



SIX AGENCY COMMITTEE

Statements of Cash Receipts and Disbursements
(Cash Receipts and Disbursements Basis)

Years ended June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Members
Six Agency Committee:

We have audited the accompanying statements of cash receipts and disbursements of the Six Agency Committee (the Committee) for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of the Committee and the trustee for its funds, The Metropolitan Water District of Southern California. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of cash receipts and disbursements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of cash receipts and disbursements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements of cash receipts and disbursements. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the accompanying note, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Six Agency Committee for the years ended June 30, 2012 and 2011, on the basis of accounting described in the accompanying note.

KPMG LLP

October 16, 2012

SIX AGENCY COMMITTEE

Statements of Cash Receipts and Disbursements
(Cash Receipts and Disbursements Basis)

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Receipts:		
Contributions from the six agencies	\$ 1,592,285	2,108,453
	<u>1,592,285</u>	<u>2,108,453</u>
Disbursements:		
Required budget support payments to the Colorado River Board of California	(950,000)	(1,325,000)
Consulting services	(262,080)	(169,159)
Other expenses	—	(1,915)
Total disbursements	<u>(1,212,080)</u>	<u>(1,496,074)</u>
Net change in cash	380,205	612,379
Cash at beginning of year	<u>2,050,482</u>	<u>1,438,103</u>
Cash at end of year	<u>\$ 2,430,687</u>	<u>2,050,482</u>

See accompanying note to statements of cash receipts and disbursements.

SIX AGENCY COMMITTEE

Note to Statements of Cash Receipts and Disbursements

Years ended June 30, 2012 and 2011

Reporting Entity and Summary of Significant Accounting Policies

The Six Agency Committee (the Committee) is a member group composed of a member and an alternate member appointed by each of the governing bodies of the six major California public agencies with Colorado River rights and interests that, in turn, are represented on the Colorado River Board of California (the Board). The Board, created by legislation in 1937, is an agency of the State of California (the State) charged with safeguarding and protecting the rights and interests of the State, its agencies, and citizens in the water and power resources of the seven-state Colorado River system. The Committee's appointees include representatives from the Coachella Valley Water District, Imperial Irrigation District, City of Los Angeles Department of Water and Power, Palo Verde Irrigation District, San Diego County Water Authority, and The Metropolitan Water District of Southern California (Metropolitan). The Committee's purpose is to provide funding sufficient to cover the two-thirds of the Board's annual budget that is not payable from the State's general fund. In this regard, any unexpended Board funds for a particular budget year are subsequently returned to the Committee in the same ratio as its contributions to the Board's total budget for such period.

The Committee was created by a joint powers agreement, executed on January 5, 1950 and subsequently amended, to administer funds contributed by the agencies for purposes that tend to secure their rights in and to the waters of the Colorado River system. In accordance with the purposes of the agreement, the Committee provides monetary support to the Board in furtherance of its work in safeguarding the agencies' rights and promoting their interests in and to the water of the Colorado River. Terms and conditions for support of the Board are set forth in an annual agreement (the agreement) between the Committee and the Board.

Funds advanced by the agencies in accordance with the agreement are deposited with Metropolitan who holds the responsibility to serve as trustee over such funds. The agencies' current proportionate share of contributions is set forth in an August 1, 2005 amendment to the agreement, which was fully executed in March 2007. The percentage allocation was developed by the agencies and is based on the estimated water quantity, water quality, hydropower, and institutional-related benefits each agency derives from the Board.

The Committee's policy is to prepare its statements of cash receipts and disbursements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements of cash receipts and disbursements are not intended to present the Committee's financial position and results of operations, in conformity with U.S. generally accepted accounting principles.