



AGENDA
BIG BEND WATER DISTRICT
BOARD OF TRUSTEES

Board of Trustees
Justin Jones, Chair
Michael Naft, Vice Chair
Larry Brown
Jim Gibson
Marilyn Kirkpatrick
Tick Segerblom
Lawrence Weekly

SPECIAL MEETING
8:05 A.M. – DECEMBER 1, 2020

Date Posted: November 23, 2020

SOUTHERN NEVADA WATER AUTHORITY
100 CITY PARKWAY, SUITE 700
LAS VEGAS, NEVADA

The Big Bend Water District makes reasonable efforts to assist and accommodate persons with physical disabilities who desire to attend the meeting. For assistance, call the Agenda Coordinator (702) 258-3277 at least 24 hours prior to the meeting.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:

Table with 3 columns listing meeting locations: Clark County Government Center, Las Vegas Valley Water District, Regional Justice Center, Regional Government Center, Big Bend Water District, Laughlin Library.

All items listed on this agenda are for action by the Board of Trustees, unless otherwise indicated. Items may be taken out of order. The Board of Trustees may combine two or more agenda items for consideration, and/or may remove an item from the agenda or delay discussions relating to an item on the agenda at any time.

Visit our website at http://www.lvvwd.com/apps/agenda/big\_bend/index.cfm or main office at 1001 S. Valley View Boulevard, Las Vegas, Nevada for Big Bend Water District agenda postings, copies of supporting material and approved minutes. To receive meeting information, including supporting material, contact the Agenda Coordinator at (702) 258-3277 or agendas@lvvwd.com.

CALL TO ORDER

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Board of Directors will hear general comments from the public on items listed on the agenda. If you wish to speak to the Board about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less. Public comment can also be provided in advance of the meeting and submitted to publiccomment@lvvwd.com.

ITEM NO.

- 1. For Possible Action: Approve agenda with the inclusion of tabled and/or reconsidered items, emergency items and/or deletion of items, and approve the minutes of the special meeting of December 3, 2019.
2. For Possible Action: Accept the Big Bend Water District's Annual Financial Report, including the corresponding Independent Auditors' Report on Financial Statements and Other Supplementary Information for the Fiscal Year ended June 30, 2020, and authorize its submission to the Nevada Department of Taxation.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Board of Directors will hear general comments from the public on matters under the jurisdiction of the Big Bend Water District. Please limit your comments to three minutes or less.

**BIG BEND WATER DISTRICT  
BOARD OF TRUSTEES MEETING  
DECEMBER 3, 2019  
MINUTES**

CALL TO ORDER 9:21 a.m., Commission Chambers Clark County Government Center,  
500 S. Grand Central Parkway, Las Vegas, Nevada

TRUSTEES PRESENT Justin Jones, Chair  
Michael Naft, Vice Chair  
Larry Brown  
Jim Gibson  
Marilyn Kirkpatrick  
Tick Segerblom  
Lawrence Weekly

STAFF PRESENT John Entsminger, Julie Wilcox, Dave Johnson, Greg Walch, Kevin Bethel

OTHERS PRESENT William Nelson, Piercy Bowler Taylor & Kern

*Unless otherwise indicated, all members present voted in the affirmative.*

**COMMENTS BY THE GENERAL PUBLIC**

*For full public comment visit [www.lvwwd.com/apps/agenda/big\\_bend/index.cfm](http://www.lvwwd.com/apps/agenda/big_bend/index.cfm)*

There were no speakers.

**ITEM NO.**

**1. Approval of Agenda & Minutes**

FINAL ACTION: A motion was made by Trustee Brown to approve the agenda approve the agenda and the minutes from the special meetings of December 4, 2018, April 22, 2019 and May 20, 2019.

**2. Adopt the Southern Nevada Water Authority Joint Water Conservation Plan for 2019 through 2024.**

FINAL ACTION: A motion was made by Trustee Gibson to approve staff's recommendation. The motion was approved.

Trustee Gibson also asked that Chair Jones' comments from the November 21, 2019 Southern Nevada Water Authority Board of Directors meeting be incorporated into the record.

Chair Jones (*Southern Nevada Water Authority Board of Directors meeting, November 21, 2019*), stated that he hopes over the next year or two, the Board and the Authority can have serious conversations surrounding where future water resources will come from and what additional conservation measures should be implemented in order to ensure the community does not have to utilize those future resources.

**3. Accept the Big Bend Water District's Annual Financial Report for the period ended June 30, 2019 and authorize its submission to the Nevada Department of Taxation.**

William Nelson, with Piercy Bowler Taylor & Kern, addressed the Board stating that his company had performed the audit of the financial statements of the Big Bend Water District for the period ending June 30, 2019. They issued an unqualified opinion on the financial statements and noted no material weaknesses or deficiencies.

Trustees Brown, Kirkpatrick and Weekly disclosed for the record that Piercy Bowler Taylor & Kern handle their own financial reporting.

FINAL ACTION: A motion was made by Trustee Gibson to accept the financial report. The motion was approved.

Director Weekly highlighted the Springs Preserve's events and activities and recognized staff's hard work.

**COMMENTS BY THE GENERAL PUBLIC**

*For full public comment visit [www.lvwwd.com/apps/agenda/big\\_bend/index.cfm](http://www.lvwwd.com/apps/agenda/big_bend/index.cfm)*

There were no speakers.

**Adjournment**

There being no further business to come before the Board, the meeting adjourned at 9:27 a.m.

APPROVED:

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Justin Jones, Chair

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John J. Entsminger, General Manager

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.

**BIG BEND WATER DISTRICT  
BOARD OF TRUSTEES  
AGENDA ITEM**

December 1, 2020

**Subject:**

Annual Financial Report

**Petitioner:**

E. Kevin Bethel, Chief Financial Officer

**Recommendations:**

That the Board of Trustees accept the Big Bend Water District's Annual Financial Report, including the corresponding Independent Auditors' Report on Financial Statements and Other Supplementary Information for the Fiscal Year ended June 30, 2020, and authorize its submission to the Nevada Department of Taxation.

**Fiscal Impact:**

None by approval of the above recommendation.

**Background:**

The Las Vegas Valley Water District, as operating agent for the Big Bend Water District (BBWD), prepared an Annual Financial Report (AFR) for the Fiscal Year ended June 30, 2020. The AFR contains the BBWD's financial statements, related notes to the financial statements, and Other Supplementary Information (OSI) as required by the Nevada Department of Taxation. BDO USA, LLP, audited the AFR and issued an Independent Auditors' Report (Report), which is included in the AFR.

The AFR, the OSI, and the Report are now presented for acceptance to the Board of Trustees, as required by NRS 354.624. Upon acceptance, they will be submitted to the Nevada Department of Taxation in accordance with NRS 354.624 and applicable State of Nevada regulations.

This action is authorized pursuant to NRS 354.624. The office of the General Counsel has reviewed and approved this agenda item.

Respectfully submitted:



John J. Entsminger, General Manager

JJE:EKB:RS:MC:kn

Attachment

AGENDA  
ITEM #

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# BIG BEND WATER DISTRICT™



## ANNUAL FINANCIAL REPORT

A Component Unit of Clark County, Nevada  
For Fiscal Year Ended June 30, 2020

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The Big Bend Water District (BBWD) serves Laughlin, Nevada—which lies along the Colorado River—providing water to a community of 9,000 and nearly 2 million annual visitors. The BBWD water treatment facility, which draws water from the river, can treat up to 15 million gallons per day. The water distribution system has a storage capacity of 6 million gallons. The Las Vegas Valley Water District (LVVWD) operates and maintains BBWD facilities. Learn more at [lvvwd.com](http://lvvwd.com).



## **BIG BEND WATER DISTRICT**

Basic Financial Statements and  
*Government Auditing Standards* Report  
For the Fiscal Year Ended June 30, 2020

The report accompanying these financial statements was issued by  
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of  
BDO International Limited, a UK company limited by guarantee.



## **Big Bend Water District**

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Basic Financial Statements and  
*Government Auditing Standards* Report  
For the Fiscal Year Ended June 30, 2020

**Big Bend Water District**  
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**For the Fiscal Year Ended June 30, 2020**

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6100 Elton Avenue, #1000  
Las Vegas, NV 89107

## Independent Auditors' Report

Board of Trustees  
Big Bend Water District  
Laughlin, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the Big Bend Water District (the District), a discretely presented component unit of Clark County, Nevada, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements.*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the District's basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the District's preparation and fair presentation of the basic financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter, COVID-19 Pandemic***

As more fully described in Note 7 to the basic financial statements, the District discusses the impact of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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 basic part of the 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 is not affected by this missing information.

### ***Other 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, is presented for purposes of additional analysis and is 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 29, 2020 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 the District's internal control over financial reporting and compliance.

BDO USA, LLP

Las Vegas, Nevada  
October 29, 2020

## **Basic Financial Statements**

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**Big Bend Water District**  
**Statement of Net Position**  
**For the Fiscal Year Ended June 30, 2020**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents, unrestricted	\$ 3,072
Accounts receivable, net of allowance for doubtful accounts	509,108
Grants receivable	183,890
Prepaid expenses	9,895
<b>Total Current Assets</b>	<b>705,965</b>
<b>Noncurrent Assets</b>	
Capital assets, net of accumulated depreciation:	
Construction in process	1,597,310
Structures and other improvements	54,644,195
Equipment	3,325,584
Accumulated depreciation	(30,424,941)
<b>Total Noncurrent Assets</b>	<b>29,142,148</b>
<b>Total Assets</b>	<b>29,848,113</b>
<b>Deferred Outflows of Resources</b>	
Deferred amount, other government	317,959
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 30,166,072</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 23,900
Due to other government	2,179,586
Accrued interest payable	36,241
Customer deposits	59,085
State revolving fund loans, current portion	448,495
<b>Total Current Liabilities</b>	<b>2,747,307</b>
<b>Noncurrent Liabilities</b>	
Due to other government	1,713,567
State revolving fund loans, net of current portion	1,820,461
<b>Total Noncurrent Liabilities</b>	<b>3,534,028</b>
<b>Total Liabilities</b>	<b>6,281,335</b>
<b>Deferred Inflows of Resources</b>	
Deferred amount, other government	88,817
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>6,370,152</b>
<b>Net Position</b>	
Invested in capital assets, net of related debt	26,873,192
Unrestricted (deficit)	(3,077,272)
<b>Total Net Position</b>	<b>23,795,920</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 30,166,072</b>

*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, 2020

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<b>Operating Revenues</b>	
Water sales	\$ 3,638,936
<b>Operating Expenses</b>	
Salaries and benefits	1,428,551
Energy	365,290
Operations and maintenance	2,002,969
Depreciation	1,423,322
<b>Total Operating Expenses</b>	5,220,132
<b>Operating Loss</b>	(1,581,196)
<b>Non-Operating Revenues (Expenses)</b>	
Interest and investment income	1,047
Interest expense	(75,980)
<b>Total Non-Operating Revenues (Expenses)</b>	(74,933)
<b>Loss Before Contributions</b>	(1,656,129)
<b>Contributions</b>	
Capital contributions	890,857
<b>Change in Net Position</b>	(765,272)
<b>Net Position, beginning of year</b>	24,561,192
<b>Net Position, end of year</b>	\$ 23,795,920

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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, 2020

<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 3,556,213
Cash paid for employees and benefits	(1,568,941)
Cash paid for services and supplies	(340,582)
<b>Net Cash Provided by Operating Activities</b>	<b>1,646,690</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital asset acquisitions	(2,604,940)
Capital contributions	890,857
Repayment of debt:	
Principal	(434,503)
Interest	(82,921)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(2,231,507)</b>
<b>Cash Flows from Investing Activities</b>	
Interest and investment income	1,047
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(583,770)</b>
<b>Cash and Cash Equivalents</b>	
Beginning of the year	586,842
<b>End of the Year</b>	<b>\$ 3,072</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating activities</b>	
Operating loss	\$ (1,581,196)
Adjustments to reconcile operating loss to net cash used in operating Activities:	
Depreciation	1,423,322
(Increase) decrease in operating assets and deferred outflows:	
Account receivable	38,697
Grants receivable	(124,637)
Prepaid expenses	841
Deferred amount, other government	(106,277)
Increase (decrease) in operating liabilities and deferred inflows:	
Accounts payable	900
Customer deposits	3,217
Due to other government, accounts payable	2,025,936
Due to other government, Pension and OPEB	(34,113)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,646,690</b>

*See accompanying notes to basic financial statements.*

**Big Bend Water District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**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 (CAFR) can be obtained by writing to:

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

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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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 CAFR can be obtained by writing to:

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

During the year ended June 30, 2020, 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, 2020, 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 CAFR.

In 1991, the Southern Nevada Water Authority (SNWA), a political subdivision of the State of Nevada, was created under the provisions of NRS 277 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 CAFR 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.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide/proprietary fund financial statements are reported on the economic resource's 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 income, financial position, and cash flows.

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

Proprietary funds distinguish between operating and non-operating 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 non-operating revenues and expenses. Although capital contributions are reported separately, they are non-operating revenues.

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, 2020, 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 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, 2020, accounts receivable consists primarily of unbilled and/or uncollected water sales, which are expected to be collected within one year.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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### 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. 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. Interest incurred during the construction of an asset is included as part of the capitalized value of the asset. No interest expense was capitalized for the year ended June 30, 2020. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

### Capital Contributions

Capital contributions consist primarily of grant revenue (\$571,902) and shared sales tax revenue (\$311,022). 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 represents the remaining fund equity balance that is available to support District operations and capital asset acquisition/construction.

### 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.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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### Note 2. Stewardship, Compliance and Accountability

#### 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, 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.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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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.

Other recent accounting standards issued by the GASB are not believed to have an effect on the District's present or future financial position, results of operations, or cash flows.

### Note 3. Detailed Balance Sheet Information

#### Cash, Cash Equivalents and Investments

At June 30, 2020, 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% 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 (continued)

#### Capital Assets

For the fiscal year ended June 30, 2020, changes in capital assets were as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets not being depreciated:				
Construction in progress	\$ 876,657	\$ 727,514	\$ (6,861)	\$ 1,597,310
Capital assets being depreciated:				
Structures and other improvements	\$ 53,175,678	1,468,517	-	54,644,195
Equipment	2,942,609	415,770	(32,795)	3,325,584
Total capital assets being depreciated	56,118,287	1,884,287	(32,795)	57,969,779
Less accumulated depreciation	(29,034,414)	(1,423,322)	32,795	(30,424,941)
Capital assets being depreciated, net	27,083,873	460,965	-	27,544,838
Total capital assets, net	\$ 27,960,530	\$ 1,188,479	\$ (6,861)	\$ 29,142,148

#### 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, 2020, the allocated net pension liability is \$1,630,304.

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, 2020, the allocated net OPEB liability is \$83,263.

As of June 30, 2020, due to other government, long-term is \$1,713,567. 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.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

In June 2019, the LVVWD set up a trust for OPEB. As of June 30, 2020, 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 \$2,025,936 represents the amount due to LVVWD for reimbursement of expenses paid on behalf of the District. The total amount paid by LVVWD during the fiscal year for capital and operating expenditures, debt service payments, and administrative expenses was \$7,048,745.

### 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, 2020, State of Nevada Drinking Water Revolving Fund Loans (SRF) outstanding were as follows:

Direct borrowings:	Maturity date	Original amount	Interest rate	Balance June 30, 2020
SRF Loan 2003	January 1, 2025	\$ 4,000,000	3.19%	\$ 1,248,279
SRF Loan 2004	July 1, 2024	3,197,729 <sup>1</sup>	3.20%	1,020,677
Total direct borrowings		\$ 7,197,729		\$ 2,268,956

<sup>(1)</sup> 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, 2020, annual debt service requirements to maturity were as follows:

Years ending June 30,	Principal	Interest	Total
2021	448,495	68,928	517,423
2022	462,938	54,485	517,423
2023	477,846	39,578	517,424
2024	493,234	24,189	517,423
2025	386,443	8,306	394,749
	\$ 2,268,956	\$ 195,486	\$ 2,464,442

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

For the fiscal year ended June 30, 2020, changes in long-term obligations were as follows:

Bond issue series	Balance July 1, 2019	Reductions	Balance June 30, 2020	Due within one year
Direct borrowings:				
SRF 2003	\$ 1,475,095	\$ (226,816)	\$ 1,248,279	\$ 234,109
SRF 2004	1,228,364	(207,687)	1,020,677	214,386
Total direct borrowings	\$ 2,703,459	\$ (434,503)	\$ 2,268,956	\$ 448,495

### Direct borrowings

The SRF loans were direct borrowings. The District had unused lines of credit totaling \$2,751,721 and \$2,177,052 from the 2003 SRF loan and the 2004 SRF loan, respectively. 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.

### 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, 2020, deferred outflows and inflows of resources due to other government was \$317,959 and \$88,817, 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.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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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 \$1.0 million for any one claim and purchases \$30.0 million of excess liability insurance. Employee fidelity insurance in the amount of \$3.0 million and other miscellaneous coverage are also purchased. For the fiscal year ended June 30, 2020, 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. This program has a blanket limit of \$500.0 million for all locations with a \$1.0 million deductible for damage to District properties except earthquake and flood which have limits of \$100.0 million and \$50.0 million respectively, with a deductible of \$100,000. This program also provides terrorism insurance for all locations with a blanket limit of \$250.0 million for all terrorist acts with a deductible of \$100,000.

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, 2020, the District had no significant retained risks; and therefore, has no accrued liability for retained risks. Information regarding LVVWD's retained risks can be found in LVVWD's CAFR, which can be obtained by writing to:

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

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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### 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. COVID-19 and CARES ACT

**COVID-19.** The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") is having significant negative impacts throughout the world, including within the state and within the District's service territory. Federal, state and local actions with respect to the COVID-19 pandemic have contributed to a decline in economic activity within the District's territory. On March 12, 2020, the Governor of the State of Nevada (Governor) issued an emergency declaration (the "Declaration") pursuant to State law in response to the outbreak of COVID-19. On March 17, 2020 and in several directives that followed the Governor directed that (i) all businesses other than essential businesses and services remain closed; and (ii) citizens should avoid all social gatherings and maintain social distancing for non-family members (collectively, the "Stay at Home Directive"). The implementation of the Declaration led to the closure of most resorts and casinos during the third week of March 2020 as well as a severe decline in economic activity within the District's territory.

The District experienced a significant reduction in water consumption that began coincident with the Directive and persisted through the end of the fiscal year. In addition, in order to comply with the Stay at Home Directive, most District employees were directed to stay home. Since the District is considered an essential business, certain employees were required to continue work and the District offered special compensation for those individuals.

The Governor's recent guidance has been that the state has reached a point of broader opening of commerce/retail, services, and public life under strict social distancing measures, hygiene, and occupancy controls. Certain casinos and resorts within the District's service area resumed limited operations on June 4, 2020.

The degree of impact from COVID-19 to the District's financial operations is difficult to predict due to the evolving nature of the COVID-19 transmission, including uncertainties relating to the duration of the outbreak and what additional actions may be taken by governmental authorities to contain or mitigate its current impact or to respond to a second rapid escalation of cases, if any. The District also cannot predict the timeframe for tourism and visitors to casinos to return to the levels prior to the onset of the COVID-19 pandemic.

# Big Bend Water District

## Notes to Basic Financial Statements (continued)

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**CARES ACT.** On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. The District has not received any funds, nor is there any assurance that the District is eligible for these funds or will be able to obtain them in the future. The District continues to examine the impact that the CARES Act may have. Currently, the District is unable to determine the impact that the CARES Act will have on the District’s financial condition, results of operations, or cash flows.

### **Note 8. Subsequent Events**

Management has evaluated subsequent events between July 1, 2020 and the date the basic financial statements were available to be issued and did not identify events that require disclosure.

## **Other Supplementary Information**

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## Big Bend Water District

### Statement of Revenues, Expenses and Changes in Net Position, Actual and Budget For the Year Ended June 30, 2020

	Actual	Original & Final Appropriated Budget
<b>Operating Revenues</b>		
Water sales	\$ 3,638,936	\$ 4,018,418
Other revenue	-	8,365
<b>Total Operating Revenues</b>	<b>3,638,936</b>	<b>4,026,783</b>
<b>Operating Expenses</b>		
Salaries and benefits	1,428,551	2,086,451
Energy	365,290	400,000
Operations and maintenance	2,002,969	2,313,560
Depreciation	1,423,322	1,800,000
<b>Total Operating Expenses</b>	<b>5,220,132</b>	<b>6,600,011</b>
<b>Operating Loss</b>	<b>(1,581,196)</b>	<b>(2,573,228)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest and investment income	1,047	32,731
Interest expense	(75,980)	(242,898)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(74,933)</b>	<b>(210,167)</b>
<b>Loss Before Contributions</b>	<b>(1,656,129)</b>	<b>(2,783,395)</b>
<b>Contributions</b>		
Capital contributions	890,857	683,089
<b>Change in Net Position</b>	<b>\$ (765,272)</b>	<b>\$ (2,100,306)</b>



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6100 Elton Avenue, #1000  
Las Vegas, NV 89107

## 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, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 District'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 may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Las Vegas, Nevada  
October 29, 2020

# AUDIT WRAP UP

June 30, 2020



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Governing Board and Audit Committee) and, if appropriate, management of the Government and is not intended and should not be used by anyone other than these specified parties.

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6100 Elton Avenue, #1000  
Las Vegas, NV 89107

October 29, 2020

Board of Directors  
Big Bend Water District

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 28, 2020, we presented an overview of our plan for the audit of the financial statements of Big Bend Water District (the District) as of and for the fiscal year ended June 30, 2020, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the District's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Big Bend Water District and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

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# Discussion Outline

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# Status of Our Audit

We have completed our audit of the financial statements and federal awards, as of and for the fiscal year ended June 30, 2020. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements whether due to error or fraud.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We have issued an unmodified opinion on the financial statements and released our report on October 29, 2020.
- ▶ If applicable: We expect to issue [have issued] an unmodified opinion on compliance requirements that could have a direct and material effect on each major federal program.
- ▶ Our responsibility for other information in documents containing the District's audited financial statements (e.g. management's discussion and analysis and budgetary comparisons) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the District and consider whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of District personnel throughout the course of our work.

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# Results of Our Audit

## ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the District's accounting practices, policies, and estimates:

The District's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

A summary of recently issued accounting pronouncements is included in Note 1 to the District's financial statements.

There were no changes in significant accounting policies and practices during the year ended June 30, 2020.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The District's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in the notes of the financial statements.

Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2020.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

## QUALITY OF THE DISTRICT'S FINANCIAL REPORTING

A discussion was held regarding the quality of the District's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our conclusions regarding significant accounting estimates
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments

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# Internal Control Over Financial Reporting

In planning and performing our audit of the District’s financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the 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.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing and in a timely manner, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the District’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
<b>Deficiency in Internal Control</b>	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.
<b>Significant Deficiency</b>	A deficiency or 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.
<b>Material Weakness</b>	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

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# Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the District:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the District's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Our evaluation of the District's relationships and transactions with related parties and their impact on the financial statements	We have evaluated the District's process to identify, authorize and approve, account for, and disclose its relationships and transactions with related parties and noted no significant issues.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the District's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other matters significant to the oversight of the District's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the District's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

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# Independence Communication

Our engagement letter to you dated July 22, 2020 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the District with respect to independence as agreed to by the District. Please refer to that letter for further information.

October 29, 2020

BDO USA, LLP  
6100 Elton Avenue, Suite 1000  
Las Vegas, Nevada 89107

To the Firm:

We are providing this letter in connection with your audit of the financial statements of the Big Bend Water District (the District), which comprise the financial position as of June 30, 2020, and the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 22, 2020, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, 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.
- (3) The financial statements include all properly classified funds and other financial information of the District and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America.

- (4) We have made available to you:
  - (a) All financial records, and related data and federal awards (including amendments, if any, and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
  - (b) All additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) Minutes of the meetings of Board of Directors that were held from July 1, 2019 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- (7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
  - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
  - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
  - (c) Allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
  - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (8) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.

- (9) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - (b) The written agreement does not establish the overhead allocation percentage that LVVWD charges the District for services rendered in conjunction with the administration, operation, and maintenance of the District's water production, treatment and distribution systems LVVWD performed on behalf of the District. The District is charged the same overhead rate as the Southern Nevada Water Authority.
  - (c) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
  - (d) Guarantees, whether written or oral, under which the District is contingently liable.
  - (e) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.
  - (f) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:
    - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against the District or others;
    - Written or oral guarantees, endorsements, or unused letters of credit;
    - Unusual guarantees; or
    - Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

(g) Commitments, such as:

- Major capital asset purchase agreements;

More-than-one-year contracts with suppliers or customers, or one-year-or-longer term leases;

(h) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(10) There are no:

(a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

(b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

(c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.

(d) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.

(11) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

(12) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- (13) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (14) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (15) No discussions have taken place with your firm's personnel regarding employment with the District.
- (16) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (17) Components of net position (net investment in capital assets, restricted and unrestricted) are properly classified and, if applicable, approved.
- (18) Revenues and expenses are appropriately classified in the statement of revenues, expenses and changes in net position.
- (19) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (20) The District is not required to present required supplementary information.
- (21) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements.
- (22) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
  - We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
  - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
  - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be

presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.

- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audit(s):

- To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- Other than as disclosed in Note 7 to the financial statements, no other impacts from the enactment of CARES Act are necessary to be reflected in those financial statements.
- Other than as disclosed in Note 7 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak as well as impacts from the enactment of the CARES Act accurately reflect management's full consideration of such impacts.

To the best of our knowledge and belief, including consideration of impacts of the COVID-19 outbreak, no events, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

A handwritten signature in cursive script, appearing to read "John J. Entsminger", written over a horizontal line.

John J. Entsminger, General Manager,  
Las Vegas Valley Water District  
(Operating agent for the Big Bend Water District)

A handwritten signature in cursive script, appearing to read "E. Kevin Bethel", written over a horizontal line.

E. Kevin Bethel, Chief Financial Officer,  
Las Vegas Valley Water District  
(Operating agent for the Big Bend Water District)