SAN GORGONIO PASS
WATER AGENCY

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013

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A California Limited Liability Partnership
Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors
San Gorgonio Pass Water Agency

We have audited the accompanying basic financial statements of San Gorgonio Pass Water Agency (the "Agency") as of and for the years ended June 30, 2014 and 2013 and the related notes 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Agency'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 Agency'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 opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 to 8 be presented to supplement the basic financial statements. Such information, although not 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 audits were conducted for the purpose of forming opinions on the basic financial statements. The accompanying supplementary information on pages 30 through 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying pension plan and other post-employment benefits schedules of funding progress are presented for additional analysis as required by the Government Accounting Standards Board. The schedules of funding progress are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits 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 financial statements or to the 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 basic financial statements as a whole.

The organizational information on page 30 and schedule of board of directors and insurance coverage on page 32 have not been subjected to auditing procedures applied in the audits of the basic financial statements and; accordingly, we do not express opinions or provide any assurance on them.

Ahern Adcock Devlin LLP

Riverside, California
October 8, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAN GORGONIO PASS WATER AGENCY

Management's Discussion and Analysis

June 30, 2014

Our discussion and analysis of San Gorgonio Pass Water Agency's (the "Agency") financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Agency's financial statements which begin on page 9.

The Agency

The San Gorgonio Pass Water Agency is one of 29 local government organizations, called State Water Contractors, who have contracted with the State of California to import water to their local service areas through the State Water Project. The Agency was created by the Legislature of the State of California under Senate Bill 8, Chapter 40, which was signed into law by Governor Edmund "Pat" Brown in April 19, 1962. The purpose for creating this public agency by special law was for the "planning, conservation, development, distribution, control and use of an adequate water supply for the public good and for the protection of life and property therein." As part of the act, the Agency was given taxing authority similar to the taxing power of other local governments.

The Agency has entered into a contract with the State Department of Water Resources to receive an annual allotment of 17,300 acre-feet from the State Water Project. However, water did not get delivered to the region, which extends from Calimesa through the San Gorgonio Pass area to Cabazon, until the completion of the East Branch Extension Phase 1 in 2003. The Department of Water Resources is currently constructing Phase 2, which will increase the capacity of the facilities to deliver water by adding an additional pipeline, an additional reservoir, additional pumps and expanding an existing reservoir. The anticipated completion date is 2016.

The Basic Financial Statements

The San Gorgonio Pass Water Agency is a special purpose government organization (Special District) engaged only in activities that support themselves through user and capacity fees and tax levies. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board.

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the Agency's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the Agency's assets and liabilities and the difference, or net between what is owned and what is owed as of the last day of the Agency's fiscal year. The Statement of Revenues, Expenses and Changes in Net Position describes the financial results of the Agency's operations for the years reported. The results, or changes in net position, are the increases or decreases in the bottom line of the Statement of Net Position.

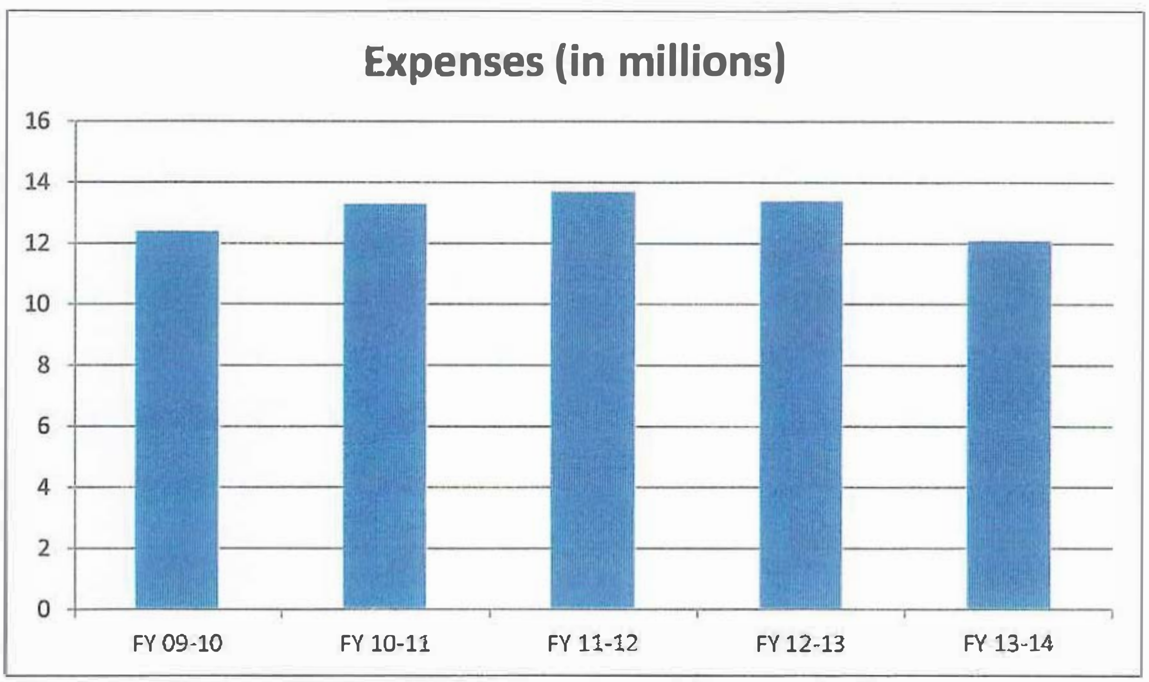
The statement of cash flows conveys to financial statement readers how the Agency managed cash resources during the year. This statement converts the change in net position presented on the statement of revenues, expenses and changes in net position into actual cash provided by or used for operations. The statement of cash flows also details how the Agency obtains cash through financing and investing activities and, conversely, how cash is spent for these purposes.

Summary Financial Information and Analysis

The Agency exists for two major purposes: one is to deliver water to retail customers, and the other is to pay its portion of the indebtedness and maintenance and operations of the State Water Project. Because of this, the financial statements typically look a bit different from other organizations that have only one major type of income.

The Agency receives two major sources of funding: revenue from water sales, and revenue from property taxes. Revenue from water sales falls into the operations portion of the statements, and revenue from property taxes falls into the non-operations portion of the statements.

However, the expenses to maintain the operations portion of the Agency's efforts exceed its income at this time. Examination of just the operations portion of the statements reveals what looks like a loss. However, tax revenue, by design, has been enacted to pay for some of the operations expense, but is relegated to the non-operations portion of the statements by accounting convention. So, even though operations looks like a loss, in actuality, by viewing the statements as a whole, it is clear that the Agency is receiving more than it spends.



Graph of Combined Operating and Nonoperating Expenses

SAN GORGONIO PASS WATER AGENCY

Management's Discussion and Analysis
(Continued)

June 30, 2014

By reviewing the table below, it is possible to see that overall income (Operating and Non-operating) totals $19.05 million for FY 2013-14, a decrease of $1.80 million from FY 2012-13. Overall expenses (Operating and Non-Operating) totaled $12.17 million for FY 2013-14, a decrease of $1.33 million from FY 2012-13. The resulting Net Income is $6.88 million.

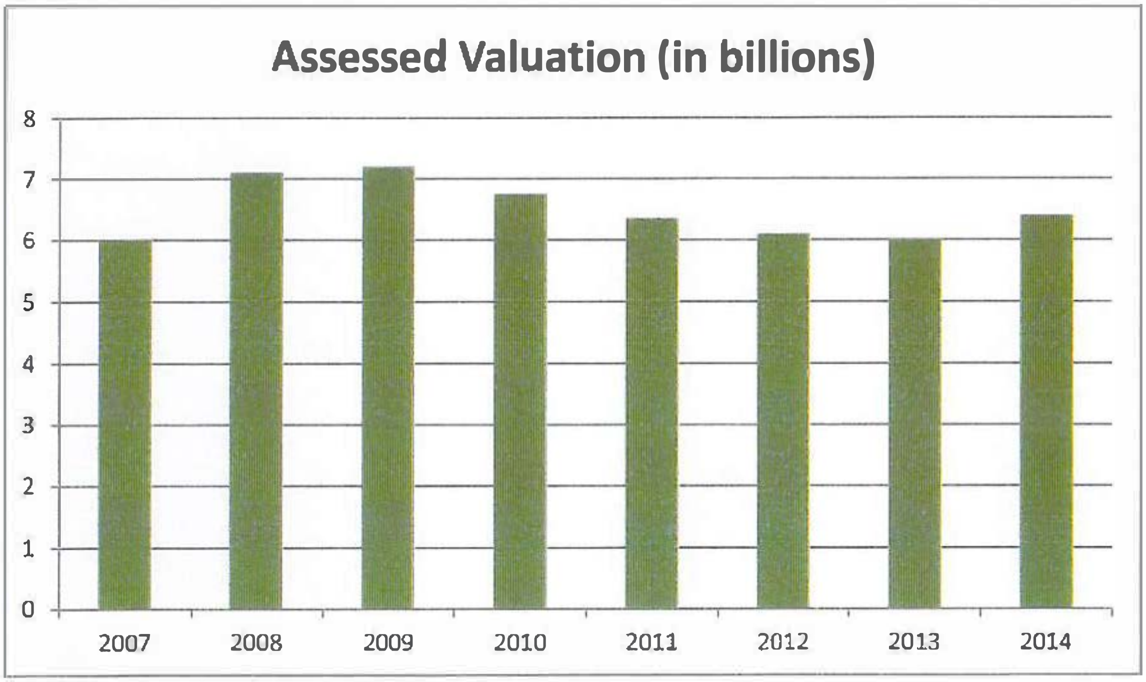
Total Assets for FY 2013-14 are $147.50 million, an increase of $7.51 million from the previous fiscal year. This is divided into three categories: Current Assets (cash and investments that can be liquidated in 12 months), Restricted Assets (assets that are designated for a particular purpose) and Capital Assets (assets that have a life longer than 1 year and are not intended for sale during the normal course of business). Current Assets increased $0.80 million, Restricted Assets increased $3.34 million and Capital Assets increased $3.37 million.

Total Liabilities are $1.13 million, an increase of $.63 million from FY2012-13. Therefore, Total Net Position (Assets less Liabilities) for FY 2013-14 is $146.37 million, a net increase of $6.88 million.

Financial Statement Summary
(in millions)

	6/30/14	6/30/13
Current Assets	$ 13.13	$ 12.33
Restricted Assets	36.16	32.82
Capital Assets	98.21	94.84
Total Liabilities	1.13	.50
Net Position	146.37	139.49
Operating Revenues	2.44	2.59
Operating Expenses	(12.12)	(13.44)
Non-Operating Revenues		
Interest	.16	.11
Property Taxes	16.45	18.24
Miscellaneous	.00	(.09)
Non-Operating Expenses	(.05)	(.06)
Change in Net Position	$ 6.88	$ 7.35

The following chart reflects the Agency's assessed property tax valuations. Assessed valuations increased significantly from the years ending June 30, 2005 to 2008; however as a result of the economic downturn, assessed values leveled off for the year ending in 2009, and declined by about 15% by the year ending in 2013. The year 2014 is the first year to see an increased valuation.



Categories of Net Position

The Agency is required to present its net position in three categories: Invested in Capital Assets, Restricted and Unrestricted.

Invested in Capital Assets

At June 30, 2014, Net Position Invested in Capital Assets totaled $98.21 million and consisted of Investment in State Water Rights, Utility Plant in Service, and Construction in Progress, net of Accumulated Depreciation and Amortization. Utility Plant in Service is divided into additional categories of Land and Rights of Way, Source of Supply, Transmission and Distribution, Buildings, Furniture and Fixtures, Technical Equipment and Transportation Equipment. The table below groups these assets by whether they are depreciated or amortized, or not.

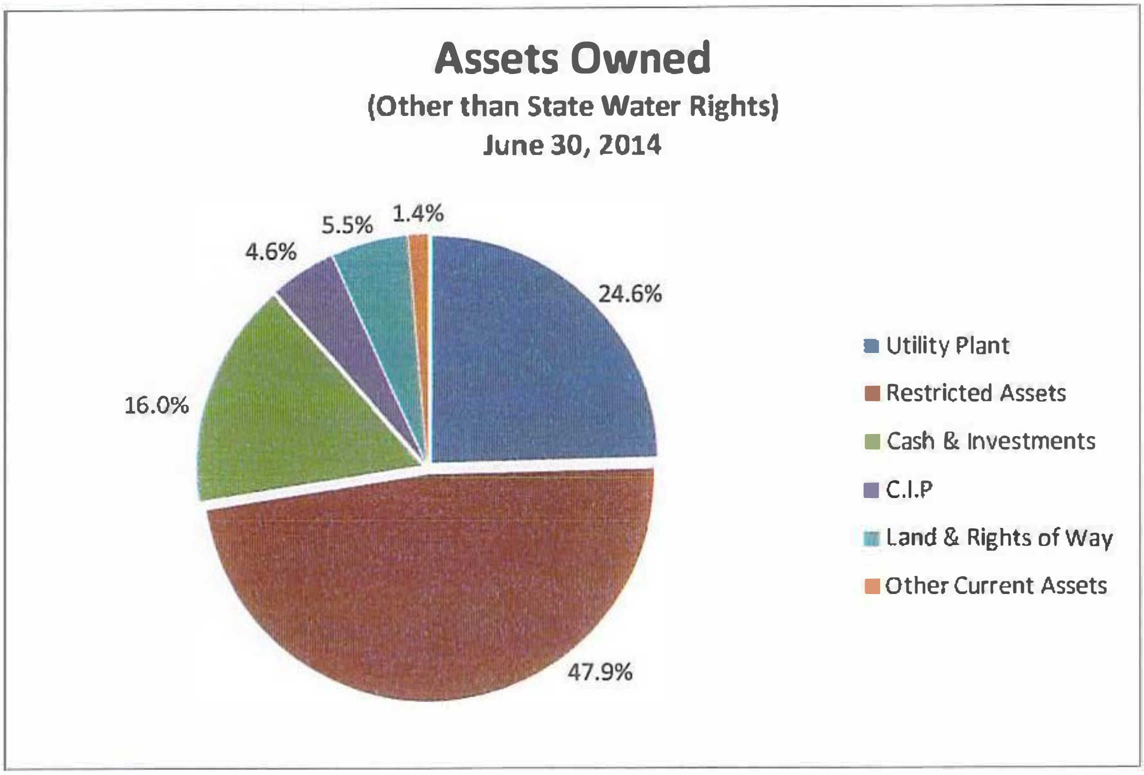
Capital Asset Activity for the Year

	Balance, July 1, 2013	Additions	Deletions	Balance, June 30, 2014
Capital assets, not being depreciated				
Land and rights of way	$ 4,138,966		$ -	$ 4,138,966
Construction in progress	2,709,249	$ 770,070		3,479,319
Total capital assets, not being depreciated	6,848,215	770,070	-	7,618,285
Capital assets, being depreciated/ amortized				
Investments in State Water Rights	100,253,014	7,139,066		107,392,080
Source of supply	15,181,890	90,000		15,271,890
Transmission and distribution	1,351,614			1,351,614
Buildings and improvements	1,524,909			1,524,909
Furniture and fixtures	174,261			174,261
Technical equipment	214,823			214,823
Transportation equipment	52,060			52,060
Total capital assets being depreciated or amortized	118,752,571	7,229,066		125,981,637
Total capital assets	$125,600,786	$7,999,136	$ -	$133,599,922

The Agency made payments to the Department of Water Resources during the year totaling $10.56 million net of credits and refunds for participation rights in the State Water Project. The unit rate has been determined by dividing the total estimated capital costs to be charged to the Agency by total estimated water deliveries over the project repayment period. The resulting rate, which will be adjusted periodically to reflect changes in estimates, will then be applied to actual water deliveries in the current year.

State Water Project deliveries through the East Branch Extension and the Cherry Valley Pump Station to the Agency service area started in July, 2003. Deliveries to the Little San Gorgonio Creek Recharge Facility in FY 2013-14 totaled 623 acre-feet for overdraft mitigation. Deliveries to retailers in FY 2013-14 totaled 7,712 acre-feet which is only 455 acre-feet less than the previous fiscal year, despite the drought California has been experiencing.

Construction in Progress increased by $770,070 to $3.48 million between July 1, 2013 and June 30, 2014. The projects in Construction in Progress include a permanent turnout for the Beaumont Cherry Valley Water District, improvements to the East Branch Extension Phasel project, a new recharge facility, plans for a pipeline for water delivery to the City of Banning, and the East Branch Extension Phase 2 project.



Restricted Assets

The Agency had Restricted Net Position of $36.16 million, which consisted of tax proceeds that were levied for State Water Project payments less actual State Water Project related expenditures.

Unrestricted Assets

The Agency had Unrestricted Net Position of $12.00 million, which consisted primarily of water sales, general purpose tax proceeds and investment income, less general and administrative expenses not related to State Water Project expenditures.

Contacting the Agency's Financial Management

This financial report is designed to provide our customers, taxpayers, and creditors with an overview of the agency's financial operations and condition. If you have questions about this report or need additional information, please contact the Agency's Finance Manager at 1210 Beaumont Ave., Beaumont, California 92223.

FINANCIAL STATEMENTS

SAN GORGONIO PASS WATER AGENCY

Statements of Net Position

June 30,	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,104,418	$ 8,623,024
Investments	1,000,042	2,939,979
Accounts receivable	326,602	258,462
Property taxes receivable, less allowance of $8,832 in 2014 and 2013	684,494	406,348
Interest receivable	11,400	19,017
Other	6,760	6,789
Total current assets	13,133,716	12,253,619
Restricted assets		
Cash and cash equivalents	13,741,472	2,455,239
Cash in Local Agency Investment Fund	19,249,014	27,314,634
Property taxes receivable, less allowance of $76,168 in 2014 and 2013	3,166,423	3,132,770
Total restricted assets	36,156,909	32,902,643
Noncurrent assets		
Capital assets		
Investment in state water rights	107,392,080	100,253,014
Utility plant in service	18,589,556	18,499,556
Less accumulated depreciation and amortization	(35,387,075)	(30,759,992)
Land and rights of way	4,138,966	4,138,966
Construction in progress	3,479,319	2,709,249
Total noncurrent assets	98,212,846	94,840,793
Total assets	147,503,471	139,997,055
LIABILITIES		
Current liabilities		
Accounts payable	1,036,229	427,306
Accrued vacation and sick leave	94,339	75,887
Total liabilities	1,130,568	503,193
NET POSITION		
Invested in capital assets, net of related debt	98,212,846	94,840,793
Restricted for state water project	36,156,909	32,902,643
Unrestricted	12,003,148	11,750,426
Total net position	$146,372,903	$139,493,862

The accompanying notes are an integral part of these financial statements.

SAN GORGONIO PASS WATER AGENCY

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,	2014	2013
Operating revenues		
Water sales	$ 2,443,119	$ 2,587,785
Operating expenses		
Source of supply		
Maintenance	3,879,540	5,229,591
Purchased water	1,914,896	1,775,015
Total source of supply	5,794,436	7,004,606
Transmission and distribution		
Utilities	8,585	9,035
Maintenance	82,707	6,543
Total transmission and distribution	91,292	15,578
General and administrative expenses		
Salaries	407,378	387,731
Director fees	123,978	126,779
Payroll taxes	34,258	32,846
Employee health benefits	59,302	62,976
Employee retirement benefits	409,175	179,221
Office supplies and expense	21,557	16,801
Travel expenses	22,270	17,106
Automotive expense	11,962	16,645
Utilities and telephone	12,649	12,193
Repairs and maintenance	22,326	45,789
Insurance	29,387	28,809
Administration expense	3,963	81,254
Membership dues and assessments	27,661	23,693
Public relations	9,200	11,556
Legal services	131,164	84,335
Engineering and consulting services	239,729	125,287
Accounting and auditing	24,574	23,842
Outside professional services	18,604	
Depreciation	643,350	648,907
Amortization	3,983,733	4,492,797
Total general and administrative	6,236,220	6,418,567
Total operating expenses	12,121,948	13,438,751
Loss from operations	(9,678,829)	(10,850,966)

SAN GORGONIO PASS WATER AGENCY

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,	2014	2013
Loss from operations	$ (9,678,829)	$ (10,850,966)
Nonoperating revenues (expenses)		
Property taxes – general purpose	1,999,626	2,042,707
Property taxes – debt service	14,453,011	16,200,996
Investment income	95,602	109,151
Unrealized gain (loss) on investments	58,351	(91,552)
Other	3,150	107
County collection charge	(51,870)	(55,883)
Total nonoperating revenues (expenses)	16,557,870	18,205,526
Increase in net position	6,879,041	7,354,560
Net position, beginning of year	139,493,862	132,139,302
Net position, end of year	$146,372,903	$139,493,862

The accompanying notes are an integral part of these financial statements.

SAN GORGONIO PASS WATER AGENCY

Statements of Cash Flows

For the Years Ended June 30,	2014	2013
Cash flows from operating activities		
Cash received from customers	$ 2,374,978	$ 2,587,581
Cash paid to suppliers and employees	(6,867,461)	(8,273,675)
Net cash used in operating activities	(4,492,483)	(5,686,094)
Cash flows from noncapital financing activities		
Property taxes	16,140,839	17,139,806
Net cash provided by noncapital financing activities	16,140,839	17,139,806
Cash flows from capital and related financing activities		
Purchase of capital assets	(7,999,136)	(6,935,666)
Other revenue	3,150	107
Other expenses	(51,870)	(55,883)
Net cash used in capital and related financing activities	(8,047,856)	(6,991,442)
Cash flows from investing activities		
Purchased investments	(2,000,000)	(3,000,000)
Proceeds from maturing investments and return of principal	4,000,000	2,000,000
Interest received	101,507	91,311
Net cash provided by (used in) investing activities	2,101,507	(908,689)
Net increase in cash and cash equivalents	5,702,007	3,553,581
Cash and cash equivalents		
Balance, beginning of year	38,392,897	34,839,316
Balance, end of year	$44,094,904	$38,392,897

SAN GORGONIO PASS WATER AGENCY

Statements of Cash Flows

For the Years Ended June 30,	2014	2013
Reconciliation of cash and cash equivalents to statements of net position		
Unrestricted cash and cash equivalents	$11,104,418	$ 8,623,024
Restricted cash and cash equivalents	32,990,486	29,769,873
Total cash and cash equivalents	$44,094,904	$38,392,897
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$(9,678,829)	$(10,850,966)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	4,627,083	5,141,704
(Increase) decrease in:		
Accounts receivable	(68,141)	(204)
Other current assets	29	(479)
Increase in:		
Accounts payable	608,923	9,246
Accrued vacation and sick	18,452	14,605
Net cash used in operating activities	$(4,492,483)	$ (5,686,094)

The accompanying notes are an integral part of these financial statements.

SAN GORGONIO PASS WATER AGENCY

Notes to Financial Statements

1. Reporting Entity and Significant Accounting Policies

The San Gorgonio Pass Water Agency (the "Agency") is one of 29 state water contractors created by the state legislature. The Agency will ultimately manage water resources and supply water to local water districts. The Agency's service area extends from Calimesa to Cabazon through the San Gorgonio Pass area in Riverside County (the "County").

Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing goods or services to the general public on a continuing basis (including depreciation) be financed or recovered primarily through user charges. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. An enterprise fund is accounted for on the flow of economic resources measurement focus. This means that all assets and liabilities associated with the activity (whether current or noncurrent) are included on the statements of net position.

The Agency distinguishes operating revenues and expenses from those revenues and expenses that are nonoperating. Operating revenues are those revenues that are generated by water sales while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water services.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Agency considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The Agency invests funds with the State of California's Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. For credit risk purposes, the fund is not rated.

Investments

Investments are reported in the accompanying statements of net position at fair value based on the last reported sales price published on the national exchange. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Property Taxes

The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

1. Reporting Entity and Significant Accounting Policies (Continued)

Property taxes receivable at year-end are related to property taxes collected by the County of Riverside, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	November 1 – 1st installment
	February 1 – 2nd installment
Collection date:	December 10 – 1st installment
	April 10 – 2nd installment

The County will designate property taxes relating to debt service (restricted) or general purposes. Funds have been established by the Agency to account for the use of these designated assets. As of June 30, 2014, certain taxes levied by the County and allocated to the Agency remain uncollected. The Agency has established allowances to estimate the extent of uncollectible property taxes.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Years
Pipelines	20 – 40
Spreading ground facilities	20
Buildings	25
Furniture and fixtures	5 – 10
Technical equipment	5
Transportation	5

Participation rights are being amortized on a unit-rate basis. The unit-rate has been determined by dividing the total estimated capital costs to be charged to the Agency by total estimated water deliveries over the project repayment period. The resulting rate, which will be adjusted periodically to reflect changes in estimates, would then be applied to actual water deliveries in the current year.

1. Reporting Entity and Significant Accounting Policies (Continued)

Accrued Vacation and Sick Leave

The Agency has a policy whereby an employee can accumulate unused sick leave and vacation. Sick leave is to be used for extended periods of sickness; however, upon termination or retirement, a portion will be paid as additional benefits to the employee. At retirement or termination, employees will be paid for 50 percent of the then unused sick leave up to the maximum 480 hours at their regular payroll rates in effect at the date of termination. The Agency has provided for these future costs by accruing 50 percent of the earned and unused sick leave up to the maximum number of hours and 100 percent of the earned and unused vacation.

Net Position

The financial statements utilize a net position presentation. The net position is categorized as follows:

Invested in Capital Assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

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.

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

Budgetary Policies

The Agency adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

1. Reporting Entity and Significant Accounting Policies (Continued)

Effect of New Governmental Accounting Standards Board Pronouncements

GASB Statement 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27.* This statement's objective is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is effective for years beginning after June 15, 2014. The Agency has not determined the effect of this statement.

2. State Water Project

The Agency has contracted with the State Department of Water Resources to participate in the State Water Project to convey water from Northern California into the Southern California area. This participation requires payments in varying amounts by the Agency for many years into the future, including capital costs in connection with the transportation facilities, conservation (O.M.P. and R.) costs, and variable costs for the actual delivery of water.

These future payments have been estimated at June 30, 2014 by the State Department of Water Resources through 2035 as follows:

Transportation charge:	
Capital cost components:	
State Water Project	$ 10,873,442
East branch extension	91,558,909
Minimum operations, maintenance, power, and replacement component	79,949,834
Variable operations, maintenance, power, and replacement component	69,606,087
	251,988,272
Delta water charges	20,287,831
Water system revenue bond surcharge	7,665,259
Total	$279,941,362

SAN GORGONIO PASS WATER AGENCY

Notes to Financial Statements

2. State Water Project (Continued)

The Agency has been billed formally through calendar year 2013 only. The policy of the Agency is not to accrue any amounts which are due after the fiscal year-end. The payments which have been billed but are not reflected on the books and are not due until after the fiscal year-end of the Agency are approximately as follows:

Transportation charges:	
Capital cost component:	
State Water Project	
Due July 1, 2014	$ 164,412
Due January 1, 2015	511,671
Due July 1, 2015	511,670
Allocated capital costs of East Branch Extension:	
Due September 1, 2014	5,902,103
Due March 1, 2015	5,860,146
Due September 1, 2015	10,869,361
Minimum operations, maintenance, power, and replacement component:	
Monthly payments of $244,968 from July 1 to December 31, 2014	1,469,808
Monthly payments of $371,851 for the calendar year 2015	4,462,209
July through December 2014 payments of $18,399 for off-aqueduct power facilities	110,394
Monthly payments of $10,095 for 2015 off-aqueduct power facilities	121,140
Monthly payments of $12,681 for 2015 Devil Canyon - Castaic facilities	152,172
Variable operations, maintenance, power, and replacement component:	
Monthly payments of $214,003 for the calendar year 2015	2,568,041
Allocated capital costs of Tehachapi second afterbay facilities:	
Due September 1, 2014	23,274
Due March 1, 2015	25,346
Due September 1, 2015	25,346
Allocated capital costs of Devil Canyon - Castaic contract:	
Due September 1, 2014	48,002
Due March 1, 2015	48,329
Due September 1, 2015	48,329
Water system revenue bond surcharge and 25 percent bond cover charge:	
Due July 1, 2014	211,326
Due January 1, 2015	262,977
Due July 1, 2015	262,976
Total	$33,659,032

2. State Water Project (Continued)

The Agency has committed to purchase other components of Pool B water and flood water that may become available at reasonable prices in the future. The future payments for this excess water are not determinable at this time.

3. Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments are included in the statements of net position as follows:

	2014	2013
Cash and cash equivalents – unrestricted	$11,104,418	$ 8,623,024
Cash and cash equivalents – restricted	32,990,486	29,769,873
Total cash and cash equivalents	44,094,904	38,392,897
Investments	1,000,042	2,939,979
	$45,094,946	$41,332,876

For purposes of the following discussion, these accounts have been classified as follows:

	2014	2013
Deposits	$24,845,890	$11,078,263
Investments	20,249,056	30,254,613
	$45,094,946	$41,332,876

Investments Authorized by the Agency's Investment Policy

Under the provisions of the Agency's investment policy, adopted by Board Resolution No. 2010-02 in February 2010, which is in accordance with California Government Code Sections 53600 through 53686 et seq., the types of investments authorized for deposit are identified in the following table:

Authorized Investment Type	Maximum Maturity
U.S. Treasury	2 years
Federal agency	
Municipal bonds	
Negotiable certificates of deposit	2 years
Repurchase agreements	1 year
Medium term notes	5 years
Money market mutual funds	
Local Agency Investment Funds	

3. Cash, Cash Equivalents, and Investments (Continued)

Concentration of Credit Risk

Investments at June 30 in any one issuer, other than U.S. Treasury Securities and LAIF that represent 5 percent or more of the total investments of the Agency are as follows:

Issuer	Investment Type	2014	2013
Federal National Mortgage Assoc.	U.S. agency securities	$1,000,042	$2,939,979

Custodial Credit Risk

The Agency maintains deposits with financial institutions in excess of federal depository insurance limits. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the Agency's cash on deposit or first trust deed mortgage notes with a market value of 150 percent of the deposit, as collateral for these deposits. Under California law this collateral is held in a separate investment pool by another institution in the Agency's name and places it ahead of general creditors of the institution.

Interest Rate Risk

Interest rate risk is the possibility 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. As a means of highlighting exposure to interest rate risk, the fair value of all securities is calculated and reported quarterly to the board for investments. Investment fair value and duration at June 30 are as follows:

Authorized Investment Type	2014	Effective Duration (YR)
U.S. agency securities	$1,000,042	2017

Authorized Investment Type	2013	Effective Duration (YR)
U.S. agency securities	$2,939,979	2017

3. **Cash, Cash Equivalents, and Investments** (Continued)

Disclosures Relating to Credit Risk

Information about the risk that an issuer or other counterparty to an investment will not fulfill its obligations is provided by the following tables:

Authorized Investment	Amount	Exempt from Disclosure	Aaa	A(1-3)	Not Rated
As of June 30, 2014:					
Cash	$ 100				$100
Deposits with financial institutions	24,845,790			$24,845,790	
U.S. agency securities	1,000,042		$1,000,042		
Local Agency Investment Funds	19,249,014	19,249,014			
	$45,094,946	$19,249,014	$1,000,042	$24,845,790	$100

Authorized Investment	Amount	Exempt from Disclosure	Aaa	A(1-3)	Not Rated
As of June 30, 2013:					
Cash	$ 100				$100
Deposits with financial institutions	11,078,163			$11,078,163	
U.S. agency securities	2,939,979		$2,939,979		
Local Agency Investment Funds	27,314,634	27,314,634			
	$41,332,876	$27,314,634	$2,939,979	$11,078,163	$100

Deposits

The California Government Code and the Agency'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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. At June 30, 2014 and 2013, the carrying amount of the Agency's deposits is $24,845,790 and $11,078,163, respectively, and the bank balances were $24,904,034 and $11,107,191, respectively. The Agency has cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, and the remaining balance is collateralized in accordance with the California Government Code.

3. Cash, Cash Equivalents, and Investments (Continued)

Investments

Investments are classified in three categories of credit risk as follows: Category 1 – insured or registered, with securities held by the Agency or its agent in the Agency's name; Category 2 – uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Agency's name; and Category 3 – uncollateralized, uninsured, unregistered, and classifiable investment not belonging to 1 or 2 above with securities held by the counterpart or by its trust department or agent, but not in the Agency's name. Investments in pools managed by other governments or in mutual funds are not required to be categorized because they are not evidenced by securities that exist in physical or book entry form.

Investments at June 30, 2014 were as follows:

	Category 1	Category 2	Category 3	Fair Value
Obligations of U.S. Government agencies	$1,000,042			$ 1,000,042
	$1,000,042	$ -	$ -	1,000,042
Not subject to categorization				
State pooled funds (Local Agency Investment Fund)				19,249,014
				$20,249,056

Investments at June 30, 2013 were as follows:

	Category 1	Category 2	Category 3	Fair Value
Obligations of U.S. Government agencies	$2,939,979			$ 2,939,979
	$2,939,979	$ -	$ -	2,939,979
Not subject to categorization				
State pooled funds (Local Agency Investment Fund)				27,314,634
				$30,254,613

At June 30, 2014 and 2013, the Agency had no investments in repurchase and reverse repurchase agreements and did not invest in such during the years then ended.

The Agency is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency'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.

4. Capital Assets

For the year ended June 30, 2014, the changes in utility plant for the Agency were as follows:

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
Investment in state water rights	$100,253,014	$7,139,066		$107,392,080
Land and rights of way	4,138,966			4,138,966
Source of supply	15,198,155	90,000		15,288,155
Recharge facilities	1,351,614			1,351,614
Technical equipment	94,439			94,439
Office building	1,508,642			1,508,642
Solar equipment	120,384			120,384
Furniture and fixtures	174,262			174,262
Transportation equipment	52,060			52,060
	$122,891,536	$7,229,066	$ -	$130,120,602

For the year ended June 30, 2014, the changes in accumulated depreciation and amortization for the Agency were as follows:

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
Investment in state water rights	$25,304,881	$3,983,733		$29,288,614
Source of supply	3,943,750	482,387		4,426,137
Recharge facilities	642,017	67,581		709,598
Technical equipment	85,897	8,148		94,045
Office building	546,955	60,341		607,296
Solar equipment	30,148	12,031		42,179
Furniture and fixtures	157,728	9,419		167,147
Transportation equipment	48,616	3,443		52,059
	$30,759,992	$4,627,083	$ -	$35,387,075

4. Capital Assets (Continued)

For the year ended June 30, 2013, the changes in utility plant for the Agency were as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Investment in state water rights	$ 94,338,349	$5,914,665		$100,253,014
Land and rights of way	3,780,035	358,931		4,138,966
Source of supply	15,109,922	88,233		15,198,155
Recharge facilities	1,351,614			1,351,614
Technical equipment	94,439			94,439
Office building	1,508,642			1,508,642
Solar equipment	120,384			120,384
Furniture and fixtures	189,169		$14,907	174,262
Transportation equipment	52,060			52,060
	$116,544,614	$6,361,829	$14,907	$122,891,536

For the year ended June 30, 2013, the changes in accumulated depreciation and amortization for the Agency were as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Investment in state water rights	$20,812,084	$4,492,797		$25,304,881
Source of supply	3,465,819	477,931		3,943,750
Recharge facilities	574,436	67,581		642,017
Technical equipment	77,085	8,812		85,897
Office building	486,614	60,341		546,955
Solar equipment	18,117	12,031		30,148
Furniture and fixtures	158,206	14,429	$14,907	157,728
Transportation equipment	40,834	7,782		48,616
	$25,633,195	$5,141,704	$14,907	$30,759,992

5. Joint Ventures (Joint Powers Agreements)

The Agency participates in a joint venture under a joint powers agreement (JPA) with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the Agency and the JPA is such that the JPA is not a component unit of the Agency for financial reporting purposes. Audited financial statements are available by contacting the JPIA at 2100 Professional Drive, Roseville, California 95661.

5. Joint Ventures (Joint Powers Agreements) (Continued)

The Association of California Water Agencies Joint Powers Insurance Authority arranges for and provides insurance coverage for its nearly 370 member districts. JPIA is governed by a board of directors and each member agency is required to designate one representative from its local board of directors to participate in the JPIA board. From the board of directors, nine members of a ten-member executive committee are elected and delegated the authority to make JPIA's preliminary policy decisions relying upon input received from other standing and ad hoc committees and subcommittees. These policy decisions, along with other matters such as financial and claims data, are ultimately brought before the full board for review and/or ratification. The board controls the operations of the JPIA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial insurance carriers.

Condensed audited financial information of the Association of California Water Agencies Joint Powers Insurance Authority for the years ended September 30 follows:

	2013	2012
Total assets	$194,823,604	$188,033,750
Total liabilities	$100,307,836	$100,670,416
Net position	94,515,768	87,363,334
Total liabilities and net position	$194,823,604	$188,033,750
Total revenues	$ 140,290,060	$ 58,436,313
Total expenses	(133,299,974)	(55,071,111)
Total other income	162,348	1,699,881
Assets acquired from merger		34,986,207
Increase in net position	$ 7,152,434	$ 40,051,290

6. Employee Retirement Plan

Plan Description: The Agency's defined benefit pension plan, the Miscellaneous Plan of the Agency, provides retirement (three percent at age 60) and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The Agency selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board approval. Additional elected benefits are one-year final compensation, post-retirement survivor, improved nonindustrial disability allowance, credit for unused sick leave, and fourth-level 1959 survivor benefits. CalPERS issues 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, California 95814.

6. Employee Retirement Plan (Continued)

All full-time Agency employees are eligible to participate in CalPERS with benefits vesting after five years of service. Agency employees who retire at age 60 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in increasing percentage increments up to three percent of their average full-time monthly pay rate for the highest 12 consecutive months for each year of credited service.

Funding Policy: The Agency is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 25.929 percent. Beginning July 1, 2014, the rate is 27.173 percent. Contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Active plan members in the Miscellaneous Plan of the Agency are also required to contribute eight percent of their annual covered salary. The Agency made this contribution on behalf of the members until January 1, 2013 when the members became responsible to pay 1.0 percent of the contribution. On January 1, 2014, the members became responsible to pay 2.0 percent of the contribution. On January 1, 2015, the members will become responsible to pay 3.0 percent of the contribution. For the fiscal years 2013-14 and 2012-13, the Agency's contribution for the employee's portion of CalPERS amounted to $28,167 and $31,023, respectively. The employees contributed $6,518 of their share of the contribution for the year ended June 30, 2014.

Annual Pension Cost: For fiscal year 2013-14, the Agency's annual pension cost was $112,424 and the Agency actually contributed $112,424. The Agency's covered payroll for CalPERS was $433,565 as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) a 7.75 percent investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55 to 14.45 percent for miscellaneous members; and (c) an inflation component of 3.0 percent and payroll growth of 3.25 percent. The actuarial value of the Plan was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two- to five-year period depending on the size of investment gains and/or losses. The Plan unfunded accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a fresh-start basis over a twenty-year amortization period.

For each of the fiscal years shown below, the Agency contributed at the actuarially determined rate provided by CalPERS actuaries.

Three-Year Trend Information for the San Gorgonio Pass Water Agency PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	$97,961	100	-0-
6/30/13	$100,368	100	-0-
6/30/14	$112,424	100	-0-

6. Employee Retirement Plan (Continued)

Funding History

Valuation Date	Accrued Liability	Share of Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
6/30/11	$2,115,823	$1,466,019	$649,804	69.3%	$385,932
6/30/12	$2,253,971	$1,500,685	$753,286	66.6%	$387,781

7. Post-Employment Benefits Other Than Pensions

Plan Description

The Agency offers health care benefits to active and retired employees, as well as their qualified dependents through CalPERS. The CalPERS plan is an agent multiple-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA). Under PEMHCA, health coverage for the employee continues into retirement for employees who have reached at least age 50 with a minimum of five years of service. Eligible retirees may enroll in any of the plans available through the CalPERS program. The Agency pays the entire cost of coverage for the retiree and their dependents. The Agency provided health care benefits continue for the life of the retiree and the spouse. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Policy and Annual Other Postemployment Benefit Costs

Contribution requirements of the Agency are established and may be amended through board action to update the original Ordinance. The Agency's annual OPEB expense for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The remaining amortization period at June 30, 2014 was 25 years. The Agency's annual OPEB cost for the current year and the related information for the plan are shown below.

Annual required contribution	$42,358
Contribution made	42,358
Net OPEB obligation, end of year	$ -

The Agency's annual OPEB cost which is equal to its annual required contribution has been recognized as a part of the operating expenses of the Agency in the accompanying financial statements. During the current year, the Agency chose to increase the contribution to CERBT to reduce the total liability. The amount contributed in the current year was $300,000, which included the annual required amount reflected above.

7. Post-Employment Benefits Other Than Pensions (Continued)

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2014, 2013, and 2012 are presented below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/12	$63,845	$63,845	100%	-0-
6/30/13	$66,640	$66,640	100%	-0-
6/30/14	$42,358	$42,358	100%	-0-

The funded status of the plan as of June 30, 2014, based on the July 1, 2013 actuarial valuation is as follows:

Actuarial accrued liability (AAL)	$511,306
Actuarial value of trust assets	304,451
Unfunded actuarial accrued liability (UAAL)	$206,855
Funded ratio (actuarial value of trust assets/AAL)	59.5%
Covered payroll (active members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of the ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

7. Post-Employment Benefits Other Than Pensions (Continued)

Significant methods and assumptions were as follows:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of covered payroll
Remaining amortization period	27 years as of the valuation date
Asset valuation method	N/A - no assets
Actuarial assumptions:	
Investment rate of return	7.61%
Payroll growth	3.25%
Healthcare Trend Rate (Estimated Increase)	
2015	6.7%
2016	6.4%
2017	6.1%
2018	5.8%
2019	5.5%

8. Reimbursement of Prior Year Expenses

During the year ended June 30, 2014, the Agency received refunds on various payments made by the State Department of Water Resources for the Agency's participation in the State Water Project. Some of these refunds were applicable to prior years. Since the Agency has no way to determine when and if the Agency will receive refunds from the State, these funds have been reflected in the year in which they were received and included in operating revenues.

9. Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance through participation in the Association of California Water Agencies Joint Powers Insurance Authority. See Note 5. The insurance purchased is for liability, property and workers' compensation insurance and there are various self-insured retention levels, similar to a deductible, per occurrence.

10. Contractual Commitments

The Agency has entered into various contractual agreements for engineering and construction of the Beaumont Avenue recharge facility and pipeline project. The remaining contractual commitments for these services total $874,480 as of June 30, 2014. These commitments have not been recorded in the accompanying financial statements.

10. Subsequent Events

In the preparation of these financial statements, the Agency considered subsequent events through October 8, 2014, which is the date these financial statements were issued.

SUPPLEMENTARY INFORMATION

SAN GORGONIO PASS WATER AGENCY

Organizational Information

Organization and Description of the Agency

San Gorgonio Pass Water Agency (the "Agency") was formed in 1961 by the Legislature of the State of California through the enactment of special legislation. The Agency was formed for the purpose of importing water by contracting for participation in the State Water Project of the State Department of Water Resources and for any other activities authorized by the Legislature as proper for the Agency to conduct. The Agency's contract for water provides for delivery of up to 17,300 acre feet of water per year, effective January 1, 2008.

The Agency is committed to pay its proportionate share of the capital and other costs of the State Water Project, including the capital costs in connection with both the transportation facilities and the conservation facilities, the operation and maintenance costs in connection therewith, and the variable costs incident to the actual delivery of water. Annually, the State Department of Water Resources issues a bulletin known as the 132 Series in which the capital and operating costs are estimated for the life of the project. On June 30 of each year, they bill for the costs to be paid during the next succeeding calendar year. The capital costs are being capitalized as utility plant while the other costs are charged to operations. The capital costs are being amortized on a unit rate based on water deliveries projected over the life of the State Water Project to the year 2035.

SAN GORGONIO PASS WATER AGENCY

Schedules of Funding Progress

June 30, 2014

Pension Plan

The following schedule presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. As required by state law effective July 1, 2005, the Agency's Miscellaneous Plan was terminated, and the employees in the plan were required by CalPERS to join a new state-wide pool. CalPERS' latest actuarial value and funding progress for the state-wide pool follows.

Required Supplementary Information Plan's Risk Pool History of Funded Status and Funding Progress (Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/06	$501.7	$620.5	$118.8	80.9%	$126.0	94.2%
6/30/07	$576.1	$699.7	$123.6	82.3%	$139.3	88.7%
6/30/08	$641.2	$776.2	$135.0	82.6%	$155.1	87.0%
6/30/09	$694.4	$883.4	$189.1	78.6%	$162.0	116.7%
6/30/10	$754.9	$945.2	$190.4	79.9%	$159.2	119.6%
6/30/11	$826.0	$1,023.1	$197.1	80.7%	$160.9	122.5%
6/30/12	$903.4	$1,082.0	$178.6	83.5%	$153.2	116.6%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2013	$304,451	$511,306	$206,855	59.5%	N/A	N/A
July 1, 2011	$236,645	$621,526	$384,881	38.1%	N/A	N/A

Actuarial valuations of the ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about demographics regarding retirement, disability, turnover, mortality, and healthcare cost trend. See Note 7.

SAN GORGONIO PASS WATER AGENCY

Schedule of Board of Directors and Insurance Coverage

Officers, Directors, and Senior Management

The officers, directors, and senior management of the Agency are listed below:

	Term Expires
John Jeter, President	November 2014
Bill Dickson, Vice President	November 2016
Mary Ann Melleby, Treasurer	November 2016
Ron Duncan, Director	November 2016
Ted Haring, Director	November 2016
W. Ray Morris, Director	November 2014
Barbara Voigt, Director	November 2014
Jeff Davis, General Manager and Secretary of the Board	N/A

Insurance Coverage

The agreement with the Joint Powers Insurance Authority (JPIA) is for liability, property, and workers' compensation insurance.

For liability coverage, the first $2,000,000 of basic coverage is pooled self-insured coverage. For coverage in excess of $2,000,000, the JPIA has a number of excess liability policies and insures the Agency for the $2,000,000 base through $60,000,000.

For property coverage, there is a $1,000 deductible for buildings, fixed equipment and personal property, and a $500 deductible for vehicles.

Flood coverage has a $75,000 minimum and deductible, with a $10,000,000 coverage per occurrence and a $10,000,000 annual aggregate for the flood zone in which the Agency is located.

Earthquake coverage has a minimum of $75,000 and deductible of five percent of scheduled values up to a maximum of $1,000,000.