



**BIG BEND
WATER DISTRICT™**



ANNUAL FINANCIAL REPORT

A Component Unit of Clark County, Nevada
For Fiscal Year Ended June 30, 2021



BIG BEND WATER DISTRICT™

Basic Financial Statements and *Government Auditing Standards* Report

For the Fiscal Year Ended June 30, 2021

John J. Entsminger
General Manager

E. Kevin Bethel
Chief Financial Officer

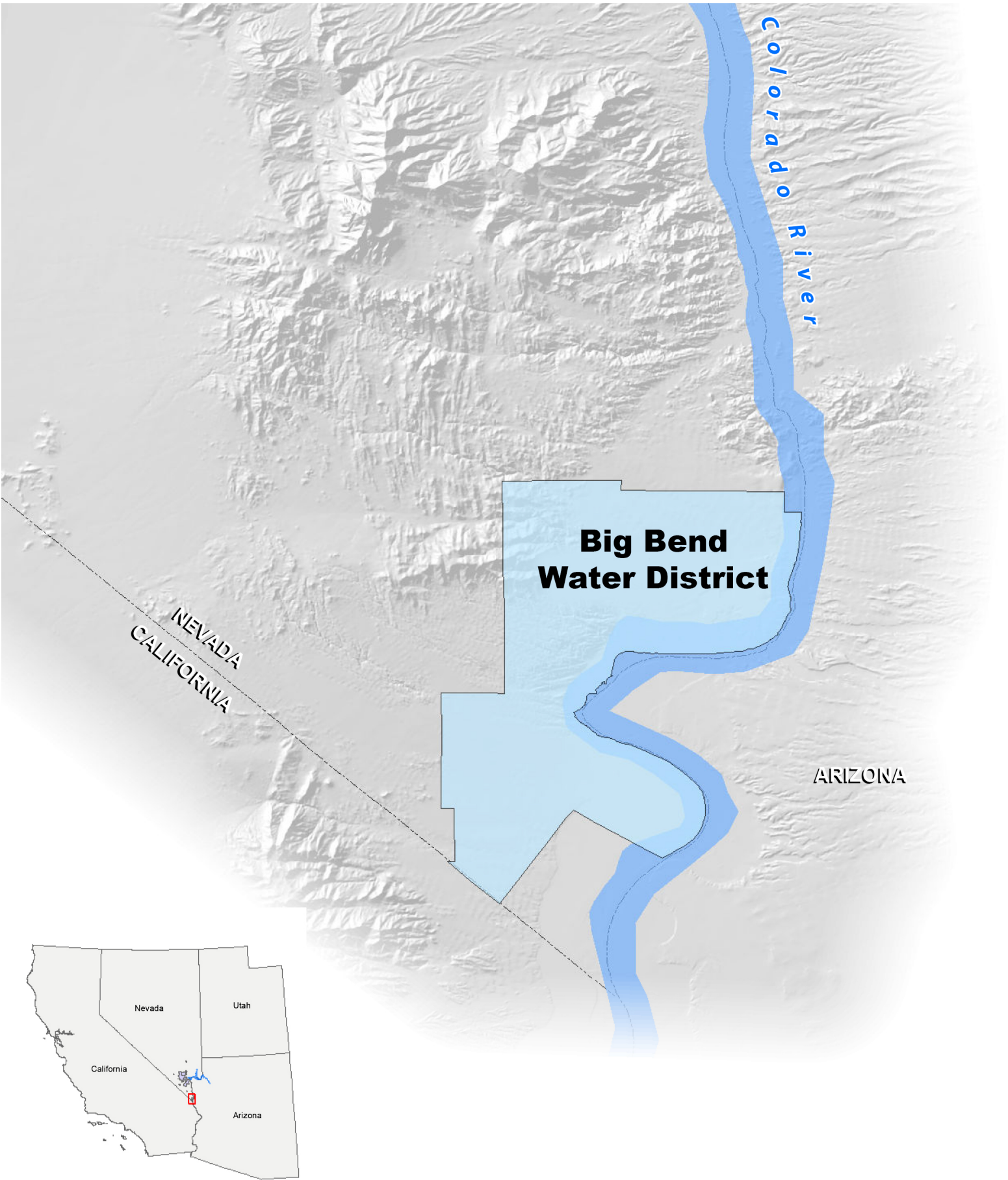
Prepared by the Accounting Division of the Finance Department
of the Las Vegas Valley Water District

Mariiese S. Horsewood
Director of Finance/Controller

W. Benjamin Hokanson
Accounting Manager

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BIG BEND WATER DISTRICT
Map of Service Area
As of June 30, 2021



BIG BEND WATER DISTRICT
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For the Fiscal Year Ended June 30, 2021

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Financial Section

- Independent Auditors' Report
- Basic Financial Statements
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- Other Supplementary Information



Independent Auditors' Report

Board of Trustees
Big Bend Water District
Laughlin, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Big Bend Water District (the District), a discretely presented component unit of Clark County, Nevada, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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 respective financial position of the District, as of June 30, 2021, and the statements of revenue, expenses, and changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Big Bend Water District and do not purport to, and do not, present fairly the financial position of Clark County, Nevada as of June 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 opinion.

Responsibilities of Management for the Financial Statements

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 District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as 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 other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the District'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 the District's 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 District's internal control over financial reporting and compliance.

TBDO USA, LLP

October 14, 2021

BIG BEND WATER DISTRICT

Statement of Net Position

As of June 30, 2021

ASSETS**CURRENT ASSETS**

Cash and cash equivalents, unrestricted	\$ 2,974
Accounts receivable, net of allowance for doubtful accounts	552,172
Grants receivable	148,301
Total current assets	703,447

NONCURRENT ASSETS

Capital assets, net of accumulated depreciation:	
Construction in progress	1,782,794
Structures and other improvements	55,027,188
Equipment	3,301,630
Accumulated depreciation	(31,966,678)
Total noncurrent assets	28,144,934

TOTAL ASSETS**\$ 28,848,381****LIABILITIES****CURRENT LIABILITIES**

Accounts payable	68,792
Due to other government	2,524,170
Accrued interest payable	29,077
Customer deposits	54,311
State revolving fund loans, current portion	462,938
Total current liabilities	3,139,288

NONCURRENT LIABILITIES

Due to other government	759,527
State revolving fund loans, net of current portion	1,357,524
Total noncurrent liabilities	2,117,051

TOTAL LIABILITIES

5,256,339

DEFERRED INFLOWS OF RESOURCES

Deferred amount, other government	516,623
Total liabilities and deferred inflows of resources	5,772,962

NET POSITION

Invested in capital assets, net of related debt	26,324,473
Unrestricted (deficit)	(3,249,054)
Total net position	23,075,419

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**\$ 28,848,381***See accompanying notes to basic financial statements.*

BIG BEND WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

OPERATING REVENUES

Water sales	\$ 4,033,659
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OPERATING EXPENSES

Salaries and benefits	1,333,688
Purchased energy	318,084
Operations and maintenance	1,819,021
Depreciation	1,541,737
Total operating expenses	5,012,530

OPERATING LOSS	(978,871)
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NONOPERATING EXPENSES

Interest expense	(61,764)
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LOSS BEFORE CONTRIBUTIONS	(1,040,635)
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Capital contributions	320,134
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CHANGE IN NET POSITION	(720,501)
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NET POSITION, BEGINNING OF YEAR	23,795,920
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NET POSITION, END OF YEAR	\$ 23,075,419
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See accompanying notes to basic financial statements.

BIG BEND WATER DISTRICT
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 4,021,411
Cash paid for employees and benefits	(1,541,963)
Cash paid for services and supplies	(1,737,734)
Net cash provided by operating activities	<u>741,714</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital asset acquisitions	(544,523)
Capital contributions	320,134
Repayment of debt:	
Principal	(448,495)
Interest	(68,928)
Net cash used in capital and related financing activities	<u>(741,812)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(98)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,072</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,974</u></u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (978,871)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,541,737
(Increase)/decrease in operating assets and deferred outflows:	
Account receivable	(43,064)
Grants receivable	35,589
Prepaid expenses	9,895
Deferred amount, other government	745,765
Increase/(decrease) in operating liabilities and deferred inflows:	
Accounts payable	44,893
Customer deposits	(4,774)
Due to other government, accounts payable	344,584
Due to other government, pension and OPEB	(954,040)
Net cash provided by operating activities	<u><u>\$ 741,714</u></u>

See accompanying notes to basic financial statements.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Big Bend Water District (District) was established in 1983 under the provisions of Nevada Revised Statutes (NRS or Nevada Statutes) 318 for the purpose of obtaining and distributing water in Laughlin, Nevada. Under the 1922 Colorado River Compact, the State of Nevada is allocated 300,000 acre feet per year (AFY) of Colorado River water, from which the District obtains water for distribution under a Colorado River water delivery contract, which provides the District with 10,000 AFY of Colorado River water. An additional 5,352 AFY of Colorado River water is allocated to the District under a cooperative agreement. Historically, the District has utilized approximately 5,000 of its 15,352 total available AFY of Colorado River water. The District currently provides potable water service in Laughlin, Nevada, to a population of approximately 9,000 to 10,000.

The Clark County Board of Commissioners serves as the District's Board of Trustees (the Board); and therefore, the District is included within the Clark County, Nevada Comprehensive Annual Financial Report as a discretely presented component unit. For purposes of these financial statements, the District is the reporting entity.

In evaluating how to define the financial reporting entity, management considered all potential component units using standards prescribed under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Component units would include any legally separate organizations for which the Board appoints a voting majority of the organization's governing body and (1) 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 burdens on the District. Based on these criteria, no component units or other reportable organizations were identified.

The Board appoints an operating agent to manage the day-to-day operations of the District. The Las Vegas Valley Water District (LVVWD) was appointed to be the District's operating agent beginning in September 2008. Prior to this appointment, the District's operating agent was the Clark County Water Reclamation District (CCWRD).

LVVWD was created under a special act of the State of Nevada Legislature in 1947 for the purpose of obtaining and distributing water primarily in the Las Vegas valley, which includes the metropolitan area of Clark County and the City of Las Vegas. LVVWD's Comprehensive Annual Financial Report (Annual Report) can be obtained by writing to:

Chief Financial Officer
Las Vegas Valley Water District
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

In 1954, CCWRD was created under the provisions of NRS 318 (as the Clark County Sanitation District) for the purpose of providing sewer services to the unincorporated areas of Clark County. CCWRD's Annual Report can be obtained by writing to:

Financial Services Manager
Clark County Water Reclamation District
5857 East Flamingo Road
Las Vegas, Nevada 89122

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

During the year ended June 30, 2021, LVVWD paid all operating expenses on behalf of the District and billed the District for such expenses.

The District has no employees of its own; and therefore, during the year ended June 30, 2021, all District operating activities were performed by LVVWD employees. Consequently, any financial reporting requirements regarding employees utilized by the District including, but not limited to, reporting on post-employment benefits and pensions can be found in LVVWD's Annual Report.

In 1991, the Southern Nevada Water Authority (SNWA), a political subdivision of the State of Nevada, was created under the provisions of NRS 277.080 to 277.180 and by a cooperative agreement among the District, LVVWD, CCWRD, the City of Boulder City, the City of Henderson, the City of Las Vegas, and the City of North Las Vegas (member agencies). SNWA's primary functions are to secure additional supplies of water and effectively manage existing supplies of water on a regional basis through the cooperative action of the member agencies. The cooperative agreement was amended in 1994 and 1996. SNWA is governed by a seven-member board of directors, comprised of one director from each member agency. LVVWD is also the operating agent for SNWA, and LVVWD's General Manager and Chief Financial Officer are also SNWA's General Manager and Chief Financial Officer, respectively.

SNWA has the power to periodically assess the member agencies directly for operating and capital costs and for the satisfaction of any liabilities imposed against SNWA. The District and other members do not have an express claim to the resources of SNWA except that, upon termination of the cooperative agreement, any assets remaining after payment of all obligations shall be returned to the contributing member agencies. For this reason, the District records capital contributions to SNWA as an operating expense. SNWA's Annual Report can be obtained by writing to:

Chief Financial Officer
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

Basic Financial Statements

The government-wide/proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows, and present information for the District's nonfiduciary activities, which consist solely of business-type activities that are accounted for in a single proprietary (enterprise) fund. The District does not currently maintain any governmental or fiduciary fund types.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide/proprietary fund financial statements are reported on the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. In this regard, the District's operations are accounted for in a manner similar to a private business enterprise, where the intent of the governing body is that the costs of providing goods and services to customers on a continuing basis are financed or recovered primarily through user charges, and its financial measurement focus is on determination of net position and cash flows.

The District adheres to all applicable financial accounting and reporting standards of the GASB.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's primary operating revenue is charges for services (water sales). Operating expenses include the costs associated with the water sales, administrative expenses, and depreciation. All revenues and expenses not directly related to providing services and producing and delivering goods are reported as nonoperating revenues and expenses. Although capital contributions are reported separately, they are nonoperating revenues.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

The District's cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are cash and cash equivalents.

At June 30, 2021, all District cash and cash equivalents were deposited with LVVWD, the District's operating agent, in a manner like an external investment pool. The amounts deposited with LVVWD are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty; and therefore, they are deemed to be cash equivalents (Note 3). Cash and cash equivalents deposited with financial institutions are partially insured by the Federal Deposit Insurance Corporation (FDIC) and are further secured by collateral pledged by individual financial institutions with the State of Nevada, Office of the State Treasurer, in the Pooled Collateral for Deposits Program.

Receivables

At June 30, 2021, accounts receivable consists primarily of unbilled and/or uncollected water sales, which are expected to be collected within one year. A provision of \$11,783 in fiscal year 2021 to increase the allowance for uncollectible accounts was recorded as an offset to operating revenue.

Capital Assets

Capital assets include structures, improvements, and equipment and are recorded at cost where historical records are available and, if no historical records exist, at estimated cost (Note 3). Donated capital assets, if any, are valued at their estimated fair value on the date received. Capital assets are defined as assets with an initial cost of at least \$10,000 and an estimated useful life of three years or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's functionality are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Structures and improvements	5 - 50
Equipment	3 - 10

Capital Contributions

Capital contributions primarily consist of shared sales tax revenue of \$293,223 and facilities connection fees of \$27,675. No distinction is made between property acquired through capital contributions and property purchased from operating funds.

Net Position

Net position is displayed in two components:

- (1) Invested in capital assets, net of related debt represents the District's equity interest in its capital assets. It reflects the cost of capital assets less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- (2) Unrestricted net position (deficit) represents fund equity balance that does not meet the definition of net position invested in capital assets.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. These estimates may require revision in future periods.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The District is currently evaluating how the adoption of Statement No. 87 will affect the District's financial position, results of operations, or cash flows. The issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, changed the effective date from fiscal years beginning after December 15, 2019 to fiscal years beginning after June 15, 2021.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently evaluating how the adoption of Statement No. 91 will affect the District's financial position, results of operations, or cash flows. The issuance of GASB Statement No. 95 changed the effective date from fiscal years beginning after December 15, 2020 to fiscal years beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for reporting periods beginning after December 31, 2021, with some requirements effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The Statement also provides an exception to the lease modifications guidance in Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The District is currently evaluating how the adoption of Statement No. 93 will affect the District's financial position, results of operations, or cash flows. The issuance of GASB Statement No. 95 changed the effective date of paragraphs 13 and 14 in GASB 93 from fiscal years beginning after June 15, 2020 to fiscal years beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders considering the COVID-19 pandemic. Certain pronouncement effective dates have been postponed by one year, and others by 18 months.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet the definition. The District is currently evaluating how the adoption of Statement No. 96 will affect the District's financial position, results of operations, or cash flows.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District's budget is adopted annually by its Board of Directors. According to NRS 354.596, the District must submit a tentative budget to the Nevada Department of Taxation on or before April 15 and provide notice of the budget's public hearing no more than 14, nor less than seven days, before the date set for the public hearing. Although not required, the District typically holds a budget workshop in April. The budget workshop is conducted in a public meeting which includes opportunity for public comment. The public hearing is typically held on the third Monday in May and is also a public meeting. NRS 354.598 requires that, subsequent to conducting the public hearing, the Board adopt a final budget for the District and transmit it to the Nevada Department of Taxation no later than June 1. The final budget's appropriations lapse at the end of the budget's fiscal year.

NRS 354.626 generally prohibits expenditures in excess of appropriations at the function level, which is the legal level of budgetary control. Budget transfers are reviewed by the Finance Department. Augmentations to increase total appropriations are accomplished by formal Board action. The District did not exceed its authorized appropriations in the fiscal year ended June 30, 2021. For a comparison of the results of financial activities to the final budget, see the Other Supplementary Information section directly following the notes to the basic financial statements.

NOTE 3. DETAILED BALANCE SHEET INFORMATION

Cash and Cash Equivalents

At June 30, 2021, all the District's cash and cash equivalents were deposited with LVVWD, the District's operating agent, in a manner like an external investment pool. The amounts deposited with LVVWD are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty; and therefore, they are deemed to be cash equivalents.

LVVWD invests monies held on behalf of the District through a pooling of monies, which are invested as a whole and not as a combination of monies. In this manner, LVVWD can invest the monies at a higher interest rate for a longer period. Due to the nature of the pooling, it is not possible to separately identify any specific investment as being that of the District. Instead, the District owns a proportionate share of each investment. Investment income is apportioned monthly based on the average daily cash balance of the component for the month.

The fair value of the District's position in the pooled monies is equal to the value of the District's proportionate share of the pooled monies. LVVWD, and therefore, the District, has a formal investment policy that is designed to ensure conformity with applicable NRS and to limit exposure to investment risks. The NRS do not specifically require collateral for demand deposits but do specify that collateral for time deposits may be of the same type as those described for permissible investments under NRS. The formal investment policy places no limits on the amount that can be invested in any one issuer beyond that stipulated by the NRS.

To minimize exposure to concentrations of credit risk, the formal investment policy limits investments to obligations of the United States (U.S.) Treasury and U.S. agencies (not to exceed ten years maturity from the date of purchase) and commercial paper issued by a corporation organized and operating in the U.S. having an "A-1" or "P-1" rating by a nationally recognized rating service (not to exceed 270 days maturity from the date of purchase and 20 percent of total investments).

The District's share of pooled cash consists of interest-bearing demand deposits.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Capital Assets

For the fiscal year ended June 30, 2021, changes in capital assets were as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Construction in progress	\$ 1,597,310	\$ 568,477	\$ (382,993)	\$ 1,782,794
Capital assets being depreciated:				
Structures and other improvements	54,644,195	382,993	—	55,027,188
Equipment	3,325,584	—	(23,954)	3,301,630
Total capital assets being depreciated	57,969,779	382,993	(23,954)	58,328,818
Less accumulated depreciation:				
Structures and other improvements	(29,270,713)	(1,420,843)	—	(30,691,556)
Equipment	(1,154,228)	(120,894)	—	(1,275,122)
Capital assets being depreciated, net	27,544,838	(1,158,744)	(23,954)	26,362,140
Total capital assets, net	\$ 29,142,148	\$ (590,267)	\$ (406,947)	\$ 28,144,934

Due to Other Government

Effective July 1, 2014, the LVVWD implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Because of this implementation, the LVVWD allocated a portion of the net pension liability to the District. For the fiscal year ended June 30, 2021, the allocated net pension liability is \$713,075.

Effective July 1, 2017, the LVVWD implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. This Statement replaced the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. Because of this implementation, the LVVWD allocated a portion of the liability related to postemployment benefits other than pensions (OPEB) to the District. For the fiscal year ended June 30, 2021, the allocated net OPEB liability is \$46,452.

As of June 30, 2021, due to other government, long-term is \$759,527. Although the implementations of GASB Statements No. 75 and 68 were not applicable to the District, the District is liable to the LVVWD for its proportionate share of the OPEB and pension liabilities.

In June 2019, the LVVWD set up a trust for OPEB. As of June 30, 2021, the District's initial contribution of \$153,650 to fund its share of the OPEB trust is included in due to other government, current. Also, included in due to other government, current of \$2,370,520 represents the amount due to LVVWD for reimbursement of expenses paid on behalf of the District. The total amount paid by LVVWD during the

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

fiscal year for capital and operating expenditures, debt service payments, and administrative expenses was \$4,743,718. This was offset by the water sales cash receipts, sales tax receipts and grant receivable cash receipts collected by LVVWD on behalf of the District totaling \$4,399,133.

Long-term Obligations

The District originally issued two General Obligation Water Series 2003 and 2004 (GO Series 2003 and 2004) bonds that were purchased by the State of Nevada on January 1, 2005 and July 1, 2006, respectively, thereby cancelling the GO Series 2003 and 2004 bonds and subsequently issuing the State of Nevada Drinking Water Revolving 2003 and 2004 Loan. These loans are to provide funds for the improvement, acquisition or construction of major capital assets.

At June 30, 2021, State of Nevada Drinking Water Revolving Fund Loans (SRF) outstanding were as follows:

Direct borrowings:	Maturity Date	Original Amount	Interest Rate	Balance June 30, 2021
SRF Loan 2003	January 1, 2025	\$ 4,000,000	3.19 %	\$ 1,014,172
SRF Loan 2004	July 1, 2024	3,197,729 ¹	3.20	806,290
Total Direct Borrowings		\$ 7,197,729		\$ 1,820,462

¹ The 2004 series bonds were authorized in the aggregate principal amount of \$6,000,000 for the purpose of expanding the District's water delivery system. The State of Nevada agreed to finance this expansion project by purchasing, at par, up to \$6,000,000 of the District's general obligation bonds as the project is completed. The original amount of 2004 series bonds that had been purchased by the State of Nevada totaled \$3,197,729.

At June 30, 2021, annual debt service requirements to maturity were as follows:

Years ending June 30,	Principal	Interest	Total
2022	\$ 462,938	\$ 54,485	\$ 517,423
2023	477,847	39,578	517,424
2024	493,234	24,189	517,423
2025	386,443	8,306	394,749
	\$ 1,820,462	\$ 126,558	\$ 1,947,019

For the fiscal year ended June 30, 2021, changes in long-term obligations were as follows:

Bond issue series	Balance July 1, 2020	Reductions	Balance June 30, 2021	Due within one year
Direct borrowings:				
SRF 2003	\$ 1,248,281	\$ (234,109)	\$ 1,014,172	\$ 241,637
SRF 2004	1,020,676	(214,386)	806,290	221,301
Total direct borrowings	\$ 2,268,957	\$ (448,495)	\$ 1,820,462	\$ 462,938

Direct borrowings

The SRF loans were direct borrowings. The District does not have assets pledged as collateral. The District does not have terms specified in its debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, or (3) subjective acceleration clauses.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Debt Covenants

Management believes that the District has complied with all legal requirements, limitations, and restrictions imposed by debt covenants. The District is required to set user charges (primarily water rates) at levels sufficient to cover all operating and maintenance expenses (excluding depreciation), all debt service requirements, and amounts pertaining to the water system, and to comply with the requirements of the Safe Drinking Water Act and 40 CFR Part 31. Other requirements of debt covenants include the District foregoing any action or not omitting to take any action that would cause paid bond interest to lose its federal tax-exempt status.

NOTE 4. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In fiscal year 2016, the LVVWD implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the recognition of deferred amounts related to its pension. In fiscal year 2018, the LVVWD implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the recognition of deferred amounts related to its postemployment benefits other than pensions. The District's deferred amounts are its recognition of its share of the LVVWD's deferrals described above. As of June 30, 2021, the District had no deferred outflows of resources and \$516,623 of deferred inflows of resources due to other governments, of which \$416,225 and \$100,398 relates to Pension and OPEB liability, respectively.

NOTE 5. RISK MANAGEMENT

The District's operating activities are comprised primarily of obtaining and distributing water in Laughlin, Nevada; and therefore, realization of the District's receivables and its future operations could be affected by an adverse change in the economic conditions in the area.

The District is exposed to various risks of loss related to torts; theft of, or damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains a risk management program to assess coverage of potential risks of loss. Beginning in September 2008, the District was included in LVVWD's risk management programs and as such assumes the same risks and receives the same benefits from such programs as LVVWD.

LVVWD manages and finances these risks through a combination of purchasing commercial insurance and self-assumption of some risk. In 2003, the District implemented a self-insurance program for its automobile and general liability exposure. The District assumes the first \$1 million for any one claim and purchases \$20 million of excess liability insurance. Employee fidelity insurance in the amount of \$3 million and other miscellaneous coverage are also purchased. For the fiscal year ended June 30, 2021, the District had no significant reductions in insurance coverage from the prior fiscal year.

The District also self-insures its fleet of vehicles for any damage. The District purchases property insurance covering its buildings, contents and equipment from the commercial insurance market. The blanket limit of liability under the property insurance program is \$500 million with a deductible of \$1 million for all locations except earthquake and flood which has a limit of \$100 million and \$50 million, and deductibles of \$1 million and \$0.1 million respectively. This program also provides terrorism insurance for all locations with a blanket limit of \$250 million for all terrorist acts with a deductible of \$10,000.

LVVWD settlements and awards have not exceeded insurance coverage in each of the past three years.

GASB Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires that for retained risks a liability for claims be reported if information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, there are also situations in which incidents occur before the balance sheet date, but claims are not reported or asserted when the financial statements are prepared. These incurred but not reported claims have been estimated based upon the District's past experience and adjusted for current trends. At June 30, 2021, the District had no significant retained risks; and therefore, has no accrued liability for retained risks.

BIG BEND WATER DISTRICT
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Information regarding LVVWD's retained risks can be found in LVVWD's Comprehensive Annual Financial Report, which can be obtained by writing to:

Chief Financial Officer
Las Vegas Valley Water District
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

NOTE 6. CONTINGENT LIABILITIES

In the ordinary course of its operations, claims are filed against the District. It is the opinion of management that these claims will not have any material adverse effect on the District's financial position, results of operation, or cash flows.

The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when services are rendered.

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events between July 1, 2021 and the date the basic financial statements were available to be issued and did not identify events that require disclosure.

Other Supplementary Information

BIG BEND WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position,
Actual and Budget
For the Fiscal Year Ended June 30, 2021

	<u>Actual</u>	<u>Budget</u>
OPERATING REVENUES		
Water sales	\$ 4,033,659	\$ 3,938,038
OPERATING EXPENSES		
Salaries and benefits	1,333,688	2,057,574
Purchased energy	318,084	400,000
Operations and maintenance	1,819,021	2,573,972
Depreciation	1,541,737	1,800,000
Total operating expenses	<u>5,012,530</u>	<u>6,831,546</u>
OPERATING LOSS	<u>(978,871)</u>	<u>(2,893,508)</u>
NONOPERATING REVENUES / (EXPENSES)		
Interest and investment income	—	1,256
Interest expense	(61,764)	(218,423)
Total nonoperating expenses	<u>(61,764)</u>	<u>(217,167)</u>
LOSS BEFORE CONTRIBUTIONS	(1,040,635)	(3,110,675)
CONTRIBUTIONS		
Capital contributions	<u>320,134</u>	<u>217,068</u>
CHANGE IN NET POSITION	<u>\$ (720,501)</u>	<u>\$ (2,893,607)</u>

**INDEPENDENT
AUDITORS' REPORT ON
INTERNAL CONTROL
OVER FINANCIAL
REPORTING AND ON
COMPLIANCE AND
OTHER MATTERS
BASED ON AN AUDIT OF
FINANCIAL STATEMENTS**





**Independent Auditors' 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***

Board of Trustees
Big Bend Water District
Laughlin, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Big Bend Water District (the District), a discretely presented component unit of Clark County, Nevada, which comprise the statement of financial position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 basic 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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's basic 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 basic financial statements, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TBDO USA, LLP

October 14, 2021