Bighorn Desert View Water Agency

Yucca Valley, California

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Our Mission Statement

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

Name	Title	Elected/ Appointed	Current Term
John R. Burkhart	President	Elected	12/22 - 12/26
JoMarie McKenzie	Vice President	Elected	12/22 - 12/26
Megan Close-Dees	Secretary	Appointed in Lieu of Election	12/20 - 12/24
Craig Dicht	Director	Appointed in Lieu of Election	12/22 - 12/26
David Chapman	Director	Appointed in Lieu of Election	12/22 - 12/24

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

Annual Comprehensive Financial Report

For the Fiscal Years Ended

June 30, 2023 and 2022

BIGHORN DESERT VIEW WATER AGENCY
622 South Jemez Trail
Yucca Valley, California 92284

Prepared by:

Marina D. West, PG, General Manager/Treasurer
Rosa Carrick, Accounting Technician III

Bighorn Desert View Water Agency
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

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Introductory Section

November 14, 2023

Board of Directors
Bighorn Desert View Water Agency

Introduction

It is our pleasure to submit Bighorn-Desert View Water Agency's Annual Financial Report (the "Report") for the fiscal years ending June 30, 2023 and 2022. 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, 2023, 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 approved but unfilled as of June 30, 2023. The staff remains organized into two (2) departments: Administration and Operations.

The Agency provides water service to approximately 2,698 connections (2365 active / 333 inactive) within its nearly fifty-two (52) square mile service area located in the eastern desert area of San Bernardino County which encompasses the unincorporated communities of Flamingo Heights, Landers, and Johnson Valley.

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

Agency Services

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

In fiscal year 2022/23, the Agency produced approximately 522 acre-feet of groundwater with 123.7 acre-feet of that production serving the ID GM system demand. This is a decrease of 13% or 79 acre-feet less than the prior fiscal year. Production has dropped nearly 25% since fiscal year 2020/21. That year the Agency produced an all-time high of 677 acre-feet. The decrease is primarily attributed to the reduced usage from the Agricultural classification which was predominantly illegal cannabis cultivation which has essentially been eradicated by the County of San Bernardino.

In fiscal year 2022/23 the Agency had received 60 acre-feet of their State Water Project request for 200 acre-feet for the water year (October 1st to September 30th). Agency requests are delivered to the Ames/Reche Recharge Facility by the Mojave Water Agency, a State Water Project Contractor. The Agency now has a total of 680-acre feet in storage with a current value of $393,410.

Economic Condition and Outlook

According to Sperling's Best Places the cost of living in the Landers area remains 2.7% lower than the U.S. average. All cost-of-living factors are nearly equal to or lower than the U.S. average with utilities being somewhat higher. The overall cost of living is higher than 2020 rising from 86.3 to 97.3 but still lower than the national average. The unemployment rate is currently approximately 5.4% (averaged for one year), down from 7.8% last year. Using U.S. Census Block group data, all census blocks within the Agency boundaries are classified as a "severely disadvantaged" with an average household income reported at $35,732, which is less than half of the U.S. average. The area is classified as rural unincorporated San Bernardino County with a planned residential zoning of 2.5-acre minimum lot size. The area is comprised of predominantly English and Spanish speaking residents.

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

Major Initiatives

The activities of the Board and staff of the Agency are driven by our mission statement: *"To provide a high-quality supply of water and reliable service to all customers at a fair and reasonable rate"*. In fiscal year 2022/23 the Agency focused on the following major initiatives:

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

Major Initiatives, continued

3. 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.
4. Continue outreach to the community through various forms of communication including newsletters, annual calendar, utility bill and participation in local community events.
5. Continue purchases of State Water Project water for future needs.
6. Continue to pursue grant opportunities for capital, replacement, and refurbishment via the Mojave Water Agency Integrated Regional Water Management Plan (IRWMP 2018 Update) and their Small Water Systems Assistance Program.
7. 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.
8. Maintain our 2-year Certificate of Excellence in District Transparency from the Special District Leadership Foundation.
9. 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 2022/23:

1. In May 2022, the Board adopted a balance budget totaling $2.37M in revenue projections for fiscal year 2022/23. This budget included an adopted rate increase applied to the January 1, 2023, billing (due in February 2023). The fiscal year 2022/23 budget projected revenues exceeding expenses, but these were offset by projected capital expenses and “replacement/refurbishment” needs.

2. In June 2023, the Board of Directors adopted a plan for management succession, which includes the increase in authorized full-time staff from nine (9) to (10) with the creation of an Assistant General Manager position with associated job description and salary scale. A Water Distribution Supervisor position with associated job description and salary scale was also approved. Recruitment for an Assistant General Manager was initiated.
3. 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.

   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.

   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.

Accomplishments, cont.

1. 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 Certificates of Deposit (CDs). Following the failure of Silicon Valley Bank in March 2023, the Agency diversified its banking options by opening a second bank account with Five Star Bank with a companion Money Market account. The Agency also opened an account with California Cooperative Liquid Assets Security System (CA CLASS). The Agency currently has zero bond debt outstanding with no current plan to incur bonded indebtedness in the coming fiscal year.

2. 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 2023 (for those bills excessively delinquent as of February 2023) was approximately $46,800. This is a decrease of approximately $38,000 primarily based on lifting of the Covid emergency declaration which allowed the Agency to "lock-off" services for excessive delinquency. In addition to the secured tax roll, unsecured liens are applied to properties from time-to-time to ensure amounts due can be collected upon property sale. The "true bad debt" for fiscal year 2022/23 was $1,510 from 21 individual accounts, with 47% of the true bad debt attributed to four accounts with insufficient account deposit on file to cover the final bill.

3. 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 2022/23, no additional contributions were made to the fund due to the erratic cycle of gains and losses ultimately leading to a small loss of principal investment at year end. As of June 30, 2023, the PARS account balance was $242,232. The fiscal year 2022/23 UAL payment was about $45,300.

4. 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, termination of water service, "call-out response" fees for non-routine services, fire flow tests and the fee to prepare a demand letter to release an unsecured lien.

5. The Agency has sponsored and participated in various outreach events, including Gubler's Orchid Festival (26th annual event), Homestead Park Labor Day Community Fireworks show, Giant Rock Clean-Up and Morongo Basin Conservation Association Desert-Wise Landscape Tour and lecture series. The landscape tour was held to a small number of sites and once again, videos were created to highlight landscapes as well (https://www.youtube.com/watch?v=BgvOps3QAto). News and events were noted on the water bill statement as well as through an Agency-wide newsletter. The Agency along with Hi-Desert Water District created and executed the 8th Annual Children's Water Education Festival at the local middle school, funded by a grant from the Mojave Water Agency.

6. Water system preventative maintenance in 2022/23 included collection of over 1,600 distinct water quality samples, collection of quarterly groundwater level measurements and water main flushing. During the year, the Agency experienced one mainline leak repair, 80 service line repairs and 65 service line replacements. Mainline and fire hydrant triennial valve exercising program cycle continues with 136 of 1,261 completed. A total of 65 meters were exchanged throughout the Agency as part of routine meter exchanges following signs of failure during meter reading and usage evaluations.

Accomplishments, cont.

1. Major repair/refurbishment or capital upgrades to facilities and structures included the installation of 10 new meter installations, down 24 from the prior fiscal year. Four Pressure Regulating Station Valves (PRV's) were rehabilitated as well as control valves at two well sites. Due to rapid increases in the cost of labor and materials (aka inflation and supply chain issues) the Agency abandoned plans to construct up to three groundwater monitoring wells.
2. The Agency accepted one request for annexation of a single parcel initiated by the landowners in order to obtain water service. The application will be submitted to and eventually certified through the Local Area Formation Commission process in the first part of fiscal year 2023/24. This will add an additional 10 acres to the Agency service territory.
3. The Agency was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Financial Report for fiscal year 2022/23 from the Government Finance Officers Association of the United States and Canada.
4. In December 2022, the Agency received the 6th renewal of the Certificate of Excellence in District Transparency from the Special Districts Leadership Foundation for the prior two-year period. This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.
5. In December 2022, the Agency received the 3rd renewal of the District of Distinction Accreditation from the Special Districts Leadership Foundation for the prior two-year period. This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.

Internal Control Structure

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

Budgetary Control

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

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, Agency ordinance and resolutions, and prudent money management. The objective of the Investment Policy is safety, liquidity, and yield. Although the policy covers a wide variety of investment instruments, the Agency's reserve funds are currently invested in the State Treasurer's Local Agency Investment Fund (LAIF) and an institutional checking account (Pacific Western Bank). The Board of Directors approved the current investment policy on June 27, 2023 (Resolution No. 23R-12). By the fiscal year end the Agency had set up new accounts with Five Star Bank (checking and Money Market) and the California Liquid Assets Security System (CA CLASS). In 2022/23 the Agency was able to earn interest revenue through conventional Certificates of Deposit as well.

In response to the Agency's Unfunded Accrued Liability (UAL) the Board approved participation in a Public Agencies Post-Employment Benefits Trust administered by the Public Agency Retirement Services (PARS) in April 2020 (Resolution No. 20R-09). The Board also adopted an investment strategy with a total funding goal of $700,000 which is equivalent to the current UAL amount calculated by CalPERS. As of June 30, 2023, the balance was $242,232.

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.

Water Rates and Agency Revenues, continued

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, 2023, was the third increase in the five-year approved rate structure.

Water Conservation Programs

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

Audit and Financial Reporting

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

Risk Management

The Agency became a member of the California Association of Mutual Water Companies/Joint Powers Risk and Insurance Management Authority (CalMutuals/JPRIMA) on July 1, 2021. The CalMutuals/JPRIMA was established through CalMutuals advocacy with the California's legislature passing AB 656 in September 2015. As a public agency, CalMutuals/JPRIMA is committed to providing quality insurance products that blend competitive rates with meaningful value-added services and impeccable financial security. The Agency receives both Property & Liability insurance and Workers' Compensation through CalMutuals/JPRIMA. In fiscal year 2022/23, there were no Workers Compensation or General Liability claims filed.

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 comprehensive annual financial report of the fiscal year ended June 30, 2022. This was the eleventh 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 eligibly for certification for fiscal year 2022/23.

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

Also, since 2017, the Agency has maintained the *District of Distinction* Accreditation from the California Special Districts Association (CSDA). This 2-year accreditation is expected to be renewed again for the period January 2023 to December 2024.

Awards and Acknowledgements, continued

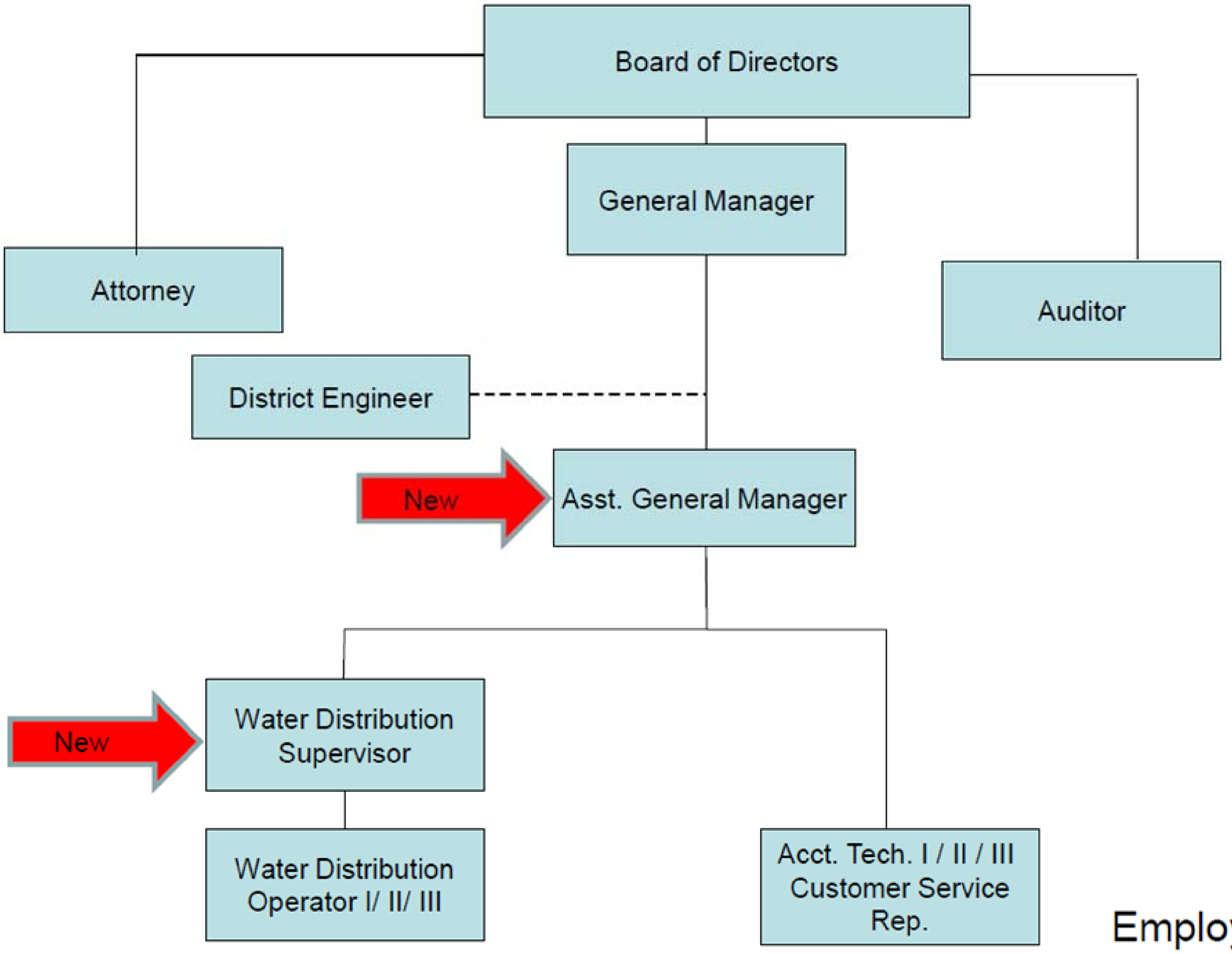
On behalf of the Agency, General Manager M. West serves as Treasurer on the Board of Directors of the CalMutuals Joint Powers Risk Management and Insurance Authority (JPRIMA: https://calmutuals.org/calmutuals-jprima-insurance/) as well as serving as the Chair of the Policy Committee of the Community 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	Rosa Carrick
General Manager / Treasurer	Accounting Technician III



Employee Handbook
Appendix D

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

Motion No. M23-020

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, 2022

Christopher P. Morrill

Executive Director/CEO

Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

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Independent Auditor's Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bighorn Desert View Water Agency (Agency), which comprises the statements of net position as of June 30, 2023 and 2022, 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, 2023 and 2022, 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.

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 audits.
- 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 audits 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 audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

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 54 and 55 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 audits were conducted for the purpose of forming opinions 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 56 through 70 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 November 14, 2023, 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 71 and 72.

C.J. Brown & Company, CPAs

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

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Bighorn Desert View Water Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2023 and 2022. 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 decreased by 0.26% or $23,387 to $9,015,961, due to the loss from ongoing operations of $88,935 offset by capital contributions of $65,548. In 2022, the Agency's net position increased by 9.83% or $809,207 to $9,039,348, due to the income from operations from ongoing operations of $735,214 and capital contributions of $73,993.
- The Agency's total revenues decreased by 6.19% or $160,007 to $2,426,765. In 2022, the Agency's total revenues decreased by 11.16% or $325,081 to $2,586,772.
- The Agency's operating revenues decreased by 9.07% or $203,214 to $2,037,166. In 2022, the Agency's operating revenues decreased by 7.91% or $192,539 to $2,240,380.
- The Agency's non-operating revenues increased by 18.96% or $51,652 to $324,051. In 2022, the Agency's non-operating revenues increased by 7.39% or $18,752 to $272,399.
- The Agency's total expenses increased by 37.84% or $672,587 to $2,450,152. In 2022, the Agency's total expenses decreased by 15.12% or $316,706 to $1,777,565.
- The Agency's operating expenses including depreciation increased by 38.50% or $680,962 to $2,449,868. In 2022, the Agency's operating expenses including depreciation decreased by 15.53% or $325,332 to $1,768,906.
- The Agency's non-operating expenses decreased by 96.72% or $8,375 to $284. In 2022, the Agency's non-operating expenses increased by $8,626 to $8,659.
- The Agency's capital contributions decreased by 11.14% or $8,445 to $65,548. In 2022, the Agency's capital contributions decreased by 67.16% or $151,294 to $73,993.

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.

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 53.

Statements of Net Position

Condensed Statements of Net Position

	2023	2022	Change	As Restated 2021	Change
Assets:					
Current assets	$ 6,177,151	5,813,065	364,086	5,059,516	753,549
Non-current assets	93,484	55,631	37,853	56,528	(897)
Capital assets, net	3,497,880	3,734,623	(236,743)	3,995,389	(260,766)
Total assets	9,768,515	9,603,319	165,196	9,111,433	491,886
Deferred outflows of resources	352,165	253,871	98,294	388,783	(134,912)
Liabilities:					
Current liabilities	380,105	415,889	(35,784)	353,705	62,184
Non-current liabilities	724,614	193,893	530,721	895,912	(702,019)
Total liabilities	1,104,719	609,782	494,937	1,249,617	(639,835)
Deferred inflows of resources	-	208,060	(208,060)	20,458	187,602
Net position:					
Net investment in capital assets	3,489,733	3,724,060	(234,327)	3,982,481	(258,421)
Restricted – Goat Mountain capital assets	175,623	217,300	(41,677)	293,946	(76,646)
Restricted – pension benefits	242,232	234,450	7,782	50,279	184,171
Unrestricted	5,108,373	4,863,538	244,835	3,903,435	960,103
Total net position	$ 9,015,961	9,039,348	(23,387)	8,230,141	809,207

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets plus deferred outflows of resources of the Agency exceeded liabilities, and deferred inflows of resources by $9,015,961 and $9,039,348 as of June 30, 2023 and 2022, respectively.

Compared to prior year, net position of the Agency decreased 0.26% and increased 9.83% or $23,387 and $809,207, 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 (38.7% and 41.2% as of June 30, 2023 and 2022, 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 2023 and 2022, the Agency showed a positive balance in its unrestricted net position of $5,108,373 and $4,971,063, respectively, which may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

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

	2023	2022	Change	As Restated 2021	Change
Operations:					
Operating revenues	$ 2,037,166	2,240,380	(203,214)	2,432,919	(192,539)
Operating expenses	2,078,579	1,371,706	706,873	1,663,182	(291,476)
Operating income (loss) before depreciation	(41,413)	868,674	(910,087)	769,737	98,937
Depreciation	(371,289)	(397,200)	25,911	(431,056)	33,856
Operating income (loss)	(412,702)	471,474	(884,176)	338,681	132,793
Non-operating revenue (expenses):					
Property taxes	242,221	209,045	33,176	216,462	(7,417)
Interest earnings	55,566	(8,304)	63,870	20,610	(28,914)
Desert View debt surcharge	-	-	-	66	(66)
Interest expense – long-term debt	(284)	(355)	71	(33)	(322)
Gain on asset disposals	4,358	-	4,358	-	-
Other non-operating revenues, net	21,906	63,354	(41,448)	16,509	46,845
Total non-operating revenues, net	323,767	263,740	60,027	253,614	10,126
Net income (loss) before capital contributions	(88,935)	735,214	(824,149)	592,295	142,919
Capital contributions:					
Meter sales and installations	17,630	44,675	(27,045)	99,455	(54,780)
Grant revenue	47,918	29,318	18,600	125,832	(96,514)
Total capital contributions	65,548	73,993	(8,445)	225,287	(151,294)
Change in net position	(23,387)	809,207	(832,594)	817,582	(8,375)
Net position, beginning of period	9,039,348	8,230,141	809,207	7,412,559	817,582
Net position, end of period	$ 9,015,961	9,039,348	(23,387)	8,230,141	809,207

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, 2023, the Agency's net position decreased by 0.26% or $23,387 to $9,015,961, due to the loss from ongoing operations of $88,935 offset by capital contributions of $65,548. During the fiscal year ended June 30, 2022, the Agency's net position increased by 9.83% or $809,207 to $9,039,348, due to net income from ongoing operations of $735,214 and capital contributions of $73,993.

Total Revenues

	2023	2022	Change	As Restated 2021	Change
Operating revenues:					
Water consumption sales	$ 399,971	392,964	7,007	887,162	(494,198)
Basic service charges	1,048,120	1,001,197	46,923	963,838	37,359
Other charges	589,075	846,219	(257,144)	581,919	264,300
Total operating revenues	2,037,166	2,240,380	(203,214)	2,432,919	(192,539)
Non-operating revenues:					
Property taxes	242,221	209,045	33,176	216,462	(7,417)
Interest earnings, net of fair value	55,566	-	55,566	20,610	(20,610)
Desert View debt surcharge	-	-	-	66	(66)
Gain on asset disposals	4,358	-	4,358	-	-
Other non-operating revenues, net	21,906	63,354	(41,448)	16,509	46,845
Total non-operating revenues	324,051	272,399	51,652	253,647	18,752
Capital contributions:					
Meter sales and installations	17,630	44,675	(27,045)	99,455	(54,780)
Grant revenue	47,918	29,318	18,600	125,832	(96,514)
Total capital contributions	65,548	73,993	(8,445)	225,287	(151,294)
Total revenues	$ 2,426,765	2,586,772	(160,007)	2,911,853	(325,081)

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

In fiscal year 2023, the Agency's total revenues decreased by 6.19% or $160,007 to $2,426,765. Operating revenues decreased by 9.07% or $203,214 to $2,037,166, primarily due to a decrease in other charges of $257,144, offset by increases in basic service charges of $46,923, and water consumption sales of $7,007 as compared to the prior year. In fiscal year 2022, the Agency's total revenues decreased by 11.16% or $325,081 to $2,586,772. Operating revenues decreased by 7.91% or $192,539 to $2,240,380, primarily due to a decrease in water sales of $494,198, offset by increases in other charges of $264,300 and basic service charges of $37,359 as compared to the prior year.

In fiscal year 2023, non-operating revenues increased by 18.96% or $51,652 to $324,051, primarily due to increases in interest earnings of $55,566, property taxes of $33,176, gain on asset disposal of $4,358, offset by a decrease in other non-operating revenues of $41,448 as compared to the prior year. In fiscal year 2022, non-operating revenues increased by 7.39% or $18,752 to $272,399, primarily due to increases in other non-operating revenues of $46,845, offset by decreases in interest earnings of $20,610 and property taxes of $7,417 as compared to the prior year.

In fiscal year 2023, the Agency's capital contributions decreased by 11.14% or $8,445 to $65,548. Capital contributions were comprised of grant revenues of $47,918 and meter sales and installations of $17,630. In fiscal year 2022, the Agency's capital contributions decreased by 67.16% or $151,294 to $73,993. Capital contributions were comprised of grant revenues of $29,318 and meter sales and installations of $44,675.

Total Expenses

		2023	2022	Change	As Restated 2021	Change
Operating expenses including depreciation expense:						
Transmission and distribution	$	1,082,146	663,125	419,021	715,886	(52,761)
General and administrative		996,433	708,581	287,852	947,296	(238,715)
Depreciation and amortization		371,289	397,200	(25,911)	431,056	(33,856)
Total operating expenses including depreciation and amortization expense		2,449,868	1,768,906	680,962	2,094,238	(325,332)
Non-operating expenses:						
Investment expense, net of fair value		-	8,304	(8,304)	-	8,304
Interest expense – long-term debt		284	355	(71)	33	322
Loss on asset disposals		-	-	-	-	-
Total non-operating expenses		284	8,659	(8,375)	33	8,626
Total expenses	$	2,450,152	1,777,565	672,587	2,094,271	(316,706)

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

In fiscal year 2023, the Agency's total expenses increased by 37.84% or $672,587 to $2,450,152. Operating expenses including depreciation expense increased by 38.50% or $680,962 to $2,449,868, due to increases in transmission and distribution of $419,021, of which $246,706 is due to actuarial changes to the pension liability and in general and administrative of $287,852, of which $256,780 is due to actuarial determined changes in the pension liability, offset by a decrease in depreciation of $25,911 as compared to the prior year. In fiscal year 2022, the Agency's total expenses decreased by 15.12% or $316,706 to $1,777,565. Operating expenses including depreciation expense decreased 15.53% or $325,332 to $1,768,906, due to decreases in general and administrative of $238,715, transmission and distribution of $52,761, and depreciation of $33,856 as compared to the prior year.

In fiscal year 2023, the Agency's non-operating expenses decreased by 96.72% or $8,375 to $284 primarily due to prior year investment expense, net of year-end fair value adjustment. In fiscal year 2022, the Agency's non-operating expenses increased by $8,626 to $8,659 primarily due to investment expense net of fair value adjustment at year-end.

Capital Asset Administration

Changes in capital assets in 2023 were as follows:

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

Changes in capital assets in 2022 were as follows:

	As Restated Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Capital assets:				
Non-depreciable and amortizable assets	$ 132,955	136,434	(144,789)	124,600
Depreciable and amortizable assets	11,718,163	144,789	-	11,862,952
Accumulated depreciation and amortization	(7,855,729)	(397,200)	-	(8,252,929)
Total capital assets	$ 3,995,389	(115,977)	(144,789)	3,734,623

At the end of fiscal year 2023 and 2022, the Agency's investment in capital assets amounted to $3,497,880 and $3,734,623, 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 38 and 39 for further information.

Debt Administration

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

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

Debt Administration, continued

Changes in long-term debt amounts for 2022 were as follows:

		As Restated Balance 2021	Additions	Principal Payments/	Balance 2022
Lease payable:					
Equipment lease payable	$	12,908	-	(2,345)	10,563
Total long-term debt	$	12,908	-	(2,345)	10,563

See note 8 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, 2023 and 2022

		2023	2022
Current assets:			
Cash and cash equivalents (note 2)	$	4,948,552	4,581,692
Cash and cash equivalents – restricted (note 2, 10, 12)		242,232	234,450
Accrued interest receivable		14,227	1,007
Accounts receivable – water sales and services		348,756	431,996
Grants receivable		15,185	5,131
Property taxes receivable		25,423	26,555
Water-in-storage inventory		393,410	356,030
Materials and supplies inventory		95,917	88,394
Prepaid expenses and other deposits		91,651	87,810
Total current assets		6,177,151	5,813,065
Non-current assets:			
Accounts receivable – long-term, net (note 3)		93,484	55,631
Capital assets – not being depreciated (note 4)		134,459	124,600
Depreciable capital assets, net (note 4)		3,363,421	3,610,023
Total non-current assets		3,591,364	3,790,254
Total assets		9,768,515	9,603,319
Deferred outflows of resources:			
Deferred pension outflows (note 9)		352,165	253,871
Total deferred outflows of resources	$	352,165	253,871

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See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Net Position, continued
June 30, 2023 and 2022

		2023	2022
Current liabilities:			
Accounts payable	$	57,202	66,839
Accrued expenses		43,973	33,160
Unearned revenue		32,520	30,568
Deposits		189,757	222,375
Long-term liabilities – due within one year:			
Compensated absences (note 5)		43,314	34,494
Tax liability – County (note 6)		10,849	26,037
Lease payable (note 8)		2,490	2,416
Total current liabilities		380,105	415,889
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		101,066	80,487
Tax liability – County (note 6)		-	11,398
Lease payable (note 8)		5,657	8,147
Net pension liability (note 9)		617,891	93,861
Total non-current liabilities		724,614	193,893
Total liabilities		1,104,719	609,782
Deferred inflows of resources:			
Deferred pension inflows (note 9)		-	208,060
Total deferred inflows of resources		-	208,060
Net position:			
Net investment in capital assets (note 11)		3,489,733	3,724,060
Restricted – Goat Mountain capital assets (note 12)		175,623	217,300
Restricted – pension benefits (note 2, 10, 12)		242,232	234,450
Unrestricted (note 13)		5,108,373	4,863,538
Total net position	$	9,015,961	9,039,348

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, 2023 and 2022

		2023	2022
Operating revenues:			
Water consumption sales	$	399,971	392,964
Basic service charges		1,048,120	1,001,197
Other charges		589,075	846,219
Total operating revenues		2,037,166	2,240,380
Operating expenses:			
Transmission and distribution		1,082,146	663,125
General and administrative		996,433	708,581
Total operating expenses		2,078,579	1,371,706
Operating income before depreciation and amortization		(41,413)	868,674
Depreciation and amortization		(371,289)	(397,200)
Operating (loss) income		(412,702)	471,474
Non-operating revenue (expenses):			
Property taxes		242,221	209,045
Interest earnings (expense), net of fair value		55,566	(8,304)
Interest expense – long-term debt		(284)	(355)
Gain on asset disposal		4,358	-
Other non-operating revenues, net		21,906	63,354
Total non-operating revenues, net		323,767	263,740
Net (loss) income before capital contributions		(88,935)	735,214
Capital contributions:			
Meter sales and installations		17,630	44,675
Grant revenue		47,918	29,318
Total capital contributions		65,548	73,993
Change in net position		(23,387)	809,207
Net position, beginning of period		9,039,348	8,230,141
Net position, end of period	$	9,015,961	9,039,348

See accompanying notes to the basic financial statements.

Bighorn Desert View Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Cash receipts from customers for water sales and services	$	2,071,995	2,322,024
Cash paid to employees for salaries and wages		(696,397)	(655,452)
Cash paid to vendors and suppliers for materials and services		(1,192,729)	(1,166,920)
Net cash provided by operating activities		182,869	499,652
Cash flows from non-capital financing activities:			
Proceeds from property taxes		216,767	202,257
Net cash provided by non-capital financing activities		216,767	202,257
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(134,546)	(136,434)
Proceeds from capital contributions and connection fees		144,581	177,249
Principal paid on long-term debt		(4,832)	(33,342)
Interest paid on long-term debt		(284)	(355)
Net cash provided by capital and related financing activities		4,919	7,118
Cash flows from investing activities:			
Investment contributions to Section 115 Trust		(100,000)	(100,000)
Interest earnings		70,087	18,868
Net cash used in by investing activities		(29,913)	(81,132)
Net increase in cash and cash equivalents		374,642	627,895
Cash and cash equivalents – beginning of year		4,816,142	4,188,247
Cash and cash equivalents – end of year	$	5,190,784	4,816,142
Reconciliation of cash and cash equivalents to statement of financial position:			
Cash and cash equivalents	$	4,948,552	4,581,692
Cash and cash equivalents – restricted		242,232	234,450
Cash and cash equivalents – end of year	$	5,190,784	4,816,142

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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, 2023 and 2022

		2023	2022
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating income	$	(412,702)	471,474
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Depreciation and amortization		371,289	397,200
Other non-operating revenues, net		21,906	63,354
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		83,240	(19,052)
Grants receivable		(10,054)	3,368
Water-in-storage inventory		(37,380)	(66,200)
Materials and supplies inventory		(7,523)	(11,010)
Prepaid expenses and other deposits		(3,841)	(65,538)
Accounts receivable – long-term, net		(37,853)	897
Deferred outflows of resources		(98,294)	134,912
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable		(9,637)	15,111
Accrued expenses		10,813	5,554
Unearned revenue		1,952	9,771
Deposits		(32,618)	26,674
Compensated absences		29,399	16,676
IDM pipeline liability		-	(62,814)
Net pension liability		524,030	(608,327)
Deferred inflows of resources		(208,060)	187,602
Total adjustments		595,571	28,178
Net cash provided by operating activities	$	182,869	499,652

See accompanying notes to the basic financial statements.

(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.

(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. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap;(6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

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

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

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

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

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

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.

(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 Receivable / Payable

Leases receivable / payable are measured at the present value of payments expected to be received during the lease term.

9. Water-in-storage Inventory

Water-in-storage inventory consists primarily of water purchased and held in storage with Mojave Water Agency (MWA), the Agency's State Water Project wholesaler. In 2023 and 2022, the Agency purchased 60 and 70 acre-feet of State Water Project water through the MWA, respectively. At June 30, 2023 and 2022, the Agency has a total of 680 acre feet and 620 acre feet in water-in-storage valued using an average cost of $623 and $662 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.

(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 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.
- 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.

(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.

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, 2021 and 2020
- Measurement Dates: June 30, 2022 and 2021
- Measurement Periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

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. As of June 30, 2023, the Agency does not have any items that qualified for reporting in this category.

17. Net Position

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

- **Net Investment in Capital Assets** – Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted** – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

- **Unrestricted** – Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

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

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

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:

		2023	2022
Cash and cash equivalents	$	4,948,552	4,581,692
Cash and cash equivalents – restricted		242,232	234,450
Total cash and cash equivalents		5,190,784	4,816,142

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

		2023	2022
Cash on hand	$	1,550	1,550
Deposits with financial institutions		2,988,373	4,049,463
Deposits in Public Agency Retirement System (PARS)		242,232	234,450
Investments		1,958,629	530,679
Total	$	5,190,784	4,816,142

(2) Cash and Cash Equivalents, continued

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

	2023	2022
Deposits in Local Agency Investment Fund (LAIF)	260 days	311 days

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

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

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

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Agency's deposits with the bank in accordance with the Code.

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

Custodial Credit Risk

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

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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

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, 2023 and 2022, the Agency's investments held to maturity were categorized as twelve months or less, respectively.

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

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

Credit ratings as of June 30, 2022, were as follows:

Investment type		Amount	Minimum Legal Rating	Exempt from Disclosure	Ratings AA+ to AA-
California Local Agency Investment Fund	$	530,679	N/A	530,679	-
Total	$	530,679		530,679	-

(2) Cash and Cash Equivalents, continued

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, 2023 and 2022.

Fair Value Measurements

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

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

At June 30, 2022, the Agency did not hold any investments which require measurement at fair value on a recurring and non-recurring basis.

(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:

	2023	**2022**
Accounts receivable – long-term, net	$ 99,984	62,131
Allowance for uncollectible accounts	(6,500)	(6,500)
Accounts receivable – water sales, net	$ 93,484	55,631

(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, 2023 and 2022, were as follows:

		2023	2022
Various small projects under $25,000	$	38,265	34,595
Construction-in-process	$	38,265	34,595

Changes in capital assets for 2023 were as follows:

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

Major depreciable capital asset changes during fiscal year 2023 include additions and deletions to mobile equipment.

(4) Capital Assets, continued

Changes in capital assets for 2022 were as follows:

	As Restated Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land	$ 90,005	-	-	90,005
Construction-in-process	42,950	136,434	(144,789)	34,595
Total non-depreciable assets	132,955	136,434	(144,789)	124,600
Depreciable assets:				
Water System	9,985,378	134,089	-	10,119,467
Organization	336,272	-	-	336,272
Office Building	327,594	-	-	327,594
Mobile Equipment	768,342	10,700	-	779,042
Office Equipment	182,244	-	-	182,244
Yards	56,330	-	-	56,330
Fuel Station	18,942	-	-	18,942
Shop Equipment	29,961	-	-	29,961
Leased Equipment	13,100	-	-	13,100
Total depreciable assets	11,718,163	144,789	-	11,862,952
Accumulated depreciation:				
Water System	(6,627,311)	(282,529)	-	(6,909,840)
Organization	(189,706)	(13,448)	-	(203,154)
Office Building	(256,944)	(11,063)	-	(268,007)
Mobile Equipment	(575,555)	(67,981)	-	(643,536)
Office Equipment	(116,359)	(17,569)	-	(133,928)
Yards	(49,808)	(248)	-	(50,056)
Fuel Station	(17,835)	(148)	-	(17,983)
Shop Equipment	(22,003)	(1,719)	-	(23,722)
Leased Equipment	(208)	(2,495)	-	(2,703)
Total accumulated depreciation	(7,855,729)	(397,200)	-	(8,252,929)
Total depreciable assets, net	3,862,434	(252,411)	-	3,610,023
Total capital assets, net	$ 3,995,389			3,734,623

Major depreciable capital asset additions during fiscal year 2022 include additions to the water system and mobile equipment.

(5) Compensated Absences

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

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

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

The changes to compensated absences balances at June 30, 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Due Within One Year	Due in More Than One Year
$ 98,305	72,293	(55,617)	114,981	34,494	80,487

(6) Tax Liability – County

Tax Liability – County of San Bernardino

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

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

Annual payments are as follows:

Fiscal Year	Liability
2024	$ 10,849
Total	10,849
Less current	(10,849)
Total non-current	$ -

(7) Morongo Basin – IDM Pipeline Liability

During fiscal year 2020, the Agency was notified by the Mojave Water Agency (MWA) that it maintained sufficient debt service reserves and further tax apportionments would be terminated. MWA projected the final debt service payment for each IDM pipeline participant based on the percentage share of the pipeline that would be required in May 2022. Of the total final projected payment of $628,136, the Agency's share is calculated at 10% or $62,814. During 2022 the Agency was notified by MWA that its last remaining liability was $34,162, which was paid in May 2022. The remaining balance of $34,162 was written off accordingly by the Agency.

(8) Long-term Debt

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

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

Changes in long-term debt for the year ended June 30, 2022 are as follows:

	As Restated Balance 2021	Additions	Payments/ Amortization	Balance 2022
Lease payable:				
Equipment lease	$ 12,908	-	(2,345)	10,563
Total lease payable	12,908	-	(2,345)	10,563
Less: current portion due	(2,345)			(2,416)
Long-term portion due	$ 10,563			8,147

Equipment Lease Payable

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

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

(8) Long-term Debt, continued

Equipment Lease Payable, continued

Annual lease payments are as follows:

Year		Principal	Interest	Total
2024	$	2,490	210	2,700
2025		2,565	135	2,700
2026		2,643	57	2,700
2027		449	2	451
Total		8,147	404	8,551
Less: current		(2,490)		
Long-term	$	5,657		

(9) 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.

(9) Defined Benefit Pension Plan, continued

Benefits provided, continued

The Plans' provision and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan Pool	
	Classic	**PEPRA**
Hire date	Prior to December 31, 2012	On or after January 1, 2013
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	9.924%	7.470%
Required employee contribution rates	13.326%	6.750%

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:

	2023	2022
Contributions – employer	$ 104,560	90,376

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:

	2023	2022
Proportionate share of net pension liability	$ 617,891	93,861

(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

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, 2023 and 2022, the net pension liability of the Plan is measured as of June 30, 2022 and 2021 (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, 2021 and 2020 (the valuation dates), rolled forward to June 30, 2022 and 2021, 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, 2023, was as follows:

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

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, 2022, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2021	0.00646%
Increase in proportion	-0.00472%
Proportion – June 30, 2022	0.00174%

(9) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended June 30, 2023 and 2022, the Agency recognized pension income and expense of $322,236 and $195,437, respectively.

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

	2023		2022	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$ 104,560	-	90,376	-
Differences between actual and expected experience	4,098	-	10,525	-
Changes in assumptions	63,316	-	-	-
Net differences between projected and actual earnings on plan investments	113,181	-	-	(81,933)
Differences between actual contribution and proportionate share of contribution	41,757	-	152,970	-
Net adjustment due to differences in proportions of net pension liability	25,253	-	-	(126,127)
Total	$ 352,165	-	253,871	(208,060)

As of June 30, 2023 and 2022, the Agency reported $104,560 and $90,376, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2022 and 2021, and will be recognized as a reduction of the net pension liability for the year ended June 30, 2024 and 2023, respectively.

As of June 30, 2023 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
2024	$ 82,486
2025	74,828
2026	46,798
2027	43,493
2028	-
Remaining	-

(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 and 2020, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Dates	June 30, 2021 and 2020
Measurement Dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2022 and 2021 – 2.30% and 2.50%
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 Contract
Period upon which actuarial Experience Survey assumptions were based	2022 and 2021 – 1997-2015
Post Retirement Benefit	2022 and 2021 – COLA up to 2.50% 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.

Discount Rate

At the measurement dates, June 30, 2022 and 2021, 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.

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

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, 2023 and 2022, 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%	

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

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

(9) Defined Benefit Pension Plan, continued

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

As of June 30, 2022, 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% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Agency's Net Pension Liability	$	520,092	93,861	(258,500)

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 54 and 55 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2023 and 2022, the Agency reported $0 in payables for the outstanding amount of contribution to the pension plan, respectively.

(10) 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, 2023 and 2022, the Agency deposited $0 and 100,000 into the Trust, respectively. During fiscal year ended June 30, 2023 and 2022, the Trust earned $9,156 and $27,741 in interest income and incurred $1,374 and $1,316 in bank fees, respectively. The Trust account balance on June 30, 2023 and 2022 amounted to $242,232 and $234,450, respectively.

(11) Net Investment in Capital Assets

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

		2023	2022
Net investment in capital assets:			
Capital assets – not being depreciated	$	134,459	124,600
Capital assets, net – not being depreciated or amortized		3,363,421	3,610,023
Lease payable – current portion		(2,490)	(2,416)
Lease payable – non-current portion		(5,657)	(8,147)
Total net investment in capital assets	$	3,489,733	3,724,060

(12) 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:

		2023	2022
Restricted net position:			
Goat Mountain capital assets	$	175,623	217,300
Section 115 Trust – Pension benefits		242,232	234,450
Total restricted net position	$	417,855	451,750

(13) Unrestricted Net Position

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

		2023	2022
Unrestricted net position:			
Non-spendable net position:			
Water-in-storage inventory	$	393,410	356,030
Materials and supplies inventory		95,917	88,394
Prepaid expenses and other deposits		91,651	87,810
Total non-spendable net position		580,978	532,234
Spendable net position are as follows:			
Unrestricted		4,527,395	4,331,304
Total spendable net position		4,527,395	4,331,304
Total unrestricted net position	$	5,108,373	4,863,538

(14) Adjustments to Net Position

In fiscal year 2022, the Agency implemented GASB Statement No. 87 to recognize its lessee arrangement. The Agency did not have any lessor arrangements which required restatement. As a result of the implementation, the Agency recognized the lease asset, lease payable, amortization, interest expense, and recorded a prior period adjustment, a decrease to net position, of $16 at June 30, 2021.

The adjustment to net position is as follows:

Net position at June 30, 2020	$	7,412,559
Effect of adjustment for 2021 to remove previously recorded rental expense – equipment lease as a result of GASB 8		225
Effect of adjustment for 2021 to record interest expense – equipment lease as a result of GASB 87		(33)
Effect of adjustment for 2021 to record amortization expense – equipment lease as a result of GASB 87		(208)
Total adjustments to net position		(16)
Change in net position at June 30, 2021, as previously stated		817,598
Net position at June 30, 2021, as restated	$	8,230,141

(15) Morongo Basin Pipeline Water Delivery Costs

The Agency is a project participant in the Mojave Water Agency's Improvement Agency M State Water Project (Morongo Basin Project). The Mojave Water Agency was authorized to issue $66,500,000 of general obligation bonds to build a pipeline connection from the State Water Project's California Aqueduct in Hesperia to the Morongo Basin. The project was completed in June 1996, and to date $51,780,000 in bonded debt has been issued to cover the costs of the construction.

The Agency and the other project participants have agreed to pay their proportional portion of the construction, operation and financing costs of the entire project. The Agency's proportional share of the project is 10%.

The agreement is being treated as a 25-year operating lease since title to the pipeline connection assets will not be transferred to the Agency. As part of the agreement, the Agency is required to pay its portion of the lease (debt service on the project) annually. For fiscal year ended June 30, 2023 and 2022, the lease payment was $0, respectively. During the fiscal year 2020, the Mojave Water Agency refinanced the general obligation bonds associated with the Morongo Basin Project. Due to refinance terms the Mojave Water Agency projects that the Agency will pay one final payment of $62,814 due in fiscal year 2022. During 2022 the Agency was notified by MWA that its last remaining liability was $28,652, which was paid in May 2022. As a result, the Agency wrote off the remaining balance of $34,162.

(16) Risk Management

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

(16) Risk Management, continued

At June 30, 2023, the Agency participated in the liability and property programs of the JPRIMA as follows:

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

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

- Employee dishonesty coverage up to $500,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. A dedicated and separate limit of $6,822,479 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 $6,822,479 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 2023, 2022, and 2021. 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, 2023, 2022, and 2021.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

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

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

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

Governmental Accounting Standards Board Statement No. 99, continued

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

Governmental Accounting Standards Board Statement No. 100

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

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

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

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

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.

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

Governmental Accounting Standards Board Statement No. 101, continued

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.

(18) 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.

(19) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of November 14, 2023, 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, 2023
Last Ten Years*

	Measurement Date								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Agency's Proportion of the Net Pension Liability	0.00535%	0.00174%	0.00646%	0.00683%	0.00667%	0.00664%	0.00656%	0.00656%	0.00657%
Agency's Proportionate Share of the Net Pension Liability	$ 617,891	93,861	702,188	699,595	642,920	658,030	567,392	450,309	408,884
Agency's Covered Payroll	$ 558,852	521,317	525,005	454,463	477,108	432,502	473,007	390,961	361,687
Agency's proportionate share of the net pension liability as a as a Percentage of its Covered Payroll	110.56%	18.00%	133.75%	153.94%	134.75%	152.14%	119.95%	115.18%	113.05%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	97.09%	97.09%	76.73%	75.10%	76.19%	74.45%	75.10%	78.78%	79.59%

Notes to schedule:
There were no changes in benefits.

Changes in assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administartive 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%

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

Bighorn Desert View Water Agency
Schedule of Pension Plan Contributions
As of June 30, 2023
Last Ten Years*

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

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

Statistical Information Section

Bighorn Desert View Water Agency
Statistical Section

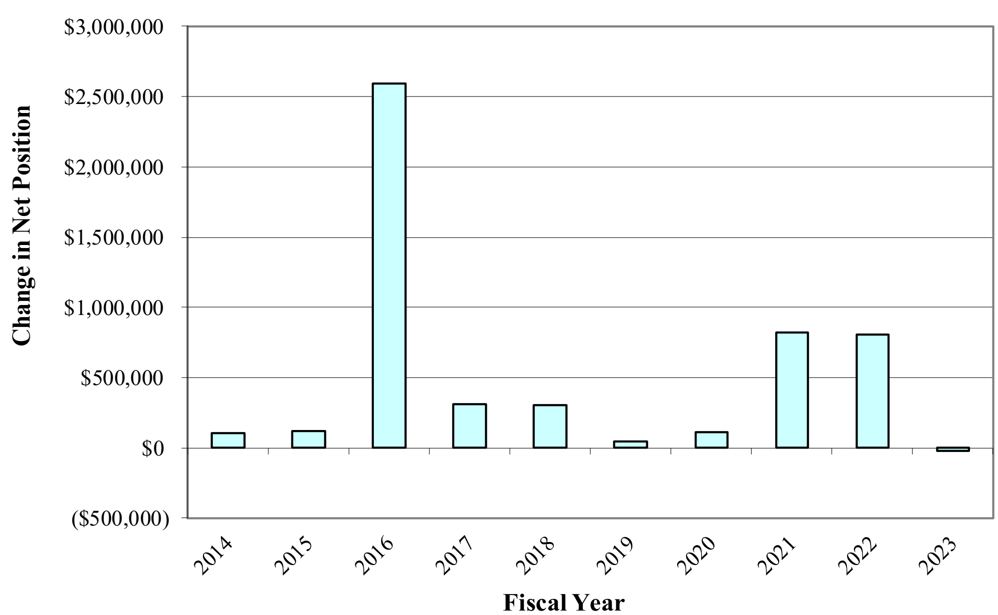
This part of the Agency's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Table of Contents

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

Schedule 1

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Changes in net position:					
Operating revenues (see Schedule 2)	$ 1,089,864	1,097,073	1,530,493	1,614,452	1,730,166
Operating expenses (see Schedule 3)	(1,152,879)	(1,065,975)	(1,399,934)	(1,425,697)	(1,549,293)
Depreciation and amortization	(233,053)	(245,697)	(362,372)	(341,677)	(355,039)
Operating income(loss)	(296,068)	(214,599)	(231,813)	(152,922)	(174,166)
Non-operating revenues(expenses):					
Property taxes	281,726	292,261	328,939	388,380	364,491
Interest earnings, net of fair value	1,828	2,390	3,892	6,021	15,464
Desert View debt surcharge	49,843	49,949	49,983	50,169	50,134
Interest expense – investments, net of fair value	-	-	-	-	-
Interest expense – long-term debt	(38,486)	(32,637)	(28,182)	(21,059)	(14,613)
Gain (loss) on disposal of assets	-	-	11,190	-	-
Other non-operating revenues (expense), net	2,665	580	(2,062)	5,086	16,023
Total non-operating revenues, net	297,576	312,543	363,760	428,597	431,499
Net income (loss) before capital contributions	1,508	97,944	131,947	275,675	257,333
Capital contributions	102,377	23,271	2,458,613	32,967	43,345
Changes in net position	$ 103,885	121,215	2,590,560	308,642	300,678
Net position by component:					
Net investment in capital assets	$ 3,003,491	3,220,454	4,277,850	4,223,449	4,152,521
Restricted	-	-	449,082	418,582	418,582
Unrestricted	1,535,444	966,225	1,920,124	2,313,667	2,685,273
Total net position	$ 4,538,935	4,186,679	6,647,056	6,955,698	7,256,376
% increase	2.34%	-7.76%	58.77%	4.64%	4.32%

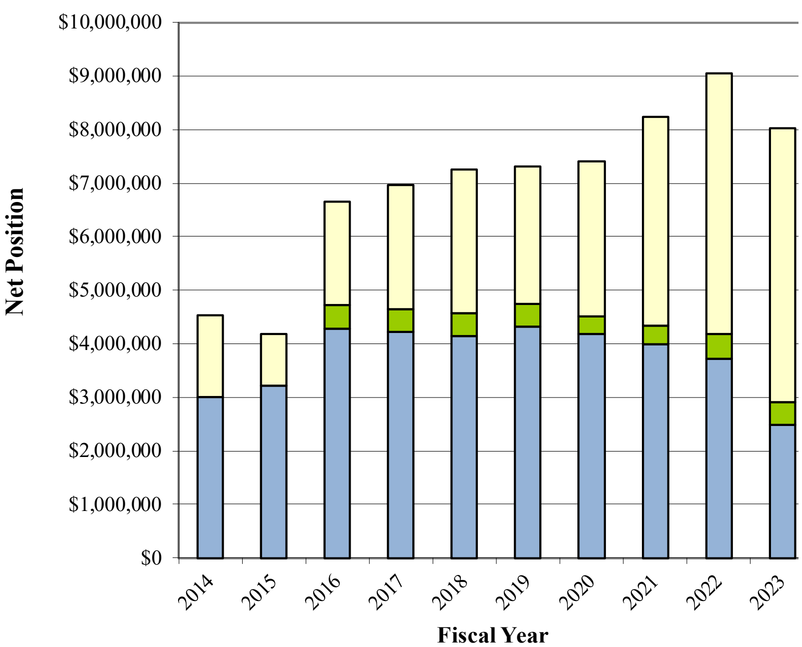


Source: Bighorn Desert View Water Agency Accounting Staff

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

Schedule 1

Fiscal Year				
		As Restated		
2019	**2020**	**2021**	**2022**	**2023**
1,781,296	1,983,822	2,432,919	2,240,380	2,037,166
(1,639,648)	(2,088,334)	(1,663,182)	(1,371,706)	(2,078,579)
(360,272)	(362,447)	(431,056)	(397,200)	(371,289)
(218,624)	(466,959)	338,681	471,474	(412,702)
205,697	203,648	216,462	209,045	242,221
41,126	70,688	20,610	-	-
50,093	50,031	66	-	-
-	-	-	(8,304)	55,566
(7,026)	(1,261)	(33)	(355)	(284)
(164,002)	(37,076)	-	-	4,358
10,817	1,216	16,509	63,354	21,906
136,705	287,246	253,614	263,740	323,767
(81,919)	(179,713)	592,295	735,214	(88,935)
125,872	291,943	225,287	73,993	65,548
43,953	112,230	817,582	809,207	(23,387)
4,328,156	4,175,265	3,995,389	3,724,060	2,489,733
418,582	344,225	344,225	451,750	417,855
2,553,591	2,893,069	3,890,527	4,863,538	5,108,373
7,300,329	7,412,559	8,230,141	9,039,348	8,015,961
0.61%	1.54%	11.03%	9.83%	-11.32%

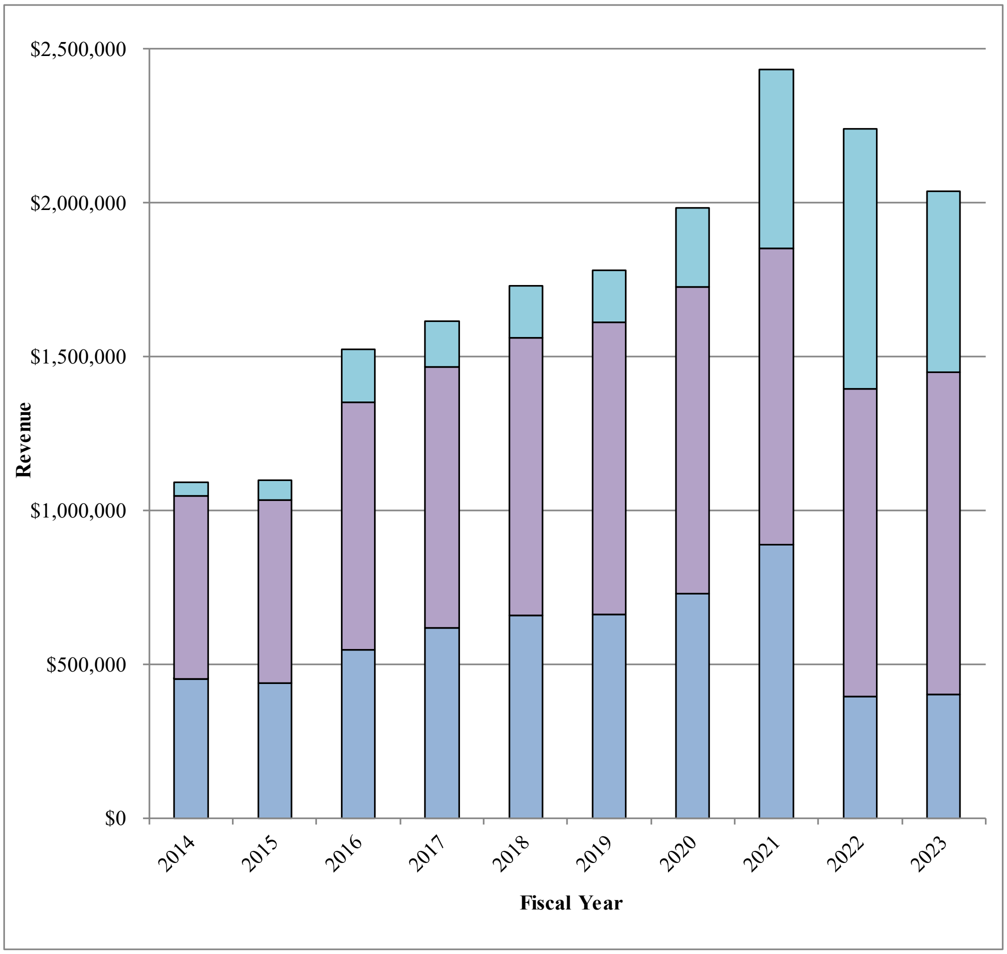


Note: See color key on page 56.

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
2014	$	453,100	594,885	41,879	1,089,864
2015		438,409	594,571	64,093	1,097,073
2016		545,931	806,279	170,783	1,522,993
2017		617,342	848,325	148,785	1,614,452
2018		659,453	901,047	169,666	1,730,166
2019		662,875	949,380	169,041	1,781,296
2020		727,853	1,000,103	255,866	1,983,822
2021		887,162	963,838	581,919	2,432,919
2022		392,964	1,001,197	846,219	2,240,380
2023		399,971	1,048,120	589,075	2,037,166

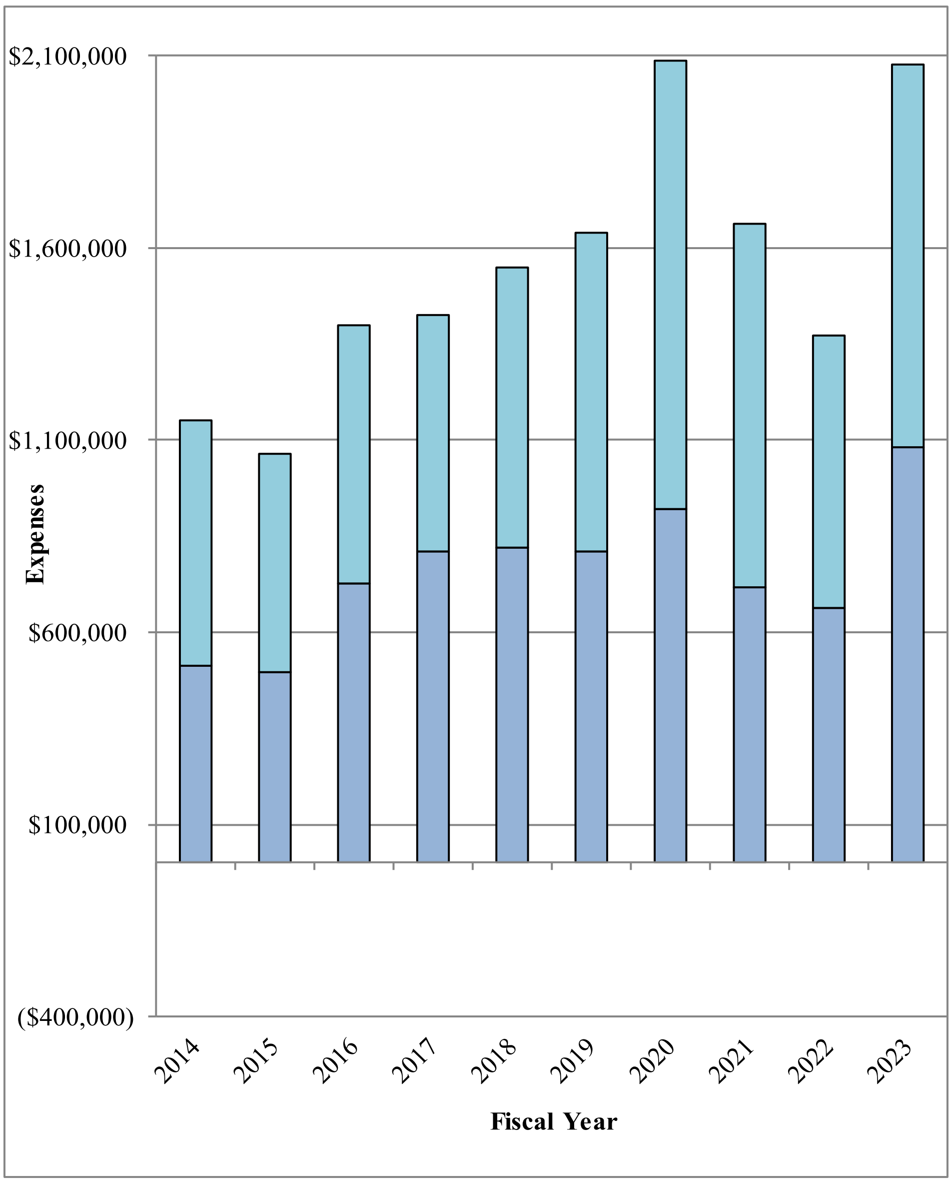


Source: Bighorn Desert View Water Agency Accounting Staff

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
2014	$	512,501	640,378	1,152,879
2015		496,019	569,956	1,065,975
2016		726,110	673,824	1,399,934
2017		810,504	615,193	1,425,697
2018		819,563	729,730	1,549,293
2019		810,871	828,777	1,639,648
2020		921,052	1,167,282	2,088,334
2021		715,886	947,296	1,663,182
2022		663,125	708,581	1,371,706
2023		1,082,146	996,433	2,078,579



Source: Bighorn Desert View Water Agency Accounting Staff

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

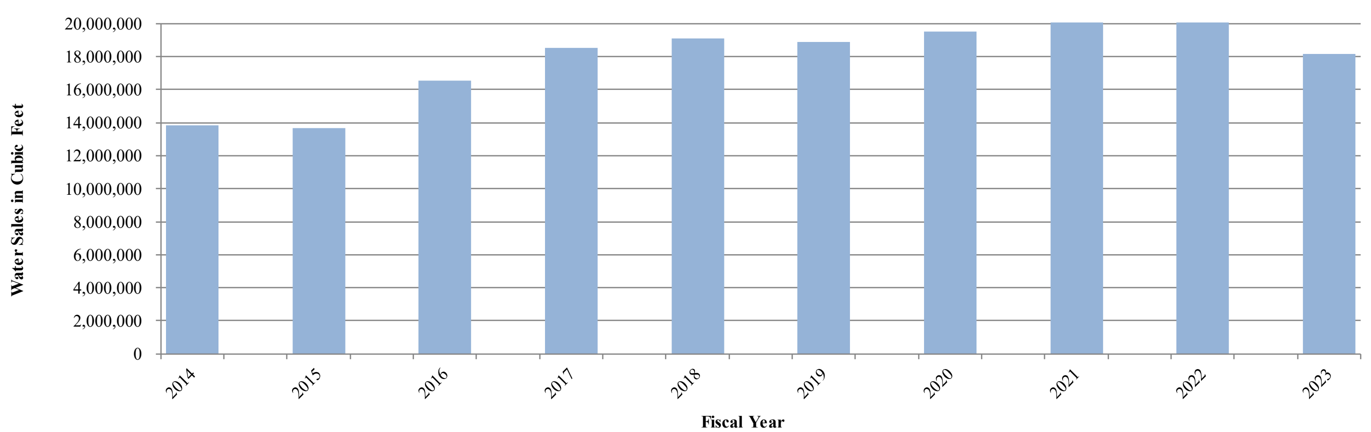
Schedule 4

Water Sold and Produced

READ CYCLE EVEN MONTHS		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Routes 1-6, 15, 16 and bulk accts 30 thru 35 and 40											
Cubic Feet	$	6,452,122	6,384,904	7,231,125	8,194,345	8,558,114	10,929,073	11,426,664	14,687,873	10,783,397	8,541,603
Acre Feet		148.10	146.60	166.00	188.10	196.48	250.90	262.32	337.19	247.55	196.09
READ CYCLE ODD MONTHS		**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Routes 7-14											
Cubic Feet	$	7,348,915	7,282,630	9,320,813	10,324,766	10,519,454	7,951,582	8,080,386	10,130,967	11,943,213	9,617,062
Acre Feet		168.70	167.20	214.00	237.00	241.49	182.54	185.50	232.58	274.18	220.78
Total Sales in Cubic Feet		13,801,037	13,667,534	16,551,938	18,519,111	19,077,568	18,880,655	19,507,050	24,818,840	22,726,610	18,158,665
Total Sales in Acre Feet		316.80	313.80	380.00	425.10	437.97	433.44	447.82	569.76	521.73	416.87
Total All Production in Acre Feet		393.30	355.82	452.74	499.67	558.98	549.05	559.93	677.01	601.39	522.01

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 SOLD PER YEAR



Source: Bighorn Desert View Water Agency Accounting Staff

Bighorn Desert View Water Agency
Revenue Rates
Last Ten Fiscal Years — Schedule 5

Revenue Rates

			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BIGHORN MOUNTAINS												
Account Routes 01-06			**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF **	$	3.00	3.00	3.00	3.09	3.18	3.28	3.38	3.38	3.15/3.36	3.28/3.49
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF		-	-	-	-	-	-	-	-	4.80/5.01	4.99/5.21
Basic Service Charge (up to 1-inch)			27.50	27.50	27.50	28.88	30.32	31.83	33.42	33.42	32.12	33.41
DESERT VIEW												
Account Routes 07-11			**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF	$	3.00	3.00	3.00	3.09	3.18	3.28	3.38	3.03	3.15/3.36	3.28/3.49
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF		-	-	-	-	-	-	-	-	4.80/5.01	4.99/5.21
Basic Service Charge (all sizes)			27.50	27.50	27.50	28.88	30.32	31.83	33.42	30.89	32.12	33.41
DV Revenue Bond Charge			4.65	4.65	4.65	4.65	4.65	4.65	4.65	0.00	0.00	0.00
ID GOAT MOUNTAIN*												
Account Routes 12-15			**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Consumption Rate (Tier 1 Res/Ag)	12.5 HCF	$	4.77	4.77	3.00	3.09	3.18	3.28	3.38	3.38	3.15/3.36	3.28/3.49
Consumption Rate (Tier 2 Res/Ag)	> 12.5 HCF		5.49	5.49	N/A	N/A	N/A	N/A	N/A	N/A	4.80/5.01	4.99/5.21
Consumption Rate - Tier 3			6.31	6.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic Service Charge 3/4-inch/1-inch			29.36/48.93	29.36/48.93	27.50	28.88	30.32	31.83	33.42	33.42	N/A	33.41
Commercial, Institutional, Fire & Other		$	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Consumption Rate (flat only)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.72	3.87
Basic Service Charge (up to 1-inch)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	33.42	32.12	33.41
Basic Service Charge Fire Sprinkler (1-Inch)			16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	31.84	16.56
Basic Service Charge Fire Sprinkler (6-inch)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	312.86	325.38
Account Routes 30-31 (1-inch Metered Water Haulers)												
Consumption Rate (flat only)		$	8.50	8.50	8.50	8.76	9.02	9.29	9.57	9.57	8.14	8.47
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)		$	3.00	8.50	8.50	8.76	9.02	9.29	9.57	7.83	8.14	8.47
Basic Service Charge (all sizes)			None	None	None	28.88	30.32	31.83	33.42	85.43	88.84	92.40

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

	2023				2014		
Customer	**Sales in Cubic Feet**	**Annual Revenues**	**Percentage of Total**	**Customer**	**Sales in Cubic Feet**	**Annual Revenues**	**Percentage of Total**
COMMERCIAL WATER HAULER A	200,730	$ 16,692	1.11%	COMMERCIAL WATER HAULER A	114,710	$ 9,750	0.83%
CONSTRUCTION METER A	195,963	16,218	1.08%	COMMERCIAL WATER HAULER B	107,190	9,111	0.78%
COMMERCIAL WATER HAULER B	180,600	14,987	0.99%	MUSD LANDERS ELEM SCHOOL	97,590	2,928	0.71%
COMMERCIAL WATER HAULER C	170,010	14,009	0.94%	RESIDENTIAL CUSTOMER A	83,173	2,495	0.60%
RESIDENTIAL CUSTOMER R A	163,933	7,790	0.90%	RESIDENTIAL CUSTOMER B	79,734	2,392	0.58%
MUSD LANDERS ELEM SCHOOL	100,240	3,760	0.55%	RESIDENTIAL CUSTOMER C	64,701	1,941	0.47%
RESIDENTIAL CUSTOMER R B	90,445	4,175	0.50%	RESIDENTIAL CUSTOMER D	64,614	1,938	0.47%
RESIDENTIAL CUSTOMER R C	75,858	3,426	0.42%	COMMERCIAL CUSTOMER A	57,779	1,733	0.42%
RESIDENTIAL CUSTOMER R D	74,106	3,356	0.41%	RESIDENTIAL CUSTOMER E	56,280	1,688	0.41%
RESIDENTIAL CUSTOMER R E	68,755	3,080	0.38%	RESIDENTIAL CUSTOMER F	53,769	1,613	0.39%
Total	1,320,640		7.27%	Total	779,540		5.65%
Water Sold in 2022-23	18,158,665	$ 399,971		Water Sold in 2013-14	13,801,037	$ 453,100	

Notes:

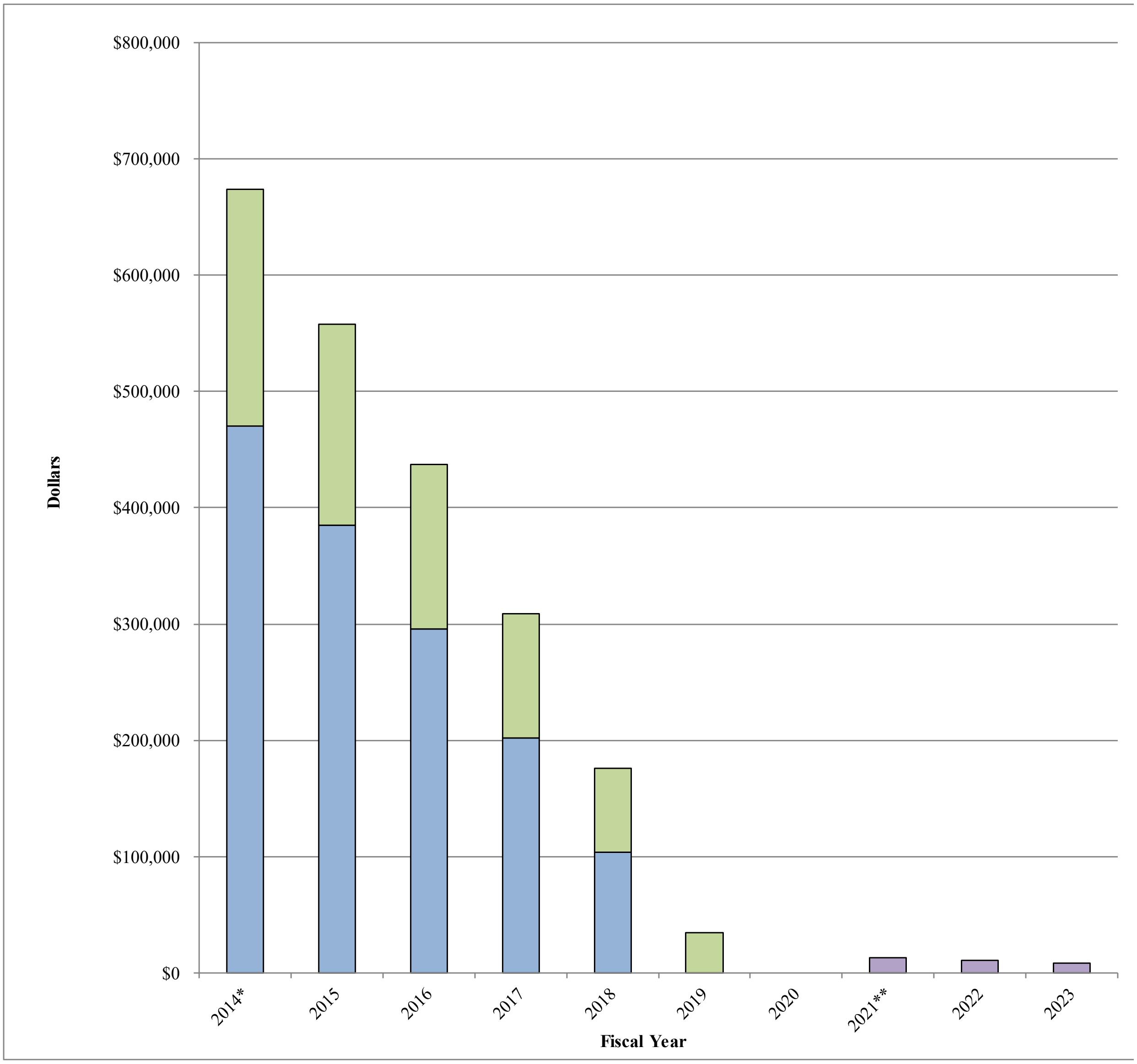
Construction meters are fire hydrants used for construction.
Commercial water haulers deliver to individual residents without service connections.
Commercial water hauler's and Construction water users are charged a higher rate per unit than domestic users (See Table "Water Rates" for trends)
High usage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

Source: Bighorn Desert View Water Agency Accounting Staff

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

Schedule 7

Fiscal Year	BH Bond	DV Bond	Equipment Lease	Total Debt	Total Per Capita	Total As a Share of Personal Income
2014*	$ 470,000	$ 203,594	$ -	673,594	221.00	0.87%
2015	385,000	172,977	-	557,977	183.00	0.59%
2016	296,000	140,977	-	436,977	143.00	0.49%
2017	202,000	106,977	-	308,977	101.00	0.51%
2018	104,000	71,977	-	175,977	57.30	0.42%
2019	-	34,977	-	34,977	23.13	0.19%
2020	-	-	-	-	23.13	0.06%
2021**	-	-	12,908	-	2.92	0.01%
2022	-	-	10,563	10,563	2.35	0.00%
2023	-	-	8,147	8,147	1.82	0.01%



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
2014*	$ 470,000	$ 470,000	$ 154
2015	385,000	385,000	126
2016	296,000	296,000	97
2017	202,000	202,000	66
2018	104,000	104,000	34
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-

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

				Debt Service				
Fiscal Year	Net Revenues	Operating Expenses[1]	Net Available Revenues	FMHA Surcharge	Principal	Interest	Total	Coverage Ratio
2014	1,089,864	(1,152,879)	(63,015)	49,843	29,000	11,274	90,117	1.24
2015	1,097,073	(1,065,975)	31,098	49,949	31,000	9,491	90,440	1.23
2016	1,522,993	(1,399,934)	123,059	49,983	32,000	8,630	90,613	1.23
2017	1,614,452	(1,425,697)	188,755	50,169	34,000	7,250	91,419	1.22
2018	1,730,166	(1,549,293)	180,873	50,134	35,000	5,550	90,684	1.24
2019	1,781,296	(1,639,648)	141,648	46,940	37,000	2,122	86,062	1.20
2020	1,983,822	(2,088,334)	(104,512)	44,000	35,000	1,261	80,261	1.21
2021	2,432,919	(1,663,182)	769,737	-	-	-	-	0.00
2022	2,240,380	(1,371,706)	868,674	-	-	-	-	0.00
2023	2,037,166	(2,078,579)	(41,413)	-	-	-	-	0.00

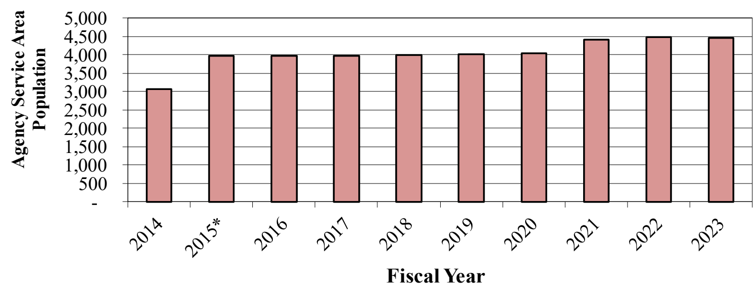
Notes:
(1) Operating expenses exclude depreciation expense.

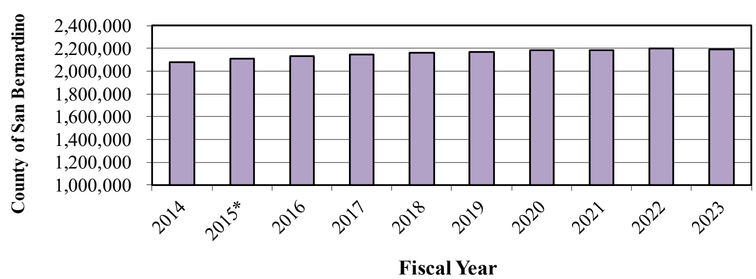
Source: Audited Financial Statements & BDVWA Accounting Staff

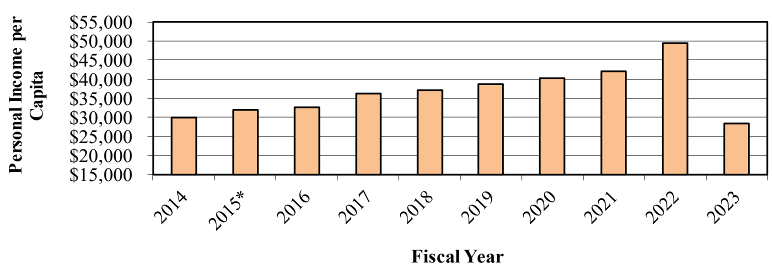
Bighorn Desert View Water Agency
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule 10

Year	Population[1]	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
		County of San Bernardino[2]			
2014	3,055	10.3%	2,076,274	62,259,000	29,990
2015*	3,968	6.5%	2,104,291	67,488,821	32,072
2016	3,972	5.9%	2,128,133	69,689,971	32,747
2017	3,978	5.4%	2,147,933	77,823,908	36,232
2018	3,990	4.7%	2,157,404	80,020,272	37,091
2019	4,007	4.0%	2,171,603	84,292,942	38,816
2020	4,032	4.0%	2,180,085	92,252,477	40,316
2021	4,416	7.8%	2,181,654	91,723,279	42,043
2022	4,494	5.4%	2,194,710	108,622,782	49,493
2023	4,465	4.3%	2,193,656	62,394,158	28,443







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
Employer	No. of EE's 2022-2023	2023 % of Labor Force	Employer	No. of EE's 2013-2014
Post Office	1	1.08%	Post Office	1
Giant Rock Meeting Room	8	8.60%	Giant Rock Meeting Room	N/A
Western Coffee Pot Café'	N/A	N/A	Western Coffee Pot Café'	2
Dollar General	8	8.60%	Dollar General	N/A
Halliday's Liquor	2	2.15%	Halliday's Liquor	N/A
Mojave Liquor	4	4.30%	Mojave Liquor	4
Loyal Order/Moose Landers	2	2.15%	Loyal Order/Moose Landers	2
Lander's Brew & Pub (Castle Inn)	N/A	N/A	Lander's Brew & Pub (Castle Inn)	N/A
Diversified Tools	N/A	N/A	Diversified Tools	4
Heros Market	10	10.75%	Heros Market	6
Bighorn Desert View Water Agency	9	9.68%	Bighorn Desert View Water Agency	7
La Copine	18	19.35%	La Copine	N/A
Lefevre's Towing	4	4.30%	Lefevre's Towing	N/A
Moon Wind Trading	3	3.23%	Moon Wind Trading	N/A
C & J Feed Barn	2	2.15%	C & J Feed Barn	N/A
MUSD)Landers Elementary School)	22	23.66%	MUSD)Landers Elementary School)	20
Total	93	5.95%	Total	$ 46
2022-23 Total Labor Force for BDV Service Area		1563		

Notes:

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

Total Labor Force was estimated as a percentage of calculated population

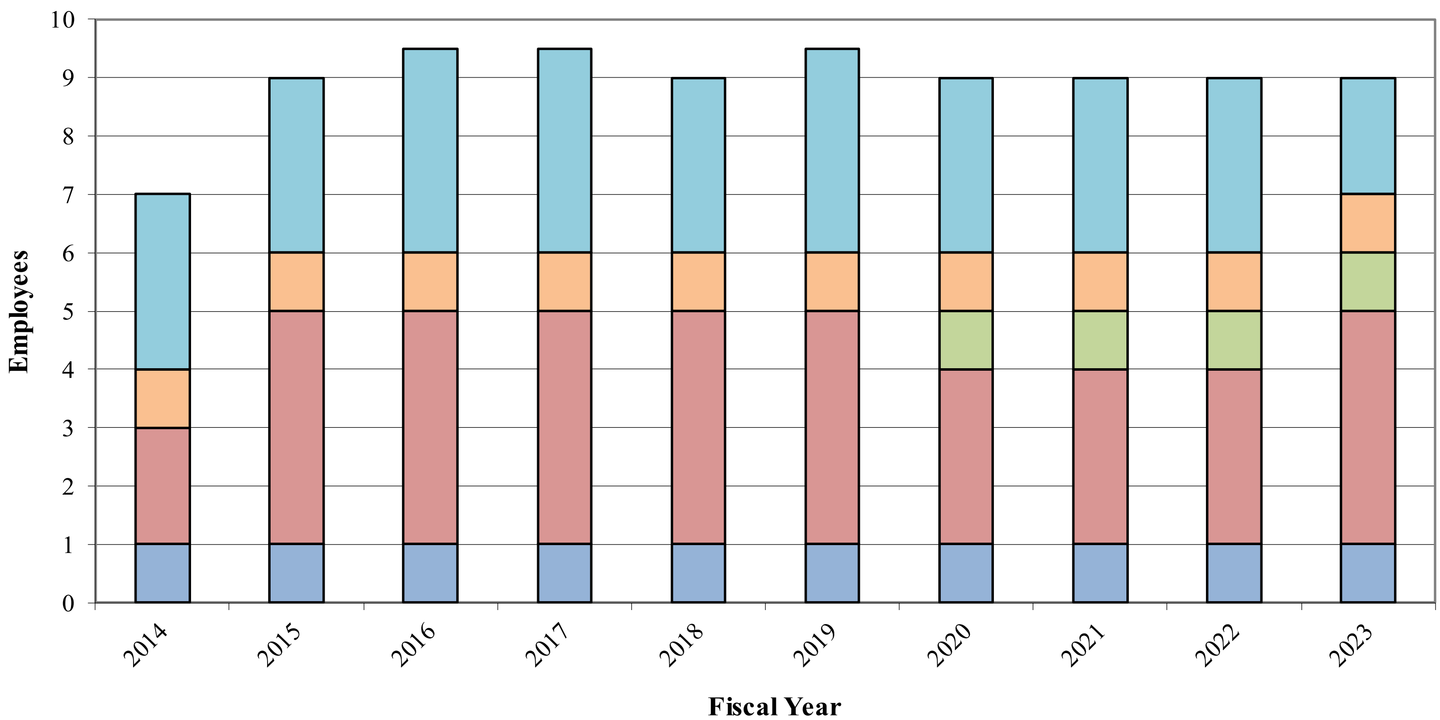
Source: Bighorn Desert View Water Agency Accounting Staff

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

	Water Operations			Adminstration		
Fiscal Year	**Water Distribution Operator (Water Quality)**	**Water Distribution Operator[1]**	**Field Supervisor[2]**	**Administration[4] General Manager**	**Accounting I, II, III Customer Service**	**Total**
2014	1	2	0	1	3	7
2015	1	4	0	1	3	9
2016	1	4	0	1	4	10
2017	1	4	0	1	4	10
2018	1	4	0	1	3	9
2019	1	4	0	1	4	10
2020	1	3	1	1	3	9
2021	1	3	1	1	3	9
2022	1	3	1	1	3	9
2023	1	4	1	1	2	9



Source: Bighorn Desert View Water Agency Accounting Staff

Note:

General Manager is 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 (annexed property):[3] (Acres)	Service Area (annexed property):[3] (Square Miles)	Miles of Pipleline	Storage Tanks	Storage Capacity (MG)	Active Pumping Plants	Active Wells[2] Domestic	Well Capacity[4] (Gallons per Minute)	Service Connections[5] Bighorn Mountains	Service Connections[5] Desert View	Service Connections[5] ID Goat Mountain
2014	27,353	43	120	10	2.40	2	6	2,816	1,009	886	N/A
2015	27,353	43	120	10	2.40	2	6	2,789	1,010	886	N/A
2016	33,280	52	170	13	3.00	3	9	3,463	1,013	886	651
2017	33,280	52	170	13	3.00	3	9	3,363	1,015	888	652
2018	33,280	52	170	13	3.00	3	8	3,434	1,017	890	654
2019	33,280	52	170	13	3.00	3	8	3,238	1,020	893	657
2020	33,280	52	170	13	3.00	3	8	2,058	1,021	895	667
2021	33,280	52	170	13	3.00	3	8	2,058	1,028	900	704
2022	33,310	52	170	13	3.00	3	8	1,834	1,047	903	716
2023	33,310	52	170	13	3.00	3	8	1,834	1,066	909	723

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

BIGHORN - DESERT VIEW

BDVWA

WATER AGENCY

Report on Internal Controls and Compliance

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An Accountancy Corporation

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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, 2023, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated November 14, 2023.

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
November 14, 2023