



Placer County Water Agency
Auburn, CA

2025

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2025



Placer County Water Agency
Annual Comprehensive Financial Report
For the Year Ended
December 31, 2025

Prepared by the Department of Financial Services

Auburn, California
www.pcwa.net

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Introductory Section



French Meadows Penstock



PLACER COUNTY WATER AGENCY
SINCE 1957

BOARD OF DIRECTORS	BUSINESS CENTER
Jefferson Willoughby, District 1	144 Ferguson Road
Primo Santini, District 2	MAIL
Chris Wilson, District 3	P.O. Box 6570
Robert Dugan, District 4	Auburn, CA 95604
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	(530) 823-4850
	(800) 464-0030
Andrew Fecko, General Manager	WWW.PCWA.NET

June 24, 2026

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

The Department of Financial Services is pleased to present the Annual Comprehensive Financial Report (ACFR) of the Placer County Water Agency (PCWA or Agency) for the year ended December 31, 2025. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it.

Management takes sole responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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, 2025, which is included in the financial section of this ACFR.

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 238 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, waterways 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 the MFP which can generate, at peak power, 224 megawatts that averages 850,000 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 CAISO, while other energy products services (renewable energy credits, 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 9 water treatment plants, 32 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 acre-feet 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 acre-feet 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 acre-feet of water per year within the Sunset Industrial area located in unincorporated Western Placer County. These wells provide backup 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. Increases to the Capital Improvement Program budget and to the operating budget require Board approval.

Significant Events and Accomplishments

Water Year – 2025

For Water Year 2025 (October 2024 – September 2025), California experienced near-normal precipitation statewide. Lake Spaulding, which is located in Nevada County and operated by Pacific Gas & Electric and is one of the Agency’s primary sources of water supply for the Water Division received 98% of the 50-year average precipitation.

Water System Consolidations

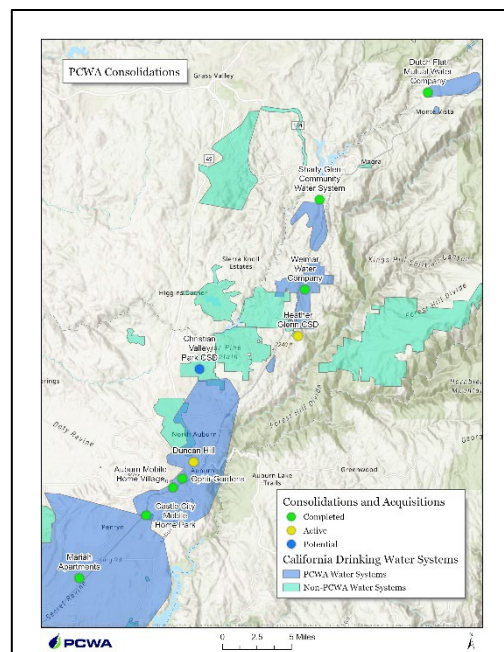
During 2025 the Agency continued progress on several consolidation projects in various stages (planning, design and construction); Shady Glen Mobile Home Park, Duncan Hill, and Heather Glen Community Services District, small or privately owned water systems within Placer County. These projects are currently funded or in the process of applying for funding with the State Water Resources Control Board (SWRCB).

The Agency continues to be the recipient of State grant funds to assist the State in accomplishing the State’s goal of reducing the number of permitted systems in the State and the mutual goal of bringing affordable drinking water to underserved areas of Placer County.

Duncan Creek Diversion Dam Upgrade and Trail



Duncan Creek Diversion Dam



PCWA’s Consolidation Activity

The Agency completed its second season of upgrades at the Duncan Creek Diversion Dam to meet modern environmental standards and enhance operational efficiency as required by Federal Energy Regulatory Commission (FERC) licensing requirements. The project includes new crest gates for sediment transport, fish screens, and advanced flow-control structures to support downstream fish passage and maintain ecological flows. By improving sediment transport and enabling fish to access critical habitats, the project restores natural stream functions and aquatic

ecosystems. Powered by a hybrid energy system, the upgrades align with the Agency’s commitment to sustainable infrastructure and meet licensing requirements, demonstrating innovative solutions for managing water and environmental resources effectively.

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 14%, while the increase from 2024 to 2025 was 2.9%. The long-term forecast for the County’s growth is a steady average of 1.0%. The population is expected to reach approximately 456,773 by 2035. The 2035 figure represents a 6.7% increase over the current population of 428,181.

At December 2025, Placer County’s unemployment is currently lower than the State’s average: Placer County at 4.2% and the State at 5.1%. Last year unemployment was 3.9% and 5.5% respectively.

The County’s per capita personal income also exceeded the State’s per capita personal income by 2.6% in 2024 (Data is not currently available for 2025). 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 \$25.3 million in 2025. A 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. 2025 did not follow the trend of decreasing commitments and reflects a major period of growth in the area with the extensive development activity in West Placer.

Long-term Financial Planning

The annual Strategic Plan is a road map that guides the Agency in meeting its near-term objectives and mission. The Agency’s long-term financial planning initiatives are segregated by the operating divisions of Water and Power, with a primary objective to ensure reliable operations through long-term infrastructure investment.

In 2020, the Agency commenced an analysis of the Water Division’s Renewal and Replacement program which is segregated by asset category, current infrastructure conditions, average useful lives and estimate average annual renewal and replacement costs over 25 years. This high-level

analysis of the Agency's estimated R&R cost needs over the next 25 years is based on the sum of the estimated discrete annual costs for each of the Agency's CIP categories.

Annually, during the budget process, the Agency reviews capital and operational needs. For the Water Division the cost of service is reviewed to determine if the water rates, fees and charges are sufficient to provide the revenues and funding necessary to cover the Water Division's coming year operating expenses and makes adjustments as necessary.

The Agency's Capital Improvement Program is reported for the next 5 years yet is projected up to 25 years 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 over \$18 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 Water Cost of Service and Rate Study was updated in 2022 and a proposition 218 notification process followed, concluding with a public hearing on May 9, 2022, where the Board of Director's adopted 5-year fixed rate adjustments of 8%, 8%, 7%, 7%, 6%, effective beginning January 1, 2023, respectively.

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.

Revenue and Expense Guidelines

This policy supplements other policies to support financial stability and integrity and provides measures to ensure financial accountability and transparency. These guidelines state the Agency will maintain sound financial practices in accordance with generally accepted accounting principles, the Agency Act, Local, State and Federal laws and regulations. And 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.

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 investment process is carefully monitored to ensure compliance with the Investment Policy and other applicable regulations.

Budget Policy

In November 2025, the Agency's *Budget Policy* was updated to provide more flexibility for the Capital Improvement Plan (CIP). 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 and amended again in August 2021, for the purpose of a describing each reserve and providing a methodology to the reserve target set by the Board annually during the budget process. 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 November 2025, the Agency revised its *Debt Management Policy*, previously adopted in April 2007, 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 November 2025, the Agency revised and updated its *Capital Asset Policy*. This policy establishes the provisions for asset capitalization and safeguarding and defines capital-type items such as buildings, machinery or equipment with an original cost of \$25,000 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 capital assets from damage, loss or theft.

Fraud Policy

In November 2025, the Agency revised the *Fraud Policy*, originally adopted in June 2004, which 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.

Procurement Policy

The Agency's *Procurement Policy* was revised and readopted by the Agency in 2025. 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 November 2025, the Agency revised the *Procurement Card (P-Card) Policy*, originally adopted in 2016 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.

Comprehensive Unfunded Pension Liability Management Policy

In 2021, the Agency adopted a Comprehensive Unfunded Pension Liability Management Policy to provide a framework and guidance for the development and management of a funding plan for any Unfunded Accrued Liabilities (“UAL”) that are calculated annually by CalPERS for the Agency’s defined benefit pension plan.

Federal Grant Policy

In November 2025, the Agency revised the Federal Grant Policy, originally adopted in 2022 to be compliant with the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards commonly called "Uniform Guidance".

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 to manage several large projects in 2026, which includes the replacement of the Colfax Water Treatment Plant, multiple small water system consolidations, and the North and South Fork Diversion Dam upgrade projects which will modify and/or construct a new diversion structure at North and South Fork Long Canyon, including sediment passage capabilities, screen diversion flows, and fish transport in the MFP.

In addition, the Agency is actively planning for the construction of the new Ophir Water Treatment Plant, which will likely begin construction summer 2026, the first phase to provide 10 million gallons per day (MGD) of capacity and ultimately expanded to 30 MGD. This project is estimated to cost in excess of \$240 million and will be the largest project the Agency has initiated.

Effective January 1, 2024, Senate Bill 706 authorized cities, counties, and special districts to use Progressive Design Build (PDB)



Future Ophir Water Treatment Plant Ariel Rendering

contracting authority for public works projects in excess of \$5 million each. PDB offers an alternative to the traditional Design-Bid-Build delivery model currently used for Agency improvement projects. Through PDB, the contractor is awarded the contract as part of a "Design-Build" team through a qualifications-based selection criteria which allows the Contractor to be involved during the design process instead of only during construction. This collaborative method allows for a streamlined timeline for design and construction, consideration of means and methods during design, and better estimation of the expected cost of construction. During 2025 the Agency initiated its' first PDB project, the I-80 Crossing Replacement Project. This project is a long-term program with the objective of replacing aging raw and treated water pipes that currently cross Interstate 80. Currently, the Agency owns and operates a total of fifty (50) I-80 Crossings (26 treated water and 24 raw water), with seven (7) of the crossings considered in "Very High Risk" of failure. Due to the age and large amounts of unknowns associated with these crossings, it is beneficial to have the contractor engaged throughout the design process. This allows risks associated with unknown conditions at these crossings to be investigated and addressed prior to the start of construction and provides the contractor with an opportunity to offer workable solutions during design. During 2026 the Agency will initiate its second PDB project, Foothill Water Treatment Rehabilitation which is estimated to cost in excess of \$28 million.

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 annual comprehensive financial report for the fiscal year ended December 31, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 ACFR 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,

A handwritten signature in cursive script, appearing to read "Carrie Parks", written in dark ink.

Carrie Parks
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

Placer County Water Agency

December 31, 2025



Board of Directors

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

Agency Officials

General Manager	Andrew Fecko
General Counsel	Dan Kelly
Director of Administrative Services	Nicole Skarda
Director of Financial Services	Carrie Parks
Director of Power Generation Services	Aaron Sullivan
Director of Customer Services	Matt Young
Director of Field Services	Daryl Hensler
Director of Information Technologies	David Russell
Director of Strategic Affairs	Tony Firenzi
Director of Technical Services	Jeremy Shepard
Director of Energy Marketing	Shane Motley
Director of Resource Management	Darin Reintjes

Acknowledgements

Prepared by the Placer County Water Agency
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Deputy Director of Financial Services	Melissa Cope
Deputy Director of Financial Services	John Coulter, CPA
Senior Accountant	Marco Wang, CPA

Special thanks and photo credits to Brie Anne Coleman

Placer County Water Agency

Organizational Structure



Financial Section



Shady Glen Consolidation

Independent Auditor's Report

Board of Directors
Placer County Water Agency
Auburn, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Placer County Water Agency ("Agency") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Agency as of December 31, 2025, and the respective 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The financial statements for the year ended December 31, 2025 reflect certain prior period restatements as described further in note 14 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2026, 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 solely 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 the effectiveness of 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 the Agency's internal control over financial reporting and compliance.



June 23, 2026
Irvine, California

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Management's Discussion and Analysis

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, 2025. 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 850,000 megawatt hours annually. The electricity generated is metered by the California Independent System Operator (CAISO) and shadow settled, or validated, by the Agency.

Power generation is sold directly to 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 were built in the gold rush era, the Agency serves untreated water customers and transmits water for treatment. The Agency owns and operates 9 water treatment plants, 31 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 67 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 68 through 71 of this report. The Agency's other supplementary information can be found on pages 72 through 74 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 2025, the Agency's financial position remained strong. The significant financial events are illustrated in the financial analysis below.

FINANCIAL HIGHLIGHTS FOR 2025

- Net Position increased \$90.6 million or 10% 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 \$983.4 million.
- Total operating revenue increased by \$32.6 million; and non-operating revenue (expenses) increased \$9.5 million.

Financial Position

The Agency's total net position increased by \$90.6 million to \$983.4 million (*see Table 1*), which is a result of assets and deferred outflow of resources increasing by \$83.3 million and liabilities and deferred inflow of resources decreasing by \$5.9 million. The \$90.6 million increase to net position can be further broken down as an increase of \$57.4 million or 9.0% in the Water Division, an increase of \$27.3 million or 14.4% in the Power Division, and an increase of \$5.9 million or 8.9% in the Agency Wide Division. The largest portion of the Agency's net position, \$709.8 million or 72%, represents its investments in capital assets and infrastructure.

Key components of the \$90.6 million increase in net position are as follows:

- Total assets increased \$83.2 million largely from an increase in cash and investments of \$52.1 million and capital assets increased \$49.0 million related to construction in progress.
- Deferred outflow of resources increased \$109,728 related to 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 \$13.2 million, current liabilities decreased \$1.3 million, \$2.1 million related to accounts and retention payable. Non-current liabilities decreased \$11.9 million and included a \$7.3 million decrease in the net pension liability related to CalPERS' investment performance on assets, a \$5.2 million decrease in long-term debt obligations

and an increase of \$1.1 million in the unearned water connection charge revenue related to the City of Lincoln and the future Ophir Water Treatment Plant.

- Deferred inflow of resources increased \$5.9 million reflecting pension and OPEB liabilities largely attributed to differences between projected and actual earnings on plan investments.

Table 1
Statements of Net Position*
(In thousands)

	2025	Restated 2024	Variance	%
Current Assets	\$ 200,906	156,187	44,719	29%
Non-Current Assets	164,249	174,781	-10,532	-6%
Capital Assets, Net	766,278	717,268	49,010	7%
Total Assets	1,131,433	1,048,235	83,198	8%
Deferred Outflow of Resources	16,915	16,805	110	1%
Current Liabilities	29,604	30,890	-1,287	-4%
Non-Current Liabilities	124,366	136,276	-11,910	-9%
Total Liabilities	153,970	167,167	-13,197	-8%
Deferred Inflow of Resources	10,978	5,120	5,858	114%
NET POSITION:				
Net Investment in Capital Assets	709,822	649,460	60,362	9%
Restricted	145,251	121,766	23,485	19%
Unrestricted	128,328	121,528	6,799	6%
Total Net Position	\$ 983,400	892,754	90,646	10%

*Totals may not sum due to rounding

Results of Operations

The Agency's 2025 total operating revenue of \$151 million increased \$32.6 million when compared to the 2024 amount (see Table 2 on the following page). The total operating expense increased \$5.1 million resulting in an increase to net operating income of \$27.5 million. Overall, the Agency's change in net position for the year, including capital contributions, increased by \$90.6 million compared to the 2024 net position. The major components of this increase are as follows:

- Operating revenue at the fund level changed as follows: Agency Wide decreased \$614 thousand, Water Division increased \$4.9 million, primarily from water rate increases. Power

Division power sales revenue, which is reimbursement from the Middle Fork Project Finance Authority for operating and capital expenses related to operations of the MFP, increased \$28.3 million related to capital project activities, including progress on the Duncan Creek Diversion Upgrade and the French Meadows Campground Upgrades.

- Operating expense increased by \$5.1 million or 4% to \$125.3 million. Non-operating Revenues (Expenses) increased by \$9.7 million to \$39.9 million, which is a net change of the following: a \$5.4 million decrease in other income (expense) \$3 million of which is a product of reclassifying grant revenues to capital contributions, and a \$11 million increase in Water Connection Charge revenue. Included in the non-operating revenue is \$14.2 million of investment revenue which is \$4.0 million more than 2024 due to changes in market value of investments.
- Contributed capital, consists of capital grant revenues totaling \$8.1 million and water system infrastructure contributed to the Agency upon project completion, totaling \$17.0 million, which was comprised of various developer's agreements.

Table 2 shows changes in the Agency's net position for the years ended December 31, 2025 and 2024 as restated.

Table 2
Statement of Revenues, Expenses and Changes in Net Position*
(In thousands)

	2025	Restated 2024	Variance	%
OPERATING REVENUES:				
Agency Wide	\$ 2,110	2,723	- 614	-23%
Power Division	69,130	40,834	28,296	69%
Water Division	79,730	74,840	4,890	7%
Total Operating Revenues	150,970	118,398	32,572	28%
OPERATING EXPENSES:				
Pumping Plant and Wells	3,019	3,515	-497	-14%
Water Treatment and Purchased Water	14,115	15,908	-1,793	-11%
Electrical Operations and Energy Marketing	19,679	16,923	2,756	16%
Transmission and Distribution of Water	9,422	9,359	63	1%
Customer Service and Collections	5,344	5,172	172	3%
Recreation	2,832	2,778	54	2%
Automotive and Equipment Maintenance	3,980	1,333	2,648	199%
Engineering	10,283	10,603	-320	-3%
General and Administrative	25,522	24,891	632	3%
Depreciation and amortization	31,118	29,740	1,378	5%
Total Operating Expenses	125,315	120,222	5,093	4%
Net Operating Income	25,655	-1,824	27,479	-1506%
NON-OPERATING REVENUES (EXPENSES):				
Water Connection Charges	25,361	14,368	10,992	77%
Investment Income	14,233	10,192	4,042	40%
Interest Expense	-1,465	-1,606	141	-9%
Other	1,773	7,215	-5,442	-75%
Total Non-Operating Revenues (Expenses)	39,902	30,169	9,733	32%
Income Before Capital Contributions	65,556	28,345	37,212	131%
Capital Contributions	25,090	24,269	820	3%
Change in Net Position	90,646	52,614	38,032	72%
Net Position, Beginning of Year	892,754	840,140	52,614	6%
Net Position, End of Year	\$ 983,400	892,754	90,646	10%

*Totals may not sum due to rounding

CAPITAL ASSETS AND CAPITAL IMPROVEMENT PLAN

At the end of 2025, the Agency had invested \$766.3 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; leases; and equipment. The total increase in the Agency's investment in capital assets for 2025 was \$79.8 million before depreciation. The summary of capital assets is presented in note 4 to the basic financial statements. Table 3 provides a summary of capital assets for years-ended 2025 and 2024 restated as follows:

Table 3
Capital Assets
(In thousands)

	2025	Restated 2024	Increase/ (Decrease)	%
Land	\$ 18,389	18,383	7	0%
Other - Non Depreciating	7,078	7,635	-557	-7%
Construction in Progress	79,156	58,316	20,841	36%
MFP FERC License	37,369	37,369	0	0%
Lease-Right to Use Asset	775	874	-99	-11%
SBITA's-Right to Use Asset	1,685	1,534	151	10%
Systems & Improvements	984,450	929,906	54,544	6%
Buildings & Improvements	83,932	79,993	3,939	5%
Machinery & Equipment	103,257	102,273	984	1%
Subtotal	1,316,093	1,236,283	79,810	6%
Less Accumulated Depreciation/Amortization	549,815	519,015	30,800	6%
Total Capital Assets	\$ 766,278	717,268	49,010	7%

The following is a list of the top 10 capital project expenditures (in thousands) which accounted for 70% of total construction in progress additions during 2025.

Agency Wide

Ferguson Campus Solar	\$ 2,415
Shady Glen Consolidation	1,754

Power

French Meadows Campground	7,541
South Fork Long Canyon Dam Upgrade	6,279
Duncan Creek Diversion Upgrade	5,497
North Fork Long Canyon Dam Upgrade	4,368
French Meadows South Shore Water Supply	3,140
French Meadows Penstock Relining	2,520

Water

Colfax Water Treatment Plant Replacement	6,993
Monte Vista Tank Replacement	2,344

Total

\$ 42,851

The following is a list of the top 10 capital projects expenditures (in thousands), 75% of the total, included in Construction in Progress at December 31, 2025.

Duncan Creek Diversion Upgrade	\$ 14,645
American River Water Rights Extension	9,965
Colfax Water Treatment Plant Replacement	9,842
South Fork Long Canyon Dam Upgrade	6,874
North Fork Long Canyon Dam Upgrade	5,025
Ophir Water Treatment Plant Phase 1	3,451
Hell Hole Seasonal Storage	2,778
Monte Vista Tank Replacement	2,696
Ferguson Campus Solar	2,548
Hell Hole Outlet Works Upgrade	1,249

Total

\$ 59,072

LONG-TERM DEBT

At December 31, 2025, the Agency had total long-term debt outstanding of \$55.9 million. The outstanding amount decreased a net \$5.8 million during the year because of the following:

- The retirement of \$4.3 million of Certificates of Participation.
- The net addition of \$112,452 in loans payable.
- The retirement of \$852,419 of bond premiums.
- The net retirement of \$108,561 in leases payable.

More detailed information about the Agency's long-term debt is presented in note 5 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 2021.

The debt coverage ratio demonstrates the Agency's Western Water System financial strength and future borrowing capability which is calculated at 7.80 times annual debt service for the Western Water System at December 31, 2025. Table 4 presents the Western Water System's debt coverage ratio and exhibits both 2025 and 2024 ratios being greater than the 1.20 times debt indenture covenant requirement.

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

	2025	2024
Net Water Revenue, Excluding Depreciation	\$ 61,644	\$ 46,338
Debt Service on Certificates and Other Parity Debt	7,904	7,914
Debt Coverage Ratio	7.80	5.86
Debt Coverage Ratio Requirement Based on Debenture	1.20	1.20

At December 31, 2025 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 2057. The Agency's current weighted average cost of capital is 2.2% in outstanding debt as shown in the following table:

Table 5
Cost of Capital
(In thousands)

	Debt Balance			Average Coupon Rate	Cost of Capital
	Expansion	Rates	Total		
Certificates of Participation	\$ 22,189	20,716	42,905	4.1%	2.3%
Loans Payable	-	9,751	9,751	2.0%	2.0%
Total	<u>\$ 22,189</u>	<u>30,467</u>	<u>52,656</u>	3.7%	2.2%

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Directors, ratepayers, creditors, and the public 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.

PLACER COUNTY WATER AGENCY

Statement of Net Position

December 31, 2025

ASSETS

Current assets:

Cash and investments (note 2)	\$ 176,706,069
Water service receivable, net	7,163,185
Accounts receivable, net	8,601,958
Lease receivable, current portion (note 3)	123,772
Interest receivable	2,137,011
Taxes receivable	1,454,179
Materials and supplies	1,625,010
Prepaid expenses	3,095,149
Total current assets	200,906,333

Non-current assets:

Investments (note 2)	15,513,893
Restricted investments (note 2)	148,175,744
Notes receivable	8,836
Lease receivable (note 3)	550,449
Capital assets, non depreciable (note 4)	104,623,636
Capital assets, net of depreciation and amortization (note 4)	661,653,948
Total non-current assets	930,526,506
Total assets	1,131,432,839

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow - pension contributions (note 8)	4,868,009
Deferred outflow - pension actuarial (note 8)	4,983,520
Deferred outflow - OPEB contributions (note 9)	985,352
Deferred outflow - OPEB actuarial (note 9)	5,284,224
Deferred charges on refunding	793,939
Total deferred outflows	16,915,044

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY

Statement of Net Position

December 31, 2025

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	9,362,076
Accrued salaries and benefits	2,021,672
Interest payable	1,029,911
Deposits	1,916,105
Retention payable	1,309,991
Current portion of long-term debt (note 5)	8,129,951
Compensated absences payable, current portion (note 5)	5,833,961
Total current liabilities	<u>29,603,667</u>

Non-current liabilities:

Certificates of participation, net of premiums/discounts (note 5)	38,965,125
Loans payable (note 5)	8,073,884
Leases payable (note 5)	407,511
Subscription-based IT payable (note 5)	362,523
Improvement district debt (note 5)	2,329
Compensated absences payable (note 5)	2,970,656
Unearned Water Connection Charge revenue (note 5)	43,806,583
Net pension liability (note 8)	24,189,061
Net OPEB liability (note 9)	5,588,280
Total non-current liabilities	<u>124,365,952</u>
Total liabilities	<u>153,969,619</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - pension actuarial (note 7)	4,237,858
Deferred inflows - OPEB actuarial (note 9)	6,103,125
Deferred inflows - leases	637,192
Total deferred inflows	<u>10,978,175</u>

NET POSITION

Net investment in capital assets	709,821,997
Restricted (note 6):	
Water system expansion	100,386,508
Improvement District debt service	56,002
Unearned Water Connection Charge revenue	44,254,744
Water resource development	515,754
IRS Section 125	37,575
Total restricted net position	<u>145,250,583</u>
Unrestricted	<u>128,327,509</u>
Total net position	<u>\$ 983,400,089</u>

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, 2025

OPERATING REVENUES

Water sales	\$ 61,823,523
Power sales	69,159,476
Renewal and replacement charges	18,290,101
Engineer charges	1,058,006
Customer service charges	638,814
Total operating revenues	150,969,920

OPERATING EXPENSES

Purchased water	5,388,000
Operations administration	4,695,567
Pumping plants and wells	3,018,590
Water treatment	8,727,335
Electrical operations	18,213,485
Transmission and distribution of treated water	4,458,432
Transmission and distribution of raw water	4,963,377
Customer service and collections	5,344,340
Recreation	2,831,933
Automotive and equipment	3,980,161
Engineering	10,283,335
General and administrative	20,826,715
Energy marketing	1,465,480
Depreciation and amortization	31,118,446
Total operating expenses	125,315,196
Operating income (loss)	25,654,724

(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, 2025

NON-OPERATING REVENUES (EXPENSES)

Water connection charges	25,360,738
Costs recovered from other agencies	818,400
Investment income (expense)	14,233,472
Property taxes and assessments	1,558,554
Gain (loss) on disposal of assets	21,528
Program grant revenue	279,305
Interest expense	(1,465,183)
Rental income	1,227,473
Other income (expense)	<u>(2,132,543)</u>
Total non-operating revenues (expenses)	<u>39,901,744</u>
Net income before capital contributions	<u>65,556,468</u>

CAPITAL CONTRIBUTIONS

Capital contributions	<u>25,089,771</u>
Increase in net position	90,646,239
Net position, beginning of year, as previously reported	869,372,256
Error Correction (note 14)	23,381,594
Net position, beginning of year, as restated	<u>892,753,850</u>
Net position, end of year	<u><u>\$ 983,400,089</u></u>

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY
Statement of Cash Flows
For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 155,340,462
Cash paid to suppliers for goods and services	(52,661,241)
Cash paid to employees for services	(46,071,058)
Net cash provided by (used for) operating activities	<u>56,608,163</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property taxes and assessments	1,558,554
Costs recovered from other agencies	818,400
Program grant revenue	<u>279,305</u>
Net cash provided by (used for) non-capital financing activities	<u>2,656,259</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(55,374,173)
Proceeds from disposal of capital assets	21,528
Principal payment on debt	(4,181,185)
Interest payment on debt	(1,471,106)
Proceeds from leases receivable	132,552
Unearned water connection charge revenue	1,120,579
Water connection charges	<u>25,360,738</u>
Net cash provided by (used for) capital and related financing activities	<u>(34,391,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(102,917,164)
Proceeds from maturity of investments	87,157,911
Investment income	<u>9,172,119</u>
Net cash flows provided by (used for) investing activities	(6,587,134)
Net increase (decrease) in cash and cash equivalents	18,286,221
Cash and cash equivalents, beginning of year as previously reported	<u>127,554,853</u>
Error Correction (note 14)	(58,904,729)
Cash and cash equivalents, beginning of year as restated	68,650,124
Cash and cash equivalents, end of year	<u><u>\$ 86,936,345</u></u>

(Continued)

See accompanying notes to financial statements.

PLACER COUNTY WATER AGENCY
Statement of Cash Flows
For the year ended December 31, 2025

Reconciliation of operating income (loss) to net cash provided by
(used for) operating activities:

Operating income (loss)	\$ 25,654,724
Adjustments to reconcile operating income (loss) to cash flows provided by (used for) operating activities	
Depreciation and amortization	31,118,446
Other non-operating income	(905,070)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	4,370,542
(Increase) decrease in materials and supplies	(90,967)
(Increase) decrease in prepaid expense	(135,922)
(Increase) decrease in pension and OPEB deferred outflows	(305,515)
Increase (decrease) in accounts payable and other liabilities	(2,227,163)
Increase (decrease) in salaries and benefits payable	(675,438)
Increase (decrease) in deposits	378,055
Increase (decrease) in leases deferred inflows	(119,690)
Increase (decrease) in net pension liability	(5,461,455)
Increase (decrease) in net OPEB liability	(970,249)
Increase (decrease) in pension and OPEB deferred inflows	5,977,865
Net cash provided by (used for) operating activities	<u>\$ 56,608,163</u>

Reconciliation to Statement of Net Position:

Cash and investments (current)	\$ 176,706,069
Investments (non-current)	15,513,893
Restricted cash and investments (non-current)	148,175,744
Less long-term investments	<u>(253,459,361)</u>
Total cash and cash equivalents	<u>\$ 86,936,345</u>

Non-cash investing, capital and financing activities:

Contributed capital	\$ 17,026,545
Amortization of bond premiums and discounts	(852,419)
Debt refunding related	195,787
Gain (loss) on sale of capital assets	13,617
Additions to retention payable	(1,411,317)
Change in fair value of investments	4,712,343

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 Investments

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.

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.

F. Water Service Receivable

Water service receivables are presented net of \$390,058 in allowance for doubtful accounts as of December 31, 2025. Customer water meters are read on a monthly period. Revenue is recognized in the period that water is used.

G. 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.

H. 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 \$25,000 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
Right to use assets:	
Leases	Shorter of useful life or agreement
Subscription Based IT Agreements	Shorter of useful life or agreement

I. 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, 2025 are included on the statement of net position.

J. 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, 2025, the Agency's property tax revenue totaled \$1,558,554 which is included in the Agency Wide Division.

K. 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.

L. 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 principal 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 May 9, 2022, the Board of Directors adopted rates, fees and charges throughout the Agency's service area based on an updated cost-of-service structure consistent with current law and included a multi-year adjustment that reflects PCWA's revenue requirements in accordance with the Agency's long-range financial plan. The multi-year rate adjustments are as follows: 8.0% in 2023, 8.0% in 2024, 7.0% in 2025, 7.0% in 2026, and 6.0% in 2027.

M. Power Sales

During 2025, 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, maintenance, and capital improvements of the Middle Fork Project hydroelectric facilities. Reimbursements for Agency expenses are recorded as Power Sales Revenue. See Note 11 for more details on the Joint Powers Agreement.

N. Bond Discounts and Premiums

Original issue discounts and premiums related to the 2016, 2018 and 2021 certificates of participation are amortized using the effective interest rate method over the life of the bonds.

O. 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.

P. 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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

Q. 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, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

R. 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 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.

S. 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 assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The Agency has four items that qualify for reporting in this category in the statements of net position. They are the deferred amounts on refunding, deferred outflows related to contributions and actuarial changes for other postemployment benefits (OPEB), and deferred outflows related to contributions and actuarial changes for pensions.

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 assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Agency has three items that qualify for reporting in this category in the statements of net position. They are deferred inflows related to leases and deferred inflows related to actuarial changes for other postemployment benefits (OPEB) and actuarial changes for pension.

T. Leases

Lessee: The Agency is a lessee primarily in office copier equipment and solar panel installations. The Agency recognizes a lease liability and an intangible right-to-use lease asset in the financial statements for all leases with a noncancellable lease term greater than 12 months.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease-right to use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term. Key estimates and judgments related to leases include how the Agency determines the discount rate it uses to discount the expected lease payments to present value, as well as the lease term.

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed and purchase option payments that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with other liabilities on the statement of net position.

Lessor: The Agency is a lessor of land. The Agency recognizes a lease receivable and a deferred inflow of resources in the proprietary fund financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is

recognized as revenue over the life of the lease term. Key estimates and judgments include how the Agency determines the discount rate it uses to discount the expected lease receipts to present value as well as the lease term.

- The Agency uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

U. Subscription-Based Information Technology Arrangements

The Agency is a subscriber for a non-cancellable subscription of information technology services. The Agency recognizes a subscription liability and an intangible right-to-use subscription asset (subscription-right to use asset) in the financial statements.

At the commencement of a subscription, the Agency initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the lease term. Key estimates and judgments related to subscriptions include how the Agency determines the discount rate it uses to discount the expected subscription payments to present value as well as the lease term.

- The Agency uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Agency is reasonably certain to exercise.

Subscription assets are reported with other capital assets and subscription liabilities are reported with other liabilities on the statement of net position.

V. New Accounting Pronouncements

GASB Statement No. 102, “Certain Risk Disclosures.” The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The Agency has implemented GASB Statement No. 102 for the year ended December 31, 2025.

GASB Statement No. 103, “Financial Reporting Model Improvements.” The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The Agency has not implemented GASB Statement No. 103 for the year ended December 31, 2025.

2. Cash and Investments

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments	\$ 176,706,069
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Non-current Assets:

Investments	15,513,893
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Restricted Investments	<u>148,175,744</u>
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Total	<u><u>\$340,395,706</u></u>
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Cash and investments as of December 31, 2025 consist of the following:

Cash on Hand	\$ 3,300
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Deposits with Financial Institutions	5,367,426
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Investments	<u>335,024,980</u>
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Total	<u><u>\$340,395,706</u></u>
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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, 2025 are as follows:

Agency Wide Division:

IRS Section 125 – Reserve for employees Section 125 account	\$ 37,575
Water Resource Development – Restricted for Water Resource Development Fund Activities	515,754
Total Agency Wide Restricted	<u>553,329</u>

Water Division:

Held with Fiscal Agent Restricted for Debt Service

2016 COP Debt Service	302,374
2018 COP Debt Service	291,204
2021 COP Debt Service	536,831
Auburn Water Treatment Plant Debt Service	1,302,971
Electric Street Tank Debt Service	491,781
Total Held with Fiscal Agent Restricted for Debt Service	<u>2,925,161</u>

Held at the Agency Restricted for Debt Service

Improvement Districts – Restricted for Debt Service	56,002
Total Held at the Agency Restricted for Debt Service	<u>56,002</u>
Total Water Division Restricted for Debt Service	<u>2,981,163</u>

Held at the Agency Restricted Either by Law or Contract

Water Connection Charges – Restricted for Water System Expansion	63,757,946
Water Connection Charges – Funded to Capital Projects	36,628,562
County Service Area 29 – Restricted for Zone 5 improvements	52,093
Sunset Ranchos – Restricted for Regional Water Use Efficiency	3,707
City of Lincoln – Unearned Water Connection Charge Revenue	44,198,944
Total Water Division Held at the Agency Restricted Other	<u>144,641,252</u>
Total Water Division Restricted	<u>147,622,415</u>
Total Restricted	<u>\$ 148,175,744</u>

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
U.S. Treasury Securities	5 years	100%	No limit
U.S. Government Agencies and Instrumentalities	5 years	100%	50%
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%	20%
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	N/A	100%	No limit
Local Agency Investments Fund (LAIF)	N/A	\$75 million	No limit
Collateralized Bank Deposits	N/A	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	\$ 116,144,811	30,730,017	16,719,031	29,388,937	24,192,230	15,114,596
U.S. Government Agencies	90,678,910	39,553,460	15,309,753	18,925,225	6,216,000	10,674,472
Corporate Notes	13,592,925	1,980,440	3,491,345	6,087,040	-	2,034,100
Money Market Mutual Funds	564,715	564,715	-	-	-	-
Other States Notes/Bonds	4,821,750	-	4,821,750	-	-	-
Commercial Paper	18,425,888	18,425,888	-	-	-	-
Asset Backed Securities	729,587	-	-	729,587	-	-
Bonds of Supranationals	9,065,490	2,005,080	1,987,460	-	5,072,950	-
PCTPI	4,719,184	4,719,184	-	-	-	-
LAIF	73,356,559	73,356,559	-	-	-	-
Fiscal Agent Accounts:						
Money Market	2,925,161	2,925,161	-	-	-	-
Total Investments	\$ 335,024,980	174,260,504	42,329,339	55,130,789	35,481,180	27,823,168

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, 2025 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			Not Rated or Exempt
			Aaa*	Aa	A**	
U.S. Treasury Securities	\$ 116,144,811	N/A	-	-	-	116,144,811
U.S. Government Agencies	90,678,910	N/A	-	87,085,917	-	3,592,993
Corporate Notes	13,592,925	A-	2,474,825	3,079,170	8,038,930	-
Money Market Mutual Funds	564,715	AAA	-	-	-	564,715
Other States Notes/Bonds	4,821,750	N/A	-	4,821,750	-	-
Commercial Paper	18,425,888	A-	-	-	18,425,888	-
Asset Backed Securities	729,587	AA-	-	-	-	729,587
Bonds of Supranationals	9,065,490	AA-	9,065,490	-	-	-
PCTPI	4,719,184	N/A	-	-	-	4,719,184
LAIF	73,356,559	N/A	-	-	-	73,356,559
Fiscal Agent Accounts:						
Money Market	2,925,161	AA-m	2,925,161	-	-	-
Total	\$ 335,024,980		14,465,476	94,986,837	26,464,818	199,107,849

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

* Includes Standard & Poor's AAA rating of Corporate Notes

** Includes Moody's Prime-1 (P-1) rating of short-term debt obligations

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percent of Portfolio</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	U.S. Government Agencies	19.5%	\$ 65,348,745
Federal Home Loan Bank	U.S. Government Agencies	6.5%	21,737,172

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 fair 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 fair 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 \$5,117,426 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 \$73,356,559 at December 31, 2025.

Included in the LAIF's investment portfolio at December 31, 2025, 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, 2025, the amount invested by public agencies in the LAIF totaled \$162.6 billion, which includes asset-backed securities totaling \$2.9 billion. At December 31, 2025, the LAIF investments mature in an average of 244 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 \$4,719,184 at December 31, 2025.

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, 2025, 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, 2025, the amount invested by all public agencies in the PCTPI

totaled \$2.7 billion, which includes Federal Agency Coupons totaling \$1.1 billion. At December 31, 2025, the average days to maturity was 549 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, 2025:

Investments at Fair Value	Amount	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 116,144,811	116,144,811	-	-
U.S. Government Agencies	90,678,910	-	90,678,910	-
Corporate Notes	13,592,925	-	13,592,925	-
Other States Notes/Bonds	4,821,750	-	4,821,750	-
Commercial Paper	18,425,888	-	18,425,888	-
Asset Backed Securities	729,587	-	729,587	-
Bonds of Supranationals	9,065,490	-	9,065,490	-
Total Investments at Fair Value	253,459,361	116,144,811	137,314,550	-
Investments with Uncategorized Inputs				
PCTPI	4,719,184			
LAIF	73,356,559			
Money Market Mutual Funds	564,715			
Money Market - Held by Bond Trustee	2,925,161			
Total Investments Measured Uncategorized	81,565,619			
Total Investments	\$ 335,024,980			

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. Leases Receivable

As of December 31, 2025, the Agency's receivable for lease payments was \$674,221. Also, the Agency has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. The following schedule is the expected future minimum payments under these agreements:

Year	Principal	Interest	Total
2026	\$ 123,772	4,789	128,561
2027	106,573	6,940	113,513
2028	74,641	6,315	80,956
2029	78,272	4,326	82,598
2030	82,041	3,447	85,488
2031-2035	208,922	7,817	216,739
Total	\$ 674,221	33,634	707,855

4. Summary of Capital Assets

The following is a summary of capital assets as of December 31, 2025:

	Balance January 1, 2025	Additions	Retirements	Transfers	Balance December 31, 2025
Agency Wide:					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 4,054,187	-	-	-	4,054,187
Construction in Progress	13,862,859	6,158,509	-	(2,274,824)	17,746,544
Total Capital Assets, Not Being Depreciated/Amortized	17,917,046	6,158,509	-	(2,274,824)	21,800,731
Capital Assets, Being Depreciated/Amortized:					
Lease-Right to Use Assets					
Right to use leased equipment	55,317	-	(14,915)	-	40,402
Subscription-Right to Use Assets	1,466,526	-	-	-	1,466,526
Systems & Improvements	3,565,109	-	-	-	3,565,109
Buildings & Improvements	9,884,107	-	-	2,014,605	11,898,712
Machinery & Equipment	5,772,800	38,325	-	260,219	6,071,344
Total Capital Assets, Being Depreciated/Amortized, Net	20,743,859	38,325	(14,915)	2,274,824	23,042,093
Less Accumulated Depreciation/Amortization for:					
Lease-Right to Use Assets					
Right to use leased equipment	(29,243)	(15,320)	14,915	-	(29,648)
Subscription-Right to Use Assets	(254,131)	(369,545)	-	-	(623,676)
Systems & Improvements	(2,847,591)	(137,440)	-	-	(2,985,031)
Buildings & Improvements	(3,612,886)	(405,485)	-	7,277	(4,011,094)
Machinery & Equipment	(4,449,876)	(280,619)	-	(7,277)	(4,737,772)
Total Accumulated Depreciation/Amortization	(11,193,727)	(1,208,409)	14,915	-	(12,387,221)
Total Capital Assets, Being Depreciated/Amortized, Net	9,550,132	(1,170,084)	-	2,274,824	10,654,872
Total Capital Assets - Agency Wide, Net	\$ 27,467,178	4,988,425	-	-	32,455,603

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Power Division:	January 1, 2025	Additions	Retirements	Transfers	December 31, 2025
Capital Assets, Not Being Depreciated/Amortized:					
Construction Design	\$ 1,164,206	-	-	(857,836)	306,370
Construction in Progress	21,436,809	33,401,177	-	(19,733,208)	35,104,778
Total Capital Assets, Not Being Depreciated/Amortized	22,601,015	33,401,177	-	(20,591,044)	35,411,148
Capital Assets, Being Depreciated/Amortized:					
Lease-Right to Use Assets					
Right to use leased equipment	11,023	-	-	-	11,023
Right to use leased buildings	94,896	-	-	-	94,896
Right to use leased building improvements	89,635	-	-	-	89,635
Subscription-Right to Use Assets	-	151,013	-	-	151,013
Systems & Improvements	245,474,093	-	-	21,453,010	266,927,103
MFP FERC Relicensing	37,369,278	-	-	-	37,369,278
Buildings & Improvements	4,907,310	-	-	115,987	5,023,297
Machinery & Equipment	27,971,918	672,744	(90,654)	(977,263)	27,576,745
Total Capital Assets, Being Depreciated/Amortized, Net	315,918,153	823,757	(90,654)	20,591,734	337,242,990
Less Accumulated Depreciation/Amortization for:					
Lease-Right to Use Assets					
Right to use leased equipment	(1,580)	(3,575)	-	-	(5,155)
Right to use leased buildings	(11,091)	(3,697)	-	-	(14,788)
Right to use leased building improvements	(22,409)	(7,470)	-	-	(29,879)
Subscription-Right to Use Assets	-	(8,390)	-	-	(8,390)
Systems & Improvements	(123,149,520)	(4,150,043)	-	(709,368)	(128,008,931)
MFP FERC Relicensing	(4,246,921)	(935,220)	-	-	(5,182,141)
Buildings & Improvements	(1,740,551)	(259,028)	-	75,613	(1,923,966)
Machinery & Equipment	(11,867,095)	(1,122,157)	90,654	633,185	(12,265,413)
Total Accumulated Depreciation/Amortization	(141,039,167)	(6,489,580)	90,654	(570)	(147,438,663)
Total Capital Assets, Being Depreciated/Amortized, Net	174,878,986	(5,665,823)	-	20,591,164	189,804,327
Total Capital Assets - Power Division, Net	\$ 197,480,001	27,735,354	-	120	225,215,475

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	Restated				
	January 1, 2025	Additions	Retirements	Transfers	December 31, 2025
Water Division:					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 14,328,619	-	-	6,500	14,335,119
Construction Design	6,470,662	-	-	300,981	6,771,643
Construction in Progress	23,015,893	21,531,522	-	(18,242,420)	26,304,995
Total Capital Assets, Not Being Depreciated/Amortized	43,815,174	21,531,522	-	(17,934,939)	47,411,757
Capital Assets, Being Depreciated/Amortized:					
Lease-Right to Use Assets					
Right to use leased equipment	113,646	-	(13,778)	-	99,868
Right to use leased buildings	69,811	-	(69,811)	-	-
Right to use leased building improvements	439,311	-	-	-	439,311
Subscription-Right to Use Assets	67,397	-	-	-	67,397
Systems & Improvements	680,866,876	16,826,357	(3,004)	16,267,796	713,958,025
Buildings & Improvements	65,201,934	-	-	1,808,400	67,010,334
Machinery & Equipment	68,528,686	1,362,476	(139,812)	(141,947)	69,609,403
Total Capital Assets, Being Depreciated/Amortized, Net	815,287,661	18,188,833	(226,405)	17,934,249	851,184,338
Less Accumulated Depreciation/Amortization for:					
Lease-Right to Use Assets					
Right to use leased equipment	(59,983)	(25,933)	13,778	-	(72,138)
Right to use leased buildings	(52,359)	(17,452)	69,811	-	-
Right to use leased building improvements	(109,827)	(36,609)	-	-	(146,436)
Subscription-Right to Use Assets	(13,105)	(22,466)	-	-	(35,571)
Systems & Improvements	(293,494,916)	(16,734,273)	3,004	(521,593)	(310,747,778)
Buildings & Improvements	(26,401,752)	(2,028,920)	-	(440,859)	(28,871,531)
Machinery & Equipment	(46,650,549)	(4,554,804)	126,195	963,022	(50,116,136)
Total Accumulated Depreciation/Amortization	(366,782,491)	(23,420,456)	212,788	570	(389,989,589)
Total Capital Assets, Being Depreciated/Amortized, Net	448,505,170	(5,231,623)	(13,617)	17,934,819	461,194,749
Total Capital Assets - Water Division, Net	492,320,344	16,299,899	(13,617)	(120)	508,606,506
Total Capital Assets, Net	\$ 717,267,523	49,023,678	(13,617)	-	766,277,584

5. 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, 2025 including interest rates and maturities are as follows:

Description	Fiscal Year Issued	Coupon Rates	Year of Final Maturity	Balance at December 31, 2025
Certificates of Participation:				
2016 Certificates	2016	2.375% - 5.0%	2037	\$ 17,390,000
2018 Certificates	2018	4.0% - 6.0%	2029	12,305,000
2021 Certificates	2021	4.0% - 5.0%	2041	13,210,000
Certificates outstanding				<u>42,905,000</u>
Loans Payable:				
State Water Resources Control Board				
Auburn Water Treatment Plant	2008	2.29%	2029	4,188,840
Electric Street Tank	2012	2.30%	2035	4,151,217
Colfax Water Treatment Plant	2025	0.00%	2057	939,492
California Energy Commission				
Ferguson Solar	2025	1.00%	2028	471,470
Loans outstanding				<u>9,751,019</u>
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				<u>2,329</u>
Plus: Unamortized bond discounts and premiums				<u>2,055,918</u>
Subtotal debt outstanding				54,714,266
Leases Payable				489,066
Subscriptions Payable				737,991
Compensated Absences				8,804,617
Subtotal other long-term obligations				<u>10,031,674</u>
Total long-term obligations				<u>\$ 64,745,940</u>

* 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, 2025:

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025	Amounts Due Within One Year
Certificates of Participation	\$ 47,205,000	-	4,300,000	42,905,000	4,595,000
Unamortized Premium, Net	2,908,337	-	852,419	2,055,918	1,400,793
Loans Payable	9,863,471	1,410,962	1,523,414	9,751,019	1,677,135
Improvement District Debt	2,329	-	-	2,329	-
Subtotal	59,979,137	1,410,962	6,675,833	54,714,266	7,672,928
Leases Payable	597,627	-	108,561	489,066	81,555
Subscriptions Payable	1,116,212	-	378,221	737,991	375,468
Compensated Absences	8,559,087	960,932	715,402	8,804,617	5,833,961
Totals	\$ 70,252,063	2,371,894	7,878,017	64,745,940	13,963,912

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 2016, 2018 and 2021 Certificates and other parity debt.

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, 2025 is \$17,390,000.

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 Certificates 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, 2025 is \$12,305,000.

2021 Certificates

On March 18, 2021, Certificates of Participation (2021 Certificates) were issued by the Agency in the amount of \$15,260,000. The 2021 Certificates were issued entirely to finance Hayford Siphon Phase 2, Alta Loop Pipeline, Lower Banvard Pipe, and a portion of the Rocklin Main Replacement and Foothill Raw Water Supply Pipeline. The 2021 Certificates were issued with an average coupon 4.19% and a fixed coupon range from 4% - 5% over a twenty-year period maturing July 2041. The principal outstanding at December 31, 2025 is \$13,210,000.

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, 2025. Data related to Western Water System area (excluding Improvement Districts):

1. Annual Debt Service Coverage

Net Water Revenues excluding Depreciation	\$	61,643,923
Debt Service on Certificates and Other Parity Debt	\$	7,903,575
Debt Service Coverage		7.80

2. Obligation Service Coverage

Net Water Revenues excluding Depreciation as Adjusted by Water Purchases	\$	67,031,923
Obligation Service	\$	14,160,575
Obligation Service Coverage		4.73

3. Certificate Reserve Requirement

Minimum Reserve Requirement	\$	490,697
Total Reserve Balance	\$	1,794,743
Reserve Requirement Coverage		3.66

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, 2025 is \$4,188,840.

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, 2025 is \$4,151,217.

California Energy Resources Conservation and Development Commission – Ferguson Campus Solar

In 2024, the Agency entered into an Energy Conservation Assistance Act Loan Agreement with the California Energy Resources Conservation and Development Commission in an amount not to exceed \$3,000,000 for the design and construction of a solar panel system at the Agency's Ferguson Campus. This loan is on a reimbursement basis, requiring the Agency to first expend the funds then submit claims for reimbursement. The principal and interest will be payable from savings in energy costs. The Agency has only begun to draw on these proceeds during 2025 therefore the principal outstanding at December 31, 2025 is \$471,470.

California State Water Resources Control Board Loan – Colfax Water Treatment Plant

In 2025, the Agency entered into a loan agreement with the California State Water Resources Control Board in an amount not to exceed \$10,000,000. The purpose of the loan was to finance a portion of the construction of the New Colfax Water Treatment Plant. The loan was provided at 0% interest as part of a small system consolidation incentive program offered by the Division of Financial Assistance at the State Water Resources Control Board. The principal is payable from Water System revenue. The Agency has only begun to draw on these proceeds during 2025 therefore the principal outstanding at December 31, 2025 is \$939,492.

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, 2025:

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 unrepresented amounts are carried as a liability in the financial statements. The unrepresented and outstanding warrants principal balance at December 31, 2025 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 unrepresented amounts are carried as a liability in the financial statements. The unrepresented and outstanding warrants principal balance at December 31, 2025 is \$1,195.

Debt Service Requirements

As of December 31, 2025, annual debt service requirements (excluding matured debt, leases, and compensated absences) to maturity are as follows:

Year Ending December 31:	Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest
2026	\$ 4,595,000	1,639,869	1,677,135	197,136
2027	4,830,000	1,404,244	1,832,215	174,995
2028	5,040,000	1,157,494	2,079,952	135,878
2029	5,290,000	915,668	1,376,201	72,311
2030	2,100,000	754,344	706,454	55,397
2031-2035	11,680,000	2,648,722	2,079,062	121,556
2036-2040	8,270,000	827,725	-	-
2041	1,100,000	22,000	-	-
Add: Unamortized Premium, net	2,055,918	-	-	-
	<u>\$ 44,960,918</u>	<u>9,370,066</u>	<u>9,751,019</u>	<u>757,273</u>

Future Water Revenues Pledged

The pledge of future Water Revenues ends upon repayment of the parity long-term debt obligations with remaining debt service as of December 31, 2025, totaling \$62.2 million as follows:

- Parity debt obligations with remaining debt service totaling \$52.3 million for the 2016, 2018 and 2021 Certifications of Participation, which are scheduled to be repaid in 2041.

- Parity debt obligations with remaining debt service totaling \$10.0 million for the Auburn Water Treatment Plant and Electric Street Tank, Colfax Water Treatment Plant State Revolving Fund (SRF) loans with the State Water Resources Control Board but excludes the Ferguson Campus California Energy Resources Conservation and Development Commission loan which does not pledge water revenues, and which are scheduled to be repaid in 2057.

For fiscal year 2025, Water Fund Revenues including operating and non-operating revenues amounted to \$116.2 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$54.6 million represented coverage of 7.8 over the \$7.9 million in debt service.

Leases Payable

The Agency has entered into various leases of equipment such as photocopiers, solar panels, mobile office equipment, and land. The leases have payments that range from \$ 2,370 to \$35,167 and interest rates that range from 0.51% to 3.59%. Future minimum lease payments under these agreements as of December 31, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 81,555	5,919	87,474
2027	57,059	4,876	61,935
2028	47,358	4,276	51,634
2029	46,703	3,728	50,431
2030	47,244	3,187	50,431
2031 - 2035	153,532	8,078	161,610
2036 - 2040	22,012	3,539	25,551
2041 - 2045	27,658	1,725	29,383
2046 - 2047	5,945	89	6,034
Total	\$ 489,066	35,417	524,483

Subscription Payable

The agency has entered into various software agreements. As of December 31, 2025, the Agency had 5 active subscriptions. The subscriptions have payments that range from \$13,000 to \$372,294 and interest rates that range from 2.2920% to 2.8513%. As of 12/31/2025, the total combined value of the subscription liability is \$737,991, and the total combined value of the short-term subscription liability is \$375,468.

Future minimum software payments under these agreements as of December 31, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 375,468	19,926	395,394
2027	362,523	9,771	372,294
Total	\$ 737,991	29,697	767,688

Unearned Water Connection Charge Revenue

On June 15, 2023 the City of Lincoln, the Agency's primary resale customer, entered into an agreement with the Agency to purchase future capacity in the to-be constructed Ophir Water Treatment Plant anticipated to begin construction in 2026. The City of Lincoln advanced to the Agency \$40.0 million dollars to be invested until award of a construction contract. At that time, the balance of the accumulated funds will be converted to Water Connection Charge Revenue. The amount of unearned Water Connection Charge revenue at December 31, 2025 was \$43,806,583.

6. Restricted Net Position

As of December 31, 2025 the Agency, including improvement districts, had the following restrictions to net position:

Agency Wide Division:

IRS Section 125 – Reserve for employees Section 125 account	\$ 37,575
Water Resource Development – Restricted for Water Resource Development Fund Activities	515,754
Total Agency Wide	553,329

Water Division:

Water Connection Charges – Restricted for Water System Expansion	100,386,508
Improvement Districts – Restricted for Debt Service	56,002
Cash and Investments – Restricted for Specific Purposes	44,254,744
Total Water	144,697,254
Total All Funds – Restricted Net Position	\$ 145,250,583

7. 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.
- 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 2025, the price for this water was \$55.25 per AF.

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.

8. 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 does not pay any portion of the contributions required of employees on their behalf. 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:

<u>Category</u>	<u>Classic Member Rates as a Percentage of Wages</u>	<u>PEPRA Member Rates as a Percentage of Wages</u>
Local miscellaneous members	8.00%	7.50%

The rate plan's provisions and benefits in effect at December 31, 2025, are summarized as follows::

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
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%	7.50%
Required employer contribution rates*		
January 1 to June 30	21.56%	21.56%
July 1 to December 31	23.12%	23.12%

*Employer contribution rate is the sum of the employer normal cost rate and the employer unfunded accrued liability.

Employees Covered

As of the June 30, 2025 measurement date, the following employees were covered by the benefit terms for each Plan:

Active employees	227
Inactive employees or beneficiaries currently receiving benefits	238
Inactive employees entitled to but not yet receiving benefits	96
Total	<u>561</u>

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, 2024 valuation was rolled forward to determine the June 30, 2025 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

Subsequent Events

On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public

agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation ¹	Long-Term Expected Real Return ^{1,2}
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0%)	1.40%

¹ Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

² An expected annual rate of price inflation of 2.30% was 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: June 30, 2024	\$ 190,869,312	159,396,463	31,472,849
Changes recognized for the measurement period:			
Service Cost	4,502,710	-	4,502,710
Interest on the Total Pension Liability	13,087,025	-	13,087,025
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Differences between Expected and Actual Experience	1,473,474	-	1,473,474
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	5,201,839	(5,201,839)
Contributions - Employees	-	1,949,866	(1,949,866)
Net Investment Income	-	19,309,196	(19,309,196)
Benefit Payment, including Refunds of Employee Contributions	(9,854,224)	(9,854,224)	-
Administrative Expense	-	(113,904)	113,904
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes	9,208,985	16,492,773	(7,283,788)
Balance at June 30, 2025			
(Measurement Date June 30, 2025)	\$ 200,078,297	175,889,236	24,189,061

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 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate		
	1% Decrease (5.9%)	Current Rate (6.9%)	1% Increase (7.9%)
Plan's Net Pension Liability/ (Asset)	\$50,965,248	24,189,061	2,022,984

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, 2025 is 4.8 years, which was obtained by dividing the total service years of 2,698 (the sum of remaining service lifetimes of the active employees) by 561 (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, 2025 (measurement date), the Agency recognized a pension expense of \$5,365,234 for the Plan.

As of December 31, 2025, 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	\$ 4,868,009	-
Changes of Assumptions	1,011,680	-
Differences between Expected and Actual Experience	3,971,840	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(4,237,858)
Total	\$ 9,851,529	(4,237,858)

The \$4,868,009 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, 2025. 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
2025	\$ 4,698,490
2026	(904,011)
2027	(1,611,330)
2028	(1,437,487)
2029	-
Thereafter	-

9. 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, 2025 was \$0. The Agency also provides health care benefits to its retirees through CalPERS. The cost to the Agency in the year ended December 31, 2025 was \$1,591,552.

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, 2025 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	237
Inactive employees or beneficiaries currently receiving	142
Inactive employees entitled to but not yet receiving	34
Total	<u>413</u>

Contribution Description

The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2025, the Agency's cash contributions were \$1,473,225 in benefit payments, \$607,000 in payments to the trust, \$3,765 in administrative expenses, and the estimated implied subsidy was \$265,000 resulting in total payments of \$2,348,990.

Actuarial Methods and Assumptions used to determine Total OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025 based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Contribution Policy	Agency contributes full ADC
Discount Rate and Long-Term Expected Rate of Return on Assets	5.75% at June 30, 2025
General Inflation	2.50% annually
Salary Increases	2.75% per annum, in aggregate
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP 2021
Medical Trend	•Non-Medicare - 7.9% for 2026, decreasing to an ultimate rate of 3.45% in 2076 •Medicare (Non-Kaiser) - 6.9% for 2026, decreasing to an ultimate rate of 3.45% in 2076 •Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 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:

Asset Class	Strategy 2	
	Target Allocation	Expected Real Rate of Return
Global Equity	34.0%	4.56%
Fixed Income	41.0%	1.56%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	17.0%	4.06%
Total	100%	
Assumed long-term rate of inflation		2.50%
Long-term expected rate of return		5.75%

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, 2024	\$ 38,921,883	34,185,687	4,736,196
Changes recognized for the measurement period:			
Service cost	1,671,680	-	1,671,680
Interest	2,284,156	-	2,284,156
Differences between Expected and Actual Experience	5,645,395	-	5,645,395
Changes of assumptions	(2,793,340)	-	(2,793,340)
Contributions - employer	-	2,348,990	(2,348,990)
Net investment income	-	3,621,245	(3,621,245)
Benefit payments	(1,738,225)	(1,738,225)	-
Administrative expense	-	(14,428)	14,428
Net Changes	5,069,666	4,217,582	852,084
Balance at June 30, 2025	\$ 43,991,549	38,403,269	5,588,280

(Measurement Date June 30, 2025)

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, 2025:

	Discount Rate		
	1% Decrease (4.75%)	Current Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	\$ 11,726,149	5,588,280	531,464

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, 2025:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ (86,029)	5,588,280	12,692,386

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

The EARS� for the Plan for the measurement period ending June 30, 2025 is 7.9 years, which was estimated by dividing the total service years of 2,992 (the sum of remaining service lifetimes of the active employees) by 379 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0.

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

For the measurement period ended June 30, 2025 (measurement date), the Agency recognized OPEB expense of \$1,541,851. As of December 31, 2025, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,930,788	2,170,685
Changes in Assumptions	353,436	3,561,464
Net Difference between Projected and Actual Earnings on Plan Investments	-	370,976
Contributions subsequent to measurement date	985,352	-
Total	<u>\$ 6,269,576</u>	<u>6,103,125</u>

The 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
2024	\$ 337,902
2025	(819,405)
2026	(764,151)
2027	(407,262)
2028	148,080
Thereafter	685,935

10. 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 Municipal Insurance Cooperative JPA for workers compensation coverage, and 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	\$150,000 (SIR)
Water CGL/Auto	\$25,000/\$10,000/\$1,000
Power CGL/Auto	\$25,000/\$10,000/\$1,000
Excess	Underlying policies
Water Property	\$25,000
Power Property	\$1,000,000

For Worker's Compensation, the Agency is self-insured and retains the risk for the first \$150,000 of a claim. Excess insurance coverage is purchased to cover claims in excess of \$150,000 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:

	2025	2024
Claims liability, beginning of the year	\$ 202,560	220,403
Current year claims	4,127	112,265
Change in prior year claims	(45,589)	(85,465)
Claims paid, current year claims	(4,127)	(37,610)
Claims paid, prior year claims	(275)	(7,033)
Claims liability, end of the year	\$ 156,696	202,560

The Agency has no additional liability accrued at December 31, 2025 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.

The Agency is a defendant in various lawsuits that have arisen in the normal course of business, the outcome of which cannot be predicted with certainty. Management believes that, based on current knowledge, these actions when finally adjudicated will not have a material adverse effect on the financial position of the Agency.

11. Joint Powers

Association of California Water Agencies – Joint Power Insurance Authorities

As discussed in Note 10, 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, pollution liability, and workers compensation

insurance. Placer County Water Agency is one of approximately 370 member districts and participates in the crime 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 2020, the MFPFA issued the MFPFA Revenue Bonds, Series 2020 (Bonds) in the amount of \$64.3 million to refund the outstanding 2006 Bond of \$71.0 million originally issued to provide funds for relicensing costs and related expenses. The Bond is secured by a pledge of Middle Fork Project hydroelectric revenue received and matures on April 1, 2036. As the owner and operator of the Middle Fork Project, a FERC License holder, the Agency is integral to assuring the MFP's operations generate sufficient revenue for the MFPFA to pay the annual debt service obligations, therefore the Bond Indenture includes covenants of the Agency to protect the source of revenues for the MFPFA'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 MFPFA'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

Complete audited MFPFA financial statements are available online at <https://mfpfa.pcwa.net/budgets-and-audits>.

12. Construction Commitments

At December 31, 2025 the Agency had ongoing construction commitments that totaled approximately \$10.3 million.

13. Due To/ Due From Balances

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 MFPFA discussed in Note 1(M). As of December 31, 2025 the balance due from the Power Division to Agency Wide fund totals \$800,000.

14. Prior Period Restatements

During 2025, the Agency discovered that (1) a total of 20 Facility Agreements in 2024 were not recorded. As a result, 2024 Net Position was understated. This resulted in a prior period restatement to beginning net position for \$23,381,594. (2) the Agency identified an error in its statements of cash flows regarding the classification of certain investments as cash and cash equivalent. As a result, the Agency has restated its previously issued statement of cash flows for the year ended December 31, 2024, to correctly reflect Cash and Cash Equivalents.

Net position at December 31, 2024	\$ 869,372,256
Adjustment to record missing Facility Agreements and related balances	23,381,594
Net position at December 31, 2024, as restated	<u>\$ 892,753,850</u>

Cash and cash equivalents at December 31, 2024	\$ 127,554,853
Adjustment to remove long term investments from cash equivalents	(58,904,729)
Cash and cash equivalents at December 31, 2024, as restated	<u>\$ 68,650,124</u>

15. Subsequent Events

On April 9, 2026, the Agency and the Middle Fork Project Finance Authority (MFPFA) entered into a settlement agreement with Pacific Gas and Electric Company and Pacific Gas and Electric Corporation (collectively PG&E) resolving all litigation between the Agency, the Authority, and PG&E, resulting from the 2022 Mosquito Fire. The Mosquito Fire ignited on September 6, 2022, near Oxbow Reservoir outside Foresthill and burned approximately 76,788 acres across Placer and El Dorado counties. The fire resulted in PCWA's Middle Fork American River Hydroelectric Project (Project) being offline for approximately 6 months, interrupting power generation and impacting operations. The fire also caused damage to several PCWA facilities and surrounding natural resources affecting Project operations. As part of the settlement, PG&E paid the Agency \$80 million, which was then transferred to the MFPFA. The MFPFA is a joint powers authority responsible for budgeting and administering funds for the maintenance and operation of the Project.

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

Measurement Period	2024-25	2023-24	2022-23	2021-22
TOTAL PENSION LIABILITY:				
Service Cost	\$ 4,502,710	4,418,143	4,230,373	4,121,722
Interest on Total Pension Liability	13,087,025	12,478,691	11,788,712	11,142,916
Changes of Benefit Terms	-	-	135,850	-
Changes of Assumptions	-	-	-	5,508,028
Experience	1,473,474	3,080,407	2,460,417	153,542
Employee Contributions	(9,854,224)	(9,338,109)	(9,049,233)	(8,062,529)
Net Change in Total Pension Liability	9,208,985	10,639,132	9,566,119	12,863,679
Total Pension Liability - Beginning	190,869,312	180,230,180	170,664,061	157,800,382
Total Pension Liability - Ending (a)	<u>\$ 200,078,297</u>	<u>190,869,312</u>	<u>180,230,180</u>	<u>170,664,061</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 5,201,839	4,514,302	4,276,388	3,786,465
Contributions - Employee	1,949,866	1,874,864	1,719,957	1,623,696
Net Investment Income	19,309,196	14,126,332	8,767,329	(11,813,300)
Other Miscellaneous Income/(Expense)	-	-	-	-
Employee Contributions	(9,854,224)	(9,338,109)	(9,049,233)	(8,062,529)
Plan to Plan Resource Movement	-	-	-	-
Administrative Expense	(113,904)	(120,705)	(104,957)	(97,985)
Net Change in Fiduciary Net Position	16,492,773	11,056,684	5,609,484	(14,563,653)
Plan Fiduciary Net Position - Beginning	159,396,463	148,339,779	142,730,295	157,293,948
Plan Fiduciary Net Position - Ending (b)	<u>175,889,236</u>	<u>159,396,463</u>	<u>148,339,779</u>	<u>142,730,295</u>
Plan Net Pension Liability / (Asset) - (a)-(b)	\$ 24,189,061	31,472,849	31,890,401	27,933,766
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	83.5%	82.3%	83.6%
Covered Payroll	\$ 24,564,700	23,766,234	22,312,094	21,444,962
Plan Net Pension Liability as a % of Covered Payroll	98.5%	132.4%	142.9%	130.3%

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 through 2025. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement date June 30, 2016.

2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
3,489,813	3,431,384	3,473,305	3,420,889	3,196,693	2,753,244
10,660,135	10,138,642	9,547,912	8,983,417	8,594,906	8,234,673
-	-	-	-	-	-
-	-	-	(842,114)	6,981,865	-
858,069	1,959,677	1,605,709	(103,164)	(540,219)	63,758
(7,394,914)	(6,932,460)	(6,463,502)	(5,818,876)	(5,230,553)	(4,940,624)
7,613,103	8,597,243	8,163,424	5,640,152	13,002,692	6,111,051
150,187,279	141,590,036	133,426,612	127,786,460	114,783,768	108,672,717
157,800,382	150,187,279	141,590,036	133,426,612	127,786,460	114,783,768
36,960,172	5,786,960	5,184,737	4,433,239	3,822,897	3,176,715
1,582,631	1,440,575	1,381,037	1,429,799	1,331,106	1,254,392
25,100,123	4,859,977	5,998,505	7,152,582	8,640,140	390,175
-	-	209	(246,413)	-	-
(7,394,914)	(6,932,460)	(6,463,502)	(5,818,876)	(5,230,553)	(4,940,624)
-	-	-	(209)	-	153
(101,040)	(135,516)	(64,291)	(129,758)	(110,463)	(45,698)
56,146,972	5,019,536	6,036,695	6,820,364	8,453,127	(164,887)
101,146,976	96,127,440	90,090,745	83,270,381	74,817,254	74,982,141
157,293,948	101,146,976	96,127,440	90,090,745	83,270,381	74,817,254
506,434	49,040,303	45,462,596	43,335,867	44,516,079	39,966,514
99.7%	67.3%	67.9%	67.5%	65.2%	65.2%
19,749,930	19,127,000	18,915,720	18,056,950	16,837,108	15,869,756
2.6%	256.4%	240.3%	240.0%	264.4%	251.8%

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
2016	\$ 3,259,379	(3,528,582)	(269,203)	16,023,920	22.0%
2017	2,931,282	(2,931,282)	-	17,251,944	17.0%
2018	4,334,933	(4,941,050)	(606,117)	18,586,388	26.6%
2019	4,997,389	(5,514,486)	(517,097)	19,078,704	28.9%
2020	5,412,924	(5,978,127)	(565,203)	20,383,732	29.3%
2021	4,584,754	(34,630,008)	(30,045,254)	21,818,003	158.7%
2022	3,953,019	(4,137,655)	(184,636)	22,706,909	18.2%
2023	4,132,634	(4,353,231)	(220,597)	24,348,699	17.9%
2024	4,667,171	(5,259,628)	(592,457)	24,788,409	21.2%
2025	5,359,868	(6,284,653)	(924,785)	27,227,297	23.1%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended December 31, 2025 were from the June 30, 2022 and June 30, 2023 public agency valuation.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Fair Value
Inflation	2.30% for the June 30, 2022 valuation date 2.30% for the June 30, 2023 valuation date
Payroll Growth	2.75% for the June 30, 2022 valuation date 2.80% for the June 30, 2023 valuation date
Investment Rate of Return	7.00% Net Pension Plan Investment Expenses, including Inflation for the June 30, 2022 actuarial valuation date. 6.80% Net Pension Plan Investment Expenses, including Inflation for the June 30, 2023 actuarial valuation date.
Retirement Age	<i>The probabilities of Retirement are based on the:</i> 2017 CalPERS Experience Study for the period from 1997-2015 for the June 30, 2022 actuarial valuation date. 2021 CalPERS Experience Study for the period from 2000-2019 for the June 30, 2023 actuarial valuation date.
Mortality	<i>The probabilities of mortality are based on the:</i> 2017 CalPERS Experience Study for the period from 1997-2015 for the June 30, 2022 actuarial valuation date. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. 2021 CalPERS Experience Study for the period from 2000-2019 for the June 30, 2023 actuarial valuation date. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries.

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

Measurement Period	2024-25	2023-24
TOTAL OPEB LIABILITY		
Service Cost	\$ 1,671,680	1,626,939
Interest on Total OPEB Liability	2,284,156	2,158,270
Actual and Expected Experience Difference	5,645,395	-
Changes of Assumptions	(2,793,340)	-
Changes of Benefit Terms	-	-
Benefit Payments	(1,738,225)	(1,543,023)
Net Change in Total OPEB Liability	5,069,666	2,242,186
Total OPEB Liability - Beginning	38,921,883	36,679,697
Total OPEB Liability - Ending (a)	<u>\$ 43,991,549</u>	<u>38,921,883</u>
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 2,348,990	3,170,288
Net Investment Income	3,621,245	2,550,406
Benefit Payments	(1,738,225)	(1,543,023)
Administrative Expense	(14,428)	(14,266)
Net Change In Plan Fiduciary Net Position	4,217,582	4,163,405
Plan Fiduciary Net Position - Beginning	34,185,687	30,022,282
Plan Fiduciary Net Position - Ending (b)	<u>38,403,269</u>	<u>34,185,687</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 5,588,280</u>	<u>4,736,196</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.3%	87.8%
Covered-Employee payroll	\$ 27,600,710	26,775,419
Net OPEB Liability as a Percentage of Covered-Employee Payroll	20.2%	17.7%

Notes to Schedule:

Information is not available for 10 years.

Changes of Assumptions: For 2022-23 demographic assumptions were updated to CalPERS 2000-2019 Experience Study. Mortality improvement scale was updated to Scale MP-2021. Participation rate decreased for currently waived actives.

Covered-Employee Payroll for 2019-20 was previously reported as \$20,242,722 and 47.3% as a percentage of Total OPEB Liability.

2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
1,724,782	1,774,023	1,522,554	1,478,208	1,472,138	1,287,285
2,180,904	2,027,492	2,280,735	2,139,825	2,080,383	1,958,306
(1,800,351)	-	(3,333,083)	-	(806,478)	-
(896,847)	(1,240,458)	1,089,761	-	(493,749)	2,045,228
-	-	-	-	-	-
(1,465,542)	(1,427,587)	(1,451,758)	(1,363,883)	(1,250,700)	(1,152,312)
(257,054)	1,133,470	108,209	2,254,150	1,001,594	4,138,507
36,936,751	35,803,281	35,695,072	33,440,922	32,439,328	28,300,821
36,679,697	36,936,751	35,803,281	35,695,072	33,440,922	32,439,328
1,569,542	2,382,521	2,295,706	2,531,681	2,101,279	2,259,506
1,031,435	(4,025,223)	5,120,003	1,327,085	1,539,224	1,516,502
(1,465,542)	(1,427,587)	(1,451,758)	(1,363,883)	(1,250,700)	(1,152,312)
(12,296)	(11,031)	(12,431)	(15,004)	(6,022)	(34,757)
1,123,139	(3,081,320)	5,951,520	2,479,879	2,383,781	2,588,939
28,899,143	31,980,463	26,028,943	23,549,064	21,165,283	18,576,344
30,022,282	28,899,143	31,980,463	26,028,943	23,549,064	21,165,283
6,657,415	8,037,608	3,822,818	9,666,129	9,891,858	11,274,045
81.8%	78.2%	89.3%	72.9%	70.4%	65.2%
25,220,871	24,106,241	22,643,610	21,242,722	20,451,705	19,683,606
26.4%	33.3%	16.9%	45.5%	48.4%	57.3%

Schedule of Plan Contributions – OPEB:

December 31,	Actuarially Determined Contribution (ADC)	Contribution s in Relation to the ADC	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 2,030,000	(2,132,566)	(102,566)	20,291,718	10.5%
2019	2,088,000	(2,153,396)	(65,396)	20,596,588	10.5%
2020	2,254,000	(2,207,989)	46,011	22,559,283	9.8%
2021	2,336,000	(2,344,151)	(8,151)	23,270,880	10.1%
2022	2,391,000	(2,418,312)	(27,312)	24,785,066	9.8%
2023	2,472,000	(2,580,697)	(108,697)	26,389,183	9.8%
2024	2,115,000	(2,226,205)	(111,205)	26,824,599	8.3%
2025	2,217,000	(2,464,600)	(247,600)	29,990,758	8.2%

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, 2025 were from the June 30, 2023 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 11.8-years remaining as of 2025
Asset Valuation Method	Investment gains and losses spread over 5-year closed period
Discount Rate	5.75%
General Inflation	2.50%
Medical Trend	•Non-Medicare – 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 •Medicare – 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 •Medicare (Kaiser) – 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Mortality	CalPERS 2000-2019 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

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PLACER COUNTY WATER AGENCY
Combining Schedule of Net Position
December 31, 2025

ASSETS	Agency Wide	Power Division	Water Division	Adjustments	Total
Current assets:					
Cash and investments	\$ 41,124,659	32,458	135,548,952	-	176,706,069
Water service receivable, net	-	-	7,163,185	-	7,163,185
Accounts receivable, net	1,957,077	5,176,919	1,467,962	-	8,601,958
Leases receivable, current portion	-	-	123,772	-	123,772
Interest receivable	860,303	-	1,276,708	-	2,137,011
Taxes receivable	1,454,179	-	-	-	1,454,179
Materials and supplies	42,894	-	1,582,116	-	1,625,010
Due from other funds	800,000	-	-	(800,000)	-
Prepaid expenses	1,441,098	1,181,844	472,207	-	3,095,149
Total current assets	47,680,210	6,391,221	147,634,902	(800,000)	200,906,333
Non-current assets:					
Investments	2,882,577	-	12,631,316	-	15,513,893
Restricted investments	553,329	-	147,622,415	-	148,175,744
Notes receivable	-	-	8,836	-	8,836
Leases receivable	-	-	550,449	-	550,449
Capital assets, not depreciable	21,800,731	35,411,148	47,411,757	-	104,623,636
Capital assets, net of depreciation and amortization	10,654,872	189,804,327	461,194,749	-	661,653,948
Total non-current assets	35,891,509	225,215,475	669,419,522	-	930,526,506
Total assets	83,571,719	231,606,696	817,054,424	(800,000)	1,131,432,839
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow - pension contributions	876,242	1,460,403	2,531,364	-	4,868,009
Deferred outflow - pension actuarial	897,034	1,495,055	2,591,431	-	4,983,520
Deferred outflow - OPEB contributions	591,211	118,242	275,899	-	985,352
Deferred outflow - OPEB actuarial	3,170,537	634,106	1,479,581	-	5,284,224
Deferred charges on refunding	-	-	793,939	-	793,939
Total deferred outflows	5,535,024	3,707,806	7,672,214	-	16,915,044

(Continued)

PLACER COUNTY WATER AGENCY
Combining Schedule of Net Position
December 31, 2025

LIABILITIES AND NET POSITION	Agency Wide	Power Division	Water Division	Adjustments	Total
Current liabilities:					
Accounts payable	1,818,737	2,966,546	4,576,793	-	9,362,076
Accrued salaries and benefits	516,947	340,637	1,164,088	-	2,021,672
Interest payable	12,872	443	1,016,596	-	1,029,911
Deposits	-	-	1,916,105	-	1,916,105
Retention payable	13,382	1,169,048	127,561	-	1,309,991
Current portion of long-term debt	361,740	13,276	7,754,935	-	8,129,951
Compensated absences payable, current portion	1,313,035	1,478,628	3,042,298	-	5,833,961
Due to other funds	-	800,000	-	(800,000)	-
Total current liabilities	<u>4,036,713</u>	<u>6,768,578</u>	<u>19,598,376</u>	<u>(800,000)</u>	<u>29,603,667</u>
Non-current liabilities:					
Certificates of participation, net of premiums/discounts	-	-	38,965,125	-	38,965,125
Loans payable	-	-	8,073,884	-	8,073,884
Leases payable	1,979	139,556	265,976	-	407,511
Subscriptions payable	362,523	-	-	-	362,523
Improvement district debt	-	-	2,329	-	2,329
Compensated absences payable	761,890	671,208	1,537,558	-	2,970,656
Unearned Water Connection Charge revenue	-	-	43,806,583	-	43,806,583
Net pension liability	4,039,302	8,200,904	11,948,855	-	24,189,061
Net OPEB liability	<u>3,352,970</u>	<u>670,590</u>	<u>1,564,720</u>	<u>-</u>	<u>5,588,280</u>
Total non-current liabilities	<u>8,518,664</u>	<u>9,682,258</u>	<u>106,165,030</u>	<u>-</u>	<u>124,365,952</u>
Total liabilities	<u>12,555,377</u>	<u>16,450,836</u>	<u>125,763,406</u>	<u>(800,000)</u>	<u>153,969,619</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension actuarial	762,814	1,271,358	2,203,686	-	4,237,858
Deferred inflows - OPEB actuarial	3,661,876	732,376	1,708,873	-	6,103,125
Deferred inflows - leases	<u>-</u>	<u>-</u>	<u>637,192</u>	<u>-</u>	<u>637,192</u>
Total deferred inflows	<u>4,424,690</u>	<u>2,003,734</u>	<u>4,549,751</u>	<u>-</u>	<u>10,978,175</u>
NET POSITION					
Net investment in capital assets	31,715,979	223,893,595	454,212,423	-	709,821,997
Restricted:					
Water system expansion	-	-	100,386,508	-	100,386,508
Improvement District debt service	-	-	56,002	-	56,002
Unearned Water Connection Charge revenue	-	-	44,254,744	-	44,254,744
Water resource development	515,754	-	-	-	515,754
IRS Section 125	<u>37,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,575</u>
Total restricted net position	553,329	-	144,697,254	-	145,250,583
Unrestricted	<u>39,857,368</u>	<u>(7,033,663)</u>	<u>95,503,804</u>	<u>-</u>	<u>128,327,509</u>
Total net position	<u>\$ 72,126,676</u>	<u>216,859,932</u>	<u>694,413,481</u>	<u>-</u>	<u>983,400,089</u>

PLACER COUNTY WATER AGENCY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2025

	Agency Wide	Power Division	Water Division	Total
OPERATING REVENUES				
Water sales	\$ 2,102,059	-	59,721,464	61,823,523
Power sales	-	69,130,109	29,367	69,159,476
Renewal and replacement charges	-	-	18,290,101	18,290,101
Engineer charges	7,455	-	1,050,551	1,058,006
Customer service charges	-	-	638,814	638,814
Total operating revenues	2,109,514	69,130,109	79,730,297	150,969,920
OPERATING EXPENSES				
Purchased water	-	-	5,388,000	5,388,000
Operations administration	-	3,104,954	1,590,613	4,695,567
Pumping plants and wells	-	-	3,018,590	3,018,590
Water treatment	-	-	8,727,335	8,727,335
Electrical operations	-	18,213,485	-	18,213,485
Transmission and distribution of treated water	-	-	4,458,432	4,458,432
Transmission and distribution of raw water	-	-	4,963,377	4,963,377
Customer service and collections	-	-	5,344,340	5,344,340
Recreation	-	2,831,933	-	2,831,933
Automotive and equipment maintenance	-	-	3,980,161	3,980,161
Engineering	-	3,277,607	7,005,728	10,283,335
General and administrative	4,480,004	6,242,246	10,104,465	20,826,715
Energy marketing	-	1,465,480	-	1,465,480
Depreciation and amortization	1,208,409	6,489,580	23,420,457	31,118,446
Total operating expenses	5,688,413	41,625,285	78,001,498	125,315,196
Operating income (loss)	(3,578,899)	27,504,824	1,728,799	25,654,724

(Continued)

PLACER COUNTY WATER AGENCY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2025

	Agency Wide	Power Division	Water Division	Total
NON-OPERATING REVENUES (EXPENSES)				
Water connection charges	-	-	25,360,738	25,360,738
Costs recovered from other agencies	174,399	2,500	641,501	818,400
Investment income (expense)	2,481,599	-	11,751,873	14,233,472
Property taxes and assessments	1,558,554	-	-	1,558,554
Gain (loss) on disposal of assets	-	3,400	18,128	21,528
Program grant revenue	-	279,305	-	279,305
Interest expense	(23,050)	(2,423)	(1,439,710)	(1,465,183)
Rental income	860,000	10,440	357,033	1,227,473
Other income (expense)	(27,722)	(470,215)	(1,634,606)	(2,132,543)
Total non-operating revenues (expenses)	5,023,780	(176,993)	35,054,957	39,901,744
Net income before capital contributions	1,444,881	27,327,831	36,783,756	65,556,468
CAPITAL CONTRIBUTIONS				
Capital contributions				
Developer Contributions	-	-	17,026,545	17,026,545
Capital Grants	2,579,433	-	5,483,793	8,063,226
Total capital contributions	2,579,433	-	22,510,338	25,089,771
Transfers in	-	-	(1,859,105)	(1,859,105)
Transfers out	1,859,105	-		1,859,105
Increase in net position	5,883,419	27,327,831	57,434,989	90,646,239
Net position, beginning of year, as previously reported	66,243,257	189,532,101	613,596,898	869,372,256
Error Correction	-	-	23,381,594	23,381,594
Net position, beginning of year, as restated	66,243,257	189,532,101	636,978,492	892,753,850
Net position, end of year	\$ 72,126,676	216,859,932	694,413,481	983,400,089

PLACER COUNTY WATER AGENCY
Combining Schedule of Cash Flows
For the year ended December 31, 2025

	Agency Wide	Power Division	Water Division	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,146,777	70,346,662	83,847,023	155,340,462
Cash paid to suppliers for goods and services	(4,430,473)	(22,216,938)	(26,013,830)	(52,661,241)
Cash paid to employees for services	(10,833,654)	(10,020,432)	(25,216,972)	(46,071,058)
Cash received (paid) for service level support	11,359,700	(3,436,500)	(7,923,200)	-
Net cash provided by (used for) operating activities	(2,757,650)	34,672,792	24,693,021	56,608,163
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property taxes and assessments	1,558,554	-	-	1,558,554
Costs recovered from other agencies	174,399	2,500	641,501	818,400
Program grant revenue	-	279,305	-	279,305
Transfers in	-	-	(1,859,105)	(1,859,105)
Transfers out	1,859,105	-	-	1,859,105
Due to/from funds	1,700,000	(1,700,000)	-	-
Net cash provided by (used for) non-capital financing activities	5,292,058	(1,418,195)	(1,217,604)	2,656,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,648,385)	(34,225,054)	(17,500,734)	(55,374,173)
Proceeds from disposal of capital assets	-	3,400	18,128	21,528
Principal payment on debt	(372,029)	705,002	(4,514,158)	(4,181,185)
Interest payment on debt	(29,361)	(2,441)	(1,439,304)	(1,471,106)
Proceeds from notes and leases receivable	-	-	132,552	132,552
Unearned water connection charge revenue	-	-	1,120,579	1,120,579
Water connection charges	-	-	25,360,738	25,360,738
Net cash provided by (used for) capital and related financing activities	(4,049,775)	(33,519,093)	3,177,801	(34,391,067)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(20,197,281)	-	(82,719,883)	(102,917,164)
Proceeds from maturity of investments	8,715,791	-	78,442,120	87,157,911
Investment income	2,069,743	-	7,102,376	9,172,119
Net cash flows provided by (used for) investing activities	(9,411,747)	-	2,824,613	(6,587,134)
Net increase (decrease) in cash and cash equivalents	(10,927,114)	(264,496)	29,477,831	18,286,221
Cash and cash equivalents, beginning of year as previously reported	30,826,430	296,954	96,431,469	127,554,853
Error Correction	-	-	(58,904,729)	(58,904,729)
Cash and cash equivalents, beginning of year as restated	30,826,430	296,954	37,526,740	68,650,124
Cash and cash equivalents, end of year	\$ 19,899,316	32,458	67,004,571	86,936,345

(Continued)

PLACER COUNTY WATER AGENCY
Combining Schedule of Cash Flows
For the year ended December 31, 2025

	<u>Agency Wide</u>	<u>Power Division</u>	<u>Water Division</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (3,578,899)	27,504,824	1,728,799	25,654,724
Adjustments to reconcile operating income (loss) to cash flows provided by (used for) operating activities				
Depreciation and amortization	1,208,409	6,489,580	23,420,457	31,118,446
Other non-operating income	832,278	(459,775)	(1,277,573)	(905,070)
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(962,737)	1,216,553	4,116,726	4,370,542
(Increase) decrease in materials and supplies	7,594	-	(98,561)	(90,967)
(Increase) decrease in prepaid expense	32,720	(94,535)	(74,107)	(135,922)
(Increase) decrease in pension and OPEB deferred outflows	(1,661,834)	802,235	554,084	(305,515)
Increase (decrease) in accounts payable and other liabilities	446,065	(337,439)	(2,335,789)	(2,227,163)
Increase (decrease) in salaries and benefits payable	(88,234)	(160,652)	(426,552)	(675,438)
Increase (decrease) in deposits	-	-	378,055	378,055
Increase (decrease) in leases deferred inflows	-	-	(119,690)	(119,690)
Increase (decrease) in net pension liability	511,251	(1,870,408)	(4,102,298)	(5,461,455)
Increase (decrease) in net OPEB liability	(1,311,082)	102,250	238,583	(970,249)
Increase (decrease) in pension and OPEB deferred inflows	1,806,819	1,480,159	2,690,887	5,977,865
Net cash provided by (used for) operating activities	<u>\$ (2,757,650)</u>	<u>34,672,792</u>	<u>24,693,021</u>	<u>56,608,163</u>
Reconciliation to Statement of Net Position:				
Cash and investments (current)	\$ 41,124,659	32,458	135,548,952	176,706,069
Investments (non-current)	2,882,577	-	12,631,316	15,513,893
Restricted cash and investments (non-current)	553,329	-	147,622,415	148,175,744
Less long-term investments	(24,661,249)	-	(228,798,112)	(253,459,361)
Total cash and cash equivalents	<u>\$ 19,899,316</u>	<u>32,458</u>	<u>67,004,571</u>	<u>86,936,345</u>
Non-cash investing, capital and financing activities:				
Contributed capital	\$ -	-	17,026,545	17,026,545
Amortization of bond premiums and discounts	-	-	(852,419)	(852,419)
Debt refunding related	-	-	195,787	195,787
Gain (loss) on sale of capital assets	-	-	13,617	13,617
Additions to retention payable	(114,855)	(1,032,112)	(264,350)	(1,411,317)
Change in fair value of investments	626,043	-	4,086,300	4,712,343

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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 annual comprehensive 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.

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Demographic and Economic Information

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Operating Information

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Change in Net Position:										
Operating Revenues	\$ 70,775,642	77,847,081	89,351,512	89,631,311	98,435,754	97,448,795	94,284,305	103,785,020	118,397,610	150,969,920
Operating Expenses	(81,521,453)	(85,273,692)	(86,677,312)	(89,557,732)	(93,121,202)	(96,215,199)	(102,944,975)	(111,190,229)	(120,019,303)	(125,315,196)
Operating Income (Loss) (1)	(10,745,811)	(7,426,611)	2,674,200	73,579	5,314,552	1,233,596	(8,660,670)	(7,405,209)	(1,621,693)	25,654,724
Non-Operating Revenues/(Expenses) (2)	14,033,403	3,786,555	14,517,019	14,996,840	28,273,488	27,438,933	26,445,961	28,658,009	30,168,882	39,901,744
Net Income Before Capital Contribution	3,287,592	(3,640,056)	17,191,219	15,070,419	33,588,040	28,672,529	17,785,291	21,252,800	28,547,189	65,556,468
Capital Contributions	7,018,306	532,360	3,543,879	5,321,018	7,136,700	4,329,400	2,735,248	1,520,500	685,459	25,089,771
Change in Net Position	10,305,898	(3,107,696)	20,735,098	20,391,437	40,724,740	33,001,929	20,520,539	22,773,300	29,232,648	90,646,239
Net Position, Beginning of Year (3)	683,478,649	693,784,547	690,676,851	702,727,663	723,119,100	763,843,840	796,845,769	817,366,308	840,139,608	869,372,256
Prior Period Restatement (3)	-	-	(8,684,286)	-	-	-	-	-	-	23,381,594
Net Position, End of Year	\$ 693,784,547	690,676,851	702,727,663	723,119,100	763,843,840	796,845,769	817,366,308	840,139,608	869,372,256	983,400,089
Net Position by Component (3):										
Net Investment in Capital Assets	\$ 555,449,325	567,458,132	582,868,954	588,608,231	615,367,489	620,815,987	618,269,516	619,541,391	626,078,142	709,821,997
Restricted	61,078,363	52,726,664	53,714,745	58,061,576	54,488,484	49,935,830	59,169,811	109,751,672	121,765,634	145,194,581
Unrestricted	77,256,859	70,492,055	66,143,964	76,449,293	93,987,867	126,093,952	139,926,981	110,846,545	121,528,480	128,383,511
Total Net Position	\$ 693,784,547	690,676,851	702,727,663	723,119,100	763,843,840	796,845,769	817,366,308	840,139,608	869,372,256	983,400,089

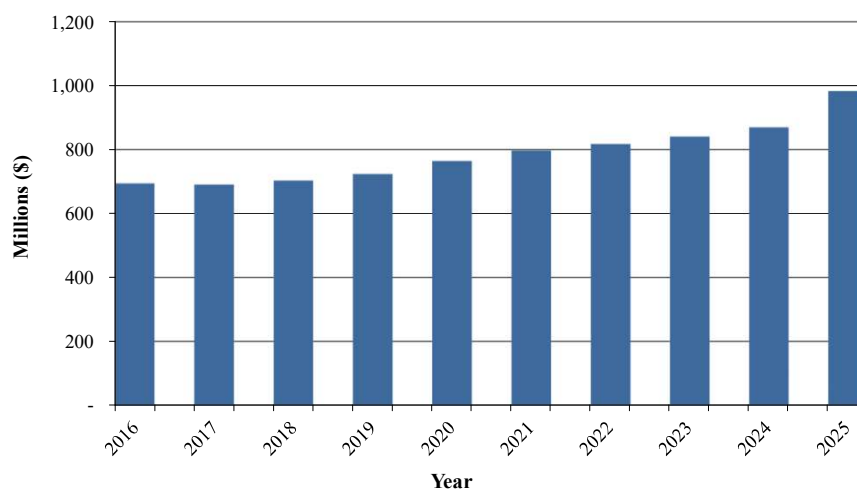
(1) The 2025 operating income of \$25.7 million is attributable to operating revenue totaling \$151 million and operating expense totaling \$125.3 million. Compared to 2024, operating revenue increased by \$32.6 million; Agency Wide operating revenue decreased \$0.6 million, Power Division increased \$28.3 million and Water Division increased \$4.9 million.

(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 2020, non-operating revenue includes the distribution of 2019 Net Revenue from the Middle Fork Project Finance Authority in the amount of \$6.1 million.

(3) In 2018, with the implementation of GASB 75, the net OPEB liability resulted in a prior period restatement to net position for \$8.7 million. In 2025 the Agency discovered at total of 20 Facility Agreements in 2024 that were not recorded. As a result, the Agency's Net Position was understated, resulting in a prior period restatement of \$23.4M.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Revenues										
Water Sales	\$ 34,217,098	36,686,798	38,782,230	40,366,197	43,850,608	45,365,882	46,947,811	52,036,188	58,474,633	61,823,523
Power Sales (1)	22,821,858	27,486,249	35,604,203	33,438,515	38,288,905	35,497,375	29,411,741	34,199,144	40,894,059	69,159,476
Renewal & Replacement Charge	11,604,564	11,747,194	13,253,634	14,055,878	14,756,926	15,002,818	15,926,913	15,314,984	16,875,655	18,290,101
Raw Water Surcharge (2)	343,377	359,213	-	-	-	-	-	-	-	-
Engineering Charges	864,592	674,039	821,097	828,159	804,100	773,806	1,022,697	1,343,525	1,113,670	1,058,006
Customer Service Charges	800,798	816,204	849,742	842,105	686,222	716,060	924,021	864,522	1,029,422	638,814
Other	123,355	77,384	40,606	100,457	48,993	92,854	51,122	26,657	10,171	-
Total Operating Revenues	70,775,642	77,847,081	89,351,512	89,631,311	98,435,754	97,448,795	94,284,305	103,785,020	118,397,610	150,969,920
Non-Operating Revenues										
Water Connection Charge	11,824,165	7,795,975	10,385,103	7,690,159	8,730,256	14,231,261	14,326,014	10,822,775	14,368,475	25,360,738
Water Sales (3)	-	-	-	-	6,650,000	12,500,000	14,400,000	-	-	-
Costs Recovered from Other Agencies (4)	355,314	1,159,664	659,222	829,051	1,310,480	566,876	1,002,394	2,030,271	1,818,263	818,400
Interest Earnings	1,379,608	1,836,632	2,729,395	-	-	-	-	-	-	-
Investment Income (Loss) (5)	-	-	-	6,170,781	5,008,796	(860,655)	(4,184,983)	10,695,480	10,191,950	14,233,472
Property Taxes and Assessments	904,057	939,379	1,062,185	1,147,905	1,124,528	1,237,334	1,343,615	1,367,849	1,463,437	1,558,554
Amort. of (Discount)/Premium on Debt	369,364	367,825	829,889	804,886	756,684	973,384	827,524	1,725,054	1,606,066	1,465,183
Other (6)	2,243,786	(5,741,633)	1,411,656	497,998	6,697,104	1,168,740	(441,079)	3,741,634	2,326,757	(2,069,420)
Total Non-Operating Revenues	17,076,294	6,357,842	17,077,450	17,140,780	30,277,848	29,816,940	27,273,485	30,383,063	31,774,948	41,366,927
Total Revenues (7)	\$ 87,851,936	84,204,923	106,428,962	106,772,091	128,713,602	127,265,735	121,557,790	134,168,083	150,172,558	192,336,847

(1) Power sales is a reimbursement of operating expenses from the Middle Fork Finance Authority.

(2) Beginning in 2018, the rate structure changed and Raw Water Surcharge is included in Renewal & Replacement charges.

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

(4) Significant amount in 2023 because of the expense recovered from FEMA disaster assistance.

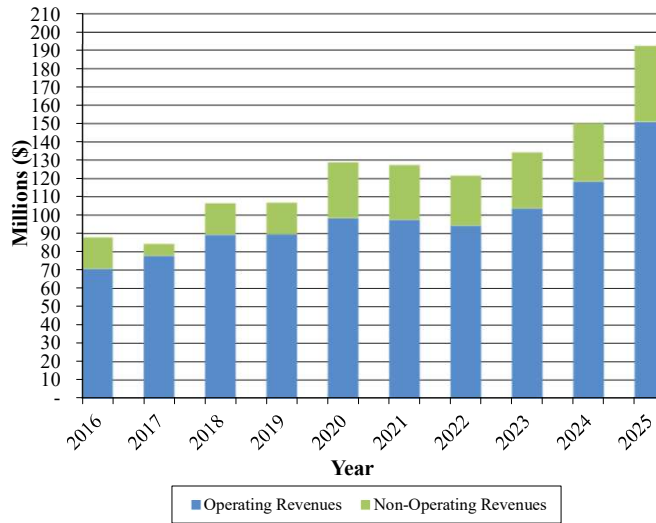
(5) Beginning in 2019, interest earnings and mark to market adjustment on investments were combined and included in Investment Income.

(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. In 2020, other non-operating revenue includes the distribution of 2019 Net Revenue from the Middle Fork Project Finance Authority in the amount of \$6.1 million.

(7) Significant fluctuations in total revenues stems primarily from the variance in Water Connection Charge revenues.

Source: Placer County Water Agency, Audited Financial Statements

CHART #2
Total Revenues



PLACER COUNTY WATER AGENCY

TABLE # 3
Expenses by Function
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Expenses										
Purchased Water	\$ 3,962,985	3,852,247	4,255,328	3,991,862	4,770,465	4,710,148	5,091,299	5,402,042	4,959,556	5,388,000
Operations Administration (1)	1,298,698	1,279,894	1,149,458	4,836,568	4,250,989	3,353,748	3,912,108	4,155,655	4,497,172	4,695,567
Pumping Plants & Wells	586,127	587,642	747,766	517,618	909,644	2,712,014	1,813,446	1,787,897	3,515,218	3,018,590
Water Treatment	7,578,315	7,681,994	8,006,569	8,664,994	9,051,455	8,741,551	9,589,507	11,636,593	10,948,568	8,727,335
Electrical Operations	2,322,854	6,383,611	5,782,269	6,530,483	9,704,611	11,592,572	10,985,939	13,036,413	15,592,349	18,213,485
Transmission & Distribution-Treated	2,724,957	3,019,930	3,370,479	3,600,970	3,661,219	3,646,884	3,752,244	4,761,861	4,120,165	4,458,432
Transmission & Distribution-Untreated	4,362,632	4,977,085	3,916,654	4,317,585	4,536,722	3,860,441	4,379,304	5,342,325	5,238,343	4,963,377
Customer Service & Collections	3,986,300	4,960,988	3,893,793	4,759,128	4,660,981	4,772,471	5,041,927	5,531,098	5,172,084	5,344,340
Repairs & Maintenance (2)	3,221,411	2,680,431	4,843,114	2,712,050	-	-	-	-	-	-
Engineering	6,847,636	5,133,124	5,110,246	6,367,991	7,100,020	6,153,073	7,572,613	8,049,545	10,603,330	10,283,335
General & Administrative	16,361,930	16,235,211	16,343,132	14,145,752	14,142,468	14,417,806	17,324,621	18,711,657	20,393,397	20,826,715
Energy Marketing	1,682,037	1,470,949	1,377,515	1,521,093	1,534,511	965,304	1,320,184	1,199,143	1,330,786	1,465,480
Other (3)	2,921,279	3,009,370	3,222,596	3,382,406	3,343,908	3,531,139	3,893,556	3,604,165	4,110,540	6,812,094
Subtotal, Operating Expenses before Depreciation (4)	57,857,161	61,272,476	62,018,919	65,348,500	67,666,993	68,457,151	74,676,748	83,218,394	90,481,508	94,196,750
Depreciation	23,664,292	24,001,216	24,658,393	24,209,232	25,454,209	27,758,048	28,268,227	27,971,835	29,537,795	31,118,446
Total Operating Expenses	81,521,453	85,273,692	86,677,312	89,557,732	93,121,202	96,215,199	102,944,975	111,190,229	120,019,303	125,315,196
Non-Operating Expenses										
Interest Expense	3,042,891	2,571,287	2,560,431	2,143,940	2,004,360	2,378,007	827,524	1,725,054	1,606,066	1,465,183
Total Non-Operating Expenses	3,042,891	2,571,287	2,560,431	2,143,940	2,004,360	2,378,007	827,524	1,725,054	1,606,066	1,465,183
Total Expenses	\$84,564,344	87,844,979	89,237,743	91,701,672	95,125,562	98,593,206	103,772,499	112,915,283	121,625,369	126,780,379

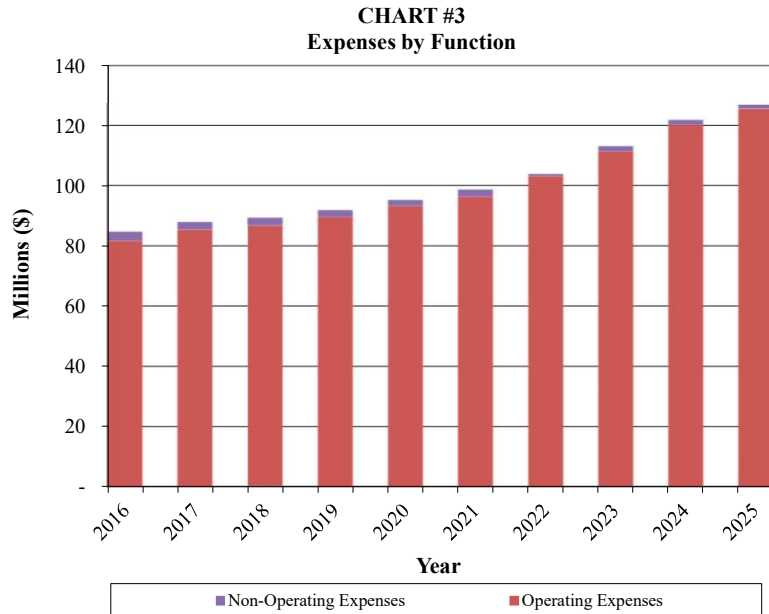
(1) For years 2015 - 2018 this was Field Administration. Beginning in 2019, this is Operations Administration and Power Administration is included; moving from General & Administrative.

(2) Beginning in 2020, Repairs & Maintenance is included in Electrical Operations.

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

(4) The 2025 operating expenses increase by fund is \$3.2 million in Power Division, \$1.5 million in Water Division, with a slight decrease of \$0.4 million in Agency Wide.

Source: Placer County Water Agency, Audited Financial Statements



PLACER COUNTY WATER AGENCY

TABLE # 4
Capital Assets
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Assets										
Land	\$ 17,059,763	17,167,763	17,200,294	17,318,937	17,320,437	17,337,932	17,350,657	18,130,157	18,382,806	18,389,306
Utility Plant-Preliminary Survey	777,614	412,217	399,717	1,133,416	6,678,422	6,872,447	7,687,411	7,687,411	7,634,868	7,078,012
Utility Plant (1)	760,565,562	763,226,422	787,751,950	802,071,315	867,437,031	901,891,115	913,479,030	923,696,803	967,275,356	1,021,819,518
Other Property & Equipment	111,402,279	116,120,902	123,489,053	132,102,448	149,702,524	166,375,119	168,015,344	176,225,765	182,266,755	187,189,835
Construction in Progress	69,096,449	86,795,005	89,512,166	89,519,392	45,078,921	28,857,113	37,738,912	48,057,383	58,315,561	79,156,317
Lease - Right to Use Asset (2)	-	-	-	-	-	-	835,022	863,957	873,639	775,135
SBITAs-Right to Use Asset (3)	-	-	-	-	-	-	-	73,482	1,533,923	1,684,936
Total Capital Assets	958,901,667	983,722,309	1,018,353,180	1,042,145,508	1,086,217,335	1,121,333,726	1,145,106,376	1,174,734,958	1,236,282,908	1,316,093,059
Accumulated Depreciation (4)	(317,523,272)	(341,016,728)	(364,470,790)	(386,995,920)	(408,927,048)	(435,458,934)	(463,304,964)	(489,786,777)	(519,015,386)	(549,815,474)
Net Capital Assets (5)	\$ 641,378,395	642,705,581	653,882,390	655,149,588	677,290,287	685,874,792	681,801,413	684,948,181	717,267,522	766,277,585

(1) Included in this category is the Systems & Improvements and the Middle Fork Project FERC License. 2024 is restated to include facility agreements totaling \$23.6M not previously recorded.

(2) GASB 87, Leases was implemented in 2022.

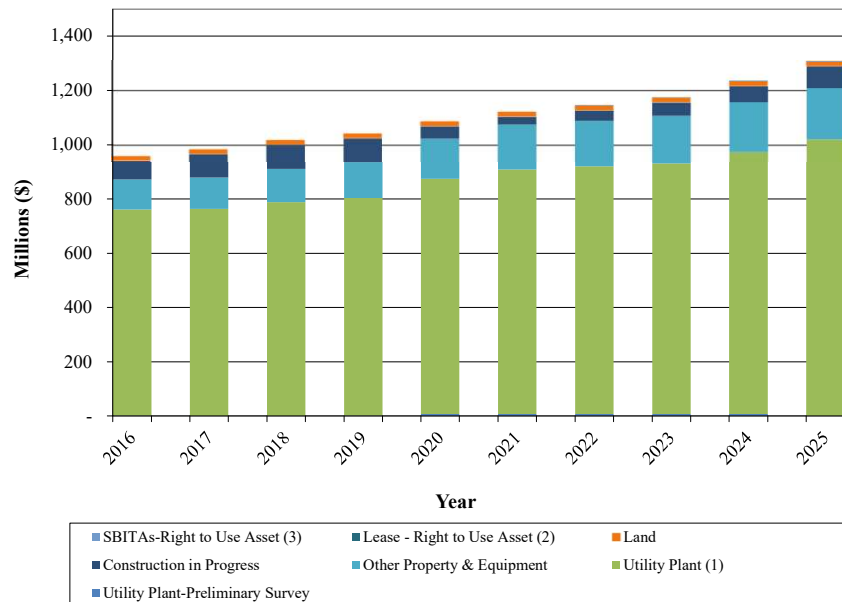
(3) GASB 96, Subscription-Based Information Technology Arrangements (SBITAs), was implemented in 2023.

(4) 2024 has been restated to include facility agreements previously not recorded.

(5) On October 2, 2023 the Agency acquired the Weimar Water System, resulting in an increase of \$3.8 million in net assets. During 2024, the Agency completed the consolidation of Dutch Flat Mutual Water Company, resulting in an increase of \$5.2 million in net assets.

Source: Placer County Water Agency, Audited Financial Statements

CHART #4
Net Capital Assets



PLACER COUNTY WATER AGENCY

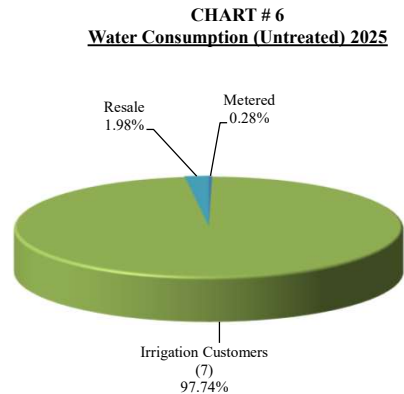
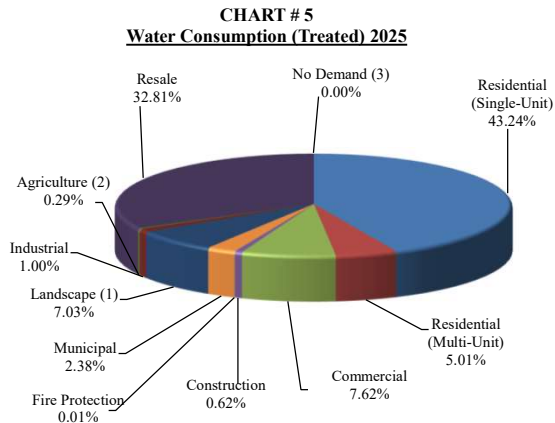
TABLE # 5

Water Consumption and Water Sales by Type of Customer Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TREATED WATER										
Consumption (Acre-Feet)										
Residential (Single-Unit)	12,886	14,070	14,696	14,796	16,837	16,847	16,616	15,336	16,725	16,471
Residential (Multi-Unit)	1,724	1,837	1,866	1,881	1,997	1,997	1,991	1,874	1,967	1,907
Commercial	2,625	2,796	2,909	2,874	2,842	2,936	2,910	2,900	2,940	2,902
Construction	125	120	129	212	80	72	78	136	91	237
Fire Protection	5	5	3	6	10	8	9	5	4	4
Municipal	912	962	1,045	955	929	1,017	1,044	961	1,013	907
Landscape (1)	1,940	2,260	2,295	2,455	2,859	2,930	2,799	2,402	2,732	2,678
Industrial	409	380	427	387	449	461	451	387	355	381
Agriculture (2)	259	217	215	221	299	309	247	166	140	109
Resale	8,839	9,616	10,258	9,976	11,291	11,872	11,973	11,645	13,383	12,497
No Demand (3)	-	-	3	1	-	-	-	-	-	-
Total Treated Water Consumption (Acre-Feet)	29,724	32,263	33,846	33,764	37,593	38,449	38,118	35,812	39,350	38,093
Total Consumption (Units) (4)	12,947,774	14,053,763	14,743,318	14,707,598	16,375,511	16,748,206	16,604,201	15,599,707	17,140,860	16,593,311
Total Treated Water Sales	29,062,114	31,359,879	33,138,173	34,513,783	37,863,912	38,231,627	39,879,002	43,903,974	50,050,136	53,623,325
Effective Rate per unit (incl. monthly service charge) (5)	2.24	2.23	2.25	2.35	2.31	2.28	2.40	2.81	2.92	3.23
UNTREATED (RAW) WATER										
Consumption (Acre-Feet)										
Metered	221	304	326	302	306	299	276	254	290	242
Commercial Agriculture (6)	23,978	16,179	19,339	12,673	24,816	24,563	23,210	23,302	-	-
Irrigation Customers (7)	54,813	56,233	57,254	57,265	57,990	59,056	56,721	60,273	90,063	84,874
Landscape (6)	11,249	11,897	11,639	11,640	11,694	11,676	11,008	11,684	-	-
Resale	1,733	2,259	2,414	2,283	2,502	2,652	2,570	2,532	2,439	1,721
Total Untreated (Raw) Water Consumption (Acre-Feet)	91,994	86,872	90,972	84,163	97,308	98,246	93,785	98,045	92,792	86,837
Total Consumption (Miner's Inch) (4)	5,083	4,800	5,026	4,650	5,376	5,428	5,181	5,417	5,127	4,798
Total Untreated (Raw) Water Sales	3,904,198	3,981,172	4,492,644	4,512,957	4,939,526	5,060,696	5,262,251	5,784,831	5,701,452	6,098,138
Effective Annual Rate per miner's inch (8)	768.16	829.49	893.87	970.55	918.79	932.34	1,015.59	1,067.93	1,112.12	1,271.07

- (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
(5) Effective Rate is reported in units (100 cubic feet) because consumption rates are per unit. The effective rate per unit includes the monthly
(6) In 2024, Commercial Agriculture and Landscape customers are included as Irrigation Customers.
(7) In 2024, Irrigation Customers now include Commercial Agriculture and Landscape Customers.
(8) Effective Rate is calculated per miner's inch, per year, because consumption rates are per miner's inch. The effective rate per unit includes the monthly service charge as well as the

Source: Placer County Water Agency, Customer Service Department



PLACER COUNTY WATER AGENCY

TABLE # 6

Water Accounts by Type of Customer Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TREATED WATER										
Water Customer Accounts										
Residential (Single-Unit)	30,928	31,538	31,945	32,367	32,943	33,711	34,022	34,649	35,162	35,604
Residential (Multi-Unit)	770	771	774	774	775	777	780	781	784	786
Commercial	1,923	1,933	1,940	1,956	1,965	1,975	1,982	1,996	2,018	2,030
Construction	32	37	32	41	32	39	37	41	62	115
Fire Protection	993	1,012	1,019	1,039	979	995	1,073	1,079	1,091	1,094
Municipal	174	173	174	173	173	173	172	171	171	157
Landscape (1)	551	558	570	593	611	630	640	650	673	668
Industrial	1	1	1	1	1	1	1	1	1	1
Agriculture	59	58	57	69	68	65	65	61	60	61
Resale	11	11	11	11	11	14	14	15	15	15
No Demand (2)	969	719	962	939	1,013	692	285	318	469	195
Total Treated Water Accounts	36,411	36,811	37,485	37,963	38,571	39,072	39,071	39,762	40,506	40,726
UNTREATED (RAW) WATER										
Water Customer Accounts										
Metered	261	261	259	257	256	257	254	250	249	247
Commercial Agriculture (3)	349	347	346	334	347	343	340	336	-	-
Irrigation Customers (4)	3,521	3,585	3,628	3,635	3,669	3,713	3,738	3,730	4,102	4,119
Landscape (3)	26	27	25	24	24	26	26	24	-	-
Resale	6	6	6	6	6	6	6	5	4	4
Total Untreated (Raw) Water Accounts	4,163	4,226	4,264	4,256	4,302	4,345	4,364	4,345	4,355	4,370
TOTAL WATER ACCOUNTS	40,574	41,037	41,749	42,219	42,873	43,417	43,435	44,107	44,861	45,096
New Connections (UOC's) Retail	622	345	689	425	506	470	411	154	524	917
New Connections (UOC's) Resale	40	46	-	-	-	200	350	298	213	-
Total New Connections (UOC's) (5)	662	391	689	425	506	670	761	452	737	917

(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) In 2024, Commercial Agriculture and Landscape Customers are included as Irrigation Customers.

(4) In 2024, Irrigation Customers now include Commercial Agriculture and Landscape Customers.

(5) In 2016, New Connections (UOC's) for certain years were restated to include UOC's from the WCC payment program.

Source: Placer County Water Agency, Customer Service Department

CHART # 7
Water Accounts (Treated) 2025

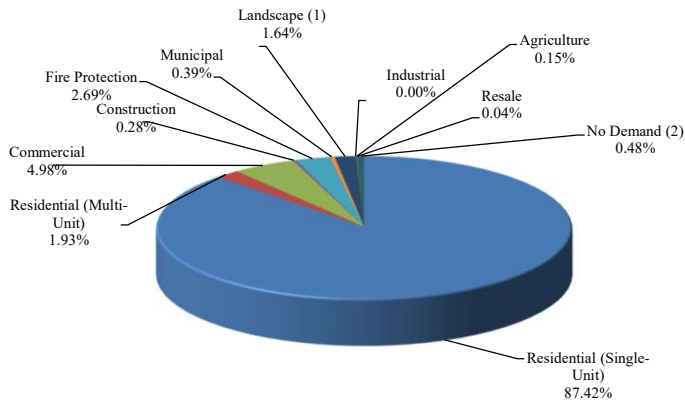
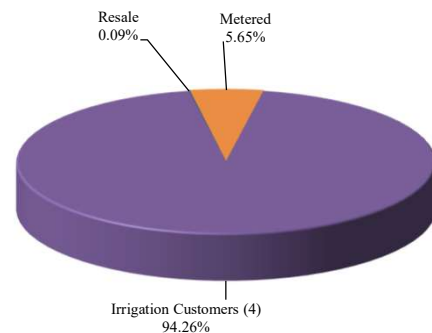


CHART # 8
Water Accounts (Untreated) 2025



PLACER COUNTY WATER AGENCY
TABLE # 7
Principal Water Users
Years Ended December 31, 2016 and 2025

2016					2025				
Customer	Amount Billed (1)	Percent of Water Billed	Usage in Acre-Feet	Percent of Water Sold	Customer	Amount Billed (1)	Percent of Water Billed	Usage in Acre-Feet	Percent of Water Sold
City of Lincoln	\$ 6,727,124	15.75%	7,760	7.06%	City of Lincoln	\$ 11,694,780	15.02%	14,152	6.38%
Cal American Water	759,197	1.78%	859	0.78%	Cal American Water	1,781,948	1.69%	2,041	0.71%
City of Rocklin	767,025	1.80%	817	0.74%	Meadow Vista County Water District	188,838	1.70%	1,605	0.67%
Rio Bravo Rocklin	242,846	0.57%	409	0.37%	City of Rocklin	1,845,130	0.54%	1,147	0.34%
Rocklin Unified School Dist	371,398	0.87%	348	0.32%	Christian Valley Park Community Service District	64,659	0.83%	497	0.29%
Lakeview Hills Community Association	49,759	0.12%	336	0.31%	Rocklin Unified School District	721,961	0.11%	431	0.28%
United Auburn Indian Community	192,958	0.45%	297	0.27%	Rio Bravo Rocklin	326,620	0.43%	381	0.24%
Loomis Union School District	70,279	0.16%	296	0.27%	United Auburn Indian Community	326,011	0.16%	280	0.24%
Sierra College	51,768	0.12%	287	0.26%	Placer County Facility Service	173,207	0.12%	130	0.24%
Placer Union High School Dist	100,423	0.24%	271	0.25%	Folsom Lake Mutual Water Company	139,292	0.22%	121	0.22%
Total Principal Water Users	\$ 9,332,778	21.86%	11,680	10.63%	Total Principal Water Users	\$ 17,262,446	20.82%	20,785	9.61%
Total all Users	\$ 42,698,494	100.00%	109,865	100.00%	Total all Users	\$ 77,844,349	100.00%	116,600	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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Metered Service - Treated Water										
Monthly Service Charge (meter size)										
5/8-inch	\$ 17.08	17.34	17.92	18.55	19.09	19.24	20.14	22.87	24.70	26.43
3/4-inch	24.17	24.53	25.14	26.02	26.77	26.98	28.25	32.65	35.27	37.74
1-inch	33.06	33.56	39.58	40.97	42.16	42.50	44.50	52.20	56.38	60.33
1-1/2-inch	53.26	54.06	75.68	78.33	80.60	81.24	85.06	101.08	109.17	116.82
2-inch	92.97	94.36	119.00	123.17	126.74	127.75	133.75	159.74	172.52	184.60
3-inch	172.60	175.19	256.18	265.15	272.84	275.02	287.95	345.49	373.13	399.25
4-inch	240.66	244.27	436.68	451.96	465.07	468.79	490.82	589.90	637.10	681.70
6-inch	483.13	490.38	978.18	1,012.42	1,041.78	1,050.11	1,099.47	1,323.12	1,428.97	1,529.00
8-inch	828.42	840.85	1,158.68	1,199.23	1,234.01	1,243.88	1,302.34	1,567.53	1,692.94	1,811.45
12-inch	1,294.43	1,313.85	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
16-inch	1,862.43	1,890.37	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
18-inch	2,146.42	2,178.62	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Residential and Commercial Fire Protection										
1-inch or less	(7)	(7)	(7)	(7)	(7)	(7)	(7)	0.14	0.16	0.18
Renewal & Replacement										
5/8-inch	16.05	16.29	17.74	18.36	18.89	19.04	19.93	20.41	22.05	23.60
3/4-inch	24.08	24.44	26.61	27.54	28.34	28.57	29.91	30.61	33.06	35.38
1-inch	40.14	40.74	44.35	45.90	47.23	47.61	49.85	51.01	55.10	58.96
1-1/2-inch	80.27	81.47	88.70	91.80	94.46	95.22	99.70	102.01	110.18	117.90
2-inch	128.43	130.36	141.92	146.89	151.15	152.36	159.52	163.22	176.28	188.62
3-inch	256.88	260.73	310.45	321.32	330.64	333.29	348.95	357.04	385.61	412.61
4-inch	401.37	407.39	532.20	550.83	566.80	571.33	598.18	612.06	661.03	707.31
6-inch	802.73	814.77	1,197.45	1,239.36	1,275.30	1,285.50	1,345.92	1,377.13	1,487.31	1,591.43
8-inch	3,853.09	3,910.89	1,419.20	1,468.87	1,511.47	1,523.56	1,595.17	1,632.16	1,762.74	1,886.14
Metered Service - Untreated Water										
Monthly Service Charge										
5/8-inch	10.37	10.53	9.14	9.46	9.73	9.81	10.27	13.32	14.39	15.40
3/4-inch	11.95	12.13	12.15	12.58	12.94	13.04	13.65	18.30	19.77	21.16
1-inch	14.89	15.11	18.17	18.81	19.36	19.51	20.43	28.26	30.53	32.67
1-1/2-inch	20.81	21.12	33.22	34.38	35.38	35.66	37.34	53.17	57.43	61.46
2-inch	31.79	32.27	51.28	53.07	54.61	55.05	57.64	83.05	89.70	95.98
3-inch	55.90	56.74	108.47	112.27	115.53	116.45	121.92	177.69	191.91	205.35
4-inch	81.18	82.40	183.72	190.15	195.66	197.23	206.50	302.21	326.39	349.24
6-inch	136.15	138.19	409.47	423.80	436.09	439.58	460.24	675.77	729.84	780.93
8-inch	217.86	221.13	484.72	501.69	516.24	520.37	544.83	800.29	864.32	924.83
10-inch	(3)	(3)	1,146.92	1,187.06	1,221.48	1,231.25	1,289.12	1,896.07	2,047.76	2,191.11
Renewal & Replacement (4)	8.48	8.61	8.98	9.29	9.56	9.64	10.09	7.31	7.90	8.46
General Irrigation - Untreated Water										
Monthly Service Charge	(5)	(5)	5.24	5.42	5.58	5.62	5.88	10.58	11.43	12.24
Renewal & Replacement	(5)	(5)	5.24	5.42	5.58	5.62	5.88	7.31	7.90	8.46
Private Fire Protection Service										
Monthly Service Charge										
1-inch	(6)	(6)	0.29	0.30	0.31	0.31	0.32	2.95	3.19	3.42
2-inch	18.82	18.82	1.77	1.83	1.88	1.90	1.99	3.67	3.97	4.25
3-inch	21.75	21.75	5.13	5.31	5.46	5.50	5.76	5.30	5.73	6.14
4-inch	24.16	24.16	10.93	11.31	11.64	11.73	12.28	8.11	8.76	9.38
6-inch	30.10	30.10	31.73	32.84	33.79	34.06	35.66	18.20	19.66	21.04
8-inch	57.19	57.19	67.60	69.97	72.00	72.58	75.99	35.61	38.46	41.16
10-inch	100.74	100.74	121.57	125.85	129.47	130.51	136.64	61.79	66.74	71.42
12-inch	161.30	161.30	196.37	203.24	209.13	210.80	220.71	98.08	105.93	113.35
14-inch	(6)	(6)	294.54	304.85	313.69	316.20	331.06	145.71	157.37	168.39
16-inch	358.90	358.90	418.46	433.11	445.67	449.24	470.35	205.84	222.31	237.88

(1) Retail customers only. For years 2015-2017 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 2015-2017 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.

(7) A 1-inch or less meter was added to the fee structure beginning in 2023.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Metered Services (2)										
Residential & Multi Dwelling (3)										
Tier 1	\$ 1.42	1.44	1.52	1.52	1.56	1.57	1.64	1.82	1.97	2.11
Tier 2	1.53	1.55	1.72	1.72	1.77	1.78	1.86	2.19	2.37	2.54
Tier 3	1.63	1.65	1.84	1.84	1.89	1.91	2.00	2.38	2.58	2.77
Tier 4	1.75	1.78	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Tier 5	1.86	1.89	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Tier 6	2.18	2.21	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Tier 7	2.44	2.48	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Commercial & Governmental (4)										
Tier 1	1.45	1.47	1.62	1.62	1.67	1.68	1.76	1.94	2.10	2.25
Tier 2	1.48	1.50	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tier 3	1.53	1.55	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Landscape (5)										
Per 100 CF	(5)	(5)	1.72	1.72	1.77	1.78	1.86	2.23	2.41	2.58
Special Rates (6)										
Tier 1	1.42	1.44	1.52	1.52	1.56	1.57	1.64	1.82	1.97	2.11
Tier 2	1.53	1.55	1.72	1.72	1.77	1.78	1.86	2.19	2.37	2.54
Tier 3	1.63	1.65	0.19	0.19	0.20	0.20	0.21	0.23	0.25	0.27
Tier 4	1.75	1.78	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Tier 5	0.13	0.13	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Tier 6	0.11	0.11	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Temporary Construction (7)										
Tier 1	2.90	2.94	3.24	3.24	3.33	3.36	3.52	2.69	2.91	3.12
Tier 2	2.96	3.00	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Tier 3	3.06	3.10	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Tier 4	3.06	3.10	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)

(1) Retail customers only. For years 2015-2017 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 2015-2017 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 2015-2017 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 2015-2017 this fell into the Non-Residential class.

(6) Special rates are for customers involuntarily deprived of untreated water service. The tier structure for years 2015-2017 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 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 2015-2017 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Metered Services (2)										
Tier 1	\$ 0.45	0.46	0.19	0.19	0.20	0.20	0.21	0.23	0.25	0.27
Tier 2	0.43	0.44	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Tier 3	0.34	0.35	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Non-Metered Services (Miner's Inch) (MI) (3)										
General Irrigation Service (Winter) (4)										
Tier 1	36.25	36.79	74.50	74.50	76.66	77.27	80.90	85.50	92.34	98.81
Tier 2	72.49	73.58	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tier 3	74.23	75.34	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tier 4	74.58	75.70	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
General Irrigation Service (Summer) (4)										
Tier 1	32.78	33.27	62.58	62.58	64.39	64.91	67.96	73.01	78.86	84.39
Tier 2	59.97	60.87	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tier 3	62.61	63.55	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tier 4	63.79	64.75	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Commercial Agriculture (Winter)										
First MI	58.56	59.44	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Over 1 MI	59.71	60.61	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Commercial Agriculture (Summer)										
First MI	58.31	59.18	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
2nd MI	57.10	57.96	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
3rd MI	51.56	52.33	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
4th MI	46.03	46.72	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
5-9 MI	42.34	42.98	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
10-60 MI	38.66	39.24	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Over 60 MI	31.91	32.39	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Retail customers only. For years 2015-2017 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 2015-2017 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 2015-2017 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Water Connection Charge (WCC)</u>										
Zone 6 Service Area (Lower)	\$ 17,712.00	18,867.00	18,867.00	19,339.00	19,339.00	19,339.00	19,987.00	22,805.00	22,821.00	25,815.00
<u>Meters and Service Connections (2)</u>										
Installation of Meter to Existing Service										
5/8" x 3/4"	135.00	135.00	135.00	135.00	135.00	135.00	174.00	188.00	191.00	196.00
3/4"	135.00	135.00	135.00	135.00	135.00	135.00	174.00	188.00	191.00	196.00
1"	135.00	135.00	135.00	135.00	135.00	135.00	174.00	188.00	191.00	196.00
1 1/2"	135.00	135.00	135.00	135.00	135.00	135.00	174.00	188.00	191.00	196.00
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
<u>Other Miscellaneous Fees and Charges</u>										
Backflow Prevention Device Test Charge	109.00	109.00	109.00	109.00	109.00	109.00	118.00	127.00	129.00	132.00
Canal Flow Rate Change (3)										
No Field Trip Required	20.00	20.00	20.00	20.00	20.00	20.00	-	-	-	-
Field Trip Required	85.00	85.00	85.00	85.00	85.00	85.00	-	-	-	-
After Hours Charge	140.00	140.00	140.00	140.00	165.00	165.00	-	-	-	-
Delinquent Payment Charge (4)	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Door Tag Charge	30.00	30.00	30.00	30.00	30.00	30.00	50.00	54.00	55.00	56.00
Fire Flow Information Charge (5)	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	369.00	378.00
Facility Tampering Charge										
First Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	270.00	276.00	283.00
Second Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	270.00	276.00	283.00
Third Occurrence	250.00	250.00	250.00	250.00	250.00	250.00	250.00	270.00	276.00	283.00
Meter Reread Charge (6)	20.00	20.00	20.00	20.00	20.00	20.00	-	-	-	-
Meter Test and Repair Deposit/Charge (7)	62.00	62.00	62.00	62.00	62.00	62.00	-	-	-	-
Service Set-up Charge										
No Field Trip Required	20.00	20.00	20.00	20.00	20.00	20.00	20.00	22.00	21.50	22.00
Field Trip Required	40.00	40.00	40.00	40.00	40.00	40.00	60.00	65.00	65.00	66.00
After Hours Charge	140.00	140.00	140.00	140.00	165.00	165.00	204.00	220.00	224.00	230.00
Project Application Charge	140.00	140.00	140.00	140.00	140.00	140.00	147.00	159.00	161.00	165.00
Pressure Test Charge (7)	95.00	95.00	95.00	95.00	95.00	95.00	-	-	-	-
Reconnection Charge (9)										
Treated Services	55.00	55.00	55.00	55.00	75.00	75.00	80.00	86.00	88.00	90.00
Untreated Services	75.00	75.00	75.00	75.00	75.00	75.00	80.00	86.00	88.00	90.00
Water Shutoff Protection Act (WSPA)	-	-	-	-	50.00	50.00	52.00	56.00	57.00	58.00
After Hours Charge	140.00	140.00	140.00	140.00	165.00	165.00	204.00	220.00	224.00	230.00
WSPA - After Hours Charge	-	-	-	-	150.00	150.00	157.00	170.00	173.00	177.00
Returned Check Charge	26.00	26.00	26.00	26.00	26.00	26.00	25.00	27.00	27.00	27.00
Temporary Construction Water Service										
Permit Fee	42.00	42.00	42.00	42.00	42.00	42.00	43.00	46.00	47.00	48.00
Connection Charge	104.00	104.00	104.00	104.00	104.00	104.00	118.00	127.00	129.00	132.00
Variances and Waivers of Rules and Regulations or Rates (10)	225.00	225.00	225.00	225.00	225.00	225.00	305.00	329.00	337.00	346.00
Water Service Written Estimate	109.00	109.00	109.00	109.00	109.00	109.00	172.00	186.00	189.00	194.00
WCC - Installment Payment										
Processing Fee	184.00	184.00	184.00	184.00	184.00	184.00	236.00	255.00	260.00	267.00
Certification of Cross Connection Control (Backflow) Charge (11)	1.75	1.75	1.75	1.75	1.75	1.75	0.48	0.52	0.52	0.53
Certification of Domestic Water Source (Constructed Conveyance) Charge (12)	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.56	7.73	7.94
Water Waste Charge (3rd & 4th occurrence)	75.00	75.00	75.00	75.00	75.00	75.00	75.00	81.00	82.00	84.00

(1) For years 2015-2017 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.

(3) Canal Flow Rate Change charge was removed from the fee schedule in 2022.

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

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

(5) Fire Flow Information Charge is per flowed hydrant and is the Agency's cost as determined by the Engineering Department.

(6) Meter Reread Charge was removed from the fee schedule in 2022

(7) Meter Test and Repair Deposit/Charge was removed from the fee schedule in 2022.

(8) Pressure Test Charge was removed from the fee schedule in 2022.

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

(10) Variance and Waivers Charge applies to each subsequent request; there is no charge for first request for non-abutting service.

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

(12) 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.

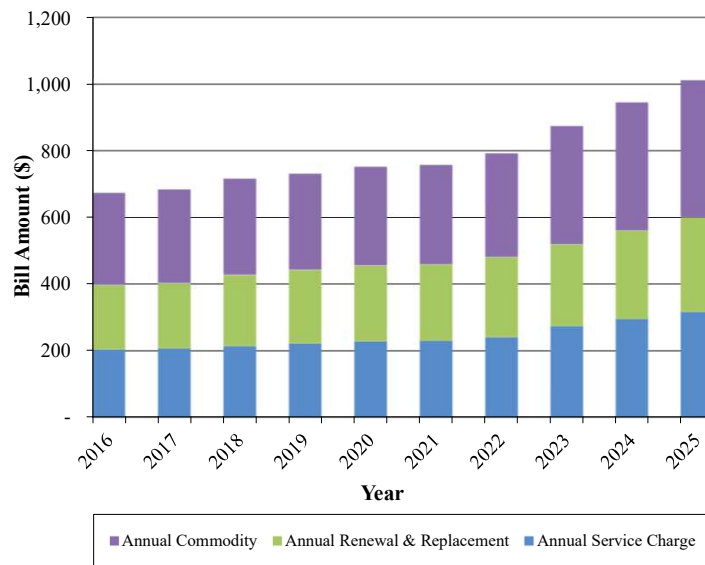
PLACER COUNTY WATER AGENCY
TABLE # 12
Average Annual Water Bill* and Effective Rate Increase
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Service Charge	\$ 204.96	208.08	215.04	222.60	229.08	230.88	241.68	274.44	296.40	317.16
Annual Renewal & Replacement	192.60	195.48	212.88	220.32	226.68	228.48	239.16	244.92	264.60	283.20
Annual Commodity	276.12	279.72	288.00	288.00	295.92	297.72	311.04	354.24	383.40	410.76
Annual Water Billed Amount	<u>\$ 673.68</u>	<u>683.28</u>	<u>715.92</u>	<u>730.92</u>	<u>751.68</u>	<u>757.08</u>	<u>791.88</u>	<u>873.60</u>	<u>944.40</u>	<u>1,011.12</u>
Effective Rate Increase	<u>1.24%</u>	<u>1.43%</u>	<u>4.78%</u>	<u>2.10%</u>	<u>2.84%</u>	<u>0.72%</u>	<u>4.60%</u>	<u>10.32%</u>	<u>8.10%</u>	<u>7.06%</u>

* 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 2015-2017 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. Beginning in 2022, rates are generally billed on a 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Division										
Certificates of Participation										
2007 Certificates	\$ 830,000	-	-	-	-	-	-	-	-	-
2008 Certificates	32,940,000	31,470,000	-	-	-	-	-	-	-	-
2013 Certificates	6,040,000	5,290,000	4,515,000	3,695,000	2,835,000	1,935,000	990,000	-	-	-
2016 Certificates	24,840,000	24,840,000	24,055,000	23,230,000	22,370,000	21,470,000	20,525,000	19,530,000	18,485,000	17,390,000
2018 Certificates	-	-	23,235,000	22,200,000	21,120,000	19,960,000	18,755,000	17,490,000	14,960,000	12,305,000
2021 Certificates	-	-	-	-	-	15,260,000	14,785,000	14,285,000	13,760,000	13,210,000
Certificates Outstanding	64,650,000	61,600,000	51,805,000	49,125,000	46,325,000	58,625,000	55,055,000	51,305,000	47,205,000	42,905,000
Loans Payable										
State Water Resources Control Board:										
Auburn Water Treatment Plant	13,543,916	12,596,680	11,627,606	10,636,191	9,621,919	8,584,264	7,522,687	6,436,635	5,325,545	4,188,840
Electric Street Tank	7,332,473	7,010,507	6,681,082	6,344,025	5,999,159	5,646,303	5,285,273	4,915,878	4,537,926	4,151,217
Colfax Water Treatment Plant	-	-	-	-	-	-	-	-	-	939,492
California Energy Commission:										
Ferguson Solar	-	-	-	-	-	-	-	-	-	471,470
Loans Outstanding	20,876,389	19,607,187	18,308,688	16,980,216	15,621,078	14,230,567	12,807,959	11,352,513	9,863,471	9,751,019
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
Improvement District Debt Outstanding	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329
Other Debt										
Leases Payable (3)	-	-	-	-	-	-	537,286	471,746	405,389	325,523
SBITAs Payable (4)	-	-	-	-	-	-	-	-	44,297	22,460
Other Debt Outstanding	-	-	-	-	-	-	537,286	471,746	449,686	347,983
Subtotal Water Division Debt Outstanding	85,528,718	81,209,516	70,116,017	66,107,545	61,948,407	72,857,896	68,402,574	63,131,588	57,520,486	53,006,331
Plus: Unamortized bond discounts & premiums	3,379,208	3,108,563	6,242,573	5,437,686	4,681,002	7,163,806	6,243,784	3,883,051	2,908,337	2,055,918
Total Water Division Long-Term Debt	\$ 88,907,926	84,318,079	76,358,590	71,545,231	66,629,409	80,021,702	74,646,358	67,014,639	60,428,823	55,062,249
Number of Customer Accounts	40,574	41,037	41,749	42,219	42,873	43,417	43,435	44,107	44,861	45,096
Per Customer	2,191	2,055	1,829	1,695	1,554	1,843	1,719	1,519	1,347	1,221
Agency Wide										
Other Debt										
Leases Payable (3)	\$ -	-	-	-	-	-	22,527	21,348	26,357	10,711
SBITAs Payable (4)	-	-	-	-	-	-	-	23,958	1,071,914	715,531
Subtotal Agency Wide Debt Outstanding	-	-	-	-	-	-	22,527	45,306	1,098,271	726,242
Power Division										
Other Debt										
Leases Payable (3)	\$ -	-	-	-	-	-	180,815	167,352	165,882	152,832
Subscriptions (SBITAs) Payable (4)	-	-	-	-	-	-	-	-	-	-
Subtotal Power Division Debt Outstanding	-	-	-	-	-	-	180,815	167,352	165,882	152,832
Total PCWA Long-Term Debt	\$ 88,907,926	84,318,079	76,358,590	71,545,231	66,629,409	80,021,702	74,849,700	67,227,297	61,692,976	55,941,323

(1) Improvement District (ID) Debt is the responsibility of the individual improvement district and the principal and interest are payable solely

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

(3) GASB 87, Leases was implemented in 2022.

(4) GASB 96, Subscription-Based Information Technology Arrangements (SBITAs), was implemented in 2023.

Source: Placer County Water Agency, Audited Financial Statements

PLACER COUNTY WATER AGENCY

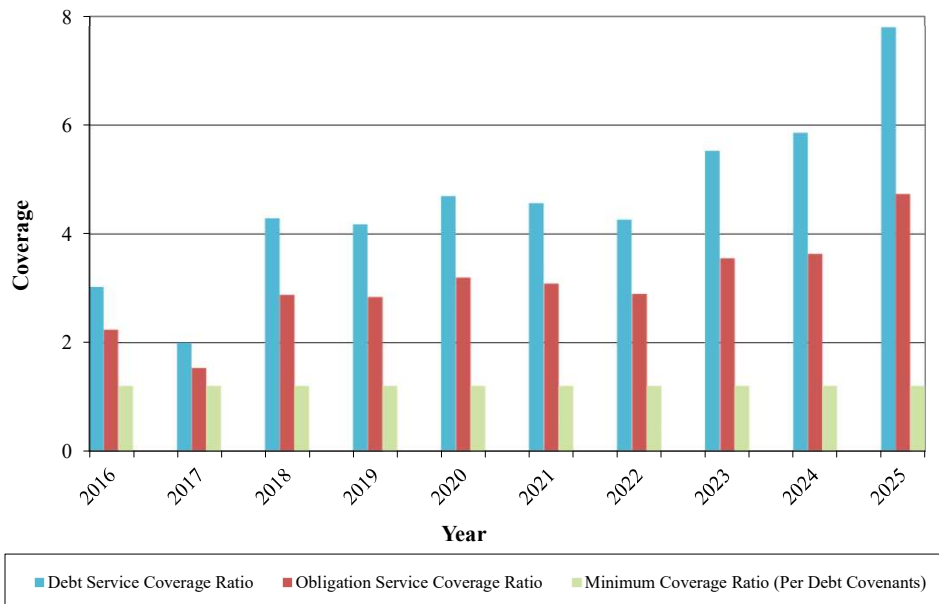
TABLE # 14
Debt Service Coverage
Western Water System
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Service Coverage										
Net Water Revenues,										
Excluding Depreciation	\$ 24,579,374	15,032,916	29,666,240	28,003,145	31,338,876	32,827,436	33,145,299	42,877,429	46,338,320	61,643,923
Debt Service on Certificates										
and Other Parity Debt	<u>\$ 8,145,242</u>	<u>7,551,458</u>	<u>6,933,057</u>	<u>6,711,853</u>	<u>6,684,278</u>	<u>7,199,314</u>	<u>7,787,277</u>	<u>7,759,825</u>	<u>7,913,575</u>	<u>7,903,575</u>
Debt Service Coverage Ratio	<u>3.02</u>	<u>1.99</u>	<u>4.28</u>	<u>4.17</u>	<u>4.69</u>	<u>4.56</u>	<u>4.26</u>	<u>5.53</u>	<u>5.86</u>	<u>7.80</u>
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	12,755,209	7,236,941	19,281,137	20,312,986	22,608,620	18,596,175	18,819,285	32,054,654	31,969,845	36,283,185
Debt Service on Certificates										
and Other Parity Debt	<u>8,145,242</u>	<u>7,551,458</u>	<u>6,933,057</u>	<u>6,711,853</u>	<u>6,684,278</u>	<u>7,199,314</u>	<u>7,787,277</u>	<u>7,759,825</u>	<u>7,913,575</u>	<u>7,903,575</u>
Debt Service Coverage Ratio	<u>1.57</u>	<u>0.96</u>	<u>2.78</u>	<u>3.03</u>	<u>3.38</u>	<u>2.58</u>	<u>2.42</u>	<u>4.13</u>	<u>4.04</u>	<u>4.59</u>
Obligation Service Coverage										
Net Water Revenues, Excl. Depreciation										
as Adjusted by Water Purchases	28,542,358	18,885,163	33,921,568	31,995,007	36,109,341	37,537,584	38,236,598	47,968,728	50,892,559	67,031,923
Obligation Service	<u>12,796,273</u>	<u>12,381,458</u>	<u>11,803,057</u>	<u>11,293,853</u>	<u>11,309,768</u>	<u>12,178,614</u>	<u>13,221,887</u>	<u>13,512,255</u>	<u>14,020,575</u>	<u>14,160,575</u>
Obligation Service Coverage Ratio	<u>2.23</u>	<u>1.53</u>	<u>2.87</u>	<u>2.83</u>	<u>3.19</u>	<u>3.08</u>	<u>2.89</u>	<u>3.55</u>	<u>3.63</u>	<u>4.73</u>
Certificate Reserve Requirement										
Minimum Reserve Required	4,786,614	4,651,551	414,420	263,404	1,738,413	981,058	829,759	679,972	585,334	490,697
Actual Reserve Balance	<u>5,242,558</u>	<u>5,242,558</u>	<u>1,843,656</u>	<u>1,799,793</u>	<u>2,810,870</u>	<u>2,812,517</u>	<u>2,809,231</u>	<u>1,794,571</u>	<u>1,794,661</u>	<u>1,794,743</u>
Reserve Requirement Coverage	<u>1.10</u>	<u>1.13</u>	<u>4.45</u>	<u>6.83</u>	<u>1.62</u>	<u>2.87</u>	<u>3.39</u>	<u>2.64</u>	<u>3.07</u>	<u>3.66</u>

(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.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Placer County										
Population	376,092	381,675	389,047	394,737	397,469	409,044	410,310	410,706	416,014	428,181
Annual % Change in Population	1.22%	1.48%	1.93%	1.46%	0.69%	2.91%	0.31%	0.10%	1.29%	2.92%
Total Personal Income (Millions)	\$ 22,969	24,527	26,223	27,459	29,125	31,684	34,170	36,114	38,068	*
Per Capita Personal Income	\$ 60,360	63,515	66,700	68,936	72,279	76,849	81,791	85,265	87,751	*
Unemployment Rate	4.0%	3.1%	3.1%	2.7%	6.0%	3.2%	2.5%	4.0%	3.9%	4.2%
State of California										
Population (Thousands)	39,354	39,613	39,818	39,959	40,129	39,369	39,028	39,109	39,172	39,529
Annual % Change in Population	0.72%	0.66%	0.52%	0.35%	0.43%	-1.89%	-0.87%	0.21%	0.16%	0.91%
Total Personal Income (Millions)	\$ 2,212,691	2,303,870	2,475,727	2,633,925	2,814,011	2,997,206	3,018,471	3,133,679	3,372,090	3,585,891
Per Capita Personal Income	\$ 56,308	58,272	62,586	66,661	71,480	76,386	77,339	80,423	85,518	91,116
Unemployment Rate	5.0%	4.5%	4.1%	3.9%	9.1%	4.8%	3.7%	5.1%	5.5%	5.1%

Source:

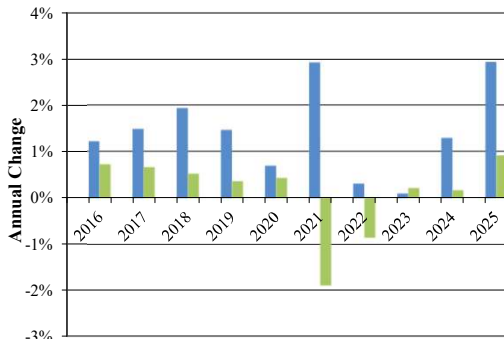
Population Data Source: California Department of Finance. Table E-2. Preliminary population as of July 1st of each year.

Unemployment Data Source: State of California, Employment Development Department. December 2023 Monthly Labor Force Data

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

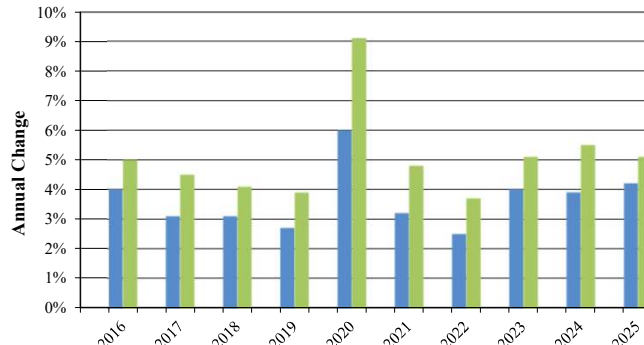
* At time of publication, data not available for time period.

CHART #11
Annual Percentage Change in Population
2016-2025



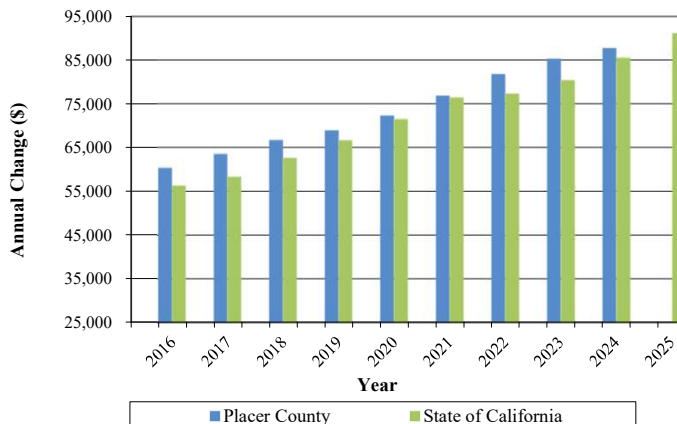
Year

CHART #12
Unemployment Rate
2016-2025



Year

CHART #13
Per Capita Personal Income
2016-2025



Year

■ Placer County ■ State of California

PLACER COUNTY WATER AGENCY
TABLE # 16
Principal Employers of Placer County
Years Ended December 31, 2016 and 2025

2016			2025		
Company or Organization	Number of Employees	Percent of Total Employment	Company or Organization	Number of Employees	Percent of Total Employment
Sutter Health	5,435	3.15%	Sutter Health	6,672	3.36%
Kaiser Permanente	5,361	3.11%	Kaiser Permanente	6,154	3.10%
Placer County	2,700	1.57%	Placer County	2,789	1.40%
Squaw Valley Alpine Meadows	2,500	1.45%	Thunder Valley Casino Resort	2,508	1.26%
HP Inc. and Hewlett Packard Enterprises	2,100	1.22%	Roseville City School District	1,861	0.94%
Sierra Joint Community College District	1,940	1.13%	Sierra Joint Community College District	1,514	0.76%
Thunder Valley Casino Resort	1,915	1.11%	City of Roseville	1,386	0.70%
Safeway Inc.	1,254	0.72%	Pacific Gas and Electric Co.	1,360	0.68%
Pride Industries	1,155	0.67%	Safeway	1,181	0.59%
SolarCity Corp.	1,120	0.65%	Hewlett Packard Enterprise Co.	900	0.45%
Total Largest Employers	25,480	14.78%	Total Largest Employers	26,325	13.24%
Total All Employers	172,400	100.00%	Total All Employers	198,600	100.00%

Source: Sacramento Business Journal - May 16, 2025
Sacramento Business Journal - May 13, 2016
State of California, Employment Development Department

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Department										
General Manager's Office	2	2	2	2	2.5	2.5	3	4	4	4
Administrative Services	19	20	17.5	8.5	9	8	8	7	7	7
Customer Services	30	31	33	33	33	33	30	30	30	30
Energy Marketing	6	4	4	4	4	4	4	4	4	4
Field Services (1)	54	53	54	54	56	56	61	60	70	70
Financial Services	13	13	13.5	13.5	13.5	13.5	13.5	15	15	15
Legal Services	1	1	1	1	2	2	2	2	2	2
Power Systems (2)	37	37	37	37	36	34	35	35	36	36
Strategic Affairs and Resource Mgmt (3)	0	2	2	2	3	3	2.5	2	2	3
Technical Services (4)	60	61	62	72	73	58	58	58	49	49
Information Technology (5)	0	0	0	0	0	17	17	18	18	18
Total Employees	222	224	226	227	232	231	234	235	237	238

(1) In 2024, Drinking Water Operations maintenance staff relocated to the Raw Water Division of Field Services.

(2) In 2024, an Inspector position in the Technical Services Department was transferred to Power Systems.

(3) In 2017, Resource Development was bifurcated and its functions split into the new Energy Marketing department and the re-established Strategic Affairs. In 2020, Strategic Affairs was restructured, expanding the Strategic Affairs function and establishing the addition of a Director of Resource Management.

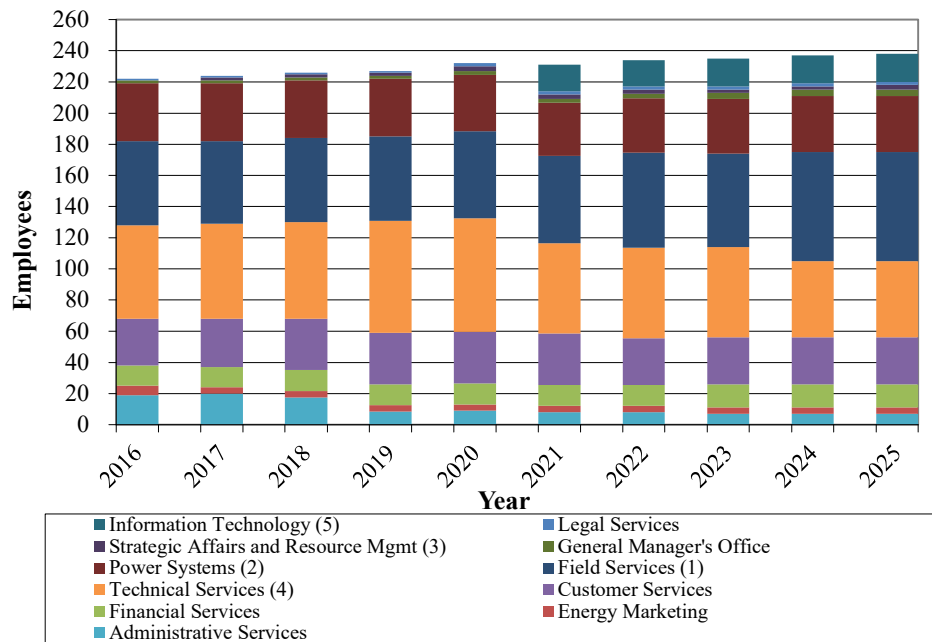
(4) In June 2019, Information Technology moved to Technical Services from Administrative Services. In 2024, the Drinking Water Operations maintenance staff relocated to the Raw Water Division of the Field Services Department and an Inspector position was transferred to Power Systems.

(5) In December 2021, Information Technology became its own Department.

Authorized positions are reported by department.

Source: Placer County Water Agency, Administrative Services Department

CHART #14
Personnel Trends



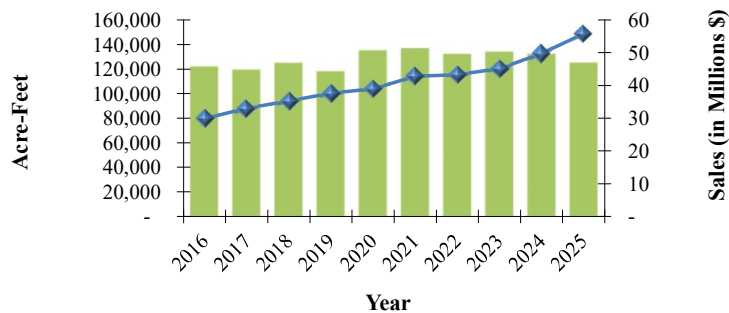
PLACER COUNTY WATER AGENCY
TABLE # 18
Water and Power Operational Statistics
Last Ten Years

WATER	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Facilities										
Miles of Main Line - Treated	598	601	606	609	615	621	623	646	653	664
Miles of Canals - Untreated (Raw)	165	165	165	165	165	171	168	168	169	170
Number of Treatment Plants	8	8	8	8	8	8	8	9	9	9
Total Plant Capacity (MGD) (1)	84	85	85	85	82	82	82	83	83	83
Number of Pumping Stations	15	15	15	15	14	15	14	15	16	18
Number of Storage Tanks	26	26	26	24	24	24	24	29	31	32
Water Received (in Acre-Feet):										
Lake Spaulding via Drum Canal	86,073	79,119	85,449	80,454	90,214	63,798	89,784	80,247	56,874	58,345
American River (Middle Fork Project)	4,394	3,459	4,466	4,457	10,947	36,274	12,831	13,088	36,684	32,562
Canyon Creek	3,148	1,564	2,727	5,111	5,391	1,897	1,886	3,225	3,766	4,274
Nevada Irrigation District (Foothill)	571	1,288	1,430	1,244	1,517	1,615	1,418	1,478	1,426	1,402
South Sutter Water District	580	-	-	-	-	-	-	-	-	-
PG&E Zone 3 Supply	7,712	10,267	11,049	9,000	7,347	8,894	10,231	7,035	9,089	9,085
Total Supply	102,478	95,697	105,121	100,266	115,416	113,227	116,150	105,073	107,839	105,668
Water Delivered/Billed (Acre-Feet):										
Treated Water Delivered	29,724	32,263	33,846	33,764	37,593	38,449	38,118	35,812	39,350	38,093
Treated Water % of Total	24.4%	27.1%	27.1%	28.6%	27.9%	28.1%	28.9%	26.8%	29.8%	30.5%
Untreated (Raw) Water Billed (2)	91,994	86,872	90,972	84,163	97,308	98,246	93,785	98,045	92,792	86,837
Untreated (Raw) Water % of Total	75.6%	72.9%	72.9%	71.4%	72.1%	71.9%	71.1%	73.2%	70.2%	69.5%
Total Water Delivered/Billed	121,718	119,135	124,818	117,927	134,901	136,695	131,903	133,857	132,142	124,930
Average Per Day (acre-feet)	333	326	342	323	370	375	361	367	362	342
Sales (Millions):										
Treated Water Sales	29.06	31.36	33.14	34.51	37.86	38.23	39.88	43.90	50.05	53.62
Treated Water % of Total	88.2%	88.7%	88.1%	88.4%	88.5%	88.3%	88.3%	88.4%	89.8%	89.8%
Untreated (Raw) Water Sales	3.90	3.98	4.49	4.51	4.94	5.06	5.26	5.78	5.70	6.10
Untreated (Raw) Water % of Total	11.8%	11.3%	11.9%	11.6%	11.5%	11.7%	11.7%	11.6%	10.2%	10.2%
Total Water Sales	33.0	35.3	37.6	39.0	42.8	43.3	45.1	49.7	55.8	59.7
Billings, Collections & Delinquencies:										
Water Billings (3)	\$ 44,994,995	47,693,727	51,181,213	53,338,458	55,201,923	58,741,292	62,359,462	64,865,660	72,235,555	77,844,349
Collections	\$ 44,944,519	47,652,087	51,135,054	53,299,263	55,167,359	58,704,404	62,304,428	64,808,905	72,180,684	77,764,785
Uncollectible	\$ 50,476	41,640	46,159	39,195	34,564	36,888	55,034	56,754	54,871	79,564
Collection Percentage	99.89%	99.91%	99.91%	99.93%	99.94%	99.94%	99.91%	99.91%	99.92%	99.90%
POWER	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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)	1.0	1.4	0.8	1.0	0.5	0.4	0.4	1.2	0.8	0.8

- (1) MGD = Million Gallons per Day
(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.

Source: Placer County Water Agency

CHART #15
Water Sales and Acre-Feet Ordered



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Compliance Report



American River Pump Station

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*

Board of Directors
Placer County Water Agency
Auburn, California

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, 2025, 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 June 23, 2026.

Report on 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) as a basis for designing 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the item described below to be a significant deficiency.

(2025-01) Prior Period Restatement

Criteria: Auditing standards identify the restatement of previously issued financial statements to correct a material misstatement as an indicator of a deficiency in internal control over financial reporting. Accordingly, auditors are required to evaluate and communicate deficiencies that result in material prior period restatements.

Condition: Subsequent to December 31, 2024, management became aware of certain non-cash capital contributions that had been accepted by the District but were not recorded in the accounting records in the period received.

Cause: Information regarding the non-cash capital contributions was received by operational departments from developers; however, the information was not communicated to the Finance Department in a timely manner to allow for proper accounting and financial reporting.

Effect: As a result, the District's beginning net position was restated to record the non-cash capital contributions that should have been recognized in a prior reporting period.

Recommendation: We recommend that the Finance Department establish periodic communication and reconciliation procedures with the departments responsible for receiving and tracking developer-contributed assets. These procedures should be designed to ensure that all non-cash capital contributions are identified, communicated, and recorded in the appropriate reporting period.

Management's Comments Regarding Corrective Actions Planned: The Agency concurs with the auditor's finding related to the prior period restatement for unrecorded non cash capital contributions. We acknowledge that information regarding developer contributed assets was not consistently communicated to the Finance Department in a manner that ensured timely and accurate financial reporting.

To address this deficiency, the Finance Department is implementing enhanced communication and reconciliation procedures with the department involved in receiving or tracking developer contributed assets. These actions include:

- Establishing a reporting process for all developer contributed assets, including required documentation and timelines.
- Implementing a cross departmental reconciliation process to verify completeness and accuracy of non cash capital contributions prior to year end.
- Evaluating opportunities for workflow improvements or system enhancements that will support timely capture and reporting of non cash capital contributions.

The Agency believes these corrective actions will strengthen internal controls, ensure accurate financial reporting, and prevent similar issues from occurring in future reporting periods.

Report on 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 financial statements. 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*.

Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our engagement and described previously. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
June 23, 2026

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Supplemental Schedules



Ferguson Solar Project

PLACER COUNTY WATER AGENCY
Unrestricted Net Position - Board Designated Reserves
For the Fiscal Year Ended December 31, 2025

Agency Wide

Operational:

Operational	\$ 2,847,933
-------------	--------------

Capital:

Agency Wide Building Maintenance, New Facilities, and Improvements	786,917
Renewable Energy Facilities	3,261,815
Vehicles, Equipment and Other Routine Capital Replacement	700,000
IT Infrastructure and Cybersecurity	533,178

Liabilities:

Compensated Absences	934,423
Insurance Claim Liability/Deductible	918,790
Pension Liability Funding Program	2,675,202

Specific Activities & Projects:

MFP Water Rights Permit Extension	2,079,695
Regional Water Supply Reliability Program	1,369,645
Yuba/Bear River Water Supply Reliability	990,173
Catastrophic Events and Disaster Recovery	3,246,341
Legal Defense	3,115,078
Regulatory Mandates	404,593
Stewardship Matters	4,625,950
Financial Assistance Program	79,440

Total Agency Wide - Board Designated Reserves	\$ 28,569,173
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Water Division

Operational:

Operational	\$ 18,393,794
Revenue Volatility	5,000,000
Energy Volatility	1,500,000

Capital:

Building and Facilities Maintenance and Improvements	2,000,000
IT Infrastructure and Cybersecurity	1,000,000
Revolving Grant Matching Funds	500,000
Vehicles, Equipment and Other Routine Capital Replacement	2,356,369

Specified Revenue:

Renewal & Replacement Charges	28,276,451
-------------------------------	------------

Liabilities:

Compensated Absences	2,550,000
Insurance Claim Liability/Deductible	1,500,001
Pension Liability Funding Program	3,643,543

Specific Activities & Projects:

Regulatory Mandates	1,000,000
Legal Defense	1,500,000
Catastrophic Events and Disaster Recovery	5,000,000

Total Water Division - Board Designated Reserves	\$ 74,220,158
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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, 2025

	2025 Adopted Budget	2025 Adjusted Budget	2025 Actual	Variance from Adjusted Budget (\$)	Variance from Adjusted Budget (%)
Operating Revenues					
Water Sales	\$ 54,939,964	54,939,964	61,823,523	6,883,559	13%
Power Sales (1)	88,355,074	88,355,074	69,159,476	(19,195,598)	-22%
Renewal and Replacement Charges	17,881,292	17,881,292	18,290,101	408,809	2%
Engineering Charges	1,162,350	1,162,350	1,058,006	(104,344)	-9%
Customer Service Charges	820,000	820,000	638,814	(181,186)	-22%
Total Operating Revenues	163,158,680	163,158,680	150,969,920	(12,188,760)	-7%
Non-Operating Revenues					
Water Connection Charges	7,000,000	7,000,000	25,360,738	18,360,738	262%
Costs Recovered from Other Agencies	-	-	818,400	818,400	-
Contributions In Aid of Construction	254,774	254,774	712,697	457,923	180%
Investment Income	1,622,500	1,622,500	14,233,472	12,610,972	777%
Property Taxes and Assessments	1,400,000	1,400,000	1,558,554	158,554	11%
Gain (Loss) on Disposal of Assets	-	-	21,528	21,528	-
Program Grant Revenue	-	-	279,305	279,305	-
Rental Income	944,750	944,750	1,227,473	282,723	30%
Other Income (Loss) (2)	65,000	65,000	(2,845,240)	(2,910,240)	-4477%
Total Non-Operating Revenues	11,287,024	11,287,024	41,366,927	30,079,903	266%
Total Revenues	174,445,704	174,445,704	192,336,847	17,891,143	10%
Operating Expenses					
Purchased Water	6,107,000	5,517,000	5,388,000	129,000	2%
Operations Administration	4,455,292	4,455,292	4,695,567	(240,275)	-5%
Pumping Plant and Wells	2,450,000	2,450,000	3,018,590	(568,590)	-23%
Water Treatment	8,037,842	9,243,942	8,727,335	516,607	6%
Electrical Operations	13,618,802	13,618,802	18,213,485	(4,594,683)	-34%
Transmission and Distribution:					
Treated Water	4,422,581	4,422,581	4,458,432	(35,851)	-1%
Raw Water	5,110,262	5,110,262	4,963,377	146,885	3%
Customer Service and Collections	5,357,239	5,356,677	5,344,340	12,337	0%
Recreation	3,035,000	3,035,000	2,831,933	203,067	7%
Automotive & Equipment Maintenance	1,351,412	1,351,412	3,980,161	(2,628,749)	-195%
Engineering	7,395,255	7,395,255	10,283,335	(2,888,080)	-39%
General and Administrative	28,046,295	27,430,757	20,826,715	6,604,042	24%
Energy Marketing	1,684,431	1,684,431	1,465,480	218,951	13%
Depreciation	-	-	31,118,446	(31,118,446)	-
Total Operating Expenses (3)	91,071,411	91,071,411	125,315,196	(34,243,785)	-38%
Non-Operating Expenses					
Interest Expense	2,081,000	2,081,000	1,465,183	615,817	30%
Total Non-Operating Expenses	2,081,000	2,081,000	1,465,183	615,817	30%
Total Expenses	93,152,411	93,152,411	126,780,379	(33,627,968)	-36%
Capital Contributions	-	-	25,089,771	25,089,771	-
CHANGE IN NET POSITION	\$ 81,293,293	81,293,293	90,646,239	9,352,946	12%

(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. 2025 actual expenses include adjustments required by GASB.

PLACER COUNTY WATER AGENCY

Adjusted Budget

Last Ten Years

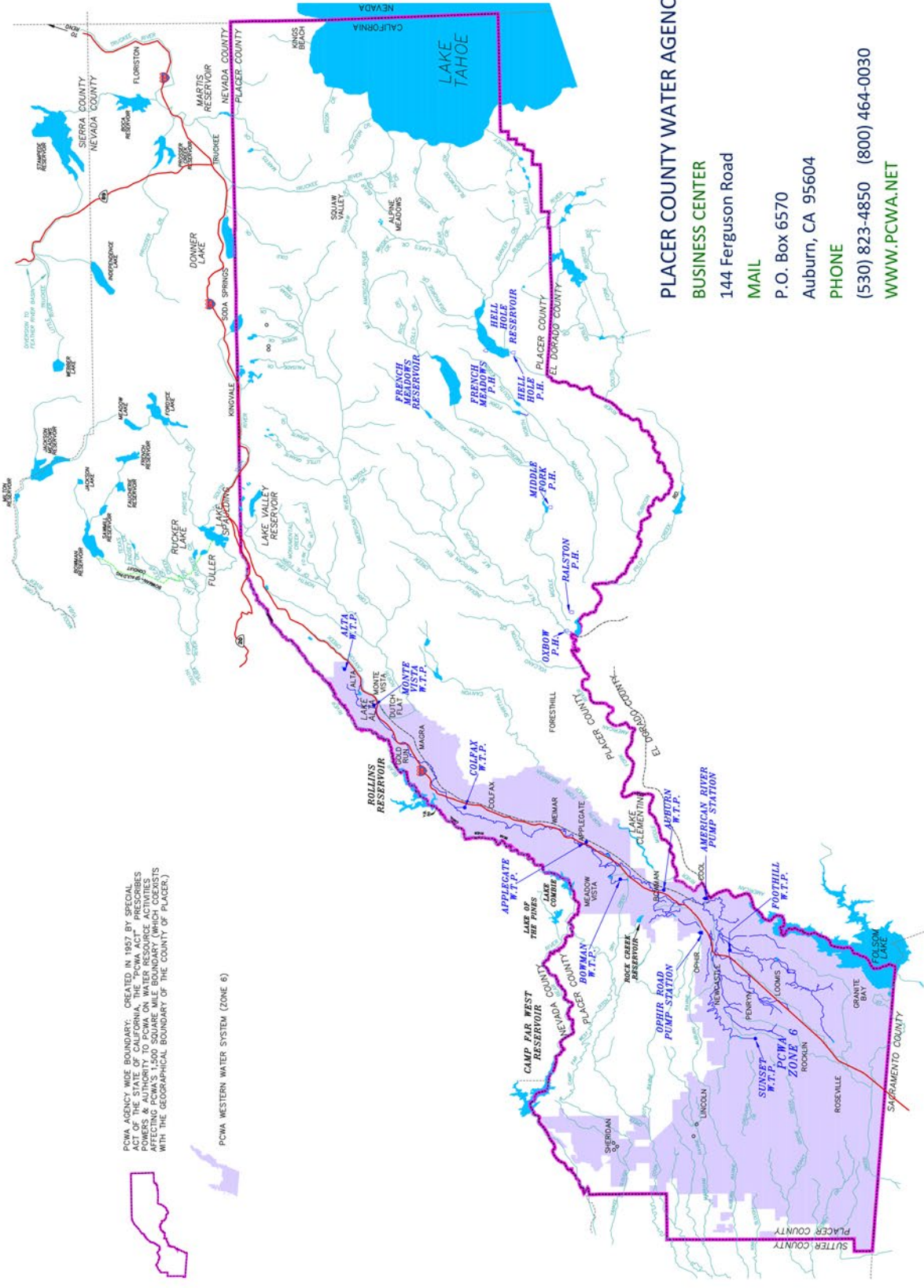
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Revenues										
Water Sales	\$ 34,620,000	34,800,000	37,477,000	39,246,000	39,995,714	40,236,400	42,325,200	47,743,950	51,724,266	54,939,964
Power Sales	35,200,426	36,419,512	34,562,163	37,548,853	38,063,671	38,364,298	64,446,109	61,299,440	76,614,351	88,355,074
Renewal and Replacement Charges	11,000,000	11,480,000	13,230,000	13,855,000	14,257,000	14,371,300	15,046,900	15,473,600	16,711,488	17,881,292
Raw Water Surcharges (1)	320,000	320,000	-	-	-	-	-	-	-	-
Engineering Charges	750,000	750,000	750,000	750,000	750,000	750,000	850,000	1,134,000	1,134,000	1,162,350
Customer Service Charges	725,000	725,000	725,000	850,000	850,000	650,000	650,000	676,000	800,000	820,000
Total Operating Revenues	82,615,426	84,494,512	86,744,163	92,249,853	93,916,385	94,371,998	123,318,209	126,326,990	146,984,105	163,158,680
Non-Operating Revenues										
Water Connection Charges	12,500,000	10,000,000	10,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	7,000,000
Costs Recovered from Other Agencies	-	-	-	-	-	74,000	-	-	-	-
Contributions in Aid of Construction	400,000	400,000	250,000	139,000	139,000	139,000	239,000	248,560	248,560	254,774
Interest Earnings	900,000	900,000	1,150,000	1,400,000	1,350,000	1,350,000	1,350,000	1,350,000	1,200,000	1,622,500
Property Taxes and Assessments	775,000	775,000	860,000	1,000,000	1,200,000	1,075,000	1,075,000	1,200,000	1,350,000	1,400,000
Program Grant Revenue	325,000	325,000	500,000	300,000	100,000	100,000	-	-	-	-
Rental Income	766,000	766,000	768,000	743,000	763,000	690,000	818,000	880,000	880,000	944,750
Other Income	16,000	16,000	360,000	249,000	187,000	181,000	130,000	65,000	65,000	65,000
Total Non-Operating Revenues	15,682,000	13,182,000	13,888,000	9,831,000	9,739,000	9,609,000	9,612,000	9,743,560	9,743,560	11,287,024
Total Revenues	98,297,426	97,676,512	100,632,163	102,080,853	103,655,385	103,980,998	132,930,209	136,070,550	156,727,665	174,445,704
Operating Expenses										
Purchased Water	4,318,000	4,381,100	4,274,700	4,464,000	4,771,000	4,658,285	4,979,300	5,434,610	4,746,018	5,517,000
Field Administration	1,060,737	1,111,740	1,074,405	4,048,207	4,438,234	3,338,019	4,252,064	3,915,618	4,005,641	4,455,292
Pumping Plant and Wells	1,043,591	823,101	775,000	650,000	1,150,000	1,449,463	1,558,557	1,370,000	2,976,412	2,450,000
Water Treatment	7,838,719	8,785,774	8,516,961	9,262,892	9,353,621	9,257,509	10,060,005	11,655,490	11,271,676	9,243,942
Electrical Operations	3,250,197	4,632,840	5,420,873	5,541,473	8,698,973	8,895,508	10,067,500	11,913,249	11,752,233	13,618,802
Transmission and Distribution										
Treated Water	2,642,902	3,341,125	3,638,224	3,322,635	4,356,731	3,538,593	4,524,193	5,099,945	4,768,000	4,422,581
Raw Water	3,649,175	3,752,489	4,232,948	4,802,924	4,219,316	3,927,006	5,137,763	5,358,291	5,161,948	5,110,262
Customer Service and Collections	4,818,678	5,057,525	4,148,688	4,859,105	4,719,962	4,674,868	5,324,256	5,392,707	5,253,827	5,356,677
Repairs and Maintenance (2)	2,767,815	2,028,816	2,725,764	3,242,030	-	-	-	-	-	-
Recreation	2,844,000	2,568,000	2,550,000	2,588,000	2,620,000	2,636,000	2,669,000	2,960,000	3,030,000	3,035,000
Automotive and Equipment	1,014,772	1,036,877	1,014,940	1,038,811	1,021,781	928,824	1,054,835	1,222,335	1,350,577	1,351,412
Engineering	4,174,941	4,444,930	4,821,999	6,695,437	7,798,419	6,071,763	7,254,738	8,039,619	7,172,905	7,395,255
General and Administrative	17,285,283	17,522,442	17,556,613	16,361,688	19,093,865	50,926,633	21,565,382	23,981,616	26,750,981	27,430,757
Energy Marketing	2,355,281	1,818,654	1,496,100	1,703,053	1,645,742	1,313,314	1,315,582	1,517,053	1,653,027	1,684,431
Total Operating Expenses	59,064,091	61,305,413	62,247,215	68,580,255	73,887,644	101,615,785	79,763,175	87,860,533	89,893,245	91,071,411
Non-Operating Expenses										
Interest Expense	3,831,000	3,269,000	3,118,000	2,655,000	2,477,000	3,781,000	2,770,000	2,554,000	2,556,312	2,081,000
Total Non-Operating Expenses	3,831,000	3,269,000	3,118,000	2,655,000	2,477,000	3,781,000	2,770,000	2,554,000	2,556,312	2,081,000
Total Expenses	62,895,091	64,574,413	65,365,215	71,235,255	76,364,644	105,396,785	82,533,175	90,414,533	92,449,557	93,152,411
CHANGE IN NET POSITION	\$ 35,402,335	33,102,099	35,266,948	30,845,598	27,290,741	(1,415,787)	50,397,034	45,656,017	64,278,108	81,293,293

(1) For years 2016 - 2017 Raw Water Surcharges were a separate line item. Beginning in 2018, the rate structure changed and they are included in Renewal & Replacement charges.

(2) Beginning in 2020, Repairs and Maintenance are included in Electrical Operations.



Service Area Map



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