



**SAN GORGONIO PASS WATER AGENCY**  
**Finance and Budget Committee Meeting**  
**Agenda**  
**February 20, 2024 at 9:00 a.m.**

President  
Mickey Valdivia

Vice President  
Chander Letulle

Treasurer  
Robert Ybarra

Secretary  
Kevin Walton

Directors  
Dr. Blair M Ball  
Ron Duncan  
Larry Smith

General Manager  
Lance Eckhart,  
PG, CHG

Legal Counsel  
Jeffrey Ferre

THIS MEETING IS BEING HELD IN PERSON.  
REMOTE ACCESS IS AVAILABLE FOR THE CONVENIENCE OF THE PUBLIC.  
TO JOIN VIA ZOOM, CLICK HERE: [Zoom Teleconference Link](#)  
TO JOIN THE MEETING BY TELEPHONE,  
CALL: 669-900-6833 MEETING ID: 942 7637 8467

- 1. Call to Order, Flag Salute, and Roll Call**
- 2. Adjustment and Adoption of Agenda**
- 3. Public Comment:** Members of the public may address the Committee at this time concerning items relating to any matter within the Agency's jurisdiction. There will be an opportunity to comment on specific agenda items as the items are addressed. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Committee or Staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to Staff for follow up.
- 4. Approval of the Minutes**
  - A. Approval of the Minutes of the Finance & Budget Committee Meeting, January 18, 2024, [\[pg. 3\]](#)
- 5. New Business – Discussion and possible action**
  - A. Review of Audited Financial Statements FY 2022-23, [\[pg. 5\]](#)
  - B. Presentation of Investment Report for December 2023, [\[pg. 56\]](#)
  - C. Ratification of Paid Invoices and Monthly Payroll for January 2024, [\[pg. 78\]](#)
  - D. Review of Bank Reconciliation for January 2024, [\[pg. 81\]](#)
  - E. Review of Budget Report for January 2024, [\[pg. 83\]](#)
  - F. Review of Cash Reconciliation Report for December 2023, [\[pg. 95\]](#)
  - G. Review of Pending Legal Invoices for January 2024, [\[pg. 97\]](#)
  - H. Review of Reserves Report for December 2023, [\[pg. 98\]](#)
  - I. Gap Funding Report, [\[pg. 99\]](#)
- 6. Committee Member Comments**
- 7. Announcements**
  - A. Regular Board Meeting, February 26, 2024 at 6:00 p.m.
  - B. Regular Board Meeting, March 4, 2024 at 1:30 p.m.
  - C. Regular Board Meeting, March 18, 2024 at 6:00 p.m.
- 8. Adjournment**

(1) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be made available on the Agency's website, accessible at: [www.sgpwa.com](http://www.sgpwa.com) (2) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

# ***San Geronio Pass Water Agency***

**DATE:** February 20, 2024  
**TO:** Finance and Budget Committee  
**FROM:** Lance Eckhart, General Manager  
**BY:** Tom Todd, Jr., Chief Financial Officer  
**SUBJECT: Summary of Recommended Actions**

## **RECOMMENDATION**

Recommendations for Finance and Budget Committee actions:

Item 4A: Approve the minutes of the previous meeting.

**Motion: The Committee approve the minutes of January 18, 2024.**

Item 5A: Accept the Audited Financial Statements for FY 2022-23

**Motion: The Committee accept the Audited Financial Statements for FY 2022-23.**

The following items are considered as a group:

Item 5C: The Committee **accept** payments as listed in the Check History reports for Accounts Payable and Payroll for the month of January 2024.

Item 5D: The Committee **accept** the Bank Reconciliation for January 2024.

Item 5E: The Committee **accept** the Budget Report for January 2024.

Item 5F: The Committee **accept** the Cash Reconciliation Report for December 2023.

**Motion: The Committee accept items 5C-F.**

The following items are considered as a group:

Item 5G: The Committee **approve** payment of the Legal Invoice for January 2024.

Item 5H: The Committee **approve** the Reserve Allocation Report for December 2023.

**Motion: The Committee approve items 5G-H.**

## **BACKGROUND**

The Finance & Budget Committee reviews the necessary financial material during this meeting and will present its findings at the next regular Board meeting.

## **ACTION**

The Committee take the above listed actions.

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Finance and Budget Committee**  
**January 18, 2024**

THIS MEETING WAS HELD IN PERSON AND VIA ZOOM.

**Committee Members Present:** Robert Ybarra, Chair  
Chander Letulle, Member  
Kevin Walton, Member

**Staff Present:** Tom Todd, Jr., Chief Financial Officer

1. **Call to Order, Flag Salute, and Roll Call:** The San Gorgonio Pass Water Agency Finance and Budget Committee meeting was called to order by Chair Robert Ybarra at 9:00 a.m., January 18, 2024. Mr. Ybarra led the Pledge of Allegiance. Mr. Ybarra asked for a roll call. A quorum was present.
2. **Adjustment and/or Adoption of the Agenda.** The agenda was adopted as published.
3. **Public Comment:** None.
4. **Approval of Minutes**
  - A. Approval of the Minutes of the Finance & Budget Committee Meeting, December 14, 2023  
Mr. Ybarra moved, seconded by Mr. Walton, to approve the minutes of the Finance and Budget Committee meeting of December 14, 2023. Approved unanimously by voice vote.
5. **New Business**
  - A. Ratification of Paid Invoices and Monthly Payroll for December 2023
  - B. Review of Bank Reconciliation for December 2023
  - C. Review of Budget Report for December 2023  
After review and further discussion, Mr. Letulle moved, seconded by Mr. Walton, to accept Items A-C. Approved unanimously by voice vote.
  - D. Review of Pending Legal Invoices for December 2023  
After review and discussion, Mr. Walton moved, seconded by Mr. Letulle, to approve payment of the Legal Invoice. Approved unanimously by voice vote.
  - E. Cabazon Gap Funding Report  
The Committee reviewed the Cabazon Gap Funding Report; there were no changes for December 2023.

F. The Committee discussed moving the regular meeting day to another day due to Staff conflicts. After discussion, the regular meeting day was moved to the 4<sup>th</sup> Thursday of the month, at the same time, 9:00 a.m. However, for February, the meeting will be on Tuesday, February 20, 2024, at 9:00 a.m. because all Committee members will be attending the Urban Water Institute on Thursday, the 22<sup>nd</sup>.

**6. Committee Member Comments**

None.

**7. Announcements**

Mr. Ybarra reviewed the announcements:

- A. Regular Board Meeting, January 22, 2024 at 6:00 p.m.
- B. Regular Board Meeting, February 5, 2024 at 1:30 p.m.

**8. Adjournment**

The Finance and Budget Committee of the San Gorgonio Pass Water Agency was adjourned by Mr. Ybarra at 10:16 a.m.

***Draft - Subject to Committee Approval***

Robert Ybarra, Committee Chair

**San Gorgonio Pass Water Agency**  
**Dashboard – Audited Financial Statements**

**June 30, 2023 vs 2022**

Revenues & Expenses	2023	2022	Variance
<b>Operating Revenues:</b>			
Water sales	\$ 5,153,069	\$ 738,498	\$ 4,414,571
GSP – grants and reimbursements	67,822	520,078	(452,256)
<b>Non-Operating Revenues:</b>			
Property taxes	42,947,540	35,833,608	7,113,932
Rental revenue	29,571	28,685	886
Investment earnings	366,479	(2,698,550)	3,065,029
Other non-operating revenues	1,959	3,064	(1,105)
<b>Total Revenues</b>	<b>48,566,440</b>	<b>34,425,383</b>	<b>14,141,057</b>
<b>Operating Expenses:</b>			
Source of supply – water purchases	6,932,266	3,602,316	3,329,950
Source of supply – operations	13,472,177	12,893,199	578,978
Engineering and consulting	828,350	409,626	418,724
Groundwater sustainability plan – costs	1,148,380	70,854	1,077,526
General and administrative	2,218,860	924,547	1,294,313
<b>Operating expenses before depr.</b>	<b>24,600,033</b>	<b>17,900,542</b>	<b>6,699,491</b>
Depreciation expense	10,888,338	2,374,856	8,513,482
<b>Total Expenses</b>	<b>35,488,371</b>	<b>20,275,398</b>	<b>15,212,973</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 13,078,069</b>	<b>\$ 14,149,985</b>	<b>\$ (1,071,916)</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	\$ (10,844,051)	\$ (11,788,873)	944,822
<b>Depreciation Expense</b>	10,888,338	2,374,856	8,513,482
<b>Change in Capital Expense</b>	<b>\$ 44,287</b>	<b>\$ (9,414,017)</b>	<b>\$ 9,458,304</b>
<b>Cash &amp; Investments</b>	<b>\$ 93,189,298</b>	<b>\$ 80,740,382</b>	<b>\$ 12,448,916</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	\$ 13,078,069		
<b>Change in Capital Expense</b>	44,287	Use of cash	
<b>Change in Accounts &amp; Other Receivables</b>	(1,769,067)	Change in cash	
<b>Change in Accounts Payable</b>	915,003	Change in cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ 12,268,292</b>	<b>Approximately</b>	<b>\$ (180,624)</b>
<b>Investment Earnings to Portfolio</b>	<b>0.42%</b>		
Investment Earnings – Cash Basis	\$ 743,344	<b>0.85%</b>	<b>5.0% = \$4.4M</b>
Change in Fair-Value of Investments	(376,865)		
<b>Total</b>	<b>\$ 366,479</b>		
	86,964,840	Average Portfolio	

**SAN GORGONIO PASS WATER AGENCY  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2023  
(With Comparative Amounts as of June 30, 2022)**

**NIGRO & NIGRO<sup>PC</sup>**

**SAN GORGONIO PASS WATER AGENCY**

*For the Fiscal Year Ended June 30, 2023*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
San Gorgonio Pass Water Agency  
Beaumont, California

### Opinion

We have audited the accompanying financial statements of the San Gorgonio Pass Water Agency (Agency), which comprise the balance sheets as of June 30, 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

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, 2023, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan 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.

**Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2022, from which such partial information was derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated February 12, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

Murrieta, California  
February 12, 2024

## **SAN GORGONIO PASS WATER AGENCY**

### *Management's Discussion and Analysis (Unaudited)*

*For the Years Ended June 30, 2023 and 2022*

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Management's Discussion and Analysis (MD&A) offers readers of San Gorgonio Pass Water Agency's financial statements a narrative overview of the Agency's financial activities for the year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2023, the Agency's net position increased 6.06%, or \$13,078,069 from the prior year's net position of \$215,760,240 to \$228,838,309, as a result of the year's financial activities.
- In fiscal year 2023, operating revenues increased by 315%, or \$3,962,315 from \$1,258,576 to \$5,220,891, from the prior year, due to an increase in water sales.
- In fiscal year 2023, operating expenses before depreciation expense increased by 37.58% or \$6,719,449 from \$17,880,584 to \$24,600,033, from the prior year, primarily due to an increase in source of supply – water purchases and costs associated with the Groundwater sustainability plan, as well as increases in engineering and consulting and general and administrative expenses.

#### **REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the Agency's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency'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, non-capital financing, and capital and related 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.

**SAN GORGONIO PASS WATER AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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**FINANCIAL ANALYSIS OF THE AGENCY**

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in them. You can think of the Agency's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

**Condensed Balance Sheets**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 25,426,688	\$ 18,545,417	\$ 6,881,271
Non-current assets	70,892,797	63,620,234	7,272,563
Capital assets, net	<u>133,472,761</u>	<u>133,517,048</u>	<u>(44,287)</u>
<b>Total assets</b>	<u>229,792,246</u>	<u>215,682,699</u>	<u>14,109,547</u>
<b>Deferred outflows of resources</b>	<u>802,986</u>	<u>870,601</u>	<u>(67,615)</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 230,595,232</u>	<u>\$ 216,553,300</u>	<u>\$ 14,041,932</u>
<b>Liabilities:</b>			
Current liabilities	\$ 1,119,037	\$ 206,961	\$ 912,076
Non-current liabilities	<u>493,026</u>	<u>127,989</u>	<u>365,037</u>
<b>Total liabilities</b>	<u>1,612,063</u>	<u>334,950</u>	<u>1,277,113</u>
<b>Deferred inflows of resources</b>	<u>144,860</u>	<u>458,110</u>	<u>(313,250)</u>
<b>Net position:</b>			
Investment in capital assets	133,472,761	133,517,048	(44,287)
Restricted	70,892,797	63,101,138	7,791,659
Unrestricted	<u>24,472,751</u>	<u>19,142,054</u>	<u>5,330,697</u>
<b>Total net position</b>	<u>228,838,309</u>	<u>215,760,240</u>	<u>13,078,069</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 230,595,232</u>	<u>\$ 216,553,300</u>	<u>\$ 14,041,932</u>

**SAN GORGONIO PASS WATER AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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**FINANCIAL ANALYSIS OF THE AGENCY (continued)**

**Condensed Balance Sheets (continued)**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources of the Agency exceeded liabilities and deferred inflows of resources by \$228,838,309 as of June 30, 2023.

By far the largest portion of the Agency's net position (58% as of June 30, 2023) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2023, the Agency showed a positive balance in its unrestricted net position of \$24,472,751 which may be utilized in future years.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 5,220,891	\$ 1,258,576	\$ 3,962,315
Operating expenses	<u>(24,600,033)</u>	<u>(17,900,542)</u>	<u>(6,699,491)</u>
<b>Operating income before depreciation</b>	(19,379,142)	(16,641,966)	(2,737,176)
Depreciation expense	<u>(10,888,338)</u>	<u>(2,374,856)</u>	<u>(8,513,482)</u>
<b>Operating income</b>	(30,267,480)	(19,016,822)	(11,250,658)
Non-operating revenues(expenses), net	<u>43,345,549</u>	<u>33,166,807</u>	<u>10,178,742</u>
<b>Change in net position</b>	13,078,069	14,149,985	(1,071,916)
Net position:			
<b>Beginning of year</b>	<u>215,760,240</u>	<u>201,610,255</u>	<u>14,149,985</u>
<b>End of year</b>	<u>\$ 228,838,309</u>	<u>\$ 215,760,240</u>	<u>\$ 13,078,069</u>

The statement of revenues, expenses and changes in net position shows how the Agency's net position changed during the fiscal years. In the case of the Agency, net position increased 6.06%, or \$13,078,069 from the prior year's net position of \$215,760,240 to \$228,838,309, as a result of the year's financial activities.

**SAN GORGONIO PASS WATER AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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**FINANCIAL ANALYSIS OF THE AGENCY (continued)**

**Total Revenues**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>			
Water sales	\$ 5,153,069	\$ 738,498	\$ 4,414,571
Groundwater sustainability plan – grants and reimbursements	67,822	520,078	(452,256)
<b>Total operating revenues</b>	<u>5,220,891</u>	<u>1,258,576</u>	<u>3,962,315</u>
<b>Non-operating revenues:</b>			
Property taxes	42,947,540	35,833,608	7,113,932
Investment earnings	366,479	(2,698,550)	3,065,029
Rental and contract revenue	29,571	28,685	886
Other non-operating revenues	1,959	3,064	(1,105)
<b>Total non-operating revenues</b>	<u>43,345,549</u>	<u>33,166,807</u>	<u>10,178,742</u>
<b>Total revenues</b>	<u>\$ 48,566,440</u>	<u>\$ 34,425,383</u>	<u>\$ 14,141,057</u>

In fiscal year 2023, operating revenues increased by 315%, or \$3,962,315 from \$1,258,576 to \$5,220,891, from the prior year, due to an increase in water sales. Non-operating revenues increased by 28.75%, or \$9,678,622 from \$33,666,927 to \$43,345,549 due to an increase in property tax revenue as well as an increase in investment earnings as the result of increasing market interest rates.

**Total Expenses**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>			
Source of supply - water purchases	\$ 6,932,266	\$ 3,602,316	\$ 3,329,950
Source of supply - operations	13,472,177	12,893,199	578,978
Engineering and consulting	828,350	409,626	418,724
Groundwater sustainability plan – costs	1,148,380	70,854	1,077,526
General and administrative	2,218,860	924,547	1,294,313
<b>Total operating expenses</b>	<u>24,600,033</u>	<u>17,900,542</u>	<u>6,699,491</u>
Depreciation expense	<u>10,888,338</u>	<u>2,374,856</u>	<u>8,513,482</u>
<b>Total expenses</b>	<u>\$ 35,488,371</u>	<u>\$ 20,275,398</u>	<u>\$ 15,212,973</u>

In fiscal year 2023, operating expenses before depreciation expense increased by 37.58% or \$6,719,449 from \$17,880,584 to \$24,600,033, from the prior year, primarily due to an increase in source of supply – water purchases and costs associated with the Groundwater sustainability plan, as well as increases in engineering and consulting and general and administrative expenses.

**SAN GORGONIO PASS WATER AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Years Ended June 30, 2023 and 2022*

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**FINANCIAL ANALYSIS OF THE AGENCY (continued)**

**Capital Assets**

	<b>Balance</b>	<b>Balance</b>
<b>Capital assets:</b>	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
Non-depreciable assets	\$ 17,048,943	\$ 13,258,244
Depreciable assets	208,185,381	201,172,601
Accumulated depreciation	<u>(91,761,563)</u>	<u>(80,913,797)</u>
<b>Total capital assets, net</b>	<b><u>\$ 133,472,761</u></b>	<b><u>\$ 133,517,048</u></b>

At the end of year 2023, the Agency's investment in capital assets amounted to \$133,472,761 (net of accumulated depreciation). Capital asset additions amounted to \$10,844,051 for various projects and equipment. See Note 6 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION**

Management is unaware of any item that would affect the current financial position.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's funding sources, customers, stakeholders and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Finance Department, 1210 Beaumont Avenue, Beaumont, CA 92223 - (951) 845 -2577.



# SAN GORGONIO PASS WATER AGENCY

## Balance Sheets

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 23,156,952	\$ 18,268,778
Accrued interest receivable	133,844	20,203
Accounts receivable	797,398	909
Property taxes receivable	230,789	121,962
Other receivables	1,072,578	100,000
Lease receivable (Note 4)	28,657	28,095
Prepaid expenses	6,470	5,470
<b>Total current assets</b>	<u>25,426,688</u>	<u>18,545,417</u>
<b>Non-current assets:</b>		
Restricted: (Note 3)		
Cash and cash equivalents	10,400,975	2,687,656
Investments	59,631,371	59,783,948
Accrued interest receivable	-	3,103
Property taxes receivable	860,451	626,431
Lease receivable (Note 4)	-	28,657
Net OPEB asset (Note 8)	-	162,736
Net pension asset (Note 9)	-	327,703
Capital assets – not being depreciated (Note 6)	17,048,943	13,258,244
Capital assets – being depreciated, net (Note 6)	116,423,818	120,258,804
<b>Total non-current assets</b>	<u>204,365,558</u>	<u>197,137,282</u>
<b>Total assets</b>	<u>229,792,246</u>	<u>215,682,699</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB liability (Note 8)	127,172	45,083
Deferred amounts related to net pension liability (Note 9)	675,814	825,518
<b>Total deferred outflows of resources</b>	<u>802,986</u>	<u>870,601</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 230,595,232</u>	<u>\$ 216,553,300</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,098,161	\$ 183,158
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	20,876	23,803
<b>Total current liabilities</b>	<u>1,119,037</u>	<u>206,961</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	118,294	127,989
Net OPEB liability (Note 8)	67,058	-
Net pension liability (Note 9)	307,674	-
<b>Total non-current liabilities</b>	<u>493,026</u>	<u>127,989</u>
<b>Total liabilities</b>	<u>1,612,063</u>	<u>334,950</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to leases (Note 4)	27,825	55,650
Deferred amounts related to net OPEB liability (Note 8)	23,389	180,361
Deferred amounts related to net pension liability (Note 9)	93,646	222,099
<b>Total deferred inflows of resources</b>	<u>144,860</u>	<u>458,110</u>
<b>Net position:</b>		
Investment in capital assets	133,472,761	133,517,048
Restricted for State Water Project participation (Note 3)	70,892,797	63,101,138
Unrestricted	24,472,751	19,142,054
<b>Total net position</b>	<u>228,838,309</u>	<u>215,760,240</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 230,595,232</u>	<u>\$ 216,553,300</u>

The notes to financial statements are an integral part of this statement.

**SAN GORGONIO PASS WATER AGENCY***Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Operating revenues:</b>		
Water sales	\$ 5,153,069	\$ 738,498
Groundwater sustainability plan – grants and reimbursements	67,822	520,078
<b>Total operating revenues</b>	<u>5,220,891</u>	<u>1,258,576</u>
<b>Operating expenses:</b>		
Source of supply – water purchases	6,932,266	3,602,316
Source of supply – operations	13,472,177	12,893,199
Engineering and consulting	828,350	409,626
Groundwater sustainability plan – costs	1,148,380	70,854
General and administrative	2,218,860	924,547
<b>Total operating expenses</b>	<u>24,600,033</u>	<u>17,900,542</u>
<b>Operating loss before depreciation</b>	(19,379,142)	(16,641,966)
Depreciation expense	(10,888,338)	(2,374,856)
<b>Operating loss</b>	<u>(30,267,480)</u>	<u>(19,016,822)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	42,947,540	35,833,608
Investment earnings	366,479	(2,698,550)
Rental revenue	29,571	28,685
Other non-operating revenues	1,959	3,064
<b>Total non-operating revenues(expenses), net</b>	<u>43,345,549</u>	<u>33,166,807</u>
<b>Change in net position</b>	13,078,069	14,149,985
<b>Net position:</b>		
Beginning of year	<u>215,760,240</u>	<u>201,610,255</u>
End of year	<u>\$ 228,838,309</u>	<u>\$ 215,760,240</u>

**SAN GORGONIO PASS WATER AGENCY***Statements of Cash Flows**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 3,483,354	\$ 1,189,416
Cash paid to employees for salaries and wages	(798,187)	(798,187)
Cash paid to vendors and suppliers for materials and services	<u>(22,252,834)</u>	<u>(18,266,395)</u>
<b>Net cash used in operating activities</b>	<u>(19,567,667)</u>	<u>(17,875,166)</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	<u>42,604,693</u>	<u>36,021,017</u>
<b>Net cash provided by non-capital financing activities</b>	<u>42,604,693</u>	<u>36,021,017</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	<u>(10,844,051)</u>	<u>(11,788,873)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(10,844,051)</u>	<u>(11,788,873)</u>
<b>Cash flows from investing activities:</b>		
Change in investments	(224,288)	(32,024,073)
Investment earnings	<u>632,806</u>	<u>327,293</u>
<b>Net cash provided by (used in) investing activities</b>	<u>408,518</u>	<u>(31,696,780)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	12,601,493	(25,339,802)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>20,936,476</u>	<u>46,276,278</u>
End of year	<u><u>\$ 33,537,969</u></u>	<u><u>\$ 20,936,476</u></u>

**SAN GORGONIO PASS WATER AGENCY***Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of operating loss to net cash used operating activities:</b>		
Operating loss	\$(30,267,480)	\$(19,016,822)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Depreciation	10,888,338	2,374,856
Rental revenue	29,571	28,685
Other non-operating revenues	1,959	3,064
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable	(796,489)	(909)
Other receivables	(972,578)	(100,000)
Lease Receivable	28,095	27,544
Prepaid expenses	(1,000)	521
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net OPEB obligation liability	(82,089)	7,809
Deferred amounts related to net pension liability	149,704	(134,921)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	915,003	(174,307)
Compensated absences	(12,622)	36,136
Net OPEB obligation liability	229,794	(198,372)
Net pension liability	635,377	(886,119)
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to leases	(27,825)	(27,825)
Deferred amounts related to net OPEB obligation liability	(156,972)	(13,277)
Deferred amounts related to net pension liability	(128,453)	198,771
<b>Total adjustments</b>	<u>10,699,813</u>	<u>1,141,656</u>
<b>Net cash used in operating activities</b>	<u>\$(19,567,667)</u>	<u>\$(17,875,166)</u>
<b>Noncash investing, capital and financing transactions:</b>		
Change in fair-value of investments	<u>\$ (376,865)</u>	<u>\$ (2,998,458)</u>

# SAN GORGONIO PASS WATER AGENCY

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Organization

The San Gorgonio Pass Water Agency Act was passed in 1961 by the California State Legislature. The Act created the San Gorgonio Pass Water Agency (Agency) and defined its powers. The Agency's service area of approximately 225 square miles is located in Riverside County and extends from Calimesa to Cabazon. The service area includes the incorporated cities of Calimesa, Beaumont, and Banning, and the communities of Cherry Valley, Cabazon, and the Banning Bench. The Agency purchases water from the State of California and sells it to local retail water agencies. The water is imported into the service area by the California Aqueduct.

In June of 2020, the Agency entered into a cost sharing agreement with the Cabazon Water District, City of Banning, Banning Heights Mutual Water Company, Mission Springs Water District, and Desert Water Agency. The agreement exists solely for the purpose of developing a Groundwater Sustainability Plan (GSP) for the San Gorgonio Pass Sub-basin (Basin), and to ensure the sustainable management of the Basin by January 1, 2042; as defined by the Sustainable Groundwater Act of 2014. The Agency acts as administrator for the agreement and pays 33.3% of all costs as well as funds all services up front, with any costs not covered by Proposition No. 1 grant funding, being periodically reimbursed on an equal basis of 13.3% by each of the 5 other member agencies based on actual costs incurred.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Agency has no additional component units.

#### B. Basis of Presentation, Basis of Accounting

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 (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The primary revenue source of the Agency is water sales.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the Agency. The Agency reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the Agency as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the Agency. All other expenses are reported as non-operating expenses.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

###### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

###### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the Agency categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Agency has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Agency's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

###### 3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

###### 4. Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations.

###### 5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

# SAN GORGONIO PASS WATER AGENCY

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 6. Lease receivable and Deferred Inflows of Resources - Leases

Lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources are amortized on a straight-line basis over the term of the lease.

##### 7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the Agency's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the Agency's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	15-75 years
Equipment	5-10 years

##### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

##### 9. Compensated Absences

The Agency's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated. Additionally, employees have the option to cash-out vacation and sick leave balances.

##### 10. Pensions

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 Agency's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions 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.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

###### 11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's 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. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

###### 12. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation.
- **Restricted net position** – This component of net position consists of items that do not meet the definition of "investment in capital assets" that are reserved for a specific purpose by covenants, grants, contracts or regulatory requirements.
- **Unrestricted net position** – This component of net position consists of net position that does not meet the definition of "investment in capital assets and/or restricted."



## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D. Reclassifications

The Agency has reclassified certain prior year information to conform with current year presentation.

##### E. Use of Estimates

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

##### F. Property Taxes

Property taxes are attached as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The Counties of Riverside and San Bernardino Assessor's Offices assess all real and personal property within their respective County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Counties of Riverside and San Bernardino Treasurer's Offices remit an undisclosed portion of the one (1%) current and delinquent property tax collections to the Agency throughout the year.

#### NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2023</u>
Cash and cash equivalents	\$ 23,156,952
Restricted – cash and cash equivalents	10,400,975
Restricted – investments	<u>59,631,371</u>
<b>Total cash and investments</b>	<b><u>\$ 93,189,298</u></b>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Petty cash	\$ 100
Demand deposits held with financial institutions	866,674
Local Agency Investment Fund (LAIF)	16,039,188
California Asset Management Program (CAMP) Pool	16,651,965
Investments	<u>59,631,371</u>
<b>Total cash and investments</b>	<b><u>\$ 93,189,298</u></b>

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### Demand Deposits with Financial Institutions

At June 30, 2023, the carrying amounts of the Agency's demand deposits were \$866,674 and the financial institution's balances were \$866,972. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the Agency's balance for each year.

##### Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the Agency 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 Agency 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 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% 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% of the secured public deposits. As of June 30, 2023, the Agency's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

##### Investments

The Agency's investments as of June 30, 2023 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	N/A	\$ 47,779,807	\$ 4,816,052	\$ 13,243,181	\$ 29,720,574
Federal Agency Commercial Mortgage - Backed	Level 2	A to AAA	410,597	-	-	410,597
Corporate Notes	Level 2	A to AAA	10,649,665	-	3,683,809	6,965,856
Asset-backed securities	Level 2	A to AAA	206,679	-	-	206,679
Negotiable certificates-of-deposit	Level 2	AAA	584,623	584,623	-	-
<b>Total investments</b>			<b>\$ 59,631,371</b>	<b>\$ 5,400,675</b>	<b>\$ 16,926,990</b>	<b>\$ 37,303,706</b>

The Agency has placed its investments with the California Asset Management Program (CAMP) in an individually managed portfolio to meet the Agency's specific investment objectives. Individually managed portfolios are automatically linked to the Investor's/Participant's CAMP Pool account so that maturities and coupon payments are invested at all times. Individually managed investment portfolios are placed under a separate agreement with PFM Asset Management LLC, the program's investment adviser.

##### California Asset Management Program (CAMP) Pool – External Pool

The Authority is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The CAMP Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### Investments (continued)

##### California Asset Management Program (CAMP) Pool – External Pool (continued)

The CAMP Pool is a permitted investment for all local agencies under CGC Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced finance directors and treasurers of California public agencies that are members of the JPA. CAMP determines fair value on its investment portfolio based on amortized cost. The Authority measures the value of its CAMP Pool investment at the fair value amount provided by CAMP. On June 30, 2023, the CAMP Pool had a total portfolio of approximately \$15.9 billion of which all was invested in non-derivative financial products. The average maturity of the CAMP Pool's investments was 26 days as of June 30, 2023. For financial reporting purposes, the Agency considers CAMP Pool a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the Authority held \$16,651,965 in the CAMP Pool.

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

The table below identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency'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 Agency or the investment of funds within the OPEB Trust that are governed by the agreement between the Agency and the Trustee, rather than the general provisions of the California Government Code or the Agency's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (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	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk. The Agency currently has no debt agreements.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

##### Disclosures Relating to 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 Agency 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.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided in the Investment Table that shows the distribution of the Agency's investments by maturity as of June 30, 2023.

##### Disclosures Relating to 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. Presented in the Investment Table are Standard & Poor's credit ratings for the Agency's investments as of June 30, 2023. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### Fair Value Measurements

The Agency categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the Agency's investments were assigned a Level 2 input on the Investment Table.

##### Investment in State Investment Pool

The Agency 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 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 is recorded on an amortized cost basis and is Not Rated under the current credit risk ratings format. For financial reporting purposes, the Agency considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the Agency held \$16,039,188 in LAIF.

#### NOTE 3 – RESTRICTED ASSETS

Restricted assets at June 30, 2023 consists of the following:

<u>Description</u>	<u>June 30, 2023</u>
Restricted – cash and cash equivalents	\$ 10,400,975
Restricted – investments	59,631,371
Restricted – property taxes receivable	<u>860,451</u>
<b>Total restricted assets and net position</b>	<b><u>\$ 70,892,797</u></b>

The Agency's restricted assets consisted of tax proceeds levied for State Water Project debt payments, less actual State Water Project related expenditures.

#### NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the Agency's lease receivable for the year ended June 30, 2023 was as follows:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Cellular antenna site rental	<u>\$ 56,752</u>	<u>\$ -</u>	<u>\$ (28,095)</u>	<u>\$ 28,657</u>

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The lease held by the Agency does not have an implicit rate of return, therefore the Agency used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The Agency’s lease is summarized as follows:

##### **Cellular Antenna Site Rental**

The Agency, on July 1, 2020, renewed a continuous lease for 48 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$111,300. As of June 30, 2023, the value of the lease receivable was \$28,657. The lease is required to make annual fixed payments of \$28,657 for the first 12-month period, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$27,825 as of June 30, 2023. The Agency recognized lease revenue of \$29,570, and interest revenue of \$562 during the fiscal year. The lease will be evaluated by the Agency for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,657	\$ -	\$ 28,657
Total	28,657	\$ -	\$ 28,657
Current	(28,657)		
Long-term	\$ -		

Changes in the Agency’s deferred inflows of resources related to leases for June 30, 2023 is as follows:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Cellular antenna site rental	\$ 55,650	\$ -	\$ (27,825)	\$ 27,825

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2023, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 27,825
Total	\$ 27,825

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 5 – INVESTMENTS IN JOINT-VENTURES

##### Delta Conveyance Finance Authority (DCFA)

The Agency participates under a joint powers agreement (JPA) with the Delta Conveyance Finance Authority (DCFA). The DCFA is JPA created in July 2018 as a conduit financing authority to assist the Department of Water Resources and the public water agency participants, currently all of whom are State Water Project Contractors, finance all or a portion of the Delta Conveyance Project. The Delta Conveyance Project is a major project that will deliver water from the Sacramento River to the existing State Water Project and Central Valley Project pumping plants in the southern end of the delta. Its members consist of water agencies that contract with DWR for the purchase of water. Its operations are supported by the collection of contributions from its members. The governing board is made up of eleven representatives from member agencies. Audited financial statements are available by contacting the DCFA at 112 L street, Suite 1045, Sacramento, CA 95814.

Condensed audited financial information of the Delta Conveyance Finance Authority for the year ended June 30, 2022, the most recent financial information available, which is reported on a cash basis of accounting, is as follows:

<u>Description</u>	<u>2022</u>
Cash receipts	\$ 2,695
Cash disbursements	<u>82,863</u>
Excess of receipts over disbursements	(80,168)
Cash and investments at beginning of the year	<u>559,245</u>
Cash and investmetns at end of the year	<u>\$ 479,077</u>
Member agencies share of year-end financial position	Not Calculated

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2023, were as follows:

Description	Balance June 30, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
<b>Non-depreciable assets:</b>				
Land and land rights	\$ 6,492,544	\$ 3,178,426	\$ -	\$ 9,670,970
Construction-in-process	6,765,700	1,701,807	(1,089,534)	7,377,973
<b>Total non-depreciable assets</b>	<b>13,258,244</b>	<b>4,880,233</b>	<b>(1,089,534)</b>	<b>17,048,943</b>
<b>Depreciable assets:</b>				
SWP – participation rights	167,823,591	7,006,429	-	174,830,020
Sources of supply	22,377,732	-	-	22,377,732
Recharge facilities	9,005,268	-	-	9,005,268
Technical equipment	91,189	-	-	91,189
Buildings and improvements	1,669,668	-	-	1,669,668
Furniture and fixtures	126,540	46,923	(40,572)	132,891
Transportation equipment	78,613	-	-	78,613
<b>Total depreciable assets</b>	<b>201,172,601</b>	<b>7,053,352</b>	<b>(40,572)</b>	<b>208,185,381</b>
<b>Accumulated depreciation:</b>				
SWP – participation rights	(68,632,800)	(9,687,935)	-	(78,320,735)
Sources of supply	(8,775,083)	(696,009)	-	(9,471,092)
Recharge facilities	(1,989,289)	(437,104)	-	(2,426,393)
Technical equipment	(91,189)	-	-	(91,189)
Buildings and improvements	(1,231,667)	(62,778)	-	(1,294,445)
Furniture and fixtures	(115,156)	(4,512)	40,572	(79,096)
Transportation equipment	(78,613)	-	-	(78,613)
<b>Total accumulated depreciation</b>	<b>(80,913,797)</b>	<b>(10,888,338)</b>	<b>40,572</b>	<b>(91,761,563)</b>
<b>Total depreciable assets, net</b>	<b>120,258,804</b>	<b>(3,834,986)</b>	<b>-</b>	<b>116,423,818</b>
<b>Total capital assets, net</b>	<b>\$ 133,517,048</b>	<b>\$ 1,045,247</b>	<b>\$ (1,089,534)</b>	<b>\$ 133,472,761</b>

#### State Water Project – Participation Rights

In 1963, the Agency contracted with the State of California (the State) for water rights from the State Water Project (SWP). Initially the annual entitlement was zero acre-feet, but in subsequent years the annual entitlement increased to 17,300 acre-feet. The SWP distributes water from Northern California to Southern California through a system of reservoirs, canals, pumps stations, and power generation facilities.

The Agency is one of many participants contracting with the State of California Department of Water Resources (DWR) for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the Agency is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The Agency and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.

Management’s present intention is to exercise the Agency’s option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.



## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

In addition to system on-aqueduct power facilities, the State has, either on their own or through joint ventures financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation and distribution purposes. Power generated in excess of system needs is marketed to various utilities and California's power market.

The Agency is entitled to a proportionate share of the revenues resulting from sales of excess power. The Agency and the other water providers are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

The Agency capitalizes its share of system construction costs as participation rights in the State water facilities when such costs are billed by the DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The Agency's share of system operations and maintenance costs is charged to expenses as incurred.

The Agency amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California. The participation rights have been included with the Agency's capital assets as shown in the schedule of changes in capital assets.

#### NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2023, were as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
<u>\$ 151,792</u>	<u>\$ 63,563</u>	<u>\$ (76,185)</u>	<u>\$ 139,170</u>	<u>\$ 20,876</u>	<u>\$ 118,294</u>

# SAN GORGONIO PASS WATER AGENCY

## Notes to Financial Statements

June 30, 2023

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>
OPEB related deferred outflows	\$ 127,172
Net other post-employment benefits liability	67,058
OPEB related deferred inflows	23,389

#### A. General Information about the OPEB Plan

##### Plan Description

The Agency offers an agent multiple-employer post-employment benefit plan that provides medical coverage for eligible employees and retirees. Currently, there are five active employees, of which four are enrolled in Agency offered health coverage. Currently, there are three retired employees and four dependents who are enrolled in other-post employment benefit plans. CalPERS provides health coverage for current employees and their dependents and retired annuitants and their dependents.

At retirement, the Agency pays 100% for the continuation of these coverages for the retiree and their dependents as long as they are eligible, for life. Eligibility for Agency coverage requires retirement from the Agency and CalPERS on or after age 50, with at least five years of continuous service with the Agency. For the purposes of this benefit, “retirement from the Agency” means the employee’s effective retirement date is within 120 days of separation from employment with the Agency and the employee receives either a service or disability retirement allowance from CalPERS resulting from his or her service to the Agency.

##### Funding Policy

Contribution requirements of the Agency are established by Ordinance and may be amended through board action to update the original Ordinance. For the year ended June 30, 2023, the Agency’s average contribution rate was 7.4 percent and 7.1 percent of covered-employee payroll, respectively. Employees are not required to contribute to the plan.

##### Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the Agency and its employees. The plan does not require employee contributions. The administrative costs of this plan are financed by the Agency. For fiscal year ended June 30, 2023, the measurement period, the Agency’s contributions totaling \$50,373 included an implied subsidy of \$2,000.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

##### A. General Information about the OPEB Plan (continued)

###### Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

###### Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

##### B. Net OPEB Liability(Asset)

The Agency's total OPEB liability(asset) was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

###### Actuarial Assumptions

The total OPEB liability(asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.25%
Inflation	2.50%
Payroll increases	2.75%
Healthcare Trend Rates	Pre-65 - 6.50% trending down annually to 3.75% by 2029 and later Post-65 - 5.65% trending down annually to 3.75% by 2029 and later
Morbidity	CalPERS 2021 Study
Mortality	CalPERS 2021 Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study; 2.5% @55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### B. Net OPEB Liability (continued)

###### Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB 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. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
PARS moderate investment policy:		
Equity	49.00%	4.56%
Fixed income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
<b>Total</b>	<b>100.00%</b>	

###### Discount Rate

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

##### C. Changes in the Net OPEB Liability/(Asset)

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability(Asset)
<b>Balance at July 1, 2022 (Measurement date July 1, 2021)</b>	\$ 913,053	\$ 1,075,789	\$ (162,736)
<b>Changes for the year:</b>			
Service cost	70,459	-	70,459
Interest	60,064	-	60,064
Employer contributions	-	45,083	(45,083)
Net investment income	-	(143,988)	143,988
Benefit payments	(44,989)	(44,989)	-
Administrative expenses	-	(366)	366
Net changes	85,534	(144,260)	229,794
<b>Balance at June 30, 2023 (Measurement date June 30, 2022)</b>	\$ 998,587	\$ 931,529	\$ 67,058

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### C. Changes in the Net OPEB Liability(Asset) (continued)

###### Changes of Assumptions

In fiscal year 2022-23, the discount rate changed from 6.50% to 6.25%, and the inflation rate changed from 2.75% to 2.50%..

###### Change of Benefit Terms

There were no changes to benefit terms.

###### Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

###### Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current discount rate:

	<u>1% Decrease</u> 5.25%	<u>Discount Rate</u> 6.25%	<u>1% Increase</u> 7.25%
Net OPEB Liability	\$ (62,957)	\$ 67,058	\$ (247,119)

###### Sensitivity of the Total OPEB Liability (Asset) to Changes in Medical Trend Rates

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	<u>Healthcare Cost</u>		
	<u>5.5% Decreasing</u> to 2.5%	<u>6.5% Decreasing</u> to 3.5%	<u>7.5% Decreasing</u> to 4.5%
Net OPEB Liability	\$ (257,283)	\$ 67,058	\$ (51,251)

##### D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Agency recognized OPEB expense of \$43,106. At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
OPEB contributions made after the measurement date	\$ 52,373	\$ -
Changes in assumptions	-	(6,424)
Differences between expected and actual experience	-	(16,965)
Differences between projected and actual earnings on OPEB plan investments	74,799	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 127,172</u>	<u>\$ (23,389)</u>

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The differences between projected and actual earnings on plan investments is amortized over five years. The Agency reported \$52,373 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2024	\$ (10,314)
2025	12,250
2026	7,230
2027	42,244
<b>Total</b>	<u>\$ 51,410</u>

At June 30, 2023, the Agency had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

#### NOTE 9 – PENSION PLAN

##### Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>
Pension related deferred outflows	\$ 675,814
Net pension liability	307,674
Pension related deferred inflows	93,646

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

**SAN GORGONIO PASS WATER AGENCY**

*Notes to Financial Statements*

*June 30, 2023*

**NOTE 9 – PENSION PLAN (continued)**

**A. General Information about the Pension Plan**

**The Plan**

The Agency has engaged with CalPERS to administer the following pension plans for its employees (members):

	<b>Miscellaneous Plans</b>	
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	8.250%
Required employer contribution rates – FY 2022	17.200%	N/A
Required employer contribution rates – FY 2021	17.392%	N/A

**Plan Description**

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan’s June 30, 2021 and June 30, 2020 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website.

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plans</b>		<b>Total</b>
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>	
Active members	4	1	5
Transferred and terminated members	1	-	1
Retired members and beneficiaries	3	-	3
<b>Total plan members</b>	<b>8</b>	<b>1</b>	<b>9</b>

All qualified permanent and probationary employees are eligible to participate in the Agency’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

# SAN GORGONIO PASS WATER AGENCY

## Notes to Financial Statements

June 30, 2023

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### NOTE 9 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

##### Benefits Provided

CalPERS 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 years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

##### Contributions

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

Contributions for the year ended June 30, 2023, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 160,556	\$ 10,811	\$ 171,367

#### B. Pension Liabilities(Assets), Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

##### Proportionate Share of Net Pension Liability/(Asset) and Pension Expense

The Agency's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The Agency's proportionate share of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.



**SAN GORGONIO PASS WATER AGENCY**

*Notes to Financial Statements*

*June 30, 2023*

**NOTE 9 – PENSION PLAN (continued)**

**B. Pension Liabilities(Asset), Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability/(Asset) and Pension Expense (continued)**

The following table shows the Agency’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	0.006575%	-0.017258%	0.023833%
Percentage of Plan Net Pension Liability	0.002664%	-0.006059%	0.008723%

The Agency’s proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS - Miscellaneous Plan:</b>			
Balance as of June 30, 2021(Measurement Date)	\$ 4,304,366	\$ 4,632,069	\$ (327,703)
Balance as of June 30, 2022(Measurement Date)	\$ 4,562,393	\$ 4,254,719	\$ 307,674
<b>Change in Plan Net Pension Liability</b>	<u>\$ 258,027</u>	<u>\$ (377,350)</u>	<u>\$ 635,377</u>

For the year ended June 30, 2022, the Agency recognized pension expense of \$827,993. At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 171,367	\$ -
Difference between actual and proportionate share of employer contributions	165,786	-
Adjustment due to differences in proportions	244,596	(89,509)
Differences between expected and actual experience	6,179	(4,137)
Differences between projected and actual earnings on pension plan investments	56,358	-
Changes in assumptions	31,528	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 675,814</u>	<u>\$ (93,646)</u>

**SAN GORGONIO PASS WATER AGENCY**

*Notes to Financial Statements*

*June 30, 2023*

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**NOTE 9 – PENSION PLAN (continued)**

**B. Pension Liabilities/(Asset), Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$171,367 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2024	\$ 159,468
2025	138,278
2026	78,584
2027	34,471
<b>Total</b>	<u>\$ 410,801</u>

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability/(Asset)**

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 9 – PENSION PLAN (continued)

##### B. Pension Liabilities,(Asset) Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

###### Long-term Expected Rate of Return

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

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

The table below reflects the long-term expected real rate of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u> <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

<sup>1</sup> An expected inflation of 2.3% is used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

###### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# SAN GORGONIO PASS WATER AGENCY

## Notes to Financial Statements

June 30, 2023

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### NOTE 9 – PENSION PLAN (continued)

#### B. Pension Liabilities(Asset), Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

##### Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current Discount	Discount Rate +
	1%	Rate 6.90%	1%
CalPERS – Miscellaneous Plan	929,611	\$ 307,674	\$ (204,025)

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

#### C. Payable to the Pension Plans

At June 30, 2022, the Agency reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 10 – RISK MANAGEMENT POOL

The Agency 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. Further information about the Insurance Authority is as follows:

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of September 30, 2022 – 396 member districts
<b>D. Governing board</b>	Nine representatives employed by members
<b>E. Condensed financial information Audit signed</b>	September 30, 2022 February 7, 2023
<b>Statement of financial position:</b>	<b>Sept 30, 2022</b>
<b>Total assets</b>	<u>\$ 246,615,214</u>
<b>Deferred outflows</b>	<u>6,108,562</u>
<b>Total liabilities</b>	<u>137,126,606</u>
<b>Deferred inflows</b>	<u>2,813,249</u>
<b>Net position</b>	<u>\$ 112,783,921</u>
<b>Statement of revenues, expenses and changes in net position:</b>	
<b>Total revenues</b>	\$ 175,619,417
<b>Total expenses</b>	<u>(212,646,028)</u>
<b>Change in net position</b>	(37,026,611)
<b>Beginning - net position</b>	<u>149,810,532</u>
<b>Ending - net position</b>	<u>\$ 112,783,921</u>
<b>F. Member agencies share of year-end financial position</b>	Not Calculated

The Agency participated in the self-insurance programs of the Insurance Authority as follows:

**Property Loss** - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The Agency has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

**General Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

**Auto Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.

**Public Officials' Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 10 – RISK MANAGEMENT POOL (continued)

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The Agency has a \$1,000 deductible.

Public Official Bond - The Agency has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The Agency has a \$10,000 deductible.

The Agency pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the Agency's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

#### NOTE 11 – COMMITMENTS AND CONTINGENCIES

##### State Water Contract

Estimates of the Agency's share of the projected fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation. During the next five years, payments under the State Water Contract are currently estimated by the State to be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$17,658,821
2025	13,590,039
2026	14,109,715
2027	14,237,917
2028	14,307,212

As of June 30, 2023, the Agency has expended approximately \$194,008,927 since the Agency started participating in the State Water Contract.

## SAN GORGONIO PASS WATER AGENCY

### Notes to Financial Statements

June 30, 2023

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#### NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

##### State Water Contract (continued)

According to the State’s latest estimates, the Agency’s long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

<u>Type of Long-Term Obligation</u>	<u>Amount</u>
State Water Project Contract:	
Transportation facilities	\$5,103,573
Delta water charges	18,943,316
Off-aqueduct power facilities	13,383
Revenue bond surcharge	6,235,807
Conservation charge	1,683,539
Transportation charge	<u>157,883,364</u>
Total	<u><u>\$189,862,982</u></u>

##### Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency’s replacement reserves and advances for construction. The Agency has committed approximately \$700,117 to complete the open contracts as of June 30, 2023.

##### Excluded Leases – Short-Term Leases and De Minimis Leases

The Agency does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

##### Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

##### Litigation

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

#### NOTE 12 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through February 12, 2024, the date on which the financial statements were available to be issued.

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***Required Supplementary Information***

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## SAN GORGONIO PASS WATER AGENCY

### Schedule of the Agency's Proportionate Share of the Net Pension Liability For the Year Ended June 30, 2023

#### Last Ten Fiscal Years\*

#### California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	Agency's Proportion of the Net Pension Liability	Agency's Proportionate Share of the Net Pension Liability (Asset)	Agency's Covered Payroll	Agency's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.01065%	\$ 662,864	\$ 407,378	162.71%	75.86%
June 30, 2015	0.00715%	490,726	425,739	115.26%	78.04%
June 30, 2016	0.00754%	652,703	461,852	141.32%	74.06%
June 30, 2017	0.00778%	771,494	478,062	161.38%	73.31%
June 30, 2018	0.00784%	755,595	505,149	149.58%	75.26%
June 30, 2019	0.00612%	627,260	522,545	120.04%	83.42%
June 30, 2020	0.00513%	558,416	545,993	102.28%	86.18%
June 30, 2021	-0.00606%	(327,702)	541,807	-60.48%	107.61%
June 30, 2022	0.00266%	307,674	541,807	56.79%	93.26%

#### Notes to Schedule:

##### Benefit Changes:

There were no changes in benefits.

##### Changes in Assumptions:

##### From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

##### From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

##### From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

##### From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

##### From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

##### From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

##### From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

##### From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

\*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

## SAN GORGONIO PASS WATER AGENCY

### Schedule of the Agency's Contributions to the Defined Benefit Pension Plan For the Year Ended June 30, 2023

#### Last Ten Fiscal Years\*

#### California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Contribution Deficiency (Excess)			
June 30, 2015	\$ 112,491	\$ (112,491)	\$ -	\$ 425,739	26.42%	
June 30, 2016	109,010	(109,010)	-	461,852	23.60%	
June 30, 2017	95,564	(95,564)	-	478,062	19.99%	
June 30, 2018	105,338	(105,338)	-	505,149	20.85%	
June 30, 2019	121,289	(321,289)	(200,000)	522,545	23.21%	
June 30, 2020	138,162	(288,162)	(150,000)	545,993	25.30%	
June 30, 2021	151,073	(451,073)	(300,000)	541,807	27.88%	
June 30, 2022	140,349	(240,349)	(100,000)	628,907	22.32%	
June 30, 2023	171,367	(171,367)	-	850,112	20.16%	

#### Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%

#### Amortization Method

Level percentage of payroll, closed

#### Salary Increases

Depending on age, service, and type of employment

#### Investment Rate of Return

Net of pension plan investment expense, including inflation

#### Retirement Age

50 years (3%@60), 52 years (2%@62)

#### Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2015 was the first measurement date year of implementation; therefore, only nine years are shown.

# SAN GORGONIO PASS WATER AGENCY

## Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2023

Fiscal Year Ended	Last Ten Fiscal Years*					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability:</b>						
Service cost	\$ 70,459	\$ 65,667	\$ 64,873	\$ 73,296	\$ 71,161	\$ 69,088
Interest	60,064	62,508	57,294	69,685	62,344	55,712
Changes of assumptions	-	(22,486)	(16,297)	(5,992)	-	-
Differences between expected and actual experience	-	(59,377)	-	(289,302)	-	-
Changes of benefit terms	-	25,731	-	-	-	-
Benefit payments	(44,989)	(38,705)	(20,161)	(25,520)	(28,262)	(28,972)
<b>Net change in total OPEB liability</b>	<b>85,534</b>	<b>33,338</b>	<b>85,709</b>	<b>(177,833)</b>	<b>105,243</b>	<b>95,828</b>
<b>Total OPEB liability - beginning</b>	<b>913,053</b>	<b>879,715</b>	<b>794,006</b>	<b>971,839</b>	<b>866,596</b>	<b>770,768</b>
<b>Total OPEB liability - ending</b>	<b>998,587</b>	<b>913,053</b>	<b>879,715</b>	<b>794,006</b>	<b>971,839</b>	<b>866,596</b>
<b>Plan fiduciary net position:</b>						
Contributions - employer	45,083	38,788	70,211	25,564	7,315	6,512
Net investment income	(143,988)	232,029	26,844	44,669	54,942	68,257
Administrative expense	(366)	(402)	(426)	(199)	(1,281)	(345)
Benefit payments	(44,989)	(38,705)	(20,161)	(25,520)	(28,262)	(28,972)
<b>Net change in plan fiduciary net position</b>	<b>(144,260)</b>	<b>231,710</b>	<b>76,468</b>	<b>44,514</b>	<b>32,714</b>	<b>45,452</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,075,789</b>	<b>844,079</b>	<b>767,611</b>	<b>723,097</b>	<b>690,383</b>	<b>644,931</b>
<b>Plan fiduciary net position - ending</b>	<b>931,529</b>	<b>1,075,789</b>	<b>844,079</b>	<b>767,611</b>	<b>723,097</b>	<b>690,383</b>
<b>District's net OPEB liability(asset)</b>	<b>\$ 67,058</b>	<b>\$ (162,736)</b>	<b>\$ 35,636</b>	<b>\$ 26,395</b>	<b>\$ 248,742</b>	<b>\$ 176,213</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability(asset)</b>	<b>93.28%</b>	<b>117.82%</b>	<b>95.95%</b>	<b>96.68%</b>	<b>74.41%</b>	<b>79.67%</b>
<b>Covered payroll</b>	<b>\$ 608,089</b>	<b>\$ 544,138</b>	<b>\$ 555,060</b>	<b>\$ 530,033</b>	<b>\$ 512,238</b>	<b>\$ 485,156</b>
<b>District's net OPEB liability(asset) as a percentage of covered payroll</b>	<b>11.03%</b>	<b>-29.91%</b>	<b>6.42%</b>	<b>4.98%</b>	<b>48.56%</b>	<b>36.32%</b>

### Notes to Schedule:

#### Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits  
 Measurement Date June 30, 2018 – There were no changes in benefits  
 Measurement Date June 30, 2019 – There were no changes in benefits  
 Measurement Date June 30, 2020 – There were no changes in benefits  
 Measurement Date June 30, 2021 – There was a change in benefit terms that increase OPEB liability by \$25,731.  
 Measurement Date June 30, 2022 – There were no changes in benefits

#### Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey data, and mortality table was updated to reflect most recent CalPERS studies.  
 Measurement Date June 30, 2018 – There were no changes in assumptions  
 Measurement Date June 30, 2019 – Census data from the plans participants was updated.  
 Measurement Date June 30, 2020 – There were no changes in assumptions  
 Measurement Date June 30, 2021 – The discount rate increased to 6.75% and inflation increased to 2.75%.  
 Measurement Date June 30, 2022 – The discount rate increased to 6.25% and inflation increased to 2.50%.

\* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

# SAN GORGONIO PASS WATER AGENCY

## Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2023

Fiscal Year Ended	Last Ten Fiscal Years*					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 60,056	\$ 73,770	\$ 71,584	\$ 69,448	\$ 91,647	\$ 88,920
Contributions in relation to the actuarially determined contributions	(52,373)	(45,083)	(38,788)	(70,211)	(25,564)	(7,315)
Contribution deficiency (excess)	\$ 7,683	\$ 28,687	\$ 32,796	\$ (763)	\$ 66,083	\$ 81,605
Covered payroll	\$ 889,111	\$ 608,089	\$ 544,138	\$ 555,060	\$ 530,033	\$ 512,238
Contributions as a percentage of covered payroll	5.89%	7.41%	7.13%	12.65%	4.82%	1.43%

### Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	16-years	17-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.25%	6.75%	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.75%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%	80%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) CalPERS 2014 Study

(3) CalPERS 2013 Study

(4) CalPERS Public Agency Miscellaneous 3.0% @60 and 2% @62

(5) Pre-65 - 6.50% trending down 0.25% annually to 3.75% in 2031 and later  
Post-65 - 5.65% trending down 0.25% annually to 3.75% in 2021 and later

\* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

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***Other Independent Auditors' Reports***

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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  
San Geronio Pass Water Agency  
Beaumont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Geronio Pass Water Agency (Agency), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 12, 2024.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California  
February 12, 2024



# San Geronio Pass Water Agency

## Investment Performance Review For the Quarter Ended December 31, 2023

### Client Management Team

Monique Spyke, Managing Director  
Richard Babbe, CCM, Senior Managing Consultant  
Jeremy King, Key Account Manager  
Rachael Miller, Client Consultant

### PFM Asset Management LLC

633 W 5th St., 25th Floor  
Los Angeles, CA 90071  
949-230-6896

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

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# Market Update

## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Economic resilience but expectations for a slowdown
  - ▶ Cooling inflation that still remains above the Federal Reserve's ("Fed") target
  - ▶ The labor market coming into better balance
  - ▶ Consumers that continue to support growth through spending



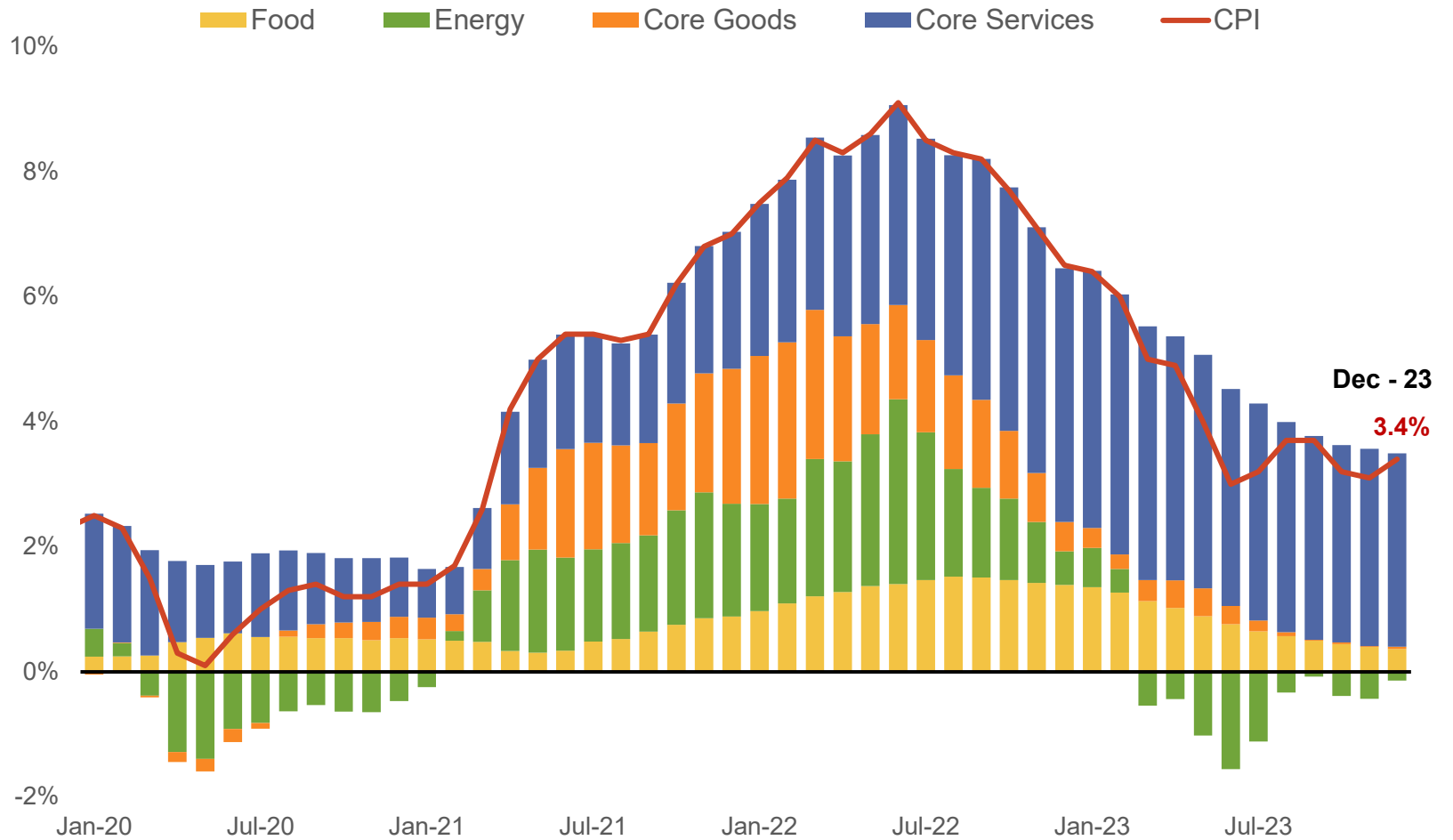
- ▶ Federal Reserve signals end to rate hiking cycle
  - ▶ Fed projected to cut the short-term Fed funds rate by 75 basis points by December 2024, with the overnight rate falling to 4.50% to 4.75%
  - ▶ Markets are pricing a more aggressive 6 rate cuts by year end
  - ▶ Fed officials reaffirm that restoring price stability is the priority



- ▶ Treasury yields ended the quarter materially lower
  - ▶ After peaking in October, yields reversed course on dovish Fed pivot
  - ▶ Yield curve inversion persisted throughout the rally
  - ▶ Credit spreads narrowed sharply on increased expectations for a soft landing

## While Up in December, Inflation Trended Lower During The Quarter

### Factors Contributing to the Consumer Price Index (CPI YoY)



Lower energy and goods prices helped to offset increases in wage-driven services costs

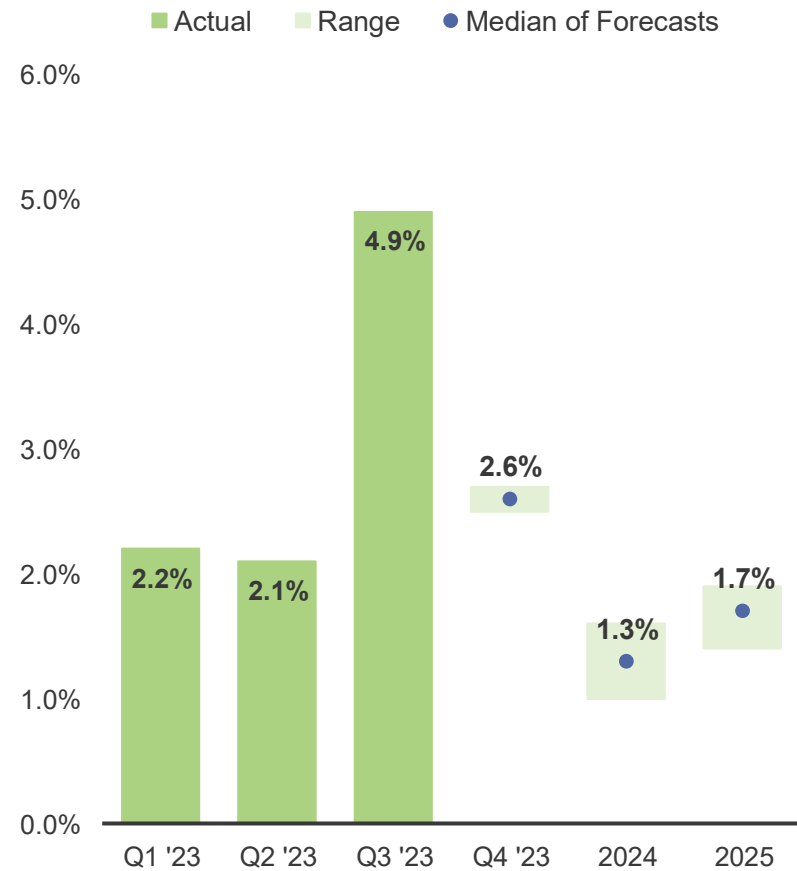
Source: Bloomberg, as of December 2023.

### Balanced Risks Support Soft Landing

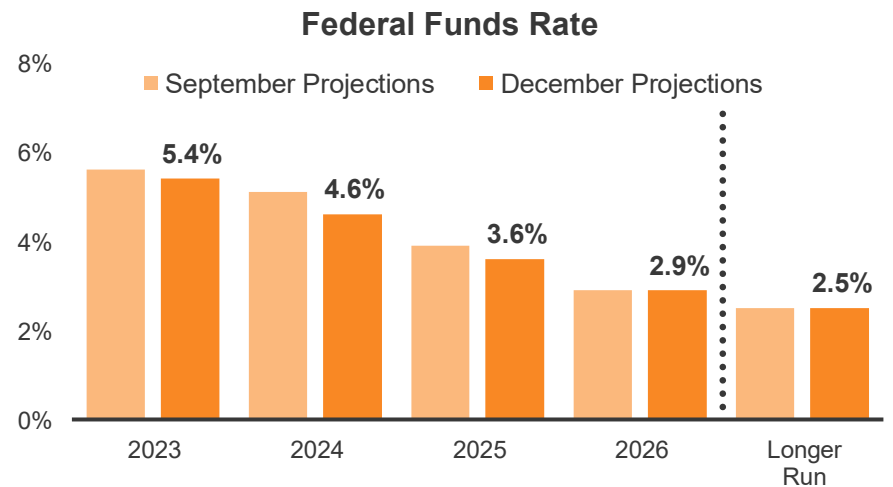
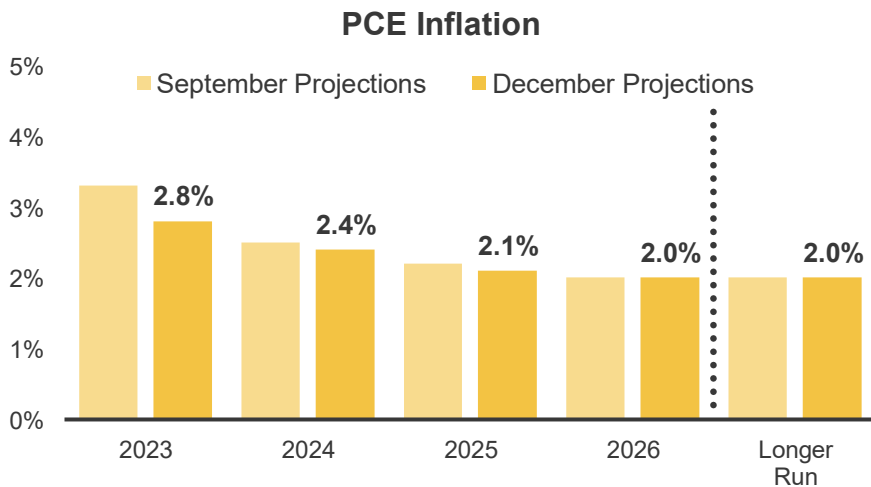
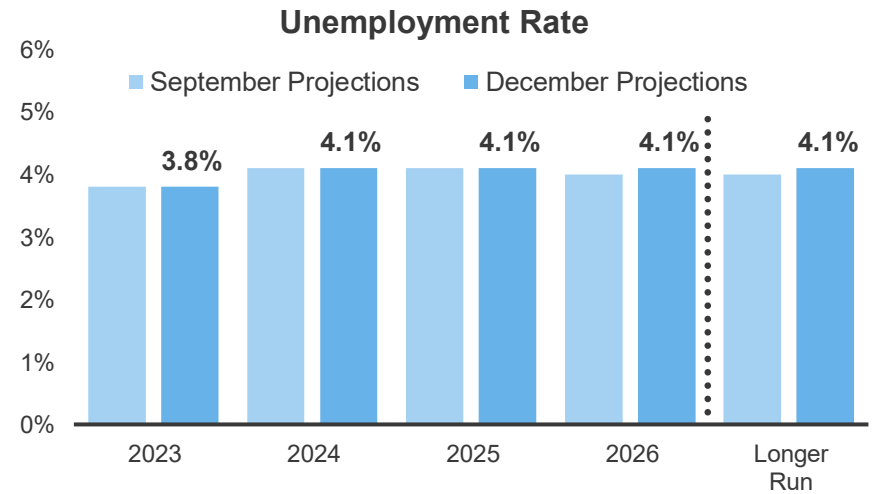
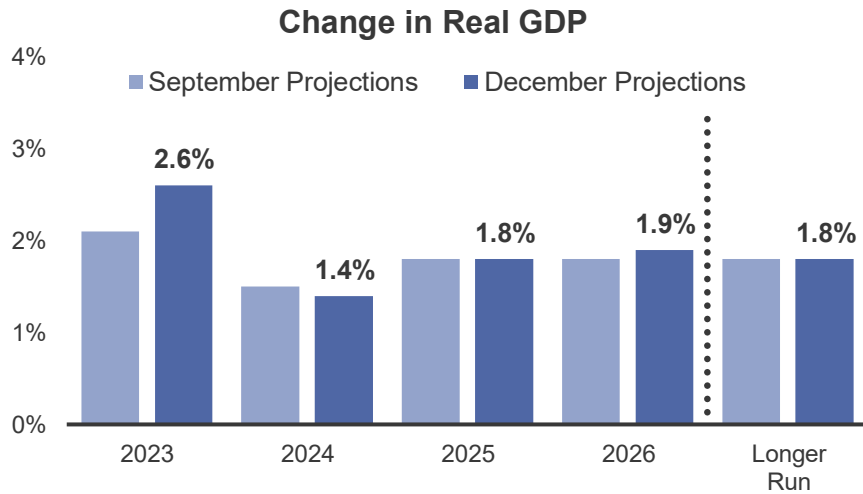
<i>Employment</i>	○	○	●
<i>Wages</i>	○	○	●
<i>Consumer</i>	○	●	○
<i>Inflation</i>	○	●	○
<i>Housing</i>	●	○	○
<i>Manufacturing</i>	●	○	○
<i>Inverted yield curve</i>	○	●	○
<i>Credit spreads</i>	○	○	●
<i>Fed Policy</i>	○	●	○

Source: Bloomberg, Economist Forecasts.

### U.S. GDP Forecasts Annualized Rate



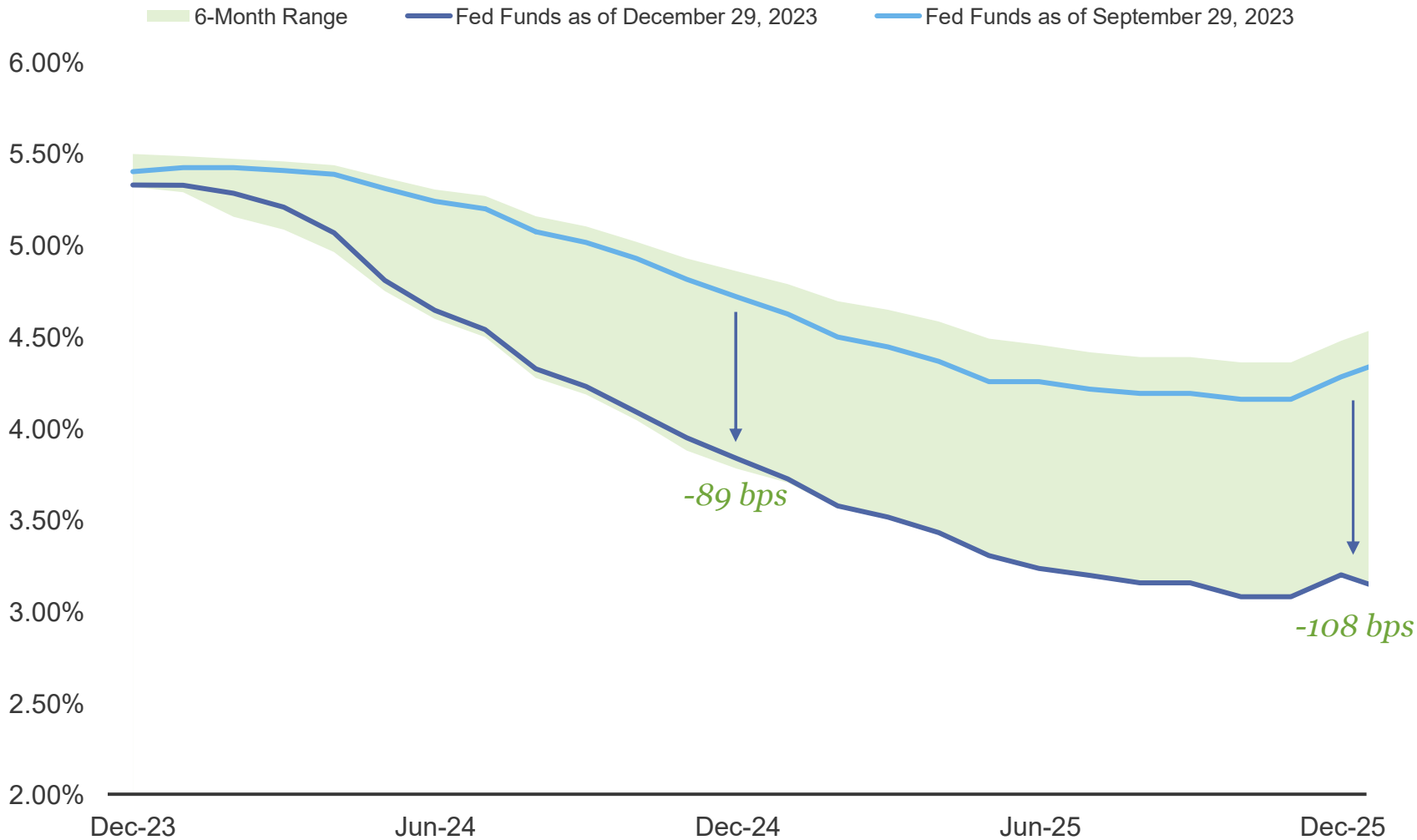
## Federal Reserve Projects a Soft Landing



Source: Federal Reserve, latest economic projections as of December 2023.

## Market Expects Lower Rates

### Implied Fed Funds Rate



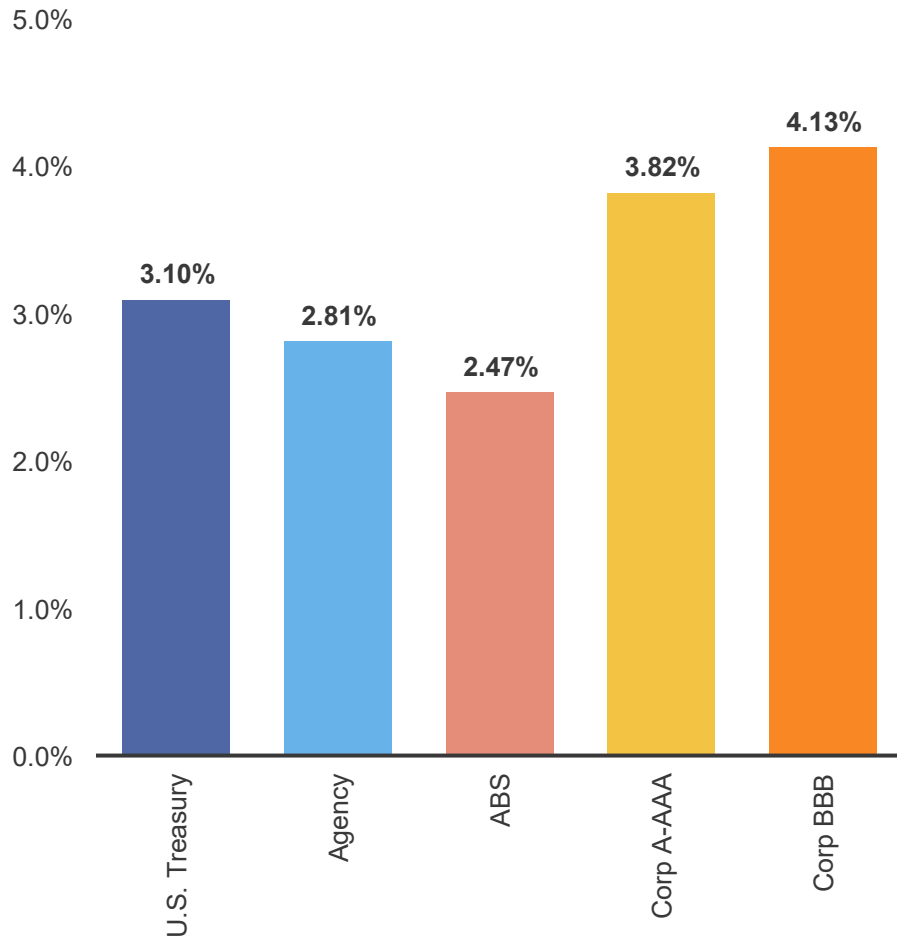
Expectations for Fed Funds have reached their most dovish levels in 6 months in response to falling inflation, Fed pivot and moderating labor market

Source: Bloomberg, as of December 2023.

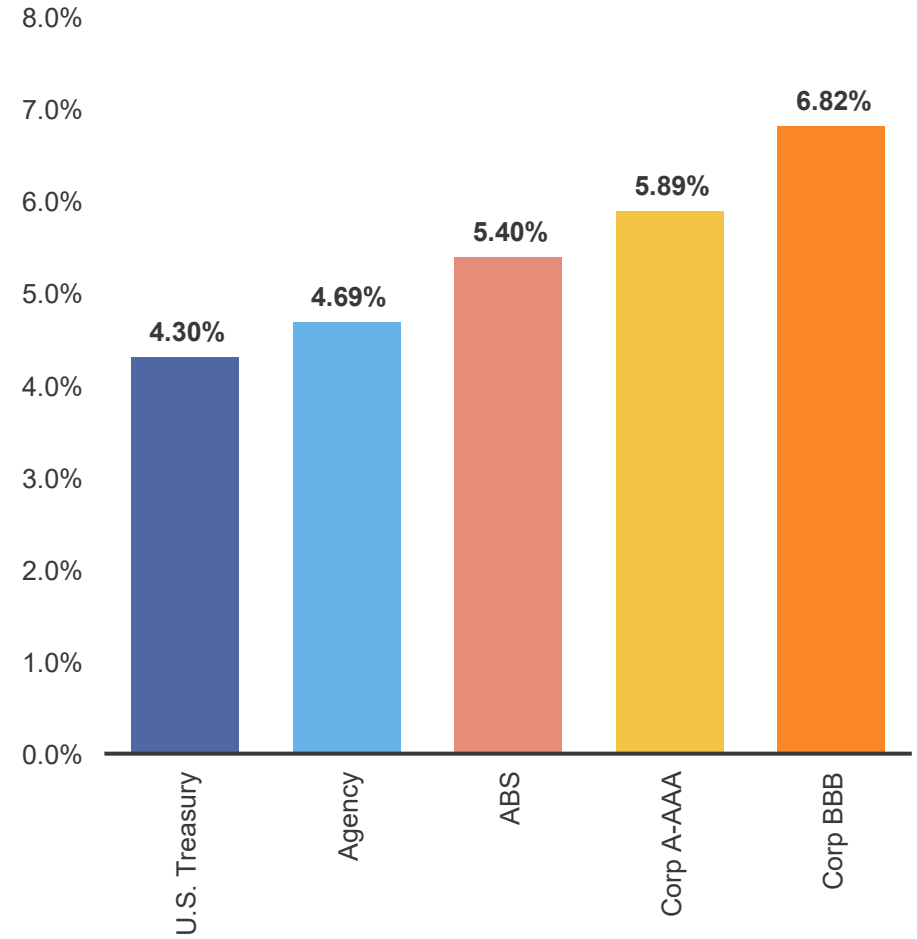
## Fixed-Income Markets in 4Q 2023

### 1-5 Year Indices

1-5 Year Indices Quarterly Returns



1-Year Return



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of December 31, 2023.

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# Portfolio Review

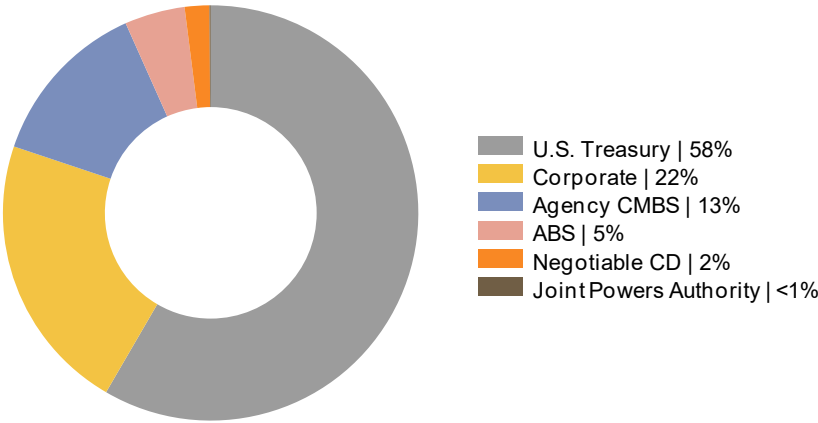


### Portfolio Snapshot<sup>1</sup>

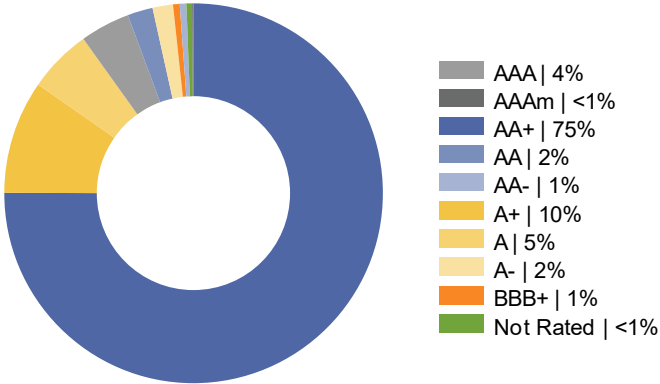
#### Portfolio Statistics

<b>Total Market Value</b>	\$61,950,230.21
Managed Account Sub-Total	\$61,576,323.70
Accrued Interest	\$294,499.22
Pool	\$79,407.29
<b>Portfolio Effective Duration</b>	2.56 years
<b>Benchmark Effective Duration</b>	2.53 years
<b>Yield At Cost</b>	2.98%
<b>Yield At Market</b>	4.35%
<b>Portfolio Credit Quality</b>	AA

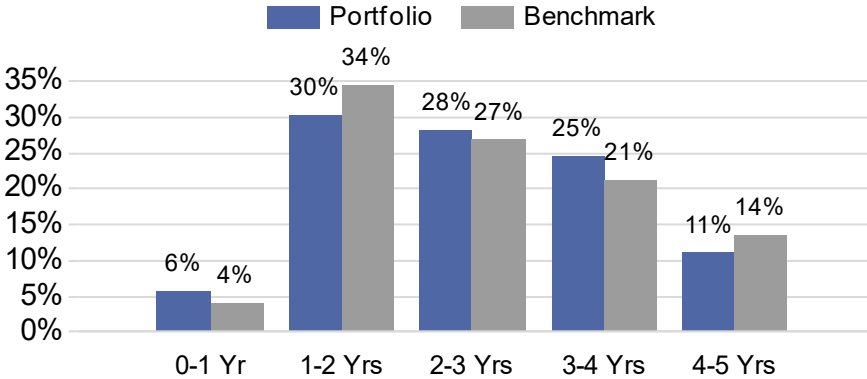
#### Sector Allocation



#### Credit Quality - S&P

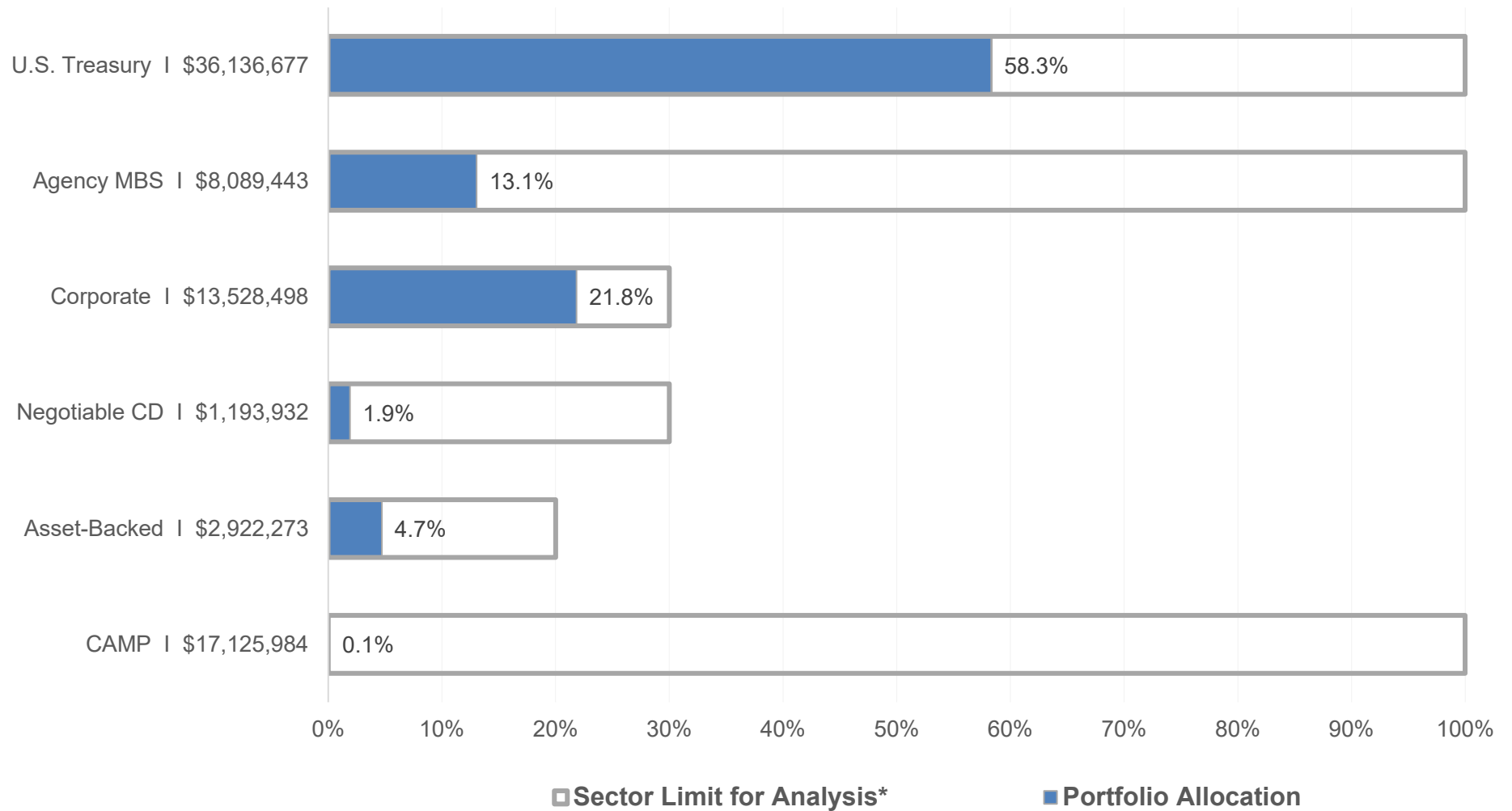


#### Duration Distribution



1. Total market value includes accrued interest and balances invested in CAMP, as of December 31, 2023. Yield and duration calculations exclude balances invested in CAMP. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

### Sector Allocation Analytics



*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.*

*\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

## Certificate of Compliance

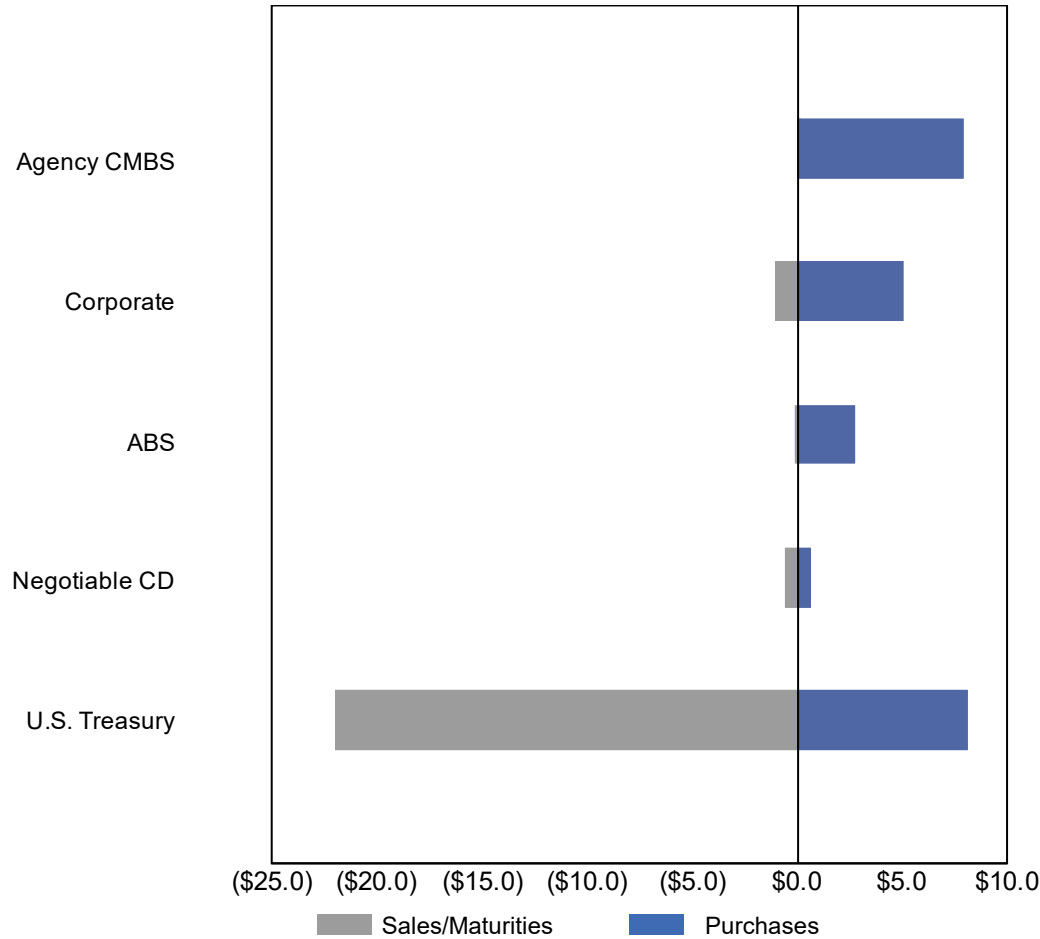
During the reporting period for the quarter ended December 31, 2023, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").*

## Portfolio Activity

**Net Activity by Sector**  
(\$ millions)

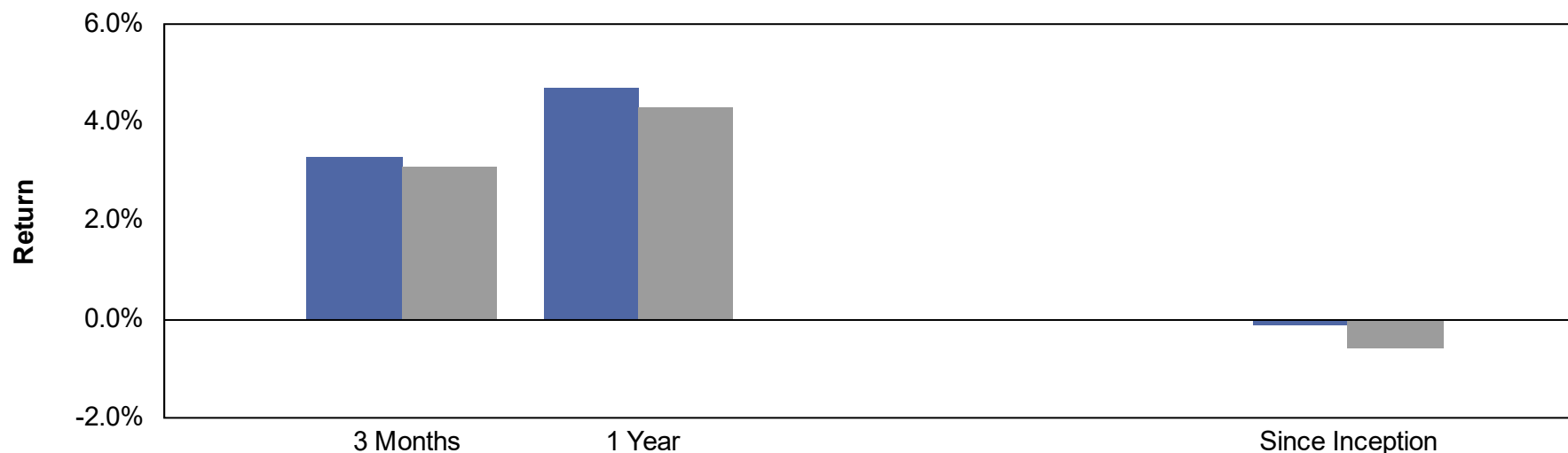


Sector	Net Activity
Agency CMBS	\$7,900,208
Corporate	\$4,076,727
ABS	\$2,668,766
Negotiable CD	\$39,124
U.S. Treasury	(\$13,909,509)
<b>Total Net Activity</b>	<b>\$775,317</b>

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

### Portfolio Performance

Portfolio Benchmark



Market Value Basis Earnings	3 Months	1 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$357,306	\$1,002,721	\$1,495,060
Change in Market Value	\$1,615,390	\$1,777,704	(\$1,569,000)
<b>Total Dollar Return</b>	<b>\$1,972,696</b>	<b>\$2,780,425</b>	<b>(\$73,940)</b>
<b>Total Return<sup>3</sup></b>			
Portfolio	3.29%	4.70%	-0.11%
Benchmark <sup>4</sup>	3.10%	4.30%	-0.59%
<b>Difference</b>	<b>0.19%</b>	<b>0.40%</b>	<b>0.48%</b>

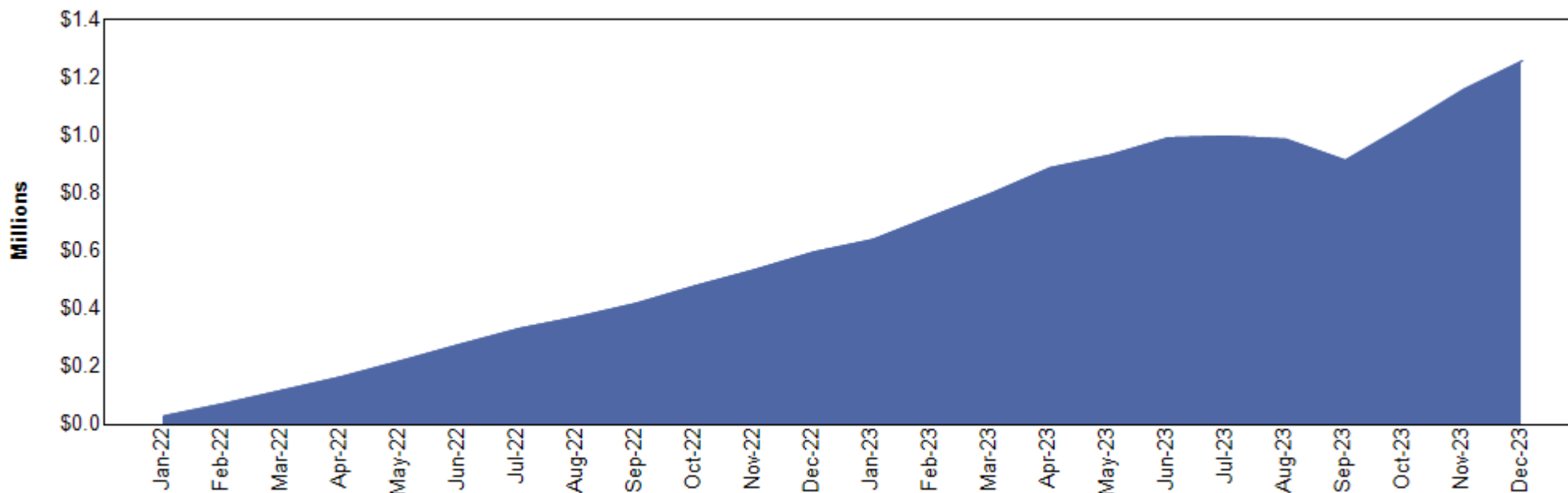
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2021.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg.

### Accrual Basis Earnings - CA-SAN GORGONIO PASS WATER AGENCY

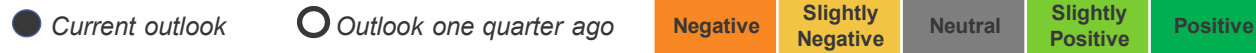


Accrual Basis Earnings	3 Months	1 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$357,306	\$1,002,721	\$1,495,060
Realized Gains / (Losses) <sup>3</sup>	(\$105,727)	(\$692,299)	(\$783,828)
Change in Amortized Cost	\$92,465	\$351,240	\$546,305
<b>Total Earnings</b>	<b>\$344,044</b>	<b>\$661,662</b>	<b>\$1,257,537</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2021.  
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.  
 3. Realized gains / (losses) are shown on an amortized cost basis.

### Fixed-Income Sector Outlook – 1Q 2024

Sector	Our Investment Preferences
<b>COMMERCIAL PAPER / CD</b>	
<b>TREASURIES</b>	
<b>T-Bill</b>	
<b>T-Note</b>	
<b>FEDERAL AGENCIES</b>	
<b>Bullets</b>	
<b>Callables</b>	
<b>SUPRANATIONALS</b>	
<b>CORPORATES</b>	
<b>Financials</b>	
<b>Industrials</b>	
<b>SECURITIZED</b>	
<b>Asset-Backed</b>	
<b>Agency Mortgage-Backed</b>	
<b>Agency CMBS</b>	
<b>MUNICIPALS</b>	



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# Issuer Distribution



## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>58.4%</b>	
UNITED STATES TREASURY	58.4%	AA / Aaa / AA
<b>Agency CMBS</b>	<b>13.1%</b>	
FANNIE MAE	1.0%	AA / Aaa / AA
FREDDIE MAC	12.1%	AA / Aaa / AA
<b>Negotiable CD</b>	<b>1.9%</b>	
RABOBANK NEDERLAND	1.0%	A / Aa / AA
TORONTO-DOMINION BANK	1.0%	A / A / NR
<b>Corporate</b>	<b>21.9%</b>	
3M COMPANY	0.6%	BBB / A / NR
ADOBE INC	0.6%	A / A / NR
AMAZON.COM INC	1.2%	AA / A / AA
APPLE INC	2.6%	AA / Aaa / NR
BANK OF AMERICA CO	1.5%	A / Aa / AA
BRISTOL-MYERS SQUIBB CO	0.7%	A / A / NR
BURLINGTON NORTHERN SANTA FE	0.6%	AA / A / NR
CITIGROUP INC	1.5%	A / Aa / A
DEERE & COMPANY	0.8%	A / A / A
GOOGLE INC	1.0%	AA / Aa / NR
HOME DEPOT INC	1.0%	A / A / A
JP MORGAN CHASE & CO	1.5%	A / Aa / AA
MASTERCARD INC	1.6%	A / Aa / NR
PACCAR FINANCIAL CORP	0.8%	A / A / NR
STATE STREET CORPORATION	0.6%	A / A / AA
TARGET CORP	0.6%	A / A / A
TEXAS INSTRUMENTS INC	1.0%	A / Aa / NR
THE BANK OF NEW YORK MELLON CORPORATION	0.8%	A / A / AA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>21.9%</b>	
TOYOTA MOTOR CORP	0.6%	A / A / A
WAL-MART STORES INC	1.0%	AA / Aa / AA
WELLS FARGO & COMPANY	1.5%	A / Aa / AA
<b>ABS</b>	<b>4.7%</b>	
AMERICAN EXPRESS CO	0.8%	AAA / NR / AAA
BANK OF AMERICA CO	0.4%	NR / Aaa / AAA
CHASE ISSURANCE	0.8%	AAA / NR / AAA
CITIGROUP INC	0.2%	AAA / Aaa / AAA
FIFTH THIRD AUTO TRUST	0.7%	AAA / Aaa / NR
HONDA AUTO RECEIVABLES	0.8%	AAA / Aaa / AAA
HYUNDAI AUTO RECEIVABLES	0.1%	AAA / NR / AAA
TOYOTA MOTOR CORP	0.2%	AAA / NR / AAA
USAA AUTO OWNER TRUST	0.8%	AAA / Aaa / NR
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

## Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

**San Gorgonio Pass Water Agency**  
**Check History Report**  
**January 1 through January 31, 2024**

ACCOUNTS PAYABLE
------------------

Date	Number	Name	Amount
1/3/2024	121174	ENGINEERING RESOURCES OF SO. CAL.	3,877.50
1/3/2024	121175	MACRO COMMUNICATIONS	765.00
1/3/2024	121176	PROVOST & PRITCHARD	4,349.80
1/3/2024	121177	SOUTHERN CALIFORNIA EDISON	185.65
1/3/2024	121178	STANDARD INSURANCE COMPANY	1,052.52
1/3/2024	121179	UNLIMITED SERVICES	350.00
1/3/2024	121180	UNDERGROUND SERVICE ALERT	15.25
1/3/2024	121181	VALLEY OFFICE EQUIPMENT, INC.	320.41
1/3/2024	121182	WASTE MGT CORPORATE SERVICES	128.17
1/3/2024	121183	BEAUMONT-CHERRY VALLEY WATER DISTRICT	36,415.02
1/3/2024	121184	HR DYNAMICS & PERFORMANCE MGT	2,038.00
1/18/2024	121185	ACWA BENEFITS	1,066.30
1/18/2024	121186	AUTOMATION PRIDE	105.00
1/18/2024	121187	BANNING CHAMBER OF COMMERCE	500.00
1/18/2024	121188	BEAUMONT-CHERRY VALLEY WATER DISTRICT	423.41
1/18/2024	121189	CV STRATEGIES	3,000.00
1/18/2024	121190	THE FERGUSON GROUP	2,500.00
1/18/2024	121191	FRONTIER COMMUNICATIONS	306.42
1/18/2024	121192	LENITY TECHNOLOGY	1,930.50
1/18/2024	121193	REFLECTIVE DESIGN	366.56
1/18/2024	121194	SOUTHERN CALIFORNIA GAS	220.36
1/18/2024	121195	WATER RESOURCES ECONOMICS	1,700.00
1/23/2024	121196	ACWA JPIA	1,965.08
1/23/2024	121197	AUTOMATION PRIDE	261.63
1/23/2024	121198	BEST BEST & KRIEGER	9,485.31
1/23/2024	121199	CALIFORNIA RURAL WATER ASSN	30,970.78
1/23/2024	121200	CUSTOM TROPHIES & U-NEEK AWARDS	155.16
1/23/2024	121201	GALLAGHER BENEFIT SERVICES	878.75
1/23/2024	121202	HDL COREN & CONE	6,475.73
1/23/2024	121203	HEEMSTRA SIGNS	220.00
1/23/2024	121204	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
1/23/2024	121205	SOUTH MESA WATER COMPANY	1,750.00
1/23/2024	121206	SOUTHERN CALIFORNIA EDISON	251.91
1/23/2024	121207	VALLEY OFFICE EQUIPMENT, INC.	151.44
1/23/2024	121208	WELLS FARGO ELITE CREDIT CARD	5,726.95
1/23/2024	121209	ZANJERO WATER CONSULTING	3,965.00
1/2/2024	900808	EMPLOYMENT DEVELOPMENT DEPARTMENT	2,143.43
1/2/2024	900809	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	12,471.15
1/2/2024	900810	CALPERS RETIREMENT	9,339.65
1/2/2024	900811	CAL PERS RETIREMENT - SIP-457	3,750.00
1/2/2024	900812	PAYCHEX	206.90
1/2/2024	900813	BLAIR M. BALL	18.00
1/2/2024	900814	CHERYLE M. STIFF	316.71
1/2/2024	900815	MICHAEL R. VALDIVIA	3,801.00

**San Geronio Pass Water Agency**  
**Check History Report**  
**January 1 through January 31, 2024**

<b>ACCOUNTS PAYABLE (CON'T)</b>
---------------------------------

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
1/17/2024	900816	EMPLOYMENT DEVELOPMENT DEPARTMENT	2,080.51
1/17/2024	900817	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	12,018.39
1/17/2024	900818	CALPERS RETIREMENT	9,339.65
1/17/2024	900819	CAL PERS RETIREMENT - SIP-457	3,750.00
1/17/2024	900820	PAYCHEX	363.60
1/17/2024	900821	RONALD A. DUNCAN	1,905.89
1/23/2024	900822	CALPERS HEALTH	10,888.76
1/31/2024	900823	DEPARTMENT OF WATER RESOURCES	1,239,690.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,436,307.25

<b>PAYROLL</b>
----------------

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
1/1/2024	802655	EMMETT G. CAMPBELL	3,520.54
1/1/2024	802656	LANCE E. ECKHART	6,089.28
1/1/2024	802657	MATTHEW E. HOWARD	4,904.77
1/1/2024	802658	LAWRENCE R. SMITH	1,954.75
1/1/2024	802659	CHERYLE M. STIFF	3,037.09
1/1/2024	802660	SCOTT W. TIRRELL	582.05
1/1/2024	802661	THOMAS W. TODD, JR.	5,069.80
1/1/2024	802662	MICHAEL R. VALDIVIA	1,954.75
1/1/2024	802663	ROEBERT G. YBARRA	1,954.75
1/16/2024	802664	EMMETT G. CAMPBELL	3,520.55
1/16/2024	802665	LANCE E. ECKHART	6,089.29
1/16/2024	802666	MATTHEW E. HOWARD	4,904.79
1/16/2024	802667	CHERYLE M. STIFF	2,922.07
1/16/2024	802668	SCOTT W. TIRRELL	249.45
1/16/2024	802669	THOMAS W. TODD, JR.	5,069.80
1/16/2024	802670	KEVIN D. WALTON	2,585.98
TOTAL PAYROLL			54,409.71
TOTAL DISBURSEMENTS FOR JANUARY 2024			1,490,716.96

**NOTES**

Check and expenditure series numbers:

- |        |                                      |
|--------|--------------------------------------|
| 121xxx | Accounts payable checks              |
| 802xxx | Payroll direct deposits to employees |
| 900xxx | Electronic Funds Transfers           |

SAN GORGONIO PASS WATER AGENCY  
 New Vendors List  
 February 2024

Vendor - Name and Address	Expenditure Type
<p><u>Name &amp; Address Change -</u>            Old Name &amp; Address - Gopher Patrol                P.O. Box 35019, Seattle, WA 98124            New Name and Address - PURCOR Pest Solutions                12155 Magnolia Ave. Suite 10B, Riverside, CA 92503</p>	<p>Building Maintenance</p>
<p><u>Address Change -</u>            Custom Trophies &amp; U-Neek Awards                Old address: 232 W. Sixth St., Beaumont, CA 92223                New Address: 38925 Cherry Valley Blvd Suite B, Cherry Valley, CA 92223</p>	<p>Office Expense</p>
<p>Southern California West Coast Electric Inc                Old address: 252 W. 4th St. Suite F, Beaumont, CA 92223                New Address: 200 S. 8th St. Bldg 1, Banning, CA 92220</p>	<p>Fire Alarm Maintenance</p>



**SAN GORGONIO PASS WATER AGENCY  
BANK RECONCILIATION  
January 31, 2024**

**BANK STATEMENT BALANCE (CHECKING ACCOUNT) -** January 31, 2024 \$ 16,148,946.83

LESS: OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
121186	105.00		
121197	261.63		
121199	30,970.78		
121200	155.16		
121209	3,965.00		
	35,457.57		-

TOTAL OUTSTANDING CHECKS (35,457.57)

**ADJUSTED BANK STATEMENT BALANCE -** January 31, 2024 **\$ 16,113,489.26**

BALANCE PER **GENERAL LEDGER** AT END OF PRIOR MONTH ( + ) \$ 523,082.92

CASH RECEIPTS FOR CURRENT MONTH ( + ) 17,081,123.30

CASH DISBURSEMENTS FOR CURRENT MONTH

ACCOUNTS PAYABLE ( - )	Checks	(124,223.61)	
ACCOUNTS PAYABLE ( - )	ACHs	(1,312,083.64)	(1,436,307.25)
PAYROLL ( - )	Prior Month: 16th-EOM	(29,067.78)	
PAYROLL ( - )	This Month: 1st-15th	(25,341.93)	(54,409.71)

TRANSFERS FROM LAIF ( + ) -

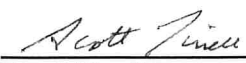
TRANSFERS TO LAIF ( - ) -

TRANSFER TO CAMP ( - ) -

TRANSFER FROM CAMP ( + ) -

**BALANCE PER GENERAL LEDGER -** January 31, 2024 **\$ 16,113,489.26**

REPORT PREPARED BY:

  
\_\_\_\_\_  
Scott Tirrell

2/5/24  
\_\_\_\_\_  
Date

**SAN GORGONIO PASS WATER AGENCY  
DEPOSIT RECAP  
FOR THE MONTH OF JANUARY 2024**

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT
<b>DEPOSIT TO CHECKING ACCOUNT</b>			
1/4/24	BCVWD	WATER SALES - NOV23	442,491.00
1/4/24	STATE OF CALIF/DWR	MT. VIEW ENGINEERING DEPOSIT REFUND	18,129.61
1/9/24	RIVERSIDE COUNTY	PROPERTY TAXES - RPTTF JAN24	2,030,398.68
1/16/24	RIVERSIDE COUNTY	PROPERTY TAXES - SUPPLEMENTAL	422,424.24
1/23/24	RIVERSIDE COUNTY	PROPERTY TAXES - SUPPLEMENTAL	476,039.02
1/26/24	RIVERSIDE COUNTY	PROPERTY TAXES - SECURED	6,325,245.01
1/29/24	BCVWD	WATER SALES - DEC23	1,093,260.00
1/31/24	RIVERSIDE COUNTY	PROPERTY TAXES - SBE-UNITARY	6,273,135.74
TOTAL FOR JANUARY 2024			17,081,123.30

San Geronio Pass Water Agency  
Budget Highlights

January 2024

**General Fund**

Previous

- Directors Travel is currently over budget.
- Insurance and Bonds is over budget due to increased insurance premiums this year.
- Expenditures for Accounting and Auditing are mostly done for the fiscal year.
- Dues and Assessments are mostly done for the fiscal year.
- The Board approved additional studies by the USGS.
- Water Portfolio and the Strategic Plan will both come within budget by year-end.
- No additional invoices for SWAPA Regional Projects are expected.
- Vehicle Maintenance is negative due to credits from personal use of the Agency vehicles.
- Legal Services is a bit over budget, due to additional work requested by the Board.

Income

Tax revenue and water sales were received as projected in the Mid-Year Budget Review. Though the current percentage of revenue received is below the target, the General Fund is performing as expected. Interest is exceeding expectations, probably due to the higher-than-anticipated Federal Funds Rate.

Expenses

Purchased Water for Delivery is currently over budget due to the large expenditures for Nickel Water made in January. For the first time ever, there is an entry in Purchased Water for Banking due to the water delivered to the AVEK banking facility.

Directors Travel and Education continues its over-budget trend. Office Expense had two major expenses in January, charges for the recruitment of the new Clerk of the Board and a cost-share for George Jorritsma's plaque.

The first request for funds was received and paid for the Sites Project. It is unclear at this time whether the portion left over from the previous year's request will be needed this fiscal year.

As promised in the Mid-Year Budget Review, adjustments have been made to a number of line items. Adult Education and Social Media will be over budget by \$8,000 by year end on the basis of the contract with CV Strategies for social media.

Overall, the General Fund budget is a bit under budget for expenses at this time.

Consigned – SWP Support Fund

The SWP Fund received tax revenue as projected in the Mid-Year Budget review.

## **Debt Service Fund**

### Previous

- State Water Contract Payments – the large EBX payment in September throws off the remaining percentage.
- Water Transfers – no additional invoices expected.

### Income

The Debt Service Fund received tax revenue as projected. At this time, it has received a higher percentage of income for the year than projected. Interest has also exceeded expectations, as mentioned under the General Fund.

### Expenses

Overall, expenditures are proceeding as planned for the Debt Service budget. The SWC Audit line item has received all invoices for the fiscal year, so will be within budget by year end. Tax Collection Charges, although slightly over budget, is following the trend set by the Tax Revenue line item.

## **Gap Funding Program**

No additional funds were received or expended for the Gap Funding program this month.

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FOR FY 2023-24**  
**FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

		FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>GENERAL FUND</b>						
<b>GENERAL FUND - INCOME</b>					Remaining %	42%
1	WATER SALES	7,800,000		7,800,000	3,878,539.35	-50.3%
2	TAX REVENUE	11,800,000		11,800,000	5,742,366.71	-51.3%
3	INTEREST	130,000		130,000	140,555.70	8.1%
4	GOV'T CONTRIBUTIONS, GRANT REVENUE	50,000		50,000	0.00	-100.0%
5	OTHER MISCELLANEOUS INCOME	10,000		10,000	1,686.33	-83.1%
6	<b>TOTAL GENERAL FUND INCOME</b>	<b>19,790,000</b>	<b>0</b>	<b>19,790,000</b>	<b>9,763,148.09</b>	<b>-50.7%</b>
<b>GENERAL FUND - EXPENSES</b>						
<b>COMMODITY PURCHASE</b>						
10	PURCHASED WATER FOR DELIVERY	9,100,000		9,100,000	5,726,578.33	37.1%
11	PURCHASED WATER FOR BANKING (FUTURE SALE)	2,000,000		2,000,000	922,678.60	53.9%
12	<b>TOTAL COMMODITY PURCHASE</b>	<b>11,100,000</b>	<b>0</b>	<b>11,100,000</b>	<b>6,649,256.93</b>	<b>40.1%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>						
15	SALARIES	630,000		630,000	318,483.87	49.4%
16	PAYROLL TAXES	63,000		63,000	25,445.48	59.6%
17	PAYROLL SERVICE	5,000		5,000	2,739.50	45.2%
18	RETIREMENT	135,000		135,000	60,894.48	54.9%
19	OTHER POST-EMPLOYMENT BENEFITS (OPEB)	75,000		75,000	39,812.42	46.9%
20	HEALTH INSURANCE	80,000		80,000	29,661.14	62.9%
21	ACWA BENEFITS	10,000		10,000	4,084.12	59.2%
22	DISABILITY INSURANCE	6,000		6,000	2,764.07	53.9%
23	WORKERS COMPENSATION INSURANCE	5,000		5,000	2,265.70	54.7%
24	SGPWA STAFF MEDICAL REIMBURSEMENT	10,000		10,000	2,471.50	75.3%
25	EMPLOYEE EDUCATION	4,000		4,000	0.00	100.0%
26	<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>1,023,000</b>	<b>0</b>	<b>1,023,000</b>	<b>488,622.28</b>	<b>52.2%</b>

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FOR FY 2023-24  
FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

		FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND - EXPENSES						
ADMINISTRATIVE AND PROFESSIONAL SERVICES						Remaining % 42%
30	DIRECTOR EXPENDITURES					
31	DIRECTORS FEES	264,000		264,000	101,357.70	61.6%
32	DIRECTORS TRAVEL AND EDUCATION	50,000		50,000	41,848.42	16.3%
33	DIRECTORS MEDICAL REIMBURSEMENT	46,000		46,000	12,416.95	73.0%
	OFFICE EXPENDITURES					
35	OFFICE EXPENSE	20,000		20,000	16,572.79	17.1%
36	POSTAGE	1,000		1,000	30.16	97.0%
37	TELEPHONE	10,000		10,000	3,964.21	60.4%
38	UTILITIES	8,000	7,000.00	15,000	1,685.75	78.9%
	SERVICE EXPENDITURES					
40	COMPUTER, WEBSITE AND PHONE SUPPORT	50,000		50,000	23,743.31	52.5%
41	GENERAL MANAGER AND STAFF TRAVEL	25,000		25,000	14,431.93	42.3%
42	INSURANCE AND BONDS	35,000		35,000	48,432.65	-38.4%
43	ACCOUNTING AND AUDITING	23,000		23,000	20,000.00	13.0%
44	DUES AND ASSESSMENTS	45,000		45,000	40,488.00	10.0%
45	OTHER PROFESSIONAL SERVICES	75,000		75,000	24,945.41	66.7%
46	PUBLIC INFORMATION	60,000		60,000	9,626.03	84.0%
47	BANK CHARGES	1,000		1,000	0.00	100.0%
48	MISCELLANEOUS EXPENSES	2,000		2,000	0.00	100.0%
	MAINTENANCE AND EQUIPMENT EXPENDITURES					
50	TOOLS PURCHASE AND MAINTENANCE	3,000		3,000	103.14	96.6%
51	MAINTENANCE AND REPAIRS - VEHICLE	10,000		10,000	-868.95	108.7%
52	MAINTENANCE AND REPAIRS - BUILDING	30,000		30,000	11,996.95	60.0%
53	MAINTENANCE AND REPAIRS - FIELD	40,000		40,000	17,745.55	55.6%
54	CONTRACT OPERATIONS AND MAINTENANCE	220,000		220,000	54,597.09	75.2%
55	WATER TREATMENT EXPENSE	130,000		130,000	29,671.23	77.2%
	COUNTY EXPENDITURES					
57	LAFCO COST SHARE	9,000		9,000	8,282.94	8.0%
58	ELECTION EXPENSE	0		0	0.00	
59	TAX COLLECTION CHARGES	52,000		52,000	30,749.79	40.9%
60	<b>TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES</b>	<b>1,209,000</b>	<b>7,000</b>	<b>1,216,000</b>	<b>511,821.05</b>	<b>57.7%</b>

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FOR FY 2023-24  
FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

						FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
						1	2	3	4	5
						ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>GENERAL FUND - EXPENSES</b>										
<b>CONSULTING AND ENGINEERING SERVICES</b>									Remaining %	42%
PLANS & CONSTRUCTION										
65	INFRASTRUCTURE PLAN - Phase 2	25,000		25,000	1,999.20	92.0%				
66	BACKBONE INFRASTRUCTURE STUDY AND DESIGN	150,000		150,000	12,325.00	91.8%				
67	BUNKER HILL BANKING AND RECOVERY PROGRAM	75,000		75,000	0.00	100.0%				
68	CALIMESA AREA RECHARGE	250,000		250,000	2,007.25	99.2%				
69	SMALL SYSTEM ASSISTANCE PROGRAM	150,000		150,000	83,544.54	44.3%				
70	SIGNAGE AND FRONTAGE BROOKSIDE EAST	100,000		100,000	0.00	100.0%				
OTHER PROJECTS										
72	WATER BANKING INVESTIGATIONS	100,000		100,000	0.00	100.0%				
73	SAN GORGONIO GSA	50,000		50,000	1,990.00	96.0%				
74	YUCAIPA GSA VERBENIA GSA	10,000		10,000	0.00	100.0%				
75	FLUME MONITORING AND SUPPORT	30,000		30,000	0.00	100.0%				
STUDIES AND REPORTS										
77	FINANCIAL MODELING	70,000		70,000	1,700.00	97.6%				
78	USGS STUDIES AND MONITORING	250,000		250,000	151,859.48	39.3%				
79	INFRASTRUCTURE AND EASEMENT INVENTORY	75,000		75,000	0.00	100.0%				
80	DISCHARGE PERMIT	25,000		25,000	0.00	100.0%				
81	WATER PORTFOLIO	125,000		125,000	79,887.70	36.1%				
82	LOCAL SUPPLIES	50,000		50,000	11,515.02	77.0%				
83	LOCAL RECHARGE FEASIBILITY STUDIES	700,000		700,000	8,325.00	98.8%				
84	UWMP SUPPORT AND ANNUAL REPORT COMPLETION	25,000		25,000	0.00	100.0%				
85	STRATEGIC PLAN UPDATE	20,000		20,000	11,956.25	40.2%				
GENERAL ENGINEERING SERVICES										
87	AGENCY ENGINEER	250,000		250,000	0.00	100.0%				
88	GRANT SUPPORT SERVICES	75,000		75,000	32,962.50	56.1%				
89	FEDERAL - STATE ADVOCATE	30,000		30,000	0.00	100.0%				
90	SAWPA REGIONAL PROJECTS	36,000		36,000	29,071.05	19.2%				
91	GENERAL ENGINEERING, CEQA, EIR, ETC	150,000		150,000	0.00	100.0%				
92	<b>TOTAL CONSULTING AND ENGINEERING SERVICES</b>	<b>2,821,000</b>	<b>0</b>	<b>2,821,000</b>	<b>429,142.99</b>	<b>84.8%</b>				

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FOR FY 2023-24**  
**FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

						FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
						1	2	3	4	5
						ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>GENERAL FUND - EXPENSES</b>										
									Remaining %	42%
<b>LEGAL SERVICES</b>										
98	LEGAL SERVICES					150,000		150,000	99,632.98	33.6%
99	<b>TOTAL LEGAL SERVICES</b>					150,000	0	150,000	99,632.98	33.6%
<b>CONSERVATION AND EDUCATION</b>										
102	SCHOOL EDUCATION PROGRAMS					45,000		45,000	0.00	100.0%
103	ADULT EDUCATION AND SOCIAL MEDIA					10,000		10,000	9,000.00	10.0%
104	SPONSORSHIPS					6,000		6,000	3,495.00	41.8%
105	CONSERVATION, EDUCATION AND PUBLIC RELATIONS					20,000		20,000	7,479.68	62.6%
106	<b>TOTAL CONSERVATION AND EDUCATION</b>					81,000	0	81,000	19,974.68	75.3%
<b>MAJOR AND CAPITAL EXPENDITURES</b>										
109	BUILDING AND EQUIPMENT									
110	BUILDING					50,000		50,000	0.00	100.0%
112	FURNITURE AND OFFICE EQUIPMENT					25,000		25,000	0.00	100.0%
113	OTHER EQUIPMENT					20,000	10,000.00	30,000	0.00	100.0%
114	SITES RESERVOIR					2,800,000		2,800,000	2,240,000.00	20.0%
116	<b>TOTAL MAJOR AND CAPITAL EXPENDITURES</b>					2,895,000	10,000	2,905,000	2,240,000.00	22.6%
118	<b>TRANSFERS TO OTHER FUNDS</b>							0		
120	<b>TOTAL GENERAL FUND EXPENSES</b>					19,279,000	17,000	19,296,000	10,438,450.91	45.9%
122	<b>GENERAL FUND NET INCOME YTD</b>					511,000	-17,000	494,000	-675,302.82	



**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FOR FY 2023-24  
FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

						FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
						1	2	3	4	5
						ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>CONSIGNED - SWP SUPPORT FUND</b>										
						Remaining % 42%				
<b>CONSIGNED - SWP SUPPORT FUND - INCOME</b>										
<b>INCOME</b>										
130	UNITARY TAX REVENUE ALLOCATED		6,600,000			6,600,000		3,206,527.49		-51.4%
131	INTEREST		15,000			15,000		84,191.57		461.3%
132	OTHER INCOME		0			0		0.00		
133	<b>TOTAL SWP SUPPORT FUND INCOME</b>		<b>6,615,000</b>		<b>0</b>	<b>6,615,000</b>		<b>3,290,719.06</b>		<b>-50.3%</b>
<b>CONSIGNED - SWP SUPPORT FUND - EXPENSES</b>										
<b>EXPENDITURES</b>										
139	TAX COLLECTION CHARGES		16,000			16,000		8,217.13		48.6%
140	OTHER EXPENSES		0			0		0.00		
141	<b>TOTAL SWP SUPPORT FUND EXPENSES</b>		<b>16,000</b>		<b>0</b>	<b>16,000</b>		<b>8,217.13</b>		<b>48.6%</b>
143	<b>TRANSFERS TO OTHER FUNDS</b>									
145	<b>CONSIGNED - SWP SUPPORT FUND NET INCOME YTD</b>		<b>6,599,000</b>		<b>0</b>	<b>6,599,000</b>		<b>3,282,501.93</b>		

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FOR FY 2023-24**  
**FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

		FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>DEBT SERVICE FUND</b>						
					Remaining %	42%
<b>DEBT SERVICE FUND - INCOME</b>						
<b>INCOME</b>						
153	TAX REVENUE	26,100,000		26,100,000	16,394,370.55	-37.2%
154	INTEREST	460,000		460,000	619,863.20	34.8%
155	CONTRIBUTIONS - GOVERNMENT	0		0	0.00	
156	DWR CREDITS - BOND COVER, OTHER	3,100,000		3,100,000	1,761,012.63	-43.2%
157	<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>29,660,000</b>	<b>0</b>	<b>29,660,000</b>	<b>18,775,246.38</b>	<b>-36.7%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>						
<b>EXPENSES</b>						
161	SALARIES	425,000		425,000	243,002.74	42.8%
162	PAYROLL TAXES	30,000		30,000	11,917.37	60.3%
163	BENEFITS	220,000		220,000	67,528.83	69.3%
164	LEGAL FEES	0		0	0.00	
165	UTILITIES	11,000		11,000	2,303.57	79.1%
166	ENGINEERING, MAINTENANCE, CONSULTING	200,000		200,000	61,016.50	69.5%
167	SWC AUDIT	7,000		7,000	6,181.00	11.7%
168	SWC CONTRACTOR DUES	51,000		51,000	51,064.00	-0.1%
169	EBX CONTRACT OPERATIONS	200,000		200,000	54,597.09	72.7%
170	DELTA CONVEYANCE FACILITY AUTHORITY	30,000		30,000	0.00	100.0%
171	WATER TRANSFERS	2,500,000		2,500,000	2,181,803.98	12.7%
172	STATE WATER CONTRACT PAYMENTS	26,000,000		26,000,000	15,843,102.00	39.1%
173	TAX COLLECTION CHARGES	130,000		130,000	78,718.20	39.4%
174	<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>29,804,000</b>	<b>0</b>	<b>29,804,000</b>	<b>18,601,235.28</b>	<b>37.6%</b>
176	<b>TRANSFERS FROM RESERVES</b>			0.00	0.00	
178	<b>DEBT SERVICE NET INCOME YTD</b>	<b>-144,000</b>	<b>0</b>	<b>-144,000</b>	<b>174,011.10</b>	

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FOR FY 2023-24  
FOR THE SEVEN MONTHS ENDING ON JANUARY 31, 2024**

		FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024				
		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
<b>GAP FUNDING PROGRAM</b>						
<b>GAP FUNDING PROGRAM - INCOME</b>						
185	CABAZON WATER DISTRICT #1	1,000,000		1,000,000	9,787.96	99.0%
186				0		
187				0		
188				0		
189				0		
190				0		
191	<b>TOTAL INCOME</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>9,787.96</b>	
<b>GAP FUNDING PROGRAM - EXPENSES</b>						
194	CABAZON WATER DISTRICT #1	500,000		500,000	105,533.66	78.9%
195				0		
196				0		
197				0		
198				0		
199				0		
200	<b>TOTAL EXPENSE</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>105,533.66</b>	<b>78.9%</b>
202	<b>GAP FUNDING PROGRAM NET BALANCE YTD</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>-95,745.70</b>	

**NOTES**

In the 'Over/Under Budget' column, the highlighted percentage changes from red to black depending on:

For Income: less income than budgeted- under budget  
more income that budgeted - over budget

For Expenses: less spent than budgeted - under budget  
more spent than budgeted - over budget

**SAN GORGONIO PASS WATER AGENCY**  
**Water Purchases and Deliveries**  
**2024 - DRAFT - Subject to Change**  
February 14, 2024

<b>ORDERS (AF)</b>					
<b>City of Banning</b>		<b>BCVWD</b>		<b>YVWD</b>	
Replenish	Pre-Stored	Replenish	Pre-Stored	Direct	Pre-Stored*
1,250	250	11,200	7,000	1,500	750

<b>Delivery Point</b>					
Month	Brookside East	LSGC	Noble Connect.	SBVMWD	Total
Jan	438		279	13	730
Feb					0
Mar					0
Apr					0
May					0
Jun					0
Jul					0
Aug					0
Sep					0
Oct					0
Nov					0
Dec					0
<b>TOTALS</b>	438	0	279	13	730

<b>Transfers</b>					
Month	From SGPWA	To Banning	To BCVWD	To YVWD	Balance SGPWA
Jan	893 + 438				1,331
Feb					0
Mar					0
Apr					0
May					0
Jun					0
Jul					0
Aug					0
Sep					0
Oct					0
Nov					0
Dec					0
<b>TOTALS</b>	0	0	0	0	1,331

<b>Retail Delivery</b>					
Date	SGPWA	Banning	BCVWD	YVWD	Total
Jan			279	13	292
Feb					0
Mar					0
Apr					0
May					0
Jun					0
Jul					0
Aug					0
Sep					0
Oct					0
Nov					0
Dec					0
<b>TOTALS</b>	0	0	279	13	292

## San Gorgonio Pass Water Agency

### List of Some Acronyms and Vendors and Their Functions

Acronym	Name and Function	Version 231116
ACWA	Association of California Water Agencies	Affinity organization that provides conferences, training, lobbying and insurance services
ACWA		for water agencies in California
ACWA JPIA	ACWA Joint Powers Insurance Agency	Designation for payments made for property, liability and workers compensation insurance
ACWABE	ACWA Benefits	Designation for dental and life insurance
ALWEAS	Albert Webb Associates	Provides engineering consulting services
BBK	Best Best & Krieger	Provides legal counsel
BCVWD	Beaumont-Cherry Valley Water District	Provides retail water service in Beaumont
CalPERS	California Public Employees Retirement System	Provides retirement and health insurance services for public agencies in California
CAMP	California Asset Management Plan	Financial entity that advises and manages investments for public agencies in California
COBRA	Consolidated Omnibus Budget Reconciliation Act	Designation for continued health coverage
CONTEM	Control Temp, Inc.	Provides building maintenance for heating and air conditioning
DUCCLE	Ducking Clean	Provides building maintenance for outside cleaning - gutters and solar panels
DWR	Department of Water Resources	Branch of the California government that is responsible for managing the SWP
EBX	East Branch Extension	Infrastructure from East Branch of SWP to SGPWA service area
EDD	Employee Development Department	State of California department for collection of employment taxes
EFTPS	Electronic Federal Tax Payment System	Federal system for collection of employment taxes
ERSC	Engineering Services of Southern California	Provides engineering consulting services
ESRI	ESRI	Provides mapping services
GSA	Groundwater Sustainability Act	or Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan	
HCN	HCN Bank	Local regional bank; formerly the Bank of Hemet
HdL Coren & Cone		Provide tax revenue consulting services.
HOX	Homeowners Exemption	
IERCD	Inland Empire Resources Conservation District	Special District that provides conservation education
LAFCO	Local Agency Formation Commission	Branch of Riverside County government; reviews district and agency formation
LAIF	Local Agency Investment Fund	Financial organization sponsored by California for investments of surplus money
LAMMA	Local Agency Money Market Account	
MAPILA	Matthew Pistilli Landscape Services	Provides landscape and gardening services
OAP	Off-Aqueduct Power	DWR invoice for specific facilities that are not directly part of the SWP aqueduct
OPEB	Other Post-Employment Benefits	

## San Gorgonio Pass Water Agency

### List of Some Acronyms and Vendors and Their Functions

Acronym	Name and Function	Version 231116
PPIC	Public Policy Institute of California	Think tank on issues in California
PROPRI	Provost & Pritchard	Provides engineering and other consulting services
RC	Riverside County	
RDV	Redevelopment	
SBE	State Board of Equalization	
SCADA	Supervisory Control and Data Acquisition	
SMIF	Surplus Money Investment Fund	State of California depository for government funds that are not currently needed
SRJP	Sites Reservoir Joint Powers Authority	Joint powers authority formed to construct and manage Sites Reservoir
STAINS	Standard Insurance Company	Disability insurance provider
SWC	State Water Contractors	Affinity organization representing districts and agencies that have a water supply
SWC		contract with the state of California
SWP	State Water Project	System of reservoirs, aqueducts, and pump stations that distributes water throughout
SWP		the state of California; governed by agreements called water supply contracts
TSAB	Tehachapi Second After-Bay	A DWR facility that SGPWA participates in
UNIVAR	Univar Solutions, Inc.	Provides EarthTec solution for water treatment
UWMP	Urban Water Management Plan	
WSRB	Water System Revenue Bonds	Bonds sold by the state of California to pay for SWP construction
YTD	Year to Date	

**SAN GORGONIO PASS WATER AGENCY  
CASH RECONCILIATION REPORT  
FY 2023-24  
FOR THE SIX MONTHS ENDING ON DECEMBER 31, 2023**

**RESTRICTED - DEBT SERVICE FUND**

BEGINNING BALANCE - JULY 1, 2023		
RESERVE FOR STATE WATER PROJECT	<u>70,892,797</u>	
DEBT SERVICE ACTIVITY		
DEBT SERVICE DEPOSITS		
PROPERTY TAX - DEBT SERVICE DEPOSITS	8,432,882	
INTEREST INCOME	398,332	
DWR REFUNDS	1,742,883	
CHANGE IN RECIEVABLES AND MARKET VALUES	962,173	
DEBT SERVICE DISBURSEMENTS	<u>-17,282,605</u>	
<b>ENDING DEBT SERVICE FUND BALANCE -----</b>	<u><b>65,146,462</b></u>	<u><b>65,146,462</b></u>
<b>December 31, 2023</b>		

**UNRESTRICTED - GENERAL FUND**

BEGINNING BALANCE - JULY 1, 2023		
GENERAL FUND ACTIVITY		
GENERAL FUND DEPOSITS		
WATER SALES	2,342,788	
PROPERTY TAX - GENERAL PURPOSE DEPOSITS	1,289,778	
INTEREST INCOME	27,774	
OTHER INCOME	1,686	
CHANGE IN RECIEVABLES AND MARKET VALUES	4,029,023	
GENERAL FUND DISBURSEMENTS		
CHANGE IN LIABILITIES	-723,302	
CHANGE IN CAPITAL ASSETS	0	
OPERATING EXPENDITURES	<u>-4,767,390</u>	
<b>ENDING GENERAL FUND BALANCE -----</b>	<u><b>13,828,069</b></u>	<u><b>13,828,069</b></u>
<b>December 31, 2023</b>		

**UNRESTRICTED- CONSIGNED SWP SUPPORT FUND**

BEGINNING BALANCE - JULY 1, 2023		
CONSIGNED FUND ACTIVITY		
PROPERTY TAX DEPOSITS	0	
INTEREST INCOME	40,513	
CONSIGNED FUND EXPENDITURES	0	
<b>ENDING CONSIGNED SWP FUND BALANCE -----</b>	<u><b>10,709,303</b></u>	<u><b>10,709,303</b></u>
<b>December 31, 2023</b>		

<b><u>TOTAL CASH -----</u></b>		
<b>December 31, 2023</b>		<u><b>89,683,834</b></u>

**LOCATION OF CASH -----** **December 31, 2023**

PETTY CASH	100
CASH IN WELLS FARGO CHECKING ACCOUNT	523,083
HCN LOCAL AGENCY MONEY MARKET ACCOUNT	496,981
LOCAL AGENCY INVESTMENT FUND	9,961,361
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) - LIQUIDITY	17,046,577
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) - PFM INVESTMENTS	61,655,731

<b><u>TOTAL CASH -----</u></b>		
<b>December 31, 2023</b>		<u><b>89,683,834</b></u>

**SAN GORGONIO PASS WATER AGENCY  
CASH RECONCILIATION SUMMARY REPORT  
FY 2023-24  
BY QUARTER**

	SEP 30, 23	DEC 31, 23	MAR 31, 24	JUN 30, 24
<b><u>RESTRICTED - DEBT SERVICE FUND</u></b>				
BEGINNING BALANCE - JULY 1, 2022				
RESERVE FOR STATE WATER PROJECT	70,892,797	70,892,797	70,892,797	70,892,797
DEBT SERVICE ACTIVITY				
DEBT SERVICE DEPOSITS				
PROPERTY TAX - D. S. DEPOSITS	0	8,432,882		
INTEREST INCOME	83,538	398,332		
DWR REFUNDS	243	1,742,883		
CHANGES IN RECIEVABLES + MARKET VALUES	962,173	962,173		
DEBT SERVICE DISBURSEMENTS	-14,423,179	-17,282,605		
<b>ENDING DEBT SERVICE FUND BALANCE</b>	<b>57,515,573</b>	<b>65,146,462</b>	<b>70,892,797</b>	<b>70,892,797</b>
<b><u>UNRESTRICTED - GENERAL FUND</u></b>				
BEGINNING BALANCE - JULY 1, 2022	11,627,711	11,627,711	11,627,711	11,627,711
GENERAL FUND ACTIVITY				
GENERAL FUND DEPOSITS				
WATER SALES	0	2,342,788		
PROPERTY TAX - GENERAL DEPOSITS	0	1,289,778		
INTEREST INCOME	14,289	27,774		
OTHER INCOME	595	1,686		
CHANGES IN RECIEVABLES + MARKET VALUES	2,258,921	4,029,023		
GENERAL FUND DISBURSEMENTS	0	0		
CHANGE IN LIABILITIES	-978,079	-723,302		
CHANGE IN CAPITAL ASSETS	0	0		
OPERATING EXPENDITURES	-1,874,045	-4,767,390		
<b>ENDING GENERAL FUND BALANCE</b>	<b>11,049,393</b>	<b>13,828,069</b>	<b>11,627,711</b>	<b>11,627,711</b>
<b><u>UNRESTRICTED - CONSIGNED SWP SUPPORT FUND</u></b>				
BEGINNING BALANCE - JULY 1, 2022	10,668,790	10,668,790	10,668,790	10,668,790
CONSIGNED FUND ACTIVITY				
PROPERTY TAX DEPOSITS	0	0		
INTEREST INCOME	26,814	40,513		
CONSIGNED FUND EXPENDITURES	0	0		
<b>ENDING CONSIGNED FUND BALANCE</b>	<b>10,695,604</b>	<b>10,709,303</b>	<b>10,668,790</b>	<b>10,668,790</b>
<b><u>TOTAL CASH - END OF QUARTER</u></b>	<b>79,260,569</b>	<b>89,683,834</b>	<b>93,189,298</b>	<b>93,189,298</b>
<b><u>LOCATION OF CASH AND INVESTMENTS</u></b>				
PETTY CASH	100	100		
CASH IN WELLS FARGO CHECKING ACCOUNT	506,227	523,083		
CASH IN HCN L A M M A	495,744	496,981		
LOCAL AGENCY INVESTMENT FUND	1,725,720	9,961,361		
CA ASSET MNGMNT PRGRM - LIQUIDITY	16,809,771	17,046,577		
CA ASSET MNGMNT PRGRM - PRM INVESTMENTS	59,723,006	61,655,731		
<b><u>TOTAL - END OF QUARTER</u></b>	<b>79,260,569</b>	<b>89,683,834</b>	<b>0</b>	<b>0</b>



**SAN GORGONIO PASS WATER AGENCY**

**LEGAL INVOICES  
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	983898	CEQA REVIEW OCT23	1,753.66
BEST, BEST & KRIEGER	240131	LEGAL SERVICES JAN24	17,282.38

TOTAL PENDING INVOICES FOR APPROVAL FEBRUARY 2024

19,036.04

**SAN GORGONIO PASS WATER AGENCY  
RESERVE ALLOCATION REPORT  
FY 2023-24  
FOR THE SIX MONTHS ENDING DECEMBER 31, 2023**

	JUN 30, 23	SEP 30, 23	DEC 31, 23	MAR 31, 24	JUN 30, 24
<b>RESTRICTED</b>					
<b>STATE WATER CONTRACT FUND</b>	<b>70,892,797</b>	<b>57,515,573</b>	<b>65,146,462</b>		
<b>UNRESTRICTED</b>					
<b>GENERAL FUND</b>					
OPERATIONS	1,500,000	1,500,000	1,500,000		
NEW INFRASTRUCTURE		4,238,000	3,659,681		
Adjustments		-578,319	2,778,677		
Additions					
Expenditures					
Ending Balance	4,238,000	3,659,681	6,438,358		
ADDITIONAL WATER		4,339,711	4,339,711		
Adjustments					
Additions					
Expenditures					
Ending Balance	4,339,711	4,339,711	4,339,711		
RATE STABILIZATION					
Previous Balance	150,000	150,000	150,000		
Expenditures					
Ending Balance	150,000	150,000	150,000		
REPLACEMENTS	1,250,000	1,250,000	1,250,000		
UNEXPECTED LEGAL SERVICES	150,000	150,000	150,000		
<b>SUB-TOTAL GENERAL FUND</b>	<b>11,627,711</b>	<b>11,049,392</b>	<b>13,828,069</b>	0	0
<b>CONSIGNED SWP FUND</b>	10,668,790	10,668,790	10,695,604		
Additions		26,814	13,699		
Expenditures					
Ending Balance	<b>10,668,790</b>	<b>10,695,604</b>	<b>10,709,303</b>	0	0
<b>TOTAL UNRESTRICTED RESERVES</b>	<b>22,296,501</b>	<b>21,744,996</b>	<b>24,537,372</b>	0	0
<b>TOTAL RESERVES</b>	<b>93,189,298</b>	<b>79,260,569</b>	<b>89,683,834</b>	0	0
<b>CASH LOCATION</b>					
Petty Cash	100	100	100		
Wells Fargo Checking Account	372,163	506,227	523,083		
HCN Bank LAMMA	494,511	495,744	496,981		
LAIF	16,039,188	1,725,720	9,961,361		
CAMP - Liquidity	16,580,561	16,809,771	17,046,577		
CAMP - PFM - Long-Term	59,702,775	59,723,006	61,655,731		
<b>TOTAL CASH</b>	<b>93,189,298</b>	<b>79,260,569</b>	<b>89,683,834</b>	0	0

San Gorgonio Pass Water Agency  
 Gap Funding Program  
 Cabazon Water District Tracking  
 Report Date: February 14, 2024

**Current Balance: 95,745.70** (CWD owes us)

Payments Made to CWD: 1,284,221.36

Payments Received from CWD: 1,188,475.66

Approximate Project Cost: 1,700,000.00

Approximate Remaining Amount: 400,000.00

**Payments Made**

<b>Date</b>	<b>Request Amount</b>	<b>Paid Date</b>	<b>Check #</b>
9/13/22	75,583.32	9/20/22	120650
11/17/22	27,699.45	11/21/22	120724
2/27/23	279,168.30	3/6/23	120844
4/26/23	796,236.63	5/4/23	120913
8/1/23	105,533.66	8/29/23	121053

**Reimbursements Received**

<b>Date</b>	<b>Rec'd Amount</b>	<b>Check #</b>
11/7/22	42,465.59	25301
1/10/23	33,117.73	25424
1/10/23	5,600.75	25425
2/7/23	22,098.70	25488
5/8/23	1,304.00	25667
6/23/23	1,523.00	25774
7/18/23	277,864.30	25848
9/11/23	794,713.63	25934
10/10/23	9,787.96	26002