



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended
June 30, 2024

www.mojavewater.org
13846 Conference Center Dr.
Apple Valley, CA 92307



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"Do any and every act necessary to be done so that sufficient water may be available for any present or future beneficial use of the lands and inhabitants of the Agency..."

~MWA Purpose Statement

Mojave Water Agency
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

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

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Mojave Water Agency
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Table of Contents

Introductory Section	<u>Page</u>
Letter of Transmittal	1-12
Organizational Chart	13
GFOA's Certificate of Achievement for Excellence in Financial Reporting	14
 Financial Section	
Independent Auditor's Report	15-17
Management's Discussion and Analysis	18-23
 Basic Financial Statements	
Statements of Net Position	24-25
Statements of Revenues, Expenses and Changes in Net Position	26
Statements of Cash Flows	27-28
Notes to the Financial Statements	29-66
 Required Supplementary Information	
Schedule of the Agency's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	67
Schedule of Pension Plan Contributions	68
Schedule of Changes in the Net OPEB Liability and Related Ratios	69-70
Schedule of OPEB Plan Contributions	71
 Supplementary Information	
Combining Schedules of Net Position	72-73
Combining Schedules of Revenues, Expenses and Changes in Net Position	74
Combining Schedules of Cash Flows	75-76
 Statistical Section	
Statistical Section – Table of Contents	77
Net Position by Component	78
Changes in Net Position	79-80
Tax Revenues by Source	81
Property Tax Rates	82
Principal Property Taxpayers	83
Property Tax Assessed Valuations, Tax Levies and Collections	84-85
Property Tax Allocation of Supplemental Table A Amount Revenues	86
Annual Change in Assessed Value	87
Ratios of Outstanding Debt by Type	88-89
Ratios of General Obligated Debt Outstanding	90
Legal Debt Margin Information	91
Pledged Revenue Coverage	92-96
Demographic and Economic Statistics	97-98
Demographic and Economic Statistics – Principal Employers	99
Operating and Capacity Indicators – Full-Time Employees	100
Operating and Capacity Indicators – Acre Feet of Water Sold	101
Operating and Capacity Indicators – Historical Water Sales Revenue	102
Operating and Capacity Indicators – Capital Asset Statistics	103

Mojave Water Agency
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Table of Contents, continued

Report on Internal Controls and Compliance	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104-105

Introductory Section

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November 14, 2024

Honorable President and Members of the Board of Directors Mojave Water Agency

We are pleased to present the basic financial statements of the Mojave Water Agency ("MWA"; "Agency") for the fiscal year ended June 30, 2024. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of MWA. A comprehensive framework on internal controls has been designed and implemented to ensure the assets of MWA are protected from loss, theft, or misuse, and to ensure that financial information is accurate and complete. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position including the results of MWA's operations. All disclosures necessary to enable the reader to gain an understanding of MWA's financial activities have been included.

The MWA's financial statements have been audited by Rogers, Anderson, Malady & Scott, **LLP**, a firm of licensed, independent certified public accountants. The independent auditor has issued an unmodified opinion for the fiscal year ended June 30, 2024.

Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

AGENCY OVERVIEW

The Mojave Water Agency is a public agency that is one of 29 State Water Project contractor agencies. The Agency is governed by a seven-member board of directors (the "Board of Directors"), the members of which are elected to four-year terms from geographical divisions by the registered voters residing in each division of the Agency. Day-to-day management of the MWA is delegated to the General Manager who reports directly to the Board of Directors.

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

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

MWA's adopted Mission is to:

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

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

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

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

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

Mojave Water Agency is the Court Appointed Watermaster

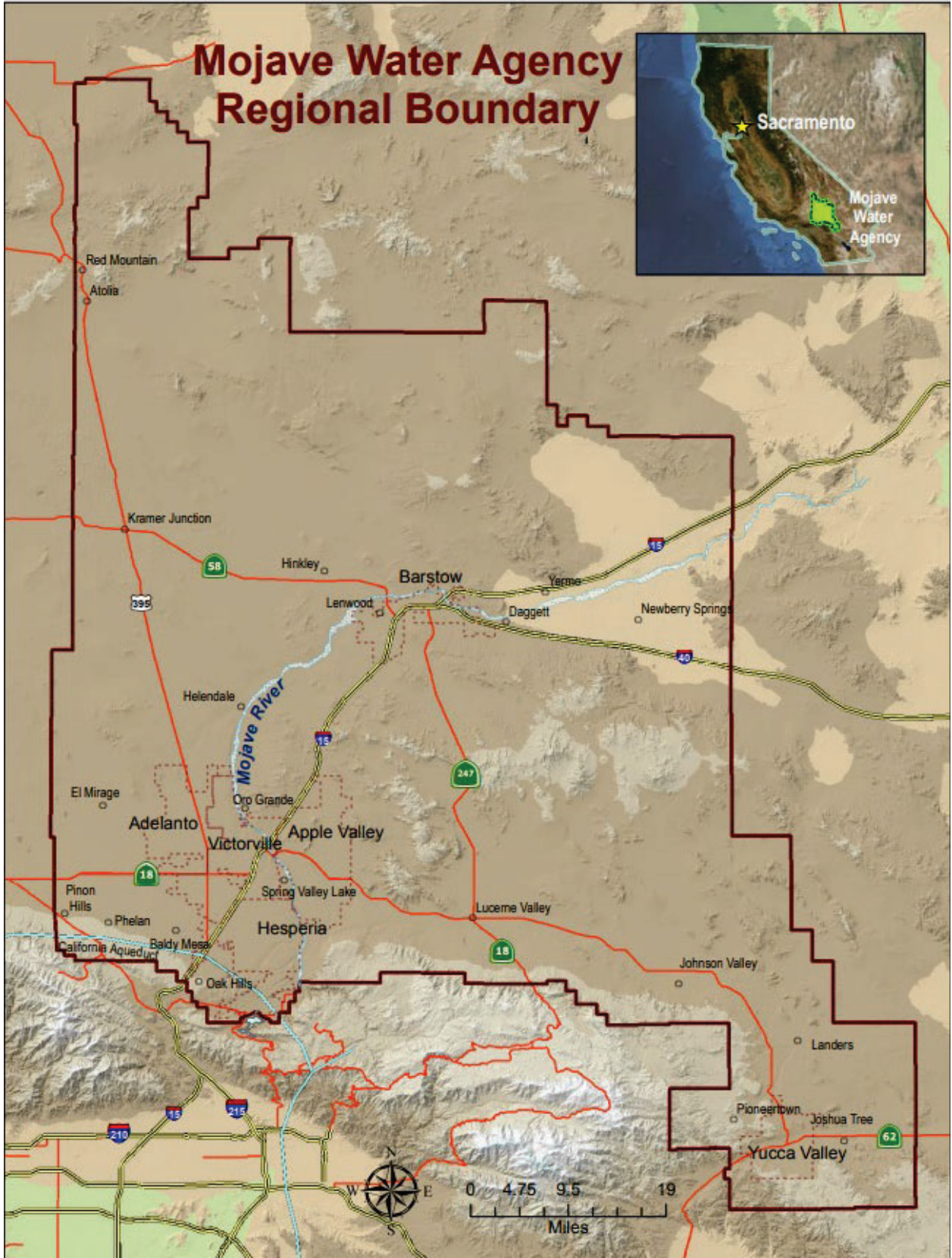
Triggered by the rapid growth within the MWA service area, particularly in the Victor Valley area, the City of Barstow and the Southern California Water Company filed a complaint in 1990 against upstream water users claiming that the increased withdrawals and lowering of groundwater levels reduced the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

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

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

Land and Land Use

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



Budget

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

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

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

LOCAL ECONOMY

Property tax remains MWA’s primary source of income and assessed value growth has recovered since the Great Recession of the late 2000s and continues to increase since the real estate market surged during the Covid-19 pandemic. MWA’s service area assessed value base has continued to grow, substantially exceeding projections from the previous forecast. For the 2024-25 fiscal year, the assessed value increased 8.1% over the previous fiscal year, well above the historical average of 6.1%. This increase came on top of the largest post-Great Recession rise, with assessed value growing 10.2% in fiscal year 2024. In other words, the 8.1% increase wasn’t just a rebound from a low base. The strong assessed value growth can be attributed to an 8.6% rise in the Structures segment over the previous year.

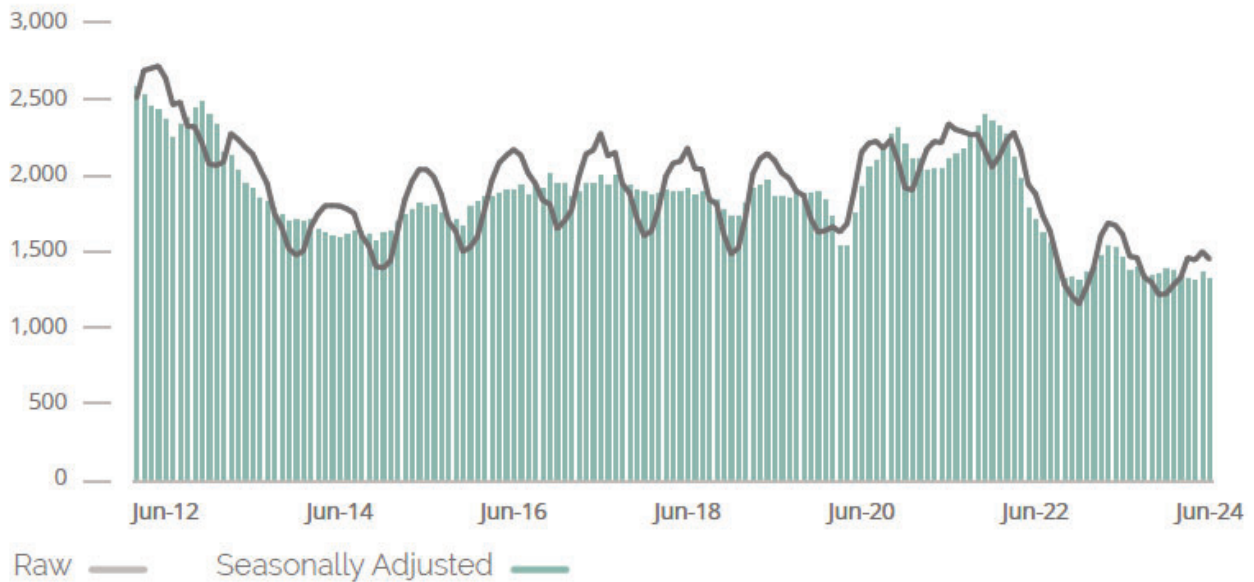
The increase in MWA’s assessed value appears to be tied to some large industrial properties that have come online in recent years. Chief among these is a large industrial property near Southern California Logistics Airport in Victorville, which brought over a million square feet of industrial space to the market in 2022. Another property at the Southern California Logistics Center is scheduled to come online this year, adding an additional 480,000 square feet. Indeed, the last three fiscal years have been landmark years for the Mojave region’s industrial market.

The Inland Empire is highly specialized in Logistics. But depending on where you look, the industry has started to show signs of weakening. The Victorville submarket was one of the better-performing markets in the Inland Empire, with over 1.7 million square feet of warehouse space absorbed on net during the same period. Demand was also strong, with asking rent in the Victorville submarket increasing by 2.9%, the fastest in the Inland Empire. In sum, we have seen slowing down in parts of the Inland Empire, including Fontana, Ontario, and other markets, but MWA’s region has performed exceptionally well in recent years.

Logistics was not the only sector to have a good year. The retail segment of the commercial market was also strong throughout the Inland Empire. In the Victorville submarket, net absorption was modest but positive, and the vacancy rate for Victorville’s retail sector is the lowest in the Inland Empire, despite its large Logistics footprint. The strength in the retail market can be attributed to robust population growth across the region. In Victorville, the region’s largest city, population grew by 16.3% between 2010 and 2020, significantly outpacing the countywide rate of 7.2%. Estimates from the California Department of Finance show that the region’s population has continued to grow since 2020.

There's no doubt that the pandemic galvanized the residential real estate market in the Inland Empire and across California. The primary factors that sent prices and sales spiraling after the onset of the pandemic were a steady decline in interest rates and a shift in consumer preferences for more space. Things have changed significantly since then, with much more limited turnover in the residential market. The main barrier to more available housing is the ultra-low mortgage rates that many homeowners are currently locked into. The cost of a mortgage has soared since the Fed began hiking interest rates in March 2022. This means homeowners who sell now face a jump from sub-3% rates to something in the 6%+ range, a move most are unable or unwilling to make unless absolutely necessary.

Residential Sales, Mojave Water Agency Service Area

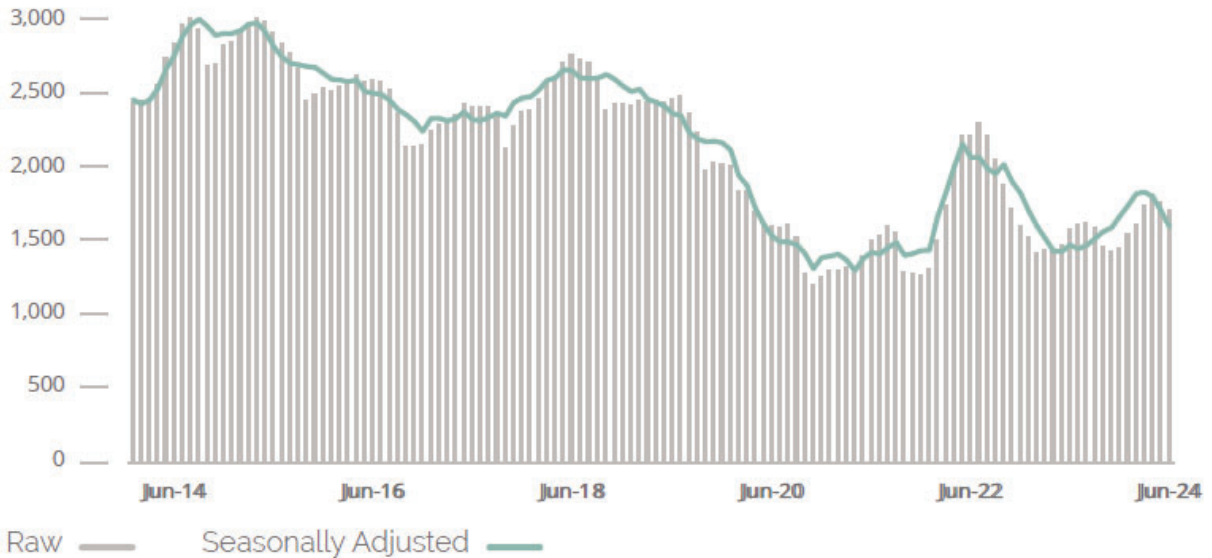


Source: Redfin. Analysis by Beacon Economics

Home sales across the MWA region remain disappointing, largely due to limited housing supply and homeowners' reluctance to forgo locked-in mortgage rates. Existing home sales, which make up most real estate transactions, have been particularly sluggish. In the MWA service area, home sales have stayed below 1,500 for almost every month since August 2022, averaging around 1,400 homes sold monthly. In Beacon Economics' view, sales activity will hover around 1,500 for the foreseeable future.

Historically low inventories are one reason why home prices have stagnated, even with weak sales. However, according to data from real estate brokerage Redfin, listings in the MWA region have finally begun to rise, increasing by 8.4% from June 2023 to June 2024. This is a positive sign for the market and suggests sellers may be accepting that above-average mortgage rates are here to stay. This trend is expected to improve the outlook for assessed value, as increased inventory can lead to higher turnover. And although interest rates remain above pre-pandemic levels, they've decreased significantly, down 1.7 percentage points since their peak in October 2023.

Residential Inventories, Mojave Water Agency Service Area



Source: Redfin. Analysis by Beacon Economics

The rise in residential listings is also promising, given how weak sales activity has been in both the MWA and across the state. As noted earlier, sales have been suppressed by record-low mortgage rates, with most homeowners unwilling or unable to list their properties. Job changes, divorces, deaths, and other life events ensure some housing market turnover is inevitable. Yet, ultra-low rates still limit the number of homes hitting the market and keep prices high despite weak demand. Make no mistake, this is still a seller's market. Beacon Economics expects prices to remain strong, driven by limited inventory, which could boost assessed value growth in the near term.

The outlook for assessed value remains positive, despite the sluggish housing market. While housing remains in short supply, recent inventory growth is a promising sign. Properties that are changing hands are being assessed at significantly higher rates, boosting assessed value growth. Additionally, new buyers accepting that sub-3% mortgage rates are not coming back should help stabilize the market. Though residential construction remains weak due to high rates, the combined impact of higher property assessments and rising inventory points to stable assessed value growth in the near term. Overall, the MWA service area still has a large amount of vacant land, which bodes well for long-term assessed value growth.

MWA economic forecasts of assessed value growth continues. The assessed values remain strong, with moderate growth averaging in the range of 4.5% to 6% throughout the 10-year forecast. The high inflationary period is slowly subsiding, however, prices for capital projects are still at record high nominal costs; creating sticker shock for already planned projects. The highly competitive job market continues to impact recruitment and retention of staffing of MWA.

Despite rising costs, the High Desert remains an affordable place to live where housing inventory still exists at a relatively reasonable price. Economic indicators support continued growth in new residential and commercial construction activity.

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

NATIONAL ECONOMY

The U.S. economy has performed impressively well over the last two years, averaging a respectable growth rate of 2.8%. The American consumer continues to increase spending despite personal pessimism according to data from the University of Michigan Consumer Sentiment Survey.

This is a good economy. There are certainly modest signs of a slowdown, from the labor market to housing, but that is to be expected given the inflation-fighting steps taken by the Federal Reserve. Most importantly, the soaring inflation that so dented confidence over the past two years has subsided. The Fed's ongoing efforts to cool demand and shrink the money supply are finally paying off. According to the U.S. Bureau of Economic Analysis' consumer expenditure price index, inflation has slowed to a moderate 2.6% pace over the last 12 months.

Despite the good news, the Wall Street Journal's latest Economic Forecasting Survey still rates the probability of a recession at over 30% for the next 12 months, lower than a year ago, but still higher than average. A possible reason is the upswing in U.S. unemployment over the past year (almost a full percentage point in the last 18 months) and the downward revision in payroll employment figures recently announced by the U.S. Bureau of Labor Statistics. Beacon Economics' recent commentary noted, these trends are not what they appear to be, as there has been no increase in involuntary separations, or any increase in workers collecting unemployment insurance. While comparable unemployment surges in the past have occurred only in the context of a recession, it should be remembered that the unemployment rate is a lagging indicator. Such increases have occurred after a recession has begun and output is already shrinking, something that is clearly not happening now.

The opportunity that has presented itself with the increasing federal funds rate is that the Agency's conservative investment policies are resulting in increased investment income being generated on cash reserves of approximately 4.5%.

The Fed followed through and made the cut it had been hinting at for weeks and went with a full 50-point cut in September 2024, something that is typically reserved for periods of economic distress. The comments made by Chairman Powell after the announcement made it clear that the Fed does not see the U.S. economy tipping into a recession anytime soon, an accurate statement given the data. Falling rates will give the U.S. economy a short-term boost but will likely increase the risks of a larger bubble and an inevitable crash. For Chairman Powell, cutting rates now may have some short-term benefits, but ultimately, it is kicking the can down the road.

LONG-TERM FINANCIAL PLANNING

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

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

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

projected expenditures as well as instituting prudent financial management at all levels for the State Water Project.

With the passage of the Water Transfer Amendment, the State Water Project contractors are now availed of several methods to transfer water to offset the ongoing fixed costs of its water entitlements. State Water Project transfers are expected to be volatile in annual revenue yet provide substantial benefit to offsetting costs. To demonstrate the volatility of the State's annual water allocation, the 2021 and 2022 water years were both exceptionally dry, with drought declarations for much of the state and record setting low levels in storage. While many other contractors struggled to meet their water demands, MWA's forward-thinking approach enabled the Agency to enter into several agreements to alleviate other contractors' water needs, while providing revenue that realized in the FY22/23 Fiscal Year. The 2023 water year also exemplified the extremes possible and the need for thoughtful strategy. With a 95% swing in allocation from 5% in January to 100% in April 2023, the Agency was prepared to import water preemptively and aggressively without stressing the financial position of the Agency. The 2024 water year saw an increase from 30% to 40% in April 2024. The multi-year agreements in place also enable the Agency to sell water in a year where it was a buyer's market.

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

RELEVANT FINANCIAL POLICIES

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

The investment policy's goal is twofold; one is to preserve capital resources, while maintaining adequate liquidity and maximizing interest earnings; the second is to provide guidelines for authorized investments in accordance with the California Government Code. While the debt management policy ensures that the debt is issued and managed prudently to maintain a sound fiscal position and protect its credit quality.

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

The purchasing policy assures that purchases are accomplished in a competitive manner providing the greatest value at the minimum cost to the taxpayers of the Agency.

STRATEGIC PLAN AND INITIATIVES

The Board of Directors approved a revised strategic plan in 2021 (<http://www.mojavewater.org/files/Strategic-PlanFinalMay2021.pdf>). The strategic plan establishes the Agency's intended outcomes and identifies actions to produce those outcomes.

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

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

Objective 1. Manage groundwater basins sustainably.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MASTER PLAN

In 2023 and 2024, the Agency embarked on the first Master Plan for the organization which will be an innovative and dynamic plan to ensure the Agency is focused on implementing the right solutions at the right time to fulfill its purpose. With a rigorous process, the Agency will have a long-term all-encompassing framework and plan to make sure that all Agency efforts are aligned for long-term successes. The plan will be developed to work collaboratively with Agency partners to make sure that the plan incorporates the needs of all others in the community while balancing needs are resources as basin managers. These exciting efforts will be a guiding document for future financial reports and capital plans to come.

ACKNOWLEDGEMENTS

The Government Finance Officers Association (“GFOA”) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to MWA for its annual comprehensive financial report for the fiscal year ended June 30, 2023. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We express our appreciation to the staff members and Rogers, Anderson, Malody & Scott, LLP who contributed to the issuance of this report. Credit also must be given to the Board of Directors for their continued support for maintaining the highest standards of professionalism in the management of MWA’s finances.

Respectfully submitted,

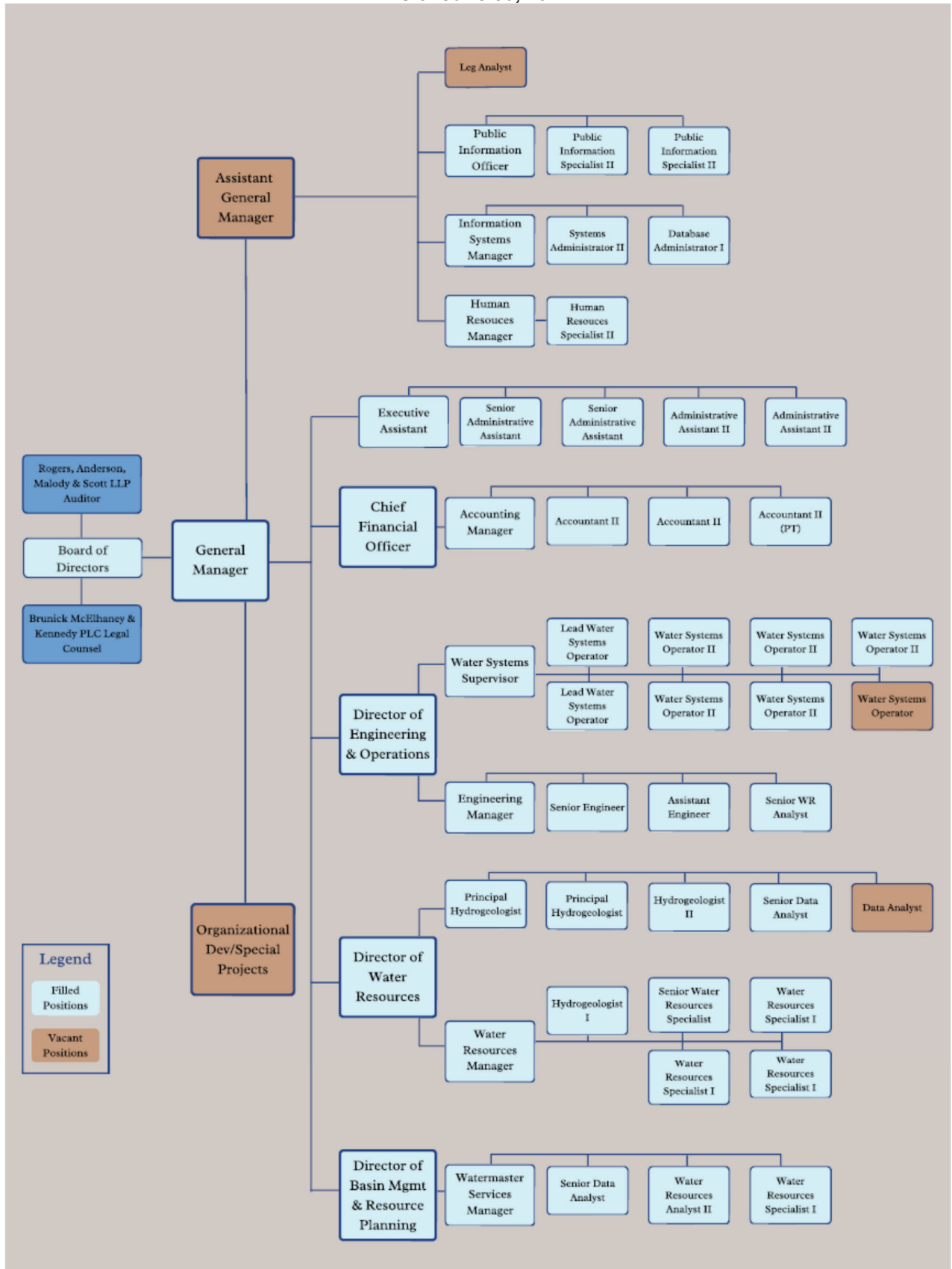


Adnan Anabtawi, PE
General Manager



Lauren Warrem, CPA, CPFO
Chief Financial Officer

Organizational Chart As of June 30, 2024





Government Finance Officers Association

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**Mojave Water Agency
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section

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Independent Auditor's Report

735 E. Carnegie Dr. Suite 100
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To the Board of Directors
Mojave Water Agency
Apple Valley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund of the Mojave Water Agency (the Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial, referred to above, statements present fairly, in all material respects, the financial position of each major fund of the Agency as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

PARTNERS

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

MANAGERS / STAFF

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

Report on Summarized Comparative Information

We have previously audited the Agency's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements in our report dated October 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2023, from which such summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 14, 2024

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Mojave Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Water Agency (the Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2024 and 2023. The two-year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2024, the Agency's net position increased 5.95% or \$29,261,282 to \$521,211,594 mainly as a result of a \$12,420,347 decreased liability for State Water Project water delivery charges due to lower customer demands. In addition, an increase of \$5,226,484 in investment earnings and a \$7,302,803 increase in water inventory caused by the Agency storing water for future demands. In fiscal year 2023, the Agency's net position increased 5.84% or \$27,134,431 to \$491,950,312 as a result of a \$12,622,641 increase in water inventory, in addition to a \$9,516,599 liability for State Water Project water delivery charges.
- In fiscal year 2024, the Agency's total revenue increased 4.12% or \$3,355,399. The increase of \$4,611,042 in property taxes combined with a \$5,226,484 increase in investment earnings is the main driver. This is offset by a \$6,296,484 decrease in water sales and services that was due to a proceeding wet weather year causing less water that was needed to be purchased. In fiscal year 2023, the Agency's total revenue decreased 2.67% or \$2,236,092. The increase of \$7,235,959 in property tax revenue and \$4,843,503 in investment earnings was offset by a decrease of \$11,196,800 of State Water Project water transfer sales, as well as a decrease in state grant revenue of \$3,280,695 resulting in a net decrease.
- In fiscal year 2024, the Agency's total expenses increased 4.18% or \$2,289,451 due primarily to a one-time CalPERS Unfunded Liability paydown of \$3,500,000 netted with a current year pension credit of \$2,948,817; combined with an increase of \$1,060,903 in state grant expenses. The increase in expenses was offset with a decrease of \$2,139,457 in State Water Project importation charges driven by lower customer demands for water purchases. In fiscal year 2023, the Agency's total expenses increased 2.64% or \$1,408,730 due primarily to an increase of \$709,114 in costs to import State Water Project water deliveries. In correlation to imported water deliveries, utilities increased by \$691,739.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to questions such as, "Where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

Mojave Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in them. One can think of the Agency's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation, such as changes in Federal and State environmental regulations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources of the Agency exceeded liabilities and deferred inflows of resources by \$521,211,594 and \$491,950,312 as of June 30, 2024, and 2023, respectively.

	Condensed Statements of Net Position				
	2024	2023	Change	2022	Change
Assets					
Current assets	\$ 147,620,588	\$ 139,864,019	\$ 7,756,569	\$ 106,596,384	\$ 33,267,635
Non-current assets	98,831,413	86,914,494	11,916,919	79,120,734	7,793,760
Capital assets	312,685,211	321,629,825	(8,944,614)	329,862,308	(8,232,483)
Total assets	559,137,212	548,408,338	10,728,874	515,579,426	32,828,912
Deferred outflows of resources	9,645,140	6,345,349	3,299,791	4,353,844	1,991,505
Liabilities					
Current liabilities	8,972,508	23,252,697	(14,280,189)	15,907,017	7,345,680
Non-current liabilities	38,127,132	38,793,918	(666,786)	35,238,852	3,555,066
Total liabilities	47,099,640	62,046,615	(14,946,975)	51,145,869	10,900,746
Deferred inflows of resources	471,118	756,760	(285,642)	3,971,520	(3,214,760)
Net position					
Net investment in capital assets	286,042,091	293,748,484	(7,706,393)	299,137,054	(5,388,570)
Restricted	81,498,436	70,669,843	10,828,593	64,005,430	6,664,413
Unrestricted	153,671,067	127,531,985	26,139,082	101,673,397	25,858,588
Total net position	\$ 521,211,594	\$ 491,950,312	\$ 29,261,282	\$ 464,815,881	\$ 27,134,431

Mojave Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Statements of Net Position, continued

By far, the largest portion of the Agency's net position (55% as of June 30, 2024, and 60% as of June 30, 2023) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2024 and 2023, the Agency showed a positive balance in its unrestricted net position of \$153,671,067 and \$127,531,985, respectively, which may be utilized in future years. See the notes to the financial statements for further information.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position					
	2024	2023	Change	2022	Change
Operating revenues	\$ 20,831,030	\$ 27,127,514	\$ (6,296,484)	\$ 38,191,646	\$ (11,064,132)
Non-operating revenues	64,054,153	54,402,270	9,651,883	45,574,230	8,828,040
Total revenues	84,885,183	81,529,784	3,355,399	83,765,876	(2,236,092)
Operating expenses	36,024,656	35,306,912	717,744	33,871,620	1,435,292
Depreciation and amortization	18,190,752	17,582,596	608,156	16,851,508	731,088
Non-operating expenses	2,901,922	1,938,371	963,551	2,696,021	(757,650)
Total expenses	57,117,330	54,827,879	2,289,451	53,419,149	1,408,730
Net income/(loss) before capital contributions	27,767,853	26,701,905	1,065,948	30,346,727	(3,644,822)
Capital contributions	1,493,429	432,526	1,060,903	856,321	(423,795)
Change in net position	29,261,282	27,134,431	2,126,851	31,203,048	(4,068,617)
Net position, beginning of year	491,950,312	464,815,881	27,134,431	433,612,833	31,203,048
Net position, end of year	\$ 521,211,594	\$ 491,950,312	\$ 29,261,282	\$ 464,815,881	\$ 27,134,431

In fiscal year 2024, the Agency's net position increased 5.95% or \$29,261,282 to \$521,211,594 mainly because of a \$12,420,347 decreased liability for State Water Project water delivery charges due to lower customer demands. In addition, an increase of \$5,226,484 in investment earnings and a \$7,302,803 increase in water inventory caused by the Agency storing water for future demands. In fiscal year 2023, the Agency's net position increased 5.84% or \$27,134,431 to \$491,950,312 as a result of a \$12,622,641 increase in water inventory, in addition to a \$9,516,599 liability for State Water Project water delivery charges.

In fiscal year 2024, the Agency's total revenue increased 4.12% or \$3,355,399. The increase of \$4,611,042 in property taxes combined with a \$5,226,484 increase in investment earnings is the main driver. This is offset by a \$6,296,484 decrease in water sales and services that was due to a proceeding wet weather year causing less water that was needed to be purchased. In fiscal year 2023, the Agency's total revenue decreased 2.67% or \$2,236,092. The increase of \$7,235,959 in property tax revenue and \$4,843,503 in investment earnings was offset by a decrease of \$11,196,800 of State Water Project water transfer sales, as well as a decrease in state grant revenue of \$3,280,695 resulting in a net decrease.

In fiscal year 2024, the Agency's total expenses increased 4.18% or \$2,289,451 due primarily to a one-time CalPERS Unfunded Liability paydown of \$3,500,000 netted with a current year pension credit of \$2,948,817; combined with an increase of \$1,060,903 in state grant expenses. The increase in expenses was offset with a decrease of \$2,139,457 in State Water Project importation charges driven by lower customer demands for water purchases. In fiscal year 2023, the Agency's total expenses increased 2.64% or \$1,408,730 due primarily to an increase of \$709,114 in costs to import State Water Project water deliveries. In correlation to imported water deliveries, utilities increased by \$691,739.

Mojave Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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

Operating and Non-Operating Revenues

	2024	2023	Change	2022	Change
Operating revenues:					
Water sales and services	\$ 6,399,962	\$ 9,516,118	\$ (3,116,156)	\$ 8,783,285	\$ 732,833
State Water Project Table A water sales	12,127,600	12,042,500	85,100	23,239,300	(11,196,800)
Watermaster assessments	2,303,468	5,568,896	(3,265,428)	6,169,061	(600,165)
Total operating revenues	20,831,030	27,127,514	(6,296,484)	38,191,646	(11,064,132)
Non-operating revenues:					
Property taxes - ad valorem	7,905,521	8,387,220	(481,699)	7,168,718	1,218,502
Property assessment for State Water Project	46,388,530	41,500,951	4,887,579	37,518,383	3,982,568
Property assessment for IDM (Note 3)	53,043	57,397	(4,354)	(1,784,005)	1,841,402
Redevelopment agency component of property taxes	1,199,045	989,529	209,516	796,042	193,487
Debt service support	-	-	-	286,523	(286,523)
Investment earnings (loss)	8,154,237	2,927,753	5,226,484	(1,915,751)	4,843,504
Gain (loss) on disposal of capital assets	2,500	6,666	(4,166)	-	6,666
State grant revenue	216,668	202,067	14,601	3,482,762	(3,280,695)
Other nonoperating revenues	134,609	330,687	(196,078)	21,558	309,129
Total nonoperating revenues	64,054,153	54,402,270	9,651,883	45,574,230	8,828,040
Total revenues	\$ 84,885,183	\$ 81,529,784	\$ 3,355,399	\$ 83,765,876	\$ (2,236,092)

Operating and Non-Operating Expenses

	2024	2023	Change	2022	Change
Operating expenses:					
State Water Project importation charges	\$ 19,499,010	\$ 21,638,467	\$ (2,139,457)	\$ 20,929,353	\$ 709,114
Operating costs	16,525,646	13,668,445	2,857,201	12,942,267	726,178
Depreciation	18,190,752	17,582,596	608,156	16,851,508	731,088
Total operating expenses	54,215,408	52,889,508	1,325,900	50,723,128	2,166,380
Non-operating expenses:					
Interest expense	1,352,387	1,645,455	(293,068)	2,212,417	(566,962)
Amortization of bonds premium	(252,162)	(326,934)	74,772	(616,123)	289,189
Property tax and assessment collection charges	132,060	120,233	11,827	107,376	12,857
State grant expense - pass-through	1,493,429	432,526	1,060,903	856,321	(423,795)
Other nonoperating expenses	176,208	67,091	109,117	136,030	(68,939)
Total nonoperating expenses	2,901,922	1,938,371	963,551	2,696,021	(757,650)
Total expenses	\$ 57,117,330	\$ 54,827,879	\$ 2,289,451	\$ 53,419,149	\$ 1,408,730

Mojave Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Capital Asset Administration

Changes in capital asset amounts for 2024 were as follows:

	Balance 2023	Additions	Transfers/ Deletions	Balance 2024
Capital assets:				
Non-depreciable assets	\$ 18,516,205	\$ 3,085,119	\$ (4,357,094)	\$ 17,244,230
Depreciable assets	560,812,297	10,518,113	(29,378)	571,301,032
Accumulated depreciation and amortization	<u>(257,698,677)</u>	<u>(18,190,752)</u>	<u>29,378</u>	<u>(275,860,051)</u>
Total capital assets, net	<u>\$ 321,629,825</u>	<u>\$ (4,587,520)</u>	<u>\$ (4,357,094)</u>	<u>\$ 312,685,211</u>

Changes in capital asset amounts for 2023 were as follows:

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

At the end of fiscal years 2024 and 2023, the Agency's investment in capital assets amounted to \$312,685,211 and \$321,629,825 (net of accumulated depreciation), respectively. This investment in capital assets includes land, state water project entitlement, transmission system, buildings, structures, equipment, vehicles and construction-in-process. Major capital assets additions during the year include additions to the State Water Project entitlement. Additional information on the Agency's capital assets can be found in Note 5 on pages 41-44.

Debt Administration

Changes in long-term debt amounts for 2024 were as follows:

	Balance 2023	Additions	Transfers/ Deletions	Balance 2024
Long-term liabilities:				
Long-term liabilities	<u>\$ 29,632,635</u>	<u>\$ -</u>	<u>\$ (1,348,250)</u>	<u>\$ 28,284,385</u>

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

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

Additional information on the Agency's long-term debt can be found in Note 8 on pages 45-49.

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency at 13846 Conference Center Drive, Apple Valley, California, 92307 or by phone (760) 946-7000.

Basic Financial Statements

Mojave Water Agency
Statements of Net Position
June 30, 2024 (with comparative data for 2023)

	2024			2023
	Mojave Water Agency	Watermaster	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents (Note 2)	\$ 82,396,139	\$ -	\$ 82,396,139	\$ 63,973,531
Restricted - cash and cash equivalents (Note 2)	28,440,480	1,940,000	30,380,480	40,853,497
Investments (Note 2)	18,473,583	-	18,473,583	19,553,120
Accrued interest receivable	126,830	1,264	128,094	500,987
Accounts receivable - water sales and assessments	11,605,231	1,278,511	12,883,742	12,551,165
Accounts receivable - governmental agencies	1,398,101	-	1,398,101	580,840
Accounts receivable - other	226,374	-	226,374	166,884
Due from Watermaster	267,375	-	267,375	222,116
Property taxes and assessments receivable	1,354,495	-	1,354,495	1,361,428
Prepaid expenses and deposits	112,205	-	112,205	100,451
Total current assets	144,400,813	3,219,775	147,620,588	139,864,019
Noncurrent assets:				
Investments (Note 2)	47,025,039	-	47,025,039	42,557,204
Accounts receivable - water sales and assessments	-	161,035	161,035	14,754
Water-in-storage - inventory (Note 4)	51,005,339	-	51,005,339	43,702,536
Other noncurrent asset	640,000	-	640,000	640,000
Capital assets, not being depreciated (Note 5)	17,244,230	-	17,244,230	18,516,205
Depreciable capital assets, net (Note 5)	295,440,981	-	295,440,981	303,113,620
Total noncurrent assets	411,355,589	161,035	411,516,624	408,544,319
Total assets	555,756,402	3,380,810	559,137,212	548,408,338
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt defeasance, net	1,641,265	-	1,641,265	1,751,294
Deferred pension outflows (Note 9)	7,375,101	-	7,375,101	3,874,817
Deferred OPEB outflows (Note 10)	628,774	-	628,774	719,238
Total deferred outflows of resources	9,645,140	-	9,645,140	6,345,349

See accompanying notes to the basic financial statements.

Mojave Water Agency
Statements of Net Position, continued
June 30, 2024 (with comparative data for 2023)

	2024			2023
	Mojave Water Agency	Watermaster	Total	Total
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued expenses	\$ 2,554,665	\$ 1,883,147	\$ 4,437,812	\$ 18,604,209
Accrued wages and related payables	284,462	-	284,462	254,270
Due to Mojave Water Agency	-	267,375	267,375	222,116
Retentions payable	37,477	-	37,477	37,477
Accrued interest payable - long-term debt	99,367	-	99,367	103,908
Long-term liabilities:				
Unearned revenue (Note 7)	2,393,501	-	2,393,501	2,683,699
Compensated absences (Note 6)	301,426	-	301,426	250,930
Bonds payable (Note 8)	1,145,000	-	1,145,000	1,090,000
Contract payable (Note 8)	6,088	-	6,088	6,088
Total current liabilities	6,821,986	2,150,522	8,972,508	23,252,697
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences (Note 6)	412,853	-	412,853	395,797
Bonds payable (Note 8)	26,996,414	-	26,996,414	28,393,576
Contract payable (Note 8)	136,883	-	136,883	142,971
Net pension liability (Note 9)	9,430,802	-	9,430,802	8,648,284
Net OPEB liability (Note 10)	1,150,180	-	1,150,180	1,213,290
Total noncurrent liabilities	38,127,132	-	38,127,132	38,793,918
Total liabilities	44,949,118	2,150,522	47,099,640	62,046,615
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows (Note 9)	315,137	-	315,137	546,188
Deferred OPEB inflows (Note 10)	155,981	-	155,981	210,572
Total deferred inflows of resources	471,118	-	471,118	756,760
NET POSITION				
Net investment in capital assets (Note 11)	286,042,091	-	286,042,091	293,748,484
Restricted for State Water Project (Note 11)	80,268,148	-	80,268,148	69,745,192
Restricted for Watermaster (Note 11)	-	1,230,288	1,230,288	924,651
Unrestricted (Note 11)	153,671,067	-	153,671,067	127,531,985
Total net position	\$ 519,981,306	\$ 1,230,288	\$ 521,211,594	\$ 491,950,312

See accompanying notes to the basic financial statements.

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Mojave Water Agency
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

	2024			2023
	Mojave Water Agency	Watermaster	Total	Total
OPERATING REVENUES				
Water sales and services	\$ 6,399,962	\$ -	\$ 6,399,962	\$ 9,516,118
State Water Project Table A water sales	12,127,600	-	12,127,600	12,042,500
Watermaster assessments	-	2,303,468	2,303,468	5,568,896
Total operating revenues	18,527,562	2,303,468	20,831,030	27,127,514
OPERATING EXPENSES				
State Water Project importation charges	17,907,346	1,591,664	19,499,010	21,638,467
Operating costs	16,122,792	402,854	16,525,646	13,668,445
Total operating expenses	34,030,138	1,994,518	36,024,656	35,306,912
Operating income (loss) before depreciation	(15,502,576)	308,950	(15,193,626)	(8,179,398)
Depreciation	18,190,752	-	18,190,752	17,582,596
Operating income (loss)	(33,693,328)	308,950	(33,384,378)	(25,761,994)
NONOPERATING REVENUES				
Property taxes - ad valorem	7,905,521	-	7,905,521	8,387,220
Property assessment for State Water Project	46,388,530	-	46,388,530	41,500,951
Property assessment for IDM (Note 3)	53,043	-	53,043	57,397
Redevelopment agency component of property taxes	1,199,045	-	1,199,045	989,529
Debt service support	-	-	-	-
Investment earnings (loss)	8,061,347	92,890	8,154,237	2,927,753
Gain (loss) on disposal of capital assets	2,500	-	2,500	6,666
State grant revenue	216,668	-	216,668	202,067
Other nonoperating revenues	105,157	29,452	134,609	330,687
Total nonoperating revenues	63,931,811	122,342	64,054,153	54,402,270
NONOPERATING EXPENSES				
Interest expense	1,352,387	-	1,352,387	1,645,455
Bond debt issuance expense	-	-	-	-
Amortization of bonds premium	(252,162)	-	(252,162)	(326,934)
Property tax and assessment collection charges	132,060	-	132,060	120,233
State grant expense - pass-through	1,493,429	-	1,493,429	432,526
Other nonoperating expenses	50,553	125,655	176,208	67,091
Total nonoperating expenses	2,776,267	125,655	2,901,922	1,938,371
Total nonoperating revenue, net	61,155,544	(3,313)	61,152,231	52,463,899
Income (loss) before capital contributions	27,462,216	305,637	27,767,853	26,701,905
CAPITAL CONTRIBUTIONS				
State capital grants - pass-through	1,493,429	-	1,493,429	432,526
Total capital contributions	1,493,429	-	1,493,429	432,526
Change in net position	28,955,645	305,637	29,261,282	27,134,431
Net position, beginning of year	491,025,661	924,651	491,950,312	464,815,881
Net position, end of year	\$ 519,981,306	\$ 1,230,288	\$ 521,211,594	\$ 491,950,312

See accompanying notes to the basic financial statements.

Mojave Water Agency
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

	2024			2023
	Mojave Water Agency	Watermaster	Total	Total
Cash flows from operating activities:				
Cash receipts from customers and others	\$ 15,445,240	\$ 3,810,103	\$ 19,255,343	\$ 24,915,537
Cash paid to vendors and suppliers	(44,295,760)	(5,033,030)	(49,328,790)	(30,377,911)
Cash paid to employees for salaries and wages	(10,871,117)	(285,510)	(11,156,627)	(6,919,199)
Net cash provided (used) by operating activities	(39,721,637)	(1,508,437)	(41,230,074)	(12,381,573)
Cash flows from noncapital financing activities:				
Property tax revenue	9,104,566	-	9,104,566	9,376,749
Net cash provided by non-capital financing activities	9,104,566	-	9,104,566	9,376,749
Cash flows from capital and related financing activities:				
Property tax revenue	46,263,403	-	46,263,403	41,131,599
Acquisition and construction of capital assets	(9,246,138)	-	(9,246,138)	(9,350,113)
State grant contributions	216,668	-	216,668	202,067
Property assessments received	42,821	-	42,821	66,248
Principal paid on long-term debt	(1,096,088)	-	(1,096,088)	(4,636,087)
Interest paid on long-term debt	(1,246,899)	-	(1,246,899)	(1,379,126)
State pass-through grants received	1,493,429	-	1,493,429	432,526
State pass-through grants expended	(1,493,429)	-	(1,493,429)	(432,526)
Proceeds from sale of capital assets	2,500	-	2,500	6,666
Net cash provided by capital and related financing activities	34,936,267	-	34,936,267	26,041,254
Cash flows from investing activities:				
Sales of investments	29,776,702	-	29,776,702	32,053,649
Purchase of investments	(33,165,000)	-	(33,165,000)	(33,165,000)
Investment earnings (losses)	8,430,251	96,879	8,527,130	2,565,076
Net cash provided (used) by investing activities	5,041,953	96,879	5,138,832	1,453,725
Net increase (decrease) in cash and cash equivalents	9,361,149	(1,411,558)	7,949,591	24,490,155
Cash and cash equivalents, beginning of year	101,475,470	3,351,558	104,827,028	80,336,873
Cash and cash equivalents, end of year	<u>\$ 110,836,619</u>	<u>\$ 1,940,000</u>	<u>\$ 112,776,619</u>	<u>\$ 104,827,028</u>
Reconciliation to the Statement of Net Position:				
Cash and cash equivalents	\$ 82,396,139	\$ -	\$ 82,396,139	\$ 63,973,531
Restricted - cash and cash equivalents	28,440,480	1,940,000	30,380,480	40,853,497
Total cash and cash equivalents	<u>\$ 110,836,619</u>	<u>\$ 1,940,000</u>	<u>\$ 112,776,619</u>	<u>\$ 104,827,028</u>

See accompanying notes to the basic financial statements.

Mojave Water Agency
Statements of Cash Flows, continued
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

	2024			2023
	Mojave Water Agency	Watermaster	Total	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (33,693,328)	\$ 308,950	\$ (33,384,378)	\$ (25,761,994)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	18,190,752	-	18,190,752	17,582,596
Other nonoperating revenues	105,157	29,452	134,609	330,688
Other nonoperating expenses	(50,553)	(125,655)	(176,208)	(67,091)
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable - water sales and assessments	(1,975,271)	1,507,050	(468,221)	(1,929,418)
Accounts receivable - governmental agencies	(817,261)	-	(817,261)	(288,647)
Accounts receivable - other	(59,490)	-	(59,490)	1,537
Due from Watermaster	(45,259)	-	(45,259)	(1,278)
Prepaid expenses and deposits	(11,754)	-	(11,754)	(16,498)
Water-in-storage - inventory	(7,302,803)	-	(7,302,803)	(12,622,641)
Deferred pension outflows	(3,500,284)	-	(3,500,284)	(2,229,825)
Deferred OPEB outflows	90,464	-	90,464	(85,826)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and other accrued expenses	(10,893,319)	(3,273,493)	(14,166,812)	11,173,449
Due to Mojave Water Agency	-	45,259	45,259	1,278
Accrued wages and related payables	30,192	-	30,192	72,830
Retentions payable	-	-	-	18,235
Unearned revenue	(290,198)	-	(290,198)	(306,524)
Compensated absences	67,552	-	67,552	122,757
Net pension liability	782,518	-	782,518	4,726,370
Net OPEB liability	(63,110)	-	(63,110)	113,189
Deferred pension inflows	(231,051)	-	(231,051)	(3,154,909)
Deferred OPEB inflows	(54,591)	-	(54,591)	(59,851)
Total adjustments	(6,028,309)	(1,817,387)	(7,845,696)	13,380,421
Net cash provided (used) by operating activities	\$ (39,721,637)	\$ (1,508,437)	\$ (41,230,074)	\$ (12,381,573)
Schedule of non-cash capital and related financing activities:				
Amortization of IDM Assessment District Receivable (Note 3)	\$ 10,222	\$ -	\$ 10,222	\$ (8,851)

See accompanying notes to the basic financial statements.

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Note 1: Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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

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

Mojave Water Agency Fund

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

Watermaster Fund

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

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

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of delivering wholesale water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. The enterprise fund is accounted using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and service charges, as well as Watermaster assessments, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the Agency are water sales to the Watermaster and the principal operating revenues of the Watermaster are water sales (assessments) to member water right holders. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency’s basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government and is only engaged in business-type activities; accordingly, activities are reported in the Agency’s proprietary funds.

Prior Year Financial Data Presentation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Policy

The Agency has adopted an investment policy directing the Chief Financial Officer to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

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

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

Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets.
- Level 2 – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

Restricted Cash and Investments

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

Restricted Assets

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

Accounts Receivable and Allowance for Uncollectible Accounts

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

Property Taxes and Special Assessments

The San Bernardino County Assessor’s Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector’s Office bills and collects the Agency’s share of property taxes and assessments. The San Bernardino County Treasurer’s Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

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

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

Property Taxes and Special Assessments, continued

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

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

Prepaid Expenses

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

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at acquisition value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Compensated Absences

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

Pensions

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

Generally Accepted Accounting Principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>2024</u>	<u>2023</u>
• Valuation Dates:	June 30, 2022	June 30, 2021
• Measurement Dates:	June 30, 2023	June 30, 2022
• Measurement Periods:	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

Other Postemployment Benefits (OPEB)

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

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

	<u>2024</u>	<u>2023</u>
• Valuation Dates:	June 30, 2022	June 30, 2022
• Measurement Dates:	June 30, 2023	June 30, 2022
• Measurement Periods:	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

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

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

Net Position

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

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

Net Position Flow Assumption

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

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies or real estate developers desiring services that require capital expenditures or connection to the Agency's system.

Budgetary Policies

The Agency adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 2: Cash and Investments

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

Description	2024	2023
Cash and cash equivalents	\$ 82,396,139	\$ 63,973,531
Restricted - cash and cash equivalents	30,380,480	40,853,497
Investments - current	18,473,583	19,553,120
Investments - noncurrent	47,025,039	42,557,204
Total cash and investments	<u>\$ 178,275,241</u>	<u>\$ 166,937,352</u>

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

Description	2024	2023
Cash on hand	\$ 300	\$ 300
Demand deposits with financial institutions	4,532,919	2,930,177
Investments	173,742,022	164,006,875
Total cash and investments	<u>\$ 178,275,241</u>	<u>\$ 166,937,352</u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and local agency bonds, notes and warrants	5 years	10%	None
U.S. Treasury obligations	5 years	None	None
Federal agency securities	5 years	None	None
Banker's acceptances	180 days	40%	5%
Prime commercial paper	270 days	10%/25%	"AI/P"
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	5%
Money market mutual funds	90 days	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	\$75 million
County Pooled Investment Fund	N/A	None	None
Local Government Investment Pool	N/A	None	None

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 2: Cash and Investments, continued

Investment in Local Government Investment Pool

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency’s investment policy. The following table identifies the investment types that are authorized for investment held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
Federal agency securities	None	None	None
Banker’s acceptances	180 days	None	None
Commercial paper	180 days	None	10%
Negotiable certificates of deposit	None	None	None
Money market mutual funds	1 year	None	None
Investment contracts	None	None	None
Repurchase agreements	30 days	None	None
Municipal obligations	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

Custodial Credit Risk

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

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

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Agency’s investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds, external investment pools (such as California CLASS) or government investment pools (such as LAIF).

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 2: Cash and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

Investments at June 30, 2024:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Government sponsored entities securities	\$ 16,608,563	\$ 2,977,015	\$ 5,692,156	\$ 7,939,392
California Cooperative Liquid Assets Securities System	86,117,888	86,117,888	-	-
Medium-term notes	20,109,012	5,351,779	2,424,445	12,332,788
Local Agency Investment Fund (LAIF)	13,999,635	13,999,635	-	-
U.S. Treasury notes	36,906,920	18,270,662	5,229,482	13,406,776
Held by bond or escrow trustee:				
Money market funds	4	4	-	-
Total investments	\$ 173,742,022	\$ 126,716,983	\$ 13,346,083	\$ 33,678,956

Investments at June 30, 2023:

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 2: Cash and Investments, continued

Credit Risk

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

Investments at June 30, 2024:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	\$ 16,608,563	None	\$ 16,608,563	\$ -
California Cooperative Liquid Assets Securities System	86,117,888	None	-	86,117,888
Medium-term notes	20,109,012	A/AA	-	20,109,012
Local Agency Investment Fund (LAIF)	13,999,635	N/A	13,999,635	-
U.S. Treasury notes	36,906,920	N/A	36,906,920	-
Held by bond or escrow trustee:				
Money market funds	4	AAA	4	-
Total investments	\$ 173,742,022		\$ 67,515,122	\$ 106,226,900

Investments at June 30, 2023:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	\$ 17,103,767	None	\$ 17,103,767	\$ -
California Cooperative Liquid Assets Securities System	52,217,620	None	-	52,217,620
Medium-term notes	18,027,566	None	-	18,027,566
Local Agency Investment Fund (LAIF)	41,168,115	A/AA	41,168,115	-
U.S. Treasury notes	35,489,804	N/A	35,489,804	-
Held by bond or escrow trustee:				
Money market funds	3	AAA	3	-
Total investments	\$ 164,006,875		\$ 93,761,689	\$ 70,245,186

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no single investments in any one issuer (other than U.S. Treasuries and external investment pools) that represent 5% or more of total Agency's investments at June 30, 2024 and 2023, respectively.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 2: Cash and Investments, continued

Fair Value Measurements

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

Investments at June 30, 2024:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	\$ 16,608,563	\$ 16,608,563
Medium-term notes	20,109,012	20,109,012
U.S. Treasury notes	36,906,920	36,906,920
Held by bond or escrow trustee:		
Money market funds	4	4
Total investments measured at fair value	73,624,499	\$ 73,624,499
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	13,999,635	
California Cooperative Liquid Assets Securities System	86,117,888	
Total investments	\$ 173,742,022	

Investments at June 30, 2023:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	\$ 17,103,767	\$ 17,103,767
Medium-term notes	18,027,566	18,027,566
Local Agency Investment Fund (LAIF)	41,168,115	41,168,115
U.S. Treasury notes		
Money market funds	3	3
Total investments measured at fair value	76,299,451	\$ 76,299,451
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	35,489,804	
California Cooperative Liquid Assets Securities System	52,217,620	
Total investments	\$ 164,006,875	

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 3: Property Assessment Debt for Improvement District M

In August 2016, the Agency issued Improvement District M of the Mojave Water Agency General Obligation Bonds (Morongo Basin Pipeline Project) in the amount of \$15,025,000. The bonds are payable from *ad valorem* taxes levied upon the taxable property (other than personal property) in the Improvement District. In accordance with Governmental Accounting Standards Board Statement No. 6 *Accounting and Financial Reporting for Special Assessments*, the Agency initially recognized a receivable for the full amount of the debt issuance. Annually, the receivable was adjusted to the Property Assessments for IDM nonoperating revenues presented in the Statement of Revenues, Expenses and Changes of Net Position. As the bonds are nearing maturity, the Agency discontinued property tax assessments at the point where it collected sufficient assessments to redeem the remaining outstanding bonds.

Note 4: Water-in-Storage Inventory

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

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

	2024		2023	
	Acre-Feet	Cost	Acre-Feet	Cost
State Water Project				
Inventory - beginning of year	213,055	\$ 43,702,536	175,695	\$ 31,079,895
Water purchases	48,394	9,315,850	51,537	15,130,552
Inventory - available for sale	261,449	53,018,386	227,232	46,210,447
Water sales - variable cost of sales	(9,814)	(2,013,047)	(14,177)	(2,507,911)
Total inventory - end of year	251,635	\$ 51,005,339	213,055	\$ 43,702,536

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 5: Capital Assets

Changes in capital assets for the year were as follows:

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024
Non-depreciable assets:				
Land and right of ways	\$ 8,888,078	\$ 57,251	\$ -	\$ 8,945,329
Water rights	5,016,984	-	-	5,016,984
Morongo pipeline entitlement	208,000	-	-	208,000
Construction in progress	4,403,143	3,027,868	(4,357,094)	3,073,917
Total non-depreciable assets	18,516,205	3,085,119	(4,357,094)	17,244,230
Depreciable assets:				
State Water Project entitlement	309,550,036	7,064,471	-	316,614,507
Water management plan	4,272,065	-	-	4,272,065
Transmission system	199,959,951	1,346,739	-	201,306,690
Monitoring wells	20,190,868	1,086,686	-	21,277,554
Structures and improvements	21,600,391	135,579	-	21,735,970
Other plant and equipment	5,238,986	884,638	(29,378)	6,094,246
Total depreciable assets	560,812,297	10,518,113	(29,378)	571,301,032
Accumulated depreciation:				
State Water Project entitlement	(168,120,008)	(12,374,542)	-	(180,494,550)
Water management plan	(4,272,064)	-	-	(4,272,064)
Transmission system	(64,986,500)	(3,904,806)	-	(68,891,306)
Monitoring wells	(10,430,303)	(923,852)	-	(11,354,155)
Structures and improvements	(5,731,800)	(666,788)	-	(6,398,588)
Other plant and equipment	(4,158,002)	(320,764)	29,378	(4,449,388)
Total accumulated depreciation	(257,698,677)	(18,190,752)	29,378	(275,860,051)
Total depreciable assets, net	303,113,620	(7,672,639)	-	295,440,981
Total capital assets, net	\$ 321,629,825	\$ (4,587,520)	\$ (4,357,094)	\$ 312,685,211

Depreciation expense for the year ended June 30, 2024 was \$18,190,752.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 5: Capital Assets, continued

Construction in Progress 2024

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

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024
Antelope Wash Recharge Ponds	\$ 102,484	\$ -	\$ -	\$ 102,484
Bandicoot Basin Recharge	79,913	-	-	79,913
SCADA Upgrade - Morongo Basin	696,445	-	(696,445)	-
Regional Recharge Geotech*	1,600,357	-	(1,600,357)	-
Oeste Recharge Demonstration	445,525	652,562	(1,098,087)	-
MRP White Road Turnout Traveling Screen	695,977	183,618	-	879,595
Database Solutions Software (WR)	206,084	4,275	(210,359)	-
Este-Lucerne Recharge - (Contract Out)	10,336	-	-	10,336
Groundwater Bank West VV	9,817	902,640	-	912,457
SCADA Network and Server Upgrade	384,035	-	(384,035)	-
Master Plan	80,657	318,253	-	398,910
Newberry Springs Corrosion Protection	14,001	21,250	-	35,251
Helendale Bluffs Water Line	69,382	-	(69,382)	-
MWA HQ Ofc Space Reconfigure	6,795	724	-	7,519
Mesa St Repairs	1,335	885	-	2,220
Newberry Springs Pipeline Replacement	-	196,878	(196,878)	-
Camera System Upgrade	-	101,551	(101,551)	-
Ames Reche Recharge Facility	-	171,217	-	171,217
Lucerne Recharge Pond	-	38,718	-	38,718
Lucerne Pump Station Recharge Facility	-	69,592	-	69,592
Oeste Demonstration Recharge Pilot	-	234,072	-	234,072
Oese Permanent Aquaduct-Turn Out	-	34,124	-	34,124
WR Data Monitoring Well-Headwater	-	18,407	-	18,407
Anode Replacement	-	53,210	-	53,210
WR Data Monitoring Well-Helendale Fault	-	25,892	-	25,892
Total construction in progress	\$ 4,403,143	\$ 3,027,868	\$ (4,357,094)	\$ 3,073,917

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 5: Capital Assets, continued

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

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

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 5: Capital Assets, continued

Construction in Progress 2023

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

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

Note 6: Compensated Absences

Changes in compensated absences for 2024 were as follows:

Balance 2023	Earned	Taken	Balance 2024	Current Portion	Long-term Portion
<u>\$ 646,727</u>	<u>\$ 249,003</u>	<u>\$ (181,451)</u>	<u>\$ 714,279</u>	<u>\$ 301,426</u>	<u>\$ 412,853</u>

Changes in compensated absences for 2023 were as follows:

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 7: Unearned Revenue

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

Description	2024	2023
Unearned revenue in dollars (FIFO method)	\$ 2,393,501	\$ 2,683,699
Agency	Acre-Feet	Acre-Feet
Liberty Utilities	6,797	7,945
San Bernardino County Special Districts	2,167	2,167
Hesperia Water District	-	-
Helendale Community Services District	-	-
Silver Lakes Association	113	113
Mariana Ranchos County Water District	90	90
Apple Valley Heights County Water District	70	70
Rancharitos Mutual Water Company	-	-
Total acre-feet	9,237	10,385

Note 8: Long-Term Debt

Changes in long-term debt for 2024 were as follows:

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024	Current Portion	Long-term Portion
Long-term liabilities:						
Bonds payable:						
2017 Revenue refunding bonds	\$ 25,470,000	\$ -	\$ (1,090,000)	\$ 24,380,000	\$ 1,145,000	\$ 23,235,000
2017 Revenue refunding bonds premium	4,013,576	-	(252,162)	3,761,414	-	3,761,414
Total bonds payable	29,483,576	-	(1,342,162)	28,141,414	1,145,000	26,996,414
From direct borrowing:						
Contract payable	149,059	-	(6,088)	142,971	6,088	136,883
Total long-term liabilities	\$ 29,632,635	\$ -	\$ (1,348,250)	\$ 28,284,385	\$ 1,151,088	\$ 27,133,297

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 8: Long-Term Debt, continued

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

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

2014 Revenue Refunding Bonds

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

The bonds matured in fiscal year 2023.

2016 General Obligation Bonds

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

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 8: Long-Term Debt, continued

2016 General Obligation Bonds, continued

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

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

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

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

The bonds matured in fiscal year 2023.

2017 Revenue Refunding Bonds

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

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

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

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 8: Long-Term Debt, continued

2017 Revenue Refunding Bonds, continued

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

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

Fiscal Year	Principal	Interest	Total
2025	\$ 1,145,000	\$ 1,192,400	\$ 2,337,400
2026	1,205,000	1,135,150	2,340,150
2027	1,265,000	1,074,900	2,339,900
2028	1,330,000	1,011,650	2,341,650
2029	1,365,000	971,750	2,336,750
2030-2034	7,940,000	3,762,500	11,702,500
2035-2039	10,130,000	1,568,750	11,698,750
Total	24,380,000	<u>\$ 10,717,100</u>	<u>\$ 35,097,100</u>
Less current portion	(1,145,000)		
Premium on debt	<u>3,761,414</u>		
Total non-current	<u>\$ 26,996,414</u>		

Contract Payable

On September 13, 2019, the Agency entered into a generator interconnection agreement (GIA) with Southern California Edison Company (SCE) that will remain in effect for a period of 35 years and shall be automatically renewed for each successive one-year period thereafter. The agreement allows the Agency's Deep Creek Hydroelectric generator to be connected with, and operate parallel with, SCE's distribution system. As part of the agreement, the Agency is responsible for the interconnection facilities charge and distribution upgrades charge of \$174,930, of which \$142,971 remains outstanding.

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

Note 8: Long-Term Debt, continued

Contract Payable, continued

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

Fiscal Year	Principal
2025	\$ 6,088
2026	6,088
2027	6,088
2028	6,088
2029	6,088
2030-2034	30,440
2035-2039	30,440
2040-2044	30,440
2045-2049	21,211
Total	<u>\$ 142,971</u>

Note 9: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 9: Defined Benefit Pension Plan, continued

A. General Information about the Pension Plan

Benefits Provided, continued

The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Classic	New Classic	PEPRA
	Prior to August 25, 2012	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & Up	50 - 67 & Up	52 - 67 & Up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	8.25%
Required employer contribution rates	16.87%	13.26%	8.00%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 and 2023 were \$4,673,988 and \$1,135,362, respectively. The actual employer payments of \$1,135,362 made to CalPERS by the Agency during the measurement period ended June 30, 2023 differed from the Agency's proportionate share of the employer's contributions of \$1,155,876 by \$20,514, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Note 9: Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

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

Valuation Dates	June 30, 2022
Measurement Dates	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.3% thereafter

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

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

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021 Assets Liability Management study

Note 9: Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

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

Subsequent Events

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, we continue to believe the long-term price inflation assumption of 2.3% per annum is appropriate.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting report may differ from the plan assets reported in the funding valuation report due to several reasons. For example, for the accounting reports, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding valuation.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 9: Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease	
	Total Pension Liability	Plan Fiduciary Net Position
	(a)	(b)
Balance at: 6/30/2022 (Valuation Date)	\$ 34,862,520	\$ 26,214,236
Balance at: 6/30/2023 (Measurement Date)	37,235,187	27,804,385
Net changes during 2022-23	<u>\$ 2,372,667</u>	<u>\$ 1,590,149</u>

The Agency's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Agency's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

<u>June 30, 2024</u>	
Proportionate Share - June 30, 2023	0.1848%
Proportionate Share - June 30, 2024	0.1886%
Change - Increase (Decrease)	0.0038%
 <u>June 30, 2023</u>	
Proportionate Share - June 30, 2022	0.20655%
Proportionate Share - June 30, 2023	0.18482%
Change - Increase (Decrease)	-0.02173%

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

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

	Measurement Date June 30, 2023		
	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	(5.90%)	(6.90%)	(7.90%)
Net Pension Liability	\$ 14,466,703	\$ 9,430,802	\$ 5,285,823
	Measurement Date June 30, 2022		
	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	(6.15%)	(7.15%)	(8.15%)
Net Pension Liability	\$ 13,400,673	\$ 8,648,284	\$ 4,738,246

Note 9: Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability, continued

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

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

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2022), the Agency's net pension liability was \$8,648,284. For the measurement period ending June 30, 2023 (the measurement date), the Agency incurred a pension expense of \$1,725,172.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 9: Defined Benefit Pension Plan, continued

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

As of June 30, 2024, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 481,776	\$ 74,735
Changes of Assumptions	569,380	-
Difference Between Projected and Actual Investment Earnings	1,526,930	-
Change in Employer's Proportion	123,027	11,910
Differences Between Employer's Contributions and Proportionate Share on Contributions	-	228,492
Pension Contributions Subsequent to the Measurement Date	4,673,988	-
Total	<u>\$ 7,375,101</u>	<u>\$ 315,137</u>

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

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

Note 9: Defined Benefit Pension Plan, continued

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

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$4,673,988 for 2024 and \$1,135,362 for 2023 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 685,583
2026	478,495
2027	1,178,085
2028	43,813
2029	-
Thereafter	-
	\$ 2,385,976

E. Payable to the Pension Plan

At June 30, 2024, the Agency reported no payables for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 10: Other Post-Employment Benefits (OPEB)

Plan Description

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

Benefits Provided

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

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

Employees Covered

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

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

Contributions

The OPEB Plan and its contribution requirements are established by the Board of Directors and may be amended by Board action. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2023, the Agency's cash contributions were \$48,920 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund, \$163,697 in payments for retiree healthcare outside of the trust and the estimated implied subsidy was \$69,930, resulting in total payments of \$282,547. The Agency's contributions to the OPEB plan are not based on a measure of pay.

Net OPEB liability

The Agency's net OPEB liability was measured as of June 30, 2023, and 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuations dated June 30, 2022 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	June 30, 2022	June 30, 2023
Measurement date	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Discount Rate	6.00%	6.00%
Inflation	2.30%	2.50%
Salary Increases	2.80%	2.80%
Investment Rate of Return	6.00%	6.00%
Mortality Rate	Based on CalPERS tables	Based on CalPERS tables
Healthcare Cost Trend Rates		
Pre-Medicare	6.50% ¹	6.00%
Medicare	5.40% ¹	5.30%

¹ Decreasing gradually to an ultimate rate of 3.73% by 2075

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

Net OPEB liability, continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	49%	4.50%
Fixed Income	23%	1.20%
Treasury Inflation-Protected Securities	5%	0.30%
Real Estate Investment Trusts	20%	3.50%
Commodities	3%	0.90%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00% for 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Assumptions

For fiscal year ended June 30, 2024 (measurement date June 30, 2023), the inflation rate was increased from 2.30% to 2.50%. There were no changes to the discount rate or salary increases.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

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

Changes in the OPEB Liability

As of June 30, 2024, the changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2022 (Measurement Date)	\$ 3,003,832	\$ 1,790,542	\$ 1,213,290
Changes recognized for measurement period:			
Service cost	92,628	-	92,628
Interest	179,464	-	179,464
Differences between expected and actual experience	24,261	-	24,261
Changes of assumptions	-	-	-
Net investment income	-	115,278	(115,278)
Contributions - employer	-	174,775	(174,775)
Contributions - employer - implicit subsidy	-	69,930	(69,930)
Benefit payments	(160,504)	(160,504)	-
Implicit subsidy credit	(53,398)	(53,398)	-
Administrative expenses	-	(520)	520
Net Changes	<u>82,451</u>	<u>145,561</u>	<u>(63,110)</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 3,086,283</u>	<u>\$ 1,936,103</u>	<u>\$ 1,150,180</u>

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

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

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

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

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and June 30, 2022:

	Measurement Date June 30, 2023		
	1% Decrease	Current	1% Increase
	5.00%	Discount Rate 6.00%	7.00%
Net OPEB Liability	\$ 1,449,573	\$ 1,150,180	\$ 894,429

	Measurement Date June 30, 2022		
	1% Decrease	Current	1% Increase
	5.00%	Discount Rate 6.00%	7.00%
Net OPEB Liability	\$ 1,508,001	\$ 1,213,290	\$ 961,762

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

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and June 30, 2022:

	Measurement Date June 30, 2023		
	1% Decrease	Current Healthcare	1% Increase
		Cost Trend Rates	
Net OPEB Liability	\$ 1,108,056	\$ 1,150,180	\$ 1,218,964

	Measurement Date June 30, 2022		
	1% Decrease	Current Healthcare	1% Increase
		Cost Trend Rates	
Net OPEB Liability	\$ 1,178,712	\$ 1,213,290	\$ 1,269,892

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

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

Recognition of Deferred Outflows and Deferred Inflows of Resources, continued

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

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

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

For the fiscal year ended June 30, 2024, the Agency recognized OPEB expense of \$255,310.

As of fiscal year ended June 30, 2024, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 66,623	\$ 133,740
Differences between expected and actual experience in the measurement of the total OPEB liability	158,106	22,241
Net difference between projected and actual earnings on OPEB plan investments	121,498	-
OPEB contributions subsequent to measurement date	282,547	-
Total	<u>\$ 628,774</u>	<u>\$ 155,981</u>

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

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

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

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

The \$282,547 for 2024 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent year. Other amounts reported as deferred outflows of resources related to OPEB at June 30, 2024 will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 87,019
2026	41,603
2027	54,929
2028	2,654
2029	4,041
Thereafter	-
	\$ 190,246

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Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 11: Net Position

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

	<u>2024</u>	<u>2023</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 17,244,230	\$ 18,516,205
Depreciable capital assets, net	295,440,981	303,113,620
Deferred loss on defeasance, net	1,641,265	1,751,294
Bonds payable - current portion	(1,145,000)	(1,090,000)
Bonds payable - long-term portion	(26,996,414)	(28,393,576)
Contract payable - current portion	(6,088)	(6,088)
Contract payable - long-term portion	<u>(136,883)</u>	<u>(142,971)</u>
Total net investment in capital assets	<u>286,042,091</u>	<u>293,748,484</u>
Restricted net position:		
Restricted for State Water Project	80,268,148	69,745,192
Restricted for Watermaster	<u>1,230,288</u>	<u>924,651</u>
Total restricted net position	<u>81,498,436</u>	<u>70,669,843</u>
Unrestricted net position:		
Nonspendable net position:		
Prepaid expenses and deposits	112,205	100,451
Retention payable	<u>37,477</u>	<u>37,477</u>
Total nonspendable net position	<u>149,682</u>	<u>137,928</u>
Spendable net position:		
Operating reserve	7,800,000	7,800,000
Capital replacement reserve	10,000,000	10,000,000
Contingency reserve	131,721,385	105,594,057
General revenue stabilization reserve	<u>4,000,000</u>	<u>4,000,000</u>
Total spendable net position	<u>153,521,385</u>	<u>127,394,057</u>
Total unrestricted net position	<u>153,671,067</u>	<u>127,531,985</u>
Total net position	<u>\$ 521,211,594</u>	<u>\$ 491,950,312</u>

Note 12: State Water Project Table A Water Sales

During the fiscal year ended June 30, 2022, the Agency entered into exchange agreements with other State Water Project contractors which sold 25,152 acre-feet of its Table “A” water amounting to \$12,042,500. During the fiscal year ended June 30, 2024, the Agency entered into exchange agreements with other State Water Project contractors which sold 20,000 acre-feet of its Table “A” water amounting to \$12,127,600.

Note 13: Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2024, the Agency participates in the ACWA/JPIA pooled programs for liability, and property programs as follows:

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

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

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

The Agency has purchased workers’ compensation insurance coverage for injuries to employees through the Special District Risk Management Association (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2024, the Agency participated in the workers’ compensation programs of the SDRMA as follows:

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency’s insurance coverage during the years ending June 30, 2024, 2023 and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022, respectively.

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024 (with comparative data for 2023)

Note 14: Commitments and Contingencies

State Water Contract

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

According to the State’s latest estimates, the Agency’s long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest through the year 2035, are as follows:

	<u>State Water Contract Long-Term Obligations</u>
Fixed charges:	
Transportation capital cost	\$ 36,092,984
Transportation minimum OMP&R	104,146,537
Delta water charge	106,683,248
Water system revenue bond surcharge	24,170,667
East Branch enlargement capital cost	6,031,765
East Branch minimum OMP&R	<u>3,680,837</u>
Total estimated fixed charges	<u>280,806,038</u>
Variable charges:	
Variable OMP&R	189,539,506
Off-aqueduct OMP&R	<u>220,237</u>
Total estimated variable charges	<u>189,759,743</u>
Total estimated future charges	<u>\$ 470,565,781</u>

OMP&R: Operation, Maintenance, Power and Replacement

The amounts shown do not contain any escalation for inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements. The contract with the State extends through 2085, however, based on information provided by the Department of Water Resources, the numbers reflected above only go out to 2035.

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

Construction Contracts

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

Note 14: Commitments and Contingencies, continued

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Required Supplementary Information

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

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.05293%	\$ 3,293,429	\$ 3,186,970	103%	84%
6/30/2015	0.05916%	4,060,873	3,228,366	126%	80%
6/30/2016	0.06072%	5,253,996	3,229,103	163%	76%
6/30/2017	0.06204%	6,152,419	3,475,654	177%	75%
6/30/2018	0.06253%	6,025,270	3,358,283	179%	77%
6/30/2019	0.06456%	6,615,386	3,685,966	179%	77%
6/30/2020	0.06638%	7,222,612	3,817,826	189%	76%
6/30/2021	0.07252%	3,921,914	3,487,600	112%	88%
6/30/2022	0.07487%	8,648,284	3,988,940	217%	75%
6/30/2023	0.07560%	9,430,802	4,814,809	196%	75%

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

Mojave Water Agency
Schedule of Pension Plan Contributions
Last Ten Years

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	\$ 568,371	\$ (2,076,334)	\$ (1,507,963)	\$ 3,228,366	64%
2015-16	587,585	(551,929)	35,656	3,229,103	17%
2016-17	653,649	(616,051)	37,598	3,475,654	18%
2017-18	624,672	(624,672)	-	3,358,283	19%
2018-19	733,660	(733,660)	-	3,685,966	20%
2019-20	835,199	(835,199)	-	3,817,826	22%
2020-21	874,907	(874,907)	-	3,487,600	25%
2021-22	985,287	(985,287)	-	3,988,940	25%
2022-23	1,135,362	(1,135,362)	-	4,814,809	24%
2023-24	1,173,988	(4,673,988)	(3,500,000)	5,054,520	92%

Notes to Schedule:

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

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

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

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

Notes to schedule:

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

Changes in assumptions:

For fiscal year ended June 30, 2024 (measurement date June 30, 2023), there were no changes.

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

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

Measurement Date	Measurement Date	Measurement Date	Measurement Date
6/30/2020	6/30/2021	6/30/2022	6/30/2023
\$ 86,288	\$ 70,734	\$ 72,679	\$ 92,628
177,839	192,900	219,739	179,464
(24,294)	317,748	(27,137)	24,261
271,623	-	(222,900)	-
(133,359)	(151,458)	(156,601)	(160,504)
(35,823)	(45,398)	(49,893)	(53,398)
<u>342,274</u>	<u>384,526</u>	<u>(164,113)</u>	<u>82,451</u>
2,441,145	2,783,419	3,167,945	3,003,832
<u>2,783,419</u>	<u>3,167,945</u>	<u>3,003,832</u>	<u>3,086,283</u>
51,208	440,989	(276,778)	115,278
214,211	175,170	156,601	174,775
35,823	45,398	49,893	69,930
(133,359)	(151,458)	(156,601)	(160,504)
(35,823)	(45,398)	(49,893)	(53,398)
(720)	(607)	(524)	(520)
(15,327)	-	-	-
<u>116,013</u>	<u>464,094</u>	<u>(277,302)</u>	<u>145,561</u>
1,487,737	1,603,750	2,067,844	1,790,542
<u>1,603,750</u>	<u>2,067,844</u>	<u>1,790,542</u>	<u>1,936,103</u>
<u>\$ 1,179,669</u>	<u>\$ 1,100,101</u>	<u>\$ 1,213,290</u>	<u>\$ 1,150,180</u>
58%	65%	60%	63%
\$ 3,284,783	\$ 3,457,641	\$ 3,347,373	\$ 4,633,912
36%	32%	36%	25%

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

Fiscal Year Ended June 30,	Actuarially Determined Contributions (ADC)	Contributions in relation to the ADC	Contribution Deficiency (Excess)	Covered- employee payroll	Contribution as a percentage of covered- employee payroll
2018	\$ 243,432	\$ (217,990)	\$ 25,442	\$ 2,949,573	7%
2019	247,215	(223,155)	24,060	3,030,686	7%
2020	245,434	(214,211)	31,223	3,284,783	7%
2021	179,196	(220,568)	(41,372)	3,457,641	6%
2022	196,856	(206,494)	(9,638)	3,347,673	6%
2023	191,307	(244,705)	(53,398)	4,633,912	5%
2024	212,617	(282,547)	(69,930)	5,054,520	6%

Notes to schedule:

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

Changes in assumptions:

There were no changes in fiscal year ended June 30, 2024.

Methods and assumptions used to determine contributions:

Actuarial Cost Method

Entry age normal, level percent of pay.

Amortization Method

Closed period, level percent of pay.

Amortization Period

6 years

Inflation

2.50%

Assumed Payroll Growth

2.80%

Healthcare Cost Trend Rates

Pre-Medicare: 6.0% trending down to 3.73%.

Medicare: 5.30% trending down to 3.73%.

Discount rate

6.00%

Mortality and Retirement Rates

CalPERS rates

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

Supplementary Information

Mojave Water Agency
Combining Schedules of Net Position
June 30, 2024

	<u>General</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 82,396,139	\$ -	\$ 82,396,139
Restricted - cash and cash equivalents (Note 2)	-	28,440,480	28,440,480
Investments (Note 2)	18,473,583	-	18,473,583
Accrued interest receivable	126,830	-	126,830
Accounts receivable - water sales and assessments	11,605,231	-	11,605,231
Accounts receivable - governmental agencies	1,398,101	-	1,398,101
Accounts receivable - other	226,374	-	226,374
Due from Watermaster	267,375	-	267,375
Property taxes and assessments receivable	387,834	966,661	1,354,495
Prepaid expenses and deposits	112,205	-	112,205
	<u>114,993,672</u>	<u>29,407,141</u>	<u>144,400,813</u>
Noncurrent assets:			
Investments (Note 2)	47,025,039	-	47,025,039
Water-in-storage - inventory (Note 4)	-	51,005,339	51,005,339
Other noncurrent asset	640,000	-	640,000
Capital assets, not being depreciated (Note 5)	17,244,230	-	17,244,230
Depreciable capital assets, net (Note 5)	197,526,024	97,914,957	295,440,981
	<u>262,435,293</u>	<u>148,920,296</u>	<u>411,355,589</u>
	<u>377,428,965</u>	<u>178,327,437</u>	<u>555,756,402</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt defeasance, net	1,641,265	-	1,641,265
Deferred pension outflows (Note 9)	7,375,101	-	7,375,101
Deferred OPEB outflows (Note 10)	628,774	-	628,774
	<u>9,645,140</u>	<u>-</u>	<u>9,645,140</u>

Mojave Water Agency
Combining Schedules of Net Position, Continued
June 30, 2024

	<u>Mojave Water Agency</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued expenses	\$ 2,410,333	\$ 144,332	\$ 2,554,665
Accrued wages and related payables	284,462	-	284,462
Retentions payable	37,477	-	37,477
Accrued interest payable - long-term debt	99,367	-	99,367
Long-term liabilities - due within one year:			
Unearned revenue (Note 7)	2,393,501	-	2,393,501
Compensated absences (Note 6)	301,426	-	301,426
Bonds payable (Note 8)	1,145,000	-	1,145,000
Contract payable (Note 8)	6,088	-	6,088
	<u>6,677,654</u>	<u>144,332</u>	<u>6,821,986</u>
Total current liabilities	<u>6,677,654</u>	<u>144,332</u>	<u>6,821,986</u>
Noncurrent liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences (Note 6)	412,853	-	412,853
Bonds payable (Note 8)	26,996,414	-	26,996,414
Contract payable (Note 8)	136,883	-	136,883
Net pension liability (Note 9)	9,430,802	-	9,430,802
Net OPEB liability (Note 10)	1,150,180	-	1,150,180
	<u>38,127,132</u>	<u>-</u>	<u>38,127,132</u>
Total noncurrent liabilities	<u>38,127,132</u>	<u>-</u>	<u>38,127,132</u>
Total liabilities	<u>44,804,786</u>	<u>144,332</u>	<u>44,949,118</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows (Note 9)	315,137	-	315,137
Deferred OPEB inflows (Note 10)	155,981	-	155,981
	<u>471,118</u>	<u>-</u>	<u>471,118</u>
Total deferred inflows of resources	<u>471,118</u>	<u>-</u>	<u>471,118</u>
NET POSITION			
Net investment in capital assets (Note 11)	188,127,134	97,914,957	286,042,091
Restricted for State Water Project (Notes 11)	-	80,268,148	80,268,148
Unrestricted (Note 11)	153,671,067	-	153,671,067
	<u>\$ 341,798,201</u>	<u>\$ 178,183,105</u>	<u>\$ 519,981,306</u>
Total net position	<u>\$ 341,798,201</u>	<u>\$ 178,183,105</u>	<u>\$ 519,981,306</u>

Supplementary Information

Mojave Water Agency
Combining Schedules of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

	<u>General</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
OPERATING REVENUES			
Water sales and services	\$ 6,399,962	\$ -	\$ 6,399,962
State Water Project Table A water sales	12,127,600	-	12,127,600
Total operating revenues	<u>18,527,562</u>	<u>-</u>	<u>18,527,562</u>
OPERATING EXPENSES			
State Water Project importation charges	2,013,048	15,894,298	17,907,346
Operating costs	16,122,792	-	16,122,792
Total operating expenses	<u>18,135,840</u>	<u>15,894,298</u>	<u>34,030,138</u>
Operating income (loss) before depreciation	391,722	(15,894,298)	(15,502,576)
Depreciation	5,816,210	12,374,542	18,190,752
Operating income (loss)	<u>(5,424,488)</u>	<u>(28,268,840)</u>	<u>(33,693,328)</u>
NONOPERATING REVENUES			
Property taxes - ad valorem	7,905,521	-	7,905,521
Property assessment for State Water Project	13,652,109	32,736,421	46,388,530
Property assessment for IDM (Note 3)	53,043	-	53,043
Redevelopment agency component of property taxes	1,199,045	-	1,199,045
Investment earnings (loss)	7,226,857	834,490	8,061,347
Gain (loss) on disposal of capital assets	2,500	-	2,500
State grant revenue	216,668	-	216,668
Other nonoperating revenues	105,157	-	105,157
Total nonoperating revenues	<u>30,360,900</u>	<u>33,570,911</u>	<u>63,931,811</u>
NONOPERATING EXPENSES			
Interest expense	1,352,387	-	1,352,387
Amortization of bonds premium	(252,162)	-	(252,162)
Property tax and assessment collection charges	42,875	89,185	132,060
State grant expense - pass-through	1,493,429	-	1,493,429
Other nonoperating expenses	50,553	-	50,553
Total nonoperating expenses	<u>2,687,082</u>	<u>89,185</u>	<u>2,776,267</u>
Total nonoperating revenue, net	<u>27,673,818</u>	<u>33,481,726</u>	<u>61,155,544</u>
Income (loss) before capital contributions	<u>22,249,330</u>	<u>5,212,886</u>	<u>27,462,216</u>
CAPITAL CONTRIBUTIONS			
State capital grants - pass-through	1,493,429	-	1,493,429
Total capital contributions	<u>1,493,429</u>	<u>-</u>	<u>1,493,429</u>
Change in net position	23,742,759	5,212,886	28,955,645
Net position, beginning of year	<u>318,055,442</u>	<u>172,970,219</u>	<u>491,025,661</u>
Net position, end of year	<u>\$ 341,798,201</u>	<u>\$ 178,183,105</u>	<u>\$ 519,981,306</u>

Mojave Water Agency
Combining Schedules of Cash Flows
For the Fiscal Year Ended June 30, 2024

	<u>General</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
Cash flows from operating activities:			
Cash receipts from customers and others	\$ 15,445,240	\$ -	\$ 15,445,240
Cash paid to vendors and suppliers	(8,822,644)	(35,473,116)	(44,295,760)
Cash paid to employees for salaries and wages	(10,871,117)	-	(10,871,117)
	<u>(4,248,521)</u>	<u>(35,473,116)</u>	<u>(39,721,637)</u>
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities:			
Property tax revenue	9,104,566	-	9,104,566
Net cash provided by non-capital financing activities	<u>9,104,566</u>	<u>-</u>	<u>9,104,566</u>
Cash flows from capital and related financing activities:			
Property tax revenue	13,621,764	32,641,639	46,263,403
Acquisition and construction of capital assets	(2,181,666)	(7,064,472)	(9,246,138)
State grant contributions	216,668	-	216,668
Property assessments received	42,821	-	42,821
Principal paid on long-term debt	(1,096,088)	-	(1,096,088)
Interest paid on long-term debt	(1,246,899)	-	(1,246,899)
State pass-through grants received	1,493,429	-	1,493,429
State pass-through grants expended	(1,493,429)	-	(1,493,429)
Proceeds from sale of assets	2,500	-	2,500
Net cash provided by capital and related financing activities	<u>9,359,100</u>	<u>25,577,167</u>	<u>34,936,267</u>
Cash flows from investing activities:			
Sales of investments	29,776,702	-	29,776,702
Purchase of investments	(33,165,000)	-	(33,165,000)
Investment earnings (losses)	7,595,761	834,490	8,430,251
	<u>4,207,463</u>	<u>834,490</u>	<u>5,041,953</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	18,422,608	(9,061,459)	9,361,149
Cash and cash equivalents, beginning of year	<u>63,973,531</u>	<u>37,501,939</u>	<u>101,475,470</u>
Cash and cash equivalents, end of year	<u>\$ 82,396,139</u>	<u>\$ 28,440,480</u>	<u>\$ 110,836,619</u>
Reconciliation to the Statement of Net Position:			
Cash and cash equivalents	\$ 82,396,139	\$ -	\$ 82,396,139
Restricted - cash and cash equivalents	-	28,440,480	28,440,480
Total cash and cash equivalents	<u>\$ 82,396,139</u>	<u>\$ 28,440,480</u>	<u>\$ 110,836,619</u>

Mojave Water Agency
Combining Schedules of Cash Flows, Continued
For the Fiscal Year Ended June 30, 2024

	<u>General</u>	<u>State Water Project</u>	<u>Mojave Water Agency</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (5,424,488)	\$ (28,268,840)	\$ (33,693,328)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,816,210	12,374,542	18,190,752
Other nonoperating revenues	105,157	-	105,157
Other nonoperating expenses	(50,553)	-	(50,553)
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable - water sales and assessments	(1,975,271)	-	(1,975,271)
Accounts receivable - governmental agencies	(817,261)	-	(817,261)
Accounts receivable - other	(59,490)	-	(59,490)
Due from Watermaster	(45,259)	-	(45,259)
Prepaid expenses and deposits	(11,754)	-	(11,754)
Water-in-storage - inventory	-	(7,302,803)	(7,302,803)
Deferred pension outflows	(3,500,284)	-	(3,500,284)
Deferred OPEB outflows	90,464	-	90,464
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable and other accrued expenses	1,382,696	(12,276,015)	(10,893,319)
Accrued wages and related payables	30,192	-	30,192
Unearned revenue	(290,198)	-	(290,198)
Compensated absences	67,552	-	67,552
Net pension liability	782,518	-	782,518
Net OPEB liability	(63,110)	-	(63,110)
Deferred pension inflows	(231,051)	-	(231,051)
Deferred OPEB inflows	(54,591)	-	(54,591)
Total adjustments	<u>1,175,967</u>	<u>(7,204,276)</u>	<u>(6,028,309)</u>
Net cash provided (used) by operating activities	<u>\$ (4,248,521)</u>	<u>\$ (35,473,116)</u>	<u>\$ (39,721,637)</u>
Schedule of non-cash capital and related financing activities:			
Amortization of IDM Assessment District Receivable (Note 3)	\$ 10,222	\$ -	\$ 10,222

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Statistical Section

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**Mojave Water Agency
Statistical Section**

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

Table of Contents

Financial Trends

These schedules contain information to help the reader understand how the Agency's financial performance and well-being have changed over time. 78-80

Revenue Capacity

These schedules contain information to help the reader assess the Agency's most significant own-source revenue, property tax. 81-87

Debt Capacity

These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. 88-96

Demographic Information

This schedule offers demographic indicators to help the reader understand the environment within which the Agency's financial activities take place. 97-99

Operating Information

This schedule contains service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the service the Agency provides. 100-103

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

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Business-type Activities:										
Investment in Capital Assets	\$ 286,042,091	\$ 293,748,484	\$ 299,137,054	\$ 303,713,142	\$ 303,985,741	\$ 302,917,311	\$ 304,647,716	\$ 309,368,089	\$ 314,156,584	\$ 319,424,553
Restricted	81,498,436	70,669,843	64,005,430	62,081,839	60,650,196	56,285,875	50,480,122	45,943,442	42,707,288	39,961,281
Unrestricted	153,671,067	127,531,985	101,673,397	67,817,852	62,951,452	54,596,938	49,488,833	43,664,223	36,573,091	35,957,237
Total Net Position	\$ 521,211,594	\$ 491,950,312	\$ 464,815,881	\$ 433,612,833	\$ 427,587,389	\$ 413,800,124	\$ 404,616,671	\$ 398,965,754	\$ 393,436,963	\$ 395,343,071

Source: Mojave Water Agency

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

	Fiscal Year Ended									
	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
OPERATING REVENUE:										
Watermaster Assessment	\$ 2,303,468	\$ 5,568,896	\$ 6,169,061	\$ 2,287,699	\$ 6,18,648	\$ 1,392,018	\$ 628,328	\$ 556,395	\$ 551,855	\$ 2,887,177
Water Sales	6,339,932	9,470,566	8,783,285	6,528,060	2,041,965	4,960,927	4,502,405	8,049,485	3,371,100	6,214,830
State Water Project Table A Water Sale	12,127,600	12,042,500	23,239,300	-	7,618,934	-	1,802,560	2,428,000	-	200,000
Ordinance 14 Fee	60,030	45,552	-	-	-	-	-	-	-	-
Total Operating Revenues	20,831,030	27,127,514	38,191,646	8,815,759	10,279,547	6,352,945	6,933,293	11,033,880	3,922,955	9,302,007
OPERATING EXPENSE:										
State Water Project Costs	20,859,077	21,638,467	20,929,353	14,772,873	11,062,523	11,245,303	10,985,708	12,749,527	11,566,691	13,082,665
Employment Costs	8,922,284	7,019,456	6,598,156	6,217,727	6,752,645	5,960,903	5,607,666	5,096,092	4,517,308	4,755,630
Administration Costs	5,284,186	4,297,888	4,977,907	3,812,458	3,611,760	3,136,934	3,236,944	4,448,787	4,688,210	3,553,351
Utilities	202,988	1,850,546	1,039,418	956,807	1,046,883	1,035,438	1,056,644	1,070,360	907,075	1,158,673
Supplies and Materials	308,121	216,673	147,283	147,156	162,401	478,375	291,017	364,638	344,300	394,324
Repairs and Maintenance	448,001	283,882	179,504	181,792	199,031	187,245	221,840	550,957	603,340	488,675
Depreciation	18,190,751	17,582,596	16,851,508	16,580,460	15,848,029	15,362,412	15,121,434	14,765,622	14,371,985	14,951,346
Total Operating Expense	54,215,408	52,889,508	50,723,128	42,669,273	38,683,272	37,406,610	36,521,253	39,045,983	36,998,909	38,384,664
OPERATING INCOME / (LOSS)	(33,384,378)	(25,761,994)	(12,531,482)	(33,853,514)	(28,403,725)	(31,053,665)	(29,587,960)	(28,012,103)	(33,075,954)	(29,082,657)
NON-OPERATING REVENUES										
Property Taxes	55,546,140	50,935,097	43,699,138	40,519,916	41,279,297	39,454,505	37,004,166	35,101,094	33,165,757	31,286,258
D/S Support Fr. IDM: 849	-	-	286,523	-	-	814,375	813,313	814,438	812,688	813,250
Interest Income	8,154,236	2,927,752	(1,915,752)	251,788	2,917,695	2,178,573	762,898	266,529	354,186	236,731
Gain (Loss) on Disposal of Capital Assets	2,500	6,666	-	8,325	-	9,202	(78,787)	6,150	-	-
Mitigation Fees	-	-	-	-	-	-	-	-	-	-
State grant revenue	216,668	202,067	3,482,762	1,054,000	95,662	403,894	1,145,851	574,329	766,899	963,143
Other Income	134,609	330,688	21,560	43,879	115,533	4,480	8,135	60,589	140,228	174,312
Total Non-Operating Revenue	64,054,153	54,402,270	45,574,230	41,877,908	44,408,187	42,865,029	39,655,576	36,823,129	35,239,758	33,473,694

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

	Fiscal Year Ended									
	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
NON-OPERATING EXPENSES:										
Collection Charges	\$ 132,060	\$ 120,233	\$ 107,376	\$ 101,752	\$ 103,991	\$ 99,179	\$ 96,264	\$ 91,499	\$ 86,561	\$ 81,752
Other Expenses	176,208	67,091	136,030	123,475	127,095	350,726	103,252	91,483	490,751	540,492
State grant expense - pass-through	1,493,429	432,526	856,321	16,335	-	-	-	-	-	-
Bond Debt Issuance Expense	-	-	-	-	-	-	284,311	211,256	-	-
Amortization of bonds premium	(252,162)	(326,934)	(616,123)	(616,123)	(616,123)	(616,123)	(601,414)	(326,540)	(292,996)	(292,996)
Interest Expense	1,352,387	1,645,455	2,212,417	2,389,846	2,602,234	2,794,129	2,743,108	3,214,537	3,785,596	3,839,837
Total Non-Operating Expenses:	2,901,922	1,938,371	2,696,021	2,015,285	2,217,197	2,627,911	2,625,521	3,282,235	4,069,912	4,169,085
NON-OPERATING INCOME / (LOSS)	61,152,231	52,463,899	42,878,209	39,862,623	42,190,990	40,237,118	37,030,055	33,540,894	31,169,846	29,304,609
INCOME BEFORE CONTRIBUTIONS	27,767,853	26,701,905	30,346,727	6,009,109	13,787,265	9,183,453	7,442,095	5,528,791	(1,906,108)	221,952
Capital Contributions / State Grants	1,493,429	432,526	856,321	16,335	-	-	-	-	-	-
Change in Net Position:	29,261,282	27,134,431	31,203,048	6,025,444	13,787,265	9,183,453	7,442,095	5,528,791	(1,906,108)	221,952
Net position Beginning of Year	491,950,312	464,815,881	433,612,833	427,587,389	399,547,002	390,363,549	384,712,622	379,183,831	381,089,939	384,809,097
Prior Yr Adjustment	-	-	-	-	-	-	(1,791,168)	-	-	(3,941,110)
Net Position End of Year	\$ 521,211,594	\$ 491,950,312	\$ 464,815,881	\$ 433,612,833	\$ 427,587,389	\$ 399,547,002	\$ 390,363,549	\$ 384,712,622	\$ 379,183,831	\$ 385,031,049

Source: Mojave Water Agency

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

Fiscal Year Ended June 30,	MWA 1	MWA 2(a)	MWA 2(b)	General	Unitary	Pass Thru RDA	IDM	Total
2015	\$ 10,542,026	\$ 9,121,381	\$ 7,584,445	\$ 1,098,675	\$ 2,165,047	\$ 335,910	\$ 2,673,773	\$ 33,521,257
2016	10,683,723	9,674,554	8,044,409	1,145,703	2,744,546	369,941	2,847,881	35,510,757
2017	11,119,947	10,224,396	8,538,533	1,195,320	3,156,791	388,837	2,947,269	37,571,094
2018	11,175,672	10,496,164	8,787,196	1,242,601	4,296,680	463,728	3,087,124	39,549,165
2019	11,538,431	11,009,046	9,246,229	1,369,353	5,097,369	489,765	3,319,312	42,069,504
2020	11,939,640	11,701,747	9,767,317	1,414,528	5,600,343	541,502	3,024,220	43,989,297
2021	12,436,301	12,409,894	10,330,953	1,490,231	5,557,033	770,030	305,475	43,299,917
2022	13,271,808	13,238,630	11,007,945	1,559,389	5,609,329	796,042	120,995	45,604,138
2023	14,639,724	14,664,677	12,196,550	1,674,974	6,712,246	989,529	57,397	50,935,097
2024	16,433,157	16,303,263	13,652,110	1,791,920	6,113,601	1,199,045	53,043	55,546,139



Source: Mojave Water Agency

Mojave Water Agency
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	MWA 1		MWA 2		ID M	
	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value
	2015	0.1125	0.1125	0.0550	0.0550	0.1050
2016	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2017	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2018	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2019	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2020	0.1125	0.1125	0.0550	0.0550	0.0900	0.0900
2021	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000
2022	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000
2023	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000
2024	0.1125	0.1125	0.0550	0.0550	0.0000	0.0000

Source: Mojave Water Agency

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

Mojave Water Agency Principal Property Taxpayers Current Fiscal Year 2024 and Ten Years Ago

Rank	Taxpayer	Land Use	2024		Rank	Taxpayer	Land Use	2015	
			Secured Assessed Value	% of Total Secured Assessed Value				Secured Assessed Value	% of Total Secured Assessed Value
1	CALPORTLAND COMPANY	Miscellaneous	\$ 443,626,078	0.90%	1	CEMEX CONSTRUCTION MATERIALS PACIFIC	Miscellaneous	\$ 262,536,268	0.90%
2	CEMEX INC	Miscellaneous	445,426,071	0.91%	2	WALMART STORES INC	Commercial	216,940,419	0.74%
3	WALMART STORES INC	Commercial	225,540,719	0.46%	3	RIVERSIDE CEMENT COMPANY	N/A	194,176,885	0.67%
4	HIGGOY SCLC	Industrial	275,400,000	0.56%	4	HIGH DESERT POWER TRUST 2000-A	Utility	179,863,000	0.62%
5	MTSUBISHI CEMENT CORPORATION	Miscellaneous	229,121,417	0.47%	5	MTSUBISHI CEMENT CORPORATION	Miscellaneous	164,052,391	0.56%
6	GENERAL ATOMICS AERONAUTICAL SYSTEMS	Miscellaneous	4,631,000	0.01%	6	INTERMOUNTAIN POWER AGENCY	Miscellaneous	145,182,923	0.50%
7	HIGH DESERT POWER TRUST	Utility	196,400,000	0.40%	7	THE AMERICAN BOTTLING COMPANY	N/A	116,193,444	0.40%
8	INTERMOUNTAIN POWER AGENCY	Miscellaneous	158,728,640	0.32%	8	MACERICH VICTOR VALLEY	Commercial	112,172,653	0.38%
9	PROLOGIS SCLC	Industrial	156,940,914	0.32%	9	NUTRO PRODUCTS INC	N/A	90,480,365	0.31%
10	MACERICH VICTOR VALLEY	Commercial	149,103,001	0.30%	10	GEO GROUP INC	N/A	89,170,076	0.31%
	Total		\$ 2,284,917,840	4.64%		Total		\$ 1,570,768,414	5.39%
	Local Secured Assessed Valuation		\$ 49,208,483,629			Local Secured Assessed Valuation		\$ 29,148,895,027	

Improvement District M Ten Largest Taxpayers (Secured Roll Only) Current Fiscal Year 2024 and Ten Years Ago

Rank	Taxpayer	Land Use	2024		Rank	Taxpayer	Land Use	2015	
			Secured Assessed Value	% of Total Secured Assessed Value				Secured Assessed Value	% of Total Secured Assessed Value
1	WALMART STORES INC	Commercial	\$ 25,287,699	0.53%	1	WALMART STORES INC	Commercial	\$ 21,604,135	0.91%
2	HDMC HOLDINGS LLC	Institutional	20,708,496	0.43%	2	HOME DEPOT USA INC	Commercial	11,015,088	0.47%
3	HOME DEPOT USA INC	Commercial	12,978,673	0.27%	3	NETREIT YUCCA VALLEY, LLC	Commercial	7,223,647	0.31%
4	DESERT PROPERTIES LLC	Industrial	9,601,829	0.20%	4	KENSETT J MOYLE III	Commercial	6,339,339	0.27%
5	AC JOSHUA TREE LLC	Commercial	9,247,589	0.19%	5	SALSHA ENTERPRISES, LLC	Commercial	6,083,593	0.26%
6	R AND B STORAGE LP	Commercial	9,244,624	0.19%	6	CARTAS AFFORDABLE HOUSING INC	Residential	5,737,138	0.24%
7	GATES OF SPAIN MHC LLC	Residential	8,209,319	0.18%	7	TIME WARNER NY CABLE LLC	Unsecured	914,816	0.04%
8	SWEETWATER YV JOSHUA PROPCO LLC	Commercial	7,457,165	0.16%	8	THRIFTY PAYLESS, INC	Commercial	5,131,566	0.22%
9	GUERRA FAMILY PROPERTIES I LLC	Commercial	7,395,891	0.15%	9	DEPIERRO DEVELOPMENT CORP	Commercial	4,372,917	0.18%
10	HC-58295 29 PALMS HIGHWAY LLC	Commercial	7,148,014	0.15%	10	G AND L YUCCA VALLEY II, LLC	Residential	4,752,740	0.20%
	Total		\$ 117,459,299	2.46%		Total		\$ 73,174,979	3.09%
	Local Secured Assessed Valuation		\$ 4,780,285,315			Local Secured Assessed Valuation		\$ 2,364,559,346	

Source: HIL, Corbin & Cone

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

MWA #1

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collections from Prior Years		Total Collections to Date	
	Fiscal Year	Amount ⁽¹⁾	Fiscal Year of Levy	Percent of Levy ⁽²⁾	from Prior Years	Amount	Percent of Levy ⁽³⁾	
2015	\$ 9,786,438	\$ 9,181,849		93.82%	\$ 1,360,176	\$ 10,542,025	107.7%	
2016	10,038,865	9,393,735		93.57%	1,289,987	10,683,723	106.4%	
2017	10,222,055	9,758,910		95.47%	1,361,037	11,119,947	108.8%	
2018	10,577,060	10,252,004		96.93%	923,668	11,175,672	105.7%	
2019	11,016,505	10,750,984		97.59%	787,447	11,538,431	104.7%	
2020	11,608,609	11,222,847		96.68%	716,793	11,939,640	102.9%	
2021	12,037,428	11,740,025		97.53%	696,275	12,436,301	103.3%	
2022	12,590,221	12,440,765		98.81%	831,043	13,271,808	105.4%	
2023	13,794,451	13,147,246		95.31%	1,492,477	14,639,723	106.1%	
2024	15,279,069	15,723,497		102.91%	709,660	16,433,157	107.6%	

MWA #2

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collections from Prior Years		Total Collections to Date	
	Fiscal Year	Amount ⁽¹⁾	Fiscal Year of Levy	Percent of Levy ⁽²⁾	from Prior Years	Amount	Percent of Levy ⁽³⁾	
2015	\$ 16,024,200	\$ 15,627,767		98%	\$ 1,078,059	\$ 16,705,826	104.3%	
2016	16,994,204	16,669,729		98%	1,049,233	17,718,963	104.3%	
2017	17,675,273	17,728,741		100%	1,034,188	18,762,929	106.2%	
2018	18,639,032	18,500,832		99%	782,528	19,283,360	103.5%	
2019	19,615,718	19,534,082		100%	721,193	20,255,275	103.3%	
2020	20,839,647	20,796,106		100%	672,958	21,469,064	103.0%	
2021	21,989,311	22,003,759		100%	737,087	22,740,847	103.4%	
2022	23,258,960	23,414,295		101%	832,279	24,246,575	104.2%	
2023	25,484,365	26,194,736		103%	666,491	26,861,227	105.4%	
2024	28,076,412	29,141,470		104%	813,903	29,955,373	106.7%	

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

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

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

Source: Mojave Water Agency

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

General Tax

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount ⁽¹⁾	Percent of Levy ⁽²⁾		Amount	Percent of Levy ⁽³⁾
2015	\$ 2,704,288	\$ 3,563,098	131.76%	\$ 36,534	\$ 3,599,632	133.11%
2016	3,306,588	4,222,419	127.70%	33,589	4,256,008	128.71%
2017	3,922,062	4,706,689	120.01%	34,259	4,740,948	120.88%
2018	4,359,970	5,971,613	136.96%	31,396	6,003,009	137.68%
2019	6,726,632	6,927,238	102.98%	29,249	6,956,487	103.42%
2020	6,494,973	7,532,108	115.97%	24,264	7,556,372	116.34%
2021	7,049,571	7,786,879	110.46%	30,415	7,817,293	110.89%
2022	6,988,885	7,935,046	113.54%	29,714	7,964,760	113.96%
2023	7,158,804	9,351,371	130.63%	25,379	9,376,749	130.98%
2024	7,287,323	9,076,907	124.56%	27,660	9,104,566	124.94%

IDM

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount ⁽¹⁾	Percent of Levy ⁽²⁾		Amount	Percent of Levy ⁽³⁾
2015	\$ 2,571,903	\$ 2,458,390	95.59%	\$ 215,383	\$ 2,673,773	103.96%
2016	2,712,534	2,615,260	96.41%	232,621	2,847,881	104.99%
2017	2,784,803	2,715,916	97.53%	231,353	2,947,269	105.83%
2018	2,906,998	2,902,516	99.85%	184,608	3,087,124	106.20%
2019	3,096,315	3,090,826	99.82%	228,485	3,319,312	107.20%
2020	2,880,858	2,837,783	98.50%	186,437	3,024,220	104.98%
2021	20,480	99,589	486.28%	205,886	305,475	1491.61%
2022 (4)	-	21,988	N/A	99,006	120,995	N/A
2023 (5)	-	-	N/A	57,397	57,397	N/A
2024 (5)	-	-	N/A	53,043	53,043	N/A

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

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

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

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

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

Source: Mojave Water Agency

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

Ad Valorem Taxes

Fiscal Year Ended June 30	Ad Valorem Taxes Received ⁽¹⁾	Amount	
		Allocated to Payment Under Water Supply	Amount Allocated to Supplement Table A ⁽²⁾
2015	\$ 19,663,407	\$ 14,614,918	\$ 5,048,489
2016	20,358,277	16,061,710	4,296,566
2017	21,344,343	16,759,691	4,584,652
2018	21,671,836	16,204,477	5,467,359
2019	22,547,477	15,795,457	6,752,020
2020	23,641,387	17,500,858	6,140,529
2021	24,846,195	18,772,440	6,073,755
2022	26,510,438	20,165,596	6,344,843
2023	29,304,401	18,534,580	10,769,821
2024	32,736,420	20,081,602	12,654,818

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

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

Source: Mojave Water Agency

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

Fiscal Year Ended June 30	Secured Assessed Valuation Within Service Area	Unsecured Assessed Valuation Within Service Area	Percentage Increase/(Decrease)
2015	\$ 28,305,755,509	\$ 829,154,150	4.71%
2016	29,957,740,316	940,812,620	6.05%
2017	31,227,014,802	909,845,129	4.01%
2018	33,024,412,270	864,736,899	5.45%
2019	34,885,525,320	779,417,266	5.24%
2020	37,099,871,119	790,395,870	6.24%
2021	39,178,115,017	802,449,770	5.52%
2022	41,497,291,161	791,727,311	5.77%
2023	45,506,155,816	829,052,503	9.57%
2024	50,105,073,785	942,948,367	10.17%

Fiscal Year Ended June 30	Assessed Valuation Within Service Area (Land Only)	Assessed Valuation Within Service Area (Improvements)	Percentage Increase/(Decrease)
2015	\$ 8,699,055,582	\$ 20,435,854,077	4.71%
2016	8,923,435,342	21,975,117,594	6.05%
2017	9,086,271,066	23,050,588,865	4.01%
2018	9,401,831,735	24,487,317,434	5.45%
2019	9,792,449,045	25,872,493,541	5.24%
2020	10,318,763,767	27,571,503,222	6.24%
2021	10,699,936,013	29,280,628,774	5.52%
2022	11,191,307,176	31,097,711,296	5.77%
2023	12,261,734,857	34,073,473,462	9.57%
2024	13,581,394,472	37,466,627,680	10.17%

Source: Mojave Water Agency

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

Fiscal Year Ended June 30.	General Obligation Bond 2006	General Obligation Bond 2016	Certificate of Participation 2004	Certificate of Participation 2014	Certificate of Participation 2009	Refunding Revenue Bond 2017	Contract Payable
2015	\$ 20,395,000	\$ -	-	\$ 11,685,000	\$ 35,615,000	\$ -	\$ -
2016	18,160,000	-	-	10,405,000	34,800,000	-	-
2017	-	15,025,000	-	9,085,000	33,950,000	-	-
2018	-	12,555,000	-	7,720,000	-	30,200,000	-
2019	-	10,010,000	-	6,310,000	-	29,345,000	-
2020	-	7,395,000	-	4,835,000	-	28,445,000	168,633
2021	-	4,685,000	-	3,290,000	-	27,500,000	161,496
2022	-	1,905,000	-	1,685,000	-	26,510,000	154,359
2023	-	-	-	-	-	25,470,000	149,059
2024	-	-	-	-	-	24,380,000	142,971

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

Fiscal Year Ended June 30,	General Obligation Bonds	Premium/ (Discount)	TOTAL	Total Assessed Taxable Value of Property ⁽¹⁾	% of Est. Actual Taxable Value of Property	Per Capita ⁽²⁾
2015	\$ 20,395,000	\$ 692,168	\$ 21,087,168	\$ 2,449,431,676	0.83%	\$ 35,423
2016	18,160,000	598,702	18,758,702	2,583,365,954	0.70%	36,618
2017	15,025,000	889,075	15,914,075	2,652,193,078	0.57%	37,537
2018	12,555,000	719,727	13,274,727	2,768,569,401	0.45%	38,849
2019	10,010,000	550,380	10,560,380	2,948,871,088	0.34%	41,079
2020	7,395,000	381,032	7,776,032	3,193,166,254	0.23%	45,968
2021	4,685,000	211,685	4,896,685	3,381,790,795	0.14%	49,570
2022	1,905,000	42,337	1,947,337	3,695,095,900	0.05%	49,270
2023	-	-	-	4,299,432,378	0.00%	N/A
2024	-	-	-	4,919,441,347	0.00%	N/A

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

(2) Source: Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2022.

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

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

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Assessed Value of Taxable Property	\$ 4,919,441,347	\$ 4,299,432,378	\$ 3,695,095,900	\$ 3,381,790,795	\$ 3,193,166,254	\$ 2,948,871,088	\$ 2,768,569,401	\$ 2,652,193,078	\$ 2,583,365,954	\$ 2,449,431,676
Debt Limit (10% of total assessed value)	491,944,135	429,943,238	369,509,590	338,179,080	319,316,625	294,887,109	276,856,940	265,219,308	258,336,595	244,943,168
Total Net Debt Applicable to Limit: General Obligation Bonds	1,943,100	(971,050)	(972,050)	1,802,900	4,514,475	7,122,075	9,695,667	12,192,638	14,998,375	17,227,500
Legal Debt Margin	\$ 493,887,235	\$ 428,972,188	\$ 368,537,540	\$ 339,981,980	\$ 323,831,100	\$ 302,009,184	\$ 286,552,607	\$ 277,411,945	\$ 273,334,970	\$ 262,170,668
Total Net Debt applicable to the limit as a percentage of debt limit	0.39%	-0.23%	-0.26%	0.53%	1.41%	2.42%	3.50%	4.60%	5.81%	7.03%

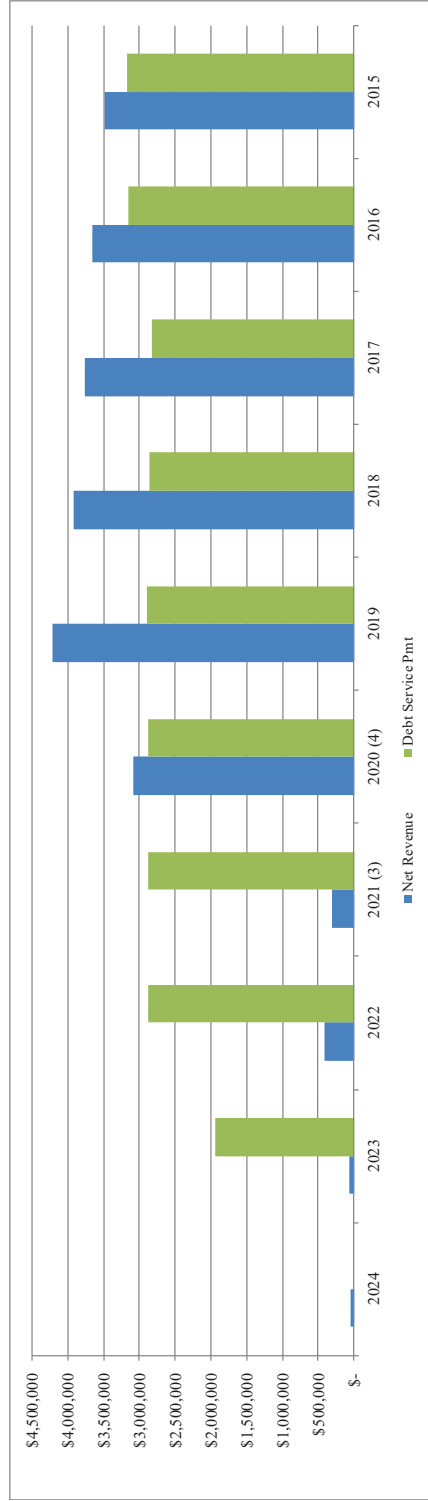
Source: Mojave Water Agency

Mojave Water Agency Pledged Revenue Coverage Last Ten Fiscal Years

General Obligation Bonds - IDM

Fiscal Year Ended June 30	Special Assessment Collections					Debt Service	
	IDM Taxes	D/S Support (1)	Total Collections	Principal	Interest	Total Pmt (2)	
2015	\$ 2,673,773	\$ 813,250	\$ 3,487,023	\$ 2,130,000	\$ 1,037,500	\$ 3,167,500	
2016	2,847,881	812,688	3,660,569	2,235,000	926,625	3,161,625	
2017	2,947,269	814,438	3,761,707	2,345,000	487,363	2,832,363	
2018	3,087,124	813,313	3,900,437	2,470,000	389,333	2,859,333	
2019	3,319,312	814,375	4,133,687	2,545,000	342,925	2,887,925	
2020	3,024,220	-	3,024,220	2,615,000	265,525	2,880,525	
2021	305,475	-	305,475	2,710,000	172,100	2,882,100	
2022	120,995	286,523	407,518	2,780,000	97,050	2,877,050	
2023	57,397	-	57,397	1,905,000	38,100	1,943,100	
2024	53,043	-	53,043	-	-	-	

	2021 (3)	2020 (4)	2019	2018	2017	2016	2015
Revenues:							
Tax Assessments	\$ 57,397	\$ 305,475	\$ 3,319,312	\$ 3,087,124	\$ 2,947,269	\$ 2,847,881	\$ 2,673,773
Debt Service Support (1)	-	286,523	-	813,313	814,438	812,688	813,250
Interest	6984	1504	435	59,325	73,788	24,008	1,454
Total Revenue	\$ 64,381	\$ 409,021	\$ 3,083,546	\$ 4,207,475	\$ 3,763,161	\$ 3,660,569	\$ 3,489,192
Debt Service	\$ -	\$ 2,877,050.00	\$ 2,882,100	\$ 2,859,333	\$ 2,832,363	\$ 3,161,625	\$ 3,167,500
Coverage Ratio	0.03	0.14	1.07	1.46	1.33	1.16	1.10
Revenues Remaining After Debt Service Payment (5)	\$ 53,043	\$ (1,878,719)	\$ (2,576,190)	\$ 203,021	\$ 1,319,550	\$ 1,065,112	\$ 321,692



(1) Project P participants pay 25% of annual Debt Service. Project Participants include High Desert Water District, Joshua Basin Water District, Bighorn Desert View Water Agency, and Mojave Water Agency. Final Participant payment for 2020 was delayed until 2022.

(2) General Obligation Bond paid off in 2023.

(3) Tax rate discontinued in 2021.

(4) Tax rate decreased in 2020.

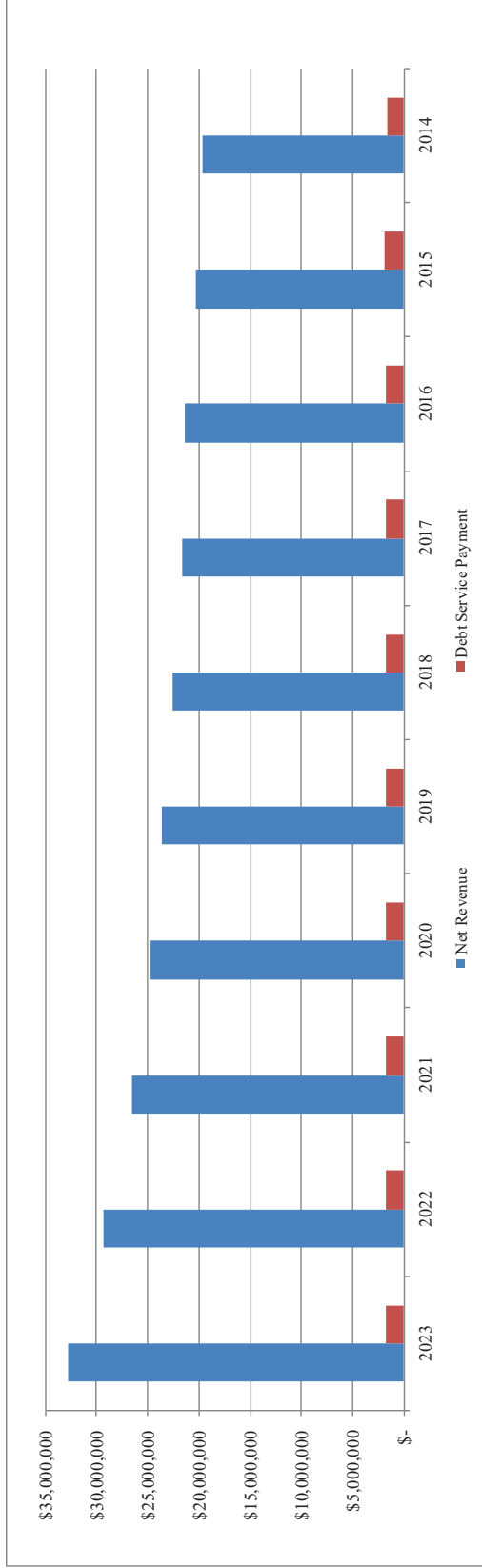
(5) Overcollection in prior years created a buildup in reserves, which were used to supplement during years of undercollection.

Source: Mojave Water Agency

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

Refunding Revenue Bonds Series 2014A (Paid off FY 22/23)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Tax Assessments ⁽¹⁾	\$ 32,736,420	\$ 29,304,401	\$ 26,510,438	\$ 24,846,195	\$ 23,641,387	\$ 22,547,477	\$ 21,671,836	\$ 21,344,343	\$ 20,358,277	\$ 19,663,407
Interest	609,557	232,016	282,978	407,296	359,973	215,324	135,915	78,389	23,991	26,343
Total Revenue	\$ 33,345,977	\$ 29,536,417	\$ 26,793,416	\$ 25,253,491	\$ 24,001,360	\$ 22,762,800	\$ 21,807,751	\$ 21,422,733	\$ 20,382,268	\$ 19,689,750
Debt Service	\$ 1,727,125	\$ 1,729,375	\$ 1,740,400	\$ 1,738,175	\$ 1,738,250	\$ 1,748,750	\$ 1,750,850	\$ 1,749,850	\$ 1,839,817	\$ 1,595,292
Coverage Ratio	19.31	17.08	15.39	14.53	13.81	13.02	12.46	12.24	11.08	12.34
Revenues Remaining After Debt Service Payment	\$ 31,618,852	\$ 27,807,042	\$ 25,053,016	\$ 23,515,316	\$ 22,263,110	\$ 21,014,050	\$ 20,056,901	\$ 19,672,883	\$ 18,542,451	\$ 18,094,458

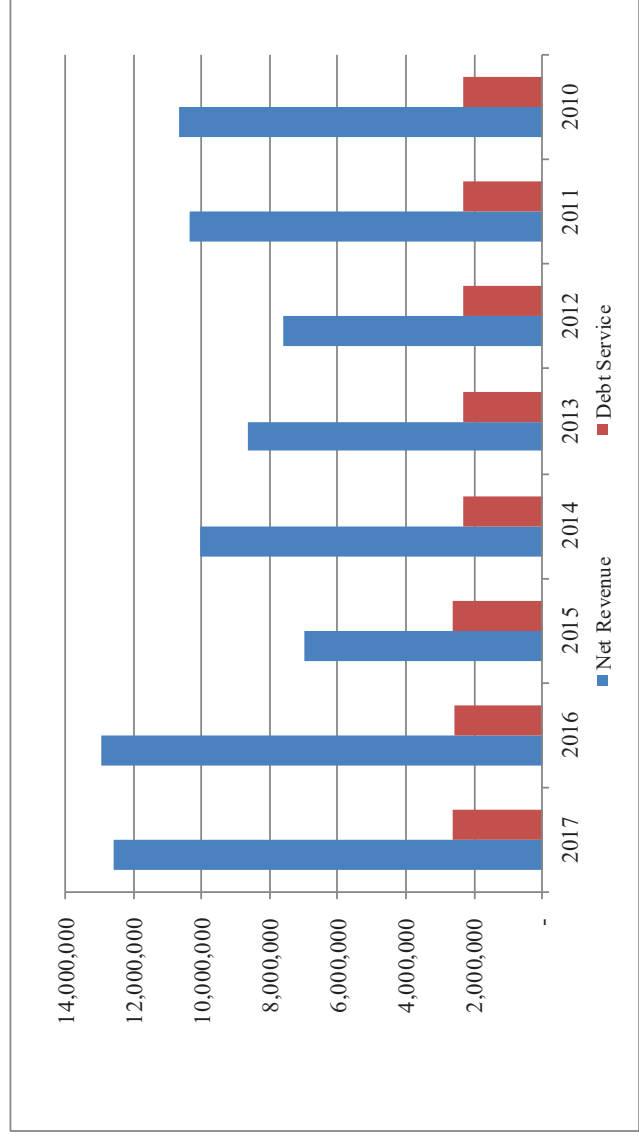


(1) Tax assessments are based off MWA 1 and 2(a).
 * The debt service is paid-in-full. The last nine years are shown for historical purposes only.
 Source: Mojave Water Agency

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

2009A Certificate of Participation - Table A Water (Advance Refunded in FY16/17)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2010	2010
Revenues:										
Water Sales	\$ 6,304,965	\$ 8,049,485	\$ 3,371,100	\$ 6,414,830	\$ 5,594,269	\$ 4,550,037	\$ 7,593,587	\$ 7,485,689	\$ 7,485,689	\$ 7,485,689
General Tax Assessments	1,706,329	1,584,157	1,434,585	1,434,585	1,396,438	1,446,160	1,390,223	1,481,566	1,481,566	1,481,566
Unitary Tax Assessments	4,296,680	3,156,791	2,165,047	2,165,047	1,644,762	1,555,426	1,314,348	1,678,049	1,678,049	1,678,049
Interest	303,547	159,794	35,693	43,817	5,410	34,807	65,527	38,643	38,643	38,643
Total Revenue	\$ 12,611,521	\$ 12,950,227	\$ 7,006,425	\$ 10,058,279	\$ 8,640,880	\$ 7,586,430	\$ 10,363,685	\$ 10,683,947	\$ 10,683,947	\$ 10,683,947
Debt Service	\$ 2,599,650	\$ 2,597,250	\$ 2,598,650	\$ 2,297,750	\$ 2,296,400	\$ 2,299,750	\$ 2,298,450	\$ 2,297,590	\$ 2,297,590	\$ 2,297,590
Coverage Ratio	4.85	4.99	2.70	4.38	3.76	3.30	4.51	4.65	4.65	4.65
Revenues Remaining After Debt Service Payment	\$ 10,011,871	\$ 10,352,977	\$ 4,407,775	\$ 7,760,529	\$ 6,344,480	\$ 5,286,680	\$ 8,065,235	\$ 8,386,356	\$ 8,386,356	\$ 8,386,356

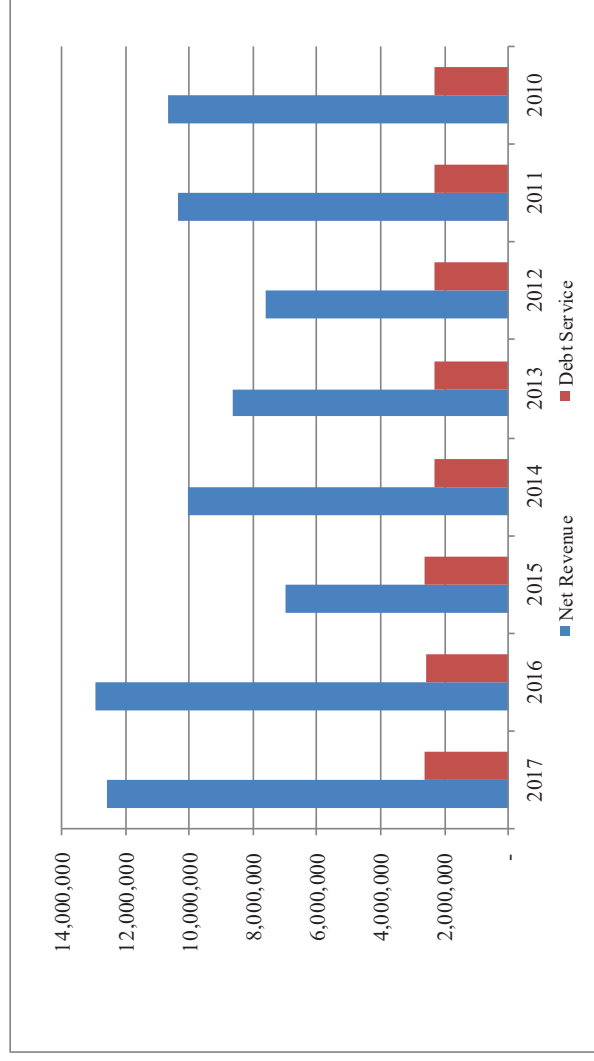


* The debt service is paid-in-full. The last eight years are shown for historical purposes only.

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

**2009A Certificate of Participation - Table A Water (Advance Refunded in FY16/17)
Fiscal Year Ended June 30,**

	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:								
Water Sales	\$ 6,304,965	\$ 8,049,485	\$ 3,371,100	\$ 6,414,830	\$ 5,594,269	\$ 4,550,037	\$ 7,593,587	\$ 7,485,689
General Tax Assessments	1,706,329	1,584,157	1,434,585	1,434,585	1,396,438	1,446,160	1,390,223	1,481,566
Unitary Tax Assessments	4,296,680	3,156,791	2,165,047	2,165,047	1,644,762	1,555,426	1,314,348	1,678,049
Interest	303,547	159,794	35,693	43,817	5,410	34,807	65,527	38,643
Total Revenue	\$ 12,611,521	\$ 12,950,227	\$ 7,006,425	\$ 10,058,279	\$ 8,640,880	\$ 7,586,430	\$ 10,363,685	\$ 10,683,947
Debt Service	\$ 2,599,650	\$ 2,597,250	\$ 2,598,650	\$ 2,297,750	\$ 2,296,400	\$ 2,299,750	\$ 2,298,450	\$ 2,297,590
Coverage Ratio	4.85	4.99	2.70	4.38	3.76	3.30	4.51	4.65
Revenues Remaining After Debt Service Payment	\$ 10,011,871	\$ 10,352,977	\$ 4,407,775	\$ 7,760,529	\$ 6,344,480	\$ 5,286,680	\$ 8,065,235	\$ 8,386,356

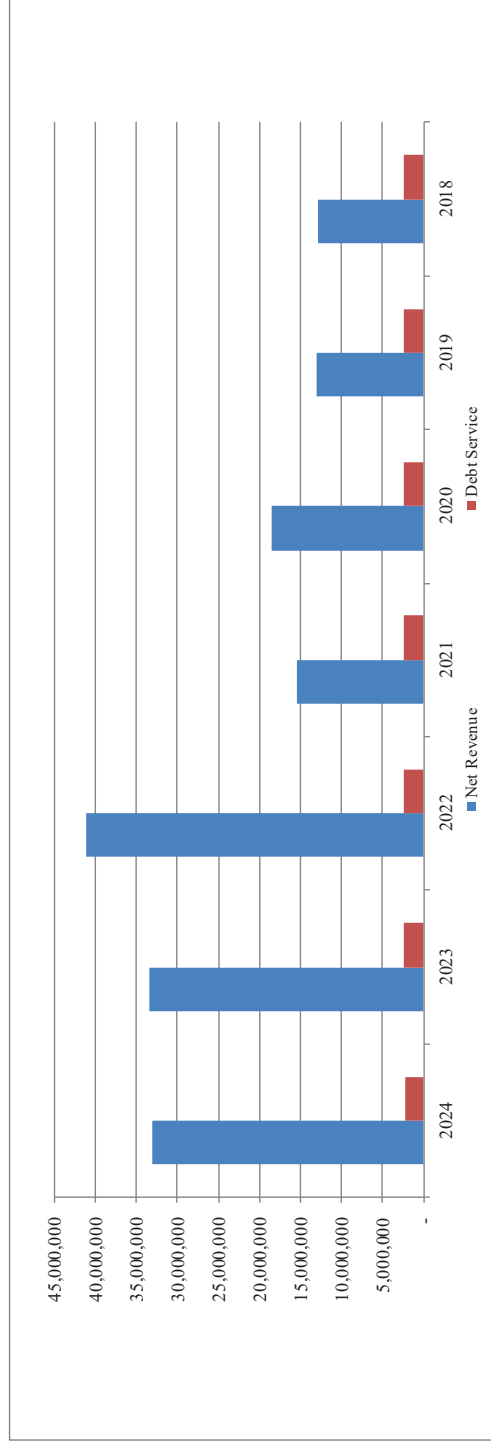


* The debt service is paid-in-full. The last eight years are shown for historical purposes only.
Source: Mojave Water Agency

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

2017A Refunding Revenue Bonds - Table A Water

	Fiscal Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Revenues:							
Water Sales	\$ 18,467,532	\$ 21,513,066	\$ 32,022,585	\$ 6,528,060	\$ 9,660,899	\$ 4,960,927	\$ 6,304,965
General Tax Assessments	2,990,965	2,664,503	2,355,430	2,260,261	1,956,030	1,859,118	1,706,329
Unitary Tax Assessments	6,113,601	6,712,246	5,609,329	5,557,033	5,600,343	5,097,369	4,296,680
Interest	5,498,773	2,482,568	1,064,546	1,049,536	1,292,433	1,139,142	639,258
Total Revenue	\$ 33,070,872	\$ 33,372,383	\$ 41,051,891	\$ 15,394,889	\$ 18,509,705	\$ 13,056,556	\$ 12,947,232
Debt Service	\$ 2,336,900	\$ 2,338,900	\$ 2,338,400	\$ 2,340,650	\$ 2,340,650	\$ 2,338,400	\$ 2,371,631
Coverage Ratio	14.15	14.27	17.56	6.58	7.91	5.58	5.46
Revenues Remaining After Debt Service Payment	\$ 30,733,972	\$ 31,033,483	\$ 38,713,491	\$ 13,054,239	\$ 16,169,055	\$ 10,718,156	\$ 10,575,601



* 2018 is the first year of issuance for the 2017A Refunding Revenue Bonds
Source: Mojave Water Agency

Mojave Water Agency
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	County of San Bernardino					
	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽²⁾	School Enrollment (K-12) ⁽³⁾	Unemployment Rate ⁽⁴⁾
2015	2,128,133	\$75,402,896	\$35,423	32.5	410,796	6.4
2016	2,140,096	78,830,801	36,618	32.7	408,991	5.8
2017	2,157,404	83,741,561	37,537	32.9	403,035	4.9
2018	2,171,603	87,550,004	38,849	33.1	405,931	4.1
2019	2,177,279	88,261,041	41,253	33.8	406,144	3.8
2020	2,189,183	98,143,792	45,499	33.6	409,508	13.8
2021	2,194,710	108,623,799	49,493	34.3	399,356	8.1
2022	2,193,656	108,081,645	49,270	34.4	398,648	4.0
2023	N/A	N/A	N/A	N/A	400,521	4.9
2024	N/A	N/A	N/A	N/A	396,348	5.2

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

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

(2) Source: <http://data.census.gov>
 U.S. Census Bureau, ACS Demographic and Housing Estimates
 2011-2022 American Community Survey 5-Year Estimates for San Bernardino County, CA

(3) Source: Public K-12 Graded Enrollment | Department of Finance (ca.gov)
 California Department of Finance Demographic Research Unit - 2023 Series. 2024 is projected number.

(4) Source: <https://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSMOREResult.asp?menuChoice=localAreaPro&criteria=unemployment+rate&categoryType=employment&geogArea=0604000071&area=San+Bernardino+County&timeSeries=unemployment+rate+TimeSeries>
 Employment Development Department, Labor Market Information Division.
 2023 is the rate as of June 2023.

(5) Source: <http://www.dof.ca.gov/Forecasting/Demographics/>
 California Department of Finance Demographic Research Unit. Released on January 1, 2022 and 2023 & UCR Riverside School of Business Center For Economic Forecasting and Development August 2020 Report.

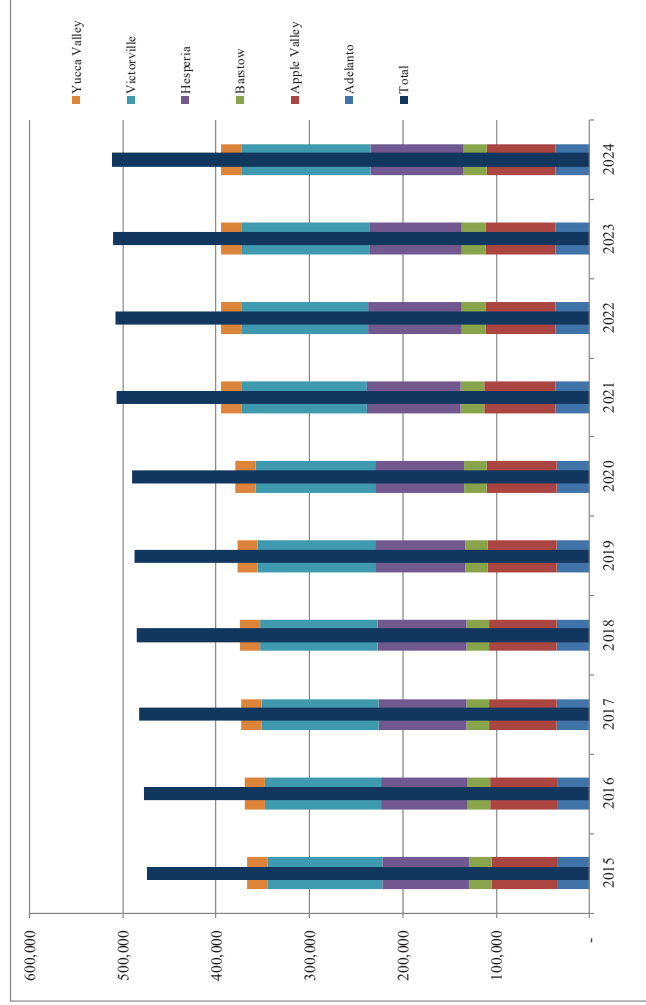
N/A Information not available for specific date range.

* 2023-2024 School enrollment data is projected.

Mojave Water Agency
Demographic and Economic Statistics, continued
Last Ten Fiscal Years

Population by City⁽⁵⁾

Year	Adelanto	Apple Valley	Barstow	Hesperia	Victorville	Yucca Valley	Unincorporated	TOTAL
2015	33,791	71,765	23,663	92,459	123,465	21,543	107,124	473,810
2016	34,367	72,234	23,875	93,173	124,600	21,672	108,019	477,940
2017	35,192	72,412	24,037	94,233	125,338	21,859	108,861	481,932
2018	35,162	72,891	24,075	95,127	125,782	21,905	109,651	484,593
2019	35,136	73,464	24,150	96,362	126,543	22,050	110,218	487,923
2020	35,652	74,331	24,315	95,834	127,518	22,306	110,338	490,294
2021	36,569	76,160	25,405	100,225	134,700	21,846	112,169	507,074
2022	36,420	75,277	25,115	99,855	136,153	21,712	114,030	508,562
2023	36,656	74,996	24,918	100,041	137,193	21,635	115,272	510,711
2024	36,131	74,322	24,669	100,087	138,202	21,594	117,184	512,189



Mojave Water Agency
Demographic and Economic Statistics – Principal Employers
Fiscal Year 2023

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

City of Hesperia - 2023 ⁽²⁾				
Employer	Employees	Rank	Percentage of Total Employment	
Hesperia Unified School District	2,974	1	7.91%	
Wal-Mart Supercenter	425	2	1.13%	
County of San Bernardino	423	3	1.13%	
Stater Brothers Markets (3 locations)	338	4	0.90%	
Super Target	275	5	0.73%	

Note: Above sites have not been updated for the fiscal year 2024. The most recent data is displayed.

* Source

(1) Town of Apple Valley, 2020-2021 ACFR, pg. 148. Towne of Apple Valley 2022 ACFR did not provide principal employer data.

(2) City of Hesperia, 2022-2023 ACFR, pg. 193

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

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

Fiscal Year Ending	Operations and Maintenance			Water Resources		Watermaster	Total ⁽¹⁾
	Administration	Maintenance	Resources	Resources			
2015	14	6	10	4	34		
2016	14	8	11	4	37		
2017	15	8	10	4	37		
2018	15	8	9	4	36		
2019	15	8	9	4	36		
2020	13	9	9	4	35		
2021	13	8	9	4	34		
2022	18	9	8	4	39		
2023	17	10	11	2	40		
2024	19	12	12	4	47		

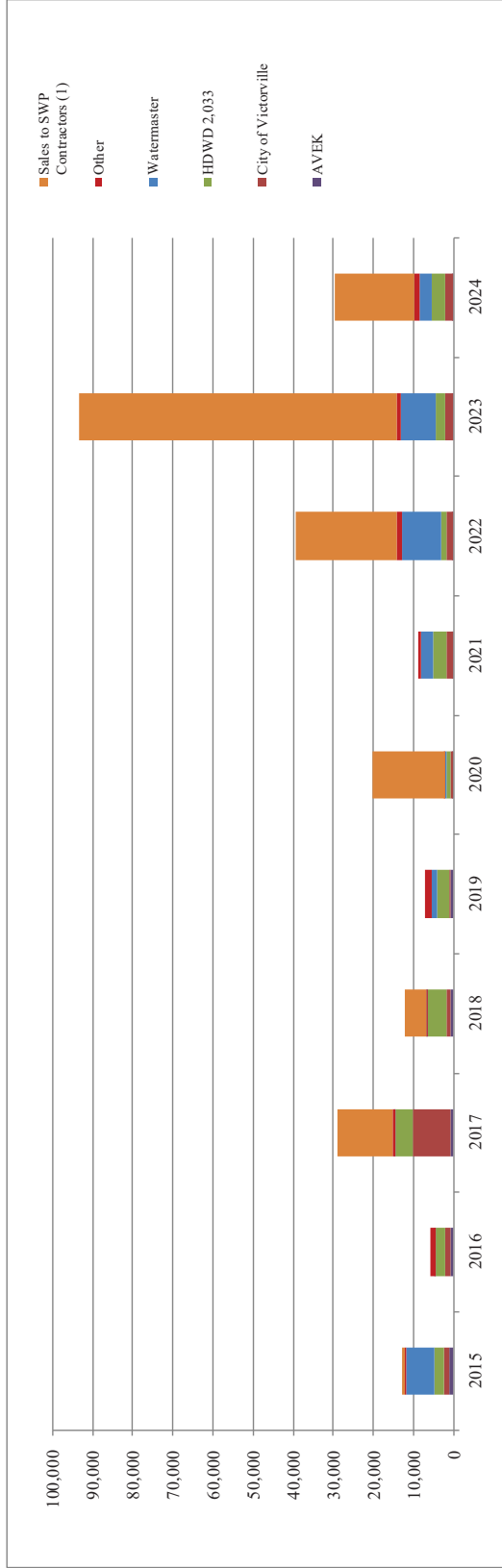


(1) Represents actual filled positions, not budgeted or approved.

Source: Mojave Water Agency

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

Mojave Water Agency Acre-Feet of Water Sold										State Water Project Allocations			
Fiscal Year	AVEK	City of Victorville	HDWD	Watermaster	Other	Sales to SWP Contractors (1)	Total (2)	Table A Amount (3)	%	Acre Feet Allocated	SWP Deliveries		
2015	1,042	1,448	2,277	7,244	372	500	12,883	85,800	20%	17,160	3,961,000		
2016	984	1,319	2,243	41	1,303		5,890	85,800	60%	51,480	9,477		
2017	973	9,127	4,365	24	653	14,000	29,142	85,800	85%	72,930	24,955		
2018	933	739	4,837	134	84	5,633	12,360	85,800	35%	30,030	32,457		
2019	670	500	2,942	1,529	1,509		7,150	85,800	75%	64,350	8,017		
2020	281	500	1,141	118	131	17,960	20,131	89,800	20%	17,960	18,441		
2021	2	1,835	3,251	2,943	770		8,801	89,800	5%	4,490	1,790		
2022	75	1,641	1,332	9,997	1,048	25,152	39,245	89,800	5%	4,490	2,315		
2023	48	2,151	2,343	8,659	976	79,075	93,252	89,800	100%	89,800	51,537		
2024	5	2,018	3,588	3,041	1,162	20,000	29,814	89,800	40%	35,920	48,394		



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

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

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

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

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

Source: Mojave Water Agency

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

Fiscal Year Ended June 30,	Sales to	Sales to	Sales to	Sales to SWP	Total	% Increase (% Decrease)
	Watermaster	Customers	Contractors ⁽¹⁾	Contractors ⁽¹⁾		
2015	\$ 2,306,756	\$ 3,908,074	\$ 200,000	\$ 6,414,830	(0.7)	
2016	179,730	3,191,370	-	3,371,100	(0.5)	
2017	12,360	8,037,125	2,428,000	10,477,485	2.1	
2018	74,504	4,427,901	1,802,560	6,304,965	(0.4)	
2019	883,762	4,077,165	-	4,960,927	(0.2)	
2020	69,773	1,972,192	7,618,934	9,660,899	0.9	
2021	1,777,572	4,750,488	-	6,528,060	(0.3)	
2022	5,628,615	3,154,670	23,239,300	32,022,585	3.9	
2023	5,056,856	4,413,710	12,042,500	21,513,066	(0.3)	
2024	1,718,165	4,621,767	12,127,600	18,467,532	(0.1)	

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

Source: Mojave Water Agency

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

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trans/ Distr Facility	\$ 201,306,690	\$ 199,959,951	\$ 199,933,680	\$ 193,849,611	\$ 193,270,055	\$ 193,270,055	\$ 193,264,011	\$ 193,128,281	\$ 193,128,281	\$ 192,540,759
Monitoring Wells	21,277,554	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868
Trucks & Autos	2,109,346	1,464,445	978,102	862,067	916,590	854,741	863,301	629,712	664,503	680,978
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
Equipment	659,705	659,705	1,036,031	1,036,031	1,036,031	914,473	893,219	504,708	367,418	404,564
Computer Hardware	3,325,195	3,114,836	3,113,990	3,113,990	3,023,842	2,820,768	2,670,454	2,469,301	2,454,233	2,286,571
Building	21,735,970	21,600,391	21,589,001	21,589,001	21,546,382	16,682,345	16,682,346	16,682,345	16,409,074	16,409,074
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Sate Water Project Entitlement	316,614,507	309,550,036	302,027,826	293,735,263	286,261,579	279,141,085	272,326,365	265,791,373	259,257,368	253,566,534
Water Management Plan	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065
Long-term storage plan	-	-	-	-	-	-	-	-	-	-
Total	\$ 571,301,032	\$ 560,812,297	\$ 553,141,563	\$ 538,648,896	\$ 530,517,412	\$ 518,146,400	\$ 511,162,629	\$ 503,668,653	\$ 496,743,810	\$ 490,351,413

Source: Mojave Water Agency

Report on Internal Controls and Compliance

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

PARTNERS

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Terry P. Shea, CPA (Partner Emeritus)

Board of Directors
Mojave Water Agency
Apple Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mojave Water Agency (the Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 14, 2024.

MANAGERS / STAFF

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 14, 2024