Beaumont-Cherry Valley Water District

Fiscal Year Ended December 31, 2023

Annual Comprehensive Financial Report

Beaumont, California

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Annual Comprehensive Financial Report
For the Year Ended December 31, 2023

Beaumont-Cherry Valley Water District
Beaumont, California

Board of Directors as of July 17, 2024
John Covington, President
Daniel Slawson, Vice-President
Lona Williams, Secretary
Andy Ramirez, Treasurer
David Hoffman, Member

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

Prepared by the Finance and Administration Department
Sylvia Molina
Assistant 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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Table of Contents

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Introductory

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

July 17, 2024

To the Board of Directors and Customers of
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, 2023. 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, 2023, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Profile of the District

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

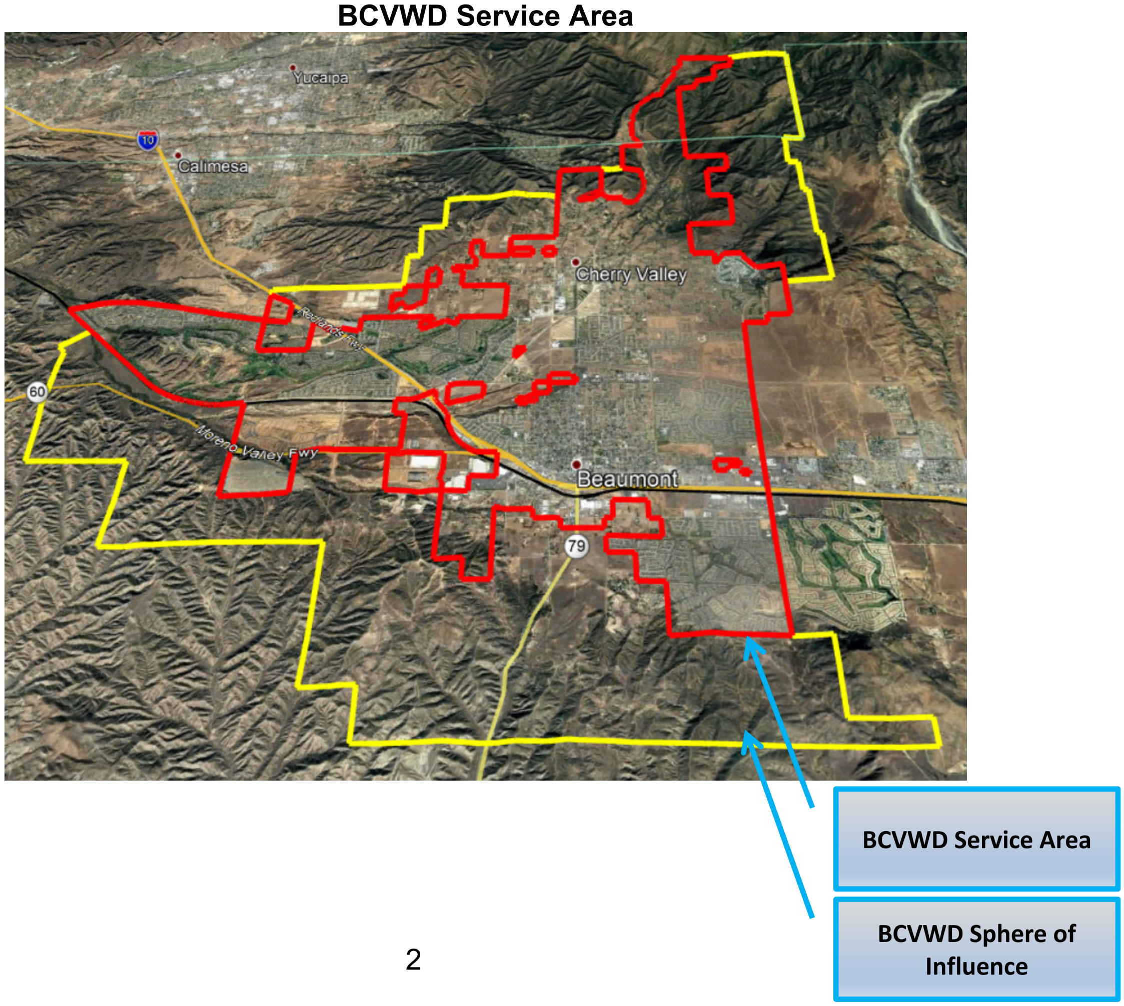
History

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

Service Area

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

Figure 1
BCVWD Service Area



Water Services, Supply, and Reliability
The District has both a potable and non-potable water distribution system. At the end of 2023, the District had 21,526 connections, an increase of 718 connections over 2022, 93.18 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, 2023, of 11,917.9 acre-feet (AF) was comprised of 8,309.0 AF of groundwater from the Beaumont Basin (69.7%), 1,704.6 AF of groundwater from Edgar Canyon (14.3%), and a 1,904.3 AF allocation of unused overlying water rights (16.0%) 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 imported 18,000.0 AF of State Water Project water during the year and after accounting for the 8,309.0 AF of groundwater pumped in the Beaumont Basin, the District added 9,691.0 AF of imported water to its Beaumont Basin Watermaster Storage Account during 2023.

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 43 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 4.7 million. Riverside County has a population of 2.5 million people, and of this, the District serves approximately 65,100 between the City of Beaumont and the community of Cherry Valley. According to the State Department of Finance, Beaumont was the seventh-fastest growing California city of those with populations exceeding 30,000 in 2023.

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 $102,469 are 21 percent higher than for the County of Riverside at $84,505 and 11 percent higher than the State-wide median household income of $91,905. At the end of 2023, the median value of a single-family owner-occupied housing unit in the vicinity of the City of Beaumont was approximately $518,400, up 6 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 between the beginning of 2020 and the end of 2022, recent rain and snowfall have dramatically changed conditions in many parts of the state. The state recently announced a major increase in expected State Water Project deliveries to local agencies - now a 40% 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 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 in the winter of 2023, the State Water Project would have been able to capture an additional 909,000 acre-feet of water since January 1, 2024. That is enough water for 9.5 million people, or 3.1 million households, for a 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 $4 billion, 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.

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. At the regular meeting held on September 13, 2023, the Board adopted Resolution 2023-24: Electing to Participate in the California Employers' Pension Prefunding Trust (CEPPT) program, Adopting the Agreement to Prefund Employer Contributions to a Defined Benefit Pension Plan, and Authorization for Execution of Related Documents. CEPPT is a Section 115 trust fund dedicated to prefunding pension contributions for all eligible California public agencies. By joining this trust fund, the District is currently prefunding future contribution costs from investment earnings provided by CalPERS. Contributions to the CEPPT programs are voluntary and determined by the District. Under the District's current Funding Policy, the Pension Trust is funded with $45,000 annually through the end of Fiscal Year 2024. The District Board has been concerned about the rising level of the District's share of contributions, thus increasing the District's unfunded liability. More specific information is presented in Note 13 of the Notes to the Financial Statements.

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

Major Initiatives

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

Following are highlights of the District's completed and ongoing initiatives identified in the 2022 Annual Comprehensive Financial Report (ACFR) and highlights of significant projects planned to be initiated in 2024 to meet the District's goals.

Completed:

- Advanced District water system mapping efforts related to the District's GIS facilities mapping system. Said work included the addition of approximately 4 miles of piping related to recently constructed District and developer projects.

- Purchased a Global Positioning System (GPS instrument), supported setup and interface with the Information Technology Department, and provided staff training to provide for the improved accuracy of the District's potable and non-potable water system maps, including water meter location activities as well as mapping of customer non-potable/potable water use areas, and Recycled Water piping locations for anticipated upcoming recycled water permitting activities.

- The division completed the Well rehabilitation and pumping unit repair projects to improve the quality of supply and serviceable equipment and prevent excessive repair or equipment failure for Wells 10, 18, 23, and 29.

To Be Initiated:

- Implement chlorination system retrofits at Well 29 and Well 25 for continued safe and uniform District chlorination equipment installations.

- 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.).

- Advancement of Recycled Water implementation.

- Construction of Wells 1A and 2A, Noble Pipeline Tank No. 2, 2850 to 3040 Pressure Zone Booster Station, B Line, and various other pipeline replacement projects.

Ongoing:

- Finalize the design and construction documents for Water Storage Tank Recoating, Painting, and Rehabilitation at Cherry Tanks I & II, Vineland Tank I, and Lower Edgar Tank and complete coating, painting, and modifications to said facilities in 2023 and 2024.

- Continue advancement to cybersecurity initiatives by deploying, testing, and refining applications, technologies, and systems reasonably necessary to ensure a secure, safe, and effective workplace.

- Complete the AMR/AMI project by supporting the final deployment of remaining automatic meters and associated transmitters (radios) at customer locations. Complete deployment includes installing system collector and repeater components throughout the District, quarterly testing, and quality assurance activities. Upon system testing and commissioning, the District will deploy the customer-facing web portal and enable AMI technology to automate, increase operational efficiency, and improve meter collecting and reporting capabilities by year-end 2024.

- Continue advancing District and regional water supply activities, including analysis and planning for the District, the San Gorgonio Pass Water Agency (SGPWA), and the San Gorgonio Pass region stakeholders, including updates to annual water supply and consumption modeling, annual water storage, and future needs assessments, and continued advancement of District and regional Sites Reservoir participation.

- Continue to meet the State and Federal drinking water standards and required regulatory water quality sampling to administer preservation of water quality for protecting the environment, public health, and water allocation for present and future generations. Provide water sampling and operational requirements necessary to meet all State and Federal drinking water standards and all regulatory water quality sampling requirements, including completion of Unregulated Contaminant Monitoring Rule (UCMR) 5 water constituent sampling activities.

Awards and Acknowledgements

For the completed Master Drainage Plan Line 16 Storm Drain Project (MDP Line 16), the District received the Outstanding Flood Management project award from the American Society of Civil Engineers (ASCE) San Bernardino and Riverside branch, a Proclamation of Recognition from the County of Riverside Board of Supervisors, a Certificate of Recognition from the Riverside County Board of Supervisors, and Flood Control Project of the Year from the ASCE Los Angeles Section

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, 2022. 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

Sylvia Molina
Assistant Director of Finance and Administration

Beaumont-Cherry Valley Water District

560 Magnolia Avenue Beaumont CA 92223
951.845-9581 www.bcvwd.org

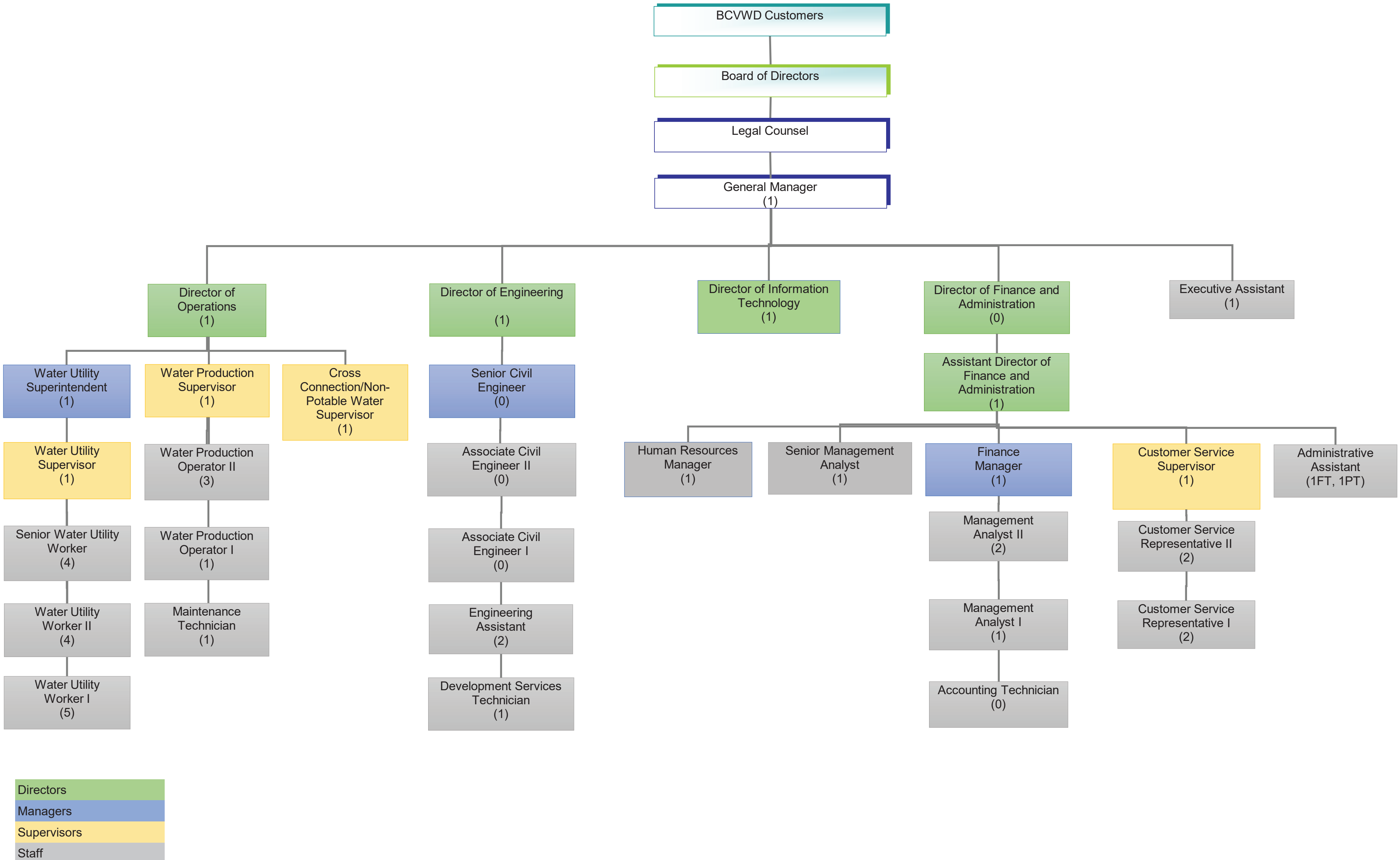
Board of Directors as of December 31, 2023

Director	Title	Division	Current Term
John Covington	President	4	12/2022 – 12/2026
Daniel Slawson	Vice-President	3	12/2022 – 12/2026
Loni Williams	Secretary	2	12/2020 – 12/2024
Andy Ramirez	Treasurer	1	12/2020 – 12/2024
David Hoffman	Director	5	12/2022 – 12/2026

Daniel K. Jaggers, P.E.
General Manager

BCVWD Organization Chart 2023

Approved by Board of Directors 06/22/2023



Effective 07/07/2023

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, 2022

Christopher P. Morrill

Executive Director/CEO

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Financial

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Independent Auditor’s Report

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

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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, 2023, 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, 2023, 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.

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.

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 2022 financial statements, and we expressed an unmodified opinion in our report dated May 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 July 17, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino California
July 17, 2024

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Management's Discussion and Analysis

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As management of the Beaumont-Cherry Valley Water District (the "District" or "BCVWD"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2023 and 2022. 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, 2023, 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 $204,897,412 (net position). Of this amount, $30,464,949 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 $697,458 from the prior fiscal year. The increase is mainly a result of investment earnings of $3,604,003 and capacity charges to developers in the amount of $1,772,202 which helped to offset an operating loss of $4,814,118. Capacity charges are collected from developers to ensure that funds are set aside to provide for the expansion of the domestic and non-potable water system.

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 and donated capital assets 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.

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, 2023 (2022 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 about sources of cash, uses of cash, and the change in the cash balance during the reporting periods.

The Notes to the Basic Financial Statements 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

	2023	2022	2021
Assets			
Current assets	$ 91,589,475	$ 91,245,836	$ 83,982,146
Non-current assets	2,241,015	2,521,798	2,777,174
Capital assets	122,064,962	120,835,111	114,566,656
Total assets	215,895,452	214,602,745	201,325,976
Deferred outflows of resources	1,929,048	1,893,038	886,034
Liabilities			
Current liabilities	6,958,819	6,737,608	5,635,273
Non-current liabilities	5,071,206	4,534,973	3,469,764
Total liabilities	12,030,025	11,272,581	9,105,037
Deferred inflows of resources	897,063	1,023,248	1,011,886
Net position			
Net investment in capital assets	122,055,075	120,796,822	114,502,869
Restricted	52,377,388	49,329,290	44,167,571
Unrestricted	30,464,949	34,073,842	33,424,647
Total net position	$ 204,897,412	$ 204,199,954	$ 192,095,087

Assets

2023 compared to 2022 Total assets were $215,895,452, reflecting an increase of $1,292,707 primarily due to the following:

- Current assets, comprised of restricted and unrestricted assets, increased by $343,639. This change is primarily due to net additions of $1,229,851 in capital 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 provided by operating activities in addition due $243,487 from grantors.

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Liabilities

2023 compared to 2022 Total liabilities were $12,030,025 reflecting an increase of $757,444 primarily due to the following:

- The District's net pension liability increased by $480,748. 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 $372,050, mainly due to an increased amount of acre-feet (AF) of imported water purchased at the end of the year as compared to the prior year, as well as increased construction activities.

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).

Net Position

2023 compared to 2022 Total net position was $204,897,412 reflecting an increase of $697,458.

- The largest portion of the District's net position, its investment in capital assets, is $122,055,075 (59.57%) at the end of 2023, an increase of $1,258,253 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 a small portion of Calimesa. As such, these assets are not available for future spending.
- The restricted portion of net position is $52,377,388 (25.56%), an increase of $3,048,098 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)

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

- The largest portion of the District's net position, its investment in capital assets, is $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 a small portion of Calimesa. As such, these assets are not available for future spending.
- The restricted portion of net position is $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.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues			
Metered water sales	$ 5,608,560	$ 6,102,822	$ 5,838,776
Water service charges	5,402,774	4,848,032	4,303,343
Water importation pass-through charges	3,505,928	3,994,823	3,918,607
Water pumping power pass-through charges	2,045,094	2,331,222	1,854,589
Development and installation charges	1,044,488	1,153,264	857,886
Other revenue	648,325	579,644	214,127
Non-operating revenues	3,740,084	309,559	855,497
Total revenues	21,995,253	19,319,366	17,842,825
Operating expenses	23,069,287	15,372,783	13,161,950
Non-operating expenses	710	1,569	2,074
Total expenses	23,069,997	15,374,352	13,164,024
Income (loss) before contributions	(1,074,744)	3,945,014	4,678,801
Capital contributions	1,772,202	8,159,853	10,976,224
Change in net position	697,458	12,104,867	15,655,025
Beginning net position	204,199,954	192,095,087	176,440,062
Ending net position	$ 204,897,412	$ 204,199,954	$ 192,095,087

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Operating Revenues and Expenses

2023 compared to 2022 Total operating revenues of $18,255,169 decreased by $754,638 primarily due to the following:

- Metered water sales and the corresponding water importation charges and water pumping pass- through charges totaling $11,159,582 decreased by $1,269,285. This decrease was the result of a decrease in water demand by customers from 12,800 acre-feet in 2022, to 11,380 acre-feet in 2023.
- Water service charges of $5,402,774 increased by $554,742, primarily due to the January 1, 2023 increase in the bi-monthly service charge, combined with 3% 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 $23,069,287 increased by $7,696,504 primarily due to the following:

- Purchases of imported water totaling $7,182,000 increased by $6,473,376 as the District participated in a regional effort to buy imported water from Northern California to recharge the local groundwater basin. The District's imported water provider, San Gorgonio Pass Water Agency (SGPWA), exceeded deliveries of 20,000 acre-feet of imported water in 2023, more water in a calendar year than ever before. Higher groundwater levels resulting from the recharge not only helps ensure the health of the basin but also makes pumping groundwater more cost effective.

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 classes types.
- Development and installation charges of $1,153,264 increased by $295,378, mainly due to a slight upturn in development-driven activities.
- 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,

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.

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets

	Balance December 31, 2023	Balance December 31, 2022	Balance December 31, 2021
Land	$ 7,721,730	$ 7,721,730	$ 7,721,730
Construction in progress	6,380,755	6,649,853	1,986,751
Transmission and distribution system	70,908,694	68,637,303	66,335,425
Structures and improvements	12,771,617	12,948,805	13,209,809
Reservoirs and tanks	14,052,050	14,353,547	14,783,668
Pumping and telemetry equipment	9,498,064	9,900,224	9,951,882
Vehicles and equipment	721,170	586,648	514,271
Right-to-use	10,882	37,001	63,120
Capital assets, net	$ 122,064,962	$ 120,835,111	$ 114,566,656

2023 compared to 2022

The District's investment in capital assets, net of accumulated depreciation, was $122,064,962, an increase of $1,229,851. The increase resulted mainly from the following significant capital additions, offset by current year depreciation/amortization of $3,426,898:

- Pipeline replacement project costs amounting to $2,249,463.
- Installations of new and retrofitted radio read-capable meters amounting to $1,372,806 as the District continued its grant-funded AMR/AMI Deployment project.
- Machinery and equipment costs totaling $181,962
- Replacements, improvements, and additions to District sites totaling $326,070

2022 compared to 2021

The District's investment in capital assets, net of accumulated depreciation, 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 project.

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets (Continued)

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, 2023 and 2022 can be found in Note 5 of this report.

Long-term Debt / Credit

2023 compared to 2022

The District's long-term debt, which was considered fully paid off as of December 31, 2023, consisted of a lease payable a resulting from a lease agreement for commercial real estate.

2022 compared to 2021

The District's long-term debt totaling $9,887 consisted solely of a lease payable a resulting from a lease agreement for commercial real estate.

More information on the District's capital assets activity for the years ending December 31, 2023 and 2022 can be found in Note 5 of this report.

NEXT YEAR'S BUDGET AND RATES

Fiscal Year 2024 Budget

The District's Board of Directors and management considered many factors when setting the fiscal year 2024 budget, user fees, and charges.

	Actual Fiscal Year 2023	Budget Fiscal Year 2024	Dollar Change	Total Percent Change
Operating revenues	$ 18,255,169	$ 19,292,000	$ 1,036,831	5.7%
Non-operating revenues	3,740,084	2,190,500	(1,549,584)	-41.4%
Total revenues	21,995,253	21,482,500	(512,753)	-2.3%
Operating expenses	23,069,287	24,238,900	1,169,613	5.1%
Non-operating expenses	710	-	(710)	-100.0%
Total expenses	23,069,997	24,238,900	1,168,903	5.1%
Income (loss) before contributions	(1,074,744)	(2,756,400)	(1,681,656)	156.5%
Capital contributions	1,772,202	2,053,000	280,798	15.8%
Change in net position	697,458	(703,400)	(1,400,858)	-200.9%
Net position, beginning of period	204,199,954	204,897,412	697,458	0.3%
Net position, end of period	$ 204,897,412	$ 204,194,012	$ (703,400)	-0.3%

NEXT YEAR'S BUDGET AND RATES (Continued)

Water Rates and Charges

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

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

Requests for Information

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

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Basic Financial Statements

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Beaumont-Cherry Valley Water District

Statements of Net Position
December 31, 2023 with Comparative Information as of December 31, 2022

	2023	2022
ASSETS		
Current assets:		
Cash and investments (Note 2)	$ 28,846,068	$ 32,559,900
Restricted cash and investments - funds held for others (Note 2)	4,713,893	4,657,578
Restricted cash and investments - capital commitments (Note 2)	49,869,475	46,569,828
Interest receivable	903,779	594,799
Accounts receivable, net of allowance for uncollectible accounts (Note 3)	4,370,178	4,438,133
Notes receivable (Note 4)	3,216	3,719
Restricted notes receivable (Note 4)	276,704	251,549
Grants receivable	-	104,725
Inventories	2,131,313	1,655,715
Prepaid items	474,849	409,890
Total current assets	91,589,475	91,245,836
Noncurrent assets:		
Notes receivable (Note 4)	9,806	13,885
Restricted notes receivable (Note 4)	2,231,209	2,507,913
Capital assets, net (Note 5)	122,064,962	120,835,111
Total noncurrent assets	124,305,977	123,356,909
Total assets	215,895,452	214,602,745
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related (Note 11)	330,057	366,619
Pension related (Note 13)	1,598,991	1,526,419
Total deferred outflows of resources	1,929,048	1,893,038
LIABILITIES		
Current liabilities:		
Accounts payable and other accrued liabilities (Note 7)	2,098,998	1,726,948
Customer account credit balances (Note 8)	260,844	235,078
Customer deposits payable	312,913	331,953
Unearned revenues (Note 9)	3,994,734	4,090,547
Current portion of long-term liabilities:		
Lease liability (Note 6)	9,887	28,402
Compensated absences (Note 10)	281,443	324,680
Total current liabilities	6,958,819	6,737,608
Noncurrent liabilities:		
Lease liability (Note 6)	-	9,887
Compensated absences (Note 10)	125,957	73,942
Net OPEB liability (Note 11)	1,231,515	1,218,158
Net pension liability (Note 13)	3,713,734	3,232,986
Total noncurrent liabilities	5,071,206	4,534,973
Total liabilities	12,030,025	11,272,581
DEFERRED INFLOWS OF RESOURCES		
OPEB related (Note 11)	834,485	924,597
Pension related (Note 13)	62,578	98,651
Total deferred inflows of resources	897,063	1,023,248
NET POSITION (Note 12)		
Net investment in capital assets	122,055,075	120,796,822
Restricted:		
Capital commitments	49,869,475	46,569,828
Notes receivable	2,507,913	2,759,462
Unrestricted	30,464,949	34,073,842
Total net position	$ 204,897,412	$ 204,199,954

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

Beaumont-Cherry Valley Water District

Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023 with Comparative Information for the year ended December 31, 2022

	2023	2022
OPERATING REVENUES		
Metered water sales	$ 5,608,560	$ 6,102,822
Water service charges	5,402,774	4,848,032
Water importation pass-through charges	3,505,928	3,994,823
Water pumping power pass-through charges	2,045,094	2,331,222
Development and installation charges	1,044,488	1,153,264
Other revenue	648,325	579,644
Total operating revenues	18,255,169	19,009,807
OPERATING EXPENSES		
Salaries and employee benefits	5,925,057	5,657,557
Pension expense	372,104	210,204
Energy expenses	2,699,945	2,653,152
Water purchases	7,182,000	708,624
Administration	667,852	714,778
Operations	649,462	766,180
Maintenance and repairs	1,331,109	992,346
Depreciation and amortization	3,426,898	3,175,139
Insurance	197,683	144,045
Professional fees	596,726	332,569
Other expenses	20,451	18,189
Total operating expenses	23,069,287	15,372,783
Operating Income (loss)	(4,814,118)	3,637,024
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (losses)	3,604,003	(218,974)
Interest expense	(710)	(1,569)
Rental income	37,809	45,590
Other revenue	101,187	482,943
Loss on disposal of capital assets	(2,915)	-
Total nonoperating revenues (expenses)	3,739,374	307,990
Income before contributions	(1,074,744)	3,945,014
CAPITAL CONTRIBUTIONS		
Donated capital assets	-	978,470
Capacity charges	1,772,202	7,181,383
Total capital contributions	1,772,202	8,159,853
Change in net position	697,458	12,104,867
Net position, beginning of year	204,199,954	192,095,087
Net position, end of year	$ 204,897,412	$ 204,199,954

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

Beaumont-Cherry Valley Water District

Statements of Cash Flows
For the Year Ended December 31, 2023 with Comparative Information for the year ended December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 16,312,217	$ 16,934,794
Receipts from developers (unrestricted)	1,292,282	1,099,932
Other receipts	792,412	1,110,835
Payments to employees for salaries and benefits	(5,953,036)	(5,602,694)
Payments to suppliers and service providers	(13,437,438)	(6,509,876)
(Refund)/receipt of customer deposits	(19,040)	32,580
Net cash provided (used) by operating activities	(1,012,603)	7,065,571
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Amounts due to (from) grantor	104,725	243,487
Net cash provided (used) by noncapital financing activities	104,725	243,487
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(4,739,654)	(8,484,119)
Principal paid on leases	(28,402)	(25,498)
Interest paid on leases	(710)	(1,569)
Capital contributions	1,772,202	7,181,383
Receipts from notes	251,549	486,734
Net cash provided (used) by capital and related financing activities	(2,745,015)	(843,069)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	2,464,270	588,199
Realized loss on investments	830,753	(1,341,994)
Net cash provided (used) by investing activities	3,295,023	(753,795)
Net increase (decrease) in cash and cash equivalents	(357,870)	5,712,194
Cash and investments, beginning of year	83,787,306	78,075,112
Cash and investments, end of year	$ 83,429,436	$ 83,787,306
Reconciliation to the Statement of Net Position:		
Cash and investments	$ 28,846,068	$ 32,559,900
Restricted cash and investments - funds held for others	4,713,893	4,657,578
Restricted cash and investments - capital commitments	49,869,475	46,569,828
Total cash and investments	$ 83,429,436	$ 83,787,306

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, 2023 with Comparative Information for the year ended December 31, 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (4,814,118)	$ 3,637,024
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization expense	3,426,898	3,175,139
Construction in progress abandoned	79,990	18,995
Other income	101,187	482,943
Rental income	37,809	45,590
(Increase) decrease in accounts receivable	67,955	(703,694)
(Increase) decrease in notes receivable	4,582	3,080
(Increase) decrease in inventories	(475,598)	(670,473)
(Increase) decrease in prepaid items	(64,959)	(120,433)
(Increase) decrease in deferred outflows of resources	(36,010)	(1,007,004)
Increase (decrease) in accounts payable and other accrued liabilities	372,050	619,628
Increase (decrease) in customer account credit balances	25,766	(44,592)
Increase (decrease) in customer deposits payable	(19,040)	32,580
Increase (decrease) in unearned revenues	(95,813)	417,259
Increase (decrease) in compensated absences	8,778	53,925
Increase (decrease) in other post-employment benefit obligations	13,357	(1,019,365)
Increase (decrease) in net pension liability	480,748	2,133,607
Increase (decrease) in deferred inflows of resources	(126,185)	11,362
Total adjustments	3,801,515	3,428,547
Net cash provided by operating activities	$ (1,012,603)	$ 7,065,571
Schedule of non-cash investing and capital and related financing activities		
Capital contributions - donated capital assets	$ -	$ 978,470

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. An employee may also request to buy back vacation hours as desired during the year but must request a minimum of 10 hours per buyback, and must have a minimum remaining balance of 40 hours of vacation leave accrual after the purchase of said vacation hours for the calendar year. The liability for such leave is reported as an expense when incurred.

Sick Leave

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

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

J. Use of Estimates

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

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 details.

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, 2022
Measurement Date	June 30, 2023
Measurement Period	January 1 to December 31, 2023

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, 2022
Measurement Date	June 30, 2023
Measurement Period	January 1 to December 31, 2023

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 2023.

NOTE 2 – CASH AND INVESTMENTS

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

Description	2023	2022
Cash and investments	$ 28,846,068	$ 32,559,900
Restricted cash and investments - funds held for others	4,713,893	4,657,578
Restricted cash and investments - capital commitments	49,869,475	46,569,828
Total cash and investments	$ 83,429,436	$ 83,787,306

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Description	2023	2022
Cash on hand (petty cash and change drawers)	$ 1,400	$ 1,400
Demand deposits (cash in bank)	2,525,813	15,279,590
Investments	80,902,223	68,506,316
Total cash and investments	$ 83,429,436	$ 83,787,306

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, 2023 were as follows:

		Maturity		
Investment Type	Fair Value	Less than 1 year	>1 to 3 years	>3 to 5 years
LAIF	$ 42,829,210	$ 42,829,210	$ -	$ -
Asset backed securities	2,833,328	-	2,416,987	416,341
Money market fund	71,243	71,243	-	-
Supranational	708,545	361,434	-	347,111
US Agency	8,757,417	1,839,591	5,027,439	1,890,387
Collateralized mortgage obligations	3,097,318	733,533	2,238,761	125,024
US Treasury	12,023,908	2,898,751	7,866,427	1,258,730
Corporate notes	10,581,254	3,656,767	6,364,250	560,237
Total investments	$ 80,902,223	$ 52,390,529	$ 23,913,864	$ 4,597,830

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

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, 2023 and 2022, the District had deposits with financial institutions of $3,315,749 and $15,834,274, 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, 2023 is as follows:

	Water Sales and Services	Other	Developer	Total
Receivables	$ 3,679,541	$ 18,362	$ 941,465	$ 4,639,368
Less: allowance for uncollectible accounts	-	-	(269,190)	(269,190)
Net receivables	$ 3,679,541	$ 18,362	$ 672,275	$ 4,370,178

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, 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 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, 2023 is as follows:

	Notes Receivable	Restricted Notes Receivable	
	Bonita Vista	Fairway Canyon	Total
Current	$ 3,216	$ 276,704	$ 279,920
Non-current	9,806	2,231,209	2,241,015
Total notes receivable	$ 13,022	$ 2,507,913	$ 2,520,935

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

NOTE 5 – CAPITAL ASSETS

The following table summarizes capital asset activity during the year ended December 31, 2023:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	$ 7,721,730	$ -	$ -	$ -	$ 7,721,730
Construction in progress	6,649,853	4,576,844	(79,990)	(4,765,952)	6,380,755
Total capital assets, not being depreciated	14,371,583	4,576,844	(79,990)	(4,765,952)	14,102,485
Capital assets, being depreciated:					
Transmission and distribution system	91,289,429	39,307	-	4,234,323	95,563,059
Structures and improvements	18,352,421	-	-	157,377	18,509,798
Reservoirs and tanks	22,546,667	-	-	157,499	22,704,166
Pumping and telemetry equipment	14,789,918	-	-	-	14,789,918
Vehicles and equipment	2,749,267	123,503	(21,945)	216,753	3,067,578
Total capital assets, being depreciated	149,727,702	162,810	(21,945)	4,765,952	154,634,519
Less accumulated depreciation for:					
Transmission and distribution system	(22,652,126)	(2,002,239)	-	-	(24,654,365)
Structures and improvements	(5,403,616)	(334,565)	-	-	(5,738,181)
Reservoirs and tanks	(8,193,120)	(458,996)	-	-	(8,652,116)
Pumping and telemetry equipment	(4,889,694)	(402,160)	-	-	(5,291,854)
Vehicles and equipment	(2,162,619)	(202,819)	19,030	-	(2,346,408)
Total accumulated depreciation	(43,301,175)	(3,400,779)	19,030	-	(46,682,924)
Right-to-use assets being amortized					
Buildings	87,062	-	-	-	87,062
Less accumulated amortization for:					
Buildings	(50,061)	(26,119)	-	-	(76,180)
Total capital assets, being depreciated/amortized, net	106,463,528	(3,264,088)	(2,915)	4,765,952	107,962,477
Capital assets, net	$ 120,835,111	$ 1,312,756	$ (82,905)	$ -	$ 122,064,962

In the year 2023, $79,990 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, 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 6 – LEASE PAYABLE

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. As of December 31, 2023, the District had a total Right-to-use asset of $87,062, with accumulated amortization of $76,180. The right-to-use asset is being amortized over the lease term.

Lease payable activity for the year ended December 31, 2023, was as follows:

	Beginning balance	Additions	Deletions	Ending balance	Current Portion
Lease payable	$ 38,289	$ -	$ (28,402)	$ 9,887	$ 9,887

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

Future lease payments are as follows:

Year ending December 31,	Principal	Interest	Total
2024	$ 9,887	$ 62	$ 9,949
Total	$ 9,887	$ 62	$ 9,949

NOTE 7 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

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

Description	2023	2022
Accounts payable	$ 1,909,683	$ 1,541,326
Salaries and employee benefits	175,770	172,420
Other	13,545	13,202
Total accounts payable and other accrued liabilities	$ 2,098,998	$ 1,726,948

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, 2023 and 2022, the balance was $260,844 and $235,078, 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, 2023 and 2022, the balance was $3,994,734 and $4,090,547, 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, 2023 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance	Current Portion	Non-current Portion
$ 398,622	$ 315,101	$ (306,323)	$ 407,400	$ 281,443	$ 125,957

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 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, 2023 measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

Active employees	42
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to, but not yet receiving benefits	1
Total	49

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

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023 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, 2023; 4.44% at June 30, 2022
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
Mortality Improvement	Mortality projected fully generational with Scale MP-

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 municipal bond rate was updated to reflect the District's prefunding. The municipal bond rate changed from 3.54% in 2022 to 3.65% in 2023. 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, 2023.

Changes in the OPEB Liability

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

	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Balance at December 31, 2022 (6/30/22 measurement date)	$ 1,425,962	$ 207,804	$ 1,218,158
Changes recognized for the measurement period:			
Service cost	90,020	-	90,020
Interest	66,503	-	66,503
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions – employer	-	140,544	(140,544)
Net investment income	-	2,939	(2,939)
Benefit payments	(36,330)	(36,330)	-
Administrative expense	-	(317)	317
Net changes	120,193	106,836	13,357
Balance at December 31, 2023 (6/30/23 measurement date)	$ 1,546,155	$ 314,640	$ 1,231,515

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

The following represents the net 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 December 31, 2023:

December 31, 2023 (measurement date June 30, 2023)

	1% Decrease (3.44%)	**Current Discount Rate (4.44%)**	**1% Increase (5.44%)**
Net OPEB Liability	$ 1,460,024	$1,231,515	$ 1,044,141

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Continued)

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

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

The following represents the net 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, 2023:

December 31, 2023 (measurement date June 30, 2023)

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 1,131,712	$1,231,515	$ 1,408,168

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

OPEB Plan Fiduciary Net Position

As the District is prefunding with an OPEB trust, Plan Fiduciary Net Position was $314,640 as of the June 30, 2023 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, 2023, the District recognized OPEB expense of $99,299. As of fiscal year ended December 31, 2023 and December 31, 2022, the District reported deferred outflows and inflows related to OPEB from the following sources:

December 31, 2023 (measurement date June 30, 2023)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,669	$ (227,413)
Changes in assumptions	291,249	(607,072)
Net differences between projected and actual earnings	6,796	-
Contributions to OPEB plan subsequent to the measurement date	17,343	-
Total	$ 330,057	$ (834,485)

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)

The $17,343 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 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
2024	$ (46,416)
2025	(46,416)
2026	(46,415)
2027	(46,497)
2028	(48,135)
Thereafter	(287,892)

NOTE 12 – NET POSITION

As of December 31, 2023 and 2022, net position consisted of the following:

	December 31, 2023	December 31, 2022
Net Position:		
Net investment in capital assets	$ 122,055,075	$ 120,796,822
Restricted		
Capital commitments	49,869,475	46,569,828
Notes receivable	2,507,913	2,759,462
Unrestricted	30,464,949	34,073,842
Total net position	$ 204,897,412	$ 204,199,954

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, 2023	December 31, 2022
Unrestricted Net Position:		
Undesignated	$ 2,615,968	$ 2,079,490
Board of Directors' Designations:		
Capital replacement reserve	19,451,341	24,090,352
Operating reserve	5,248,525	4,940,000
Emergency reserve	3,149,115	2,964,000
Total designations	27,848,981	31,994,352
Total unrestricted net position	$ 30,464,949	$ 34,073,842

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, 2023 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, 2023 were $215,777. The actual employer payments of $627,152 made to CalPERS by the District during the measurement period ended June 30, 2023, differed from the District's proportionate share of the employer's contributions of $551,937 by $75,215, 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, 2023, 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, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
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[1]	Assumed Asset Allocation	Real Return [1,2]
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.85%
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 Asset Liability Management study.

Change of Assumptions

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

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: 6/30/2022 (Valuation Date)	$ 3,232,986
Balance at: 6/30/2023 (Measurement Date)	3,713,734
Net Changes during 2021-22	480,748

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, 2023 and 2022 measurement dates was as follows:

December 31, 2023	
Proportionate Share - December 31, 2022 (measurement date June 30, 2022)	0.06909%
Proportionate Share - December 31, 2023 (measurement date June 30, 2023)	0.07427%
Change - Increase (Decrease)	0.00518%

December 31, 2022	
Proportionate Share - December 31, 2021 (measurement date June 30, 2021)	0.057900%
Proportionate Share - December 31, 2022 (measurement date June 30, 2022)	0.069090%
Change - Increase (Decrease)	0.011190%

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, 2023

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	$ 6,011,625	$ 3,713,734	$ 1,822,373

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

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, 2022), the District's net pension liability was $3,232,986. For the measurement period ending June 30, 2023 (the measurement date), the District incurred a pension expense/(income) of $587,881.

As of December 31, 2023 and 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 189,718	$ (29,430)
Changes of Assumptions	224,215	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	601,287	-
Change in Employer's Proportion	312,719	-
Difference in Actual vs Projected Contributions	55,275	(33,148)
Pension Contributions Subsequent to Measurement Date	215,777	-
Total	$ 1,598,991	$ (62,578)

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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)

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of $215,777 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
2024	$ 474,645
2025	323,024
2026	505,860
2027	17,107
2028	-

Payable to the Pension Plan

At December 31, 2023, 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, 2023 and 2022, the District contributed $80,866 and $43,261, 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, 2023, 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, 2023. 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.

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Required Supplementary Information

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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%
6/30/2023	0.074270%	3,713,734	3,463,825	107.21%	78.14%

[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.

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%
12/31/2023	421,390	(421,390)	-	3,563,211	11.83%

* 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:

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

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

Beaumont-Cherry Valley Water District

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

Fiscal Year - December 31,	2018	2019	2020	2021	2022	2023
Measurement Period - June 30,	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	$ 108,164	$ 104,143	$ 116,929	$ 145,436	$ 151,696	$ 90,020
Interest	48,433	54,966	57,750	48,368	51,156	66,503
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)	(36,330)
Net change in total OPEB liability	79,847	219,779	510,733	176,154	(811,561)	120,193
Total OPEB liability - beginning	1,251,010	1,330,857	1,550,636	2,061,369	2,237,523	1,425,962
Total OPEB liability - ending	1,330,857	1,550,636	2,061,369	2,237,523	1,425,962	1,546,155
Plan Fiduciary Net Position						
Contributions – employer	-	-	-	-	249,930	140,544
Net investment income	-	-	-	-	(193)	2,939
Benefit payments	-	-	-	-	(41,757)	(36,330)
Administrative expense	-	-	-	-	(176)	(317)
Net change in plan fiduciary net position	-	-	-	-	207,804	106,836
Plan fiduciary net position - beginning	-	-	-	-	-	207,804
Plan fiduciary net position - ending (b)	-	-	-	-	207,804	314,640
Net OPEB liability - ending (a) - (b)	$ 1,330,857	$ 1,550,636	$ 2,061,369	$ 2,237,523	$ 1,218,158	$ 1,231,515
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	14.6%	20.3%
Covered-employee payroll	$ 2,186,445	$ 2,353,519	$ 2,473,694	$ 2,450,708	$ 3,206,348	$ 3,803,323
Total OPEB liability as a percentage of covered employee payroll	60.9%	65.9%	83.3%	91.3%	38.0%	32.4%

Notes to schedule:

Changes in assumptions: There was no change in the discount rate from 2022 to 2023. Discount rate changed from 2.16% in 2021 to 4.44% in 2022. The inflation rate remained the same at 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.

Beaumont-Cherry Valley Water District

Required Supplementary Information
Schedule of Contributions - Other Post-Employment Benefits
Last Ten Fiscal Years

Fiscal Year	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	N/A	N/A	$ -	$ 2,186,445	0%
2019	N/A	N/A	-	2,353,519	0%
2020	N/A	N/A	-	2,473,694	0%
2021	N/A	N/A	-	2,450,708	0%
2022	N/A	249,930	-	3,206,348	8%
2023	N/A	140,544	-	3,803,323	4%

Notes to Schedule:

[1] No Actuarially Determined Contribution (ADC) was calculated for the Plan.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information become available.

Statistical Section

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Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources

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

Beaumont-Cherry Valley Water District

Net Position by Component
Last Ten Years

	2014	2015	2016	2017	2018
Net investment in capital assets	$ 116,054,562	$ 115,246,313	$ 114,241,568	$ 112,850,063	$ 115,174,259
Restricted for capital commitments	2,138,747	9,225,608	10,226,231	21,287,702	26,824,036
Unrestricted	13,498,835	14,338,676	25,294,018	26,777,618	28,191,312
Total net position	$ 131,692,144	$ 138,810,597	$ 149,761,817	$ 160,915,383	$ 170,189,607

	2019	2020	2021	2022	2023
Net investment in capital assets	$ 114,636,883	$ 113,615,348	$ 114,502,869	$ 120,796,822	$ 122,055,075
Restricted for capital commitments	30,057,752	33,664,496	44,167,571	49,329,290	52,377,388
Unrestricted	27,472,086	29,160,218	33,424,647	34,073,842	30,464,949
Total net position	$ 172,166,721	$ 176,440,062	$ 192,095,087	$ 204,199,954	$ 204,897,412

Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Changes in Net Position
Last Ten Years

	2014	2015	2016	2017
OPERATING REVENUES				
Metered water sales	$ 5,174,292	$ 4,165,087	$ 4,655,883	$ 5,060,758
Water service charges	2,623,140	2,756,998	2,865,733	3,014,752
Water importation pass-through charges	2,334,731	1,889,751	2,102,694	2,288,455
Water pumping power pass-through charges	1,674,936	1,355,677	1,508,460	1,641,681
Development and installation charges	315,244	348,830	653,251	818,430
Other revenue	313,807	315,952	353,419	353,433
Total operating revenues	12,436,150	10,832,295	12,139,440	13,177,509
OPERATING EXPENSES [1]				
Salaries and employee benefits	2,985,138	3,076,232	2,974,987	3,395,058
Pension expense (credit)	-	394,267	(225,040)	(87,514)
Energy expenses	1,772,112	1,371,858	1,344,733	1,598,665
Water purchases	1,396,410	879,066	2,954,123	4,308,030
Administration	173,873	381,598	193,382	284,724
Operations	468,345	236,757	234,245	292,991
Maintenance and repairs	469,552	591,554	604,118	515,645
Depreciation	2,514,369	2,517,384	2,528,643	2,591,208
Insurance	80,162	78,285	75,502	73,674
Professional fees	310,590	184,169	228,162	250,504
Other expenses	10,736	10,503	10,978	12,115
Total operating expenses	10,181,287	9,721,673	10,923,833	13,235,100
Operating Income (loss)	2,254,863	1,110,622	1,215,607	(57,591)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	55,597	84,254	180,342	350,406
Rental income	21,007	20,103	20,577	21,715
Other revenue	291,671	35,528	1,101	89,591
Gain/loss on disposal of capital assets	3,310	-	(7,898)	(37,031)
Interest expense	(300)	-	-	-
Total nonoperating revenues (expenses)	371,285	139,885	194,122	424,681
Income (loss) before contributions	2,626,148	1,250,507	1,409,729	367,090
CAPITAL CONTRIBUTIONS				
Donated capital assets	-	1,092,505	1,004,624	-
Capital contribution to other government	-	-	-	-
Capacity charges	2,677,180	6,296,897	8,536,867	11,270,398
Total capital contributions	2,677,180	7,389,402	9,541,491	11,270,398
SPECIAL ITEM				
Change in assumptions - OPEB	2,964,502	-	-	-
Change in net position	$ 8,267,830	$ 8,639,909	$ 10,951,220	$ 11,637,488

Source: *Beaumont-Cherry Valley Water District*

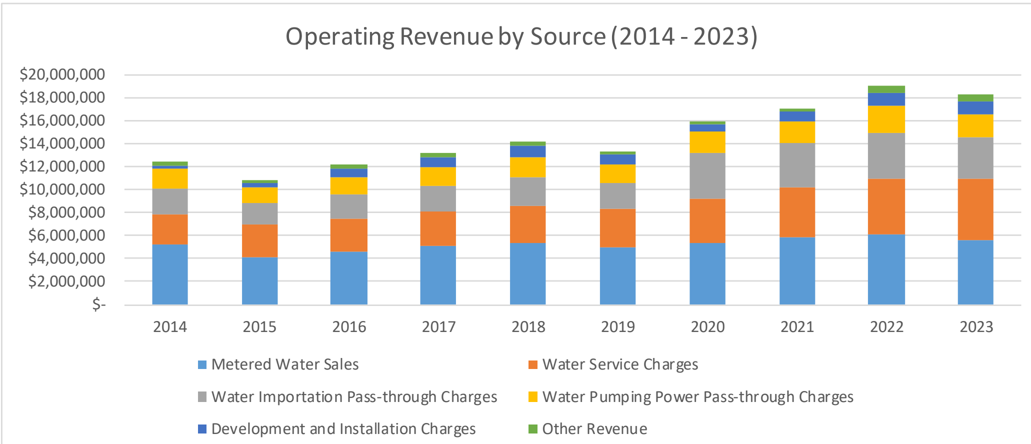
(continued)

2018	2019	2020	2021	2022	2023
$ 5,375,165	$ 4,933,445	$ 5,332,496	$ 5,838,776	$ 6,102,822	$ 5,608,560
3,238,643	3,403,608	3,893,907	4,303,343	4,848,032	5,402,774
2,424,212	2,237,051	3,951,457	3,918,607	3,994,823	3,505,928
1,739,022	1,604,661	1,820,448	1,854,589	2,331,222	2,045,094
979,629	851,465	712,920	857,886	1,153,264	1,044,488
403,970	321,521	179,339	214,127	579,644	648,325
14,160,641	13,351,751	15,890,567	16,987,328	19,009,807	18,255,169
3,855,018	4,197,179	4,515,442	4,563,552	5,657,557	5,925,057
92,646	242,066	268,910	(489,557)	210,204	372,104
1,760,641	1,591,985	2,105,011	2,470,785	2,653,152	2,699,945
3,842,357	5,200,241	4,390,995	1,163,484	708,624	7,182,000
313,973	508,291	551,523	613,685	714,778	667,852
420,403	440,041	421,946	578,611	766,180	649,462
493,357	744,870	926,039	726,088	992,346	1,331,109
2,575,804	2,707,811	2,865,579	2,947,481	3,175,139	3,426,898
73,530	75,858	92,035	108,645	144,045	197,683
144,908	272,752	236,248	462,675	332,569	596,726
11,334	14,205	13,660	16,501	18,189	20,451
13,583,971	15,995,299	16,387,388	13,161,950	15,372,783	23,069,287
576,670	(2,643,548)	(496,821)	3,825,378	3,637,024	(4,814,118)
1,121,500	1,668,981	942,888	108,532	(218,974)	3,604,003
20,934	23,805	23,089	26,101	45,590	37,809
24,681	3,328	78,187	720,864	482,943	101,187
-	15,840	-	-	-	(2,915)
-	-	-	(2,074)	(1,569)	(710)
1,167,115	1,711,954	1,044,164	853,423	307,990	3,739,374
1,743,785	(931,594)	547,343	4,678,801	3,945,014	(1,074,744)
2,423,839	313,440	-	324,740	978,470	-
-	(569,812)	-	-	-	-
5,282,211	2,989,469	3,725,998	10,651,484	7,181,383	1,772,202
7,706,050	2,733,097	3,725,998	10,976,224	8,159,853	1,772,202
-	-	-	-	-	-
$ 9,449,835	$ 1,801,503	$ 4,273,341	$ 15,655,025	$ 12,104,867	$ 697,458

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
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
2023	5,608,560	5,402,774	3,505,928	2,045,094	1,044,488	648,325	18,255,169

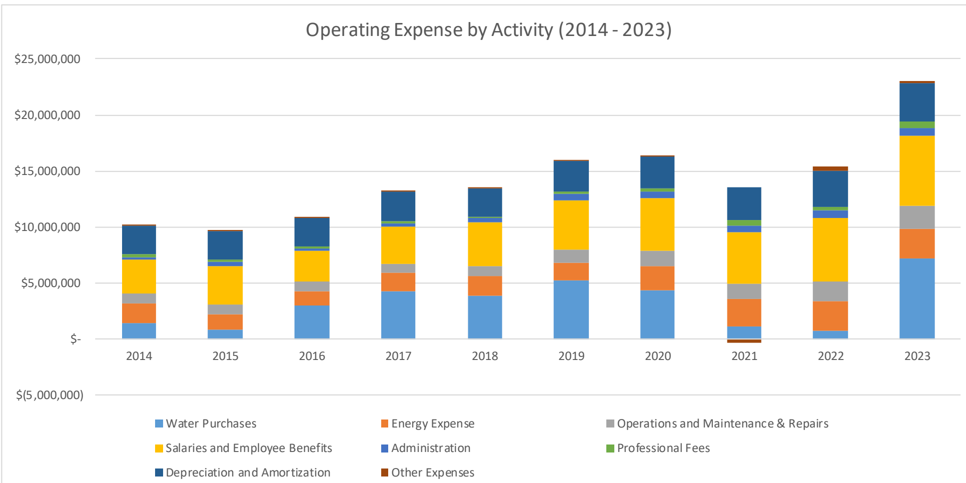


Source: *Beaumont-Cherry Valley Water District*

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
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	1,163,484	2,470,785	1,304,699	613,685	462,675	2,947,481	(364,411)	13,161,950
2022	5,657,557	708,624	2,653,152	1,758,526	714,778	332,569	3,175,139	372,438	15,372,783
2023	6,297,161	7,182,000	2,699,945	1,980,571	667,852	596,726	3,426,898	218,134	23,069,287



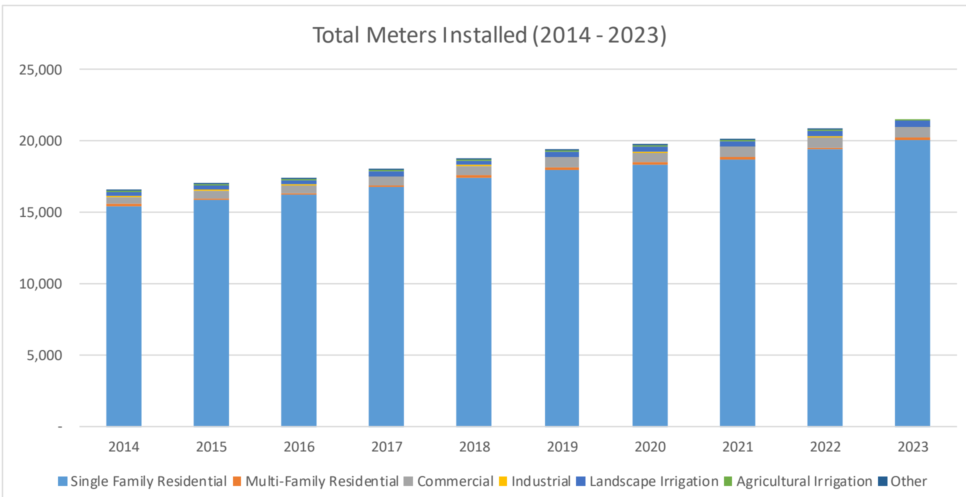
Notes:
(1) Some amounts from the Changes in Net Position schedule are grouped together for comparability

Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Customers by Type
Last Ten Years

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Industrial	Landscape Irrigation	Agricultural Irrigation	Other	Totals
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
2023	20,080	178	741	33	405	89	-	21,526



Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Principal Customers
Current and Nine Years Ago

	2014		2023			
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	33.99%	218,219	24.05%	(131,051)	-60.05%
Beaumont Unified School District	203,202	19.77%	174,456	19.23%	(28,746)	-16.48%
K Hovnanians Four Seasons	181,871	17.70%	144,059	15.88%	(37,812)	-26.25%
Perricone Juices	42,934	4.18%	78,260	8.62%	35,326	45.14%
CJ Foods Manufacturing Beaumont Corp		0.00%	68,184	7.51%	68,184	100.00%
Fairway Canyon HOA	51,596	5.02%	62,010	6.83%	10,414	16.79%
Solera Hoa	83,084	8.09%	53,872	5.94%	(29,212)	-54.22%
Highland Springs Resort	85,728	8.34%	51,008	5.62%	(34,720)	-68.07%
Country Highlands MHC	29,897	2.91%	30,268	3.34%	371	1.23%
Amazon.com Services Inc		0.00%	27,055	2.98%	27,055	100.00%
	1,027,582	19.69%	907,391	16.04%	(120,191)	
Total Water Consumed	5,219,294	100.00%	5,655,341	100.00%		

Source: *Beaumont-Cherry Valley Water District*

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
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
2023	0.82	1.01	1.68	1.26	n/a	1.18	1.45	1.31	1.31	1.45	1.06

Domestic Service Charge (bi-monthly)

Fiscal Year	5/8"	3/4"	1"	1.5"	2"	3"	4"	6"	8"	10"	12"
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
2023	27.69	38.15	59.11	111.51	174.38	373.46	666.86	1,368.92	2,940.69	4,407.66	5,560.28

Beaumont-Cherry Valley Water District

Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Leases	Loans Payable	Total Outstanding Debt	Per Capita	Share of Personal Income
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	0.70	0%
2023	-	-	-	9,887	-	9,887	0.17	0%

Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Debt Coverage
Last Ten Years

Fiscal Year	Net Revenues	Operating Expenses*	Net Available Revenues	Principal	Interest	Total	Debt Coverage Ratio
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	2,074	25,349	784.30
2022	26,500,749	(12,197,644)	14,303,105	25,498	1,569	27,067	560.95
2023	23,770,370	(19,642,389)	4,127,981	28,402	710	29,112	145.34

Source: *Beaumont-Cherry Valley Water District*

* = Excludes depreciation/amortization expense

Beaumont-Cherry Valley Water District

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
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	54,690	76,066	32,079	4.3%
2023	57,416	81,928	33,100	4.2%

Sources:
Population: State of California Department of Finance
County Data: Riverside County Office of Economic Development

Beaumont-Cherry Valley Water District

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

Employer	2023 (3) Number of Employees	2023 (3) Percent of Total Employment (2)
County of Riverside	23,772	26.88%
Amazon	14,317	16.19%
March Air Reserve Base	8,593	9.72%
University of California, Riverside	8,398	9.50%
Moreno Valley Unified School District	6,465	7.31%
Kaiser Permanente Riverside Medical Center	6,020	6.81%
Corona-Norco Unified School District	5,817	6.58%
Riverside Unified School District	5,431	6.14%
Stater Bros	4,638	5.24%
Mt. San Jacinto Community College District	4,990	5.64%
Total	88,441	100.00%

Notes:

(1) Community Area defined as the County of Riverside

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

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

Source: *Riverside County Economic Development Agency*

Beaumont-Cherry Valley Water District

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Department										
Engineering	2	2	3	5	5	6	5	5	5	4
Finance & Administrative Services										
Finance and Administration	6	10	10	12	13	13	12	13	13	6
Customer Service	0	0	0	0	0	0	0	0	0	4
Human Resources	0	0	0	0	0	1	1	1	1	1
IT	1	1	1	1	1	1	1	1	1	1
Operations										
Source of Supply	3	3	3	4	4	4	5	5	4	5
Cross Connection/Non-Potable Water	0	0	0	0	0	0	0	0	0	1
Transmission and Distribution	12	11	11	10	13	13	12	12	19	18
Customer Service and Meter Reading	3	3	3	3	3	3	3	3	3	1
Maintenance and General Plant	0	0	0	0	0	0	0	1	1	1
Total	27	30	31	35	39	41	39	41	47	42

Beaumont-Cherry Valley Water District

Operating Indicators by Function
Last Ten Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	326	331	352
Fire hydrants	1,443	1,515	1,590	1,669	1,752	1,840	2,131	2,535	2,662	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	23	23	23	23	23	23	23	23	23
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*