlements and energy resources throughout Placer County.

The Agency's Power Division was established with the construction of the Middle Fork American River Hydroelectric Project (MFP) that began in 1963 and was completed in 1967. This Project constructed an integrated system of five interconnected hydroelectric power plants, two major storage reservoirs (French Meadows and Hell Hole), dams and tunnels with the capability of producing on average 1.03 million megawatt hours annually. The electricity generated is metered by the CAISO and shadow settled, or validated, by the Agency. Power generation is sold directly to the CAISO and energy products are sold through bilateral contracts.

The Agency's Water Division was established in 1968 with the acquisition of our first water system. The Agency operates an integrated treated and untreated (raw) water system that directly and indirectly serves over 300,000 people. Through over 160 miles of canals, ditches, and flumes, as well as several small reservoirs, most of which was built in the gold rush era, the Agency serves untreated water customers and transmits water for treatment. The Agency owns and operates 8 water treatment plants, 24 water tanks and over 600 miles of treated water pipelines. Treated water is supplied to residential, commercial, industrial, and other governmental users in the cities and surrounding areas of Auburn, Colfax, Loomis, Rocklin, portions of Roseville and various unincorporated areas of Placer County. Agency treated water is also sold wholesale to the City of Lincoln and other purveyors who retail it directly to their customers. In addition the Agency utilizes groundwater to occasionally supplement surface water supplies when needed in Western Placer County.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Agency's Basic Financial Statements are designed to provide readers with a broad overview of the finances of the Placer County Water Agency. There are three components to the Basic Financial Statements: (1) Financial Statements, (2) Notes to the Basic Financial Statements, and (3) Required Supplementary Information.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

Proprietary Fund

The Agency's proprietary (enterprise) fund consists of 3 divisions, Agency Wide, the Water Division and the Power Division. Proprietary funds are used to account for operations that are financed and operated in a similar manner to private business enterprises – where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Agency's proprietary fund statements include the following:

The *Statement of Net Position (Balance Sheet)* presents information on the Agency's assets plus deferred outflow of resources, and liabilities plus deferred inflow of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

While the balance sheet provides information about the nature and amount of resources and obligations at year-end, the *Statement of Revenues, Expenses and Changes in Net Position* presents the results of the Agency's operations over the course of the fiscal year ending December 31st and information as to how the *net position* changed during the year. This statement can be used as an indicator to determine the Agency's credit worthiness and the extent to which the Agency has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expense are reported in this statement for some items that will result in cash flow in future fiscal periods, such as delayed collection of operating revenue and the expense of employee earned but unused vacation leave.

The *Statement of Cash Flows* presents changes in cash and cash equivalents resulting from operational, capital, noncapital and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation and amortization of assets. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Notes to Basic Financial Statements

The Notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements. The Notes to Basic Financial Statements can be found on pages 23 through 60 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information. Such required supplementary information regarding the Agency's funding of its obligation to provide pension benefits to its employees can be found on pages 62-63 of this report. The Agency's supplementary information can be found on pages 62 through 66 of this report.

FINANCIAL ANALYSIS

Our financial analysis introduces the accompanying financial statements. One of the most important questions to ask is the following: "Is the Agency, as a whole, better off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position present financial information regarding the Agency's activities in a manner to answer that question. These two statements report the Agency's net position and the changes resulting from the year's activity. You can think of the Agency's net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, other considerations, both financial and non-financial factors such as changes in economic conditions, population growth, zoning, new or changed government legislation and others should also be evaluated.

During 2019, the Agency's financial position remained strong. The significant financial events are illustrated in the financial analysis below.

FINANCIAL HIGHLIGHTS FOR 2019

- Net Position increased $20.4 million or 3.0% during the fiscal year.
- At year-end the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $723.1 million.
- Total operating revenue increased by $279,799, however operating revenue within the Water Division increased $2.1 million.
- Capital contributions increased $1.8 million or 50.2%.

Financial Position

The Agency's total net position increased by $20.4 million to $723.1 million *(see Table 1)*, which is a result of assets and deferred outflow of resources increasing by $16 million and liabilities and deferred inflow of resources increasing by $4.4 million. The Water Division's net position increased by $12.9 million or 2.6%, the Power Division's net positon increased by $4.9 million or 2.8%, and the Agency Wide Division increased $2.5 million or 6.7%. The largest portion of the Agency's net position, $588 million or 81%, represents its investments in capital assets and infrastructure.

Key components of the $20.4 million increase in net position are as follows:

- Total assets increased $16.4 million with long-term investment balances increasing.
- Capital assets increased a net $1.3 million from capitalized construction and capital contributions.
- Deferred outflow of resources decreased $432,675, reflecting pension and OPEB contributions made subsequent to the measurement date, net differences between projected and actual earnings on pension plan investments, changes in assumptions on net OPEB liability as well as deferred charges on refunding of debt.
- Total liabilities decreased $5.7 million, non-current liabilities decreased $4 million, primarily due to debt service of $5 million to decrease long-term debt and a $1.4 million decrease in the net OPEB liability and a $2.2 million increase in the net pension liability.

Table 1
Net Position
(In thousands)

	2019	2018	Variance	%
Current Assets	$ 110,917	115,776	(4,859)	-4%
Non-Current Assets	90,990	71,002	19,988	28%
Capital Assets	655,149	653,882	1,267	0%
Total Assets	857,056	840,660	16,396	2%
Deferred Outflow of Resources	12,822	13,255	(433)	-3%
Current Liabilities	18,963	20,692	(1,729)	-8%
Non-Current Liabilities	125,039	129,039	(4,000)	-3%
Total Liabilities	144,002	149,731	(5,729)	-4%
Deferred Inflow of Resources	2,757	1,456	1,301	89%
NET POSITION:				
Net Investment in Capital Assets	588,608	582,869	5,739	1%
Restricted	58,062	53,715	4,347	8%
Unrestricted	76,449	66,144	10,305	16%
Total Net Position	$ 723,119	702,728	20,391	3%

Results of Operations

The Agency's 2019 total operating revenue of $89.6 million increased $279,799 when compared to the 2018 amount *(see Table 2 on the following page)*. The total operating expense increased $2.9 million resulting in a decrease to net operating income of $2.6 million. Overall, the Agency's change in net position for the year, including capital contributions, increased by $20.4 million compared to the 2018 net position. The major components of this increase are as follows:

- Operating revenue at the fund level changed as follows: Agency Wide increased $1.4 million, Power Division decreased $2.1 million and Water Division increased $2.1 million.

- Power Division revenues reflect Middle Fork Project Finance Authority reimbursements of the Agency's operating and capital expenses related to operations of the Middle Fork Project. The decrease in power sales revenues reflects reduced reimbursements from the Middle Fork Project Finance Authority due to significantly decreased Capital Project expenses during 2019. The increase in Water Division revenue is due to the 2019 adopted rate increase of 3.5% on fixed and renewal and replacement charges. Water sales and renewal and replacement revenue increased a combined $2.4 million or 4.8%.

- Operating expense increased by $2.9 million or 3% to $89.6 million. Operating expense at the fund level changed from prior year as follows: Agency Wide decreased $.04 million, Power Division increased $0.3 million and Water Division increased $2.6 million. The $663,002 increase in Water Division's General and Administrative is related to an increase in both the allocation of costs from Agency Wide and an increase in year-end payroll. $1.4 million of the total increase in Water Division operating expenses is directly related to the write-off of a capital project that has been determined to be impaired of which Water was the primary funding source. An additional $600,000 was expensed to Power Division and $230,000 to Agency Wide. Repairs and Maintenance is decreased $2.1 million from 2018 as 2018 included high dollar non-capital expenses associated with the Hell Hole Dam Core Raise.

- Non-operating revenues (expenses) increased by $479,821 or 3% to $15 million, which is a net change of the following: a $2.7 million decrease in Water Connection Charge revenue which fluctuates with building demand; a $3.3 million increase in investment income. Included in the non-operating revenue is $6.1 million of investment income from interest income of $3.5 million and a $2.6 million net increase in fair market value of investments.

- Contributed capital, consisting of water system infrastructure contributed to the Agency upon project completion, totaled $5.3 million, which was comprised of various developer's agreement contributions.

Table 2 shows changes in the Agency's net position for the year.

Table 2
Changes in Net Position
(In thousands)

	2019	2018	Variance	%
OPERATING REVENUES:				
Agency Wide	$ 1,426	1,183	243	21%
Power Division	33,365	35,463	(2,098)	-6%
Water Division	54,840	52,706	2,134	4%
Total Operating Revenues	89,631	89,352	279	0%
OPERATING EXPENSES:				
Purchased Water	3,992	4,255	(263)	-6%
Operations Aministration	4,837	4,993	(156)	-3%
Pumping Plant and Wells	518	748	(230)	-31%
Water Treatment	8,665	8,007	658	8%
Electrical Operations	6,530	5,782	748	13%
Transmission and Distribution of Treated Water	3,601	3,370	231	7%
Transmission and Distribution of Raw Water	4,318	3,917	401	10%
Customer Service and Collections	4,759	3,894	865	22%
Repairs and Maintenance	2,712	4,843	(2,131)	-44%
Recreation	2,296	2,182	114	5%
Automotive and Equipment	1,085	1,040	45	4%
Engineering	6,368	5,110	1,258	25%
General and Administrative	14,146	12,500	1,646	13%
Energy Marketing	1,521	1,378	143	10%
Depreciation	24,209	24,658	(449)	-2%
Total Operating Expenses	89,557	86,677	2,880	3%
Net Operating Income (Loss)	74	2,675	(2,601)	-97%
NON-OPERATING REVENUES (EXPENSES):				
Water Connection Charges	7,690	10,385	(2,695)	-26%
Costs Recovered from Other Agencies	829	659	170	26%
Investment Income	6,170	2,862	3,308	116%
Interest Expense	(2,144)	(2,560)	416	-16%
Other	2,451	3,171	(720)	-23%
Total Non-Operating Revenues (Expenses)	14,996	14,517	479	3%
Income Before Capital Contributions	15,070	17,192	(2,122)	-12%
Capital Contributions	5,321	3,544	1,777	50%
Change in Net Position	20,391	20,736	(345)	-2%
Net Position, Beginning of Year	702,728	681,992	20,736	3%
Net Position, End of Year	$ 723,119	702,728	20,391	3%

CAPITAL ASSETS AND CAPITAL IMPROVEMENT PLAN

At the end of 2019, the Agency had invested $655.1 million (net of accumulated depreciation) in a broad range of infrastructure including; power facilities; water storage, transmission and distribution facilities; maintenance and administration facilities; vehicles; and equipment. The total increase in the Agency's investment in capital assets for 2019 was $1.2 million. The summary of capital assets is presented in note 3 to the basic financial statements. Table 3 provides a summary of capital assets for years-ended 2019 and 2018 as follows:

Table 3
Capital Assets
(In thousands)

	2019	2018	Increase/ (Decrease)	%
Land	$ 17,319	17,200	119	1%
Other - Non Depreciating	38,503	37,769	734	2%
Construction in Progress	52,150	52,143	7	0%
Systems & Improvements	802,071	787,752	14,319	2%
Buildings & Improvements	65,867	61,217	4,650	8%
Machinery & Equipment	66,235	62,272	3,963	6%
Subtotal	1,042,145	1,018,353	23,792	2%
Less Accumulated Depreciation	386,996	364,471	22,525	6%
Total Capital Assets	$ 655,149	653,882	1,267	0%

This year's major capital expenditures included (in thousands):

Agency Wide	
American River Water Rights Extension	$ 542
Foresthill Facility Center Expansion	525
Power	
Hell Hore Dam Core Raise	3,721
Communications Upgrade	1,419
Water	
South Canal Phase 2 Improvements	1,555
2019 Gunite	1,056
Tank Recoating	1,047
Songbird Tank	1,031
Nevada Street Improvements	955
Total	$ 11,851

The Agency's 2019 Budget includes a Capital Improvement Plan (CIP) budget totaling $49 million, which is presented below by fund.

Capital Improvement Plan Budget (In thousands)

Agency Wide	$ 1,335
Power Division	19,424
Water Division	28,250
Total	$ 49,009

LONG-TERM DEBT

At December 31, 2019, the Agency had total long-term debt outstanding of $66.1 million excluding the $6.2 million in compensated absences payable. The outstanding amount decreased $4 million during the year because of the following:

- The net retirement of $2.7 million of Certificates of Participation.
- The retirement of $1.3 million in loans payable.

More detailed information about the Agency's long-term debt is presented in note 4 to the basic financial statements. In 2016, the Agency's Water Division received an upgrade by Standard & Poor's to an 'AAA' rating and maintained an Aa2 rating from Moody's Investors Service. These ratings were re-affirmed by both firms in 2018.

The debt coverage ratio demonstrates the Agency's Western Water System financial strength and future borrowing capability which is calculated at 4.17 times annual debt service for the Western Water System at December 31, 2019. Table 4 presents the Western Water System's debt coverage ratio and exhibits both 2019 and 2018 ratios being greater than the 1.20 times debt indenture covenant requirement.

Table 4
Debt Coverage Ratio - Western Water System
(In thousands)

	2019	2018
Net Water Revenue, Excluding Depreciation	$ 28,003	$ 29,666
Debt Service on Certificates and Other Parity Debt	6,712	6,933
Debt Coverage Ratio	4.17	4.28
Debt Coverage Ratio Requirement Based on Debenture	1.20	1.20

At December 31, 2019 the Agency had outstanding Certificates of Participation stemming from water system expansion projects (water connection charge projects) and replacement program projects, with varying maturities through 2037. The Agency's current weighted average cost of capital is 3.0% in outstanding debt as shown in the following table:

Table 5
Cost of Capital
(In thousands)

	Debt Balance			Average Coupon	Cost of
	Expansion	Replacement	Total	Rate	Capital
Certificates of Participation	$ 34,943	14,182	49,125	4.2%	3.2%
Loans Payable	-	16,980	16,980	2.3%	2.3%
Total	$ 34,943	31,162	66,105	3.7%	3.0%

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Directors, ratepayers and creditors with a general overview of the Agency's finances and demonstrate the Agency's accountability for the monies it receives and holds. If you have questions about this report or need additional financial information, please contact: the Director of the Department of Financial Services, 144 Ferguson Road, Auburn, California, 95604. The report can also be found on the Agency's website at www.pcwa.net.

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PLACER COUNTY WATER AGENCY

Statement of Net Position

December 31, 2019

ASSETS		
Current assets:		
Cash and cash equivalents (note 2)	$	6,658,709
Restricted cash and cash equivalents (note 2)		3,134,965
Restricted cash and cash equivalents with fiscal agents (note 2)		2,777,316
Investments (note 2)		81,398,004
Water service receivable, net		7,725,655
Accounts receivable		3,791,836
Interest receivable		973,244
Taxes receivable		1,104,627
Materials and supplies		913,424
Prepaid expenses		2,439,419
Total current assets		110,917,199
Non-current assets:		
Investments (note 2)		36,004,279
Restricted investments (note 2)		54,926,611
Notes receivable		59,151
Capital assets, non depreciable (note 3)		107,971,745
Capital assets, net of depreciation (note 3)		547,177,843
Total non-current assets		746,139,629
Total assets		857,056,828
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension contributions (note 7)		4,650,027
Deferred outflow - pension actuarial (note 7)		3,490,023
Deferred outflow - OPEB contributions (note 8)		1,042,126
Deferred outflow - OPEB actuarial (note 8)		1,415,928
Deferred charges on refunding		2,224,227
Total deferred outflows		12,822,331

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Net Position

December 31, 2019

LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	6,756,041
Accrued salaries and benefits	1,520,233
Interest payable	1,146,193
Deposits	1,429,373
Current portion of long-term liabilities (note 4)	4,159,138
Compensated absences payable, current portion (note 4)	3,951,934
Total current liabilities	18,962,912
Non-current liabilities:	
Certificates of participation, net of premiums/discounts (note 4)	51,762,686
Loans payable (note 4)	15,621,078
Improvement district debt (note 4)	2,329
Compensated absences payable (note 4)	2,298,953
Net pension liability (note 7)	45,462,596
Net OPEB liability (note 8)	9,891,858
Total non-current liabilities	125,039,500
Total liabilities	144,002,412
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension actuarial (note 7)	1,367,913
Deferred inflows - OPEB actuarial (note 8)	1,389,734
Total deferred inflows	2,757,647
NET POSITION	
Net investment in capital assets	588,608,231
Restricted (note 5):	
Water system expansion	57,168,566
Other	893,010
Total restricted net position	58,061,576
Unrestricted	76,449,293
Total net position	$ 723,119,100

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2019

OPERATING REVENUES		
Water sales	$	40,366,197
Power sales		33,438,515
Renewal and replacement charges		14,055,878
Engineer charges		828,159
Customer service charges		842,105
Other revenue		100,457
Total operating revenues		89,631,311
OPERATING EXPENSES		
Purchased water		3,991,862
Operations administration		4,836,568
Pumping plants and wells		517,618
Water treatment		8,664,994
Electrical operations		6,530,483
Transmission and distribution of treated water		3,600,970
Transmission and distribution of untreated water		4,317,585
Customer service and collections		4,759,128
Repairs and maintenance		2,712,050
Recreation		2,296,433
Automotive and equipment		1,085,973
Engineering		6,367,991
General and administrative		14,145,752
Energy marketing		1,521,093
Depreciation (note 3)		24,209,232
Total operating expenses		89,557,732
Operating income (loss)		73,579

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2019

NON-OPERATING REVENUES (EXPENSES)	
Water connection charges	7,690,159
Costs recovered from other agencies	829,051
Investment income	6,170,781
Property taxes and assessments	1,147,905
Gain (loss) on disposal of assets	196,070
Program grant revenue	461,508
Interest expense	(2,143,940)
Rental income	878,065
Other income (expense)	(232,759)
Total non-operating revenues (expenses)	14,996,840
Net income before capital contributions	15,070,419
CAPITAL CONTRIBUTIONS	
Capital contributions	5,321,018
Increase in net position	20,391,437
Net position, beginning of year	702,727,663
Net position, end of year	$ 723,119,100

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Cash Flows

For the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 89,070,053
Cash paid to suppliers for goods and services	(29,825,832)
Cash paid to employees for services	(34,584,643)
Net cash provided by (used for) operating activities	24,659,578
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property taxes and assessments	1,147,905
Costs recovered from other agencies	829,051
Program grant revenue	461,508
Net cash provided by (used for) non-capital financing activities	2,438,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(20,155,407)
Proceeds from disposal of capital assets	196,070
Principal payment on debt	(4,008,472)
Interest payment on debt	(2,739,445)
Water connection charges	7,698,628
Net cash provided by (used for) capital and related financing activities	(19,008,626)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(52,532,193)
Proceeds from maturity of investments	36,687,949
Investment income	3,411,489
Net cash flows from investing activities	(12,432,755)
Net increase (decrease) in cash and cash equivalents	(4,343,339)
Cash and cash equivalents, beginning of year	67,051,767
Cash and cash equivalents, end of year	$ 62,708,428

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Cash Flows

For the year ended December 31, 2019

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	73,579
Adjustments to reconcile operating income (loss) to cash flows provided by (used for) operating activities:		
Depreciation		24,209,232
Other non-operating income		645,306
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(442,684)
(Increase) decrease in materials and supplies		(16,566)
(Increase) decrease in prepaid expense		(418,579)
(Increase) decrease in pension and OPEB deferred outflows		145,334
Increase (decrease) in accounts payable and other liabilities		(2,062,679)
Increase (decrease) in salaries and benefits payable		598,617
Increase (decrease) in deposits		(118,574)
Increase (decrease) in net pension liability		2,126,728
(Increase) decrease in net OPEB liability		(1,382,187)
Increase (decrease) in pension and OPEB deferred inflows		1,302,051
Net cash provided by (used for) operating activities	$	24,659,578
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	$	6,658,709
Restricted cash and cash equivalents		3,134,965
Restricted cash and cash equivalents with fiscal agent		2,777,316
Investments		172,328,894
Less long-term investments		(122,191,456)
Total cash and cash equivalents	$	62,708,428
Non-cash investing, capital and financing activities:		
Non-cash capital contributions	$	5,321,018
Change in fair value of investments		2,639,128

See accompanying notes to financial statements.

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1. Summary of Significant Accounting Policies

A. Description of the Primary Government and Reporting Entity

The Placer County Water Agency (the Agency) was formed by a special act of the California State Legislature in 1957 for the purpose of developing adequate water supplies for the County of Placer (the County). The Agency's boundaries are coterminous with the borders of the County, and until January 16, 1975, the Board of Supervisors of Placer County constituted the Board of Directors of the Agency. On July 1, 1975, Placer County Water Agency was designated as successor to Placer County Water Works No. 1 and assumed all of its assets and obligations. The Agency is legally separate and fiscally independent of the County; hence, is not a component unit of the County. The Agency owns water rights on the Middle Fork of the American River, which are used for the generation of electricity through its hydroelectric facilities, and to supply water to Placer County. The Agency provides water treatment and the distribution of both untreated and treated water to customers in Placer County. Through the Joint Powers Agreement with the Middle Fork Project Finance Authority (the Authority), the Agency's generated power is sold directly to the California Independent System Operator (CAISO), while energy products are sold through bilateral contracts.

The Agency's financial statements present the Agency and its one component unit, the Placer County Water Agency Public Facilities Corporation.

B. Description of the Component Unit

The Agency has one component unit, the Placer County Water Agency Public Facilities Corporation (the Corporation), which is considered a blended component unit as it meets the criteria to be classified as a blended component unit.

Reporting for a component unit on the Agency's financial statements can be blended or discretely presented. A blended component unit, although a legally separate entity, is in substance, part of the Agency's obligations. A blended component unit is an extension of the Agency and so data from this unit is combined with data of the Agency. A discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the Agency.

The Agency's Board of Directors serves as the Corporation's Board of Directors. The purpose of the Corporation is to provide financial assistance to the Agency by financing the acquisition, construction, improvement, and remodeling of capital projects and facilities. Debt financed by the Corporation is reflected as debt of the Agency. The Corporation does not issue separate financial statements.

C. Basis of Presentation

The accounts of the Agency are organized and operated on a fund basis. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

All activities of the Agency are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, and deferred outflows of resources; and liabilities and deferred inflows of resources associated with operations are included on the statement of net position, and revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Agency are charges to customers for sales and services. The Agency's operating revenues, such as charges for services or energy sales result from exchange transactions associated with the principal activities of the Agency. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Statement of Net Position – The statement of net position is designed to display the financial position of the Agency. The Agency's net position is segregated into three categories defined as follows:

- ***Net Investment in Capital Assets*** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and deferred outflows of resources; reduced by the outstanding balances of debt and deferred inflows of resources that are attributable to the acquisition, construction or improvement of these assets. This investment in capital assets is considered non-expendable.

- ***Restricted Net Position*** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

- ***Unrestricted Net Position*** – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". Amounts included as unrestricted net position are available for designation for specific purposes as established by the Agency's Board of Directors.

Statement of Revenues, Expenses and Changes in Net Position – The statement of revenues, expenses and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. These statements distinguish between operating and non-operating revenues and expenses and present a separate subtotal for operating revenues, operating expenses, and non-operating revenues (expenses).

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments (including restricted assets) with original maturities of three months or less at the date of purchase to be cash equivalents.

F. Investments

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains and losses and the unrealized appreciation (depreciation) of those investments.

G. Water Service Receivable

Water service receivables are presented net of $160,015 in allowance for doubtful accounts as of December 31, 2019. Customer water meters are read on a monthly or bimonthly period. Revenue is recognized in the period that the water is used.

H. Materials and Supplies

Materials and supplies consist of water meters, pipe, valves and other items for system maintenance and are valued at cost, which approximates market, using the weighted average cost method.

I. Capital Assets

The Agency's capital assets purchased or constructed are capitalized at historical cost, while contributed assets are recorded at acquisition value at the time received for assets with an individual cost of more than $5,000 and a useful life of one year or greater.

The purpose of depreciation is to spread the cost of capital assets over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of depreciable capital assets.

Depreciation of all capital assets in service, excluding land, is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is a reduction in the book value of the capital assets.

Capital assets are depreciated using the straight-line method of depreciation over the useful life of the asset. The Agency has assigned the useful lives listed below to capital assets:

Dams, tunnels and waterways	40-100 years
Reservoirs	40 years
Treatment and pumping plants, transmission and distribution	40 years
Heavy equipment	10 years
Vehicles, tools, shop and office equipment and furniture	5 years

J. Compensated Absences

Compensated absences comprise unused vacation leave, sick pay and certain compensated time off, which are accrued and reported as a liability in the period earned. Amounts payable as of December 31, 2019 are included on the statement of net position.

K. Property Tax Revenue

Property tax in California is levied in accordance with Article XIII A of the State Constitution. The property taxes are placed in a pool, and then allocated to the local governments. Property tax revenue is recognized in the year in which taxes are levied.

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment – November 1
	Second installment – February 1
Delinquent date:	First installment – December 11
	Second installment – April 11

The Agency's property taxes are billed, collected and distributed to the Agency by the County. Starting with the 1993-94 tax year, the County implemented the Teeter Plan. As such, the Agency receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected. The Agency accrues property tax revenues in the year levied and the County pays the property taxes to the Agency at the following proportions and months: 55% in December, 40% in April and 5% in June.

For the year ending December 31, 2019, the Agency's property tax revenue totaled $1,140,713 which is included in the Agency Wide Division.

L. Water Connection Charge

Water Connection Charges (WCC) are charged for service connection to the treated water system and are recorded as revenue when received. WCC revenues are restricted by California Government Code for expansion to the existing water system and are committed for payments on the certificates of participation.

M. Water Sales and Water Zones

The Agency has two types of water sales: 1) On-going retail and wholesale water sales of treated and untreated water to customers connected to the Agency's water system infrastructure; 2) Individual contracted one-time water sales to other water providers or the environmental water bank. The on-going water sales are recorded as operating revenue and the one-time water sales are recorded as non-operating revenue.
The Agency's Water Division was established with zones or service areas as the Agency acquired the territory. Zone 1 was established in 1968 and includes the area from just north of Auburn to Roseville. Zone 2 was established in 1979 and is a small area, about 100 acres, south of Roseville. Zone 3 was established in 1982 and includes the area from Alta to Bowman (just north of Auburn). Zone 4 was

established in the Martis Valley in 1996 and was transferred to Northstar Community Services District on October 1, 2015. Zone 5, established in 1998, includes the agricultural area in western Placer County.

On August 17, 2017, the Agency's Board of Directors adopted by Resolution, Zone 6, formally consolidating the Western Water System Zones 1, 2, 3, and 5. The water sources and infrastructure in each of these zones are inextricably tied to one another. The Agency's two principle water sources, its PG&E contracts and its Middle Fork Project (MFP) water rights, are fully integrated into the reliability of water delivery for all of the Agency's customers. The canal system, which stretches from Alta to Roseville, supplies water to Zones 1, 3 & 5, and is absolutely essential during periods when the PG&E system is out of service; the MFP supply flows directly to Zones 1, 2 & 5 but can also be used to back water supply into Zone 3; and the Zone 2 groundwater system was abandoned years ago and replaced with treated surface water from Zone 1.

On November 16, 2017 the Board of Directors adopted uniform rates, fees and charges throughout the Agency's service area, consolidated some customer classifications, reduced the number of commodity tiers for many rate schedules, and provided allowance for an annual inflation adjustment based on the Consumer Price Index for years 2019-2022, upon annual Board consideration and approval.

N. Power Sales

During 2019, the Agency sold power to the California Independent System Operator (CAISO), while energy products were sold through bilateral contracts. Pursuant to the Joint Powers Agreement with the Authority, revenue from sold power is received and recognized by the Authority, while the Agency receives reimbursement from the Authority for its costs related to the operations and maintenance of the Middle Fork Project hydroelectric facilities. Reimbursements for Agency expenses are recorded as Power Sales Revenue. See Note 9 for more details on the Joint Powers Agreement.

O. Bond Discounts and Premiums

Original issue discounts and premiums related to the 2013, 2016 and 2018 certificates of participation are amortized using the bonds outstanding method over the life of the debt.

P. Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Pension

For purposes of measuring the net pension liability (NPL), deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Agency. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Statement No. 68 of the Governmental Accounting Standards Board (GASB 68) requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

R. Other Post-employment Benefits

For purposes of measuring the net OPEB liability (NOL), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

S. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in the measuring fair value are observable in the market and are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The Agency utilizes techniques consistent with market, cost, or income approaches to determine fair value. The most appropriate technique is utilized to maximize the use of observable inputs and minimize the use of unobservable inputs.

T. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

U. New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. This Statement establishes new accounting and financial reporting requirements by requiring recognition for certain lease assets and lease liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions specified in the lease contract. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Accordingly, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for reporting periods beginning after December 15, 2019. The Agency is currently evaluating the effect of this Statement, and has not implemented GASB Statement No. 87 for the year-ended December 31, 2019.

2. Cash and Investments

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	$ 6,658,709
Restricted Cash and Cash Equivalents	3,134,965
Restricted Cash and Investments with Fiscal Agents	2,777,316
Investments	117,402,283
Restricted Investments	54,926,611
Total	$ 184,899,884

Cash and investments as of December 31, 2019 consist of the following:

Cash on Hand	$ 3,300
Deposits with Financial Institutions	9,790,374
Investments	175,106,210
Total	$ 184,899,884

Cash and Investments Restricted

Cash and investments restricted for debt service, cash held at third party fiscal agent, and restricted for other purposes as of December 31, 2019 are as follows:

Agency Wide Division:	
IRS Section 125 – Reserve for employees Section 125 account	$ 13,414
Water Resource Development – Restricted for Water Resource Development Fund Activities	462,665
Total Agency Wide Restricted	476,079
Water Division:	
Held with Fiscal Agent Restricted for Debt Service	
2013 COP Debt Service	105,151
2016 COP Debt Service	448,373
2018 COP Debt Service	531,202
Auburn Water Treatment Plant Debt Service	1,298,753
Electric Street Tank Debt Service	393,837
Total Held with Fiscal Agent Restricted for Debt Service	2,777,316
Held at the Agency Restricted for Debt Service	
Electric Street (SRF) Loan – Restricted for Debt Service	95,139
Improvement Districts – Restricted for Debt Service	61,782
Total Held at the Agency Restricted for Debt Service	156,921
Total Water Division Restricted for Debt Service	2,934,237
Held at the Agency Restricted Other by Law or Contract	
Water Connection Charges – Restricted for Water System Expansion	38,137,773
Water Connection Charges – Funded to Capital Projects	19,030,793
City of Lincoln Pipeline – Restricted for City of Lincoln pipeline	174,730
County Service Area 29 – Restricted for Zone 5 improvements	81,573
Sunset Ranchos – Restricted for Regional Water Use Efficiency	3,707
Total Water Division Held at the Agency Restricted Other	57,428,576
Total Water Division Restricted	60,362,813
Total Restricted	$ 60,838,892

Agency Investments Authorized by the California Government Code and the Agency's Investment Policy.

The California Government Code and the Agency's Investment Policy allow the Agency to invest in the following authorized and permitted investment types provided the approved percentage and maturities limits are not exceeded.

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Securities	5 years	100%	No limit
U.S. Government Agencies and Instrumentalities - Primary	5 years	100%	50%
U.S. Government Agencies and Instrumentalities - Secondary	5 years	50%	30%
State of California Notes/Bonds	5 years	25%	10%
Other States Notes/Bonds	5 years	25%	10%
Local Agencies of the State of California Notes/Bonds	5 years	30%	10%
Commercial Paper	270 days	25%	5%
Corporate or Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	5%
Bonds of Supranationals	5 years	15%	5%
Negotiable Certificates of Deposit	1 year	20%	5%
Repurchase Agreements	1 year	15%	5%
Banker's Acceptances	180 days	25%	5%
Placer County Treasurer's Pooled Investments (PCTPI)	N/A	100%	No limit
Local Agency Investments Fund (LAIF)	N/A	$65 million	No limit
Collateralized Bank Deposits	5 years	100%	50%

*Excluding amounts held by bond trustee that are restricted by debt agreement rather than California Government Code restrictions.

Investments of debt proceeds or reserve funds held by debt trustees or fiscal agents are governed by the provisions of debt agreements and are addressed in the following section.

Investments held by Debt Trustees Are Authorized by Debt Agreements

The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Agency resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by debt trustees and certain provisions of these debt agreements.

Authorized Investment Type	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	None	100%	No limit
U.S. Government Agencies and Instrumentalities	None	100%	No limit
Banker's Acceptances	1 Year	100%	No limit
Commercial Paper	None	100%	No limit
Money Market Mutual Funds	N/A	100%	No limit
Investment Contracts	Maturity of debt	100%	No limit
Local Agency Investments Fund (LAIF)	None	100%	No limit
Repurchase Agreements	30 days	100%	No limit
California Arbitrage Management Trust	None	100%	No limit

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer an investment's maturity, the greater the sensitivity of its fair value to changes in market interest rates. The Agency's investment policy states that interest rate risk will be mitigated by:

(a) Structuring the Agency's portfolio so that securities mature to meet the Agency's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market and incurring a possible loss prior to their maturity to meet those requirements; and
(b) Managing the overall average maturity of the portfolio on a shorter term to maturity basis, not to exceed 2 ½ years.

Information about the sensitivity of the fair value of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's year-end investments by maturity:

Investment Type	Fair Value	Remaining Maturity 12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months
U.S. Treasury Securities	$ 19,086,690	8,008,770	6,034,440	5,043,480	-	-
U.S. Government Agencies - Primary	72,526,310	15,035,190	12,262,350	18,196,620	17,637,050	9,395,100
U.S. Government Agencies - Secondary	5,206,166	5,206,166	-	-	-	-
Corporate Notes	12,087,480	-	9,046,650	3,040,830	-	-
California State Bonds	4,153,080	-	-	-	-	4,153,080
Bonds of Supranationals	9,131,730	3,010,440	3,049,890	-	3,071,400	-
PCTPI	7,121,512	7,121,512	-	-	-	-
LAIF	43,015,926	43,015,926	-	-	-	-
Subtotal	172,328,894	81,398,004	30,393,330	26,280,930	20,708,450	13,548,180
Fiscal Agent Accounts:						
Money Market	2,777,316	2,777,316	-	-	-	-
Total Investments	$ 175,106,210	84,175,320	30,393,330	26,280,930	20,708,450	13,548,180
Percentage of portfolio:	100%	48.1%	17.4%	15.0%	11.8%	7.7%

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of credit quality ratings by a nationally recognized statistical rating organization. Presented below is the minimum authorized rating requirement at the time of purchase, where applicable, by the California Government Code, the Agency's investment policy, or debt agreements. Also, presented below are the December 31, 2019 actual credit quality ratings for each investment type as provided by Moody's Investor Services, Inc.

Investment Type	Fair Value	Minimum Authorized Rating	Rating as of Year-End Aaa**	Aa	Not Rated or Exempt
U.S. Treasury Securities	$ 19,086,690	n/a	-	-	19,086,690
U.S. Government Agencies - Primary	72,526,310	n/a	72,526,310	-	-
U.S. Government Agencies - Secondary	5,206,166	n/a	5,206,166	-	-
Corporate Notes	12,087,480	Aa	3,040,830	9,046,650	-
California State Bonds	4,153,080	n/a	-	4,153,080	-
Bonds of Supranationals	9,131,730	AA	9,131,730	-	-
PCTPI	7,121,512	n/a	-	-	7,121,512
LAIF	43,015,926	n/a	-	-	43,015,926
Held by bond trustee:					
Money Market	2,777,316	*	2,777,316	-	-
Total	$ 175,106,210		92,682,352	13,199,730	69,224,128

* Collateralized
** Includes Standard & Poor's AAA rating of Money Market Funds (AAAm)

The Agency's investment policy states that credit risk will be mitigated by:

(a) Limiting investments to only the most creditworthy types of securities;
(b) Pre-qualifying the financial institutions with which the Agency will do business; and
(c) Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the Agency.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Agency's investment policy follows California Government Code regarding limitations on the amount that can be invested in any one investment type and does not further limit investments in any one issuer. Agency investments in the securities of any individual issuer, other than U.S. Treasury securities, LAIF, County Treasurer and mutual funds that represent 5% or more of total Agency investments are as follows:

Issuer	Investment Type	Percent of Portfolio	Reported Amount
Federal Farm Credit Bank	U.S. Government Agencies - Primary	22.27%	$ 38,987,420
Federal Home Loan Bank	U.S. Government Agencies - Primary	10.45%	18,293,850
Federal National Mtg Assn	U.S. Government Agencies - Primary	5.19%	9,082,980

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law and the Agency's investment policy require banks and savings & loan institutions to pledge government securities with a market value of 110% of the Agency's cash on deposit as collateral for deposits. The third party bank trustee agreement must comply with California Government Code, which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The Agency's investment policy states all securities owned by the Agency shall be held in safekeeping by a third party bank trust department acting as an agent of the Agency under the terms of the custody agreement.

The Agency invests in individual investments and in two investment pools (LAIF and the PCTPI). Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the Agency as the owner in the "book entry" recording system. In order to increase security, the Agency employs the Trust Department of a bank or trustee as the custodian.

The Agency's deposits with financial institutions in excess of the Federal Depository Insurance Corporation limits total $11,120,427 which is collateralized at a rate of 110% with securities held by the pledging financial institution's Trust Department but not in the Agency's name.

Investment in State Investment Pool – Local Agency Investment Fund

The California State Treasurer maintains an investment pool in a special fund through which local governments may pool investments. The investment pool is named the Local Agency Investment Fund (LAIF). The Agency is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Local Investment Advisory Board (Advisory Board). The Advisory Board consists of five members as designated by State Statute.

The Agency reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is the Agency's proportionate share of its investment in the LAIF, which amounted to $43,015,926 at December 31, 2019.

Included in the LAIF's investment portfolio at December 31, 2019, are collateralized mortgage obligations, mortgaged backed securities, and other asset-backed securities, structured notes, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, U.S. Treasury Notes and Bills and corporations. At December 31, 2019, the amount invested by public agencies in the LAIF totaled $88.9 billion, which includes asset-backed securities totaling $1.2 billion (1.35%). At December 31, 2019, the LAIF investments mature in an average of 226 days.

Investment in Placer County Treasurer's Pooled Investments

The Placer County Treasurer-Tax Collector maintains an investment pool in a special fund through which local agencies may pool investments. The investment pool is named the Placer County Treasurer's Pooled Investments (PCTPI). The Agency is a voluntary participant in the PCTPI that is regulated by the California State and Federal Laws and Regulations and under the oversight of the Treasurer's Review Panel. The Treasurer's Review Panel consists of four members as designated by Placer County Treasurer's Statement of Investment Policy.

The Agency reports its investment in the PCTPI at the value provided by the Placer County Treasurer-Tax Collector, which is valued at amortized cost. The balance available for withdrawal is the Agency's proportionate share of its investment in the Pool, which amounted to $7,121,512 at December 31, 2019.

The investment of money on deposit in the PCTPI is limited to those investments specified by California Government Code Section 53601 and 53635. Included in the PCTPI at December 31, 2019, are securities issued by federal agencies, structured notes, and floating rate securities issued by federal agencies, government-sponsored enterprises, U.S. Treasury Notes and Bills and corporations. At December 31, 2019, the amount invested by all public agencies in the PCTPI totaled $1,736,190,832, which includes Federal Agency Coupons totaling $434 million (25.4%) and corporate medium term notes totaling $59 million (3.5%). At December 31, 2019, the average days to maturity was 634 days.

Fair Value Measurement

The Agency categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Agency has the following recurring fair value measurements as of December 31, 2019:

Investments at Fair Value	Amount	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 19,086,690	19,086,690	-	-
U.S. Government Agencies - Primary	72,526,310	-	72,526,310	-
U.S. Government Agencies - Secondary	5,206,166	-	5,206,166	-
Corporate Notes	12,087,480	-	12,087,480	-
California State Bonds	4,153,080	-	4,153,080	-
Bonds of Supranationals	9,131,730	-	9,131,730	-
Total Investments at Fair Value	122,191,456	19,086,690	103,104,766	-
Investments with Uncategorized Inputs				
PCTPI	7,121,512			
LAIF	43,015,926			
Money Market - Held by Bond Trustee	2,777,316			
Total Investments Measured Uncategorized	52,914,754			
Total Investments	$ 175,106,210			

All securities classified in Level 2 are valued using pricing models based in market data, such as matrix or model pricing from outside pricing services. Deposits and withdrawals in governmental investment pools, such as LAIF and PCTPI Investment Pools, are made on the basis of $1 and not fair value. Accordingly, the Agency's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

3. Summary of Capital Assets

The following is a summary of capital assets as of December 31, 2019:

	Balance 12/31/18	Additions	Retirements	Transfers	Balance 12/31/19
Agency Wide:					
Capital Assets, Not Being Depreciated:					
Land	$ 4,054,187	-	-	-	4,054,187
Construction in Progress	10,405,208	712,493	-	(2,348,623)	8,769,078
Total Capital Assets, Not Being Depreciated	14,459,395	712,493	-	(2,348,623)	12,823,265
Capital Assets, Being Depreciated:					
Systems & Improvements	3,411,782	-	-	-	3,411,782
Buildings & Improvements	6,433,852	-	-	1,718,830	8,152,682
Machinery & Equipment	4,268,368	109,937	-	629,793	5,008,098
Total Capital Assets, Being Depreciated	14,114,002	109,937	-	2,348,623	16,572,562
Less Accumulated Depreciation for:					
Systems & Improvements	(1,888,825)	(206,930)	-	-	(2,095,755)
Buildings & Improvements	(1,475,202)	(275,019)	-	-	(1,750,221)
Machinery & Equipment	(3,144,537)	(433,722)	-	-	(3,578,259)
Total Accumulated Depreciation	(6,508,564)	(915,671)	-	-	(7,424,235)
Total Capital Assets, Being Depreciated, Net	7,605,438	(805,734)	-	2,348,623	9,148,327
Total Capital Assets - Agency Wide, Net	22,064,833	(93,241)	-	-	21,971,592
Power Division:					
Capital Assets, Not Being Depreciated:					
MFP FERC Relicensing	37,369,278	-	-	-	37,369,278
Construction in Progress	23,580,374	6,535,212	-	(3,339,574)	26,776,012
Total Capital Assets, Not Being Depreciated	60,949,652	6,535,212	-	(3,339,574)	64,145,290
Capital Assets, Being Depreciated:					
Systems & Improvements	220,123,317	-	-	1,469,508	221,592,825
Buildings & Improvements	3,379,097	-	-	811,217	4,190,314
Machinery & Equipment	9,808,105	228,518	(219,494)	1,058,849	10,875,978
Total Capital Assets, Being Depreciated	233,310,519	228,518	(219,494)	3,339,574	236,659,117
Less Accumulated Depreciation for:					
Systems & Improvements	(99,367,502)	(4,041,315)	-	-	(103,408,817)
Buildings & Improvements	(486,784)	(186,062)	-	-	(672,846)
Machinery & Equipment	(6,080,556)	(654,002)	219,494	-	(6,515,064)
Total Accumulated Depreciation	(105,934,842)	(4,881,379)	219,494	-	(110,596,727)
Total Capital Assets, Being Depreciated, Net	127,375,677	(4,652,861)	-	3,339,574	126,062,390
Total Capital Assets - Power Division, Net	188,325,329	1,882,351	-	-	190,207,680

	Balance 12/31/18	Additions	Retirements	Transfers	Balance 12/31/19
Water Division:					
Capital Assets, Not Being Depreciated:					
Land	13,146,107	74,190	-	44,453	13,264,750
Construction Design	399,717	-	-	733,699	1,133,416
Construction in Progress	18,157,306	11,288,240	-	(12,840,522)	16,605,024
Total Capital Assets, Not Being Depreciated	31,703,130	11,362,430	-	(12,062,370)	31,003,190
Capital Assets, Being Depreciated:					
Systems & Improvements	564,216,852	5,261,899	(121,656)	7,709,614	577,066,709
Buildings & Improvements	51,403,585	5,995	(32,865)	2,147,756	53,524,471
Machinery & Equipment	48,196,045	1,259,946	(1,310,086)	2,205,000	50,350,905
Total Capital Assets, Being Depreciated	663,816,482	6,527,840	(1,464,607)	12,062,370	680,942,085
Less Accumulated Depreciation for:					
Systems & Improvements	(198,906,962)	(14,637,150)	121,656	-	(213,422,456)
Buildings & Improvements	(15,853,989)	(1,715,906)	32,865	-	(17,537,030)
Machinery & Equipment	(37,266,433)	(2,059,126)	1,310,086	-	(38,015,473)
Total Accumulated Depreciation	(252,027,384)	(18,412,182)	1,464,607	-	(268,974,959)
Total Capital Assets, Being Depreciated, Net	411,789,098	(11,884,342)	-	12,062,370	411,967,126
Total Capital Assets - Water Division, Net	443,492,228	(521,912)	-	-	442,970,316
Total Capital Assets, Net	$ 653,882,390	1,267,198	-	-	655,149,588

4. Long-Term Obligations

The Agency generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The long-term debt as of December 31, 2019 including interest rates and maturities are as follows:

Description	Fiscal year issued	Coupon rates	Year of final maturity	Balance at December 31, 2019
Certificates of Participation:				
2013 Certificates	2013	4.0% - 5.0%	2023	$ 3,695,000
2016 Certificates	2016	2.375% - 5.0%	2037	23,230,000
2018 Certificates	2018	4.0% - 6.0%	2029	22,200,000
Certificates outstanding				49,125,000
Loans Payable:				
State Water Resources Control Board				
Auburn Water Treatment Plant	2008	2.29%	2029	10,636,191
Electric Street Tank	2012	2.30%	2035	6,344,025
Loans outstanding				16,980,216
Improvement District (ID) Debt:				
ID No. 10 – Aquilar Road	1977	5.5% - 6.5%	1998	1,134
ID No. 11 – Lakeshore	1978	6.75%	1989	1,195
Improvement District debt outstanding				2,329
Subtotal debt outstanding				66,107,545
Compensated Absences				6,250,887
Total				72,358,432
Plus: Unamortized bond discounts and premiums				5,437,686
Total long-term debt				$ 77,796,118

* ID No. 10 & 11 warrants have reached maturity, yet certain warrants have not been presented for payment, hence they remain as a liability.

The following is a summary of changes in long-term obligations for the year ended December 31, 2019:

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019	Amounts Due Within One Year
Certificates of Participation	$ 51,805,000	-	2,680,000	49,125,000	2,800,000
Loans Payable	18,308,688	-	1,328,472	16,980,216	1,359,138
Improvement District Debt	2,329	-	-	2,329	-
Subtotal	70,116,017	-	4,008,472	66,107,545	4,159,138
Compensated Absences	5,794,625	2,445,356	1,989,094	6,250,887	3,951,934
Totals	$ 75,910,642	2,445,356	5,997,566	72,358,432	8,111,072

Certificates of Participation

All outstanding Certificates of Participation (Certificates) issuances represent undivided fractional interests in installment payments made, between the Agency and the Placer County Water Agency Public Facilities Corporation (Corporation) as the purchase price for certain additions and improvements as specified below in the individual Certificate issues.

Pursuant to the terms of each Certificate purchase contract, the Agency has pledged, on a parity basis, the water revenues of the Agency's Western Water System to the payment of the 2013, 2016 and 2018 Certificates and other parity debt.

2013 Certificates

On June 19, 2013, Certificates of Participation (2013 Certificates) were issued by the Agency in the amount of $8,100,000 with a reoffering premium of $1,304,896 to refund the outstanding $9,170,000 2003 Certificates (originally issued in 1993 to fund the Foothill Water Treatment Plant upgrade to 27 million gallons per day (MGD), a 10 MGD clearwell and refinance the Series B). The 2013 Certificates were issued with an average coupon of 4.65% and a fixed coupon range from 4.0% to 5.0%. The 2013 Certificate proceeds were used entirely to refund the 2003 Certificates and pay the associated issuance costs. The principal outstanding at December 31, 2019 is $3,695,000.

2016 Certificates

On May 19, 2016, Certificates of Participation (2016 Certificates) were issued by the Agency in the amount of $24,840,000 with a reoffering net premium of $3,002,617 to advance refund a portion of the outstanding 2007 Certificates in the amount of $26,725,000 (originally issued to fund: 1) the construction of the Auburn Ravine Tunnel Pump Station, an addition to the water system in the amount of approximately $20 million, and 2) the rehabilitation of existing water system infrastructure including portions of the Boardman canal, Bowman canal siphon and other projects in the amount of approximately $13 million). The 2016 Certificates were issued with an average coupon of 3.536% and a fixed coupon range from 2.375% to 5.0%. The principal outstanding at December 31, 2019 is $23,230,000.

2018 Certificates

On April 4, 2018, Certificates of Participation (2018 Certificates) were issued by the Agency in the amount of $23,235,000 to refund the outstanding 2008 Certificates. The 2008 Certificate were issued entirely to refinance the 2005 Certificates (originally issued in 1998 to fund the Cross Basin Pipeline II), fund the $3.4 million debt service reserve, pay the termination cost of the interest rate swap and pay the associated issuance costs. The 2018 Certificates were issued with an average coupon 4.8% and a fixed coupon range from 4% - 6% over a twelve year period maturing July 2029. The principal outstanding at December 31, 2019 is $22,200,000.

Certificates of Participation Debt Covenants

The Certificates of Participation purchase contracts require the Agency to ensure that:

(1) the net water revenues shall be at least 120% of debt service on all outstanding contracts and bonds,
(2) the net water revenues shall be at least 100% of debt service on all outstanding contracts and bonds plus the obligation service for all outstanding obligations, and
(3) the certificates reserve requirements shall be met.

Pursuant to the Agency's rate covenant within the debt documents, in calculating net water revenue, no deduction for depreciation or amortization is to be made.
The following calculation indicates the Agency's compliance with these criteria for the year ended December 31, 2019.

Data related to Western Water System area (excluding Improvement Districts):

		2019
1.	Annual Debt Service Coverage	
	Net Water Revenues excluding Depreciation	$ 28,003,145
	Debt Service on Certificates and Other Parity Debt	$ 6,711,853
	Debt Service Coverage	4.17
2.	Obligation Service Coverage	
	Net Water Revenues excluding Depreciation as Adjusted by Water Purchases	$ 31,995,007
	Obligation Service	$ 11,293,853
	Obligation Service Coverage	2.83
3.	Certificate Reserve Requirement	
	Minimum Reserve Requirement	$ 263,404
	Reserves Held at Agency	95,139
	Actual Trustee Reserve Balance	1,704,654
	Total Reserve Balance	$ 1,799,793
	Reserve Requirement Coverage	6.83

Loans Payable

California Department of Health Services Loan – Auburn Water Treatment Plant

In 2007, the Agency entered into a loan agreement with the Department of Health Services in an amount not to exceed $20,000,000. The purpose of the loan was to finance the upgrades to the Auburn Water Treatment Plant. The principal and interest are payable from Water System revenue. The principal outstanding at December 31, 2019 is $10,636,191.

California Department of Health Services Loan – Electric Street

In 2012, the Agency entered into a loan agreement with the Department of Health Services in an amount not to exceed $7,801,000. The purpose of the loan was to finance the upgrades to the Electric Street Water Tank. The principal and interest are payable from Water System revenue. The principal outstanding at December 31, 2019 is $6,344,025.

Improvement District Debt

From time to time, in order to finance water system construction and improvements, property owners have formed improvement districts. Upon request and approval of the affected property owners, which are deemed to benefit from the improvements, the properties are issued special assessment warrants and special assessments are levied. The warrants are the responsibility of the individual improvement district and the principal and interest are payable solely from the property assessments levied.

The following summarizes the individual improvement districts with debt outstanding and warrants payable balances at December 31, 2019:

Improvement District No. 10 (Aguilar Road)

In 1977, warrants totaling $77,400 were issued for the purpose of financing the installation of pipeline, fire hydrants and other facilities on Aguilar Road. Final maturity of the warrants was July 1998. However, not all warrants have been presented for payment, and therefore, these unpresented amounts are carried as a liability in the financial statements. The unpresented and outstanding warrants principal balance at December 31, 2019 is $1,134.

Improvement District No. 11 (Lakeshore)

In 1978, warrants totaling $187,044 were issued for the purpose of financing improvements to Lakeshore Mutual Water Company's water system. Final maturity of the warrants was July 1989. However, not all warrants have been presented for payment, and therefore, these unpresented amounts are carried as a liability in the financial statements. The unpresented and outstanding warrants principal balance at December 31, 2019 is $1,195.

Debt Service Requirements

As of December 31, 2019, annual debt service requirements (excluding matured debt and compensated absences) to maturity are as follows:

Year Ending	Certificates of Participation		Loans Payable	
December 31:	Principal	Interest	Principal	Interest
2020	$ 2,800,000	2,094,044	1,359,138	382,194
2021	2,960,000	1,944,644	1,390,511	350,821
2022	3,095,000	1,793,269	1,422,608	318,724
2023	3,250,000	1,634,644	1,455,446	285,885
2024	3,575,000	1,464,019	1,489,042	252,289
2025-2029	21,020,000	4,368,394	7,350,781	729,724
2030-2034	7,450,000	1,234,253	2,270,961	174,169
2035-2037	4,975,000	224,713	241,729	2,784
	$ 49,125,000	14,757,980	16,980,216	2,496,590

Future Water Revenues Pledged

The pledge of future Water Revenues ends upon repayment of the Senior, Second Senior, and Parity long-term debt obligations with remaining debt service as of December 31, 2019, totaling $83.3 million as follows:

- Second Senior obligations with remaining debt service totaling $63.8 million for the 2013, 2016 and 2018 Certifications of Participation, which is scheduled to be repaid in 2037.

- Parity debt obligations with remaining debt service totaling $19.5 million for the Auburn Water Treatment Plant and Electric Street Tank State Revolving Fund (SRF) loans with the State Water Resources Control Board, which is scheduled to be repaid in 2035.

For fiscal year 2019, Water Fund Revenues including operating and non-operating revenues amounted to $71.9 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to $40.2 million represented coverage of 4.73 over the $6.7 million in debt service.

Operating Leases

The Agency has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements as of December 31, 2019, are as follows:

Year Ending December 31,	Lease Payments
2020	$ 57,114
2021	39,025
2022	8,708
2023	397
	$ 105,244

Total costs of such leases were $65,617 for the year ended December 31, 2019.

5. Restricted Net Position

As of December 31, 2019 the Agency, including improvement districts, had the following restrictions to net position:

Agency Wide Division:	
IRS Section 125 – Reserve for employees Section 125 account	$ 13,414
Water Resource Development – Restricted for Water Resource Development Fund Activities	462,665
Total Agency Wide	476,079
Water Division:	
Water Connection Charges – Restricted for Water System Expansion	57,168,566
Improvement Districts – Restricted for Debt Service	61,783
Cash and Investments – Restricted for Specific Purposes	355,148
Total Water	57,585,497
Total All Funds – Restricted Net Position	$ 58,061,576

6. Water Supply Contracts

The Agency obtains its water supply from several sources:

- Up to 100,400 acre-feet (AF) of water per year from its Western Water Supply contract with PG&E, which is almost exclusively gravity fed;
- Up to 25,000 AF of water per year from its Zone 3 Water Supply contract with PG&E, which is gravity fed;
- Up to 120,000 AF of water per year from appropriated water rights developed through construction of the Agency's 1963 Middle Fork Project, which is gravity fed and pumped;
- Up to 35,000 AF of water per year from the U.S. Bureau of Reclamation's Central Valley Project pursuant to a 1970 contract, amended in 2011. The Agency has never drawn on this source.
- Up to 2,000 AF of water per year from wells in Western Placer County.

Western PG&E Water Supply Contract (Formerly Zone 1)

The Western Water Supply is from PG&E pursuant to the 1968 Zone 1 Water Supply contract under which water is provided to the Agency from the Yuba and Bear Rivers through PG&E's Drum-Spaulding Project. The Drum-Spaulding Project consists of several reservoirs and a series of canals, tunnels and hydroelectric generation facilities. Nearly all of the water the Agency delivers to its treated and untreated water customers in the lower Zone 6 comes from PG&E.

The Western Water Supply contract was originally executed on June 18, 1968 with PG&E and allowed the Agency to take delivery of up to a maximum of 100,400 AF per year from specified diversion points along the canal system at prices ranging from $1.45 to $3.93 per AF. The Agency and PG&E approved an agreement that extended the term of the 1968 agreement at a new price of $30 per AF effective January 1, 2014 and $40 per AF effective January 1, 2015. The agreement contains an annual price escalator based on the Consumer Price Index. In 2019, the price for this water was $43.65 per AF.

On January 29, 2019 PG&E Corporation and its primary operating subsidiary, Pacific Gas and Electric Company, filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of California.

PG&E owns and operates the Drum Spaulding Project which is a complex array of gold rush mining canals, reservoirs, and hydroelectric facilities that has been in operation since the late 1800's. As the water supply contracts are long term contracts with many years of providing water to Placer County residents, the Agency does not believe there would be an interruption in water supply and is actively monitoring the bankruptcy case to protect the Agency's best interest.

Zone 3 PG&E Water Supply Contract

In 1982, the Agency entered into its Zone 3 Water Supply contract with PG&E to acquire treated and untreated water systems serving the portion of upper Placer County that is adjacent to Interstate 80 from Alta, down through Colfax, to the Eastern boundary of Zone 1, just above Auburn. Along with the acquired treated and untreated water systems, the Agency acquired the right to purchase up to 25,000 AF annually from PG&E for use within Zone 3. This water, like the Western PG&E Water Supply contract, is sourced from PG&E's Drum-Spaulding Project.

Deliveries to the Agency under the Zone 3 Water Supply contract are made at Alta Tailrace and Alta Forebay. The Agency incurs no charge for deliveries made available by PG&E of 13,000 AF or less in any water year. For water deliveries of more than 13,000 AF, the water price is set by the California Public Utilities Commission.

Under the Zone 3 Water Supply contract, the Agency receives conservation credits for operating the Zone 3 system to conserve water and decrease delivery requirements below 11,000 AF per year. The Agency has not yet exceeded delivery of 13,000 AF in any water year and has, therefore, incurred no charge for deliveries under the contract.

Middle Fork Project Water Rights

In addition to the two PG&E water supply contracts, the Agency has up to 120,000 AF of water available annually from appropriated water rights developed through the construction of the 1963 Middle Fork

Project on the American River. The Middle Fork Project consist of two storage reservoirs and five diversion dams, five power plants, diversion and water transmission facilities, five tunnels and related facilities. Middle Fork Project water can be diverted into the western water system through the American River Pump Station to Auburn tunnel and from Folsom Reservoir. In addition to serving the western water system, this source can be sold to out of county water purveyors pursuant to a 2000 Water Forum Agreement.

7. Defined Benefit Pension Plan

Plan Description

The Agency contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS' annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, California 95814.

All qualified permanent and probationary employees are eligible to participate in the Local Government's Miscellaneous Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirements and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

The Public Employees' Pension Reform Act (PEPRA) of 2013 was created with the passing of Assembly Bill 340 (AB 340) signed by the Governor in September 2012. PEPRA implemented new benefit formulas, final compensation period and new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of "new member" under this bill.

Funding Policy

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by CalPERS. The Agency currently makes a portion of the contributions required of Agency "Classic" employees on their behalf and for their account. The contribution rates below are set by statute and therefore, generally remain unchanged from year to year. The present actuarially determined rates of annual covered payroll are as follows:

Category	Classic Member Rates as a Percentage of Wages	PEPRA Member Rates as a Percentage of Wages
Local miscellaneous members	8.00%	6.25%

The table below reflects the Plans' provision and benefits in accordance with PEPRA at June 30, 2019, are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 year service	5 year service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	23.71%	23.71%

Employees Covered

As of the June 30, 2019 measurement date, the following employees were covered by the benefit terms for each Plan:

Active employees	222
Inactive employees or beneficiaries currently receiving benefits	191
Inactive employees entitled to but not yet receiving benefits	65
Total	478

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds

Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

[1]The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation shown was adopted by CalPERS' Board of Administration effective on July 1, 2019.

Asset Class[1]	Current Target Allocation (as of 6/30/2019)	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	-	-0.92

[1]In CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in the Short-term Investments; Inflation Assets are included in both Global EquitySecurities and Global Debt Securities.
[2]An expected inflation of 2.0% used for this period
[3]An expected inflation of 2.92% used for this period

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: June 30, 2018	$ 133,426,612	90,090,745	43,335,867
Changes recognized for the measurement period:			
Service Cost	3,473,305	-	3,473,305
Interest on the Total Pension Liability	9,547,912	-	9,547,912
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	1,605,709	-	1,605,709
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	5,184,737	(5,184,737)
Contributions - Employees	-	1,381,037	(1,381,037)
Net Investment Income	-	5,998,505	(5,998,505)
Benefit Payment, including Refunds of Employee Contributions	(6,463,502)	(6,463,502)	-
Administrative Expense	-	(64,291)	64,291
Other Miscellaneous Income/(Expense)	-	209	(209)
Net Changes	8,163,424	6,036,695	2,126,729
Balance at June 30, 2019 *(Measurement Date June 30, 2019)*	$ 141,590,036	96,127,440	45,462,596

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate		
	1% Decrease (6.15%)	Current Rate (7.15%)	1% Increase (8.15%)
Plan's Net Pension Liability/ (Asset)	$64,101,703	45,462,596	29,994,392

Recognition of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 years straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the measurement period ending June 30, 2019 is 4.7 years, which was obtained by dividing the total service years of 2,259 (the sum of remaining service lifetimes of the active employees) by 478 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2019 (measurement date), the Agency recognized a pension expense of $7,268,595 for the Plan.

As of December 31, 2019, the Agency reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 4,650,027	-
Changes of Assumption	2,221,504	(483,768)
Differences between Expected and Actual Experience	1,268,519	(231,152)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(652,993)
Total	$ 8,140,050	(1,367,913)

The $4,650,027 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	$ 1,849,463
2021	(94,885)
2022	42,235
2023	325,297
2024	-
Thereafter	-

8. Other Post-Employment Benefits

Plan Description

In addition to retirement benefits, the Agency provides other post-employment benefits (OPEB). The Placer County Water Agency Retiree Healthcare Plan (the Plan) is an agent multiple-employer defined benefit retiree healthcare plan. The plan provides healthcare benefits (medical) to certain employees who retire directly from the Agency on or after age 50 with at least five years of service, or retire for disability in accordance with State statutes and with various Agency Employee Associations' Memoranda of Understanding (MOU). On June 5, 2008, the Agency's Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB.

CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of Agency's Board of Directors.

Benefits Provided

The Agency provides retiree medical benefits through the California Public Employees' Retirement System healthcare program.

Employees hired before January 1, 2010 must have a minimum of five years of service with the Agency and/or other CalPERS member agencies. The Agency's contribution amount increases annually by 5% of the active employee health insurance premium cap or $100, whichever is less, until 100% of the active employee health insurance premium cap is reached.

Employees hired on or after January 1, 2010 must have a minimum of ten years of CalPERS service, of which a minimum of five years must be service with the Agency. The Agency's contribution amount starts at 50% (of CalPERS premium) at 10 years, thereafter, the percentage of contribution increases by 5% each additional year of Agency service through year 20 at which point it reaches 100%.

Based on Memoranda of Understanding between the Agency and the employees' union, retirees may purchase health coverage with unused sick leave. The cost to the Agency for the year ended December 31, 2019 was $8,149. The Agency also provides health care benefits to its retirees through CalPERS. The cost to the Agency in the year ended December 31, 2019 was $1,095,079.

Funding Policy

The Agency's policy is to prefund these benefits by accumulating assets in CERBT discussed above pursuant to Agency Board Resolution. The contribution requirements of the plan members and the Agency are established by and may be amended by the Agency. The Agency prefunds plan benefits through the CERBT by contributing at least 100 percent of the Actuarially Determined Contribution (ADC).

Employees Covered

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	222
Inactive employees or beneficiaries currently receiving	124
Inactive employees entitled to but not yet receiving benefits	25
Total	371

Contribution Description

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2019, the Agency's cash contributions were $1,033,200 in benefit payments, $849,195 in payments to the trust, $1,384 in Administrative expenses, and the estimated implied subsidy was $217,500 resulting in total payments of $2,101,279.

Actuarial Methods and Assumptions used to determine Total OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	6.25%, assuming actuarially determined contributions funded into CERBT Investment Strategy 2
Mortality Rate[(1)]	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover[(2)]	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Based on recent premium experience assuming 6.3%-7.5% increase due to market trends then reduced to a rate reflecting medical price inflation

Notes:

[(1)] Post-retirement mortality projected fully generational with Scale MP-2018

[(2)] The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 1997 to 2015 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Strategy 2	
Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	40.0%	4.82%
Fixed Income	43.0%	1.47%
TIPS	5.0%	1.29%
Commodities	4.0%	0.84%
REITs	8.0%	3.76%
Total	100%	

Assumed long-term rate of inflation is 2.75%
Long-term expected rate of return is 6.25%

Changes in Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	$32,439,328	21,165,283	11,274,045
Changes recognized for the measurement period:			
Service cost	1,472,138	-	1,472,138
Interest	2,080,383	-	2,080,383
Differences between Expected and Actual Experience	(806,478)	-	(806,478)
Changes of assumptions	(493,749)	-	(493,749)
Contributions - employer	-	2,101,279	(2,101,279)
Net investment income	-	1,539,224	(1,539,224)
Benefit payments	(1,250,700)	(1,250,700)	-
Administrative expense	-	(6,022)	6,022
Net Changes	1,001,594	2,383,781	(1,382,187)
Balance at June 30, 2019 *(Measurement Date June 30, 2019)*	$33,440,922	23,549,064	9,891,858

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Discount Rate		
	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	$14,833,778	9,891,858	5,877,554

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Agency if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$5,805,879	9,891,858	14,904,216

OPEB Plan Fiduciary Net Position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the measurement period ended June 30, 2019 (measurement date), the Agency recognized OPEB expense of $2,242,353. As of December 31, 2019, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Contributions subsequent to measurement date	$ 1,042,126	-
Changes of Assumption	1,415,928	417,788
Differences between Expected and Actual Experience	-	682,404
Net Difference between Projected and Actual Earnings on Plan Investments	-	289,542
Total	$ 2,458,054	1,389,734

The $1,042,126 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	$ 30,909
2021	30,909
2022	30,910
2023	76,190
2024	(42,707)
Thereafter	(100,017)

9. Risk Management

The Agency has various operating exposures not limited to legal liability, tortious acts, injury to employees, and loss to physical property. In response to these exposures the Agency purchases insurance through a broker. The Agency carries Commercial Property, Boiler & Machinery and Business Interruption Coverage with scheduled and varying limits and deductibles. There are various other policies covering Public Officials, Crime, Cyber Liability, Pollution and other exposures. The Agency is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA), and participates in the property program for the Water Division while the Power Division purchases property coverage through a broker.
Coverage includes but is not limited to:

Coverage	Deductible
Workers' Compensation	$100,000 (SIR)
Water CGL/Auto	$10,000/$1,000
Power CGL/Auto	$10,000/$1,000
Excess	Underlying policies
Water Property	$10,000
Power Property	$1,000,000

For Worker's Compensation, the Agency is self-insured and retains the risk for the first $100,000 of a claim. Excess insurance coverage is purchased to cover claims in excess of $100,000 up to the statutory limit set by the State of California.

The change in the Workers' Compensation claims liability, including claims incurred but not reported is based on an independent actuarial study prepared annually and was computed as follows:

	2019	2018
Claims liability, beginning of the year	$ 217,251	204,163
Current year claims	173,300	129,818
Change in prior year claims	(121,238)	(31,716)
Claims paid, current year claims	(3,216)	(8,851)
Claims paid, prior year claims	(23,033)	(76,163)
Claims liability, end of the year	$ 243,064	217,251

The Agency has no additional liability accrued at December 31, 2019 based upon the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the loss can be reasonably estimated. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

10. Joint Powers

Association of California Water Agencies – Joint Power Insurance Authorities

As discussed in Note 8, the Agency is a member of the Association of California Water Agencies – Joint Power Insurance Authority (JPIA). The JPIA's members have pooled funds to be self-insured for liability, property, underground storage tanks (UST), pollution liability, and workers compensation insurance. Placer County Water Agency is one of 370 member districts and participates in the crime, cyber liability and property program. Complete audited financial statements can be obtained at the JPIA's Office at 2100 Professional Drive, Roseville, California 95661-3700.

Middle Fork Project Finance Authority

On January 10, 2006, the Agency entered into a Joint Powers Agreement (JPA) with the County. The agreement called for the formation of the "Middle Fork Project Finance Authority" (MFPFA) with the purpose to establish a joint organization to serve the mutual interests of the Agency and the County, exclusively, to provide for the financing of studies, programs, procedures, projects, services, improvements, modifications, and other costs that may be required to obtain a new Federal Energy Regulatory Commission (FERC) license or which may be completed under the current or subsequent FERC license of the Middle Fork Hydroelectric Project by the Agency, to approve Future Electrical Energy Sales, and to distribute revenues from Future Electrical Energy Sales. In March 2006, the MFPFA issued the MFPFA Revenue Bond, Series 2006 (Bond) in the amount of $100 million to provide funds for relicensing costs and related expenses. Payment of principal and interest on the Bond commenced on October 1, 2015 from Middle Fork Project (Project) hydroelectric revenue received by the MFPFA. The Bond is secured by a pledge of Middle Fork Project hydroelectric revenue received and matures on April 1, 2036.

On May 1, 2013, the MFPFA began receiving electrical energy revenues and reimbursed the Agency's expenses related to the Project pursuant to the JPA. Power generation is sold directly to the CAISO market and energy products are sold through bilateral contracts.

Complete audited MFPFA financial statements are available at the Agency's finance office.

11. Construction Commitments

At December 31, 2019 the Agency had ongoing construction commitments that totaled approximately $42.3 million.

12. Due To/ Due From Balances

Current due to/due from balances, which are expected to be repaid shortly after year end, are only used to cover negative cash balances within the Power Division due to the timing of reimbursements from the Middle Fork Project Finance Authority discussed in Note 9. As of December 31, 2019 the balance due from the Power Division to Agency Wide fund totals $35,000.

13. Subsequent Events

On March 17, 2020, the Middle Fork Project Finance Authority (note 9) issued Revenue Bonds in the amount of $64,280,000 to refund the outstanding 2006 Bonds in the amount of $71,028,393. With the issuance of the 2020 Revenue Bonds, there are new debt covenants that change the allocation of the Authority's revenues, establish a debt service reserve fund, and restrict a portion of the Authority's Operational Reserve. As the owner and operator of the Middle Fork Project, the Agency is integral to assuring the MFP's operations generate sufficient revenue for the Authority to pay the annual debt service obligations, therefore the Bond Indenture includes covenants of the Agency to protect the source of revenues for the Authority's bond debt service. A summary of the Agency covenants in the indenture are as follows:

- Compliance with Laws and Preservation of Rights
- Not to Amend the JPA that would impair the Authority's right to revenue
- Maintain the power sales agreement with the CAISO
- Not to sell or dispose of property that would adversely impact revenue
- Maintain the system in good working order
- Pay lawful claims to prevent liens and compliance with contracts
- Payment of taxes and compliance with governmental regulations
- Maintain insurance and application of net insurance proceeds

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Agency could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Agency has not included any contingencies in the financial statements specific to this issue.

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Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period

Measurement Period	2018-19
TOTAL PENSION LIABILITY:	
Service Cost	$ 3,473,305
Interest on Total Pension Liability	9,547,912
Changes of Benefit Terms	-
Changes of Assumptions	-
Difference between Expected and Actual Experience	1,605,709
Benefit Payments, Including Refunds of Employee Contributions	(6,463,502)
Net Change in Total Pension Liability	8,163,424
Total Pension Liability - Beginning	133,426,612
Total Pension Liability - Ending (a)	$ 141,590,036
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	$ 5,184,737
Contributions - Employee	1,381,037
Net Investment Income	5,998,505
Other Miscellaneous Income/(Expense)	209
Benefit Payments, Including Refunds of Employee Contributions	(6,463,502)
Plan to Plan Resource Movement	-
Administrative Expense	(64,291)
Other Changes in Net Fiduciary Position	-
Net Change in Fiduciary Net Position	6,036,695
Plan Fiduciary Net Position - Beginning	90,090,745
Plan Fiduciary Net Postion - Ending (b)	96,127,440
Plan Net Pension Liability / (Asset) - (a)-(b)	$ 45,462,596
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.89%
Covered Payroll	$ 18,915,720
Plan Net Pension Liability as a Percentage of Covered Payroll	240.34%

Notes to Schedule:

Information is not available for 10 years

Benefit Changes: There were no changes to benefit terms specific to the plan.

Changes of Assumptions: In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

2017-18	2016-17	2015-16	2014-15	2013-14
3,420,889	3,196,693	2,753,244	2,727,255	2,703,998
8,983,417	8,594,906	8,234,673	7,786,985	7,347,629
-	-	-	-	-
(842,114)	6,981,865	-	(1,854,615)	-
(103,164)	(540,219)	63,758	(112,172)	-
(5,818,876)	(5,230,553)	(4,940,624)	(4,537,117)	(4,011,255)
5,640,152	13,002,692	6,111,051	4,010,336	6,040,372
127,786,460	114,783,768	108,672,717	104,662,381	98,622,009
133,426,612	127,786,460	114,783,768	108,672,717	104,662,381
4,433,239	3,822,897	3,176,715	3,189,090	3,000,001
1,429,799	1,331,106	1,254,392	1,248,234	1,189,123
7,152,582	8,640,140	390,175	1,664,520	10,912,046
(246,413)	-	-	-	-
(5,818,876)	(5,230,553)	(4,940,624)	(4,537,117)	(4,011,255)
(209)	-	153	-	-
(129,758)	(110,463)	(45,698)	(84,405)	-
-	-	-	-	-
6,820,364	8,453,127	(164,887)	1,480,322	11,089,915
83,270,381	74,817,254	74,982,141	73,501,819	62,411,904
90,090,745	83,270,381	74,817,254	74,982,141	73,501,819
43,335,867	44,516,079	39,966,514	33,690,576	31,160,562
67.52%	65.16%	65.18%	69.00%	70.23%
18,056,950	16,837,108	15,869,756	15,428,271	14,590,176
240.00%	264.39%	251.84%	218.37%	213.57%

Schedule of Plan Contributions – Pension:

December 31,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 3,305,299	(3,305,299)	-	14,865,262	22.24%
2016	3,259,379	(3,528,582)	(269,203)	16,023,920	22.02%
2017	2,931,282	(2,931,282)	-	17,251,944	16.99%
2018	4,334,933	(4,941,050)	(606,117)	18,586,388	26.58%
2019	4,997,389	(5,514,486)	(517,097)	19,078,704	28.90%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended December 31, 2019 were from the June 30, 2016 and June 30, 2017 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.25% - 7.50% Net Pension Plan Investment Expenses, including Inflation for the June 30, 2017 and June 30, 2016 actuarial valuation dates, respectively.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Schedule of Changes in Net OPEB Liability and Related Ratios during the Measurement Period

Measurement Period	2018-19	2017-18
TOTAL OPEB LIABILITY		
Service Cost	$ 1,472,138	$ 1,287,285
Interest on Total OPEB Liability	2,080,383	1,958,306
Actual and Expected Experience Difference	(806,478)	-
Changes of Assumptions	(493,749)	2,045,228
Changes of Benefit Terms	-	-
Benefit Payments	(1,250,700)	(1,152,312)
Net Change in Total OPEB Liability	1,001,594	4,138,507
Total OPEB Liability - Beginning	32,439,328	28,300,821
Total OPEB Liability - Ending (a)	$ 33,440,922	$ 32,439,328
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	$ 2,101,279	$ 2,259,506
Net Investment Income	1,539,224	1,516,502
Benefit Payments	(1,250,700)	(1,152,312)
Administrative Expense	(6,022)	(34,757)
Net Change In Plan Fiduciary Net Position	2,383,781	2,588,939
Plan Fiduciary Net Position - Beginning	21,165,283	18,576,344
Plan Fiduciary Net Position - Ending (b)	$ 23,549,064	$ 21,165,283
Net OPEB Liability - Ending (a)-(b)	$ 9,891,858	$ 11,274,045
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	70.42%	65.25%
Covered-Employee payroll	$ 20,451,705	$ 19,683,606
Net OPEB Liability as a Percentage of Covered-Employee Payroll	48.37%	57.28%

Notes to Schedule:

Information is not available for 10 years.

Changes of Assumptions: Demographic assumptions were updated to CalPERS 1997-2015 Experience Study. Mortality improvement scale was updated to Scale MP-2018. Actuarial methodology for Tier 2 benefits slightly updated.

Schedule of Plan Contributions – OPEB:

December 31,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 2,030,000	(2,132,566)	(102,566)	20,291,718	10.51%
2019	2,088,000	(2,153,396)	(65,396)	20,596,588	10.46%

Information is not available for 10 years

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contribution for the year ended December 31, 2019 were from the June 30, 2017 public agency valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, Level Percentage of pay
Amortization Method/Period	Level percent of pay
Amortization Period	Approximately 18.5-year remaining as of 2019
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2016

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PLACER COUNTY WATER AGENCY

Combining Schedule of Net Position

December 31, 2019

ASSETS	Agency Wide	Power Division	Water Division	Adjustments	Total
Current assets:					
Cash and cash equivalents	$ 1,588,172	4,669	5,065,868	-	6,658,709
Restricted cash and cash equivalents	38,294	-	3,096,671	-	3,134,965
Restricted cash and cash equivalents with fiscal agents	-	-	2,777,316	-	2,777,316
Investments	13,211,394	-	68,186,610	-	81,398,004
Water service receivable, net	-	-	7,725,655	-	7,725,655
Accounts receivable	118,879	2,952,883	720,074	-	3,791,836
Interest receivable	392,840	-	580,404	-	973,244
Taxes receivable	1,104,627	-	-	-	1,104,627
Materials and supplies	21,205	-	892,219	-	913,424
Due from other funds	35,000	-	-	(35,000)	-
Prepaid expenses	591,504	864,710	983,205	-	2,439,419
Total current assets	17,101,915	3,822,262	90,028,022	(35,000)	110,917,199
Non-current assets:					
Investments	14,733,979	-	21,270,300	-	36,004,279
Restricted investments	437,785	-	54,488,826	-	54,926,611
Notes receivable	-	-	59,151	-	59,151
Capital assets, not depreciable	12,823,265	64,145,290	31,003,190	-	107,971,745
Capital assets, net of depreciation	9,148,327	126,062,390	411,967,126	-	547,177,843
Total non-current assets	37,143,356	190,207,680	518,788,593	-	746,139,629
Total assets	54,245,271	194,029,942	608,816,615	(35,000)	857,056,828
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow - pension contributions	837,005	1,023,005	2,790,017	-	4,650,027
Deferred outflow - pension actuarial	628,204	767,806	2,094,013	-	3,490,023
Deferred outflow - OPEB contributions	625,276	291,795	125,055	-	1,042,126
Deferred outflow - OPEB actuarial	849,557	3,171	563,200	-	1,415,928
Deferred charges on refunding	-	-	2,224,227	-	2,224,227
Total deferred outflows	2,940,042	2,085,777	7,796,512	-	12,822,331

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY
Combining Schedule of Net Position
December 31, 2019

LIABILITIES AND NET POSITION	Agency Wide	Power Division	Water Division	Adjustments	Total
Current liabilities:					
Accounts payable	389,827	2,289,120	4,077,094	-	6,756,041
Accrued salaries and benefits	316,968	294,400	908,865	-	1,520,233
Interest payable	-	-	1,146,193	-	1,146,193
Deposits	-	-	1,429,373	-	1,429,373
Current portion of long-term liabilities	-	-	4,159,138	-	4,159,138
Compensated absences payable, current portion	816,539	811,973	2,323,422	-	3,951,934
Due to other funds	-	35,000	-	(35,000)	-
Total current liabilities	1,523,334	3,430,493	14,044,085	(35,000)	18,962,912
Non-current liabilities:					
Certificates of participation, net of premiums/discounts	-	-	51,762,686	-	51,762,686
Loans payable	-	-	15,621,078	-	15,621,078
Improvement district debt	-	-	2,329	-	2,329
Compensated absences payable	557,204	407,578	1,334,171	-	2,298,953
Net pension liability	8,183,267	10,001,771	27,277,558	-	45,462,596
Net OPEB liability	5,935,114	1,187,022	2,769,722	-	9,891,858
Total non-current liabilities	14,675,585	11,596,371	98,767,544	-	125,039,500
Total liabilities	16,198,919	15,026,864	112,811,629	(35,000)	144,002,412
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension actuarial	246,224	300,941	820,748	-	1,367,913
Deferred inflows - OPEB actuarial	833,841	166,768	389,125	-	1,389,734
Total deferred inflows	1,080,065	467,709	1,209,873	-	2,757,647
NET POSITION					
Net investment in capital assets	21,971,592	190,207,680	376,428,959	-	588,608,231
Restricted:					
Water system expansion	-	-	57,168,566	-	57,168,566
Other	476,079	-	416,931	-	893,010
Total restricted net position	476,079	-	57,585,497	-	58,061,576
Unrestricted	17,458,658	(9,586,534)	68,577,169	-	76,449,293
Total net position	$ 39,906,329	180,621,146	502,591,625	-	723,119,100

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Combining Schedule of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2019

	Agency Wide	Power Division	Water Division	Total
OPERATING REVENUES				
Water sales	$ 1,339,457	-	39,026,740	40,366,197
Power sales	-	33,362,891	75,624	33,438,515
Renewal and replacement charges	-	-	14,055,878	14,055,878
Engineer charges	-	-	828,159	828,159
Customer service charges	-	-	842,105	842,105
Other revenue	86,170	2,672	11,615	100,457
Total operating revenues	1,425,627	33,365,563	54,840,121	89,631,311
OPERATING EXPENSES				
Purchased water	-	-	3,991,862	3,991,862
Operations administration	-	3,694,048	1,142,520	4,836,568
Pumping plants and wells	-	-	517,618	517,618
Water treatment	-	-	8,664,994	8,664,994
Electrical operations	-	6,530,483	-	6,530,483
Transmission and distribution of treated water	-	-	3,600,970	3,600,970
Transmission and distribution of raw water	-	-	4,317,585	4,317,585
Customer service and collections	-	-	4,759,128	4,759,128
Repairs and maintenance	-	2,712,050	-	2,712,050
Recreation	-	2,296,433	-	2,296,433
Automotive and equipment	-	-	1,085,973	1,085,973
Engineering	-	1,541,926	4,826,065	6,367,991
General and administrative	1,136,134	5,763,774	7,245,844	14,145,752
Energy marketing	-	1,521,093	-	1,521,093
Depreciation	915,671	4,881,379	18,412,182	24,209,232
Total operating expenses	2,051,805	28,941,186	58,564,741	89,557,732
Operating income (loss)	(626,178)	4,424,377	(3,724,620)	73,579

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Combining Schedule of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2019

	Agency Wide	Power Division	Water Division	Total
NON-OPERATING REVENUES (EXPENSES)				
Water connection charges	-	-	7,690,159	7,690,159
Costs recovered from other agencies	72,418	506,850	249,783	829,051
Investment income	1,500,264	-	4,670,517	6,170,781
Property taxes and assessments	1,140,713	-	7,192	1,147,905
Gain (loss) on disposal of assets	-	31,920	164,150	196,070
Program grant revenue	-	-	461,508	461,508
Interest expense	-	-	(2,143,940)	(2,143,940)
Rental income	634,000	1,920	242,145	878,065
Other income (expense)	(74,637)	11,749	(169,871)	(232,759)
Total non-operating revenues (expenses)	3,272,758	552,439	11,171,643	14,996,840
Net income before capital contributions	2,646,580	4,976,816	7,447,023	15,070,419
CAPITAL CONTRIBUTIONS				
Capital contributions	-	-	5,321,018	5,321,018
Transfers in	-	-	125,000	125,000
Transfers out	(125,000)	-	-	(125,000)
Increase in net position	2,521,580	4,976,816	12,893,041	20,391,437
Net position, beginning of year	37,384,749	175,644,330	489,698,584	702,727,663
Net position, end of year	$ 39,906,329	180,621,146	502,591,625	723,119,100

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY
Combining Schedule of Cash Flows
For the year ended December 31, 2019

	Agency Wide	Power Division	Water Division	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,383,172	34,035,362	53,651,519	89,070,053
Cash paid to suppliers for goods and services	(2,970,279)	(12,517,034)	(14,338,519)	(29,825,832)
Cash paid to employees for services	(7,301,890)	(7,560,752)	(19,722,001)	(34,584,643)
Cash received (paid) for service level support	9,977,104	(6,592,276)	(3,384,828)	-
Net cash provided by (used for) operating activities	1,088,107	7,365,300	16,206,171	24,659,578
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property taxes and assessments	1,140,713	-	7,192	1,147,905
Costs recovered from other agencies	72,418	506,850	249,783	829,051
Program grant revenue	-	-	461,508	461,508
Transfers in	-	-	125,000	125,000
Transfers out	(125,000)	-	-	(125,000)
Due to/from funds	1,215,000	(1,215,000)	-	-
Net cash provided by (used for) non-capital financing activities	2,303,131	(708,150)	843,483	2,438,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(822,430)	(6,763,728)	(12,569,249)	(20,155,407)
Proceeds from disposal of capital assets	-	31,920	164,150	196,070
Principal payment on debt	-	-	(4,008,472)	(4,008,472)
Interest payment on debt	-	-	(2,739,445)	(2,739,445)
Water connection charges	-	-	7,698,628	7,698,628
Net cash provided by (used for) capital and related financing activities	(822,430)	(6,731,808)	(11,454,388)	(19,008,626)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(8,525,975)	-	(44,006,218)	(52,532,193)
Proceeds from maturity of investments	6,033,403	-	30,654,546	36,687,949
Investment income	1,035,454	-	2,376,035	3,411,489
Net cash flows from investing activities	(1,457,118)	-	(10,975,637)	(12,432,755)
Net increase (decrease) in cash and cash equivalents	1,111,690	(74,658)	(5,380,371)	(4,343,339)
Cash and cash equivalents, beginning of year	9,913,338	79,327	57,059,102	67,051,767
Cash and cash equivalents, end of year	$ 11,025,028	4,669	51,678,731	62,708,428

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Combining Schedule of Cash Flows

For the year ended December 31, 2019

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	Agency Wide	Power Division	Water Division	Total
Operating income (loss)	$ (626,178)	4,424,377	(3,724,620)	73,579
Adjustments to reconcile operating income (loss) to cash flows provided by (used for) operating activities				
Depreciation	915,671	4,881,379	18,412,182	24,209,232
Other non-operating income	559,363	13,669	72,274	645,306
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(42,455)	669,799	(1,070,028)	(442,684)
(Increase) decrease in materials and supplies	5,821	-	(22,387)	(16,566)
(Increase) decrease in prepaid expense	(45,661)	(109,488)	(263,430)	(418,579)
(Increase) decrease in pension and OPEB deferred outflows	144,673	3,756	(3,095)	145,334
Increase (decrease) in accounts payable and other liablities	(89,312)	(3,103,517)	1,130,150	(2,062,679)
Increase (decrease) in salaries and benefits payable	(29,300)	117,720	510,197	598,617
Increase (decrease) in deposits	-	-	(118,574)	(118,574)
Increase (decrease) in net pension liability	(829,312)	(165,863)	(387,012)	(1,382,187)
(Increase) decrease in net OPEB liability	382,811	467,879	1,276,038	2,126,728
Increase (decrease) in pension and OPEB deferred inflows	741,986	165,589	394,476	1,302,051
Net cash provided by (used for) operating activities	$ 1,088,107	7,365,300	16,206,171	24,659,578
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	$ 1,588,172	4,669	5,065,868	6,658,709
Restricted cash and cash equivalents	38,294	-	3,096,671	3,134,965
Restricted cash and cash equivalents with fiscal agent	-	-	2,777,316	2,777,316
Investments	28,383,158	-	143,945,736	172,328,894
Less long-term investments	(18,984,596)	-	(103,206,860)	(122,191,456)
Total cash and cash equivalents	$ 11,025,028	4,669	51,678,731	62,708,428
Non-cash investing, capital and financing activities:				
Non-cash capital contributions	$ -	-	5,321,018	5,321,018
Change in fair value of investments	507,392	-	2,131,736	2,639,128

See accompanying notes to financial statements.

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Statistical Section

Water Facts

1 Cubic Foot	=	7.48 GAL
100 Cubic Feet	=	748 GAL
100 Cubic Feet	=	1CCF*
1 Acre Foot**	=	43,560 CF
1 Acre Foot**	=	325,851 GAL
1 CFS	=	448.8 GPM
1 CFS	=	646,272 GPD
1 CFS for 24 hours	=	1.98 AF
1 CFS for 30 days	=	59.5 AF
1 CFS for one year	=	724 AF
1 Gallon	=	8.34 Pounds
1 MGD	=	3.07 AF per day
1 MGD	=	1,120 AF per year
1 Miners' Inch	=	11.22 GPM
1 Miners' Inch	=	16,157 GPD
1 Miners' Inch	=	1.49 AF for 30 days
1 Miners' Inch	=	18.10 AF for 1 year

Abbreviations

AF	=	Acre foot	GAL	=	Gallon
CF	=	Cubic foot	GPD	=	Gallons per day
CCF	=	100 Cubic feet	GPM	=	Gallons per minute
CFS	=	Cubic foot per second	MGD	=	Million gallons per day

* The Agency bills per unit of measure, which is 100 cubic feet (unit).

** An acre-foot of water is enough to cover one acre of land one foot deep.

Statistical Section Table of Contents

This part of the Placer County Water Agency's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about PCWA's overall financial health.

Contents **Page**

PLACER COUNTY WATER AGENCY
TABLE # 1
Change in Net Position and Net Position by Component
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Change in Net Position:										
Operating Revenues	46,308,484	43,467,416	47,587,988	49,455,803	61,253,094	70,079,702	70,775,642	77,847,081	89,351,512	89,631,311
Operating Expenses	(52,127,835)	(54,617,252)	(59,850,342)	(64,690,945)	(71,664,167)	(78,618,612)	(81,521,453)	(85,273,692)	(86,677,312)	(89,557,732)
Operating Income (Loss) *(1)*	(5,819,351)	(11,149,836)	(12,262,354)	(15,235,142)	(10,411,073)	(8,538,910)	(10,745,811)	(7,426,611)	2,674,200	73,579
Non-Operating Revenues/(Expenses) *(2)*	18,497,345	26,180,907	13,356,401	16,611,819	31,844,824	4,623,612	14,033,403	3,786,555	14,517,019	14,996,840
Net Income Before Capital Contributions	12,677,994	15,031,071	1,094,047	1,376,677	21,433,751	(3,915,298)	3,287,592	(3,640,056)	17,191,219	15,070,419
Capital Contributions	330,288	5,712,459	3,240,922	3,156,000	14,265,424	7,221,675	7,018,306	532,360	3,543,879	5,321,018
Change in Net Position	13,008,282	20,743,530	4,334,969	4,532,677	35,699,175	3,306,377	10,305,898	(3,107,696)	20,735,098	20,391,437
Net Position, Beginning of Year *(3)*	634,235,960	647,244,242	667,987,772	669,644,964	674,177,641	709,876,816	683,478,649	693,784,547	690,676,851	702,727,663
Prior Period Adjustment *(3)*	-	-	(2,677,777)	-	-	(29,704,544)	-	-	(8,684,286)	-
Net Position, End of Year	647,244,242	667,987,772	669,644,964	674,177,641	709,876,816	683,478,649	693,784,547	690,676,851	702,727,663	723,119,100
Net Position by Component ***(3)*** **:**										
Net Investment in Capital Assets	490,317,700	517,953,059	532,923,095	540,136,120	556,981,900	547,553,264	555,449,325	567,458,132	582,868,954	588,608,231
Restricted	50,117,908	44,317,810	44,633,854	39,332,535	42,678,014	61,811,951	61,078,363	52,726,664	53,714,745	58,061,576
Unrestricted	106,808,634	105,716,903	92,088,015	94,708,986	110,216,902	74,113,434	77,256,859	70,492,055	66,143,964	76,449,293
Total Net Position	647,244,242	667,987,772	669,644,964	674,177,641	709,876,816	683,478,649	693,784,547	690,676,851	702,727,663	723,119,100

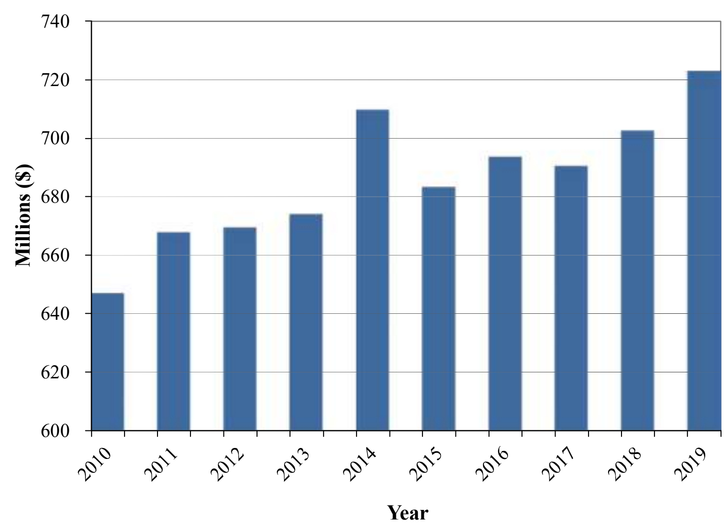
(1) The 2019 operating gain is attributable to a slight increase in operating revenue of $280,000 and an increase in operating expense of $2.9 million. Agency Wide operating revenue increased $1.4 million and the Water Division increased $2.1 million due to the 2019 adopted rate increase of 3.5% on fixed and renewal and replacement charges. Power Division operating revenue decreased $2.1 million with a decrease in power sales revenue which reflects reduced reimbursements from the Middle Fork Project Finance Authority due to significantly decreased Capital Project expenses during 2019. The increase in operating expenses is primarily due to the write-off of a capital project that has been determined to be impaired.

(2) Significant fluctuation in non-operating revenues/(expenses) stems from the variance in Water Connection Charge payments for new connections which is tied to actual development and one-time water sales to agencies outside Placer County. In 2015, non-operating revenues/(expenses) also included the Agency's Eastern Water System - Zone 4 transfer to Northstar Community Services District, specifically assets and cash totaling $23.7 million and $6 million, respectively.

(3) In 2013, the Agency restated the 2012 net position at the beginning of the year. The implementation of GASB 65 and the classification of bond issuance costs as expenses caused the 2012 beginning net position to be adjusted by $2,677,777. In 2015, with the implementation of GASB 68, the unfunded pension liability resulted in a prior period adjustment to net position for $29.7 million. In 2018, with the implementation of GASB 75, the net OPEB liability resulted in a prior period adjustment to net position for $8.7 million.

Source: Placer County Water Agency, Audited Financial Statements

CHART #1
Total Net Position



PLACER COUNTY WATER AGENCY
TABLE # 2
Revenues by Source
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Water Sales	31,754,113	30,500,851	32,709,967	34,491,580	34,187,459	30,961,345	34,217,098	36,686,798	38,782,230	40,366,197
Power Sales *(1)*	13,418,260	11,837,765	13,686,081	13,514,781	25,505,528	25,589,249	22,821,858	27,486,249	35,604,203	33,438,515
Renewal & Replacement Charge *(2)*	-	-	-	-	-	11,413,820	11,604,564	11,747,194	13,253,634	14,055,878
Raw Water Surcharge *(2)*	-	-	-	-	-	329,848	343,377	359,213	-	-
Reimbursements	62,600	65,104	73,108	-	-	-	-	-	-	-
Engineering Charges	332,079	329,803	395,443	733,383	716,213	816,141	864,592	674,039	821,097	828,159
Customer Service Charges	729,211	693,154	686,420	709,568	770,250	774,312	800,798	816,204	849,742	842,105
Other	12,221	40,739	36,969	6,491	73,644	194,987	123,355	77,384	40,606	100,457
Total Operating Revenues	46,308,484	43,467,416	47,587,988	49,455,803	61,253,094	70,079,702	70,775,642	77,847,081	89,351,512	89,631,311
Non-Operating Revenues										
Water Connection Charge	426,965	399,568	1,647,974	5,002,272	9,385,614	24,996,971	11,824,165	7,795,975	10,385,103	7,690,159
Renewal & Replacement Charge *(2)*	9,184,101	9,082,944	9,217,860	9,207,590	10,809,457	-	-	-	-	-
Mandated Costs Charge *(2)*	3,101	2,826	2,967	2,926	2,902	-	-	-	-	-
Raw Water Surcharge *(2)*	275,570	271,126	281,205	281,769	310,152	-	-	-	-	-
Water Sales *(3)*	-	-	200,000	3,350,000	11,750,000	6,000,000	-	-	-	-
Costs Recovered from Other Agencies *(4)*	12,981,345	17,902,116	4,427,360	1,625,139	630,355	253,377	355,314	1,159,664	659,222	829,051
Interest Earnings	2,140,973	1,642,919	1,132,295	969,930	1,015,465	1,066,989	1,379,608	1,836,632	2,729,395	-
Investment Income *(5)*	-	-	-	-	-	-	-	-	-	6,170,781
Property Taxes and Assessments	648,150	641,080	661,155	764,877	762,750	850,127	904,057	939,379	1,062,185	1,147,905
Amort. of (Discount)/Premium on Debt	-	-	-	(90,973)	(207,086)	138,765	369,364	367,825	829,889	804,886
Other *(6)*	(1,976,169)	1,110,336	408,691	(615,397)	1,096,869	(26,464,025)	2,243,786	(5,741,633)	1,411,656	497,998
Total Non-Operating Revenues	23,684,036	31,052,915	17,979,507	20,498,133	35,556,478	6,842,204	17,076,294	6,357,842	17,077,450	17,140,780
Total Revenues *(7)*	69,992,520	74,520,331	65,567,495	69,953,936	96,809,572	76,921,906	87,851,936	84,204,923	106,428,962	106,772,091

(1) From 1963 to April 2013, the Agency had a 50 year contract with Pacific Gas & Electric Company (PG&E) for the sale of all power generated at the Agency's Middle Fork power plants. Schedules related to Power Sales as an own-source revenue were not included in the Statistical Section as PG&E was the only power customer and power sales amount was a reimbursement of costs per the 1963 contract through April 30, 2013. Since May 1, 2013, the Agency has taken over responsibility for various Power functions previously performed by PG&E and power sales has since been a reimbursement of operating expenses from the Middle Fork Finance Authority.

(2) In 2015, Renewal & Replacement Charge and Raw Water Surcharge Revenues have been reclassified from non-operating to operating revenue, as they are considered customer charges (water rates) for use in providing cost of services. Beginning in 2018, the rate structure changed and Raw Water Surcharge is included in Renewal & Replacement charges.

(3) Non-operating Water Sales are one-time water sales to agencies outside Placer County.

(4) Significant amounts from 2010 - 2013 are because of the expense recovered from the Middle Fork Project Finance Authority.

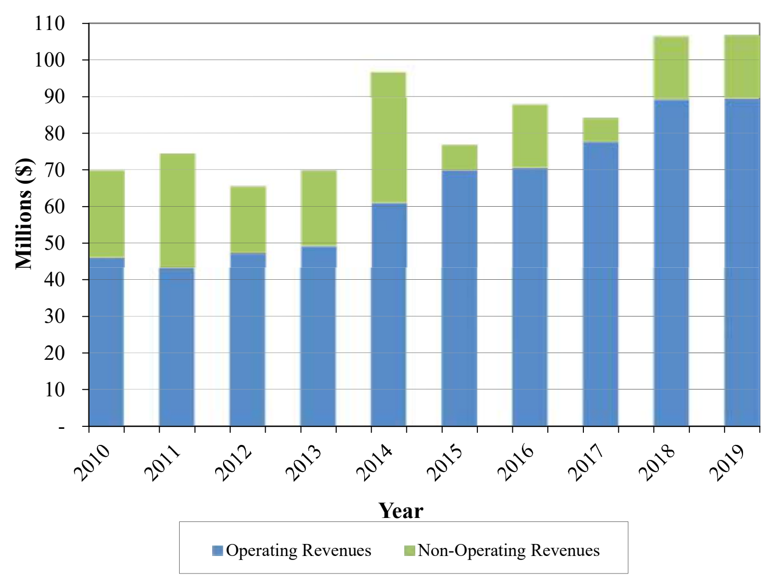
(5) Beginning in 2019, interest earnings and mark to market adjustment on investments were combined and included in Investment Income.

(6) Includes program grant revenues, mark to market adjustment on investments and other net income/expense. In 2015, other income/expense includes the Agency's Eastern Water System - Zone 4 transfer to Northstar Community Services District, specifically assets and cash totaling $23.7 million and $6 million, respectively. Beginning in 2019, mark to market was pulled out of other and included in Investment Income.

(7) Significant fluctuations in total revenues stems primarily from the variance in Water Connection Charge revenues (See Note 2 on Table 1).

Source: Placer County Water Agency, Audited Financial Statements

CHART #2
Total Revenues



PLACER COUNTY WATER AGENCY
TABLE # 3
Expenses by Function
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Expenses										
Purchased Water	526,000	683,441	622,157	833,700	2,583,562	3,054,297	3,962,985	3,852,247	4,255,328	3,991,862
Operations Administration *(1)*	989,590	880,837	955,572	969,509	1,043,568	1,120,004	1,298,698	1,279,894	1,149,458	4,836,568
Pumping Plants & Wells	1,145,969	1,078,772	1,532,769	1,262,704	2,070,275	2,567,327	586,127	587,642	747,766	517,618
Water Treatment	4,778,433	4,778,758	5,460,773	5,239,839	6,632,499	7,346,965	7,578,315	7,681,994	8,006,569	8,664,994
Electrical Operations	1,474,824	1,648,972	1,751,049	1,832,649	2,343,539	2,255,878	2,322,854	6,383,611	5,782,269	6,530,483
Transmission & Distribution-Treated	1,885,157	2,562,810	3,249,731	2,520,821	2,366,201	2,840,337	2,724,957	3,019,930	3,370,479	3,600,970
Transmission & Distribution-Untreated	4,275,715	3,611,480	4,718,531	4,216,665	3,693,672	3,874,436	4,362,632	4,977,085	3,916,654	4,317,585
Customer Service & Collections	3,677,977	3,404,118	3,485,741	3,521,925	3,720,337	4,455,896	3,986,300	4,960,988	3,893,793	4,759,128
Repairs & Maintenance	1,669,025	1,848,032	1,639,482	2,108,862	2,556,136	2,361,196	3,221,411	2,680,431	4,843,114	2,712,050
Engineering	2,394,859	2,172,488	2,763,911	3,051,155	3,068,670	5,512,612	6,847,636	5,133,124	5,110,246	6,367,991
General & Administrative	8,207,064	8,920,594	9,690,579	11,955,565	13,176,428	14,870,321	16,361,930	16,235,211	16,343,132	14,145,752
Energy Marketing	-	-	-	2,355,448	2,886,610	1,792,614	1,682,037	1,470,949	1,377,515	1,521,093
Other *(2)*	1,167,588	1,254,568	1,316,565	2,650,486	2,921,542	3,229,588	2,921,279	3,009,370	3,222,596	3,382,406
Subtotal, Operating Expenses before Depreciation *(3)*	32,192,201	32,844,870	37,186,860	42,519,328	49,063,039	55,281,471	57,857,161	61,272,476	62,018,919	65,348,500
Depreciation	19,935,634	21,772,382	22,663,482	22,171,617	22,601,128	23,337,141	23,664,292	24,001,216	24,658,393	24,209,232
Total Operating Expenses	52,127,835	54,617,252	59,850,342	64,690,945	71,664,167	78,618,612	81,521,453	85,273,692	86,677,312	89,557,732
Non-Operating Expenses										
Interest Expense	4,698,616	4,405,532	4,137,102	3,886,314	3,711,654	2,218,592	3,042,891	2,571,287	2,560,431	2,143,940
Amortization of Bond Issue Costs	488,075	466,476	486,004	-	-	-	-	-	-	-
Total Non-Operating Expenses	5,186,691	4,872,008	4,623,106	3,886,314	3,711,654	2,218,592	3,042,891	2,571,287	2,560,431	2,143,940
Total Expenses	57,314,526	59,489,260	64,473,448	68,577,259	75,375,821	80,837,204	84,564,344	87,844,979	89,237,743	91,701,672

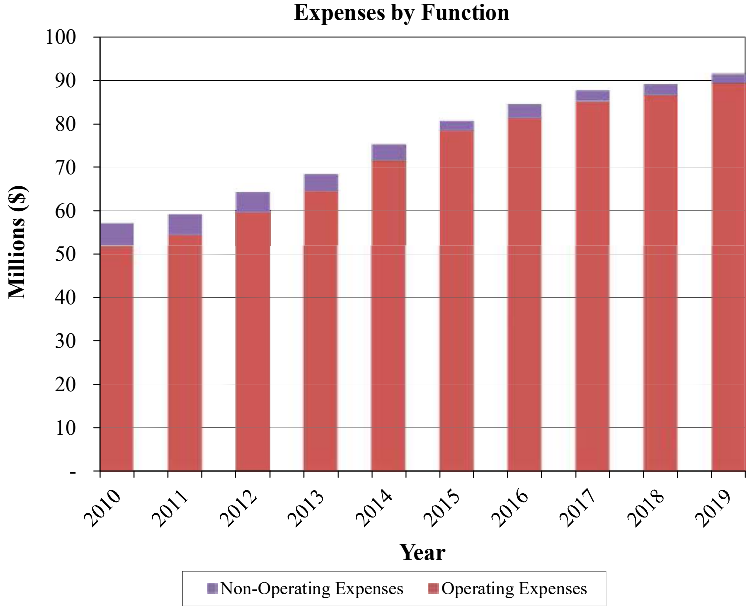
(1) For years 2010 - 2018 this was Field Administration. Beginning in 2019, this is Operations Administration and Power Administration is included; moving from General & Administrative.

(2) Includes Recreation, and Automotive & Equipment Expenses.

(3) The 2019 increase in operating expenses is primarily due to the write-off of a capital project that has been determined to be impaired. The Water Division was the primary funding source with $1.4 million expensed, along with $600,000 expensed to the Power Division and $230,000 expensed to Agency Wide. Additionally, there was an increase in the Water Division for the allocation of Agency Wide costs and year-end payroll.

Source: Placer County Water Agency, Audited Financial Statements

CHART #3
Expenses by Function



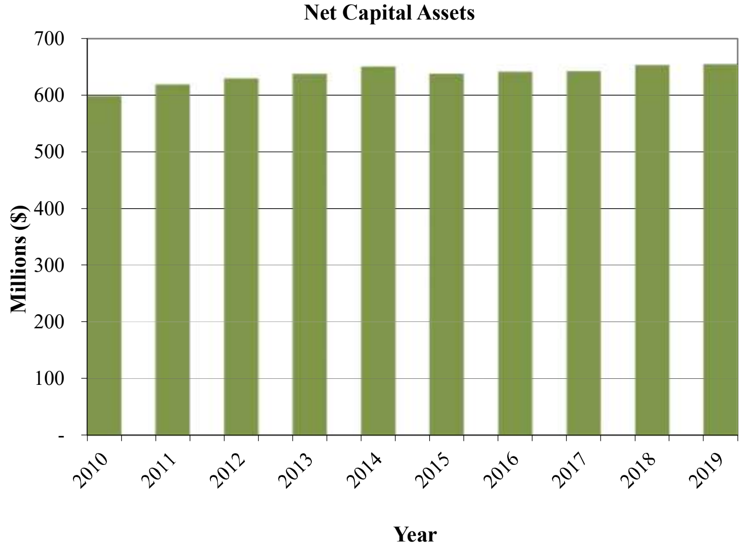
PLACER COUNTY WATER AGENCY
TABLE # 4
Capital Assets
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Capital Assets										
Land	15,557,653	13,417,644	13,693,194	13,954,066	13,969,223	13,924,337	17,059,763	17,167,763	17,200,294	17,318,937
Utility Plant-Preliminary Survey	399,718	399,718	412,218	412,218	777,614	777,614	777,614	412,217	399,717	1,133,416
Utility Plant	612,486,282	627,077,708	645,008,180	656,729,086	715,551,064	728,522,892	760,565,562	763,226,422	787,751,950	802,071,315
Other Property & Equipment	79,986,278	86,253,274	93,452,690	96,954,713	102,533,599	105,200,171	111,402,279	116,120,902	123,489,053	132,102,448
Construction in Progress	80,689,643	103,142,548	110,703,430	124,527,047	95,838,035	85,068,599	69,096,449	86,795,005	89,512,166	89,519,392
Total Capital Assets	789,119,574	830,290,892	863,269,712	892,577,130	928,669,535	933,493,613	958,901,667	983,722,309	1,018,353,180	1,042,145,508
Accumulated Depreciation	(189,375,885)	(210,650,373)	(232,958,541)	(254,709,702)	(277,201,174)	(295,317,172)	(317,523,272)	(341,016,728)	(364,470,790)	(386,995,920)
Net Capital Assets *(1)*	599,743,689	619,640,519	630,311,171	637,867,428	651,468,361	638,176,441	641,378,395	642,705,581	653,882,390	655,149,588

(1) On October 1, 2015, the Agency's Eastern Water System - Zone 4 was transferred to Northstar Community Services District, resulting in a reduction of $23.7 million in net assets.

Source: Placer County Water Agency, Audited Financial Statements

CHART #4
Net Capital Assets



PLACER COUNTY WATER AGENCY
TABLE # 5
Water Consumption and Water Sales by Type of Customer
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TREATED WATER										
Consumption (Acre-Feet)										
Residential (Single-Unit)	14,789	14,116	16,189	16,872	14,127	11,623	12,886	14,070	14,696	14,796
Residential (Multi-Unit)	1,969	1,927	1,996	2,087	1,853	1,615	1,724	1,837	1,866	1,881
Commercial	2,985	2,887	3,043	3,146	2,833	2,494	2,625	2,796	2,909	2,874
Construction	37	38	69	223	241	174	125	120	129	212
Fire Protection	5	3	4	3	4	6	5	5	3	6
Municipal	1,076	957	1,213	1,250	978	842	912	962	1,045	955
Landscape *(1)*	1,843	1,803	2,107	2,244	1,924	1,619	1,940	2,260	2,295	2,455
Industrial	383	397	407	416	426	441	409	380	427	387
Agriculture *(2)*	236	280	282	297	242	277	259	217	215	221
Resale	9,501	7,763	8,866	10,937	9,575	7,873	8,839	9,616	10,258	9,976
No Demand *(3)*	-	-	-	1	1	1	-	-	3	1
Total Treated Water Consumption (Acre-Feet)	32,824	30,171	34,176	37,476	32,204	26,965	29,724	32,263	33,846	33,764
Total Consumption (Units) *(4)*	14,298,134	13,142,488	14,887,066	16,324,546	14,028,062	11,745,954	12,947,774	14,053,763	14,743,318	14,707,598
Total Treated Water Sales	**27,436,655**	**26,190,648**	**28,391,744**	**30,167,534**	**29,720,125**	**26,541,946**	**29,062,114**	**31,359,879**	**33,138,173**	**34,513,783**
Effective Rate per unit (incl. monthly service charge) *(5)*	**1.92**	**1.99**	**1.91**	**1.85**	**2.12**	**2.26**	**2.24**	**2.23**	**2.25**	**2.35**
UNTREATED (RAW) WATER										
Consumption (Acre-Feet)										
Metered	297	268	299	309	288	210	221	304	326	302
Commercial Agriculture	23,949	14,470	24,002	25,024	13,277	16,852	23,978	16,179	19,339	12,673
Irrigation Customers	54,566	54,440	55,020	55,251	53,821	52,574	54,813	56,233	57,254	57,265
Landscape *(1)*	11,678	11,676	11,693	11,866	11,895	11,230	11,249	11,897	11,639	11,640
Resale	2,247	2,074	2,527	2,635	2,311	2,034	1,733	2,259	2,414	2,283
Total Untreated (Raw) Water Consumption (Acre-Feet)	92,737	82,928	93,541	95,085	81,592	82,900	91,994	86,872	90,972	84,163
Total Consumption (Miner's Inch) *(4)*	5,124	4,582	5,168	5,253	4,508	4,580	5,083	4,800	5,026	4,650
Total Untreated (Raw) Water Sales	**3,434,674**	**3,236,269**	**3,530,125**	**3,556,835**	**3,230,268**	**3,401,970**	**3,904,198**	**3,981,172**	**4,492,644**	**4,512,957**
Effective Annual Rate per miner's inch *(6)*	**670.37**	**673.62**	**683.07**	**677.06**	**716.58**	**742.77**	**768.16**	**829.49**	**893.87**	**970.55**

(1) Includes golf courses, parks, and landscape greenbelt areas that are metered separately.
(2) The treated water agriculture classification is for customers involuntarily deprived of untreated water service.
(3) Accounts that pay only monthly service and renewal and replacement charges but are not consuming water. When these accounts begin consuming water, they are changed to the appropriate category. If PCWA is not notified before water consumption, some consumption will be billed and recorded in the "No Demand" category.
(4) One Acre-Foot is equal to 435.6 Units which is equal to 325,851 gallons. One Miner's Inch for a year is equal to 18.10 Acre-feet for that year.
(5) Effective Rate is reported in units (100 cubic feet) because consumption rates are per unit. The effective rate per unit includes the monthly service charge as well as the commodity tier rates.
(6) Effective Rate is calculated per miner's inch per year because consumption rates are per miner's inch. In 2011, the effective rate per miner's inch has been adjusted to account for a one-time reimbursement from PG&E for lost raw water revenue due to the Bear River Canal break.

Source: Placer County Water Agency, Customer Service Department

CHART # 5
Water Consumption (Treated) 2019

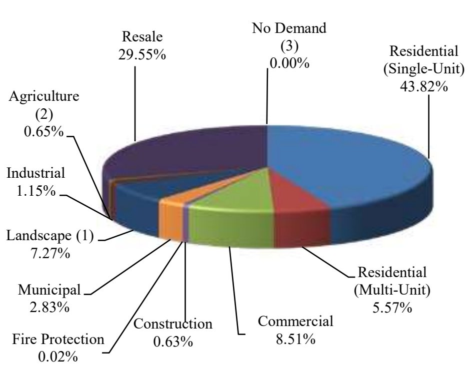
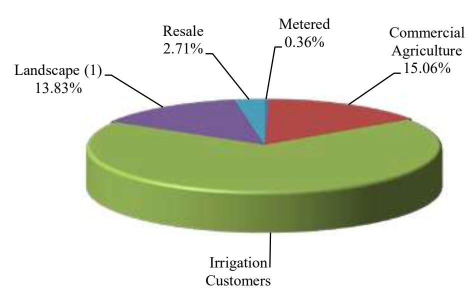


CHART # 6
Water Consumption (Untreated) 2019



PLACER COUNTY WATER AGENCY
TABLE # 6
Water Accounts by Type of Customer
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TREATED WATER										
Water Customer Accounts										
Residential (Single-Unit)	29,477	29,561	29,704	30,151	30,629	29,992	30,928	31,538	31,945	32,367
Residential (Multi-Unit)	745	758	759	757	758	761	770	771	774	774
Commercial	1,874	1,888	1,882	1,889	1,913	1,908	1,923	1,933	1,940	1,956
Construction	18	16	17	41	31	39	32	37	32	41
Fire Protection	899	911	921	928	958	962	993	1,012	1,019	1,039
Municipal	172	172	174	175	176	174	174	173	174	173
Landscape *(1)*	486	486	491	501	507	528	551	558	570	593
Industrial	1	1	1	1	1	1	1	1	1	1
Agriculture	72	70	64	65	62	61	59	58	57	69
Resale	9	9	9	9	11	11	11	11	11	11
No Demand *(2)*	1,031	849	715	740	791	957	969	719	962	939
Total Treated Water Accounts *(3)*	34,784	34,721	34,737	35,257	35,837	35,394	36,411	36,811	37,485	37,963
UNTREATED (RAW) WATER										
Water Customer Accounts										
Metered	282	273	267	261	260	259	261	261	259	257
Commercial Agriculture	304	311	311	325	351	351	349	347	346	334
Irrigation Customers	3,354	3,381	3,413	3,461	3,443	3,452	3,521	3,585	3,628	3,635
Landscape *(1)*	28	28	27	28	27	27	26	27	25	24
Resale	6	6	6	6	6	6	6	6	6	6
Total Untreated (Raw) Water Accounts	3,974	3,999	4,024	4,081	4,087	4,095	4,163	4,226	4,264	4,256
TOTAL WATER ACCOUNTS	38,758	38,720	38,761	39,338	39,924	39,489	40,574	41,037	41,749	42,219
New Connections (EDU's) *(4)*	**46**	**87**	**75**	**508**	**747**	**1168**	**662**	**391**	**689**	**425**

(1) Includes golf courses, parks, and landscape greenbelt areas that are metered separately.
(2) Accounts that have paid the water connection charge, if applicable, and are paying monthly service and renewal and replacement charges but are not consuming water.
(3) On October 1, 2015, the Agency's Eastern Water System - Zone 4 was transferred to Northstar Community Services District, resulting in a reduction of 1,455 treated water customer accounts.
(4) In 2016, New Connections (EDU's) for certain years were restated to include EDU's from the WCC payment program.

Source: Placer County Water Agency, Customer Service Department

CHART # 7
Water Accounts (Treated) 2019

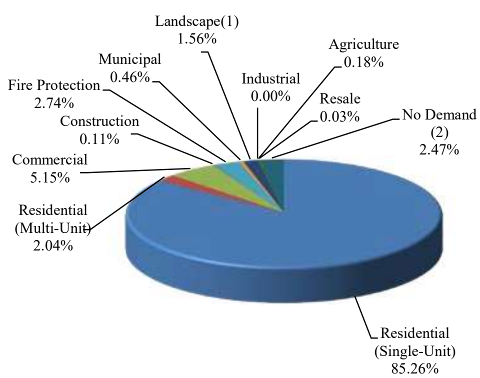
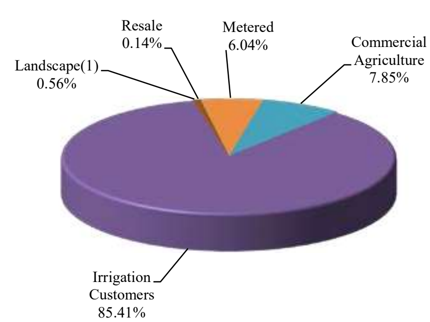


CHART # 8
Water Accounts (Untreated) 2019



PLACER COUNTY WATER AGENCY
TABLE # 7
Principal Water Users
Years Ended December 31, 2010 and 2019

2010 Customer	Amount Billed *(1)*	Percent of Water Billed	Usage in Acre Feet	Percent of Water Sold	2019 Customer	Amount Billed *(1)*	Percent of Water Billed	Usage in Acre Feet	Percent of Water Sold
City of Lincoln	$ 6,735,421	16.41%	9,066	7.22%	City of Lincoln	$ 7,900,831	14.81%	8,704	7.38%
Cal American Water	1,025,768	2.50%	886	0.71%	City of Rocklin	1,268,224	2.38%	1,618	1.37%
Rocklin Unified School District	419,698	1.02%	515	0.41%	Meadow Vista County Water District	143,693	0.27%	1,135	0.96%
Rio Bravo Rocklin	212,596	0.52%	407	0.32%	Cal American Water	768,781	1.44%	1,021	0.87%
United Auburn Indian Community	206,406	0.50%	317	0.25%	Rocklin Unified School District	497,264	0.93%	399	0.34%
Placer County Facility Service	211,311	0.51%	233	0.19%	Christian Valley Park C S D	53,305	0.10%	394	0.33%
Folsom Lake Mutual Water	82,575	0.20%	142	0.11%	Rio Bravo Rocklin	238,889	0.45%	387	0.33%
Placer Union High School	86,812	0.21%	80	0.06%	Lakeview Hills Community Association	48,882	0.09%	348	0.30%
Hidden Valley Community Association	44,501	0.11%	78	0.06%	United Auburn Indian Community	203,745	0.38%	335	0.28%
Lakeview Hills Community Association	37,370	0.09%	63	0.05%	Loomis Union School District	84,386	0.16%	299	0.25%
Total Principal Water Users	$ 9,062,458	22.07%	11,787	9.39%	Total Principal Water Users	$ 11,208,001	21.01%	14,641	12.41%
Total all Users	$ 41,053,948	100.00%	125,561	100.00%	Total all Users	$ 53,338,458	100.00%	117,927	100.00%

(1) Amount billed includes commodity water sales, monthly service charge, customer service charges, renewal & replacement charge, and raw water surcharge.

Source: Placer County Water Agency, Customer Service Department

PLACER COUNTY WATER AGENCY
TABLE # 8
Metered Service Fixed Rates *(1)*
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Metered Service - Treated Water										
Monthly Service Charge (meter size)										
5/8-inch	14.20	14.20	14.20	14.20	15.80	16.88	17.08	17.34	17.92	18.55
3/4-inch	20.09	20.09	20.29	20.29	22.36	23.88	24.17	24.53	25.14	26.02
1-inch	27.49	27.49	27.49	27.49	30.60	32.67	33.06	33.56	39.58	40.97
1-1/2-inch	44.28	44.28	44.28	44.28	49.28	52.63	53.26	54.06	75.68	78.33
2-inch	77.28	77.28	77.28	77.28	86.01	91.87	92.97	94.36	119.00	123.17
3-inch	143.48	143.48	143.48	143.48	159.69	170.55	172.60	175.19	256.18	265.15
4-inch	200.06	200.06	200.06	200.06	222.67	237.81	240.66	244.27	436.68	451.96
6-inch	401.62	401.62	401.62	401.62	447.00	477.40	483.13	490.38	978.18	1,012.42
8-inch	688.66	688.66	688.66	688.66	766.48	818.60	828.42	840.85	1,158.68	1,199.23
12-inch	1,076.03	1,076.03	1,076.03	1,076.03	1,197.62	1,279.08	1,294.43	1,313.85	*(2)*	*(2)*
16-inch	1,548.20	1,548.20	1,548.20	1,548.20	1,723.15	1,840.35	1,862.43	1,890.37	*(2)*	*(2)*
18-inch	1,784.28	1,784.28	1,784.28	1,784.28	1,985.90	2,120.97	2,146.42	2,178.62	*(2)*	*(2)*
Renewal & Replacement										
5/8-inch	13.00	13.00	13.00	13.00	14.75	15.86	16.05	16.29	17.74	18.36
3/4-inch	19.50	19.50	19.50	19.50	22.13	23.79	24.08	24.44	26.61	27.54
1-inch	32.50	32.50	32.50	32.50	36.89	39.66	40.14	40.74	44.35	45.90
1-1/2-inch	65.00	65.00	65.00	65.00	73.78	79.32	80.27	81.47	88.70	91.80
2-inch	104.00	104.00	104.00	104.00	118.04	126.91	128.43	130.36	141.92	146.89
3-inch	208.00	208.00	208.00	208.00	236.08	253.83	256.88	260.73	310.45	321.32
4-inch	325.00	325.00	325.00	325.00	368.88	396.61	401.37	407.39	532.20	550.83
6-inch	650.00	650.00	650.00	650.00	737.75	793.21	802.73	814.77	1,197.45	1,239.36
8-inch	3,120.00	3,120.00	3,120.00	3,120.00	3,541.20	3,807.40	3,853.09	3,910.89	1,419.20	1,468.87
12-inch	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*
18-inch	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*
Metered Service - Untreated Water										
Monthly Service Charge										
5/8-inch	8.90	8.90	8.90	8.90	9.67	10.25	10.37	10.53	9.14	9.46
3/4-inch	10.25	10.25	10.25	10.25	11.14	11.81	11.95	12.13	12.15	12.58
1-inch	12.77	12.77	12.77	12.77	13.88	14.71	14.89	15.11	18.17	18.81
1-1/2-inch	17.85	17.85	17.85	17.85	19.40	20.56	20.81	21.12	33.22	34.38
2-inch	27.26	27.26	27.26	27.26	29.63	31.41	31.79	32.27	51.28	53.07
3-inch	47.95	47.95	47.95	47.95	52.12	55.24	55.90	56.74	108.47	112.27
4-inch	69.64	69.64	69.64	69.64	75.70	80.22	81.18	82.40	183.72	190.15
6-inch	116.79	116.79	116.79	116.79	126.95	134.54	136.15	138.19	409.47	423.80
8-inch	186.87	186.87	186.87	186.87	203.13	215.28	217.86	221.13	484.72	501.69
10-inch	*(3)*	*(3)*	*(3)*	*(3)*	*(3)*	*(3)*	*(3)*	*(3)*	1,146.92	1,187.06
Renewal & Replacement *(4)*	6.87	6.87	6.87	6.87	7.78	8.38	8.48	8.61	8.98	9.29
General Irrigation - Untreated Water										
Monthly Service Charge	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	5.24	5.42
Renewal & Replacement	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	5.24	5.42
Private Fire Protection Service										
Monthly Service Charge										
1-inch	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	0.29	0.30
2-inch	18.54	18.54	18.54	18.54	18.82	18.82	18.82	18.82	1.77	1.83
3-inch	21.43	21.43	21.43	21.43	21.75	21.75	21.75	21.75	5.13	5.31
4-inch	23.80	23.80	23.80	23.80	24.16	24.16	24.16	24.16	10.93	11.31
6-inch	29.66	29.66	29.66	29.66	30.10	30.10	30.10	30.10	31.73	32.84
8-inch	56.34	56.34	56.34	56.34	57.19	57.19	57.19	57.19	67.60	69.97
10-inch	99.25	99.25	99.25	99.25	100.74	100.74	100.74	100.74	121.57	125.85
12-inch	158.92	158.92	158.92	158.92	161.30	161.30	161.30	161.30	196.37	203.24
14-inch	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*	294.54	304.85
16-inch	353.60	353.60	353.60	353.60	358.90	358.90	358.90	358.90	418.46	433.11

(1) Retail customers only. For years 2010-2017 rates are for the Zone 1 Water System service area. The Agency's Zone 1 Water System comprised 97% of total water customers, water flow and total water sales revenue, and therefore had the most significant impact on determining fees & charges. Beginning in 2018 the rates are for Zone 6 which is the consolidation of the Western Water System Zones 1, 2, 3, and 5.

(2) Charges for meters larger than 8 inches shall be determined based on the applicant's estimated maximum day demand set forth in the applicant's application for treated water service, then recalculated based on use.

(3) A 10-inch meter was added to the fee structure beginning in 2018.

(4) For years 2010-2017 this was called Capital Facilities Surcharge.

(5) General Irrigation was added to the fee schedule beginning in 2018.

(6) A 1-inch and 14-inch meter were added to the fee structure beginning in 2018.

Source: Placer County Water Agency, Rules, Regulations, Rates and Charges Governing the Distribution and Use of Water, produced annually.

PLACER COUNTY WATER AGENCY
TABLE # 9
Commodity Rates for Treated Water *(1)*
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Metered Services *(2)*										
Residential & Multi Dwelling *(3)*										
Tier 1	1.25	1.25	1.25	1.25	1.33	1.40	1.42	1.44	1.52	1.52
Tier 2	1.35	1.35	1.35	1.35	1.44	1.51	1.53	1.55	1.72	1.72
Tier 3	1.44	1.44	1.44	1.44	1.53	1.61	1.63	1.65	1.84	1.84
Tier 4	1.55	1.55	1.55	1.55	1.65	1.73	1.75	1.78	*(3)*	*(3)*
Tier 5	1.65	1.65	1.65	1.65	1.75	1.84	1.86	1.89	*(3)*	*(3)*
Tier 6	1.92	1.92	1.92	1.92	2.04	2.15	2.18	2.21	*(3)*	*(3)*
Tier 7	2.16	2.16	2.16	2.16	2.30	2.41	2.44	2.48	*(3)*	*(3)*
Commercial & Governmental *(4)*										
Tier 1	1.28	1.28	1.28	1.28	1.36	1.43	1.45	1.47	1.62	1.62
Tier 2	1.31	1.31	1.31	1.31	1.39	1.46	1.48	1.50	*(4)*	*(4)*
Tier 3	1.35	1.35	1.35	1.35	1.44	1.51	1.53	1.55	*(4)*	*(4)*
Landscape *(5)*										
Per 100 CF	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	1.72	1.72
Special Rates *(6)*										
Tier 1	1.25	1.25	1.25	1.25	1.33	1.40	1.42	1.44	1.52	1.52
Tier 2	1.35	1.35	1.35	1.35	1.44	1.51	1.53	1.55	1.72	1.72
Tier 3	1.44	1.44	1.44	1.44	1.53	1.61	1.63	1.65	0.19	0.19
Tier 4	1.55	1.55	1.55	1.55	1.65	1.73	1.75	1.78	*(6)*	*(6)*
Tier 5	0.12	0.12	0.12	0.12	0.13	0.13	0.13	0.13	*(6)*	*(6)*
Tier 6	0.10	0.10	0.10	0.10	0.11	0.11	0.11	0.11	*(6)*	*(6)*
Tier 7	0.10	0.10	0.10	0.10	0.11	*(6)*	*(6)*	*(6)*	*(6)*	*(6)*
Temporary Construction *(7)*										
Tier 1	2.56	2.56	2.56	2.56	2.72	2.86	2.90	2.94	3.24	3.24
Tier 2	2.62	2.62	2.62	2.62	2.78	2.92	2.96	3.00	*(7)*	*(7)*
Tier 3	2.70	2.70	2.70	2.70	2.88	3.02	3.06	3.10	*(7)*	*(7)*
Tier 4	2.70	2.70	2.70	2.70	2.88	3.02	3.06	3.10	*(7)*	*(7)*

(1) Retail customers only. For years 2010-2017 rates are for the Zone 1 Water System service area. The Agency's Zone 1 Water System comprised 97% of total water customers, water flow and total water sales revenue, and therefore had the most significant impact on determining fees & charges. Beginning in 2018 the rates are for Zone 6 which is the consolidation of the Western Water System Zones 1, 2, 3, and 5.

(2) Commodity rates are per 100 cubic feet.

(3) Prior to 2018 this was called Residential. The commodity tier structure for years 2010-2017 are as follows: Tier 1 first 400 CF, Tier 2 next 600 CF, Tier 3 next 1,000 CF, Tier 4 next 2,000 CF, Tier 5 next 1,800 CF, Tier 6 next 1,900 CF, Tier 7 over 7,700 CF. Beginning in 2018 the tier structure changed to Tier 1 first 900 CF, Tier 2 next 1,900 CF and Tier 3 over 2,800 CF.

(4) Prior to 2018 this was called Non-Residential. The commodity tier structure for years 2010-2017 are as follows: Tier 1 first 50,000 CF, Tier 2 next 450,000 CF, Tier 3 over 500,000 CF. Beginning in 2018 the structure changed to per 100 CF.

(5) New to the fee structure beginning in 2018. For years 2010-2017 this fell into the Non-Residential class.

(6) Special rates are for customers involuntarily deprived of untreated water service. The tier structure for years 2010-2014 are as follows: Tier 1 first 400 CF, Tier 2 next 600 CF, Tier 3 next 1,000 CF, Tier 4 next 2,000 CF, Tier 5 next 61,000 CF, Tier 6 next 65,000 CF, Tier 7 over 130,000 CF. In 2015, the rate structure changed. Beginning in 2018, the tier structure changed to Tier 1 first 900 CF, Tier 2 next 1,900 CF and Tier 3 over 2,800 CF.

(7) The commodity tier structure for years 2010-2017 are as follows: Tier 1 first 50,000 CF, Tier 2 next 450,000 CF, Tier 3 next 500,000 CF, Tier 4 over 1,000,000 CF. Beginning in 2018 the structure changed to per 100 CF.

* Water use per tier (cubic-feet) varies on an annual basis.

Source: Placer County Water Agency, Rules, Regulations, Rates and Charges Governing the Distribution and Use of Water, produced annually.

PLACER COUNTY WATER AGENCY
TABLE # 10
Commodity Rates for Untreated Water *(1)*
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Metered Services *(2)*										
Tier 1	0.38	0.38	0.38	0.38	0.41	0.44	0.45	0.46	0.19	0.19
Tier 2	0.36	0.36	0.36	0.36	0.39	0.42	0.43	0.44	*(2)*	*(2)*
Tier 3	0.29	0.29	0.29	0.29	0.32	0.34	0.34	0.35	*(2)*	*(2)*
Non-Metered Services (Miner's Inches) (MI) *(3)*										
General Irrigation Service (Winter) *(4)*										
Tier 1	31.09	31.09	31.09	31.09	33.79	35.82	36.25	36.79	74.50	74.50
Tier 2	62.18	62.18	62.18	62.18	67.59	71.63	72.49	73.58	*(4)*	*(4)*
Tier 3	63.67	63.67	63.67	63.67	69.21	73.35	74.23	75.34	*(4)*	*(4)*
Tier 4	63.97	63.97	63.97	63.97	69.54	73.70	74.58	75.70	*(4)*	*(4)*
General Irrigation Service (Summer) *(4)*										
Tier 1	28.11	28.11	28.11	28.11	30.56	32.39	32.78	33.27	62.58	62.58
Tier 2	51.44	51.44	51.44	51.44	55.92	59.26	59.97	60.87	*(4)*	*(4)*
Tier 3	53.71	53.71	53.71	53.71	58.38	61.87	62.61	63.55	*(4)*	*(4)*
Tier 4	54.71	54.71	54.71	54.71	59.47	63.03	63.79	64.75	*(4)*	*(4)*
Commercial Agriculture (Winter)										
First MI	50.23	50.23	50.23	50.23	54.60	57.87	58.56	59.44	*(5)*	*(5)*
Over 1 MI	51.21	51.21	51.21	51.21	55.67	59.00	59.71	60.61	*(5)*	*(5)*
Commercial Agriculture (Summer)										
First MI	50.01	50.01	50.01	50.01	54.36	57.62	58.31	59.18	*(5)*	*(5)*
2nd MI	48.97	48.97	48.97	48.97	53.23	56.42	57.10	57.96	*(5)*	*(5)*
3rd MI	44.22	44.22	44.22	44.22	48.07	50.95	51.56	52.33	*(5)*	*(5)*
4th MI	39.48	39.48	39.48	39.48	42.91	45.48	46.03	46.72	*(5)*	*(5)*
5-9 MI	36.32	36.32	36.32	36.32	39.48	41.84	42.34	42.98	*(5)*	*(5)*
10-60 MI	33.16	33.16	33.16	33.16	36.04	38.20	38.66	39.24	*(5)*	*(5)*
Over 60 MI	27.37	27.37	27.37	27.37	29.75	31.53	31.91	32.39	*(5)*	*(5)*

(1) Retail customers only. For years 2010-2017 rates are for the Zone 1 Water System service area. The Agency's Zone 1 Water System comprised 97% of total water customers, water flow and total water sales revenue, and therefore had the most significant impact on determining fees & charges. In 2018 the rates are for Zone 6 which is the consolidation of the Western Water System Zones 1, 2, 3, and 5.

(2) Commodity rates are per 100 cubic feet. The tier structure from 2010-2017 was as follows: Tier 1 first 3,000 CF, Tier 2 next 7,000 CF, Tier 3 over 10,000 CF. Beginning in 2018 the structure changed to per 100 CF.

(3) Non-metered services of untreated water are delivered in Miners' Inches. One Miner's Inch is equal to 11.22 gallons per minute. The Summer irrigation season is defined as the period of April 15 through October 15, both inclusive, of each year. Rates are per Miner's Inch.

(4) For years 2010-2017 the tier structure was Tier 1 first 1/2 MI, Tier 2 first MI, Tier 3 2-9 MI and Tier 4 over 9 MI. Beginning in 2018 the structure changed to per Miner's Inch.

(5) Beginning in 2018 the classes of Commercial Agriculture Winter and Summer were consolidated into the General Irrigation rate schedule.

* Water use per tier varies on an annual basis. Actual ranges of cubic-feet/miner's inches differ slightly.

Source: Placer County Water Agency, Rules, Regulations, Rates and Charges Governing the Distribution and Use of Water, produced annually.

PLACER COUNTY WATER AGENCY
TABLE # 11
Schedule of Other Water System Fees Charges *(1)*
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Connection Charge (WCC)										
Zone 6 Service Area (Lower)	15,440.00	16,073.00	16,206.00	16,444.00	17,307.00	17,307.00	17,712.00	18,867.00	18,867.00	19,339.00
Meters and Service Connections *(2)*										
Installation of Meter to Existing Svc										
5/8" x 3/4"	130.00	130.00	130.00	130.00	135.00	135.00	135.00	135.00	135.00	135.00
3/4"	130.00	130.00	130.00	130.00	135.00	135.00	135.00	135.00	135.00	135.00
1"	130.00	130.00	130.00	130.00	135.00	135.00	135.00	135.00	135.00	135.00
1 1/2"	130.00	130.00	130.00	130.00	135.00	135.00	135.00	135.00	135.00	135.00
2" or larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Installation of Service Lateral & Meter										
5/8" x 3/4"	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
3/4"	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
1"	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
1 1/2"	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
2" or larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Other Miscellaneous Fees and Charges										
Backflow Prevention Device Test Charge	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
Canal Flow Rate Change										
No Field Trip Required	16.00	16.00	16.00	16.00	20.00	20.00	20.00	20.00	20.00	20.00
Field Trip Required	67.00	67.00	67.00	67.00	85.00	85.00	85.00	85.00	85.00	85.00
After Hours Charge	119.00	119.00	119.00	119.00	140.00	140.00	140.00	140.00	140.00	140.00
Credit Card or Electronic Payment Charge	2.75	-	-	-	-	-	-	-	-	-
Delinquent Payment Charge *(3)*	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Door Tag Charge	26.00	26.00	26.00	26.00	30.00	30.00	30.00	30.00	30.00	30.00
Fire Flow Information Charge	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Facility Tampering Charge										
First Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
Second Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
Third Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
Meter Reread Charge	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Meter Test and Repair Deposit/Charge	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00
Service Set-up Charge										
No Field Trip Required	16.00	16.00	16.00	16.00	20.00	20.00	20.00	20.00	20.00	20.00
Field Trip Required	36.00	36.00	36.00	36.00	40.00	40.00	40.00	40.00	40.00	40.00
After Hours Charge	119.00	119.00	119.00	119.00	140.00	140.00	140.00	140.00	140.00	140.00
Project Application Charge	109.00	109.00	109.00	109.00	140.00	140.00	140.00	140.00	140.00	140.00
Pressure Test Charge	88.00	88.00	88.00	88.00	95.00	95.00	95.00	95.00	95.00	95.00
Reconnection Charge *(4)*										
Treated Services	47.00	47.00	47.00	47.00	55.00	55.00	55.00	55.00	55.00	55.00
Untreated Services	67.00	67.00	67.00	67.00	75.00	75.00	75.00	75.00	75.00	75.00
After Hours Charge	119.00	119.00	119.00	119.00	140.00	140.00	140.00	140.00	140.00	140.00
Returned Check Charge	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
Temporary Construction Water Svc										
Permit Fee	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
Connection Charge	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00	104.00
Variances and Waivers of Rules										
and Regulations or Rates	187.00	187.00	187.00	187.00	225.00	225.00	225.00	225.00	225.00	225.00
Water Service Written Estimate	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
WCC - Installment Payment										
Processing Fee	182.00	182.00	182.00	182.00	184.00	184.00	184.00	184.00	184.00	184.00
Certification of Cross Connection Control										
(Backflow) Charge *(5)*	1.70	1.70	1.70	1.70	1.75	1.75	1.75	1.75	1.75	1.75
Certification of Domestic Water Source										
(Constructed Conveyance)										
Charge *(6)*	4.11	4.11	4.11	4.11	5.00	5.00	5.00	5.00	5.00	5.00
Water Waste Charge (3rd & 4th occurrence)	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00

(1) For years 2010-2017 rates are for the Zone 1 Water System service area. The Agency's Zone 1 Water System comprised 97% of total water customers, water flow and total water sales revenue, and therefore had the most significant impact on determining fees & charges. Beginning in 2018 the rates are for Zone 6 which is the consolidation of the Western Water System Zones 1, 2, 3, and 5.

(2) Time and Materials and meters/parts are charged to customer in addition to Meter Set and Installation Charge.

(3) Delinquent Payment Charge is a percentage of the delinquent amount on a balance greater than $20. Established in 2002.

(4) Reconnection Charge starts at amount listed with a graduated penalty of $10 per occurrence within a 12 month period.

(5) Certification of Cross Connection Control (Backflow) Charge is a monthly charge per assembly.

(6) Certification of Domestic Water Source (Constructed Conveyance) Charge is a monthly charge per account.

Source: Placer County Water Agency, Rules, Regulations, Rates and Charges Governing the Distribution and Use of Water, produced annually.

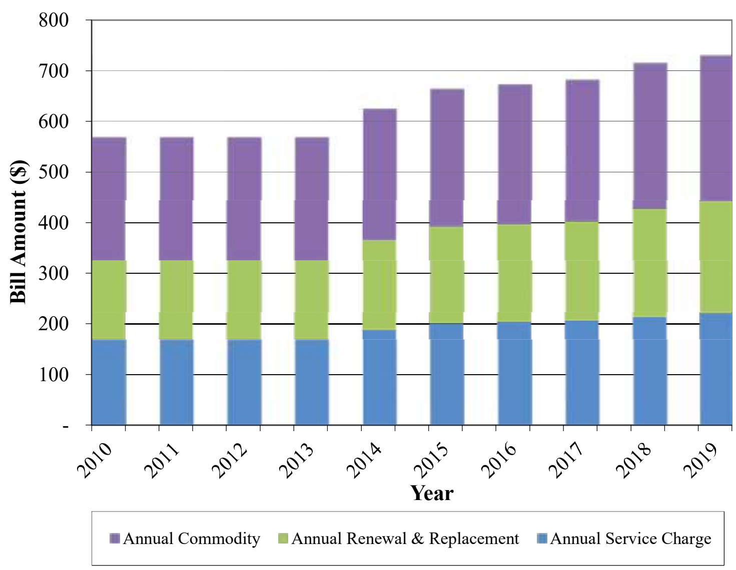
PLACER COUNTY WATER AGENCY
TABLE # 12
Average Annual Water Bill* and Effective Rate Increase
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Annual Service Charge	170.40	170.40	170.40	170.40	189.60	202.56	204.96	208.08	215.04	222.60
Annual Renewal & Replacement	156.00	156.00	156.00	156.00	177.00	190.32	192.60	195.48	212.88	220.32
Annual Commodity	243.60	243.60	243.60	243.60	259.32	272.52	276.12	279.72	288.00	288.00
					21.61					
Annual Water Billed Amount	570.00	570.00	570.00	570.00	625.92	665.40	673.68	683.28	715.92	730.92
Effective Rate Increase	0.00%	0.00%	0.00%	0.00%	9.81%	6.31%	1.24%	1.43%	4.78%	2.10%

* Annual bill amount is based on water use of an average household using 18,000 cubic feet per year (the equivalent of 11,220 gallons per month) with a 5/8" meter. For years 2010-2017 rates are based on the Zone 1 Water System treated water rates, as the Agency's Zone 1 Water System comprised 97% of customers, water flow and water sales revenue. Beginning in 2018 rates are based on Zone 6 which is the consolidation of the Western Water System Zones 1, 2, 3, and 5. The Agency's practice is to bill on a bi-monthly basis.

Source: Placer County Water Agency, Customer Service Department

CHART #9
Average Household Annual Water Bill



PLACER COUNTY WATER AGENCY
TABLE # 13
Schedule of Outstanding Debt
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Division										
Certificates of Participation										
1999 Certificates	1,285,000	655,000	-	-	-	-	-	-	-	-
2003 Certificates	11,230,000	10,570,000	9,885,000	-	-	-	-	-	-	-
2007 Certificates	31,905,000	31,250,000	30,570,000	29,860,000	29,120,000	28,355,000	830,000	-	-	-
2008 Certificates	39,340,000	38,815,000	38,265,000	37,005,000	35,705,000	34,355,000	32,940,000	31,470,000	-	-
2013 Certificates	-	-	-	8,100,000	7,445,000	6,755,000	6,040,000	5,290,000	4,515,000	3,695,000
2016 Certificates	-	-	-	-	-	-	24,840,000	24,840,000	24,055,000	23,230,000
2018 Certificates	-	-	-	-	-	-	-	-	23,235,000	22,200,000
Certificates Outstanding	83,760,000	81,290,000	78,720,000	74,965,000	72,270,000	69,465,000	64,650,000	61,600,000	51,805,000	49,125,000
Loans Payable										
EDA Community Emergency Drought Loans	111,057	80,168	67,817	-	-	-	-	-	-	-
State Department of Water Resources Loans:										
Dutch Flat Terrace	9,044	7,355	5,608	3,803	1,936	-	-	-	-	-
Alta/Monte Vista (SWTR)	206,604	174,645	141,738	107,845	72,945	37,007	-	-	-	-
King/Delmar	195,390	181,665	167,525	152,945	137,923	122,443	-	-	-	-
Applegate	376,663	351,465	325,505	298,737	271,158	242,737	-	-	-	-
State Water Resources Control Board:										
Auburn Water Treatment Plant	18,795,531	17,969,367	17,124,158	16,259,462	15,374,832	14,469,806	13,543,916	12,596,680	11,627,606	10,636,191
Electric Street Tank	-	-	1,259,537	7,395,132	7,766,550	7,644,579	7,332,473	7,010,507	6,681,082	6,344,025
Mello-Roos Obligation	8,821	-	-	-	-	-	-	-	-	-
Loans Outstanding	19,703,110	18,764,665	19,091,888	24,217,924	23,625,344	22,516,572	20,876,389	19,607,187	18,308,688	16,980,216
Improvement District (ID) Debt *(1)*										
ID No. 10 - Aguilar Road *(2)*	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
ID No. 11 - Lakeshore *(2)*	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195
ID No. 36 - Highway 174	40,657	34,867	28,916	22,797	16,507	10,041	-	-	-	-
Improvement District Debt Outstanding	42,986	37,196	31,245	25,126	18,836	12,370	2,329	2,329	2,329	2,329
Subtotal Water Division Debt Outstanding	103,506,096	100,091,861	97,843,133	99,208,050	95,914,180	91,993,942	85,528,718	81,209,516	70,116,017	66,107,545
Power Division										
Revenue Bonds										
Middle Fork Project Revenue Bonds, Series A *(3)*	9,775,000	5,155,000	2,425,000	-	-	-	-	-	-	-
Subtotal Power Division Debt Outstanding	9,775,000	5,155,000	2,425,000	-	-	-	-	-	-	-
Subtotal Agency Debt Outstanding	113,281,096	105,246,861	100,268,133	99,208,050	95,914,180	91,993,942	85,528,718	81,209,516	70,116,017	66,107,545
Plus: Unamortized bond discounts & premiums	(624,935)	(588,103)	(550,598)	(1,457,906)	(1,415,350)	(1,365,042)	3,379,208	3,108,563	6,242,573	5,437,686
Deferred Amount of Refunding	(3,192,976)	(2,940,053)	(2,690,180)	-	-	-	-	-	-	-
Total PCWA Long-Term Debt	109,463,185	101,718,705	97,027,355	97,750,144	94,498,830	90,628,900	88,907,926	84,318,079	76,358,590	71,545,231
Per Customer	2,824	2,627	2,503	2,485	2,367	2,295	2,191	2,055	1,829	1,695
Number of Customer Accounts	38,758	38,720	38,761	39,338	39,924	39,489	40,574	41,037	41,749	42,219

(1) Improvement District (ID) Debt is the responsibility of the individual improvement district and the principal and interest are payable solely from the property assessments levied. In 2002, PCWA formed ID 37 - Merry Knoll. This improvement district was funded by a combination of a County of Placer grant and an internal loan, therefore no debt is reported in the audited financials.

(2) Certain ID No. 10 & 11 warrants have not been presented for payment, hence they remain as a liability.

(3) The revenue bonds were payable, both principal and interest, from revenues of the Middle Fork Project. These bonds were secured by water revenues, however, pursuant to the 1963 power sales agreement with Pacific Gas & Electric Company, the debt service payments were made by PG&E. These bonds were paid off in 2013.

Source: Placer County Water Agency, Audited Financial Statements

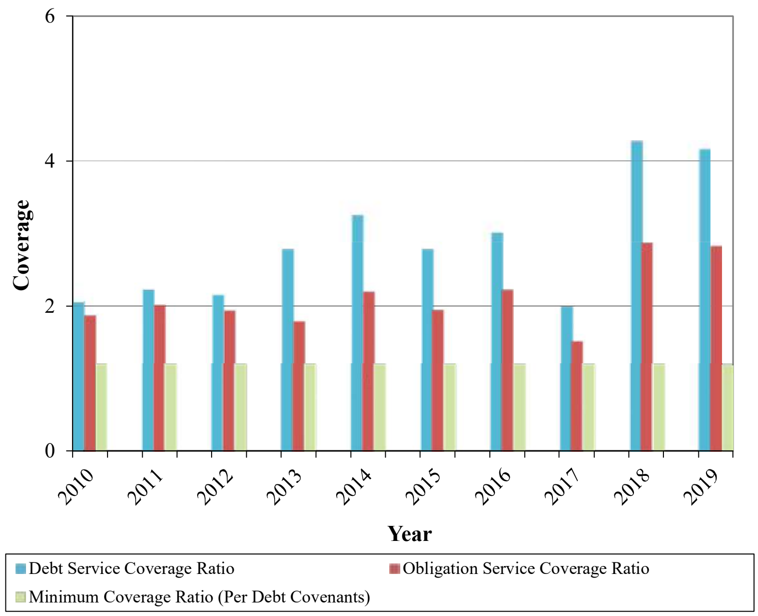
PLACER COUNTY WATER AGENCY
TABLE # 14
Debt Service Coverage
Western Water System
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Service Coverage										
Net Water Revenues,										
Excluding Depreciation	15,896,962	17,103,644	16,556,036	21,373,589	24,528,189	21,643,996	24,579,374	15,032,916	29,666,240	28,003,145
Debt Service on Certificates										
and Other Parity Debt	7,700,386	7,693,180	7,686,422	7,691,417	7,530,692	7,789,271	8,145,242	7,551,458	6,933,057	6,711,853
Debt Service Coverage Ratio	2.06	2.22	2.15	2.78	3.26	2.78	3.02	1.99	4.28	4.17
Minimum Coverage Ratio (Per Debt Covenants)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Debt Service Coverage without Water Connection Charge Revenue (WCC) ***(1)***										
Net Water Revenues,										
Excluding Depreciation and WCC	15,469,997	16,704,076	14,908,062	16,371,317	15,142,575	11,647,026	12,755,209	7,236,941	19,281,137	20,312,986
Debt Service on Certificates										
and Other Parity Debt	7,700,386	7,693,180	7,686,422	7,691,417	7,530,692	7,789,271	8,145,242	7,551,458	6,933,057	6,711,853
Debt Service Coverage Ratio	2.01	2.17	1.94	2.13	2.01	1.50	1.57	0.96	2.78	3.03
Obligation Service Coverage										
Net Water Revenues, Excl. Depreciation										
as Adjusted by Water Purchases	16,422,962	17,787,085	17,178,193	22,207,287	27,111,750	24,698,293	28,542,358	18,885,163	33,921,568	31,995,007
Obligation Service	8,755,386	8,793,905	8,836,422	12,373,218	12,306,128	12,660,216	12,796,273	12,381,458	11,803,057	11,293,853
Obligation Service Coverage Ratio	1.88	2.02	1.94	1.79	2.20	1.95	2.23	1.53	2.87	2.83
Certificate Reserve Requirement										
Minimum Reserve Required	4,686,467	4,936,131	4,573,607	4,866,040	5,361,182	5,269,764	4,786,614	4,651,551	414,420	263,404
Actual Reserve Balance	5,147,940	5,148,051	5,148,141	5,617,943	5,858,596	5,748,915	5,242,558	5,242,558	1,843,656	1,799,793
Reserve Requirement Coverage	1.10	1.04	1.13	1.15	1.09	1.09	1.10	1.13	4.45	6.83

(1) For presentation purposes, the debt service coverage is presented without Water Connection Charge Revenue. Water Connection Charge Revenue is the primary reason for the annual variance in these ratios. The Agency has experienced substantial variances from year-to-year due to varying levels of development. In 2015, $15 million of WCC Revenue was transferred into the Rate Stabilization and Capital Improvement Fund for future capacity infrastructure projects.

Source: Placer County Water Agency, Audited Financial Statements

CHART #10
Debt Coverage



PLACER COUNTY WATER AGENCY
TABLE # 15
Demographic and Economic Statistics
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Placer County										
Population	350,609	355,687	360,680	365,107	369,726	371,558	376,092	381,675	389,047	394,737
Annual % Change in Population	1.90%	1.45%	1.40%	1.23%	1.27%	0.50%	1.22%	1.48%	1.93%	1.46%
Total Personal Income (Millions)	16,326	17,312	19,004	20,174	20,229	21,659	22,969	24,527	26,223	*
Per Capita Personal Income	46,617	48,476	52,544	54,924	54,423	57,696	60,360	63,515	66,700	*
Unemployment Rate	11.5%	10.8%	8.6%	6.5%	5.2%	4.6%	4.0%	3.1%	3.1%	2.7%
State of California										
Population (Thousands)	37,318	37,578	37,826	38,204	38,499	39,071	39,354	39,613	39,818	39,959
Annual % Change in Population	0.65%	0.70%	0.66%	1.00%	0.77%	1.49%	0.72%	0.66%	0.52%	0.35%
Total Personal Income (Millions)	1,564,209	1,645,138	1,768,039	1,856,614	1,939,528	2,103,669	2,212,691	2,303,870	2,475,727	2,633,925
Per Capita Personal Income	41,893	43,647	46,477	48,434	49,985	53,741	56,308	58,272	62,586	66,661
Unemployment Rate	12.4%	11.7%	9.7%	8.3%	6.7%	5.7%	5.0%	4.5%	4.1%	3.9%

Source:

Population Data Source: California Department of Finance. Table E-2. Preliminary population as of July 1st of each year. State of California population was republished for 2018 and updated accordingly.

Unemployment Data Source: State of California, Employment Development Department. December 2019 Monthly Labor Force Data

Personal Income Data Source: U.S. Department of Commerce: Bureau of Economic Analysis, Tables SA1-3 and CA1-3

* At time of publication, data not available for time period.

CHART #11
Annual Percentage Change in Population
2010-2019

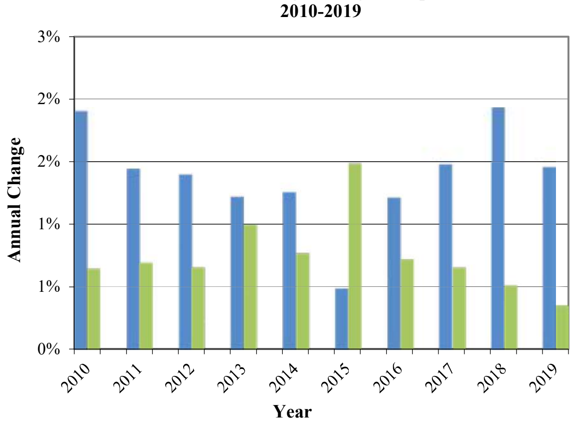


CHART #12
Unemployment Rate
2010-2019

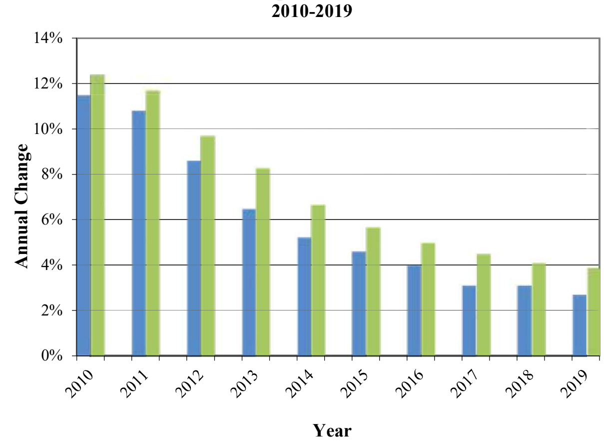
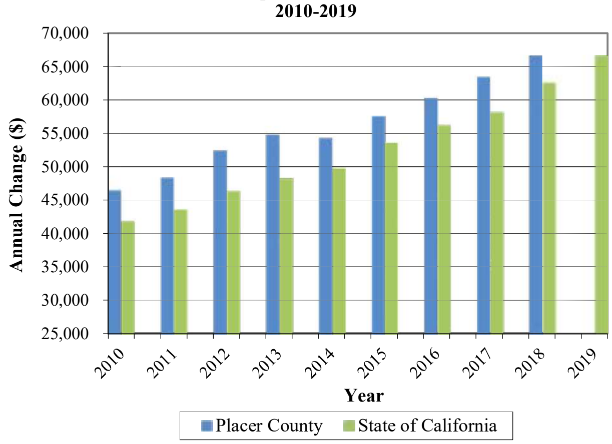


CHART #13
Per Capita Personal Income
2010-2019



PLACER COUNTY WATER AGENCY
TABLE # 16
Principal Employers of Placer County
Years Ended December 31, 2010 and 2019

2010			2019		
Company or Organization	**Number of Employees**	**Percent of Total Employment**	**Company or Organization**	**Number of Employees**	**Percent of Total Employment**
Hewlett-Packard Co.	3,500	2.23%	Kaiser Permanente	6,015	3.30%
Kaiser Permanente	3,064	1.96%	Sutter Health	5,835	3.20%
Placer County	2,400	1.53%	Squaw Valley Alpine Meadows	2,600	1.43%
Union Pacific Railroad Co. Inc.	2,000	1.28%	Thunder Valley Casino Resort	2,500	1.37%
Sutter Health	1,983	1.27%	Sierra Joint Community College District	2,149	1.18%
Northstar-At-Tahoe	1,500	0.96%	PRIDE Industries Inc.	1,291	0.71%
Thunder Valley Casino Resort	1,412	0.90%	Hewlett Packard Enterprise Co.	1,200	0.66%
City of Roseville	1,282	0.82%	City of Roseville	1,162	0.64%
PRIDE Industries Inc.	1,135	0.72%	Safeway	1,119	0.61%
Raley's	1,008	0.64%	Union Pacific Railroad Co. Inc.	990	0.54%
Total Largest Employers	19,284	12.31%	Total Largest Employers	24,861	13.65%
Total All Employers	156,700	100.00%	Total All Employers	182,100	100.00%

Source: Sacramento Business Journal - May 13, 2019
Sacramento Business Journal - March 20, 2009
State of California, Employment Development Department

PLACER COUNTY WATER AGENCY
TABLE # 17
Personnel Trends by Agency Department
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agency Wide										
General Manager's Office	2	2	2	2	2	2	2	2	2	2
Administrative Services (3)	17	10	17	17	15	18	19	20	17.5	8.5
Financial Services *(1)*	7	14	11	11	12	12	13	13	13.5	13.5
Legal Services	0	0	0	0	0	0	1	1	1	1
Energy Marketing *(2)*	0	0	0	6	8	6	6	0	0	0
Strategic Affairs *(2)*	4	4	6	1	1	0	0	2	2	2
Total Agency Wide	30	30	36	37	38	38	41	38	36	27
Water Division										
Customer Services	29	29	30	30	30	30	30	31	33	33
Field Services	52	52	52	53	54	54	54	53	54	54
Technical Services *(3)*	51	51	53	53	57	59	60	61	62	72
Total Water Division	132	132	135	136	141	143	144	145	149	159
Power Division										
Power Systems	18	18	27	27	31	34	37	37	37	37
Energy Marketing *(2)*	0	0	0	0	0	0	0	4	4	4
Total Power Division	18	18	27	27	31	34	37	41	41	41
Total Employees	180	180	198	200	210	215	222	224	226	227

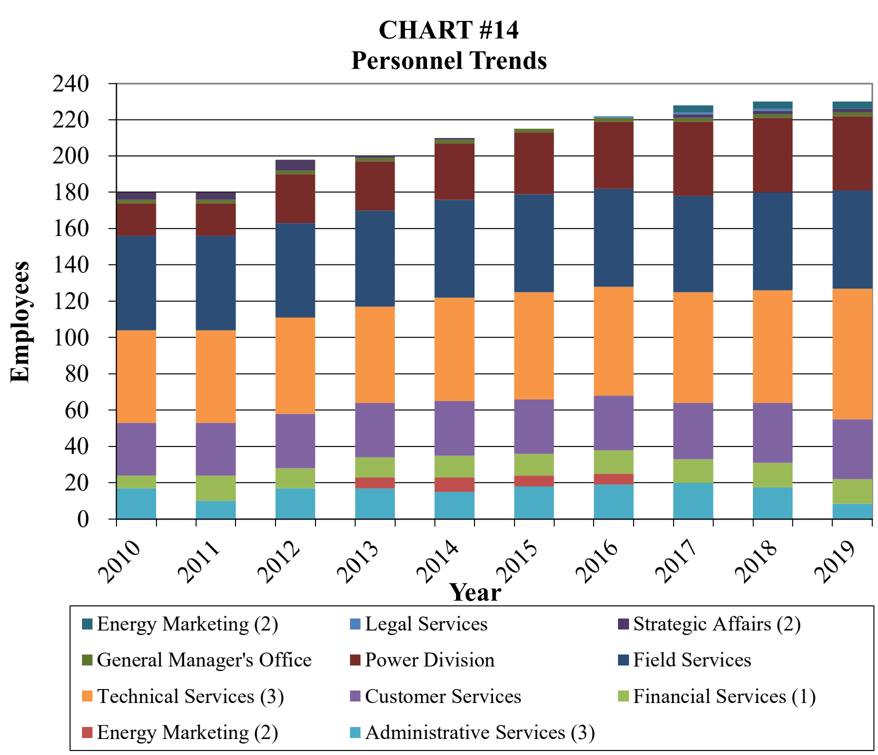
(1) In March 2010, the Information Systems Services (ISS) Division was moved from the Administration Services Department to the Financial Services Department. The ISS Division was moved back to the Administrative Services Department in October 2012.

(2) The Resource Development Department was merged with Strategic Affairs for the period 2010-2012. Resource Development became its own department again in 2013. In 2015, the Strategic Affairs Department was eliminated and its functions incorporated into Resource Development. In 2017, Resource Development was bifurcated and its functions split into the new Energy Marketing department and the re-established Strategic Affairs.

(3) In June 2019, Information Technology moved to Technical Services from Administrative Services.

Authorized positions are reported by department. Departments are reported by their primary fund.

Source: Placer County Water Agency, Administrative Services Department



PLACER COUNTY WATER AGENCY
TABLE # 18
Water and Power Operational Statistics
Last Ten Years

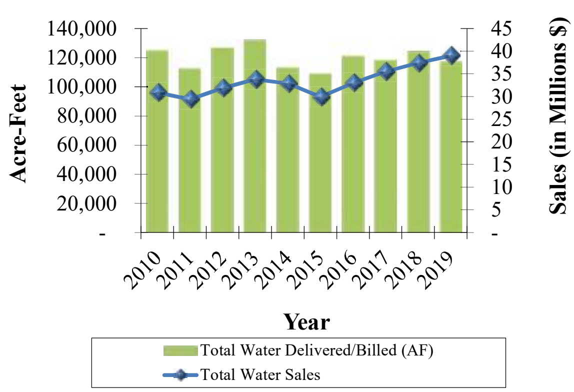
WATER	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Facilities										
Miles of Main Line - Treated *(6)*	549	599	602	609	620	587	598	601	606	609
Miles of Canals - Untreated (Raw)	165	165	165	165	165	165	165	165	165	163
Number of Treatment Plants	8	8	8	8	8	8	8	8	8	8
Total Plant Capacity (MGD) *(1)*	80	81	83	80	84	84	84	85	85	85
Number of Pumping Stations *(6)*	18	16	16	18	18	15	15	15	15	15
Number of Storage Tanks *(6)*	33	35	32	32	32	27	26	26	26	24
Water Received (in Acre-Feet):										
Lake Spaulding via Drum Canal	88,061	65,455	85,974	99,406	57,916	57,049	86,073	79,119	85,449	80,454
American River (Middle Fork Project)	9,033	15,888	14,495	10,874	16,039	24,028	4,394	3,459	4,466	4,457
Canyon Creek	4,624	5,421	3,903	2,914	2,643	1,665	3,148	1,564	2,727	5,111
Zone 1 Groundwater	-	-	-	-	55	-	-	-	-	-
Nevada Irrigation District (Foothill)	1,481	1,123	1,298	1,920	1,641	1,497	571	1,288	1,430	1,244
Nevada Irrigation District (Rock Creek)	-	746	183	317	24	-	-	-	-	-
South Sutter Water District	-	-	-	-	-	-	580	-	-	-
PG&E Zone 3 Supply	7,951	9,781	9,182	10,007	8,713	8,647	7,712	10,267	11,049	9,000
Lahontan Domestic Well	90	80	103	95	130	91	-	-	-	-
Total Supply	111,240	98,494	115,138	125,533	87,161	92,977	102,478	95,697	105,121	100,266
Water Delivered/Billed (Acre-Feet):										
Treated Water Delivered	32,824	30,171	34,176	37,476	32,205	26,965	29,724	32,263	33,846	33,764
Treated Water % of Total	26.1%	26.7%	26.8%	28.3%	28.3%	24.5%	24.4%	27.1%	27.1%	28.6%
Untreated (Raw) Water Billed *(2)*	92,737	82,928	93,541	95,085	81,592	82,900	91,994	86,872	90,972	84,163
Untreated (Raw) Water % of Total	73.9%	73.3%	73.2%	71.7%	71.7%	75.5%	75.6%	72.9%	72.9%	71.4%
Total Water Delivered/Billed	125,561	113,099	127,717	132,561	113,797	109,865	121,718	119,135	124,818	117,927
Average Per Day (acre-feet)	344	310	350	363	312	301	333	326	342	323
Sales (Millions):										
Treated Water Sales	27.5	26.2	28.4	30.2	29.7	26.54	29.06	31.36	33.14	34.51
Treated Water % of Total	89.0%	89.1%	89.0%	89.3%	90.3%	88.6%	88.2%	88.7%	88.1%	88.4%
Untreated (Raw) Water Sales	3.4	3.2	3.5	3.6	3.2	3.40	3.90	3.98	4.49	4.51
Untreated (Raw) Water % of Total	11.0%	10.9%	11.0%	10.7%	9.7%	11.4%	11.8%	11.3%	11.9%	11.6%
Total Water Sales	30.9	29.4	31.9	33.8	32.9	29.9	33.0	35.3	37.6	39.0
Billings, Collections & Delinquencies:										
Water Billings *(3)*	41,053,948	38,997,459	41,717,567	44,313,297	43,972,868	42,698,494	44,994,995	47,693,727	51,181,213	53,338,458
Collections	40,912,728	38,883,883	41,640,423	44,246,844	43,916,962	42,648,284	44,944,519	47,652,087	51,135,054	53,299,263
Uncollectible	141,220	113,576	77,144	66,453	55,906	50,210	50,476	41,640	46,159	39,195
Collection Percentage	99.66%	99.71%	99.82%	99.85%	99.87%	99.88%	99.89%	99.91%	99.91%	99.93%

POWER	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Facilities:										
Power Plants	5	5	5	5	5	5	5	5	5	5
Miles of Tunnels & Penstocks	24	24	24	24	24	24	24	24	24	24
Storage Reservoirs *(4)*	3	3	3	3	3	3	3	3	3	3
Annual Megawatt Hours (Millions) *(5)*	0.9	1.3	0.9	0.6	0.5	0.3	1.0	1.4	0.8	1.0

(1) MGD = Million Gallons per Day. In 2013, the figure was adjusted to 80 to take into account restrictions in the delivery of raw water at one plant that reduces the total capacity by 3 MGDs.
(2) Untreated (Raw) Water is amount billed, not necessarily delivered or consumed. Includes those customers purchasing in excess of current use to ensure availability for the future.
(3) Water Billings includes the amount actually billed in the fiscal year, not the cash received. Includes water sales, monthly service charges, surcharges, renewal and replacement charges, certain other mandated costs, penalties and other similar charges.
(4) Gross Storage Capacity (in Acre-Feet): French Meadows - 134,993; Hell Hole - 207,590; and Ralston Afterbay - 2,782.
(5) Actual Power Production varies by year depending on outages for significant repairs or capital projects and hydrologic conditions.
(6) In 2011, a new methodology utilizing a Geographic Information System (GIS) was used to determine the Total Miles of Main Line - Treated. In 2015, the facilities statistics reflect the transfer of Eastern Water System (Zone 4) assets to Northstar Community Services District.

Source: Placer County Water Agency

CHART #15
Water Sales and Acre-Feet Ordered



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Compliance Report

Hell Hole Reservoir

PCWA

Photo by PCWA employee Bob D'Elia

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Board of Directors
Placer County Water Agency
Auburn, California

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Placer County Water Agency's (Agency) basic financial statements, and have issued our report thereon dated April 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Placer County Water Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Irvine, California
April 27, 2020

Supplemental Schedules

Foothill Water Treatment Plant

PCWA

PLACER COUNTY WATER AGENCY
Unrestricted Net Position - Board Designated Reserves
For the Fiscal Year Ended December 31, 2019

Agency Wide

Operational:		
Contingencies	$	1,690,380
Operational		1,286,979
Capital:		
Routine Capital Replacement		843,006
Administration Building Maintenance and Improvements		1,647,292
Liabilities:		
Compensated Absences		1,371,158
Pension Liability		500,000
Specific Activities & Projects:		
Water Entitlements/Water Rights Permit Extension		1,833,569
Catastrophic Event		1,941,067
Regional Reliability Program		3,824,131
County Wide Master Plan		579,771
Next Generation ERP System		242,375
Regulatory/Legal		2,685,714
Security Upgrades		271,487
Stewardship Matters		1,586,040
Financial Assistance Program		58,983
Total Agency Wide - Board Designated Reserves	$	20,361,952

Water Division

Operational:		
Contingencies	$	2,622,498
Operational		5,144,039
Revenue Volatility		4,753,006
Energy Volatility		2,618,026
Capital:		
Building and Facilities Maintenance and Improvements		801,103
System Replacement and Improvements		7,236,014
Vehicles, Equipment and Other Routine Capital Replacement		2,574,436
Specified Revenue:		
Renewal & Replacement Charges		18,108,787
State and Federal Mandated Charges		48,560
Raw Water Surcharge		1,486,293
Liabilities:		
Compensated Absences		2,152,226
Revolving Grant Matching Funds		828,702
Risk Management		348,100
Pension Liability		728,810
Specific Activities & Projects:		
Water and Energy Efficiency Strategies		88,000
Service Center - Corporation Yard		4,617,550
Catastrophic Event		5,735,176
Total Water Division - Board Designated Reserves	$	59,891,326

Note: Board designated reserves for the Middle Fork Project are held by the Middle Fork Project Finance Authority not the Agency, therefore, currently no reserves are held by the Agency for the Power Division.

PLACER COUNTY WATER AGENCY
Combined Schedule of Revenues, Expenses and Change in Net Position
Budget and Actual
For the Year Ended December 31, 2019

	2019 Adopted Budget	2019 Adjusted Budget	2019 Actual	Variance from Adjusted Budget ($)	Variance from Adjusted Budget (%)
Operating Revenues					
Water Sales	$ 38,350,250	39,246,000	40,366,197	1,120,197	3%
Power Sales *(1)*	37,548,853	37,548,853	33,438,515	(4,110,338)	-11%
Renewal and Replacement Charges	13,693,050	13,855,000	14,055,878	200,878	1%
Engineering Charges	750,000	750,000	828,159	78,159	10%
Customer Service Charges	725,000	850,000	842,105	(7,895)	-1%
Other Revenue	-	-	100,457	100,457	-
Total Operating Revenues	91,067,153	92,249,853	89,631,311	(2,618,542)	-3%
Non-Operating Revenues					
Water Connection Charges	6,000,000	6,000,000	7,690,159	1,690,159	28%
Costs Recovered from Other Agencies	-	-	829,051	829,051	-
Contributions In Aid of Construction	250,000	139,000	141,049	2,049	1%
Interest Earnings	1,315,000	1,400,000	3,531,653	2,131,653	152%
Property Taxes and Assessments	880,000	1,000,000	1,147,905	147,905	15%
Gain (Loss) on Disposal of Assets	-	-	196,070	196,070	-
Program Grant Revenue	500,000	300,000	461,508	161,508	54%
Rental Income	743,000	743,000	878,065	135,065	18%
Other Income (2)	360,000	249,000	2,265,320	2,016,320	810%
Total Non-Operating Revenues	10,048,000	9,831,000	17,140,780	7,309,780	74%
Total Revenues	101,115,153	102,080,853	106,772,091	4,691,238	5%
Operating Expenses					
Purchased Water	4,464,000	4,464,000	3,991,862	472,138	11%
Operations Administration	4,022,345	4,048,207	4,836,568	(788,361)	-19%
Pumping Plant and Wells	650,000	650,000	517,618	132,382	20%
Water Treatment	9,262,892	9,262,892	8,664,994	597,898	6%
Electrical Operations	5,541,473	5,541,473	6,530,483	(989,010)	-18%
Transmission and Distribution:					
Treated Water	3,196,135	3,322,635	3,600,970	(278,335)	-8%
Raw Water	4,802,924	4,802,924	4,317,585	485,339	10%
Customer Service and Collections	4,982,438	4,859,105	4,759,128	99,977	2%
Repairs and Maintenance	3,242,030	3,242,030	2,712,050	529,980	16%
Recreation	2,588,000	2,588,000	2,296,433	291,567	11%
Automotive & Equipment	987,530	1,038,811	1,085,973	(47,162)	-5%
Engineering	6,996,937	6,695,437	6,367,991	327,446	5%
General and Administrative	16,005,885	16,361,688	14,145,752	2,215,936	14%
Energy Marketing	1,703,053	1,703,053	1,521,093	181,960	11%
Depreciation	-	-	24,209,232	(24,209,232)	-
Total Operating Expenses *(3)*	68,445,642	68,580,255	89,557,732	(20,977,477)	-31%
Non-Operating Expenses					
Interest Expense	2,655,000	2,655,000	2,143,940	511,060	19%
Total Non-Operating Expenses	2,655,000	2,655,000	2,143,940	511,060	19%
Total Expenses	71,100,642	71,235,255	91,701,672	(20,466,417)	-29%
Capital Contributions	-	-	5,321,018	5,321,018	-
CHANGE IN NET POSITION	**$ 30,014,511**	**30,845,598**	**20,391,437**	**(10,454,161)**	**-34%**

(1) Power sales revenue, which reflects reimbursements of the Agency's expenses related to the Middle Fork Project, realized budget savings primarily due to lower than anticipated capital project expenses.

(2) Mark to market adjustment on investments is included in Other Income.

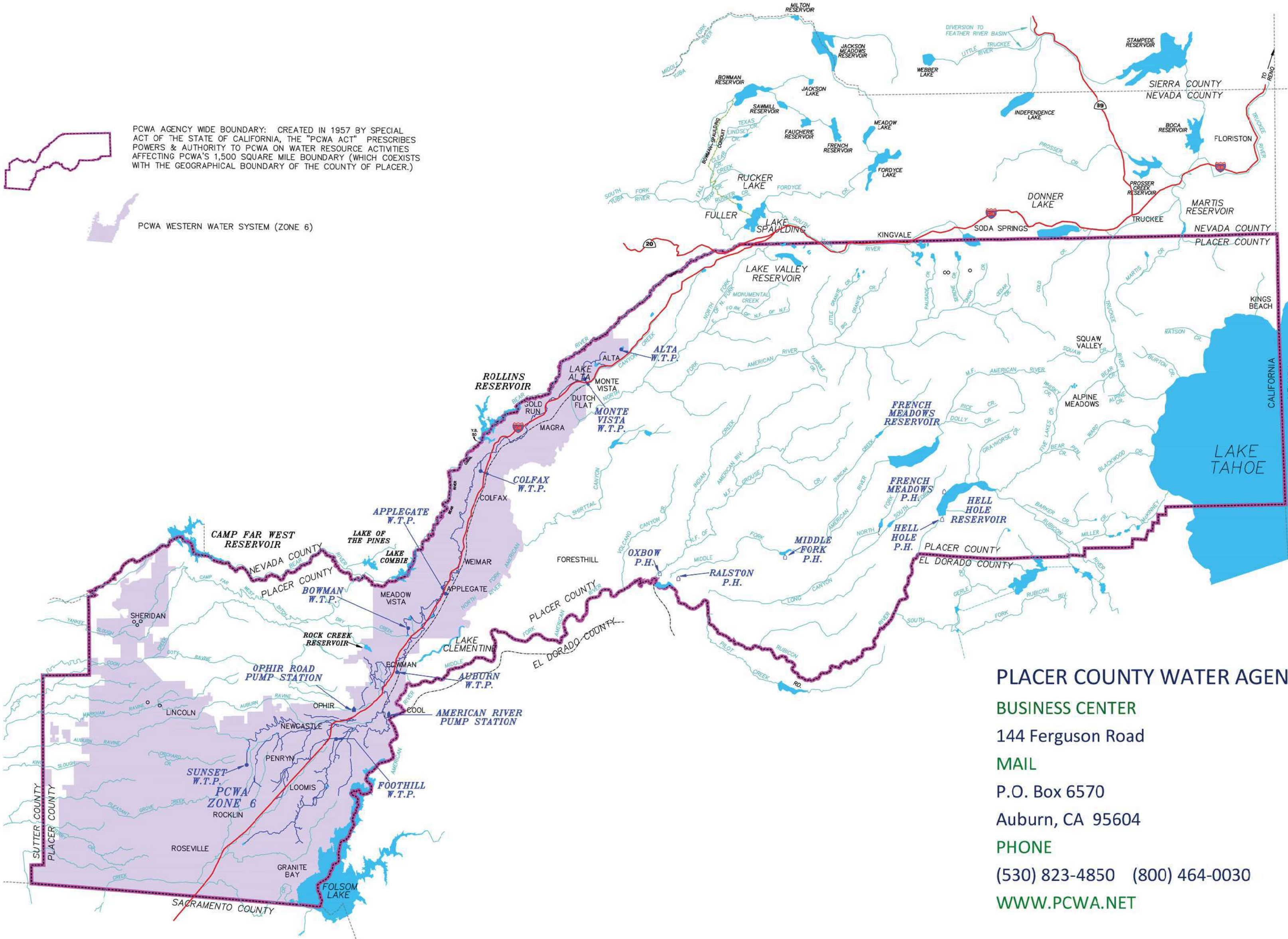
(3) The operating expense variance is primarily a result from under budgeting for depreciation and expenses for infrastructure repair and maintenance projects.

PLACER COUNTY WATER AGENCY
Adjusted Budget
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Water Sales	35,121,350	33,544,200	35,094,200	33,378,200	34,370,200	36,281,000	34,620,000	34,800,000	37,477,000	39,246,000
Power Sales	13,418,260	11,837,765	13,686,081	13,514,781	33,306,898	37,558,000	35,200,426	36,419,512	34,562,163	37,548,853
Renewal and Replacement Charges	-	-	-	-	10,330,000	10,970,000	11,000,000	11,480,000	13,230,000	13,855,000
Raw Water Surcharges *(1)*	-	-	-	-	300,000	320,000	320,000	320,000	-	-
Reimbursements	62,600	65,104	67,708	23,472	-	-	-	-	-	-
Engineering Charges	565,000	415,000	355,000	630,000	630,000	680,000	750,000	750,000	750,000	750,000
Customer Service Charges	730,000	731,000	731,000	731,000	731,000	740,000	725,000	725,000	725,000	850,000
Other Revenue	5,000	5,000	5,000	5,000	48,980	-	-	-	-	-
Total Operating Revenues	49,902,210	46,598,069	49,938,989	48,282,453	79,717,078	86,549,000	82,615,426	84,494,512	86,744,163	92,249,853
Non-Operating Revenues										
Water Connection Charges	250,000	100,000	-	-	1,500,000	14,400,000	12,500,000	10,000,000	10,000,000	6,000,000
Water Sale	-	-	-	-	-	6,000,000	-	-	-	-
Renewal & Replacement Charges	8,638,000	8,800,000	9,060,000	9,160,000	-	-	-	-	-	-
Mandated Costs Charges	-	-	-	-	-	-	-	-	-	-
Raw Water Surcharges	250,000	250,000	250,000	250,000	-	-	-	-	-	-
Costs Recovered from Other Agencies	-	-	-	-	-	-	-	-	-	-
Contributions in Aid of Construction	55,000	55,000	55,000	152,000	70,000	70,000	400,000	400,000	250,000	139,000
Interest Earnings	2,100,000	1,500,000	1,024,300	1,105,000	965,000	940,000	900,000	900,000	1,150,000	1,400,000
Property Taxes and Assessments	646,200	646,200	680,000	680,000	680,000	740,000	775,000	775,000	860,000	1,000,000
Gain on Disposal of Assets	-	(111,442)	-	-	-	(23,707,338)	-	-	-	-
Program Grant Revenue	90,000	50,000	10,000	75,000	90,000	50,000	325,000	325,000	500,000	300,000
Rental Income	-	240,000	240,000	240,000	538,000	700,000	766,000	766,000	768,000	743,000
Other Income	32,984	202,251	41,273	500	(715,826)	(6,261,950)	16,000	16,000	360,000	249,000
Total Non-Operating Revenues	12,062,184	11,732,009	11,360,573	11,662,500	3,127,174	(7,069,288)	15,682,000	13,182,000	13,888,000	9,831,000
Total Revenues	61,964,394	58,330,078	61,299,562	59,944,953	82,844,252	79,479,712	98,297,426	97,676,512	100,632,163	102,080,853
Operating Expenses										
Purchased Water	779,420	674,020	724,000	725,000	2,527,764	4,087,625	4,318,000	4,381,100	4,274,700	4,464,000
Field Administration	1,066,761	1,020,479	937,854	1,005,891	1,017,197	1,033,142	1,060,737	1,111,740	1,074,405	4,048,207
Pumping Plant and Wells	1,458,055	1,525,050	1,437,257	1,333,787	2,197,301	1,906,847	1,043,591	823,101	775,000	650,000
Water Treatment	5,926,022	6,037,991	5,784,104	6,162,517	7,055,543	7,472,576	7,838,719	8,785,774	8,516,961	9,262,892
Electrical Operations	1,474,836	1,648,972	1,751,049	1,578,416	2,485,569	3,095,000	3,250,197	4,632,840	5,420,873	5,541,473
Transmission and Distribution										
Treated Water	3,185,861	3,453,697	2,856,862	3,155,053	2,779,814	2,796,243	2,642,902	3,341,125	3,638,224	3,322,635
Raw Water	5,155,241	4,987,417	5,141,191	4,840,789	5,184,949	5,340,272	3,649,175	3,752,489	4,232,948	4,802,924
Customer Service and Collections	4,186,362	3,986,845	3,808,680	4,013,406	4,102,728	4,384,080	4,818,678	5,057,525	4,148,688	4,859,105
Repairs and Maintenance	1,669,017	1,848,030	1,639,482	2,199,063	2,326,605	3,148,000	2,767,815	2,028,816	2,725,764	3,242,030
Recreation	424,186	344,558	450,799	2,459,516	2,318,500	2,626,000	2,844,000	2,568,000	2,550,000	2,588,000
Automotive and Equipment	898,973	857,976	920,427	898,584	1,019,857	1,057,460	1,014,772	1,036,877	1,014,940	1,038,811
Engineering	2,113,416	1,955,922	2,078,765	1,849,905	2,510,603	4,711,050	4,174,941	4,444,930	4,821,999	6,695,437
General and Administrative	8,882,245	9,274,369	9,237,941	13,819,816	14,542,656	15,576,367	17,285,283	17,522,442	17,556,613	16,361,688
Energy Marketing	-	-	-	3,612,111	6,155,972	2,710,279	2,355,281	1,818,654	1,496,100	1,703,053
Depreciation	7,654,200	7,319,559	8,641,604	4,467,050	1,749,100	1,616,000	-	-	-	-
Total Operating Expenses	44,874,595	44,934,885	45,410,015	52,120,904	57,974,158	61,560,941	59,064,091	61,305,413	62,247,215	68,580,255
Non-Operating Expenses										
Interest Expense	5,161,375	4,991,850	4,158,625	4,061,031	3,923,490	3,831,000	3,831,000	3,269,000	3,118,000	2,655,000
Amortization of Bond Issue Cost	25,615	576,455	455,864	457,110	-	-	-	-	-	-
Amortization of Bond Premium/Discount	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	5,186,990	5,568,305	4,614,489	4,518,141	3,923,490	3,831,000	3,831,000	3,269,000	3,118,000	2,655,000
Total Expenses	50,061,585	50,503,190	50,024,504	56,639,045	61,897,648	65,391,941	62,895,091	64,574,413	65,365,215	71,235,255
CHANGE IN NET POSITION	**11,902,809**	**7,826,888**	**11,275,058**	**3,305,908**	**20,946,604**	**14,087,771**	**35,402,335**	**33,102,099**	**35,266,948**	**30,845,598**

(1) For years 2014 - 2017 Raw Water Surcharges were a separate line item. Beginning in 2018, the rate structure changed and they are included in Renewal & Replacement charges.

Service Area Map



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