SAN GORGONIO PASS WATER AGENCY

Presentation to the Board of Directors

For the Fiscal Year Ended
June 30, 2024

NIGRO & NIGRO PC

NIGRO & NIGRO PC

A Professional Accountancy Corporation

SCOPE OF WORK

Perform Audit Testwork of the Entity's Annual Financial Statements/Report

Report on the Entity's internal control over financial reporting and on compliance in accordance with Government Auditing Standards

OUR RESPONSIBITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

1. Form and express an opinion about whether the Annual Financial Statements results, that have been prepared by management, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

2. Our responsibility is to plan and perform the audit to obtain ***reasonable assurance*** **(not absolute assurance)** about whether the Annual Financial Statements are free of material misstatements.

3. We are to consider the Entity's internal controls and segregations of duties over accounting procedures and financial reporting as we perform our audit testwork. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

AUDIT RESULTS

An Auditor's ***Unmodified Opinion*** has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- The adopted significant accounting policies have been consistently applied.
- Estimates are considered reasonable for Depreciation, Pension and OPEB expenses.
- Required disclosures are properly reflected in the Annual Financial Statements.

AU-C 265 – Communicating Internal Control Related Matters Identified in an Audit

No Material Issues Arose to be Reported to the Governing Board/Management

Any Minor Issues Were Discussed Orally and Corrected by Management

How Do We Make You Better?

Best Practice Solutions Were Conveyed to Management – That's the Audit ROI

San Gorgonio Pass Water Agency
Dashboard – Audited Financial Statements
June 30, 2024 vs 2023

Revenues & Expenses	2024	2023	Variance
Operating Revenues:			
Water sales	$ 6,431,501	$ 5,153,069	$ 1,278,432
GSP – grants and reimbursements	53,023	67,822	(14,799)
Non-Operating Revenues:			
Property taxes	50,059,530	42,947,540	7,111,990
Rental revenue	27,825	29,571	(1,746)
Investment earnings	4,252,397	366,479	3,885,918
Other non-operating revenues(expenses)	(33,806)	1,959	(35,765)
Total Revenues	60,790,470	48,566,440	12,224,030
Operating Expenses:			
Source of supply – water purchases	9,545,340	6,932,266	2,613,074
Source of supply – operations	16,949,587	13,472,177	3,477,410
Engineering and consulting	872,685	828,350	44,335
Groundwater sustainability plan – costs	28,196	1,148,380	(1,120,184)
General and administrative	2,283,482	2,218,860	64,622
Operating expenses before depr.	29,679,290	24,600,033	5,079,257
Depreciation expense	5,677,772	10,888,338	(5,210,566)
Total Expenses	35,357,062	35,488,371	(131,309)
Change in Revenues & Expenses	$ 25,433,408	$ 13,078,069	$ 12,355,339
Capital Outlay:			
Capital Asset Additions	$ (9,225,297)	$ (10,844,051)	$ 1,618,754
Depreciation Expense	5,677,772	10,888,338	(5,210,566)
Change in Capital Expense	$ (3,547,525)	$ 44,287	$ (3,591,812)
Cash & Investments	$ 113,921,247	$ 93,189,298	$ 20,731,949

Quick Summary:			
Change in Revenues & Expenses	$ 25,433,408		
Change in Capital Expense	(3,547,525)	Use of cash	
Change in Receivables/Payables	(658,277)	Change in cash	
Change in Cash & Investments	$ 21,227,606	**Approximately**	**$ 495,657**
Investment Earnings to Portfolio	**4.11%**		
	103,555,273	Average Portfolio	

SAN GORGONIO PASS WATER AGENCY

Report to the Board of Directors

For the Fiscal Year Ended
June 30, 2024

NIGRO & NIGRO PC

SAN GORGONIO PASS WATER AGENCY
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For the Fiscal Year Ended June 30, 2024

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

Board of Directors
San Gorgonio Pass Water Agency
Beaumont, California

We are pleased to present this report related to our audit of the financial statements of the San Gorgonio Pass Water Agency (Agency) as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

Nigro & Nigro, PC

Murrieta, California
December 9, 2024

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area		Comments
Our Responsibilities with Regard to the Financial Statement Audit		Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 1, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit		An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices		**Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Significant Accounting Polies or Their Application** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments		Audit adjustments are summarized in the attached **Summary of Adjusting Journal Entries**.
Uncorrected Misstatements		We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Area		Comments
Discussions With Management		We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management		We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants		We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management		No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit		No significant difficulties were encountered in performing our audit.
Required Supplementary Information		We applied certain limited procedures to the: 1. Management's Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Summary of Adjusting Journal Entries

SAN GORGONIO PASS WATER AGENCY
Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2024

See Attached Report

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To reclass FA reduced asset value			
1100001	SOURCE OF SUPPLY	18,129.61	
4600002	OTHER INCOME - DS	36,415.02	
1100001	SOURCE OF SUPPLY		36,415.02
1110001	RECHARGE FACILITIES		18,129.61
Total		**54,544.63**	**54,544.63**
Adjusting Journal Entries JE # 2			
To correct Prepaid balance			
5550011	INSURANCE & SURETY BONDS	4,310.00	
1820011	PREPAID INSURANCE		4,310.00
Total		**4,310.00**	**4,310.00**
Adjusting Journal Entries JE # 3			
To Correct Investment balance			
1770041	CAMP - MANAGED LONG TERM	267,416.33	
1770051	CAMP - MANAGED POOL		267,416.33
Total		**267,416.33**	**267,416.33**
Adjusting Journal Entries JE # 4			
To True up GASB 87			
1800051	LEASES RECEIVABLE	31,314.56	
1800051	LEASES RECEIVABLE	132,582.00	
4610001	LEASE PAYMENTS	3,490.00	
2652001	DEFERRED INFLOWS - LEASES		133,414.00
4610001	LEASE PAYMENTS		31,314.56
4610011	LEASE INTEREST		2,658.00
Total		**167,386.56**	**167,386.56**
Adjusting Journal Entries JE # 5			
To record GASB 75 OPEB.			
1910001	DEFERRED OUTFLOWS OPEB	311,958.00	
2651001	DEFERRED INFLOWS - OPEB	23,389.00	
5330001	OPEB EXPENSE/CERBT- GEN	4,866.00	
5330002	OPEB EXPENSE/CERBT - DS	3,558.00	
2610001	OPEB LIABILITY		343,771.00
Total		**343,771.00**	**343,771.00**
Adjusting Journal Entries JE # 6			
To true up GASB 68 balances to agree to CalPERS Tool.			
5320001	RETIREMENT EMPLOYER PD - GEN	1.00	
5320002	RETIREMENT EMPLOYER PD - DS	1.00	
1900001	DEFERRED OUTFLOWS PENSION		1.00
2650001	DEFERRED INFLOWS - PENSION		1.00
Total		**2.00**	**2.00**
	Total Adjusting Journal Entries	**837,430.52**	**837,430.52**

SAN GORGONIO PASS WATER AGENCY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2024
(With Comparative Amounts as of June 30, 2023)

NIGRO & NIGRO PC

SAN GORGONIO PASS WATER AGENCY
For the Fiscal Year Ended June 30, 2024
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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

Financial Section

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2024, 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, 2024, 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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, 2023, 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 December 9, 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
December 9, 2024

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, 2024. 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 2024, the Agency's net position increased 11.11%, or $25,443,408 from the prior year's net position of $228,838,309 to $254,271,717, as a result of the year's financial activities.
- In fiscal year 2024, operating revenues increased by 24.20%, or $1,263,633 from $5,220,891 to 6,484,524, from the prior year, due to an increase in water sales.
- In fiscal year 2024, operating expenses before depreciation expense increased by 20.65% or $5,079,257 from $24,600,033 to $29,679,290, from the prior year, primarily due to an increase in source of supply – water purchases and operational costs.

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.

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

	June 30, 2024	June 30, 2023	Change
Assets:			
Current assets	$ 55,594,223	$ 25,426,688	$ 30,167,535
Non-current assets	63,073,124	70,892,797	(7,819,673)
Capital assets, net	137,020,286	133,472,761	3,547,525
Total assets	255,687,633	229,792,246	25,895,387
Deferred outflows of resources	1,007,013	802,986	204,027
Total assets and deferred outflows of resources	$ 256,694,646	$ 230,595,232	$ 26,099,414
Liabilities:			
Current liabilities	$ 1,267,941	$ 1,119,037	$ 148,904
Non-current liabilities	946,984	493,026	453,958
Total liabilities	2,214,925	1,612,063	602,862
Deferred inflows of resources	208,004	144,860	63,144
Net position:			
Investment in capital assets	137,020,286	133,472,761	3,547,525
Restricted	62,940,914	70,892,797	(7,951,883)
Unrestricted	54,310,517	24,472,751	29,837,766
Total net position	254,271,717	228,838,309	25,433,408
Total liabilities, deferred outflows of resources and net position	$ 256,694,646	$ 230,595,232	$ 26,099,414

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 $254,271,717 as of June 30, 2024.

By far the largest portion of the Agency's net position (54% as of June 30, 2024) 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 2024, the Agency showed a positive balance in its unrestricted net position of $54,310,517 which may be utilized in future years.

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

	June 30, 2024	June 30, 2023	Change
Operating revenues	$ 6,484,524	$ 5,220,891	$ 1,263,633
Operating expenses	(29,679,290)	(24,600,033)	(5,079,257)
Operating income before depreciation	(23,194,766)	(19,379,142)	(3,815,624)
Depreciation expense	(5,677,772)	(10,888,338)	5,210,566
Operating income	(28,872,538)	(30,267,480)	1,394,942
Non-operating revenues(expenses), net	54,305,946	43,345,549	10,960,397
Change in net position	25,433,408	13,078,069	12,355,339
Net position:			
Beginning of year	228,838,309	215,760,240	13,078,069
End of year	$ 254,271,717	$ 228,838,309	$ 25,433,408

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 11.11%, or $25,443,408 from the prior year's net position of $228,838,309 to $254,271,717, as a result of the year's financial activities.

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Total Revenues

	June 30, 2024	June 30, 2023	Increase (Decrease)
Operating revenues:			
Water sales	$ 6,431,501	$ 5,153,069	$ 1,278,432
Groundwater sustainability plan – grants and reimbursements	53,023	67,822	(14,799)
Total operating revenues	6,484,524	5,220,891	1,263,633
Non-operating revenues:			
Property taxes	50,059,530	42,947,540	7,111,990
Investment earnings	4,252,397	366,479	3,885,918
Rental and contract revenue	27,825	29,571	(1,746)
Other non-operating revenues	(36,415)	-	(36,415)
Total non-operating revenues	54,305,946	43,345,549	10,960,397
Total revenues	$ 60,790,470	$ 48,566,440	$ 12,224,030

In fiscal year 2024, operating revenues increased by 24.20%, or $1,263,633 from $5,220,891 to 6,484,524, from the prior year, due to an increase in water sales. Non-operating revenues increased by 25.29%, or $9,678,622 from $43,345,549 to $54,305,946 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

	June 30, 2024	June 30, 2023	Increase (Decrease)
Operating expenses:			
Source of supply - water purchases	$ 9,545,340	$ 6,932,266	$ 2,613,074
Source of supply - operations	16,949,587	13,472,177	3,477,410
Engineering and consulting	872,685	828,350	44,335
Groundwater sustainability plan – costs	28,196	1,148,380	(1,120,184)
General and administrative	2,283,482	2,218,860	64,622
Total operating expenses	29,679,290	24,600,033	5,079,257
Depreciation expense	5,677,772	10,888,338	(5,210,566)
Total expenses	$ 35,357,062	$ 35,488,371	$ (131,309)

In fiscal year 2024, operating expenses before depreciation expense increased by 20.65% or $5,079,257 from $24,600,033 to $29,679,290, from the prior year, primarily due to an increase in source of supply – water purchases and operational costs.

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Capital Assets

Capital assets:	Balance June 30, 2024	Balance June 30, 2023
Non-depreciable assets	$ 18,746,399	$ 17,048,943
Depreciable assets	215,712,642	208,185,381
Accumulated depreciation	(97,438,755)	(91,761,563)
Total capital assets, net	$ 137,020,286	$ 133,472,761

At the end of year 2024, the Agency's investment in capital assets amounted to $137,020,286 (net of accumulated depreciation). Capital asset additions amounted to $9,279,842 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, 2024 (With Comparative Amounts as of June 30, 2023)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current assets:		
Cash and cash equivalents (Note 2)	$ 51,805,025	$ 23,156,952
Accrued interest receivable	234,177	133,844
Accounts receivable	932,629	797,398
Property taxes receivable	1,984,407	230,789
Other receivables	573,233	1,072,578
Lease receivable (Note 4)	29,029	28,657
Prepaid expenses	35,723	6,470
Total current assets	55,594,223	25,426,688
Non-current assets:		
Restricted: (Note 3)		
Cash and cash equivalents	-	10,400,975
Investments	62,116,222	59,631,371
Property taxes receivable	824,692	860,451
Lease receivable (Note 4)	132,210	-
Capital assets – not being depreciated (Note 6)	18,746,399	17,048,943
Capital assets – being depreciated, net (Note 6)	118,273,887	116,423,818
Total non-current assets	200,093,410	204,365,558
Total assets	255,687,633	229,792,246
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability (Note 8)	439,130	127,172
Deferred amounts related to net pension liability (Note 9)	567,883	675,814
Total deferred outflows of resources	1,007,013	802,986
Total assets and deferred outflows of resources	$ 256,694,646	$ 230,595,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,245,507	$ 1,098,161
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	22,434	20,876
Total current liabilities	1,267,941	1,119,037
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	127,125	118,294
Net OPEB liability (Note 8)	410,829	67,058
Net pension liability (Note 9)	409,030	307,674
Total non-current liabilities	946,984	493,026
Total liabilities	2,214,925	1,612,063
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	161,239	27,825
Deferred amounts related to net OPEB liability (Note 8)	-	23,389
Deferred amounts related to net pension liability (Note 9)	46,765	93,646
Total deferred inflows of resources	208,004	144,860
Net position:		
Investment in capital assets	137,020,286	133,472,761
Restricted for State Water Project participation (Note 3)	62,940,914	70,892,797
Unrestricted	54,310,517	24,472,751
Total net position	254,271,717	228,838,309
Total liabilities, deferred inflows of resources and net position	$ 256,694,646	$ 230,595,232

SAN GORGONIO PASS WATER AGENCY

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

	2024	2023
Operating revenues:		
Water sales	$ 6,431,501	$ 5,153,069
Groundwater sustainability plan – grants and reimbursements	53,023	67,822
Total operating revenues	6,484,524	5,220,891
Operating expenses:		
Source of supply – water purchases	9,545,340	6,932,266
Source of supply – operations	16,949,587	13,472,177
Engineering and consulting	872,685	828,350
Groundwater sustainability plan – costs	28,196	1,148,380
General and administrative	2,283,482	2,218,860
Total operating expenses	29,679,290	24,600,033
Operating loss before depreciation	(23,194,766)	(19,379,142)
Depreciation expense	(5,677,772)	(10,888,338)
Operating loss	(28,872,538)	(30,267,480)
Non-operating revenues(expenses):		
Property taxes	50,059,530	42,947,540
Investment earnings	4,252,397	366,479
Rental revenue	27,825	29,571
Other non-operating revenues	2,609	1,959
Other non-operating expenses	(36,415)	-
Total non-operating revenues(expenses), net	54,305,946	43,345,549
Change in net position	25,433,408	13,078,069
Net position:		
Beginning of year	228,838,309	215,760,240
End of year	$ 254,271,717	$ 228,838,309

SAN GORGONIO PASS WATER AGENCY

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers and others	$ 6,842,657	$ 3,483,354
Cash paid to employees for salaries and wages	(1,266,395)	(798,187)
Cash paid to vendors and suppliers for materials and services	(28,112,751)	(22,252,834)
Net cash used in operating activities	(22,536,489)	(19,567,667)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	48,341,671	42,604,693
Net cash provided by non-capital financing activities	48,341,671	42,604,693
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,225,297)	(10,844,051)
Net cash used in capital and related financing activities	(9,225,297)	(10,844,051)
Cash flows from investing activities:		
Change in investments	(451,497)	(204,330)
Investment earnings	2,118,710	632,806
Net cash provided by investing activities	1,667,213	428,476
Net increase in cash and cash equivalents	18,247,098	12,621,451
Cash and cash equivalents:		
Beginning of year	33,557,927	20,936,476
End of year	$ 51,805,025	$ 33,557,927

SAN GORGONIO PASS WATER AGENCY
Statements of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

	2024	2023
Reconciliation of operating loss to net cash used operating activities:		
Operating loss	$(28,872,538)	$(30,267,480)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,677,772	10,888,338
Rental revenue	27,825	29,571
Other non-operating revenues and expenses, net	(33,806)	1,959
Change in assets – (increase)decrease:		
Accounts receivable	(135,231)	(796,489)
Other receivables	499,345	(972,578)
Lease Receivable	(132,582)	28,095
Prepaid expenses	(29,253)	(1,000)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation liability	(311,958)	(82,089)
Deferred amounts related to net pension liability	107,931	149,704
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	147,346	915,003
Compensated absences	10,389	(12,622)
Net OPEB obligation liability	343,771	229,794
Net pension liability	101,356	635,377
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	133,414	(27,825)
Deferred amounts related to net OPEB obligation liability	(23,389)	(156,972)
Deferred amounts related to net pension liability	(46,881)	(128,453)
Total adjustments	6,336,049	10,699,813
Net cash used in operating activities	$(22,536,489)	$(19,567,667)
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	$ 2,033,354	$ (376,865)

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.

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.

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:

Description	Estimated Lives
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.

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, 2022
Measurement Date June 30, 2023
Measurement Period July 1, 2022 to June 30, 2023

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 retires) 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, 2022
Measurement Date June 30, 2023
Measurement Period July 1, 2022 to June 30, 2023

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."

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:

Description	June 30, 2024
Cash and cash equivalents	$ 51,805,025
Restricted – cash and cash equivalents	-
Restricted – investments	62,116,222
Total cash and investments	$ 113,921,247

Cash and investments consisted of the following:

Description	June 30, 2024
Petty cash	$ 100
Demand deposits held with financial institutions	352,531
Local Agency Investment Fund (LAIF)	24,768,702
California Asset Management Program (CAMP) Pool	26,683,692
Investments	62,116,222
Total cash and investments	$ 113,921,247

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions
At June 30, 2024, the carrying amounts of the Agency's demand deposits were $352,531 and the financial institution's balances were $415,630. 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, 2024, 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, 2024 are presented in the following Investment Table:

				Maturity		
Type of Investments	Measurement Input	Credit Rating	Total Fair Value	12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	N/A	$ 32,585,885	$ -	$ 15,899,292	$ 16,686,593
Federal Agency Commercial Mortgage - Backed	Level 2	A to AAA	11,767,072	-	-	11,767,072
Corporate Notes	Level 2	A to AAA	12,215,603	2,044,150	1,901,482	8,269,971
Asset-backed securities	Level 2	A to AAA	3,419,201	-	82,265	3,336,936
Negotiable certificates-of-deposit	Level 2	AAA	2,128,461	-	-	2,128,461
Total investments			$ 62,116,222	$ 2,044,150	$ 17,883,039	$ 42,189,033

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.

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, 2024, the CAMP Pool had a total portfolio of approximately $20.5 billion of which all was invested in non-derivative financial products. The average maturity of the CAMP Pool's investments was 38 days as of June 30, 2024. 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, 2024, the Authority held $26,683,692 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
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

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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, 2024.

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, 2024. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

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, 2024, the Agency held $24,768,702 in LAIF.

NOTE 3 – RESTRICTED ASSETS

Restricted assets at June 30, 2024 consists of the following:

Description	June 30, 2023
Restricted – cash and cash equivalents	$ -
Restricted – investments	62,116,222
Restricted – property taxes receivable	824,692
Total restricted assets and net position	$ 62,940,914

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, 2024 was as follows:

Description	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental	$ 28,657	$ 161,239	$ (28,657)	$ 161,239

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, 2024, renewed a continuous lease for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of $161,239. As of June 30, 2024, the value of the lease receivable was $161,239. The lease is required to make annual fixed payments of $32,254 for the first 12-month period, then increase 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $161,239 as of June 30, 2024. The Agency recognized lease revenue of $32,248, and interest revenue of $2,658 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 five fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 29,029	$ 3,225	$ 32,254
2026	30,577	2,644	33,221
2027	32,186	2,033	34,219
2028	33,856	1,389	35,245
2029	35,591	712	36,303
Total	161,239	$ 10,003	$ 171,242
Current	(29,029)		
Long-term	$ 132,210		

Changes in the Agency’s deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental	$ 27,825	$ 161,239	$ (27,825)	$ 161,239

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2024, will be amortized in future periods as follows:

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

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2025	$ 32,248
2026	32,248
2027	32,248
2028	32,248
2029	32,247
Total	$ 161,239

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, 2023, the most recent financial information available, which is reported on a cash basis of accounting, is as follows:

Description	2023
Cash receipts	$ 9,401
Cash disbursements	152,344
Excess of receipts over disbursements	(142,943)
Cash and investments at beginning of the year	479,077
Cash and investmetns at end of the year	$ 336,134
Member agencies share of year-end financial position	Not Calculated

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

Description	Balance June 30, 2023	Additions	Deletions/ Transfers	Adjustments	Balance June 30, 2024
Non-depreciable assets:					
Land and land rights	$ 9,670,970	$ -	$ -	$ -	$ 9,670,970
Construction-in-process	7,377,973	2,377,130	(679,674)	-	9,075,429
Total non-depreciable assets	17,048,943	2,377,130	(679,674)	-	18,746,399
Depreciable assets:					
SWP – participation rights	174,830,020	6,902,711	-	-	181,732,731
Sources of supply	22,377,732	450,322	-	(36,415)	22,791,639
Recharge facilities	9,005,268	-	-	(18,130)	8,987,138
Technical equipment	91,189	34,891	-	-	126,080
Buildings and improvements	1,669,668	-	-	-	1,669,668
Furniture and fixtures	132,891	194,462	(580)	-	326,773
Transportation equipment	78,613	-	-	-	78,613
Total depreciable assets	208,185,381	7,582,386	(580)	(54,545)	215,712,642
Accumulated depreciation:					
SWP – participation rights	(78,320,735)	(4,454,594)	-	-	(82,775,329)
Sources of supply	(9,471,092)	(705,943)	-	-	(10,177,035)
Recharge facilities	(2,426,393)	(402,860)	-	-	(2,829,253)
Technical equipment	(91,189)	-	-	-	(91,189)
Buildings and improvements	(1,294,445)	(65,528)	-	-	(1,359,973)
Furniture and fixtures	(79,096)	(48,847)	580	-	(127,363)
Transportation equipment	(78,613)	-	-	-	(78,613)
Total accumulated depreciation	(91,761,563)	(5,677,772)	580	-	(97,438,755)
Total depreciable assets, net	116,423,818	1,904,614	-	(54,545)	118,273,887
Total capital assets, net	$ 133,472,761	$ 4,281,744	$ (679,674)	$ (54,545)	$137,020,286

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.

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 marked 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, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year	Due in More Than One Year
$ 139,170	$ 98,464	$ (88,075)	$ 149,559	$ 22,434	$ 127,125

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Description	2024
OPEB related deferred outflows	$ 439,130
Net other post-employment benefits liability	410,829
OPEB related deferred inflows	-

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, 2024, the Agency's average contribution rate was 12.5 percent and 7.4 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, 2024, the measurement period, the Agency's contributions totaling $131,489 included $67,000 made to an OPEB trust, and an implied subsidy of $2,000.

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, 2023 and was determined by an actuarial valuation as of June 30, 2023. 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
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 - 7.90% trending down annually to 3.45% by 2076 and later Post-65 - 6.90% trending down annually to 3.45% by 2076 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

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%
Total	100.00%	

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)
Balance at July 1, 2023 (Measurement date June 30, 2022)	$ 998,587	$ 931,529	$ 67,058
Changes for the year:			
Service cost	72,397	-	72,397
Interest	65,305	-	65,305
Differences in experience	245,712	-	245,712
Changes in assumption	72,116	-	72,116
Changes in terms	-	-	-
Employer contributions	-	52,373	(52,373)
Net investment income	-	59,816	(59,816)
Benefit payments	(52,214)	(52,214)	-
Administrative expenses	-	(430)	430
Net changes	403,316	59,545	343,771
Balance at June 30, 2023 (Measurement date June 30, 2022)	$ 1,401,903	$ 991,074	$ 410,829

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

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

Changes of Assumptions
In fiscal year 2023-2, the medical trend rates were updated and spouses actual date of birth is used for active employees when available.

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:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Liability	$ 565,515	$ 410,829	$ 280,773

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:

		Healthcare Cost	
	6.9% Decreasing to 2.45%	7.9% Decreasing to 3.45%	8.9% Decreasing to 4.45%
Net OPEB Liability	$ 273,014	$ 410,829	$ 573,509

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2024, the Agency recognized OPEB expense of $139,913. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 131,489	$ -
Changes in assumptions	56,090	-
Differences between expected and actual experience	191,109	-
Differences between projected and actual earnings on OPEB plan investments	60,442	-
Total Deferred Outflows/(Inflows) of Resources	$ 439,130	$ -

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 $131,489 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$ 82,558
2026	77,538
2027	112,552
2028	34,993
Total	$ 307,641

At June 30, 2024, the Agency had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

NOTE 9 – PENSION PLAN

Summary

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

Description	2024
Pension related deferred outflows	$ 567,883
Net pension liability	409,030
Pension related deferred inflows	46,765

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".

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):

	Miscellaneous Plans	
	Classic Tier 1	**PEPRA Tier 2**
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 2023	17.220%	N/A
Required employer contribution rates – FY 2024	18.940%	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, 2022 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, 2023 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	4	1	5
Transferred and terminated members	1	-	1
Retired members and beneficiaries	4	-	4
Total plan members	9	1	10

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.

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, 2024, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 197,053	$ 12,142	$ 209,195

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, 2023, 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, 2022, rolled forward to June 30, 2023, 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.

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, 2024:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	Change Increase/ (Decrease)
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.008180%	0.006575%	0.001605%
Percentage of Plan Net Pension Liability	0.003279%	0.002664%	0.000615%

The Agency's proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2022(Measurement Date)	$ 4,562,393	$ 4,254,719	$ 307,674
Balance as of June 30, 2023(Measurement Date)	$ 5,003,875	$ 4,594,845	$ 409,030
Change in Plan Net Pension Liability	$ 441,482	$ 340,126	$ 101,356

For the year ended June 30, 2023, the Agency recognized pension expense of $371,601. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 209,195	$ -
Difference between actual and proportionate share of employer contributions	59,900	(14,478)
Adjustment due to differences in proportions	186,971	(29,045)
Differences between expected and actual experience	20,896	(3,242)
Differences between projected and actual earnings on pension plan investments	66,226	-
Changes in assumptions	24,695	-
Total Deferred Outflows/(Inflows) of Resources	$ 567,883	$ (46,765)

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 $209,195 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, 2025. 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:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$ 158,325
2026	96,411
2027	55,288
2028	1,900
Total	$ 311,924

Actuarial Methods and Assumptions Used to Determine Total Pension Liability/(Asset)
For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2023, 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

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.

Asset Class	Assumed Asset Allocation	Real Return [1,2]
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%
	100.0%	

[1] An expected inflation of 2.3% is used for this period.
[2] Figures are based on the 2022 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.

NOTE 9 – PENSION PLAN (continued)

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

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

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's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Miscellaneous Plan	$ 1,085,783	$ 409,030	$ (147,995)

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, 2023, the Agency reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2024.

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:

A.	**Entity**	ACWA-JPIA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of September 30, 2023 – 401 member districts
D.	**Governing board**	Nine representatives employed by members
E.	**Condensed financial information**	September 30, 2023
	Audit signed	March 20, 2024

	Sept 30, 2023
Statement of financial position:	
Total assets	$ 288,462,503
Deferred outflows	4,654,911
Total liabilities	167,203,667
Deferred inflows	5,200,835
Net position	$ 120,712,912
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 248,013,664
Total expenses	(240,084,673)
Change in net position	7,928,991
Beginning – net position	112,783,921
Ending – net position	$ 120,712,912

F. Member agencies share of year-end financial position — 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.

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, 2024, 2023, and 2022. 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, 2024, 2023, and 2022.

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:

Fiscal Year	Amount
2025	$17,296,715
2026	14,080,544
2027	14,082,490
2028	14,340,775
2029	14,542,667

As of June 30, 2024, the Agency has expended approximately $200,911,638 since the Agency started participating in the State Water Contract.

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:

Type of Long-Term Obligation	Amount
State Water Project Contract:	
Transportation facilities	$9,327,800
Delta water charges	18,520,341
Off-aqueduct power facilities	10,658
Revenue bond surcharge	6,235,807
Conservation charge	524,944
Transportation charge	165,487,763
Total	$200,107,313

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, 2024.

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, d*e 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 December 9, 2024, the date on which the financial statements were available to be issued.

Required Supplementary Information

SAN GORGONIO PASS WATER AGENCY

Schedule of the Agency's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

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	628,907	48.92%	93.26%
June 30, 2023	0.00328%	409,030	850,112	48.11%	91.83%

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 years June 30, 2018 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%

From fiscal year June 30, 2023 to June 30, 2024:
There were no significant changes in assumptions.

SAN GORGONIO PASS WATER AGENCY

Schedule of the Agency's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
June 30, 2024	159,195	(209,195)	(50,000)	919,283	17.32%

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%
June 30, 2024	June 30, 2022	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.

SAN GORGONIO PASS WATER AGENCY

Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**
Measurement Date	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**
Total OPEB liability:					
Service cost	$ 72,397	$ 70,459	$ 65,667	$ 64,873	$ 73,296
Interest	65,305	60,064	62,508	57,294	69,685
Changes of assumptions	72,116	-	(22,486)	(16,297)	(5,992)
Differences between expected and actual experience	245,712	-	(59,377)	-	(289,302)
Changes of benefit terms	-	-	25,731	-	-
Benefit payments	(52,214)	(44,989)	(38,705)	(20,161)	(25,520)
Net change in total OPEB liability	403,316	85,534	33,338	85,709	(177,833)
Total OPEB liability - beginning	998,587	913,053	879,715	794,006	971,839
Total OPEB liability - ending	1,401,903	998,587	913,053	879,715	794,006
Plan fiduciary net position:					
Contributions - employer	52,373	45,083	38,788	70,211	25,564
Net investment income	59,816	(143,988)	232,029	26,844	44,669
Administrative expense	(430)	(366)	(402)	(426)	(199)
Benefit payments	(52,214)	(44,989)	(38,705)	(20,161)	(25,520)
Net change in plan fiduciary net position	59,545	(144,260)	231,710	76,468	44,514
Plan fiduciary net position - beginning	931,529	1,075,789	844,079	767,611	723,097
Plan fiduciary net position - ending	991,074	931,529	1,075,789	844,079	767,611
District's net OPEB liability(asset)	$ 410,829	$ 67,058	$ (162,736)	$ 35,636	$ 26,395
Plan fiduciary net position as a percentage of the total OPEB liability(asset)	70.69%	93.28%	117.82%	95.95%	96.68%
Covered payroll	$ 889,111	$ 608,089	$ 544,138	$ 555,060	$ 530,033
District's net OPEB liability(asset) as a percentage of covered payroll	46.21%	11.03%	-29.91%	6.42%	4.98%

Notes to Schedule:

Benefit Changes:

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 increased OPEB liability by $25,731.
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits

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%.
Measurement Date June 30, 2023 – Medical trend rates were updated.

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

SAN GORGONIO PASS WATER AGENCY

Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios (continued)
For the Year Ended June 30, 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:		
Service cost	$ 71,161	$ 69,088
Interest	62,344	55,712
Benefit payments	(28,262)	(28,972)
Net change in total OPEB liability	105,243	95,828
Total OPEB liability - beginning	866,596	770,768
Total OPEB liability - ending	971,839	866,596
Plan fiduciary net position:		
Contributions - employer	7,315	6,512
Net investment income	54,942	68,257
Administrative expense	(1,281)	(345)
Benefit payments	(28,262)	(28,972)
Net change in plan fiduciary net position	32,714	45,452
Plan fiduciary net position - beginning	690,383	644,931
Plan fiduciary net position - ending	723,097	690,383
District's net OPEB liability(asset)	$ 248,742	$ 176,213
Plan fiduciary net position as a percentage of the total OPEB liability(asset)	74.41%	79.67%
Covered payroll	$ 512,238	$ 485,156
District's net OPEB liability(asset) as a percentage of covered payroll	48.56%	36.32%

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

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

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

SAN GORGONIO PASS WATER AGENCY

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2024

	Last Ten Fiscal Years*				
Fiscal Year Ended	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**
Actuarially determined contribution	$ 66,898	$ 60,056	$ 73,770	$ 71,584	$ 69,448
Contributions in relation to the actuarially determined contributions	(131,489)	(52,373)	(45,083)	(38,788)	(70,211)
Contribution deficiency (excess)	$ (64,591)	$ 7,683	$ 28,687	$ 32,796	$ (763)
Covered payroll	$ 1,051,316	$ 889,111	$ 608,089	$ 544,138	$ 555,060
Contributions as a percentage of covered payroll	12.51%	5.89%	7.41%	7.13%	12.65%
Notes to Schedule:					
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	16-years	16-years	17-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.25%	6.25%	6.75%	6.50%	6.50%
Inflation	2.50%	2.50%	2.75%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%
Healthcare trend rates	(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 - 7.90% trending down 0.25% annually to 3.45% in 2079 and later
Post-65 - 6.90% trending down 0.25% annually to 3.45% in 2079 and later

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

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 91,647	$ 88,920
Contributions in relation to the actuarially determined contributions	(25,564)	(7,315)
Contribution deficiency (excess)	$ 66,083	$ 81,605
Covered payroll	$ 530,033	$ 512,238
Contributions as a percentage of covered payroll	4.82%	1.43%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:		
Actuarial cost method Entry age normal	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)
Amortization period	20-years	20-years
Asset valuation method	Market Value	Market Value
Discount rate	6.50%	6.50%
Inflation	2.26%	2.26%
Payroll increases	3.25%	3.25%
Mortality	(2)	(2)
Morbidity	(3)	(3)
Disability	Not Valued	Not Valued
Retirement	(4)	(4)
Percent Married	80%	80%
Healthcare trend rates	(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 - 7.90% trending down 0.25% annually to 3.45% in 2079 and later
Post-65 - 6.90% trending down 0.25% annually to 3.45% in 2079 and later

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

Other Independent Auditors' Reports

A Professional Accountancy Corporation

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 Gorgonio 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 Gorgonio Pass Water Agency (Agency), which comprise the balance sheet as of June 30, 2024, 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 December 9, 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 or significant deficiencies may exist that have not been identified.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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
December 9, 2024