



Bighorn Desert View Water Agency
Yucca Valley, California

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024



Photo Credit: M. West

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 | Elected | 12/24 - 12/28 |
| John R. Burkhart | Secretary | Appointed in Lieu of Election | 12/22 - 12/26 |
| David Chapman | Director | Appointed in Lieu of Election | 12/24 - 12/28 |
| William Aldridge | Director | Appointed in Lieu of Election | 12/24 - 12/26 |

**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, 2025 and 2024

BIGHORN DESERT VIEW WATER AGENCY

622 South Jemez Trail
Yucca Valley, California 92284

Prepared by:

Marina D. West, PG, General Manager/Treasurer

**Bighorn Desert View Water Agency
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024**

Table of Contents

| | <u>Page No.</u> |
|---|------------------------|
| Table of Contents | i |
| Introductory Section | |
| Letter of Transmittal | 1-8 |
| Organizational Chart | 9 |
| GFOA Certificate of Achievement for Excellence in Financial Reporting | 10 |
| Financial Section | |
| Independent Auditor's Report | 11-13 |
| Management's Discussion and Analysis | 14-20 |
| Basic Financial Statements: | |
| Statements of Net Position | 21-22 |
| Statements of Revenues, Expenses, and Changes in Net Position | 23 |
| Statements of Cash Flows | 24-25 |
| Notes to the Basic Financial Statements | 26-51 |
| Required Supplementary Information: | |
| Schedule of Agency's Proportionate Share of the Net Pension Liability | 52 |
| Schedule of Pension Plan Contributions | 53 |
| Statistical Information Section | |
| Statistical Section – Table of Contents | 54 |
| Changes in Net Position by Component – Last Ten Fiscal Years | 55-56 |
| Operating Revenues by Source – Last Ten Fiscal Years | 57 |
| Operating Expenses by Activity – Last Ten Fiscal Years | 58 |
| Water Sold and Produced – Last Ten Fiscal Years | 59 |
| Revenue Rates – Last Ten Fiscal Years | 60 |
| Principal Customers – Current Fiscal Year and Nine Years Ago | 61 |
| Ratios of Outstanding Debt by Type – Last Ten Fiscal Years | 62 |
| Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years | 63 |
| Pledged-Revenue Coverage – Last Ten Fiscal Years | 64 |
| Demographic and Economic Statistics – Last Ten Fiscal Years | 65-66 |
| Full Time Equivalent Agency Employees by Department – Last Ten Fiscal Years | 67 |
| Operating and Capacity Indicators – Last Ten Fiscal Years | 68 |
| Report on Internal Controls and Compliance | |
| 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 <i>Government Auditing Standards</i> | 69-70 |

Introductory Section



December 9, 2025

To the Honorable Board of Directors and Customers of Bighorn Desert View Water Agency:

Introduction

It is our pleasure to submit Bighorn-Desert View Water Agency's Annual Comprehensive Financial Report ("ACFR" or "Report") for the fiscal years ending June 30, 2025 and 2024. 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, 2025, 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 but was vacant as of June 30, 2025. The staff remains organized into two (2) departments: Administration and Operations.

The Agency provides water service to approximately 2,736 connections (2413 active / 323 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 Commercial/Institutional. 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 2024/25, the Agency produced approximately 543.07 acre-feet of groundwater with 129.39 acre-feet of that production serving the ID GM system demand. This is an increase of about 8% or 41.91 acre-feet more than the prior fiscal year. Production is still about 20% less 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 2024/25, the Agency received 30 acre-feet of their State Water Project which completed a request for 200 acre-feet ordered in FY2023/24. There were operational challenges in recharging the full request within the Fiscal Year requested. 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 (same statistics as 2023/24). 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 (no updated statistics). 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 about half of the U.S. average (no new statistics published). 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 2024/25 the Agency focused on the following major initiatives:

1. 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.
2. Continue to engage with local stakeholders to communicate challenges and expectations of the State Legislature in pushing back on unfunded state mandates the Agency disagrees with.

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 as financial resources allow.
4. 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.
5. Maintain our 2-year Certificate of Excellence in Agency Transparency from the Special District Leadership Foundation.
6. 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 2024/25:

1. In June 2025, the Board adopted a balance budget totaling \$2.75M in revenue projections for fiscal year 2024/25. This budget included an adopted rate increase applied to the January 1, 2025, billing (due in February 2025). The fiscal year 2024/25 budget projected revenues exceeding expenses, but these were offset by projected capital expenses and “replacement/refurbishment” needs. Projected grant reimbursements were included in the budget.
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. The Assistant General Manager quit in May 2025. The Board of Directors along with the General Manager are evaluating options on how to best to reorganize going forward.
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 but the contractor was unable to complete the work. Following a successful settlement arrangement this first construction contract was finalized in March 2025. The Agency put the project out to bid and awarded a new contract to complete the work in June 2025. Project completion is expected in FY2025/26.
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. Design of the pipeline and pump station progressed to nearly 70% at the end of 2024/25. Right-of-way and environmental assessments are in progress.

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. Design of all components progressed to approximately 70% design. Right-of-way and environmental permitting tasks also progressed in 2024/25.
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 the exchanges and will file a final completion report in early 2025/26.
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 FY2024/25, the Agency leveraged its cash in various accounts earning a combined interest just over \$220,000, slightly higher than 2023/24. The Agency currently has zero bond debt outstanding but the Rate Study initiated in 2024/25 does contemplate borrowing funds to complete several new infrastructure projects.
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 2025 (for those bills excessively delinquent as of February 2025) was approximately \$56,440. This is an increase of approximately \$1,000 primarily based on approved rate increase effective January 2025. 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 2024/25 was \$2,146.
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 2024/25, 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, 2025, the PARS account balance was \$281,160.69. The fiscal year 2024/25 UAL payment was about \$69,500.
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 (www.mbconservation.org/annual_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 9th 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 2024/25 included collection of over 1,403 distinct water quality samples, collection of groundwater level measurements and water main flushing. During the year, the Agency experienced one mainline leak repair, 37 service line repairs and 67 service line replacements. Mainline and fire hydrant triennial valve exercising program cycle continues with 0 of 1,261 completed (due to resources allocated to meter replacement program). A total of 728 meters were exchanged throughout the Agency as part of the grant funded meter replacement program targeting 1,075 meters. Thirty (30) routine meter exchanges following signs of failure during meter reading and usage evaluations were also completed. There was staff turnover and difficulty in recruiting new operations staff throughout FY2024/25 and the Assistant General Manager also quit.
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, the Luna Vista Intertie was completed but the new production well was still under construction.
14. Agency is active participant and Charter Member of the Community Water Systems Alliance which works to unite local water utilities serving disadvantaged communities around California and give a voice to our elected state legislation. In 2024/25 the CWSA initiatives centered on Chromium-6 compliance and the Western Joshua Tree Conservation Act which has a huge financial impact on the Agency's new and existing infrastructure.
15. The Agency was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for fiscal year 2023/24 from the Government Finance Officers Association of the United States and Canada.
16. Since 2016, the Agency has achieved Certificate of Excellence in District Transparency from the Special Districts Leadership Foundation. This certificate expires in March 2026.
17. Since 2013, the Agency has achieved District of Distinction Accreditation from the Special Districts Leadership Foundation. This certificate expires in March 2026.

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 Board of Directors approved the current investment policy on June 27, 2023 (Resolution No. 23R-12). 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 accounts (Banc of California previously Pacific Western Bank and Five Star Bank), two high yield "savings" accounts (Banc of California previously Pacific Western Bank and Five Star Bank) and a California Liquid Assets Security System (CA CLASS) account.

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, 2025, the balance was \$281,161 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, 2025, was the fifth and final increase in the five-year approved rate structure. A new 5-year rate study commenced in 2024/25 with the goal of implementation in early 2026.

Water Conservation Programs

The Agency is a 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 2024/25, 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, 2024. This was the thirteenth 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 2024/25.

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 April 1, 2026 to March 31, 2029.

Awards and Acknowledgements, continued

Also, since 2013, 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 April 1, 2026 to March 31, 2029.

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.

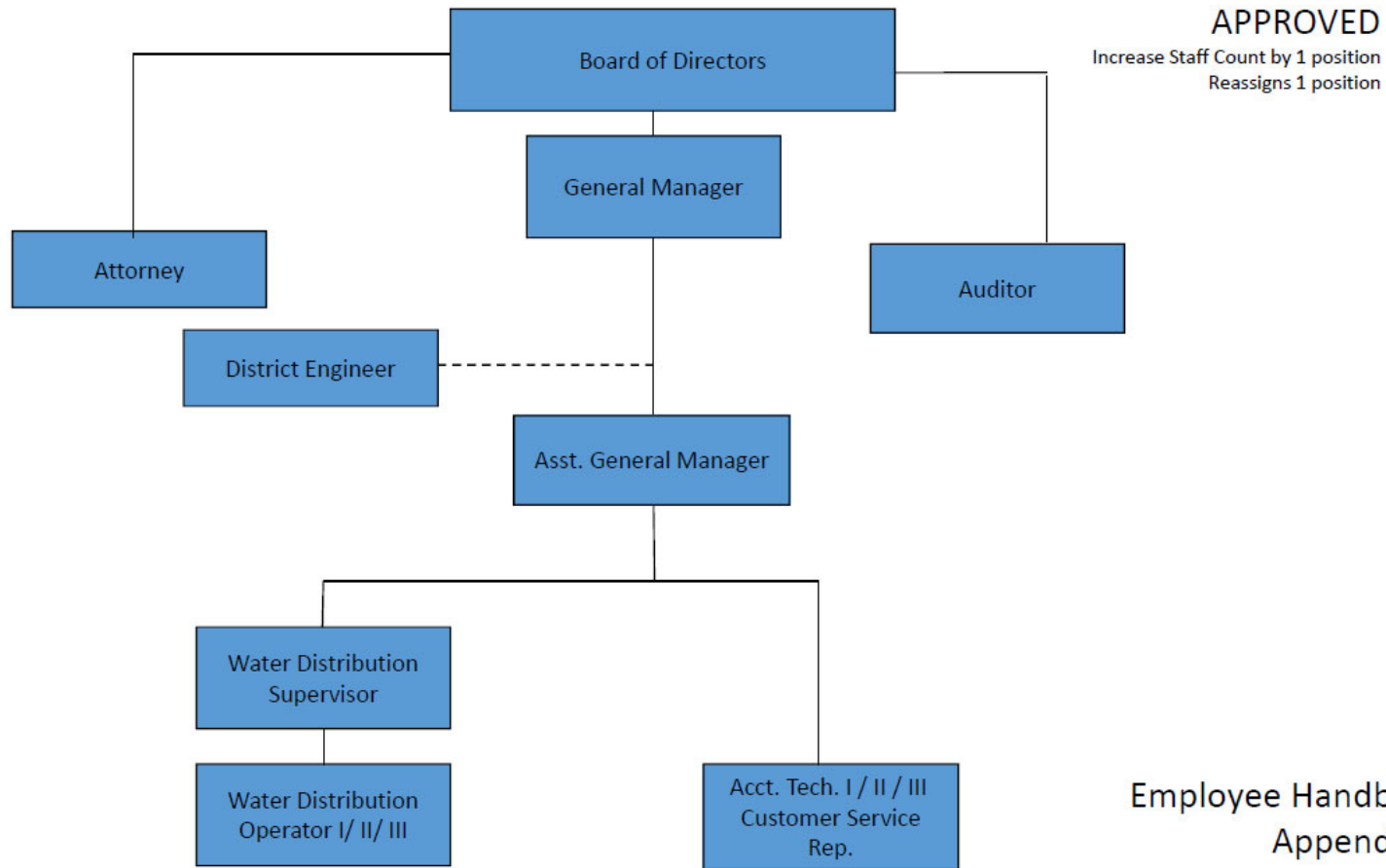
With Great Pleasure,



Marina D. West, PG
General Manager / Treasurer

Rosalind Paulino

Rosalind Paulino
Accounting Technician II



Employee Handbook Appendix D

Authorized Staff Count = 10

General Manager = 1

Asst. General Manager = 1

Water Distribution Supervisor = 1

Water Distribution Operator or
Accounting Tech/Customer Service = 7

Motion No. 23M-020

June 27, 2023



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, 2024

Christopher P. Morill

Executive Director/CEO

Financial Section



C.J. Brown & Company CPAs

An Accountancy Corporation

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

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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, 2025 and 2024, 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, 2025 and 2024, 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.

Emphasis of Matter

As part of our audit of the June 30,2025, financial statements, we audited the adjustments described in Note 13.

As discussed in Note 1.C to the financial statements, on June 30, 2025, the District adopted new accounting guidance *Governmental Accounting Standards Board Statement No. 101*. As a result the Agency has recorded prior period adjustments to restate net position as of July 1, 2022 and July 1, 2023, respectively. Our opinion is not modified with respect to this matter.

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 52 and 53 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 54 through 68 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 December 9, 2025, 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 69 and 70.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

December 9, 2025

Bighorn Desert View Water Agency
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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 7.17% or \$685,153 to \$10,236,559, due to income from ongoing operations of \$213,755 and capital contributions of \$471,398. In 2024, the Agency's net position increased by 6.10% or \$549,223 to \$9,551,406, due to the loss from ongoing operations of \$123,525 and capital contributions of \$672,748.
- The Agency's total revenues increased by 1.11% or \$36,896 to \$3,375,250. In 2024, the Agency's total revenues increased by 37.56% or \$911,589 to \$3,338,354.
- The Agency's operating revenues increased by 11.67% or \$243,428 to \$2,329,625. In 2024, the Agency's operating revenues increased by 2.41% or \$49,031 to \$2,086,197.
- The Agency's non-operating revenues decreased by 0.89% or \$5,182 to \$574,227. In 2024, the Agency's non-operating revenues increased by 78.80% or \$255,358 to \$579,409.
- The Agency's total expenses decreased by 3.55% or \$99,034 to \$2,690,097. In 2024, the Agency's total expenses increased by 13.20% or \$325,201 to \$2,789,131.
- The Agency's operating expenses including depreciation decreased by 3.55% or \$98,959 to \$2,689,962. In 2024, the Agency's operating expenses including depreciation increased by 13.20% or \$325,275 to \$2,788,921.
- The Agency's non-operating expenses decreased by 35.71% or \$75 to \$135. In 2024, the Agency's non-operating expenses decreased by 26.06% or \$74 to \$210.
- The Agency's capital contributions decreased by 29.93% or \$201,350 to \$471,398. In 2024, the Agency's capital contributions increased by 926.34% or \$607,200 to \$672,748.

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
For the Fiscal Years Ended June 30, 2025 and 2024

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 51.

Statements of Net Position

Condensed Statements of Net Position

| | 2025 | As Restated 2024 | Change | As Restated 2023 | Change |
|---|----------------------|---------------------|-----------------|---------------------|----------------|
| Assets: | | | | | |
| Current assets | \$ 7,129,859 | 6,638,534 | 491,325 | 6,177,151 | 461,383 |
| Non-current assets | 104,328 | 98,963 | 5,365 | 93,484 | 5,479 |
| Capital assets, net | 4,030,102 | 3,802,866 | 227,236 | 3,497,880 | 304,986 |
| Total assets | 11,264,289 | 10,540,363 | 723,926 | 9,768,515 | 771,848 |
| Deferred outflows of resources | 335,061 | 381,160 | (46,099) | 352,165 | 28,995 |
| Liabilities: | | | | | |
| Current liabilities | 489,257 | 512,902 | (23,645) | 400,251 | 112,651 |
| Non-current liabilities | 820,747 | 830,531 | (9,784) | 718,246 | 112,285 |
| Total liabilities | 1,310,004 | 1,343,433 | (33,429) | 1,118,497 | 224,936 |
| Deferred inflows of resources | 52,787 | 26,684 | 26,103 | - | 26,684 |
| Net position: | | | | | |
| Net investment in capital assets | 4,027,010 | 3,797,209 | 229,801 | 3,489,733 | 307,476 |
| Restricted – Goat Mountain capital assets | - | 175,623 | (175,623) | 217,300 | (41,677) |
| Restricted – pension benefits | 281,161 | 242,232 | 38,929 | 234,450 | 7,782 |
| Unrestricted | 5,928,388 | 5,336,342 | 592,046 | 5,060,700 | 275,642 |
| Total net position | \$ 10,236,559 | 9,551,406 | 685,153 | 9,002,183 | 549,223 |

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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 \$10,236,559 and \$9,551,406 as of June 30, 2025 and 2024, respectively.

Compared to the previous year, net position of the Agency increased 7.17% and 6.10% or \$685,153 and \$549,223, 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 (39.3% and 39.8% as of June 30, 2025 and 2024, 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 2025 and 2024, the Agency showed a positive balance in its unrestricted net position of \$5,928,388 and \$5,336,342, respectively, which may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

| | <u>2025</u> | <u>As Restated 2024</u> | <u>Change</u> | <u>As Restated 2023</u> | <u>Change</u> |
|---|----------------------|-----------------------------|------------------|-----------------------------|------------------|
| Operations: | | | | | |
| Operating revenues | \$ 2,329,625 | 2,086,197 | 243,428 | 2,037,166 | 49,031 |
| Operating expenses | <u>2,343,144</u> | <u>2,430,735</u> | <u>(87,591)</u> | <u>2,092,357</u> | <u>338,378</u> |
| Operating loss before depreciation | <u>(13,519)</u> | <u>(344,538)</u> | <u>331,019</u> | <u>(55,191)</u> | <u>(289,347)</u> |
| Depreciation | <u>(346,818)</u> | <u>(358,186)</u> | <u>11,368</u> | <u>(371,289)</u> | <u>13,103</u> |
| Operating loss | <u>(360,337)</u> | <u>(702,724)</u> | <u>342,387</u> | <u>(426,480)</u> | <u>(276,244)</u> |
| Non-operating revenue (expenses): | | | | | |
| Property taxes | 320,623 | 293,832 | 26,791 | 242,221 | 51,611 |
| Interest earnings | 245,400 | 235,587 | 9,813 | 55,566 | 180,021 |
| Interest expense – long-term debt | (135) | (210) | 75 | (284) | 74 |
| Gain on asset disposals | 1,094 | 6,793 | (5,699) | 4,358 | 2,435 |
| Other non-operating revenues, net | <u>7,110</u> | <u>43,197</u> | <u>(36,087)</u> | <u>21,906</u> | <u>21,291</u> |
| Total non-operating revenues, net | <u>574,092</u> | <u>579,199</u> | <u>(5,107)</u> | <u>323,767</u> | <u>255,432</u> |
| Net income (loss) before capital contributions | <u>213,755</u> | <u>(123,525)</u> | <u>337,280</u> | <u>(102,713)</u> | <u>(20,812)</u> |
| Capital contributions: | | | | | |
| Meter sales and installations | 37,590 | 27,535 | 10,055 | 17,630 | 9,905 |
| Grant revenue | <u>433,808</u> | <u>645,213</u> | <u>(211,405)</u> | <u>47,918</u> | <u>597,295</u> |
| Total capital contributions | <u>471,398</u> | <u>672,748</u> | <u>(201,350)</u> | <u>65,548</u> | <u>607,200</u> |
| Change in net position | <u>685,153</u> | <u>549,223</u> | <u>135,930</u> | <u>(37,165)</u> | <u>586,388</u> |
| Net position, beginning of period, as restated | <u>9,551,406</u> | <u>9,002,183</u> | <u>549,223</u> | <u>9,039,348</u> | <u>(37,165)</u> |
| Net position, end of period, as restated | <u>\$ 10,236,559</u> | <u>9,551,406</u> | <u>685,153</u> | <u>9,002,183</u> | <u>549,223</u> |

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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, 2025, the Agency's net position increased by 7.17% or \$685,153 to \$10,236,559, due to income from ongoing operations of \$213,755 and capital contributions of \$471,398. During the fiscal year ended June 30, 2024, the Agency's net position increased by 6.10% or \$549,223 to \$9,551,406, due to the loss from ongoing operations of \$123,525 and capital contributions of \$672,748.

Total Revenues

| | <u>2025</u> | <u>As Restated 2024</u> | <u>Change</u> | <u>As Restated 2023</u> | <u>Change</u> |
|--------------------------------------|---------------------|-----------------------------|------------------|-----------------------------|----------------|
| Operating revenues: | | | | | |
| Water consumption sales | \$ 471,670 | 407,653 | 64,017 | 399,971 | 7,682 |
| Basic service charges | 1,150,498 | 1,087,831 | 62,667 | 1,048,120 | 39,711 |
| Other charges | <u>707,457</u> | <u>590,713</u> | <u>116,744</u> | <u>589,075</u> | <u>1,638</u> |
| Total operating revenues | <u>2,329,625</u> | <u>2,086,197</u> | <u>243,428</u> | <u>2,037,166</u> | <u>49,031</u> |
| Non-operating revenues: | | | | | |
| Property taxes | 320,623 | 293,832 | 26,791 | 242,221 | 51,611 |
| Interest earnings, net of fair value | 245,400 | 235,587 | 9,813 | 55,566 | 180,021 |
| Gain on asset disposals | 1,094 | 6,793 | (5,699) | 4,358 | 2,435 |
| Other non-operating revenues, net | <u>7,110</u> | <u>43,197</u> | <u>(36,087)</u> | <u>21,906</u> | <u>21,291</u> |
| Total non-operating revenues | <u>574,227</u> | <u>579,409</u> | <u>(5,182)</u> | <u>324,051</u> | <u>255,358</u> |
| Capital contributions: | | | | | |
| Meter sales and installations | 37,590 | 27,535 | 10,055 | 17,630 | 9,905 |
| Grant revenue | <u>433,808</u> | <u>645,213</u> | <u>(211,405)</u> | <u>47,918</u> | <u>597,295</u> |
| Total capital contributions | <u>471,398</u> | <u>672,748</u> | <u>(201,350)</u> | <u>65,548</u> | <u>607,200</u> |
| Total revenues | <u>\$ 3,375,250</u> | <u>3,338,354</u> | <u>36,896</u> | <u>2,426,765</u> | <u>911,589</u> |

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

In fiscal year 2025, the Agency's total revenues increased by 1.11% or \$36,896 to \$3,375,250. Operating revenues increased by 11.67% or \$243,428 to \$2,329,625, primarily due to increases in other charges of \$116,744, water consumption sales of \$64,017, and \$62,667 in basic service charges as compared to the prior year. 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 2025, non-operating revenues decreased by 0.89% or \$5,182 to \$574,227, due to decreases in other non-operating revenues of \$36,087 and gain on asset disposals of \$5,699, offset by increases in property taxes of \$26,791 and interest earnings of \$9,813 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 2025, the Agency's capital contributions decreased by 29.93% or \$201,350 to \$471,398. Capital contributions were comprised of grant revenues of \$433,808 and meter sales and installations of \$37,590. 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.

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Total Expenses

| | <u>2025</u> | <u>As Restated 2024</u> | <u>Change</u> | <u>As Restated 2023</u> | <u>Change</u> |
|---|---------------------|-----------------------------|-----------------|-----------------------------|-----------------|
| Operating expenses including depreciation expense: | | | | | |
| Transmission and distribution | \$ 1,215,855 | 1,389,339 | (173,484) | 1,089,616 | 299,723 |
| General and administrative | 1,127,289 | 1,041,396 | 85,893 | 1,002,741 | 38,655 |
| Depreciation and amortization | <u>346,818</u> | <u>358,186</u> | <u>(11,368)</u> | <u>371,289</u> | <u>(13,103)</u> |
| Total operating expenses including depreciation and amortization expense | <u>2,689,962</u> | <u>2,788,921</u> | <u>(98,959)</u> | <u>2,463,646</u> | <u>325,275</u> |
| Non-operating expenses: | | | | | |
| Interest expense – long-term debt | <u>135</u> | <u>210</u> | <u>(75)</u> | <u>284</u> | <u>(74)</u> |
| Total non-operating expenses | <u>135</u> | <u>210</u> | <u>(75)</u> | <u>284</u> | <u>(74)</u> |
| Total expenses | <u>\$ 2,690,097</u> | <u>2,789,131</u> | <u>(99,034)</u> | <u>2,463,930</u> | <u>325,201</u> |

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

In fiscal year 2025, the Agency's total expenses decreased by 3.55% or \$99,034 to \$2,690,097. Operating expenses including depreciation expense decreased by 3.55% or \$98,959 to \$2,689,962, due to decreases in transmission and distribution of \$173,484 and depreciation expense of \$11,368, offset by an increase in general and administrative of \$85,893 as compared to the prior year. In fiscal year 2024, the Agency's total expenses increased by 13.20% or \$325,201 to \$2,789,131. Operating expenses including depreciation expense increased by 13.20% or \$325,275 to \$2,788,921, due to increases in transmission and distribution of \$299,723, of which \$54,306 was due to actuarial determined changes in the pension liability, general and administrative of \$38,655, 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 2025, the Agency's non-operating expenses decreased by 35.71% or \$75 to \$135 due to a decrease in interest expense related to long term debt. In fiscal year 2024, the Agency's non-operating expenses decreased by 26.06% or \$74 to \$210 due to a decrease in interest expense related to long term debt.

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Capital Asset Administration

Changes in capital assets in 2025 were as follows:

| | <u>Balance 2024</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance 2025</u> |
|--|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Capital assets: | | | | |
| Non-depreciable and amortizable assets | \$ 745,521 | 587,768 | (156,540) | 1,176,749 |
| Depreciable and amortizable assets | 11,985,111 | 156,540 | (90,899) | 12,050,752 |
| Accumulated depreciation and amortization | <u>(8,927,766)</u> | <u>(346,818)</u> | <u>77,185</u> | <u>(9,197,399)</u> |
| Total capital assets | <u>\$ 3,802,866</u> | <u>397,490</u> | <u>(170,254)</u> | <u>4,030,102</u> |

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> |

At the end of fiscal year 2025 and 2024, the Agency's investment in capital assets amounted to \$4,030,102 and \$3,802,866, 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 2025 were as follows:

| | <u>Balance 2024</u> | <u>Additions</u> | <u>Principal Payments/</u> | <u>Balance 2025</u> |
|-------------------------|-------------------------|------------------|--------------------------------|-------------------------|
| Lease payable: | | | | |
| Equipment lease payable | \$ 5,657 | - | (2,565) | 3,092 |
| Total long-term debt | <u>\$ 5,657</u> | <u>-</u> | <u>(2,565)</u> | <u>3,092</u> |

Bighorn Desert View Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Debt Administration, continued

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 | \$ 8,147 | - | (2,490) | 5,657 |

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, 2025 and 2024

| | 2025 | As Restated 2024 |
|--|-------------------|-----------------------------|
| Current assets: | | |
| Cash and cash equivalents (note 2) | \$ 5,423,467 | 4,810,945 |
| Cash and cash equivalents – restricted (note 2, 9, 11) | 281,161 | 257,936 |
| Accrued interest receivable | 185 | 182 |
| Accounts receivable – water sales and services | 417,865 | 375,770 |
| Grants receivable | 208,612 | 411,483 |
| Accounts receivable – other | 3,116 | - |
| Property taxes receivable | 26,103 | 33,873 |
| Water-in-storage inventory | 548,210 | 528,860 |
| Materials and supplies inventory | 99,440 | 103,210 |
| Prepaid expenses and other deposits | 121,700 | 116,275 |
| Total current assets | 7,129,859 | 6,638,534 |
| Non-current assets: | | |
| Accounts receivable – long-term, net (note 3) | 104,328 | 98,963 |
| Capital assets – not being depreciated (note 4) | 1,176,749 | 745,521 |
| Depreciable capital assets, net (note 4) | 2,853,353 | 3,057,345 |
| Total non-current assets | 4,134,430 | 3,901,829 |
| Total assets | 11,264,289 | 10,540,363 |
| Deferred outflows of resources: | | |
| Deferred pension outflows (note 8) | 335,061 | 381,160 |
| Total deferred outflows of resources | \$ 335,061 | 381,160 |

Continued on next page

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Net Position, continued
June 30, 2025 and 2024

| | <u>2025</u> | <u>As Restated 2024</u> |
|---|----------------------|-----------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 142,046 | 159,354 |
| Accrued expenses | 57,315 | 50,029 |
| Unearned revenue | 24,441 | 22,208 |
| Deposits | 157,102 | 151,955 |
| Long-term liabilities – due within one year: | | |
| Compensated absences (note 5) | 105,710 | 100,754 |
| Tax liability – County (note 6) | - | 26,037 |
| Lease payable (note 7) | 2,643 | 2,565 |
| Total current liabilities | <u>489,257</u> | <u>512,902</u> |
| Non-current liabilities: | | |
| Long-term liabilities – due in more than one year: | | |
| Compensated absences (note 5) | 105,709 | 100,753 |
| Lease payable (note 7) | 449 | 3,092 |
| Net pension liability (note 8) | 714,589 | 726,686 |
| Total non-current liabilities | <u>820,747</u> | <u>830,531</u> |
| Total liabilities | <u>1,310,004</u> | <u>1,343,433</u> |
| Deferred inflows of resources: | | |
| Deferred pension inflows (note 8) | 52,787 | 26,684 |
| Total deferred inflows of resources | <u>52,787</u> | <u>26,684</u> |
| Net position: | | |
| Net investment in capital assets (note 10) | 4,027,010 | 3,797,209 |
| Restricted – Goat Mountain capital assets (note 11) | - | 175,623 |
| Restricted – pension benefits (note 2, 9, 11) | 281,161 | 242,232 |
| Unrestricted (note 12) | 5,928,388 | 5,336,342 |
| Total net position | <u>\$ 10,236,559</u> | <u>9,551,406</u> |

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, 2025 and 2024

| | <u>2025</u> | <u>As Restated 2024</u> |
|---|-----------------------------|-----------------------------|
| Operating revenues: | | |
| Water consumption sales | \$ 471,670 | 407,653 |
| Basic service charges | 1,150,498 | 1,087,831 |
| Other charges | <u>707,457</u> | <u>590,713</u> |
| Total operating revenues | <u>2,329,625</u> | <u>2,086,197</u> |
| Operating expenses: | | |
| Transmission and distribution | 1,215,855 | 1,389,339 |
| General and administrative | <u>1,127,289</u> | <u>1,041,396</u> |
| Total operating expenses | <u>2,343,144</u> | <u>2,430,735</u> |
| Operating loss before depreciation and amortization | (13,519) | (344,538) |
| Depreciation and amortization | <u>(346,818)</u> | <u>(358,186)</u> |
| Operating loss | <u>(360,337)</u> | <u>(702,724)</u> |
| Non-operating revenue (expenses): | | |
| Property taxes | 320,623 | 293,832 |
| Interest earnings, net of fair value | 245,400 | 235,587 |
| Interest expense – long-term debt | (135) | (210) |
| Gain on asset disposal | 1,094 | 6,793 |
| Other non-operating revenues, net | <u>7,110</u> | <u>43,197</u> |
| Total non-operating revenues, net | <u>574,092</u> | <u>579,199</u> |
| Net income (loss) before capital contributions | <u>213,755</u> | <u>(123,525)</u> |
| Capital contributions: | | |
| Meter sales and installations | 37,590 | 27,535 |
| Grant revenue | <u>433,808</u> | <u>645,213</u> |
| Total capital contributions | <u>471,398</u> | <u>672,748</u> |
| Change in net position | 685,153 | 549,223 |
| Net position, beginning of period, as restated (note 13) | <u>9,551,406</u> | <u>9,002,183</u> |
| Net position, end of period, as restated | <u><u>\$ 10,236,559</u></u> | <u><u>9,551,406</u></u> |

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

| | 2025 | As Restated 2024 |
|--|---------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Cash receipts from customers for water sales and services | \$ 2,293,539 | 2,050,585 |
| Cash paid to employees for salaries and wages | (1,026,590) | (894,766) |
| Cash paid to vendors and suppliers for materials and services | (1,074,693) | (1,841,593) |
| Net cash provided by (used in) operating activities | 192,256 | (685,774) |
| Cash flows from non-capital financing activities: | | |
| Proceeds from property taxes | 302,356 | 300,570 |
| Net cash provided by non-capital financing activities | 302,356 | 300,570 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (574,054) | (663,172) |
| Proceeds from capital contributions and connection fees | 674,269 | 276,450 |
| Principal paid on long-term debt | (2,565) | (2,490) |
| Interest paid on long-term debt | (135) | (210) |
| Net cash provided by (used in) capital and related financing activities | 97,515 | (389,422) |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 948,223 | 1,249,326 |
| Purchases of investments | (1,150,000) | (842,000) |
| Interest earnings | 245,397 | 245,397 |
| Net cash provided by investing activities | 43,620 | 652,723 |
| Net increase (decrease) in cash and cash equivalents | 635,747 | (121,903) |
| Cash and cash equivalents – beginning of year | 5,068,881 | 5,190,784 |
| Cash and cash equivalents – end of year | \$ 5,704,628 | 5,068,881 |
| Reconciliation of cash and cash equivalents to statement of financial position: | | |
| Cash and cash equivalents | \$ 5,423,467 | 4,810,945 |
| Cash and cash equivalents – restricted | 281,161 | 257,936 |
| Cash and cash equivalents – end of year | \$ 5,704,628 | 5,068,881 |

Continued on next page

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, 2025 and 2024

| | 2025 | As Restated 2024 |
|--|-------------------|-----------------------------|
| Reconciliation of operating loss to net cash provided by (used in) operating activities: | | |
| Operating income | \$ (360,337) | (702,724) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | 346,818 | 358,186 |
| Other non-operating revenues, net | 7,110 | 43,197 |
| 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 | (42,095) | (27,014) |
| Grants receivable | 202,871 | (396,298) |
| Accounts receivable – other | (3,116) | 1,798 |
| Water-in-storage inventory | (19,350) | (135,450) |
| Materials and supplies inventory | 3,770 | (7,293) |
| Prepaid expenses and other deposits | (5,425) | (24,624) |
| Accounts receivable – long-term, net | (5,365) | (5,479) |
| Deferred outflows of resources | 46,099 | (28,995) |
| Increase (decrease) in liabilities and deferred inflows of resources: | | |
| Accounts payable | (17,308) | 102,152 |
| Accrued expenses | 7,286 | 6,056 |
| Unearned revenue | 2,233 | (10,312) |
| Deposits | 5,147 | (37,802) |
| Compensated absences | 9,912 | 43,349 |
| Net pension liability | (12,097) | 108,795 |
| Deferred inflows of resources | 26,103 | 26,684 |
| Total adjustments | 552,593 | 16,950 |
| Net cash provided by (used in) operating activities | \$ 192,256 | (685,774) |

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, 2025 and 2024

(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, 2025 and 2024

(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. 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. See Note 13 for the impact of this note on the financial statements due to implementation in the current fiscal year.

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.

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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

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.

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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, continued

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 a storage account managed by Mojave Water Agency (MWA), the Agency's State Water Project wholesaler. In 2025 and 2024, the Agency purchased 70 and 30 acre-feet of State Water Project water through the MWA, respectively. At June 30, 2025 and 2024, the Agency has a total of 890 acre feet and 920 acre feet in water-in-storage valued using an average cost of \$645 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, 2025 and 2024

(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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

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. However, a liability for the estimated value of sick leave that will be taken by employees as time off is included in the liability for compensated absences.

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, 2023 and 2022
- Measurement Dates: June 30, 2024 and 2023
- Measurement Periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

17. Net Position, continued

- **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.

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:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 5,423,467 | 4,810,945 |
| Cash and cash equivalents – restricted | <u>281,161</u> | <u>257,936</u> |
| Total cash and cash equivalents | <u><u>5,704,628</u></u> | <u><u>5,068,881</u></u> |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents, continued

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

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|------------------|
| Cash on hand | \$ 1,550 | 1,550 |
| Deposits with financial institutions | 1,315,144 | 600,082 |
| Deposits in Public Agency Retirement System (PARS) | 281,161 | 257,936 |
| Investments | <u>4,106,773</u> | <u>4,209,313</u> |
| Total | <u>\$ 5,704,628</u> | <u>5,068,881</u> |

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

| | <u>2025</u> | <u>2024</u> |
|---|-----------------|-----------------|
| Deposits in Local Agency Investment Fund (LAIF) | <u>248 days</u> | <u>217 days</u> |

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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool, continued

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 fair 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.

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, 2025 and 2024, the Agency's investments held to maturity were categorized as twelve months or less, respectively.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Per the Agency's investment policy, credit risk is mitigated by investing in safe securities and diversifying the investment portfolio so the failure of one issuer would not materially affect the Agency's cash flow. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings as of June 30, 2025, were as follows:

| Investment type | June 30, 2025 | Minimum Legal Rating | Exempt from Disclosure | Ratings AA+ to AA- |
|---|--------------------------|-------------------------------------|---------------------------------------|-------------------------------|
| California Cooperative Liquid Assets | | | | |
| Securities System | \$ 3,305,751 | N/A | 3,305,751 | - |
| California Local Agency Investment Fund | 16,939 | N/A | 16,939 | - |
| Money market mutual fund | 784,083 | Aaa | - | 784,083 |
| Total | <u>\$ 4,106,773</u> | | <u>3,322,690</u> | <u>784,083</u> |

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

| Investment type | June 30, 2024 | Minimum Legal Rating | Exempt from Disclosure | Ratings AA+ to AA- |
|---|--------------------------|-------------------------------------|---------------------------------------|-------------------------------|
| California Cooperative Liquid Assets | \$ | N/A | | |
| Securities System | 3,152,914 | | 3,152,914 | - |
| California Local Agency Investment Fund | 16,106 | N/A | 16,106 | - |
| Money market mutual fund | 1,040,293 | Aaa | - | 1,040,293 |
| Total | <u>\$ 4,209,313</u> | | <u>3,169,020</u> | <u>1,040,293</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, 2025 and 2024.

Fair Value Measurements

As of June 30, 2025 and 2024, the Agency had no reportable assets which required measurement at fair value on a recurring basis, based on their fair value hierarchy.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|----------------|
| Accounts receivable – long-term, net | \$ 110,828 | 105,463 |
| Allowance for uncollectible accounts | <u>(6,500)</u> | <u>(6,500)</u> |
| Accounts receivable – water sales, net | <u>\$ 104,328</u> | <u>98,963</u> |

(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, 2025 and 2024, were as follows:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|---------------------|----------------|
| GM replacement well | \$ 664,195 | 624,818 |
| PI/C Projects – Transmission Pipeline | 347,005 | - |
| A-Booster | 31,445 | - |
| Various small projects under \$25,000 | <u>33,110</u> | <u>24,509</u> |
| Construction-in-process | <u>\$ 1,075,755</u> | <u>649,327</u> |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Capital Assets, continued

Changes in capital assets for 2025 were as follows:

| | <u>Balance 2024</u> | <u>Additions</u> | <u>Deletions/ Transfers</u> | <u>Balance 2025</u> |
|--------------------------------|-------------------------|------------------|---------------------------------|-------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 96,194 | 4,800 | - | 100,994 |
| Construction-in-process | 649,327 | 582,968 | (156,540) | 1,075,755 |
| Total non-depreciable assets | <u>745,521</u> | <u>587,768</u> | <u>(156,540)</u> | <u>1,176,749</u> |
| Depreciable assets: | | | | |
| Water System | 10,119,467 | 50,091 | - | 10,169,558 |
| Organization | 336,272 | - | - | 336,272 |
| Office Building | 327,594 | - | - | 327,594 |
| Mobile Equipment | 901,201 | 106,449 | (90,899) | 916,751 |
| 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>11,985,111</u> | <u>156,540</u> | <u>(90,899)</u> | <u>12,050,752</u> |
| Accumulated depreciation: | | | | |
| Water System | (7,453,411) | (259,499) | - | (7,712,910) |
| Organization | (230,050) | (13,448) | - | (243,498) |
| Office Building | (290,108) | (10,151) | - | (300,259) |
| Mobile Equipment | (681,479) | (45,998) | 77,185 | (650,292) |
| Office Equipment | (169,066) | (13,177) | - | (182,243) |
| Yards | (50,553) | (248) | - | (50,801) |
| Fuel Station | (18,278) | (148) | - | (18,426) |
| Shop Equipment | (27,128) | (1,653) | - | (28,781) |
| Lease Equipment | (7,693) | (2,496) | - | (10,189) |
| Total accumulated depreciation | <u>(8,927,766)</u> | <u>(346,818)</u> | <u>77,185</u> | <u>(9,197,399)</u> |
| Total depreciable assets, net | <u>3,057,345</u> | <u>(190,278)</u> | <u>(13,714)</u> | <u>2,853,353</u> |
| Total capital assets, net | <u>\$ 3,802,866</u> | | | <u>4,030,102</u> |

Major depreciable capital asset changes during fiscal year 2025 include additions to water system infrastructure and mobile equipment and deletions to mobile equipment.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025 and 2024

(5) Compensated Absences

The Agency recognizes liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences include unpaid vacation leave, sick leave and compensating time off which is accrued as earned, which are expected to be settled through paid time off or cash payments upon termination or retirement.

As of June 30, 2025 and 2024, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year-end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not be used or paid out. The total liability for compensated absences amounted to \$211,419 and \$201,507, respectively. The liability is reported on the Statement of Net Position.

The net change in the compensated absences liability for the fiscal year ended June 30, 2025 and 2024 was \$9,912 and \$43,349, respectively, reflecting a net increase due to changes in employee leave balances, pay rates, and usage patterns.

The change to compensated absences balances at June 30, 2025 is as follows:

| <u>As Restated</u> <u>2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>2025</u> | <u>Due Within</u> <u>One Year</u> | <u>Due in More</u> <u>Than One Year</u> |
|-----------------------------------|------------------|-------------------|-------------------------------|--------------------------------------|--|
| \$ 201,507 | 9,912 * | - | 211,419 | 105,710 | 105,709 |

The change to compensated absences balances at June 30, 2024 is as follows:

| <u>As Restated</u> <u>2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>As Restated</u> <u>2024</u> | <u>Due Within</u> <u>One Year</u> | <u>Due in More</u> <u>Than One Year</u> |
|-----------------------------------|------------------|-------------------|-----------------------------------|--------------------------------------|--|
| \$ 158,158 | 43,349 * | - | 201,507 | 100,754 | 100,753 |

*The change in the compensated absence liability is presented as a net change.

(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.

As of June 30, 2025, the tax liability was paid-in-full. As of June 30, 2024, the tax liability amounted to \$26,037.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(7) Long-term Debt

Changes in long-term debt for the year ended June 30, 2025 are as follows:

| | <u>Balance 2024</u> | <u>Additions</u> | <u>Payments/ Amortization</u> | <u>Balance 2025</u> |
|---------------------------|-------------------------|------------------|-----------------------------------|-------------------------|
| Lease payable: | | | | |
| Equipment lease | \$ 5,657 | - | (2,565) | 3,092 |
| Total lease payable | 5,657 | - | (2,565) | 3,092 |
| Less: current portion due | (2,565) | | | (2,643) |
| Long-term portion due | \$ 3,092 | | | 449 |

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

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

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 Agency'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> |
|---------------|------------------|-----------------|--------------|
| 2026 | \$ 2,643 | 57 | 2,700 |
| 2027 | 449 | 2 | 451 |
| Total | 3,092 | 59 | 3,151 |
| Less: current | (2,643) | | |
| Long-term | \$ 449 | | |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025, 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 | 12.004% | 7.870% |
| Required employee contribution rates | 13.326% | 7.750% |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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:

| | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------------|----------------|
| Contributions – employer | \$ <u>144,706</u> | <u>121,978</u> |

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:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|----------------|
| Proportionate share of net pension liability | \$ <u>714,589</u> | <u>726,686</u> |

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, 2025 and 2024, the net pension liability of the Plan is measured as of June 30, 2024 and 2023 (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, 2023 and 2022 (the valuation dates), rolled forward to June 30, 2024 and 2023, 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, 2025, was as follows:

| | <u>Miscellaneous Plan</u> |
|----------------------------|---------------------------|
| Proportion – June 30, 2024 | 0.00582% |
| Increase in proportion | <u>0.00007%</u> |
| Proportion – June 30, 2025 | <u>0.00589%</u> |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2024, was as follows:

| | <u>Miscellaneous Plan</u> |
|----------------------------|---------------------------|
| Proportion – June 30, 2023 | 0.00535% |
| Increase in proportion | <u>0.00047%</u> |
| Proportion – June 30, 2024 | <u><u>0.00582%</u></u> |

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2025 and 2024, the Agency recognized pension income and expense of \$204,811 and \$228,462, respectively.

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

| <u>Description</u> | <u>2025</u> | | <u>2024</u> | |
|---|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to the measurement date | \$ 144,706 | - | 121,978 | - |
| Differences between actual and expected experience | 59,374 | - | 31,365 | - |
| Changes in assumptions | 18,367 | - | 43,875 | - |
| Net differences between projected and actual earnings on plan investments | 41,139 | - | 117,661 | - |
| Differences between actual contribution and proportionate share of contribution | - | (52,787) | - | (26,684) |
| Net adjustment due to differences in proportions of net pension liability | <u>71,475</u> | <u>-</u> | <u>66,281</u> | <u>-</u> |
| Total | <u>\$ 335,061</u> | <u>(52,787)</u> | <u>381,160</u> | <u>(26,684)</u> |

As of June 30, 2025 and 2024, the Agency reported \$144,706 and \$121,978, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2024 and 2023, and will be / was recognized as a reduction of the net pension liability for the year ended June 30, 2026 and 2025, respectively.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(8) Defined Benefit Pension Plan, continued

As of June 30, 2025 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 Ending June 30, | Deferred Net Outflows/(Inflows) of Resources |
|--|---|
| 2026 | \$ 56,774 |
| 2027 | 92,724 |
| 2028 | 2,166 |
| 2029 | (14,096) |
| 2030 | - |
| Remaining | - |

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions and methods:

| | |
|--|--|
| Valuation Dates | June 30, 2023 and 2022 |
| Measurement Dates | June 30, 2024 and 2023 |
| Actuarial cost method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial assumptions: | |
| Discount rate | 2024 and 2023 – 6.90% |
| Inflation | 2024 and 2023 – 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 | 2024 and 2023 – 2021 |
| Post Retirement Benefit | 2024 and 2023 – 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, 2025 and 2024

(8) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2024 and 2023, 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, 2025 and 2024, 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, 2025 and 2024

(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, 2025, 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 | \$ 1,340,685 | 714,589 | 199,217 |

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 | \$ 1,293,255 | 726,686 | 260,351 |

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 52 and 53 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2025 and 2024, 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, 2025 and 2024

(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, 2025 and 2024, the Agency deposited \$0 into the Trust, respectively. During fiscal year ended June 30, 2025 and 2024, the Trust earned \$24,801 and \$17,141 in interest income and incurred \$1,576 and \$1,437 in bank fees, respectively. The Trust account balance on June 30, 2025 and 2024 amounted to \$281,161 and \$257,936, respectively.

(10) Net Investment in Capital Assets

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

| | <u>2025</u> | <u>As Restated 2024</u> |
|---|---------------------|-----------------------------|
| Net investment in capital assets: | | |
| Capital assets – not being depreciated | \$ 1,176,749 | 745,521 |
| Capital assets, net – not being depreciated or amortized | 2,853,353 | 3,057,345 |
| Lease payable – current portion | (2,643) | (2,565) |
| Lease payable – non-current portion | <u>(449)</u> | <u>(3,092)</u> |
| Total net investment in capital assets | <u>\$ 4,027,010</u> | <u>3,797,209</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>2025</u> | <u>As Restated 2024</u> |
|--------------------------------------|-------------------|-----------------------------|
| Restricted net position: | | |
| Goat Mountain capital assets | \$ - | 158,254 |
| Section 115 Trust – Pension benefits | <u>281,161</u> | <u>257,936</u> |
| Total restricted net position | <u>\$ 281,161</u> | <u>416,190</u> |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(12) Unrestricted Net Position

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

| | <u>2025</u> | <u>As Restated 2024</u> |
|--|----------------------|-----------------------------|
| Unrestricted net position: | | |
| Non-spendable net position: | | |
| Water-in-storage inventory | \$ 548,210 | 528,860 |
| Materials and supplies inventory | 99,440 | 103,210 |
| Prepaid expenses and other deposits | <u>121,700</u> | <u>116,275</u> |
| Total non-spendable net position | <u>769,350</u> | <u>748,345</u> |
| Spendable net position are as follows: | | |
| Unrestricted | <u>5,159,038</u> | <u>4,589,662</u> |
| Total spendable net position | <u>5,159,038</u> | <u>4,589,662</u> |
| Total unrestricted net position | <u>\$ 5,928,388</u> | <u>5,338,007</u> |
| Total net position | <u>\$ 10,236,559</u> | <u>9,551,406</u> |

(13) Adjustments to Net Position

In fiscal year 2025, the Agency implemented *GASB Statement No. 101 – Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. As a result of the implementation, the Agency recognized adjustments to its compensated absence liability and recorded prior period adjustments, decreases to net position, of \$13,778 at June 30, 2023 and \$16,842 at June 30, 2024.

The adjustments to net position are as follows:

| | |
|---|---------------------|
| Net position at June 30, 2022, as previously stated | \$ 9,039,348 |
| Effect of adjustment to record fiscal year 2023 | |
| adjustment to compensated absences as a result of GASB 101 | <u>(13,778)</u> |
| Change in net position at June 30, 2023, as previously stated | (23,387) |
| Net position at June 30, 2023, as restated | <u>\$ 9,002,183</u> |
| Effect of adjustment to reverse fiscal year 2023 | |
| adjustment to compensated absences as a result of GASB 101 | 13,778 |
| Effect of adjustment to record fiscal year 2024 | |
| adjustment to compensated absences as a result of GASB 101 | <u>(16,842)</u> |
| Total adjustments to net position | <u>(3,064)</u> |
| Change in net position at June 30, 2024, as previously stated | 552,287 |
| Net position at June 30, 2024, as restated | <u>\$ 9,551,406</u> |

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(14) 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 the California Association of Mutual Water Companies (CalMutuals) Joint Powers Risk and Insurance Management 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, 2025, 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 (\$250,000), 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 \$9,441,409 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 \$9,441,409 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.
- 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 2025, 2024, and 2023. 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, 2025, 2024, and 2023.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2025, that have effective dates that may impact future financial presentations.

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.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

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

(16) 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.

Bighorn Desert View Water Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(17) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of December 9, 2025, 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, 2025
Last Ten Years

| | Measurement Date | | | | | | | | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 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 |
| Agency's Proportion of the Net Pension Liability | 0.00589% | 0.00582% | 0.00535% | 0.00174% | 0.00646% | 0.00683% | 0.00667% | 0.00664% | 0.00656% | 0.00656% |
| Agency's Proportionate Share of the Net Pension Liability \$ | 714,589 | 726,686 | 617,891 | 93,861 | 702,188 | 699,595 | 642,920 | 658,030 | 567,392 | 450,309 |
| Agency's Covered Payroll \$ | 585,808 | 558,852 | 521,317 | 525,005 | 454,463 | 477,108 | 432,502 | 473,007 | 390,961 | 361,687 |
| Agency's proportionate share of the net pension liability as a as a Percentage of its Covered Payroll | 121.98% | 130.03% | 118.53% | 17.88% | 154.51% | 146.63% | 148.65% | 139.12% | 145.13% | 124.50% |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 82.65% | 83.51% | 97.09% | 97.09% | 76.73% | 75.10% | 76.19% | 74.45% | 75.10% | 78.78% |

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.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

Bighorn Desert View Water Agency
Schedule of Pension Plan Contributions
As of June 30, 2025
Last Ten Years

| Description | Fiscal Years | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | June 30, 2025 | 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 |
| Actuarially Determined Contribution | \$ 136,681 | 78,868 | 62,237 | 69,753 | 63,587 | 65,745 | 58,546 | 56,033 | 52,497 | 44,964 |
| Contributions in Relation to the Actuarially Determined Contribution | (136,681) | (78,868) | (62,237) | (69,753) | (63,587) | (65,745) | (58,546) | (56,033) | (52,497) | (44,964) |
| Contribution Deficiency (Excess) | \$ - | - | - | - | - | - | - | - | - | - |
| Covered Payroll | \$ 717,225 | 585,808 | 558,852 | 521,317 | 525,005 | 454,463 | 477,108 | 432,502 | 473,007 | 390,961 |
| Contribution's as a percentage of Covered Payroll | 23.33% | 14.11% | 11.94% | 13.29% | 13.99% | 13.78% | 13.54% | 11.85% | 13.43% | 12.43% |

Notes to schedule:

| | | | | | | | | | | |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Valuation date | June 30, 2023 | 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 |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

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 | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value |
| Inflation | 2.30% | 2.30% | 2.30% | 2.50% | 2.63% | 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) | 6.90% (3) | 7.15% (3) | 7.25% (3) | 7.375% (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.

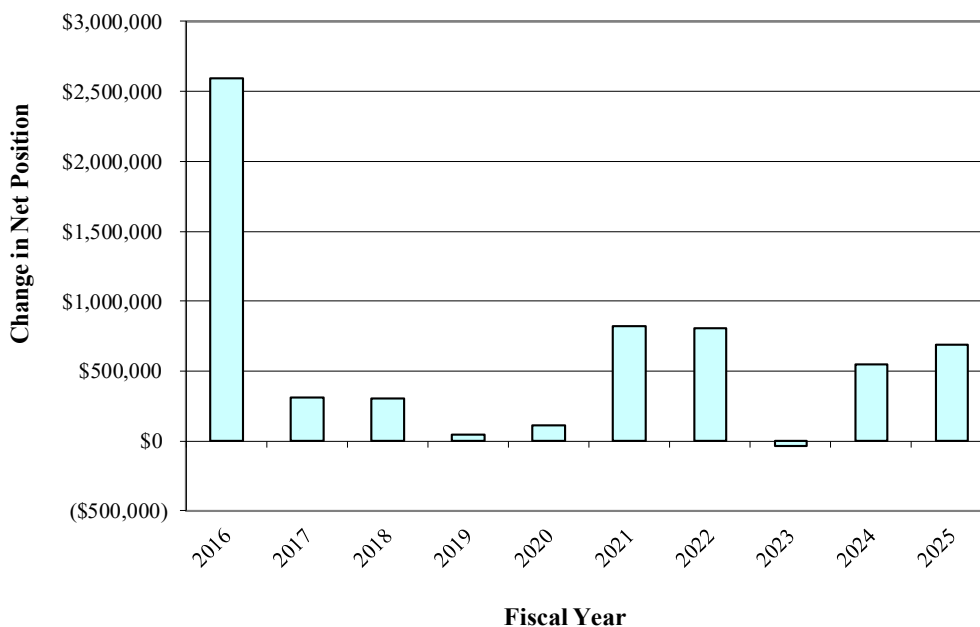
Table of Contents

| | <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. | 55-58 |
| Revenue Capacity These schedules contain information to help the reader assess the Agency's most significant own-source revenue, water sales. | 59-61 |
| 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. | 62-64 |
| Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the Agency's financial activities take place. | 65-66 |
| 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. | 67-68 |

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

Schedule 1

| | Fiscal Year | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Changes in net position: | | | | | |
| Operating revenues (see Schedule 2) | \$ 1,530,493 | 1,614,452 | 1,730,166 | 1,781,296 | 1,983,822 |
| Operating expenses (see Schedule 3) | (1,399,934) | (1,425,697) | (1,549,293) | (1,639,648) | (2,088,334) |
| Depreciation and amortization | (362,372) | (341,677) | (355,039) | (360,272) | (362,447) |
| Operating income(loss) | (231,813) | (152,922) | (174,166) | (218,624) | (466,959) |
| Non-operating revenues(expenses): | | | | | |
| Property taxes | 328,939 | 388,380 | 364,491 | 205,697 | 203,648 |
| Interest earnings, net of fair value | 3,892 | 6,021 | 15,464 | 41,126 | 70,688 |
| Desert View debt surcharge | 49,983 | 50,169 | 50,134 | 50,093 | 50,031 |
| Interest expense – investments, net of fair value | - | - | - | - | - |
| Interest expense – long-term debt | (28,182) | (21,059) | (14,613) | (7,026) | (1,261) |
| Gain (loss) on disposal of assets | 11,190 | - | - | (164,002) | (37,076) |
| Other non-operating revenues (expense), net | (2,062) | 5,086 | 16,023 | 10,817 | 1,216 |
| Total non-operating revenues, net | 363,760 | 428,597 | 431,499 | 136,705 | 287,246 |
| Net income (loss) before capital contributions | 131,947 | 275,675 | 257,333 | (81,919) | (179,713) |
| Capital contributions | 2,458,613 | 32,967 | 43,345 | 125,872 | 291,943 |
| Changes in net position | \$ 2,590,560 | 308,642 | 300,678 | 43,953 | 112,230 |
| Net position by component: | | | | | |
| Net investment in capital assets | \$ 4,277,850 | 4,223,449 | 4,152,521 | 4,328,156 | 4,175,265 |
| Restricted | 449,082 | 418,582 | 418,582 | 418,582 | 344,225 |
| Unrestricted | 1,920,124 | 2,313,667 | 2,685,273 | 2,553,591 | 2,893,069 |
| Total net position | \$ 6,647,056 | 6,955,698 | 7,256,376 | 7,300,329 | 7,412,559 |
| % increase (decrease) | 58.77% | 4.64% | 4.32% | 0.61% | 1.54% |

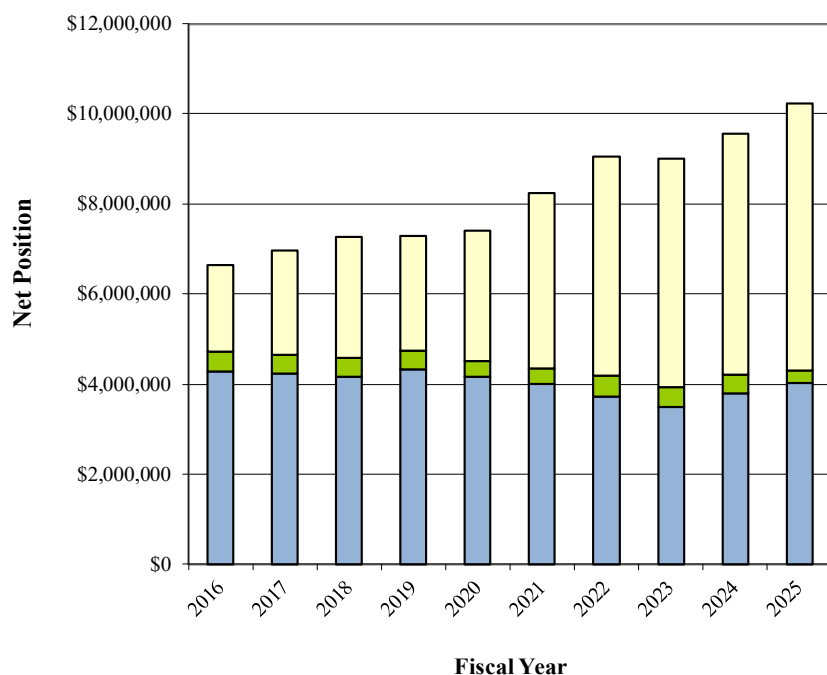


Source: Bighorn Desert View Water Agency Accounting Staff

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

Schedule 1

| Fiscal Year | | | | |
|-----------------------------|-------------|-----------------------------|-----------------------------|-------------|
| As Restated 2021 | 2022 | As Restated 2023 | As Restated 2024 | 2025 |
| 2,432,919 | 2,240,380 | 2,037,166 | 2,086,197 | 2,329,625 |
| (1,663,182) | (1,371,706) | (2,092,357) | (2,430,735) | (2,343,144) |
| (431,056) | (397,200) | (371,289) | (358,186) | (346,818) |
| 338,681 | 471,474 | (426,480) | (702,724) | (360,337) |
| | | | | |
| 216,462 | 209,045 | 242,221 | 293,832 | 320,623 |
| 20,610 | - | - | - | - |
| 66 | - | - | - | - |
| - | (8,304) | 55,566 | 235,587 | 245,400 |
| (33) | (355) | (284) | (210) | (135) |
| - | - | 4,358 | 6,793 | 1,094 |
| 16,509 | 63,354 | 21,906 | 43,197 | 7,110 |
| 253,614 | 263,740 | 323,767 | 579,199 | 574,092 |
| | | | | |
| 592,295 | 735,214 | (102,713) | (123,525) | 213,755 |
| 225,287 | 73,993 | 65,548 | 672,748 | 471,398 |
| 817,582 | 809,207 | (37,165) | 549,223 | 685,153 |
| | | | | |
| 3,995,389 | 3,724,060 | 3,489,733 | 3,797,209 | 4,027,010 |
| 344,225 | 451,750 | 451,750 | 417,855 | 281,161 |
| 3,890,527 | 4,863,538 | 5,060,700 | 5,336,342 | 5,928,388 |
| 8,230,141 | 9,039,348 | 9,002,183 | 9,551,406 | 10,236,559 |
| | | | | |
| 11.03% | 9.83% | -0.26% | 6.13% | 7.17% |

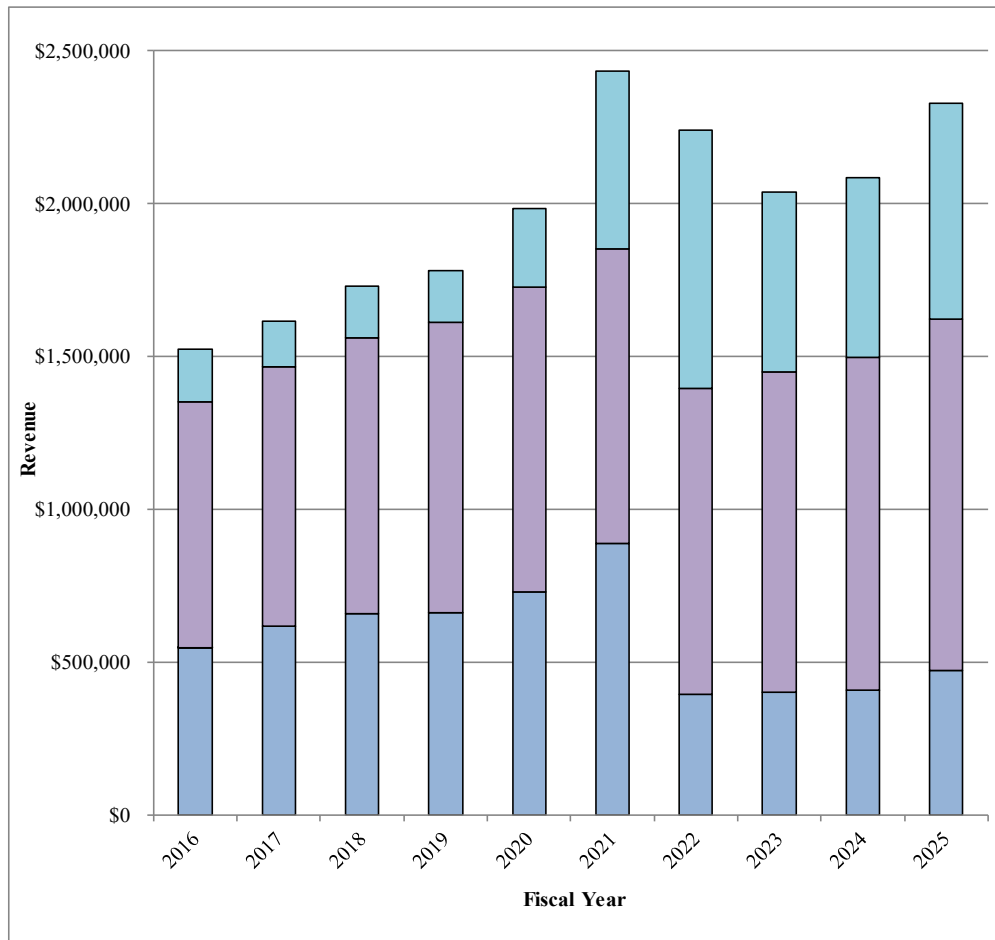


Note: See color key on page 56.

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

Schedule 2

| Fiscal Year | | Water Consumption Sales | Basic Service Charges | Other Charges | Total Operating Revenue |
|--------------------|----|------------------------------------|----------------------------------|--------------------------|------------------------------------|
| 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 |
| 2025 | | 471,670 | 1,150,498 | 707,457 | 2,329,625 |

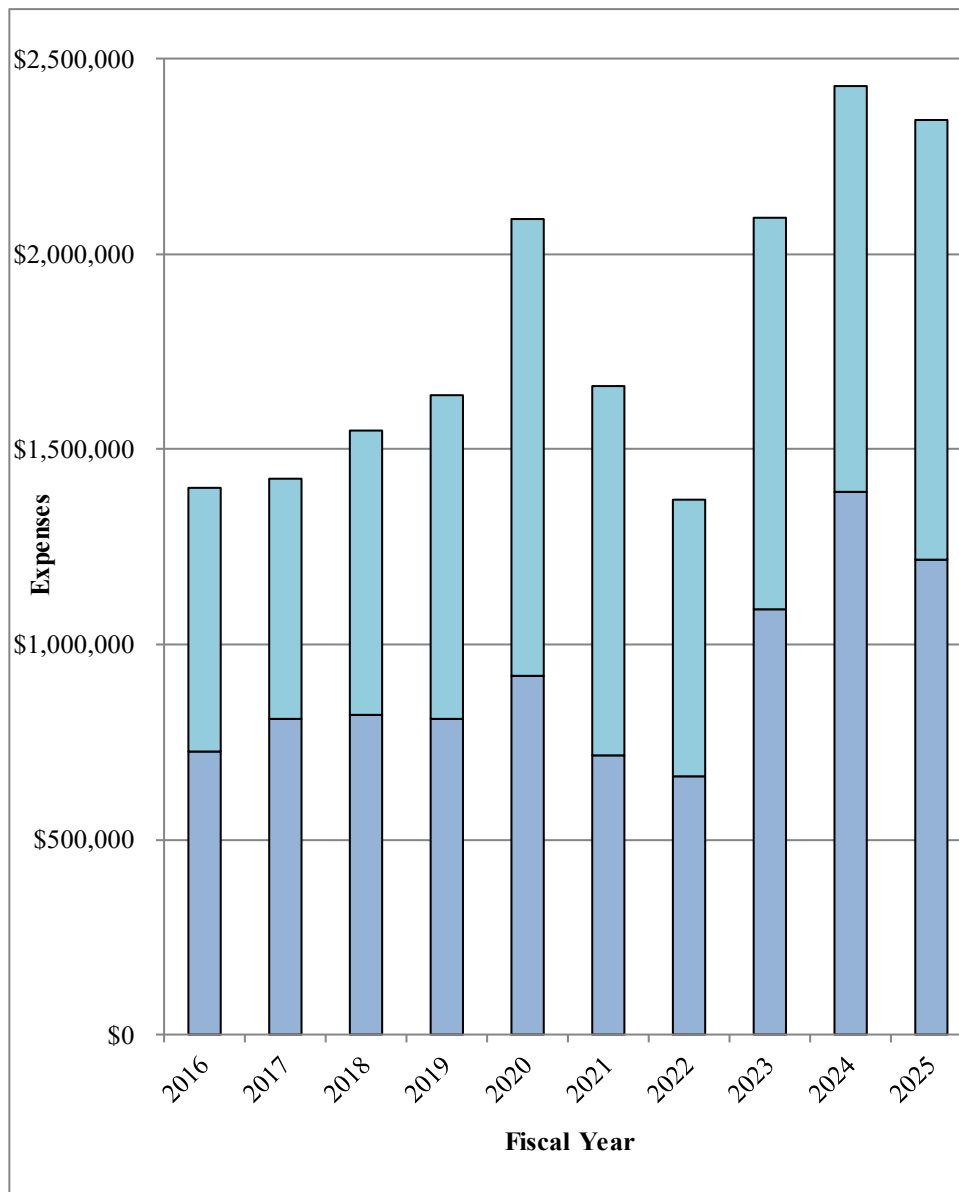


Source: Bighorn Desert View Water Agency Accounting Staff

**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 |
|--------------------|----|--------------------------------------|-----------------------------------|---------------------------------|
| 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 | | 1,089,616 | 1,002,741 | 2,092,357 |
| 2024 | | 1,389,339 | 1,041,396 | 2,430,735 |
| 2025 | | 1,215,855 | 1,127,289 | 2,343,144 |



Source: Bighorn Desert View Water Agency Accounting Staff

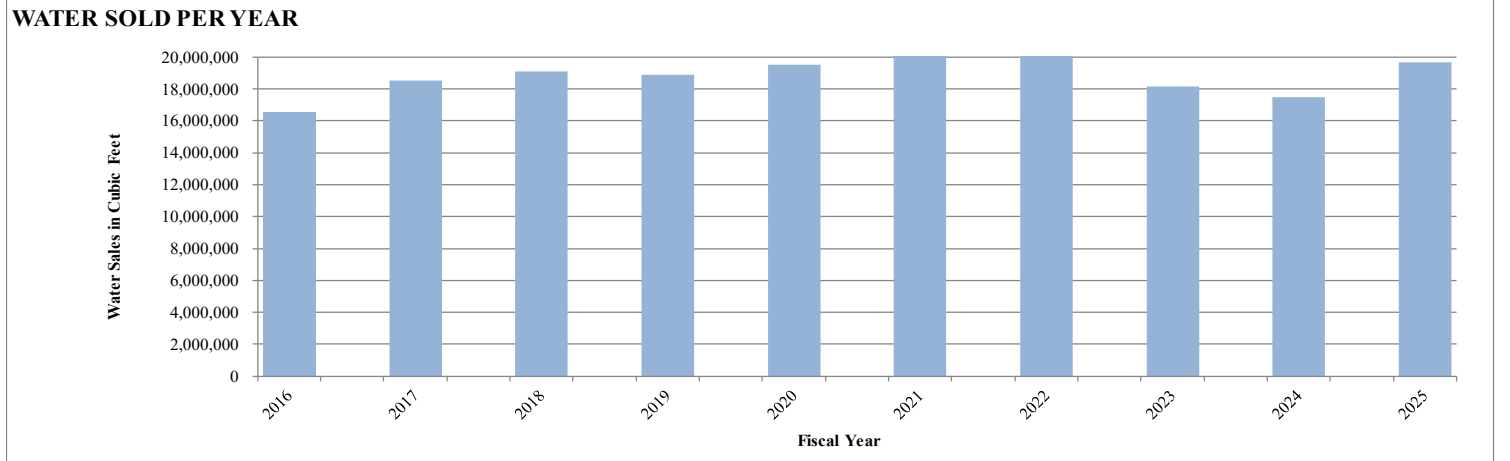
Bighorn Desert View Water Agency Water Sold and Produced Last Ten Fiscal Years

Schedule 4

Water Sold and Produced

| READ CYCLE EVEN MONTHS | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Routes 1-6, 15, 16 and bulk accts 30 thru 35 and 40 | | | | | | | | | | |
| Cubic Feet | \$ 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 | 9,068,880 |
| Acre Feet | 166.00 | 188.10 | 196.48 | 250.90 | 262.32 | 337.19 | 247.55 | 196.09 | 183.47 | 208.19 |
| READ CYCLE ODD MONTHS | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Routes 7-14 | | | | | | | | | | |
| Cubic Feet | \$ 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 | 10,617,592 |
| Acre Feet | 214.00 | 237.00 | 241.49 | 182.54 | 185.50 | 232.58 | 274.18 | 220.78 | 217.60 | 243.75 |
| Total Sales in Cubic Feet | <u>16,551,938</u> | <u>18,519,111</u> | <u>19,077,568</u> | <u>18,880,655</u> | <u>19,507,050</u> | <u>24,818,840</u> | <u>22,726,610</u> | <u>18,158,665</u> | <u>17,471,781</u> | <u>19,686,472</u> |
| Total Sales in Acre Feet | <u>380.00</u> | <u>425.10</u> | <u>437.97</u> | <u>433.44</u> | <u>447.82</u> | <u>569.76</u> | <u>521.73</u> | <u>416.87</u> | <u>401.07</u> | <u>451.94</u> |
| Total All Production in Acre Feet | <u>452.74</u> | <u>499.67</u> | <u>558.98</u> | <u>549.05</u> | <u>559.93</u> | <u>677.01</u> | <u>601.39</u> | <u>522.01</u> | <u>501.16</u> | <u>543.07</u> |

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.
 * Water Produced in 2024 is retated to reflect Fiscal Year production



Source: Bighorn Desert View Water Agency Accounting Staff

Bighorn Desert View Water Agency

Revenue Rates

Last Ten Fiscal Years

Schedule 5

Revenue Rates

| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------------|---------|-------|-------|-------|-------|-------|-----------|-----------|-----------|-----------|
| BIGHORN MOUNTAINS | | | | | | | | | | | |
| Account Routes 01-06 | | | | | | | | | | | |
| Consumption Rate (Tier 1 Res/Ag) | 12.5 HCF ** | \$ 3.00 | 3.09 | 3.18 | 3.28 | 3.38 | 3.38 | 3.15/3.36 | 3.28/3.49 | 3.41/3.63 | 3.55/3.78 |
| Consumption Rate (Tier 2 Res/Ag) | > 12.5 HCF | - | - | - | - | - | - | 4.80/5.01 | 4.99/5.21 | 5.19/5.42 | 5.40/5.64 |
| Basic Service Charge (up to 1-inch) | | 27.50 | 28.88 | 30.32 | 31.83 | 33.42 | 33.42 | 32.12 | 33.41 | 34.75 | 36.13 |
| DESERT VIEW | | | | | | | | | | | |
| Account Routes 07-11 | | | | | | | | | | | |
| Consumption Rate (Tier 1 Res/Ag) | 12.5 HCF | \$ 3.00 | 3.09 | 3.18 | 3.28 | 3.38 | 3.03 | 3.15/3.36 | 3.28/3.49 | 3.41/3.63 | 3.55/3.78 |
| Consumption Rate (Tier 2 Res/Ag) | > 12.5 HCF | - | - | - | - | - | - | 4.80/5.01 | 4.99/5.21 | 5.19/5.42 | 5.40/5.64 |
| Basic Service Charge (all sizes) | | 27.50 | 28.88 | 30.32 | 31.83 | 33.42 | 30.89 | 32.12 | 33.41 | 34.75 | 36.13 |
| DV Revenue Bond Charge | | 4.65 | 4.65 | 4.65 | 4.65 | 4.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ID GOAT MOUNTAIN* | | | | | | | | | | | |
| Account Routes 12-15 | | | | | | | | | | | |
| Consumption Rate (Tier 1 Res/Ag) | 12.5 HCF | \$ 3.00 | 3.09 | 3.18 | 3.28 | 3.38 | 3.38 | 3.15/3.36 | 3.28/3.49 | 3.41/3.63 | 3.55/3.78 |
| Consumption Rate (Tier 2 Res/Ag) | > 12.5 HCF | N/A | N/A | N/A | N/A | N/A | N/A | 4.80/5.01 | 4.99/5.21 | 5.19/5.42 | 5.40/5.64 |
| Consumption Rate - Tier 3 | | N/A | 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 | | 27.50 | 28.88 | 30.32 | 31.83 | 33.42 | 33.42 | N/A | 33.41 | 34.75 | 36.13 |
| Commercial, Institutional, Fire & Other | | | | | | | | | | | |
| Consumption Rate (flat only) | | N/A | N/A | N/A | N/A | N/A | N/A | 3.72 | 3.87 | 4.02 | 4.18 |
| Basic Service Charge (up to 1-inch) | | N/A | N/A | N/A | N/A | N/A | 33.42 | 32.12 | 33.41 | 34.75 | 36.14 |
| Basic Service Charge Fire Sprinkler (1-Inch) | | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 31.84 | 16.56 | 34.75 | 17.90 |
| Basic Service Charge Fire Sprinkler (6-inch) | | N/A | N/A | N/A | N/A | N/A | N/A | 312.86 | 325.38 | 564.00 | 351.93 |
| Account Routes 30-31 (1-inch Metered Water Haulers) | | | | | | | | | | | |
| Consumption Rate (flat only) | | \$ 8.50 | 8.76 | 9.02 | 9.29 | 9.57 | 9.57 | 8.14 | 8.47 | 8.81 | 9.16 |
| 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 | 8.76 | 9.02 | 9.29 | 9.57 | 7.83 | 8.14 | 8.47 | 8.81 | 9.16 |
| Basic Service Charge (all sizes) | | None | 28.88 | 30.32 | 31.83 | 33.42 | 85.43 | 88.84 | 92.40 | 96.09 | 99.94 |

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>2025</u> | | | <u>Customer</u> | <u>2016</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 | 172,860 | \$ 15,518 | 3.29% | SKANSKA CIVI W (CONST. METER) | 155,950 | \$ 13,256 | 2.43% |
| COMMERCIAL WATER HAULER B | 154,140 | \$ 13,834 | 2.93% | ARAKELIAN ENT (LANDFILL) | 112,390 | \$ 9,553 | 1.75% |
| WATER HAULER C (LANDFILL) | 143,010 | \$ 12,850 | 2.72% | RESIDENTIAL CUSTOMER A | 107,298 | \$ 3,219 | 0.59% |
| LANDERS ELEMENTARY SCHOOL | 108,410 | \$ 4,399 | 0.93% | RESIDENTIAL CUSTOMER B | 76,222 | \$ 2,287 | 0.42% |
| RESIDENTIAL CUSTOMER A | 81,684 | \$ 4,041 | 0.86% | RESIDENTIAL CUSTOMER C | 72,864 | \$ 2,156 | 0.39% |
| DOLLAR GENERAL | 74,242 | \$ 2,994 | 0.63% | RESIDENTIAL CUSTOMER D | 70,590 | \$ 2,118 | 0.39% |
| RESIDENTIAL CUSTOMER B | 72,000 | \$ 3,518 | 0.75% | LANDERS ELEMENTARY SCHOOL | 69,370 | \$ 2,081 | 0.38% |
| RESIDENTIAL CUSTOMER C | 68,631 | \$ 3,338 | 0.71% | RESIDENTIAL CUSTOMER E | 63,200 | \$ 1,896 | 0.35% |
| RESIDENTIAL CUSTOMER D | 67,652 | \$ 3,378 | 0.72% | RESIDENTIAL CUSTOMER F | 60,835 | \$ 1,825 | 0.33% |
| RESIDENTIAL CUSTOMER E | 64,077 | \$ 3,059 | 0.65% | RESIDENTIAL CUSTOMER G | 58,265 | \$ 1,748 | 0.32% |
| Total | <u>1,006,706</u> | | <u>14.19%</u> | Total | <u>846,984</u> | | <u>7.35%</u> |
| Water Sold in 2024-25 | <u>19,686,472</u> | \$ <u>471,670</u> | | Water Sold in 2015-16 | <u>13,667,534</u> | \$ <u>545,931</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)

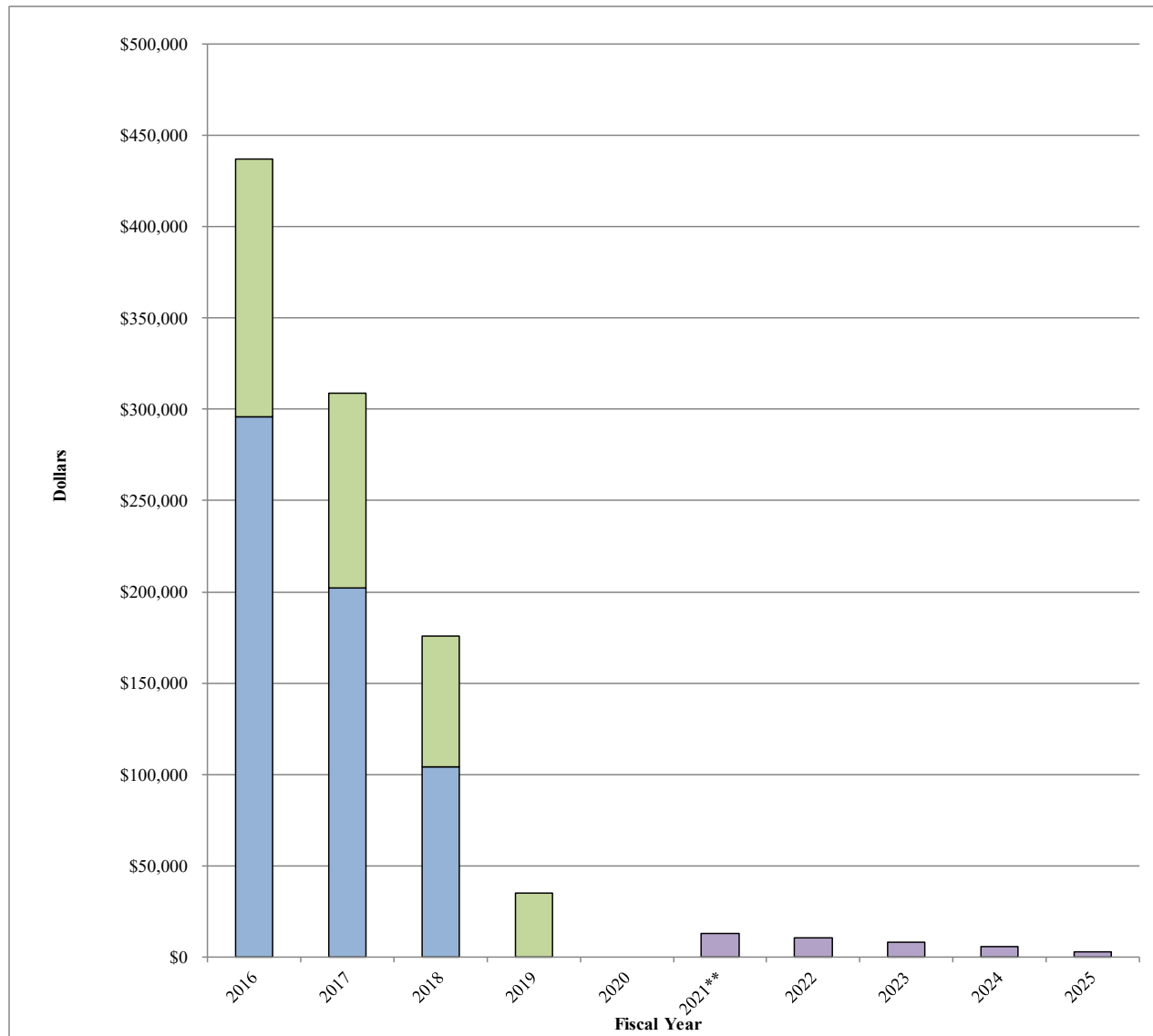
High usage contributed to "water leaks" have been excluded

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 | | | | Total | | |
|-------------|------------|------------|-----------------|---------|------------|-------------------------------|
| | BH Bond | DV Bond | Equipment Lease | Debt | Per Capita | As a Share of Personal Income |
| 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% |
| 2025 | - | - | 2,911 | 2,911 | 0.60 | 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

| Fiscal Year | | Obligation Bonds | | Assessed Value | | Debt Per Capita |
|------------------------|----|-----------------------------|----|---------------------------|----|--------------------------------|
| 2016 | \$ | 296,000 | \$ | 296,000 | \$ | 97 |
| 2017 | | 202,000 | | 202,000 | | 66 |
| 2018 | | 104,000 | | 104,000 | | 34 |
| 2019 | | - | | - | | - |
| 2020 | | - | | - | | - |
| 2021 | | - | | - | | - |
| 2022 | | - | | - | | - |
| 2023 | | - | | - | | - |
| 2024 | | - | | - | | - |
| 2025 | | - | | - | | - |

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

| Fiscal Year | Net Revenues | Operating Expenses⁽¹⁾ | Net Available Revenues | Debt Service | | | | Coverage Ratio |
|--------------------|-------------------------|---|-----------------------------------|---------------------------|------------------|-----------------|--------------|---------------------------|
| | | | | FMHA Surcharge | Principal | Interest | Total | |
| 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 | (2,092,357) | (55,191) | - | - | - | - | 0.00 |
| 2024 | 2,086,197 | (2,430,735) | (344,538) | - | - | - | - | 0.00 |
| 2025 | 2,329,625 | (2,343,144) | (13,519) | - | - | - | - | 0.00 |

Notes:

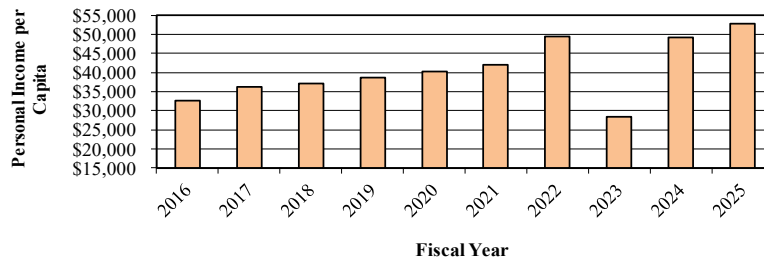
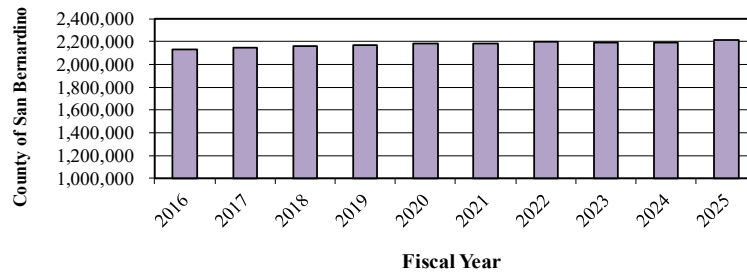
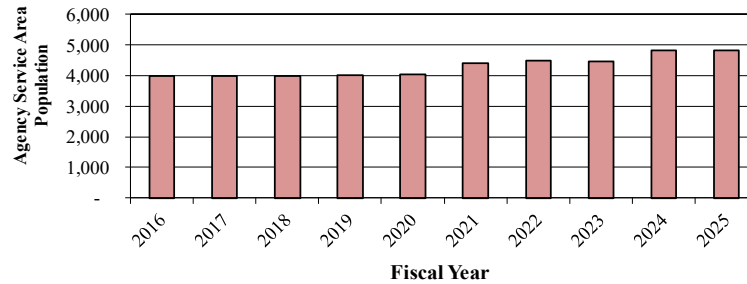
(1) Operating expenses exclude depreciation expense.

Source: Audited Financial Statements & BDVWA Accounting Staff

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

Schedule 10

| County of San Bernardino ⁽²⁾ | | | | | |
|---|---------------------------|-------------------|------------|--|----------------------------|
| Year | Population ⁽¹⁾ | Unemployment Rate | Population | Personal Income (thousands of dollars) | Personal Income per Capita |
| 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 | 4,813 | 7.8% | 2,193,087 | 108,053,396 | 49,270 |
| 2025 | 4,827 | 6.0% | 2,214,281 | 116,900,000 | 52,794 |



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

| | Current Employment | | | Historical Employment |
|--|---------------------------|----------------------|-----------------------------------|------------------------------|
| | No. of EE's | 2025 % of | | 2015 No. of EE's |
| Employer | 2024-2025 | Labor Force | Employer | 2014-2015 |
| Post Office | 2 | 0.15% | Post Office | 1 |
| Giant Rock Meeting Room | 9 | 0.68% | Giant Rock Meeting Room | N/A |
| Dollar General | 9 | 0.68% | Dollar General | N/A |
| Halliday's Liquor | 2 | 0.15% | Halliday's Liquor | 0 |
| Mojave Liquor | 2 | 0.15% | Mojave Liquor & Halliday's Liquor | 5 |
| Loyal Order/Moose Landers | 8 | 0.60% | Loyal Order/Moose Landers | 2 |
| Lander's Brew & Pub (Castle Inn) | N/A | | Lander's Brew & Pub (Castle Inn) | 1 |
| Diversified Tools | N/A | | Diversified Tools | 2 |
| Heros Market | 5 | 0.38% | Heros Market | 6 |
| Bighorn Desert View Water Agency | 8 | 0.60% | Bighorn Desert View Water Agency | 9 |
| La Copine | 23 | 1.73% | La Copine | N/A |
| Moon Wind Trading | N/A | | Moon Wind Trading | N/A |
| C & J Feed Barn | 2 | 0.15% | C & J Feed Barn | N/A |
| MUSD (Landers Elementary School) | 25 | 1.88% | MUSD (Landers Elementary School) | 25 |
| Total | 95 | 7.14% | Total | \$ 51 |
| 2024-25 Total Labor Force for BDV Service Area (zip 92285) | | 1331 | | |

Notes:

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

Total Labor Force was estimated as a percentage of calculated population

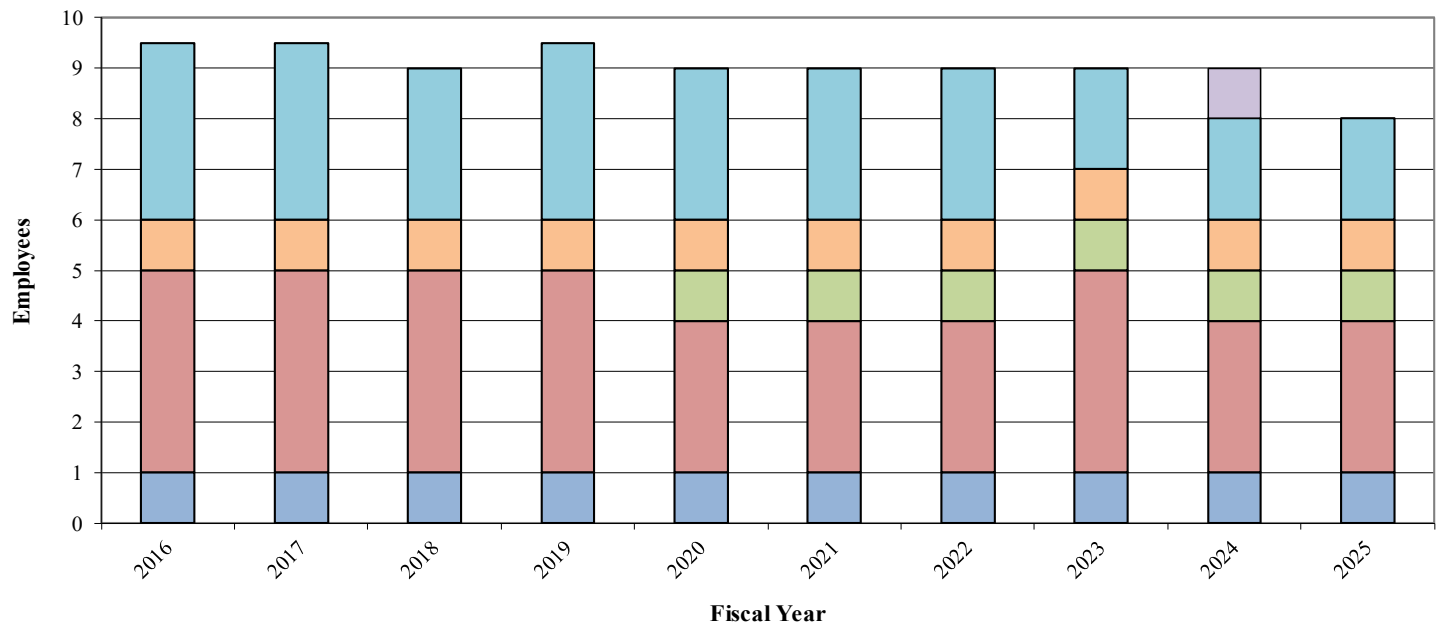
Source: Bighorn Desert View Water Agency Accounting Staff

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 | |
| 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 | 3 | 1 | 1 | 1 | 2 | 9 |
| 2025 | 1 | 3 | 1 | 1 | 0 | 2 | 8 |



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 Wells² Domestic | Well Capacity⁴ (Gallons per Minute) | Service Connections⁵ | | |
|--------------------|---------------------|---|--------------------------|----------------------|------------------------------|------------------------------|--|---|--|--------------------|-------------------------|
| | (Acres) | (annexed property):³ (Square Miles) | | | | | | | Bighorn Mountains | Desert View | ID Goat Mountain |
| 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 |
| 2025 | 33,310 | 52 | 170 | 13 | 3.00 | 3 | 8 | 1,834 | 1,066 | 926 | 744 |

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

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

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

**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, 2025, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated December 9, 2025.

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
December 9, 2025