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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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Introductory

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Beaumont-Cherry Valley Water District
560 Magnolia Avenue, Beaumont, CA 92223
www.bcvwd.org

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.

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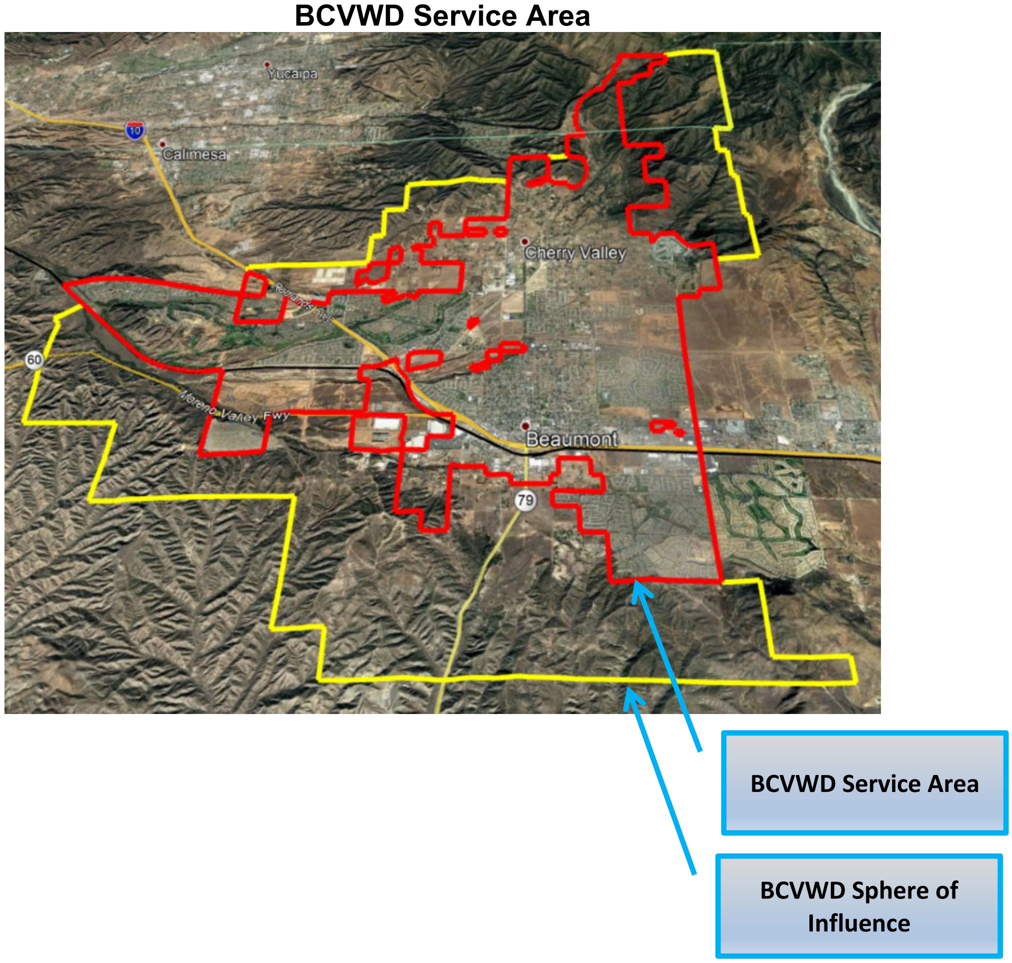
Profile of the District

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 Gorgonio 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 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.

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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, 5th Street Replacement Pipeline, 11th 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 Jaggers, P.E. **General Manager**	**Kirene M. Bargas, Ph.D.** **Director of Finance and Administration**

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Beaumont-Cherry Valley Water District

560 Magnolia Avenue Beaumont CA 92223
951.845-9581 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 – 12/2022
John Covington	Treasurer	5	12/2022 – 12/2026
Daniel Slawson	Director	4	12/2022 – 12/2026

Daniel K. Jaggers, P.E.
General Manager

Beaumont-Cherty Valley Water District
Organization Chart

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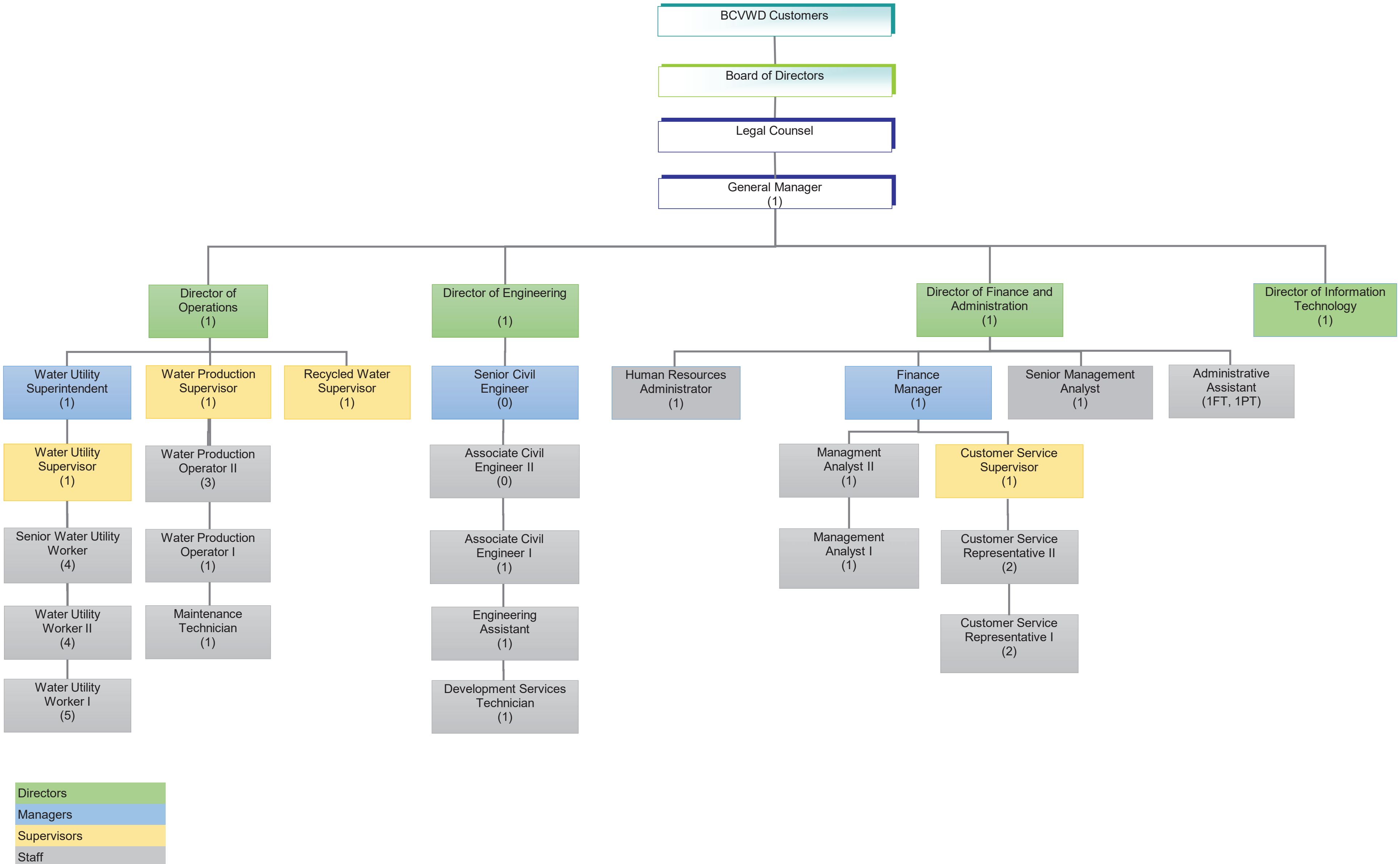

Effective 01/01/2023

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beaumont Cherry Valley Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

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Independent Auditor's Report

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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 know 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.

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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 June 8, 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.

San Bernardino California
June 8, 2023

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Management's Discussion and Analysis

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.

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.

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.

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.

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	19,319,366	17,842,825	16,934,731
Operating expenses	15,372,783	13,161,950	16,387,388
Non-operating expenses	1,569	2,074	-
Total expenses	15,374,352	13,164,024	16,387,388
Income (loss) before contributions	3,945,014	4,678,801	547,343
Capital contributions	8,159,853	10,976,224	3,725,998
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	$ 204,199,954	$ 192,095,087	$ 176,440,062

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.

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, 202 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 January1, 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%.

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets

	Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 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	-
Capital assets, net	$ 120,835,111	$ 114,566,656	$ 113,615,348

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.

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.

	Actual Fiscal Year 2022	Budget Fiscal Year 2023	Dollar Change	Total Percent Change
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%
Change in net position	12,104,867	(848,000)	(12,952,867)	-107.0%
Net position, beginning of period	192,095,087	204,199,954	12,104,867	6.3%
Net position, end of period	$ 204,199,954	$ 203,351,954	$ (848,000)	-0.4%

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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Statements of Net Position
December 31, 2022 with Comparative Information as of December 31, 2021

	2022	2021
ASSETS		
Current assets:		
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
Noncurrent assets:		
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
Total assets	214,602,745	201,325,976
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related (Note 11)	366,619	411,836
Pension related (Note 13)	1,526,419	474,198
Total deferred outflows of resources	1,893,038	886,034
LIABILITIES		
Current liabilities:		
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
Noncurrent liabilities:		
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
Total liabilities	11,272,581	9,105,037
DEFERRED INFLOWS OF RESOURCES		
OPEB related (Note 11)	924,597	42,053
Pension related (Note 13)	98,651	969,833
Total deferred inflows of resources	1,023,248	1,011,886
NET POSITION (Note 12)		
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	$ 204,199,954	$ 192,095,087

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

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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
OPERATING REVENUES		
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
Total operating revenues	19,009,807	16,987,328
OPERATING EXPENSES		
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
Total operating expenses	15,372,783	13,161,950
Operating Income	3,637,024	3,825,378
NONOPERATING REVENUES (EXPENSES)		
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
Total nonoperating revenues (expenses)	307,990	853,423
Income before contributions	3,945,014	4,678,801
CAPITAL CONTRIBUTIONS		
Donated capital assets	978,470	324,740
Capacity charges	7,181,383	10,651,484
Total capital contributions	8,159,853	10,976,224
Change in net position	12,104,867	15,655,025
Net position, beginning of year, as restated (Note 17)	192,095,087	176,440,062
Net position, end of year	$ 204,199,954	$ 192,095,087

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

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Statements of Cash Flows
For the Year Ended December 31, 2022 with Comparative Information for the year ended December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
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
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Amounts due to (from) grantor	243,487	(348,212)
Net cash provided (used) by noncapital financing activities	243,487	(348,212)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
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
CASH FLOWS FROM INVESTING ACTIVITIES:		
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
Cash and investments, beginning of year	78,075,112	66,512,951
Cash and investments, end of year	$ 83,787,306	$ 78,075,112
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
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 3,637,024	$ 3,823,304
Adjustments to reconcile operating income to 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
Schedule of non-cash investing and capital and related financing activities		
Capital contributions - donated capital assets	$ 978,470	$ 324,740

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

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.

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
Telemetering 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

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. 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.

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

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	$ 83,787,306	$ 78,075,112

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	$ 83,787,306	$ 78,075,112

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

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:

		Maturity		
Investment Type	Fair Value	Less than 1 year	>1 to 3 years	>3 to 5 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	$ 68,506,316	$ 39,169,456	$ 27,191,712	$ 2,145,148

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

		Maturity
Investment Type	Fair Value	Less than 1 year
CalTRUST	$ 36,843,805	$ 36,843,805
LAIF	31,810,460	31,810,460
Total investments	$ 68,654,265	$ 68,654,265

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.

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/.

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.

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 and Services	Other	Developer	Total
Receivables	$ 3,403,380	$ 342,873	$ 961,070	$ 4,707,323
Less: allowance for uncollectible accounts	-	-	(269,190)	(269,190)
Net receivables	$ 3,403,380	$ 342,873	$ 691,880	$ 4,438,133

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 and Services	Other	Developer	Total
Receivables	$ 3,170,698	$ 13,932	$ 818,999	$ 4,003,629
Less: allowance for uncollectible accounts	-	-	(269,190)	(269,190)
Net receivables	$ 3,170,698	$ 13,932	$ 549,809	$ 3,734,439

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 1/100th 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*.

NOTE 4 – NOTES RECEIVABLE (Continued)

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

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

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

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

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NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending 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.

NOTE 5 – CAPITAL ASSETS (Continued)

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

	Beginning Balance	Additions	Deletions	Transfers	Ending 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.

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 balance	Additions	Deletions	Ending balance	Current 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 balance	Additions	Deletions	Ending balance	Current Portion
Lease payable	$ -	$ 87,062	$ (23,275)	$ 63,787	$ 25,498

Future lease payments are as follows:

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

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	$ 1,726,948	$ 1,107,320

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
$ 344,697	$ 418,755	$ (364,830)	$ 398,622	$ 324,680	$ 73,942

NOTE 10 – COMPENSATED ABSENCES (Continued)

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

Beginning Balance	Additions	Deletions	Ending Balance	Current Portion	Non-current Portion
$ 355,924	$ 311,446	$ (322,673)	$ 344,697	$ 250,124	$ 94,573

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	1
Total	49

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 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 Non-Kaiser Medicare – 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 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:

	Target allocation CERBT-Strategy 3	Expected real Rate of return
Asset class component		
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%

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:

	Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Balance at December 31, 2021 (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 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 (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 (3.44%)	**Current Discount Rate (4.44%)**	**1% Increase (5.44%)**
Net OPEB Liability	$ 1,431,046	$1,218,158	$ 1,043,586

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)

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
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)

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 1,133,078	$1,218,158	$ 1,369,337

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
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 (EARSL) of plan participants.

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
Total	$ 366,619	$ (924,597)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
Total	$ 411,836	$ (42,053)

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:

Fiscal Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2023	$ (48,053)
2024	(48,053)
2025	(48,053)
2026	(48,053)
2027	(48,135)
Thereafter	(336,026)

NOTE 12 – NET POSITION

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

	December 31, 2022	December 31, 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	$ 204,199,954	$ 192,095,087

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, 2022	December 31, 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	31,994,352	32,132,235
Total unrestricted net position	$ 34,073,842	$ 33,424,647

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.

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 January 1, 2013	On or after 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%

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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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 (1)	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.

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:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10[1,2]
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%)

[1] An expected inflation of 2.30% used for this period.
[2] 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.

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. 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.

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.

	Increase (Decrease) Net Pension Liability
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. 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 (measurement date June 30, 2021)	0.05790%
Proportionate Share - December 31, 2022 (measurement date June 30, 2022)	0.06909%
Change - Increase (Decrease)	0.01119%

December 31, 2021	
Proportionate Share - December 31, 2020 (measurement date June 30, 2020)	0.061503%
Proportionate Share - December 31, 2021 (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:

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Proportionate Share of Net Pension Liability (Continued)

December 31, 2022

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

December 31, 2021

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (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).

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

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

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

December 31, 2021

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

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:

Fiscal Year Ended December 31:	Deferred Outflows/(Inflows) of Resources
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.

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.

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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Final Draft
Subject to Change

Required Supplementary Information

Final Draft
Subject to Change

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 the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a Percentage of the 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%

[1] 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.

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Beaumont-Cherry Valley Water District

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

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of 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.

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

Fiscal Year - December 31, Measurement Period - June 30,	2018 2018	2019 2019	2020 2020	2021 2021	2022 2022
Total OPEB Liability					
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
Total OPEB liability - ending	1,330,857	1,550,636	2,061,369	2,237,523	1,425,962
Plan Fiduciary Net Position					
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
Net OPEB liability - ending (a) - (b)	$ 1,330,857	$ 1,550,636	$ 2,061,369	$ 2,237,523	$ 1,218,158
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.

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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 comprehensive annual financial reports for the relevant year.

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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	$ 123,424,314	$ 131,692,144	$ 138,810,597	$ 149,761,817	$ 160,915,383

	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	$ 170,189,607	$ 172,166,721	$ 176,440,062	$ 192,095,087	$ 204,199,954

Source: *Beaumont-Cherry Valley Water District*

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Beaumont-Cherry Valley Water District

Changes in Net Position
Last Ten Years

	2013	2014	2015	2016
OPERATING REVENUES				
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
Total operating revenues	12,237,872	12,436,150	10,832,295	12,139,440
OPERATING EXPENSES [(1)]				
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
Total operating expenses	11,595,631	10,181,287	9,721,673	10,923,833
Operating Income (loss)	642,241	2,254,863	1,110,622	1,215,607
NONOPERATING REVENUES (EXPENSES)				
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)	-	-
Total nonoperating revenues (expenses)	15,145	371,285	139,885	194,122
Income (loss) before contributions	657,386	2,626,148	1,250,507	1,409,729
CAPITAL CONTRIBUTIONS				
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
Total capital contributions	1,025,791	2,677,180	7,389,402	9,541,491
SPECIAL ITEM				
Change in assumptions - OPEB	-	2,964,502	-	-
Change in net position	$ 1,683,177	$ 8,267,830	$ 8,639,909	$ 10,951,220

Source: *Beaumont-Cherry Valley Water District*

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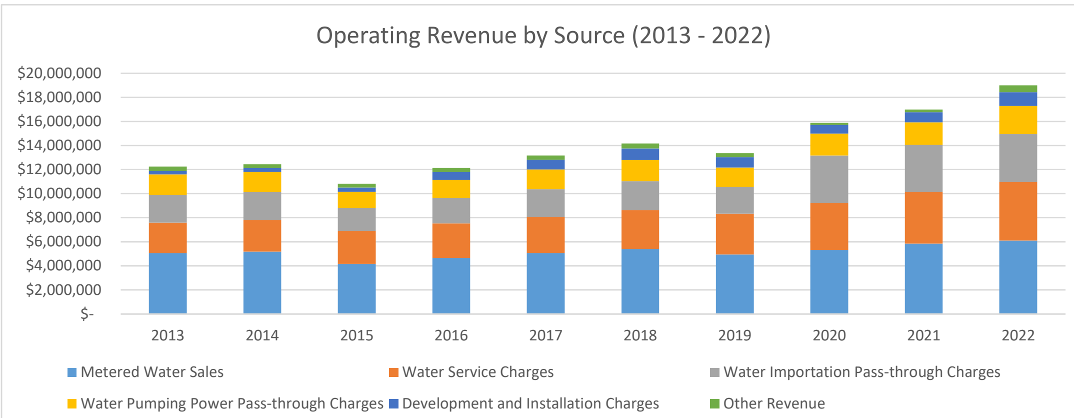
(continued)

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

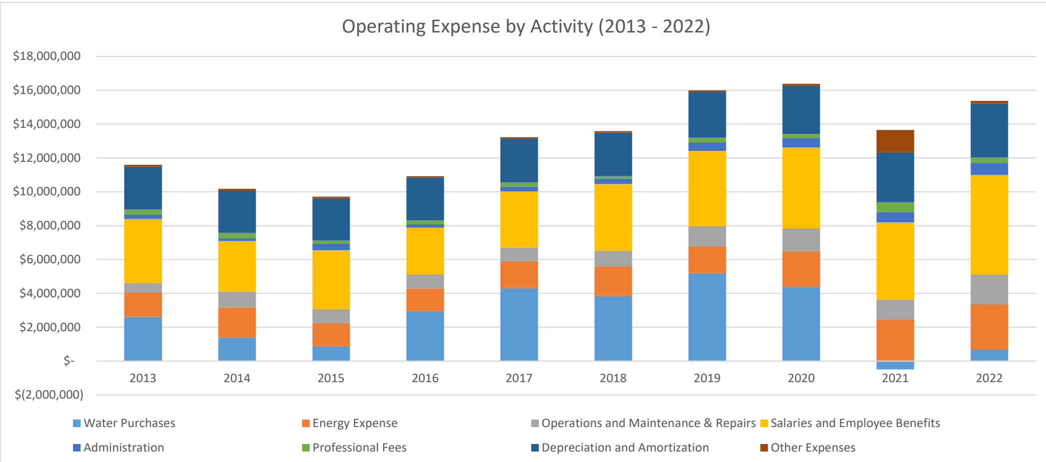


Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Operating Expense by Activity[1]
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*

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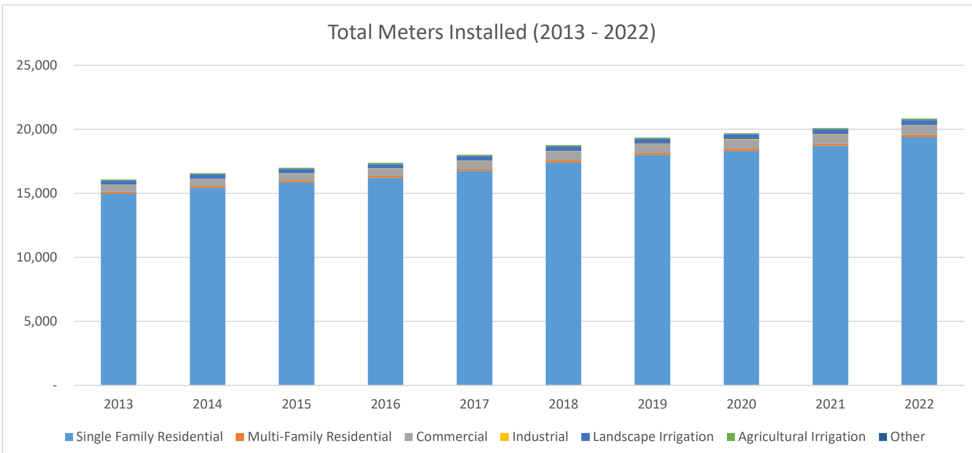
Beaumont-Cherry Valley Water District

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*

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Beaumont-Cherry Valley Water District

Principal Customers
Current and Nine Years Ago

	2013		2022			
Customer	Annual Consumption (hcf)	Percentage of Total Consumption	Annual Consumption (hcf)	Percentage of Total Consumption	Change in Consumption	Percentage of Change
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%
	1,076,922	20.63%	1,058,165	18.71%	(18,757)	
Total Water Consumed	5,219,294	100.00%	5,655,341	100.00%		

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Beaumont-Cherry Valley Water District

Revenue Rates
Last Ten Years

Charges for Water Used (per ccf)

Fiscal Year	Single-Family Residential Tier 1	Single-Family Residential Tier 2	Tier 3	Multi-Family Residential Tier 1	Multi-Family Residential Tier 2	Commercial	Fire Service	Landscape	Agricultural Irrigation	Construction	Non-Potable
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

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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*

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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

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Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population	County of Riverside Median Household Income	County of Riverside Per Capita Personal Income	County of Riverside Unemployment 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

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Beaumont-Cherry Valley Water District

Principal Employers for the Community Area (1)
Current Year (3)

Employer	Number of Employees 2022 (3)	Percent of Total Employment (2) 2022 (3)
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*

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Full-time and Part-time District Employees by Department
Last Ten Years[1]

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	29	27	30	31	35	39	41	39	41	47

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

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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*