

BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
Big Bear Lake, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund information of the Bear Valley Basin Groundwater Sustainability Agency (the Agency) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
Big Bear Lake, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the Bear Valley Basin Groundwater Sustainability Agency as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or 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 government's financial statements for the year ended June 30, 2018, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 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 the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Luyhard, LLP". The signature is written in a cursive, flowing style.

Brea, California
November 8, 2019

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2019

(With comparative totals for June 30, 2018)

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ 23,962	\$ -
Due from member agencies	140,140	5,743
Total Assets	164,102	5,743
Liabilities:		
Accounts payable	164,102	5,743
Total Liabilities	164,102	5,743
Net Position:		
Unrestricted	-	-
Total Net Position	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for June 30, 2018)**

	Governmental Activities	
	2019	2018
Expenses:		
Office supplies	\$ 254	\$ -
Professional services	3,900	31,842
Legal fees	2,276	58,131
Other expenses	3,243	-
Contributions to other agencies	301,943	-
Total Program Expenses	311,616	89,973
Program Revenues:		
Operating Contributions and Grants	311,616	89,973
Total Program Revenues	311,616	89,973
Change in Net Position	-	-
Net Position at the Beginning of the Year	-	-
Net Position at the End of the Year	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019

(With comparative totals for June 30, 2018)

	General Fund	
	2019	2018
Assets:		
Cash	\$ 23,962	\$ -
Due from member agencies	140,140	5,743
Total Assets	\$ 164,102	\$ 5,743
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 164,102	\$ 5,743
Total Liabilities	164,102	5,743
Fund Balance		
Unrestricted	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 164,102	\$ 5,743

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019
 (With comparative totals for June 30, 2018)

	General Fund	
	2019	2018
Revenues:		
Member contributions	\$ 311,616	\$ 89,973
Total Revenues	311,616	89,973
Expenditures:		
Current:		
Office supplies	254	-
Professional services	3,900	31,842
Legal fees	2,276	58,131
Other expenses	3,243	-
Contributions to other agencies	301,943	-
Total Expenditures	311,616	89,973
Net Change in Fund Balance	-	-
Fund Balance at the Beginning of the Year	-	-
Fund Balance at the End of the Year	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies

a. Organization

In September 2017, the Big Bear City Community Services District (BBCCSD), Big Bear Municipal Water District (BBMWD), the Big Bear Regional Wastewater Agency (BBARWA) and the City of Big Bear Lake – Department of Water and Power (DWP) entered into a joint powers agreement to form the Bear Valley Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from BBCCSD, one representative from BBARWA, one elected representative from BBMWD and one appointed commissioner from DWP.

b. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

c. Cash and Cash Equivalents

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. At June 30, 2019 the Agency had \$23,962 in cash or cash equivalents.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies

d. Capital Assets

Assets with an initial cost of more than \$5,000 are capitalized at cost. In the case of acquisition value at the time of acquisition. Land and construction in progress are not depreciated. Other tangible property, plant equipment of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	30-40
Improvements	15-40
Furniture, Fixtures, and Equipment	5-50
Vehicles	5-10

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f. Due from Member Agencies

The Agency extends credit to its members in the normal course of operations. The Agency considers accounts receivable from its members to be fully collectible; accordingly, no allowance for doubtful accounts is required.