

**Bighorn Desert View Water Agency**

**Management Report**

**June 30, 2023**



**C.J. Brown & Company CPAs**  
An Accountancy Corporation

**Bighorn Desert View Water Agency**

**Management Report**

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# C.J. Brown & Company CPAs

## An Accountancy Corporation

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Board of Directors  
Bighorn Desert View Water Agency  
Yucca Valley, California

### **Dear Members of the Board:**

In planning and performing our audit of the financial statements of the Bighorn Desert View Water Agency (Agency) as of and for the year ended June 30, 2023, 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, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

**Current Year Comment and Recommendation**

*Disclosure of Audit Adjustments and Reclassifications*

As your external auditor, we assume that the books and records of the Agency are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Agency’s financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

**Management’s Response**

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the Agency as of June 30, 2023.

**Prior Year Comment and Recommendation**

*Disclosure of Audit Adjustments and Reclassifications*

As your external auditor, we assume that the books and records of the Agency are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Agency’s financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

**Management’s Response**

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the Agency as of June 30, 2022.

\* \* \* \* \*

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.



**C.J. Brown & Company CPAs**  
Cypress, California  
November 14, 2023

**APPENDIX**

**Bighorn Desert View Water Agency**

**Audit/Finance Committee Letter**

**June 30, 2023**



# C.J. Brown & Company CPAs

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Board of Directors  
Bighorn Desert View Water Agency  
Yucca Valley, California

We have audited the basic financial statements of the Bighorn Desert View Water Agency (Agency) for the year ended June 30, 2023, and have issued our report thereon dated November 14, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 28, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated November 14, 2023.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

### **Required Risk Assessment Procedures per Auditing Standards:**

As auditors of the Agency, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

### **Qualitative Aspects of the Entity’s Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of net pension liability is based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumption to calculate the net pension liability for the Agency to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent, and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements are:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the Agency’s net pension liability in Note 9 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

### **Identified or Suspected Fraud**

We have not identified or have not obtained information that indicates that fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 6 and 7 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated November 14, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.



### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Agency's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

We applied certain limited procedures to the management discussion and analysis, schedules of the Agency's proportionate share of net pension liability, and the schedule of pension plan contributions, 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.

We were engaged to report on combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Conclusion**

We appreciate the cooperation extended to us by Marina West, General Manager, Rosa Carrick, Accounting Technician III, and the rest of the Agency staff in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

This report is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company CPAs**  
Cypress, California  
November 14, 2023

Bighorn Desert View Water Agency  
 Schedule of Audit Adjusting Journal Entries  
 June 30, 2023

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
AJE - To reverse prior years unbilled receivable accrual at June 30, 2023.			
01-00-411000	INCOME METERED WATER	2,187.15	
01-00-411000	INCOME METERED WATER	29,056.25	
01-00-411000	INCOME METERED WATER	2,990.22	
01-00-411000	INCOME METERED WATER	683.34	
01-00-411000	INCOME METERED WATER	796.27	
01-00-413000	BASIC SERVICE CHARGE	36,984.94	
01-00-413000	BASIC SERVICE CHARGE	834.49	
01-00-413000	BASIC SERVICE CHARGE	1,670.50	
01-00-413000	BASIC SERVICE CHARGE	373.20	
01-00-137130	A/R WATER UNBILLED FYE		2,187.15
01-00-137130	A/R WATER UNBILLED FYE		66,041.19
01-00-137130	A/R WATER UNBILLED FYE		3,824.71
01-00-137130	A/R WATER UNBILLED FYE		2,353.84
01-00-137130	A/R WATER UNBILLED FYE		1,169.47
<b>Total</b>		<b><u>75,576.36</u></b>	<b><u>75,576.36</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
AJE - To accrue interest on District CD maturing 7/20/23. Per statement \$5,445.20 was earned but not paid until 7/20/23.			
01-00-136500	INTEREST RECEIVABLE	5,445.20	
01-00-492000	INTEREST INCOME		5,445.20
<b>Total</b>		<b><u>5,445.20</u></b>	<b><u>5,445.20</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
AJE - To adjust liability prepaid insurance for difference between coverage period listed per supporting schedule and invoice where the coverage prior changed in 2023.			
01-01-560160	PROPERTY/LIABILITY EXPENSE	5,875.09	
01-00-144020	PREPAYMENTS PL & PD LIAB IN		5,875.09
<b>Total</b>		<b><u>5,875.09</u></b>	<b><u>5,875.09</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
AJE - To reclassify PERS contribution from G&A to Operations to follow Operations labor, pre GASB 68 entries at June 30, 2023.			
01-05-560080	PERS CONTRIBUTION - OPS	50,228.89	
01-01-560080	PERS CONTRIBUTION		50,228.89
<b>Total</b>		<b><u>50,228.89</u></b>	<b><u>50,228.89</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
GASB 68 Entry #1 - To reclassify 2022 contributions to NPL at June 30, 2023.			
01-00-223100	NET PENSION LIABILITY	90,376.00	
01-00-151000	DOR - PENSION CONTRIBUTIONS		90,376.00
<b>Total</b>		<b><u>90,376.00</u></b>	<b><u>90,376.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
GASB 68 Entry #2 - To reclassify 2023 contributions to Deferred Outflows of Resources at June 30, 2023.			
01-00-151000	DOR - PENSION CONTRIBUTIONS	104,560.00	
01-01-560085	GASB 68 EXP (INC)		53,326.00
01-05-560085	GASB EXP (INC)		51,234.00
<b>Total</b>		<b><u>104,560.00</u></b>	<b><u>104,560.00</u></b>

**Bighorn Desert View Water Agency**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2023**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>			
GASB 68 Entry #3 - To record changes in pension liability during FY21/22 at June 30, 2023.			
01-00-153000	DOR - PENSION RELATED	86,606.00	
01-00-153000	DOR - PENSION RELATED	5,939.00	
01-00-153000	DOR - PENSION RELATED	142,232.00	
01-00-153000	DOR - PENSION RELATED	217,461.00	
01-00-225000	DIR - PENSION RELATED	126,127.00	
01-00-225000	DIR - PENSION RELATED	81,933.00	
01-01-560085	GASB 68 EXP (INC)	119,400.00	
01-05-560085	GASB EXP (INC)	114,716.00	
01-00-153000	DOR - PENSION RELATED		71,948.00
01-00-153000	DOR - PENSION RELATED		126,127.00
01-00-153000	DOR - PENSION RELATED		81,933.00
01-00-223100	NET PENSION LIABILITY		614,406.00
<b>Total</b>		<b><u>894,414.00</u></b>	<b><u>894,414.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY21/22 at June 30, 2023.			
01-00-153000	DOR - PENSION RELATED	9,148.00	
01-01-560085	GASB 68 EXP (INC)	44,941.00	
01-05-560085	GASB EXP (INC)	43,179.00	
01-00-153000	DOR - PENSION RELATED		23,290.00
01-00-153000	DOR - PENSION RELATED		12,366.00
01-00-153000	DOR - PENSION RELATED		39,265.00
01-00-153000	DOR - PENSION RELATED		22,347.00
<b>Total</b>		<b><u>97,268.00</u></b>	<b><u>97,268.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
AJE - To allocate labor related expenses charged 100% to G&A to labor related accounts in operations at June 30,			
01-05-560090	PAYROLL TAXES - OPS	7,869.88	
01-05-560170	WORKERS COMP EXPENSE - OPS	5,698.29	
01-05-561000	EMPLOYEE BENEFIT INSUR - OPS	77,541.77	
01-05-561100	EE EDUCATION/TRAINING - OPS	6,896.89	
01-01-560090	PAYROLL TAXES		7,869.88
01-01-560170	WORKERS COMP EXPENSE		5,698.29
01-01-561000	EMPLOYEE BENEFITS INSURANCE		77,541.77
01-01-561100	EMPLOYEE EDUCATION/TRAINING		6,896.89
<b>Total</b>		<b><u>98,006.83</u></b>	<b><u>98,006.83</u></b>
<b>Total Adjusting Journal Entries</b>		<b><u>1,421,750.37</u></b>	<b><u>1,421,750.37</u></b>
<b>Total All Journal Entries</b>		<b><u>1,421,750.37</u></b>	<b><u>1,421,750.37</u></b>

**Legend:**

AJE	Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Pension Adjusting Journal Entry