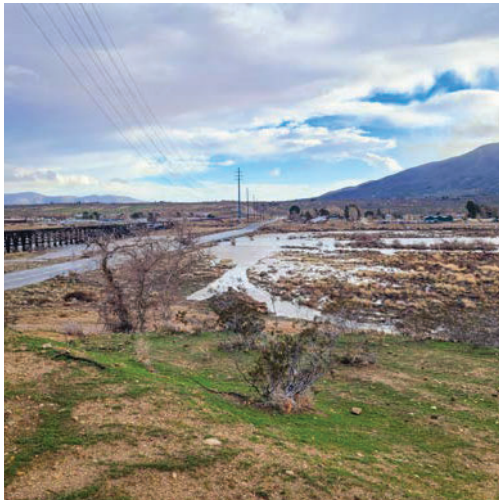




# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



**Mojave  
Water  
Agency**

**Apple Valley, California**  
**[www.MojaveWater.org](http://www.MojaveWater.org)**



## Board of Directors



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**Mojave Water Agency**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2023**

**Mojave Water Agency**  
13846 Conference Center Drive  
Apple Valley, California, 92307

Prepared by:  
*Lynne Chaimowitz, Chief Financial Officer*  
*Karry LaClair, Accounting Manager*  
*Beata Naval-Go, Accountant*

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**Mojave Water Agency**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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## **Introductory Section**

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October 26, 2023

To the Members of the Board of Directors and the Citizens and Agencies of the Mojave Water Agency:

We are pleased to provide you with the Annual Comprehensive Financial Report for the Mojave Water Agency (MWA) for the fiscal year ended June 30, 2023. The intended purpose of the financial report is to provide the Board of Directors, the customers of the Agency, and other interested parties with reliable information regarding the finances of the Agency. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Agency's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standard's Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Agency's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

In addition to the required components of the Financial Report, the Agency has elected to prepare this Annual Comprehensive Financial Report which includes supplementary information in this Letter of Transmittal and the Statistical Section. The Letter of Transmittal is intended to discuss the Agency's future direction and accomplishments. It is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes various financial trends and demographic information.

## **AGENCY OVERVIEW**

The Mojave Water Agency is a public agency that is one of twenty-nine State Water Project contractor agencies. The Agency is governed by a seven-member board of directors (the "Board of Directors"), the members of which are elected to four-year terms from geographical divisions by the registered voters residing in each division of the Agency. Day-to-day management of the MWA is delegated to the General Manager who reports directly to the Board of Directors.

Mojave Water Agency is a water management and wholesale water agency that was formed by popular vote in 1960, when residents, concerned about the overdraft of the region's aquifers, agreed to become part of the State Water Project (SWP) and secure a source of supplemental water for the region.

## **AGENCY OVERVIEW, continued**

Section 1.5 of the Mojave Water Agency Law states that:

*"...the purpose of the agency shall be to do any and every act necessary to be done so that sufficient water may be available for any present or future beneficial use of the land and inhabitants of the agency..."*

The Agency's adopted is to:

*"Collaboratively manage groundwater basins sustainably, import water responsibly, and address risks proactively using sound science."*

California's water suppliers, including MWA, are facing significant challenges. Several factors are influencing the difficulty in maintaining sustainable water supplies including:

- California's population continues to increase, thereby placing additional demands on the state's water supplies and infrastructure.
- Climate change is creating higher-highs and lower-lows for storm events, creating challenges in water deliver operations and an increased need for storage infrastructure and strategy.
- Climate change is dramatically reducing our mountain snowpack—a critical source of natural water storage.
- A federal court ruling cut water supplies from the state's two largest water delivery systems by up to one third to protect the endangered Delta Smelt fish — potentially the largest court-ordered water supply reduction in California history.
- The Sacramento-San Joaquin River Delta, the single most important link in California's water supply system, faces an ecological crisis that threatens people as well as the environment.
- Increased regulations and accelerated targets at the State-level for renewable energy is increasing water delivery costs; making it difficult to ensure affordable water supplies in Mojave's disadvantaged and severely disadvantaged communities.

In addition to these challenges, and perhaps in response to some of these emerging pressures, laws and regulations have been evolving that have changed the paradigm relating to land use and water supply. This paradigm shift has put greater pressure on water agencies to better plan, prepare and demonstrate the availability of water for the citizens served not only now but into the future. This has created a greater reliance on water agency planning documents that land use regulators such as cities and counties are now required to use in their decision-making processes. Water supply documentation used in this manner can now have a significant impact on future projects, jobs, and overall economic stability in some regions. Examples of recent legislation and regulations effecting economic decisions are:

- The passage of SB610 and SB221 put a greater burden on water agencies and land use authorities to demonstrate the availability of water prior to major construction projects taking place.
- State regulations requiring Urban Water Management Plans aimed at demonstrating future demand and supplies available.
- 2009 SB X7 legislation creating co-equal goals in managing the Delta, the major transportation hub of water in California.
- 2014 Sustainable Groundwater Management Act legislation putting greater emphasis on land use planning and local groundwater pumping/water availability and requiring numerous basins to provide groundwater sustainability plans for high and medium priority basins.

### Mojave Water Agency is Court Appointed Watermaster

Triggered by the rapid growth within the Mojave Water Agency service area, particularly in the Victor Valley area, the City of Barstow and the Southern California Water Company filed a complaint in 1990 against upstream water users claiming that the increased withdrawals and lowering of groundwater levels reduced the amount of natural water available to downstream users. Through an adjudication process, the resulting judgment appointed the Mojave Water Agency as the court appointed Watermaster for the Mojave Basin.

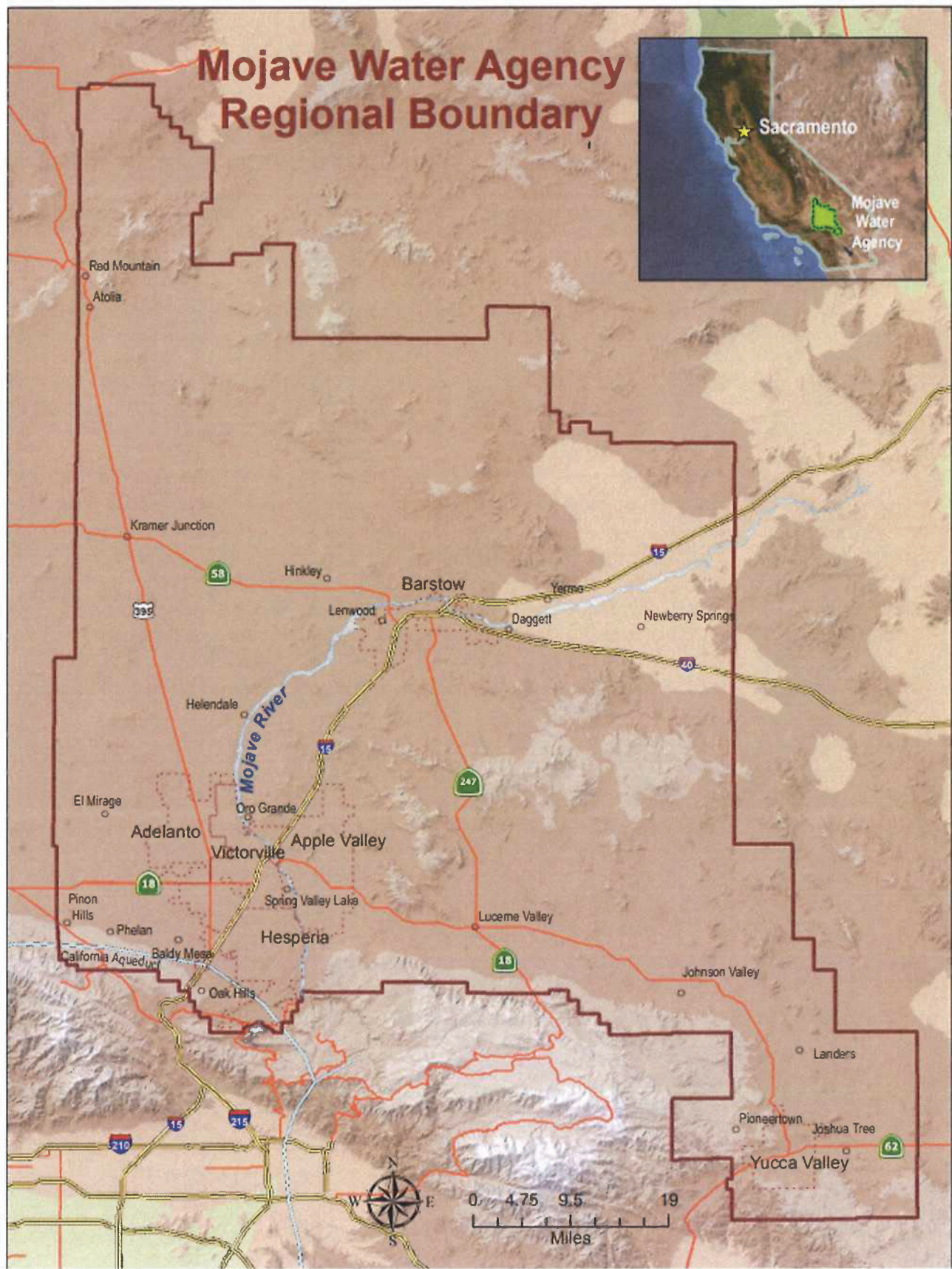
For purposes of defining and implementing a physical solution, the Mojave Basin Area consists of five distinct but hydrologically interrelated "Subareas". Each Subarea was found to be in overdraft to some extent due to the use of water by all the producers in that Subarea. In addition, some Subareas were found to historically have received at least a part of their natural water supply as water flowing to them from upstream Subareas, either on the surface or as subsurface flow. To maintain that historical relationship, the average annual obligation of any Subarea to another is set equal to the estimated average annual natural flow (excluding storm flow) between the Subareas over the 60-year period 1930-31 through 1989-90. If the Subarea obligation is not met, producers of water in the upstream Subarea must provide Makeup Water to the downstream Subarea.

To maintain proper water balances within each Subarea, the Judgment established a decreasing Free Production Allowance ("FPA") in each Subarea the first five years, and provides for the Court to review and adjust, as appropriate, the FPA for each Subarea annually thereafter. The FPA is allocated among the Producers in the Subarea based on each Producer's percentage share of the FPA. All water produced in excess of any Producer's share of the FPA must be replaced by the Producer, either by payment to the Watermaster of funds sufficient to purchase Replacement Water, or by transfer of unused FPA from another Producer. The MWA imports water from the State Water Project system to replace the replacement obligation amounts within each Subarea.

### Land and Land Use

The Agency's boundaries include approximately 4,900 square miles of land and includes small and medium-size communities and large areas of undeveloped land, characteristic of California's high desert, including tracts owned by the Federal government which are not subject to taxation. The Agency is in the south-central Mojave Desert in southern California and includes within its boundaries much of eastern San Bernardino County, including the incorporated communities of Barstow in the center, Adelanto, Apple Valley, Hesperia, and Victorville in the southwest, and Yucca Valley in the southeast. Unincorporated communities include Phelan, Baldy Mesa, Mountain View Acres, El Mirage, Oro Grande, Helendale, Lenwood, Hinkley, Harper Lake, Daggett, Yermo, Lucerne Valley, Johnson Valley, Red Mountain, Landers, Joshua Tree, and Newberry Springs.







## Budget

Each year the MWA adopts its budget prior to the beginning of the fiscal year. The budget serves as a management tool intended to aid in the planning efforts of the Agency and to serve as a control in expenditures to ensure the fiscal health and financial future of the agency. To aid in the management of the budget, certain "rules" or "controls" have been established that require appropriate levels of approval on the expenditure of Agency funds as well as reporting requirements of financial information to the Board and the public.

Once the budget is approved, financial statements are issued to report the results of operations which include the budget amounts to measure the performance, efficiency, and planning. This report is provided to both the Personnel, Finance, Security and Technology Committee of the Board on a monthly basis as well as to the full Board on a quarterly basis and provides a check and balance of the expenditure of public funds.

In addition to the monthly reporting, MWA has a transparent budget and transparency center <https://mojavewater.cleargov.com> where transaction information can be displayed and searched historically through the Agency's website.

## LOCAL ECONOMY

The region's economic climate continues to provide necessary funding to fulfil the Agency's purpose. Property tax remains the Agency's primary source of income and assessed value growth has recovered since the Great Recession of the later '00s and continues to increase since the real estate market surged during the Covid-19 pandemic. The Agency's economic forecasts of assessed value growth continues, but with restrained optimism. The assessed values remain strong, with moderate growth averaging in the range of 3% to 6% throughout the remainder of the 10-year forecast.

The high inflationary period is slowly subsiding, however, prices for capital projects are still at record high nominal costs; creating sticker shock for already planned projects. The supply chain slow downs, particularly with vehicles and equipment, and the highly competitive job market have all impacted operations and staffing of the Agency.

Despite rising costs, the High Desert remains an affordable place to live where housing inventory still exists at a relatively reasonable price. Economic indicators support continued growth in new residential and commercial construction activity. The opportunity that has also presented itself with the increasing federal funds rate is that the Agency's conservative investment policies are resulting in increased investment income being generated on cash reserves nearing 6%, when earnings for prior years in the 2% range were high yield.

The Agency continues to diligently assess a multitude of important issues and opportunities to optimize its long-term strategic position in the face of these evolving challenges. Concerning projections of substantial DWR cost increases in upcoming years require careful analysis, including weighing potential mitigation measures and options available to the Agency that will be required to cover these additional costs.

## LONG-TERM FINANCIAL PLANNING

The Agency is continually presented with new challenges and opportunities in serving the community and its legislative purpose. Erratic water supplies due to climate change and environmental protections, increasing costs, aging infrastructure are challenges we must be prepared for in the upcoming years. The Agency's financial forecasts has been prepared to manage these risks in the volatile world we face in stabilizing our water availability into the future.

The Agency recently completed a financial strategic plan with several key take aways; remain vigilant in long-term forecasting to readily adapt to risks (both known and unknown) and develop an integrated approach to the imported water strategy of the Agency that recognizes the trade offs when the Agency imports water above customer demand.

During the budget process, a cash flow risk model is prepared to ensure the affordability of the major initiatives that will be started during the upcoming year and will have financial impacts or implications over the next ten years. The Agency's financial model allows the Agency to be proactive in identifying potential future financial risks and take corrective action in advance. The financial model has multiple sets of risks that can be modeled to distinguish what risks the Agency could be facing as well as the magnitude of those impacts. With this information, the Agency makes informed projections on what strategies need to be pursued next to meet the revenue requirements for the foreseeable future. The Agency also works with DWR and other State Water Contractors to closely monitor projected expenditures as well as instituting prudent financial management at all levels for the State Water Project.

With the passage of the Water Transfer Amendment, the State Water Project contractors are now availed of several methods to transfer water to offset the ongoing fixed costs of its water entitlements. SWP transfers are expected to be volatile in annual revenue yet provide substantial benefit to offsetting costs. The 2021 and 2022 water years were both exceptionally dry, with drought declarations for much of the state and record setting low levels in storage. While many other contractors struggled to meet their water demands, Mojave's forward-thinking approach enabled the Agency to enter into several agreements to alleviate other contractors' water need, while providing revenue that realized in the FY22/23 Fiscal Year. The 2023 water year also exemplified the extremes possible and the need for thoughtful strategy. With a 95% swing in allocation from 5% in January to 100% in April, the Agency was prepared to import water preemptively and aggressively without stressing the financial position of the Agency. The multi-year agreements in place also enable the Agency to sell water in a year where it was a buyer's market.

There is also risk to the Agency's imported water supply long term reliability. The Delta Conveyance Project is one of many projects aimed at addressing not just volatility in available water supplies to address environmental protections at the pumps in the South Delta, but also rising sea levels due to climate change. Additionally, a changing political and policy environment puts continued pressure on the ability of the State Water Project to deliver water as legal challenges and new and changing policies and opinions delay the progress of important water delivery projects while increasing costs.

### **RELEVANT FINANCIAL POLICIES**

The Agency maintains several core policies for prudent management of the Agency's finances which include an investment policy, a debt management policy, reserve policy and a purchasing policy. The commonalities in each of the policies are to responsibly manage risk and to transparently govern the finances of the Agency.

The investment policy's goal is twofold; one is to enhance the economic status of the Agency while preserving its capital resources, the second is to provide guidelines for authorized investments. While the debt management policy ensures that the debt is issues and management prudently to maintain a sound fiscal position and protect its credit quality.

The reserve fund policy's purpose is to give guidance regarding establishing and maintaining restricted reserves, which are noted in these financial statements. The policy also established targets for which the Agency is facing a risk or cash flow concern that can be mitigated through reserves. The use of reserves can significantly improve the Agency's ability to be more resilient in the face of unforeseen challenges.

The purchasing policy assures that purchases are accomplished in a manner providing the greatest value at the minimum cost to the taxpayers of the Agency. It also provides a standard for which the auditors hold the Agency's internal controls accountable for following the policies for which it set for itself.

Agency management is responsible for the establishment and maintenance of the internal control structure that ensures that 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 GAAP. 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.

## **STRATEGIC PLAN AND INITIATIVES**

The Board of Directors approved a revised strategic plan in 2021 (<http://www.mojavewater.org/files/Strategic-PlanFinalMay2021.pdf>). The strategic plan was created to be a dynamic reflection of where the Agency is going and what the plan is to get there.

The vision, mission, goals, and objectives were created to withstand the test of time and to encompass what it means for MWA to fulfill its purpose. The initiatives are crafted to be a dynamic reflection of the Agency's workplan to achieve the purpose or mitigate risks in an ever-changing environment. The values are the way in which the Agency will conduct itself every step of the way.

Each of the strategic initiatives support one or more of the objectives which are detailed below along with some key initiatives for each objective.

### *Objective 1. Manage groundwater basins sustainably.*

The Agency understands that the sustainable management of our area's groundwater basins is essential for our communities to access reliable and safe water supplies into the future. The Agency is committed to supporting local communities through short and long-term planning efforts using robust scientific data collection and analyses to understand and quantify groundwater basin use and health. The Agency is also committed to supporting responsible parties to fulfill their Sustainable Groundwater Management Act obligations. Among the initiatives are the continued investments in monitoring and data collection to support our groundwater basin management and the update of the Integrated Regional Water Management Plan.

### *Objective 2. Identify and maintain access to imported water supplies in sufficient quantities that, when combined with local supplies, meet Urban Water Management Planning Act requirements which support local communities' land use plans.*

The Agency was founded with the vision that imported water supplies would be necessary to meet the current and future needs of local communities. The primary source of imported water for the Agency is the SWP, which has experienced and continues to experience risks to available water supplies. The Agency engages in actions that estimate local community needs and ensures access to sufficient imported water supplies, with a focus on reliability and sustainability. Often, these actions require close collaboration with other SWP contractors. With the development of the imported water policy and the strategy development for the groundwater banking program, the Agency will be building out a set of parameters to determine the key points and conditions for which to import water based on the ever-changing hydrology and policy landscape of the state.

### *Objective 3. Develop, manage, and maintain water portfolio and infrastructure to provide reliable water supplies.*

Once sufficient water supplies are identified and obtained, the Agency takes actions to ensure availability and accessibility of water supplies for local use. These actions include managing the Agency's portfolio of water supplies to ensure water availability during times of need as well as developing and maintaining the infrastructure to store and convey the water supplies to the areas of need. A key initiative within the objective of our water portfolio is to develop an asset management plan that will optimize the Agency's investments in its infrastructure and continue to operate systems in order to provide reliable water supply to our region.

### *Objective 4. Achieve urban water use efficiency consistent with current locally established efficiency targets.*

To ensure maximum benefit of the local and imported water supplies, the Agency intends to collaboratively set, periodically update, and achieve a water use efficiency target (expressed in gallons per capita per day) primarily through conservation efforts. The Agency's water use efficiency actions focus on collaboration, education, and outreach with other stakeholders and local communities. The Agency proactively works to leverage tax-payer dollars to obtain outside funding to work with retail water districts and local entities to efficiently use water to support sustainable development in the future.

*Objective 5. Cultivate organizational culture that successfully recruits, retains, trains, and develops effective team members and leaders to fulfill our mission.*

The Agency's leadership and team members are key to the successful implementation of the Agency's strategic plan and fulfillment of the Agency's mission. The Agency recognizes the need to recruit, retain, train, and develop team members expeditiously to ensure successful succession planning including institutional knowledge transfer and retention. Additionally, the Agency recognizes the importance of maintaining a positive and safe organizational work environment and culture. The team at Mojave is small but mighty, and the Agency's key objective is to attract, retain and support staff in order to support all of the other key objectives. To that end, the Agency's initiatives include a classification and compensation study to employees are recruited and retained to ensure the Agency's continued success.

*Objective 6. Employ robust technology, science, and data management systems to support effective operations and decision making to address the highest risks.*

As the Agency faces a variety of risks, the Agency is committed to making basin management and operations decisions informed by sound, reputable, and factual data sources. The Agency prioritizes actions that support decisions made using the most reliable information technology and sources. The everchanging technological and scientific environment requires constant attention to garner security and efficiency to support science-based decision making. The Agency will be working on an Information Technology Strategic plan as well as the ongoing implementation of monitoring best-practices throughout the Agency.

*Objective 7. Responsibly steward the availability of financial resources required to fulfill our mission.*

The Agency continuously works to assist in the development of sufficient revenues to fulfill our mission. Striving to provide sufficient resources includes accurately projecting revenues and costs, advocating for sound financial management for costs outside of the Agency's control, leveraging revenues to maximize services, and maintaining excellence in financial stewardship and accountability. This effort involves continuously and creatively planning for the most efficient and productive use of available resources as well as the updating of the Agency's strategic financial plan and supporting model to dynamically quantify the impacts of future policy decisions.

*Objective 8. Create and maintain an active risk register and risk mitigation strategies.*

The Agency is facing many sources of uncertainty that could affect the ability to fulfill its objectives. Some of those sources of uncertainties can be influenced directly by the Agency, and some cannot. Depending on the nature of the uncertainties, the Agency will need to take different approaches as appropriate to manage risks, mitigate consequences, or both and update this plan and initiatives accordingly.

*Objective 9. Cultivate effective and collaborative working relationships with partner agencies, other responsible parties, and the public.*

The Agency recognizes that our mission and vision cannot be accomplished alone. Collaboration and coordination with partner agencies and other stakeholders are imperative to addressing risks and accomplishing our goals. The Agency prioritizes activities that promote effective working relationships and partnerships needed to help achieve our collective goals and objectives. Of critical importance are the small



water systems programs and the strategic partnerships programs that leverage existing regional resources to further the purpose of the Agency.

While all of our strategic initiatives are where staff efforts will be organized around, the Agency is also deeply intertwined with the State Water Project and their operations. The Agency will need to be creative in how to plan and prepare for those expenditures and develop partnerships and revenue streams necessary to stabilize the future economies of the citizens we serve. Plans provide for continued engagement with the Department of Water Resources to help anticipate future cost increases, as well as prepare for the costs associated with the Delta Conveyance Project - a much needed project to help protect our investment in the State Water Project and provide for the economic stability of the communities we serve.

These challenges will require strategic planning, maximum utilization of Agency staff and resources, collaboration with stakeholders, continued engagement at the state level, vision, and leadership. The Agency's foundation is strong, and I am confident much can be accomplished.

### **MASTER PLAN**

In FY22/23, the Agency also embarked on the first Master Plan for the organization which will be an innovative and dynamic plan to make sure that the Agency is focused on implementing the right solutions at the right time to fulfil its purpose. With a rigorous process, the Agency will have a long-term all-encompassing framework and plan to make sure that all Agency efforts are aligned for long-term successes. The plan will be developed to work collaboratively with Agency partners to make sure that the plan incorporates the needs of all others in the community while balancing needs are resources as basin managers. These exciting efforts will be a guiding document for future financial reports and capital plans to come.

### **ACKNOWLEDGEMENTS**

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department and particularly Accounting Manager, Karry LaClair. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Directors for their continued support for maintaining the highest standards of professionalism in the management of the Mojave Water Agency's finances.

Respectfully submitted,

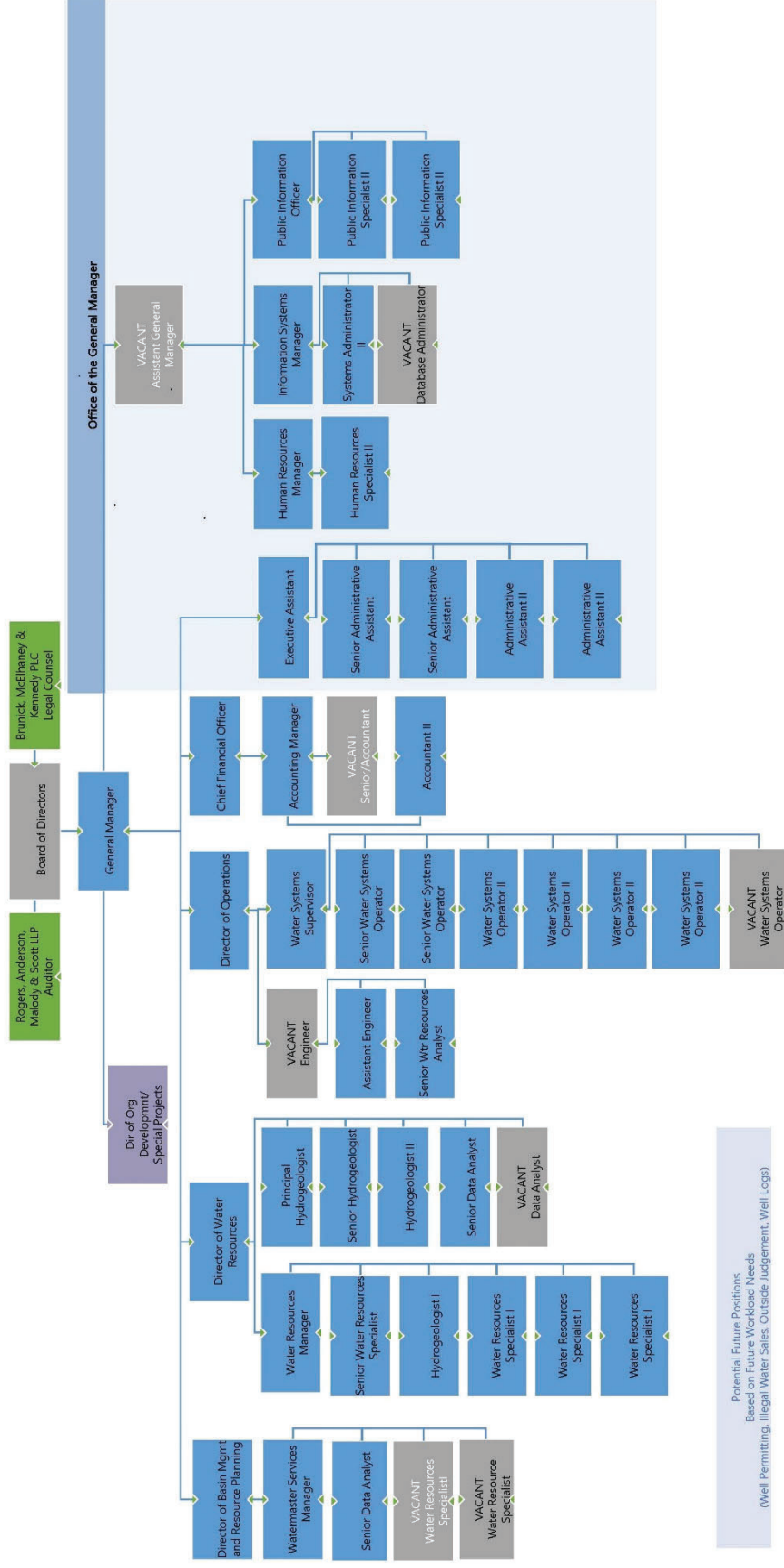
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Adnan Anabtawi  
General Manager

A handwritten signature in blue ink, featuring a large, stylized 'K' and 'L' followed by a long horizontal stroke.

Karry LaClair  
Accounting Manager

# Organizational Chart As of June 30, 2023



Potential Future Positions  
Based on Future Workload Needs  
(Well Permitting, Illegal Water Sales, Outside Judgement, Well Logs)



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**Mojave Water Agency  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

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## Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

## *Independent Auditor's Report*

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

To the Board of Directors  
Mojave Water Agency  
Apple Valley, California

### **Report on the Audit of the Financial Statements**

#### **PARTNERS**

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)

#### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

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#### ***Opinions***

We have audited the accompanying financial statements of the Mojave Water Agency (the Agency) as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Audit 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 opinions. 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 GAS 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 GAS, we:

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Report on Summarized Comparative Information***

We have previously audited the Agency's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements in our report dated October 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matter***

#### ***Prior Year Comparative Information***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2022, from which such summarized information was derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 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 solely 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 the effectiveness of 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.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
October 26, 2023

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**Mojave Water Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Water Agency (the Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2023 and 2022. The two-year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2023, the Agency's net position increased 5.84% or \$27,134,431 to \$491,950,312 as a result of a \$12,622,641 increase in water inventory, in addition to a \$9,516,599 liability for State Water Project water delivery charges. In fiscal year 2022, the Agency's net position increased 7.20% or \$31,203,048 to \$464,815,881 mainly as a result of State Water Project Table A water sales.
- In fiscal year 2023, the Agency's total revenue decreased 2.67% or \$2,236,092. The increase of \$7,235,959 in property tax revenue and \$4,843,503 in investment earnings was offset by a decrease of \$11,196,800 of State Water Project water transfer sales, as well as a decrease in state grant revenue of \$3,280,695 resulted in a net decrease. In fiscal year 2022, the Agency's total revenue increased 65.24% or \$33,072,209. The increase of \$23,239,300 of State Water Project water transfer sales along with an increase of \$6,180,931 in water sales and services. In addition, \$2,428,762 increase in grant revenue.
- In fiscal year 2023, the Agency's total expenses increased 2.64% or \$1,408,730 due primarily to an increase of \$709,114 in costs to import State Water Project water deliveries. In correlation to imported water deliveries, utilities increased by \$691,739. In fiscal year 2022, the Agency's total expenses increased 19.55% or \$8,734,591 due primarily to an increase of \$5,381,869 in State Water Project importation along with an increase of \$774,611 in State Water Project Delta Conveyance planning and design costs.

**Required Financial Statements**

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 the Agency's investments in resources (assets), deferred outflows of resources, the 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 its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. 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. 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 questions such as, "Where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

**Mojave Water Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

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## 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 method used by most private sector companies. All current year 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 them. One can think of the Agency's net position – the difference between assets, deferred outflows of resources, 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 are 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, and new or changed government legislation, such as changes in Federal and State environmental regulations.

## 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.

## Statements of Net Position

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 and deferred outflows of resources of the Agency exceeded liabilities and deferred inflows of resources by \$491,950,312 and \$464,815,881 as of June 30, 2023 and 2022, respectively.

Condensed Statements of Net Position					
	2023	2022	Change	2021	Change
<b>Assets</b>					
Current assets	\$ 139,864,019	\$ 106,596,384	\$ 33,267,635	\$ 82,395,746	\$ 24,200,638
Non-current assets	86,914,494	79,120,734	7,793,760	66,243,178	12,877,556
Capital assets	321,629,825	329,862,308	(8,232,483)	337,190,544	(7,328,236)
<b>Total assets</b>	<b>548,408,338</b>	<b>515,579,426</b>	<b>32,828,912</b>	<b>485,829,468</b>	<b>29,749,958</b>
Deferred outflows of resources	6,345,349	4,353,844	1,991,505	4,987,884	(634,040)
<b>Liabilities</b>					
Current liabilities	23,252,697	15,907,017	7,345,680	12,816,292	3,090,725
Non-current liabilities	38,793,918	35,238,852	3,555,066	43,942,303	(8,703,451)
<b>Total liabilities</b>	<b>62,046,615</b>	<b>51,145,869</b>	<b>10,900,746</b>	<b>56,758,595</b>	<b>(5,612,726)</b>
Deferred inflows of resources	756,760	3,971,520	(3,214,760)	445,924	3,525,596
<b>Net position</b>					
Net investment in capital assets	293,748,484	299,137,054	(5,388,570)	303,713,142	(4,576,088)
Restricted	70,669,843	64,005,430	6,664,413	62,081,839	1,923,591
Unrestricted	127,531,985	101,673,397	25,858,588	67,817,852	33,855,545
<b>Total net position</b>	<b>\$ 491,950,312</b>	<b>\$ 464,815,881</b>	<b>\$ 27,134,431</b>	<b>\$ 433,612,833</b>	<b>\$ 31,203,048</b>

**Mojave Water Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

**Statements of Net Position, continued**

By far, the largest portion of the Agency's net position (60% as of June 30, 2023, and 64% as of June 30, 2022) 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 years 2023 and 2022, the Agency showed a positive balance in its unrestricted net position of \$127,531,985 and \$101,673,397, respectively, which may be utilized in future years. See the notes to the financial statements for further information.

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

Condensed Statements of Revenues, Expenses and Changes in Net Position					
	2023	2022	Change	2021	Change
Operating revenues	\$ 27,127,514	\$ 38,191,646	\$ (11,064,132)	\$ 8,815,759	\$ 29,375,887
Non-operating revenues	54,402,270	45,574,230	8,828,040	41,877,908	3,696,322
Total revenues	81,529,784	83,765,876	(2,236,092)	50,693,667	33,072,209
Operating expenses	35,306,912	33,871,620	1,435,292	26,088,813	7,782,807
Depreciation and amortization	17,582,596	16,851,508	731,088	16,580,460	271,048
Non-operating expenses	1,938,371	2,696,021	(757,650)	2,015,285	680,736
Total expenses	54,827,879	53,419,149	1,408,730	44,684,558	8,734,591
Net income before capital contributions	26,701,905	30,346,727	(3,644,822)	6,009,109	24,337,618
Capital contributions	432,526	856,321	(423,795)	16,335	839,986
Change in net position	27,134,431	31,203,048	(4,068,617)	6,025,444	25,177,604
Net position, beginning of year	464,815,881	433,612,833	31,203,048	427,587,389	6,025,444
Net position, end of year	\$ 491,950,312	\$ 464,815,881	\$ 27,134,431	\$ 433,612,833	\$ 31,203,048

In fiscal year 2023, the Agency's net position increased 5.84% or \$27,134,431 to \$491,950,312 as a result of a \$12,622,641 increase in water inventory, in addition to a \$9,516,599 liability for State Water Project water delivery charges. In fiscal year 2022, the Agency's net position increased 7.20% or \$31,203,048 to \$464,815,881 as a result of an increase in State Water Project Table A water sales to other State Water Contractors.

In fiscal year 2023, the Agency's total revenue decreased 2.67% or \$2,236,092. The increase of \$7,235,959 in property tax revenue and \$4,843,503 in investment earnings was offset by a decrease of \$11,196,800 of State Water Project water transfer sales, as well as a decrease in state grant revenue of \$3,280,695 resulted in a net decrease. In fiscal year 2022, the Agency's total revenue increased 65.24% or \$33,072,209. The increase of \$23,239,300 of State Water Project water transfer sales to other State Water Contractors along with an increase of \$6,180,931 in water sales and services. In addition, \$2,428,762 increase in grant revenue.

In fiscal year 2023, the Agency's total expenses, excluding depreciation and amortization expense, increased 1.85% or \$667,642 due primarily to an increase of \$709,114 in costs to import State Water Project water deliveries. In correlation to imported water deliveries, utilities increased by \$691,739. In fiscal year 2022, the Agency's total expenses increased 19.55% or \$8,734,591 due primarily to an increase of \$5,381,869 in State Water Project importation charges for water deliveries along with an increase of \$774,611 in State Water Project Delta Conveyance planning and design costs.



**Mojave Water Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

**Statements of Revenues, Expenses and Changes in Net Position, continued**

**Operating and Non-Operating Revenues**

	2023	2022	Change	2021	Change
Operating revenues:					
Water sales and services	\$ 9,516,118	\$ 8,783,285	\$ 732,833	\$ 6,528,060	\$ 2,255,225
State Water Project Table A water sales	12,042,500	23,239,300	(11,196,800)	-	23,239,300
Watermaster assessments	5,568,896	6,169,061	(600,165)	2,287,699	3,881,362
Total operating revenues	27,127,514	38,191,646	(11,064,132)	8,815,759	29,375,887
Non-operating revenues:					
Property taxes - ad valorem	8,387,220	7,168,718	1,218,502	7,047,264	121,454
Property assessment for State Water Project	41,500,951	37,518,383	3,982,568	35,177,147	2,341,236
Property assessment for IDM (Note 3)	57,397	(1,784,005)	1,841,402	(2,474,525)	690,520
Redevelopment agency component of property taxes	989,529	796,042	193,487	770,030	26,012
Debt service support	-	286,523	(286,523)	-	286,523
Investment earnings (loss)	2,927,752	(1,915,751)	4,843,503	251,788	(2,167,539)
Gain (loss) on disposal of capital assets	6,666	-	6,666	8,325	(8,325)
State grant revenue	202,067	3,482,762	(3,280,695)	1,054,000	2,428,762
Other nonoperating revenues	330,688	21,558	309,130	43,879	(22,321)
Total nonoperating revenues	54,402,270	45,574,230	8,828,040	41,877,908	3,696,322
Total revenues	\$ 81,529,784	\$ 83,765,876	\$ (2,236,092)	\$ 50,693,667	\$ 33,072,209

**Operating and Non-Operating Expenses**

	2023	2022	Change	2021	Change
Operating expenses:					
State Water Project importation charges	\$ 21,638,467	\$ 20,929,353	\$ 709,114	\$ 14,772,873	\$ 6,156,480
Operating costs	13,668,445	12,942,267	726,178	11,315,940	1,626,327
Depreciation	17,582,596	16,851,508	731,088	16,580,460	271,048
Total operating expenses	52,889,508	50,723,128	2,166,380	42,669,273	8,053,855
Non-operating expenses:					
Interest expense	1,645,455	2,212,417	(566,962)	2,389,846	(177,429)
Amortization of bonds premium	(326,934)	(616,123)	289,189	(616,123)	-
Property tax and assessment collection charges	120,233	107,376	12,857	101,752	5,624
State grant expense - pass-through	432,526	856,321	(423,795)	16,335	839,986
Other nonoperating expenses	67,091	136,030	(68,939)	123,475	12,555
Total nonoperating expenses	1,938,371	2,696,021	(757,650)	2,015,285	680,736
Total expenses	\$ 54,827,879	\$ 53,419,149	\$ 1,408,730	\$ 44,684,558	\$ 8,734,591

**Mojave Water Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

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**Capital Asset Administration**

Changes in capital asset amounts for 2023 were as follows:

	Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:				
Non-depreciable assets	\$ 16,865,160	\$ 1,805,514	\$ (154,469)	\$ 18,516,205
Depreciable assets	553,141,562	7,699,068	(28,333)	560,812,297
Accumulated depreciation and amortization	(240,144,414)	(17,582,596)	28,333	(257,698,677)
Total capital assets, net	<u>\$ 329,862,308</u>	<u>\$ (8,078,014)</u>	<u>\$ (154,469)</u>	<u>\$ 321,629,825</u>

Changes in capital asset amounts for 2022 were as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	\$ 21,834,554	\$ 1,117,175	\$ (6,086,569)	\$ 16,865,160
Depreciable assets	538,648,896	14,492,666	-	553,141,562
Accumulated depreciation and amortization	(223,292,906)	(16,851,508)	-	(240,144,414)
Total capital assets, net	<u>\$ 337,190,544</u>	<u>\$ (1,241,667)</u>	<u>\$ (6,086,569)</u>	<u>\$ 329,862,308</u>

At the end of fiscal years 2023 and 2022, the Agency's investment in capital assets amounted to \$321,629,825 and \$329,862,308 (net of accumulated depreciation), respectively. This investment in capital assets includes land, state water project entitlement, transmission system, buildings, structures, equipment, vehicles and construction-in-process. Major capital assets additions during the year include additions to the State Water Project entitlement. Additional information on the Agency's capital assets can be found in the Note 5 on pages 38-41.

**Debt Administration**

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

	Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Long-term liabilities:				
Long-term liabilities	<u>\$ 34,595,656</u>	<u>\$ -</u>	<u>\$ (4,963,021)</u>	<u>\$ 29,632,635</u>

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

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Long-term liabilities:				
Long-term liabilities	<u>\$ 40,593,129</u>	<u>\$ -</u>	<u>\$ (5,997,473)</u>	<u>\$ 34,595,656</u>

Additional information on the Agency's long-term debt can be found in Note 8 on pages 42-46.

### **Conditions Affecting Current Financial Position**

There are currently contract negotiations taking place for the payment of costs related to the Delta Conveyance Project in the State Water Project system. The costs of the project are unknown at this time. It is also unknown if the Mojave Water Agency Board will elect to participate in the costs and benefits of this project. Should the Board choose to participate, additional revenues will need to be developed to help offset the costs.

### **Requests for Information**

This financial report is designed to provide the Agency's funding sources, customers, stakeholders and other interested parties 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 at 13846 Conference Center Drive, Apple Valley, California, 92307 or by phone (760) 946-7000.

## **Basic Financial Statements**



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**Mojave Water Agency**  
**Statements of Net Position**  
**June 30, 2023 (with comparative data for 2022)**

	<b>2023</b>			<b>2022</b>
	<b>Mojave Water Agency</b>	<b>Watermaster</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents (Note 2)	\$ 63,973,531	\$ -	\$ 63,973,531	\$ 44,356,976
Restricted - cash and cash equivalents (Note 2)	37,501,939	3,351,558	40,853,497	35,979,897
Investments (Note 2)	19,553,120	-	19,553,120	13,600,674
Accrued interest receivable	495,734	5,253	500,987	138,311
Accounts receivable - water sales and assessments	9,619,738	2,931,427	12,551,165	10,627,089
Accounts receivable - governmental agencies	580,840	-	580,840	292,193
Accounts receivable - other	166,884	-	166,884	168,421
Due from Watermaster	222,116	-	222,116	220,838
Property taxes and assessments receivable	1,361,428	-	1,361,428	1,128,032
Prepaid expenses and deposits	100,451	-	100,451	83,953
Total current assets	133,575,781	6,288,238	139,864,019	106,596,384
<b>Noncurrent assets:</b>				
Investments (Note 2)	42,557,204	-	42,557,204	47,398,299
Accounts receivable - water sales and assessments	-	14,754	14,754	2,540
Water-in-storage - inventory (Note 4)	43,702,536	-	43,702,536	31,079,895
Other noncurrent asset	640,000	-	640,000	640,000
Capital assets, not being depreciated (Note 5)	18,516,205	-	18,516,205	16,865,160
Depreciable capital assets, net (Note 5)	303,113,620	-	303,113,620	312,997,148
Total noncurrent assets	408,529,565	14,754	408,544,319	408,983,042
<b>Total assets</b>	<b>542,105,346</b>	<b>6,302,992</b>	<b>548,408,338</b>	<b>515,579,426</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt defeasance, net	1,751,294	-	1,751,294	2,075,440
Deferred pension outflows	3,874,817	-	3,874,817	1,644,992
Deferred OPEB outflows	719,238	-	719,238	633,412
<b>Total deferred outflows of resources</b>	<b>6,345,349</b>	<b>-</b>	<b>6,345,349</b>	<b>4,353,844</b>

See accompanying notes to the basic financial statements.

**Mojave Water Agency**  
**Statements of Net Position, continued**  
**June 30, 2023 (with comparative data for 2022)**

	2023			2022
	Mojave Water Agency	Watermaster	Total	Total
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and other accrued expenses	\$ 13,447,984	\$ 5,156,225	\$ 18,604,209	\$ 7,430,760
Accrued wages and related payables	254,270	-	254,270	181,440
Due to Mojave Water Agency	-	222,116	222,116	220,838
Retentions payable	37,477	-	37,477	19,242
Accrued interest payable - long-term debt	103,908	-	103,908	161,725
Long-term liabilities - due within one year:				
Unearned revenue (Note 7)	2,683,699	-	2,683,699	2,990,223
Compensated absences (Note 6)	250,930	-	250,930	266,701
Bonds payable (Note 8)	1,090,000	-	1,090,000	4,630,000
Contract payable (Note 8)	6,088	-	6,088	6,088
Total current liabilities	17,874,356	5,378,341	23,252,697	15,907,017
<b>Noncurrent liabilities:</b>				
Long-term liabilities - due in more than one year:				
Compensated absences (Note 6)	395,797	-	395,797	257,269
Bonds payable (Note 8)	28,393,576	-	28,393,576	29,810,510
Contract payable (Note 8)	142,971	-	142,971	149,058
Net pension liability (Note 9)	8,648,284	-	8,648,284	3,921,914
Net OPEB liability (Note 10)	1,213,290	-	1,213,290	1,100,101
Total noncurrent liabilities	38,793,918	-	38,793,918	35,238,852
<b>Total liabilities</b>	<b>56,668,274</b>	<b>5,378,341</b>	<b>62,046,615</b>	<b>51,145,869</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	546,188	-	546,188	3,701,097
Deferred OPEB inflows	210,572	-	210,572	270,423
<b>Total deferred inflows of resources</b>	<b>756,760</b>	<b>-</b>	<b>756,760</b>	<b>3,971,520</b>
<b>NET POSITION</b>				
Net investment in capital assets (Note 11)	293,748,484	-	293,748,484	299,137,054
Restricted for state water project	69,745,192	-	69,745,192	63,213,715
Restricted for watermaster	-	924,651	924,651	791,715
Unrestricted (Note 11)	127,531,985	-	127,531,985	101,673,397
<b>Total net position</b>	<b>\$ 491,025,661</b>	<b>\$ 924,651</b>	<b>\$ 491,950,312</b>	<b>\$ 464,815,881</b>

See accompanying notes to the basic financial statements.

**Mojave Water Agency**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

	2023			2022
	Mojave Water Agency	Watermaster	Total	Total
<b>OPERATING REVENUES</b>				
Water sales and services	\$ 9,516,118	\$ -	\$ 9,516,118	\$ 8,783,285
State Water Project Table A water sales	12,042,500	-	12,042,500	23,239,300
Watermaster assessments	-	5,568,896	5,568,896	6,169,061
<b>Total operating revenues</b>	<b>21,558,618</b>	<b>5,568,896</b>	<b>27,127,514</b>	<b>38,191,646</b>
<b>OPERATING EXPENSES</b>				
State Water Project importation charges	16,581,612	5,056,855	21,638,467	20,929,353
Operating costs	13,269,613	398,832	13,668,445	12,942,267
<b>Total operating expenses</b>	<b>29,851,225</b>	<b>5,455,687</b>	<b>35,306,912</b>	<b>33,871,620</b>
<b>Operating income (loss) before depreciation</b>	<b>(8,292,607)</b>	<b>113,209</b>	<b>(8,179,398)</b>	<b>4,320,026</b>
Depreciation	17,582,596	-	17,582,596	16,851,508
<b>Operating income (loss)</b>	<b>(25,875,203)</b>	<b>113,209</b>	<b>(25,761,994)</b>	<b>(12,531,482)</b>
<b>NONOPERATING REVENUES</b>				
Property taxes - ad valorem	8,387,220	-	8,387,220	7,168,718
Property assessment for State Water Project	41,500,951	-	41,500,951	37,518,383
Property assessment for IDM (Note 3)	57,397	-	57,397	(1,784,005)
Redevelopment agency component of property taxes	989,529	-	989,529	796,042
Debt service support	-	-	-	286,523
Investment earnings (loss)	2,880,739	47,013	2,927,752	(1,915,751)
Gain (loss) on disposal of capital assets	6,666	-	6,666	-
State grant revenue	202,067	-	202,067	3,482,762
Other nonoperating revenues	312,353	18,335	330,688	21,558
<b>Total nonoperating revenues</b>	<b>54,336,922</b>	<b>65,348</b>	<b>54,402,270</b>	<b>45,574,230</b>
<b>NONOPERATING EXPENSES</b>				
Interest expense	1,645,455	-	1,645,455	2,212,417
Amortization of bonds premium	(326,934)	-	(326,934)	(616,123)
Property tax and assessment collection charges	120,233	-	120,233	107,376
State grant expense - pass-through	432,526	-	432,526	856,321
Other nonoperating expenses	21,470	45,621	67,091	136,030
<b>Total nonoperating expenses</b>	<b>1,892,750</b>	<b>45,621</b>	<b>1,938,371</b>	<b>2,696,021</b>
<b>Total nonoperating revenue, net</b>	<b>52,444,172</b>	<b>19,727</b>	<b>52,463,899</b>	<b>42,878,209</b>
<b>Income (loss) before contributions</b>	<b>26,568,969</b>	<b>132,936</b>	<b>26,701,905</b>	<b>30,346,727</b>
<b>CAPITAL CONTRIBUTIONS</b>				
State capital grants - pass-through	432,526	-	432,526	856,321
<b>Total capital contributions</b>	<b>432,526</b>	<b>-</b>	<b>432,526</b>	<b>856,321</b>
<b>Change in net position</b>	<b>27,001,495</b>	<b>132,936</b>	<b>27,134,431</b>	<b>31,203,048</b>
<b>Net position, beginning of year</b>	<b>464,024,166</b>	<b>791,715</b>	<b>464,815,881</b>	<b>433,612,833</b>
<b>Net position, end of year</b>	<b>\$ 491,025,661</b>	<b>\$ 924,651</b>	<b>\$ 491,950,312</b>	<b>\$ 464,815,881</b>

See accompanying notes to the basic financial statements.



**Mojave Water Agency**  
**Statements of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

	2023			2022
	Mojave Water Agency	Watermaster	Total	Total
<b>Cash flows from operating activities:</b>				
Cash receipts from customers and others	\$ 17,787,813	\$ 7,127,724	\$ 24,915,537	\$ 31,986,815
Cash paid to vendors and suppliers	(24,525,158)	(5,852,753)	(30,377,911)	(22,576,406)
Cash paid to employees for salaries and wages	(6,668,228)	(250,971)	(6,919,199)	(6,021,706)
Net cash provided (used) by operating activities	(13,405,573)	1,024,000	(12,381,573)	3,388,703
<b>Cash flows from noncapital financing activities:</b>				
Property tax revenue	9,376,749	-	9,376,749	7,964,760
Net cash provided by non-capital financing activities	9,376,749	-	9,376,749	7,964,760
<b>Cash flows from capital and related financing activities:</b>				
Property tax revenue	41,131,599	-	41,131,599	37,115,288
Acquisition and construction of capital assets	(9,350,113)	-	(9,350,113)	(9,523,272)
State grant contributions	202,067	-	202,067	3,482,762
Debt service support	-	-	-	286,523
Property assessments received	66,248	-	66,248	134,215
Principal paid on long-term debt	(4,636,087)	-	(4,636,087)	(5,381,350)
Interest paid on long-term debt	(1,379,126)	-	(1,379,126)	(1,569,825)
State pass-through grants received	432,526	-	432,526	856,321
State pass-through grants expended	(432,526)	-	(432,526)	(856,321)
Proceeds from sale of capital assets	6,666	-	6,666	-
Net cash provided by capital and related financing activities	26,041,254	-	26,041,254	24,544,341
<b>Cash flows from investing activities:</b>				
Sales of investments	32,053,649	-	32,053,649	15,343,962
Purchase of investments	(33,165,000)	-	(33,165,000)	(33,165,000)
Investment earnings (losses)	2,521,907	43,169	2,565,076	(2,009,546)
Net cash provided (used) by investing activities	1,410,556	43,169	1,453,725	(19,830,584)
Net increase in cash and cash equivalents	23,422,986	1,067,169	24,490,155	16,067,220
<b>Cash and cash equivalents, beginning of year</b>	<b>78,052,484</b>	<b>2,284,389</b>	<b>80,336,873</b>	<b>64,269,653</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 101,475,470</b>	<b>\$ 3,351,558</b>	<b>\$ 104,827,028</b>	<b>\$ 80,336,873</b>
<b>Reconciliation to the Statement of Net Position:</b>				
Cash and cash equivalents	\$ 63,973,531	\$ -	\$ 63,973,531	\$ 44,356,976
Restricted - cash and cash equivalents	37,501,939	3,351,558	40,853,497	35,979,897
Total cash and cash equivalents	\$ 101,475,470	\$ 3,351,558	\$ 104,827,028	\$ 80,336,873

See accompanying notes to the basic financial statements.

**Mojave Water Agency**  
**Statements of Cash Flows, continued**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

	2023			2022
	Mojave Water Agency	Watermaster	Total	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (25,875,203)	\$ 113,209	\$ (25,761,994)	\$ (12,531,482)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	17,582,596	-	17,582,596	16,851,508
Other nonoperating revenues	312,353	18,335	330,688	21,558
Other nonoperating expenses	(21,470)	(45,621)	(67,091)	(136,030)
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable - water sales and assessments	(3,488,246)	1,558,828	(1,929,418)	(6,805,861)
Accounts receivable - governmental agencies	(288,647)	-	(288,647)	778,142
Accounts receivable - other	1,537	-	1,537	54,718
Due from Watermaster	(1,278)	-	(1,278)	(220,838)
Prepaid expenses and deposits	(16,498)	-	(16,498)	658,495
Water-in-storage - inventory	(12,622,641)	-	(12,622,641)	1,456,702
Other noncurrent asset	-	-	-	(640,000)
Deferred pension outflows	(2,229,825)	-	(2,229,825)	80,837
Deferred OPEB outflows	(85,826)	-	(85,826)	(134,164)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and other accrued expenses	11,795,478	(622,029)	11,173,449	3,817,846
Due to Mojave Water Agency	-	1,278	1,278	220,838
Accrued wages and related payables	72,830	-	72,830	29,611
Retentions payable	18,235	-	18,235	(229,503)
Unearned revenue	(306,524)	-	(306,524)	(18,834)
Compensated absences	122,757	-	122,757	(10,170)
Net pension liability	4,726,370	-	4,726,370	(3,300,698)
Net OPEB liability	113,189	-	113,189	(79,568)
Deferred pension inflows	(3,154,909)	-	(3,154,909)	3,414,368
Deferred OPEB inflows	(59,851)	-	(59,851)	111,228
Total adjustments	12,469,630	910,791	13,380,421	15,920,185
Net cash provided (used) by operating activities	\$ (13,405,573)	\$ 1,024,000	\$ (12,381,573)	\$ 3,388,703
<b>Schedule of non-cash capital and related financing activities:</b>				
Amortization of IDM Assessment District Receivable (Note 3)	\$ (8,851)	\$ -	\$ (8,851)	\$ (1,918,220)

See accompanying notes to the basic financial statements.

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**Note 1: Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Mojave Water Agency (Agency) was organized July 21, 1960, by an act of the legislature of the State of California known as the Mojave Water Agency Act. Within the limits of its power and authority set forth in this act, the purpose of the Agency is to do any and every act necessary so that sufficient water may be available for any present or future beneficial use of lands and inhabitants of the Agency, including, but not limited to, the construction, maintenance, alteration, purchase, and operation of any and all works or improvements within the Agency necessary or proper to carry out any object or purpose of this act; and the gathering of data for, and the development and implementation of, after consultation and coordination with all public and private water entities who are in any way affected, management and master plans to mitigate the cumulative overdraft of groundwater basins, to monitor the condition of the groundwater basins, to pursue all necessary water conservation measures, and to negotiate for additional water supplies from all state, federal, and local sources. The Agency is governed by a seven-member Board of Directors who serve overlapping four-year terms.

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.

In 1994, to administer the provisions of the groundwater adjudication judgment, the Superior Court of Riverside appointed the Agency as the Mojave Basin Area Watermaster (Watermaster) and ordered the Watermaster to formulate a plan and program for management of the Basin's resources. Although the Watermaster is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations, as it is governed by the same Board of Directors and the Agency has operational responsibility for the Watermaster. Complete financial statements for the Watermaster are available at the Agency's office or upon request of the Agency's Chief Financial Officer at 13846 Conference Center Drive, Apple Valley, California, 92307.

The Mojave Water Agency Public Facilities Corporation (MWAPFC) was incorporated in 1997. The MWAPFC is a California nonprofit public benefit corporation formed to assist the Mojave Water Agency (Agency) by acquiring, constructing, operating, and maintaining facilities, equipment, or other property needed by the Agency and leasing or selling such property to the Agency and as such has no employees or other operations. Although the MWAPFC is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations. No separate financial statements are prepared for the MWAPFC.

***Mojave Water Agency Fund***

This major fund accounts for the activities of the Agency and the Mojave Water Agency Act, which authorizes the Agency to assess taxes to pay for the costs of the California State Water Project system plus costs necessary for the administration of the Agency.

***Watermaster Fund***

This major fund was established as part of the groundwater adjudication judgment to account separately for the annual activities of the Watermaster and accounting for the types of fees the Watermaster may impose, and the expenditures made during the year.



**Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued**

**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 delivering wholesale water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. The enterprise fund is accounted using the “economic resources” measurement focus and the accrual basis of accounting. Under the 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 service charges, as well as Watermaster assessments, 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. The principal operating revenues of the Agency are water sales to the Watermaster and the principal operating revenues of the Watermaster are water sales (assessments) to member water right holders. 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.

***Prior Year Financial Data Presentation***

The Agency has determined to present the annual financial statements with certain prior year data for comparative purposes, but not to restate all the prior year data.

***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.

***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 a maturity of three months or less to be cash equivalents.

***Investments and Investment Policy***

The Agency has adopted an investment policy directing the Chief Financial Officer to deposit funds in financial institutions. 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.

**Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued**

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

***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 – Valuation is based on quoted prices in active markets for identical assets.
- Level 2 – Valuation 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 – Valuation 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.

***Restricted Cash and Investments***

The Agency has established a number of separate accounts, also referred to as funds, to provide for specific activities in accordance with special regulations, bond covenants, and other arrangements. The accounts are classified as “restricted” and are nondiscretionary in terms of the use of assets. Among other things, the restricted amounts provide for payments of debt service on bonds, reserves for principal and interest on outstanding bonds, construction of capital assets, and other obligations related to the State Water Project.

***Restricted Assets***

Amounts shown as restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and the construction of capital assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

***Accounts Receivable and Allowance for Uncollectible Accounts***

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts.

***Property Taxes and Special Assessments***

The San Bernardino County Assessor’s Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector’s Office bills and collects the Agency’s share of property taxes and assessments. The San Bernardino County 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.

**Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued**

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

**Property Taxes and Special Assessments, continued**

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

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

**Prepaid Expenses**

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

**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. Contributed assets are recorded at acquisition value at the date of donation and/or historical cost. 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. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- State Water Project Entitlement – 75 years
- Transmission system – 50 to 100 years
- Monitoring wells – 25 to 50 years
- Structures and improvements – 25 to 40 years
- Other plant and equipment – 5 to 25 years

**Deferred Outflows/Inflows of Resources**

The statement of net position reports a separate section for deferred outflows of resources. This 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 (expense) until that time. The statement of net position also reports a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time.

The Agency reports the following deferred outflows/inflows of resources: (1) the deferred outflow related to loss on debt defeasance is related to debt refinancing of the Agency bond issuances for the difference in the carrying value of the refunded debt and its reacquisition price. The net amount is deferred and amortized over the life of the refunded debt. (2) The deferred outflows/inflows related to pensions consists of employer contributions made after the measurement date of the net pension liability, as well as actuarial deferrals. (3) The deferred outflows/inflows related to other post-employment benefits (OPEB) consists of employer contributions made after the measurement date of the net OPEB liability, as well as actuarial deferrals.

**Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued**

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

***Compensated Absences***

The Agency's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for the Agency's obligation to the employees for the amount owed. It is Management's belief that the majority of the obligation will be utilized within the next fiscal year.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently 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:

	<u>2023</u>	<u>2022</u>
• Valuation Dates:	June 30, 2021	June 30, 2020
• Measurement Dates:	June 30, 2022	June 30, 2021
• Measurement Periods:	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

***Other Postemployment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>2023</u>	<u>2022</u>
• Valuation Dates:	June 30, 2022	June 30, 2020
• Measurement Dates:	June 30, 2022	June 30, 2021
• Measurement Periods:	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

**Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued**

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

***Net Position***

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

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of *restricted* net position or *net investment in capital assets*.

**Net Position Flow Assumption**

Sometimes the Agency will fund expenses for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***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 connection to the Agency's system.

***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.

***Reclassification***

The Agency has reclassified certain prior year information to conform with current year presentation, with no effect on net position.



**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 2: Cash and Investments**

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

Description	2023	2022
Cash and cash equivalents	\$ 63,973,531	\$ 44,356,976
Restricted - cash and cash equivalents	40,853,497	35,979,897
Investments - current	19,553,120	13,600,674
Investments - noncurrent	42,557,204	47,398,299
Total cash and investments	<u>\$ 166,937,352</u>	<u>\$ 141,335,846</u>

Cash and investments as of June 30, consist of the following:

Description	2023	2022
Cash on hand	\$ 300	\$ 1,000
Demand deposits with financial institutions	2,930,177	4,838,880
Investments	164,006,875	136,495,966
Total cash and investments	<u>\$ 166,937,352</u>	<u>\$ 141,335,846</u>

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

The following table 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
State and local agency bonds, notes and warrants	5 years	10%	None
U.S. Treasury obligations	5 years	None	None
Federal agency securities	5 years	None	None
Banker's acceptances	180 days	40%	5%
Prime commercial paper	270 days	10%/25%	"AI/PI"
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	5%
Money market mutual funds	90 days	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	\$75 million
County Pooled Investment Fund	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 under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Note 2: Cash and Investments, continued**

***Investment in the California Cooperative Liquid Assets Securities System***

The Agency is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS). California CLASS is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements.

***Investments Authorized by Debt Agreements***

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for investment held by bond trustees. The table also identifies certain provisions of these debt agreements 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	None	None	None
Federal agency securities	None	None	None
Banker's acceptances	180 days	None	None
Commercial paper	180 days	None	10%
Negotiable certificates of deposit	None	None	None
Money market mutual funds	1 year	None	None
Investment contracts	None	None	None
Repurchase agreements	30 days	None	None
Municipal obligations	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

***Custodial Credit Risk***

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

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 is 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 contains 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, external investment pools (such as California CLASS) or government investment pools (such as LAIF).

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 2: Cash and Investments, continued**

**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 changes in 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. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

Investments at June 30, 2023:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Government sponsored entities securities	\$ 17,103,767	\$ 7,282,418	\$ 2,856,152	\$ 6,965,197
California Cooperative Liquid Assets Securities System	52,217,620	52,217,620	-	-
Medium-term notes	18,027,566	4,491,301	5,695,249	7,841,016
Local Agency Investment Fund (LAIF)	41,168,115	41,168,115	-	-
U.S. Treasury notes	35,489,804	16,290,214	9,752,644	9,446,946
Held by bond or escrow trustee:				
Money market funds	3	3	-	-
Total investments	<u>\$ 164,006,875</u>	<u>\$ 121,449,671</u>	<u>\$ 18,304,045</u>	<u>\$ 24,253,159</u>

Investments at June 30, 2022:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Government sponsored entities securities	\$ 16,650,472	\$ 5,822,884	\$ 8,081,258	\$ 2,746,330
U.S. Treasury notes	27,829,851	5,156,585	8,251,199	14,422,067
Medium-term notes	17,456,048	3,558,603	6,339,411	7,558,034
Local Agency Investment Fund (LAIF)	72,615,381	72,615,381	-	-
Held by bond or escrow trustee:				
Money market funds	3	3	-	-
U.S. Treasury notes	1,944,211	1,944,211	-	-
Total investments	<u>\$ 136,495,966</u>	<u>\$ 89,097,667</u>	<u>\$ 22,671,868</u>	<u>\$ 24,726,431</u>

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 2: Cash and Investments, continued**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of the fiscal year end for each investment type.

**Investments at June 30, 2023:**

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	\$ 17,103,767	None	\$ 17,103,767	\$ -
California Cooperative Liquid Assets Securities System	52,217,620	None	52,217,620	-
Medium-term notes	18,027,566	A/AA	-	18,027,566
Local Agency Investment Fund (LAIF)	41,168,115	N/A	41,168,115	-
U.S. Treasury notes	35,489,804		35,489,804	-
Held by bond or escrow trustee:				
Money market funds	3	AAA	3	-
Total investments	<u>\$ 164,006,875</u>		<u>\$ 145,979,309</u>	<u>\$ 18,027,566</u>

**Investments at June 30, 2022:**

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	\$ 16,650,472	None	\$ 16,650,472	\$ -
U.S. Treasury notes	27,829,851	None	27,829,851	-
Medium-term notes	17,456,048	A/AA	-	17,456,048
Local Agency Investment Fund (LAIF)	72,615,381	N/A	72,615,381	-
Held by bond or escrow trustee:				
Money market funds	3	AAA	3	-
U.S. Treasury notes	1,944,211	None	1,944,211	-
Total investments	<u>\$ 136,495,966</u>		<u>\$ 119,039,918</u>	<u>\$ 17,456,048</u>

**Concentration of Credit Risk**

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no single investments in any one issuer that represent 5% or more of total Agency's investments at June 30, 2023 and 2022, respectively.

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 2: Cash and Investments, continued**

***Fair Value Measurements***

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investments at June 30, 2023:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	\$ 17,103,767	\$ 17,103,767
Medium-term notes	18,027,566	18,027,566
U.S. Treasury notes	35,489,804	35,489,804
Held by bond or escrow trustee:		
Money market funds	3	3
Total investments measured at fair value	70,621,140	\$ 70,621,140
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	41,168,115	
California Cooperative Liquid Assets Securities System	52,217,620	
Total investments	\$ 164,006,875	

Investments at June 30, 2022:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	\$ 16,650,472	\$ 16,650,472
U.S. Treasury notes	27,829,851	27,829,851
Medium-term notes	17,456,048	17,456,048
Held by bond or escrow trustee:		
Money market funds	3	3
U.S. Treasury notes	1,944,211	1,944,211
Total investments measured at fair value	63,880,585	\$ 63,880,585
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	72,615,381	
Total investments	\$ 136,495,966	



**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 3: Property Assessment Debt for Improvement District M**

In August 2016, the Agency issued Improvement District M of the Mojave Water Agency General Obligation Bonds (Morongo Basin Pipeline Project) in the amount of \$15,025,000. The bonds are payable from *ad valorem* taxes levied upon the taxable property (other than personal property) in the Improvement District. In accordance with Governmental Accounting Standards Board Statement No. 6 *Accounting and Financial Reporting for Special Assessments*, the Agency initially recognized a receivable for the full amount of the debt issuance. Annually, the receivable was adjusted to the Property Assessments for IDM nonoperating revenues presented in the Statement of Revenues, Expenses and Changes of Net Position. As the bonds are nearing maturity, the Agency discontinued property tax assessments at the point where it collected sufficient assessments to redeem the remaining outstanding bonds. The timing difference between the systematic revenue recognition of the assessments for financial reporting purposes and the actual property tax assessments has resulted in the nonoperating revenues for Property Assessment for IDM being presented as a negative revenue of \$1,784,005 at June 30, 2022, in the accompanying Statement of Revenues, Expenses and Changes in Net Position. The reported negative revenue amount did not affect the Agency's cash flow. Such timing differences naturally arise due to variances in actual versus projected assessments and investment earnings on bond reserve funds.

**Note 4: Water-in-Storage Inventory**

In 1994, the Agency completed and adopted its current Regional Water Management Plan, which recognizes the Agency's Conjunctive Use Program (Program). The Program calls for the conjunctive use of surface water supplies, both local and imported, with groundwater supplies. The Agency acquires Free Production Allowances (FPA) from local sources and California State Water Project deliveries to recharge groundwater basins in "wet" years to provide relief in dry years. The Agency values its water inventory and computes the cost of water sold using an average cost method for local and state deliveries.

The Agency's policy is to record only variable OMP&R costs for transportation. The Agency's transportation cost of water sold for the past two fiscal years was computed as follows:

	2023		2022	
	Acre-Feet	Cost	Acre-Feet	Cost
<b>State Water Project</b>				
Inventory - beginning of year	175,695	\$ 31,079,895	187,473	\$ 32,536,597
Water purchases	51,537	15,130,552	2,315	989,142
Inventory - available for sale	227,232	46,210,447	189,788	33,525,739
Water sales - variable cost of sales	(14,177)	(2,507,911)	(14,093)	(2,445,844)
Total inventory - end of year	213,055	\$ 43,702,536	175,695	\$ 31,079,895

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 5: Capital Assets**

Changes in capital assets for the year were as follows:

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land and right of ways	\$ 8,102,579	\$ 785,499	\$ -	\$ 8,888,078
Water rights	5,016,984	-	-	5,016,984
Morongo pipeline entitlement	208,000	-	-	208,000
Construction in progress	3,537,597	1,020,015	(154,469)	4,403,143
Total non-depreciable assets	16,865,160	1,805,514	(154,469)	18,516,205
Depreciable assets:				
State Water Project entitlement	302,027,826	7,522,210	-	309,550,036
Water management plan	4,272,065	-	-	4,272,065
Transmission system	199,933,680	26,271	-	199,959,951
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	21,589,001	11,390	-	21,600,391
Other plant and equipment	5,128,122	139,197	(28,333)	5,238,986
Total depreciable assets	553,141,562	7,699,068	(28,333)	560,812,297
Accumulated depreciation:				
State Water Project entitlement	(156,334,172)	(11,785,836)	-	(168,120,008)
Water management plan	(4,272,064)	-	-	(4,272,064)
Transmission system	(61,057,781)	(3,928,719)	-	(64,986,500)
Monitoring wells	(9,506,451)	(923,852)	-	(10,430,303)
Structures and improvements	(5,054,576)	(677,224)	-	(5,731,800)
Other plant and equipment	(3,919,370)	(266,965)	28,333	(4,158,002)
Total accumulated depreciation	(240,144,414)	(17,582,596)	28,333	(257,698,677)
Total depreciable assets, net	312,997,148	(9,883,528)	-	303,113,620
Total capital assets, net	\$ 329,862,308	\$ (8,078,014)	\$ (154,469)	\$ 321,629,825

Depreciation expense for the year ended June 30, 2023 was \$17,582,596.

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 5: Capital Assets, continued**

**Construction in Progress 2023**

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Antelope Wash Recharge Ponds	\$ 102,484	\$ -	\$ -	\$ 102,484
Bandicoot Basin Recharge	79,913	-	-	79,913
SCADA Upgrade - Morongo Basin	396,883	299,562	-	696,445
Facility/Infrastructure Repair	27,699	-	(27,699)	-
Regional Recharge Geotech	1,579,959	20,398	-	1,600,357
Oeste Recharge Demonstration	376,970	68,555	-	445,525
MRP White Road Turnout Traveling Screen	625,391	70,586	-	695,977
Database Solutions Software (WR)	188,122	17,962	-	206,084
Este-Luceme Recharge - (Contract Out)	10,708	-	(372)	10,336
Weather Stations (WR)	126,398	-	(126,398)	-
Groundwater Bank West VV	3,110	6,707	-	9,817
SCDA Network and Server Upgrads	19,960	364,075	-	384,035
Master Plan	-	80,657	-	80,657
Newberry Springs	-	14,001	-	14,001
Helendale Bluffs Water Line	-	69,382	-	69,382
MWA HQ Ofc Space Reconfigure	-	6,795	-	6,795
Mesa St Repairs	-	1,335	-	1,335
Total construction in progress	<u>\$ 3,537,597</u>	<u>\$ 1,020,015</u>	<u>\$ (154,469)</u>	<u>\$ 4,403,143</u>

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 5: Capital Assets, continued**

Changes in capital assets for the prior year were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and right of ways	\$ 8,100,079	\$ 2,500	\$ -	\$ 8,102,579
Water rights	5,016,984	-	-	5,016,984
Morongo pipeline entitlement	208,000	-	-	208,000
Construction in progress	8,509,491	1,114,675	(6,086,569)	3,537,597
Total non-depreciable assets	21,834,554	1,117,175	(6,086,569)	16,865,160
Depreciable assets:				
State Water Project entitlement	293,735,263	8,292,563	-	302,027,826
Water management plan	4,272,065	-	-	4,272,065
Transmission system	193,849,611	6,084,069	-	199,933,680
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	21,589,001	-	-	21,589,001
Other plant and equipment	5,012,088	116,034	-	5,128,122
Total depreciable assets	538,648,896	14,492,666	-	553,141,562
Accumulated depreciation:				
State Water Project entitlement	(145,126,968)	(11,207,204)	-	(156,334,172)
Water management plan	(4,272,064)	-	-	(4,272,064)
Transmission system	(57,353,234)	(3,704,547)	-	(61,057,781)
Monitoring wells	(8,530,777)	(975,674)	-	(9,506,451)
Structures and improvements	(4,372,691)	(681,885)	-	(5,054,576)
Other plant and equipment	(3,637,172)	(282,198)	-	(3,919,370)
Total accumulated depreciation	(223,292,906)	(16,851,508)	-	(240,144,414)
Total depreciable assets, net	315,355,990	(2,358,842)	-	312,997,148
Total capital assets, net	\$ 337,190,544	\$ (1,241,667)	\$ (6,086,569)	\$ 329,862,308

Depreciation expense for the year ended June 30, 2022 was \$16,851,508.

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 5: Capital Assets, continued**

**Construction in Progress 2022**

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Antelope Wash Recharge Ponds	\$ 102,484	\$ -	\$ -	\$ 102,484
Bandicoot Basin Recharge	79,913	-	-	79,913
SCADA Upgrade - Morongo Basin	359,922	36,961	-	396,883
Facility/Infrastructure Repair	27,699	-	-	27,699
Regional Recharge Geotech	1,418,843	161,116	-	1,579,959
R3 Adelanto Pipeline Extension - MWA	1,459,355	90,772	(1,550,127)	-
R3 Adelanto Trunk Extension	3,328,883	63,129	(3,392,012)	-
R3 TO-6 Upgrade - MWA	1,106,510	37,920	(1,144,430)	-
Oeste Recharge Demonstration	23,429	353,541	-	376,970
MRP White Road Turnout Traveling Screen	440,187	185,204	-	625,391
Database Solutions Software (WR)	162,266	25,856	-	188,122
Lucerne Recharge - (Contract Out)	-	10,708	-	10,708
Weather Stations (WR)	-	126,398	-	126,398
Groundwater Bank West VV	-	3,110	-	3,110
SCDA Network and Server Upgrads	-	19,960	-	19,960
Total construction in progress	<u>\$ 8,509,491</u>	<u>\$ 1,114,675</u>	<u>\$ (6,086,569)</u>	<u>\$ 3,537,597</u>

**Note 6: Compensated Absences**

Changes in compensated absences for 2023 were as follows:

Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
<u>\$ 523,970</u>	<u>\$ 335,509</u>	<u>\$ (212,752)</u>	<u>\$ 646,727</u>	<u>\$ 250,930</u>	<u>\$ 395,797</u>

Changes in compensated absences for 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
<u>\$ 534,140</u>	<u>\$ 282,239</u>	<u>\$ (292,409)</u>	<u>\$ 523,970</u>	<u>\$ 266,701</u>	<u>\$ 257,269</u>



**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 7: Unearned Revenue**

The Agency has allowed for pre-purchase claims of acre-feet of water to its customers. The transaction is recorded as unearned revenue until the transfer is complete in future periods. The following is a listing of Agencies that have pre-purchase claims of water and their respective acre-feet of water to be delivered:

Description	2023	2022
Unearned revenue in dollars (FIFO method)	\$ 2,683,699	\$ 2,990,223
Agency	Acre-Feet	Acre-Feet
Liberty Utilities	7,945	8,737
San Bernardino County Special Districts	2,167	2,167
Silver Lakes Association	113	113
Mariana Ranchos County Water District	90	90
Apple Valley Heights County Water District	70	70
Total acre-feet	10,385	11,177

**Note 8: Long-Term Debt**

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

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023	Current Portion	Long-term Portion
Long-term liabilities:						
Bonds payable:						
2014 Revenue refunding bonds	\$ 1,685,000	\$ -	\$ (1,685,000)	\$ -	\$ -	\$ -
2014 Revenue refunding bonds premium	32,434	-	(32,434)	-	-	-
2016 General obligation bonds	1,905,000	-	(1,905,000)	-	-	-
2016 General obligation bonds premium	42,335	-	(42,335)	-	-	-
2017 Revenue refunding bonds	26,510,000	-	(1,040,000)	25,470,000	1,090,000	24,380,000
2017 Revenue refunding bonds premium	4,265,741	-	(252,165)	4,013,576	-	4,013,576
Total bonds payable	34,440,510	-	(4,956,934)	29,483,576	1,090,000	28,393,576
From direct borrowing:						
Contract payable	155,146	-	(6,087)	149,059	6,088	142,971
Total long-term liabilities	\$ 34,595,656	\$ -	\$ (4,963,021)	\$ 29,632,635	\$ 1,096,088	\$ 28,536,547

**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

**Note 8: Long-Term Debt, continued**

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

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022	Current Portion	Long-term Portion
Long-term liabilities:						
Bonds payable:						
2014 Revenue refunding bonds	\$ 3,290,000	\$ -	\$ (1,605,000)	\$ 1,685,000	\$ 1,685,000	\$ -
2014 Revenue refunding bonds premium	227,048	-	(194,614)	32,434	-	32,434
2016 General obligation bonds	4,685,000	-	(2,780,000)	1,905,000	1,905,000	-
2016 General obligation bonds premium	211,683	-	(169,348)	42,335	-	42,335
2017 Revenue refunding bonds	27,500,000	-	(990,000)	26,510,000	1,040,000	25,470,000
2017 Revenue refunding bonds premium	4,517,902	-	(252,161)	4,265,741	-	4,265,741
Total bonds payable	40,431,633	-	(5,991,123)	34,440,510	4,630,000	29,810,510
From direct borrowing:						
Contract payable	161,496	-	(6,350)	155,146	6,088	149,058
Total long-term liabilities	\$ 40,593,129	\$ -	\$ (5,997,473)	\$ 34,595,656	\$ 4,636,088	\$ 29,959,568

**2014 Revenue Refunding Bonds**

In 2014, the Agency issued \$13,155,000 in Revenue Refunding Bonds, Series 2014A to advance refund the 2004 Certificates-of-Participation issue. As a result, the Agency's 2004 Certificates-of-Participation issue is considered defeased and the liability for that obligation has been removed from the Agency's financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments over the next nine years by a present-value amount of approximately \$1.296 million and to obtain an economic gain of approximately \$1.391 million. Also, the refunding issuance resulted in a deferred loss of \$229,231, which will be amortized over the remaining life of the debt service. An interest rate premium in the amount of \$1,605,563 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt.

The bonds matured in fiscal year 2023.

**2016 General Obligation Bonds**

In June 1990, a portion of the Agency voted in favor of forming Improvement District "M" (IDM) and to incur bonded indebtedness in the principal amount of \$66,500,000. The proceeds of the bonds were used to finance costs of designing, planning, and constructing the Morongo Basin Pipeline Project to bring water from the California Aqueduct in Hesperia to Yucca Valley. On May 29, 1991, the Agency issued \$12,000,000 and on November 19, 1992, the Agency issued \$40,735,000 aggregated principal general obligation bonds to finance a portion of the costs of the Morongo Basin Pipeline Project. On April 25, 1996, the Agency issued \$51,780,000 aggregated principal general obligation bonds to refund the 1991 and 1992 Series bonds. On June 7, 2006, the Agency issued \$34,825,000 aggregated principal general obligation bonds for the purpose of refunding the remaining \$40,810,000 of the 1996 general obligation bonds and to pay the costs incurred with the issuance, sale and delivery of the bonds.

On September 20, 2016, the Agency issued \$15,025,000 of General Obligation Bonds, Series 2016A, to provide funds to prepay the outstanding 2006 general obligation bonds. The Agency completed the advance refunding to reduce the Agency's total debt service payments through 2023 by \$2.045 million, and to obtain an economic gain of approximately \$1.940 million. Also, the refunding issuance resulted in a deferred loss of \$245,228, which will be amortized over the remaining life of the debt service. The interest rates on the bonds range from 1.50% to 4.00% per annum. Interest on the bonds is payable semi-annually on March 1 and September 1. Principal matures September 1 of each year through 2022.

**Note 8: Long-Term Debt, continued**

**2016 General Obligation Bonds, continued**

The Agency has entered into agreements with four water purveyors who are participants in the pipeline project. The purposes of the agreements are to sell and deliver water available to the Agency to the participants, to sell Project Capacity from the pipeline project to the participants and to sell Project Allotment and Project Capacity among the participants, all within the scope of the Agency's water service policy. During the fiscal year ended June 30, 1995, the Agency acquired 4% of the rights of the project from the County.

The participants and their respective percentages of water allotted from the pipeline project are as follows:

Project Participants	Original Percentages	Current Percentages
Hi-Desert Water District	59%	59%
Joshua Basin Water District	27%	27%
Bighorn-Desert View Water Agency	9%	10%
San Bernardino County Service Area:		
No. 70 Improvement Zone W-1	4%	0%
Improvement Zone W-4	1%	0%
Mojave Water Agency	0%	4%

Project participants are assessed for 25% of the debt service of the bonds. Each project participant also pays its project allotment percentage of estimated project costs for the current fiscal year. Project participant payments are due June 1st of each year (commencing June 1, 1994).

The bonds matured in fiscal year 2023.

**2017 Revenue Refunding Bonds**

On October 15, 2009, the Agency entered into an agreement to issue \$39,355,000 in certificates of participation. The certificates are to provide the funds to acquire a Table A amount of 14,000-acre feet of State Water Project Table A water from Dudley Ridge Water District. Pursuant to the acquisition agreement, dated April 30, 2009, the Table A will be transferred to the Agency on the following schedule:

Entitlement Transfer Date	Table A Amount (acre feet)
January 1, 2010	7,000
January 1, 2015	3,000
January 1, 2020	4,000

The certificates are payable solely from Installment Payments to be made by the Agency to the Mojave Water Agency Public Facilities Corporation pursuant to the Installment Purchase Agreement dated July 1, 2009.

On June 29, 2017, the Agency issued \$31,245,000 of Refunding Revenue Bonds, Series 2017A to provide funds to prepay the outstanding Series 2009A Revenue Certificates of Participation, an existing long-term debt issuance. As a result, the Agency's Series 2009A Revenue Certificates of Participation issue is considered defeased and the liability for that obligation has been removed from the Agency's financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments through 2039 by \$5.641 million, and to obtain an economic gain of approximately \$4.296 million. Also, the refunding issuance resulted in a deferred loss of \$2.405 million, which will be amortized over the remaining life of the debt service. The interest rates on the bonds range from 3.00% to 5.00% per annum.

**Mojave Water Agency**  
**Notes to the Financial Statements**  
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**Note 8: Long-Term Debt, continued**

**2017 Revenue Refunding Bonds, continued**

The outstanding 2017 bonds contain (a) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if the pledged revenues during each fiscal year are less than 125 percent of debt service coverage due in the following fiscal year and (b) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if (1) the Agency is unable to make a payment; (2) the Agency fails to perform any of the agreements, covenants, or conditions required in the Indenture to be performed by it, and such default shall have continued for a period of thirty (30) days after the Agency has been given notice in writing of such default; (3) if the Agency files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

Interest on the bonds is payable annually on June 1. Principal matures June 1 of each year through 2039 as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,090,000	\$ 1,246,900	\$ 2,336,900
2025	1,145,000	1,192,400	2,337,400
2026	1,205,000	1,135,150	2,340,150
2027	1,265,000	1,074,900	2,339,900
2028	1,330,000	1,011,650	2,341,650
2029-2033	7,555,000	4,140,250	11,695,250
2034-2038	9,650,000	2,051,250	11,701,250
2039-2039	2,230,000	111,500	2,341,500
Total	25,470,000	\$ 11,964,000	\$ 37,434,000
Less current portion	(1,090,000)		
Premium on debt	4,013,576		
Total non-current	\$ 28,393,576		

**Contract Payable**

On September 13, 2019, the Agency entered into a generator interconnection agreement (GIA) with Southern California Edison Company (SCE) that will remain in effect for a period of 35 years and shall be automatically renewed for each successive one-year period thereafter. The agreement allows the Agency's Deep Creek Hydroelectric generator to be connected with, and operate parallel with, SCE's distribution system. As part of the agreement, the Agency is responsible for the interconnection facilities charge and distribution upgrades charge of \$174,930.

The agreement contains a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due, plus all other damages and remedies to which SCE is entitled at law or in equity.

**Note 8: Long-Term Debt, continued**

***Contract Payable, continued***

Principal installments are due monthly with an annual payable of \$6,088, as follows:

Fiscal Year	Principal
2024	\$ 6,088
2025	6,088
2026	6,088
2027	6,088
2028	6,088
2029-2033	30,440
2034-2038	30,440
2039-2043	30,440
2044-2048	26,521
2049-2049	778
Total	<u>\$ 149,059</u>

**Note 9: Defined Benefit Pension Plan**

***A. General Information about the Pension Plan***

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Agency 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, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***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. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.



**Note 9: Defined Benefit Pension Plan, continued**

**A. General Information about the Pension Plan**

**Benefits Provided, continued**

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Classic	New Classic	PEPRA
	Prior to	Prior to	On or after
Hire date	August 25, 2012	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & Up	50 - 67 & Up	52 - 67 & Up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	7.25%
Required employer contribution rates	14.90%	11.61%	7.76%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 and 2022 were \$1,135,362 and \$985,287, respectively. The actual employer payments of \$985,287 made to CalPERS by the Agency during the measurement period ended June 30, 2022 differed from the Agency's proportionate share of the employer's contributions of \$1,359,753 by \$374,466, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**B. Net Pension Liability**

The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Note 9: Defined Benefit Pension Plan, continued**

**B. Net Pension Liability, continued**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability, continued**

Valuation Dates	June 30, 2021 and 2020
Measurement Dates	June 30, 2022 and 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.9% and 7.15%, respectively
Inflation	2.3% and 2.50%, respectively
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.3% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 Experience Study that can be found on the CalPERS website.

**Long-term Expected Rate of Return**

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1, 2</sup>
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Public Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private Equity	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100%	

<sup>1</sup> An expected inflation of 2.30% used for this period

<sup>2</sup> Figures are based on the 2021-22 Assets Liability Management study

**Note 9: Defined Benefit Pension Plan, continued**

**B. Net Pension Liability, continued**

***Change of Assumptions***

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

***Discount Rate***

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Subsequent Events***

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

***Pension Plan Fiduciary Net Position***

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Mojave Water Agency**  
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**Note 9: Defined Benefit Pension Plan, continued**

**C. Proportionate Share of Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2021 (Valuation Date)	\$ 31,719,747	\$ 27,797,833	\$ 3,921,914
Balance at: 6/30/2022 (Measurement Date)	\$ 34,862,520	\$ 26,214,236	\$ 8,648,284
Net changes during 2021-22	\$ 3,142,773	\$ (1,583,597)	\$ 4,726,370

The Agency's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Agency's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

<u>June 30, 2023</u>	
Proportionate Share - June 30, 2022	0.20655%
Proportionate Share - June 30, 2023	0.18482%
Change - Increase (Decrease)	-0.02173%
<u>June 30, 2022</u>	
Proportionate Share - June 30, 2021	0.17123%
Proportionate Share - June 30, 2022	0.20655%
Change - Increase (Decrease)	0.03532%

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

The following presents the Agency's proportionate share of the net pension liability of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Measurement Date June 30, 2022		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Net Pension Liability	\$ 13,400,673	\$ 8,648,284	\$ 4,738,246
	Measurement Date June 30, 2021		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	\$ 8,109,900	\$ 3,921,914	\$ 459,765

**Note 9: Defined Benefit Pension Plan, continued**

***C. Proportionate Share of Net Pension Liability, continued***

***Amortization of Deferred Outflows and Deferred Inflows of Resources***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

***D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

As of the start of the measurement period (July 1, 2021), the Agency's net pension liability was \$3,921,914. For the measurement period ending June 30, 2022 (the measurement date), the Agency incurred a pension expense of \$476,997.

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**Note 9: Defined Benefit Pension Plan, continued**

***D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, continued***

As of June 30, 2023, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 173,674	\$ 116,320
Changes of Assumptions	886,196	-
Difference Between Projected and Actual Investment Earnings	1,584,136	-
Change in Employer's Proportion	95,449	18,916
Differences Between Employer's Contributions and Proportionate Share on Contributions	-	410,952
Pension Contributions Subsequent to the Measurement Date	1,135,362	-
Total	<u>\$ 3,874,817</u>	<u>\$ 546,188</u>

As of June 30, 2022, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 439,799	\$ -
Difference Between Projected and Actual Investment Earnings	-	3,423,623
Change in Employer's Proportion	-	277,474
Differences Between Employer's Contributions and Proportionate Share on Contributions	219,906	-
Pension Contributions Subsequent to the Measurement Date	985,287	-
Total	<u>\$ 1,644,992</u>	<u>\$ 3,701,097</u>



**Note 9: Defined Benefit Pension Plan, continued**

***D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, continued***

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$1,135,362 for 2023 and \$985,287 for 2022 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 530,183
2025	448,017
2026	246,155
2027	968,912
2028	-
Thereafter	-
	\$ 2,193,267

***E. Payable to the Pension Plan***

At June 30, 2023, the Agency reported no payables for the outstanding amount of contributions to the pension plan required for the year then ended.

**Note 10: Other Post-Employment Benefits (OPEB)**

***Plan Description***

The Agency offers post-employment medical benefits for eligible retirees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the Agency's CalPERS medical coverage, under a single-employer defined benefit post-employment healthcare plan. The contribution requirements of eligible retired employees and the Agency are established and may be amended by the Board of Directors. The Agency participates in the CalPERS' California Employers' Retiree Benefit Trust (CERBT) trust fund. The healthcare coverage provided meets the definition of other post-employment benefit plan (OPEB Plan).

***Benefits Provided***

Eligibility for retiree health benefits requires retirement from the Agency on or after age 50 with at least five years of CalPERS service. Eligible employees who retire before June 1, 2006 receive a flat \$200 monthly, subject to the PEMHCA minimum. Eligible employees who retire on or after June 1, 2006 receive a flat \$500 monthly, subject to the PEMHCA minimum. Elected officials retiring prior to 1994 receive an Agency contribution equal to 100% cost of coverage.

**Note 10: Other Post-Employment Benefits (OPEB), continued**

**Employees Covered**

As of the June 30, 2022, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	38
Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	-
Total	<u>69</u>

**Contributions**

The OPEB Plan and its contribution requirements are established by the Board of Directors and may be amended by Board action. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2022, the Agency's cash contributions were \$30,803 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund, \$160,504 in payments for retiree healthcare outside of the trust and the estimated implied subsidy was \$53,398, resulting in total payments of \$244,705. The Agency's contributions to the OPEB plan are not based on a measure of pay.

**Net OPEB liability**

The Agency's net OPEB liability was measured as of June 30, 2022, and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuations dated June 30, 2022 and June 30, 2020 based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Measurement date	June 30, 2021	June 30, 2022
Discount Rate	7.00%	6.00%
Inflation	2.50%	2.30%
Salary Increases	2.75%*	2.80%
Investment Rate of Return	5.85%	6.00%
Mortality Rate	Based on CalPERS tables	Based on CalPERS tables
Healthcare Cost Trend Rates		
Pre-Medicare	6.50%**	6.50% <sup>1</sup>
Medicare	5.50%**	5.40% <sup>1</sup>

\* Additional merit-based increases based on CalPERS merit salary increase tables

\*\* Trending down to 3.75% over 54 years. Applies to calendar years.

<sup>1</sup> Decreasing gradually to an ultimate rate of 3.73% by 2075

**Note 10: Other Post-Employment Benefits (OPEB), continued**

***Net OPEB liability, continued***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return net of investment expense are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target allocation percentage. The Plan Sponsor's expected future real rates of return by asset class is as shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	49%	4.50%
Fixed Income	23%	1.40%
Treasury Inflation-Protected Securities	5%	0.50%
Real Estate Investment Trusts	20%	3.70%
Commodities	3%	1.10%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.00% and 7.00% 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Change of Assumptions***

For fiscal year ended June 30, 2023 (measurement date June 30, 2022), the discount rate was reduced from 7.00% as of June 30, 2021, to 6.00% as of June 30, 2022, the investment rate of return increased from 5.85% to 6.00% and the inflation rate was reduced from 2.50% to 2.30%.

**Mojave Water Agency**  
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**Note 10: Other Post-Employment Benefits (OPEB), continued**

***Changes in the OPEB Liability***

As of June 30, 2023, the changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 3,167,945	\$ 2,067,844	\$ 1,100,101
Changes recognized for measurement period:			
Service cost	72,679	-	72,679
Interest	219,739	-	219,739
Differences between expected and actual experience	(27,137)	-	(27,137)
Changes of assumptions	(222,900)	-	(222,900)
Net investment income	-	(276,778)	276,778
Contributions - employer	-	156,601	(156,601)
Contributions - employer - implicit subsidy	-	49,893	(49,893)
Benefit payments	(156,601)	(156,601)	-
Implicit subsidy credit	(49,893)	(49,893)	-
Administrative expenses	-	(524)	524
Net Changes	(164,113)	(277,302)	113,189
Balance at June 30, 2022 (Measurement Date)	\$ 3,003,832	\$ 1,790,542	\$ 1,213,290

As of June 30, 2022, the changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2020 (Measurement Date)	\$ 2,783,419	\$ 1,603,750	\$ 1,179,669
Changes recognized for the measurement period:			
Service cost	70,734	-	70,734
Interest	192,900	-	192,900
Differences between expected and actual experience	317,748	-	317,748
Net investment income	-	440,989	(440,989)
Contributions - employer	-	175,170	(175,170)
Contributions - employer - implicit subsidy	-	45,398	(45,398)
Benefit payments	(151,458)	(151,458)	-
Implicit subsidy credit	(45,398)	(45,398)	-
Administrative expenses	-	(607)	607
Net Changes	384,526	464,094	(79,568)
Balance at June 30, 2021 (Measurement Date)	\$ 3,167,945	\$ 2,067,844	\$ 1,100,101

**Note 10: Other Post-Employment Benefits (OPEB), continued**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022 and June 30, 2021:

Measurement Date June 30, 2022			
	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	\$ 1,508,001	\$ 1,213,290	\$ 961,762
Measurement Date June 30, 2021			
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 1,373,221	\$ 1,100,101	\$ 866,282

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022 June 30, 2021:

Measurement Date June 30, 2022			
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 1,178,712	\$ 1,213,290	\$ 1,269,892
Measurement Date June 30, 2021			
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 1,059,070	\$ 1,100,101	\$ 1,146,253

***OPEB Plan Fiduciary Net Position***

The California Employers' Retirement Benefit Trust (CERBT) is a section 115 trust that issued a publicly available financial report that may be obtained from CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

**Note 10: Other Post-Employment Benefits (OPEB), continued**

***Recognition of Deferred Outflows and Deferred Inflows of Resources, continued***

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (7.9 years at June 30, 2022 and 9.8 at June 30, 2021)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2023, the Agency recognized OPEB expense of \$212,157.

As of fiscal year ended June 30, 2023, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 117,873	\$ 178,320
Differences between expected and actual experience in the measurement of the total OPEB liability	197,842	32,252
Net difference between projected and actual earnings on OPEB plan investments	158,818	-
OPEB contributions subsequent to measurement date	244,705	-
Total	<u>\$ 719,238</u>	<u>\$ 210,572</u>

As of fiscal year ended June 30, 2022, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 169,123	\$ 9,953
Differences between expected and actual experience in the measurement of the total OPEB liability	257,795	28,418
Net difference between projected and actual earnings on OPEB plan investments	-	232,112
OPEB contributions subsequent to measurement date	206,494	-
Total	<u>\$ 633,412</u>	<u>\$ 270,483</u>



**Note 10: Other Post-Employment Benefits (OPEB), continued**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, continued***

The \$244,705 for 2023 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent year. Other amounts reported as deferred outflows of resources related to OPEB at June 30, 2023 will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 88,372
2025	84,365
2026	38,949
2027	52,275
2028	-
Thereafter	-
	\$ 263,961

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**Mojave Water Agency**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023 (with comparative data for 2022)**

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**Note 11: Net Position**

The components of net position at June 30 consist of the following:

	2023	2022
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 18,516,205	\$ 16,865,160
Depreciable capital assets, net	303,113,620	312,997,148
Deferred loss on defeasance, net	1,751,294	2,075,440
Bonds payable - current portion	(1,090,000)	(4,630,000)
Bonds payable - long-term portion	(28,393,576)	(29,810,510)
Contract payable - current portion	(6,088)	(6,088)
Contract payable - long-term portion	(142,971)	(149,058)
Less:		
Deferred loss on defeasance on 2016 general obligation bonds	-	(152,373)
Plus:		
2016 General obligation bonds	-	1,905,000
2016 General obligation bonds premium	-	42,335
Total net investment in capital assets	<u>293,748,484</u>	<u>299,137,054</u>
Restricted net position:		
Restricted for state water project	69,745,192	63,213,715
Restricted for watermaster	<u>924,651</u>	<u>791,715</u>
Total restricted net position	<u>70,669,843</u>	<u>64,005,430</u>
Unrestricted net position:		
Nonspendable net position:		
Prepaid expenses and deposits	<u>100,451</u>	<u>83,953</u>
Spendable net position:		
Operating reserve	7,800,000	5,000,000
Capital replacement reserve	10,000,000	10,000,000
Contingency reserve	105,631,534	82,589,444
General revenue stabilization reserve	<u>4,000,000</u>	<u>4,000,000</u>
Total spendable net position	<u>127,431,534</u>	<u>101,589,444</u>
Total unrestricted net position	<u>127,531,985</u>	<u>101,673,397</u>
Total net position	<u><u>\$ 491,950,312</u></u>	<u><u>\$ 464,815,881</u></u>

**Note 12: State Water Project Table A Water Sales**

During the fiscal year ended June 30, 2022, the Agency entered into exchange agreements with other State Water Project contractors which sold 25,152 acre-feet of its Table "A" water amounting to \$23,239,300. During the fiscal year ended June 30, 2023, the Agency entered into exchange agreements with other State Water Project contractors which sold 79,075 acre-feet of its Table "A" water amounting to \$12,042,500.

**Note 13: Risk Management**

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2023, the Agency participates in the ACWA/JPIA pooled programs for liability, and property programs as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

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

- Crime coverage up to \$100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer and funds transfer fraud coverage's, subject to \$1,000 deductible per loss.
- 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, to a combined total of \$150 million per loss, subject to a \$1,000 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to \$1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to \$150 million per occurrence, subject to various deductibles depending on the type of equipment, on file.

The Agency has purchased workers' compensation insurance coverage for injuries to employees through the Special District Risk Management Association (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2023, the Agency participated in the workers' compensation programs of the SDRMA as follows:

- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law and employers liability limit of \$5,000,000 per occurrence.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ending June 30, 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, respectively.

**Note 14: Commitments and Contingencies**

**State Water Contract**

Estimates of the Agency's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates and inflation.

According to the State's latest estimates, the Agency's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest through the year 2036, are as follows:

	State Water Contract Long-Term Obligations
Fixed charges:	
Transportation capital cost	\$ 27,865,265
Transportation minimum OMP&R	98,434,567
Delta water charge	123,052,122
Water system revenue bond surcharge	20,630,593
East Branch enlargement capital cost	7,788,409
East Branch minimum OMP&R	3,435,987
	<hr/>
Total estimated fixed charges	281,206,943
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Variable charges:	
Variable OMP&R	173,167,246
Off-aqueduct OMP&R	532,426
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Total estimated variable charges	173,699,672
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Total estimated future charges	\$ 454,906,615
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*OMP&R: Operation, Maintenance, Power and Replacement*

The amounts shown do not contain any escalation for inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements.

There are other pending actions that may adversely impact the Agency's ability to control the sale of water transported through the state water project into its service area. The impact on future revenues of such actions cannot be determined.

**Construction Contracts**

The Agency has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from debt, grants and the Agency's capital replacement reserve.

**Note 14: Commitments and Contingencies, continued**

***Grant Awards***

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audits 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.

### **Required Supplementary Information**



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**Mojave Water Agency****Schedule of the Agency's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date  
Last Ten Years\***

Measurement Date	Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.05293%	\$ 3,293,429	\$ 3,186,970	103%	84%
6/30/2015	0.05916%	4,060,873	3,228,366	126%	80%
6/30/2016	0.06072%	5,253,996	3,229,103	163%	76%
6/30/2017	0.06204%	6,152,419	3,475,654	177%	75%
6/30/2018	0.06253%	6,025,270	3,358,283	179%	77%
6/30/2019	0.06456%	6,615,386	3,685,966	179%	77%
6/30/2020	0.06638%	7,222,612	3,817,826	189%	76%
6/30/2021	0.07252%	3,921,914	3,487,600	112%	88%
6/30/2022	0.07487%	8,648,284	3,988,940	217%	75%

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

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**Mojave Water Agency**  
**Schedule of Pension Plan Contributions**  
**Last Ten Years\***

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	\$ 568,371	\$ (2,076,334)	\$ (1,507,963)	\$ 3,228,366	64%
2015-16	587,585	(551,929)	35,656	3,229,103	17%
2016-17	653,649	(616,051)	37,598	3,475,654	18%
2017-18	624,672	(624,672)	-	3,358,283	19%
2018-19	733,660	(733,660)	-	3,685,966	20%
2019-20	835,199	(835,199)	-	3,817,826	22%
2020-21	874,907	(874,907)	-	3,487,600	25%
2021-22	985,287	(985,287)	-	3,988,940	25%
2022-23	1,135,362	(1,135,362)	-	4,814,809	24%

**Notes to Schedule:**

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Mojave Water Agency**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last Ten Years\***

	Measurement Date 6/30/2017	Measurement Date 6/30/2018	Measurement Date 6/30/2019
<u>Total OPEB Liability</u>			
Service cost	\$ 116,059	\$ 119,396	\$ 83,979
Interest	180,524	185,604	171,183
Differences between expected and actual experience	-	(279,188)	-
Changes of assumptions	-	(209,017)	-
Benefit payments	(117,959)	(130,655)	(135,556)
Implicit subsidy credit	(10,821)	(31,223)	(27,344)
Net change in Total OPEB Liability	167,803	(345,083)	92,262
Total OPEB Liability - beginning	2,526,163	2,693,966	2,348,883
Total OPEB Liability - ending (a)	2,693,966	2,348,883	2,441,145
<u>Plan Fiduciary Net Position</u>			
Net investment income	100,125	88,574	96,579
Contributions - employer	195,029	217,990	223,155
Contributions - employer - implicit subsidy	10,821	31,223	27,344
Benefit payments	(117,959)	(130,655)	(135,556)
Implicit subsidy credit	(10,821)	(31,223)	(27,344)
Administrative expenses	(489)	(604)	(619)
Other changes	-	-	-
Net change in Plan Fiduciary Net Position	176,706	175,305	183,559
Plan Fiduciary Net Position - beginning	952,167	1,128,873	1,304,178
Plan Fiduciary Net Position - ending (b)	1,128,873	1,304,178	1,487,737
<u>Net OPEB Liability</u>			
Net OPEB Liability - ending (a) - (b)	\$ 1,565,093	\$ 1,044,705	\$ 953,408
Plan fiduciary net position as a percentage of the total OPEB liability	42%	56%	61%
Covered-employee payroll	\$ 3,540,021	\$ 2,949,573	\$ 3,030,686
Net OPEB liability as a percentage of covered-employee payroll	44%	35%	31%

Notes to schedule:

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Changes in assumptions:

For fiscal year ended June 30, 2022 (measurement date June 30, 2021), there were no changes. For fiscal year ended June 30, 2023 (measurement date June 30, 2021), the discount rate and investment rate of return were decrease from 7.00% to 6.00%.

\* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.

**Mojave Water Agency****Schedule of Changes in the Net OPEB Liability and Related Ratios, Continued  
Last Ten Years\***

Measurement Date	Measurement Date	Measurement Date
6/30/2020	6/30/2021	6/30/2022
\$ 86,288	\$ 70,734	\$ 72,679
177,839	192,900	219,739
(24,294)	317,748	(27,137)
271,623	-	(222,900)
(133,359)	(151,458)	(156,601)
(35,823)	(45,398)	(49,893)
342,274	384,526	(164,113)
2,441,145	2,783,419	3,167,945
2,783,419	3,167,945	3,003,832
51,208	440,989	(276,778)
214,211	175,170	156,601
35,823	45,398	49,893
(133,359)	(151,458)	(156,601)
(35,823)	(45,398)	(49,893)
(720)	(607)	(524)
(15,327)	-	-
116,013	464,094	(277,302)
1,487,737	1,603,750	2,067,844
1,603,750	2,067,844	1,790,542
<u>\$ 1,179,669</u>	<u>\$ 1,100,101</u>	<u>\$ 1,213,290</u>
58%	65%	60%
\$ 3,284,783	\$ 3,457,641	\$ 3,347,673
36%	32%	36%



**Mojave Water Agency**  
**Schedule of OPEB Plan Contributions**  
**Last Ten Years\***

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Fiscal Year Ended June 30,	Actuarially Determined Contributions (ADC)	Contributions in relation to the ADC	Contribution Deficiency (Excess)	Covered- employee payroll	Contribution as a percentage of covered- employee payroll
2018	\$ 243,432	\$ (217,990)	\$ 25,442	\$ 2,949,573	7%
2019	247,215	(223,155)	24,060	3,030,686	7%
2020	245,434	(214,211)	31,223	3,284,783	7%
2021	179,196	(220,568)	(41,372)	3,457,641	6%
2022	196,856	(206,494)	(9,638)	3,347,673	6%
2023	212,617	(244,705)	(32,088)	4,633,912	5%

Notes to schedule:

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Changes in assumptions:

For fiscal year ended June 30, 2023, the discount rate and investment rate of return were decrease from 7.00% to 6.00%.

There were no changes in fiscal year ended June 30, 2022.

Methods and assumptions used to determine contributions:

*Actuarial Cost Method*

Entry age normal, level percent of pay.

*Amortization Method*

Closed period, level percent of pay.

*Amortization Period*

14 years

*Inflation*

2.30%

*Assumed Payroll Growth*

2.800%

*Healthcare Cost Trend Rates*

Pre-Medicare: 6.5% trending down to 3.73% over 53 years.

Medicare: 5.40% trending down to 3.73% over 53 years.

*Discount rate*

6.00%

*Mortality and Retirement Rates*

CalPERS rates

\* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.

## **Supplementary Infomation**

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**Mojave Water Agency**  
**Combining Statements of Net Position**  
**June 30, 2023**

	<b>General</b>	<b>State Water Project</b>	<b>Mojave Water Agency</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents (Note 2)	\$ 63,973,531	\$ -	\$ 63,973,531
Restricted - cash and cash equivalents (Note 2)	-	37,501,939	37,501,939
Investments (Note 2)	19,553,120	-	19,553,120
Accrued interest receivable	495,734	-	495,734
Accounts receivable - water sales and assessments	9,619,738	-	9,619,738
Accounts receivable - governmental agencies	580,840	-	580,840
Accounts receivable - other	166,884	-	166,884
Due from Watermaster	222,116	-	222,116
Property taxes and assessments receivable	400,364	961,064	1,361,428
Prepaid expenses and deposits	100,451	-	100,451
Total current assets	95,112,778	38,463,003	133,575,781
<b>Noncurrent assets:</b>			
Investments (Note 2)	42,557,204	-	42,557,204
Water-in-storage - inventory (Note 4)	-	43,702,536	43,702,536
Other noncurrent asset	640,000	-	640,000
Capital assets, not being depreciated (Note 5)	18,516,205	-	18,516,205
Depreciable capital assets, net (Note 5)	199,888,593	103,225,027	303,113,620
Total noncurrent assets	261,602,002	146,927,563	408,529,565
<b>Total assets</b>	<b>356,714,780</b>	<b>185,390,566</b>	<b>542,105,346</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on debt defeasance, net	1,751,294	-	1,751,294
Deferred pension outflows	3,874,817	-	3,874,817
Deferred OPEB outflows	719,238	-	719,238
<b>Total deferred outflows of resources</b>	<b>6,345,349</b>	<b>-</b>	<b>6,345,349</b>

**Mojave Water Agency**  
**Combining Statements of Net Position, Continued**  
**June 30, 2023**

	<b>Mojave Water Agency</b>	<b>State Water Project</b>	<b>Mojave Water Agency</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and other accrued expenses	\$ 1,027,637	\$ 12,420,347	\$ 13,447,984
Accrued wages and related payables	254,270	-	254,270
Retentions payable	37,477	-	37,477
Accrued interest payable - long-term debt	103,908	-	103,908
Long-term liabilities - due within one year:			
Unearned revenue (Note 7)	2,683,699	-	2,683,699
Compensated absences (Note 6)	250,930	-	250,930
Bonds payable (Note 8)	1,090,000	-	1,090,000
Contract payable (Note 8)	6,088	-	6,088
Total current liabilities	5,454,009	12,420,347	17,874,356
<b>Noncurrent liabilities:</b>			
Long-term liabilities - due in more than one year:			
Compensated absences (Note 6)	395,797	-	395,797
Bonds payable (Note 8)	28,393,576	-	28,393,576
Contract payable (Note 8)	142,971	-	142,971
Net pension liability (Note 9)	8,648,284	-	8,648,284
Net OPEB liability (Note 10)	1,213,290	-	1,213,290
Total noncurrent liabilities	38,793,918	-	38,793,918
<b>Total liabilities</b>	<b>44,247,927</b>	<b>12,420,347</b>	<b>56,668,274</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	546,188	-	546,188
Deferred OPEB inflows	210,572	-	210,572
<b>Total deferred inflows of resources</b>	<b>756,760</b>	<b>-</b>	<b>756,760</b>
<b>NET POSITION</b>			
Net investment in capital assets (Note 11)	190,523,457	103,225,027	293,748,484
Restricted for state water project	-	69,745,192	69,745,192
Unrestricted (Note 11)	127,531,985	-	127,531,985
<b>Total net position</b>	<b>\$ 318,055,442</b>	<b>\$ 172,970,219</b>	<b>\$ 491,025,661</b>

**Mojave Water Agency**  
**Combining Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	General	State Water Project	Mojave Water Agency
<b>OPERATING REVENUES</b>			
Water sales and services	\$ 9,516,118	\$ -	\$ 9,516,118
State Water Project Table A water sales	12,042,500	-	12,042,500
<b>Total operating revenues</b>	21,558,618	-	21,558,618
<b>OPERATING EXPENSES</b>			
State Water Project importation charges	2,507,912	14,073,700	16,581,612
Operating costs	13,263,122	6,491	13,269,613
<b>Total operating expenses</b>	15,771,034	14,080,191	29,851,225
<b>Operating income (loss) before depreciation</b>	5,787,584	(14,080,191)	(8,292,607)
Depreciation	5,796,760	11,785,836	17,582,596
<b>Operating income (loss)</b>	(9,176)	(25,866,027)	(25,875,203)
<b>NONOPERATING REVENUES</b>			
Property taxes - ad valorem	8,387,220	-	8,387,220
Property assessment for State Water Project	12,196,550	29,304,401	41,500,951
Property assessment for IDM (Note 3)	57,397	-	57,397
Redevelopment agency component of property taxes	989,529	-	989,529
Investment earnings (loss)	2,271,182	609,557	2,880,739
Gain (loss) on disposal of capital assets	6,666	-	6,666
State grant revenue	202,067	-	202,067
Other nonoperating revenues	312,353	-	312,353
<b>Total nonoperating revenues</b>	24,422,964	29,913,958	54,336,922
<b>NONOPERATING EXPENSES</b>			
Interest expense	1,569,668	75,787	1,645,455
Amortization of bonds premium	(294,498)	(32,436)	(326,934)
Property tax and assessment collection charges	39,194	81,039	120,233
State grant expense - pass-through	432,526	-	432,526
Other nonoperating expenses	21,470	-	21,470
<b>Total nonoperating expenses</b>	1,768,360	124,390	1,892,750
<b>Total nonoperating revenue, net</b>	22,654,604	29,789,568	52,444,172
<b>Income (loss) before contributions</b>	22,645,428	3,923,541	26,568,969
<b>CAPITAL CONTRIBUTIONS</b>			
State capital grants - pass-through	432,526	-	432,526
<b>Total capital contributions</b>	432,526	-	432,526
<b>Change in net position</b>	23,077,954	3,923,541	27,001,495
<b>Net position, beginning of year</b>	294,977,488	169,046,678	464,024,166
<b>Net position, end of year</b>	\$ 318,055,442	\$ 172,970,219	\$ 491,025,661



**Mojave Water Agency**  
**Combining Statements of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

	<b>General</b>	<b>State Water Project</b>	<b>Mojave Water Agency</b>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers and others	\$ 17,787,813	\$ -	\$ 17,787,813
Cash paid to vendors and suppliers	(9,682,138)	(14,843,020)	(24,525,158)
Cash paid to employees for salaries and wages	(6,668,228)	-	(6,668,228)
Net cash provided (used) by operating activities	1,437,447	(14,843,020)	(13,405,573)
<b>Cash flows from noncapital financing activities:</b>			
Property tax revenue	9,376,749	-	9,376,749
Net cash provided by non-capital financing activities	9,376,749	-	9,376,749
<b>Cash flows from capital and related financing activities:</b>			
Property tax revenue	12,067,934	29,063,665	41,131,599
Acquisition and construction of capital assets	(1,827,903)	(7,522,210)	(9,350,113)
State grant contributions	202,067	-	202,067
Property assessments received	66,248	-	66,248
Principal paid on long-term debt	(2,951,087)	(1,685,000)	(4,636,087)
Interest paid on long-term debt	(1,337,001)	(42,125)	(1,379,126)
State pass-through grants received	432,526	-	432,526
State pass-through grants expended	(432,526)	-	(432,526)
Proceeds from sale of assets	6,666	-	6,666
Net cash provided by capital and related financing activities	6,226,924	19,814,330	26,041,254
<b>Cash flows from investing activities:</b>			
Sales of investments	32,053,649	-	32,053,649
Purchase of investments	(33,165,000)	-	(33,165,000)
Investment earnings (losses)	1,912,350	609,557	2,521,907
Net cash provided by investing activities	800,999	609,557	1,410,556
Net increase in cash and cash equivalents	17,842,119	5,580,867	23,422,986
<b>Cash and cash equivalents, beginning of year</b>	<b>46,131,412</b>	<b>31,921,072</b>	<b>78,052,484</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 63,973,531</b>	<b>\$ 37,501,939</b>	<b>\$ 101,475,470</b>
Reconciliation to the Statement of Net Position:			
Cash and cash equivalents	\$ 63,973,531	\$ -	\$ 63,973,531
Restricted - cash and cash equivalents	-	37,501,939	37,501,939
Total cash and cash equivalents	\$ 63,973,531	\$ 37,501,939	\$ 101,475,470

**Mojave Water Agency**  
**Combining Statements of Cash Flows, Continued**  
**For the Fiscal Year Ended June 30, 2023**

	<u>General</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (9,176)	\$ (25,866,027)	\$ (25,875,203)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,796,760	11,785,836	17,582,596
Other nonoperating revenues	312,353	-	312,353
Other nonoperating expenses	(21,470)	-	(21,470)
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable - water sales and assessments	(3,488,246)	-	(3,488,246)
Accounts receivable - governmental agencies	(288,647)	-	(288,647)
Accounts receivable - other	1,537	-	1,537
Due from Watermaster	(1,278)	-	(1,278)
Prepaid expenses and deposits	(16,498)	-	(16,498)
Water-in-storage - inventory	-	(12,622,641)	(12,622,641)
Deferred pension outflows	(2,229,825)	-	(2,229,825)
Deferred OPEB outflows	(85,826)	-	(85,826)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable and other accrued expenses	(64,334)	11,859,812	11,795,478
Accrued wages and related payables	72,830	-	72,830
Retentions payable	18,235	-	18,235
Unearned revenue	(306,524)	-	(306,524)
Compensated absences	122,757	-	122,757
Net pension liability	4,726,370	-	4,726,370
Net OPEB liability	113,189	-	113,189
Deferred pension inflows	(3,154,909)	-	(3,154,909)
Deferred OPEB inflows	(59,851)	-	(59,851)
Total adjustments	1,446,623	11,023,007	12,469,630
Net cash provided (used) by operating activities	\$ 1,437,447	\$ (14,843,020)	\$ (13,405,573)
<b>Schedule of non-cash capital and related financing activities:</b>			
Amortization of IDM Assessment District Receivable (Note 3)	\$ (8,851)	\$ -	\$ (8,851)

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## **Statistical Section**

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**Mojave Water Agency  
Statistical Section**

This part of the Agency's comprehensive annual 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.

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**Mojave Water Agency**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type Activities:										
Investment in Capital Assets	\$ 293,748,484	\$ 299,137,054	\$ 303,713,142	\$ 303,985,741	\$ 302,917,311	\$ 304,647,716	\$ 309,368,089	\$ 314,156,584	\$ 319,424,553	\$ 324,331,059
Restricted	70,669,843	64,005,430	62,081,839	60,650,196	56,285,875	50,480,122	45,943,442	42,707,288	39,961,281	37,903,477
Unrestricted	127,531,985	101,673,397	67,817,852	62,951,452	54,596,938	49,488,833	43,654,223	36,573,091	35,957,237	36,827,693
<b>Total Net Position</b>	<b>\$ 491,950,312</b>	<b>\$ 464,815,881</b>	<b>\$ 433,612,833</b>	<b>\$ 427,587,389</b>	<b>\$ 413,800,124</b>	<b>\$ 404,616,671</b>	<b>\$ 398,965,754</b>	<b>\$ 393,436,963</b>	<b>\$ 395,343,071</b>	<b>\$ 399,062,229</b>

Source: Mojave Water Agency

**Mojave Water Agency**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year Ended									
	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	06/30/14
<b>OPERATING REVENUE:</b>										
Watermaster Assessment	\$ 5,568,896	\$ 6,169,061	\$ 2,287,699	\$ 618,648	\$ 1,392,018	\$ 628,328	\$ 556,395	\$ 551,855	\$ 2,887,177	\$ 2,433,774
Water Sales	9,470,566	8,783,285	6,528,060	2,041,965	4,960,927	4,502,405	8,049,485	3,371,100	6,214,830	4,347,448
State Water Project Table A Water Sale	12,042,500	23,239,300	-	7,618,934	-	1,802,560	2,428,000	-	200,000	16,426,784
Ordinance 14 Fee	45,552	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>27,127,514</b>	<b>38,191,646</b>	<b>8,815,759</b>	<b>10,279,547</b>	<b>6,352,945</b>	<b>6,933,293</b>	<b>11,033,880</b>	<b>3,922,955</b>	<b>9,302,007</b>	<b>23,208,005</b>
<b>OPERATING EXPENSE:</b>										
State Water Project Costs	21,638,467	20,929,353	14,772,873	11,062,523	11,245,303	10,985,708	12,749,527	11,566,691	13,082,665	11,417,785
Employment Costs	7,019,456	6,598,156	6,217,727	6,752,645	5,960,903	5,607,666	5,096,092	4,517,308	4,755,630	4,764,101
Administration Costs	4,297,888	4,977,907	3,812,458	3,611,760	3,136,934	3,236,944	4,448,787	4,688,210	3,553,351	2,526,374
Utilities	1,850,546	1,039,418	956,807	1,046,883	1,035,438	1,056,644	1,070,360	907,075	1,158,673	1,058,176
Supplies and Materials	216,673	147,283	147,156	162,401	478,375	291,017	364,638	344,300	394,324	285,913
Repairs and Maintenance	283,882	179,504	181,792	199,031	187,245	221,840	550,957	603,340	488,675	478,315
Mitigation Expense	-	-	-	-	-	-	-	-	-	-
Depreciation	17,582,596	16,851,508	16,580,460	15,848,029	15,362,412	15,121,434	14,765,622	14,371,985	14,951,346	15,619,566
<b>Total Operating Expense</b>	<b>52,889,508</b>	<b>50,723,128</b>	<b>42,669,273</b>	<b>38,683,272</b>	<b>37,406,610</b>	<b>36,521,253</b>	<b>39,045,983</b>	<b>36,998,909</b>	<b>38,384,664</b>	<b>36,150,229</b>
<b>OPERATING INCOME / (LOSS)</b>	<b>(25,761,994)</b>	<b>(12,531,482)</b>	<b>(33,853,514)</b>	<b>(28,403,725)</b>	<b>(31,053,665)</b>	<b>(29,587,960)</b>	<b>(28,012,103)</b>	<b>(33,075,954)</b>	<b>(29,082,657)</b>	<b>(12,942,224)</b>
<b>NON-OPERATING REVENUES</b>										
Property Taxes	50,935,097	43,699,138	40,519,916	41,279,297	39,454,505	37,004,166	35,101,094	33,165,757	31,286,258	30,092,574
D/S Support Fr. IDM: 849	-	286,523	-	-	814,375	813,313	814,438	812,688	813,250	813,688
Interest Income	2,927,752	(1,915,732)	251,788	2,917,695	2,178,573	762,898	266,529	354,186	236,731	119,841
Gain (Loss) on Disposal of Capital Assets	6,666	-	8,325	-	9,202	(78,787)	6,150	-	-	-
Mitigation Fees	-	-	-	-	-	-	-	-	-	-
State grant revenue	202,067	3,482,762	1,054,000	95,662	403,894	1,145,851	574,329	766,899	963,143	911,224
Other Income	330,688	21,560	43,879	115,533	4,480	8,135	60,589	140,228	174,312	686,492
<b>Total Non-Operating Revenue</b>	<b>54,402,270</b>	<b>45,574,230</b>	<b>41,877,908</b>	<b>44,408,187</b>	<b>42,865,029</b>	<b>39,655,576</b>	<b>36,823,129</b>	<b>35,239,758</b>	<b>33,473,694</b>	<b>32,623,819</b>

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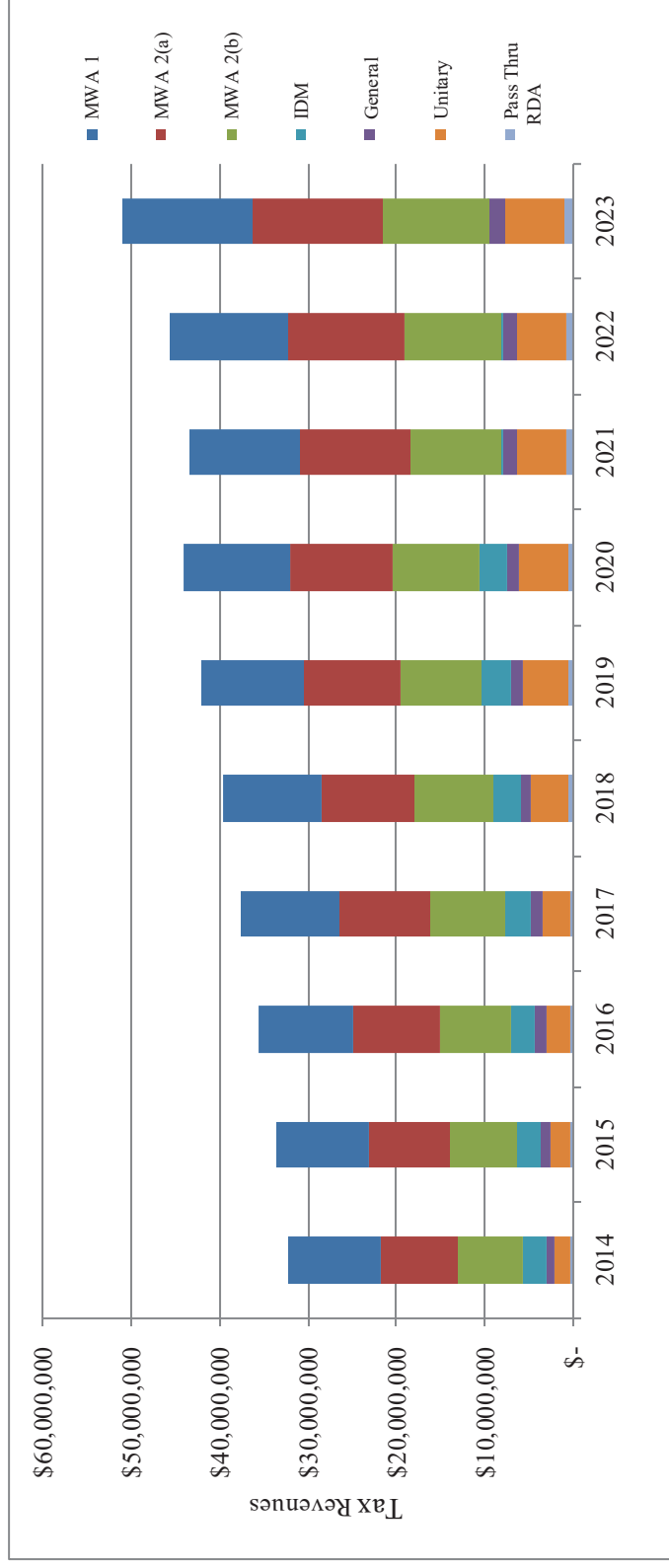
**Mojave Water Agency**  
**Changes in Net Position, continued**  
**Last Ten Fiscal Years**

	Fiscal Year Ended									
	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
<b>NON-OPERATING EXPENSES:</b>										
Collection Charges	\$ 120,233	\$ 107,376	\$ 101,752	\$ 103,991	\$ 99,179	\$ 96,264	\$ 91,499	\$ 86,561	\$ 81,752	\$ 77,857
Other Expenses	67,091	136,030	123,475	127,095	350,726	103,252	91,483	490,751	540,492	633,360
Release of IDM Funds	-	-	-	-	-	-	-	-	-	-
CalPERS Side-Fund payoff	-	-	-	-	-	-	-	-	-	-
State grant expense - pass-through	432,526	856,321	16,335	-	-	-	-	-	-	-
Joshua Basin Recharge Project	-	-	-	-	-	-	-	-	-	650,000
Bond Debt Issuance Expense	-	-	-	-	-	-	211,256	-	-	-
Amortization of bonds premium	(326,934)	(616,123)	(616,123)	(616,123)	(616,123)	(601,414)	(326,540)	(292,996)	(292,996)	(114,600)
Interest Expense	1,645,455	2,212,417	2,389,846	2,602,234	2,794,129	2,743,108	3,214,537	3,785,596	3,839,837	4,181,846
<b>Total Non-Operating Expenses:</b>	<b>1,938,371</b>	<b>2,696,021</b>	<b>2,015,285</b>	<b>2,217,197</b>	<b>2,627,911</b>	<b>2,625,521</b>	<b>3,282,235</b>	<b>4,069,912</b>	<b>4,169,085</b>	<b>5,428,463</b>
<b>NON-OPERATING INCOME /(LOSS)</b>	<b>52,463,899</b>	<b>42,878,209</b>	<b>39,862,623</b>	<b>42,190,990</b>	<b>40,237,118</b>	<b>37,030,055</b>	<b>33,540,894</b>	<b>31,169,846</b>	<b>29,304,609</b>	<b>27,195,356</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>26,701,905</b>	<b>30,346,727</b>	<b>6,009,109</b>	<b>13,787,265</b>	<b>9,183,453</b>	<b>7,442,095</b>	<b>5,528,791</b>	<b>(1,906,108)</b>	<b>221,952</b>	<b>14,253,132</b>
<b>Capital Contributions / State Grants</b>	<b>432,526</b>	<b>856,321</b>	<b>16,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position:</b>	<b>27,134,431</b>	<b>31,203,048</b>	<b>6,025,444</b>	<b>13,787,265</b>	<b>9,183,453</b>	<b>7,442,095</b>	<b>5,528,791</b>	<b>(1,906,108)</b>	<b>221,952</b>	<b>14,253,132</b>
Net position Beginning of Year	464,815,881	433,612,833	427,587,389	413,800,134	404,616,681	398,965,754	393,436,963	395,343,071	399,062,229	384,809,097
Prior Yr Adjustment	-	-	-	-	-	(1,791,168)	-	-	(3,941,110)	-
<b>Net Position End of Year</b>	<b>\$ 491,950,312</b>	<b>\$ 464,815,881</b>	<b>\$ 433,612,833</b>	<b>\$ 427,587,389</b>	<b>\$ 413,800,134</b>	<b>\$ 404,616,681</b>	<b>\$ 398,965,754</b>	<b>\$ 393,436,963</b>	<b>\$ 399,284,181</b>	<b>\$ 399,062,229</b>

Source: Mojave Water Agency

**Mojave Water Agency**  
**Tax Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>MWA 1</b>	<b>MWA 2(a)</b>	<b>MWA 2(b)</b>	<b>General</b>	<b>Unitary</b>	<b>Pass Thru RDA</b>	<b>IDM</b>	<b>Total</b>
2014	\$ 10,431,354	\$ 8,775,525	\$ 7,296,865	\$ 1,062,717	\$ 1,644,367	\$ 399,564	\$ 2,612,182	\$ 32,222,574
2015	10,542,026	9,121,381	7,584,445	1,098,675	2,165,047	335,910	2,673,773	33,521,257
2016	10,683,723	9,674,554	8,044,409	1,145,703	2,744,546	369,941	2,847,881	35,510,757
2017	11,119,947	10,224,396	8,538,533	1,195,320	3,156,791	388,837	2,947,269	37,571,094
2018	11,175,672	10,496,164	8,787,196	1,242,601	4,296,680	463,728	3,087,124	39,549,165
2019	11,538,431	11,009,046	9,246,229	1,369,353	5,097,369	489,765	3,319,312	42,069,504
2020	11,939,640	11,701,747	9,767,317	1,414,528	5,600,343	541,502	3,024,220	43,989,297
2021	12,436,301	12,409,894	10,330,953	1,490,231	5,557,033	770,030	305,475	43,299,917
2022	13,271,808	13,238,630	11,007,945	1,559,389	5,609,329	796,042	120,995	45,604,138
2023	14,639,724	14,664,677	12,196,550	1,674,974	6,712,246	989,529	57,397	50,935,097



**Mojave Water Agency**  
**Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	MWA 1		MWA 2		ID M	
	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value
2014	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2015	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2016	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2017	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2018	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2019	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2020	0.1125	0.1125	0.0550	0.0550	0.0900	0.0900
2021	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000
2022	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000
2023	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000

Source: Mojave Water Agency

**Mojave Water Agency**  
**Principal Property Taxpayers**  
**Current Fiscal Year and Nine Years Ago**

**Mojave Water Agency**  
**Principal Property Taxpayers**  
**Current Fiscal Year 2023 and Ten Years Ago**

Rank	Taxpayer	Land Use	2023			Rank	Taxpayer	Land Use	2014		
			Secured Assessed Value	% of Total Secured Assessed Value					Secured Assessed Value	% of Total Secured Assessed Value	
1	CEMEX INC	Miscellaneous	\$ 443,145,183	0.99%		1	CEMEX CONSTRUCTION MATERIALS PACIFIC	Miscellaneous	\$ 343,728,931	1.30%	
2	CALPORTLAND COMPANY	Miscellaneous	412,190,375	0.92%		2	HIGH DESERT POWER TRUST 2000-A	Utility	231,100,000	0.87%	
3	WALMART STORES INC	Commercial	229,216,197	0.51%		3	WALMART STORE EAST LP	Industrial	147,369,933	0.56%	
4	GENERAL ATOMICS AERONAUTICAL SYSTEM	Miscellaneous	5,960,800	0.01%		4	RIVERSIDE CEMENT COMPANY	Industrial	190,656,164	0.72%	
5	MITSUBISHI CEMENT CORPORATION	Miscellaneous	201,399,639	0.45%		5	MITSUBISHI CEMENT CORPORATION	Miscellaneous	158,759,671	0.60%	
6	INTERMOUNTAIN POWER AGENCY	Miscellaneous	153,961,169	0.34%		6	INTERMOUNTAIN POWER AGENCY	Miscellaneous	154,128,333	0.58%	
7	HIGH DESERT POWER TRUST	Utility	153,200,000	0.34%		7	THE AMERICAN BOTTLING COMPANY	Miscellaneous	44,519,602	0.17%	
8	MACERICH VICTOR VALLEY	Commercial	146,179,413	0.33%		8	NUTRO PRODUCTS INC	N/A	24,690,739	0.09%	
9	HIGGOV SOLC	Industrial	145,377,317	0.33%		9	CARL E ROSS LIVING TRUST	N/A	93,374,101	0.35%	
10	GEO GROUP INC	Govt. Owned	138,680,619	0.31%		10	GEO GROUP INC	Govt. Owned	82,328,028	0.31%	
Total			\$ 2,029,310,712	4.54%		Total			\$ 1,470,649,492	5.55%	
Local Secured Assessed Valuation			\$ 44,677,018,933			Local Secured Assessed Valuation			\$26,509,118,260		

**Improvement District M**  
**Ten Largest Taxpayers (Secured Roll Only)**  
**Current Fiscal Year 2023 and Ten Years Ago**

Rank	Taxpayer	Land Use	2023			Rank	Taxpayer	Land Use	2014		
			Secured Assessed Value	% of Total Secured Assessed Value					Secured Assessed Value	% of Total Secured Assessed Value	
1	HDMC HOLDINGS LLC	Institutional	\$ 30,942,268	0.87%							
2	WALMART STORES INC	Commercial	24,772,254	0.70%							
3	HOME DEPOT USA INC	Commercial	12,724,189	0.36%							
4	WILDLANDS CONSRVANCY CORP	Residential	9,975,455	0.28%							
5	HC-58285 29 PALMS HIGHWAY LLC	Commercial	7,007,857	0.20%							
6	COUNTRY CLUB MHP LLC	Residential	6,834,000	0.19%							
7	GUERRA FAMILY TRUST 2014	Commercial	6,470,010	0.18%							
8	KOO STEVEN JUN	Commercial	6,395,968	0.18%							
9	SPECTRUM PACIFIC WEST LLC	Business Property	6,031,857	0.17%							
10	THRIFTY PAYLESS INC	Commercial	5,927,762	0.17%							
Total			\$ 117,081,620	3.29%		Total					
Local Secured Assessed Valuation			\$ 3,557,371,923			Local Secured Assessed Valuation					

Note: Data from FY 2014 was unavailable for comparative analysis

Source: Hdl, Coren & Cone

**Mojave Water Agency**  
**Property Tax Assessed Valuations, Tax Levies and Collections**  
**Last Ten Fiscal Years**

**MWA #1**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections from Prior Years	Total Collections to Date	
		Amount <sup>(1)</sup>	Fiscal Year of Levy Percent of Levy <sup>(2)</sup>		Amount	Percent of Levy <sup>(3)</sup>
2014	\$ 9,656,319	\$ 8,939,072	92.57%	\$ 1,492,283	\$ 10,431,354	108.0%
2015	9,786,438	9,181,849	93.82%	1,360,176	10,542,025	107.7%
2016	10,038,865	9,393,735	93.57%	1,289,987	10,683,723	106.4%
2017	10,222,055	9,758,910	95.47%	1,361,037	11,119,947	108.8%
2018	10,577,060	10,252,004	96.93%	923,668	11,175,672	105.7%
2019	11,016,505	10,750,984	97.59%	787,447	11,538,431	104.7%
2020	11,608,609	11,222,847	96.68%	716,793	11,939,640	102.9%
2021	12,037,428	11,740,025	97.53%	696,275	12,436,301	103.3%
2022	12,590,221	12,440,765	98.81%	831,043	13,271,808	105.4%
2023	13,794,451	13,147,246	95.31%	1,492,477	14,639,723	106.1%

**MWA #2**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections from Prior Years	Total Collections to Date	
		Amount <sup>(1)</sup>	Fiscal Year of Levy Percent of Levy <sup>(2)</sup>		Amount	Percent of Levy <sup>(3)</sup>
2014	\$ 15,303,875	\$ 14,838,185	97%	\$ 1,234,206	\$ 16,072,390	105.0%
2015	16,024,200	15,627,767	98%	1,078,059	16,705,826	104.3%
2016	16,994,204	16,669,729	98%	1,049,233	17,718,963	104.3%
2017	17,675,273	17,728,741	100%	1,034,188	18,762,929	106.2%
2018	18,639,032	18,500,832	99%	782,528	19,283,360	103.5%
2019	19,615,718	19,534,082	100%	721,193	20,255,275	103.3%
2020	20,839,647	20,796,106	100%	672,958	21,469,064	103.0%
2021	21,989,311	22,003,759	100%	737,087	22,740,847	103.4%
2022	23,258,960	23,414,295	101%	832,279	24,246,575	104.2%
2023	25,484,365	26,194,736	103%	666,491	26,861,227	105.4%

(1) Amounts collected include current secured, current unsecured, and supplemental taxes. Assessed value amounts are based on the assessed value as of January 1 preceeding the applicable fiscal year.

(2) "% of Levy" for "Collections within the Fiscal Year of Levy" is greater than 100% in some years due to supplemental assessments which occur based on valuations in connection with a change of ownership during the applicable fiscal year.

(3) Percentages may be greater than 100% due to inclusion of amounts collected from prior years.

Source: Mojave Water Agency



**Mojave Water Agency**  
**Property Tax Assessed Valuations, Tax Levies and Collections, continued**  
**Last Ten Fiscal Years**

<b>General Tax</b>						
<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Collections from Prior Years</b>	<b>Total Collections to Date</b>	
		<b>Amount <sup>(1)</sup></b>	<b>Percent of Levy <sup>(2)</sup></b>		<b>Amount</b>	<b>Percent of Levy <sup>(3)</sup></b>
2014	\$ 2,695,757	\$ 3,065,212	113.71%	\$ 41,437	\$ 3,106,648	115.24%
2015	2,704,288	3,563,098	131.76%	36,534	3,599,632	133.11%
2016	3,306,588	4,222,419	127.70%	33,589	4,256,008	128.71%
2017	3,922,062	4,706,689	120.01%	34,259	4,740,948	120.88%
2018	4,359,970	5,971,613	136.96%	31,396	6,003,009	137.68%
2019	6,726,632	6,927,238	102.98%	29,249	6,956,487	103.42%
2020	6,494,973	7,532,108	115.97%	24,264	7,556,372	116.34%
2021	7,049,571	7,786,879	110.46%	30,415	7,817,293	110.89%
2022	6,988,885	7,935,046	113.54%	29,714	7,964,760	113.96%
2023	7,158,804	9,351,371	130.63%	25,379	9,376,749	130.98%

**IDM**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Collections from Prior Years</b>	<b>Total Collections to Date</b>	
		<b>Amount <sup>(1)</sup></b>	<b>Percent of Levy <sup>(2)</sup></b>		<b>Amount</b>	<b>Percent of Levy <sup>(3)</sup></b>
2014	\$ 2,440,025	\$ 2,317,316	94.97%	\$ 294,867	\$ 2,612,182	107.06%
2015	2,571,903	2,458,390	95.59%	215,383	2,673,773	103.96%
2016	2,712,534	2,615,260	96.41%	232,621	2,847,881	104.99%
2017	2,784,803	2,715,916	97.53%	231,353	2,947,269	105.83%
2018	2,906,998	2,902,516	99.85%	184,608	3,087,124	106.20%
2019	3,096,315	3,090,826	99.82%	228,485	3,319,312	107.20%
2020	2,880,858	2,837,783	98.50%	186,437	3,024,220	104.98%
2021	20,480	99,589	486.28%	205,886	305,475	1491.61%
2022 <sup>(4)</sup>	-	21,988	N/A	99,006	120,995	N/A
2023 <sup>(5)</sup>	-	-	N/A	57,397	57,397	N/A

(1) Amounts collected include current secured, current unsecured, and supplemental taxes. Assessed value amounts are based on the assessed value as of January 1 preceeding the applicable fiscal year.

(2) "% of Levy" for "Collections within the Fiscal Year of Levy" is greater than 100% in some years due to supplemental assessments which occur based on valuations in connection with a change of ownership during the applicable fiscal year.

(3) Percentages may be greater than 100% due to inclusion of amounts collected from prior years.

(4) Tax levy was discontinued beginning FY 2021/2022 going forward.

(5) Amount received was for prior year tax bills received in current year.

Source: Mojave Water Agency

**Mojave Water Agency**  
**Property Tax Allocation of Supplemental Table A Amount Revenues**  
**Last Ten Fiscal Years**

**Ad Valorem Taxes**

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem Taxes Received <sup>(1)</sup></b>	<b>Amount Allocated to Payment Under Water Supply</b>	<b>Amount Allocated to Supplement Table A</b>
2014	\$ 19,206,879	\$ 12,996,300	\$ 6,210,579
2015	19,663,407	14,614,918	5,048,489
2016	20,358,277	16,061,710	4,296,566
2017	21,344,343	16,759,691	4,584,652
2018	21,671,836	16,204,477	5,467,359
2019	22,547,477	15,795,457	6,752,020
2020	23,641,387	17,500,858	6,140,529
2021	24,846,195	18,772,440	6,073,755
2022	26,510,438	20,165,596	6,344,843
2023	29,304,401	18,534,580	10,769,821

(1) Includes revenues from the levy of the MWA#1 Assessment and the allocation of the MWA#2 Assessment revenues of \$0.03 per \$100 of assessed valuation.

Amounts include (i) the revenues received from the levy of the MWA#1 Assessment, *plus* (ii) the allocation of the revenues received from the levy of the MWA#2 Assessment of \$0.03 per \$100 of assessed valuation, *less* (iii) amounts due under the Water Supply Contract. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BONDS - Limited Obligations Payable from Supplemental Table A Amount Revenues" found on page 6 of the Refunding Revenue Bonds, Series 2014A Official Statement, and "AD VALOREM PROPERTY TAXES - General" found on page 19 of the same Series 2014A Official Statement for further discussion.

Source: Mojave Water Agency

**Mojave Water Agency**  
**Annual Change in Assessed Value**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Secured Assessed Valuation Within Service Area</b>	<b>Unsecured Assessed Valuation Within Service Area</b>	<b>Percentage Increase/(Decrease)</b>
2014	\$ 27,004,903,579	\$ 820,324,180	1.55
2015	28,305,755,509	829,154,150	4.71
2016	29,957,740,316	940,812,620	6.05
2017	31,227,014,802	909,845,129	4.01
2018	33,024,412,270	864,736,899	5.45
2019	34,885,525,320	779,417,266	5.24
2020	37,099,871,119	790,395,870	6.24
2021	39,178,115,017	802,449,770	5.52
2022	41,497,291,161	791,727,311	5.77
2023	45,506,155,816	829,052,503	9.57

<b>Fiscal Year Ended June 30</b>	<b>Assessed Valuation Within Service Area (Land Only)</b>	<b>Assessed Valuation Within Service Area (Improvements)</b>	<b>Percentage Increase/(Decrease)</b>
2014	\$ 8,583,394,618	\$ 19,241,833,141	1.55
2015	8,699,055,582	20,435,854,077	4.71
2016	8,923,435,342	21,975,117,594	6.05
2017	9,086,271,066	23,050,588,865	4.01
2018	9,401,831,735	24,487,317,434	5.45
2019	9,792,449,045	25,872,493,541	5.24
2020	10,318,763,767	27,571,503,222	6.24
2021	10,699,936,013	29,280,628,774	5.52
2022	11,191,307,176	31,097,711,296	5.77
2023	12,261,734,857	34,073,473,462	9.57

**Mojave Water Agency**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30.</b>	<b>General Obligation Bond 2006</b>	<b>General Obligation Bond 2016</b>	<b>Certificate of Participation 2004</b>	<b>Certificate of Participation 2014</b>	<b>Certificate of Participation 2009</b>	<b>Refunding Revenue Bond 2017</b>	<b>Contract Payable</b>
2014	\$ 22,525,000	\$ -	\$ -	\$ 13,155,000	\$ 36,400,000	\$ -	\$ -
2015	20,395,000	-	-	11,685,000	35,615,000	-	-
2016	18,160,000	-	-	10,405,000	34,800,000	-	-
2017	-	15,025,000	-	9,085,000	33,950,000	-	-
2018	-	12,555,000	-	7,720,000	-	30,200,000	-
2019	-	10,010,000	-	6,310,000	-	29,345,000	-
2020	-	7,395,000	-	4,835,000	-	28,445,000	168,633
2021	-	4,685,000	-	3,290,000	-	27,500,000	161,496
2022	-	1,905,000	-	1,685,000	-	30,775,741	154,359
2023	-	-	-	-	-	29,483,576	149,059

**Mojave Water Agency**  
**Ratios of Outstanding Debt by Type, continued**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	DWR 860 Reach 1 Oversize E74005	DWR 870 MRP Recharge E72008	DWR 880 HD Extension MBP	Sub Total	Premium/ (Discount)	TOTAL	Per Capita <sup>(1)</sup>	% of Per Capital
2014	\$ -	\$ 1,472,166	\$ 52,381	\$ 73,604,547	\$2,497,466	\$ 76,102,013	\$ 33,608	0.044%
2015	-	-	-	67,695,000	2,204,470	69,899,470	35,423	0.051%
2016	-	-	-	63,365,000	1,911,474	65,276,474	36,618	0.056%
2017	-	-	-	58,060,000	2,002,318	60,062,318	37,537	0.062%
2018	-	-	-	50,475,000	6,805,003	57,280,003	38,849	0.068%
2019	-	-	-	45,665,000	6,188,880	51,853,880	41,253	0.080%
2020	-	-	-	40,843,633	5,572,756	46,416,389	45,499	0.098%
2021	-	-	-	35,636,496	4,956,633	40,593,129	49,493	0.122%
2022	-	-	-	34,520,100	4,340,510	38,860,610	N/A	-
2023	-	-	-	29,632,635	4,013,576	33,646,210	N/A	-

(1) <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdh=4>

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2021.

N/A - Statistical information was not available for the specified time periods.

*Note: Outstanding Debt by Type includes both short-term and long-term portions of debt, for a total outstanding debt at the end of each year.*

**Mojave Water Agency**  
**Ratios of General Obligated Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Premium/ (Discount)</b>	<b>TOTAL</b>	<b>Total Assessed Taxable Value of Property <sup>(1)</sup></b>	<b>% of Est. Actual Taxable Value of Property</b>	<b>Per Capita <sup>(2)</sup></b>
2014	\$ 22,525,000	\$ 785,635	\$ 23,310,635	\$2,323,833,066	0.97%	\$ 33,608
2015	20,395,000	692,168	21,087,168	2,449,431,676	0.83%	35,423
2016	18,160,000	598,702	18,758,702	2,583,365,954	0.70%	36,618
2017	15,025,000	889,075	15,914,075	2,652,193,078	0.57%	37,537
2018	12,555,000	719,727	13,274,727	2,768,569,401	0.45%	38,849
2019	10,010,000	550,380	10,560,380	2,948,871,088	0.34%	41,253
2020	7,395,000	381,032	7,776,032	3,193,166,254	0.23%	45,499
2021	4,685,000	211,685	4,896,685	3,381,790,795	0.14%	49,493
2022	1,905,000	42,337	1,947,337	3,695,095,900	0.05%	N/A
2023	-	-	-	4,299,432,378	0.00%	N/A

(1) Source: [https://www.sbcounty.gov/atc/DBMFiles/PIP163-PI163%20AGCY%20VAL%20RPT%2010-31-2022\\_41334961522.pdf](https://www.sbcounty.gov/atc/DBMFiles/PIP163-PI163%20AGCY%20VAL%20RPT%2010-31-2022_41334961522.pdf)

(2) Source: <https://apps.bea.gov/iTable/iTable.cfm?acrdn=4&isuri=1&reqid=70&step=1>

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2021.

N/A - Statistical information was not available for the specified time periods.

**Mojave Water Agency**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

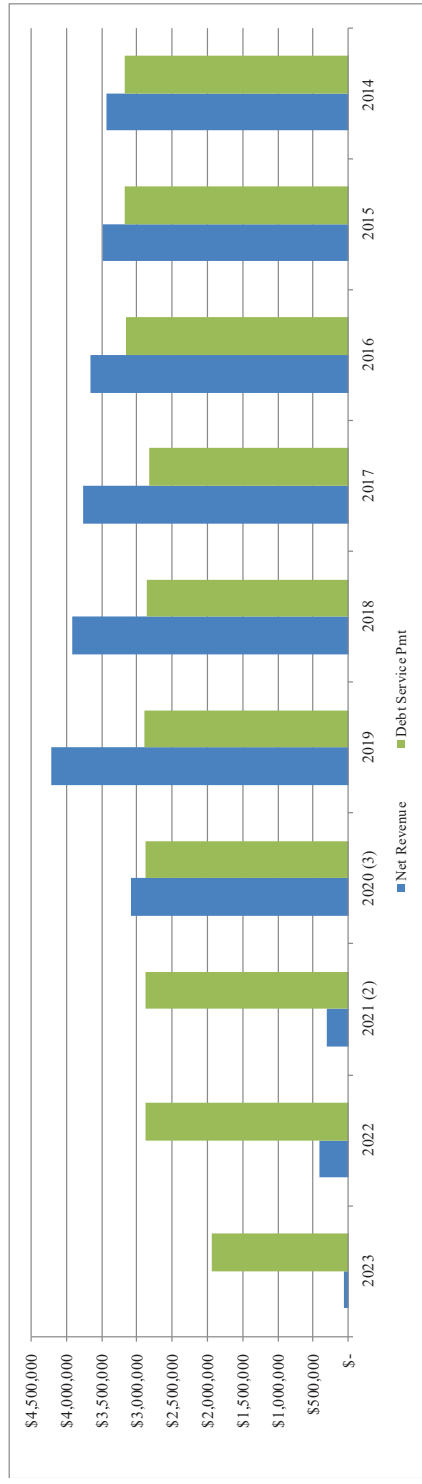
	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Assessed Value of Taxable Property	\$ 4,299,432,378	\$ 3,695,095,900	\$ 3,381,790,795	\$ 3,193,166,254	\$ 2,948,871,088	\$ 2,768,569,401	\$ 2,652,193,078	\$ 2,583,365,954	\$ 2,449,431,676	\$ 2,323,833,066
Debt Limit (10% of total assessed value)	429,943,238	369,509,590	338,179,080	319,316,625	294,887,109	276,856,940	265,219,308	258,336,595	244,943,168	232,383,307
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	1,802,900	4,514,475	7,122,075	9,695,667	12,192,638	14,998,375	17,227,500	19,356,875
Legal Debt Margin	\$ 429,943,238	\$ 369,509,590	\$ 339,981,980	\$ 323,831,100	\$ 302,009,184	\$ 286,552,607	\$ 277,411,945	\$ 273,334,970	\$ 262,170,668	\$ 251,740,182
Total Net Debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.53%	1.41%	2.42%	3.50%	4.60%	5.81%	7.03%	8.33%

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2023	
Total taxable assessed valuation	\$ -
Debt limit - 10% of total assessed value	-
Total Debt Applicable to the limit	-
Less: Amount available in debt funds	-
Total net debt applicable to limit	-
Legal debt margin	\$ -



**Mojave Water Agency**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

General Obligation Bonds - IDM												
Fiscal Year Ended June 30	Special Assessment Collections						Debt Service					
	IDM Taxes			D/S Support (1)			Principal			Interest		
	2014	2015	2016	2017	2018	2019	2014	2015	2016	2017	2018	2019
2014	\$ 2,612,182	\$ 813,688	\$ 3,425,870				\$ 2,025,000	\$ 1,143,125	\$ 3,168,125			
2015	2,673,773	813,250	3,487,023				2,130,000	1,037,500	3,167,500			
2016	2,847,881	812,688	3,660,569				2,235,000	926,625	3,161,625			
2017	2,947,269	814,438	3,761,707				2,345,000	487,363	2,832,363			
2018	3,087,124	813,313	3,900,437				2,470,000	389,333	2,859,333			
2019	3,319,312	814,375	4,133,687				2,545,000	342,925	2,887,925			
2020	3,024,220	-	3,024,220				2,615,000	265,525	2,880,525			
2021	305,475	-	305,475				2,710,000	172,100	2,882,100			
2022	120,995	286,523	407,518				2,780,000	97,050	2,877,050			
2023	57,397	57,397					1,905,000	38,100	1,943,100			
Revenues:												
Tax Assessments	\$ 57,397	\$ 120,995	\$ 305,475	\$ 3,024,220	\$ 3,319,312	\$ 3,087,124	\$ 2,947,269	\$ 2,847,881	\$ 2,673,773	\$ 2,612,182		
Debt Service Support (1)	-	286,523	-	-	814,375	813,313	814,438	812,688	813,250	813,688		
Interest	6984	1504	435	59,325	73,788	24,008	1,454	-	-	2,169		
Total Revenue	\$ 64,381	\$ 409,021	\$ 305,910	\$ 3,083,546	\$ 4,207,475	\$ 3,924,445	\$ 3,763,161	\$ 3,660,569	\$ 3,489,192	\$ 3,430,109		
Debt Service	\$ 1,943,100.00	\$ 2,877,050.00	\$ 2,882,100.00	\$ 2,880,525	\$ 2,887,925	\$ 2,859,333	\$ 2,832,363	\$ 3,161,625	\$ 3,167,500	\$ 3,168,125		
Coverage Ratio	0.03	0.14	0.11	1.07	1.46	1.37	1.33	1.16	1.10	1.08		
Revenues Remaining After												
Debt Service Payment(4)	\$ (1,878,719)	\$ (2,468,029)	\$ (2,576,190)	\$ 203,021	\$ 1,319,550	\$ 1,065,112	930,798	498,944	321,692	261,984		

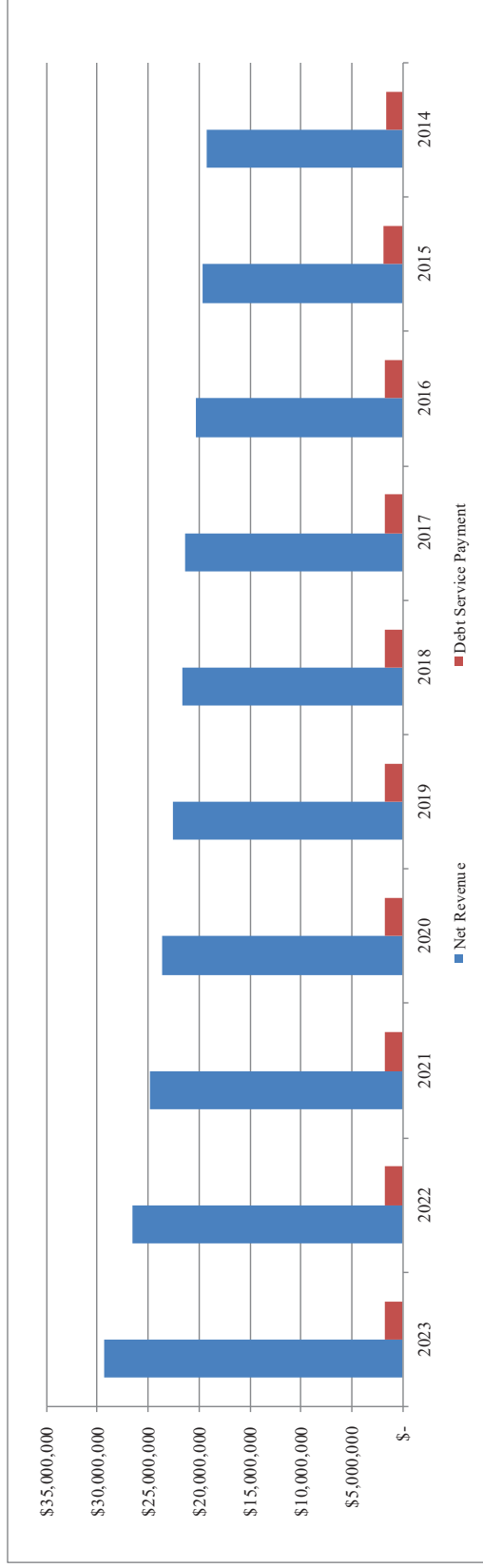


- (1) Project Participants pay 25% of annual Debt Service. Project Participants include High Desert Water District, Joshua Basin Water District, Bighorn Desert View Water Agency, and Mojave Water Agency. Final Participant payment for 2020 was delayed until 2022.  
(2) Tax rate discontinued in 2021.  
(3) Tax rate decreased in 2020.  
(4) Overcollection in prior years created a buildup in reserves, which were used to supplement during years of undercollection.

**Mojave Water Agency**  
**Pledged Revenue Coverage, continued**  
**Last Ten Fiscal Years\***

**Refunding Revenue Bonds Series 2014A**

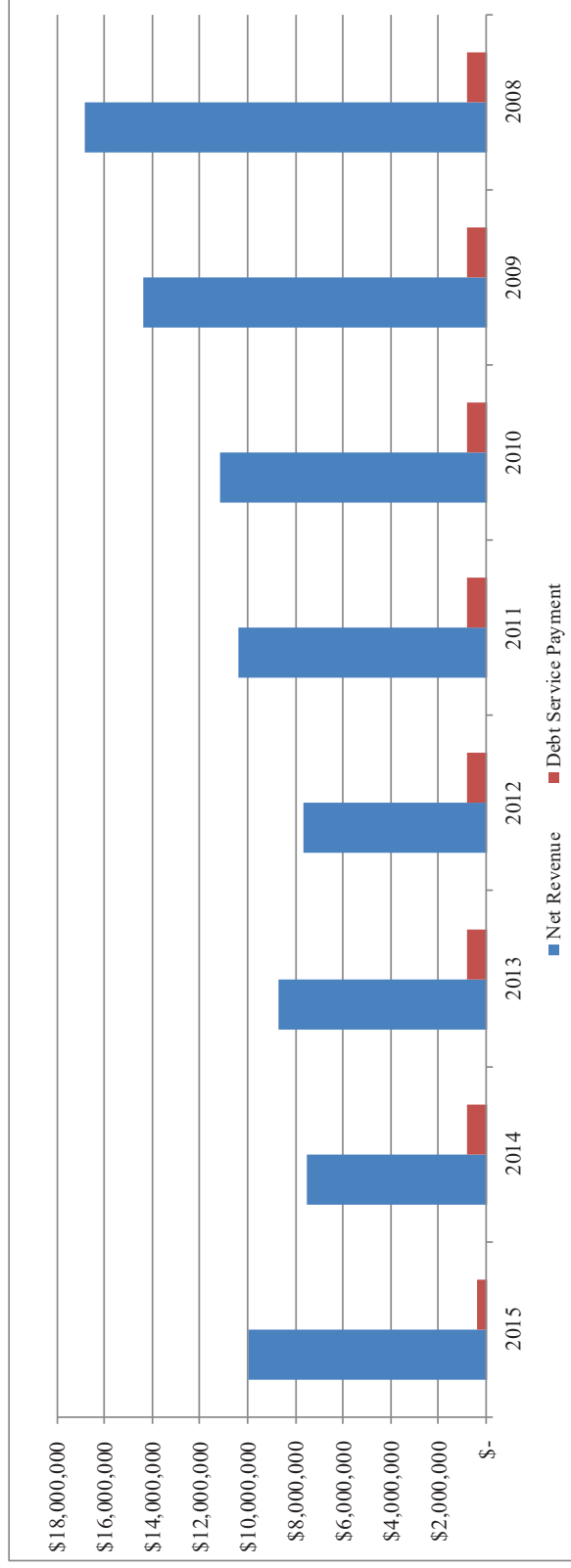
	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Tax Assessments <sup>(1)</sup>	\$ 29,304,401	\$ 26,510,438	\$ 24,846,195	\$ 23,641,387	\$ 22,547,477	\$ 21,671,836	\$ 21,344,343	\$ 20,358,277	\$ 19,663,407	\$ 19,206,879
Interest	609,557	232,016	282,978	407,296	359,973	215,324	135,915	78,389	23,991	26,343
Total Revenue	\$ 29,913,958	\$ 26,742,454	\$ 25,129,172	\$ 24,048,683	\$ 22,907,450	\$ 21,887,159	\$ 21,480,259	\$ 20,436,666	\$ 19,687,398	\$ 19,233,222
Debt Service	\$ 1,727,125	\$ 1,729,375	\$ 1,740,400	\$ 1,738,175	\$ 1,738,250	\$ 1,748,750	\$ 1,750,850	\$ 1,749,850	\$ 1,839,817	\$ 1,595,292
Coverage Ratio	17.32	15.46	14.44	13.84	13.18	12.52	12.27	11.68	10.70	12.06
Revenues Remaining After Debt Service Payment	\$ 28,186,833	\$ 25,013,079	\$ 23,388,772	\$ 22,310,508	\$ 21,169,200	\$ 20,138,409	\$ 19,729,409	\$ 18,686,816	\$ 17,847,581	\$ 17,637,930



(1) Tax assessments are based off MWA 1 and 2(a).

**Mojave Water Agency**  
**Pledged Revenue Coverage, continued**  
**Last Ten Fiscal Years\***

DWR Debt Service - Loans (Paid off FY14/15)										
Fiscal Year Ended June 30,										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Revenues:										
Water Sales	\$ 6,214,830	\$ 4,347,448	\$ 5,594,269	\$ 4,550,037	\$ 7,593,587	\$ 7,485,689	\$ 8,643,681	\$ 10,882,901	\$ 6,746,363	
General Tax Assessments	1,434,585	1,462,281	1,396,438	1,446,160	1,390,223	1,481,566	1,723,935	1,642,613	1,400,910	
Unitary Tax Assessments	2,165,047	1,644,367	1,644,762	1,555,426	1,314,348	1,678,049	2,633,850	2,266,846	2,207,605	
Interest	176,010	46,530	81,638	78,276	104,156	486,956	1,395,642	2,013,411	1,098,790	
Total Revenue	\$ 9,990,472	\$ 7,500,625	\$ 8,717,108	\$ 7,629,899	\$ 10,402,314	\$ 11,132,260	\$ 14,397,107	\$ 16,805,771	\$ 11,453,668	
Debt Service	\$ 403,537	\$ 807,365	\$ 807,365	\$ 807,365	\$ 807,365	\$ 807,365	\$ 807,365	\$ 808,224	\$ 807,365	
Coverage Ratio	24.76	9.29	10.80	9.45	12.88	13.79	17.83	20.79	14.19	
Revenues Remaining After Debt Service Payment	\$ 9,586,935	\$ 6,693,261	\$ 7,909,743	\$ 6,822,534	\$ 9,594,949	\$ 10,324,895	\$ 13,589,743	\$ 15,997,548	\$ 10,646,303	

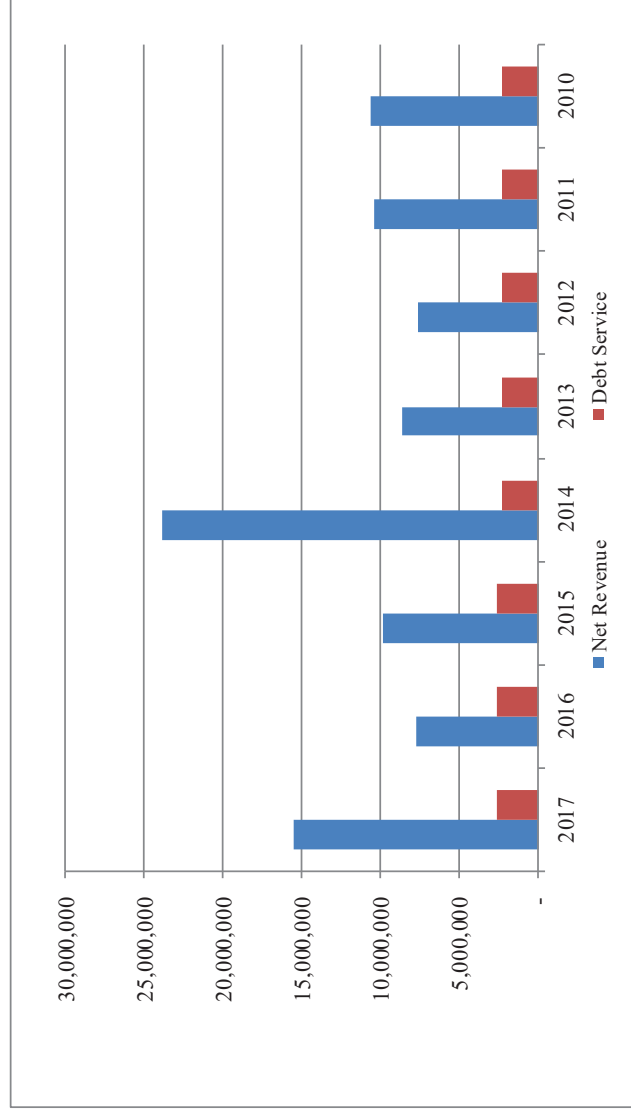


\* The debt service is paid-in-full. The last nine years are shown for historical purposes only.

**Mojave Water Agency**  
**Pledged Revenue Coverage, continued**  
**Last Ten Fiscal Years\***

**2009A Certificate of Participation - Table A Water (Advance Refunded in FY17/18)**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010		
Revenues:										
Water Sales	\$ 10,477,485	\$ 3,371,100	\$ 6,214,830	\$ 20,774,232	\$ 5,594,269	\$ 4,550,037	\$ 7,593,587	\$ 7,485,689		
General Tax Assessments	1,584,157	1,515,644	1,434,585	1,462,281	1,396,438	1,446,160	1,390,223	1,481,566		
Unitary Tax Assessments	3,156,791	2,744,546	2,165,047	1,644,367	1,644,762	1,555,426	1,314,348	1,678,049		
Interest	303,547	159,794	35,693	43,817	5,410	34,807	65,527	38,643		
Total Revenue	\$ 15,521,980	\$ 7,791,084	\$ 9,850,155	\$ 23,924,696	\$ 8,640,880	\$ 7,586,430	\$ 10,363,685	\$ 10,683,947		
Debt Service	\$ 2,599,650	\$ 2,597,250	\$ 2,598,650	\$ 2,297,750	\$ 2,296,400	\$ 2,299,750	\$ 2,298,450	\$ 2,297,590		
Coverage Ratio	5.97	3.00	3.79	10.41	3.76	3.30	4.51	4.65		
Revenues Remaining After Debt Service Paym	\$ 12,922,330	\$ 5,193,834	\$ 7,251,505	\$ 21,626,946	\$ 6,344,480	\$ 5,286,680	\$ 8,065,235	\$ 8,386,356		

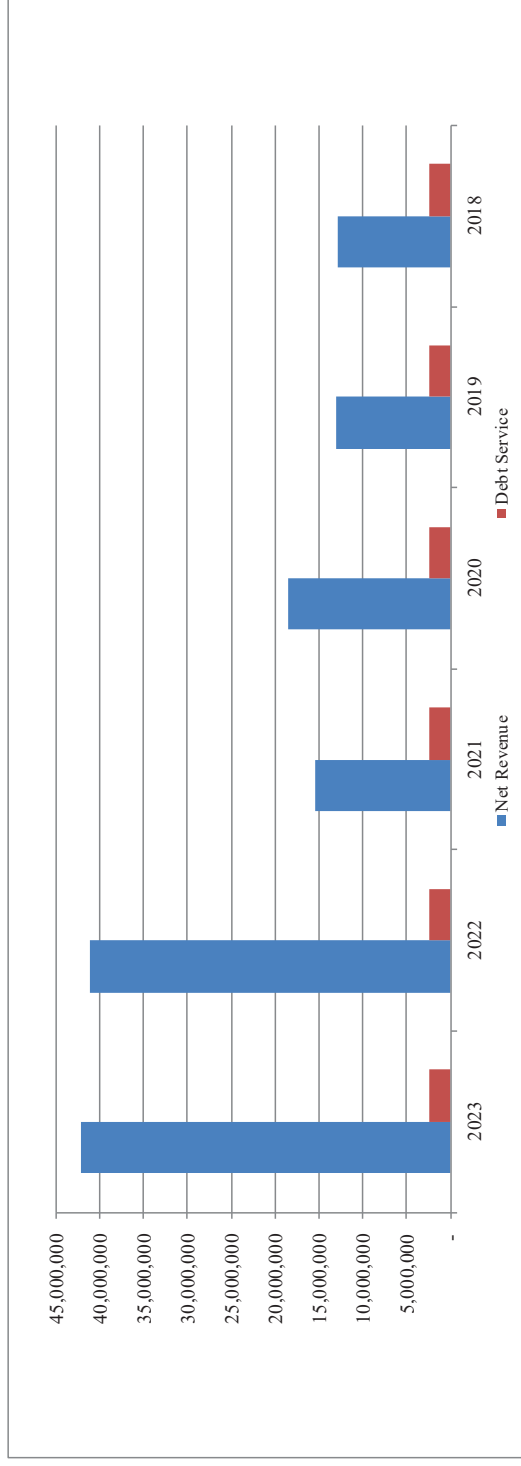


\* 2010 is the first year of issuance for the 2009 Certificates of Participation.

**Mojave Water Agency**  
**Pledged Revenue Coverage, continued**  
**Last Six Fiscal Years\***

**2017A Refunding Revenue Bonds - Table A Water**

	Fiscal Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Revenues:						
Water Sales	\$ 21,513,066	\$ 32,022,585	\$ 6,528,060	\$ 9,660,899	\$ 4,960,927	\$ 6,304,965
General Tax Assessments	16,617,274	2,355,430	2,260,261	1,956,030	1,859,118	1,706,329
Unitary Tax Assessments	1,559,389	5,609,329	5,557,033	5,600,343	5,097,369	4,296,680
Interest	2,482,568	1,064,546	1,049,536	1,292,433	1,139,142	639,258
Total Revenue	\$ 42,172,297	\$ 41,051,891	\$ 15,394,889	\$ 18,509,705	\$ 13,056,556	\$ 12,947,232
Debt Service	\$ 2,338,900	\$ 2,338,400	\$ 2,340,650	\$ 2,340,650	\$ 2,338,400	\$ 2,371,631
Coverage Ratio	18.03	17.56	6.58	7.91	5.58	5.46
Revenues Remaining After Debt Service Payment	\$ 39,833,397	\$ 38,713,491	\$ 13,054,239	\$ 16,169,055	\$ 10,718,156	\$ 10,575,601



\* 2017 is the first year of issuance for the 2017A Refunding Revenue Bonds

**Mojave Water Agency**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

County of San Bernardino						
Year	Population <sup>(1)</sup>	Personal Income <sup>(1)</sup>	Per Capita Personal Income <sup>(1)</sup>	School Enrollment		Unemployment Rate <sup>(4)</sup>
				Median Age <sup>(2)</sup>	(K-12) <sup>(3)</sup>	
2014	2,112,619	\$69,487,877	\$33,608	32.2	411,670	8.0
2015	2,128,133	75,402,896	35,423	32.5	410,796	6.4
2016	2,140,096	78,830,801	36,618	32.7	408,991	5.8
2017	2,157,404	83,741,561	37,537	32.9	403,035	4.9
2018	2,171,603	87,550,004	38,849	33.1	405,931	4.1
2019	2,177,279	88,261,041	41,253	33.8	406,144	3.8
2020	2,189,183	98,143,792	45,499	33.6	409,508	13.8
2021	2,194,710	108,623,799	49,493	34.4	399,356	8.1
2022	N/A	N/A	N/A	N/A	398,648	4.0
2023	N/A	N/A	N/A	N/A	400,521	4.9

(1) Source: <https://apps.bea.gov/regional/bearfacts/countybf.cfm>

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2021.

(2) Source: <http://data.census.gov>

U.S. Census Bureau, ACS Demographic and Housing Estimates  
 2011-2018 American Community Survey 5-Year Estimates for San Bernardino County, CA

(3) Source: Public K-12 Graded Enrollment | Department of Finance (ca.gov)

California Department of Finance Demographic Research Unit - 2022 Series. 2023 is projected number.

(4) Source: <https://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSMOREResult.asp?menuChoice=localAreaPro&criteria=unemployment+rate&categoryType=employment&geogArea=0604000071&area=San+Bernardino+County&timeSeries=unemployment+rateTimeSeries>

Employment Development Department, Labor Market Information Division.  
 2023 is the rate as of June 2023.

(5) Source: <http://www.dof.ca.gov/Forecasting/Demographics/>

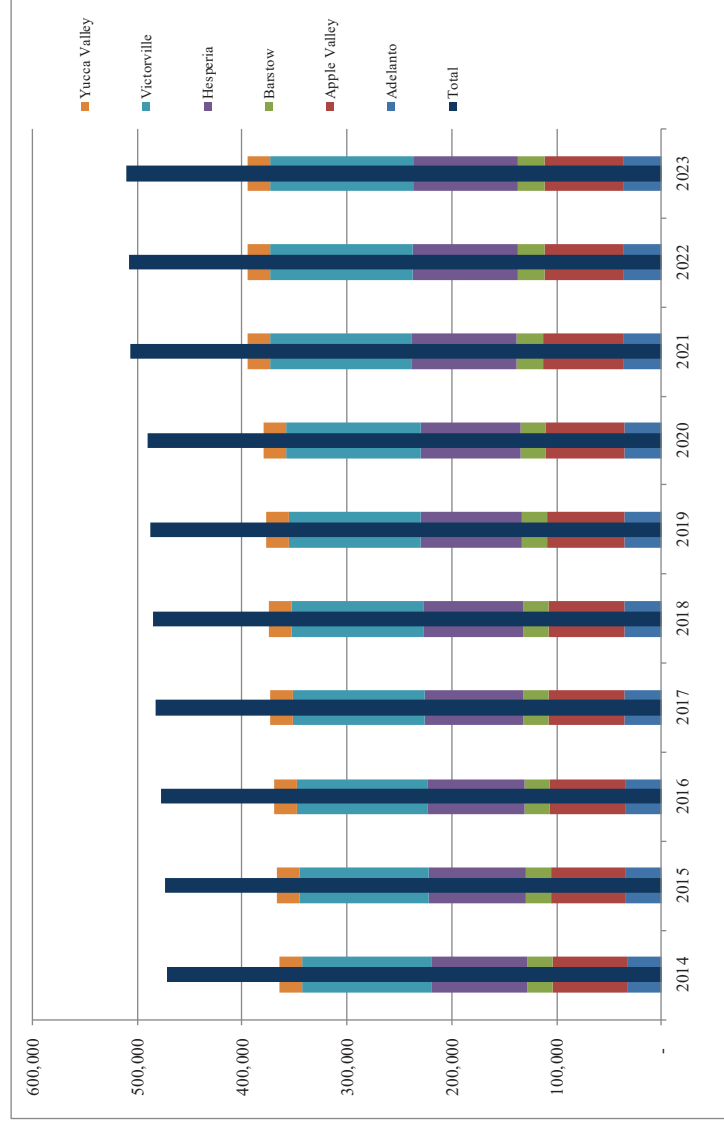
California Department of Finance Demographic Research Unit. Released on January 1, 2022 and 2023 & UCR Riverside School of Business Center For Economic Forecasting and Development August 2020 Report.

N/A Information not available for specific date range.

\* 2022-2023 School enrollment data is projected.

## Demographic and Economic Statistics, continued

Population by City <sup>(5)</sup>								
Year	Adelanto	Apple Valley	Barstow	Hesperia	Victorville	Yucca Valley	Unincorporated	TOTAL
2014	33,282	71,016	23,574	91,728	123,106	21,222	106,820	470,748
2015	33,791	71,765	23,663	92,459	123,465	21,543	107,124	473,810
2016	34,367	72,234	23,875	93,173	124,600	21,672	108,019	477,940
2017	35,192	72,412	24,037	94,233	125,338	21,859	108,861	481,932
2018	35,162	72,891	24,075	95,127	125,782	21,905	109,651	484,593
2019	35,136	73,464	24,150	96,362	126,543	22,050	110,218	487,923
2020	35,652	74,331	24,315	95,834	127,518	22,306	110,338	490,294
2021	36,569	76,160	25,405	100,225	134,700	21,846	112,169	507,074
2022	36,420	75,277	25,115	99,855	136,153	21,712	114,030	508,562
2023	36,656	74,996	24,918	100,041	137,193	21,635	115,272	510,711





**Mojave Water Agency**  
**Demographic and Economic Statistics – Principal Employers**  
**Fiscal Year 2022**

Town of Apple Valley - 2021 <sup>(1)</sup>				City of Victorville - 2016 <sup>(3)</sup>			
Employer	Employee s	Rank	Percentage of Total Employment	Employer	Employee s	Rank	Percentage of Total Employment
St. Mary Regional Medical Center	1,600	1	5.37%	Southern California Logistics Airport	N/A	1	6.55%
Wal-Mart Distribution Center	1,264	2	4.24%	Victor Elementary School District	N/A	2	4.21%
Apple Valley Unified School District	1,038	3	3.48%	Victor Valley Community College District	N/A	3	2.86%
Big Lots Distribution Center	821	4	2.76%	Victor Valley Global Medical Center	N/A	4	2.20%
Target Stores T-0939	222	5	0.74%	Desert Valley Medical Group, Inc.	N/A	5	2.18%

City of Hesperia - 2022 <sup>(2)</sup>			
Employer	Employee s	Rank	Percentage of Total Employment
Hesperia Unified School District	2,910	1	7.70%
County of San Bernardino	547	2	1.45%
Wal-Mart Supercenter	425	3	1.12%
Stater Brothers Markets (3 locations)	331	4	0.88%
Super Target	275	5	0.73%

*Note: Above sites have not been updated for the fiscal year 2023. The most recent data is displayed.*

\* Source

(1) Town of Apple Valley, 2020-2021 ACFR, pg. 148. 2021-2022 ACFR not available

(2) City of Hesperia, 2020-2021 ACFR, pg. 179

(3) City of Victorville, 2015-2016 ACFR, pg. 166  
 N/A = Not Available. The City of Victorville did not provide the number of employees per employer, only a percentage of total employment. Fiscal Year 2015-2016 was the last year that the City of Victorville tracked this information.

**Mojave Water Agency**  
**Operating and Capacity Indicators – Full-Time Employees**  
**Last Ten Fiscal Years**

Fiscal Year Ending	Operations and Maintenance		Water Resources		Watermaster	Total <sup>(1)</sup>
	Administration					
2014	16	8	11		4	39
2015	14	6	10		4	34
2016	14	8	11		4	37
2017	15	8	10		4	37
2018	15	8	9		4	36
2019	15	8	9		4	36
2020	13	9	9		4	35
2021	13	8	9		4	34
2022	18	9	8		4	39
2023	17	10	11		2	40



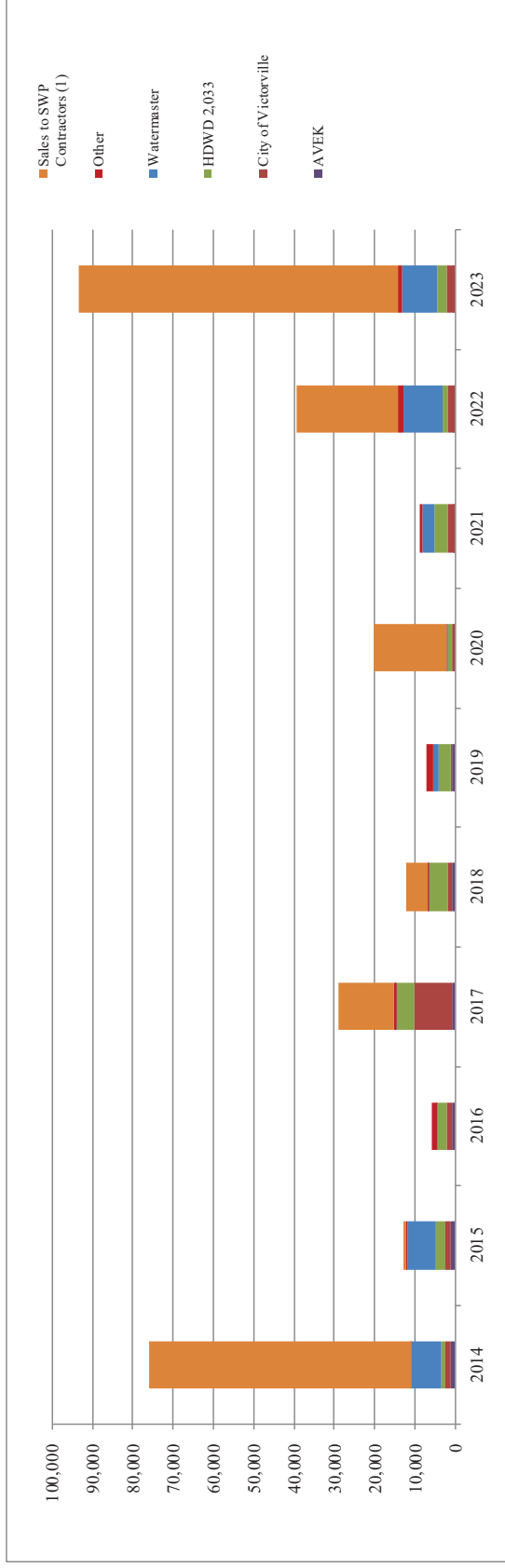
(1) Represents actual filled positions, not budgeted or approved.  
Source: Mojave Water Agency

**Mojave Water Agency**  
Operating and Capacity Indicators – Acre Feet of Water Sold  
Last Ten Fiscal Years

**Mojave Water Agency Acre-Feet of Water Sold**

**State Water Project Allocations**

Fiscal Year Ending	AVEK	City of Victorville	HDWD	Watermaster	Other	Sales to SWP Contractors <sup>(1)</sup>	Total <sup>(2)</sup>	Table A Amount <sup>(3)</sup>	%	Acre Feet Allocated	SWP Deliveries
2014	1,062	1,337	1,011	7,472	31	64,928	75,841	82,800	5%	4,140	3,611
2015	1,042	1,448	2,277	7,244	372	500	12,883	85,800	20%	17,160	3,961
2016	984	1,319	2,243	41	1,303		5,890	85,800	60%	51,480	9,477
2017	973	9,127	4,365	24	653	14,000	29,142	85,800	85%	72,930	24,955
2018	933	739	4,837	134	84	5,633	12,360	85,800	35%	30,030	32,457
2019	670	500	2,942	1,529	1,509		7,150	85,800	75%	64,350	8,017
2020	281	500	1,141	118	131	17,960	20,131	89,800	20%	17,960	18,441
2021	2	1,835	3,251	2,943	770		8,801	89,800	5%	4,490	1,790
2022	75	1,641	1,332	9,997	1,048	25,152	39,245	89,800	5%	4,490	2,315
2023	48	2,151	2,343	8,659	976	79,075	93,252	89,800	100%	89,800	51,537



(1) Indicates water sales revenue due to sales to other State Water Project Contractors under the Multi-Year Water Pool Demonstration Program; 64,928 AF was sold during FY 2013-14, and 6,000 AF was sold during FY 2016-2017 under the MYP Sales program. A separate exchange agreement between the Santa Clara Water District and MWA for 8,000AF was approved by DWR in December 2016. A separate exchange agreement between the Central Coast Water Authority and MWA for 5,633 AF was approved by DWR in June 2018. The following agreements were approved by DWR during FY 2019: 2020: Belridge WSD, 3,593 AF; Berrinda Mesa Water District, 3,155 AF; Dudley Ridge Water District, 2,518 AF; Lost Hills Water District, 3,558 AF; Wheeler Ridge-Maricopa Water Storage District, 4,736; Central Coast Water Authority, 400 AF. The following agreements were approved by DWR during FY 2021-2022: Central Coast Water Authority, 1,310; County of Kings, 5,235; Lost Hills Water District, 7,184; Palmdate Water District, 3,333, and Zone 7 Water Agency, 8,090 AF. The following agreements were approved by DWR during FY 2022-2023: West Side Water Authority, 76,000 AF, County of Kings 75 AF, Central Coast Water Authority 1,500 AF and Zone 7 Water Agency, 1,500 AF.

(2) The amounts differ from the 2014 Official Statement due to the Watermaster sales being recorded on a cash basis rather than accrual within the Official Statement.

(3) Includes Table A entitlement under Berrinda Mesa Agreement and the Dudley Ridge Agreement.

(4) The difference between the Agency's Table A Amount and the SWP allocation reflects reduced deliveries from the SWP.

(5) The difference between deliveries and sales are a result of groundwater recharge and storage by the Agency and sales from the groundwater basin.

Source: Mojave Water Agency

**Mojave Water Agency**  
**Operating and Capacity Indicators – Historical Water Sales Revenue**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Sales to Watermaster</b>	<b>Sales to Customers</b>	<b>Sales to SWP Contractors <sup>(1)</sup></b>	<b>Total</b>	<b>% Increase (% Decrease)</b>
<b>2014</b>	\$ 1,836,425	\$ 2,511,022	\$ 16,426,784	\$ 20,774,231	271.3
<b>2015</b>	2,306,756	3,908,074	200,000	6,414,830	(69.1)
<b>2016</b>	179,730	3,191,370	-	3,371,100	(47.4)
<b>2017</b>	12,360	8,037,125	2,428,000	10,477,485	210.8
<b>2018</b>	74,504	4,427,901	1,802,560	6,304,965	(39.8)
<b>2019</b>	883,762	4,077,165	-	4,960,927	(21.3)
<b>2020</b>	69,773	1,972,192	7,618,934	9,660,899	94.7
<b>2021</b>	1,777,572	4,750,488	-	6,528,060	(32.4)
<b>2022</b>	5,628,615	3,154,670	23,239,300	32,022,585	390.5
<b>2023</b>	5,056,856	4,413,710	12,042,500	21,513,066	(32.8)

(1) Indicates water sales revenue due to sales to other State Water Project Contractors under the Multi-Year Water Pool Demonstration Program.

Source: Mojave Water Agency

**Mojave Water Agency**  
**Operating and Capacity Indicators – Capital Asset Statistics**  
**Last Ten Fiscal Years**

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trans/ Distr Facility	\$ 199,959,951	\$ 199,933,680	\$ 193,849,611	\$ 193,270,055	\$ 193,270,055	\$ 193,264,011	\$ 193,128,281	\$ 193,128,281	\$ 192,540,759	\$ 192,540,769
Monitoring Wells	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868
Trucks & Autos	1,464,445	978,102	862,067	916,590	854,741	863,301	629,712	664,503	680,978	777,047
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
Equipment	659,705	1,036,031	1,036,031	1,036,031	914,473	893,219	504,708	367,418	404,564	343,090
Computer Hardware	3,114,836	3,113,990	3,113,990	3,023,842	2,820,768	2,670,454	2,469,301	2,454,233	2,286,571	2,306,573
Building	21,600,391	21,589,001	21,589,001	21,546,382	16,682,345	16,682,346	16,682,345	16,409,074	16,409,074	16,409,074
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Sate Water Project Entitlement	309,550,036	302,027,826	293,735,263	286,261,579	279,141,085	272,326,365	265,791,373	259,257,368	253,566,534	247,870,485
Water Management Plan	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065
Long-term storage plan	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 560,812,297</b>	<b>\$ 553,141,563</b>	<b>\$ 538,648,896</b>	<b>\$ 530,517,412</b>	<b>\$ 518,146,400</b>	<b>\$ 511,162,629</b>	<b>\$ 503,668,653</b>	<b>\$ 496,743,810</b>	<b>\$ 490,351,413</b>	<b>\$ 484,709,971</b>

Source: Mojave Water Agency

## **Report on Internal Controls and Compliance**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

**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**

*Independent Auditor's Report*

**PARTNERS**

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)

Board of Directors  
Mojave Water Agency  
Apple Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mojave Water Agency (the Agency) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 26, 2023.

**MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

***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) as a basis for designing 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.

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### ***Report on 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 financial statements. 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*.

### **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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
October 26, 2023