



Bighorn Desert View Water Agency
Yucca Valley, California

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023



Photo Credit: R. Rieman

Our Mission Statement

"To provide a high quality supply of water and reliable service to all customers at a reasonable rate"

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
JoMarie McKenzie	President	Elected	12/22 - 12/26
Megan Close-Dees	Vice President	Appointed in Lieu of Election	12/20 - 12/24
David Chapman	Secretary	Appointed in Lieu of Election	12/22 - 12/24
John R. Burkhart	Director	Elected	12/22 - 12/26
William Aldridge	Director	Appointed to Vacancy	2/24 - 12/24

**Bighorn Desert View Water Agency
Marina D. West, PG, General Manager
622 South Jemez Trail
Yucca Valley, California 92284
(760) 364-2315 – www.bdvwa.org**



Annual Comprehensive Financial Report

For the Fiscal Years Ended

June 30, 2024 and 2023

BIGHORN DESERT VIEW WATER AGENCY

622 South Jemez Trail
Yucca Valley, California 92284

Prepared by:

Marina D. West, PG, General Manager/Treasurer
Daniel Best, Assistant General Manager

**Bighorn Desert View Water Agency
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023**

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Introductory Section



October 8, 2024

Board of Directors
Bighorn Desert View Water Agency

Introduction

It is our pleasure to submit Bighorn-Desert View Water Agency's Annual Financial Report (the "Report") for the fiscal years ending June 30, 2024 and 2023. Agency staff has prepared this report following guidelines set forth by the Governmental Accounting Standards Board. The Agency is responsible for the accuracy of the data included within this Report, as well as the completeness and fairness of its presentation and inclusion of all necessary disclosures. This Report is designed to enhance your understanding of the Agency's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires Agency management to provide a section within this Report that includes a narrative introduction with an overview and analysis referred to as the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the Independent Auditors' Report.

Agency Structure and Leadership

The Bighorn-Desert View Water Agency is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Agency was formed in 1990 upon approved consolidation of the Bighorn Mountains Water Agency (established in 1969) and the Desert View County Water District (established in 1964) by the San Bernardino County Board of Supervisors and is governed by a five-member Board of Directors elected at-large from within the Agency's service area. The Board of Directors convenes for regularly scheduled meetings on the second Tuesday of each month at 6:00 pm (effective April 2020). These meetings are publicly noticed, and citizens are encouraged to attend. The General Manager administers the day-to-day operations of the Agency in accordance with policies and procedures established by the Board of Directors. By the fiscal year ending June 30, 2024, the Agency had an authorized employee organization of ten (10) regular full-time employees, which includes the general manager. The new position of Assistant General Manager was filled in November 2023. The staff remains organized into two (2) departments: Administration and Operations.

The Agency provides water service to approximately 2,719 connections (2382 active / 337 inactive) within its nearly fifty-two (52) square mile service area located in the eastern desert area of San Bernardino County which encompasses the unincorporated communities of Flamingo Heights, Landers, and Johnson Valley.

As of July 1, 2015, the Agency annexed a neighboring water system, which remains physically isolated from the Bighorn-Desert View water system. Therefore, the Agency operates under two Water Supply Permits issued by the State Water Resources Control Board – Division of Drinking Water.

Agency Services

Residential customers represent nearly 96% of the Agency’s customer base with the remainder classified as either Agricultural or Commercial. Therefore, Residential class consumes a majority of the water produced annually. Additional water is utilized for construction projects, system flushing, fire suppression and/or lost to leaks. The combined water systems utilize a total of eight (8) active groundwater wells with a total system production capacity of 1,834 gallons per minute.

In fiscal year 2023/24, the Agency produced approximately 501.17 acre-feet of groundwater with 122.51 acre-feet of that production serving the ID GM system demand. This is a decrease of 3.99% or 20.83 acre-feet less than the prior fiscal year. Production has dropped nearly 25% since fiscal year 2020/21. That year the Agency produced an all-time high of 677 acre-feet. The decrease is primarily attributed to the reduced usage from the Agricultural classification which was predominantly illegal cannabis cultivation which has essentially been eradicated by the County of San Bernardino.

In fiscal year 2023/24 the Agency had received 210 acre-feet of their State Water Project request for 200 acre-feet for the water year (October 1st to September 30th). Agency requests are delivered to the Ames/Reche Recharge Facility by the Mojave Water Agency, a State Water Project Contractor. The Agency now has a total of 890-acre feet in storage with a current value of \$528,860.

Economic Condition and Outlook

According to Sperling’s Best Places the cost of living in the Landers is 18.6% higher than the U.S. average, but 20.9% lower than California average. All cost-of-living factors are nearly equal to or lower than the U.S. average with utilities being somewhat higher. The unemployment rate is currently approximately 7.8% (averaged for one year), down from 9.6% last year. Using U.S. Census Block group data, all census blocks within the Agency boundaries are classified as a “severely disadvantaged” with an average household income reported at \$35,732, which is less than half of the U.S. average. The area is classified as rural unincorporated San Bernardino County with a planned residential zoning of 2.5-acre minimum lot size. The area is comprised of predominantly English and Spanish speaking residents.

The Agency serves only a small number of commercial businesses and institutions. The largest employer is the local elementary school. Many local residents will commute to the Twenty-nine Palms Marine Corps Ground Combat Center, Town of Yucca Valley or 60 miles south to Palm Springs, CA area or a similar distance north to the Victorville area for employment.

Major Initiatives

The activities of the Board and staff of the Agency are driven by our mission statement: *“To provide a high-quality supply of water and reliable service to all customers at a fair and reasonable rate”*. In fiscal year 2023/24 the Agency focused on the following major initiatives:

1. In June 2023, the Agency Board of Directors adopted a strategy to plan for the pending retirement of the long-term general manager. Recruitment for an Assistant General Manager was completed and the position was filled in November 2024.
2. Adopt a balanced budget with a projected growth of reserve funds for replacement/refurbishment of infrastructure, emergency contingencies and capital improvement programs specifically highlighted in the 2018 Updated Mojave Water Agency Integrated Regional Water Management Plan (IRWMP). Continue efforts to reduce costs where possible.

Major Initiatives, continued

1. Remain focused on preventative maintenance of the water distribution system appurtenances including groundwater wells, water storage tanks, pressure reducing stations, fire hydrants, isolation valves, air vacuum valves and emergency power connections. Minimize water lost to leaks. Work with civil engineers to prioritize and implement short-term capital or refurbishment projects.
2. Continue outreach to the community through various forms of communication including newsletters, annual calendar, utility bill and participation in local community events.
3. Continue purchases of State Water Project water for future needs.
4. Continue to pursue grant opportunities for capital, replacement, and refurbishment via the Mojave Water Agency Integrated Regional Water Management Plan (IRWMP 2018 Update) and their Small Water Systems Assistance Program.
5. Obtain the Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Financial Report from the Government Finance Officers Association of the United States and Canada.
6. Maintain our 2-year Certificate of Excellence in District Transparency from the Special District Leadership Foundation.
7. Maintain our 2-year Special District Leadership Foundation District of Distinction Accreditation.

All programs and operations of the Agency are developed and performed to provide the highest level of service and transparency to its customers.

Accomplishments

To assist the Board of Directors in meeting their mission, staff achieved the following initiatives in fiscal year 2023/24:

1. In May 2023, the Board adopted a balance budget totaling \$2.27M in revenue projections for fiscal year 2023/24. This budget included an adopted rate increase applied to the January 1, 2023, billing (due in February 2023). The fiscal year 2023/24 budget projected revenues exceeding expenses, but these were offset by projected capital expenses and “replacement/refurbishment” needs.
2. In June 2023, the Board of Directors adopted a plan for management succession, which includes the increase in authorized full-time staff from nine (9) to (10) with the creation of an Assistant General Manager position with associated job description and salary scale. A Water Distribution Supervisor position with associated job description and salary scale was also approved. Recruitment for an Assistant General Manager was completed and the position filled in November 2024. The position of Water Distribution Supervisor was also filled.
3. In February 2021, the Agency was awarded an implementation grant from the Department of Water Resources in the amount of \$500,000 to construct a new production well in the Goat Mountain service area. As of June 30, 2024, the well had been drilled and constructed. Project completion is expected in FY2024/25.
4. In October 2022, the Agency was awarded \$675,000 Prop. 1/Round 2 grant funds to construct a second physical intertie with Hi-Desert Water District for emergency supply purposes and exchange of water, if needed. Contracts for right of way acquisition, engineering design as well as ground and aerial surveying were executed. Mutual Emergency Water Supply Agreement between Hi-Desert Water District and Agency was executed in June 2024.

Accomplishments, cont.

5. In April 2023, the Agency was awarded an implementation/construction grant from the State Water Resources Control Board in the amount of \$11,000,000 for various projects identified in a Preliminary Engineering Report (PER) completed the previous year using a planning grant. Contracts for right of way acquisition, engineering design as well as ground and aerial surveying were executed for the transmission and blending pipeline phases of this work.
6. Also in April 2023, the Agency was awarded nearly \$300,000 from the Department of Water Resources (DWR) “drought funding round” to replace 1,075 water meters and associated materials. As of June 30, 2024, the Agency had completed approximately 30% of the exchanges focusing on the “meter only” exchanges first.
7. In December 2021, the Agency Board of Directors updated its Financial Reserve Policy setting up the categories and goals related to the cash reserves on-hand. The Agency took advantage of increasing interest rates by investing in interest earning accounts. In FY2023/24, the Agency leveraged its cash in various accounts earning a combined interest of nearly \$220,000 a 370% increase from the prior year. The Agency currently has zero bond debt outstanding with no current plan to incur bonded indebtedness in the coming fiscal year.
8. As part of a sound revenue collection policy, the Agency continues the practice of collecting delinquent water charges by placing liens on the secured property tax rolls. This has resulted in the eventual collection of a majority of these receivables over time that might otherwise be written off as bad debt. The amount of tax lien sent to the tax roll for 2024 (for those bills excessively delinquent as of February 2024) was approximately \$55,696. This is an increase of approximately \$8,000 primarily based on lifting of the Covid emergency declaration which allowed the Agency to “lock-off” services for excessive delinquency. In addition to the secured tax roll, unsecured liens are applied to properties from time-to-time to ensure amounts due can be collected upon property sale. The “true bad debt” for fiscal year 2023/24 was \$1,340.
9. In an effort to responsibly manage the Agency’s Unfunded Accrued Liability (UAL) with the California Public Employees Retirement Fund (CalPERS), the Agency opened an IRS 115 “Pension Rate Stabilization Trust” with Public Agency Retirement Services (PARS) in 2020. This was an effort to both diversify our UAL balance by investing outside CalPERS in an effort to attain higher interest earnings on funds to make future payments to CalPERS. In fiscal year 2023/24, no additional contributions were made to the fund due to the erratic cycle of gains and losses ultimately leading to a small loss of principal investment at year end. As of June 30, 2023, the PARS account balance was \$257,936. The fiscal year 2023/24 UAL payment was about \$55,044.
10. The Agency strives to maintain rates and charges commensurate with the service provided. Due to increasing costs, Agency adjusted rates for various services not typically part of the routine water charges such as, but not limited to, Basic Facilities Charge (“buy-in”) and meter & service line installation charge.
11. The Agency has sponsored and participated in various outreach events, including Gubler’s Orchid Festival (26th annual event), and Morongo Basin Conservation Association Desert-Wise Landscape Tour and lecture series. The landscape tour was held to a small number of sites and once again, videos were created to highlight landscapes as well (https://www.mbconservation.org/dwl_tours). News and events were noted on the water bill statement as well as through an Agency-wide newsletter. The Agency along with Hi-Desert Water District created and executed the 8th Annual Children’s Water Education Festival at the local middle school, funded by a grant from the Mojave Water Agency.

Accomplishments, cont.

12. Water system preventative maintenance in 2022/23 included collection of over 1,500 distinct water quality samples, collection of quarterly groundwater level measurements and water main flushing. During the year, the Agency experienced one mainline leak repair, 45 service line repairs and 62 service line replacements. Mainline and fire hydrant triennial valve exercising program cycle continues with 10 of 1,261 completed. A total of 300 meters were exchanged throughout the Agency as part of routine meter exchanges following signs of failure during meter reading and usage evaluations. There was staff turnover and difficulty in recruiting new operations staff throughout FY2023/24.
13. Major repair/refurbishment or capital upgrades to facilities and structures included continued work on an emergency intertie with Hi-Desert Water District at Luna Vista and the construction of a new production well in the Goat Mountain System. At Fiscal Year End, neither project had been completed.
14. The Agency completed one request for annexation of a single 10-acre parcel initiated by the landowners in order to obtain water service.
15. The Agency was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for fiscal year 2022/23 from the Government Finance Officers Association of the United States and Canada.
16. In December 2022, the Agency received the 6th renewal of the Certificate of Excellence in District Transparency from the Special Districts Leadership Foundation for the prior two-year period. This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.
17. In December 2022, the Agency received the 3rd renewal of the District of Distinction Accreditation from the Special Districts Leadership Foundation for the prior two-year period. This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.

Internal Control Structure

Agency management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the Agency are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Agency's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The Agency Board of Directors annually adopts an operating budget for the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency's enterprise operations. Extensive capital budgets have not always been presented with the budget, therefore projects are brought to the Board individually, as needed, for consideration. The budget and reporting treatment applied to the Agency is consistent with the accrual basis of accounting and the financial statement basis. The goal of the Board is to adopt a budget which projects that revenues will exceed expenses by at least 10% so that sufficient reserves can be raised to fund the long-term capital construction plan as well as replacement and refurbishment of existing infrastructure due to normal wear over time.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, Agency ordinance and resolutions, and prudent money management. The objective of the Investment Policy is safety, liquidity, and yield. Although the policy covers a wide variety of investment instruments, the Agency's reserve funds are currently invested in the State Treasurer's Local Agency Investment Fund (LAIF) and an institutional checking account (Banc of California previously Pacific Western Bank). The Board of Directors approved the current investment policy on June 27, 2023 (Resolution No. 23R-12). By the fiscal year end the Agency had set up new accounts with Five Star Bank (checking and Money Market) and the California Liquid Assets Security System (CA CLASS). In 2023/24 the Agency was able to earn interest revenue through a conventional Certificate of Deposit as well.

In response to the Agency's Unfunded Accrued Liability (UAL) the Board approved participation in a Public Agencies Post-Employment Benefits Trust administered by the Public Agency Retirement Services (PARS) in April 2020 (Resolution No. 20R-09). The Board also adopted an investment strategy with a total funding goal of \$700,000 which is equivalent to the current UAL amount calculated by CalPERS. Due to poor investment performance, deposits have not been made to the PARS account. As of June 30, 2024, the balance was \$257,900 which is just above the cash investment of \$250,000.

Water Rates and Agency Revenues

The Agency's current policy direction ensures that all revenues from user charges generated from Agency customers must support all Agency operations including capital project funding. Accordingly, water rates are regularly reviewed. Water rates are user charges imposed on customers for services and are the primary component of the Agency's revenue. Water rates are composed of a commodity (usage) charge and a fixed meter (readiness-to-serve) charge.

In April 2021, the Board of Directors adopted *Resolution No. 21R-08 Adjusting the Basic Service Charge and Water Consumption Charges by Specific Customer Class*. The move to consumption tiers and customer classifications was in response to increased agricultural activity. Also in 2021, the Agency became aware that these "agricultural" land uses were most likely illegal cannabis crops and the County of San Bernardino had begun eradication of these sites. By the end of calendar year 2022, it appeared that the County had eradicated all the suspected sites and the consumption in the agricultural tier has been reduced. The rate structure was approved for 5 years. The rate increases effective January 1, 2024, was the fourth increase in the five-year approved rate structure.

Water Conservation Programs

The Agency is an active member of the Hi Desert Alliance for Water Awareness and Conservation (HD AWAC). Agency Board and staff participate in and sponsor a number of community events with a conservation component, such as the Desert-Wise Landscaping Home Tours and community lectures/workshops sponsored by the Morongo Basin Conservation Association. The Agency also distributes materials to encourage water conservation. In 2013, a "water-wise" demonstration garden was installed in the community to highlight the types of plants and landscape that can be successfully maintained with little water. In accordance with Governor Jerry Brown's April 1, 2015, Executive Order requiring water suppliers to reduce usage, the Agency adopted Ordinance No. 15O-03 Amending and Restating the Agency's Water Conservation Plan.

Audit and Financial Reporting

State Law and Bond covenants require the Agency to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of C.J. Brown & Company, CPAs, has conducted the audit of the Agency's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The Agency became a member of the California Association of Mutual Water Companies/Joint Powers Risk and Insurance Management Authority (CalMutuals/JPRIMA) on July 1, 2021. The CalMutuals/JPRIMA was established through CalMutuals advocacy with the California's legislature passing AB 656 in September 2015. As a public agency, CalMutuals/JPRIMA is committed to providing quality insurance products that blend competitive rates with meaningful value-added services and impeccable financial security. The Agency receives both Property & Liability insurance and Workers' Compensation through CalMutuals/JPRIMA. In fiscal year 2023/24, there were no Workers Compensation or General Liability claims filed. In April 2024, the Agency enrolled in a Cyber Liability and Network Security policy also through CalMutuals/JPRIMA.

Technology Advance in Customer Service (E-government initiatives)

The Agency customers have the option to pay their bills in person at the Agency office, on-line, via Automated Clearinghouse (ACH) through their bank account, or with a major credit card via phone by Agency internet website link. In 2018, the Agency enhanced execution of a process known as "check free". "Check free" applies to customers who go to their bank's website to request a bill be paid. If the bank utilizes "check free", then the payment is sent electronically. If the bank is not utilizing "check free", then the bank issues a paper check through the mail. The benefit of faster payment processing is realized by those customers whose bank participates.

The billing system also allows customers to sign-up for "paperless billing" and to manage their account on-line through a payment portal known as CivicPay.

Customers also have access to Agency agendas and agenda backup materials via email notifications immediately upon publication. The agenda materials as well as other reference material are also available on the Agency website (www.bdvwa.org). The website includes a link to the email addresses of each member of the Board of Directors as well as an email address for general inquiries.

Other References

More information has been provided in both the Management's Discussion and Analysis and the Notes to the Basic Financial Statements, which can be found in the Financial Section of this report.

Awards and Acknowledgements

The Agency is the recipient of the 2015 Association of California Water Agencies "*Clair A. Hill Agency Award for Excellence*".

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bighorn-Desert View Water Agency for its annual comprehensive financial report of the fiscal year ended June 30, 2023. This was the twelfth year that the Agency has applied for and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The Agency believes that the current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and the Agency intends to submit an application to the GFOA to determine our eligibility for certification for fiscal year 2023/24.

Since 2017, the Agency has maintained *Certificate of Excellence in District Transparency* from the Special Districts Risk Management Authority. This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.

Awards and Acknowledgements, continued

Also, since 2017, the Agency has maintained the *District of Distinction* Accreditation from the California Special Districts Association (CSDA). This 2-year accreditation is expected to be renewed again for the period January 2024 to December 2025.

On behalf of the Agency, General Manager M. West serves as Treasurer on the Board of Directors of the CalMutuals Joint Powers Risk Management and Insurance Authority (JPRIMA: <https://calmutuals.org/calmutuals-jprima-insurance/>) as well as serving as the Chair of the Policy Committee of the Community Water Systems Alliance (CWSA: <https://communitywatersystems.org/>).

Summary

Preparation of this report was accomplished by the combined efforts of Agency staff. I truly appreciate the dedicated efforts and professionalism that our staff members bring to the Agency. I would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Bighorn-Desert View Water Agency’s fiscal policies.

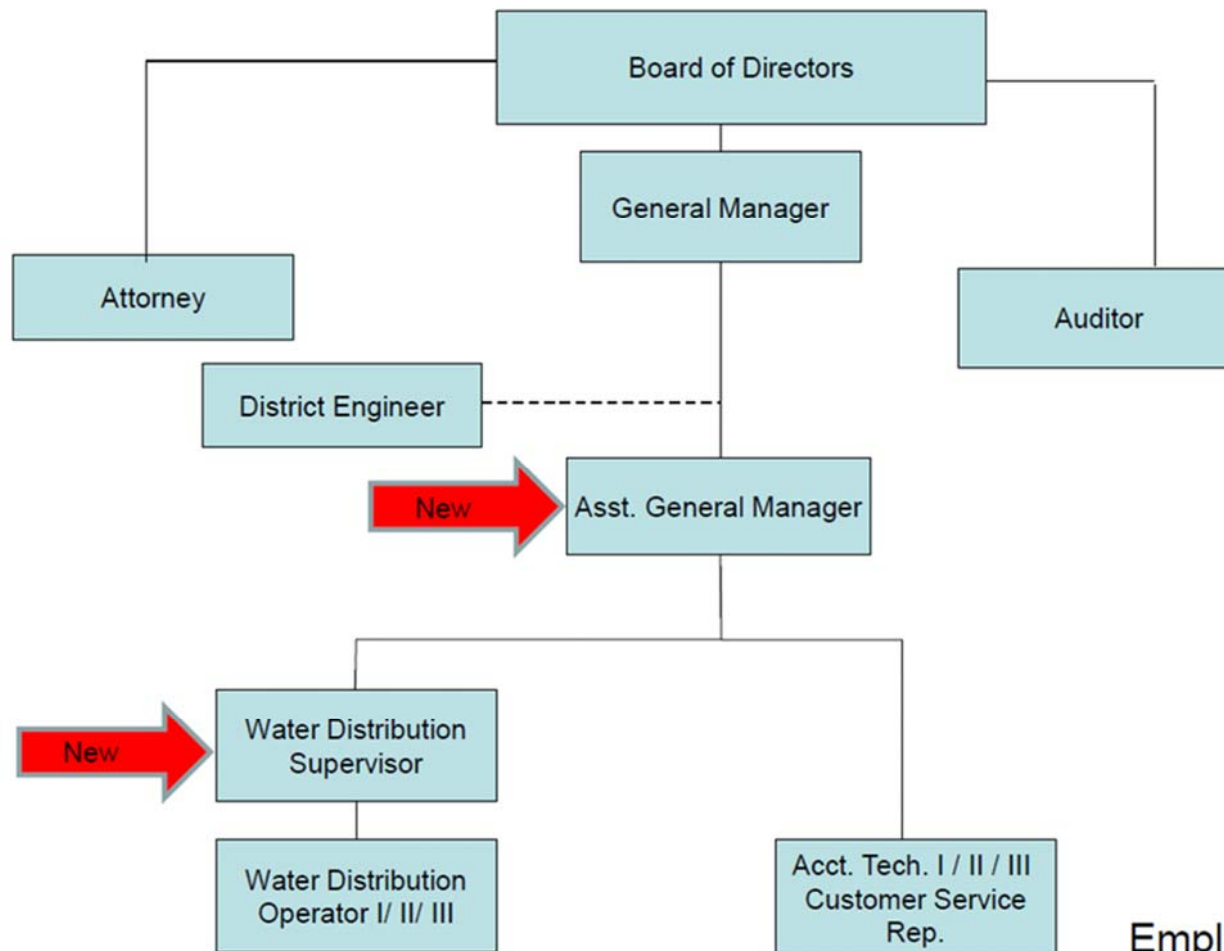
With Great Pleasure,



Marina D. West, PG
General Manager / Treasurer



Daniel Best
Assistant General Manager



Motion No. M23-020
June 27, 2023

**Employee Handbook
Appendix D**
Authorized Staff Count = 9
Current Staff Distribution
Asst. General Manager = 1
Water Distribution Operator = 6
Accounting Tech/Customer Service = 2



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bighorn-Desert View Water Agency
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section



C.J. Brown & Company CPAs
An Accountancy Corporation

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Independent Auditor's Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bighorn Desert View Water Agency (Agency), which comprises the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bighorn Desert View Water Agency as of June 30, 2024 and 2023, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 20 and the required supplementary information on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section on pages 1 through 8 and the statistical section on pages 53 through 67 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance. This report can be found on pages 68 and 69.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

October 8, 2024

Bighorn Desert View Water Agency
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Bighorn Desert View Water Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's net position increased by 6.13% or \$552,287 to \$9,568,248, due to the loss from ongoing operations of \$120,461 offset by capital contributions of \$672,748. In 2023, the Agency's net position decreased by 0.26% or \$23,387 to \$9,015,961, due to the loss from ongoing operations of \$88,935 offset by capital contributions of \$65,548.
- The Agency's total revenues increased by 37.56% or \$911,589 to \$3,338,354. In 2023, the Agency's total revenues decreased by 6.19% or \$160,007 to \$2,426,765.
- The Agency's operating revenues increased by 2.41% or \$49,031 to \$2,086,197. In 2023, the Agency's operating revenues decreased by 9.07% or \$203,214 to \$2,037,166.
- The Agency's non-operating revenues increased by 78.80% or \$255,358 to \$579,409. In 2023, the Agency's non-operating revenues increased by 18.96% or \$51,652 to \$324,051.
- The Agency's total expenses increased by 13.71% or \$335,915 to \$2,786,067. In 2023, the Agency's total expenses increased by 37.84% or \$672,587 to \$2,450,152.
- The Agency's operating expenses including depreciation increased by 13.71% or \$335,989 to \$2,785,857. In 2023, the Agency's operating expenses including depreciation increased by 38.50% or \$680,962 to \$2,449,868.
- The Agency's non-operating expenses decreased by 26.06% or \$74 to \$210. In 2023, the Agency's non-operating expenses decreased by 96.72% or \$8,375 to \$284.
- The Agency's capital contributions increased by 926.34% or \$607,200 to \$672,748. In 2023, the Agency's capital contributions decreased by 11.41% or \$8,445 to \$65,548.

Using This Financial Report

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

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

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
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Financial Highlights

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 26 through 50.

Statements of Net Position

Condensed Statements of Net Position					
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Assets:					
Current assets	\$ 6,638,534	6,177,151	461,383	5,813,065	364,086
Non-current assets	98,963	93,484	5,479	55,631	37,853
Capital assets, net	<u>3,802,866</u>	<u>3,497,880</u>	<u>304,986</u>	<u>3,734,623</u>	<u>(236,743)</u>
Total assets	<u>10,540,363</u>	<u>9,768,515</u>	<u>771,848</u>	<u>9,603,319</u>	<u>165,196</u>
Deferred outflows of resources	<u>381,160</u>	<u>352,165</u>	<u>28,995</u>	<u>253,871</u>	<u>98,294</u>
Liabilities:					
Current liabilities	467,548	380,105	87,443	415,889	(35,784)
Non-current liabilities	<u>859,043</u>	<u>724,614</u>	<u>134,429</u>	<u>193,893</u>	<u>530,721</u>
Total liabilities	<u>1,326,591</u>	<u>1,104,719</u>	<u>221,872</u>	<u>609,782</u>	<u>494,937</u>
Deferred inflows of resources	<u>26,684</u>	<u>-</u>	<u>26,684</u>	<u>208,060</u>	<u>(208,060)</u>
Net position:					
Net investment in capital assets	3,797,209	3,489,733	307,476	3,724,060	(234,327)
Restricted – Goat Mountain capital assets	158,254	175,623	(17,369)	217,300	(41,677)
Restricted – pension benefits	257,936	242,232	15,704	234,450	7,782
Unrestricted	<u>5,354,849</u>	<u>5,108,373</u>	<u>246,476</u>	<u>4,863,538</u>	<u>244,835</u>
Total net position	<u>\$ 9,568,248</u>	<u>9,015,961</u>	<u>552,287</u>	<u>9,039,348</u>	<u>(23,387)</u>

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Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets plus deferred outflows of resources of the Agency exceeded liabilities, and deferred inflows of resources by \$9,568,248 and \$9,015,961 as of June 30, 2024 and 2023, respectively.

Compared to the previous year, net position of the Agency increased 6.13% and decreased 0.26% or \$552,287 and \$23,387, respectively. The Agency's total net position is made up of three components: (1) net investment in capital assets, (2) restricted net position – Goat Mountain capital assets, and (3) unrestricted net position.

By far the largest portion of the Agency's net position (39.7% and 38.7% as of June 30, 2024 and 2023, respectively) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2024 and 2023, the Agency showed a positive balance in its unrestricted net position of \$5,354,849 and \$5,108,373, respectively, which may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operations:					
Operating revenues	\$ 2,086,197	2,037,166	49,031	2,240,380	(203,214)
Operating expenses	<u>2,427,671</u>	<u>2,078,579</u>	<u>349,092</u>	<u>1,371,706</u>	<u>706,873</u>
Operating income (loss) before depreciation	<u>(341,474)</u>	<u>(41,413)</u>	<u>(300,061)</u>	<u>868,674</u>	<u>(910,087)</u>
Depreciation	<u>(358,186)</u>	<u>(371,289)</u>	<u>13,103</u>	<u>(397,200)</u>	<u>25,911</u>
Operating (loss) income	<u>(699,660)</u>	<u>(412,702)</u>	<u>(286,958)</u>	<u>471,474</u>	<u>(884,176)</u>
Non-operating revenue (expenses):					
Property taxes	293,832	242,221	51,611	209,045	33,176
Interest earnings	235,587	55,566	180,021	(8,304)	63,870
Interest expense – long-term debt	(210)	(284)	74	(355)	71
Gain on asset disposals	6,793	4,358	2,435	-	4,358
Other non-operating revenues, net	<u>43,197</u>	<u>21,906</u>	<u>21,291</u>	<u>63,354</u>	<u>(41,448)</u>
Total non-operating revenues, net	<u>579,199</u>	<u>323,767</u>	<u>255,432</u>	<u>263,740</u>	<u>60,027</u>
Net (loss) income before capital contributions	<u>(120,461)</u>	<u>(88,935)</u>	<u>(31,526)</u>	<u>735,214</u>	<u>(824,149)</u>
Capital contributions:					
Meter sales and installations	27,535	17,630	9,905	44,675	(27,045)
Grant revenue	<u>645,213</u>	<u>47,918</u>	<u>597,295</u>	<u>29,318</u>	<u>18,600</u>
Total capital contributions	<u>672,748</u>	<u>65,548</u>	<u>607,200</u>	<u>73,993</u>	<u>(8,445)</u>
Change in net position	552,287	(23,387)	575,674	809,207	(832,594)
Net position, beginning of period	<u>9,015,961</u>	<u>9,039,348</u>	<u>(23,387)</u>	<u>8,230,141</u>	<u>809,207</u>
Net position, end of period	<u>\$ 9,568,248</u>	<u>9,015,961</u>	<u>552,287</u>	<u>9,039,348</u>	<u>(23,387)</u>

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position show how the Agency's net position changed during the fiscal year. During the fiscal year ended June 30, 2024, the Agency's net position increased by 6.13% or \$552,287 to \$9,568,248, due to the loss from ongoing operations of \$120,461 offset by capital contributions of \$672,748. During the fiscal year ended June 30, 2023, the Agency's net position decreased by 0.26% or \$23,387 to \$9,015,961, due to the loss from ongoing operations of \$88,935 offset by capital contributions of \$65,548.

Total Revenues

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operating revenues:					
Water consumption sales	\$ 407,653	399,971	7,682	392,964	7,007
Basic service charges	1,087,831	1,048,120	39,711	1,001,197	46,923
Other charges	<u>590,713</u>	<u>589,075</u>	<u>1,638</u>	<u>846,219</u>	<u>(257,144)</u>
Total operating revenues	<u>2,086,197</u>	<u>2,037,166</u>	<u>49,031</u>	<u>2,240,380</u>	<u>(203,214)</u>
Non-operating revenues:					
Property taxes	293,832	242,221	51,611	209,045	33,176
Interest earnings, net of fair value	235,587	55,566	180,021	-	55,566
Gain on asset disposals	6,793	4,358	2,435	-	4,358
Other non-operating revenues, net	<u>43,197</u>	<u>21,906</u>	<u>21,291</u>	<u>63,354</u>	<u>(41,448)</u>
Total non-operating revenues	<u>579,409</u>	<u>324,051</u>	<u>255,358</u>	<u>272,399</u>	<u>51,652</u>
Capital contributions:					
Meter sales and installations	27,535	17,630	9,905	44,675	(27,045)
Grant revenue	<u>645,213</u>	<u>47,918</u>	<u>597,295</u>	<u>29,318</u>	<u>18,600</u>
Total capital contributions	<u>672,748</u>	<u>65,548</u>	<u>607,200</u>	<u>73,993</u>	<u>(8,445)</u>
Total revenues	\$ <u>3,338,354</u>	<u>2,426,765</u>	<u>911,589</u>	<u>2,586,772</u>	<u>(160,007)</u>

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2024, the Agency's total revenues increased by 37.56% or \$911,589 to \$3,338,354. Operating revenues increased by 2.41% or \$49,031 to \$2,086,197, primarily due to increases in basic service charges of \$39,711, water consumption sales of \$7,682, and other charges of \$1,638 as compared to the prior year. In fiscal year 2023, the Agency's total revenues decreased by 6.19% or \$160,007 to \$2,426,765. Operating revenues decreased by 9.07% or \$203,214 to \$2,037,166, primarily due to a decrease in other charges of \$257,144, offset by increases in basic service charges of \$46,923, and water consumption sales of \$7,007 as compared to the prior year.

In fiscal year 2024, non-operating revenues increased by 78.80% or \$255,358 to \$579,409, due to increases in interest earnings of \$180,021, property taxes of \$51,611, other non-operating revenues of \$21,291, and gain on asset disposals of \$2,435 as compared to the prior year. In fiscal year 2023, non-operating revenues increased by 18.96% or \$51,652 to \$324,051, due to increases in interest earnings of \$55,566, property taxes of \$33,176, gain on asset disposal of \$4,358, offset by a decrease in other non-operating revenues of \$41,448 as compared to the prior year.

In fiscal year 2024, the Agency's capital contributions increased by 926.34% or \$607,200 to \$672,748. Capital contributions were comprised of grant revenues of \$645,213 and meter sales and installations of \$27,535. In fiscal year 2023, the Agency's capital contributions decreased by 11.14% or \$8,445 to \$65,548. Capital contributions were comprised of grant revenues of \$47,918 and meter sales and installations of \$17,630.

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Management's Discussion and Analysis, continued
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Total Expenses

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operating expenses including depreciation expense:					
Transmission and distribution	\$ 1,389,360	1,082,146	307,214	663,125	419,021
General and administrative	1,038,311	996,433	41,878	708,581	287,852
Depreciation and amortization	<u>358,186</u>	<u>371,289</u>	<u>(13,103)</u>	<u>397,200</u>	<u>(25,911)</u>
Total operating expenses including depreciation and amortization expense	<u>2,785,857</u>	<u>2,449,868</u>	<u>335,989</u>	<u>1,768,906</u>	<u>680,962</u>
Non-operating expenses:					
Investment expense, net of fair value	-	-	-	8,304	(8,304)
Interest expense – long-term debt	<u>210</u>	<u>284</u>	<u>(74)</u>	<u>355</u>	<u>(71)</u>
Total non-operating expenses	<u>210</u>	<u>284</u>	<u>(74)</u>	<u>8,659</u>	<u>(8,375)</u>
Total expenses	<u>\$ 2,786,067</u>	<u>2,450,152</u>	<u>335,915</u>	<u>1,777,565</u>	<u>672,587</u>

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2024, the Agency's total expenses increased by 13.71% or \$335,915 to \$2,786,067. Operating expenses including depreciation expense increased by 13.71% or \$335,989 to \$2,785,857, due to increases in transmission and distribution of \$307,214, of which \$54,306 was due to actuarial determined changes in the pension liability, general and administrative of \$41,878, of which \$52,178 was due to actuarial determined changes in the pension liability, offset by a decrease in depreciation of \$13,103 as compared to the prior year. In fiscal year 2023, the Agency's total expenses increased by 37.84% or \$672,587 to \$2,450,152. Operating expenses including depreciation expense increased by 38.50% or \$680,962 to \$2,449,868, due to increases in transmission and distribution of \$419,021, of which \$246,706 is due to actuarial changes to the pension liability and in general and administrative of \$287,852, of which \$256,780 is due to actuarial determined changes in the pension liability, offset by a decrease in depreciation of \$25,911 as compared to the prior year.

In fiscal year 2024, the Agency's non-operating expenses decreased by 26.06% or \$74 to \$210 primarily due to a decrease in interest expense related to long term debt. In fiscal year 2023, the Agency's non-operating expenses decreased by 96.72% or \$8,375 to \$284 primarily due to prior year investment expense, net of year-end fair value adjustment.

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Capital Asset Administration

Changes in capital assets in 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Capital assets:				
Non-depreciable and amortizable assets	\$ 134,459	663,172	(52,110)	745,521
Depreciable and amortizable assets	11,959,092	52,110	(26,091)	11,985,111
Accumulated depreciation and amortization	<u>(8,595,671)</u>	<u>(358,186)</u>	<u>26,091</u>	<u>(8,927,766)</u>
Total capital assets	<u>\$ 3,497,880</u>	<u>357,096</u>	<u>(52,110)</u>	<u>3,802,866</u>

Changes in capital assets in 2023 were as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Capital assets:				
Non-depreciable and amortizable assets	\$ 124,600	151,100	(141,241)	134,459
Depreciable and amortizable assets	11,862,952	125,029	(28,889)	11,959,092
Accumulated depreciation and amortization	<u>(8,252,929)</u>	<u>(371,289)</u>	<u>28,547</u>	<u>(8,595,671)</u>
Total capital assets	<u>\$ 3,734,623</u>	<u>(95,160)</u>	<u>(141,583)</u>	<u>3,497,880</u>

At the end of fiscal year 2024 and 2023, the Agency's investment in capital assets amounted to \$3,802,866 and \$3,497,880, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction-in-process, water system, organization, office building, mobile equipment, office equipment, yards, fuel station, and shop equipment. See note 4 on pages 36 through 38 for further information.

Debt Administration

Changes in long-term debt amounts for 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments/</u>	<u>Balance 2024</u>
Lease payable:				
Equipment lease payable	\$ 8,147	-	(2,490)	5,657
Total long-term debt	<u>\$ 8,147</u>	<u>-</u>	<u>(2,490)</u>	<u>5,657</u>

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Debt Administration, continued

Changes in long-term debt amounts for 2023 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Principal Payments/</u>	<u>Balance 2023</u>
Lease payable:				
Equipment lease payable	\$ 10,563	-	(2,416)	8,147
Total long-term debt	\$ 10,563	-	(2,416)	8,147

See note 7 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's General Manager, Marina West at Bighorn Desert View Water Agency at 622 S. Jemez Trail, Yucca Valley, California 92284 or (760) 364-2315.

Basic Financial Statements

Bighorn Desert View Water Agency
Statements of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 4,810,945	4,948,552
Cash and cash equivalents – restricted (note 2, 9, 11)	257,936	242,232
Accrued interest receivable	182	14,227
Accounts receivable – water sales and services	375,770	348,756
Grants receivable	411,483	15,185
Property taxes receivable	33,873	25,423
Water-in-storage inventory	528,860	393,410
Materials and supplies inventory	103,210	95,917
Prepaid expenses and other deposits	116,275	91,651
Total current assets	<u>6,638,534</u>	<u>6,177,151</u>
Non-current assets:		
Accounts receivable – long-term, net (note 3)	98,963	93,484
Capital assets – not being depreciated (note 4)	745,521	134,459
Depreciable capital assets, net (note 4)	3,057,345	3,363,421
Total non-current assets	<u>3,901,829</u>	<u>3,591,364</u>
Total assets	<u>10,540,363</u>	<u>9,768,515</u>
Deferred outflows of resources:		
Deferred pension outflows (note 8)	381,160	352,165
Total deferred outflows of resources	<u>\$ 381,160</u>	<u>352,165</u>

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See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Net Position, continued
June 30, 2024 and 2023

	2024	2023
Current liabilities:		
Accounts payable	\$ 159,354	57,202
Accrued expenses	50,029	43,973
Unearned revenue	22,208	32,520
Deposits	151,955	189,757
Long-term liabilities – due within one year:		
Compensated absences (note 5)	55,400	43,314
Tax liability – County (note 6)	26,037	10,849
Lease payable (note 7)	2,565	2,490
Total current liabilities	467,548	380,105
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	129,265	101,066
Lease payable (note 7)	3,092	5,657
Net pension liability (note 8)	726,686	617,891
Total non-current liabilities	859,043	724,614
Total liabilities	1,326,591	1,104,719
Deferred inflows of resources:		
Deferred pension inflows (note 8)	26,684	-
Total deferred inflows of resources	26,684	-
Net position:		
Net investment in capital assets (note 10)	3,797,209	3,489,733
Restricted – Goat Mountain capital assets (note 11)	158,254	175,623
Restricted – pension benefits (note 2, 9, 11)	257,936	242,232
Unrestricted (note 12)	5,354,849	5,108,373
Total net position	\$ 9,568,248	9,015,961

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water consumption sales	\$ 407,653	399,971
Basic service charges	1,087,831	1,048,120
Other charges	590,713	589,075
Total operating revenues	2,086,197	2,037,166
Operating expenses:		
Transmission and distribution	1,389,360	1,082,146
General and administrative	1,038,311	996,433
Total operating expenses	2,427,671	2,078,579
Operating loss before depreciation and amortization	(341,474)	(41,413)
Depreciation and amortization	(358,186)	(371,289)
Operating loss	(699,660)	(412,702)
Non-operating revenue (expenses):		
Property taxes	293,832	242,221
Interest earnings (expense), net of fair value	235,587	55,566
Interest expense – long-term debt	(210)	(284)
Gain on asset disposal	6,793	4,358
Other non-operating revenues, net	43,197	21,906
Total non-operating revenues, net	579,199	323,767
Net loss before capital contributions	(120,461)	(88,935)
Capital contributions:		
Meter sales and installations	27,535	17,630
Grant revenue	645,213	47,918
Total capital contributions	672,748	65,548
Change in net position	552,287	(23,387)
Net position, beginning of period	9,015,961	9,039,348
Net position, end of period	\$ 9,568,248	9,015,961

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 2,050,585	2,071,995
Cash paid to employees for salaries and wages	(894,766)	(696,397)
Cash paid to vendors and suppliers for materials and services	(1,841,593)	(1,192,729)
Net cash (used in) provided by operating activities	(685,774)	182,869
Cash flows from non-capital financing activities:		
Proceeds from property taxes	300,570	216,767
Net cash provided by non-capital financing activities	300,570	216,767
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(663,172)	(134,546)
Proceeds from capital contributions and connection fees	276,450	144,581
Principal paid on long-term debt	(4,980)	(4,832)
Interest paid on long-term debt	(210)	(284)
Net cash (used in) provided by capital and related financing activities	(391,912)	4,919
Cash flows from investing activities:		
Investment contributions to Section 115 Trust	-	(100,000)
Proceeds from sales of investments	1,250,000	-
Purchases of investments	(844,419)	-
Interest earnings	249,632	70,087
Net cash provided by (used in) by investing activities	655,213	(29,913)
Net (decrease) increase in cash and cash equivalents	(121,903)	374,642
Cash and cash equivalents – beginning of year	5,190,784	4,816,142
Cash and cash equivalents – end of year	\$ 5,068,881	5,190,784
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 4,810,945	4,948,552
Cash and cash equivalents – restricted	257,936	242,232
Cash and cash equivalents – end of year	\$ 5,068,881	5,190,784

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating income	\$ (699,660)	(412,702)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	358,186	371,289
Other non-operating revenues, net	43,197	21,906
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable – water sales and services, net	(27,014)	83,240
Grants receivable	(396,298)	(10,054)
Water-in-storage inventory	(135,450)	(37,380)
Materials and supplies inventory	(7,293)	(7,523)
Prepaid expenses and other deposits	(24,624)	(3,841)
Accounts receivable – long-term, net	(5,479)	(37,853)
Deferred outflows of resources	(28,995)	(98,294)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	102,152	(9,637)
Accrued expenses	6,056	10,813
Unearned revenue	(10,312)	1,952
Deposits	(37,802)	(32,618)
Compensated absences	40,285	29,399
Net pension liability	108,795	524,030
Deferred inflows of resources	26,684	(209,858)
Total adjustments	13,886	595,571
Net cash (used in) provided by operating activities	\$ (685,774)	182,869

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Bighorn Desert View Water Agency (Agency) was formed in 1990 upon approved consolidation of the Bighorn Mountains Water Agency (established in 1969) and the Desert View Water District (established in 1964) by the San Bernardino County Board of Supervisors. The Agency provides 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 2,552 connections within the Agency's boundaries which encompass approximately fifty-two (52) square miles.

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

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

The Agency has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

3. Investments and Investment Policy

The Agency has adopted an investment policy directing the General Manager to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the Agency.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- *Level 1* – This valuation level is based on quoted prices in active markets for identical assets.
- *Level 2* – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- *Level 3* – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

5. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects, debt service, or on behalf of employee benefits (Section 115 Trust). These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

6. Accounts Receivable

The Agency extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems customer accounts uncollectible, the Agency uses the direct write off method for the write-off those accounts to bad debt expense.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

7. Property Taxes and Assessments

The County of San Bernardino Assessor's Office assesses all real and personal property within the County each year. The County of San Bernardino Tax Collector's Offices bills and collects the Agency's share of property taxes and assessments. The County of San Bernardino Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of San Bernardino, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

8. Lease Receivables / Payables

Lease receivables / payables are measured at the present value of payments expected to be received during the lease term.

9. Water-in-storage Inventory

Water-in-storage inventory consists primarily of water purchased and held in storage with Mojave Water Agency (MWA), the Agency's State Water Project wholesaler. In 2024 and 2023, the Agency purchased 210 and 70 acre-feet of State Water Project water through the MWA, respectively. At June 30, 2024 and 2023, the Agency has a total of 210 acre feet and 680 acre feet in water-in-storage valued using an average cost of \$645 and \$623 per acre foot, respectively.

10. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the Agency's water transmission and distribution system. Inventory is valued at cost using the first-in first-out method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

11. Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

12. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

12. Capital Assets, continued

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Water system – 10 to 50 years
- Organization – 50 years
- Office building – 5 to 50 years
- Mobile equipment – 5 to 10 years
- Office equipment – 5 to 10 years
- Yards – 10 to 50 years
- Fuel station – 10 to 50 years
- Shop equipment – 5 to 10 years

Equipment leases are amortized on a straight-line basis over the life of the lease.

13. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The Agency has the following pension related items that qualify for reporting in this category:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

14. Compensated Absences

The Agency's policy is to permit employees to accumulate vacation and sick leave. No employee is allowed to accrue vacation leave hours in excess of: one hundred sixty (160) hours for years one (1) through four (4); two hundred forty (240) hours for years five (5) through ten (10); three hundred twenty (320) hours for years eleven (11) and greater. Payment of unused vacation shall not reduce the accrual balance to less than fifty percent (50%) of the accrued vacation balance hours. All employees are allowed unlimited sick leave accrual. Employees are entitled to 50% payment for any accrued but unused sick leave in excess of two hundred (200) hours.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Dates: June 30, 2022 and 2021
- Measurement Dates: June 30, 2023 and 2022
- Measurement Periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

16. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The Agency has the following pension related items that qualify for reporting in this category:

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

17. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

18. Water Sales

Water sales are billed on a bi-monthly cyclical basis and recognize the respective revenues when they are earned.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

19. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

20. Capital Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a 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.

21. Budgetary Policies

The Agency adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	2024	2023
Cash and cash equivalents	\$ 4,810,945	4,948,552
Cash and cash equivalents – restricted	257,936	242,232
Total cash and cash equivalents	5,068,881	5,190,784

Cash and cash equivalents as of June 30, consist of the following:

	2024	2023
Cash on hand	\$ 1,550	1,550
Deposits with financial institutions	600,082	2,988,373
Deposits in Public Agency Retirement System (PARS)	257,936	242,232
Investments	4,209,313	1,958,629
Total	\$ 5,068,881	5,190,784

As of June 30, the Agency's authorized deposits had the following average maturities:

	2024	2023
Deposits in Local Agency Investment Fund (LAIF)	217 days	260 days

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(2) Cash and Cash Equivalents, continued

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

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	None
Commercial paper (prime)	270 days	25%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

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 Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. 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. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Agency's deposits with the bank in accordance with the Code.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Agency's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Pool).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change with market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

At June 30, 2024 and 2023, the Agency's investments held to maturity were categorized as twelve months or less, respectively.

Credit ratings as of June 30, 2024, were as follows:

<u>Investment type</u>	<u>June 30, 2024</u>	<u>Legal Rating</u>	<u>from Disclosure</u>	<u>Ratings AA+ to AA-</u>
California Cooperative Liquid Assets				
Securities System	\$ 3,152,914	N/A	3,152,914	-
California Local Agency Investment Fund	16,106	N/A	16,106	-
Money market mutual fund	<u>1,040,293</u>	Aaa	<u>-</u>	<u>1,040,293</u>
Total	<u>\$ 4,209,313</u>		<u>3,169,020</u>	<u>1,040,293</u>

Credit ratings as of June 30, 2023, were as follows:

<u>Investment type</u>	<u>June 30, 2023</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings AA+ to AA-</u>
California Local Agency Investment Fund	\$ 6,819	N/A	6,819	-
Certificates-of-deposit	1,250,000	N/A	1,250,000	-
Money market mutual fund	<u>701,810</u>	Aaa	<u>-</u>	<u>701,810</u>
Total	<u>\$ 1,958,629</u>		<u>1,256,819</u>	<u>701,810</u>

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total Agency's investments at June 30, 2024 and 2023.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(2) Cash and Cash Equivalents, continued

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2024, are as follows:

<u>Investment type</u>	<u>June 30,</u> <u>2024</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 1)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 1)</u>
N/A	\$ -	-	-	-
Total investments measured at fair value	-	-	-	-
Investments not subject to fair value hierarchy				
California Cooperative Liquid Assets				
Securities System	3,152,914			
Local Agency Investment Fund	16,106			
Money market mutual fund	<u>1,040,293</u>			
Total	<u>\$ 4,209,313</u>			

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2023, are as follows:

<u>Investment type</u>	<u>June 30,</u> <u>2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 1)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 1)</u>
Certificates-of-deposit	\$ 1,250,000	-	1,250,000	-
Total investments measured at fair value	1,250,000	-	1,250,000	-
Investments not subject to fair value hierarchy				
Local Agency Investment Fund	6,819			
Money market mutual fund	<u>701,810</u>			
Total	<u>\$ 1,958,629</u>			

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(3) Accounts Receivable – Long-term, net

Accounts receivable – long-term, net consists of property tax liens not yet collected by the County less an allowance for uncollectible based on analysis performed by the Agency. The balance at June 30 consists of the following:

	2024	2023
Accounts receivable – long-term, net	\$ 105,463	99,984
Allowance for uncollectible accounts	(6,500)	(6,500)
Accounts receivable – water sales, net	\$ 98,963	93,484

(4) Capital Assets

Construction-In-Process

The Agency has been involved in various construction projects throughout the year. The projects that comprise the construction-in-process balances at June 30, 2024 and 2023, were as follows:

	2024	2023
GM replacement well	\$ 624,818	-
Various small projects under \$25,000	24,509	38,265
Construction-in-process	\$ 649,327	38,265

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Capital Assets, continued

Changes in capital assets for 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 96,194	-	-	96,194
Construction-in-process	38,265	663,172	(52,110)	649,327
Total non-depreciable assets	<u>134,459</u>	<u>663,172</u>	<u>(52,110)</u>	<u>745,521</u>
Depreciable assets:				
Water System	10,119,467	-	-	10,119,467
Organization	336,272	-	-	336,272
Office Building	327,594	-	-	327,594
Mobile Equipment	875,182	52,110	(26,091)	901,201
Office Equipment	182,244	-	-	182,244
Yards	56,330	-	-	56,330
Fuel Station	18,942	-	-	18,942
Shop Equipment	29,961	-	-	29,961
Lease Equipment	13,100	-	-	13,100
Total depreciable assets	<u>11,959,092</u>	<u>52,110</u>	<u>(26,091)</u>	<u>11,985,111</u>
Accumulated depreciation:				
Water System	(7,189,078)	(264,333)	-	(7,453,411)
Organization	(216,602)	(13,448)	-	(230,050)
Office Building	(279,098)	(11,010)	-	(290,108)
Mobile Equipment	(660,318)	(47,252)	26,091	(681,479)
Office Equipment	(151,497)	(17,569)	-	(169,066)
Yards	(50,304)	(249)	-	(50,553)
Fuel Station	(18,130)	(148)	-	(18,278)
Shop Equipment	(25,446)	(1,682)	-	(27,128)
Lease Equipment	(5,198)	(2,495)	-	(7,693)
Total accumulated depreciation	<u>(8,595,671)</u>	<u>(358,186)</u>	<u>26,091</u>	<u>(8,927,766)</u>
Total depreciable assets, net	<u>3,363,421</u>	<u>(306,076)</u>	<u>-</u>	<u>3,057,345</u>
Total capital assets, net	<u>\$ 3,497,880</u>			<u>3,802,866</u>

Major depreciable capital asset changes during fiscal year 2024 include additions and deletions to mobile equipment.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Capital Assets, continued

Changes in capital assets for 2023 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 90,005	6,189	-	96,194
Construction-in-process	34,595	144,911	(141,241)	38,265
Total non-depreciable assets	<u>124,600</u>	<u>151,100</u>	<u>(141,241)</u>	<u>134,459</u>
Depreciable assets:				
Water System	10,119,467	-	-	10,119,467
Organization	336,272	-	-	336,272
Office Building	327,594	-	-	327,594
Mobile Equipment	779,042	125,029	(28,889)	875,182
Office Equipment	182,244	-	-	182,244
Yards	56,330	-	-	56,330
Fuel Station	18,942	-	-	18,942
Shop Equipment	29,961	-	-	29,961
Lease Equipment	13,100	-	-	13,100
Total depreciable assets	<u>11,862,952</u>	<u>125,029</u>	<u>(28,889)</u>	<u>11,959,092</u>
Accumulated depreciation:				
Water System	(6,909,840)	(279,238)	-	(7,189,078)
Organization	(203,154)	(13,448)	-	(216,602)
Office Building	(268,007)	(11,091)	-	(279,098)
Mobile Equipment	(643,536)	(45,329)	28,547	(660,318)
Office Equipment	(133,928)	(17,569)	-	(151,497)
Yards	(50,056)	(248)	-	(50,304)
Fuel Station	(17,983)	(147)	-	(18,130)
Shop Equipment	(23,722)	(1,724)	-	(25,446)
Lease Equipment	(2,703)	(2,495)	-	(5,198)
Total accumulated depreciation	<u>(8,252,929)</u>	<u>(371,289)</u>	<u>28,547</u>	<u>(8,595,671)</u>
Total depreciable assets, net	<u>3,610,023</u>	<u>(246,260)</u>	<u>(342)</u>	<u>3,363,421</u>
Total capital assets, net	<u>\$ 3,734,623</u>			<u>3,497,880</u>

Major depreciable capital asset additions during fiscal year 2023 include additions to the water system and mobile equipment. Of the \$141,241 in transfers from construction in progress, \$16,212 was abandoned / expensed.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(5) Compensated Absences

Compensated absences comprise unpaid paid time off that accrues when benefits are fully vested and are determined annually. Compensated absences turn-over each year, therefore, the compensated absence balance of the Agency is recorded as a liability on the Statement of Net Position.

The changes to compensated absences balances at June 30, 2024 were as follows:

	<u>Balance</u> <u>2023</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2024</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$	144,380	108,580	(68,295)	184,665	55,400	129,265

The changes to compensated absences balances at June 30, 2023 were as follows:

	<u>Balance</u> <u>2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2023</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$	114,981	83,008	(53,609)	144,380	43,314	101,066

(6) Tax Liability – County

Tax Liability – County of San Bernardino

On August 20, 2018, the Agency received notification from the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector’s office, (County) that the County had overpaid \$130,183 in unitary tax allocations to Bighorn-Desert View Water Agency Improvement Agency 1 (Bighorn Mountains). The error was a result of the manner in which the County calculated the distribution of the Unitary Tax Allocation. The error was discovered in an audit of the County by the State Controller’s Office which required fiscal year 2005 to be “restated” and which led to a subsequent correction in the fiscal years that followed. While the Agency was “overpaid”, other entities were “underpaid”. The County of San Bernardino is responsible to reallocate the monies correctly. As a result, during the fiscal year ended June 30, 2018, the Agency adjusted its net position.

The County agreed to provide the Agency a 5-year payment schedule beginning in fiscal year June 30, 2020. The future payments will be accounted for in the tax allocations rather than through direct payment to the County Tax Collector.

Annual payments are as follows:

<u>Fiscal Year</u>	<u>Liability</u>
2025	\$ 26,037
Total	26,037
Less current	(26,037)
Total non-current	\$ -

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(7) Long-term Debt

Changes in long-term debt for the year ended June 30, 2024 are as follows:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Payments/ Amortization</u>	<u>Balance</u> <u>2024</u>
Lease payable:				
Equipment lease	\$ 8,147	-	(2,490)	5,657
Total lease payable	<u>8,147</u>	<u>-</u>	<u>(2,490)</u>	<u>5,657</u>
Less: current portion due	<u>(2,490)</u>			<u>(2,565)</u>
Long-term portion due	<u>\$ 5,657</u>			<u>3,092</u>

Changes in long-term debt for the year ended June 30, 2023 are as follows:

	<u>As Restated</u> <u>Balance</u> <u>2022</u>	<u>Additions</u>	<u>Payments/ Amortization</u>	<u>Balance</u> <u>2023</u>
Lease payable:				
Equipment lease	\$ 10,563	-	(2,416)	8,147
Total lease payable	<u>10,563</u>	<u>-</u>	<u>(2,416)</u>	<u>8,147</u>
Less: current portion due	<u>(2,416)</u>			<u>(2,490)</u>
Long-term portion due	<u>\$ 8,147</u>			<u>5,657</u>

Equipment Lease Payable

On June 16, 2021, the Agency entered into an agreement with Xerox Financial Services, LLC, (Xerox), to lease copier equipment for use in the District’s administrative office. Terms of the agreement commenced on June 16, 2021, for a period of 63 months, with rent due monthly at \$225 per month for the entire lease term.

Following the guidelines set forth by *GASB Statement No. 87*, the Agency has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.00%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,565	135	2,700
2026	2,643	57	2,700
2027	<u>449</u>	<u>2</u>	<u>451</u>
Total	<u>5,657</u>	<u>194</u>	<u>5,851</u>
Less: current	<u>(2,565)</u>		
Long-term	<u>\$ 3,092</u>		

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Agency’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Agency’s resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The death benefit is the 1957 Survivor Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency’s CalPERS 3.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the Agency’s CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the Agency’s CalPERS 3.0% at 60 Retirement Plan.

The Plans’ provision and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan Pool	
	Classic	PEPRA
	Prior to December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 service years	5 service years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%
Required employer contribution rates	17.260%	7.680%
Required employee contribution rates	7.810%	7.750%

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1, following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year ended June 30, the contributions for the Plan were as follows:

	2024	2023
Contributions – employer	\$ 121,978	104,560

Net Pension Liability

As of June 30, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2024	2023
Proportionate share of net pension liability	\$ 726,686	617,891

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended June 30, 2024 and 2023, the net pension liability of the Plan is measured as of June 30, 2023 and 2022 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 (the valuation dates), rolled forward to June 30, 2023 and 2022, respectively, 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 plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the fiscal year ended June 30, 2024, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2023	0.00535%
Increase in proportion	0.00048%
Proportion – June 30, 2024	0.00583%

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Agency's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the fiscal year ended June 30, 2023, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2022	0.00174%
Increase in proportion	0.00361%
Proportion – June 30, 2023	0.00535%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2024 and 2023, the Agency recognized pension income and expense of \$228,462 and \$322,236, respectively.

As of June 30, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 121,978	-	104,560	-
Differences between actual and expected experience	31,365	-	4,098	-
Changes in assumptions	43,875	-	63,316	-
Net differences between projected and actual earnings on plan investments	117,661	-	113,181	-
Differences between actual contribution and proportionate share of contribution	-	(26,684)	41,757	-
Net adjustment due to differences in proportions of net pension liability	66,281	-	25,253	-
Total	\$ 381,160	(26,684)	352,165	-

As of June 30, 2024 and 2023, the Agency reported \$121,978 and \$104,560, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2023 and 2022, and will be recognized as a reduction of the net pension liability for the year ended June 30, 2024 and 2024, respectively.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan, continued

As of June 30, 2024 other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	Deferred Net
Ending	Outflows/(Inflows)
June 30,	of Resources
2025	\$ 95,448
2026	67,418
2027	61,596
2028	8,036
2029	-
Remaining	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Dates	June 30, 2022 and 2021
Measurement Dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
 Actuarial assumptions:	
Discount rate	2023 and 2022 – 6.90%
Inflation	2023 and 2022 – 2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2023 and 2022 – 2021
Post Retirement Benefit	2023 and 2022 – COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2023 and 2022, the discount rate used to measure the total pension liability was 6.90% for the Plan. The discount rate reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan was selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

As of June 30, 2024 and 2023, the target allocation and the long-term expected real rate of return by asset class is as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10*
Global Equity	50.0%	4.80%
Global Fixed Income	28.0%	1.00%
Inflation Sensitive	0.0%	0.77%
Private Equity	8.0%	6.30%
Real Estate	13.0%	3.75%
Liquidity	1.0%	0.00%
Total	100.0%	

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(8) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

As of June 30, 2024, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Agency's Net Pension Liability	\$ <u>1,293,255</u>	<u>726,686</u>	<u>260,351</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount

As of June 30, 2023, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Agency's Net Pension Liability	\$ <u>1,128,714</u>	<u>617,891</u>	<u>197,608</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 51 and 52 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2024 and 2023, the Agency reported \$0 in payables for the outstanding amount of contribution to the pension plan, respectively.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(9) Section 115 Trust

In fiscal year 2019-20, the Agency's Board approved the creation of a Section 115 Trust Agreement with the Public Agency Retirement Services (PARS), Trustee and Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the Agency's pension plan obligation. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the Agency. The purpose of the creation of the Section 115 Trust was to address the Agency's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the Agency rather than pension plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the Agency's fund net position rather than assets of the pension plan during the measurement date of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

During the fiscal year ended June 30, 2024 and 2023, the Agency deposited \$0 into the Trust, respectively. During fiscal year ended June 30, 2024 and 2023, the Trust earned \$17,141 and \$9,156 in interest income and incurred \$1,437 and \$1,374 in bank fees, respectively. The Trust account balance on June 30, 2024 and 2023 amounted to \$257,936 and \$242,232, respectively.

(10) Net Investment in Capital Assets

Calculation of net investment in capital assets was as of June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 745,521	134,459
Capital assets, net – not being depreciated or amortized	3,057,345	3,363,421
Lease payable – current portion	(2,565)	(2,490)
Lease payable – non-current portion	(3,092)	(5,657)
Total net investment in capital assets	<u>\$ 3,797,209</u>	<u>3,489,733</u>

(11) Restricted Net Position

On January 21, 2015, the Local Agency Formation Commission for San Bernardino County adopted Resolution No. 3194 which annexed the Goat Mountain (CSA 70 Zone W-1) water system to the Bighorn-Desert View water system. As part of this annexation, the Agency is required to maintain separate accounts and is therefore classified as restricted.

Calculation of restricted net position as of June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Restricted net position:		
Goat Mountain capital assets	\$ 158,254	175,623
Section 115 Trust – Pension benefits	257,936	242,232
Total restricted net position	<u>\$ 416,190</u>	<u>417,855</u>

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(12) Unrestricted Net Position

Unrestricted net position as of June 30, were categorized as follows:

	2024	2023
Unrestricted net position:		
Non-spendable net position:		
Water-in-storage inventory	\$ 528,860	393,410
Materials and supplies inventory	103,210	95,917
Prepaid expenses and other deposits	116,275	91,651
Total non-spendable net position	748,345	580,978
Spendable net position are as follows:		
Unrestricted	4,606,504	4,527,395
Total spendable net position	4,606,504	4,527,395
Total unrestricted net position	\$ 5,354,849	5,108,373

(13) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has purchased its insurance coverage through CalMutuals Joint Powers Insurance Authority (JPRIMA), a public agency risk sharing joint powers authority created to serve the interests of water, sewer, irrigation, and other special service entities. The purpose of the JPRIMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2024, the Agency participated in the liability and property programs of the JPRIMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. Deductibles: General Liability Property Damage - \$0, Auto Liability Property Damage - \$0. A \$10 million aggregate limit applies separately to general liability and public officials and employees' errors and omissions.

In addition, the Agency also has the following insurance coverage:

- Employee dishonesty coverage up to \$500,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. A dedicated and separate limit of \$8,823,734 per occurrence, subject to a \$25,000 deductible per occurrence unless otherwise listed in declarations.
- Boiler and machinery coverage for the replacement cost up to \$8,823,734 dedicated and separate limit per occurrence, subject to a \$25,000 deductible per occurrence, unless other specific object or peril as listed on the declaration.
- Workers' compensation insurance up to statutory limits and Employer's Liability Coverage up to \$1 million.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(13) Risk Management, continued

- Excess liability insurance up to \$4 million per occurrence and aggregate, which on top of the general and auto liability and public and employees' errors and omissions and employers' liability coverage forms.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2024, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(15) Commitments and Contingencies

Grant Awards

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

Litigation

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

(16) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of October 8, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

Bighorn Desert View Water Agency
Schedule of the Agency's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years

	Measurement Date									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Agency's Proportion of the Net Pension Liability	0.00583%	0.00535%	0.00174%	0.00646%	0.00683%	0.00667%	0.00664%	0.00656%	0.00656%	0.00657%
Agency's Proportionate Share of the Net Pension Liability	\$ 726,686	617,891	93,861	702,188	699,595	642,920	658,030	567,392	450,309	408,884
Agency's Covered Payroll	\$ 558,852	521,317	525,005	454,463	477,108	432,502	473,007	390,961	361,687	351,152
Agency's proportionate share of the net pension liability as a as a Percentage of its Covered Payroll	130.03%	118.53%	17.88%	154.51%	146.63%	148.65%	139.12%	145.13%	124.50%	116.44%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.51%	97.09%	97.09%	76.73%	75.10%	76.19%	74.45%	75.10%	78.78%	79.59%

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

There were no changes in assumptions.

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

The discount rate was reduced from 7.65% to 7.15%

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

The inflation rate was reduced from 2.75% to 2.50%

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

Bighorn Desert View Water Agency
Schedule of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Description	Fiscal Years									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 78,868	62,237	69,753	63,587	65,745	58,546	56,033	52,497	44,964	53,164
Contributions in Relation to the Actuarially Determined Contribution	(78,868)	(62,237)	(69,753)	(63,587)	(65,745)	(58,546)	(56,033)	(52,497)	(44,964)	(53,164)
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 585,808	558,852	521,317	525,005	454,463	477,108	432,502	473,007	390,961	361,687
Contribution's as a percentage of Covered Payroll	14.11%	11.94%	13.29%	13.99%	13.78%	13.54%	11.85%	13.43%	12.43%	14.70%
Notes to schedule:										
Valuation date	June 30, 2022	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

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

Statistical Information Section

**Bighorn Desert View Water Agency
Statistical Section**

This part of the Agency’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency’s overall financial health.

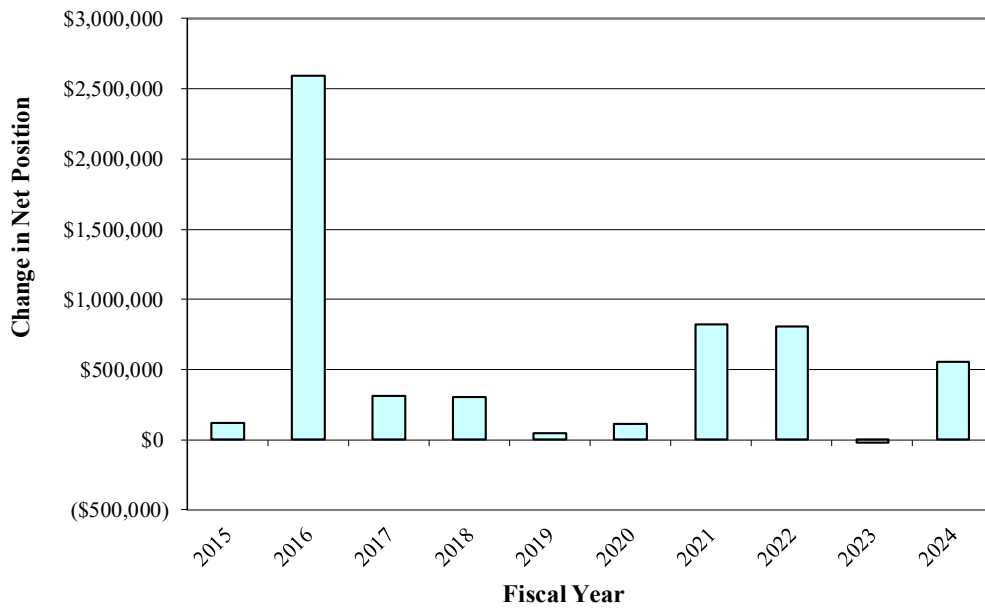
Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the Agency’s financial performance and well-being have changed over time.	54-57
Revenue Capacity These schedules contain information to help the reader assess the Agency’s most significant own-source revenue, water sales.	58-60
Debt Capacity These schedules present information to help the reader assess the affordability of the Agency’s current levels of outstanding debt and the Agency’s ability to issue additional debt in the future.	61-63
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the Agency’s financial activities take place.	64-65
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the Agency’s financial report relates to the service the Agency provides.	66-67

**Bighorn Desert View Water Agency
Changes in Net Position by Component
Last Ten Fiscal Years**

Schedule 1

	Fiscal Year				
	2015	2016	2017	2018	2019
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 1,097,073	1,530,493	1,614,452	1,730,166	1,781,296
Operating expenses (see Schedule 3)	(1,065,975)	(1,399,934)	(1,425,697)	(1,549,293)	(1,639,648)
Depreciation and amortization	(245,697)	(362,372)	(341,677)	(355,039)	(360,272)
Operating income(loss)	(214,599)	(231,813)	(152,922)	(174,166)	(218,624)
Non-operating revenues(expenses):					
Property taxes	292,261	328,939	388,380	364,491	205,697
Interest earnings, net of fair value	2,390	3,892	6,021	15,464	41,126
Desert View debt surcharge	49,949	49,983	50,169	50,134	50,093
Interest expense – investments, net of fair value	-	-	-	-	-
Interest expense – long-term debt	(32,637)	(28,182)	(21,059)	(14,613)	(7,026)
Gain (loss) on disposal of assets	-	11,190	-	-	(164,002)
Other non-operating revenues (expense), net	580	(2,062)	5,086	16,023	10,817
Total non-operating revenues, net	312,543	363,760	428,597	431,499	136,705
Net income (loss) before capital contributions	97,944	131,947	275,675	257,333	(81,919)
Capital contributions	23,271	2,458,613	32,967	43,345	125,872
Changes in net position	\$ 121,215	2,590,560	308,642	300,678	43,953
Net position by component:					
Net investment in capital assets	\$ 3,220,454	4,277,850	4,223,449	4,152,521	4,328,156
Restricted	-	449,082	418,582	418,582	418,582
Unrestricted	966,225	1,920,124	2,313,667	2,685,273	2,553,591
Total net position	\$ 4,186,679	6,647,056	6,955,698	7,256,376	7,300,329
% increase	-7.76%	58.77%	4.64%	4.32%	0.61%

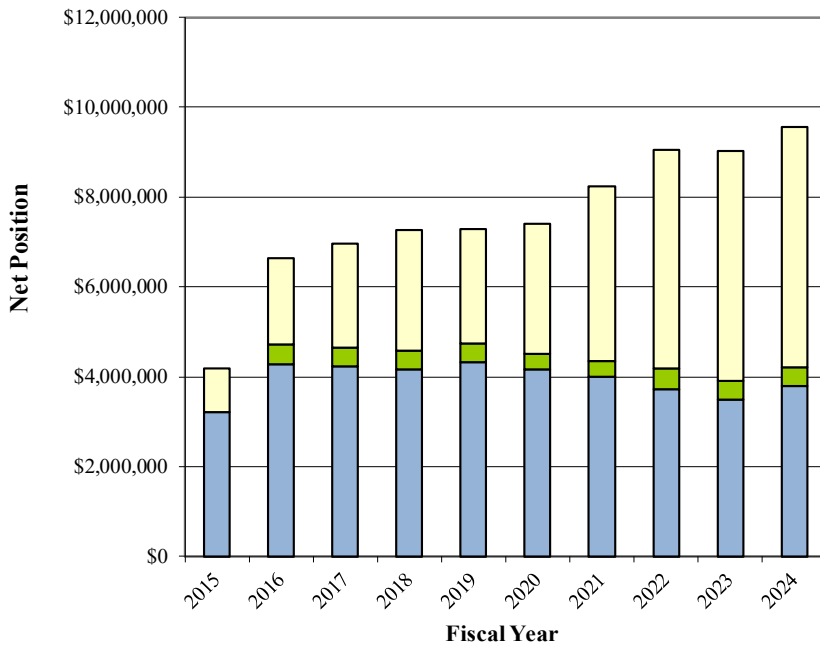


Source: Bighorn Desert View Water Agency Accounting Staff

**Bighorn Desert View Water Agency
Changes in Net Position by Component
Last Ten Fiscal Years**

Schedule 1

Fiscal Year				
2020	As Restated 2021	2022	2023	2024
1,983,822	2,432,919	2,240,380	2,037,166	2,086,197
(2,088,334)	(1,663,182)	(1,371,706)	(2,078,579)	(2,427,671)
(362,447)	(431,056)	(397,200)	(371,289)	(358,186)
(466,959)	338,681	471,474	(412,702)	(699,660)
203,648	216,462	209,045	242,221	293,832
70,688	20,610	-	-	-
50,031	66	-	-	-
-	-	(8,304)	55,566	235,587
(1,261)	(33)	(355)	(284)	(210)
(37,076)	-	-	4,358	6,793
1,216	16,509	63,354	21,906	43,197
287,246	253,614	263,740	323,767	579,199
(179,713)	592,295	735,214	(88,935)	(120,461)
291,943	225,287	73,993	65,548	672,748
112,230	817,582	809,207	(23,387)	552,287
4,175,265	3,995,389	3,724,060	3,489,733	3,797,209
344,225	344,225	451,750	417,855	416,190
2,893,069	3,890,527	4,863,538	5,108,373	5,354,849
7,412,559	8,230,141	9,039,348	9,015,961	9,568,248
1.54%	11.03%	9.83%	-0.26%	6.13%

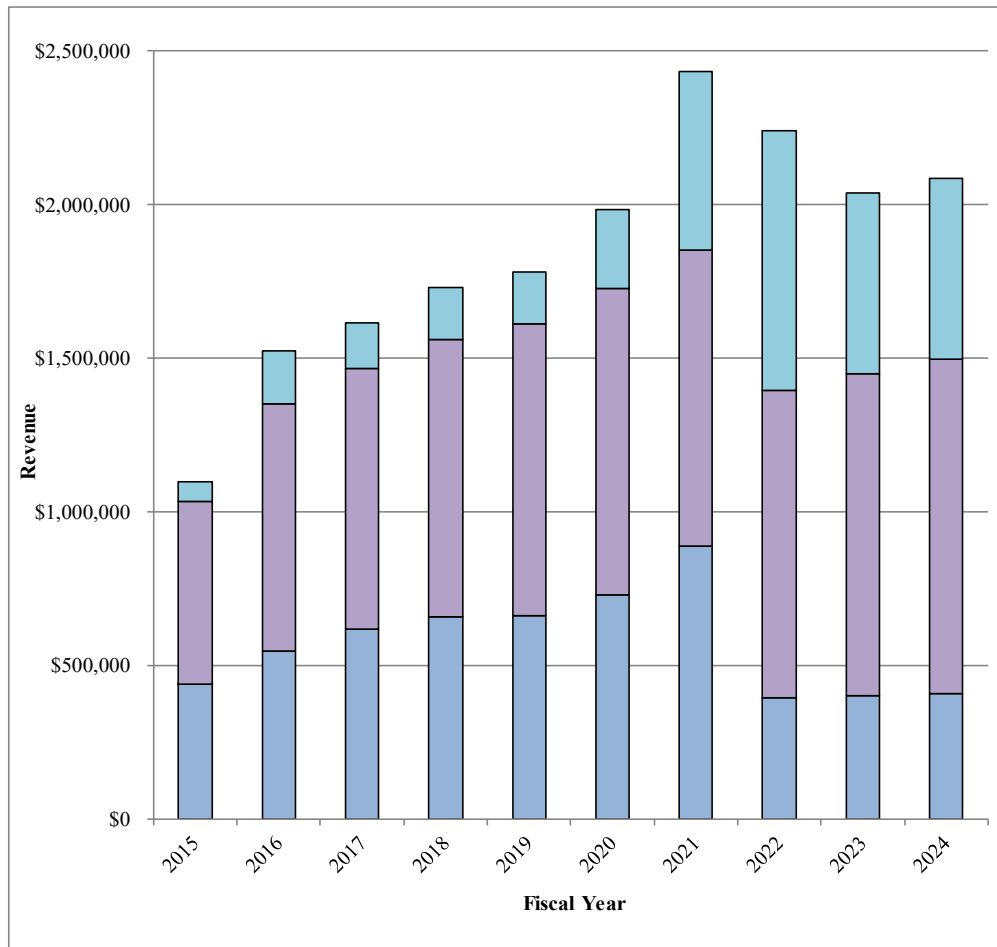


Note: See color key on page 56.

**Bighorn Desert View Water Agency
Operating Revenues by Source
Last Ten Fiscal Years**

Schedule 2

<u>Fiscal Year</u>		<u>Water Consumption Sales</u>	<u>Basic Service Charges</u>	<u>Other Charges</u>	<u>Total Operating Revenue</u>
2015	\$	438,409	594,571	64,093	1,097,073
2016		545,931	806,279	170,783	1,522,993
2017		617,342	848,325	148,785	1,614,452
2018		659,453	901,047	169,666	1,730,166
2019		662,875	949,380	169,041	1,781,296
2020		727,853	1,000,103	255,866	1,983,822
2021		887,162	963,838	581,919	2,432,919
2022		392,964	1,001,197	846,219	2,240,380
2023		399,971	1,048,120	589,075	2,037,166
2024		407,653	1,087,831	590,713	2,086,197

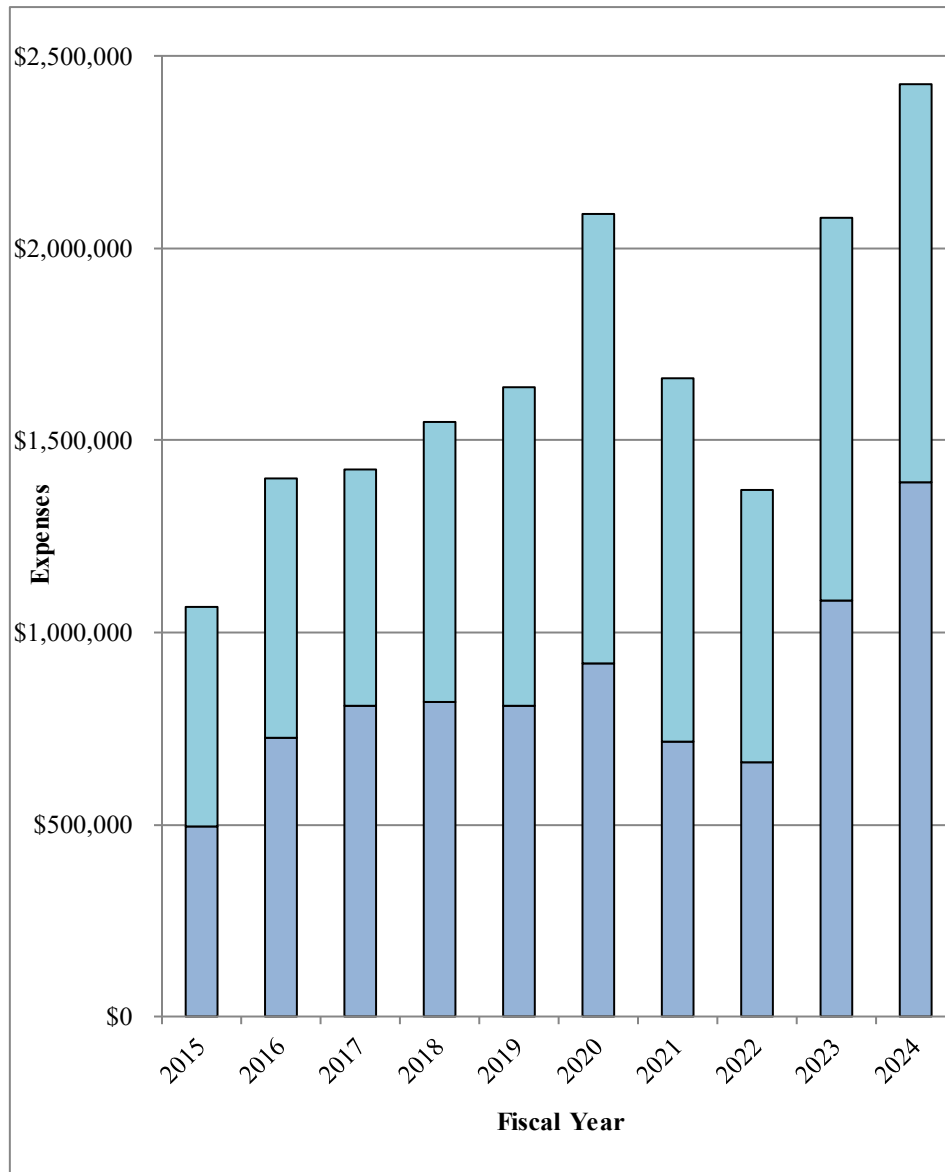


Source: Bighorn Desert View Water Agency Accounting Staff

**Bighorn Desert View Water Agency
Operating Expenses by Activity
Last Ten Fiscal Years**

Schedule 3

Fiscal Year	Transmission and Distribution	General and Administrative	Total Operating Expenses
2015	\$ 496,019	569,956	1,065,975
2016	726,110	673,824	1,399,934
2017	810,504	615,193	1,425,697
2018	819,563	729,730	1,549,293
2019	810,871	828,777	1,639,648
2020	921,052	1,167,282	2,088,334
2021	715,886	947,296	1,663,182
2022	663,125	708,581	1,371,706
2023	1,082,146	996,433	2,078,579
2024	1,389,360	1,038,311	2,427,671



Source: Bighorn Desert View Water Agency Accounting Staff

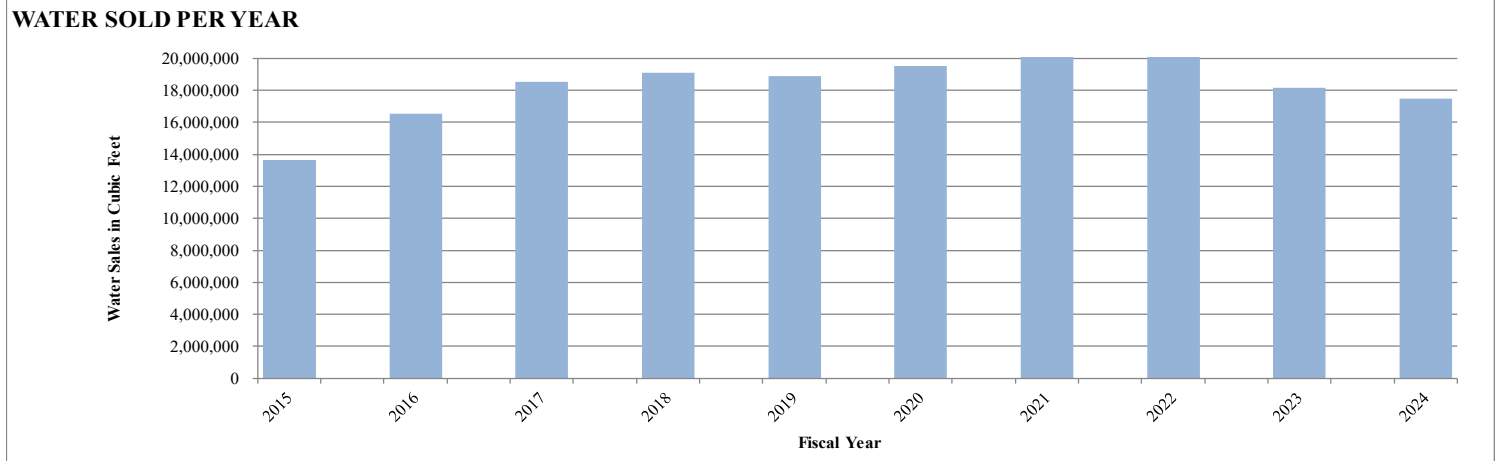
Bighorn Desert View Water Agency Water Sold and Produced Last Ten Fiscal Years

Schedule 4

Water Sold and Produced

READ CYCLE EVEN MONTHS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Routes 1-6, 15, 16 and bulk accts 30 thru 35 and 40										
Cubic Feet	\$ 6,384,904	7,231,125	8,194,345	8,558,114	10,929,073	11,426,664	14,687,873	10,783,397	8,541,603	7,992,352
Acre Feet	146.60	166.00	188.10	196.48	250.90	262.32	337.19	247.55	196.09	183.47
READ CYCLE ODD MONTHS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Routes 7-14										
Cubic Feet	\$ 7,282,630	9,320,813	10,324,766	10,519,454	7,951,582	8,080,386	10,130,967	11,943,213	9,617,062	9,479,429
Acre Feet	167.20	214.00	237.00	241.49	182.54	185.50	232.58	274.18	220.78	217.60
Total Sales in Cubic Feet	13,667,534	16,551,938	18,519,111	19,077,568	18,880,655	19,507,050	24,818,840	22,726,610	18,158,665	17,471,781
Total Sales in Acre Feet	313.80	380.00	425.10	437.97	433.44	447.82	569.76	521.73	416.87	401.07
Total All Production in Acre Feet	355.82	452.74	499.67	558.98	549.05	559.93	677.01	601.39	522.01	509.91

Bulk accounts are for individual's that haul their own water (routes 30-34) and commercial water haulers (route 35 and 36). Commercial billed monthly but totals in even month cycle only.
 Closed accounts are included with billing cycle regardless of route
 Construction water use varies from year to year and is billed very month (route 40) and counted with even month cycle only
 Water sales have increased in FY2015/16 due to annexation of the Improvement District Goat Mountain with 650 accounts.
 Total Production varies from Consumption due to bi-monthly billing cycle and monthly production measurements.



Source: Bighorn Desert View Water Agency Accounting Staff

**Bighorn Desert View Water Agency
Revenue Rates
Last Ten Fiscal Years**

Schedule 5

Revenue Rates

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BIGHORN MOUNTAINS											
Account Routes 01-06											
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF **	\$ 3.00	3.00	3.09	3.18	3.28	3.38	3.38	3.15/3.36	3.28/3.49	3.41/3.63
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF	-	-	-	-	-	-	-	4.80/5.01	4.99/5.21	5.19/5.42
Basic Service Charge (up to 1-inch)		27.50	27.50	28.88	30.32	31.83	33.42	33.42	32.12	33.41	34.75
DESSERT VIEW											
Account Routes 07-11											
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF	\$ 3.00	3.00	3.09	3.18	3.28	3.38	3.03	3.15/3.36	3.28/3.49	3.41/3.63
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF	-	-	-	-	-	-	-	4.80/5.01	4.99/5.21	5.19/5.42
Basic Service Charge (all sizes)		27.50	27.50	28.88	30.32	31.83	33.42	30.89	32.12	33.41	34.75
DV Revenue Bond Charge		4.65	4.65	4.65	4.65	4.65	4.65	0.00	0.00	0.00	0.00
ID GOAT MOUNTAIN*											
Account Routes 12-15											
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF	\$ 4.77	3.00	3.09	3.18	3.28	3.38	3.38	3.15/3.36	3.28/3.49	3.41/3.63
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF	5.49	N/A	N/A	N/A	N/A	N/A	N/A	4.80/5.01	4.99/5.21	5.19/5.42
Consumption Rate - Tier 3		6.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic Service Charge 3/4-inch/1-inch		29.36/48.93	27.50	28.88	30.32	31.83	33.42	33.42	N/A	33.41	34.75
Commercial, Institutional, Fire & Other											
Consumption Rate (flat only)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.72	3.87	4.02
Basic Service Charge (up to 1-inch)		N/A	N/A	N/A	N/A	N/A	N/A	33.42	32.12	33.41	34.75
Basic Service Charge Fire Sprinkler (1-Inch)		16.00	16.00	16.00	16.00	16.00	16.00	16.00	31.84	16.56	34.75
Basic Service Charge Fire Sprinkler (6-inch)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	312.86	325.38	564.00
Account Routes 30-31 (1-inch Metered Water Haulers)											
Consumption Rate (flat only)		\$ 8.50	8.50	8.76	9.02	9.29	9.57	9.57	8.14	8.47	8.81
Basic Service Charge (all sizes)		None	None	None	None	None	None	None	None	None	None
Account Routes 35 and 40 (2-inch Metered Water Haulers and Temporary Construction)											
Consumption Rate (flat only)		\$ 8.50	8.50	8.76	9.02	9.29	9.57	7.83	8.14	8.47	8.81
Basic Service Charge (all sizes)		None	None	28.88	30.32	31.83	33.42	85.43	88.84	92.40	96.09

Notes:

"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.

Tier structure from 2013-2015 based on prior system conditions (T1 0-14 HCF, T2 14-80 HCF; T3 >80 HCF)

** HCF = 100 cubic feet of water or 1 billing unit.

Construction rates were same as Accounts 30-33 until modified in FY2014/15.

Rate increase effective 06/30/2021 billing on Route 07-11 and 35, 36, and 40. Initiated 07/30/2021 on Routes 01-06 and 30-34

Source: Bighorn Desert View Water Agency Board of Directors approved rate ordinances and resolutions

**Bighorn Desert View Water Agency
Principal Customers
Current Fiscal Year and Nine Years Ago**

Schedule 6

<u>Customer</u>	<u>2024</u>			<u>Customer</u>	<u>2015</u>		
	<u>Sales in Cubic Feet</u>	<u>Annual Revenues</u>	<u>Percentage of Total</u>		<u>Sales in Cubic Feet</u>	<u>Annual Revenues</u>	<u>Percentage of Total</u>
COMMERCIAL WATER HAULER A	388,590	\$ 34,235	0.20%	H202U (COMMERCIAL WATER HAULER)	155,010	\$ 13,176	3.01%
CONSTRUCTION METER A	350,050	30,839	0.18%	JS WATER (COMMERCIAL WATER HAULER)	121,310	10,311	2.35%
COMMERCIAL WATER HAULER B	233,980	20,614	0.12%	MUSD LANDERS ELEM SCHOOL	102,710	3,081	0.70%
COMMERCIAL WATER HAULER C	219,764	19,361	0.11%	RESIDENTIAL CUSTOMER A	97,108	2,913	0.66%
RESIDENTIAL CUSTOMER R A	204,340	18,002	0.10%	RESIDENTIAL CUSTOMER B	93,372	2,801	0.64%
MUSD LANDERS ELEM SCHOOL	195,299	17,206	0.10%	RESIDENTIAL CUSTOMER C	76,344	2,290	0.52%
RESIDENTIAL CUSTOMER R B	128,496	11,320	0.06%	SKANSKA CIVI W (CONST. METER)	67,220	5,714	1.30%
RESIDENTIAL CUSTOMER R C	126,959	11,185	0.06%	RESIDENTIAL CUSTOMER D	63,964	1,919	0.44%
RESIDENTIAL CUSTOMER R D	119,272	10,508	0.06%	RESIDENTIAL CUSTOMER E	63,254	1,898	0.43%
RESIDENTIAL CUSTOMER R E	111,452	9,819	0.06%	RESIDENTIAL CUSTOMER F	61,627	1,849	0.42%
Total	<u>2,078,202</u>		<u>1.05%</u>	Total	<u>901,919</u>		<u>10.47%</u>
Water Sold in 2023-24	<u>17,471,781</u>	\$ <u>701,000</u>		Water Sold in 2014-15	<u>13,667,534</u>	\$ <u>438,409</u>	

Notes:

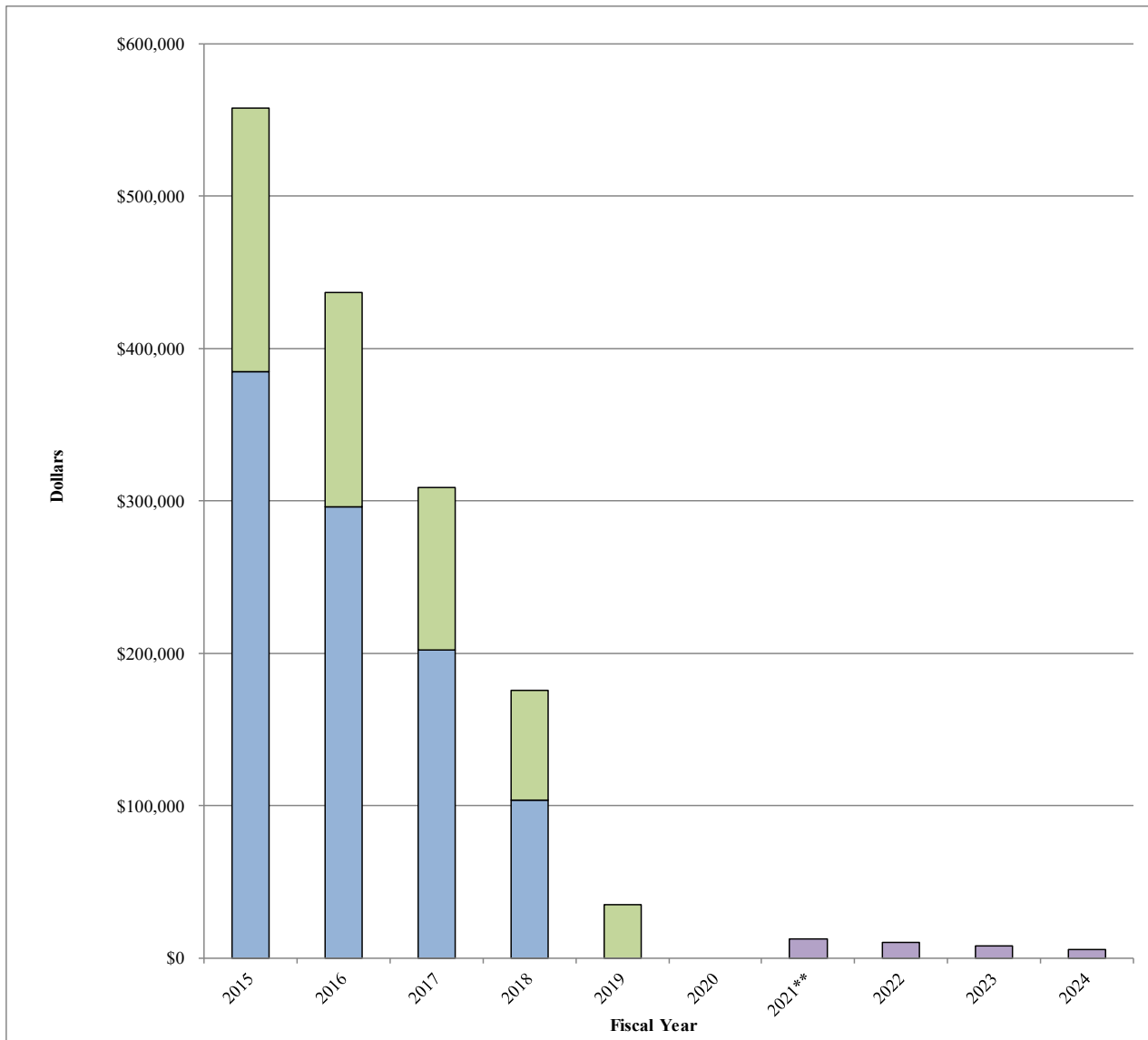
Construction meters are fire hydrants used for construction.
Commercial water haulers deliver to individual residents without service connections.
Commercial water hauler's and Construction water users are charged a higher rate per unit than domestic users (See Table "Water Rates" for trends)
High usage contributed to "water leaks" have been excluded

Source: Bighorn Desert View Water Agency Accounting Staff

Bighorn Desert View Water Agency Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Schedule 7

Fiscal Year	BH Bond	DV Bond	Equipment Lease	Total		
				Debt	Per Capita	As a Share of Personal Income
2015	\$ 385,000	\$ 172,977	\$ -	557,977	183.00	0.59%
2016	296,000	140,977	-	436,977	143.00	0.49%
2017	202,000	106,977	-	308,977	101.00	0.51%
2018	104,000	71,977	-	175,977	57.30	0.42%
2019	-	34,977	-	34,977	23.13	0.19%
2020	-	-	-	-	23.13	0.06%
2021**	-	-	12,908	12,908	2.92	0.01%
2022	-	-	10,563	10,563	2.35	0.00%
2023	-	-	8,147	8,147	1.82	0.01%
2024	-	-	5,657	5,657	1.29	0.00%



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.

** As restated for GASB Statement No. 87 implementation.

Debt per Capita excludes the population of the Improvement District Goat Mountain since it has no debt.

**Bighorn Desert View Water Agency
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Schedule 8

<u>Fiscal Year</u>	<u>Obligation Bonds</u>	<u>Assessed Value</u>	<u>Debt Per Capita</u>
2015	\$ 385,000	\$ 385,000	126
2016	296,000	296,000	97
2017	202,000	202,000	66
2018	104,000	104,000	34
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-

Sources and Footnotes:

Source: Audited Financial Statements & BDVWA Accounting Staff

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

Debt per Capita excludes the population of the Improvement District Goat Mountain since it has no debt.

**Bighorn Desert View Water Agency
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Schedule 9

<u>Fiscal Year</u>	<u>Net Revenues</u>	<u>Operating Expenses⁽¹⁾</u>	<u>Net Available Revenues</u>	<u>Debt Service</u>			<u>Total</u>	<u>Coverage Ratio</u>
				<u>FMHA Surcharge</u>	<u>Principal</u>	<u>Interest</u>		
2015	1,097,073	(1,065,975)	31,098	49,949	31,000	9,491	90,440	1.23
2016	1,522,993	(1,399,934)	123,059	49,983	32,000	8,630	90,613	1.23
2017	1,614,452	(1,425,697)	188,755	50,169	34,000	7,250	91,419	1.22
2018	1,730,166	(1,549,293)	180,873	50,134	35,000	5,550	90,684	1.24
2019	1,781,296	(1,639,648)	141,648	46,940	37,000	2,122	86,062	1.20
2020	1,983,822	(2,088,334)	(104,512)	44,000	35,000	1,261	80,261	1.21
2021	2,432,919	(1,663,182)	769,737	-	-	-	-	0.00
2022	2,240,380	(1,371,706)	868,674	-	-	-	-	0.00
2023	2,037,166	(2,078,579)	(41,413)	-	-	-	-	0.00
2024	2,086,197	(2,427,671)	(341,474)	-	-	-	-	0.00

Notes:

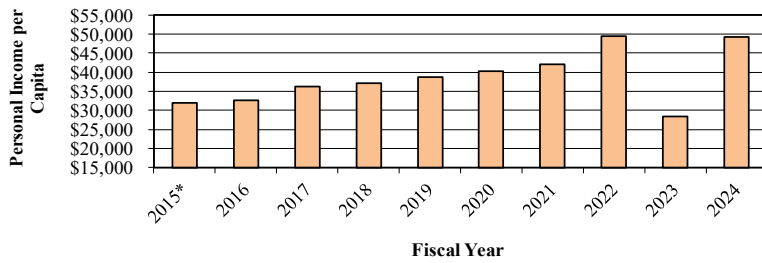
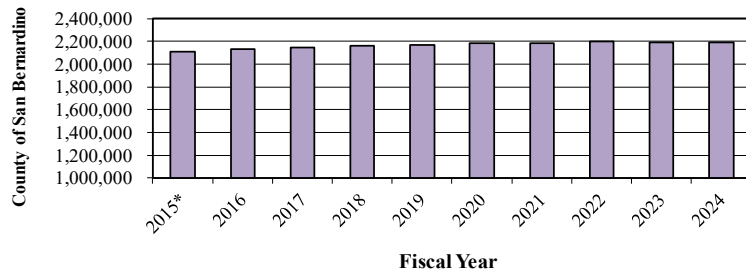
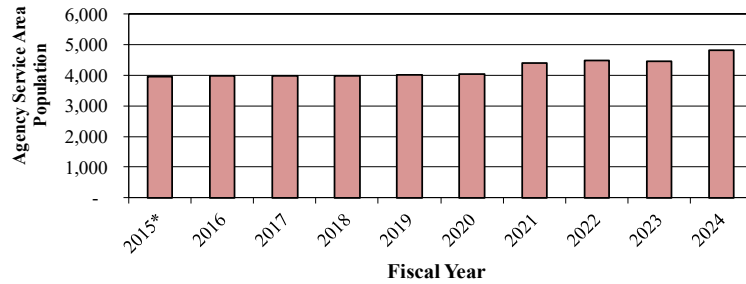
(1) Operating expenses exclude depreciation expense.

Source: Audited Financial Statements & BDVWA Accounting Staff

Bighorn Desert View Water Agency Demographic and Economic Statistics Last Ten Fiscal Years

Schedule 10

Year	County of San Bernardino ⁽²⁾				
	Population ⁽¹⁾	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2015*	3,968	6.5%	2,104,291	67,488,821	32,072
2016	3,972	5.9%	2,128,133	69,689,971	32,747
2017	3,978	5.4%	2,147,933	77,823,908	36,232
2018	3,990	4.7%	2,157,404	80,020,272	37,091
2019	4,007	4.0%	2,171,603	84,292,942	38,816
2020	4,032	4.0%	2,180,085	92,252,477	40,316
2021	4,416	7.8%	2,181,654	91,723,279	42,043
2022	4,494	5.4%	2,194,710	108,622,782	49,493
2023	4,465	4.3%	2,193,656	62,394,158	28,443
2024	4,830	7.8%	2,193,087	108,053,396	49,270



Notes:

(1) Population was recalibrated back in 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 Appropriations Limit Worksheet.

(2) Only County data is updated annually. Therefore, the Agency has chose to use its data since the Agency believes that the County data is representative of the conditions and experience of the Agency.

* On July 1, 2015 the Agency annexed a neighboring water agency and population increased accordingly.

Sources:

California Department of Finance and California Labor Market Info

Unemployment obtained from:

https://data.bls.gov/timeseries/LAUMT064014000000003?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

Population obtained from:

<https://www.census.gov/quickfacts/fact/map/sanbernardinocountycalifornia/INC110216>

Personal income per capita obtained from:

https://www.bestplaces.net/economy/county/california/san_bernardino (ALFRED used in all prior years but no 2023 data posted as of audit date)

**Bighorn Desert View Water Agency
Demographic and Economic Statistics
Last Ten Fiscal Years**

**Schedule 10
Historical Employment
2015**

<u>Employer</u>	<u>Current Employment</u>		<u>Employer</u>	<u>Historical Employment</u>
	<u>No. of EE's</u> <u>2023-2024</u>	<u>2024</u> <u>% of</u> <u>Labor Force</u>		<u>No. of EE's</u> <u>2014-2015</u>
Post Office	2	2.00%	Post Office	1
Giant Rock Meeting Room	12	12.00%	Giant Rock Meeting Room	N/A
Dollar General	7	7.00%	Dollar General	N/A
Halliday's Liquor	3	3.00%	Halliday's Liquor	N/A
Mojave Liquor	4	4.00%	Mojave Liquor	5
Loyal Order/Moose Landers	8	8.00%	Loyal Order/Moose Landers	2
Lander's Brew & Pub (Castle Inn)	N/A	N/A	Lander's Brew & Pub (Castle Inn)	1
Diversified Tools	N/A	N/A	Diversified Tools	2
Heros Market	5	5.00%	Heros Market	6
Bighorn Desert View Water Agency	9	9.00%	Bighorn Desert View Water Agency	7
La Copine	22	22.00%	La Copine	N/A
Moon Wind Trading	2	2.00%	Moon Wind Trading	N/A
C & J Feed Barn	1	1.00%	C & J Feed Barn	N/A
MUSD (Landers Elementary School)	<u>25</u>	25.00%	MUSD (Landers Elementary School)	<u>25</u>
Total	<u>100</u>	6.40%	Total	\$ <u>49</u>
2023-24 Total Labor Force for BDV Service Area		<u>1691</u>		

Notes:

Every known employer in the Bighorn-Desert View service area is included

Total Labor Force was estimated as a percentage of calculated population

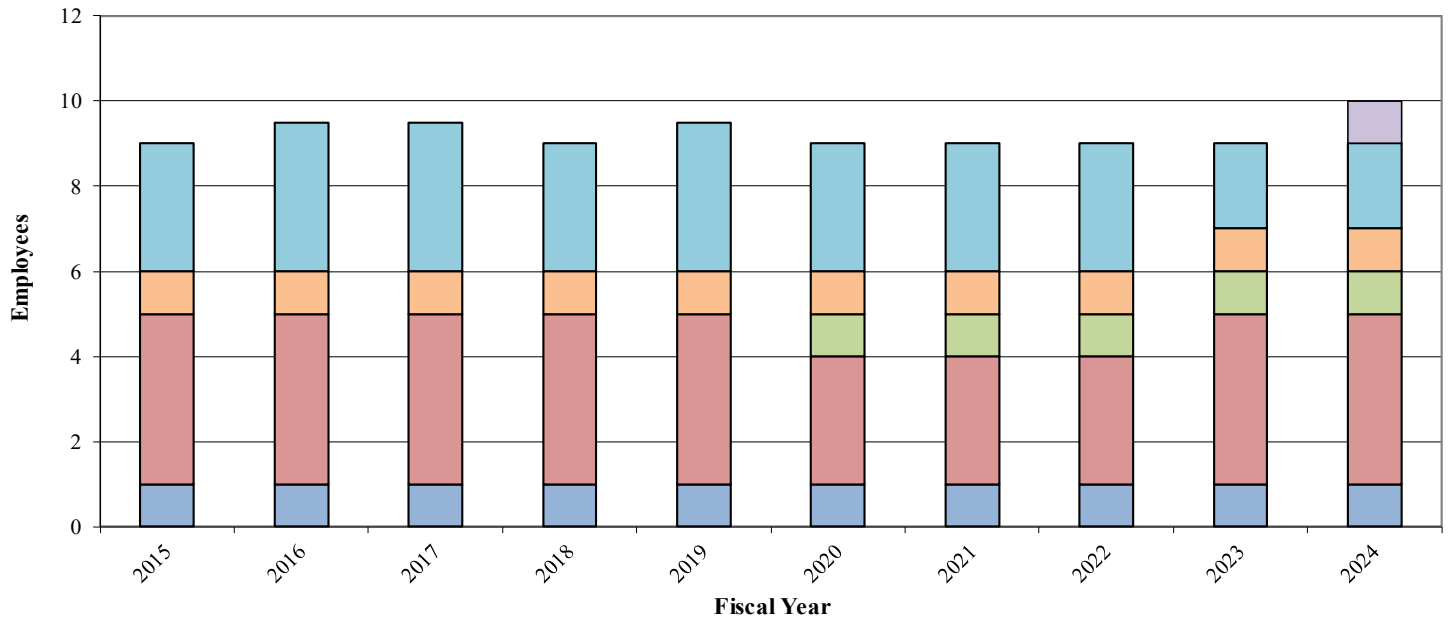
Source: Bighorn Desert View Water Agency Accounting Staff

**Bighorn Desert View Water Agency
Full Time Equivalent Agency Employees by Department
Last Ten Fiscal Years**

Schedule 11

Full-time Equivalent District Employees by Department

Fiscal Year	Water Operations			Administration			Total
	Water Distribution Operator (Water Quality)	Water Distribution Operator ¹	Field Supervisor ²	Administration ⁴ General Manager	Administration ⁴ Assistant General Manager	Accounting I, II, III Customer Service	
2015	1	4	0	1	0	3	9
2016	1	4	0	1	0	4	10
2017	1	4	0	1	0	4	10
2018	1	4	0	1	0	3	9
2019	1	4	0	1	0	4	10
2020	1	3	1	1	0	3	9
2021	1	3	1	1	0	3	9
2022	1	3	1	1	0	3	9
2023	1	4	1	1	0	2	9
2024	1	4	1	1	1	2	10



Source: Bighorn Desert View Water Agency Accounting Staff

Note:

General Manager and Assistant General Manager are included in Administration
Board Members, Part-Time and Temporary employee's are not included

**Bighorn Desert View Water Agency
Operating and Capacity Indicators
Last Ten Fiscal Years**

Schedule 12

Other Operating and Capacity Indicators - Potable Water System^{1,3}

Fiscal Year	Service Area		Miles of Pipeline	Storage Tanks	Storage Capacity (MG)	Active Pumping Plants	Active Wells ² Domestic	Well Capacity ⁴ (Gallons per Minute)	Service Connections ⁵		
	(annexed property): ³ (Acres)	(Square Miles)							Bighorn Mountains	Desert View	ID Goat Mountain
2015	27,353	43	120	10	2.40	2	6	2,789	1,010	886	N/A
2016	33,280	52	170	13	3.00	3	9	3,463	1,013	886	651
2017	33,280	52	170	13	3.00	3	9	3,363	1,015	888	652
2018	33,280	52	170	13	3.00	3	8	3,434	1,017	890	654
2019	33,280	52	170	13	3.00	3	8	3,238	1,020	893	657
2020	33,280	52	170	13	3.00	3	8	2,058	1,021	895	667
2021	33,280	52	170	13	3.00	3	8	2,058	1,028	900	704
2022	33,310	52	170	13	3.00	3	8	1,834	1,047	903	716
2023	33,310	52	170	13	3.00	3	8	1,834	1,066	909	723
2024	33,310	52	170	13	3.00	3	8	1,834	1,071	909	727

Notes:

MG - Millions of Gallons

- 1) - Corrections have been made to prior year statistics.
- 2) - Well 4 was inactivated in 2011 and Well 2 was inactivated in 2013.
- 3) - Effective July 1, 2015 ID Goat Mountain was annexed to BDVWA which affects all statistics shown.
- 4) - 2020 Well Capacity's dropped due to reduction in motor sizes to save on SCE demand charges. Gallons per minute from flowmeter.
- 5) - Active and inactive accounts as of June 30, 2023.

Source: Bighorn Desert View Water Agency Staff



Report on Internal Controls and Compliance



C.J. Brown & Company CPAs

An Accountancy Corporation

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Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Independent Auditor’s Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bighorn Desert View Water Agency (Agency) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Agency’s basic financial statements, and have issued our report thereon dated October 8, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
October 8, 2024