

LONG-TERM DEBT

At the end of the 2015/16 fiscal year, the Agency had bonded debt outstanding of \$436,977 less the portion (\$128,000) due in less than one year. All debt payments were made on time and in full during the year. No new debt was issued during the fiscal year. The Desert View Water Revenue Bond matures in 2020. The Bighorn Mountains General Obligation Bond matures in 2019. For more detailed information on long-term debt activity see Note 4 of the enclosed financial statements.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager's Office, at Bighorn Desert View Water Agency, 622 S. Jemez Trail, Yucca Valley, CA 92284.

BIGHORN-DESERT VIEW WATER AGENCY
STATEMENT OF NET POSITION
As of June 30, 2016
(with comparative information for June 30, 2015)

Assets	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,326,828	1,024,137
Accounts receivable - water services	301,601	189,485
Accounts receivable - other	10,473	-
Due from other governments	984	2,446
Property tax receivable	30,400	31,829
Inventory	139,994	94,795
Prepaid expenses	12,944	-
Total current assets	<u>2,823,224</u>	<u>1,342,692</u>
Non-current assets:		
Long term receivables, net	83,477	61,545
Idle assets (note 3)	177,096	177,096
Capital assets not being depreciated (note 3)	105,988	118,621
Capital assets being depreciated, net (note 3)	4,608,839	3,659,810
Total non-current assets	<u>4,975,400</u>	<u>4,017,072</u>
Total assets	<u>7,798,624</u>	<u>5,359,764</u>
Deferred outflow of resources (note 8)		
Deferred pension contributions	52,457	53,164
Deferred outflow of resources - actuarial	20,103	7,823
	<u>72,560</u>	<u>60,987</u>
Liabilities		
Current liabilities:		
Accounts payable	17,853	5,236
Accrued liabilities	13,664	23,404
Customer deposits - water	74,527	66,383
Interest payable	3,761	3,460
Current portion of bonds payable (note 4)	128,000	121,000
Current portion of compensated absences (note 4)	17,394	18,636
Total current liabilities	<u>255,199</u>	<u>238,119</u>
Non-current liabilities:		
Bonds payable (note 4)	308,977	436,977
Net pension liability (note 8)	450,309	408,884
Compensated absences (note 4)	40,585	40,550
Total non-current liabilities	<u>799,871</u>	<u>886,411</u>
Total liabilities	<u>1,055,070</u>	<u>1,124,530</u>
Deferred inflow of resources (note 8)		
Deferred inflow of resources - actuarial	32,106	-
Deferred inflow of resources - additional deferral	6,769	109,542
	<u>38,875</u>	<u>109,542</u>
Net Position		
Net investment in capital assets	4,277,850	3,220,454
Restricted	449,082	-
Unrestricted	2,050,307	966,225
Total net position	<u>\$ 6,777,239</u>	<u>4,186,679</u>

See Notes to Financial Statements

BIGHORN-DESERT VIEW WATER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016
(with comparative information for June 30, 2015)

	2016	2015
Operating revenues		
Water sales	\$ 545,931	438,409
Water services	170,783	64,093
Basic surcharge	806,279	594,571
Grant revenue	7,500	21,026
Total operating revenues	1,530,493	1,118,099
Operating expenses		
Transmission and distribution	726,110	496,019
General and administrative	673,824	569,956
Depreciation	362,372	245,697
Total operating expenses	1,762,306	1,311,672
Operating income (loss)	(231,813)	(193,573)
Non-operating revenues (expenses)		
Interest income	3,892	2,390
Tax levy	328,939	292,261
Desert View debt surcharge	49,983	49,949
Gain/(loss) on sale of assets	11,190	-
Interest expense	(28,182)	(32,637)
Contribution from County of San Bernardino (note 10)	1,333,598	-
Other income/(expense)	(2,062)	580
Total non-operating revenues (expenses)	1,697,358	312,543
Income before capital contributions	1,465,545	118,970
Capital contributions (note 10)	1,125,015	2,245
Change in net position	2,590,560	121,215
Net position at beginning of year	4,186,679	4,065,464
Net position at end of year	\$ 6,777,239	4,186,679

See Notes to Financial Statements

BIGHORN-DESERT VIEW WATER AGENCY
STATEMENT OF CASH FLOWS
For the Year ended June 30, 2016
(with comparative information for June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from customers	1,369,316	1,111,928
Cash received for grants	4,197	37,042
Cash payments to suppliers for goods and services	(710,402)	(585,882)
Cash payments to employees and directors for services	(757,707)	(590,581)
Nonoperating miscellaneous revenue	(2,060)	-
Net cash provided by (used in) operating activities	(96,656)	(27,493)
Cash flows from non-capital financing activities:		
Property taxes received	132,598	100,194
Contributions from County of San Bernardino	1,326,550	-
Net cash provided by non-capital financing activities	1,459,148	100,194
Cash flows from capital and related financing activities:		
Property taxes received in support of long-term debt	197,770	191,035
Other revenue received in support of long-term debt	49,983	49,949
Acquisition of capital assets	(162,565)	(346,660)
Principal paid on long-term debt	(121,000)	(116,000)
Interest paid on long-term debt	(27,881)	(33,679)
Capital contributions received	-	2,245
Net cash used in capital and related financing activities	(63,693)	(253,110)
Cash flows from investing activities:		
Interest received	3,892	2,390
Net cash used in investing activities	3,892	2,390
Net increase (decrease) in cash and cash equivalents	1,302,691	(178,019)
Cash and cash equivalents beginning, July 1	1,024,137	1,202,156
Cash and cash equivalents ending, June 30	\$ 2,326,828	1,024,137
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (231,813)	(193,573)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	362,372	245,697
Other non-operating income (expense)	(2,060)	580
(Increase) decrease in accounts receivable - water	(112,116)	2,494
(Increase) decrease in accounts receivable - other	(3,425)	-
(Increase) decrease in due from other governments	1,462	16,015
(Increase) decrease in long term receivables	(21,932)	4,809
(Increase) decrease in inventories	(45,199)	(24,695)
(Increase) decrease in prepaid expenses	(12,944)	973
(Increase) decrease in deferred outflow of resources	(11,573)	(10,807)
(Decrease) increase in accounts payable	12,617	(84,963)
(Decrease) increase in accrued liabilities	(10,947)	13,650
(Decrease) increase in customer deposits	8,144	7,552
(Decrease) increase in net pension liability	41,425	(114,767)
(Decrease) increase in deferred inflow of resources	(70,667)	109,542
Total adjustments	135,157	166,080
Net cash provided by (used for) operating activity	\$ (96,656)	(27,493)
Non cash capital and related financing activities		
Capital assets received from annexed territory	\$ 1,125,015	-

See Notes to Financial Statements

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

(1) **Summary of significant accounting policies**

Reporting entity - Bighorn-Desert View Water Agency (the "Agency") is a special district that was formed in 1990 when the San Bernardino County Board of Supervisors approved the consolidation of Bighorn Mountains Water Agency (established 1969) and Desert View Water District (established 1964). It is the Agency's mission to provide water and water related services to the population within the Agency's boundaries. Accordingly, the Agency is authorized to finance, construct, operate and maintain a water transmission and distribution system to benefit this population. There are 1,923 user connections within the Agency's boundaries which encompass approximately 44 square miles. The Agency is governed by a five-member Board of Directors, who are elected to staggered 4-year terms.

Basis of accounting - The Agency uses the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The accrual basis of accounting is used by the Agency. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water sales to customers. Non-operating revenues are those derived from support of long-term debt and the investment of cash reserves.

Net position - In the Statement of Net Position, net position is classified in the following categories:

- **Net Investment in Capital Assets** - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- **Restricted net position** - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- **Unrestricted net position** - This amount is all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position".

When both restricted and unrestricted resources are available for use, the District may use restricted resources or unrestricted resources based on the Board's discretion.

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 expenses during the reporting period. Actual results could differ from those estimates.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) **Summary of significant accounting policies (Continued)**

Inventory - Inventory of materials and supplies, consisting of parts used for utility plant construction are carried at the weighted-average cost. Water inventory consists of purchased water holdings in the Ames/Reche Groundwater Storage Facility. It is valued based upon purchase cost and weighted average cost of consumption.

Capital Assets - Capital assets acquired and/or constructed are capitalized at historical cost. Depreciation is provided on a straight-line basis over the estimated useful lives which range from five to fifty years. Depreciation expense for the year ended June 30, 2016 was \$362,372. The Agency capitalizes internal engineering and overhead costs applicable to self-constructed assets. It is the policy of the Agency to capitalize property, plant and equipment with a cost of \$5,000 or more.

Allowance for uncollectible accounts - It is agency policy that for all water accounts delinquent for more than 90 days have a lien placed on their property. The agency believes that collection is certain as customers cannot sell their properties without remittance of their water payments. An allowance for uncollectible accounts of \$4,500 has been recorded for the year ended June 30, 2016, based on prior collection historical information, for amounts not collected when a property is sold through a Tax Levy sale. The amount placed on the tax rolls is recorded separately as a long term receivable on the balance sheet. Long Term receivables for the year ended June 30, 2016 were \$83,477.

Debt issuance costs - Debt issuance costs are expensed when incurred.

Income taxes - The Agency is exempt from Federal and State income taxes, as it is a public government agency.

Cash and cash equivalents - For purposes of the statement of cash flows, the Agency limits the term *cash and cash equivalents* to only currency on hand, demand deposits with banks or other financial institutions, and deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the Agency may deposit additional cash at any time and effectively withdraw cash at any time without prior notice or penalty.

Fair value measurements - Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of significant accounting policies (Continued)

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in markets that are inactive;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the Agency's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Agency's own data.

Property taxes - Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date:	March 1
Levy date:	July 1 to June 30
Due date:	November 1 - first installment March 1 - second installment
Collection date:	December 10 - first installment April 10 - second installment

General property taxes are assessed and collected by the County of San Bernardino on a rate per \$100 of assessed value, plus other increases approved by the voters. The general property taxes are pooled and are then allocated to the districts based on formulas. Property taxes are recognized as revenue when received and/or become available. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period subsequent to the balance sheet date when significant.

Grants - When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal capital or operating grant receivable on the statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

- Pensions** - For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have
- (1) **Summary of significant accounting policies (Continued)**

been determined on the same basis as they are reported by the CalPERS Financial Office. 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

Deferred outflows of resources – When applicable, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time. The Agency only has two items that qualify for reporting in this category, deferred pension contribution and actuarially determined pension items.

Deferred inflows of resources - When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category, additional deferrals of resources and actuarially determined pension items.

Prior year information - Certain data has been presented for the prior year. Such data does not represent a complete presentation in accordance with generally accepted accounting principles, but has been presented for comparative purposes only.

- (2) **Cash and investments**

Cash deposits - The carrying amounts of the Agency's cash deposits were \$1,400,508 at June 30, 2016. Bank balances before reconciling items were \$1,451,637 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the Agency's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Agency's cash deposits by pledging securities as collateral.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Cash and investments (Continued)

The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Agency's name.

The market value of the pledged securities must equal at least 110% of the Agency's deposits. California law also allows financial institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's deposits. The Agency may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Agency follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances; interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investments - Under the provisions of the Agency's investment policy and in accordance with California Government Code, the following investments were authorized:

- Securities issued by the U.S. Treasury
- Securities issued and fully guaranteed as to payment by an agency of the U.S. Government
- Bankers' Acceptances
- Non-negotiable certificates of deposit
- Repurchase Agreements
- California Local Agency Investment Fund (State Pool)
- Corporate medium-term notes
- Mortgage-backed securities
- Diversified Management Companies, as defined by Section 23701 of the Revenue Taxation Code

At June 30, 2016, cash and investments were composed of the following:

	Credit Quality	Fair Value
Deposits	<u>Ratings</u> Not Rated	\$ 1,400,508
Local Agency Investment Funds	Not Rated	924,521
Petty Cash	Not Rated	<u>1,800</u>
		<u>\$2,326,828</u>

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Cash and investments (Continued)

Risk Disclosures

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency's investment policy limits the Agency's investment portfolio to maturities not to exceed five years at time of purchase.

Credit risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Agency's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service.

Summary of Investments to Maturity

The fair value of investments held by maturity at June 30, 2016, is shown below:

Maturity:	
Current to one year	\$ 924,521
Two to three years	-
Four to five years	<u>-</u>
Total	<u>\$ 924,521</u>

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

Fair value measurement – The Agency categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Agency has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value Hierarchy</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
LAIF	\$ -	<u>924,521</u>	<u>-</u>	<u>924,521</u>
Total investments	<u>\$ -</u>	<u>924,521</u>	<u>-</u>	<u>924,521</u>

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Capital Assets

A summary of changes in utility plant in service for the year ended June 30, 2016:

<u>Assets at Cost</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 90,108	66,571	(75,700)	80,979
Construction in progress	28,513	195,745	(199,249)	25,009
Total capital assets, not being depreciated	<u>118,621</u>	<u>262,316</u>	<u>(274,949)</u>	<u>105,988</u>
Capital assets, being depreciated:				
Fuel station	18,942	-	-	18,942
Mobile equipment	721,234	110,284	(118,175)	713,343
Office building	237,605	-	-	237,605
Office equipment	96,089	-	-	96,089
Software	109,702	58,356	-	168,058
Organization	336,272	-	-	336,272
Shop equipment	41,328	-	-	41,328
Water system	8,212,887	1,152,122	-	9,365,009
Yards	61,488	-	-	61,488
Total capital assets, being depreciated	<u>9,835,547</u>	<u>1,320,762</u>	<u>(118,175)</u>	<u>11,038,134</u>
Total assets at cost	<u>9,954,168</u>	<u>1,583,078</u>	<u>(393,124)</u>	<u>11,144,122</u>
Accumulated depreciation:				
Fuel station	(13,822)	(819)	-	(14,641)
Mobile equipment	(437,690)	(51,710)	108,814	(380,586)
Office building	(215,336)	(15,731)	-	(231,067)
Office equipment	(95,632)	(255)	-	(95,887)
Software	(2,921)	(11,406)	-	(14,327)
Organization	(110,010)	(13,163)	-	(123,173)
Shop equipment	(40,893)	(293)	-	(41,186)
Water system	(5,205,961)	(268,742)	-	(5,474,703)
Yards	(53,472)	(253)	-	(53,725)
Total accumulated depreciation	<u>(6,175,737)</u>	<u>(362,372)</u>	<u>108,814</u>	<u>(6,429,295)</u>
Total capital assets being depreciated, net	<u>3,659,810</u>	<u>958,390</u>	<u>(9,361)</u>	<u>4,608,839</u>
Capital assets, net	<u>3,778,431</u>	<u>1,220,706</u>	<u>(284,310)</u>	<u>4,714,827</u>

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Capital Assets (Continued)

Idle Assets - During fiscal year 2011/2012 the Agency conducted a feasibility study as to the existence of ground water in the Johnson Valley. In doing so, the Agency constructed a well which was to be used to pump water from the Johnson Valley. However, it was determined that at the drilling depth dictated by the feasibility study, the well would not produce water. While the Agency could continue to drill to further depths, in hopes of creating a producing well, this decision has not yet been made by management or the Board of Directors. As such, the value of the Johnson Valley Well, \$177,096, will be held on the balance sheet as an Idle Asset, not to be depreciated, until the Agency decides how to proceed regarding further drilling. Since the well has not experienced a permanent decline in the service utility of the asset, the well is not considered to be impaired based upon the criteria of GASB Statement No. 42.

(4) Long-term debt

Bonds Payable:

	<u>June 30, 2016</u>
Bighorn General obligation bonds:	
Original issue \$1,875,000, 5%, maturing in 2019; secured by tax levy revenues	\$ 296,000
Desert View Water revenue bonds:	
Original issue \$700,000, 5%, maturing in 2020; secured by a pledge of all revenues	<u>140,977</u>
Total bonds payable	436,977
Less portion due within one year	<u>(128,000)</u>
	<u>\$ 308,977</u>

Change in Long Term Liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Bighorn General Obligation Bonds	\$ 385,000	-	(89,000)	296,000	94,000
Desert View Water Revenue Bonds	172,977	-	(32,000)	140,977	34,000
Compensated Absences	59,186	16,514	(17,721)	57,979	17,394
Total	<u>\$ 617,163</u>	<u>16,514</u>	<u>(138,721)</u>	<u>494,956</u>	<u>145,394</u>

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(4) Long-term debt (Continued)

Future long-term debt maturities are as follows:

Year Ending June 30	<u>General Obligation Bonds</u>		<u>Water Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 94,000	14,800	34,000	5,722
2018	98,000	10,100	35,000	3,972
2019	104,000	5,200	37,000	2,122
2020	-	-	34,977	172
Total	<u>\$ 296,000</u>	<u>30,100</u>	<u>140,977</u>	<u>11,988</u>

(5) Joint powers authority

The Agency participates in a joint powers agreement (JPA), the Special District Risk Management Authority (SDRMA), in order to obtain workers compensation and property liability insurance coverage. The relationships between the Agency and the JPA are such that the JPA is not a component unit of the Agency for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, transactions between the JPA and the Agency are included in these statements.

Special Districts Risk
Management Authority (SDRMA)

Purpose:	To purchase property, workers compensation, and liability insurance for member districts
Participants:	Special districts in California
Governing board:	Two directors selected by the California Special Districts Association and five elected from membership

(6) Morongo Basin pipeline water delivery costs

On March 15, 1991, the Agency entered into an agreement with the Mojave Water Agency ("MWA") to receive water delivered through MWA's Morongo Basin Pipeline ("the Pipeline") that serves the area of Improvement District M. Included in the transmission and distribution expenses of the Agency for the year ended June 30, 2016 are \$73,142 of such costs paid to MWA for water delivered through MWA's Morongo Basin pipeline. Under the terms of the agreement, the cost of the water purchased takes into account both operating and capital costs associated with the pipeline.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(7) Litigation

The Agency presently has no material action, suit or proceeding that is expected to have a material adverse effect upon the financial condition of the Agency.

(8) Pension plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans, 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 Local Government 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.

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. The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	PEPRA
Benefit formula	3.0%@60	2.0%@60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-60
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%
Required employee contribution rates	13.326%	6.25%
Required employer contribution rates	6.35%	6.23%

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) Pension plan (Continued)

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 and June 30, 2016 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
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 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Salary Increases	Varies by Entry Age and Service

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption - 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 investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) Pension plan (Continued)

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) Pension plan (Continued)

Allocation of Net Pension Liability and Pension Expense to Individual Employers –

The following table shows the Agency's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2014 (VD)	\$2,003,649	1,594,765	408,884
Balance at: 6/30/2015 (MD)	2,121,761	1,671,452	450,309
Net Changes during 2014-15	(118,112)	(76,687)	(41,425)

The Agency's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2015, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Agency's proportion 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. The Agency's proportionate share of the net pension liability for the plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous Plan
Proportion – June 30, 2014	0.017%
Proportion – June 30, 2015	0.016%
Change – Increase (Decrease)	(0.001%)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate – 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
Plan's Net Pension Liability	\$739,265	450,309	211,743

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) Pension plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources – Under GASB 68, actuarial 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 inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan. The EARSL for the Plan for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total services years by the total number of participants (active, inactive, and retired) in the Plan. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(8) Pension plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions – As of the start of the measurement period (June 30, 2014), the NPL is \$408,884. For the year ended June 30, 2016, the Agency recognized pension expense of \$41,414.

As of June 30, 2016, the Bighorn-Desert View Water Agency reports deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions after Measurement Period	\$ 52,457	\$ 0
Changes of Assumptions	3,392	(32,106)
Additional Deferral	0	(6,769)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	137	0
Adjustment due to Differences in Proportions	16,574	0
Total	\$ 72,560	(\$ 38,875)

Amounts reported as deferred outflows and deferred inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ 38,563
2017	(13,708)
2018	(11,744)
2019	20,574

(9) Debt covenants

The Agency is presently repaying two bond issues: (1) the 1979 Bighorn Mountains Water Agency General Obligation Bonds; and (2) the 1980 Desert View Water District Revenue Bonds. Each of these bonds were issued for the purpose of constructing improvements to the Agency's Water System the 1980 issue of which included a series of covenants to which the Agency, or its predecessors, has agreed. One of the covenants is that the Agency will, at a minimum set its rates in a manner to provide sufficient revenue to cover operating costs, pay the principal and interest due on the bond installments, pay the annual payment required by the agreement with Mojave Water Agency, and have a specified coverage. The 1980 Desert View bonds have a coverage requirement that net revenues, defined as gross revenues net of operating and incidental costs, be 20% over the annual principal and interest payment.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Debt covenants (Continued)

For the year ended June 30, 2016, pledged revenues were \$601,054, principal and interest expenses totaled \$47,667. This requirement has been met.

The Pledge of Revenues and Funds of the 1980 Desert View Water District Revenue Bonds (the "pledge") requires that a Reserve Fund be established to further secure the payment of the principal of and interest on those bonds. Pursuant to the pledge, the balance of this Reserve Fund is to be maintained at the average of all future payments, or \$38,242. At June 30, 2016, the reserve was fully funded and had a balance of \$94,128.

(10) Transfer of Operations

Under and intergovernmental agreement between the County of San Bernardino (County) and the Agency, the County agreed to annex territory CSA 70 Zone W-1 to the Agency for the purpose of enhancing services for that territory's citizens. The transfer adds approximately 5,701 acres, and 650 customers to the Agency's service area. As a result of the transfer, the Agency recognized the following assets, liabilities, and net position:

	<u>Carrying Values</u>
Transferred Assets (Net)	
Cash and cash equivalents	\$ 1,203,649
Accounts receivable, water	109,263
Interest receivable	1,715
Taxes receivable	31,877
Capital assets	1,125,015
Total assets	<u>\$ 2,471,519</u>
Transferred Liabilities	
Accounts payable	<u>\$ 12,906</u>
Net Position of Transferred Territory	
Net investment in capital assets	1,125,015
Restricted	678,027
Unrestricted	655,571
Total net position of transferred territory	<u>\$ 2,458,613</u>

(11) Net Position

The Net Position reported as net investment in capital assets consists of capital assets reduced by related debt. Restricted Net Position consists of amounts legally restricted for CSA 70 Zone W-1 Annexation, capital replacement and expansion of former CSA 70 Zone W-1 at June 30, 2016 of \$449,082.

BIGHORN-DESERT VIEW WATER AGENCY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION

BIGHORN-DESERT VIEW WATER AGENCY
 REQUIRED SUPPLEMENTARY INFORMATION

***Schedule of the Agency's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years ****

	Measurement Date	Measurement Date
	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.00016%	0.00657%
Proportionate Share of the Collective Net Pension Liability	\$450,309	\$408,884
Covered-Employee Payroll	\$461,455	\$361,687
Proportionate Share of the Collective Net Pension Liability as percentage of covered-employee payroll	97.58%	113.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.78%	79.59%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).

Changes in assumptions. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

**Fiscal year 2015 was the first year of implementation, therefore only two years are shown.*

BIGHORN-DESERT VIEW WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Plan Contributions
*Last 10 Fiscal Years **

	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution	\$52,457	\$53,164
Contributions in Relation to the Actuarially Determined Contribution	(52,457)	(53,164)
Contribution Deficiency (Excess)	\$ 0	\$ 0
 Covered-Employee Payroll	 \$461,455	 \$328,557
 Contributions as a Percentage of Covered-Employee Payroll	 11.37%	 16.18%

Notes to Schedule

Valuation Date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.50%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

**Fiscal year 2015 was the first year of implementation; therefore, only two years are shown.*

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time:

- Net Position by Component
- Changes in Net Position/Equity

Revenue Capacity

These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax:

- Water Sold
- Rates
- Largest Users

Debt Capacity Information

These schedules assist users in understanding and assessing a government's debt burden and its ability to issue additional debt:

- Ratio of Outstanding Debt
- Ratio of General Bond Outstanding
- Pledged – Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place:

- Demographic

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs:

- Employees
- Operating and Capital

**BIGHORN-DESERT VIEW WATER AGENCY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Invested in capital assets, net of related debt	2,691,161	2,816,559	2,546,637	3,087,501	3,331,173	3,286,244	3,130,527	3,003,491	3,220,454	4,277,850
Restricted Bighorn/Desert View Restricted for Bighorn	-	-	-	766,463	-	-	-	-	-	-
Restricted for Desert View	-	-	-	-	(182,214)	96,880	197,943	-	-	-
Restricted for ID Goat Mountain*	-	-	-	-	1,164,613	1,233,465	1,106,580	-	-	-
Unrestricted	845,948	453,169	940,679	-	-	-	-	1,535,444	966,225	449,082
Total net position	3,537,109	3,269,728	3,487,316	3,853,964	4,313,572	4,616,589	4,435,050	4,538,935	4,186,679	6,777,239
% Increase	10.82%	-7.56%	6.65%	10.51%	11.93%	7.02%	-3.93%	2.34%	-7.76%	61.88%

* ID Goat Mountain was annexed to BDVWA effective July 1, 2015
Source: Audited financial statements

**BIGHORN-DESERT VIEW WATER AGENCY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Fiscal Year	Water Operating Revenues	Water Operating Expenses	Operating Loss	Total Nonoperating Revenues/Expenses	Grant Income	Change in Net Position
2006/2007	1,028,163	1,078,584	(50,421)	117,286	278,378	345,243
2007/2008	901,719	1,337,090	(435,371)	167,994	11,077	(256,300)
2008/2009	1,066,200	1,107,924	(41,724)	210,507	42,855	211,638
2009/2010	1,144,587	1,172,020	(27,433)	161,738	232,343	366,648
2010/2011	1,102,914	1,196,140	(93,226)	122,229	430,605	459,608
2011/2012	1,102,119	1,222,486	(120,367)	295,167	128,217	303,017
2012/2013	1,106,858	1,294,049	(187,191)	288,509	193,000	294,318
2013/2014 *	1,192,241	1,385,932	(193,691)	297,576	102,377	206,262
2014/2015	1,118,099	1,311,672	(193,573)	312,543	21,026	121,215
2015/2016 **	1,522,993	1,762,306	(231,813)	1,697,358	7,500	2,590,560

*Prior period adjustment to fiscal year 2013/2014 water operating revenues (see page 9 of that audited financial statement for further clarification)

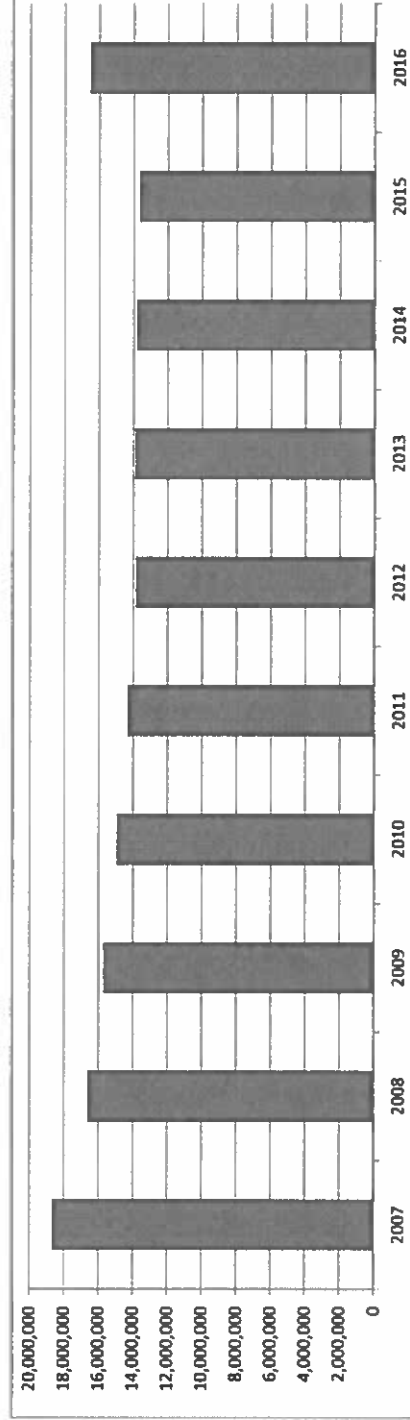
** on July 1, 2015 BDVWA annexed ID Goat Mountain increasing customer base by 650 connections
Source: Audited financial statements

**BIGHORN-DESERT VIEW WATER AGENCY
WATER SOLD
LAST TEN FISCAL YEARS**

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
READ CYCLE EVEN MONTHS										
routes 1-6, 15, 16 and bulk accts 30 thru 35 and 40	9,182,709	8,018,498	7,410,980	6,714,996	6,542,481	6,307,928	6,313,798	6,452,122	6,384,904	7,231,125
Cubic Feet	210.8	184.1	170.1	154.2	150.2	144.8	144.9	148.1	146.6	166.0
READ CYCLE ODD MONTHS										
Routes 7-14 and bulk accts 35 & 40	9,499,609	8,623,442	8,295,352	8,239,072	7,779,814	7,559,768	7,589,015	7,348,915	7,282,630	9,320,813
Cubic Feet	218.1	198.0	190.4	189.1	178.6	173.5	174.2	168.7	167.2	214.0
Total Sales in Cubic Feet	18,682,318	16,641,940	15,706,332	14,954,068	14,322,295	13,867,696	13,902,813	13,801,037	13,667,534	16,551,938
Total Sales in Acre Feet	428.9	382.0	360.6	343.3	328.8	318.4	319.2	316.8	313.8	380.0

Bulk accounts are for individuals that haul their own water (30-34) and commercial water haulers (route 35). Closed accounts are included with billing cycle regardless of route. Construction water use varies from year to year and is billed every month (Route 40) Water sales have increased in FY2015/16 due to annexation of the Improvement District Goat Mountain w/650 accounts

WATER SOLD PER YEAR



Source: Bighorn-Desert View Water Agency Accounting Staff

**BIGHORN-DESERT VIEW WATER AGENCY
WATER RATES
LAST TEN FISCAL YEARS**

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
BIGHORN MOUNTAINS										
Account Routes 01-06										
Consumption Rate (flat only)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Basic Service Charge (all sizes)	\$20.00	\$20.00	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50
DESERT VIEW										
Account Routes 07-11										
Consumption Rate (flat only)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Basic Service Charge (all sizes)	\$20.00	\$20.00	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50	\$27.50
DV Revenue Bond Charge	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65
ID GOAT MOUNTAIN *										
Account Routes 12-15										
Consumption Rate - Tier 1 (0-14 HCF **)	\$3.22	\$3.32	\$3.41	\$3.55	\$3.76	\$3.87	\$3.98	\$4.77	\$4.77	\$3.00
Consumption Rate - Tier 2 (>14 - < 80 HCF)	\$3.58	\$3.69	\$3.79	\$3.94	\$4.18	\$4.31	\$4.44	\$5.49	\$5.49	\$3.00
Consumption Rate - Tier 3 (> 80 HCF)	\$4.53	\$4.76	\$4.88	\$5.08	\$5.38	\$5.54	\$5.71	\$6.31	\$6.31	\$3.00
Basic Service Charge 3/4-inch	\$19.90	\$20.50	\$21.02	\$21.86	\$23.17	\$23.87	\$24.59	\$29.36	\$29.36	\$27.50
Basic Service Charge 1-inch	\$28.87	\$29.74	\$30.49	\$31.71	\$33.61	\$34.62	\$35.66	\$48.93	\$48.93	\$27.50
Residential Fire Sprinkler Meter ***	unknown	unknown	unknown	unknown	unknown	unknown	\$16.00	\$16.00	\$16.00	\$16.00
Account Routes 30-33 (Water Haulers)										
Consumption Rate	\$7.00	\$7.00	\$7.00	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50
Basic Service Charge	None	None	None	None	None	None	None	None	None	None
Account Route 40 (Construction)										
Consumption Rate	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Basic Service Charge	None	None	None	None	None	None	None	None	None	None

"Basic Rate" is monthly fixed basic service charge regardless of water consumption.
 "Consumption" is rate imposed per 100 cubic feet metered Agency bills.
 Basic Service Charge and Consumption Rate changes are subject to California Constitution limitations (aka: Proposition 218)
 * ID Goat Mountain annexed to BDVWA on July 1, 2015 with same rate structure as BDVWA
 ** HCF = 100 Cubic Feet of water or 1 billing unit
 *** ID Goat Mountain Accounts were annexed July 1, 2015. Unclear when Residential Fire Meter charge instituted for historical data range
 Construction rates were the same as Accounts 30-33 until modified in fy2014/15

Source: Bighorn-Desert View Water Agency Accounting Staff

**BIGHORN-DESERT VIEW WATER AGENCY
LARGEST WATER USERS 2015-2016**

Customer	Sales in Cubic Ft	Annual Revenues	Percent of Sales
1 SKANSKA CIVIL USA WEST (CONST. METER)	155,950	\$13,256	2.43%
2 ARAKELIAN ENTERPRISES (LANDFILL DUST CONTR)	112,390	\$9,553	1.75%
3 RESIDENTIAL CUSTOMER A	107,298	\$3,219	0.59%
4 RESIDENTIAL CUSTOMER B	76,222	\$2,287	0.42%
5 RESIDENTIAL CUSTOMER C	71,864	\$2,156	0.39%
6 RESIDENTIAL CUSTOMER D	70,590	\$2,118	0.39%
7 LANDERS ELEMENTARY SCHOOL	69,370	\$2,081	0.38%
8 RESIDENTIAL CUSTOMER E	63,200	\$1,896	0.35%
9 RESIDENTIAL CUSTOMER F	60,835	\$1,825	0.33%
10 RESIDENTIAL CUSTOMER G	58,265	\$1,748	0.32%
Water Sold in 2014-2015	13,667,534	\$ 545,931	

Commercial water haulers deliver to individual residents without service connections.
Comm. water haulers & construction water users are charged a higher rate per unit than
domestic users (See Table "Water Rates" for trends)
High usage contributed to "water leaks" have been excluded

**LARGEST WATER USERS 2006-2007
(9 YEARS PRIOR)**

Customer	Sales in Cubic Ft	Annual Revenues	Percent of Sales
1 LANDERS ELEMENTARY SCHOOL	242,930	\$7,288	1.35%
2 L&S WATER DELIVERY (COMM. WATER HAULER)	165,330	\$4,960	0.92%
3 DON LINDBERG (COMM. WATER HAULER)	162,300	\$4,869	0.90%
4 NOEL REV TRUST	138,800	\$4,164	0.77%
5 SALAS (COMM. WATER HAULER)	100,860	\$3,026	0.56%
6 RESIDENTIAL CUSTOMER 1	100,276	\$3,008	0.56%
7 RESIDENTIAL CUSTOMER 2	85,236	\$2,557	0.47%
8 WATER TECH SYSTEMS (COMM. WATER HAULER)	85,110	\$2,553	0.47%
9 RESIDENTIAL CUSTOMER 3	79,023	\$2,371	0.44%
10 RESIDENTIAL CUSTOMER 4	77,500	\$2,325	0.43%
Water Sold in 2006-2007	18,003,682	\$ 540,110	

Source: Bighorn-Desert View Water Agency Accounting Staff

**BIGHORN-DESERT VIEW WATER AGENCY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>BH Bond</u>	<u>DV Bond</u>	<u>Total Outstanding Debt</u>	<u>Percent of Per Capita Personal Income</u>	<u>Debt per Capita</u>
2006/2007	\$1,056,000	\$417,977	\$1,473,977	2.52%	\$581
2007/2008	\$998,000	\$395,977	\$1,393,977	2.21%	\$540
2008/2009	\$936,000	\$372,977	\$1,308,977	1.95%	\$500
2009/2010	\$670,000	\$348,977	\$1,218,977	1.81%	\$474
2010/2011	\$800,000	\$305,447	\$1,105,447	1.66%	\$429
2011/2012	\$726,000	\$297,978	\$1,023,978	1.40%	\$336
2012/2013	\$551,000	\$269,977	\$820,977	0.87%	\$269
2013/2014 *	\$470,000	\$203,594	\$673,594	0.59%	\$221
2014/2015	\$385,000	\$172,977	\$557,977	0.49%	\$183
2015/2016	\$296,000	\$140,977	\$436,977	0.51%	\$143

Sources and footnotes:

Audited Financial Statements

Per Capita Personal Income obtained from

http://www.bestplaces.net/economy/zip-code/california/yucca_valley/92284

* 2013-2014 population for 2010-2013 was updated so Debt per Capita changed.

**BIGHORN-DESERT VIEW WATER AGENCY
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Obligation Bonds	Assessed Value	Debt per Capita
2006/2007	\$958,000	\$958,000	\$371
2007/2008	\$900,000	\$900,000	\$344
2008/2009	\$838,000	\$838,000	\$326
2009/2010	\$772,000	\$772,000	\$300
2010/2011	\$702,000	\$702,000	\$231
2011/2012	\$628,000	\$628,000	\$206
2012/2013	\$551,000	\$551,000	\$181
2013/2014 *	\$470,000	\$470,000	\$154
2014/2015	\$385,000	\$385,000	\$126
2015/2016	\$296,000	\$296,000	\$96.70

Source: Audited Financial Statements and BDVWA Accounting Staff

* 2013-2014 Population for 2010-2013 was updated so Debt per Capita has changed.

**BIGHORN-DESERT VIEW WATER AGENCY
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Desert View Water Revenue Bonds

Fiscal Year Ended June 30	FMHA Surcharge	Debt		Coverage
		Principal	Interest	
2006/2007	43,665	21,000	19,899	1.07
2007/2008	43,640	22,000	18,181	1.09
2008/2009	47,744	23,000	22,436	1.05
2009/2010	50,345	24,000	12,311	1.39
2010/2011	50,206	25,000	13,534	1.30
2011/2012	50,006	26,000	13,442	1.27
2012/2013	49,967	28,000	12,324	1.24
2013/2014	49,843	29,000	11,274	1.24
2014/2015	49,949	31,000	9,491	1.23
2015/2016	49,983	32,000	8,630	1.23

Source: Audited Financial Statements and BDVWA Accounting Staff

**BIGHORN-DESERT VIEW WATER AGENCY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Per Capita Personal Income	Unemployment Rate
2007	2,619	\$25,645	5.60%
2008	2,574	\$26,178	8.20%
2009	2,575	\$25,837	13%
2010	3,045	\$24,052	13%
2011	3,047	\$31,027	14%
2012	3,049	\$37,293	12.7%
2013	3,053	\$37,293	14.0%
2014	3,055	\$28,255	8.3%
2015*	3,968	\$21,330	8.3%
2016	3,972	\$23,944	8.3%

1. Population was recalibrated back to 2010 for the FY2013/14 CAFR based on analysis by Stanley Hoffman & Assoc. as part of an economic review for the Agency. In the future, population will be obtained from the Agency Appropriation Limit worksheet.

2. Per Capita Personal Income & unemployment obtained from <http://www.bestplaces.net/economy/zip-code/california/landers/92285>
* On July 1, 2015 the Agency annexed a neighboring water agency and population increased accordingly.

Employer	Number of Employees					2016 % of Labor Force
	2011-2012	2012-2013	2013-2014	2014-2015	2015/2016	
Post Office	1	1	1	1	1	0.07%
Western Coffee Pot	1	2	0	0	0	0.00%
Mojave Liquor/ Hallidays	2	4	5	5	5	0.35%
Loyal Order/Moose Landers	2	2	2	2	2	0.14%
Halliday's	2	0	0	0	0	0.00%
Castle Inn	3	2	0	1	1	0.07%
Diversified Tools	4	4	2	2	2	0.14%
Hero Market	6	6	5	6	6	0.42%
Bighorn Desert View Water Agency	7	7	7	7	9	0.63%
Landers Elementary School	25	20	25	25	25	1.76%

Total Labor Force for BDV Service Area 1418

Employment information from 2003-2009 is not available.
Every known employer in the Bighorn-Desert View service area is included.

Changes from 2014-2015

Western Coffee Pot closed.

Castle Inn opened again in 2014-2015.

Changes from 2011-2012:

The owner of Mojave purchased Halliday's

<p>Total Labor Force was estimated by using the Yucca Valley Labor Force found on: www.Labormarketinfo.edd.ca.gov then reduced according to the population.</p>

**BIGHORN-DESERT VIEW WATER AGENCY
DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Water Operations</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Water Distribution Operator (Water Quality)	1	1	1	1	1	1	1	1	1	1
Water Distribution Operator ¹	2	2	2	2	2	2	2	2	2	4
Field Supervisor ²	1	1	1	1	0	0	0	0	0	0
Chief of Operations ³	1	1	0	0	0	0	0	0	0	0
<u>Administration</u>										
Administration ⁴	2	2	2	2	2	2	1	1	1	1
Accounting I, II, III/Customer Service	2	2	2	2	2	2	3	3	3	3
Total Positions	9	9	8	8	7	7	7	7	7	9

Source: Bighorn-Desert View Water Agency Accounting Staff
General Manager is included in Administration
Board Members, Part-Time and Temporary employees are not included.

- 1) Two Full Time Equivalent added as part of annexation of ID Goat Mountain on July 1, 2015
- 2) 6/30/12: Supervisor Field Vacant.
- 3) 6/30/08 Chief of Operations position eliminated
- 4) 07/01/13: Exec. Sec/Personnel eliminated

**BIGHORN-DESERT VIEW WATER AGENCY
WATER SYSTEM STATISTICS
LAST TEN FISCAL YEARS**

POTABLE WATER SYSTEM^{1,4}	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Miles of pipeline:	120	120	120	120	120	120	120	120	120	170
Number of storage tanks	10	10	10	10	10	10	10	10	10	13
Maximum storage capacity (million gallons)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	3.0
Number of active pumping plants	2	2	2	2	2	2	2	2	2	3
Number of active wells ² : domestic	8	8	8	8	7	7	7	6	6	9
Domestic well production capacity: acre feet per fiscal year ⁴	530	487	469	432	412	412	427	393	356	453
Number of service connections ³ :										
Bighorn Mountains	825	809	1012	1008	1008	1007	1007	1009	1010	1012
Desert View	797	773	900	894	892	889	888	886	886	887
ID Goat Mountain ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	650
GENERAL INFORMATION										
Service area (annexed property): ⁴	27,353	27,353	27,353	27,353	27,353	27,353	27,353	27,353	27,353	32,640
acres	43	43	43	43	43	43	43	43	43	51
square miles										

Source: Bighorn-Desert View Water Agency Staff
 1. Corrections have been from prior year statistics
 2. Well 4 was inactivated in 2011 and Well 2 was inactivated in 2013
 3. 2003 to 2008 figures include open meters in use only. 2009 the count was changed to include all meters active and inactive.
 4. ID Goat Mountain annexed to BDVWA effective July 1, 2015 which affects all statistics shown