



**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

6:00 PM Wednesday, July 7, 2021

AGENDA

Pursuant to the provisions of Executive Order N-25-20 Issued by Governor Gavin Newsom on March 12, 2020, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Zoom link below to join by webcam or teleconference without otherwise complying with the Brown Act's teleconference requirements.

Any member of the public wishing to make any comments to the Board may do so through that Zoom link. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public wishing to make a comment are asked to state their name for the record and will be provided three (3) minutes to comment, the Board secretary will alert those commenting when they only have 30 seconds remaining. All members of the public will be disconnected from the Zoom link immediately before the Board of Directors adjourns into Closed Session.

Join Zoom Meeting

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

Join by Telephone: +1 669 900 6833

Meeting ID: 952 177 9948 Passcode: **421745**

1. **ROLL CALL.**
2. **PLEDGE OF ALLEGIENCE.**
3. **INVOCATION.**

4. **TIME RESERVED FOR PUBLIC COMMENTS.**

*Members of the public shall be allowed three minutes to address the Board on any matter on the agenda and/or within the jurisdiction of the District, which is not on the Agenda. All comments should be addressed to the presiding officer of the meeting. Additional public comments shall be allowed when a listed agenda item is being considered, but such comments made at that time must be confined to the subject that is being discussed at the time such comments are made. Members of the public are asked to state their name for the record. Due to all Board Meetings being run as Zoom Meetings all participants will be placed on mute at the start of the meeting and when the meeting is open for public comment the participant will be asked to raise their hand through the button on the video conference screen if participating by video conference or by pressing *9 on their phone if participating by teleconference.*

5. **ADOPTION OF AGENDA.**

6. **APPROVAL OF CONSENT CALENDAR.**

(All matters on the Consent Calendar are to be approved on one motion, unless a Board Member requests a separate action on a specific item).

- A. Consider June 16, 2020 Regular Board Meeting Minutes.
- B. Consider the May Financial Statement.
- C. Consider the accounts now due and payable, and receive and file bills approved by the General Manager.

7. **ACTION/DISCUSSION ITEMS.**

- A. Consider the 2020 Audit Report completed by the auditing firm Clifton Larson Allen. *Recommended Action – that the Board receive and file the 2020 Audit Report submitted by Clifton Larson and Allen.*
- B. Consider Review and Approval of Resolution 215-R Pico Water District's Conflict of Interest and Disclosure Code "Appendix A". *Recommended Action – that the Board approve the Conflict of Interest and Disclosure Code as submitted by staff.*
- C. Consider Bartle Wells Associates Capacity Charge Study. *Recommended Action – to be considered at the Board Meeting.*

8. **REPORTS.**

- A. General Manager.
- B. Legal Counsel.

9. **DIRECTOR'S REQUEST OF FUTURE AGENDA ITEMS.**
10. **BOARD MEMBER COMMENTS.**
 - A. Report on Meetings Attended/Comments.
11. **ADJOURNMENT.**

AGENDA POSTED ON: July 1, 2021

Next regularly scheduled meeting: July 21, 2021

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the District office at (562) 692-3756 at least 48 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at 4843 S. Church Street, Pico Rivera, California.

CONSENT ITEMS

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

6:00 P.M. Wednesday, July 7, 2021

AGENDA

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MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE PICO WATER DISTRICT

A Regular meeting of the Board of Directors of the Pico Water District was held in the District's Boardroom located at 4843 South Church Street, Pico Rivera, California, on Wednesday, June 16, 2021 at 6:03 p.m.

The District's Secretary/General Manager, Mr. Mark J. Grajeda proceeded with the roll call of the attending Board members. Present from the beginning of the meeting were President David R. Gonzales, while Director Pete Ramirez, Director Robert Martinez, and Director Victor Caballero participated telephonically, in adherence to social distancing. Mr. Jim Ciampa, Legal Counsel for the District participated electronically. Director Raymond Rodriguez was absent.

President Gonzales presided over the meeting and led everyone in the Pledge of Allegiance.

Vice President Caballero gave the invocation.

President Gonzales proceeded to the next item on the Agenda, Public Comments. There were none.

President Gonzales proceeded to the adoption of the Agenda. Director Martinez requested that Item 12A Closed Session – Conference with Legal Counsel – Anticipated Litigation be pulled from the agenda and made a motion to approve the Agenda without Item 12A and Vice President Caballero seconded the motion. Legal Counsel announced that the motion did not pass by roll call vote 2-0-2, with Director Ramirez and President Gonzales abstaining. Vice President Caballero then made the motion to approve the agenda as submitted and President Gonzales seconded the motion. The General Manager announced the motion passed by a vote of 3-1-0, with Director Martinez voting no.

President Gonzales proceeded to the approval of the Consent Calendar. The General Manager informed the Board that staff did not receive the May 2021 Financial Statements as anticipated and would need to pull that item, 6B, from the Consent Calendar and will come back to the Board on July 7, 2021. Vice President Caballero made the motion to approve the Consent Calendar without Item 6B – May 2021 Financial Statements and President Gonzales seconded the motion. The General Manager announced the motion passed by roll-call vote, 4 – 0.

President Gonzales proceeded to the next item on the Agenda, consideration and possible adoption of Resolution No. 214-R Restating the Policy Regarding Director's Travel and Expense Reimbursement. The General Manager stated that the Board visited this a couple of years ago and did not take action. The matter was brought to the Administrative Committee who suggested the following changes: In addition to the current Board approved Central Basin Municipal Water District (CBMWD) and a Water Replenishment District (WRD) or approved substituted function, that Board members be allowed to attend one CBMWD function, one WRD function and one additional function per month that would include a second CBMWD or WRD meeting or a Los

Angeles County Sanitation District function or a City of Pico Rivera Council Meeting; it also includes an increase in Board and Staff lodging from \$200 per night to \$300 per night; and increases meal expenses for lunch from \$25 to \$30 and dinner from \$40 to \$50. After a brief discussion Director Ramirez made the motion to adopt and Vice President Caballero seconded the motion to adopt. The General Manager announced the motion passed by a vote of 3-1-0, with Director Martinez voting no.

President Gonzales proceeded to the next item on the Agenda, General Manager's report. The General Manager informed the Board that the Stephens Street project is finished and punch list items are being completed and are awaiting a walk through with the City of Pico Rivera for their approval; WRD was contacted again on this date regarding the PFAS Remediation Project Agreement and we are still waiting for them to submit it for Legal Counsel review; a letter was submitted to Assemblywoman Garcia for PFAS funding; we will be submitting a similar letter to Senator Archuleta's office to include PFAS along with additional funding for meters and pipeline work.

President Gonzales proceeded to the next item on the Agenda, Legal Counsel report. Legal Counsel informed the Board that he received a revised draft of the Cal-OSHA Standard stating that fully vaccinated employees would not be required to wear masks if other non-vaccinated employees were among them and employers will be required to enforce and supply face masks for non-vaccinated employees indoors and in vehicles; the Governor issued a new Executive Order regarding the service termination moratorium to end on September 30, 2021, potentially allowing Districts to begin shutoffs for non-payment on October 1, 2021; the Brown Act suspension extends teleconferencing rules until September 30, 2021 at which time it will "sunset" and Districts will have to go back to in person meetings and follow the Brown Act requirements regarding postings at the sites where individuals will be teleconferencing from. Director Ramirez inquired about AB 1195 and Legal Counsel informed the Board that State Water Board has moved away from direct oversight over CBMWD and WRD by an appointed commissioner and instead will work cooperatively with WRD on their needs assessment for small water systems in the Central Basin, there has been changes that would enhance and increase the role of Los Angeles County LAFCO in any consolidation or dissolution of water systems in the Central Basin, there has been clarification that the bill would only apply to Central Basin area and not the West Basin area, there are other amendments being worked on, no one has come out in favor or support of this bill and the consensus is that there isn't anything in this law that the State Water Board can't already do, and out of all these water systems that this is directed towards to assist them none of them are listed as "at-risk" in the Water Boards needs assessment.

President Gonzales proceeded to the next item on the Agenda, Informational Items. The General Manager asked that the Board look at the production and water level reports and noted that our water table levels have not dropped significantly and have stayed pretty solid, moving rather slowly.

President Gonzales proceeded to the next item on the Agenda, Director's request for future agenda items. There were none.

President Gonzales proceeded to the next item on the Agenda, Board Member Comments.

There were none.

The Board retreated to Closed Session at 6:45 p.m.

The Board reconvened at 6:55 p.m. and Legal Counsel stated that Closed Session was held under Government Code Sec. 54956.9 subdivision (d)4, regarding anticipated litigation. The Board was briefed on the facts and circumstances of that matter and no reportable action was taken.

Director Ramirez stated that he received the District's Newsletter and thanked the General Manager and staff for positive information regarding the District's activities.

There being no further business to come before the Board, the Board meeting adjourned at 6:58 p.m.

David R. Gonzales, President

Attest:

Mark J. Grajeda, Secretary

(Seal)

PICO WATER DISTRICT

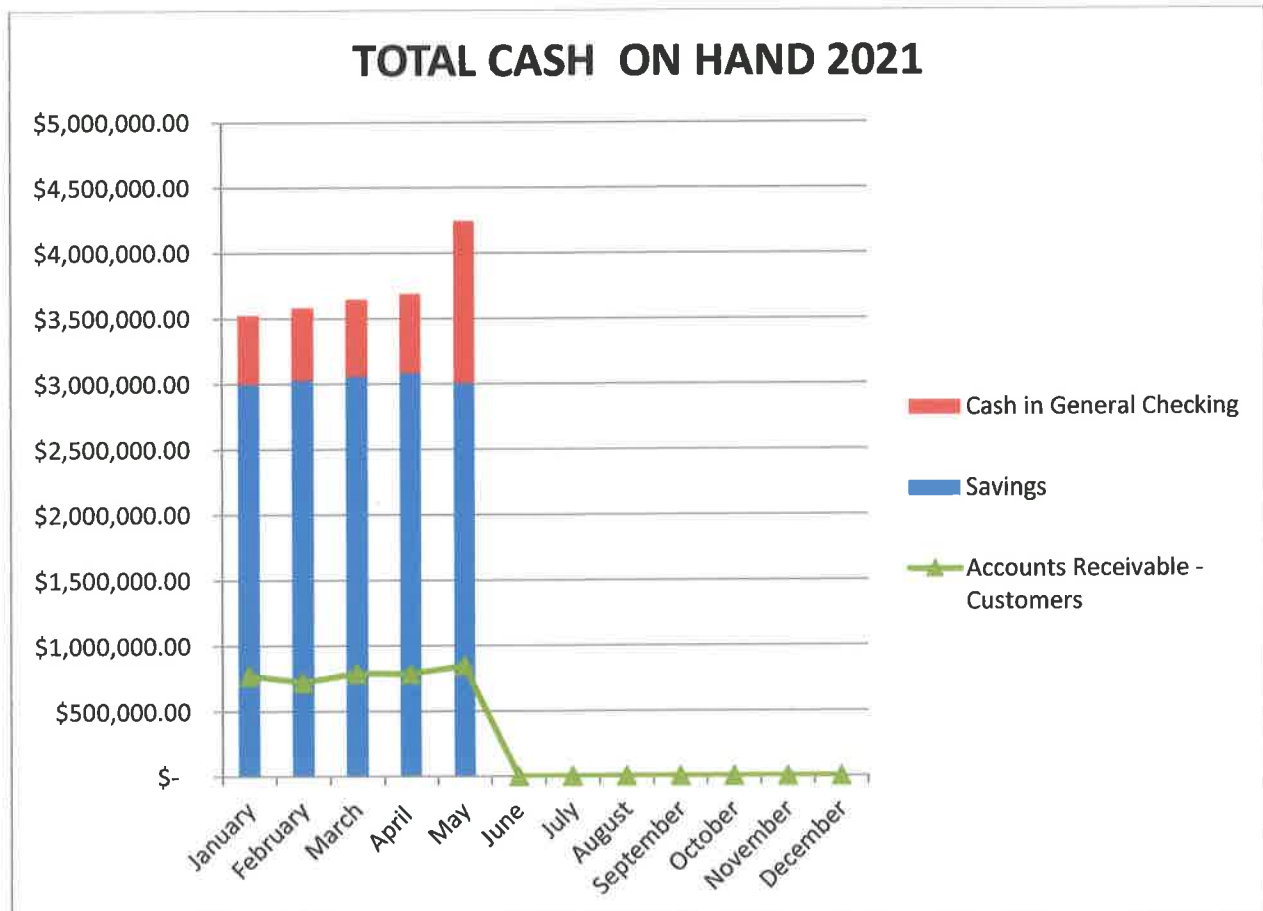
FINANCIAL STATEMENT SUMMARY

The May 2021 Financial Statement reflects that the District has \$1,563,319 deposited in the Local Area Investment Fund; \$204,136 invested with Cantella & Co., Inc. \$330,920 on deposit as Restricted Cash with Fiscal Agent (IBank loan); \$171,694 on deposit as Restricted Cash in the Infrastructure Account for the IBank loan payments; and has \$1,238,220 deposited in our General, Business, and Payroll accounts.

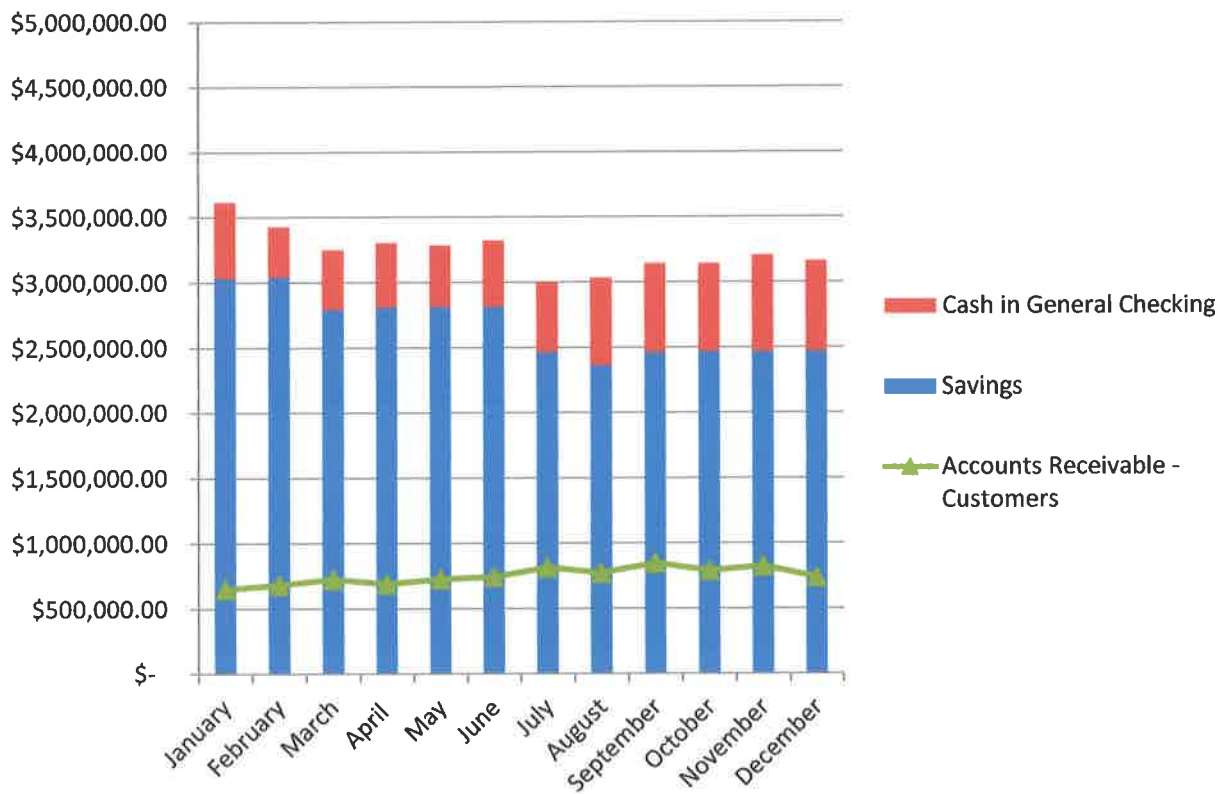
The Financial Statement also reflects that we collected \$393,282 in Total Operating Revenues, and that we incurred \$269,734 in Total Operating Expenses, which left us with a Net Income for the month of May of \$118,961 before contributed capital and depreciation (Net Income also includes non-operating income and non-operating expense).

The District's year-to-date Net Income is \$169,920 before contributed capital and depreciation, and has spent year-to-date a total of \$1,639,721 on Capital Improvement Projects.

Included herein are two graphs. The first graph is the Financial History for 2021 indicating Total Cash on Hand in Banks, the amount of total savings that is included in Cash on Hand and the amount of Accounts Receivable from our customers. The second graph illustrates the same information for 2020. These graphs are a visual aid to view trends in our Financial History.



Total Cash on Hand 2020





Pico Water District

Financial Statements

Balance Sheet (Unaudited)

	May 2021
1 ASSETS	
2 Cash and Investments	
3 Cash on Hand in Banks	\$ 1,238,220
4 LAIF Investment	1,563,319
5 Cantella CDs	204,136
6 Total Cash and Investments	3,005,676
7 Cash and Investments - Restricted	
8 Restricted Cash with Fiscal Agent [IBank]	330,920
9 Restricted Cash - Infrastructure Acct [IBank]	171,694
10 Total Cash and Investments - Restricted	502,613
11 Other Current Assets	
12 Accounts Receivable-Customers-Net	848,564
13 Accounts Receivable-Other	54,286
14 Inventory-Materials and Supplies	69,145
15 Prepaid Expenses	27,336
16 Total Other Current Assets	999,332
17 Fixed Assets	
18 Utility Plant	27,799,000
19 Less: Accumulated Depreciation	(10,571,658)
20 Fixed Assets Total	17,227,341
21 Deferred Outflows of Resources (DOR)	318,011
22 TOTAL ASSETS & DOR	\$ 22,052,973
23 LIABILITIES	
24 Current Liabilities	
25 Accounts Payable	\$ 1,105,170
26 Accrued Interest	82,018
27 Refundable Deposits	386,796
28 Security Deposit - Rental House	2,250
29 Total Current Liabilities	1,576,234
30 Long-Term Liabilities	
31 Note Payable - IBank	6,691,719
32 OPEB Liability	833,089
33 Net Pension Liability	680,803
34 Total Long-Term Liabilities	8,205,610
35 TOTAL LIABILITIES	9,781,845
36 FUND BALANCE	
37 Retained Earnings	11,990,830
38 TOTAL FUND BALANCE	11,990,830
39 Deferred Inflows of Resources (DIR)	280,298
40 TOTAL LIABILITIES, FUND BALANCE & DIR	\$ 22,052,973

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



Pico Water District

Financial Statements

Profit & Loss (Unaudited)

	May 2021	YTD 2021	Budget 2021	YTD Budget 42%
1 OPERATING REVENUES				
2 WS 1 - Potable Water Charges	\$ 204,883	\$ 797,795	\$ 2,027,570	39%
3 WS 2 - Recycled Water Charges	10,122	34,782	80,000	43%
4 MS 1 - Meter Charges	129,973	567,311	1,255,620	45%
5 MS 2 - Multi Unit Charges	15	18,325	113,000	16%
6 MS 3 - Fire Protection Charges	6,635	30,186	54,000	56%
7 Infrastructure Surcharge [RESTRICTED]	38,036	176,739	410,000	43%
8 <u>Misc. Charges</u>				
9 Water Other-Hydrant Surcharge/Setup	-	85	500	17%
10 Application Charges	660	3,085	5,000	62%
11 Reconnection Charges	105	340	2,000	17%
12 NSF Check Charges	30	225	525	43%
13 Late Fee Charges	-	-	10,000	0%
14 Damage/Lock Charges	-	-	200	0%
15 Testing-Mtr/Flow/Sample Charges	-	400	1,250	32%
16 Backflow Program	2,823	14,012	22,000	64%
17 Water Rights Income	-	-	90,000	0%
19 TOTAL OPERATING REVENUES	393,282	1,643,286	4,071,665	40%
20 OPERATING EXPENSE				
21 Source of Supply	104,937	452,477	1,158,584	39%
22 Pumping	36,286	198,282	487,500	41%
23 Water Treatment	6,639	45,274	129,550	35%
24 Transmission & Distribution	11,834	75,344	181,600	41%
25 Customer Accounts	12,141	65,456	227,500	29%
26 General & Administrative	97,897	577,047	1,300,450	44%
27 COVID-19 Salaries	-	253	30,000	1%
28 COVID-19 Miscellaneous	-	-	-	0%
29 TOTAL OPERATING EXPENSE	269,734	1,414,133	3,515,184	40%
30 OPERATING INCOME (LOSS)	123,548	229,153	556,481	41%
31 NON-OPERATING INCOME				
32 Interest - LAIF & Infrastructure Acct	7	2,001	30,000	7%
33 Investment Income	1,446	1,446	5,000	29%
34 Unrealized Gain / (Loss)	(593)	(3,283)	-	0%
35 Other Income	15,231	15,231	5,000	305%
36 House Rental Income	1,500	8,300	20,400	41%
37 Gain/Loss Sale of Assets	-	28,295	-	0%
38 TOTAL NON-OPERATING INCOME	17,590	51,990	60,400	86%
39 NON-OPERATING EXPENSE				
40 Interest Expense / (Income)	20,504	102,858	246,052	42%
41 Annual Loan Fee Expense	1,673	8,365	20,075	42%
42 Other Non-Operating Expense	-	-	100	0%
43 Rental House Expense	-	-	1,000	0%
44 TOTAL NON-OPERATING EXPENSE	22,177	111,223	267,227	42%
45 NET INCOME / (LOSS) BEFORE CAPITAL CONTR. & DEPR.	118,961	169,920	349,654	49%
46 Contributed Capital	-	-	-	0%
47 Depreciation	(43,750)	(218,750)	(525,000)	42%
48 NET INCOME / (LOSS)	\$ 75,211	\$ (48,830)	\$ (175,346)	

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Pico Water District

Financial Statements

Operating Expense Detail (Unaudited)

	May 2021	YTD 2021	Budget 2021	YTD Budget 42%
1 OPERATING EXPENSE				
2 SOURCE OF SUPPLY				
3 Salaries & Wages	\$ 5,458	\$ 28,637	\$ 75,000	38%
4 Recycled Water	4,521	15,537	48,000	32%
5 Ground Water Replenishment	94,958	408,302	1,035,584	39%
6 TOTAL SOURCE OF SUPPLY	104,937	452,477	1,158,584	39%
7 PUMPING				
Salaries & Wages	17,681	76,083	180,000	42%
8 Maintenance	1,404	31,053	34,500	90%
9 Fuel or Power	17,202	91,146	273,000	33%
10 TOTAL PUMPING	36,286	198,282	487,500	41%
11 WATER TREATMENT				
12 Salaries & Wages	485	2,342	5,550	42%
13 Maintenance	-	15,932	44,000	36%
14 Water Treatment Regulations	6,155	27,001	80,000	34%
15 TOTAL WATER TREATMENT	6,639	45,274	129,550	35%
16 TRANSMISSION & DISTRIBUTION				
17 Salaries & Wages	9,678	45,060	92,000	49%
18 Maintenance	2,136	24,025	72,200	33%
19 Vehicle Maintenance	20	6,260	17,400	36%
20 TOTAL TRANSMISSION & DISTRIBUTION	11,834	75,344	181,600	41%
21 CUSTOMER ACCOUNTS				
22 Meter Reading Labor	1,345	7,150	26,500	27%
23 Billing/Customer Service Salaries & Wages	6,028	37,075	139,000	27%
24 Supplies	4,768	21,232	62,000	34%
25 TOTAL CUSTOMER ACCOUNTS	12,141	65,456	227,500	29%
26 GENERAL & ADMINISTRATIVE				
27 Salaries	16,197	76,458	240,000	32%
28 Vacation/Holiday/Other Payroll	7,318	59,362	140,000	42%
29 Directors Compensation	1,800	10,950	33,000	33%
30 Travel & Meetings (Board)	-	145	15,000	1%
31 Travel & Meetings (Staff)	-	200	2,500	8%
32 Board Room Expenses	90	628	1,000	63%
33 Office Supplies	667	4,773	12,000	40%
34 Office Utilities	1,283	7,832	23,000	34%
35 <u>Professional Services</u>				
36 Accounting	-	24,274	46,000	53%
37 Computer	323	1,463	4,500	33%
38 Engineering	-	1,200	4,500	27%
39 Legal	2,077	21,568	50,000	43%
40 Miscellaneous	4,223	8,731	1,500	582%
41 PWAG - Emergency Services Coordinator	964	14,537	10,000	145%
42 Tyler Technologies Licensing and Support	1,051	5,253	13,250	40%
43 Nobel Systems - GIS Program	1,475	7,375	18,000	41%
44 Insurance	24,247	124,215	315,000	39%
45 Payroll Taxes	4,848	27,209	68,000	40%
46 Pension	12,870	59,179	140,000	42%
47 OPEB Expense	7,500	37,500	90,000	42%
48 Maintenance	1,898	9,469	23,500	40%

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Pico Water District

Financial Statements

Operating Expense Detail (Unaudited)

		May 2021	YTD 2021	Budget 2021	YTD Budget 42%
49	Dues & Meetings	249	6,861	15,000	46%
50	Noticing	3,435	3,435	7,000	49%
51	Education Expense	-	600	1,500	40%
52	Conservation Expense	5,383	6,620	25,000	26%
53	Grant Program	-	-	-	0%
54	Other Operating Expenses	-	-	1,200	0%
55	CBMWD Retail Meter Charge	-	-	-	0%
56	Election Expense	-	57,211	-	0%
57	TOTAL GENERAL & ADMINISTRATIVE	97,897	577,047	1,300,450	44%
58	TOTAL OPERATING EXPENSE	\$ 269,734	\$ 1,413,881	\$ 3,485,184	41%

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Pico Water District
2021 Work In Progress (CIP)

10-000-1890		2021 CIP Budget	May-21	YTD Total
I	Buildings/Land			
	1 No plans.	0	0.00	0.00
	Sub-total	0	0.00	
II	Office Equipment Purchase			
	1 Tyler Content Management System	11,250	0.00	0.00
	Sub-total	11,250	0.00	0.00
III	Field Equipment Purchase			
	No Planned Purchases	0	0.00	0.00
	Sub-total	0	0.00	0.00
IV	Replacement Programs			
	A. Hydrants			
	1 Repairs	8,000	0.00	0.00
	Sub-total	8,000	0.00	0.00
	B. Meters - proposal to change out all remaining manual read meters			
	1 No plans going forward w/exception		4,508.60	11,857.81
	Sub-total	0	4,508.60	11,857.81
	C. Service Lines			
	1 Repairs	15,000	0.00	0.00
	Sub-total	15,000	0.00	0.00
	D. Main Lines			
	1 Repairs	35,000	0.00	0.00
	Sub-total	35,000	0.00	0.00
	C. Valves			
	1 Repairs	8,000	0.00	0.00
	Sub-total	8,000	0.00	0.00
V	Consulting Services			
	1 Water Master Plan Upgrade carryover	150,000	0.00	5,198.75
	2 Risk Resilience Assmnt/Emergency Rspns Plans	50,000	247.50	247.50
	3 New Development Charge/Fee carryover		0.00	0.00
	4 PFAS/PFOA Treatment carryover		11,029.00	35,597.00
	Sub-total	200,000	11,276.50	41,043.25
VI	Well Rehabilitation & Equipment Upgrade			
	1 Rehabilitation Well 4	90,000	0.00	8,900.00
	2 Reservoir Maintenance Work	30,000	0.00	0.00
	Sub-total	120,000	0.00	8,900.00
VII	Future Planned Work			
	1 Install Treatment Facilities - Wells 5,8,11	2,000,000	518,408.82	518,408.82
		2,000,000	518,408.82	518,408.82
	Total	2,397,260	534,193.92	580,209.88
VIII	I-Bank Projects			
	1 New Well 11 carryover		2,189.00	5,502.63
	2 Union/Walnut/Olympic carryover		0.00	0.00
	3 Layman carryover		0.00	0.00
	4 Beverly Blvd. Carryover		15.00	833,867.70
	iBank CIP Sub-total	0	2,204.00	839,370.33
	Grand Total	2,397,260	536,397.92	1,419,680.21
	City of Pico Rivera Hotspots Project			
	Well 2 - 4852 Lot Split			5,140.00
	Rosemead Extension - Material			52,078.53
	Burma Road			14,709.63
	Stephens Street		36000.17	148,212.13
			572,398.09	1,639,720.70



Pico Water District, CA

Open Payable Report

As Of 06/30/2021

Summarized by Payable Account

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Payable Account:	10-000-2000 - Accounts Payable						
Vendor: <u>1375</u>	AUTOMATED WATER TREATMENT						
996	Chemicals - Well #11 Tablets	06/10/2021	3,810.24	0.00	0.00	0.00	3,810.24
1006	Chemicals - Well #11 Cl2 Tablets	06/22/2021	3,810.24	0.00	0.00	0.00	3,810.24
						Payable Count: (2)	7,620.48
Vendor: <u>1026</u>	BELL PIPE & SUPPLY CO						
<u>526660234.002</u>	JAN 2020 - RETURN OF PRODUCT	01/31/2020	-74.10	0.00	0.00	0.00	-74.10
						Payable Count: (1)	-74.10
Vendor: <u>1111</u>	HOME DEPOT CREDIT SERVICE						
<u>3592628</u>	Misc. Well Maint. - Well Supplies for Clean Up	11/26/2019	15.84	0.00	0.00	0.00	15.84
<u>2592692</u>	Yard Maint. - Supplies for Cleaning Crew	11/27/2019	79.55	0.00	0.00	0.00	79.55
<u>8105491</u>	Well #11 - Material for Irrigation	12/11/2019	19.84	0.00	0.00	0.00	19.84
<u>8562235</u>	Meter Repair-PVC Parts for Irrigation Line HookUp	12/11/2019	48.27	0.00	0.00	0.00	48.27
<u>CM0000006</u>	NOV 2019 CREDIT MEMO FOR RETURN THAT WAS PAID	12/31/2019	-80.75	0.00	0.00	0.00	-80.75
<u>7033368</u>	Mainline Repairs - Concrete & Misc. Supplies	06/14/2021	383.53	0.00	0.00	0.00	383.53
<u>5090255</u>	Well #11 Maint - Misc. Parts for Residual Monitor	06/16/2021	108.11	0.00	0.00	0.00	108.11
Vendor: <u>1123</u>	J.DE SIGIO CONSTRUCTION INC						
<u>137494 TAIT</u>	FEB 2021 - CIP BEVERLY/ROSEMEAD SURVEY WRK	02/28/2021	6,502.50	0.00	0.00	0.00	6,502.50
						Payable Count: (1)	6,502.50
Vendor: <u>1132</u>	JUAN ROMAN						
<u>INV0001100</u>	Safety Exp. - Juan R. - Boots	06/14/2021	216.19	0.00	0.00	0.00	216.19
						Payable Count: (1)	216.19
Vendor: <u>1135</u>	LAGERLOF, LLP						
<u>1135</u>	MAY 2021 - LEGAL SERVICES BOARD MTGS	05/31/2021	837.00	0.00	0.00	0.00	837.00
<u>1135</u>	MAY 2021 - LEGAL SERVICES GENERAL MATTERS	05/31/2021	1,240.00	0.00	0.00	0.00	1,240.00
						Payable Count: (2)	2,077.00
Vendor: <u>1184</u>	QUINN COMPANY						
<u>PR810300736</u>	DEC 2020 - CREDIT BATTERY RECYCLE	12/31/2020	-21.90	0.00	0.00	0.00	-21.90
						Payable Count: (1)	-21.90
Vendor: <u>1194</u>	S & J SUPPLY CO., INC.						
<u>5100175609.001</u>	Burma Rd. - Project Material per. Spec.	06/17/2021	33,399.80	0.00	0.00	0.00	33,399.80
<u>5100176421.001</u>	Repair Mainline - Material for Tee Replacment	06/29/2021	1,217.39	0.00	0.00	0.00	1,217.39
						Payable Count: (2)	34,617.19
Vendor: <u>1202</u>	SHELL						
<u>696765</u>	Misc. Fuel Exp. - Diesel Fuel Unit #50	09/09/2019	81.18	0.00	0.00	0.00	81.18
<u>708693</u>	Misc. Fuel Exp. - Compressor	09/10/2019	53.36	0.00	0.00	0.00	53.36
<u>858530</u>	Misc. Fuel Exp. - Diesel Fuel - Backhoe	09/26/2019	87.82	0.00	0.00	0.00	87.82
<u>60855926</u>	SEPT 2019 - FUEL CHARGES	09/30/2019	115.89	0.00	0.00	0.00	115.89
<u>652362</u>	Fuel Exp. - Diesel Fuel for Backhoe	11/27/2019	89.52	0.00	0.00	0.00	89.52
						Payable Count: (5)	427.77
Vendor: <u>1215</u>	STETSON ENGINEERS, INC.						
<u>2740-10-002</u>	JUN 2021 - CIP RISK/RESILNC THRU 5/31/21	06/30/2021	2,145.00	0.00	0.00	0.00	2,145.00
<u>2741-22-001</u>	JUN 2021 - CIP - UWMP RPRT THRU 5/31/21	06/30/2021	2,247.00	0.00	0.00	0.00	2,247.00
						Payable Count: (2)	4,392.00
Vendor: <u>1251</u>	WATERLINE TECHNOLOGIES, INC						
<u>5536591</u>	Chemicals - NaOCl for Wells	06/23/2021	665.00	0.00	0.00	0.00	665.00
						Payable Count: (1)	665.00
Vendor: <u>1256</u>	WESTERN WATER WORKS						
<u>1211388-00</u>	Stephens St. Project - Tees & Valves	05/03/2021	9,583.37	0.00	0.00	0.00	9,583.37
<u>1211489-00</u>	Stephens St. Project - Tracing Wire & Bolts	05/05/2021	1,280.02	0.00	0.00	0.00	1,280.02
<u>1211691-00</u>	Stephens St. Project - Tapping Sleeve	05/07/2021	984.53	0.00	0.00	0.00	984.53
<u>1211388-01</u>	Stephens St. Project - Hydrant J6000	05/11/2021	6,147.98	0.00	0.00	0.00	6,147.98
<u>1212423-00</u>	Stephens St. Project - Service Material Connection	05/21/2021	1,386.67	0.00	0.00	0.00	1,386.67
<u>1212485-00</u>	Stephens St. - Project Compression Couplings	05/26/2021	198.90	0.00	0.00	0.00	198.90
<u>1212950-00</u>	JUNE 2021 - PRODUCT RETURN	06/01/2021	-20,943.11	0.00	0.00	0.00	-20,943.11
	Stephens St. - Project Tie in Material	06/03/2021	761.90	0.00	0.00	0.00	761.90
						Payable Count: (9)	-303.16

Open Payable Report

As Of 06/30/2021

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
1212988-00	Stephens St. - Project Tie in Material Coupling	06/03/2021	296.58	0.00	0.00	0.00	296.58
Payable Account 10-000-2000			Payable Count: (34)		Total:	56,650.00	

Payable Account Summary

Account	Count	Amount
10-000-2000 - Accounts Payable	34	56,693.36
Report Total:	34	56,693.36

Payable Fund Summary

Fund	Count	Amount
10 - General Operating	34	56,693.36
Report Total:	34	56,693.36

**JUNE 1, 2021 – JUNE 30,
2021**

**BILLS APPROVED BY THE
GENERAL MANAGER**

07-07-2021



Pico Water District, CA

Check Report

By Check Number

Date Range: 06/01/2021 - 06/30/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-ACCOUNTS PAYABLE						
1378	AKM CONSULTING ENGINEERS, INC.	06/02/2021	Regular	0.00	4,646.00	61492
1043	CARDMEMBER SERVICE	06/02/2021	Regular	0.00	720.45	61493
1071	DE LAGE LANDEN FINANCIAL	06/02/2021	Regular	0.00	349.14	61494
1080	EDISON COMPANY	06/02/2021	Regular	0.00	711.09	61495
1098	GERALD P. ROODZANT, DDS APC	06/02/2021	Regular	0.00	297.00	61496
1113	HUMBERTO CRUZ MASONRY	06/02/2021	Regular	0.00	750.00	61497
1133	KABBARA ENGINEERING	06/02/2021	Regular	0.00	3,600.00	61498
1135	LAGERLOF, LLP	06/02/2021	Regular	0.00	2,945.00	61499
1386	OFFICE TEAM	06/02/2021	Regular	0.00	1,694.98	61500
1142	QUADIENT LEASING USA	06/02/2021	Regular	0.00	182.31	61501
1194	S & J SUPPLY CO., INC.	06/02/2021	Regular	0.00	2,485.21	61502
1198	SALGADO TIRE SERVICE	06/02/2021	Regular	0.00	20.00	61503
1245	VERIZON WIRELESS	06/02/2021	Regular	0.00	89.38	61504
1046	CENTRAL BASIN MUNICIPAL WATER DISTRICT	06/09/2021	Regular	0.00	3,228.19	61505
1053	CINTAS #053	06/09/2021	Regular	0.00	341.76	61506
1080	EDISON COMPANY	06/09/2021	Regular	0.00	3,185.46	61507
1327	ENVIRONMENT CONTROL GREATER ORANGE C	06/09/2021	Regular	0.00	1,688.00	61508
1088	FERGUSON WATERWORKS #1083	06/09/2021	Regular	0.00	12,028.59	61509
1155	NOBEL SYSTEMS	06/09/2021	Regular	0.00	13,440.00	61510
1386	OFFICE TEAM	06/09/2021	Regular	0.00	946.15	61511
1370	QUADIENT FINANCE USA, INC.	06/09/2021	Regular	0.00	112.00	61512
1142	QUADIENT LEASING USA	06/09/2021	Regular	0.00	68.32	61513
1207	SOUTH COAST A.Q.M.D.	06/09/2021	Regular	0.00	275.26	61514
	SOUTHERN CALIFORNIA GAS COMPANY	06/09/2021	Regular	0.00	22.58	61515
1211	SPECTRUM	06/09/2021	Regular	0.00	171.98	61516
1212	SPRINT	06/09/2021	Regular	0.00	53.44	61517
1250	WATER REPLENISHMENT DISTRICT OF	06/09/2021	Regular	0.00	78,886.82	61518
1178	ADT COMMERCIAL	06/16/2021	Regular	0.00	568.96	61519
1365	CRAIG D. CHENG, DDS INC.	06/16/2021	Regular	0.00	136.00	61520
1069	CV STRATEGIES	06/16/2021	Regular	0.00	4,458.75	61521
1080	EDISON COMPANY	06/16/2021	Regular	0.00	14,016.14	61522
1369	EIDE BAILLY LLP	06/16/2021	Regular	0.00	4,764.15	61523
1088	FERGUSON WATERWORKS #1083	06/16/2021	Regular	0.00	3,046.24	61524
1117	INFOSEND	06/16/2021	Regular	0.00	3,372.58	61525
1310	INLAND VALLEY SLADDEN, INC.	06/16/2021	Regular	0.00	2,315.00	61526
1144	MARK J. GRAJEDA	06/16/2021	Regular	0.00	275.00	61527
1388	MATT-CHOR INC.	06/16/2021	Regular	0.00	154.44	61528
1153	NASA SERVICES	06/16/2021	Regular	0.00	209.96	61529
1163	PAC COMM TECHNOLOGIES, INC.	06/16/2021	Regular	0.00	182.50	61530
1183	QUILL CORPORATION	06/16/2021	Regular	0.00	249.08	61531
1194	S & J SUPPLY CO., INC.	06/16/2021	Regular	0.00	11,591.95	61532
1211	SPECTRUM	06/16/2021	Regular	0.00	313.94	61533
1215	STETSON ENGINEERS, INC.	06/16/2021	Regular	0.00	247.50	61534
1220	TAKAMATSU, D.D.S., INC.	06/16/2021	Regular	0.00	120.00	61535
1228	THE JANKOVICH COMPANY	06/16/2021	Regular	0.00	2,122.80	61536
1237	UNDERGROUND SERVICE ALERT	06/16/2021	Regular	0.00	141.78	61537
1252	WECK LABORATORIES, INC.	06/16/2021	Regular	0.00	6,154.50	61538
1002	ABBA TERMITE & PEST CONTROL	06/30/2021	Regular	0.00	260.00	61539
1378	AKM CONSULTING ENGINEERS, INC.	06/30/2021	Regular	0.00	11,029.00	61540
1012	AMERICAN EMBLEMATIC LLC	06/30/2021	Regular	0.00	67.80	61541
1017	AT & T	06/30/2021	Regular	0.00	123.66	61542
	CARDMEMBER SERVICE	06/30/2021	Regular	0.00	258.25	61543
	CIVILTEC ENGINEERING, INC.	06/30/2021	Regular	0.00	12,112.50	61544
1069	CV STRATEGIES	06/30/2021	Regular	0.00	4,358.75	61545

Check Report

Date Range: 06/01/2021 - 06/30/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1080	EDISON COMPANY	06/30/2021	Regular	0.00	14.50	61546
1098	GERALD P. ROODZANT, DDS APC	06/30/2021	Regular	0.00	145.00	61547
1101	GRM INFO MGMNT SVCS OF CA, LLC	06/30/2021	Regular	0.00	75.00	61548
1310	HOME DEPOT CREDIT SERVICE	06/30/2021	Regular	0.00	592.56	61549
1233	INLAND VALLEY SLADDEN, INC.	06/30/2021	Regular	0.00	400.00	61550
1132	JOHNSON CONTROLS	06/30/2021	Regular	0.00	600.64	61551
1368	JUAN ROMAN	06/30/2021	Regular	0.00	330.00	61552
1194	PUBLIC WATER AGENCIES GROUP	06/30/2021	Regular	0.00	963.75	61553
1220	S & J SUPPLY CO., INC.	06/30/2021	Regular	0.00	11,979.55	61554
1249	TAKAMATSU, D.D.S., INC.	06/30/2021	Regular	0.00	44.40	61555
1259	VOTACALL, INC.	06/30/2021	Regular	0.00	144.43	61556
1391	WHITTIER FERTILIZER	06/30/2021	Regular	0.00	72.77	61557
	AQUEOUS VETS	06/10/2021	Regular	0.00	518,408.82	100090

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	112	67	0.00	749,361.76
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	112	67	0.00	749,361.76

Check Report

Date Range: 06/01/2021 - 06/30/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: Infrastructure-Infrastructure Account						
73	J.DE SIGIO CONSTRUCTION INC	06/16/2021	Regular	0.00	135,413.13	100091

Bank Code Infrastructure Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	1	1	0.00	135,413.13
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	1	1	0.00	135,413.13

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	113	68	0.00	884,774.89
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	113	68	0.00	884,774.89

Fund Summary

Fund	Name	Period	Amount
10	General Operating	6/2021	884,774.89
			884,774.89

ACTION/DISCUSSION ITEMS

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

6:00 P.M. Wednesday, July 7, 2021

AGENDA

7. ACTION/DISCUSSION ITEMS.

- A.** Consider the 2020 Audit Report completed by the auditing firm Clifton Larson Allen. *Recommended Action – that the Board receive and file the 2020 Audit Report submitted by Clifton Larson and Allen.*

STAFF REPORT

To: Honorable Board of Directors

From: Mark Grajeda, General Manager

Meeting Date: July 7, 2021

Subject: Action Item 7A – Consider the 2020 Audit Report completed by the auditing firm Clifton Larson Allen, LLP

RECOMMENDATION

That the Board accept and file the 2020 Audit Report submitted by the auditing firm Clifton Larson Allen, LLP.

FISCAL IMPACT

The audit cost was approved in the District's 2021 Operating Budget.

BACKGROUND

The District is required to have an audit performed on the District's financial dealings each year to show that the District is reporting its financial activity in a fair and transparent manner. When auditors arrive, they go through and test the District's financial documents to see if the District is following its designated policies, is documenting all financial dealings such as contract documentation, and they check to see that internal controls are in place to prevent fraud from occurring. The audit is not meant to be a complete review of all transactions that took place over the past year, however the audit should and does represent the results of any tests performed on the District's financial transactions that reflect whether or not the District is following good Governmental Accounting Standards and Procedures, and doing everything possible to assure that it is dealing properly with the public's money.

This year's audit represents work performed by Clifton Larson Allen, LLP who were selected by the Board at the December 6, 2017 Board Meeting. Ms. Renee Graves CPA, CGFM, Principal with Clifton Larson Allen LLP, will be attending the meeting and presenting the audit to the Board. Ms. Graves recommends that the Board, when going thru the audit, should review specifically – the Auditor's Opinion Letter; Managements' Discussion and Analysis; pages 9 – 10, pages 13 – 18, page 21, 23 and pages 41 – 43.



Board of Directors
Pico Water District
Pico Rivera, California

We have audited the financial statements of the Pico Water District (the District) as of and for the year ended December 31, 2020, and have issued our report thereon dated June 11, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

In fiscal year 2020, the District implemented GASB No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which requires interest cost incurred before the end of the construction period to be recognized as an expense in the period in which the cost is incurred. Therefore, there is no capitalized interest for the year ended December 31, 2020.

Other than as described above, no other new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of its capital assets and the related period of depreciation which is based on historic knowledge of the assets and the frequency with which capital assets must be replaced;
- Management's estimate of pension liabilities and postemployment benefits based upon actuarial assumptions; and

- Management's estimate of unbilled revenues which is based on the revenue cycle of the water system and expected usage of water using historic information.

We evaluated the key factors and assumptions used to develop the sensitive accounting estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 11, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed With Management Prior To Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- Noted two current year fixed asset additions were for services received in the prior year. The District did not accrue those payment either because the District did not receive the invoice by the year-end or there was a discrepancy with the payment amount. Generally accepted accounting standards require that obligations be recorded when incurred. Progress billings for construction projects should be reviewed and accrued based on information available during the year-end closing process; management should estimate the amount if an invoice has not been received or is in dispute.
- A retainage payable is not consistently accrued at the time services are received; management's policy is to review the progress on the project and to estimate total project costs upon completion. If the amount recorded is in-line with management's estimate, retainage is not accrued. The final costs of projects often fluctuate due to negotiations, disputes, changes in estimates, etc. Although total costs are tried up when the project is complete, capital assets and accounts payable are potentially understated during the years of construction in progress.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 11, 2021.

This communication is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Glendora, California
June 11, 2021

DRAFT

PICO WATER DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020

DRAFT

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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pico Water District
Pico Rivera, California

Report on the Financial Statements

We have audited the accompanying financial statements of Pico Water District (the District) as of and for the year ended December 31, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended December 31, 2020, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Therefore, there is no capitalized interest for the year ended December 31, 2020. Our auditors' opinion was not modified with respect to the implementation.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021 on our consideration of the District'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 the District's 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 District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
June 11, 2021

DRAFT

**PICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased by \$31,045. Operating revenue increased by \$86,768 or 2% as compared to 2019, which was due to increased water sales. Operating expenses including depreciation increased by 4% which is primarily due to increased repairs and maintenance expenses.
- Nonoperating revenues decreased \$80,931 due to declining interest rates from investment in the State Local Agency Investment Fund (LAIF).
- The combined effect of these significant issues resulted in an overall decrease in the District's net position for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and 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.

**PICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis of the District begins below. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" Both the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position - the difference between assets, liabilities, and deferred outflows and inflows of resources - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

To begin our analysis, a summary of the District's Statements of Net Position is presented in Table 1.

**TABLE 1
Condensed Statements of Net Position**

	Year 2020	Year 2019	Dollar Change
Assets:			
Current and Other Assets	\$ 5,904,674	\$ 7,419,474	\$ (1,514,800)
Capital Assets	15,508,064	14,779,042	729,022
Total Assets	21,412,738	22,198,516	(785,778)
Deferred Outflows of Resources:			
Deferred Amount Pension Obligation	243,409	174,596	68,813
Deferred Amount OPEB Obligation	74,602	51,930	22,672
Total Deferred Outflows	318,011	226,526	91,485
Liabilities:			
Current Liabilities	1,238,636	1,752,929	(514,293)
Noncurrent Liabilities	8,172,157	8,180,154	(7,997)
Total Liabilities	9,410,793	9,933,083	(522,290)
Deferred Inflows of Resources:			
Deferred Amount Pension Obligation	104,764	231,243	(126,479)
Deferred Amount OPEB Obligation	175,534	190,013	(14,479)
Total Deferred Inflows	280,298	421,256	(140,958)
Net Position:			
Net Investment in Capital Assets	10,299,255	9,665,855	633,400
Unrestricted	1,740,403	2,404,848	(664,445)
Total Net Position	<u>\$ 12,039,658</u>	<u>\$ 12,070,703</u>	<u>\$ (31,045)</u>

As can be seen in Table 1, the District's net position decreased by \$31,045 from fiscal year 2019 to 2020. The net position decrease of \$31,045 combines an increase to Net Investment in Capital Assets of \$633,400 and a \$664,445 decrease in Unrestricted Net Position.

**PICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

TABLE 2

Condensed Statements of Revenues, Expenses, and Change in Net Position

	Year 2020	Year 2019	Dollar Change
Revenues			
Operating Revenues	\$ 4,260,358	\$ 4,173,590	\$ 86,768
Nonoperating Revenues	143,240	224,171	(80,931)
Total Revenues	<u>4,403,598</u>	<u>4,397,761</u>	<u>5,837</u>
Expenses			
Depreciation Expense	627,712	671,299	(43,587)
Other Operating Expenses	3,550,014	3,327,612	222,402
Nonoperating Expense	<u>256,917</u>	<u>21,730</u>	<u>235,187</u>
Total Expenses	<u>4,434,643</u>	<u>4,020,641</u>	<u>414,002</u>
Change in Net Position	(31,045)	377,120	(408,165)
Net Position - Beginning of Year	<u>12,070,703</u>	<u>11,693,583</u>	<u>377,120</u>
Net Position - End of Fiscal Year	<u><u>\$ 12,039,658</u></u>	<u><u>\$ 12,070,703</u></u>	<u><u>\$ (31,045)</u></u>

A closer examination of the source of changes in net position reveals that the District's total revenues increased by \$5,837 between 2020 and 2019. Operating Revenues increased by \$86,768 largely due to increased water sales while Nonoperating Revenues decreased \$80,931 due to declining interest rates from the investment in the State Local Agency Investment Fund (LAIF). Other operating expenses increased by \$222,402 primarily due to increased replenishment assessments for increased pumping and maintenance expenses. Nonoperating expenses increased by \$235,187 due to a change in accounting standards relating to the treatment of interest expense. In prior years, interest expense was capitalized with fixed assets and expensed over the 30–50-year life of the asset. Under the new treatment, interest on debt is no longer capitalized, and instead expensed in the current fiscal year.

**PICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

BUDGETARY HIGHLIGHTS

TABLE 3

2020 Actual vs. 2020 Budget

	2020 Actual	2020 Budget	Variance
Revenues			
Operating Revenues	\$ 4,260,358	\$ 3,912,425	\$ 347,933
Nonoperating Revenues	143,240	86,400	56,840
Total Revenues	<u>4,403,598</u>	<u>3,998,825</u>	<u>404,773</u>
Expenses			
Operating Expenses:			
Source of Supply	1,196,979	999,470	197,509
Pumping	514,984	447,640	67,344
Water Treatment	106,187	106,190	(3)
Transmission and Distribution	198,888	198,300	588
Customer Service	193,726	213,370	(19,644)
Depreciation	627,712	525,000	102,712
General and Administrative	1,339,250	1,376,520	(37,270)
Total Operating expenses	<u>4,177,726</u>	<u>3,866,490</u>	<u>311,236</u>
Nonoperating Expenses	<u>256,917</u>	<u>274,778</u>	<u>(17,861)</u>
Total Expenses	<u>4,434,643</u>	<u>4,141,268</u>	<u>293,375</u>
Change in Net Position	<u>\$ (31,045)</u>	<u>\$ (142,443)</u>	<u>\$ 111,398</u>

As Table 3 shows, actual change in net position ended the year favorably by \$111,398 when compared to budget. The difference is primarily due to the \$347,933 excess in Operating Revenues caused by increased water sales and an excess of \$56,840 in Nonoperating Revenues caused by refunds and reimbursements not anticipated in the budget.

**PICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION CAPITAL ASSETS

At December 31, 2020, the District's investments in a broad range of infrastructure, as shown in Table 4, totaled \$15,508,064.

**TABLE 4
Capital Assets**

	Balance at January 1, 2020	Additions	Deletions and Transfers	Balance at December 31, 2020
Capital Assets:				
Nondepreciable Assets	\$ 4,057,685	\$ 1,507,599	\$ (685,922)	\$ 4,879,362
Depreciable Assets	21,908,970	557,532	(1,484,891)	20,981,611
Accumulated Depreciation and Amortization	(11,187,613)	(627,712)	1,462,416	(10,352,909)
Total Capital Assets, Net	<u>\$ 14,779,042</u>	<u>\$ 1,437,419</u>	<u>\$ (708,397)</u>	<u>\$ 15,508,064</u>

The major capital asset additions for the year ended December 31, 2020 included:

- Purchase of three newer Diesel-Powered Emergency Generators - \$183,102
- Whittier Blvd Replacement Mainline Project - \$157,367
- Smart Meters & Meter Replacements - \$177,359
- Land Improvements: Well 9 Demo - \$35,188
- Booster #1 Replacement - \$31,583

Additional information regarding capital assets can be found in Note 3 to the financial statements.

DEBT ADMINISTRATION

At year-end, the District had outstanding debt in the amount of \$6,691,719 consisting of two infrastructure loans from the California Infrastructure and Economic Development Bank. This is more fully discussed in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management will consider many factors when setting the 2021 budget including user fees, potential water sales, water usage patterns, and increases by regulatory agencies, utilities, and staffing requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, Mr. Mark Grajeda at Pico Water District.

**PICO WATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,333,012
Cash Held by Fiduciary	1,603,731
Accounts Receivable	735,864
Accrued Interest Receivable	3,784
Other Receivables	93,360
Inventory of Material and Supplies	72,944
Prepaid Expenses and Deposits	61,979
Total Current Assets	<u>5,904,674</u>

NONCURRENT ASSETS

Capital Assets Not Being Depreciated	4,879,362
Capital Assets Being Depreciated, Net	<u>10,628,702</u>
Total Noncurrent Assets	<u>15,508,064</u>

Total Assets 21,412,738

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amount Pension Obligation	243,409
Deferred Amount OPEB Obligation	<u>74,602</u>
Total Deferred Outflows of Resources	<u>318,011</u>

CURRENT LIABILITIES

Accounts Payable	490,593
Accrued Expenses	66,699
Accrued Interest Payable	102,186
Compensated Absences Payable - Current Portion	28,616
Note Payable - Current Portion	158,112
Refundable Deposits	<u>392,430</u>
Total Current Liabilities	<u>1,238,636</u>

NONCURRENT LIABILITIES

Compensated Absences, Net of Current Portion	162,158
Note Payable, Net of Current portion	6,533,607
Net Pension Liability	680,803
Net Other Postemployment Benefits Obligation	<u>795,589</u>
Total Noncurrent Liabilities	<u>8,172,157</u>

Total Liabilities 9,410,793

DEFERRED INFLOWS OF RESOURCES

Deferred Amount Pension Obligation	104,764
Deferred Amount OPEB Obligation	<u>175,534</u>
Total Deferred Inflows of Resources	<u>280,298</u>

NET POSITION

Net Investment in Capital Assets	10,299,255
Unrestricted	<u>1,740,403</u>
Total Net Position	<u><u>\$ 12,039,658</u></u>

See accompanying Notes to Basic Financial Statements.

**PICO WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES

Water Sales	\$ 3,640,561
Water Services	619,797
Total Operating Revenues	<u>4,260,358</u>

OPERATING EXPENSES

Source of Supply	1,196,979
Pumping	514,984
Water Treatment	106,187
Transmission and Distribution	198,888
Customer Service	193,726
Depreciation	627,712
General and Administrative	1,339,250
Total Operating Expenses	<u>4,177,726</u>

OPERATING INCOME

82,632

NONOPERATING REVENUES (EXPENSES)

Investment Earnings	40,778
Rental Income	20,400
Interest Expenses	(214,101)
Loss on Disposal of Assets	(22,474)
Other Revenues (Expenses), Net	61,720
Total Nonoperating Income	<u>(113,677)</u>

CHANGE IN NET POSITION

(31,045)

Net Position - Beginning of Year

12,070,703

NET POSITION - END OF YEAR

\$ 12,039,658

**PICO WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Receipts from Water Sales and Services	\$ 4,041,598
Payments for Salaries and Benefits	(1,504,424)
Payments for Materials and Services	(2,063,746)
Net Cash Provided by Operating Activities	<u>473,428</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Other Nonoperating Revenue (Expense)	<u>82,062</u>
Net Cash Provided by Noncapital and Financing Activities	<u>82,062</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of Principal and Interest on Loan	(424,507)
Acquisition and Construction of Capital Assets	(1,737,857)
Net Cash Used by Capital and Related Financing Activities	<u>(2,162,364)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Rental Property	20,400
Interest and Investment Earnings Received	87,885
Net Cash Provided by Investing Activities	<u>108,285</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(1,498,589)

Cash and Cash Equivalents - Beginning of Year

6,435,332

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 4,936,743

Cash and Cash Equivalents

\$ 3,333,012

Cash Held by Fiduciary

1,603,731

Cash and Cash Equivalents - End of Year

\$ 4,936,743

**PICO WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Operating Income	\$ 82,632
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	627,712
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable - Water Sales and Services	(145,777)
Accounts Receivable - Other	-
Materials and Supplies Inventory	28,908
Prepaid Expenses	3,154
Deferred Outflows of Pension Obligation	(68,813)
Deferred Outflows of OPEB Obligation	(22,672)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Expenses - Operations	29,067
Accrued Expenses	(1,175)
Compensated Absences	28,118
Deposits Payable	(72,983)
Net Other Postemployment Benefits Obligation	(7,226)
Net Pension Liability	133,441
Deferred Inflows of Pension	(126,479)
Deferred Inflows of OPEB Obligation	(14,479)
Total Adjustments	<u>390,796</u>
Net Cash Provided by Operating Activities	<u><u>\$ 473,428</u></u>

See accompanying Notes to Basic Financial Statements.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Pico Water District (the District) was formed June 22, 1926, pursuant to the provisions of the state of California. The District currently encompasses 1,536 acres and operates six wells, five of which are in use and one of which are inactive, and a 1.25 million gallon reservoir. The purpose of the District is to finance, construct, operate, and maintain a water system to serve properties within the District's boundaries.

Basis of Presentation

The District's activities are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations that are 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 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.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

New Accounting Pronouncements

GASB issued several pronouncements that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement was originally effective for the fiscal year 2020; it has been postponed to fiscal year 2021.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 86, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement was originally effective for the fiscal year 2021; it has been postponed to fiscal year 2022.

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100% equity interest is acquired in that component unit. The statement was originally effective for the fiscal year 2020; it has been postponed to fiscal year 2021.

Governmental Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuer, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement was originally effective for the fiscal year 2022; it has been postponed to fiscal year 2023.

Governmental Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and other requirements were originally effective for the fiscal year 2022; it has been postponed to fiscal year 2023.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (ICOR)*. This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement was originally effective for the fiscal year 2022, it has been postponed to fiscal year 2023.

Governmental Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement (1) increases consistency and comparability related to the reporting of fiduciary component if a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans. The statement is effective for the year 2022.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents have been defined as cash and short-term investments, which have a maturity of three months or less. At December 31, 2020, the District invested with the State Treasurer's Local Agency Investment Fund (LAIF). This is a pooled money investment account and is considered to be a cash equivalent.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The District grants unsecured credit to its customers. Bad debts are accounted for using the direct write off method. Management believes that the bad debt expense under this method approximates the expense that would be recorded using the allowance method.

Inventory

Inventories maintained by the District consist primarily of pipes, construction materials, and maintenance supplies. Inventories are priced at the lower of cost or market, determined on a first-in, first-out basis.

Capital Assets and Depreciation

Capital assets are stated at historical cost, net of accumulated depreciation. In accordance with its capitalization policy, the District has set the capitalization threshold for reporting capital assets at \$5,000 and a useful life that is more than one year. Depreciation is recorded on the straight-line basis over the estimated useful lives.

The ranges of lives used for computing depreciation for each capital asset class are as follows:

Wells and Reservoirs	20 to 50 Years
Wells and Reservoirs Equipment	5 to 10 Years
Pumps and Tanks	20 to 25 Years
Water Treatment Equipment	5 to 10 Years
Transmission and Distribution	15 to 50 Years
General Plant and Other	5 to 25 Years

Maintenance and repairs are charged as expenses as incurred. Significant renewals and betterments are capitalized.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period. The deferred outflows of resources related to pension and OPEB resulted from District contributions subsequent to the measurement date of the actuarial valuations and the effects of actuarially-determined changes. These amounts are deferred and amortized as detailed in Note 6 for pension and Note 7 for OPEB to the financial statements.

Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees, in accordance with the District policy.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Obligation

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Postemployment Benefits Other than Pension (OPEB)

The District participates in a single employer defined benefit postemployment health care plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of resources applicable to future periods. The deferred inflows of resources related to pensions and OPEB results from the difference between the estimated and actual return on pension plan investments, the effect of changes in proportion and changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 6 for pensions and Note 7 for OPEB to the financial statements.

Net Position

Net position of the District can be classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are 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 the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted – 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 or constraints imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the District did not have restricted net position.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Operating Revenues and Expenses

Operating revenues, such as water sales and services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income and rental income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenue Recognition

Revenue is recognized and accounts receivable recorded as water services are provided. This includes estimated charges for water services delivered prior to year-end and billed during a subsequent billing cycle.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and investments at December 31, 2020 are shown below:

Cash on Hand	\$ 700
Deposits Held with Financial Institutions	1,174,753
Investments in Local Agency Investment Fund	2,157,559
Total Cash and Cash Equivalents on Hand and in Institutions	3,333,012
Held by Fiscal Agent	1,603,731
Total Cash and Cash Equivalents	<u>\$ 4,936,743</u>

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 Years	None	None
U.S. Government Sponsored Agency Securities	5 Years	None	None
State of California Obligations	5 Years	None	None
California Warrants, Notes or Bonds	5 Years	None	None
Negotiable Certificates of Deposit	5 Years	30%	None
CD Placement Services	5 Years	30%	None
Banker's Acceptance	180 Days	40%	30%
Repurchase Agreements	1 Year	20%	None
Commercial Paper	270 Days	25%	10%
Medium-Term Notes	5 Years	30%	None
LAIF	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	5 Years	20%	10%

Concentration of Credit Risk

The District follows the investment policy as stipulated by the California Government Code as to the amount it may invest in any one issuer. At December 31, 2020, the District had no concentration of credit risk.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. At December 31, 2020, District had no investment that subject to interest rate risk.

Credit Risk

Generally, 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 a rating by a nationally recognized statistical rating organization. The District's investments in LAIF are not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not subject to categorization to indicate the level of custodial risk assumed by the District at year-end.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's investments mature over time, generally consistent with its cash flow and liquidity needs.

Maturities of investments at December 31, 2020 are as shown herein.

Investment Type	Totals	<i>Remaining Maturity 12 Months Or Less</i>
Local Agency Investment Fund (LAIF)	\$ 2,157,559	\$ 2,157,559
Total	<u>\$ 2,157,559</u>	<u>\$ 2,157,559</u>

NOTE 3 CAPITAL ASSETS

Changes in capital assets at December 31, 2020 are shown below:

	Balance at January 1, 2020	Additions	Transfers/ Deletions	Balance at December 31, 2020
Nondepreciable Assets:				
Land and Easements	\$ 382,175	\$ 35,188	\$ -	\$ 417,363
Water Rights	216,000	-	-	216,000
Construction in Progress	3,459,510	1,472,411	(685,922)	4,245,999
Total Capital Assets, Not Being Depreciated	4,057,685	1,507,599	(685,922)	4,879,362
Depreciable Assets:				
Wells and Reservoirs	3,128,039	-	(1,429,479)	1,698,560
Pumps and Tanks	717,989	214,685	(50,538)	882,136
Water Treatment Equipment	46,612	-	(2,474)	44,138
Transmission and Distributions	15,606,298	334,728	-	15,941,026
General Plant	2,254,220	8,119	(2,400)	2,259,939
Rental House	119,029	-	-	119,029
SCADA System and Equipment	36,783	-	-	36,783
Total Depreciable Assets	21,908,970	557,532	(1,484,891)	20,981,611
Less Accumulated Depreciation	(11,187,613)	(627,712)	1,462,416	(10,352,909)
Total Capital Assets, Being Depreciated	10,721,357	(70,180)	(22,475)	10,628,702
Total Capital Assets, Net	<u>\$ 14,779,042</u>	<u>\$ 1,437,419</u>	<u>\$ (708,397)</u>	<u>\$ 15,508,064</u>

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 RISK MANAGEMENT

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At December 31, 2020, the District participated in the self-insurance programs of the Insurance Authority as discussed below.

Property Loss – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage of \$500,000,000 (total insurable value of \$3,929,872). The District has a \$1,000 deductible for buildings, personal property, fixed and mobile equipment, and licensed vehicles.

General Liability – The District is insured up to \$55,000,000 with no deductible. The Insurance Authority has pooled self-insurance of \$5,000,000 per occurrence and has purchased excess insurance coverage of \$50,000,000.

Auto Liability – The District is insured up to \$55,000,000 with no deductible. The Insurance Authority has pooled self-insurance of \$5,000,000 per occurrence and has purchased excess insurance coverage of \$50,000,000.

Workers' Compensation – Workers' compensation coverage is up to statutory limits and employer's liability is insured up to \$4,000,000. The Insurance Authority has pooled self-insurance of \$2,000,000 per occurrence and has purchased excess insurance coverage of \$2,000,000.

Public Officials' Liability – The District has coverage for errors and omissions for up to \$55,000,000. The Insurance Authority has pooled self-insurance of \$5,000,000 per occurrence and has purchased excess insurance coverage of \$50,000,000.

Employee Dishonesty/Crime Coverage – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Earthquake and Flood – The District is insured up to \$25,000,000. The earthquake deductible is 5% of the total insurable values (\$3,379,311) at the time of loss, subject to a \$25,000 minimum per occurrence. The flood deductible is \$25,000 per occurrence.

The District pays annual premiums for the coverages. There were no instances in the past three years when a settlement exceeded the District's coverage.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 NOTES PAYABLE

As of December 31, 2020, the District had entered into two Installment Sale Agreements with California Infrastructure and Economic Development Bank in the amounts of \$2,020,200 and \$5,250,000, respectively. The proceeds of the loans are held by a fiscal agent and are released as infrastructure expenditures are incurred. The loans bear interest at 3.84% per annum. Principal payments commenced in August 2017 and are due annually. Interest payments commenced February 2017 and are payable biannually. The total future debt obligations under these agreements are as shown below.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 158,112	\$ 246,053
2022	163,910	240,255
2023	169,922	234,243
2024	176,155	228,009
2025	182,619	221,546
2026-2030	1,018,711	1,002,117
2031-2035	1,220,074	800,752
2036-2040	1,461,478	559,347
2041-2045	1,750,931	269,895
2046	389,807	14,360
Total Future Debt Service	<u>\$ 6,691,719</u>	<u>\$ 3,816,577</u>

The schedule below summarizes changes in long-term debt during the year ended December 31, 2020:

	<u>Balance at January 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2020</u>	<u>Amount Due In One Year</u>
Direct Borrowing:					
California Infrastructure	\$ 4,950,370	\$ -	\$ 107,643	\$ 4,842,727	\$ 111,777
Economic Development Bank	1,893,869	-	44,877	1,848,992	46,335
Total	<u>\$ 6,844,239</u>	<u>\$ -</u>	<u>\$ 152,520</u>	<u>\$ 6,691,719</u>	<u>\$ 158,112</u>

For the year ended December 31, 2020, the District incurred \$271,987 of interest expense.

NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

The District participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees’ Retirement System (CalPERS) which covers substantially all regular full-time employees of the District. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California and reports information to the District in accordance with reporting standards established by GASB.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

The District has implemented all applicable GASB statements related to the area of pension plans and as a result, reported its proportionate share of the net pension liability, pension expense, deferred outflows of resources, and deferred inflow of resources for the above plan as shown in the table below:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalPERS	<u>\$ 680,803</u>	<u>\$ 243,409</u>	<u>\$ 104,764</u>	<u>\$ 185,123</u>

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the CalPERS plan, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors one Miscellaneous Risk pool plan and the information presented below represents the allocated pension amounts for the District’s plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

Plan Provided

The Plan provides service retirement 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 year of service credit, a benefit factor, and the member’s final compensation. Members hired by the District, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and nonduty disability benefits after four years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Postretirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service.

The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Plan Provided (Continued)

The Plan provisions and benefits in effect at December 31, 2020, are shown below:

	Miscellaneous Risk Pool	
	Classic	PEPRA
Hire Date	On or Before December 31, 2012	On or After January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Required Employee Contribution Rates	7.00%	7.25%
Required Employer Contribution Rates	11.120%	7.191%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for the fiscal year ended December 31, 2020 are presented above and the total District required contributions to the Plan were \$187,938.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2020, the District reported net pension liability for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$680,803. As permitted by GASB standards, the net pension liability was determined based upon the measurement date of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the pension liability for the District’s Plan as of the December 31, 2020 and 2019, was as followings:

	Miscellaneous Plan
Proportion - December 31, 2020	0.016140%
Proportion - December 31, 2019	0.013669%
	0.002471%

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2020, the District recognized pension expense of \$185,123. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contribution Subsequent to Measurement Date	\$ 81,822	\$ -
Change in Assumptions	-	4,856
Differences between Expected and Actual Experience	35,084	-
Differences between Projected and Actual Earnings on Plan Investments	20,224	-
Adjustments Due to Difference in Proportion	102,446	16,879
Difference in Proportionate Share of Contributions	3,833	83,029
Total	<u>\$ 243,409</u>	<u>\$ 104,764</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. The net difference between projected and actual earnings on plan investment is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expenses during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for CalPERS Miscellaneous Risk Pool Plan for the June 30, 2020 measurement date is 3.8 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining period not to exceed 2.8 years.

Remaining amounts will be recognized to pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amortization</u>
2021	\$ 7,801
2022	(5,976)
2023	25,207
2024	29,791
Total	<u>\$ 56,823</u>

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by applying update procedures to an actuarial valuation as of June 30, 2019, which was rolled forward to the June 30, 2020 measurement date. As permitted by GASB standards, the District's net pension liability was determined based upon the measurement date of June 30, 2020.

The financial reporting actuarial valuation as of June 30, 2019 used the methods and assumptions herein, applied to all prior periods included in the measurement.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service

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

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

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

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CALPERS) (CONTINUED)**

Actuarial Methods and Assumptions (Continued)

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period.

Discount Rate

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

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	<u>Net Pension Liability (Asset)</u>
Discount Rate:	
1% Decrease (6.15%)	\$ 1,331,164
Current Discount Rate (7.15%)	680,803
1% Increase (8.15%)	143,431

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description and Eligibility

In addition to the pension benefits described in Note 6, the District provides a post-retirement health care benefit for retired employees and directors who have served the District full-time for at least five consecutive years and who are at least 55 years of age at the time of retirement, and spouses. In accordance with statutory requirements, a director must have commenced his or her service on or before January 1, 1995, in order to be entitled to receive District-paid health insurance after completing service on the board.

Funding Policy

The contribution requirements of the plan are set by the District and the District's Board of Directors. Currently, contributions are not required from plan members. The District has established a trust to fund future other postemployment benefits (OPEB). The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually by the District. The District contributed \$67,500 to the Retiree Benefit Trust for the year ended June 30, 2020 and \$56,205 in employer contributions for the year ended December 31, 2020, including the implicit rate subsidy. The table herein shows the participants as of December 31, 2020.

Participant Type	Number of Participants
Inactive Participants Currently Receiving Benefits	3
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	10
Total	<u>13</u>

Net OPEB Liability (Asset)

The table below shows the components of the net OPEB liability of the District:

Total OPEB Liability	\$ 1,490,424
Plan Fiduciary Net Position	<u>(694,835)</u>
District's Net OPEB Liability (Asset)	<u>\$ 795,589</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	 -46.62%

Investments

At December 31, 2020, all Plan investments are held in the California Employers' Retiree Benefit Trust program (CERBT) through CalPERS.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

<u>Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Subsequent to Measurement Date	\$ 56,205	\$ -
Difference Between Investment Gains and Losses	8,405	2,152
Difference Between Experience Gains and Losses	9,992	173,382
Total	<u>\$ 74,602</u>	<u>\$ 175,534</u>

The deferred outflow of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARS�) of the plan participants. The EARS� for the OPEB plan for December 31, 2020 is five years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods not to exceed four years.

The deferred inflows of resources related to OPEB resulting from the net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period.

The deferred inflows of resources related to OPEB resulting from the net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period.

Deferred inflows and outflows will be amortized as follow:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2021	\$ (11,341)
2022	(11,345)
2023	(11,940)
2024	(11,225)
2025	(13,026)
Thereafter	(98,260)
Total	<u>\$ (157,137)</u>

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability was determined by using the actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	6.50%
Health Care Trend Rate	4.00%

Mortality rates were based on the 2014 rates used by CalPERS.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of 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. Shown herein is the assumed asset allocation and assumed rate of return for each asset class.

Asset Class:	Percentage of Portfolio	Assumed Gross Return
All Equities	40%	7.68%
All Fixed Income	43%	4.38%
Real Estate Investment Trusts	8%	7.38%
All Commodities	4%	7.68%
Treasury Inflated Protected Securities (TIPS)	5%	3.13%

The discount rate used to measure the total OPEB liability was 6.5%. It is assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Historic 34-year real rates of return for each asset class were used, along with an assumed long-term inflation assumption, to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. Rolling periods of time for all assets, in combination, were reviewed to appropriately reflect the correlation between asset classes. That means that the average returns for any asset class will not necessarily reflect the averages over time individually, but do reflect the return for the asset class for the portfolio average. Geometric means were used.

Since the most recent valuation, there were no changes to the actuarial assumptions.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2019	\$ 1,398,556	\$ 595,741	\$ 802,815
Changes for the Year:			
Service Cost	46,410	-	46,410
Interest	90,936	-	90,936
Expected Investment Income	-	40,907	(40,907)
Employer Contributions to Trust	-	67,500	(67,500)
Employer Contributions as Benefit Payments	-	56,205	(56,205)
Expected Benefit Payments from Employer	(56,205)	(56,205)	-
Expected Gains/Losses	10,727	-	10,727
Investment Gains/(Losses)	-	(9,009)	9,009
Administrative Expense	-	(304)	304
Net Change	91,868	99,094	(7,226)
Balances at June 30, 2020	\$ 1,490,424	\$ 694,835	\$ 795,589

The following presents the District's net OPEB liability calculated using the discount rate of 6.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	Net OPEB Liability (Asset)
Discount Rate:	
1% Decrease (5.50%)	\$ 1,005,341
Current Discount Rate (6.50%)	795,589
1% Increase (7.50%)	622,240

The following presents the District's net OPEB liability calculated using the current health care cost trend rate of 4.0%, as well as what the net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

	Net OPEB Liability (Asset)
Health Care Trend Rate:	
1% Decrease (3.00%)	\$ 604,061
Current Health Care Trend Rate (4.00%)	795,589
1% Increase (5.00%)	1,024,468

OPEB Expense

For the year ended December 31, 2020, the District recognized OPEB expense of \$85,402.

**PICO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 9 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Pico Water District, COVID-19 impacted various parts of its 2020 operations and financial results including but not limited to costs for emergency preparedness, disease control and preparedness, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

PICO WATER DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED DECEMBER 31, 2020

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (assets)	0.013669%	0.011461%	0.011830%	0.009610%	0.002566%
District's proportionate share of the net pension liability (assets)	\$ 680,803	\$ 431,937	\$ 466,342	\$ 333,859	\$ 64,847
District's covered payroll reported as of the previous fiscal year to align with the measurement date of the net pension liability	\$ 684,785	\$ 707,715	\$ 685,639	\$ 644,476	\$ 616,120
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.42%	61.03%	68.02%	51.80%	10.53%
Plan fiduciary net position as a percentage of the total pension liability	90.05%	91.74%	90.69%	92.50%	98.47%
	2020				
District's proportion of the net pension liability (assets)	0.016140%				
District's proportionate share of the net pension liability (assets)	\$ 680,803				
District's covered payroll reported as of the previous fiscal year to align with the measurement date of the net pension liability	\$ 698,909				
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	97.41%				
Plan fiduciary net position as a percentage of the total pension liability	90.05%				

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**PICO WATER DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED DECEMBER 31, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 55,622	\$ 69,561	\$ 69,915	\$ 75,888	\$ 60,692
Contributions in relation to the contractually required contribution	<u>55,622</u>	<u>69,561</u>	<u>69,915</u>	<u>75,888</u>	<u>60,692</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 698,909	\$ 684,785	\$ 707,715	\$ 685,639	\$ 644,476
Contributions as a percentage of covered payroll	7.96%	10.16%	9.88%	11.07%	9.42%
	<u>2020</u>				
Contractually required contribution	\$ 81,822				
Contributions in relation to the contractually required contribution	<u>81,822</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 689,948				
Contributions as a percentage of covered payroll	11.86%				

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**PICO WATER DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY –
OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
YEAR ENDED DECEMBER 31, 2020**

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 46,410	\$ 44,430	\$ 43,241
Interest	90,936	97,794	92,082
Experience (Gains)/Losses	-	(200,904)	-
Benefit Payments	(45,478)	(50,131)	(45,968)
Net Change in Total OPEB Liability	91,868	(108,811)	89,355
Total OPEB Liability - Beginning	1,398,556	1,507,367	1,418,012
Total OPEB Liability - Ending (a)	<u>\$ 1,490,424</u>	<u>\$ 1,398,556</u>	<u>\$ 1,507,367</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 123,705	\$ 132,131	\$ 112,968
Net Investment Income	40,907	33,642	27,250
Investment Gains/Losses	(9,009)	3,588	(3,001)
Benefit Payments	(56,205)	(50,131)	(45,968)
Administrative Expense	(304)	(109)	(723)
Net Change in Plan Fiduciary Net Position	99,094	119,121	90,526
Plan Fiduciary net Position - Beginning	\$ 595,741	\$ 476,620	386,094
Plan Fiduciary Net Position - Ending (b)	<u>\$ 694,835</u>	<u>\$ 595,741</u>	<u>\$ 476,620</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 795,589</u>	<u>\$ 802,815</u>	<u>\$ 1,030,747</u>
District's Covered-Employee Payroll	\$ 723,443	\$ 737,564	\$ 727,985
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	109.97%	108.85%	141.59%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**PICO WATER DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTION –
OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
YEAR ENDED DECEMBER 31, 2020**

	2020	2019	2018
Actuarially Determined Contribution (ADC) (1)	\$ 123,705	\$ 132,131	\$ 112,968
Contributions in Relation to the ADC	123,705	132,131	112,968
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 723,443	\$ 737,564	\$ 727,985
Contributions as a Percentage of Covered-Employee Payroll	17.10%	17.91%	15.52%

(1) The District did not calculate an ADC. The District contributes on a pay as you go method assumed to be an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**PICO WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, and the plans' fiduciary net position associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability

The schedule is intended to show the funded status of the District's actuarially determined liability for postemployment benefits other than pensions. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Postemployment Health Care Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and an excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

**PICO WATER DISTRICT
SCHEDULE OF OPERATING REVENUES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

Water Sales Revenues

Residential	\$ 2,027,324
Multi-User	592,758
Business	520,731
Other	499,748
Total Water Sales Revenues	<u>3,640,561</u>

Water Service Revenues

Late Charges	9,168
Fire Protection	60,529
Infrastructure Surcharge	426,960
Other	123,140
Total Water Service Revenues	<u>619,797</u>

Total Operating Revenues	<u><u>\$ 4,260,358</u></u>
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PICO WATER DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Source of Supply

Ground Water Replenishment	\$ 1,063,908
Recycled Water	44,546
Salaries and Wages	80,432
CBMWD Retail Meter Charge	8,093
Total Source of Supply	<u>1,196,979</u>

Pumping

Power	226,820
Maintenance	104,628
Salaries and Wages	183,536
Total Pumping	<u>514,984</u>

Water Treatment

Water Treatment Regulations	45,140
Chemicals and Lab Testing	55,699
Salaries and Wages	5,348
Total Water Treatment	<u>106,187</u>

Transmission and Distribution

Maintenance	88,652
Vehicle Expenses	15,609
Salaries and Wages	94,627
Total Transmission and Distribution	<u>198,888</u>

Customer Accounts

Supplies	61,959
Salaries and Wages	131,767
Total Customer Accounts	<u>193,726</u>

Depreciation

Depreciation	627,712
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General and Administrative

Salaries and Wages	448,947
Insurance - Benefits	247,525
Insurance - Property, Earthquake, and Auto	43,208
Pension and OPEB Expenses	159,612
Professional Services	184,576
Payroll Taxes	74,520
Directors' Fees	33,495
Meetings and Dues	37,187
Repairs and Maintenance	28,045
Telephone and Utilities	21,246
Office Supplies	18,166
Conservation	29,083
Bad Debt Expense	8,611
Education	901
Miscellaneous	4,128
Total General and Administrative	<u>1,339,250</u>

Total Operating Expenses	<u><u>\$ 4,177,726</u></u>
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**INDEPENDENT AUDITORS' 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
Pico Water District
Pico Rivera, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pico Water District (the District), as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
June 11, 2021

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

6:00 P.M. Wednesday, July 7, 2021

AGENDA

7. ACTION/DISCUSSION ITEMS.

- B. Consider Review and Approval of Resolution 215-R Pico Water District's Conflict of Interest and Disclosure Code "Appendix A". *Recommended Action – that the Board approve the Conflict of Interest and Disclosure Code as submitted by staff.*

STAFF REPORT

To: Honorable Board of Directors

From: Mark Grajeda, General Manager

Meeting Date: July 7, 2021

Subject: Action Item 7B – Consider Review and Approval of Resolution 215-R Readopting Pico Water District's Conflict of Interest and Disclosure Code "Appendix A"

RECOMMENDED MOTION

That the Board approve Resolution 215-R a Resolution restating the District's Conflict of Interest and Disclosure Code.

FISCAL IMPACT

Minimal financial impact.

BACKGROUND

The Political Reform Act requires every local government agency to review its conflict-of-interest code biennially (every two years) to determine if any changes are needed. A conflict-of-interest code tells public officials, governmental employees, and consultants what financial interest they must disclose on their Statement of Economic Interests (Form 700). The Board of Supervisors is the code reviewing body of our agency's Conflict of Interest Code. All Agency Heads or their designees are required to submit to the Board of Supervisors a Biennial Review Certification Form, indicating whether or not changes are necessary. On May 18, 2021 the Administrative Standing Committee met to discuss and review the District's Conflict of Interest Code which was last reviewed by the Board on September 17, 2008 and after some discussion recommended that it be placed before the Board for consideration with a recommendation from the Administrative Standing Committee of no changes or amendments. Further discussion will be presented at the Board meeting.

RESOLUTION NO. 215-R

A RESOLUTION OF THE BOARD OF DIRECTORS OF PICO WATER DISTRICT READOPTING THE CONFLICT OF INTEREST AND DISCLOSURE CODE OF THE PICO WATER DISTRICT

WHEREAS, the Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, as the code reviewing body for the District, the Los Angeles County Board of Supervisors (Board of Supervisors) establishes regulations governing the form of Conflict of Interest and Disclosure Code to be adopted by the District; and

WHEREAS, pursuant to the Political Reform Act, the Board of Supervisors has adopted Fair Political Practices Commission (FFC) Regulation 18730 (2 Cal. Code of Regs. Section 18730) as the model code for use by all agencies for which the Board of Supervisors is the code reviewing body; and

WHEREAS, pursuant to the Political Reform Act, the Board of Supervisors has adopted Fair Political Practices Commission (FFC) Regulation 18730 (2 Cal. Code of Regs. Section 18730) as the model code for use by all agencies for which the Board of Supervisors is the code reviewing body; and

WHEREAS, on August 5, 2002, to meet the requirements of the Board of Supervisors, the District duly adopted FPPC Regulation 18730 as its Conflict of Interest and Disclosure Code; and

WHEREAS, on January 6, 2003, the District adopted its Restated Conflict of Interest Code; and

WHEREAS, effective February 6, 2006, the Board of Supervisors reviewed certain provisions of the District's Conflict of Interest Code;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Pico Water District does hereby readopt its Conflict of Interest and Disclosure Code to conform it to the Conflict-of-Interest Code for the District, as adopted by the Board of Supervisors, as set forth in the attached Exhibit A, to which no change has been made; and attached Exhibit B, to which no change has been made.

BE IT FURTHER RESOLVED, that individuals holding designated positions shall file Statements of Economic Interests with the General Manager. Within five days of receipt of the Statements filled by the Directors and by the General Manager, the District shall make and retain copies and forward the originals of these statements to the Board of Supervisors. Statements for all other designated individuals will be retained by the District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Pico Water District held on July 7, 2021, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Gonzales, President
Board of Directors

ATTEST:

Mark Grajeda, Secretary

Conflict of Interest Code
of the

PICO WATER DISTRICT

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Board Members, Governing Board Members, Alternate Board Members, as appropriate, and its agency head (Agency/Department Head, Executive Officer or Chief Executive Officer, Superintendent, or Director), and forward the originals of such statement to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

PICO WATER DISTRICT

EXHIBIT "A"

Types of business entities, business positions, investments, sources of income or real property reportable, according to following disclosure categories as set forth for the designated positions as listed on Exhibit B.

CATEGORY 1

Persons in this category shall disclose, in accordance with this Code, all interests in real property within the District, except personal residences or property used primarily for personal recreational purposes. Real property shall be deemed to be within the jurisdiction of the District if the property or any part of it is located within or not more than two miles outside the boundaries of District or within two miles of any land owned or used by the District.

CATEGORY 2

Persons in this category shall disclose in accordance with this Code, all income from, and investments in, and business positions with businesses that produce products or provide services of a type utilized by the District, including but not limited to the areas of building materials; construction; motor vehicles; specialty vehicles; vehicle replacement parts; petroleum products; water quality testing; water transmission; water treatment; water distribution; geological tests and reports; maintenance; repair; safety; engineering; provision of water or power; brokering; accounting; auditing; banking; money management; law; insurance; printing; publication; and office equipment or office supplies.

CATEGORY 3

Persons in this category shall disclose all investments and business positions.

CATEGORY 4

Persons in this category shall disclose, in accordance with this Code, all investments in, or business positions with, and income from all banks, savings and loans, investment companies, and underwriters.

CATEGORY 5

Consultants performing the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

In addition, consultants who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to the District, or which could affect financial interests, and those consultants who, under contract, exercise primary responsibility for the management of public investments, shall be required to file Statements of Economic Interests disclosing reportable interests as determined by the General Manager of the District.

PICO WATER DISTRICT

EXHIBIT "B"

Designated Positions

Disclosure Categories

Members of Board of Directors

1, 2, 3

General Manager

1, 2, 3

Consultant

5

EFFECTIVE: July 7, 2021

**REGULAR MEETING OF THE BOARD OF DIRECTORS
PICO WATER DISTRICT
4843 S. Church Street
Pico Rivera, California, 90660**

6:00 P.M. Wednesday, July 7, 2021

AGENDA

7. ACTION/DISCUSSION ITEMS.

- C. Consider Bartle Wells Associates Capacity Charge Study. *Recommended Action – to be considered at the Board Meeting.*

STAFF REPORT

To: Honorable Board of Directors

From: Mark Grajeda, General Manager

Meeting Date: July 7, 2021

Subject: Action/Discussion Item 7C – Consider Bartle Wells Associates Capacity Charge

DISCUSSION

In an effort to recover costs from developers and builders wishing to utilize the District's facilities staff is recommending that the Board consider approving a new Capacity Charge which would be charged along with any other new construction fees for ability to connect and receive water service from the Pico Water District water system. The District was established in 1926 and has water lines that were installed before 1926. In some areas of the District the distribution lines are very old and undersized four-inch diameter and smaller, and the 2008 Water System Master Plan recommended that the District look to spending close to twenty million dollars to replace - all undersized mains, all cast iron mains, drill two new wells, and add additional water storage to the distribution system. With the establishment of this charge/fee, along with seeking loans and grants from lending institutions, the Board could begin building up funds for capital improvement projects that would help keep water rates competitive into the future.

A capacity charge is a charge developed based on the cost of replacement of District assets needed to operate the water system, which in this case Bartle Wells Associates has reviewed the District's assets and has developed a recommended charge for future replacement (Capacity Charge Study). At a meeting held on January 20, 2021 Mr. Erik Helgeson went over with the Board his report and recommended options for Board consideration. At the meeting scheduled for July 7, 2021, the Board will once again hear from Mr. Helgeson and be asked to consider approving a new Capacity Charge as recommended by Bartle Wells Associates. This charge will be paid only by those individuals wishing to develop in the Pico Water District service area. Should the Board approve this charge it will help with the development of new funding which will be used solely for the purpose of infrastructure replacement such as distribution mainlines, service laterals, meters, meter boxes, fire hydrants, well work and well site upgrades - this funding would not be used for salaries, administrative upgrades, building upgrades or to purchase new vehicles.

Attachments:

- Exhibit A – Presentation
- Exhibit B – South Montebello Irrigation District Capacity Fee Charges
- Exhibit C – City of Pico Rivera Rate Increase Approved June 22, 2021
- Exhibit D – Bartle Wells Capacity Fee Rate Study

EXHIBIT A



PICO WATER DISTRICT

Capacity Fee Study

July 7, 2021



Purpose & Use of Capacity Fees

- Purpose of fee is to recover costs of existing and future facilities and assets that provide benefit to new development
- Revenues must be segregated from other reserves
- Revenues can be used to fund CIP projects for expansion & operational improvements
- Since a fee includes reimbursement for existing assets, revenues can also be used to fund capital projects benefiting existing customers

Legal Framework

- Water & sewer capacity fees are governed by Government Code Section 66013 (AB1600)
- Key provision: Each fee “shall not exceed the estimated reasonable cost of providing service for which the fee or charge is imposed”
- Fees can recover costs for existing and future facilities
- Capacity fee revenues must be segregated from other funds
- Government Code does not specify any particular fee methodology; there are many acceptable methodologies

Capacity Fee Derivation

- System “Buy-In” Methodology

<u>Connection Fee Calculation</u>	<u>Amount</u>
Replacement Value of Assets	\$59,690,900
(less) Depreciation	<u>11,401,377</u>
Value of Existing Assets	\$48,289,522
EDUs	8,260
<u>Connection fee per EDU</u>	<u>\$5,846.54</u>

Recommended Capacity Fees

- Increase fees based on CPI

Capacity Fees		2021
<i>Meter Size</i>		<i>Proposed</i>
Single Family Residential		\$5,846.54
All Other Customers		
5/8"		\$5,846.54
1"		\$14,616.36
1 1/2"		\$29,232.72
2"		\$46,772.34
3"		\$87,698.15
4"		\$146,163.58
6"		\$292,327.15



Next Steps

- Publish Notice
 - 10-14 days
- Public Hearing
- Fee Adoption





THANK YOU



EXHIBIT B

Schedule A

South Montebello Irrigation District Summary of Capacity Charges

Land Use (1)	Water Rights Charge	Wells and Storage Charge	Distribution and Pipeline Charge	Building Facilities Charge	Total Charges per Unit or per Meter
Single Family Residential	3,222	3,305	1,979	1,773	10,280
Multi-Family Residential	2,015	2,068	1,238	1,109	6,430
Industrial Meters					
3/4" & 1"	3,086	3,166	1,895	1,698	9,844
1 1/2"	4,666	4,787	2,865	2,568	14,886
2"	24,110	24,735	14,806	13,270	76,922
Commercial Meters					
3/4" & 1"	3,115	3,196	1,913	1,714	9,938
1 1/2"	9,130	9,367	5,607	5,025	29,129
2"	16,944	17,383	10,406	9,326	54,060

(1) The charges for industrial and commercial buildings are based on current number of meters. The charges are subject to change upon submittal of development Charges for meter sizes greater than 2" will be determined on a case by case basis based on estimated flows.

EXHIBIT C

Pico Rivera to raise water rates 10% annually over next five years

By **MIKE SPRAGUE** | msprague@scng.com | Whittier Daily News

PUBLISHED: June 23, 2021 at 2:55 p.m. | UPDATED: June 23, 2021 at 2:57 p.m.

The price of water for city of Pico Rivera customers is going to increase by 10% each year over the next five years, beginning July 1.

Pico Rivera council members voted 4-1 on Tuesday, June 22, for the increase. It means a typical customer will pay an additional \$6.42 a month or \$153.98 in the first year alone.

"Raising water rates is one of the most difficult things to do because people are living from paycheck to paycheck," Councilman Andrew Lara said. "Unfortunately, at the end of the day, it's a public health issue."

Lara said the \$15.9 million raised over the five-year period are needed for a number of projects, including cleaning up the "forever chemicals," perfluorooctanoic acid and perfluorooctane sulfonic acid, part of a family of nearly 5,000 other compounds that have been linked to cancer, liver and kidney damage, low birth weight and other health problem.

The system serves 9,433 mostly residential customers in the north and southern areas of Pico Rivera. Pico Water District has 5,403 connections in the central part of the city and is a separate entity. The city's system has other problems besides contaminants, Lara said.

"There's water pressure issues on the north side," he said. "We need valve upgrades. The infrastructure is stuck in the 1950s. For example, they have someone going out and reading the meters. That's old technology.

"There's newer technology where there's a radio signal. You become more efficient. Your billing becomes more accurate. You're able to detect leaks from that meter."

Projects included in the first five years — paid with the increased rates plus dipping into city reserves — include \$14 million towards the PFAS treatment system, \$13 million for altitude valves and piping upgrades, \$6.6 million toward new storage tanks and \$3.5 million towards meter replacements.

But Councilman Gustavo Camacho, who cast the lone dissenting vote, said the rate hike is too much, especially during a pandemic.

"I recognize the need for capital improvement projects, infrastructure improvements that are required," Camacho said. But it's too much with families "getting back on their feet," he said.

"I have concerns with increasing water rates at this given point in time," Camacho said.

The city's system has about 98 miles of water distribution pipelines, eight active wells, 10 pump stations and three storage tanks.



The bimonthly rate for those with a 3/4- or 5/8-inch meter this year will increase from \$37.06 to \$37.76. The rate will rise to \$55.29 by July 1, 2025.

The commodity charge for that same meter will go from \$3.91 per 100 cubic feet of water used to \$4.32 per 100 cubic feet. This charge will increase to \$5.97 by July 1, 2025.

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Mike Sprague | Reporter

Mike Sprague has worked in the newspaper field since July 1977, beginning with the Huntington Park Daily Signal, and later moving to Southern California Publishing Co. where he was sport editor and editor of the Pico Rivera News. Mike began at the Whittier Daily News in April 1984. Since then, he has covered every city in the Whittier Daily News circulation area, as well as political and water issues. He has a bachelor's degree in communications and a master's degree in political science, both from Cal State Fullerton.

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STATE OF CALIFORNIA,
 COUNTY OF LOS ANGELES

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter.

I am the principal clerk of the printer of the Los Cerritos Community News, a newspaper of general circulation, printed and published one time each week in the County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under the date of September 9, 1996, in Case Number V5005861 that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

/11/21

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

DATED AT CERRITOS, CALIFORNIA,

This 11th day of JUNE, 2021

Signature



Brian Hews

Los Cerritos Community News
 13047 Artesia Blvd. Suite C-102, Cerritos, CA 90703
 562-407-3873
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City of Pico Rivera Municipal Water System
NOTICE OF WATER RATE INCREASE
 April 30, 2021

Notice is hereby given that at a public meeting the Pico Rivera City Council will hold a public hearing on Tuesday, June 22, 2021 at 6:00 p.m. at City Hall, 6615 Passons Blvd, Pico Rivera, California, to consider proposed increases to the water rates and charges applicable to the City's Municipal Water System, the Pico Rivera Water Authority (PRWA).

As a public agency, the revenues collected from rates must adequately fund PRWA operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; mitigate droughts; and meet environmental standards. The immediate needs over the next five years include:

- Ensure Safe Drinking Water: PRWA needs to continue investing in water treatment and testing techniques to ensure drinking water remains safe for current and future customers.
- Rebuild an Aging Water System: Upgrade operational efficiencies with approximately 112 specific projects, such as upgrading water wells, water pipes, and altitude valves.

PUBLIC NOTICE REQUIREMENT. California State Law requires the mailing of notices to record property owners (no less than 45 days in advance of a hearing) of a proposed modification to water rates.

PROPOSED CHARGES

The City of Pico Rivera is your water service provider. The present charges have been in effect since June 30, 2018. The City proposes to increase the charges beginning July 1, 2021.

ACTUAL CHARGE FOR YOUR SERVICE ADDRESS. Using a 5/8 inch water meter as an example (which represents 86.4% of all meters), the service charge imposed will increase from \$37.06 bi-monthly to \$37.76 bi-monthly, and the commodity charge imposed will increase from \$3.91 per 100 cubic feet of water used to \$4.32 per 100 cubic feet (ccf) of water used, for the first 10% increase starting July 1, 2021. The actual total charge which will be imposed through the bill for water service is calculated by adding the service charge to the amount of the commodity charge multiplied by the amount of water used at your property. The net increase to your water bill is estimated to be \$6.42 monthly, \$12.83 bi-monthly, or \$153.98 per year, based on 12 ccf.

CURRENT AND PROPOSED CHARGES. The charge for water service has two components: a flat service charge and a commodity charge. The service charge applies to each service connection to cover costs connected with the ability to make water immediately available to your service address. The service charge covers utility costs, labor and the cost for equipment and materials, reading meters, preparing and mailing bills and notices, repair and maintenance to the water system, and other fixed costs of providing service. The commodity charge is the rate charged per 100 cubic feet and is directly related to the amount of water actually used. These are the current and proposed charges:

Meter Size	Meter Service		Commodity per 100 CU FT, #	
	Current	Proposed	Current	Proposed
5/8"	\$37.06	\$37.76	\$3.91	\$4.32
3/4"	\$37.06	\$37.76	\$3.91	\$4.32
1"	\$49.47	\$59.04	\$3.91	\$4.32
1 1/2"	\$91.38	\$73.22	\$3.91	\$4.32
2"	\$138.40	\$144.14	\$3.91	\$4.32
3"	\$357.15	\$711.49	\$3.91	\$4.32
4"	\$901.82	\$1,420.68	\$3.91	\$4.32
6"	\$1,799.17	\$2,271.71	\$3.91	\$4.32
8"	\$2,696.53	\$3,973.76	\$3.91	\$4.32
10"	\$3,598.38	\$7,803.39	\$3.91	\$4.32

Private Fire Service				
Meter Size	Meter Service		Commodity Per 100 Cubic Feet	
	Current	Proposed	Current	Proposed
4"	\$66.97	\$19.60	\$3.91	\$4.32
6"	\$100.46	\$52.54	\$3.91	\$4.32
8"	\$133.94	\$109.35	\$3.91	\$4.32
10"	\$156.26	\$194.82	\$3.91	\$4.32

*8,110 of 9,385 meters are 5/8 inch size meters. The larger meters typically serve commercial properties and large multi-family residential buildings.

EFFECTIVE DATES OF WATER RATE INCREASES. The proposed water rate increases will be effective as follows:

July 1, 2021	10% increase
July 1, 2022	10% increase
July 1, 2023	10% increase
July 1, 2024	10% increase
July 1, 2025	10% increase

ADDITIONAL ANNUAL CPI WATER RATE INCREASES.

The proposed water rates above will include additional automatic increases for consumer price index (CPI) to be effective as follows:

July 1, 2026	increase in accordance with CPI for Los Angeles, CA area
July 1, 2027	increase in accordance with CPI for Los Angeles, CA area
July 1, 2028	increase in accordance with CPI for Los Angeles, CA area
July 1, 2029	increase in accordance with CPI for Los Angeles, CA area
July 1, 2030	increase in accordance with CPI for Los Angeles, CA area

The above increases are required to achieve minimum cash flow needs to pay bondholders, capital improvements, inflation, and operational costs.

BASIS FOR THE CHARGES. The charges are based on the need to generate sufficient revenue to cover all of the actual costs of providing water service, including required repairs which the previous owner failed to make and upgrading of the water system needed to improve service. The charges are calculated on the basis that 30% of the revenue will be generated by the service charge and 70% by the commodity charge. The costs are made up of five components: (1) the operational costs incurred by the City to operate the water system such as the cost of purchasing water and operating pumps and wells, (2) the costs incurred directly by the City in operating the water system such as engineering costs to design improvements, (3) costs relating to bonds which were issued to pay for the required repairs and improvements, (4) costs to maintain an adequate cash reserve, and (5) costs for capital improvements which will not be paid for with bond proceeds.

REASON FOR THE CHARGES. The charges will permit the City to provide your property with water and to continue repairing and upgrading the water system. The revenue generated by the charges will be used only for the operation of the water system. The City is prohibited by law from using such revenue for any other purpose.

PROPOSITION 218 — WRITTEN PROTEST.

A Public Hearing on the proposed water rate increase will be held on June 22, 2021, at 6:00 p.m. in the City Council Chambers at 6615 Passons Blvd, Pico Rivera, CA 90660. Members of the public may come to the Public Hearing and provide oral testimony regarding the proposed rates.

In addition, any property owner whose property will be subject to the new rates may submit a written protest. One written protest will be counted per identified parcel. The proposed rates will not be adopted if protests are received from more than fifty percent (50%) of affected properties. Written protests may be submitted by mail or in person to:

City Clerk, City of Pico Rivera, 6615 Passons Blvd, Pico Rivera, CA 90660

Protests may also be brought to the Public Hearing (date and time noted above) and must be received by the City Clerk prior to the conclusion of the Public Hearing. Any written protest must:

- (1) state that the identified property owner is in opposition to the proposed rate increase;
- (2) identify the affected property by its Assessor's Parcel Number or address;
- (3) identify the property owner; and
- (4) include the property owner's signature.

If the person protesting was not shown on the Los Angeles County's last equalized assessment roll as the property owner of record, provide written evidence that the person is the property owner (example: current copy of City Service Bill).

QUESTIONS & MORE INFORMATION. If you have questions or want more information, please call the City of Pico Rivera Finance Director at (562) 801-4391.

EXHIBIT D

Pico Water District Capacity Charge Study



01/20/2021



BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors

Table 1
Pico Water District
Water Capacity Charge Study
ENR Index

Year	Index*	Current Day Factor	Annual Inflation
1949	477	23.62	
1950	510	22.10	6.92%
1951	543	20.75	6.47%
1952	569	19.80	4.79%
1953	600	18.78	5.45%
1954	628	17.94	4.67%
1955	660	17.07	5.10%
1956	692	16.28	4.85%
1957	724	15.56	4.62%
1958	759	14.85	4.83%
1959	797	14.14	5.01%
1960	824	13.68	3.39%
1961	847	13.30	2.79%
1962	872	12.92	2.95%
1963	901	12.51	3.33%
1964	936	12.04	3.88%
1965	971	11.61	3.74%
1966	1,019	11.06	4.94%
1967	1,074	10.49	5.40%
1968	1,155	9.76	7.54%
1969	1,269	8.88	9.87%
1970	1,381	8.16	8.83%
1971	1,581	7.13	14.48%
1972	1,753	6.43	10.88%
1973	1,895	5.95	8.10%
1974	2,020	5.58	6.60%
1975	2,212	5.09	9.50%
1976	2,401	4.69	8.54%
1977	2,576	4.37	7.29%
1978	2,776	4.06	7.76%
1979	3,003	3.75	8.18%
1980	3,237	3.48	7.79%
1981	3,535	3.19	9.21%
1982	3,825	2.95	8.20%
1983	4,066	2.77	6.30%
1984	4,146	2.72	1.97%
1985	4,195	2.69	1.18%
1986	4,295	2.62	2.38%
1987	4,406	2.56	2.58%
1988	4,519	2.49	2.56%
1989	4,615	2.44	2.12%
1990	4,732	2.38	2.53%
1991	4,835	2.33	2.18%
1992	4,985	2.26	3.10%
1993	5,210	2.16	4.53%
1994	5,408	2.08	3.78%

Table 1
Pico Water District
Water Capacity Charge Study
ENR Index

Year	Index*	Current Day Factor	Annual Inflation
1995	5,471	2.06	1.18%
1996	5,622	2.00	2.76%
1997	5,825	1.93	3.61%
1998	5,920	1.90	1.64%
1999	6,060	1.86	2.35%
2000	6,221	1.81	2.67%
2001	6,342	1.78	1.94%
2002	6,538	1.72	3.09%
2003	6,695	1.68	2.39%
2004	7,115	1.58	6.28%
2005	7,446	1.51	4.65%
2006	7,751	1.45	4.10%
2007	7,967	1.41	2.78%
2008	8,310	1.36	4.30%
2009	8,570	1.31	3.13%
2010	8,799	1.28	2.67%
2011	9,070	1.24	3.08%
2012	9,308	1.21	2.63%
2013	9,547	1.18	2.56%
2014	9,806	1.15	2.72%
2015	10,335	1.09	5.39%
2016	10,385	1.09	0.48%
2017	10,737	1.05	3.39%
2018	11,062	1.02	3.03%
2019	11,268	1.00	1.87%

*Engineering News Record Construction Cost Index

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
LAND	1/1/1985	\$382,175	0	\$382,175	\$0	\$382,175	1.00	\$382,175
WATER RIGHTS	1/1/1985	216,000	0	216,000	0	216,000	1.00	216,000
2005 CHEVROLET UTILITY TRK V	1/1/2005	39,690	60	39,690	39,690	0	1.51	60,065
2006 FORD F-150 P/U (1FTRF122)	2/1/2006	16,000	60	16,000	16,000	0	1.45	23,260
2008 FORD F-250 XL CAB UTILITY	5/1/2008	28,896	60	28,896	28,896	0	1.36	39,184
2009 Ford PU Trk S/N 1FTR12W3E	6/5/2009	19,894	60	19,894	19,894	0	1.31	26,158
2009 Ford PU Trk S/N 1FTR12W5E	6/5/2009	19,894	60	19,894	19,894	0	1.31	26,158
2015 Chev PU Trk S/N 1GCHSBE3	12/22/2014	34,074	60	34,074	32,896	1,178	1.15	39,155
2015 Chev PU Trk S/N 1GCHSBE3	1/22/2018	33,155	60	33,155	31,497	1,658	1.02	33,774
2016 RAM Dump Trk S/N 3C7WRN	9/1/2016	57,859	60	57,859	35,680	22,179	1.09	62,782
2019 Chev Colorado #74	9/1/2018	36,381	60	36,381	7,883	28,498	1.02	37,060
2019 Chev Colorado #76	6/1/2018	36,381	60	36,381	7,883	28,498	1.02	37,060
SAFE	1/1/1956	1,056	144	1,056	1,056	0	16.28	17,191
MAP ROLLER	1/1/1971	74	120	74	74	0	7.13	527
MAPS & ATLAS	5/1/1976	6,771	120	6,771	6,771	0	4.69	31,780
DESK & FILES	1/1/1981	1,129	120	1,129	1,129	0	3.19	3,600
1983 ADDITIONS	1/1/1983	105,779	300	105,779	105,779	0	2.77	293,155
FIREPROOF FILE CABINET	4/1/1983	793	240	793	793	0	2.77	2,199
CONT REPAIRS	1/1/1985	752	300	752	752	0	2.69	2,020
LIGHTING REP/REPLACE	1/1/1985	730	300	730	730	0	2.69	1,960
FILE CABINETS	1/1/1985	118	60	118	118	0	2.69	318
FILE CABINETS	1/1/1985	118	60	118	118	0	2.69	317
FIRE EXTINGUISHER	1/1/1985	1,714	60	1,714	1,714	0	2.69	4,604
2-IBM TYPEWRITERS	1/1/1986	1,895	60	1,895	1,895	0	2.62	4,972
2-4DR FILE CABINETS	1/1/1988	192	60	192	192	0	2.49	478
3-4DR FILE CABINETS	9/1/1988	351	60	351	351	0	2.49	876
MAPS & ATLAS	1/1/1988	25,000	120	25,000	25,000	0	2.49	62,339
FIRE PROOF 4DR FILE CAB	3/1/1989	655	60	655	655	0	2.44	1,600
COMPUTER DESKS-FILE SYS	11/1/1992	740	60	740	740	0	2.26	1,672
SOFTWARE - A/R PACKAGE	1/1/1992	10,000	60	10,000	10,000	0	2.26	22,606
EASEMENT RESEARCH	1/1/1993	62,004	120	62,004	62,004	0	2.16	134,096
RECORDING EQUIP-BRD MTGS	5/1/1994	2,555	60	2,555	2,555	0	2.08	5,324
CHGR STD/COM BRD/RT MGR SC	11/1/1994	4,876	60	4,876	4,876	0	2.08	10,161
MTR RDR H/H #79042738	11/1/1994	2,714	60	2,714	2,714	0	2.08	5,656

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
MTR RDR H/H #79042740	11/1/1994	2,714	60	2,714	2,714	0	2.08	5,656
MTR READ H/H #079062-837	11/1/1996	2,730	60	2,730	2,730	0	2.00	5,471
TIME STAMPER S/N 452857	6/1/1998	536	60	536	536	0	1.90	1,020
2-4 DRAWER LATERAL FILES	11/1/1998	936	60	936	936	0	1.90	1,781
HYDRAULIC MOD COMPR-HARDI	1/1/1998	4,864	60	4,864	4,864	0	1.90	9,257
HYDRAULIC MOD COMPR-SOFTV	1/1/1998	54,736	60	54,736	54,736	0	1.90	104,181
RM/COBOL COMPILER [WIN NT]	4/1/1999	755	60	755	755	0	1.86	1,404
PENTIUM 350 MHZ SERVER	5/1/1999	3,646	60	3,646	3,646	0	1.86	6,781
RM/COBOL RUNTIME SYS [WIN 9	7/1/1999	506	60	506	506	0	1.86	940
FOLDER/INSERT/MAIL MACH	8/1/1999	10,031	60	10,031	10,031	0	1.86	18,655
REFRIGERATOR-18 CU FT	8/1/2000	563	120	563	563	0	1.81	1,020
SON DFX3500-#ADT0011947	6/1/2000	2,702	60	2,702	2,702	0	1.81	4,894
Lateral File Cabinet	4/1/2001	711	60	711	711	0	1.78	1,264
42" Lateral File Cabinet	5/1/2001	760	60	760	760	0	1.78	1,350
OKIDATA ML-591 Print S/N 110810	2/2/2002	741	60	741	741	0	1.72	1,278
30" Lateral 4 Dr File Cab-Black	4/2/2002	397	60	397	397	0	1.72	684
30" Lateral 4 Dr File Cab-Black	4/2/2002	397	60	397	397	0	1.72	684
30" Lateral 4 Dr File Cab-Black	4/2/2002	397	60	397	397	0	1.72	684
30" Lateral 4 Dr File Cab-Black	4/2/2002	397	60	397	397	0	1.72	684
42" Lateral 3 Dr File Cab-Black	4/2/2002	467	60	467	467	0	1.72	804
42" Lateral 5 Dr File Cab-Black	4/2/2002	747	60	747	747	0	1.72	1,287
42" Lateral 5 Dr File Cab-Black	4/2/2002	747	60	747	747	0	1.72	1,287
42" Lateral 5 Dr File Cab-Black	4/2/2002	787	60	787	787	0	1.72	1,356
Night Collection Box	6/2/2002	826	60	826	826	0	1.72	1,423
30" Lateral 3 Dr File Cab-Black	7/2/2002	693	60	693	693	0	1.72	1,194
5-UPS Power Supplies	11/1/2002	1,053	60	1,053	1,053	0	1.72	1,815
42" Lateral File Cabinet	12/1/2002	756	60	756	756	0	1.72	1,303
NEC 17" LCD Flat S/N 8057360034	1/3/2003	541	60	541	541	0	1.68	911
System Server - Dell	1/1/2005	8,662	60	8,662	8,662	0	1.51	13,109
Atlas Books Data Conversion	2/4/2005	24,608	60	24,608	24,608	0	1.51	37,241
10 - Atlas Books @ 200' Scale	3/4/2005	591	60	591	591	0	1.51	895
Inhance Billing System-Software &	6/5/2005	52,292	60	52,292	52,292	0	1.51	79,136
File Pedestal for GM Desk	7/5/2005	1,023	120	1,023	1,023	0	1.51	1,548
6 - Office Pro 2003 Upgrades	8/4/2005	1,948	60	1,948	1,948	0	1.51	2,949
1 - 17" FP LCD Monitor [GM]	8/4/2005	479	60	479	479	0	1.51	726

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
1 - Comp w/W2K Server	8/4/2005	3,276	60	3,276	3,276	0	1.51	4,957
1 - XP PRO Comp - 17" FP Mon [Fl	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp - 17" FP Mon [A:	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp - 17" FP Mon [Ol	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp - 17" FP Mon [A:	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp - 17" FP Mon [Bi	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp - 17" FP Mon [Fr	8/4/2005	1,621	60	1,621	1,621	0	1.51	2,453
1 - XP PRO Comp [GM]	9/4/2005	1,176	60	1,176	1,176	0	1.51	1,779
Symantec antivirus/Domain Name/l	9/4/2005	1,074	60	1,074	1,074	0	1.51	1,626
Server - Link 16 Port / NIC Card	9/4/2005	606	60	606	606	0	1.51	917
2 - XP PRO Comp - 17" FP Mon [Ci	9/5/2005	2,320	60	2,320	2,320	0	1.51	3,511
3 - Flat Files for Maps	9/4/2005	700	84	700	700	0	1.51	1,059
3 - Versaterm H/H - S/N 21190, 211	10/4/2005	8,833	60	8,833	8,833	0	1.51	13,368
Routemgr-CE & Crystal Rep - softw	10/4/2005	2,977	60	2,977	2,977	0	1.51	4,505
Sony Visual Aid Projector	10/4/2005	1,184	60	1,184	1,184	0	1.51	1,791
3 - 18 Button Partner Phones	10/5/2005	1,042	60	1,042	1,042	0	1.51	1,578
SQL Server 2000 - 5 Clients	11/4/2005	1,555	60	1,555	1,555	0	1.51	2,353
Desk w/Rt Return [SF]	12/4/2005	1,316	120	1,316	1,316	0	1.51	1,992
Desk w/Lt Return & Corner Unit [Gh	12/4/2005	1,620	120	1,620	1,620	0	1.51	2,452
Inhance G/L & A/P-Training	6/5/2006	5,396	60	5,396	5,396	0	1.45	7,845
AutoCAD Upgrade	7/5/2006	1,093	60	1,093	1,093	0	1.45	1,588
Upgrade Phone System	8/9/2016	7,836	60	7,836	4,963	2,873	1.09	8,503
Inhance Software License Fee [Rer	3/27/2007	6,250	60	6,250	6,250	0	1.41	8,840
Board Room Table	5/23/2008	7,500	120	7,500	7,500	0	1.36	10,170
Desk w/Rt Return [JB]	7/1/2010	820	120	820	820	0	1.28	1,050
Desk w/Lt Return [HB]	7/1/2010	820	120	820	820	0	1.28	1,050
MCS-Radio Read Laptop	4/1/2010	16,463	60	16,463	16,463	0	1.28	21,083
1 - Mini PC - Reg #2	1/31/2011	878	60	878	878	0	1.24	1,090
1 - OptiPlex 980 [Asst OM]	1/31/2011	1,870	60	1,870	1,870	0	1.24	2,324
1 - OptiPlex 980 [FS]	1/31/2011	1,882	60	1,882	1,882	0	1.24	2,338
1 - Dell Precision T3500 [Asst FS]	1/31/2011	2,323	60	2,323	2,323	0	1.24	2,886
1 - Mini PC - Reg #1	10/17/2013	1,970	60	1,970	1,970	0	1.18	2,325
3 - Dell Comp [GM/OM/Acct]	12/1/2013	9,988	60	9,988	9,988	0	1.18	11,789
3 H/H, Cradles & Batteries	6/10/2014	15,875	60	15,875	15,875	0	1.15	18,242
Board-Audio Recording System	7/9/2014	11,774	96	11,774	7,725	4,049	1.15	13,530

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
1 - Dell SQL Server	10/1/2014	16,332	60	16,332	16,332	0	1.15	18,768
2 - Dell Comp [Billg/Cust Svc]	10/1/2014	3,077	60	3,077	3,077	0	1.15	3,536
1 - Dell Mail Exchange Server	2/1/2015	5,507	60	5,507	5,127	380	1.09	6,005
1 - Dell Optiplex All-in-One 740 [Tre	5/10/2016	1,814	60	1,814	1,227	587	1.09	1,969
REFRIGERATOR (2)	7/1/2017	1,493	120	1,493	336	1,157	1.05	1,567
TV for Board Room	12/31/2017	3,960	60	3,960	1,452	2,508	1.05	4,156
Compuiter for 4 Workstations	12/31/2017	7,545	60	7,545	2,767	4,778	1.05	7,918
WELL #1 & #2	1/1/1943	4,902	360	4,902	4,902	0	23.62	115,794
DISTR. LINES & MAINS	1/1/1943	60,195	600	60,195	60,195	0	23.62	1,422,017
METERS & SERVICES	1/1/1943	18,816	360	18,816	18,816	0	23.62	444,497
HYDRANTS	1/1/1943	2,547	480	2,547	2,547	0	23.62	60,169
BDG IMPROVEMENTS	1/1/1944	4,818	360	4,818	4,818	0	23.62	113,815
DISTR. LINES & MAINS	1/1/1944	2,980	480	2,980	2,980	0	23.62	70,406
METERS & SERVICES	1/1/1944	457	360	457	457	0	23.62	10,785
HYDRANTS	1/1/1944	158	480	158	158	0	23.62	3,723
DISTR. LINES & MAINS	1/1/1945	1,562	480	1,562	1,562	0	23.62	36,896
METERS & SERVICES	1/1/1945	1,418	360	1,418	1,418	0	23.62	33,500
HYDRANTS	1/1/1945	181	480	181	181	0	23.62	4,287
DISTR. LINES & MAINS	1/1/1946	5,002	480	5,002	5,002	0	23.62	118,173
METERS & SERVICES	1/1/1946	5,005	360	5,005	5,005	0	23.62	118,230
HYDRANTS	1/1/1946	629	480	629	629	0	23.62	14,853
DISTR. LINES & MAINS	1/1/1947	7,395	480	7,395	7,395	0	23.62	174,707
METERS & SERVICES	1/1/1947	5,216	360	5,216	5,216	0	23.62	123,214
HYDRANTS	1/1/1947	658	480	658	658	0	23.62	15,549
BLDG IMPROVEMENTS	1/1/1947	425	360	425	425	0	23.62	10,032
DISTR. LINES & MAINS	1/1/1948	14,141	600	14,141	14,141	0	23.62	334,068
METERS & SERVICES	1/1/1948	12,643	360	12,643	12,643	0	23.62	298,675
HYDRANTS	1/1/1948	1,401	480	1,401	1,401	0	23.62	33,091
WELL #4	1/1/1948	18,617	360	18,617	18,617	0	23.62	439,798
DISTR. LINES & MAINS	1/1/1949	41,264	600	41,264	41,264	0	23.62	974,797
METERS & SERVICES	1/1/1949	8,210	360	8,210	8,210	0	23.62	193,955
HYDRANTS	1/1/1949	306	480	306	306	0	23.62	7,234
WELL #5	1/1/1950	19,952	360	19,952	19,952	0	22.10	440,841
DISTR. LINES & MAINS	1/1/1950	112,692	600	112,692	112,692	0	22.10	2,489,934
METERS & SERVICES	1/1/1950	42,407	360	42,407	42,407	0	22.10	936,985

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
HYDRANTS	1/1/1950	203	480	203	203	0	22.10	4,489
DISTR. LINES & MAINS	1/1/1951	78,054	600	78,054	78,054	0	20.75	1,619,799
METERS & SERVICES	1/1/1951	54,455	360	54,455	54,455	0	20.75	1,130,067
HYDRANTS	1/1/1951	22	480	22	22	0	20.75	449
WELL #6	1/1/1952	13,181	360	13,181	13,181	0	19.80	261,033
DISTR. LINES & MAINS	1/1/1952	32,267	600	32,267	32,267	0	19.80	639,016
METERS & SERVICES	1/1/1952	20,607	360	20,607	20,607	0	19.80	408,095
HYDRANTS	1/1/1952	387	480	387	387	0	19.80	7,669
DISTR. LINES & MAINS	1/1/1953	17,149	600	17,149	17,149	0	18.78	322,067
METERS & SERVICES	1/1/1953	5,721	360	5,721	5,721	0	18.78	107,441
HYDRANTS	1/1/1953	202	480	202	202	0	18.78	3,801
DISTR. LINES & MAINS	1/1/1954	487	600	487	487	0	17.94	8,742
METERS & SERVICES	1/1/1954	3,364	360	3,364	3,364	0	17.94	60,367
NEW OFFICE	1/1/1954	9,988	360	9,988	9,988	0	17.94	179,220
WELL #7	1/1/1955	27,688	360	27,688	27,688	0	17.07	472,736
WELL #8	1/1/1955	19,316	360	19,316	19,316	0	17.07	329,796
DISTR. LINES & MAINS	1/1/1955	24,399	600	24,399	24,399	0	17.07	416,578
METERS & SERVICES	1/1/1955	7,704	360	7,704	7,704	0	17.07	131,533
HYDRANTS	1/1/1955	478	480	478	478	0	17.07	8,164
DISTR. LINES & MAINS	1/1/1956	48,188	600	48,188	47,307	881	16.28	784,692
METERS & SERVICES	1/1/1956	10,405	360	10,405	10,405	0	16.28	169,429
HYDRANTS	1/1/1956	7,714	480	7,714	7,714	0	16.28	125,612
DISTR. LINES & MAINS	1/1/1957	3,209	600	3,209	3,209	0	15.56	49,944
METERS & SERVICES	1/1/1957	6,656	360	6,656	6,656	0	15.56	103,600
HYDRANTS	1/1/1957	1,596	480	1,596	1,596	0	15.56	24,838
DISTR. LINES & MAINS	1/1/1958	6,524	600	6,524	6,524	0	14.85	96,851
METERS & SERVICES	1/1/1958	5,334	360	5,334	5,334	0	14.85	79,188
METERS & SERVICES	1/1/1958	3,758	360	3,758	3,758	0	14.85	55,789
HYDRANTS	1/1/1958	48	480	48	48	0	14.85	718
CATE RESERVOIR	1/1/1959	151,115	600	151,115	120,247	30,868	14.14	2,136,551
DISTR. LINES & MAINS	1/1/1959	25,971	600	25,971	25,971	0	14.14	367,200
HYDRANTS	1/1/1959	7,755	480	7,755	7,755	0	14.14	109,646
DISTR. LINES & MAINS	1/1/1960	22,812	600	22,812	21,642	1,170	13.68	311,961
METERS & SERVICES	1/1/1960	7,971	360	7,971	7,971	0	13.68	109,009
DISTR. LINES & MAINS	1/1/1961	46,243	600	46,243	43,777	2,466	13.30	615,218

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
METERS & SERVICES	1/1/1961	5,489	360	5,489	5,489	0	13.30	73,023
GARAGE & MAP ROOM	1/1/1961	2,827	360	2,827	2,827	0	13.30	37,612
DISTR. LINES & MAINS	1/1/1962	93,422	600	93,422	87,812	5,610	12.92	1,207,253
METERS & SERVICES	1/1/1962	8,282	360	8,282	8,282	0	12.92	107,021
HYDRANTS	1/1/1962	2,879	480	2,879	2,879	0	12.92	37,200
DISTR. LINES & MAINS	1/1/1963	62,134	600	62,134	58,098	4,036	12.51	777,090
METERS & SERVICES	1/1/1963	5,551	360	5,551	5,551	0	12.51	69,423
HYDRANTS	1/1/1963	966	480	966	966	0	12.51	12,083
DISTR. LINES & MAINS	1/1/1964	62,737	600	62,737	58,244	4,494	12.04	755,294
METERS & SERVICES	1/1/1964	9,627	360	9,627	9,627	0	12.04	115,895
DISTR. LINES & MAINS	1/1/1965	34,627	600	34,627	31,919	2,708	11.61	401,850
METERS & SERVICES	1/1/1965	7,102	360	7,102	7,102	0	11.61	82,424
HYDRANTS	1/1/1965	3,967	480	3,967	3,967	0	11.61	46,042
DISTR. LINES & MAINS	1/1/1966	58,319	600	58,319	53,359	4,960	11.06	644,911
METERS & SERVICES	1/1/1966	8,349	360	8,349	8,349	0	11.06	92,325
HYDRANTS	1/1/1966	2,341	480	2,341	2,341	0	11.06	25,886
WELL #10	1/1/1967	39,193	360	39,193	39,193	0	10.49	411,212
DISTR. LINES & MAINS	1/1/1967	55,972	600	55,972	50,838	5,134	10.49	587,259
METERS & SERVICES	1/1/1967	12,914	360	12,914	12,914	0	10.49	135,498
HYDRANTS	1/1/1967	5,740	480	5,740	5,740	0	10.49	60,220
DISTR. LINES & MAINS	1/1/1968	29,773	600	29,773	26,314	3,459	9.76	290,472
METERS & SERVICES	1/1/1968	5,007	360	5,007	5,007	0	9.76	48,846
HYDRANTS	1/1/1968	845	480	845	845	0	9.76	8,249
WELL #10	1/1/1969	3,000	360	3,000	3,000	0	8.88	26,642
DISTR. LINES & MAINS	1/1/1969	53,200	600	53,200	47,613	5,587	8.88	472,410
METERS & SERVICES	1/1/1969	4,149	360	4,149	4,149	0	8.88	36,839
HYDRANTS	1/1/1969	5,812	480	5,812	5,812	0	8.88	51,609
DISTR. LINES & MAINS	1/1/1970	49,663	600	49,663	44,115	5,548	8.16	405,230
METERS & SERVICES	1/1/1970	13,332	360	13,332	13,332	0	8.16	108,786
HYDRANTS	1/1/1970	4,320	480	4,320	4,320	0	8.16	35,253
CATE RESERVOIR	1/1/1971	841	360	841	841	0	7.13	5,995
DISTR. LINES & MAINS	1/1/1971	31,101	600	31,101	24,967	6,134	7.13	221,673
METERS & SERVICES	1/1/1971	3,060	180	3,060	3,060	0	7.13	21,812
HYDRANTS	1/1/1971	9,871	480	9,871	9,871	0	7.13	70,352
BLOCK FENCE	1/1/1971	805	240	805	805	0	7.13	5,738

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
DISTR. LINES & MAINS	1/1/1972	59,984	600	59,984	46,286	13,698	6.43	385,584
METERS & SERVICES	1/1/1972	9,942	180	9,942	9,942	0	6.43	63,906
HYDRANTS	1/1/1972	4,070	480	4,070	4,070	0	6.43	26,164
DISTR. LINES & MAINS	1/1/1973	26,288	600	26,288	19,850	6,437	5.95	156,317
METERS & SERVICES	1/1/1973	2,472	180	2,472	2,472	0	5.95	14,701
HYDRANTS	1/1/1973	3,473	480	3,473	3,473	0	5.95	20,649
6' CHAIN LINK FENCE	1/1/1973	950	120	950	950	0	5.95	5,649
DISTR. LINES & MAINS	1/1/1974	34,022	600	34,022	25,135	8,887	5.58	189,789
METERS & SERVICES	1/1/1974	4,561	180	4,561	4,561	0	5.58	25,446
HYDRANTS	1/1/1974	3,839	480	3,839	3,839	0	5.58	21,416
DISTR. LINES & MAINS	1/1/1975	21,440	600	21,440	15,838	5,603	5.09	109,221
METERS & SERVICES	1/1/1975	1,738	180	1,738	1,738	0	5.09	8,856
HYDRANTS	1/1/1975	2,668	480	2,668	2,668	0	5.09	13,591
DISTR. LINES & MAINS	1/1/1976	37,542	600	37,542	26,846	10,696	4.69	176,193
METERS & SERVICES	1/1/1976	1,803	180	1,803	1,803	0	4.69	8,464
HYDRANTS	1/1/1976	5,264	480	5,264	5,264	0	4.69	24,707
WELL #2-BLOCK WALL	3/1/1976	2,230	360	2,230	2,230	0	4.69	10,466
DISTR. LINES & MAINS	1/1/1977	28,329	600	28,329	19,670	8,659	4.37	123,922
METERS & SERVICES	1/1/1977	3,496	180	3,496	3,496	0	4.37	15,295
HYDRANTS	1/1/1977	1,620	480	1,620	1,621	0	4.37	7,088
DISTR. LINES & MAINS	1/1/1978	409,481	600	409,481	278,338	131,143	4.06	1,662,185
METERS & SERVICES	1/2/1978	2,081	180	2,081	2,081	0	4.06	8,445
HYDRANTS	1/3/1978	1,021	480	1,021	1,021	0	4.06	4,144
WELL #10-PUMP	2/1/1978	1,793	120	1,793	1,793	0	4.06	7,280
METERS & SERVICES	1/1/1979	4,319	180	4,319	4,319	0	3.75	16,208
HYDRANTS	1/2/1979	700	480	700	700	0	3.75	2,625
DISTR. LINES & MAINS	1/1/1980	1,390	600	1,390	946	444	3.48	4,838
METERS & SERVICES	1/2/1980	5,837	180	5,837	5,837	0	3.48	20,319
HYDRANTS	1/3/1980	1,240	480	1,240	1,240	0	3.48	4,317
GAS POWER UNIT-WELL #10	4/1/1980	17,384	240	17,384	17,384	0	3.48	60,517
PUMP-WELL #10	8/1/1980	387	120	387	387	0	3.48	1,348
DISTR. LINES & MAINS	1/1/1981	27,858	600	27,858	18,191	9,667	3.19	88,802
METERS & SERVICES	1/1/1981	43,980	180	43,980	43,980	0	3.19	140,194
CHLOR ALARM/SURVIVAL GEAR	1/1/1982	4,509	120	4,509	4,509	0	2.95	13,283
DISTR. LINES & MAINS	1/1/1982	39,461	600	39,461	25,156	14,305	2.95	116,252

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
METERS & SERVICES	1/1/1982	61,852	180	61,852	61,852	0	2.95	182,217
HYDRANTS	1/1/1982	6,835	480	6,835	6,390	444	2.95	20,136
COMPRESSOR	1/1/1982	9,233	180	9,233	9,233	0	2.95	27,199
DISTR. LINES & MAINS	1/1/1983	71,720	600	71,720	44,635	27,085	2.77	198,764
METERS & SERVICES	1/1/1983	59,554	180	59,554	59,554	0	2.77	165,047
HYDRANTS	1/1/1983	1,903	480	1,903	1,742	160	2.77	5,273
GARAGE ROOF	4/1/1983	865	240	865	865	0	2.77	2,397
WELL #8-BLACK TOP YD	2/1/1984	4,287	60	4,287	4,287	0	2.72	11,652
ELECTRIC MOTOR-#10	1/1/1984	7,294	120	7,294	7,294	0	2.72	19,823
METERS & SERVICES	1/1/1984	17,298	180	17,298	17,298	0	2.72	47,015
HYDRANTS	1/1/1984	3,427	480	3,427	3,041	386	2.72	9,314
CONCRETE DRIVEWAY	1/1/1984	1,800	120	1,800	1,800	0	2.72	4,892
GLASS DOOR	1/1/1984	699	60	699	699	0	2.72	1,900
DISTR. LINES & MAINS	1/1/1985	106,461	600	106,461	63,104	43,357	2.69	285,972
METERS & SERVICES	1/1/1985	13,401	180	13,401	13,401	0	2.69	35,997
PUMP	1/1/1985	687	120	687	687	0	2.69	1,846
PUMP	1/1/1985	461	120	461	461	0	2.69	1,239
PUMP	3/1/1985	3,920	120	3,920	3,920	0	2.69	10,530
MAJOR PUMP REPAIR-#10	6/1/1985	14,100	120	14,100	14,100	0	2.69	37,875
PUMP	10/1/1985	155	120	155	155	0	2.69	416
WELL #9A	12/1/1985	1,060,005	360	1,060,005	1,060,005	0	2.69	2,847,353
PUMPS & MOTORS	1/1/1986	7,374	120	7,374	7,374	0	2.62	19,347
DISTR. LINES & MAINS	1/1/1986	60,285	600	60,285	34,867	25,418	2.62	158,164
METERS & SERVICES	1/1/1986	41,474	180	41,474	41,474	0	2.62	108,813
HYDRANTS	1/1/1986	282	480	282	235	47	2.62	740
FENCE	1/1/1986	5,588	120	5,588	5,588	0	2.62	14,660
BLOCKWALL	1/1/1986	1,690	240	1,690	1,690	0	2.62	4,434
DOOR & STEPS	1/1/1986	150	240	150	150	0	2.62	394
FENCE	1/1/1986	5,974	180	5,974	5,974	0	2.62	15,674
SOLENOID VALVE	7/1/1986	808	60	808	808	0	2.62	2,119
BOOSTER PUMP	2/1/1987	7,263	240	7,263	7,263	0	2.56	18,574
CLA-VALVE PUMP	2/1/1987	2,124	240	2,124	2,124	0	2.56	5,432
FENCES FOR WELLS	2/1/1987	10,352	180	10,352	10,352	0	2.56	26,476
BOOSTER PUMP-HOOKUP	4/1/1987	1,600	240	1,600	1,600	0	2.56	4,092
VALVES FOR WELLS	4/1/1987	912	240	912	912	0	2.56	2,334

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
PARTS FOR CONTROLS	5/1/1987	4,161	240	4,161	4,161	0	2.56	10,643
PARTS FOR CONTROLS	6/1/1987	1,364	240	1,364	1,364	0	2.56	3,488
PIPE & VALVE LOCATOR [Mil Det]	8/1/1987	582	60	582	582	0	2.56	1,488
COMPRESSOR & ACCESSORIES	8/1/1987	436	120	436	436	0	2.56	1,115
WELL #5A	11/1/1987	281,144	360	281,144	281,144	0	2.56	719,035
DISTR. L&M-MASTER PLAN	11/1/1987	1,497,125	600	1,497,125	833,828	663,297	2.56	3,828,943
DISTR. LINES & MAINS	1/1/1987	96,010	600	96,010	54,163	41,847	2.56	245,548
METERS & SERVICES	1/1/1987	13,891	180	13,891	13,891	0	2.56	35,528
HYDRANTS	1/1/1987	360	480	360	360	0	2.56	920
DISTR. LINES & MAINS	1/1/1988	6,383	600	6,383	3,522	2,861	2.49	15,918
METERS & SERVICES	1/1/1988	12,972	180	12,972	12,972	0	2.49	32,348
HYDRANTS	1/1/1988	645	480	645	503	142	2.49	1,608
WELL EQUIPMENT - WELL #5	1/1/1988	5,727	240	5,727	5,727	0	2.49	14,281
FENCE WELL #9A	4/1/1989	3,273	120	3,273	3,273	0	2.44	7,992
DISTR. LINES & MAINS	1/1/1989	43,029	600	43,029	23,107	19,923	2.44	105,065
METERS & SERVICES	1/1/1989	51,466	180	51,466	51,466	0	2.44	125,665
HYDRANTS	1/1/1989	17,257	480	17,257	14,495	2,763	2.44	42,137
DISTR. LINES & MAINS	1/1/1990	183,648	600	183,648	95,583	88,065	2.38	437,335
METERS & SERVICES	1/1/1990	9,538	180	9,538	9,538	0	2.38	22,715
HYDRANTS	1/1/1990	2,036	480	2,036	1,494	542	2.38	4,848
JUST RITE STORAGE CABINET	8/1/1990	838	60	838	838	0	2.38	1,996
ABOVE GRND FUEL TANK	1/1/1991	12,160	60	12,160	12,160	0	2.33	28,340
2-CHGRS FOR GEN-WELLS 5A &	1/1/1991	2,350	60	2,350	2,350	0	2.33	5,477
2-CONTROLLER UPGRDS(4A+5A)	2/1/1991	3,623	60	3,623	3,623	0	2.33	8,444
BACTL SAMPLG STATIONS-35	7/1/1991	5,835	60	5,835	5,835	0	2.33	13,599
FLOW METER-WELL #2	8/1/1991	1,837	120	1,837	1,837	0	2.33	4,281
FLOW METER-WELL #5	8/1/1991	1,686	120	1,686	1,686	0	2.33	3,930
FLOW METER-WELL #8	8/1/1991	1,837	120	1,837	1,837	0	2.33	4,281
FLOW METER-WELL #9A	8/1/1991	1,837	120	1,837	1,837	0	2.33	4,281
CHLORINE PUMP-WELL #5A	10/1/1991	612	120	612	612	0	2.33	1,425
CHLOR LEAK DET (WELLS 2+6)	10/1/1991	3,756	60	3,756	3,756	0	2.33	8,754
JACK HAMMER	10/1/1991	875	60	875	875	0	2.33	2,038
DISTR. LINES & MAINS	1/1/1991	405,286	600	405,286	205,908	199,379	2.33	944,546
METERS & SERVICES	1/1/1991	1,740	180	1,740	1,740	0	2.33	4,055
CHLORINE PUMP-WELL #9A	3/1/1992	718	120	718	718	0	2.26	1,622

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
CHLORINE PUMP-WELL #2	5/1/1992	637	120	637	637	0	2.26	1,439
METERS & SERVICES	1/1/1992	7,470	180	7,470	7,470	0	2.26	16,887
CHLORINE DETECTOR-9A	2/1/1993	1,751	60	1,751	1,751	0	2.16	3,787
CHLORINE DETECTOR-7	3/1/1993	1,766	60	1,766	1,766	0	2.16	3,820
CHLORINE DETECTOR-5A	4/1/1993	1,831	60	1,831	1,831	0	2.16	3,960
POWER CONVERTER WELL #10	7/1/1993	5,713	60	5,713	5,713	0	2.16	12,355
SPEED CONTROL WELL #8	10/1/1993	24,786	60	24,786	24,786	0	2.16	53,604
METERS & SERVICES	1/1/1993	6,121	180	6,121	6,121	0	2.16	13,238
HYDRANTS	1/1/1993	3,273	480	3,273	2,193	1,081	2.16	7,079
DISTR. LINES & MAINS	1/1/1994	42,377	600	42,377	19,792	22,585	2.08	88,306
METERS & SERVICES	1/1/1994	9,642	180	9,642	9,642	0	2.08	20,093
TERS & SERVICES	1/1/1995	5,567	180	5,567	5,567	0	2.06	11,465
DRANTS	1/1/1995	1,565	480	1,565	951	614	2.06	3,222
CHLORINE PUMP-WELL #10	9/1/1995	1,066	60	1,066	1,066	0	2.06	2,196
BOOSTER PUMP WELL #7	5/1/1996	1,045	60	1,045	1,045	0	2.00	2,094
CHLORINE DETECTOR WELL #	6/1/1996	1,578	60	1,578	1,578	0	2.00	3,163
NEW ROOF-WELL #5	12/1/1996	980	60	980	980	0	2.00	1,964
DISTR. LINES & MAINS	1/1/1996	309,127	600	309,127	133,531	175,596	2.00	619,583
METERS & SERVICES	1/1/1996	18,798	180	18,798	18,798	0	2.00	37,677
HYDRANTS	1/1/1996	7,500	480	7,500	4,308	3,192	2.00	15,032
FLOW METER-WELL #10	7/1/1997	2,068	60	2,068	2,068	0	1.93	4,001
CHLORINE PUMP-WELL #4A	9/1/1997	1,028	60	1,028	1,028	0	1.93	1,989
DISTR. LINES & MAINS	1/1/1997	117,299	600	117,299	49,255	68,044	1.93	226,913
METERS & SERVICES	1/1/1997	22,101	180	22,101	22,101	0	1.93	42,754
HYDRANTS	1/1/1997	6,000	480	6,000	3,290	2,710	1.93	11,607
DISTR. LINES & MAINS	1/1/1998	96,350	600	96,350	39,978	56,372	1.90	183,386
METERS & SERVICES	1/1/1998	703	180	703	703	0	1.90	1,338
PARTIAL ROOF-DIST OFC	2/1/1998	1,190	60	1,190	1,190	0	1.90	2,265
LIGHTING-DIST YARD	3/1/1998	1,768	60	1,768	1,768	0	1.90	3,365
CHLORINE PUMP-CATE RESVR	6/1/1998	1,483	60	1,483	1,483	0	1.90	2,823
CRAFTSMAN MOWR-#061998M0C	7/1/1998	409	60	409	409	0	1.90	779
CRAFTSMAN MOWR-#010598M0C	7/1/1998	409	60	409	409	0	1.90	779
MULTIQP TRASH PUMP-#201TA-2	8/1/1998	1,014	120	1,014	1,014	0	1.90	1,931
DISTR. LINES & MAINS	1/1/1999	17,832	600	17,832	7,018	10,814	1.86	33,161
METERS & SERVICES	1/1/1999	6,350	180	6,350	6,350	0	1.86	11,808

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
FLOW MTR #4A SN 912866	2/1/1999	2,173	60	2,173	2,173	0	1.86	4,041
GAS PUMP/MTR/FILTER	2/1/1999	838	60	838	838	0	1.86	1,558
WELL #4A SHAFT MOD [WATER I	3/1/1999	13,885	120	13,885	13,885	0	1.86	25,821
CEILING CHLOR & ELEC RMS-WI	7/1/1999	2,400	60	2,400	2,400	0	1.86	4,463
SAND SEPARATOR WELL #4A	12/1/1999	16,700	300	16,700	13,249	3,451	1.86	31,056
MODULTATG/FILL VALVE-RESVR	4/1/2000	4,192	240	4,192	4,088	104	1.81	7,593
30' FLAG POLE	8/1/2000	1,041	60	1,041	1,041	0	1.81	1,885
BACK HOE-J DEERE #T0310EX86	8/1/2000	56,923	120	56,923	56,923	0	1.81	103,106
FUEL PUMP NOZZLE & HOSE	10/1/2000	356	60	356	356	0	1.81	646
METERS & SERVICES	1/1/2000	5,275	180	5,275	5,275	0	1.81	9,555
DISTR. LINES & MAINS	1/1/2001	145,247	600	145,247	54,469	90,779	1.78	258,072
METERS & SERVICES	1/1/2001	198,107	180	198,107	198,107	0	1.78	351,993
Flag pole installation w/ accessories	1/1/2001	1,247	60	1,247	1,247	0	1.78	2,215
Rolling Steel Garage Door 19' x 9'6"	2/1/2001	3,900	180	3,900	3,900	0	1.78	6,929
Smart UPS 1400 B/Up-SCADA Sys	8/1/2001	771	60	771	771	0	1.78	1,370
2-Drum Cabinets w/ramps	6/1/2001	8,661	120	8,661	8,661	0	1.78	15,388
5-Rotating Light Bars	8/1/2001	894	120	894	894	0	1.78	1,588
Well #9A REHAB [MWH]	1/2/2002	277,804	60	277,804	277,804	0	1.72	478,805
Driveway/Sidewalk/Gutter addns	4/2/2002	5,823	180	5,823	5,823	0	1.72	10,036
6' Wrought Iron Fence & Gate	4/2/2002	7,439	180	7,439	7,439	0	1.72	12,821
Ford Model 77 Drilling Machine	6/2/2002	769	60	769	769	0	1.72	1,326
DISTR. LINES & MAINS	1/1/2002	91,311	600	91,311	31,982	59,329	1.72	157,378
METERS & SERVICES	1/1/2002	481,593	180	481,593	481,593	0	1.72	830,044
DISTR. LINES & MAINS	1/1/2003	3,171	600	3,171	2,282	889	1.68	5,337
METERS & SERVICES	1/1/2003	877	180	877	877	0	1.68	1,476
New Fence-chainlink w/razor wire-V	1/3/2003	2,687	180	2,687	2,687	0	1.68	4,523
Vibrating Plate w/ Water Tank Assy	6/3/2003	1,775	60	1,775	1,775	0	1.68	2,988
Natural Gas Engine - Well #10	7/3/2003	66,513	120	66,513	66,513	0	1.68	111,956
Paving outside fence-Well #9A	7/3/2003	8,456	180	8,456	8,456	0	1.68	14,233
Paving outside fence & Driveway-V	7/3/2003	6,161	180	6,161	6,161	0	1.68	10,370
Well #9A REHAB [MWH]	11/2/2003	3,617	60	3,617	3,617	0	1.68	6,087
Urban Water Master Plan	12/4/2004	66,522	60	66,522	66,522	0	1.58	105,354
METERS & SERVICES	1/1/2004	2,651	180	2,651	2,651	0	1.58	4,199
Addl. Vinyl tile-Ofc/Gm/Brd	1/5/2005	547	96	547	547	0	1.51	828
Pro Series Pressure Washer	1/5/2005	1,000	60	1,000	1,000	0	1.51	1,513

Table 2
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Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
Dewalt Air Comp (Honda) S/N 210C	2/5/2005	812	60	812	812	0	1.51	1,229
Emergency Light Bar - #54	2/5/2005	1,294	120	1,294	1,294	0	1.51	1,958
Emergency Light Bar - #58	2/5/2005	1,294	120	1,294	1,294	0	1.51	1,958
Pneumatic Valve Operator	2/5/2005	6,698	120	6,698	6,698	0	1.51	10,136
Backflow Prevention Software - 50C	3/5/2005	1,261	60	1,261	1,261	0	1.51	1,908
2 - Concrete Bases for pole lights	4/5/2005	1,450	120	1,450	1,450	0	1.51	2,194
2 Pole Lights for back of yard	4/5/2005	1,570	120	1,570	1,570	0	1.51	2,375
Multiquip Trash Pump 4"-SN 40TH-	7/4/2005	2,149	60	2,149	2,149	0	1.51	3,252
Multiquip Trash Pump 3"-SN 19445	7/4/2005	1,273	60	1,273	1,273	0	1.51	1,927
Walk/Concrete Saw 16"-SN DF030	7/4/2005	1,779	120	1,779	1,779	0	1.51	2,693
4 Ton A/C Condenser	7/5/2005	3,085	96	3,085	3,085	0	1.51	4,669
Concrete Mixer S/N CG752953	8/4/2005	2,569	120	2,569	2,569	0	1.51	3,887
Block Wall - Well #8	8/5/2005	4,650	240	4,650	3,297	1,354	1.51	7,037
Lighting for big garage	8/5/2005	1,918	120	1,918	1,918	0	1.51	2,903
Wrt Iron Fence w/ elec open [Dist Y	9/4/2005	9,530	180	9,530	9,135	396	1.51	14,423
Stainless Steel Casing - Well #2	9/5/2005	78,489	240	78,489	55,024	23,465	1.51	118,781
Pump & Bowl Assembly - Well #2	9/5/2005	34,952	120	34,952	34,952	0	1.51	52,894
Metal fence & Gate - Well #8	9/5/2005	9,961	180	9,961	9,335	626	1.51	15,074
Pipe Locator	9/5/2005	4,083	120	4,083	4,083	0	1.51	6,179
Block Wall Fence 190' x 6' [Dist Yan	10/4/2005	12,924	240	12,924	9,525	3,399	1.51	19,558
Wrt Iron Fence Extension [Front Of	10/4/2005	2,392	180	2,392	2,282	110	1.51	3,619
Concrete Curb for Planters	10/4/2005	2,000	180	2,000	1,909	92	1.51	3,027
Landscape - Well #8	10/5/2005	1,285	120	1,285	1,285	0	1.51	1,944
Comm Carpet & 10 boxes vinyl tile-	11/4/2005	3,567	96	3,567	3,567	0	1.51	5,398
Wrt Iron Fence w/slide gate [Front C	11/4/2005	2,891	180	2,891	2,749	142	1.51	4,375
4 Walls for Storage Areas in Yard	11/5/2005	3,201	120	3,201	3,201	0	1.51	4,843
Tool Chest	12/4/2005	429	120	429	429	0	1.51	649
Tool Cabinet	12/4/2005	638	120	638	638	0	1.51	965
Emergency Light Bar - #50	12/4/2005	1,294	120	1,294	1,294	0	1.51	1,958
Emergency Light Bar - #57	12/4/2005	1,294	120	1,294	1,294	0	1.51	1,958
Emergency Light Bar - #59	12/4/2005	1,294	120	1,294	1,294	0	1.51	1,958
VFD - Well #7	2/6/2006	15,986	180	15,986	14,567	1,419	1.45	23,240
Booster #1 Pump Rehab-Reservoir	7/17/2006	11,702	180	11,702	10,337	1,365	1.45	17,012
Power Vac S/N 6082701 w/ Trailer	10/5/2006	16,378	180	16,378	14,195	2,183	1.45	23,810
Block Wall - Well #2	11/5/2006	6,098	240	6,098	4,093	2,005	1.45	8,866

Table 2
Pico Water District
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Existing Assets

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DISTR. LINES & MAINS	1/1/2006	25,260	600	25,260	6,467	18,793	1.45	36,722
METERS & SERVICES	1/1/2006	16,017	180	16,017	14,510	1,507	1.45	23,284
HYDRANTS	1/1/2006	11,706	480	11,706	3,889	7,817	1.45	17,018
DISTR. LINES & MAINS	1/1/2007	105,883	600	105,883	24,995	80,888	1.41	149,761
METERS & SERVICES	1/1/2007	214,763	180	214,763	179,243	35,520	1.41	303,760
HYDRANTS	1/1/2007	69,387	480	69,387	21,562	47,825	1.41	98,140
Solar Arrow Board	1/8/2007	4,781	120	4,781	4,781	0	1.41	6,762
VFD - Well #5	3/15/2007	16,637	180	16,637	13,953	2,683	1.41	23,531
Well # 10 Rehab	6/30/2007	204,414	240	204,414	126,059	78,355	1.41	289,123
Compressor - Airman S/N B4-6B44:	10/7/2007	12,395	180	12,395	9,914	2,480	1.41	17,531
Rammer, MQ/Honda 4 Cycle - S/N F	11/19/2007	3,085	120	3,085	3,085	0	1.41	4,364
Missile 2" Grundomat-Bore S/N P55	3/6/2008	3,836	60	3,836	3,836	0	1.36	5,202
SCADA Upgrade	6/8/2008	204,993	60	204,993	204,993	0	1.36	277,976
FLOW MTR - CATE RESVR	6/13/2008	2,348	60	2,348	2,348	0	1.36	3,184
Dell Laptop for the Field/SCADA	8/18/2008	1,139	60	1,139	1,139	0	1.36	1,545
Well 9 Improvements & New Flow M	8/30/2008	22,966	60	22,966	22,966	0	1.36	31,142
Paving Wells #2 & #8 [Partial]	9/16/2008	9,947	180	9,947	7,312	2,635	1.36	13,488
DISTR. LINES & MAINS	1/1/2008	988,292	600	988,292	228,131	760,161	1.36	1,340,152
METERS & SERVICES	1/1/2008	171,482	180	171,482	128,986	42,496	1.36	232,535
HYDRANTS	1/1/2008	49,200	480	49,200	13,853	35,348	1.36	66,717
DISTR. LINES & MAINS	1/1/2009	182,416	600	182,416	37,514	144,902	1.31	239,852
METERS & SERVICES	1/1/2009	442,785	180	442,785	313,377	129,408	1.31	582,202
HYDRANTS	1/1/2009	60,068	480	60,068	15,653	44,415	1.31	78,981
Building Remodel - Phase 1	1/1/2009	378,984	240	378,984	217,494	161,490	1.31	498,312
VFD - Well #8	3/1/2009	24,091	60	24,091	24,091	0	1.31	31,676
Master Plan	5/1/2009	119,698	60	119,698	119,698	0	1.31	157,386
CHLORINE PUMP-WELL #5A	5/1/2009	1,381	60	1,381	1,381	0	1.31	1,816
Trench Plate - 1" x 8' x 10' [Skid Re	6/19/2009	2,152	120	2,152	2,152	0	1.31	2,830
Water Rate & Recycled Water Rate	6/1/2009	32,058	60	32,058	32,058	0	1.31	42,151
Well #5 Rehab	7/1/2009	84,797	240	84,797	43,167	41,630	1.31	111,497
Well #2 Auto Transfer Switch for Gr	10/30/2009	15,586	60	15,586	15,586	0	1.31	20,493
Well #5 Auto Transfer Switch for Gr	10/30/2009	10,875	60	10,875	10,875	0	1.31	14,299
Paving Wells #2, #7, #8, #10 & Res	11/3/2009	36,217	180	36,217	24,067	12,150	1.31	47,620
Well #10 Rehab	3/1/2010	30,538	240	30,538	14,631	15,906	1.28	39,108
Well #8 Rehab	10/1/2010	52,106	240	52,106	23,446	28,660	1.28	66,730

Table 2
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Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
DISTR. LINES & MAINS	1/1/2010	98,256	600	98,256	18,228	80,028	1.28	125,833
METERS & SERVICES	1/1/2010	137,185	180	137,185	86,265	50,921	1.28	175,689
HYDRANTS	1/1/2010	78,549	480	78,549	17,990	60,559	1.28	100,596
Used Mitsubishi Forklift S/N AF81E	2/10/2010	6,590	60	6,590	6,590	0	1.28	8,439
Complete Paving Wells #7, #8, #10	6/1/2010	6,087	180	6,087	3,789	2,298	1.28	7,795
DISTR. LINES & MAINS	1/1/2011	91,938	600	91,938	15,467	76,471	1.24	114,225
METERS & SERVICES	1/1/2011	122,208	180	122,208	68,157	54,050	1.24	151,833
HYDRANTS	1/1/2011	19,049	480	19,049	3,949	15,100	1.24	23,666
Pump Shed - Well #8	2/18/2011	2,400	180	2,400	1,384	1,016	1.24	2,982
Gate Valve & Regulating Valve-Boc	4/22/2011	4,932	180	4,932	2,778	2,153	1.24	6,127
Building Remodel - Phase 11	5/31/2011	177,173	240	177,173	73,935	103,238	1.24	220,122
San Water Master Plan	7/31/2011	25,194	60	25,194	25,194	0	1.24	31,301
Hazard Mitigation Plan	12/31/2011	1,512	60	1,512	1,512	0	1.24	1,878
DISTR. LINES & MAINS	1/1/2012	129,749	600	129,749	18,562	111,186	1.21	157,074
METERS & SERVICES	1/1/2012	169,098	180	169,098	83,216	85,882	1.21	204,711
HYDRANTS	1/1/2012	62,393	480	62,393	11,342	51,051	1.21	75,533
MRX920 Mobile Data Collector	2/1/2012	7,839	60	7,839	7,839	0	1.21	9,490
Booster #2 Regulating Valve & Gate	4/1/2012	7,885	180	7,885	3,945	3,940	1.21	9,545
Building Remodel - Phase 111 [Pkg	5/1/2012	27,788	240	27,788	10,305	17,483	1.21	33,640
Valve Turning Machine w/ Trailer	8/1/2012	35,254	120	35,254	25,096	10,158	1.21	42,678
DISTR. LINES & MAINS	1/1/2013	219,236	600	219,236	23,795	195,441	1.18	258,777
METERS & SERVICES	1/1/2013	358,523	180	358,523	147,068	211,455	1.18	423,185
HYDRANTS	1/1/2013	62,499	480	62,499	9,295	53,204	1.18	73,771
Booster #3 Regulating Valve & Gate	1/29/2013	7,225	180	7,225	3,185	4,040	1.18	8,529
Pressure Regulating Valve@Booster	1/29/2013	4,500	180	4,500	1,985	2,515	1.18	5,312
New Roof - Well #8	2/19/2013	2,750	84	2,750	2,589	161	1.18	3,246
New Chlorine System Well #4A	3/11/2013	1,980	60	1,980	1,980	0	1.18	2,337
New Chlorine System Well #8	3/11/2013	1,980	60	1,980	1,980	0	1.18	2,337
Security Cameras - Well #5A	3/28/2013	7,053	60	7,053	7,053	0	1.18	8,325
220 Gal Vacuum Skid	5/7/2013	26,671	180	26,671	9,974	16,697	1.18	31,481
Reservoir Rehab - Phase I	6/19/2013	116,646	240	116,646	31,423	85,222	1.18	137,683
Radio System for Vehicles & Office	10/4/2013	8,405	60	8,405	8,405	0	1.18	9,921
Mobile emergency generator for Well	10/29/2013	99,248	180	99,248	34,774	64,474	1.18	117,148
New Chlorine System - Reservoir	1/21/2014	1,980	60	1,980	1,980	0	1.15	2,275
Well #10 - VFD	7/25/2014	29,278	180	29,278	10,113	19,165	1.15	33,645

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
Upgrade Electrical Well #8 - Genera	10/30/2014	14,375	120	14,375	7,103	7,272	1.15	16,519
Emergency Gen Connection upgrac	11/25/2014	25,882	180	25,882	8,364	17,519	1.15	29,743
DISTR. LINES & MAINS	1/1/2014	25,164	360	25,164	4,231	20,933	1.15	28,917
METERS & SERVICES	1/1/2014	382,383	180	382,383	137,861	244,523	1.15	439,412
HYDRANTS	1/1/2014	70,301	480	70,301	9,310	60,991	1.15	80,786
Well #10 Rehab-Remove Pump	4/1/2014	100,618	240	100,618	27,304	73,314	1.15	115,624
Chlorine Pump Well 10	1/1/2015	1,349	60	1,349	1,268	81	1.09	1,470
Chlorine Pump Reservoir	1/1/2015	1,349	60	1,349	1,268	81	1.09	1,470
Guard Rail-entry hatch - Reservoir	1/1/2015	5,658	120	5,658	2,585	3,072	1.09	6,168
Inter-tie Emergency Connect w/ CP	2/1/2015	107,895	240	107,895	24,780	83,115	1.09	117,640
Update Storage Garage - Well #1 C	3/1/2015	29,495	120	29,495	13,824	15,671	1.09	32,159
DISTR. LINES & MAINS	1/1/2015	701,744	600	701,744	75,532	626,212	1.09	765,127
METERS & SERVICES	1/1/2015	20,832	180	20,832	6,191	14,641	1.09	22,714
HYDRANTS	1/1/2015	13,355	480	13,355	1,478	11,877	1.09	14,561
DISTR. LINES & MAINS	1/1/2016	4,677	600	4,677	309	4,368	1.09	5,075
METERS & SERVICES	1/1/2016	124,611	180	124,611	28,213	96,399	1.09	135,212
HYDRANTS	1/1/2016	59,663	480	59,663	4,351	55,312	1.09	64,738
Urban Water Mgmt Plan	6/15/2016	21,971	60	21,971	14,485	7,487	1.09	23,840
Paving Well #8	8/22/2016	13,183	120	13,183	4,090	9,093	1.09	14,305
METERS & SERVICES	1/1/2017	2,825	180	2,825	518	2,307	1.05	2,965
METERS & SERVICES	2/1/2017	988	180	988	176	813	1.05	1,037
DISTR. LINES & MAINS	3/1/2017	924	600	924	48	876	1.05	970
METERS & SERVICES	3/1/2017	8,501	180	8,501	1,464	7,037	1.05	8,922
HYDRANTS	3/1/2017	126	480	126	8	118	1.05	132
Well #10 Re-Roof and Wood Repai	3/1/2017	8,300	240	8,300	1,072	7,228	1.05	8,711
DISTR. LINES & MAINS-Valve Rep	4/1/2017	2,309	600	2,309	116	2,194	1.05	2,424
METERS & SERVICES	4/1/2017	1,561	180	1,561	260	1,301	1.05	1,638
HYDRANTS	4/1/2017	5,401	480	5,401	338	5,063	1.05	5,668
Cate Reservoir Fill Valve	5/1/2017	1,579	360	1,579	127	1,452	1.05	1,657
Well #5 Valve	5/1/2017	864	360	864	70	795	1.05	907
Well #8 Valve	5/1/2017	537	360	537	43	494	1.05	564
Well #4A Valve	5/1/2017	864	360	864	70	795	1.05	907
Well #10 Valve	5/1/2017	400	360	400	32	368	1.05	420
DISTR. LINES & MAINS	5/1/2017	332	600	332	16	316	1.05	348
DISTR. LINES & MAINS-Valve Rep	5/1/2017	958	600	958	46	911	1.05	1,005

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
METERS & SERVICES	5/1/2017	3,304	180	3,304	532	2,771	1.05	3,467
HYDRANTS	5/1/2017	6,316	480	6,316	382	5,934	1.05	6,629
METERS & SERVICES	6/1/2017	2,980	180	2,980	464	2,516	1.05	3,128
HYDRANTS	6/1/2017	3,965	480	3,965	231	3,734	1.05	4,162
METERS & SERVICES	7/1/2017	5,209	180	5,209	781	4,427	1.05	5,467
METERS & SERVICES	8/1/2017	5,423	180	5,423	783	4,640	1.05	5,691
METER 3/4" - RADIO READ G0364	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ M1542	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ G041E	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ 41598	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ U4612	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ M1542	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ 41577	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ G041E	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" RADIO READ U46125	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" - RADIO READ F8055	9/11/2017	283	180	283	39	244	1.05	297
METER 3/4" RADIO READ	9/19/2017	283	180	283	39	244	1.05	297
VALVE GATE 6" AND COVER	9/30/2017	784	360	784	55	730	1.05	823
VALVE GATE 6" (MJ)	9/30/2017	602	360	602	42	560	1.05	631
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/1/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/12/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/18/2017	283	180	283	38	246	1.05	297
Meter Exchange/Replace	10/24/2017	283	180	283	38	246	1.05	297
METER 3/4" RADIO READ	10/24/2017	283	180	283	38	246	1.05	297
Meter Repair	10/11/2017	278	180	278	37	241	1.05	292
Meter Repairs	10/6/2017	320	180	320	43	277	1.05	336

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
Meter Repairs	10/2/2017	308	180	308	41	267	1.05	323
Meter Repairs	10/2/2017	335	180	335	45	291	1.05	352
Meter Repair	10/30/2017	934	180	934	125	809	1.05	980
Meter Exchange/Replace	11/14/2017	732	180	732	93	638	1.05	768
Meter Exchange/Replace	11/9/2017	600	180	600	77	523	1.05	629
Meter Repair	11/22/2017	236	180	236	30	205	1.05	247
Meter Repair	11/10/2017	249	180	249	32	217	1.05	262
Main Line Repair/Potholing	11/26/2017	171	240	171	16	155	1.05	180
Main Line Repair/Potholing	11/29/2017	377	240	377	36	341	1.05	396
Concrete Work 12' x 7'	12/31/2017	2,250	240	2,250	206	2,044	1.05	2,361
Asphalt Surface 40sq ft & Guard Tc	12/11/2017	2,700	240	2,700	248	2,453	1.05	2,834
Office - Emergency Generator	11/17/2017	4,408	60	4,408	1,690	2,719	1.05	4,827
Re-Roof Garge - Yard	12/31/2017	10,571	240	10,571	969	9,602	1.05	11,094
2" Water Main Replaced	2/28/2018	5,200	240	5,200	433	4,767	1.02	5,297
Cate Reservoir Paving	5/31/2018	14,460	180	14,460	1,438	13,022	1.02	14,730
Shenandoah Neighborhood Pipeline	9/1/2018	637,024	600	673,529	14,414	659,115	1.02	648,915
Rosemead & Danbridge Mainline R	9/1/2018	15,411	600	24,211	481	23,730	1.02	15,699
(11) Meters Replace/Exchange Oct	10/1/2018	3,110	180	3,110	207	2,903	1.02	3,168
(13) Meters Replace/Exchange Nov	11/1/2018	4,597	180	4,597	281	4,316	1.02	4,683
(16) Meters Replace/Exchange Dec	12/1/2018	4,631	180	4,631	257	4,373	1.02	4,717
42" Lateral File Cab. Storage Credi	1/29/2019	2,612	60	2,612	392	2,220	1.00	2,612
SCADA System & Equipment	12/1/2018	36,783	144	36,783	2,554	34,229	1.02	37,470
Catherine & Lindsey Ave	2/1/2019	418,813	600	418,813	5,584	413,229	1.00	418,813
Fire Hydrant - 9531 Beverly Rd	1/1/2019	5,262	480	5,262	99	5,163	1.00	5,262
Fire Hydrant - 9417 Stephens	2/7/2019	5,135	480	5,135	86	5,050	1.00	5,135
4" Meter - 6501 Passons Blvd	1/29/2019	4,154	180	4,154	208	3,946	1.00	4,154
3" Boring Tool & Service Line Splitt	4/26/2019	9,929	240	9,929	248	9,680	1.00	9,929
A/C UNIT-DISTRICT HSE	1/1/1992	552	60	552	552	0	2.26	1,247
NEW ROOF-DISTRICT HSE	1/8/1996	2,685	60	2,685	2,685	0	2.00	5,382
ADDL A/C UNIT-DISTRICT HSE	6/1/1999	1,150	60	1,150	1,150	0	1.86	2,139
6' X 6' BATH ADDN-DIST HSE	12/1/2000	3,600	300	3,600	2,712	888	1.81	6,521
Remodel Existing Bathroom-Dist Hs	1/1/2001	3,000	300	3,000	2,250	750	1.78	5,330
Additions to Existing Bath-Dist Hse	3/1/2001	650	300	650	482	168	1.78	1,155
New Bath Door/Repair Wshrm Wall	4/1/2001	400	180	400	400	0	1.78	711
New Fence-chainlink - District Hous	12/3/2004	1,990	180	1,990	1,978	12	1.58	3,152

Table 2
Pico Water District
Water Capacity Charge Study
Existing Assets

Description (Active Assets: 598)	Acquisition Date	Original Cost	Depreciable Life	Adjusted Cost	Accumulated Depreciation	Net Asset Value	ENR Multiplier	ENR ADJ Original Cost
Rental House Improvements	7/4/2005	21,862	180	21,862	21,152	709	1.51	33,084
Rental House Improvements	8/1/2017	8,220	180	8,220	1,187	7,033	1.05	8,627
Rental House Remodel	12/28/2017	56,081	300	5,112	66,585	66,585	1.05	58,857
Rental House Improvements	5/16/2018	\$3,224	180	\$304	\$2,920	\$2,920	1.02	\$3,284

Table 3
Pico Water District
Water Capacity Charge Study
Customer Data*

All Potable Customers			
Meter Size	Customers	Capacity Factor**	Equivalent Demand Units
Single Family	4,758.0	1.0	4,758.0
5/8"	329	1.0	329.0
1"	191	2.5	477.5
1 1/2"	97	5.0	485.0
2"	155	8.0	1,240.0
3"	28	15.0	420.0
4"	18	25.0	450.0
6"	2	50.0	100.0
10"	0	115.0	0.0
Total	5,578.0		8,259.5

* Customer data as of June 2019 provided by District staff

** Capacity factors based on AWWA operating capacity standards by meter size

*** Single Family Meters reflect that a 5/8" meter is sufficient to serve single family usage but new meters are sized to 1" for fire flow

Table 4
Pico Water District
Water Capacity Charge Study
Fee Calculation

Capacity Charge Calculation	Amount
Replacement Value of Assets	\$59,690,900
(less) Depreciation	<u>11,401,377</u>
Value of Existing Assets	\$48,289,522
EDUs	8,259.5
Capacity Charge per EDU	<u>\$5,846.54</u>

Table 5
Pico Water District
Water Capacity Charge Study
Maximum Calculated Capacity Charges

Capacity Charges	2021
<i>Meter Size</i>	<i>Proposed</i>
Single Family Residential	\$5,846.54
5/8"	\$5,846.54
1"	\$14,616.36
1 1/2"	\$29,232.72
2"	\$46,772.34
3"	\$87,698.15
4"	\$146,163.58
6"	\$292,327.15