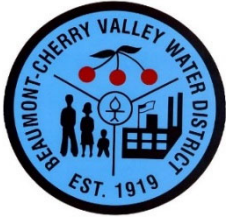




# **Beaumont-Cherry Valley Water District Annual Comprehensive Financial Report**

Fiscal Year Ended December 31, 2022  
Beaumont, California

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# Annual Comprehensive Financial Report

For the Year Ended December 31, 2022

## Beaumont-Cherry Valley Water District Beaumont, California

### Board of Directors as of May 31, 2023

David Hoffman, President  
John Covington, Vice-President  
Lona Williams, Treasurer  
Daniel Slawson, Secretary  
Andy Ramirez, Director

Daniel K. Jaggers, P.E., General Manager

### **Prepared by the Finance and Administration Department**

Kirene M. Bargas, Ph.D.  
Director of Finance and Administration

*The District's goal is to provide for a healthy, safe and enriched quality of life throughout the District boundaries through watershed stewardship and comprehensive management of water resources in a practical, cost-effective, and environmentally sensitive manner for current and future generations.*

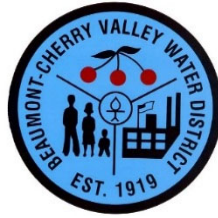
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# Beaumont-Cherry Valley Water District

Annual Comprehensive Financial Report  
For the Year Ended December 31, 2022

## Table of Contents

|                                                                                                               | Page |
|---------------------------------------------------------------------------------------------------------------|------|
| <b>Introductory Section</b>                                                                                   |      |
| Transmittal Letter                                                                                            | 1    |
| Board of Directors                                                                                            | 10   |
| Organizational Chart                                                                                          | 11   |
| GFOA Certificate                                                                                              | 12   |
| <b>Financial Section</b>                                                                                      |      |
| Independent Auditor's Report                                                                                  | 13   |
| Management's Discussion and Analysis                                                                          | 16   |
| Basic Financial Statements:                                                                                   |      |
| Statements of Net Position                                                                                    | 25   |
| Statements of Revenues, Expenses and Changes in Net Position                                                  | 26   |
| Statements of Cash Flows                                                                                      | 27   |
| Notes to Financial Statements                                                                                 | 29   |
| Required Supplementary Information:                                                                           |      |
| Schedule of Proportionate Share of the Net Pension Liability and<br>Related Ratios as of the Measurement Date | 62   |
| Schedule of Plan Contributions - Pension                                                                      | 63   |
| Schedule of Changes in Other Post-Employment Benefits and Related<br>Ratios                                   | 64   |
| <b>Statistical Section</b>                                                                                    |      |
| Net Position by Component                                                                                     | 66   |
| Changes in Net Position                                                                                       | 67   |
| Operating Revenue by Source                                                                                   | 69   |
| Operating Expense by Activity                                                                                 | 70   |
| Customers by Type                                                                                             | 71   |
| Principal Customers                                                                                           | 72   |
| Revenue Rates                                                                                                 | 73   |
| Ratios of Outstanding Debt by Type                                                                            | 74   |
| Debt Coverage                                                                                                 | 75   |
| Demographic and Economic Statistics                                                                           | 76   |
| Principal Employers for the Community Area                                                                    | 77   |
| Full-time and Part-time District Employees by Department                                                      | 78   |
| Operating Indicators by Function                                                                              | 79   |



# Introductory



## Board of Directors

Andy Ramirez  
Division 1

Lona Williams  
Division 2

Daniel Slawson  
Division 3

John Covington  
Division 4

David Hoffman  
Division 5

May 31, 2023

Honorable Board of Directors  
Beaumont-Cherry Valley Water District

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Beaumont-Cherry Valley Water District (District) for the year ended December 31, 2022. The report includes the following guidelines set forth by the Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

District staff prepared this financial report. District management is ultimately responsible for the data's accuracy and the presentation's completeness and fairness, including all disclosures in this financial report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present the District's financial position and results of operations. All disclosures are necessary to enable the reader to understand the District's financial activities. Internal controls are an essential part of any financial reporting framework. The management of the District has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A. The District's MD&A is immediately following the independent auditors' report.

The District's financial statements have been audited by Rogers, Anderson, Malody, and Scott, LLP, a licensed, certified public accounting firm. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified (clean) opinion that the District's financial statements for the year ended December 31, 2022, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

## Profile of the District

The District's goal is to provide for a healthy, safe, and enriched quality of life throughout the District boundaries through watershed stewardship and comprehensive management of water resources that are practical, cost-effective, and environmentally sensitive for current and future generations.

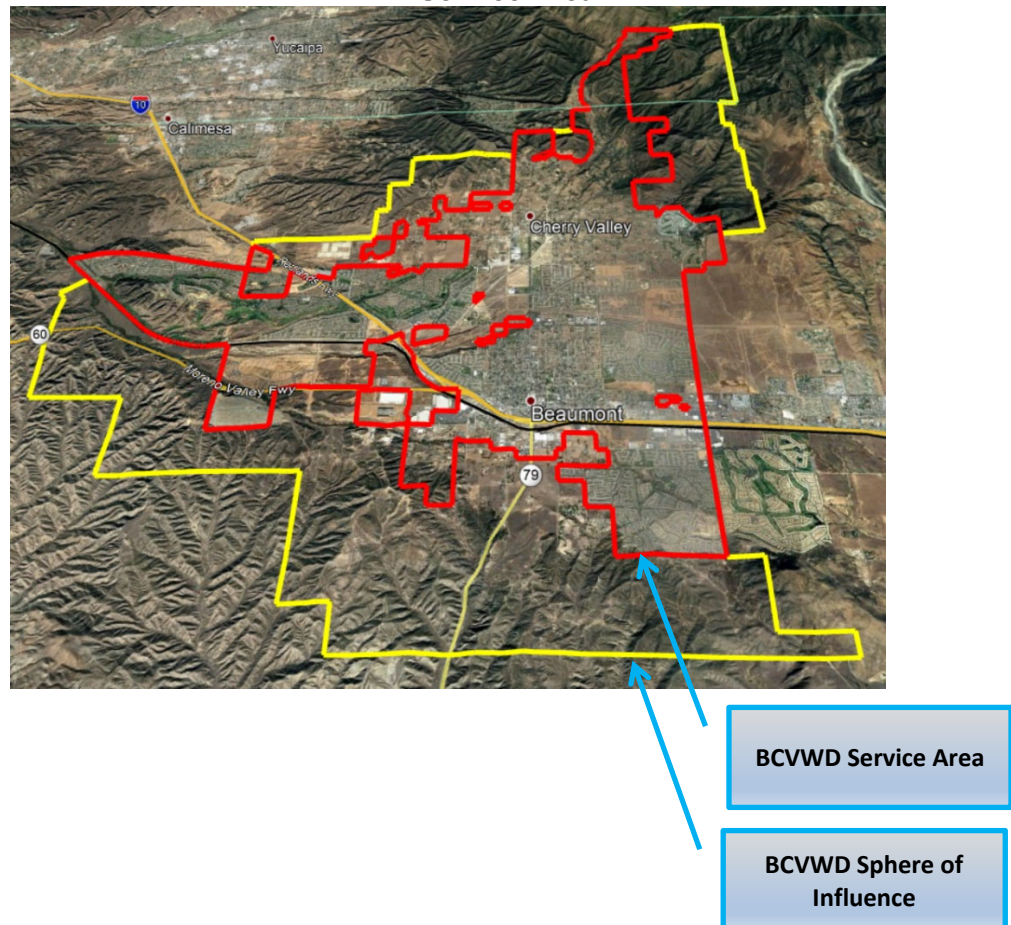
### History

The District's origin dates to the latter part of the 1800's when the Southern California Investment Company was the owner of the land that currently is the City of Beaumont and the community of Cherry Valley. The Company intended to build a system of water lines to develop subdivisions throughout the Beaumont and Cherry Valley areas. The area started to grow in the late 1880s, and in 1912, the community of Beaumont was incorporated. The District was formed in 1919 as the Beaumont Irrigation District under California Irrigation District law, Water Code Section #20500 et seq. The name was changed to the Beaumont-Cherry Valley Water District in 1973. The District owns 575 acres of watershed land in Edgar Canyon in San Bernardino County and 949 acres of watershed in Riverside County. Edgar Canyon is named after Dr. William F. Edgar, a military doctor who oversaw several hospitals during the Civil War. Dr. Edgar appreciated the land's beauty and purchased it in 1859; he planted fruits and vineyards and later established a winery.

### Service Area

The District's present service area covers approximately 28 square miles, virtually all of which is in Riverside County and includes the City of Beaumont, the community of Cherry Valley, and some small areas of Calimesa.

**Figure 1**  
**BCVWD Service Area**





## **Water Services, Supply, and Reliability**

The District has both a potable and non-potable water distribution system. At the end of 2022, the District had 20,808 connections, an increase of 714 connections over 2021, 93.29 percent of which are for single-family residences.

The District has 24 wells, (21 active), and 15 reservoirs ranging from 0.5 million gallons (MG) to 5 MG. Total storage is approximately 23 MG.

Today, the District continues to develop programs and policies that ensure a water supply for the area's growing population and include recharge of local area stormwater and imported water from the State Water Project.

Of significance to its programs and goals, the Board authorized the purchase of 78.8 acres of land and eventually constructed the Noble Creek Recharge Facility to recharge imported water from the State Water Project. In the future, storm runoff and possibly highly treated recycled water may be recharged at the facility. These water sources would receive additional natural treatment as they recharge the groundwater, much like rain and runoff, which naturally treated seep into the ground to become groundwater.

The District's water supply for the year ended December 31, 2022, of 13,560.2 acre-feet (AF) was comprised of 10,664.0 AF of groundwater from the Beaumont Basin (78.6%), 1,069.9 AF of groundwater from Edgar Canyon (7.9%), and a 1,826.3 AF allocation of unused overlying water rights (13.5%) as determined by the Beaumont Basin Watermaster. Groundwater is pumped from Edgar Canyon and the Beaumont Basin. The allocation of unused overlying water rights within the Beaumont Basin is derived from a calculated volume of available water not produced by Overlying Parties and distributed to the Beaumont Basin Appropriators. The District deducted 8,888 AF of imported water from its Beaumont Basin Watermaster Storage Account during 2022.

## **Governance**

The District's Board of Directors includes five members elected at large by all citizens within the District's service area. Each Director serves a four-year staggered term and must be a resident of the division they represent. The District operates under a Board-Manager form of government. The General Manager is appointed by the Board and administers the daily affairs of the District and carries out the policies of the Board of Directors. The District employs a full-time and temporary staff of 47 under the direction of the General Manager.

## **Local Economy**

The District is mostly located within Riverside County, the fourth largest county in the State. Riverside County and San Bernardino County comprise the Inland Empire, one of the fastest-growing metropolitan areas in the nation. The Inland Empire covers approximately 27,000 square miles with a population of about 4.6 million. Riverside County has a population of 2.4 million people, and of this, the District serves approximately 64,300 between the City of Beaumont and the community of Cherry Valley. According to the State Department of Finance, Beaumont was the second-fastest growing California city of those with populations exceeding 30,000 in 2022.

The District's customer base currently comprises primarily residential and commercial customers. Large consumers remain consistent year to year, with the City of Beaumont, Beaumont Unified School District, K Hovnanian's Four Seasons, Highland Springs Resort, and CJ Foods Manufacturing Beaumont Corp. rounding out the top five users.

According to US Census Bureau projections, median household incomes within the City of Beaumont of \$92,797 are 22 percent higher than for the County of Riverside at \$76,066 and 10 percent higher than the State-wide median household income of \$84,097. At the end of 2022, the median value of a single-family owner-occupied housing unit in the vicinity of the City of Beaumont was approximately \$498,000, down 3 percent over the past year.

## Financial Management

The District manages its resources conservatively to deliver safe and reliable services to its customers at a fair and cost-effective price. It focuses on establishing fair rates, cost containment, long-term planning, maintaining and upgrading infrastructure, and pursuing alternative sources of funding. The keys to the District's successful financial management include the District's Capital Improvement Plan, annual budget process, and financial policies.

### Capital Improvement Plan

The Capital Improvement Plan (CIP) is a ten-year fiscal planning tool used to identify the future capital needs of the District and the timing and method of financing those capital needs. The CIP is designed to show how the District will build, maintain, and manage the assets needed to produce, treat, and distribute water while keeping costs as low as possible. This planning tool provides the framework for District investments over a ten-year horizon while allowing flexibility to adapt to changing infrastructure needs and opportunities.

### Annual Budget Process

The General Manager is responsible for keeping expenses within budget allocations and may adopt budget policies necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or reallocated by the General Manager.

The General Manager may exercise discretion in the administration of the Budget to respond to changed circumstances by requesting budget amendments between line items within their department. Both department directors must approve budget transfers between departments. Any single line item (account) modification above \$50,000 shall require the Board's approval. Any addition to the Budget shall also require approval by the Board. All budget transfers are documented and tracked in the District's computerized financial system and reported to the Finance and Audit Committee at their regular meetings on the first Thursday of each month.

The Capital Improvement Budget (CIB) is presented as a supplement to the annual operating Budget and includes only the next five years of the most recently adopted CIP. Any additions or changes to the CIP are documented in the CIB.

### Financial Policies

The District's financial policies include financial management practices used for operational and strategic decision making and allow the Board of Directors and stakeholders to monitor how the District manages its financial responsibilities.

*Investment Policy* - This policy provides a guideline for the prudent investment of surplus cash, reserves, trust funds, and restricted monies. It outlines an approach for maximizing the efficiency of the District's cash management system in compliance with Section 53646 of the Government Code of California. The policy applies to all financial assets of the District as accounted for in the audited financial statements. In order of priority, the District's investment activities' primary objectives are safety of principal through the mitigation of both credit and market risk, maintenance of the liquidity necessary to meet cash flow needs, and, lastly, return on investment.

*Reserve Policy* - This policy incorporates and identifies restricted reserves as Future Capital Commitments, Funds Held for Others, and Debt Service. Board-designated unrestricted reserves are identified in the policy as Emergency, Capital Replacement, and Operations.

The purpose of the Emergency Reserve is to ensure continued service to the District's customers and service areas for events that are impossible to anticipate and Budget. The Emergency Reserve is adjusted annually to a minimum of 15 percent of the annual operating Budget.

The Capital Replacement Reserve is earmarked to purchase operating equipment, physical plant, infrastructure, water conservation projects, and other capital items. They are designed to stabilize funding for capital by accumulating "pay as you go" reserves available for necessary capital purchases. The Capital Replacement Reserve is funded through any sources available for capital improvements, including operating revenues.

The Reserve for Operations is to be used for working capital purposes and to ensure continuity of customer services regardless of cash flow. This Reserve is adjusted annually to a minimum amount sufficient to pay for three months of budgeted operating expenses, not exceeding a maximum of six months of budgeted operating expenses. Adequate reserves and sound financial policies provide financial flexibility in unanticipated costs or revenue fluctuations.

*Purchasing Policy* - This policy is designed to establish policies and procedures that provide for:

- competitive bidding in the open market
- a cost-effective purchasing process that incorporates high ethical standards
- obtaining quality materials, supplies, equipment, and non-professional services at the lowest ultimate cost and in a timely manner
- a process to purchase, using effective fiscal controls that assure adherence to budgeted expenses and for obtaining appropriate levels of approval as established therein

## **Challenges Facing the District**

The District currently faces several challenges including investment in infrastructure, drought impacts, and pension and retiree healthcare costs.

*Investment in Infrastructure* - Aging infrastructure continues to be a significant challenge for the District. Most of this aging infrastructure requires substantial investment in both the short- and long-term. The District currently has the reserves to address the immediate replacement and improvement projects. Still, it is looking at alternative funding sources such as grants, loans, and revenue bond funding.

*Drought Impacts* – Climate change has made California's dry and wet spells more extreme and unpredictable – after the three driest years on record, recent rain and snowfall have dramatically changed conditions in many parts of the state. Harnessing water captured and stored from recent storms, the state recently announced a major increase in expected State Water Project deliveries to local agencies – now an anticipated 75% allocation.

*Delta Conveyance Project* - California's largest supply of clean water is dependent on an aging and inefficient system that cannot adequately store water when it is available. The proposed solution, the Delta Conveyance Project (DCP), will provide an alternate delivery pathway through the Delta, thereby reducing the risk from earthquakes and climate change impacts (including sea-level rise) and providing reliable water while protecting the environment. State Water Project (SWP) contractors and other public water agencies that rely on the supply will pay part of fixing California's primary water delivery system. The California Department of Water Resources pursues a new environmental review and planning process to modernize Delta conveyance for a single tunnel solution. The Delta Conveyance Authority (DCA) developed a preliminary cost estimate for the DCP. While it is still very early in the planning process, the DCA's opinion is that there is a 50% probability that the DCP will cost \$15.9 billion in 2019 dollars. The San Geronio Pass Water Agency's (SGPWA) proportionate share of the estimated \$15.9 billion costs would range from about \$194 million to \$318 million, depending on the participation level.

If the Delta Conveyance Project were operational at the end of 2021, the State Water Project would have captured about 236,000 acre-feet of additional water - enough water for over 2.5 million people, or nearly 850,000 households, for an entire year. By modernizing the infrastructure of the State Water Project, the Delta Conveyance Project would go a long way toward adapting to the new climate reality, represented in conditions shifting from heavy precipitation events to extreme heat and drought conditions all within the same year.

*Sites Reservoir* - The District Board continues to provide authorization to participate as a member of the Sites Reservoir Project, an off-stream water storage project that was contemplated as part of the initial discussions to increase opportunities for flood protection and water storage in the geographic area north of the Bay-Delta. Currently, in the planning stages, this reservoir is envisioned to have a maximum storage capacity of 1.5 million acre-feet (MAF), which will have the ability to store water during wet hydrologic years and release water during dry periods. The revised Project costs approximately \$3 billion (2019 \$), down from an initial project estimate of over \$5 billion. Although it is too early in the planning process to determine the final cost to participating members, the District's Board has authorized a participation level of 4,000 acre-feet per year (AFY) of supply in conjunction with the SGPWA's 10,000 AFY of supply participation during the planning phase of this Project.

*Containing CalPERS Costs* - Considerations at the state level include the various policy decisions presided over by the CalPERS Board that can directly bear on the District's financial obligations to the pension fund. Three key policy areas affect the District by causing contribution amounts to change and the measurements of unfunded accrued liability to fluctuate. Those policy areas include asset allocation across investment portfolios, which, in turn, affects the second area; discount rate (or rate of return on investments of the fund); and the amortization policy, which governs the payment of the unfunded accrued liability. The District Board has been concerned about the rising level of the retirement benefit unfunded liability, mostly caused by the lower than anticipated investment returns by CalPERS investment portfolio managers, thus increasing the District's unfunded liability. More specific information is presented in Note 13 of the Notes to the Financial Statements.

*Other Post-Employment Benefits (OPEB) Costs* - The District offers post-employment medical benefits. Benefits and employee/employer contributions are based on a minimum of five years of service, hire date and date of retirement. At the regular meeting held on May 11, 2022, the Board adopted Resolution 2022-15: Electing to Participate in the California Employers' Retiree Benefit Trust (CERBT) program, Adopting the Agreement to Prefund Other Post-Employment Benefits Through CalPERS, and Execution of Related Documents. CERBT is a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies. By joining this trust fund, the District is currently prefunding future costs from investment earnings provided by CalPERS. Contributions to the CERBT programs are voluntary and determined by the District. Under the District's current Funding Policy, the OPEB Trust is funded with \$104,000 annually through the end of Fiscal Year 2024. More specific information is presented in Note 11 of the Notes to the Financial Statements.

## **Major Initiatives**

Primary goals for the District continue to be the conservation and efficient use of urban water supplies, the means to meet increasing water demands, and the accurate accounting of all business operations, including District infrastructure. Planning for and developing facilities to provide water for future growth continues to be a District priority.

Following are highlights of the District's completed and ongoing initiatives identified in the 2021 Annual Comprehensive Financial Report (ACFR) and highlights of significant projects planned to be initiated in 2023 to meet the District's goals.

**Completed:**

- Advanced recycled water system implementation with the City of Beaumont including coordination of activities with City of Beaumont staff, the San Gorgonio Pass Water Agency (SGPWA) and associated elected officials. Work completed includes completion of draft recycled water master plan and updates to water storage and delivery needs for District proposed non-potable water system pressure zones; continued refinement of recycled water booster station requirements including completion of Booster Station Preliminary Design Technical Memorandum; refinement of booster station final design requirements and equipment parameters, construction schedule and associated costs. The District furthered coordination efforts with City of Beaumont staff to reaffirm a suitable location for the District's recycled water booster station.
- Advanced District water system mapping efforts related to the District's GIS facilities mapping system. Said work included the addition of approximately 13.4 miles of piping related to recently constructed District and Developer projects. Said piping addition increased overall District system mapping by about 5 percent.
- Completed Backflow System SQL Server and provided training materials for implementing said system as part of the District's Cross-Connection Control program.
- Provided District and Regional Master Planning Activities internally and with various community partners, including continued review and analysis of District water demands. Work included water consumption data updates to 32 housing tracts for 2016, 2017, 2018, and 2019 to understand effects of new construction and implemented water conservation measures related to District Water Supply Consumption. Work included updating mapping and anticipated facilities of the District Water Master Plan and completing a Draft of the District's Recycled Water Master Plan.

**To Be Initiated:**

- Implement chlorination system retrofits at Well 29 and Well 25 for continued safe and uniform District chlorination equipment installations.
- Apply for and gain certification for the delivery of Recycled Water through the Department of Water Resources (DWR).
- Implement the new Supervisory Control and Data Acquisition (SCADA) system that will enable staff to have increased oversight and control of all water operations and facilities; said system will include opportunities for remote and mobile device access, thereby improving system maintenance and control operations activities. Project components include site retrofits and upgrades of electrical equipment, wires, communications equipment, etc., and all District facilities sites (e.g., wells, booster, reservoirs, pressure-reducing stations, etc.).

**Ongoing:**

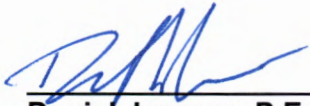
- Continue Capital Improvement Project bid and construction activities for Wells 1A and 2A pumping plants, 2.0 MG Noble Tank and Pipeline, and 2017 wells and pipelines.
- Continue Capital Improvement Project design, bid, and construction activities for 2020 and 2021 Replacement Pipelines, B Line Replacement Pipeline, Michigan Avenue Replacement Pipeline, 5<sup>th</sup> Street Replacement Pipeline, 11<sup>th</sup> Avenue Replacement Pipeline, and Pennsylvania widening retrofit project.
- Continued water supply opportunities with regional partners, stormwater capture programs, recycled water supply, recovery programs, and San Timoteo groundwater basin management activities.
- The District will continue developing the non-potable water system by constructing additional facilities necessary to complete the conversion of the landscape irrigation users and satisfy other demands. The District's focus in 2023 and beyond will be on the design and construction of a Recycled Water Booster Station on a City of Beaumont provided site located adjacent to the City of Beaumont Wastewater Treatment Plant, pressure regulator projects, 2520 PZ to 2370 PZ, and 2600 PZ to 2520 PZ, as well as the Raw Water Filter System Project at the 2800 PZ Tank.
- The GIS System Mapping Project is ongoing, with most of the system wholly mapped and accessible to District personnel. The District intends to locate all hard-to-find water meters with a GPS mapping system and GIS platform to ensure District locations of facilities are accurately located in GIS and recoverable in the field by District Staff over time.
- AMR/AMI Deployment – the AMR/AMI Deployment project was designed to provide staff with a streamlined and efficient way to read water meters electronically. Staff-planned deployment of radios over the next few years for the AMR/AMI Deployment project is defined by the \$1.5 million grant the District was awarded in early 2020 related to this activity. The District intends to complete the Automatic Meter Reading/Advanced Metering Infrastructure AMR/AMI project in 2023, including installing collectors and repeaters at District-owned properties as necessary to meet the extended grant completion schedule.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. To be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized ACFR that satisfied generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for one year only. However, our current ACFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements. We submit it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Beaumont-Cherry Valley Water District's financial and operating policies.



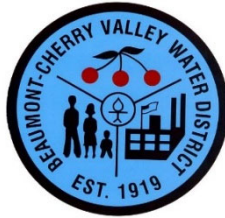
**Daniel Jagers, P.E.**  
**General Manager**



**Kirene M. Bargas, Ph.D.**  
**Director of Finance and**  
**Administration**

# Beaumont-Cherry Valley Water District

560 Magnolia Avenue Beaumont CA 92223  
951.845-9581 [www.bcvwd.org](http://www.bcvwd.org)

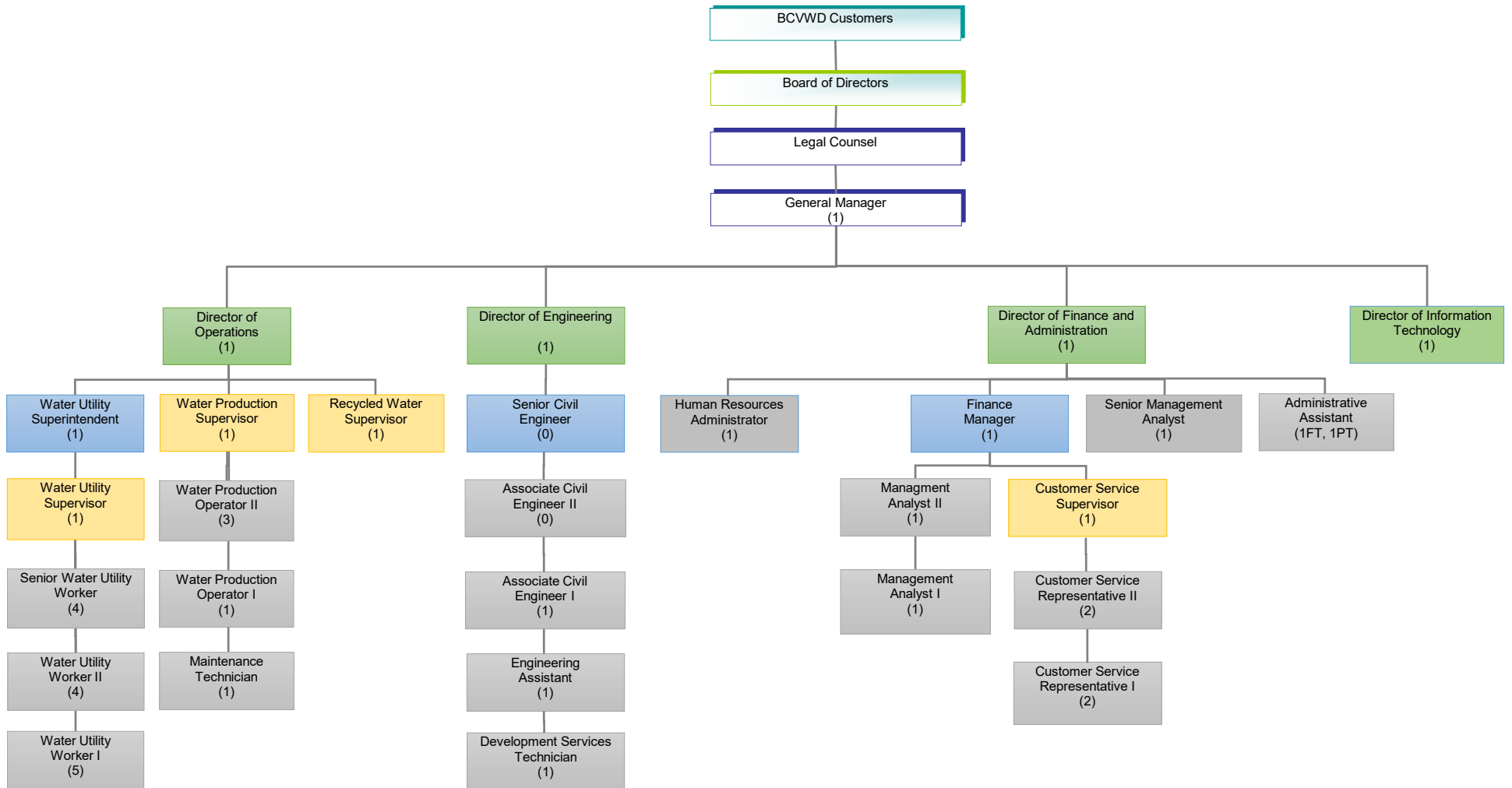


## Board of Directors as of December 31, 2022

| Director       | Title          | Division | Current Term      |
|----------------|----------------|----------|-------------------|
| Lona Williams  | President      | 3        | 12/2020 – 12/2024 |
| Andy Ramirez   | Vice-President | 1        | 12/2020 – 12/2024 |
| David Hoffman  | Secretary      | 1        | 12/2022 – 12/2026 |
| John Covington | Treasurer      | 5        | 12/2022 – 12/2026 |
| Daniel Slawson | Director       | 4        | 12/2022 – 12/2026 |

Daniel K. Jagers, P.E.  
General Manager





Effective 01/01/2023



Government Finance Officers Association

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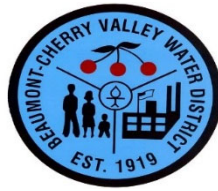
**Beaumont Cherry Valley Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

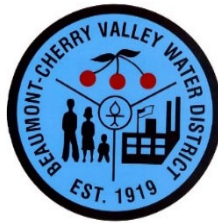
*Christopher P. Morill*

Executive Director/CEO



Financial

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# Independent Auditor's Report



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

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Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)

#### MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Alan D. Garcia, CPA, MSA

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Certified Public Accountants



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## ***Independent Auditor's Report***

Board of Directors  
Beaumont-Cherry Valley Water District  
Beaumont, California

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

#### ***Opinion***

We have audited the accompanying financial statements of the Beaumont-Cherry Valley Water District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

#### ***Basis for Opinion***

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, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 6 of the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter

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

The District'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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension related schedules, and OPEB related schedules 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.

### ***Other Information***

Management is responsible for the other information. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion 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.

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

We have previously audited the District's 2021 financial statements, and we expressed an unmodified opinion in our report dated June 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

San Bernardino California  
May 31, 2023



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# Management's Discussion and Analysis

## **Beaumont-Cherry Valley Water District**

### **Management's Discussion and Analysis**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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As management of the Beaumont-Cherry Valley Water District (the "District" or "BCVWD"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter which can be found on pages 1-9.

#### **FINANCIAL HIGHLIGHTS**

Based on the financial information for the year ended December 31, 2022, the following financial highlights are noted for the District:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at year end by \$204,199,954 (net position). Of this amount, \$34,073,842 represents unrestricted net position, which may be used to meet the District's ongoing obligations to customers and creditors and maintain designated reserves approved by the District's Board of Directors.
- The District's total net position increased \$12,104,867 from the prior fiscal year. The increase is mainly a result of capacity charges to developers in the amount of \$8,159,853 to ensure that funds are set aside to provide for the expansion of the domestic and non-potable water system.
- In addition to the capacity charges, the increase in net position was due to operating income of \$3,637,024, primarily from an increase in operating revenue of \$2.0 million.

Based on the financial information for the year ended December 31, 2021, the following financial highlights are noted for the District:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at year end by \$192,095,087 (net position). Of this amount, \$33,424,647 represents unrestricted net position, which may be used to meet the District's ongoing obligations to customers and creditors and maintain designated reserves approved by the District's Board of Directors.
- The District's total net position increased \$15,655,025 from the prior fiscal year. The increase is mainly a result of capacity charges to developers in the amount of \$10,651,484 to ensure that funds are set aside to provide for the expansion of the domestic and non-potable water system.
- In addition to the capacity charges, the increase in net position was due to an income from operations of \$3,825,378, primarily from actual State Water Project water purchases being below budget by \$2.7 million as the State of California experienced its third year of drought.

## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Beaumont-Cherry Valley Water District is a special-purpose government engaged in activities that are supported exclusively by user charges. As such, the District's financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board.

The following financial statements for the year ended December 31, 2022 (2021 for comparative purposes only) consist of a series of interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The *Statement of Net Position* presents financial information on all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Beaumont-Cherry Valley Water District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information illustrating how net position changed during the fiscal year. This *Statement* measures the success of the District's operations over the past reporting periods and can be used to determine if the District has successfully recovered all its costs through its rates and other charges. More succinctly, this *Statement* can be used to evaluate the District's financial condition over the last two years. It can also be used as a basis for determining credit worthiness.

The *Statement of Cash Flows* presents information relating to the District's cash receipts and cash disbursements during the year. When used with related disclosures and information in the other financial statements, the information in this *Statement* should help readers assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments, and the effects of the District's financial position of its cash and non-cash investing for capital and related transactions during the years. This *Statement* answers questions such as sources of cash, uses of cash, and the change in the cash balance during the reporting periods.

*Notes to the Basic Financial Statements.* The notes provide additional information that is necessary to understand the data provided in the basic financial statements. The notes to the financial statements are included immediately following the *Basic Financial Statements* and can be found as listed in the table of contents.

In addition to the *Basic Financial Statements* and accompanying notes, this report also presents *Required Supplementary Information*, which includes the schedule of the District's proportionate share of the net pension liability, schedule of pension contributions, and the schedule of funding progress on the other post-employment benefit (OPEB) plan. *Required Supplementary Information* can be found as listed on the table of contents.

## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

#### FINANCIAL ANALYSIS OF THE DISTRICT

The following condensed schedules contain a summary of financial information that was taken from the *Basic Financial Statements*, to assist readers in assessing the District's overall financial position and operating results.

#### Condensed Statements of Net Position

|                                  | 2022           | 2021           | 2020           |
|----------------------------------|----------------|----------------|----------------|
| Assets                           |                |                |                |
| Current assets                   | \$ 91,245,836  | \$ 83,982,146  | \$ 71,396,990  |
| Non-current assets               | 2,521,798      | 2,777,174      | 434,054        |
| Capital assets                   | 120,835,111    | 114,566,656    | 113,615,348    |
| Total assets                     | 214,602,745    | 201,325,976    | 185,446,392    |
| Deferred outflows of resources   | 1,893,038      | 886,034        | 972,446        |
| Liabilities                      |                |                |                |
| Current liabilities              | 6,737,608      | 5,635,273      | 5,131,804      |
| Non-current liabilities          | 4,534,973      | 3,469,764      | 4,767,988      |
| Total liabilities                | 11,272,581     | 9,105,037      | 9,899,792      |
| Deferred inflows of resources    | 1,023,248      | 1,011,886      | 78,984         |
| Net position                     |                |                |                |
| Net investment in capital assets | 120,796,822    | 114,502,869    | 113,615,348    |
| Restricted                       | 49,329,290     | 44,167,571     | 33,664,496     |
| Unrestricted                     | 34,073,842     | 33,424,647     | 29,160,218     |
| Total net position               | \$ 204,199,954 | \$ 192,095,087 | \$ 176,440,062 |

#### Assets

**2022 compared to 2021** Total assets were \$214,602,745, reflecting an increase of \$13,276,769 primarily due to the following:

- Current assets, comprised of restricted and unrestricted assets, increased by \$7,263,690. This change is primarily reflective of the \$7,065,571 in net cash provided by operating activities.

**2021 compared to 2020** Total assets were \$201,325,976, reflecting an increase of \$15,879,584 primarily due to the following:

- Current assets, comprised of restricted and unrestricted assets, increased by \$12,585,156. This change is primarily reflective of the \$7,464,871 provided by operating activities and net capital contributions from developers of \$7,873,578, less \$3,568,156 for acquisition and construction of capital assets.

## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

##### *Liabilities*

**2022 compared to 2021** Total liabilities were \$11,272,581, reflecting an increase of \$2,167,544 primarily due to the following:

- The District's net pension liability increased by \$2,133,607. In accordance with generally accepted accounting principles, the net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position, using standard actuarial practices.
- Accounts payable increased by \$619,628, mainly due to an increase of 777 acre-feet (AF) in imported water purchased at the end of the year as compared to the prior year, as well as increased construction activities.
- The District's net other post-employment benefits (OPEB) liability decreased by \$1,019,365. In accordance with generally accepted accounting principles, the net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position, using standard actuarial practices. The primary reason for the decrease was the increase in the discount rate used to measure the liability, from 2.16% in 2021 to 4.44% in 2022, a result of the District prefunding the plan through the CalPERS California Employees' Retiree Benefit Trust (CERBT).

**2021 compared to 2020** Total liabilities were \$9,105,037, reflecting a decrease of \$794,755 primarily due to the following:

- The District's net pension liability decreased by \$1,494,857. In accordance with Governmental Accounting Standards Board (GASB) statement number 68 Accounting and Financial Reporting for Pensions, the net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position, using standard actuarial practices.
- Accounts payable increased by \$475,988, mainly due to increases in power costs at the District's pumping plants. In addition to rate increases, Southern California Edison (SCE) redefined daily "peak" hours. Those hours and the higher rates associated with them were shifted away from the 1:00 p.m. to 5:00 p.m. period, to 4:00 p.m. to 9:00 p.m.

##### *Net Position*

**2022 compared to 2021** Total net position was \$204,199,954 reflecting an increase of \$12,104,867.

- The largest portion of the District's net position, its investment in capital assets, was \$120,796,822 (59.16%) at the end of 2022, an increase of \$6,293,953 from the prior year. Investment in capital assets reflects its investment in land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, and equipment and vehicles, net of depreciation. The District uses its capital assets to provide water service to the residents of Beaumont, Cherry Valley, and some portions of Calimesa. As such, these assets are not available for future spending.
- The restricted portion of net position was \$49,329,290 (24.16%), an increase of \$5,161,719 from the prior year. Restricted net position is subject to external restrictions on its use, such as for future infrastructure construction.

## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

##### *Net Position (continued)*

- The remaining unrestricted net position of \$34,073,842 (16.68%), an increase of \$649,195, is designated according to Board policy to meet the ongoing needs of the District. See Note 12 for more details on the District's net position.

**2021 compared to 2020** Total net position was \$192,095,087 reflecting an increase of \$15,655,025.

The details of both increases were discussed in the Financial Highlights section on page 16.

#### Condensed Statements of Revenues, Expenses and Changes in Net Position

|                                          | 2022                  | 2021                  | 2020                  |
|------------------------------------------|-----------------------|-----------------------|-----------------------|
| Operating revenues                       |                       |                       |                       |
| Metered water sales                      | \$ 6,102,822          | \$ 5,838,776          | \$ 5,332,496          |
| Water service charges                    | 4,848,032             | 4,303,343             | 3,893,907             |
| Water importation pass-through charges   | 3,994,823             | 3,918,607             | 3,951,457             |
| Water pumping power pass-through charges | 2,331,222             | 1,854,589             | 1,820,448             |
| Development and installation charges     | 1,153,264             | 857,886               | 712,920               |
| Other revenue                            | 579,644               | 214,127               | 179,339               |
| Non-operating revenues                   | 309,559               | 855,497               | 1,044,164             |
| Total revenues                           | <u>19,319,366</u>     | <u>17,842,825</u>     | <u>16,934,731</u>     |
| Operating expenses                       | 15,372,783            | 13,161,950            | 16,387,388            |
| Non-operating expenses                   | 1,569                 | 2,074                 | -                     |
| Total expenses                           | <u>15,374,352</u>     | <u>13,164,024</u>     | <u>16,387,388</u>     |
| Income (loss) before contributions       | <u>3,945,014</u>      | <u>4,678,801</u>      | <u>547,343</u>        |
| Capital contributions                    | <u>8,159,853</u>      | <u>10,976,224</u>     | <u>3,725,998</u>      |
| Change in net position                   | 12,104,867            | 15,655,025            | 4,273,341             |
| Beginning net position                   | 192,095,087           | 176,440,062           | 172,166,721           |
| Ending net position                      | <u>\$ 204,199,954</u> | <u>\$ 192,095,087</u> | <u>\$ 176,440,062</u> |

#### Operating Revenues and Expenses

##### **2022 compared to 2021**

Total operating revenues of \$19,009,807 increased by \$2,022,479 primarily due to the following:

- Metered water sales and the corresponding water importation charges and water pumping pass-through charges totaling \$12,428,867 increased by \$816,895. This increase was primarily due to the January 1, 2022 increase in the volumetric rates for most class types.
- Development and installation charges of \$1,153,264 increased by \$295,378, mainly due to a slight upturn in development-driven activities.

## **Beaumont-Cherry Valley Water District**

### **Management's Discussion and Analysis**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **FINANCIAL ANALYSIS OF THE DISTRICT (Continued)**

##### **Operating Revenues and Expenses (continued)**

- Water service charges of \$4,848,032 increased by \$544,689, primarily due to the January 1, 2022 increase in the bi-monthly service charge, combined with 4% growth in new service connections. The service charge is collected to pay for the costs of service associated with operations, like pipe and system maintenance, capital projects, distribution, meters, and service.

Total operating expenses of \$15,372,783 increased by \$2,210,833 primarily due to the following:

- Salaries and employee benefits expenses of \$5,657,557 increased by \$1,094,005 as the District implemented wage increases in accordance with a classification and compensation study completed early in 2022.
- The District's year-end calculation of pension expense required by GASB statement number 68 increased by \$699,761 to \$210,204 from a prior year credit of (\$489,557). This calculation is required each year and can be volatile as it involves complex actuarial assumptions and factors.

##### **2021 compared to 2020**

Total operating revenues of \$16,987,328 increased by \$1,096,761 primarily due to the following:

- Metered water sales and the corresponding water importation charges and water pumping pass-through charges totaling \$11,611,972 increased by \$507,571. This increase was primarily due to the January 1, 2021 increase in the volumetric rates for most class types.
- Development and installation charges of \$857,886 increased by \$144,966, mainly due to a slight upturn in development-driven activities.
- Water service charges of \$4,303,343 increased by \$409,436, primarily due to the January 1, 2021 increase in the bi-monthly service charge, combined with 2% growth in new service connections. The service charge is collected to pay for the costs of service associated with operations, like pipe and system maintenance, capital projects, distribution, meters, and service.

Total operating expenses of \$13,161,950 decreased by \$3,225,438 primarily due to the following:

- Purchases of imported water totaling \$1,163,484 decreased by \$3,227,511 as the State of California experienced a second consecutive exceptionally dry water year, contributing to severe drought across the southwest. Water supplies were not as readily available, and the State Water Project final allocation for the 2020-2021 water year was 20%.



## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

##### Capital Assets

|                                      | Balance<br>December 31,<br>2022 | Balance<br>December 31,<br>2021 | Balance<br>December 31,<br>2020 |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Land                                 | \$ 7,721,730                    | \$ 7,721,730                    | \$ 7,721,730                    |
| Construction in progress             | 6,649,853                       | 1,986,751                       | 1,911,613                       |
| Transmission and distribution system | 68,637,303                      | 66,335,425                      | 65,208,110                      |
| Structures and improvements          | 12,948,805                      | 13,209,809                      | 13,381,149                      |
| Reservoirs and tanks                 | 14,353,547                      | 14,783,668                      | 15,263,602                      |
| Pumping and telemetry equipment      | 9,900,224                       | 9,951,882                       | 9,607,904                       |
| Vehicles and equipment               | 586,648                         | 514,271                         | 521,240                         |
| Right-to-use                         | 37,001                          | 63,120                          | -                               |
|                                      | <hr/>                           | <hr/>                           | <hr/>                           |
| Capital assets, net                  | <u>\$ 120,835,111</u>           | <u>\$ 114,566,656</u>           | <u>\$ 113,615,348</u>           |

The District's investment in capital assets includes land, transmission and distribution systems, buildings and structures, reservoirs, tanks, pumps, equipment and vehicles, and construction in progress.

**2022 compared to 2021** The District's investment in capital assets, net of accumulated depreciation and amortization, was \$120,835,111, an increase of \$6,268,455. The increase resulted mainly from the following significant capital additions, offset by current year depreciation/amortization of \$3,175,139:

- Well pumping equipment, including replacement, redesign, and rehabilitation of several well facilities totaling \$316,156.
- Developer donated water systems totaling \$978,470 and pipeline replacements amounting to \$1,498,522.
- Installations of new and retrofitted radio read-capable meters amounting to \$2,436,297 as the District continued its grant-funded AMR/AMI Deployment project.
- Replacements, improvements, and additions to District sites totaling \$197,443.
- Machinery and equipment purchases totaling \$294,429.
- Construction activities totaling \$3,659,963 related to the MDP Line 16 storm drain and associated pipeline project.

## Beaumont-Cherry Valley Water District

### Management's Discussion and Analysis

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

#### FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

**2021 compared to 2020** The District's investment in capital assets, net of accumulated depreciation, was \$114,503,536, an increase of \$888,188. The increase resulted mainly from the following significant capital additions, offset by current year depreciation/amortization of \$2,947,481:

- Well pumping equipment, including replacement and purchase of spare motors of \$668,970.
- Developer donated water systems totaling \$324,740 and replacement of a major pipeline in the amount of \$272,226.
- Installations of new and retrofitted radio read-capable meters amounting to \$2,104,551 as the District continued its grant-funded AMR/AMI Deployment project.
- Replacements, improvements, and additions to District sites totaling \$155,466.
- Machinery and equipment purchases totaling \$140,318.

New meter installations include the cost of employee labor, as well as meter parts. Meters are currently replaced every 10-15 years as part of the District's meter change out program. More information on the District's capital assets activity for the years ending December 31, 2022 and 2021 can be found in Note 5 of this report.

#### NEXT YEAR'S BUDGET AND RATES

##### *Fiscal Year 2023 Budget*

The District's Board of Directors and management considered many factors when setting the fiscal year 2023 budget, user fees, and charges.

|                                          | <b>Actual<br/>Fiscal Year<br/>2022</b> | <b>Budget<br/>Fiscal Year<br/>2023</b> | <b>Dollar<br/>Change</b> | <b>Total<br/>Percent<br/>Change</b> |
|------------------------------------------|----------------------------------------|----------------------------------------|--------------------------|-------------------------------------|
| Operating revenues                       | \$ 19,009,807                          | \$ 19,291,000                          | \$ 281,193               | 1.5%                                |
| Non-operating revenues                   | 309,559                                | 1,318,000                              | 1,008,441                | 325.8%                              |
| Total revenues                           | 19,319,366                             | 20,609,000                             | 1,289,634                | 6.7%                                |
| Operating expenses                       | 15,372,783                             | 22,941,000                             | 7,568,217                | 49.2%                               |
| Non-operating expenses                   | 1,569                                  | -                                      | (1,569)                  | -100.0%                             |
| Total expenses                           | 15,374,352                             | 22,941,000                             | 7,566,648                | 49.2%                               |
| Income (loss) before contributions       | 3,945,014                              | (2,332,000)                            | (6,277,014)              | -159.1%                             |
| Capital contributions                    | 8,159,853                              | 1,484,000                              | (6,675,853)              | -81.8%                              |
| <b>Change in net position</b>            | <b>12,104,867</b>                      | <b>(848,000)</b>                       | <b>(12,952,867)</b>      | <b>-107.0%</b>                      |
| <b>Net position, beginning of period</b> | <b>192,095,087</b>                     | <b>204,199,954</b>                     | <b>12,104,867</b>        | <b>6.3%</b>                         |
| <b>Net position, end of period</b>       | <b>\$ 204,199,954</b>                  | <b>\$ 203,351,954</b>                  | <b>\$ (848,000)</b>      | <b>-0.4%</b>                        |

## **Beaumont-Cherry Valley Water District**

### **Management's Discussion and Analysis**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NEXT YEAR'S BUDGET AND RATES (Continued)**

##### *Water Rates and Charges*

The Board of Directors approved proposed changes to water rates and service charges following a public hearing on February 27, 2020, after a seven-month evaluation by an independent financial expert who studied the then-current rate structures and cost of service, balancing revenue needs with mitigating rate increases for customers. The study revealed the need for new rates and charges based on increasing operating, maintenance and capital replacement costs, which went into effect on March 1, 2020, with changes effective again on January 1, 2021, 2022, 2023, and 2024.

The Board of Directors approved an update to the pass-through Power Charge from SCE that took effect on October 1, 2021. The update to the pass-through charge from \$.32 to \$.42 per unit of water reflected the increased cost of electricity required to pump water.

##### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability and stewardship over the money it receives. Questions regarding the content provided in this report or requests for additional information should be addressed to the Director of Finance and Administration, Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, CA, 92223.

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## Basic Financial Statements

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# Beaumont-Cherry Valley Water District

## Statements of Net Position

December 31, 2022 with Comparative Information as of December 31, 2021

|                                                                           | 2022                  | 2021                  |
|---------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                                             |                       |                       |
| <b>Current assets:</b>                                                    |                       |                       |
| Cash and investments (Note 2)                                             | \$ 32,559,900         | \$ 32,901,406         |
| Restricted cash and investments - funds held for others (Note 2)          | 4,657,578             | 4,252,331             |
| Restricted cash and investments - capital commitments (Note 2)            | 46,569,828            | 40,921,375            |
| Interest receivable                                                       | 594,799               | 59,978                |
| Accounts receivable, net of allowance for uncollectible accounts (Note 3) | 4,438,133             | 3,734,439             |
| Notes receivable (Note 4)                                                 | 3,719                 | 2,971                 |
| Restricted notes receivable (Note 4)                                      | 251,549               | 486,735               |
| Grants receivable                                                         | 104,725               | 348,212               |
| Inventories                                                               | 1,655,715             | 985,242               |
| Prepaid items                                                             | 409,890               | 289,457               |
| Total current assets                                                      | 91,245,836            | 83,982,146            |
| <b>Noncurrent assets:</b>                                                 |                       |                       |
| Notes receivable (Note 4)                                                 | 13,885                | 17,713                |
| Restricted notes receivable (Note 4)                                      | 2,507,913             | 2,759,461             |
| Capital assets, net (Note 5)                                              | 120,835,111           | 114,566,656           |
| Total noncurrent assets                                                   | 123,356,909           | 117,343,830           |
| <b>Total assets</b>                                                       | <b>214,602,745</b>    | <b>201,325,976</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                       |                       |
| OPEB related (Note 11)                                                    | 366,619               | 411,836               |
| Pension related (Note 13)                                                 | 1,526,419             | 474,198               |
| <b>Total deferred outflows of resources</b>                               | <b>1,893,038</b>      | <b>886,034</b>        |
| <b>LIABILITIES</b>                                                        |                       |                       |
| <b>Current liabilities:</b>                                               |                       |                       |
| Accounts payable and other accrued liabilities (Note 7)                   | 1,726,948             | 1,107,320             |
| Customer account credit balances (Note 8)                                 | 235,078               | 279,670               |
| Customer deposits payable                                                 | 331,953               | 299,373               |
| Unearned revenues (Note 9)                                                | 4,090,547             | 3,673,288             |
| Current portion of long-term liabilities:                                 |                       |                       |
| Lease liability (Note 6)                                                  | 28,402                | 25,498                |
| Compensated absences (Note 10)                                            | 324,680               | 250,124               |
| Total current liabilities                                                 | 6,737,608             | 5,635,273             |
| <b>Noncurrent liabilities:</b>                                            |                       |                       |
| Lease liability (Note 6)                                                  | 9,887                 | 38,289                |
| Compensated absences (Note 10)                                            | 73,942                | 94,573                |
| Net OPEB liability (Note 11)                                              | 1,218,158             | 2,237,523             |
| Net pension liability (Note 13)                                           | 3,232,986             | 1,099,379             |
| Total noncurrent liabilities                                              | 4,534,973             | 3,469,764             |
| <b>Total liabilities</b>                                                  | <b>11,272,581</b>     | <b>9,105,037</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                       |                       |
| OPEB related (Note 11)                                                    | 924,597               | 42,053                |
| Pension related (Note 13)                                                 | 98,651                | 969,833               |
| <b>Total deferred inflows of resources</b>                                | <b>1,023,248</b>      | <b>1,011,886</b>      |
| <b>NET POSITION (Note 12)</b>                                             |                       |                       |
| Net investment in capital assets                                          | 120,796,822           | 114,502,869           |
| Restricted                                                                |                       |                       |
| Capital commitments                                                       | 46,569,828            | 40,921,375            |
| Notes receivable                                                          | 2,759,462             | 3,246,196             |
| Unrestricted                                                              | 34,073,842            | 33,424,647            |
| <b>Total net position</b>                                                 | <b>\$ 204,199,954</b> | <b>\$ 192,095,087</b> |

The accompanying notes are an integral part of the financial statements.

## Beaumont-Cherry Valley Water District

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

For the Year Ended December 31, 2022 with Comparative Information for the year ended December 31, 2021

|                                                               | 2022                  | 2021                  |
|---------------------------------------------------------------|-----------------------|-----------------------|
| <b>OPERATING REVENUES</b>                                     |                       |                       |
| Metered water sales                                           | \$ 6,102,822          | \$ 5,838,776          |
| Water service charges                                         | 4,848,032             | 4,303,343             |
| Water importation pass-through charges                        | 3,994,823             | 3,918,607             |
| Water pumping power pass-through charges                      | 2,331,222             | 1,854,589             |
| Development and installation charges                          | 1,153,264             | 857,886               |
| Other revenue                                                 | 579,644               | 214,127               |
| <b>Total operating revenues</b>                               | <b>19,009,807</b>     | <b>16,987,328</b>     |
| <b>OPERATING EXPENSES</b>                                     |                       |                       |
| Salaries and employee benefits                                | 5,657,557             | 4,563,552             |
| Pension expense (credit)                                      | 210,204               | (489,557)             |
| Energy expenses                                               | 2,653,152             | 2,470,785             |
| Water purchases                                               | 708,624               | 1,163,484             |
| Administration                                                | 714,778               | 613,685               |
| Operations                                                    | 766,180               | 578,611               |
| Maintenance and repairs                                       | 992,346               | 726,088               |
| Depreciation and amortization                                 | 3,175,139             | 2,947,481             |
| Insurance                                                     | 144,045               | 108,645               |
| Professional fees                                             | 332,569               | 462,675               |
| Other expenses                                                | 18,189                | 16,501                |
| <b>Total operating expenses</b>                               | <b>15,372,783</b>     | <b>13,161,950</b>     |
| <b>Operating Income</b>                                       | <b>3,637,024</b>      | <b>3,825,378</b>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                       |                       |                       |
| Investment earnings (losses)                                  | (218,974)             | 108,532               |
| Interest expense                                              | (1,569)               | (2,074)               |
| Rental income                                                 | 45,590                | 26,101                |
| Other revenue                                                 | 482,943               | 720,864               |
| <b>Total nonoperating revenues (expenses)</b>                 | <b>307,990</b>        | <b>853,423</b>        |
| <b>Income before contributions</b>                            | <b>3,945,014</b>      | <b>4,678,801</b>      |
| <b>CAPITAL CONTRIBUTIONS</b>                                  |                       |                       |
| Donated capital assets                                        | 978,470               | 324,740               |
| Capacity charges                                              | 7,181,383             | 10,651,484            |
| <b>Total capital contributions</b>                            | <b>8,159,853</b>      | <b>10,976,224</b>     |
| <b>Change in net position</b>                                 | <b>12,104,867</b>     | <b>15,655,025</b>     |
| <b>Net position, beginning of year, as restated (Note 17)</b> | <b>192,095,087</b>    | <b>176,440,062</b>    |
| <b>Net position, end of year</b>                              | <b>\$ 204,199,954</b> | <b>\$ 192,095,087</b> |

The accompanying notes are an integral part of the financial statements.



# Beaumont-Cherry Valley Water District

## Statements of Cash Flows

For the Year Ended December 31, 2022 with Comparative Information for the year ended December 31, 2021

|                                                                      | 2022                 | 2021                 |
|----------------------------------------------------------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                      |                      |
| Receipts from customers                                              | \$ 16,934,794        | \$ 15,689,198        |
| Receipts from developers (unrestricted)                              | 1,099,932            | 1,091,911            |
| Other receipts                                                       | 1,110,835            | 971,380              |
| Payments to employees for salaries and benefits                      | (5,602,694)          | (4,426,006)          |
| Payments to suppliers and service providers                          | (6,509,876)          | (5,690,972)          |
| (Refund)/receipt of customer deposits                                | 32,580               | (145,290)            |
| Net cash provided by operating activities                            | 7,065,571            | 7,490,221            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |                      |                      |
| Amounts due to (from) grantor                                        | 243,487              | (348,212)            |
| Net cash provided (used) by noncapital financing activities          | 243,487              | (348,212)            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |                      |                      |
| Acquisition and construction of capital assets                       | (8,484,119)          | (3,568,156)          |
| Principal paid on leases                                             | (25,498)             | (23,275)             |
| Interest paid on leases                                              | (1,569)              | (2,075)              |
| Capital contributions                                                | 7,181,383            | 10,651,484           |
| Receipts from notes                                                  | 486,734              | 60,694               |
| Issuance of new notes                                                | -                    | (2,838,600)          |
| Net cash provided (used) by capital and related financing activities | (843,069)            | 4,280,072            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                      |                      |
| Interest received                                                    | 588,199              | 249,743              |
| Realized loss on investments                                         | (1,341,994)          | (109,663)            |
| Net cash provided (used) by investing activities                     | (753,795)            | 140,080              |
| Net increase in cash and cash equivalents                            | 5,712,194            | 11,562,161           |
| <b>Cash and investments, beginning of year</b>                       | <b>78,075,112</b>    | <b>66,512,951</b>    |
| <b>Cash and investments, end of year</b>                             | <b>\$ 83,787,306</b> | <b>\$ 78,075,112</b> |
| Reconciliation to the Statement of Net Position:                     |                      |                      |
| Cash and investments                                                 | \$ 32,559,900        | \$ 32,901,406        |
| Restricted cash and investments - funds held for others              | 4,657,578            | 4,252,331            |
| Restricted cash and investments - capital commitments                | 46,569,828           | 40,921,375           |
| Total cash and investments                                           | \$ 83,787,306        | \$ 78,075,112        |

The accompanying notes are an integral part of the financial statements.

# Beaumont-Cherry Valley Water District

## Statements of Cash Flows, Continued

For the Year Ended December 31, 2022 with Comparative Information for the year ended December 31, 2021

|                                                                                            | 2022         | 2021         |
|--------------------------------------------------------------------------------------------|--------------|--------------|
| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |              |              |
| Operating income                                                                           | \$ 3,637,024 | \$ 3,823,304 |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities: |              |              |
| Depreciation/amortization expense                                                          | 3,175,139    | 2,947,481    |
| Construction in progress abandoned                                                         | 18,995       | 81,169       |
| Other income                                                                               | 482,943      | 720,864      |
| Rental income                                                                              | 45,590       | 28,176       |
| (Increase) decrease in accounts receivable                                                 | (703,694)    | (177,873)    |
| (Increase) decrease in notes receivable                                                    | 3,080        | 10,451       |
| (Increase) decrease in inventories                                                         | (670,473)    | (62,271)     |
| (Increase) decrease in prepaid items                                                       | (120,433)    | (41,852)     |
| (Increase) decrease in deferred outflows of resources                                      | (1,007,004)  | 86,412       |
| Increase (decrease) in accounts payable and other accrued liabilities                      | 619,628      | 475,988      |
| Increase (decrease) in customer account credit balances                                    | (44,592)     | (157,033)    |
| Increase (decrease) in customer deposits payable                                           | 32,580       | (145,290)    |
| Increase (decrease) in unearned revenues                                                   | 417,259      | 297,723      |
| Increase (decrease) in compensated absences                                                | 53,925       | (11,227)     |
| Increase (decrease) in other post-employment benefit obligations                           | (1,019,365)  | 176,154      |
| Increase (decrease) in net pension liability                                               | 2,133,607    | (1,494,857)  |
| Increase (decrease) in deferred inflows of resources                                       | 11,362       | 932,902      |
| Total adjustments                                                                          | 3,428,547    | 3,666,917    |
| Net cash provided by operating activities                                                  | \$ 7,065,571 | \$ 7,490,221 |
| <b>Schedule of non-cash investing and capital and related financing activities</b>         |              |              |
| Capital contributions - donated capital assets                                             | \$ 978,470   | \$ 324,740   |

The accompanying notes are an integral part of the financial statements.

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity and Basis of Presentation

The Beaumont-Cherry Valley Water District (District) is a special-purpose government district supplying and distributing water to over 60,000 people in the City of Beaumont, the community of Cherry Valley, and a small portion of the City of Calimesa. The District is governed by a five-member Board of Directors who serve overlapping four-year terms. The financial statements of the District 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 District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

##### B. Measurement Focus and Basis of Accounting

Proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund result from charges to customers for sales and services. Operating expenses include the costs of sales and services, the costs of employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

##### C. Cash and Cash Equivalents

The District's cash and cash and cash equivalents are considered to be cash on hand, demand deposits and investments with maturities less than 90 days. Therefore, for purposes of the statement of cash flows, the District considers the cash and investment balance to be cash and cash equivalents.

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### D. Restricted Cash and Investments

Restricted cash and investments are cash and investments that are segregated and can only be used for specific purposes. The District's restricted cash and investments consist of funds held for others, including refundable or prepaid customer deposits. The District also restricts cash and investments for capital commitments in the amount of developer capacity charges collected during the year to ensure that funds are set aside to provide for the expansion of the domestic and non-potable water system.

Please refer to *Note 2 - Cash and Investments* for additional details.

##### E. Inventories and Prepaid Items

Inventories are stated at cost using the average-cost method, and consist of materials used in construction and maintenance of the water system.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of the prepaid items are recorded as expenses when consumed rather than when purchased.

##### F. Capital Assets

Capital assets purchased or constructed are carried at historical cost. Constructed costs include labor, materials and construction period interest expense (net of interest income, where applicable). The capitalization threshold is \$5,000. Contributed assets are stated at estimated acquisition value at the time received by the District. Land and construction in progress are not depreciated. Depreciation on the other assets is calculated on the straight-line method over the following estimated useful lives of the assets:

|                                   |                |
|-----------------------------------|----------------|
| Pump House Structures             | 25 to 40 years |
| Well Casings & Development        | 10 to 40 years |
| Pumping Equipment                 | 10 to 50 years |
| Chlorinators                      | 15 to 30 years |
| Reservoirs & Tanks                | 15 to 50 years |
| Telemetry Equipment               | 10 to 20 years |
| Transmission & Distribution Mains | 40 to 75 years |
| Meters & Meter Services           | 10 to 15 years |
| Fire Hydrants                     | 30 to 50 years |
| Structures & Improvements         | 10 to 75 years |
| Office Furniture & Equipment      | 3 to 20 years  |
| Automobile Equipment:             |                |
| Vehicles                          | 5 to 15 years  |
| Heavy Equipment                   | 7 to 15 years  |
| Light Equipment                   | 5 to 7 years   |
| General Equipment                 | 5 to 15 years  |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### F. Capital Assets (continued)

Please refer to *Note 5 - Capital Assets* for additional details.

##### G. Intangible Assets

Intangible right to use assets are related to equipment or real property that the District has obtained the right to utilize for a specified period of time through the use of a lease agreement. The life of the right to use asset is for the same period as the lease and amortized on a straight-line basis over that period.

##### H. Unearned Revenues

Unearned revenues arise when resources are received by the District before revenues are earned, as when developers pay in advance for services to be provided by the District at a later date. When the District has provided the services, the associated amounts will be recognized as revenue.

Please refer to *Note 9 - Unearned Revenues* for additional details.

##### I. Compensated Absences

###### *Vacation*

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the District. An employee may also request to buy back vacation hours as desired during the year but must request a minimum of 10 hours per buyback, and must have a minimum remaining balance of 40 hours of vacation leave accrual after the purchase of said vacation hours for the calendar year. The liability for such leave is reported as an expense when incurred.

###### *Sick Leave*

All full-time, regular employees not using any sick leave for twelve consecutive months can convert their twelve accrued 8-hour sick days to cash at the rate of two accrued days for 8 hours paid at their regular hourly rate. Upon retirement or death, all employees or their beneficiaries are entitled to receive a pay-out of 50% of all accumulated sick leave. Accumulated sick leave dissolves when employees separate from the District in any other manner.

Please refer to *Note 10 - Compensated Absences* for additional details.

##### J. Use of Estimates

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

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### K. Uncollectible Accounts

The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. Any unpaid debt is deemed a lien against the real property to which service is rendered in accordance with applicable law.

Please refer to Note 3 - *Accounts Receivable* for additional detail.

##### L. Use of Restricted Resources

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

##### M. Credit/Market Risk

The District provides water services to local residents, commercial, industrial, irrigation and construction customers. As part of normal operating practices, credit is granted to residential, commercial, industrial, and irrigation customers on a secured basis and to construction customers on an unsecured basis.

##### N. Fair Value Measurement

The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### O. 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 require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

|                    |                                |
|--------------------|--------------------------------|
| Valuation Date     | June 30, 2021                  |
| Measurement Date   | June 30, 2022                  |
| Measurement Period | January 1 to December 31, 2022 |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### P. Other Postemployment Benefits (OPEB)

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

|                    |                                |
|--------------------|--------------------------------|
| Valuation Date     | June 30, 2021                  |
| Measurement Date   | June 30, 2022                  |
| Measurement Period | January 1 to December 31, 2022 |

##### Q. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements from which this selected financial information was derived.

##### R. Reclassifications

Certain reclassifications have been made to prior year's balance to conform to classifications used in 2022.

#### NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

| Description                                             | 2022                 | 2021                 |
|---------------------------------------------------------|----------------------|----------------------|
| Cash and investments                                    | \$ 32,559,900        | \$ 32,901,406        |
| Restricted cash and investments - funds held for others | 4,657,578            | 4,252,331            |
| Restricted cash and investments - capital commitments   | 46,569,828           | 40,921,375           |
| Total cash and investments                              | <u>\$ 83,787,306</u> | <u>\$ 78,075,112</u> |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

#### NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of December 31 consist of the following:

| Description                                  | 2022                 | 2021                 |
|----------------------------------------------|----------------------|----------------------|
| Cash on hand (petty cash and change drawers) | \$ 1,400             | \$ 1,400             |
| Demand deposits (cash in bank)               | 15,279,590           | 9,419,447            |
| Investments                                  | 68,506,316           | 68,654,265           |
| Total cash and investments                   | <u>\$ 83,787,306</u> | <u>\$ 78,075,112</u> |

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

The table below identifies the investment types that are authorized for the District by the California Government Code and the District's policy, where more restrictive. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type                | Maturity Limit | Maximum Specified % of Portfolio |
|-------------------------------------------|----------------|----------------------------------|
| Municipal debt                            | 5 years        | None                             |
| US Treasury obligations                   | 5 years        | None                             |
| Supranational obligations                 | 5 years        | 20%                              |
| Pass-through securities                   | 5 years        | 20%                              |
| US Agency obligations                     | 5 years        | None                             |
| Bankers acceptances                       | 180 days       | 40%                              |
| Commercial paper                          | 270 days       | 25%                              |
| Negotiable certificates of deposit        | 5 years        | 30%                              |
| Placement service certificates of deposit | 5 years        | 50%                              |
| Repurchase agreements                     | 1 year         | 10%                              |
| Medium term notes                         | 5 years        | 30%                              |
| Mutual funds and money market             | N/A            | 20%                              |
| Collateralized bank deposits              | N/A            | None                             |
| Local Government Investment Funds         | N/A            | None                             |
| Local Agency Investment Fund (LAIF)       | N/A            | \$75 M                           |



## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

#### NOTE 2 – CASH AND INVESTMENTS (Continued)

##### *Disclosures Relating to 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.

The District's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The District's investments as of December 31, 2022 were as follows:

| Investment Type                     | Fair Value           | Maturity             |                      |                     |
|-------------------------------------|----------------------|----------------------|----------------------|---------------------|
|                                     |                      | Less than<br>1 year  | >1 to 3<br>years     | >3 to 5<br>years    |
| LAIF                                | \$ 32,040,994        | \$ 32,040,994        | \$ -                 | \$ -                |
| Asset backed securities             | 2,678,252            | -                    | 1,477,917            | 1,200,335           |
| Money market fund                   | 70,747               | 70,747               | \$ -                 | \$ -                |
| Supranational                       | 357,146              | -                    | 357,146              | -                   |
| US Agency                           | 4,780,916            | 2,011,425            | 2,769,491            | -                   |
| Collateralized mortgage obligations | 2,959,787            | 772,856              | 2,186,931            | -                   |
| US Treasury                         | 15,558,005           | 3,881,525            | 11,676,480           | -                   |
| Corporate notes                     | 10,060,469           | 391,909              | 8,723,747            | 944,813             |
| Total investments                   | <u>\$ 68,506,316</u> | <u>\$ 39,169,456</u> | <u>\$ 27,191,712</u> | <u>\$ 2,145,148</u> |

The District's investments as of December 31, 2021 were as follows:

| Investment Type   | Fair Value           | Maturity             |                  |                  |
|-------------------|----------------------|----------------------|------------------|------------------|
|                   |                      | Less than<br>1 year  | >1 to 3<br>years | >3 to 5<br>years |
| CalTRUST          | \$ 36,843,805        | \$ 36,843,805        | \$ -             | \$ -             |
| LAIF              | 31,810,460           | 31,810,460           | -                | -                |
| Total investments | <u>\$ 68,654,265</u> | <u>\$ 68,654,265</u> | <u>\$ -</u>      | <u>\$ -</u>      |

## **Beaumont-Cherry Valley Water District**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NOTE 2 – CASH AND INVESTMENTS (Continued)**

##### ***Disclosures Relating to 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. The District's asset backed securities, US Agency securities, money market funds, supranational securities, and the collateralized mortgage obligations are all rated AAA/AA+. The Districts corporate notes investments are all rated at least A/A-.

##### ***Concentration of Credit Risk***

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represents 5% or more of the District's investments. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

##### ***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 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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The District may waive collateral requirements for deposits which are fully insured by federal depository insurance.

As of December 31, 2022 and 2021, the District had deposits with financial institutions of \$15,834,274 and \$9,212,045, respectively, in excess of federal depository insurance limits and subject to custodial credit risk as described above. These deposits are collateralized 110% (as described above) by the bank.

## **Beaumont-Cherry Valley Water District**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NOTE 2 – CASH AND INVESTMENTS (Continued)**

##### ***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The fair value of the District's investment in this pool is reported in the accompanying financial statements, at amounts based upon the District'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. Accordingly, under the fair value hierarchy, the measurement of the District's investment is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3 inputs. Further information about LAIF is available on the California State Controller's website: [www.treasurer.ca.gov/pmia-laif/](http://www.treasurer.ca.gov/pmia-laif/).

##### ***CalTRUST***

The District is a voluntary participant in CalTRUST, a Joint Exercise Powers Agreement of the Investment Trust of California. The principal executive office is located at 1100 K Street, Suite 1010, Sacramento, California 95814. CalTRUST is subject to the California Joint Exercise of Powers Act. Each participant in CalTRUST must be a California Public Agency. The purpose of CalTRUST is to consolidate investment activities of its participants and thereby reduce duplication, achieve economies of scale and carry out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST.

The two funds the District has invested in are the short-term and medium-term fund. The short-term fund has a targeted portfolio duration of 0 to 2 years and medium-term fund has a targeted portfolio duration of 1 ½ to 3 ½ years. Investment strategies are to attain as high as a level of current income as is consistent with the preservation of principal.

The fair value of the District's investment in CalTRUST is based upon the net asset value (NAV) of shares held by the District at year-end. The net asset value per share is computed by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares. Liabilities include all accrued expenses and fees, including expenses of the trust.

The fair value of CalTRUST portfolio securities is determined on the basis of the market value of such securities, or, if market quotations are not readily available, at fair value under the guidelines established by the trustees. Investments with short remaining maturities may be valued at amortized cost which the CalTRUST Board has determined to equal fair value.

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 2 – CASH AND INVESTMENTS (Continued)

##### *Fair Value Measurements*

Generally accepted accounting principles establish a fair value hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

US Agencies, US Treasuries, supranationals, corporate notes, collateralized mortgage obligations, and asset backed securities are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curves and indices, and other market-related data and are classified in Level 2 of the fair value hierarchy. All other investments are not subject to the fair value hierarchy.

#### NOTE 3 – ACCOUNTS RECEIVABLE

Water Sales and Services are reported net of uncollectible amounts based on actual collections as of the date of the statements. The General Manager or their designee is authorized to file a lien against real property serviced with the Assessor-Clerk-Recorder of the County of Riverside for any charges 60 days past due. The amount of charges of unpaid bills are included as a lien against the debtor's property until the unpaid charges are collected and the account is brought current. Other receivables, those billings outside of the normal water sales and services billings, include items such as damages to District property and rental of District property. Amounts not expected to be collected within the next year have been included in the allowance for uncollectible accounts. Developer receivables are those receivables due from developers for development activity that has exceeded deposits collected to-date. The amount included in the allowance for uncollectible accounts is an estimate based on other refundable accounts held for the developer that the District feels they can use to negotiate settlement on balances due to the District. Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) amount on the financial statements.

The detail of the receivables, including applicable allowances for uncollectible amounts as of December 31, 2022 is as follows:

|                                               | Water Sales<br>and Services | Other             | Developer         | Total               |
|-----------------------------------------------|-----------------------------|-------------------|-------------------|---------------------|
| Receivables                                   | \$ 3,403,380                | \$ 342,873        | \$ 961,070        | \$ 4,707,323        |
| Less: allowance for<br>uncollectible accounts | -                           | -                 | (269,190)         | (269,190)           |
| Net receivables                               | <u>\$ 3,403,380</u>         | <u>\$ 342,873</u> | <u>\$ 691,880</u> | <u>\$ 4,438,133</u> |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 3 – ACCOUNTS RECEIVABLE (Continued)

On March 4, 2020, the Governor's Office issued executive order N-42.20. This order prohibits water agencies from discontinuing water service for non-payment (both residential and businesses). The order explicitly states that "nothing in this Order eliminates the obligation of water customers to pay for water service, prevents a water system from charging a customer for such service, or reduces the amount a customer already may owe to a water system." On June 30, 2021 the Governor's Office issued executive order N-08.21. This order establishes that executive order N-42.20 shall expire as of September 30, 2021. Since the District has the power to lien properties for delinquent payments now that N-42.20 is lifted, it feels water sales and services receivables will be fully collected.

The detail of the receivables, including applicable allowances for uncollectible amounts, as of December 31, 2021 is as follows:

|                                               | Water Sales<br>and Services | Other            | Developer         | Total               |
|-----------------------------------------------|-----------------------------|------------------|-------------------|---------------------|
| Receivables                                   | \$ 3,170,698                | \$ 13,932        | \$ 818,999        | \$ 4,003,629        |
| Less: allowance for<br>uncollectible accounts | -                           | -                | (269,190)         | (269,190)           |
| Net receivables                               | <u>\$ 3,170,698</u>         | <u>\$ 13,932</u> | <u>\$ 549,809</u> | <u>\$ 3,734,439</u> |

#### NOTE 4 – NOTES RECEIVABLE

In 2003, the Bonita Vista Mutual Water Company (Bonita Vista) started the annexation process to join the District. The annexation agreement called for the District to install a new water delivery system. The property owners/shareholders in Bonita Vista were responsible for 1/100<sup>th</sup> of the costs of construction of the new system, at \$5,500 per meter. The notes are payable over 20 years at a variable interest rate calculated annually at 1.5 percent above the LAIF interest rate. The notes are due to mature as of February 15, 2028.

The District has entered into various agreements with the developers of the Fairway Canyon Community Association (Fairway Canyon) for payment of the new water component of the water main extension and capacity charges. The notes are payable over 10 years at an annual interest rate of 10 percent.

Amounts due from Bonita Vista and Fairway Canyon are separated into current and non-current portions on the *Statement of Net Position*.

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 4 – NOTES RECEIVABLE (Continued)

The detail of the notes, including applicable allowances for uncollectible amounts as of December 31, 2022 is as follows:

|                        | <u>Notes Receivable</u> | <u>Restricted Notes<br/>Receivable</u> |                     |
|------------------------|-------------------------|----------------------------------------|---------------------|
|                        | <u>Bonita Vista</u>     | <u>Fairway Canyon</u>                  | <u>Total</u>        |
| Current                | \$ 3,719                | \$ 251,549                             | \$ 255,268          |
| Non-current            | 13,885                  | 2,507,913                              | 2,521,798           |
| Total notes receivable | <u>\$ 17,604</u>        | <u>\$ 2,759,462</u>                    | <u>\$ 2,777,066</u> |

The detail of the notes, including applicable allowances for uncollectible amounts as of December 31, 2021 is as follows:

|                        | <u>Notes Receivable</u> | <u>Restricted Notes<br/>Receivable</u> |                     |
|------------------------|-------------------------|----------------------------------------|---------------------|
|                        | <u>Bonita Vista</u>     | <u>Fairway Canyon</u>                  | <u>Total</u>        |
| Current                | \$ 2,971                | \$ 486,735                             | \$ 489,706          |
| Non-current            | 17,713                  | 2,759,461                              | 2,777,174           |
| Total notes receivable | <u>\$ 20,684</u>        | <u>\$ 3,246,196</u>                    | <u>\$ 3,266,880</u> |

# Beaumont-Cherry Valley Water District

## Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

### NOTE 5 – CAPITAL ASSETS

The following table summarizes capital asset activity during the year ended December 31, 2022:

|                                                        | Beginning<br>Balance | Additions    | Deletions   | Transfers   | Ending<br>Balance |
|--------------------------------------------------------|----------------------|--------------|-------------|-------------|-------------------|
| Capital assets, not being depreciated                  |                      |              |             |             |                   |
| Land                                                   | \$ 7,721,730         | \$ -         | \$ -        | \$ -        | \$ 7,721,730      |
| Construction in progress                               | 1,986,751            | 8,391,392    | (18,995)    | (3,709,295) | 6,649,853         |
| Total capital assets, not being depreciated            | 9,708,481            | 8,391,392    | (18,995)    | (3,709,295) | 14,371,583        |
| Capital assets, being depreciated:                     |                      |              |             |             |                   |
| Transmission and distribution system                   | 87,205,721           | 984,999      | -           | 3,098,709   | 91,289,429        |
| Structures and improvements                            | 18,279,713           | 72,708       | -           | -           | 18,352,421        |
| Reservoirs and tanks                                   | 22,546,667           | -            | -           | -           | 22,546,667        |
| Pumping and telemetry equipment                        | 14,460,271           | 13,490       | -           | 316,157     | 14,789,918        |
| Vehicles and equipment                                 | 2,685,084            | -            | (230,246)   | 294,429     | 2,749,267         |
| Total capital assets, being depreciated                | 145,177,456          | 1,071,197    | (230,246)   | 3,709,295   | 149,727,702       |
| Less accumulated depreciation for:                     |                      |              |             |             |                   |
| Transmission and distribution system                   | (20,870,296)         | (1,781,830)  | -           | -           | (22,652,126)      |
| Structures and improvements                            | (5,069,904)          | (333,712)    | -           | -           | (5,403,616)       |
| Reservoirs and tanks                                   | (7,762,999)          | (430,121)    | -           | -           | (8,193,120)       |
| Pumping and telemetry equipment                        | (4,508,389)          | (381,305)    | -           | -           | (4,889,694)       |
| Vehicles and equipment                                 | (2,170,813)          | (222,052)    | 230,246     | -           | (2,162,619)       |
| Total accumulated depreciation                         | (40,382,401)         | (3,149,020)  | 230,246     | -           | (43,301,175)      |
| Right-to-use assets being amortized                    |                      |              |             |             |                   |
| Buildings                                              | 87,062               | -            | -           | -           | 87,062            |
| Less accumulated amortization for:                     |                      |              |             |             |                   |
| Buildings                                              | (23,942)             | (26,119)     | -           | -           | (50,061)          |
| Total capital assets, being depreciated/amortized, net | 104,858,175          | (2,103,942)  | -           | 3,709,295   | 106,463,528       |
| Capital assets, net                                    | \$ 114,566,656       | \$ 6,287,450 | \$ (18,995) | \$ -        | \$ 120,835,111    |

In the year 2022 \$18,995 of CIP projects were deemed not viable and abandoned.

# Beaumont-Cherry Valley Water District

## Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

### NOTE 5 – CAPITAL ASSETS (Continued)

The following table summarizes capital asset activity during the year ended December 31, 2021:

|                                                        | Beginning<br>Balance | Additions    | Deletions   | Transfers   | Ending<br>Balance |
|--------------------------------------------------------|----------------------|--------------|-------------|-------------|-------------------|
| Capital assets, not being depreciated                  |                      |              |             |             |                   |
| Land                                                   | \$ 7,721,730         | \$ -         | \$ -        | \$ -        | \$ 7,721,730      |
| Construction in progress                               | 1,911,613            | 3,561,456    | (81,169)    | (3,405,149) | 1,986,751         |
| Total capital assets, not being depreciated            | 9,633,343            | 3,561,456    | (81,169)    | (3,405,149) | 9,708,481         |
| Capital assets, being depreciated:                     |                      |              |             |             |                   |
| Transmission and distribution system                   | 84,504,204           | 324,740      | -           | 2,376,777   | 87,205,721        |
| Structures and improvements                            | 18,124,247           | 6,700        | -           | 148,766     | 18,279,713        |
| Reservoirs and tanks                                   | 22,546,667           | -            | -           | -           | 22,546,667        |
| Pumping and telemetry equipment                        | 13,791,301           | -            | -           | 668,970     | 14,460,271        |
| Vehicles and equipment                                 | 2,474,448            | -            | -           | 210,636     | 2,685,084         |
| Total capital assets, being depreciated                | 141,440,867          | 331,440      | -           | 3,405,149   | 145,177,456       |
| Less accumulated depreciation for:                     |                      |              |             |             |                   |
| Transmission and distribution system                   | (19,296,094)         | (1,574,202)  | -           | -           | (20,870,296)      |
| Structures and improvements                            | (4,743,098)          | (326,806)    | -           | -           | (5,069,904)       |
| Reservoirs and tanks                                   | (7,283,065)          | (479,934)    | -           | -           | (7,762,999)       |
| Pumping and telemetry equipment                        | (4,183,397)          | (324,992)    | -           | -           | (4,508,389)       |
| Vehicles and equipment                                 | (1,953,208)          | (217,605)    | -           | -           | (2,170,813)       |
| Total accumulated depreciation                         | (37,458,862)         | (2,923,539)  | -           | -           | (40,382,401)      |
| Right-to-use assets being amortized:                   |                      |              |             |             |                   |
| Buildings                                              | -                    | 87,062       | -           | -           | 87,062            |
| Less accumulated amortization for:                     |                      |              |             |             |                   |
| Buildings                                              | -                    | (23,942)     | -           | -           | (23,942)          |
| Total capital assets, being depreciated/amortized, net | 103,982,005          | (2,528,979)  | -           | 3,405,149   | 104,858,175       |
| Capital assets, net                                    | \$ 113,615,348       | \$ 1,032,477 | \$ (81,169) | \$ -        | \$ 114,566,656    |

In the year 2021 \$81,169 of CIP projects were deemed not viable and abandoned.



## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 6 – LEASE PAYABLE

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of January 1, 2021, the District entered into a lease agreement for commercial real estate. The lease is for 40 months. An interest rate of 3.0% was used. Monthly lease payments of \$2,318 were due at the beginning of the lease with annual payment adjustments based on the US Consumer Price Index for Riverside County.

Lease payable activity for the year ended December 31, 2022, was as follows:

|               | Beginning<br>balance | Additions | Deletions   | Ending<br>balance | Current<br>Portion |
|---------------|----------------------|-----------|-------------|-------------------|--------------------|
| Lease payable | \$ 63,787            | \$ -      | \$ (25,498) | \$ 38,289         | \$ 28,402          |

Lease payable activity for the year ended December 31, 2021, was as follows:

|               | Beginning<br>balance | Additions | Deletions   | Ending<br>balance | Current<br>Portion |
|---------------|----------------------|-----------|-------------|-------------------|--------------------|
| Lease payable | \$ -                 | \$ 87,062 | \$ (23,275) | \$ 63,787         | \$ 25,498          |

Future lease payments are as follows:

| Year ending<br>December 31, | Principal | Interest | Total     |
|-----------------------------|-----------|----------|-----------|
| 2023                        | \$ 28,402 | \$ 767   | \$ 29,169 |
| 2024                        | 9,887     | 62       | 9,949     |
| Total                       | \$ 38,289 | \$ 829   | \$ 39,118 |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 7 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and other accrued liabilities as of December 31 were as follows:

| Description                                          | 2022                | 2021                |
|------------------------------------------------------|---------------------|---------------------|
| Accounts payable                                     | \$ 1,541,326        | \$ 949,408          |
| Salaries and employee benefits                       | 172,420             | 82,821              |
| Other                                                | 13,202              | 75,091              |
| Total accounts payable and other accrued liabilities | <u>\$ 1,726,948</u> | <u>\$ 1,107,320</u> |

#### NOTE 8 – CUSTOMER ACCOUNT CREDIT BALANCES

Credit balances on customer utility accounts are to be used against future billings or refunded upon request where funds have been on deposit for one year in a customer's account and there have been no delinquency payments on any of the customer's accounts with the District during that year. As of December 31, 2022 and 2021, the balance was \$235,078 and \$279,670, respectively.

#### NOTE 9 – UNEARNED REVENUES

Developers make payments in advance of the District providing services, including items such as meter installations, development plan checks and development inspections. As the District provides these services, revenues are recognized and the unearned revenues balance is reduced. As of December 31, 2022 and 2021, the balance was \$4,090,547 and \$3,673,288, respectively.

#### NOTE 10 – COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation, sick, holiday and administrative leave, which is accrued as earned. The liability for compensated absences is determined annually.

The activity for the year ended December 31, 2022 was as follows:

| Beginning Balance | Additions         | Deletions           | Ending Balance    | Current Portion   | Non-current Portion |
|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
| <u>\$ 344,697</u> | <u>\$ 418,755</u> | <u>\$ (364,830)</u> | <u>\$ 398,622</u> | <u>\$ 324,680</u> | <u>\$ 73,942</u>    |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 10 – COMPENSATED ABSENCES (Continued)

The activity for the year ended December 31, 2021 was as follows:

| Beginning<br>Balance | Additions         | Deletions           | Ending<br>Balance | Current<br>Portion | Non-current<br>Portion |
|----------------------|-------------------|---------------------|-------------------|--------------------|------------------------|
| <u>\$ 355,924</u>    | <u>\$ 311,446</u> | <u>\$ (322,673)</u> | <u>\$ 344,697</u> | <u>\$ 250,124</u>  | <u>\$ 94,573</u>       |

#### NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION

##### *Plan Description*

The District currently participates in an agent multiple employer plan. The District pays a portion of the cost of health insurance (including prescription drug benefits) as post-employment benefits to retired employees who satisfy the eligibility rules as required by CalPERS Health Program enrollment. The current District contribution is fixed at \$474 per month. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

##### *Employees Covered*

As of the June 30, 2022 measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

|                                                                  |           |
|------------------------------------------------------------------|-----------|
| Active employees                                                 | 43        |
| Inactive employees or beneficiaries currently receiving benefits | 5         |
| Inactive employees entitled to, but not yet receiving benefits   | <u>1</u>  |
| Total                                                            | <u>49</u> |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

##### *Net OPEB Liability*

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

##### Actuarial Assumptions

|                                                |                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Valuation Date                       | June 30, 2022                                                                                                                                                                                                                                                                    |
| Discount Rate                                  | 4.44% at June 30, 2022; 2.16% at June 30, 2021                                                                                                                                                                                                                                   |
| General Inflation                              | 2.50% annually                                                                                                                                                                                                                                                                   |
| Mortality, Retirement, Disability, Termination | Based on CalPERS 2000-2019 Experience Study                                                                                                                                                                                                                                      |
| Salary increases                               | Aggregate - 2.75% annually<br>Merit - CalPERS 2000-2019 Experience Study                                                                                                                                                                                                         |
| Medical Trend                                  | Non-Medicare – 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 and later<br>Non-Kaiser Medicare – 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076<br>Kaiser Medicare – 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076 and later |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) 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 real rates of return by the target asset allocation percentage and by adding expected inflation.

##### *Change in Assumptions*

The discount rate was updated to reflect the District's prefunding. The discount rate changed from 2.16% in 2021 to 4.44% in 2022. In addition, the general inflation was changed to 2.50%. Certain demographic, medical trends and mortality assumptions were also updated.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset class component                          | Target allocation<br>CERBT-Strategy 3 | Expected real<br>Rate of return |
|------------------------------------------------|---------------------------------------|---------------------------------|
| Global equity                                  | 23%                                   | 4.56%                           |
| Fixed income                                   | 51%                                   | 1.56%                           |
| TIPS                                           | 9%                                    | -0.08%                          |
| Commodities                                    | 3%                                    | 1.22%                           |
| REITS                                          | 14%                                   | 4.06%                           |
| Assumed long-term rate of inflation            |                                       | 2.50%                           |
| Expected long-term net rate of return, rounded |                                       | 5.25%                           |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

#### NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

##### *Discount Rate*

A discount rate of 4.44% was used in the valuation for measurement date June 30, 2022.

##### *Changes in the OPEB Liability*

The changes in the net OPEB liability for the Plan are as follows:

|                                                            | (a)<br>Total OPEB<br>Liability | (b)<br>Plan Fiduciary<br>Net Position | (a) - (b) = (c)<br>Net OPEB<br>Liability |
|------------------------------------------------------------|--------------------------------|---------------------------------------|------------------------------------------|
| Balance at December 31, 2021<br>(6/30/21 measurement date) | \$ 2,237,523                   | \$ -                                  | \$ 2,237,523                             |
| Changes recognized for the measurement period:             |                                |                                       |                                          |
| Service cost                                               | 151,696                        | -                                     | 151,696                                  |
| Interest                                                   | 51,156                         | -                                     | 51,156                                   |
| Differences between expected and<br>actual experience      | (275,289)                      | -                                     | (275,289)                                |
| Changes in assumptions                                     | (697,367)                      | -                                     | (697,367)                                |
| Contributions – employer                                   | -                              | 249,930                               | (249,930)                                |
| Net investment income                                      | -                              | (193)                                 | 193                                      |
| Benefit payments                                           | (41,757)                       | (41,757)                              | -                                        |
| Administrative expense                                     | -                              | (176)                                 | 176                                      |
| Net changes                                                | (811,561)                      | 207,804                               | (1,019,365)                              |
| Balance at December 31, 2022<br>(6/30/22 measurement date) | \$ 1,425,962                   | \$ 207,804                            | \$ 1,218,158                             |

##### *Sensitivity of the net OPEB Liability to Changes in the Discount Rate*

The following represents the total OPEB liability of the District if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

December 31, 2022 (measurement date June 30, 2022)

|                       | 1% Decrease<br>(3.44%) | Current Discount<br>Rate (4.44%) | 1% Increase<br>(5.44%) |
|-----------------------|------------------------|----------------------------------|------------------------|
| Net OPEB<br>Liability | \$ 1,431,046           | \$1,218,158                      | \$ 1,043,586           |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

##### *Sensitivity of the net OPEB Liability to Changes in the Discount Rate (Continued)*

December 31, 2021 (measurement date June 30, 2021)

|                    | <u>1% Decrease<br/>(1.21%)</u> | <u>Current Discount<br/>Rate (2.21%)</u> | <u>1% Increase<br/>(3.21%)</u> |
|--------------------|--------------------------------|------------------------------------------|--------------------------------|
| Net OPEB Liability | \$ 2,666,000                   | \$2,237,523                              | \$ 1,902,396                   |

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

The following represents the total OPEB liability of the District if it were calculated using healthcare costs trend rates one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

December 31, 2022 (measurement date June 30, 2022)

|                    | <u>1% Decrease</u> | <u>Current Healthcare<br/>Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|------------------------------------------------|--------------------|
| Net OPEB Liability | \$ 1,133,078       | \$1,218,158                                    | \$ 1,369,337       |

December 31, 2021 (measurement date June 30, 2021)

|                    | <u>1% Decrease</u> | <u>Current Healthcare<br/>Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|------------------------------------------------|--------------------|
| Net OPEB Liability | \$ 1,988,544       | \$2,237,523                                    | \$ 2,652,934       |

##### *OPEB Plan Fiduciary Net Position*

As the District is prefunding with an OPEB trust, Plan Fiduciary Net Position was \$207,804 as of the June 30, 2022 measurement date.

##### *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. The net difference between projected and actual earnings on OPEB plan investments is amortized over the expected average remaining service lifetime (EARS�) of plan participants.

**Beaumont-Cherry Valley Water District****Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)*****OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended December 31, 2022, the District recognized OPEB expense of \$154,757. As of fiscal year ended December 31, 2022 and December 31, 2021, the District reported deferred outflows and inflows related to OPEB from the following sources:

December 31, 2022 (measurement date June 30, 2022)

|                                                               | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|---------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience            | \$ 16,651                                 | \$ (251,351)                             |
| Changes in assumptions                                        | 331,244                                   | (673,246)                                |
| Net differences between projected and actual earnings         | 329                                       | -                                        |
| Contributions to OPEB plan subsequent to the measurement date | 18,395                                    | -                                        |
| <b>Total</b>                                                  | <b>\$ 366,619</b>                         | <b>\$ (924,597)</b>                      |

December 31, 2021 (measurement date June 30, 2021)

|                                                               | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|---------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience            | \$ 18,633                                 | \$ -                                     |
| Changes in assumptions                                        | 371,239                                   | (42,053)                                 |
| Contributions to OPEB plan subsequent to the measurement date | 21,964                                    | -                                        |
| <b>Total</b>                                                  | <b>\$ 411,836</b>                         | <b>\$ (42,053)</b>                       |

The \$18,395 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the upcoming fiscal year. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

| <b>Fiscal Year Ended<br/>December 31</b> | <b>Deferred<br/>Outflows/(Inflows)<br/>of Resources</b> |
|------------------------------------------|---------------------------------------------------------|
| 2023                                     | \$ (48,053)                                             |
| 2024                                     | (48,053)                                                |
| 2025                                     | (48,053)                                                |
| 2026                                     | (48,053)                                                |
| 2027                                     | (48,135)                                                |
| Thereafter                               | (336,026)                                               |

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 12 – NET POSITION

As of December 31, 2022 and 2021, net position consisted of the following:

|                                  | December 31,<br>2022  | December 31,<br>2021  |
|----------------------------------|-----------------------|-----------------------|
| Net Position:                    |                       |                       |
| Net investment in capital assets | \$ 120,796,822        | \$ 114,502,869        |
| Restricted                       |                       |                       |
| Capital commitments              | 46,569,828            | 40,921,375            |
| Notes receivable                 | 2,759,462             | 3,246,196             |
| Unrestricted                     | 34,073,842            | 33,424,647            |
| Total net position               | <u>\$ 204,199,954</u> | <u>\$ 192,095,087</u> |

Net investment in capital assets is the value of the District's capital assets, less accumulated depreciation.

As required by GASB Statement No. 34, net position has been classified according to guidelines established for restricted net position. The majority of unrestricted net position, although not legally restricted, has been established pursuant to Board resolution and is primarily composed of reserves for various purposes:

|                                   | December 31,<br>2022 | December 31,<br>2021 |
|-----------------------------------|----------------------|----------------------|
| Unrestricted Net Position:        |                      |                      |
| Undesignated                      | \$ 2,079,490         | \$ 1,292,412         |
| Board of Directors' Designations: |                      |                      |
| Capital replacement reserve       | 24,090,352           | 24,675,915           |
| Operating reserve                 | 4,940,000            | 4,660,200            |
| Emergency reserve                 | 2,964,000            | 2,796,120            |
| Total designations                | <u>31,994,352</u>    | <u>32,132,235</u>    |
| Total unrestricted net position   | <u>\$ 34,073,842</u> | <u>\$ 33,424,647</u> |



## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN

##### *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 valuation 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 District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

###### *Benefits Provided*

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

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

The Plan's provisions and benefits in effect at December 31, 2022 are summarized as follows:

| Hire date                                         | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
|---------------------------------------------------|-----------------------------|--------------------------------|
| Benefit formula                                   | 2.7% @ 55                   | 2% @ 62                        |
| Benefit vesting schedule                          | 5 years of service          | 5 years of service             |
| Benefit payments                                  | monthly for life            | monthly for life               |
| Retirement age                                    | 50 - 55                     | 52 - 67                        |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7%                | 1.0% to 2.5%                   |
| Required employee contribution rates              | 8.0%                        | 7.5%                           |
| Required employer contribution rates              | 15.870%                     | 8.090%                         |

## **Beaumont-Cherry Valley Water District**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)**

##### ***General Information about the Pension Plan (Continued)***

###### ***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and 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 December 31, 2022 were \$544,600. The actual employer payments of \$485,323 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the District's proportionate share of the employer's contributions of \$497,318 by \$11,995, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

###### ***Net Pension Liability***

The District'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 is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Net Pension Liability (Continued)*

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

|                                     |                                                                                                                           |                                                                                                                           |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                      | June 30, 2021                                                                                                             | June 30, 2020                                                                                                             |
| Measurement Date                    | June 30, 2022                                                                                                             | June 30, 2021                                                                                                             |
| Actuarial Cost Method               | Entry Age Normal                                                                                                          | Entry Age Normal                                                                                                          |
| Asset Valuation Method              | Market Value of Assets                                                                                                    | Market Value of Assets                                                                                                    |
| Actuarial Assumptions:              |                                                                                                                           |                                                                                                                           |
| Discount Rate                       | 6.90%                                                                                                                     | 7.15%                                                                                                                     |
| Inflation                           | 2.50%                                                                                                                     | 2.50%                                                                                                                     |
| Salary Increases                    | Varies by entry age and service                                                                                           | Varies by entry age and service                                                                                           |
| Mortality Rate Table <sup>(1)</sup> | Derived using CalPERS' membership data for all Funds                                                                      | Derived using CalPERS' membership data for all Funds                                                                      |
| Post Retirement Benefit Increase    | Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter | Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter |

- (1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

##### *Long-term Expected Rate of Return*

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

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Net Pension Liability (Continued)*

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

| <b>Asset Class</b>             | <b>Assumed Asset Allocation</b> | <b>Real Return Years 1 - 10<sup>1,2</sup></b> |
|--------------------------------|---------------------------------|-----------------------------------------------|
| Global Equity - cap-weighted   | 30.00%                          | 4.54%                                         |
| Global Equity - non-cap-weight | 12.00%                          | 3.84%                                         |
| Private 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 debt                   | 5.00%                           | 3.57%                                         |
| Real assets                    | 15.00%                          | 3.21%                                         |
| Leverage                       | (5.00%)                         | (0.59%)                                       |

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

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

##### *Change of Assumptions*

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

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Net Pension Liability (Continued)*

###### *Discount Rate*

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

###### *Subsequent Events*

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

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

###### *Pension Plan Fiduciary Net Position*

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

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Proportionate Share of Net Pension Liability*

The following table shows the District's proportionate share of the net pension liability over the measurement period.

|                                          | <u>Increase<br/>(Decrease)<br/>Net Pension<br/>Liability</u> |
|------------------------------------------|--------------------------------------------------------------|
| Balance at: 6/30/2021 (Valuation Date)   | \$ 1,099,379                                                 |
| Balance at: 6/30/2022 (Measurement Date) | 3,232,986                                                    |
| Net Changes during 2021-22               | 2,133,607                                                    |

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

##### December 31, 2022

|                                                                             |          |
|-----------------------------------------------------------------------------|----------|
| Proportionate Share - December 31, 2021<br>(measurement date June 30, 2021) | 0.05790% |
| Proportionate Share - December 31, 2022<br>(measurement date June 30, 2022) | 0.06909% |
| Change - Increase (Decrease)                                                | 0.01119% |

##### December 31, 2021

|                                                                             |            |
|-----------------------------------------------------------------------------|------------|
| Proportionate Share - December 31, 2020<br>(measurement date June 30, 2020) | 0.061503%  |
| Proportionate Share - December 31, 2021<br>(measurement date June 30, 2021) | 0.057900%  |
| Change - Increase (Decrease)                                                | -0.003513% |

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Proportionate Share of Net Pension Liability (Continued)*

###### December 31, 2022

|                              | Discount Rate - 1%<br>(5.90%) | Current Discount<br>Rate (6.90%) | Discount Rate +<br>1%<br>(7.90%) |
|------------------------------|-------------------------------|----------------------------------|----------------------------------|
| Plan's Net Pension Liability | \$ 5,281,546                  | \$ 3,232,986                     | \$ 1,547,529                     |

###### December 31, 2021

|                              | Discount Rate - 1%<br>(6.15%) | Current Discount<br>Rate (7.15%) | Discount Rate +<br>1%<br>(8.15%) |
|------------------------------|-------------------------------|----------------------------------|----------------------------------|
| Plan's Net Pension Liability | \$ 2,913,962                  | \$ 1,099,379                     | \$ (400,711)                     |

##### *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).

## Beaumont-Cherry Valley Water District

### Notes to Financial Statements

For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021

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#### NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

##### *Proportionate Share of Net Pension Liability (Continued)*

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

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

As of the start of the measurement period (July 1, 2021), the District's net pension liability was \$1,099,379. For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension expense/(income) of \$401,009.

As of December 31, 2022 and 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

##### **December 31, 2022**

|                                                                                    | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences Between Expected and<br>Actual Experience                              | \$ 64,925                                 | \$ (43,484)                              |
| Changes of Assumptions                                                             | 331,287                                   | -                                        |
| Difference Between Projected and<br>Actual Earnings on Pension Plan<br>Investments | 592,197                                   | -                                        |
| Change in Employer's Proportion                                                    | 347,205                                   | -                                        |
| Difference in Actual vs Projected Contributions                                    | -                                         | (55,167)                                 |
| Pension Contributions Subsequent to<br>Measurement Date                            | 190,805                                   | -                                        |
| Total                                                                              | <u>\$ 1,526,419</u>                       | <u>\$ (98,651)</u>                       |



**Beaumont-Cherry Valley Water District****Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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**NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)*****Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)*****December 31, 2021**

|                                                                                    | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences Between Expected and<br>Actual Experience                              | \$ 123,284                                | \$ -                                     |
| Changes of Assumptions                                                             | -                                         | -                                        |
| Difference Between Projected and<br>Actual Earnings on Pension Plan<br>Investments | -                                         | (959,700)                                |
| Change in Employer's Proportion                                                    | 190,044                                   | -                                        |
| Difference in Actual vs Projected Contributions                                    | 4,648                                     | (10,133)                                 |
| Pension Contributions Subsequent to<br>Measurement Date                            | 156,222                                   | -                                        |
| Total                                                                              | <u>\$ 474,198</u>                         | <u>\$ (969,833)</u>                      |

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$190,805 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:

| <b>Fiscal Year<br/>Ended December 31:</b> | <b>Deferred<br/>Outflows/(Inflows) of<br/>Resources</b> |
|-------------------------------------------|---------------------------------------------------------|
| 2023                                      | \$ 384,331                                              |
| 2024                                      | 317,135                                                 |
| 2025                                      | 172,676                                                 |
| 2026                                      | 362,821                                                 |
| 2027                                      | -                                                       |

***Payable to the Pension Plan***

At December 31, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

## **Beaumont-Cherry Valley Water District**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NOTE 14 – COMMITMENTS**

In 2004, the Beaumont Basin Watermaster (Watermaster) was created to manage the groundwater excavations, replenishment thereof, and storage of supplemental water within the Beaumont Basin. The Watermaster consists of representatives from the Beaumont-Cherry Valley Water District, the City of Banning, the City of Beaumont, the South Mesa Water Company, and the Yucaipa Valley Water District. The District is a member agency of the Watermaster and contributes a varied annual amount to the Watermaster to fund its operations. For the years ended December 31, 2022 and 2021, the District contributed \$43,261 and \$46,005, respectively.

#### **NOTE 15 – CONTINGENCIES**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not have a material adverse effect on the financial position of the District.

#### **NOTE 16 – RISK MANAGEMENT**

The District 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 District 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 December 31, 2022, the District participated in the liability, property, and workers' compensation programs of the ACWA/JPIA as follows:

- General and auto liability, public officials, employees, and authorized volunteers against third-party losses arising out of liability imposed by law or assumed by contract. Total risk financing limits of \$2,000,000, combined single limit at \$2,000,000 per occurrence. The District purchased additional excess coverage layers: \$60 million for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, computer fraud, disappearance and destruction coverages, subject to a \$1,000 deductible per occurrence.
- 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 \$100 million per occurrence, subject to a \$1,000 deductible per occurrence. Mobile equipment and vehicles have a \$1,000 deductible and \$500 deductible per occurrence, respectively.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.

## **Beaumont-Cherry Valley Water District**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2022 and with Comparative Information for the Year Ended December 31, 2021**

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#### **NOTE 16 – RISK MANAGEMENT (Continued)**

- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there was no reduction in the District's insurance coverage during the year ended December 31, 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.

#### **NOTE 17 – RESTATEMENT**

Beginning net position was restated by \$677 for the addition of an intangible right-to-use asset and related lease liability in connection with the implementation of GASB Statement No. 87, *Leases*.

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## Required Supplementary Information

## Beaumont-Cherry Valley Water District

### Required Supplementary Information

#### Schedule of Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years\*

| Measurement Date | Employer's Proportion of<br>the Collective Net<br>Pension Liability <sup>1</sup> | Employer's Proportionate<br>Share of the Collective<br>Net Pension Liability | Employer's<br>Covered Payroll | Employer's Proportionate Share of<br>the Net Pension Liability as a<br>Percentage of the Employer's<br>Covered Payroll | Pension Plan's Fiduciary Net<br>Position as a Percentage of the<br>Total Pension Liability |
|------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| 6/30/2015        | 0.020719%                                                                        | \$ 1,422,127                                                                 | \$ 1,716,891                  | 82.83%                                                                                                                 | 82.06%                                                                                     |
| 6/30/2016        | 0.020557%                                                                        | 1,778,844                                                                    | 1,894,097                     | 93.92%                                                                                                                 | 75.87%                                                                                     |
| 6/30/2017        | 0.021444%                                                                        | 2,126,622                                                                    | 1,969,047                     | 108.00%                                                                                                                | 75.39%                                                                                     |
| 6/30/2018        | 0.021583%                                                                        | 2,079,843                                                                    | 2,128,022                     | 97.74%                                                                                                                 | 79.62%                                                                                     |
| 6/30/2019        | 0.022726%                                                                        | 2,328,743                                                                    | 2,455,799                     | 94.83%                                                                                                                 | 79.53%                                                                                     |
| 6/30/2020        | 0.023843%                                                                        | 2,594,236                                                                    | 2,589,031                     | 100.20%                                                                                                                | 79.54%                                                                                     |
| 6/30/2021        | 0.020330%                                                                        | 1,099,379                                                                    | 2,508,970                     | 43.82%                                                                                                                 | 92.00%                                                                                     |
| 6/30/2022        | 0.069090%                                                                        | 3,232,986                                                                    | 2,916,481                     | 110.85%                                                                                                                | 78.49%                                                                                     |

<sup>1</sup> Proportion of the collective 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.

\* Measurement date 6/30/2014 (fiscal year 2015) was the 1st year of implementation. Additional years will be presented as they become available.

## Beaumont-Cherry Valley Water District

### Required Supplementary Information Schedule of Plan Contributions – Pension Last 10 Years\*

| Fiscal Year | Contractually<br>Determined<br>Contributions | Contributions in Relation to<br>the Contractually Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered Payroll | Contributions as a<br>Percentage of<br>Covered Payroll |
|-------------|----------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------|-------------------------------|--------------------------------------------------------|
| 12/31/2015  | \$ 275,729                                   | \$ (275,729)                                                                  | \$ -                                   | \$ 1,914,001                  | 14.41%                                                 |
| 12/31/2016  | 237,259                                      | (237,259)                                                                     | -                                      | 1,985,446                     | 11.95%                                                 |
| 12/31/2017  | 241,633                                      | (241,633)                                                                     | -                                      | 2,019,541                     | 11.96%                                                 |
| 12/31/2018  | 275,682                                      | (275,682)                                                                     | -                                      | 2,393,812                     | 11.52%                                                 |
| 12/31/2019  | 303,397                                      | (303,397)                                                                     | -                                      | 2,532,417                     | 11.98%                                                 |
| 12/31/2020  | 316,818                                      | (316,818)                                                                     | -                                      | 2,537,048                     | 12.49%                                                 |
| 12/31/2021  | 318,192                                      | (318,192)                                                                     | -                                      | 2,552,490                     | 12.47%                                                 |
| 12/31/2022  | 397,132                                      | (397,132)                                                                     | -                                      | 3,351,430                     | 11.85%                                                 |

\* Measurement date 6/30/2014 (fiscal year 2015) was the 1st year of implementation. Additional years will be presented as they become available.

#### Notes to Schedule:

Change 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, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

# Beaumont-Cherry Valley Water District

## Required Supplementary Information Schedule of Changes in Other Post-Employment Benefits and Related Ratios Last Ten Years\*

| Fiscal Year - December 31,<br>Measurement Period - June 30,             | 2018<br>2018        | 2019<br>2019        | 2020<br>2020        | 2021<br>2021        | 2022<br>2022        |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB Liability</b>                                             |                     |                     |                     |                     |                     |
| Service cost                                                            | \$ 108,164          | \$ 104,143          | \$ 116,929          | \$ 145,436          | \$ 151,696          |
| Interest                                                                | 48,433              | 54,966              | 57,750              | 48,368              | 51,156              |
| Differences between expected and actual experience                      | -                   | -                   | 22,597              | -                   | (275,289)           |
| Changes in assumptions                                                  | (64,185)            | 90,015              | 348,579             | 18,737              | (697,367)           |
| Benefit payments                                                        | (12,565)            | (29,345)            | (35,122)            | (36,387)            | (41,757)            |
| Net change in total OPEB liability                                      | 79,847              | 219,779             | 510,733             | 176,154             | (811,561)           |
| Total OPEB liability - beginning                                        | 1,251,010           | 1,330,857           | 1,550,636           | 2,061,369           | 2,237,523           |
| <b>Total OPEB liability - ending</b>                                    | <b>1,330,857</b>    | <b>1,550,636</b>    | <b>2,061,369</b>    | <b>2,237,523</b>    | <b>1,425,962</b>    |
| <b>Plan Fiduciary Net Position</b>                                      |                     |                     |                     |                     |                     |
| Contributions – employer                                                | -                   | -                   | -                   | -                   | 249,930             |
| Net investment income                                                   | -                   | -                   | -                   | -                   | (193)               |
| Benefit payments                                                        | -                   | -                   | -                   | -                   | (41,757)            |
| Administrative expense                                                  | -                   | -                   | -                   | -                   | (176)               |
| Net change in plan fiduciary net position                               | -                   | -                   | -                   | -                   | 207,804             |
| Plan fiduciary net position - beginning                                 | -                   | -                   | -                   | -                   | -                   |
| Plan fiduciary net position - ending (b)                                | -                   | -                   | -                   | -                   | 207,804             |
| <b>Net OPEB liability - ending (a) - (b)</b>                            | <b>\$ 1,330,857</b> | <b>\$ 1,550,636</b> | <b>\$ 2,061,369</b> | <b>\$ 2,237,523</b> | <b>\$ 1,218,158</b> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.0%                | 0.0%                | 0.0%                | 0.0%                | 14.6%               |
| Covered-employee payroll                                                | \$ 2,186,445        | \$ 2,353,519        | \$ 2,473,694        | \$ 2,450,708        | \$ 3,206,348        |
| Total OPEB liability as a percentage of covered employee payroll        | 60.9%               | 65.9%               | 83.3%               | 91.3%               | 38.0%               |

### Notes to schedule:

Changes in assumptions: Discount rate changed from 2.16% in 2021 to 4.44% in 2022. Discount rate changed from 2.21% in 2020 to 2.16% in 2021. The inflation rate was changed to 2.50%. In addition, certain demographic, medical trends and mortality assumptions were also updated.

Benefits are not based on a measure of pay, therefore covered-employee payroll is used.

\*Historical information is required for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal year 2018 was the first year of implementation.



# Statistical Section



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**Statistical Section**

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

**Contents**

***Financial Trends***

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

***Revenue Capacity***

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenues.

***Debt Capacity***

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

***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other agencies.

***Operating Information***

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

***Sources***

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

## Beaumont-Cherry Valley Water District

### Net Position by Component Last Ten Years

|                                    | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net investment in capital assets   | \$ 117,924,668        | \$ 116,054,562        | \$ 115,246,313        | \$ 114,241,568        | \$ 112,850,063        |
| Restricted for capital commitments | -                     | 2,138,747             | 9,225,608             | 10,226,231            | 21,287,702            |
| Unrestricted                       | 5,499,646             | 13,498,835            | 14,338,676            | 25,294,018            | 26,777,618            |
| Total net position                 | <u>\$ 123,424,314</u> | <u>\$ 131,692,144</u> | <u>\$ 138,810,597</u> | <u>\$ 149,761,817</u> | <u>\$ 160,915,383</u> |
|                                    |                       |                       |                       |                       |                       |
|                                    | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  |
| Net investment in capital assets   | \$ 115,174,259        | \$ 114,636,883        | \$ 113,615,348        | \$ 114,502,869        | \$ 120,796,822        |
| Restricted for capital commitments | 26,824,036            | 30,057,752            | 33,664,496            | 44,167,571            | 49,329,290            |
| Unrestricted                       | 28,191,312            | 27,472,086            | 29,160,218            | 33,424,647            | 34,073,842            |
| Total net position                 | <u>\$ 170,189,607</u> | <u>\$ 172,166,721</u> | <u>\$ 176,440,062</u> | <u>\$ 192,095,087</u> | <u>\$ 204,199,954</u> |

**Source:** Beaumont-Cherry Valley Water District

## Beaumont-Cherry Valley Water District

### Changes in Net Position Last Ten Years

|                                               | 2013                | 2014                | 2015                | 2016                 |
|-----------------------------------------------|---------------------|---------------------|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                     |                     |                     |                     |                      |
| Metered water sales                           | \$ 5,046,558        | \$ 5,174,292        | \$ 4,165,087        | \$ 4,655,883         |
| Water service charges                         | 2,544,173           | 2,623,140           | 2,756,998           | 2,865,733            |
| Water importation pass-through charges        | 2,321,236           | 2,334,731           | 1,889,751           | 2,102,694            |
| Water pumping power pass-through charges      | 1,685,246           | 1,674,936           | 1,355,677           | 1,508,460            |
| Development and installation charges          | 271,122             | 315,244             | 348,830             | 653,251              |
| Other revenue                                 | 369,537             | 313,807             | 315,952             | 353,419              |
| <b>Total operating revenues</b>               | <b>12,237,872</b>   | <b>12,436,150</b>   | <b>10,832,295</b>   | <b>12,139,440</b>    |
| <b>OPERATING EXPENSES <sup>(1)</sup></b>      |                     |                     |                     |                      |
| Salaries and employee benefits                | 3,780,225           | 2,985,138           | 3,076,232           | 2,974,987            |
| Pension expense (credit)                      | -                   | -                   | 394,267             | (225,040)            |
| Energy expenses                               | 1,435,343           | 1,772,112           | 1,371,858           | 1,344,733            |
| Water purchases                               | 2,607,642           | 1,396,410           | 879,066             | 2,954,123            |
| Administration                                | 270,533             | 173,873             | 381,598             | 193,382              |
| Operations                                    | 297,048             | 468,345             | 236,757             | 234,245              |
| Maintenance and repairs                       | 272,990             | 469,552             | 591,554             | 604,118              |
| Depreciation                                  | 2,528,691           | 2,514,369           | 2,517,384           | 2,528,643            |
| Insurance                                     | 96,385              | 80,162              | 78,285              | 75,502               |
| Professional fees                             | 295,528             | 310,590             | 184,169             | 228,162              |
| Other expenses                                | 11,246              | 10,736              | 10,503              | 10,978               |
| <b>Total operating expenses</b>               | <b>11,595,631</b>   | <b>10,181,287</b>   | <b>9,721,673</b>    | <b>10,923,833</b>    |
| <b>Operating Income (loss)</b>                | <b>642,241</b>      | <b>2,254,863</b>    | <b>1,110,622</b>    | <b>1,215,607</b>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                     |                     |                     |                      |
| Interest earnings                             | 84,830              | 55,597              | 84,254              | 180,342              |
| Rental income                                 | 17,815              | 21,007              | 20,103              | 20,577               |
| Other revenue                                 | 3,889               | 291,671             | 35,528              | 1,101                |
| Gain/loss on disposal of capital assets       | (41,421)            | 3,310               | -                   | (7,898)              |
| Interest expense                              | (49,968)            | (300)               | -                   | -                    |
| <b>Total nonoperating revenues (expenses)</b> | <b>15,145</b>       | <b>371,285</b>      | <b>139,885</b>      | <b>194,122</b>       |
| <b>Income (loss) before contributions</b>     | <b>657,386</b>      | <b>2,626,148</b>    | <b>1,250,507</b>    | <b>1,409,729</b>     |
| <b>CAPITAL CONTRIBUTIONS</b>                  |                     |                     |                     |                      |
| Donated capital assets                        | -                   | -                   | 1,092,505           | 1,004,624            |
| Capital contribution to other government      | -                   | -                   | -                   | -                    |
| Capacity charges                              | 1,025,791           | 2,677,180           | 6,296,897           | 8,536,867            |
| <b>Total capital contributions</b>            | <b>1,025,791</b>    | <b>2,677,180</b>    | <b>7,389,402</b>    | <b>9,541,491</b>     |
| <b>SPECIAL ITEM</b>                           |                     |                     |                     |                      |
| Change in assumptions - OPEB                  | -                   | 2,964,502           | -                   | -                    |
| <b>Change in net position</b>                 | <b>\$ 1,683,177</b> | <b>\$ 8,267,830</b> | <b>\$ 8,639,909</b> | <b>\$ 10,951,220</b> |

Source: Beaumont-Cherry Valley Water District

Beaumont-Cherry Valley Water District

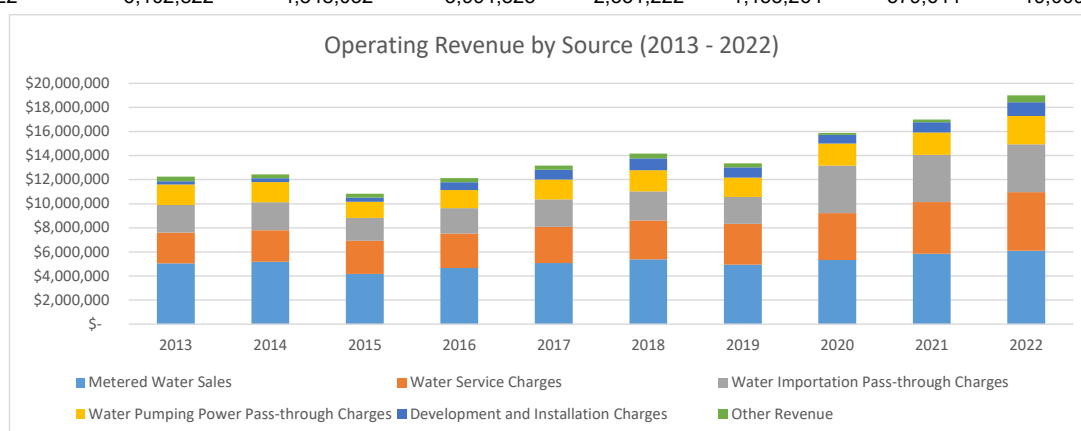
(continued)

| 2017          | 2018         | 2019         | 2020         | 2021          | 2022          |
|---------------|--------------|--------------|--------------|---------------|---------------|
| \$ 5,060,758  | \$ 5,375,165 | \$ 4,933,445 | \$ 5,332,496 | \$ 5,838,776  | \$ 6,102,822  |
| 3,014,752     | 3,238,643    | 3,403,608    | 3,893,907    | 4,303,343     | 4,848,032     |
| 2,288,455     | 2,424,212    | 2,237,051    | 3,951,457    | 3,918,607     | 3,994,823     |
| 1,641,681     | 1,739,022    | 1,604,661    | 1,820,448    | 1,854,589     | 2,331,222     |
| 818,430       | 979,629      | 851,465      | 712,920      | 857,886       | 1,153,264     |
| 353,433       | 403,970      | 321,521      | 179,339      | 214,127       | 579,644       |
| 13,177,509    | 14,160,641   | 13,351,751   | 15,890,567   | 16,987,328    | 19,009,807    |
| 3,395,058     | 3,855,018    | 4,197,179    | 4,515,442    | 4,563,552     | 5,657,557     |
| (87,514)      | 92,646       | 242,066      | 268,910      | (489,557)     | 210,204       |
| 1,598,665     | 1,760,641    | 1,591,985    | 2,105,011    | 2,470,785     | 2,653,152     |
| 4,308,030     | 3,842,357    | 5,200,241    | 4,390,995    | 1,163,484     | 708,624       |
| 284,724       | 313,973      | 508,291      | 551,523      | 613,685       | 714,778       |
| 292,991       | 420,403      | 440,041      | 421,946      | 578,611       | 766,180       |
| 515,645       | 493,357      | 744,870      | 926,039      | 726,088       | 992,346       |
| 2,591,208     | 2,575,804    | 2,707,811    | 2,865,579    | 2,947,481     | 3,175,139     |
| 73,674        | 73,530       | 75,858       | 92,035       | 108,645       | 144,045       |
| 250,504       | 144,908      | 272,752      | 236,248      | 462,675       | 332,569       |
| 12,115        | 11,334       | 14,205       | 13,660       | 16,501        | 18,189        |
| 13,235,100    | 13,583,971   | 15,995,299   | 16,387,388   | 13,161,950    | 15,372,783    |
| (57,591)      | 576,670      | (2,643,548)  | (496,821)    | 3,825,378     | 3,637,024     |
| 350,406       | 1,121,500    | 1,668,981    | 942,888      | 108,532       | (218,974)     |
| 21,715        | 20,934       | 23,805       | 23,089       | 26,101        | 45,590        |
| 89,591        | 24,681       | 3,328        | 78,187       | 720,864       | 482,943       |
| (37,031)      | -            | 15,840       | -            | -             | -             |
| -             | -            | -            | -            | (2,074)       | (1,569)       |
| 424,681       | 1,167,115    | 1,711,954    | 1,044,164    | 853,423       | 307,990       |
| 367,090       | 1,743,785    | (931,594)    | 547,343      | 4,678,801     | 3,945,014     |
| -             | 2,423,839    | 313,440      | -            | 324,740       | 978,470       |
| -             | -            | (569,812)    | -            | -             | -             |
| 11,270,398    | 5,282,211    | 2,989,469    | 3,725,998    | 10,651,484    | 7,181,383     |
| 11,270,398    | 7,706,050    | 2,733,097    | 3,725,998    | 10,976,224    | 8,159,853     |
| -             | -            | -            | -            | -             | -             |
| \$ 11,637,488 | \$ 9,449,835 | \$ 1,801,503 | \$ 4,273,341 | \$ 15,655,025 | \$ 12,104,867 |

## Beaumont-Cherry Valley Water District

### Operating Revenue by Source Last Ten Years

| Fiscal Year | Metered Water Sales | Water Service Charges | Water Importation Pass-through Charges | Water Pumping Power Pass-through Charges | Development and Installation Charges | Other Revenue | Totals        |
|-------------|---------------------|-----------------------|----------------------------------------|------------------------------------------|--------------------------------------|---------------|---------------|
| 2013        | \$ 5,046,558        | \$ 2,544,173          | \$ 2,321,236                           | \$ 1,685,246                             | \$ 271,122                           | \$ 369,537    | \$ 12,237,872 |
| 2014        | 5,174,292           | 2,623,140             | 2,334,731                              | 1,674,936                                | 315,244                              | 313,807       | 12,436,150    |
| 2015        | 4,165,087           | 2,756,998             | 1,889,751                              | 1,355,677                                | 348,830                              | 315,952       | 10,832,295    |
| 2016        | 4,655,883           | 2,865,733             | 2,102,694                              | 1,508,460                                | 653,251                              | 353,419       | 12,139,440    |
| 2017        | 5,060,758           | 3,014,752             | 2,288,455                              | 1,641,681                                | 818,430                              | 353,433       | 13,177,509    |
| 2018        | 5,375,165           | 3,238,643             | 2,424,212                              | 1,739,022                                | 979,629                              | 403,970       | 14,160,641    |
| 2019        | 4,933,445           | 3,403,608             | 2,237,051                              | 1,604,661                                | 851,465                              | 321,521       | 13,351,751    |
| 2020        | 5,332,496           | 3,893,907             | 3,951,457                              | 1,820,448                                | 712,920                              | 179,339       | 15,890,567    |
| 2021        | 5,838,776           | 4,303,343             | 3,918,607                              | 1,854,589                                | 857,886                              | 214,127       | 16,987,328    |
| 2022        | 6,102,822           | 4,848,032             | 3,994,823                              | 2,331,222                                | 1,153,264                            | 579,644       | 19,009,807    |

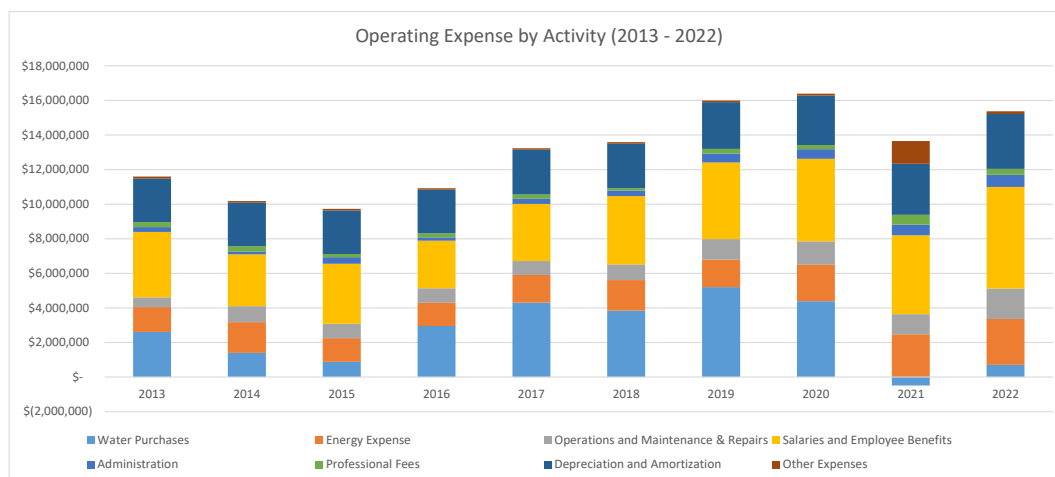


Source: Beaumont-Cherry Valley Water District

## Beaumont-Cherry Valley Water District

### Operating Expense by Activity<sup>(1)</sup> Last Ten Years

| Fiscal Year | Salaries and Employee Benefits | Water Purchases | Energy Expense | Operations and Maintenance & Repairs | Administration | Professional Fees | Depreciation and Amortization | Other Expenses | Totals        |
|-------------|--------------------------------|-----------------|----------------|--------------------------------------|----------------|-------------------|-------------------------------|----------------|---------------|
| 2013        | \$ 3,780,225                   | \$ 2,607,642    | \$ 1,435,343   | \$ 570,038                           | \$ 270,533     | \$ 295,528        | \$ 2,528,691                  | \$ 107,631     | \$ 11,595,631 |
| 2014        | 2,985,138                      | 1,396,410       | 1,772,112      | 937,897                              | 173,873        | 310,590           | 2,514,369                     | 90,898         | 10,181,287    |
| 2015        | 3,470,499                      | 879,066         | 1,371,858      | 828,311                              | 381,598        | 184,169           | 2,517,384                     | 88,788         | 9,721,673     |
| 2016        | 2,749,947                      | 2,954,123       | 1,344,733      | 838,363                              | 193,382        | 228,162           | 2,528,643                     | 86,480         | 10,923,833    |
| 2017        | 3,307,544                      | 4,308,030       | 1,598,665      | 808,636                              | 284,724        | 250,504           | 2,591,208                     | 85,789         | 13,235,100    |
| 2018        | 3,947,664                      | 3,842,357       | 1,760,641      | 913,760                              | 313,973        | 144,908           | 2,575,804                     | 84,864         | 13,583,971    |
| 2019        | 4,439,245                      | 5,200,241       | 1,591,985      | 1,184,911                            | 508,291        | 272,752           | 2,707,811                     | 90,063         | 15,995,299    |
| 2020        | 4,784,352                      | 4,390,995       | 2,105,011      | 1,347,985                            | 551,523        | 236,248           | 2,865,579                     | 105,695        | 16,387,388    |
| 2021        | 4,563,552                      | (489,557)       | 2,470,785      | 1,163,484                            | 613,685        | 578,611           | 2,947,481                     | 1,313,909      | 13,161,950    |
| 2022        | 5,867,761                      | 708,624         | 2,653,152      | 1,758,526                            | 714,778        | 332,569           | 3,175,139                     | 162,234        | 15,372,783    |



**Notes:**

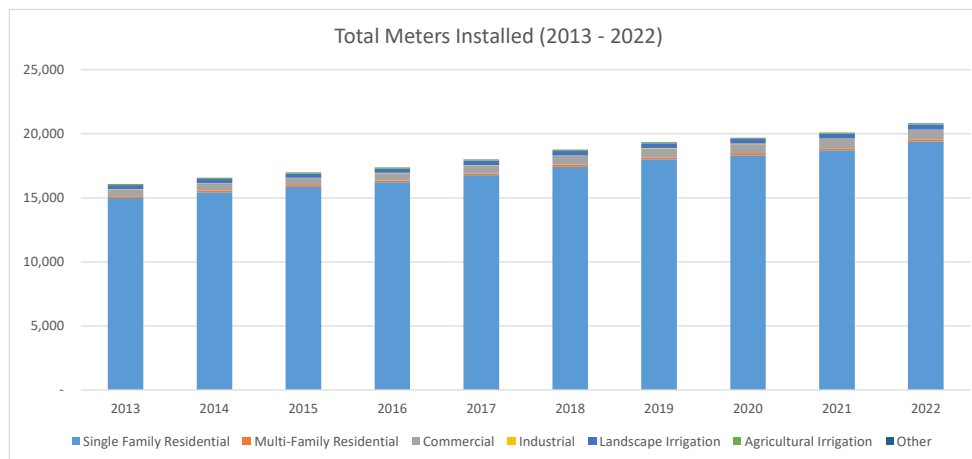
(1) Some amounts from the Changes in Net Position schedule are grouped together for comparability

**Source:** Beaumont-Cherry Valley Water District

## Beaumont-Cherry Valley Water District

### Customers by Type Last Ten Years

| Fiscal Year | Single Family Residential | Multi-Family Residential | Commercial | Industrial | Landscape Irrigation | Agricultural Irrigation | Other | Totals |
|-------------|---------------------------|--------------------------|------------|------------|----------------------|-------------------------|-------|--------|
| 2013        | 14,981                    | 140                      | 536        | 31         | 311                  | 89                      | -     | 16,088 |
| 2014        | 15,436                    | 140                      | 540        | 31         | 314                  | 90                      | 1     | 16,552 |
| 2015        | 15,860                    | 140                      | 546        | 31         | 321                  | 90                      | 2     | 16,990 |
| 2016        | 16,222                    | 141                      | 560        | 31         | 326                  | 89                      | 1     | 17,370 |
| 2017        | 16,768                    | 141                      | 631        | 31         | 337                  | 88                      | 1     | 17,997 |
| 2018        | 17,430                    | 159                      | 692        | 33         | 354                  | 88                      | 1     | 18,757 |
| 2019        | 18,004                    | 159                      | 700        | 33         | 364                  | 87                      | 2     | 19,349 |
| 2020        | 18,326                    | 162                      | 714        | 33         | 367                  | 87                      | 1     | 19,690 |
| 2021        | 18,716                    | 162                      | 719        | 33         | 375                  | 87                      | 2     | 20,094 |
| 2022        | 19,411                    | 163                      | 727        | 33         | 385                  | 87                      | 2     | 20,808 |



Source: Beaumont-Cherry Valley Water District



## Beaumont-Cherry Valley Water District

### Principal Customers Current and Nine Years Ago

| Customer                             | 2013                     |                                 | 2022                     |                                 | Change in Consumption | Percentage of Change |
|--------------------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|-----------------------|----------------------|
|                                      | Annual Consumption (hcf) | Percentage of Total Consumption | Annual Consumption (hcf) | Percentage of Total Consumption |                       |                      |
| City Of Beaumont                     | 349,270                  | 6.69%                           | 286,703                  | 5.07%                           | (62,567)              | -21.82%              |
| Beaumont Unified School District     | 203,202                  | 3.89%                           | 193,834                  | 3.43%                           | (9,368)               | -4.83%               |
| K Hovnanians Four Seasons            | 181,871                  | 3.48%                           | 141,279                  | 2.50%                           | (40,592)              | -28.73%              |
| Highland Springs Resort              | 85,728                   | 1.64%                           | 102,794                  | 1.82%                           | 17,066                | 16.60%               |
| CJ Foods Manufacturing Beaumont Corp | -                        | 0.00%                           | 68,003                   | 1.20%                           | 68,003                | 100.00%              |
| Fairway Canyon HOA                   | 51,596                   | 0.99%                           | 61,869                   | 1.09%                           | 10,273                | 16.60%               |
| Perricone Juices                     | 42,934                   | 0.82%                           | 56,941                   | 1.01%                           | 14,007                | 24.60%               |
| Solera Hoa                           | 83,084                   | 1.59%                           | 55,309                   | 0.98%                           | (27,775)              | -50.22%              |
| Amazon.com Services Inc              | -                        | 0.00%                           | 35,817                   | 0.63%                           | 35,817                | 100.00%              |
| Country Highlands MHC                | 29,897                   | 0.57%                           | 26,969                   | 0.48%                           | (2,928)               | -10.86%              |
| Pardee Homes                         | 28,222                   | 0.54%                           | 18,157                   | 0.32%                           | (10,065)              | -55.43%              |
| Hpd Noble Creek Lp                   | 21,118                   | 0.40%                           | 10,490                   | 0.19%                           | (10,628)              | -101.32%             |
|                                      | <u>1,076,922</u>         | <u>20.63%</u>                   | <u>1,058,165</u>         | <u>18.71%</u>                   | <u>(18,757)</u>       |                      |
| Total Water Consumed                 | <u>5,219,294</u>         | <u>100.00%</u>                  | <u>5,655,341</u>         | <u>100.00%</u>                  |                       |                      |

# Beaumont-Cherry Valley Water District

## Revenue Rates Last Ten Years

| Charges for Water Used (per ccf) |                           |         |        |                          |         |            |              |           |                         |              |             |  |
|----------------------------------|---------------------------|---------|--------|--------------------------|---------|------------|--------------|-----------|-------------------------|--------------|-------------|--|
| Fiscal Year                      | Single-Family Residential |         | Tier 3 | Multi-Family Residential |         | Commercial | Fire Service | Landscape | Agricultural Irrigation | Construction | Non-Potable |  |
|                                  | Tier 1                    | Tier 2  |        | Tier 1                   | Tier 2  |            |              |           |                         |              |             |  |
| 2013                             | \$ 0.96                   | \$ 1.05 | n/a    | \$ 0.96                  | \$ 0.98 | \$ 0.99    | \$ 0.99      | \$ 1.15   | \$ 1.01                 | \$ 1.15      | n/a         |  |
| 2014                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2015                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2016                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2017                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2018                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2019                             | 0.96                      | 1.05    | n/a    | 0.96                     | 0.98    | 0.99       | 0.99         | 1.15      | 1.01                    | 1.15         | n/a         |  |
| 2020                             | 0.66                      | 0.81    | 1.36   | 1.01                     | n/a     | 0.95       | 1.17         | 1.06      | 1.06                    | 1.17         | 0.72        |  |
| 2021                             | 0.71                      | 0.87    | 1.46   | 1.09                     | n/a     | 1.02       | 1.26         | 1.14      | 1.14                    | 1.26         | 1.02        |  |
| 2022                             | 0.76                      | 0.94    | 1.57   | 1.17                     | n/a     | 1.10       | 1.35         | 1.22      | 1.22                    | 1.35         | 1.04        |  |

| Domestic Service Charge (bi-monthly) |          |          |          |          |           |           |           |           |             |             |             |  |
|--------------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|--|
| Fiscal Year                          | 5/8"     | 3/4"     | 1"       | 1.5"     | 2"        | 3"        | 4"        | 6"        | 8"          | 10"         | 12"         |  |
| 2013                                 | \$ 18.01 | \$ 27.02 | \$ 45.03 | \$ 90.06 | \$ 144.09 | \$ 288.18 | \$ 450.28 | \$ 900.55 | \$ 1,440.88 | \$ 2,071.27 | \$ 2,791.71 |  |
| 2014                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2015                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2016                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2017                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2018                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2019                                 | 18.01    | 27.02    | 45.03    | 90.06    | 144.09    | 288.18    | 450.28    | 900.55    | 1,440.88    | 2,071.27    | 2,791.71    |  |
| 2020                                 | 22.58    | 31.13    | 48.24    | 91.01    | 142.33    | 304.84    | 544.34    | 1,117.43  | 2,400.46    | 3,597.95    | 4,538.84    |  |
| 2021                                 | 24.17    | 33.31    | 51.62    | 97.39    | 152.30    | 326.18    | 582.45    | 1,195.66  | 2,568.50    | 3,849.81    | 4,856.56    |  |
| 2022                                 | 25.87    | 35.65    | 55.24    | 104.21   | 162.97    | 349.02    | 623.23    | 1,279.36  | 2,748.30    | 4,119.30    | 5,196.52    |  |

## Beaumont-Cherry Valley Water District

### Ratios of Outstanding Debt by Type Last Ten Years

| Fiscal Year | General Obligation Bonds | Revenue Bonds | Notes Payable | Capital Leases | Loans Payable | Total Outstanding Debt | Per Capita | Share of Personal Income |
|-------------|--------------------------|---------------|---------------|----------------|---------------|------------------------|------------|--------------------------|
| 2013        | \$ -                     | \$ -          | \$ -          | \$ -           | \$ -          | \$ -                   | \$ -       | 0%                       |
| 2014        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2015        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2016        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2017        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2018        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2019        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2020        | -                        | -             | -             | -              | -             | -                      | -          | 0%                       |
| 2021        | -                        | -             | -             | 63,787         | -             | 63,787                 | 1.20       | 0%                       |
| 2022        | -                        | -             | -             | 38,289         | -             | 38,289                 | 0.68       | 0%                       |

**Source:** Beaumont-Cherry Valley Water District

## Beaumont-Cherry Valley Water District

### Debt Coverage Last Ten Years

| Fiscal Year | Net Revenues  | Operating Expenses* | Net Available Revenues | Principal    | Interest  | Total        | Debt Coverage Ratio |
|-------------|---------------|---------------------|------------------------|--------------|-----------|--------------|---------------------|
| 2013        | \$ 13,370,197 | \$ (9,066,940)      | \$ 4,303,257           | \$ 2,600,000 | \$ 71,938 | \$ 2,671,938 | 1.66                |
| 2014        | 15,481,605    | (7,666,918)         | 7,814,687              | -            | 300       | 300          | 0.00                |
| 2015        | 17,269,077    | (7,204,289)         | 10,064,788             | -            | -         | -            | 0.00                |
| 2016        | 20,878,327    | (8,395,190)         | 12,483,137             | -            | -         | -            | 0.00                |
| 2017        | 24,909,619    | (10,643,892)        | 14,265,727             | -            | -         | -            | 0.00                |
| 2018        | 20,434,356    | (11,008,167)        | 9,426,189              | -            | -         | -            | 0.00                |
| 2019        | 18,037,334    | (13,287,488)        | 4,749,846              | -            | -         | -            | 0.00                |
| 2020        | 20,660,729    | (13,521,809)        | 7,138,920              | -            | -         | -            | 0.00                |
| 2021        | 28,494,309    | (10,239,818)        | 18,254,491             | 23,275       | 2,075     | 25,350       | 784.30              |
| 2022        | 26,500,749    | (12,197,644)        | 14,303,105             | 25,498       | 1,569     | 27,067       | 560.95              |

**Source:** Beaumont-Cherry Valley Water District

\* = Excludes depreciation/amortization expense

## Beaumont-Cherry Valley Water District

### Demographic and Economic Statistics Last Ten Years

| Calendar<br>Year | Population | County of Riverside           |                                  |                      |
|------------------|------------|-------------------------------|----------------------------------|----------------------|
|                  |            | Median<br>Household<br>Income | Per Capita<br>Personal<br>Income | Unemployment<br>Rate |
| 2013             | 40,424     | 56,529                        | 23,591                           | 14.9%                |
| 2014             | 42,117     | 63,523                        | 23,660                           | 14.3%                |
| 2015             | 43,629     | 56,603                        | 23,783                           | 12.9%                |
| 2016             | 45,349     | 57,972                        | 24,443                           | 11.3%                |
| 2017             | 46,179     | 60,807                        | 25,700                           | 4.3%                 |
| 2018             | 49,630     | 63,948                        | 27,142                           | 4.1%                 |
| 2019             | 51,475     | 67,005                        | 28,596                           | 3.6%                 |
| 2020             | 52,686     | 67,005                        | 28,596                           | 8.6%                 |
| 2021             | 53,036     | 71,000                        | 29,900                           | 4.9%                 |
| 2022             | 56,590     | 76,066                        | 32,079                           | 4.3%                 |

**Sources:**

Population: State of California Department of Finance

County Data: Riverside County Office of Economic Development

## Beaumont-Cherry Valley Water District

### Principal Employers for the Community Area <sup>(1)</sup> Current Year <sup>(3)</sup>

| Employer                                   | 2022 <sup>(3)</sup> |                                            |
|--------------------------------------------|---------------------|--------------------------------------------|
|                                            | Number of Employees | Percent of Total Employment <sup>(2)</sup> |
| County of Riverside                        | 23,772              | 26.85%                                     |
| Amazon                                     | 14,500              | 16.38%                                     |
| March Air Reserve Base                     | 9,600               | 10.84%                                     |
| University of California, Riverside        | 8,593               | 9.70%                                      |
| Moreno Valley Unified School District      | 6,020               | 6.80%                                      |
| Kaiser Permanente Riverside Medical Center | 5,817               | 6.57%                                      |
| Corona-Norco Unified School District       | 5,478               | 6.19%                                      |
| Riverside Unified School District          | 5,431               | 6.13%                                      |
| Stater Bros                                | 4,699               | 5.31%                                      |
| Mt. San Jacinto Community College District | 4,638               | 5.24%                                      |
| Total                                      | 88,548              | 100.00%                                    |

#### Notes:

(1) Community Area defined as the County of Riverside

(2) Total employment for the ten major employers for the community area

(3) County of Riverside Economic Development Agency last updated April 2022

**Source:** Riverside County Economic Development Agency

## Beaumont-Cherry Valley Water District

### Full-time and Part-time District Employees by Department Last Ten Years<sup>(1)</sup>

|                                    | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Department                         |             |             |             |             |             |             |             |             |             |             |
| Engineering                        | 2           | 2           | 2           | 3           | 5           | 5           | 6           | 5           | 5           | 5           |
| Finance & Administrative Services  | 8           | 6           | 10          | 10          | 12          | 13          | 13          | 12          | 13          | 13          |
| IT                                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Human Resources                    | 0           | 0           | 0           | 0           | 0           | 0           | 1           | 1           | 1           | 1           |
| Operations                         |             |             |             |             |             |             |             |             |             |             |
| Source of Supply                   | 3           | 3           | 3           | 3           | 4           | 4           | 4           | 5           | 5           | 4           |
| Transmission and Distribution      | 12          | 12          | 11          | 11          | 10          | 13          | 13          | 12          | 12          | 19          |
| Customer Service and Meter Reading | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Maintenance and General Plant      | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 1           | 1           |
| Total                              | <u>29</u>   | <u>27</u>   | <u>30</u>   | <u>31</u>   | <u>35</u>   | <u>39</u>   | <u>41</u>   | <u>39</u>   | <u>41</u>   | <u>47</u>   |

**Notes:**

(1) Includes permanent and temporary staff, as of 12/31 of each year

## Beaumont-Cherry Valley Water District

### Operating Indicators by Function Last Ten Years

| Function/Program                     | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| District Service Area (square miles) | 28     | 28     | 28     | 28     | 28     | 28     | 28     | 28     | 28     | 28     |
| Water mains (miles)                  | 282    | 282    | 282    | 282    | 282    | 282    | 303    | 303    | 326    | 331    |
| Fire hydrants                        | 1,443  | 1,515  | 1,590  | 1,669  | 1,752  | 1,840  | 2,131  | 2,333  | 2,535  | 2,662  |
| Number of reservoirs (non-potable)   | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Reservoir capacity (MG)              | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Storage Tanks                        | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 13     |
| Storage Capacity (MG)                | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  | 23.25  |
| Number of wells                      | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     |
| Well Capacity (GPM)                  | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 | 23,175 |

**Source:** Beaumont-Cherry Valley Water District