



BEAUMONT-CHERRY VALLEY WATER DISTRICT
560 Magnolia Avenue, Beaumont, CA 92223

**NOTICE AND AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
ENGINEERING WORKSHOP**

*This meeting is hereby noticed pursuant to
California Government Code Section 54950 et. seq.*

Thursday, July 25, 2024 - 6:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223

TELECONFERENCE NOTICE

The BCVWD Board of Directors will attend in person at the BCVWD Administrative Office and/or via Zoom video teleconference pursuant to Government Code 54953 et. seq.

To access the Zoom conference, use the link below:

<https://us02web.zoom.us/j/84318559070?pwd=SXlzMFZCMGh0YTFFIL2tnUGlpU3h0UT09>

*To telephone in, please dial: (669) 900-9128
Enter Meeting ID: 843 1855 9070
Enter Passcode: 113552*

*For Public Comment, use the “Raise Hand” feature if on the video call when prompted, if dialing in, please dial *9 to “Raise Hand” when prompted*

BCVWD provides remote attendance options primarily as a matter of convenience to the public. Unless a Board member is attending remotely pursuant to provisions of GC 54953 et. seq., BCVWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the Zoom teleconference or call-in line listed on the agenda. Members of the public are encouraged to attend BCVWD meetings in person at the above address, or remotely using the options listed.

*Meeting materials are available on
the BCVWD’s website:*

<https://bcvwd.gov/documents/2024-board-meeting- agendas/>

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BCVWD ENGINEERING WORKSHOP – JULY 25, 2024

Call to Order: Vice President Slawson

Pledge of Allegiance: Director Hoffman

Invocation: Director Williams

Announcement and Verification of Remote Meeting Participation (if any) Pursuant to AB 2449 or GC 54953(b)

Roll Call - Board of Directors

	President John Covington
	Vice President Daniel Slawson
	Secretary Lona Williams
	Treasurer Andy Ramirez
	Member David Hoffman

**Roll Call
and Introduction of Staff Members Present**

Public Comment

PUBLIC COMMENT: RAISE HAND OR PRESS *9 to request to speak when prompted. If you are present in the Board Room, please fill out a Request to Speak card and deliver it to the Recording Secretary.

At this time, any person may address the Board of Directors on matters within its jurisdiction. However, state law prohibits the Board from discussing or taking action on any item not listed on the agenda. Any non-agenda matters that require action will be referred to Staff for a report and possible action at a subsequent meeting. **Please limit your comments to three minutes.** Sharing or passing time to another speaker is not permitted.

ACTION ITEMS

Action may be taken on any item on the agenda. Information on the following items is included in the full Agenda Packet.

- 1. Adjustments to the Agenda:** In accordance with Government Code Section 54954.2, additions to the agenda require a 2/3 vote of the legislative body, or if less than 2/3 of the members are present, a unanimous vote of those members present, which makes the determination that there is a need to take action, and the need to take action arose after the posting of the agenda.
 - a. Item(s) to be removed or continued from the Agenda
 - b. Emergency Item(s) to be added to the Agenda
 - c. Changes to the order of the agenda

- 2. Will-Serve Letter for an Expansion to the Existing Beaumont Library Located on Riverside County Assessor's Parcel Numbers (APNs 418-081-002, 418-081-003, 418-081-004, and 418-081-016 on the Southeast Corner of 8th Street and California Avenue (pages 6 - 12)**

BCVWD ENGINEERING WORKSHOP – JULY 25, 2024

3. **Request for Extension of *Will-Serve Letter* for a Previously Approved Temporary Service Connection (APN 407-190-015) for a Property Located at 37325 Cherry Valley Boulevard** (pages 13 - 17)
4. **California Environmental Quality Act (CEQA) Notice of Exemption for the Service Connection Located at 37325 Cherry Valley Boulevard** (pages 18 - 22)
5. **California Environmental Quality Act (CEQA) Notice of Exemption for the Service Connection Located at 37321 Cherry Valley Boulevard** (pages 23 - 27)
6. **Update: Cost of Services Study** (no written report)
7. **2023 External Audit and Annual Comprehensive Financial Report** (video presentation) (pages 28 - 152)
8. **California Special Districts Association (CSDA) 2024 Board Elections: Vote to Elect a Representative to the CSDA Board of Directors in the Southern Network for Seat A** (pages 153 - 159)
9. **Update: Presentation on BCVWD Capital Improvement Program** (pages 160 - 171)
10. **Award of Contract for Landscape Maintenance Services** (pages 172 - 173)
11. **Consideration of Attendance at Upcoming Events and Authorization of Reimbursement and Per Diem, and Meeting Scheduling** (pages 174 - 179)
12. **Update: Making Conservation a California Way of Life (AB 1668 and SB 606)** (no written report)
13. **Reports for Discussion and Possible Action**
 - a. **Directors' Reports**

In compliance with Government Code § 53232.3(d), Water Code § 20201, and BCVWD Policies and Procedures Manual Part II Policies 4060 and 4065, directors claiming a per diem and/or expense reimbursement (regardless of preapproval status) will provide a brief report following attendance.

 - Clean Transportation Program-ZEV Workshop Training on June 25, 2024 (Ramirez)
 - EV Infrastructure & Incentives: Energize and SCE on June 26, 2024 (Ramirez)
 - San Gorgonio Pass Water Agency Meeting on July 8, 2024 (Slawson)
 - Beaumont Chamber Breakfast on July 12, 2024 (Hoffman, Slawson, Williams)
 - ACWA webinar on Mastering the Op-Ed on July 18, 2024 (Ramirez)
 - b. **Directors' General Comments**

- c. General Manager's Report (pages 180 - 194)
- d. Legal Counsel Report

14. Topic List for Future Meetings

- Update / presentation on the AMR / AMI project
- Presentation on the San Bernardino Valley Resource Conservation District
- Presentation on solar power opportunities
- Sites Reservoir update
- Operations Center

15. Announcements

Check the meeting agenda for location and/or teleconference information:

- Finance & Audit Committee meeting: Thursday, Aug. 1 at 3 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Aug. 7 at 11 a.m.
- Regular Board meeting: Wednesday, Aug. 14 at 6 p.m.
- Personnel Committee meeting: Tuesday, Aug. 20 at 5:30 p.m.
- Engineering Workshop: Thursday, Aug. 29 at 6 p.m. (note change of date due to scheduling conflict)
- District offices will be closed Monday, Sept. 2 in observance of Labor Day

16. Closed Session

- a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to California Government Code Section 54956.8
Property: APNs 408-080-009, 408-080-010, 408-080,011, 480-080-012
Agency Negotiator: Dan Jagers, General Manager
Under Negotiation: Price and terms of payment

17. Report on Action Taken During Closed Session

18. Adjournment

NOTICES

AVAILABILITY OF AGENDA MATERIALS - Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Beaumont-Cherry Valley Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, at 560 Magnolia Avenue, Beaumont, California ("District Office") during business hours, Monday through Thursday from 7:30 a.m. to 5 p.m. If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Office at the same time or within 24 hours' time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during the meeting, they can be made available in the Board Room at the District Office. Materials may also be available on the District's website: <https://bcvwd.gov/>.

REVISIONS TO THE AGENDA - In accordance with §54954.2(a) of the Government Code (Brown Act), revisions to this Agenda may be made up to 72 hours before the Board Meeting, if necessary, after mailings are completed. Interested persons wishing to receive a copy of the set Agenda may pick one up at the District's Main Office, located at 560 Magnolia Avenue, Beaumont, California, up to 72 hours prior to the Board Meeting.

REQUIREMENTS RE: DISABLED ACCESS - In accordance with Government Code §54954.2(a), requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the District Office, at least 48 hours in advance of the meeting to ensure availability of the requested service or accommodation. The Office may be contacted by telephone at (951) 845-9581, email at info@bcvwd.gov or in writing at the Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, California 92223.

CERTIFICATION OF POSTING

A copy of the foregoing notice was posted near the regular meeting place of the Board of Directors of Beaumont-Cherry Valley Water District and to its website at least 72 hours in advance of the meeting (Government Code §54954.2(a)).



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 2

STAFF REPORT

TO: Board of Directors

FROM: Dan Jagers, General Manager

SUBJECT: Will-Serve Letter for an Expansion to the Existing Beaumont Library Located on Riverside County Assessor's Parcel Numbers (APN 418-081-002, 418-081-003, 418-081-004, and 418-081-016 on the Southeast Corner of 8th Street and California Avenue

Staff Recommendation

Consider the *Will-Serve Letter* for the proposed expansion to the Beaumont Library located on Riverside County Assessor's Parcel Numbers (APN) 418-081-002, 418-081-003, 418-081-004, and 418-081-016 subject to payment of all deposits and fees to the District and securing all approvals from the City of Beaumont, and:

- A. Approve the Application and furnish a Continuation of Service Letter per conditions as enumerated, or
- B. Direct staff as desired

Executive Summary

The Applicant, Luren Dickinson, has requested domestic and irrigation water service from the District for the proposed expansion to the existing library located at 125 E 8th Street (see Attachment 1 – Beaumont Library Expansion Location Map). The Project is currently taking water service from the District and is requesting a *Will-Serve Letter* based on the proposed improvements. A summary of the Project has been provided in Table 1, below.

Table 1 – Project Summary

Applicant	Luren E. Dickinson
Owner / Developer	Beaumont Library District
Development Type	Commercial
Development Name	Beaumont Library Addition & Renovation
Annexation Required (Yes/No)	No
Existing Total Consumption	2.9 EDUs
Estimated Potable Consumption	2.5 EDU
Estimated Non-Potable Consumption	0.4 EDUs
Total Increased Water Consumption	0.0 EDUs

Background

The Applicant, Luren Dickison, has requested an update to water service from the District for an to the existing Beaumont Library located at 125 E 8th Street which proposes a new 9,200 square foot expansion to the existing library (see Attachment 2 – Beaumont Library Expansion Site Plan).



The existing Beaumont Library currently encompasses three (3) parcels, with its existing building and parking lot, which are located on APNs 418-081-016, -002, and -003. Additionally, records show that the Beaumont Library District owns the single-family residence on APN 418-081-004 and is proposing to demolish the residence for the Project expansion. The existing library is currently served from a 1-inch meter located on the south side of 8th Street from an existing 10-inch steel waterline (2750 Pressure Zone). There is an existing 5/8-inch meter serving the residence located on APN 418-081-004 served from a 2-inch waterline (2750 Pressure Zone) in the alley between California Avenue and Edgar Avenue. The Applicant has indicated to Staff that they plan to construct a new 2-inch domestic service from existing 8-inch waterline (2750 Pressure Zone) with California Avenue. The Applicant will also be required to install a dedicated irrigation meter (DIM), as required by new state regulations (e.g. Making Conservation a California Way of Life).

Discussion

The Applicant has worked with District staff to estimate the Project water consumption for this Project; this has been summarized in Table 2, below.

Table 2 – Proposed Water Consumption

Demand	Est. Consumption (GPD)	Est. Consumption (EDUs)
Potable Water Demand	1,218	2.5
Irrigation Water Demand	195	0.4
Total Water Demand	1,413	2.9

District staff analyzed the historical water consumption for the existing site and has summarized the results in Table 3, below.

Table 3 – Existing Water Consumption

Demand	Est. Consumption (GPD)	Est. Consumption (EDUs)
Beaumont Library Consumption		
Potable Water Consumption ¹	731	1.5
Irrigation Water Consumption ¹	195	0.4
APN 418-081-004 Consumption	487	1.0
Total Water Consumption	1,413	2.9

1. The domestic and irrigation demands of the existing Project are served from the same meter. The separation of domestic vs irrigation existing consumption has been estimated by District staff.

District staff has compared the proposed total water consumption to the existing water consumption. The Applicant will be credited 2.9 EDUs based upon the existing water consumption of the existing library building and residence. District staff has provided a summary of the net difference in water consumption below, in Table 4.



Table 4 – Water Consumption Summary

Description	Domestic (GPD)	Domestic (EDUs)	Irrigation (GPD)	Irrigation (EDUs)
Proposed Consumption ¹	1,218	1.5	195	0.4
Existing Consumption ²	1,218	1.5	195	0.4
Total Net Increase	0	0.0	0	0.0

1. Values derived from Table 2
2. Values derived from Table 3

With the demolition of the residence, the associated service will need to be abandoned and the Applicant will be credited with 1 EDU and 5/8-inch meter.

As mentioned previously, the Applicant will be required to install a new irrigation meter with a backflow assembly, per District standards and as State legislation continues to evolve (e.g. Making Conservation a California Way of Life). The final domestic and irrigation meter sizes will be determined by the Applicant. Upon approval of service, the Applicant shall pay all applicable District deposits and fees, including, but not limited to, water capacity charges, meter charges, and GIS deposits (as applicable).

Fire Flow requirements will be determined by the City of Beaumont (or County of Riverside) Fire Department and will dictate actual required fire suppression needs of the Project.

Conditions of Development

Prior to final Project development, the following conditions must be met:

1. The Applicant shall conform to all District requirements (including the Regulations Governing Water Service) and/or all City of Beaumont requirements.
2. The Applicant will be required to prepare a water service connection plan / exhibit for the irrigation service. Should the proposed project demands exceed the existing potable service capabilities, the Applicant shall be responsible for the design and costs associated with a new fire and potable service connection.
3. The Applicant shall install appropriate fire service connection(s) to support the City of Beaumont Fire Department’s requirement for off-site and/or on-site fire suppression.
4. The Applicant will be required to pay for additional storage relating to the Project’s volumetric quantity of water greater than the baseline fire flow demand (1,000 gpm for 2 hours).
5. The District reserves the right to review annual consumption data (water consumption audit) and adjust the Applicant’s capacity charges (facilities fees) at final buildout of the Project and when project facilities are utilized for any amount greater than 2.9 EDUs (2.5 EDU [1,218 gpd] for the domestic demand and 0.4 EDUs [195 gpd] for the irrigation demand) as identified in Table 2.
6. In the event the Applicant constructs facilities which require additional water (i.e., expansion or change of use, the Applicant will be required to upgrade the service to facilitate the increased consumption requirements and pay all additional capacity charges (facilities fees) related to these upgrades.



7. To minimize irrigation consumption, the District requires the Applicant conform to all City of Beaumont Amended Chapter 17.06 “Landscape Standards” Ordinance pertaining to water efficient landscape requirements, and the following:
 - a. Landscaped areas, which have functional turf, shall have “smart irrigation controllers” which use Evapotranspiration (ET) data to automatically control the watering. Systems shall have an automatic rain sensor to prevent watering during and shortly after rainfall, automatically determine watering schedule based on weather conditions, and not require seasonal monitoring changes.
 - b. Landscaping in non-turf areas should be drought-tolerant, consisting of planting materials which are native to the region. Irrigation systems for these areas should be drip or bubbler type.
 - c. The District will provide service so long as landscape areas are not installed with, converted to, or modified to non-functional turf.

Fiscal Impact

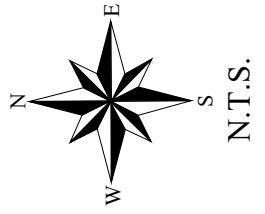
No negative fiscal impact to the District. All fees and deposits will be paid by the Applicant prior to providing service.

Attachments

1. Beaumont Library Expansion Location Map
2. Beaumont Library Expansion Site Plan
3. Beaumont Library Expansion Will Serve Letter Application

Staff Report prepared by Evan Ward, Civil Engineering Assistant

Attachment 1 - Beaumont Library Expansion Location Map



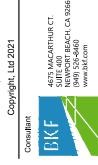
Attachment 2 - Beaumont Library Expansion Site Plan



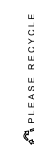
318 West 6th Street,
Los Angeles, CA 90012
Tel: 213.392.2247
Fax: 213.392.2247
www.tsk.com



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SUITE 200
DUBLIN, CALIFORNIA 94568
(916) 554-4469
www.dkf.com



**Beaumont Library
Addition &
Renovation**
Beaumont, CA

Job No: 22-040
Owner:
**Beaumont Library
District**

**Design Development
Set**

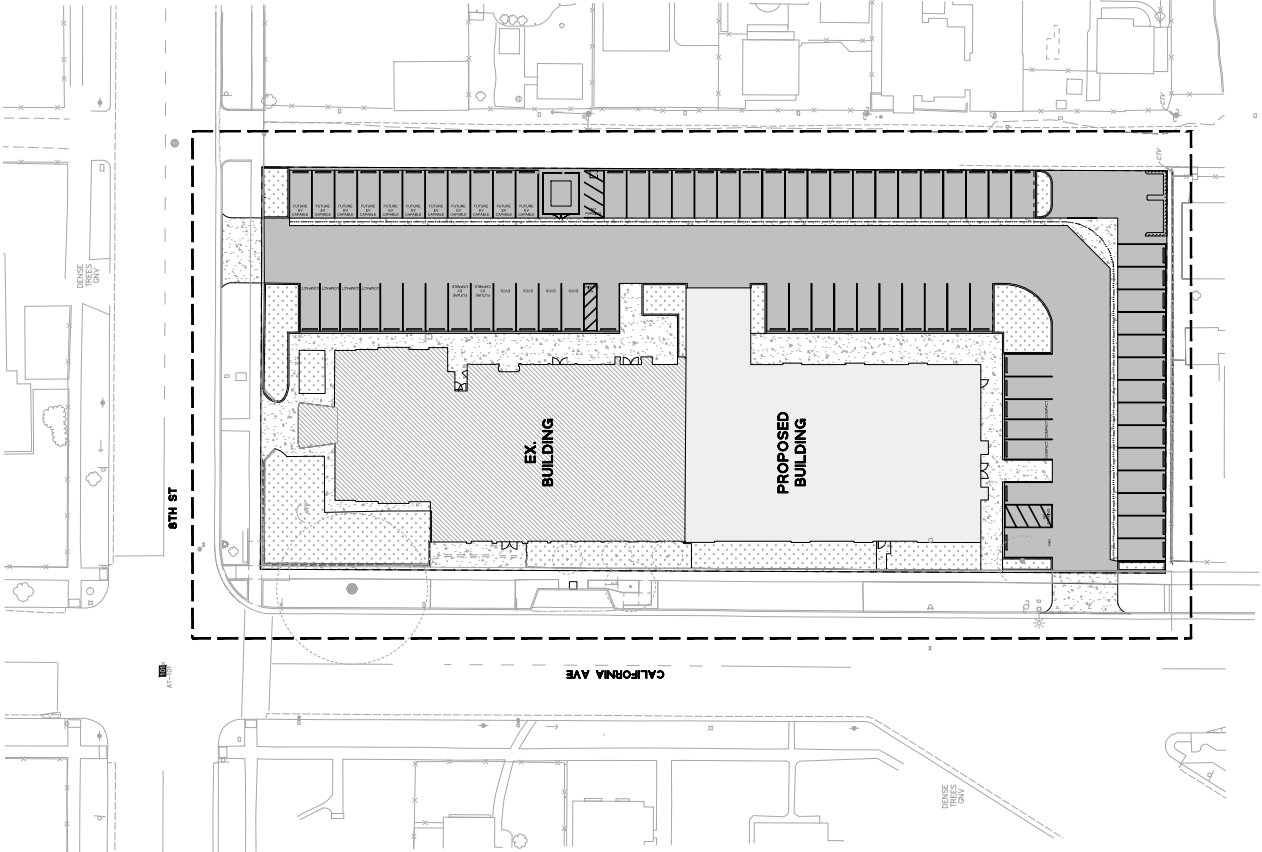
Sheet Title:
**SITE IMPROVEMENT
AND HORIZONTAL
CONTROL PLAN**

Date: 03.12.2024
Sheet No:

C200

LEGEND:

- LIMIT OF WORK
- CONCRETE
- VEHICULAR CONCRETE
- ASPHALT
- PROPOSED BUILDING
- LANDSCAPE AREA



Attachment 3 - Beaumont Library Expansion Will Serve Letter Application



BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue • PO Box 2037

Beaumont, CA 92223-2258

Phone (951) 845-9581

www.bcvwd.org

Will Serve Request
 Water Supply Assessment (SB210)

Applicant Name: Luren E. Dickinson	Contact Phone # [REDACTED]
Mailing Address: [REDACTED]	Fax #: [REDACTED]
City: [REDACTED]	E-mail: [REDACTED]
State & Zip: [REDACTED]	
Service Address: 125 East 8th Street, Beaumont, CA 92223	
Assessor's Parcel Number (APN), Tract Map No. Parcel Map No.: APN No. 418-081-016, 418-081-002, 418-081-003, 418-081-004	
Project Type: <input type="checkbox"/> Single-Family <input type="checkbox"/> Multi-Family <input checked="" type="checkbox"/> Commercial/Industrial <input type="checkbox"/> Minor Subdivision (5 lots or less) <input type="checkbox"/> Major subdivision (6+ lots) <input type="checkbox"/> Other	
Site Map Attached: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

The letter should be delivered to:

Recipient: [REDACTED] [REDACTED] [REDACTED]
PLEASE CHOOSE ONE: <input type="checkbox"/> Mail (above address) <input checked="" type="checkbox"/> E-mail <input type="checkbox"/> Fax <input type="checkbox"/> Will pick up

The District reserves the right to impose terms and conditions in Will Serve Letters and/or Water Supply Assessment Reports that take into account water availability issues, conservation issues and the District's existing facilities, all of which impact the District's ability to provide service to the subject property and maintain the District's ability to meet existing water demands.

Luren E. Dickinson
 Applicant's Signature

6-20-24
 Date



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 3

STAFF REPORT

TO: Board of Directors
FROM: Dan Jagers, General Manager
SUBJECT: Request for Extension of *Will-Serve Letter* for a Previously Approved Temporary Service Connection (APN 407-190-015) for a Property Located at 37325 Cherry Valley Boulevard

Staff Recommendation

Consider the request for extension of *Will-Serve Letter* for the proposed Service Connection located on Riverside County Assessor’s Parcel Number (APN) 407-190-015 within the Community of Cherry Valley, subject to payment of all deposits and fees to the District and:

- A. Approve the request for extension of the *Will-Serve Letter* for a term of one year, or
- B. Deny the request for extension of *Will-Serve Letter* for water service

Executive Summary

At the Engineering Workshop held on August 31, 2022, the Board approved the annexation of the property and the issuance of a *Will-Serve Letter* (WSL) for domestic water service for an existing parcel which has historically received water from a neighboring property. The neighboring property had severed the connection to the Applicant’s property which eliminated the Applicant’s source of water supply. The District provided a temporary connection and required the Applicant, Nicolas Aldama, to work with District Staff to undergo the annexation process with the Riverside Local Agency Formation Commission (LAFCO) for permanent service. That work is ongoing and the Applicant is now returning to the Board for a WSL extension.

Table 1 – Project Summary

Applicant	Nicolas Aldama
Owner / Developer	Nicolas Aldama
Development Type	Single-Family Residence
Development Name	APN 407-190-015
Annexation Required (Yes/No)	Yes
Historical Potable Consumption¹	1.6 EDUs (0.9 AF)

1. Historical Consumption pulled from Beaumont Basin Watermaster 2023 Annual Report

Background

At the August 10, 2022 Regular Board Meeting, Ms. Amalia Aldama and Mr. Nicolas Aldama (Applicant) of 37275 Cherry Valley Boulevard (see Attachment 1 – APN 407-190-015 Location Map) addressed the Board of Directors during the Public Comment period. Ms. Aldama owns the subject parcel which had been receiving water from a neighboring property for the previous six (6) years. The neighboring owners severed the Applicant’s connection to the well leaving the Applicant with no adequate water supply. The property is within the District’s Sphere of Influence



(SOI) and the Applicant has indicated interest in the annexation into the District’s service area boundary to establish permanent service.

At the August 31, 2022 Regular Board Meeting, the Board of Directors considered and ultimately approved a temporary (interim) service connection and application for permanent service (*Will-Serve Letter*) for the property located at 37325 Cherry Valley Boulevard. The temporary service connection was approved for the Applicant to be supplied water until the annexation process has been completed and the District can supply permanent service.

The subject parcel is named in the Beaumont Basin Watermaster Resolution 2006-06 as having an overlier water right which allocated 7.0 acre-feet of water supply; currently reduced to 5.4 acre-feet due to the 2023 reallocation of the safe yield. On May 15, 2024, District staff met with the Applicant and discussed the steps moving forward. This included the Plan of Service document, California Environmental Quality Act (CEQA) recognition, and the overall LAFCO process.

Discussion

The Applicant identified a need for domestic water service. District staff has estimated the average daily domestic demand based upon the historical well production results shown in the Beaumont Basin Watermaster 2023 Annual Report. The Beaumont Basin Watermaster states that the subject parcel utilizes an average (over the period of 2019-2023) demand of 0.9 acre-feet per year (AFY). This is equivalent to 1.6 Equivalent Dwelling Units (EDUs) of water consumption. This is summarized in Table 2, below.

Table 2 – Estimated Water Consumption

Demand	Est. Consumption (GPD)	Est. Consumption (EDUs)
Domestic (Potable) Water Demand ¹	779	1.6
Total Water Demand	779	1.6

1. Historical Consumption pulled from Beaumont Basin Watermaster 2023 Annual Report

The property has an existing 2,500-gallon tank and booster pump which has been used for potable water delivery service in the interim and will continue to be used until the permanent connection can be installed. Due to the Project being located within the District’s Sphere of Influence, but not the existing Service Boundary, the Project will require annexation. District Staff is currently working with the Applicant to undergo this process.

Upon approval of service and annexation, the Applicant shall pay all application District deposits and fees including, but not limited to, water capacity charges (facilities fees), a non-tract water service installation charge, property front-footage fees, inspection deposits, and GIS deposits. Final domestic meter sizes will be determined by the Applicant.

Conditions of Development

Prior to final project development, the following conditions must be met:

1. The Applicant shall conform to all District requirements (including the Regulations Governing Water Service) and/or all County of Riverside requirements.



2. The Applicant shall complete a Plan of Service to determine water facilities requirements for the Project and annex the Project into the District Service Area Boundary through Riverside LAFCO.
3. The Applicant shall execute a water facilities agreement and pay all deposits, fees, and construction and inspection costs related to said facility improvements.
4. The District reserves the right to review annual consumption data (water consumption audit) and adjust the Applicant's capacity charges (facilities fees) when project facilities are utilized for any amount greater than 1.6 EDUs (1.6 EDUs [779 gpd] for the domestic demand) as identified in Table 2.
5. In the event the Applicant constructs facilities which require additional water (i.e., expansion or change of use), the Applicant will be required to upgrade the service to facilitate the increase consumption requirements and pay additional capacity charges (facilities fees) related to these upgrades.
6. The Applicant will be required to pay residential front-footage fees along all property frontages where facilities are currently installed.
7. To minimize irrigation consumption, the District requires the Applicant to conform to the County of Riverside Landscaping Ordinance which pertains to water efficient landscape requirements and the following:
 - a. Landscaped areas which have turf, shall have "smart irrigation controllers" which use Evapotranspiration (ET) data to automatically control the watering. Systems shall have an automatic rain sensor to prevent watering during and shortly after rainfall, automatically determine watering schedule based on weather conditions, and not require seasonal monitoring changes. Orchard areas shall have drip irrigation.
 - b. Landscaping in non-turf areas should be drought-tolerant, consisting of planting materials which are native to the region. Irrigation systems for these areas should be drip or bubbler type.
 - c. The District will provide service so long as landscape areas are not installed with, converted to, or modified to non-functional turf.

Fiscal Impact

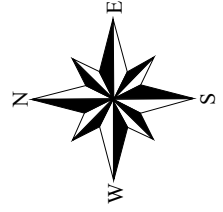
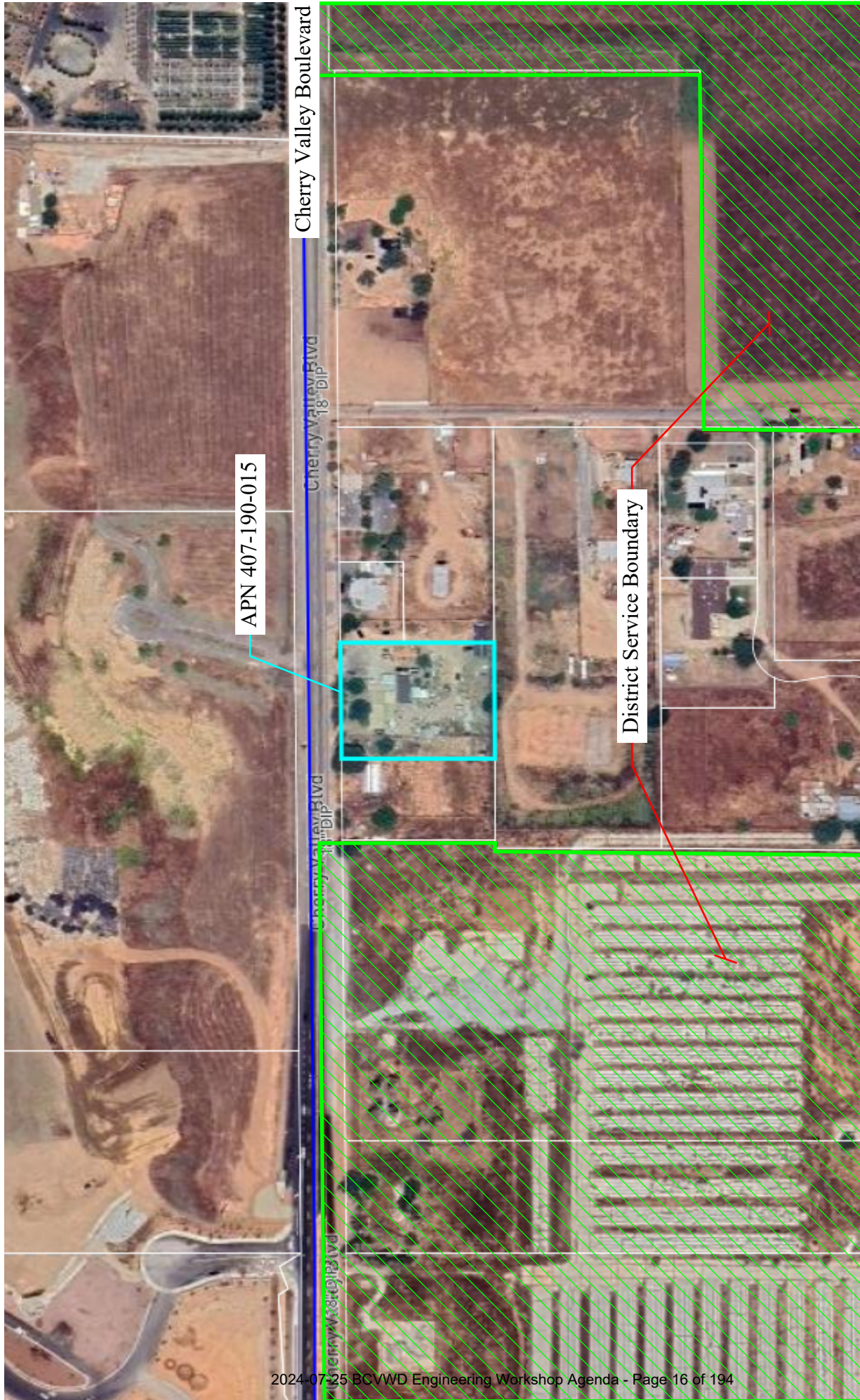
There is no fiscal impact to the District. The Applicant will be responsible for all associated fees and deposits for the service connection.

Attachments

1. APN 407-190-015 Location Map
2. APN 407-190-015 Will-Serve Letter Application

Staff Report prepared by Evan Ward, Civil Engineering Assistant

Attachment 1 - APN 407-190-015 Location Map



N.T.S.

Attachment 2 - APN 407-190-015 Will-Serve Letter Application



BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue • PO Box 2037
 Beaumont, CA 92223-2258
 Phone (951) 845-9581
 www.bcvwd.org

Will Serve Request Water Supply Assessment (SB210)

Applicant Name: <i>Nicolas Aldama</i>	Contact Phone # [REDACTED]
Mailing Address: <i>37275 Cherry Valley BLVD</i>	Fax #: [REDACTED]
City: <i>Cherry Valley CA 92223</i>	E-mail: [REDACTED]
State & Zip:	
Service Address:	
Assessor's Parcel Number (APN), Tract Map No. Parcel Map No.:	
Project Type: <input checked="" type="checkbox"/> Single-Family <input type="checkbox"/> Multi-Family <input type="checkbox"/> Commercial/Industrial <input type="checkbox"/> Minor Subdivision (5 lots or less) <input type="checkbox"/> Major subdivision (6+ lots) <input type="checkbox"/> Other	
Site Map Attached: <input type="checkbox"/> Yes <input type="checkbox"/> No	

The letter should be delivered to:

Recipient: [REDACTED] [REDACTED] [REDACTED]
PLEASE CHOOSE ONE: <input type="checkbox"/> Mail (above address) <input type="checkbox"/> E-mail <input type="checkbox"/> Fax <input type="checkbox"/> Will pick up

The District reserves the right to impose terms and conditions in Will Serve Letters and/or Water Supply Assessment Reports that take into account water availability issues, conservation issues and the District's existing facilities, all of which impact the District's ability to provide service to the subject property and maintain the District's ability to meet existing water demands.

Nicolas Aldama
 Applicant's Signature

9/21/2023
 Date



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 4

STAFF REPORT

TO: Board of Directors

FROM: Dan Jagers, General Manager

SUBJECT: California Environmental Quality Act (CEQA) Notice of Exemption for the Service Connection Located at 37325 Cherry Valley Boulevard

Staff Recommendation

Accept the findings of Staff that the following Project is exempt from the California Environmental Quality Act and direct staff to file a Notice of Exemption from the Riverside County Clerk-Recorder for the following Project:

Service Connection for the Property located at 37325 Cherry Valley Boulevard in the Community of Cherry Valley (Riverside County Assessor's Parcel No. 407-190-015).

Executive Summary

On the August 31, 2022, Engineering Workshop, the Board of Directors directed Staff to prepare an agreement for temporary Service followed by permanent service for the property located on 37325 Cherry Valley Boulevard (Riverside County Assessor's Parcel No. [APN] 407-190-015). The Applicant, Nicholas Aldama, with assistance from District staff, has begun undergoing the Riverside County Local Agency Formation Commission (LAFCO) application process. This includes completing a Plan of Service (POS) and addressing CEQA Requirements. The POS document for this Project has been completed.

District staff has determined that this Project is statutorily exempt pursuant to Public Resources Code Section 21080.21 and state CEQA Guidelines Section 15282(k), and categorically exempt under State CEQA Guidelines Section 15301 (Existing Facilities), Section 15303 (new construction or conversion of small structures), and Section 15304 (minor alterations to land). District staff is bringing this item to the Board to accept the findings that the Project is exempt from the California Environmental Quality Act and direct staff to file a Notice of Exemption with the Riverside County Clerk-Recorder.

Background

The Applicant, Nicholas Aldama, addressed the Board during Comment Period of the August 10, 2022, Regular Board Meeting to discuss receiving water for the subject parcel (APN 407-190-015). The Applicant had been receiving water from a neighboring property for the previous six (6) years. The neighboring property had severed the connection to the well for the Aldama family, leaving them with no reliable water source. On the August 31, 2022 Engineering Workshop, Staff presented the request to the Board for discussion purposes. The Board ultimately approved the request for temporary water service and annexation, followed by permanent water service (Will-Serve Letter) for the subject parcel.

The subject parcel is named in the Beaumont Basin Watermaster Resolution 2006-2007, allocating 7.0 acre-feet of water supply; currently reduced to 5.4 acre-feet due to the 2023



reallocation of the safe yield. The subject parcel is located within the District's Sphere of Influence (SOI) and the Applicant had indicated interest in annexation into the District's Service Boundary.

On May 15, 2024, District staff met with the Applicant and discussed the steps moving forward. This included the Plan of Service document, CEQA recognition, and the overall LAFCO process.

Discussion

District staff has determined that this Project will have minimal impacts on the environment and the proposed installation of the water service connection located in the Community of Cherry Valley has been determined to have no potential to cause significant adverse effects on the environment and will ensure a safe and adequate water supply for the Applicant.

Categorical Exemption Class 1 exempts *"the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment... involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. (b) Existing facilities of both investor-owned and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services."*

Categorical Exemption Class 3 exempts *"construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel. (a) One single-family residence, or a second dwelling unit in a residential zone. In urbanized areas, up to three single-family residences may be constructed or converted under this exemption."*

Categorical Exemption Class 4 exempts *"minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry and agricultural purposes. (f) Minor trenching and backfilling where the surface is restored."* Therefore, based on the above findings, this proposed action is not forecast to cause any potential for significant adverse environmental impacts and qualifies with the requirements for Class 1(b), Class 3(a), and Class 4(f) exemptions (see Attachment 2 – APN 407-190-013 Draft Notice of Exemption).

Fiscal Impact

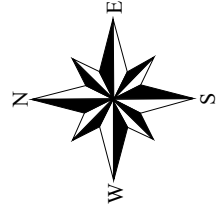
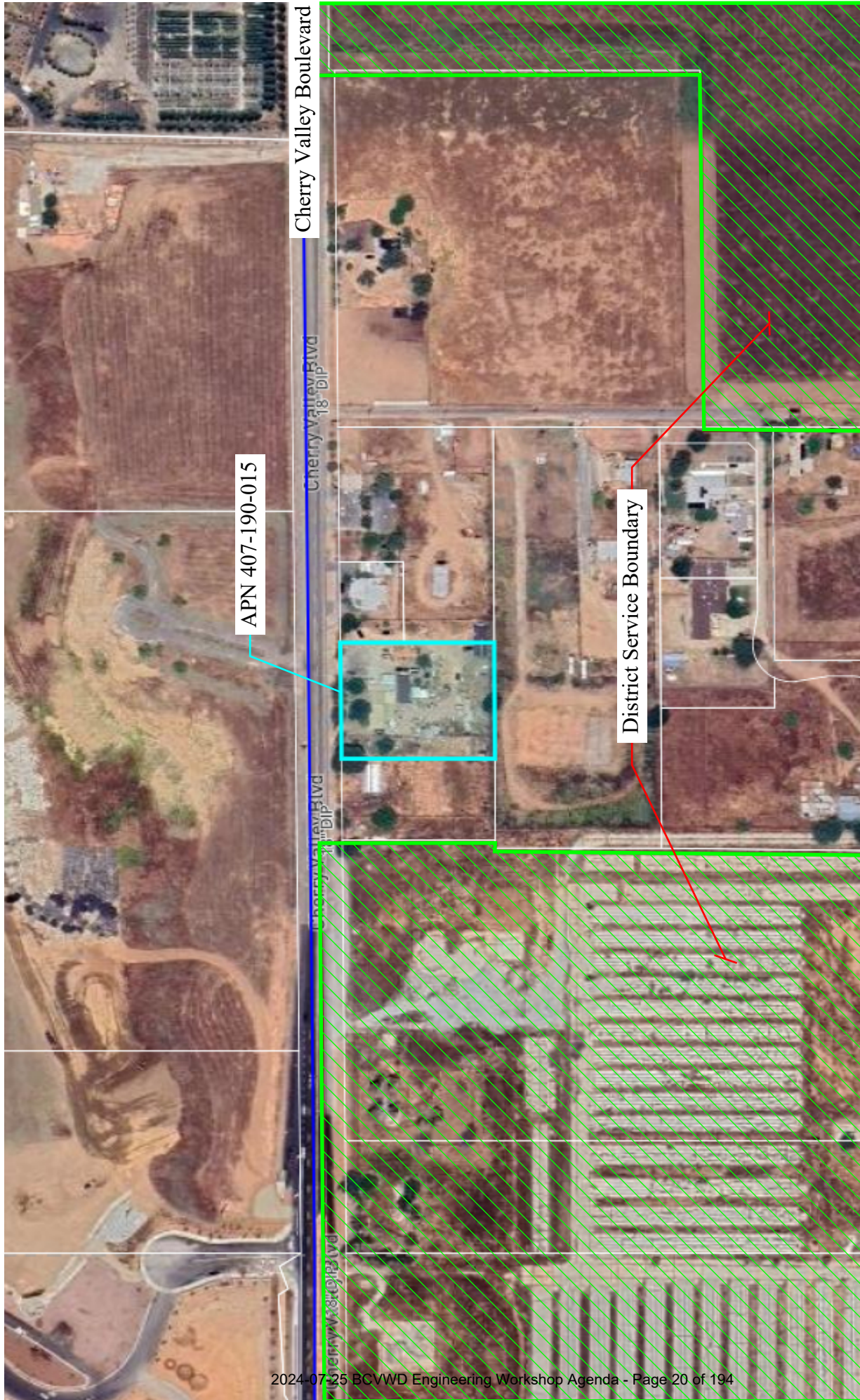
There will be no fiscal impact on the District. All fees associated with filing the Notice of Exemption will be paid by the Applicant prior to providing service.

Attachments

1. Attachment 1 – APN 407-190-015 Location Map
2. Attachment 2 – APN 407-190-015 Draft Notice of Exemption

Staff Report prepared by Evan Ward, Civil Engineering Assistant

Attachment 1 - APN 407-190-015 Location Map



N.T.S.

Attachment 2 - APN 407-190-015 Draft Notice of Exemption

NOTICE OF EXEMPTION

To: County of Riverside
County Clerk-Recorder
2724 Gateway Drive
Riverside, CA 92507

From: Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

Project Title: Service Connection located at 37325 Cherry Valley Boulevard (APN 407-190-015)

Project Location: The proposed service connection is located within the Cherry Valley Boulevard right-of-way, east of Interstate 10 and west of Hannon Road in the Community of Cherry Valley.

Project Location - City: Community of Cherry Valley

Project Location - County: Riverside

Description of Nature, Purpose, and Beneficiaries of the Project: The purpose of the proposed APN 407-190-015 Service Connection Project is to install said service connection to serve the residence located at 37325 Cherry Valley Boulevard (APN 407-190-015). This property has historically been served by a well that has gone dry. All the above proposed activities will occur within the footprint of existing disturbed areas of the road right-of-way and adjacent urban land uses.

Name of Public Agency Approving Project: Beaumont-Cherry Valley Water District

Name of Person or Agency Carrying Out Project: Beaumont-Cherry Valley Water District

Exempt Status: (Check One)

- Ministerial (Sections 21080(b)(1); 15268)
Declared Emergency (Sections 21080(b)(3); 15269(a))
Emergency Project (Sections 21080(b)(4); 15269(b))
Categorical Exemption (Section 21084; 15301(d))

Reasons why project is exempt: The State CEQA Guidelines provide a series of Categorical Exemptions for projects that have been deemed to have minimal impacts on the environment. The proposed service connection of 37325 Cherry Valley Boulevard in the Community of Cherry Valley has been determined to have no potential to cause significant adverse effects on the environment and will ensure a safe and adequate water supply for the water customer located at 37325 Cherry Valley Boulevard. Categorical Exemption Class 1 exempts 'the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment...involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. (b) Existing facilities of both investor-owned and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.' Categorical Exemption Class 3 exempts 'construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel. (a) One single-family residence, or a second dwelling unit in a residential zone. In urbanized areas, up to three single-family residences may be constructed or converted under this exemption.' Categorical Exemption Class 4 exempts 'minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry and agricultural purposes. (f) Minor trenching and

backfilling where the surface is restored. The proposed service connection installation has been determined **not** to have a potential to cause significant adverse environmental effects. Therefore, this proposed action is not forecast to cause any potential for significant adverse environmental impacts and qualifies with the requirements for a Class 1(b), Class 3(a) and Class 4(f) exemption.

Lead Agency

Contact Person: Daniel K. Jagers Telephone: (951) 845-9851

Signature: _____ Title: General Manager Date: _____

DRAFT



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 5

STAFF REPORT

TO: Board of Directors

FROM: Dan Jagers, General Manager

SUBJECT: California Environmental Quality Act (CEQA) Notice of Exemption for the Service Connection Located at 37321 Cherry Valley Boulevard

Staff Recommendation

Accept the findings of Staff that the following Project is exempt from the California Environmental Quality Act and direct staff to file a Notice of Exemption from the Riverside County Clerk-Recorder for the following Project:

Service Connection for the Property located at 37321 Cherry Valley Boulevard in the Community of Cherry Valley (Riverside County Assessor's Parcel No. 407-190-013).

Executive Summary

On the May 25, 2023, Engineering Workshop, the Board of Directors approved the request for the temporary emergency connection (Project) and annexation approval, followed by permanent service (Will-Serve Letter) for the property located on 37321 Cherry Valley Boulevard (Riverside County Assessor's Parcel No. [APN] 407-190-013). The Applicant, Hector Gutierrez, with assistance from District staff, has begun undergoing the Riverside County Local Agency Formation Commission (LAFCO) application process. This includes completing a Plan of Service (POS) and addressing CEQA Requirements. The POS document for this Project has been completed.

District staff has determined that this Project is statutorily exempt pursuant to Public Resources Code Section 21080.21 and state CEQA Guidelines Section 15282(k), and categorically exempt under State CEQA Guidelines Section 15301 (Existing Facilities), Section 15303 (new construction or conversion of small structures), and Section 15304 (minor alterations to land). District staff is bringing this item to the Board to accept the findings that the Project is exempt from the California Environmental Quality Act and direct staff to file a Notice of Exemption with the Riverside County Clerk-Recorder.

Background

On May 4, 2023, Mr. Hector Gutierrez and his son (Carlos Gutierrez) met with Engineering staff to discuss the need for water at his property (see Attachment 1 – APN 407-190-013 Location Map). The Applicant (Hector Gutierrez) owns the subject parcel which has historically received water from an existing well on the property that no longer produces water.

The subject parcel is named in the Beaumont Basin Watermaster Resolution 2006-2007, allocating 10.0 acre-feet of water supply; currently reduced to 7.7 acre-feet due to the 2023 reallocation of the safe yield. The subject parcel is within the District's Sphere of Influence (SOI) and the Applicant has indicated interest in annexation into the District's Service Area to establish permanent service.



At the May 25, 2023, Engineering Workshop, the Applicant requested a temporary water service connection from the District. The Board ultimately approved the request for temporary water service and annexation, followed by permanent water service (Will-Serve Letter) for the subject parcel. On May 15, 2024, District staff met with the Applicant and discussed the steps moving forward. This included the Plan of Service document, CEQA recognition, and the overall LAFCO process.

Discussion

District staff has determined that this Project will have minimal impacts on the environment and the proposed installation of the water service connection located in the Community of Cherry Valley has been determined to have no potential to cause significant adverse effects on the environment and will ensure a safe and adequate water supply for the Applicant.

Categorical Exemption Class 1 exempts *“the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment... involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination. (b) Existing facilities of both investor-owned and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.”*

Categorical Exemption Class 3 exempts *“construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel. (a) One single-family residence, or a second dwelling unit in a residential zone. In urbanized areas, up to three single-family residences may be constructed or converted under this exemption.”*

Categorical Exemption Class 4 exempts *“minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry and agricultural purposes. (f) Minor trenching and backfilling where the surface is restored.”* Therefore, based on the above findings, this proposed action is not forecast to cause any potential for significant adverse environmental impacts and qualifies with the requirements for Class 1(b), Class 3(a), and Class 4(f) exemptions (see Attachment 2 – APN 407-190-013 Draft Notice of Exemption).

Fiscal Impact

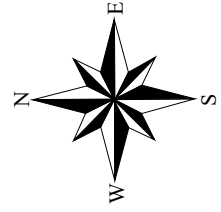
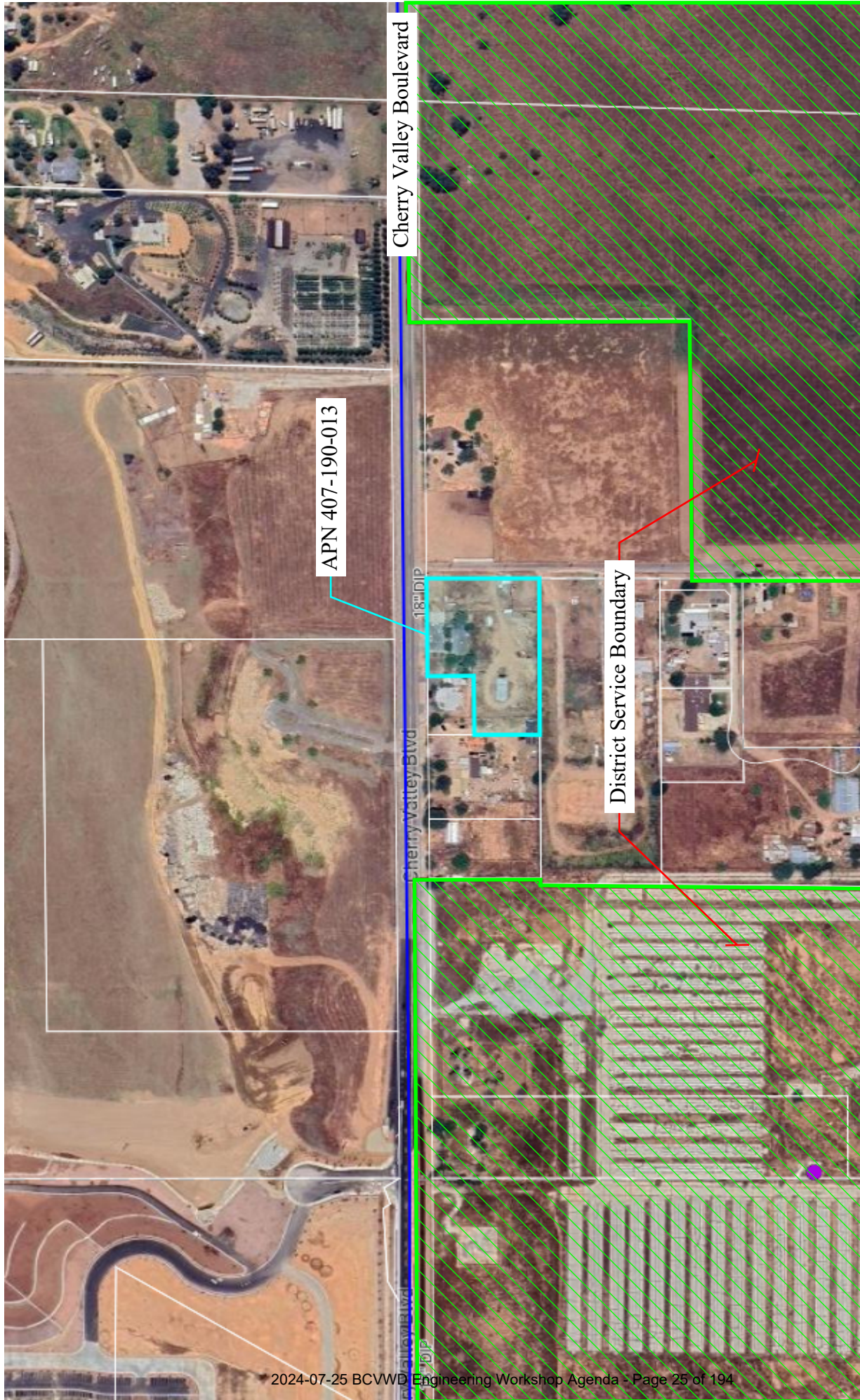
There will be no fiscal impact on the District. All fees associated with filing the Notice of Exemption will be paid by the Applicant prior to providing permanent service.

Attachments

1. Attachment 1 – APN 407-190-013 Location Map
2. Attachment 2 – APN 407-190-013 Draft Notice of Exemption

Staff Report prepared by Evan Ward, Civil Engineering Assistant

Attachment 1 - APN 407-190-013 Location Map



N.T.S.

Attachment 2 - APN 407-190-013 Draft Notice of Exemption

NOTICE OF EXEMPTION

To: County of Riverside
County Clerk-Recorder
2724 Gateway Drive
Riverside, CA 92507

From: Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

Project Title: Service Connection located at 37321 Cherry Valley Boulevard (APN 407-190-013)

Project Location: The proposed service connection is located within the Cherry Valley Boulevard right-of-way, east of Interstate 10 and west of Hannon Road in the Community of Cherry.

Project Location - City: Community of Cherry Valley

Project Location - County: Riverside

Description of Nature, Purpose, and Beneficiaries of the Project: The purpose of the proposed APN 407-190-013 Service Connection Project is to install said service connection to serve the residence located at 37321 Cherry Valley Boulevard (APN 407-190-013). This property has historically been served by a well that has gone dry. All the above proposed activities will occur within the footprint of existing disturbed areas of the road right-of-way and adjacent urban land uses.

Name of Public Agency Approving Project: Beaumont-Cherry Valley Water District

Name of Person or Agency Carrying Out Project: Beaumont-Cherry Valley Water District

Exempt Status: (Check One)

- Ministerial (Sections 21080(b)(1); 15268)
Declared Emergency (Sections 21080(b)(3); 15269(a))
Emergency Project (Sections 21080(b)(4); 15269(b))
Categorical Exemption (Section 21084; 15301(d))

Reasons why project is exempt: The State CEQA Guidelines provide a series of Categorical Exemptions for projects that have been deemed to have minimal impacts on the environment. The proposed service connection of 37321 Cherry Valley Boulevard in the Community of Cherry Valley has been determined to have no potential to cause significant adverse effects on the environment and will ensure a safe and adequate water supply for the water customer located at 37321 Cherry Valley Boulevard. Categorical Exemption Class 1 exempts "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment...involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. (b) Existing facilities of both investor-owned and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services." Categorical Exemption Class 3 exempts "construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel. (a) One single-family residence, or a second dwelling unit in a residential zone. In urbanized areas, up to three single-family residences may be constructed or converted under this exemption." Categorical Exemption Class 4 exempts "minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry and agricultural purposes. (f) Minor trenching and

backfilling where the surface is restored. The proposed service connection installation has been determined **not** to have a potential to cause significant adverse environmental effects. Therefore, this proposed action is not forecast to cause any potential for significant adverse environmental impacts and qualifies with the requirements for a Class 1(b), Class 3(a) and Class 4(f) exemption.

Lead Agency

Contact Person: Daniel K. Jagers Telephone: (951) 845-9851

Signature: _____ Title: General Manager Date: _____

DRAFT



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 7

STAFF REPORT

TO: Board of Directors
FROM: Dan Jagers, General Manager
SUBJECT: 2023 External Audit and Annual Comprehensive Financial Report

Staff Recommendation

Receive and file the independent auditors' unmodified (clean) opinion on the Beaumont-Cherry Valley Water District's (District) financial statements for the year ended December 31, 2023, included in the December 31, 2023 Annual Comprehensive Financial Report (ACFR).

Background

The ACFR is used to communicate the District's financial condition and activity in a transparent and organized manner. The report presents historical and comparative information that can be useful to District staff, elected officials, and external users; such as debt rating agencies, businesses, other public agencies and the District's customers. The most recent ACFR and several prior year reports are available on the District's website.

Financial statements are prepared by the District and audited by independent auditors who are contracted through a competitive procurement process. The District's current independent auditor is Rogers, Anderson, Malody & Scott, LLP (RAMS). Auditors follow audit industry standards established by the American Institute of Certified Public Accountants (AICPA). These standards require auditors to provide an opinion on specific areas of the District's financial statements based on observations, inquiries, testing of transactions and analysis.

A clean, unmodified opinion communicates to users that the financial statements are fairly presented, in all material respects, and that the information used in the report is reliable. Other minor issues that would not warrant a change in the auditor's opinion are presented in the form of a Management Letter, with comments and recommendations to management, intending to improve internal control or result in other operating efficiencies.

The District's Annual Comprehensive Financial Report includes the following major sections and information:

Introductory Section

- Letter of Transmittal – prepared by management and used to communicate information on areas that may have an impact on the District's finances now and in the future. This includes economic factors as well as budget and management factors.

Financial Section

- Independent Auditors' Report – report on the reliability and fair presentation of the ACFR.

- Management’s Discussion and Analysis (MD&A) – an overview of the year’s operations and how the District performed financially.
- Basic Financial Statements
 - Statement of Net Position – presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position.
 - Statement of Revenues, Expenses and Changes in Net Position – measures the success of the District’s operations over the past reporting period(s) and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges.
 - The Statement of Cash Flows – presents information relating to the District’s cash receipts and cash disbursements during the year. This information 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.
 - Notes to the Basic Financial Statements – presents additional information that is necessary to understand the data provided in the basic financial statements.
- Required Supplementary Information
 - Pension information – presents the District’s proportionate share of the Net Pension Liability of the Cost-Sharing Multiple Employer Benefit Plan, and contributions to the Plan as of the end of the year.
 - Other Post-Employment Benefits information – presents three (3) years of OPEB funding information.

Statistical Section

Presents information on financial trends, revenue capacity, debt capacity, demographic and economic conditions, and comparative operational data, for ten years.

Fiscal Impact

There is no immediate financial impact or budget action necessary as a result of the recommended action.

Attachment(s)

1. Summarized Financial Information for the Year Ended December 31, 2023
2. Annual Comprehensive Financial Report for the year ended December 31, 2023
3. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
4. Post – Audit Communication to Those Charged With Governance

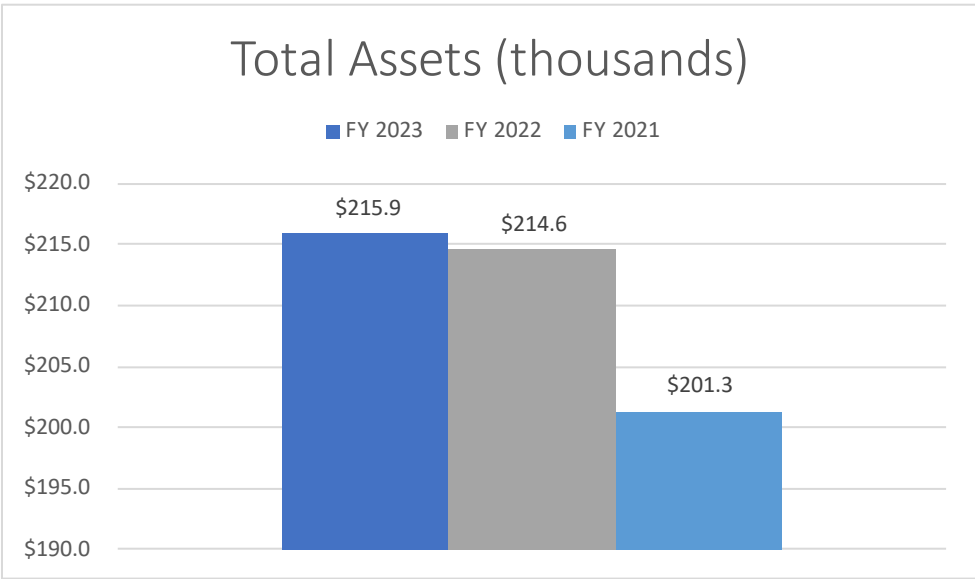
Summarized Audited Financial Information for the Year Ended December 31, 2023

DECEMBER 31, 2023

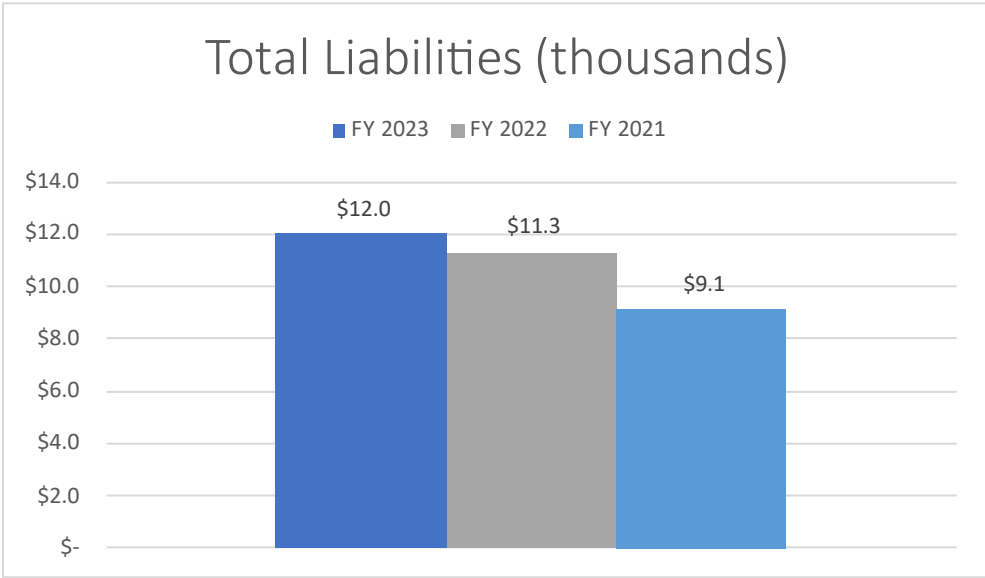
Beaumont-Cherry Valley Water District

Assets and Liabilities

Total assets as of December 31, 2023 were \$215.9M, reflecting an increase of \$1.3M from 2022.

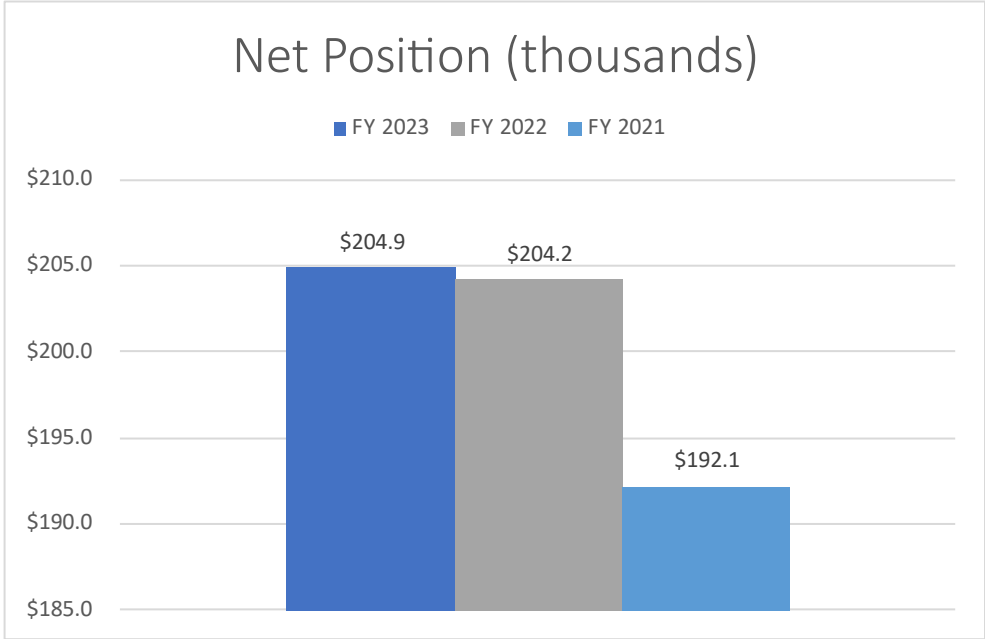


Total liabilities as of December 31, 2023 were \$12.0M, reflecting an increase of \$0.7M from 2022.

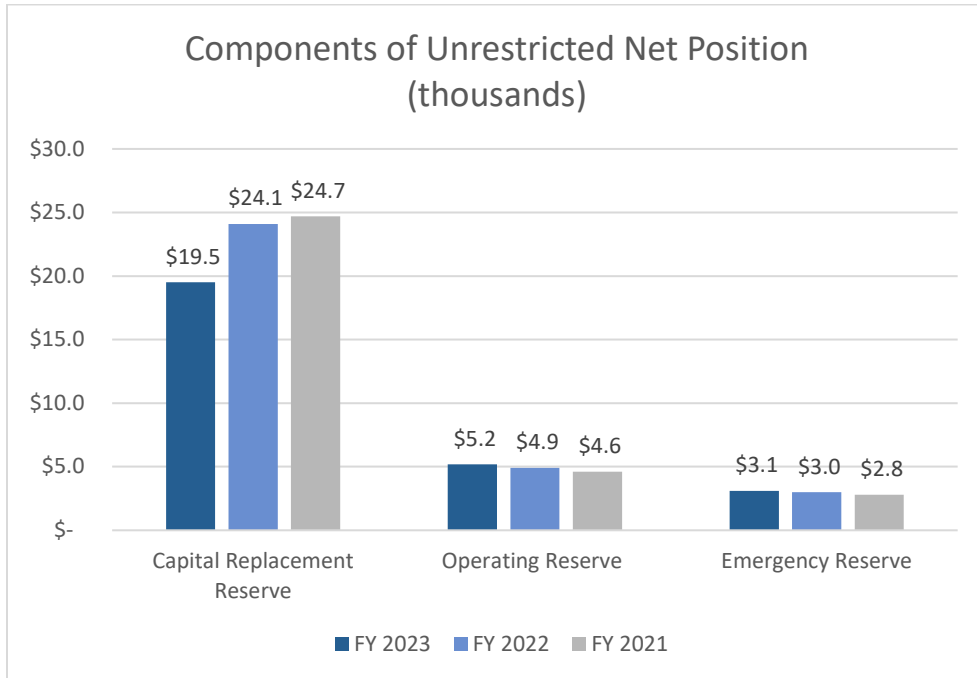


Net Position

Total net position as of December 31, 2023 was \$204.9M, reflecting an increase of \$0.7M from 2022.



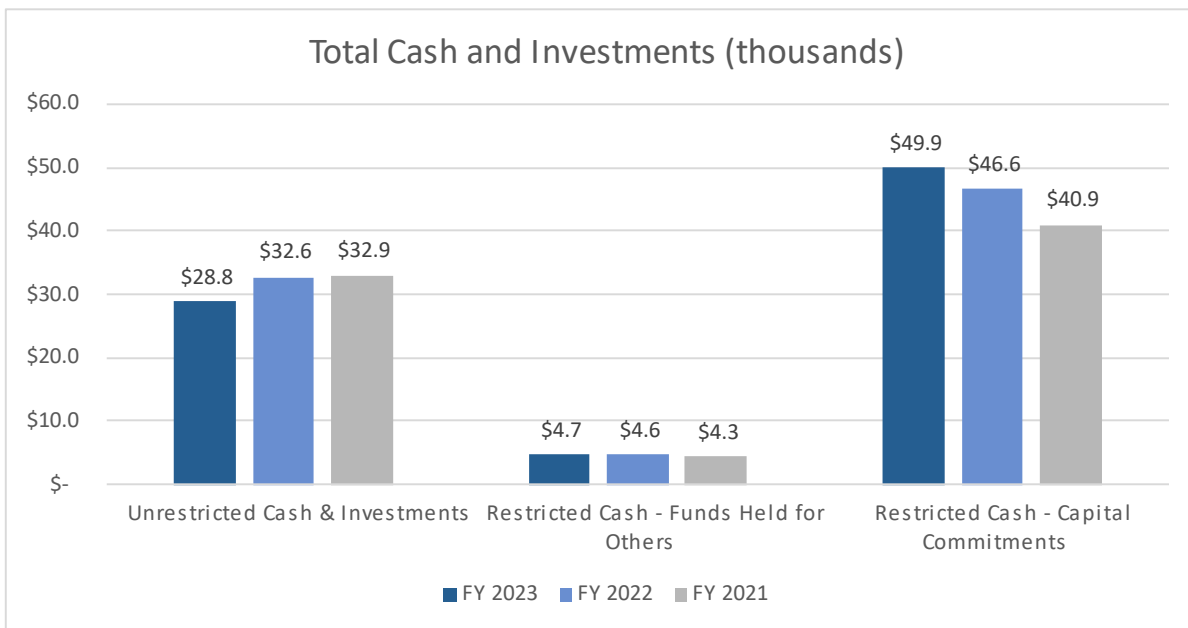
Unrestricted net position of \$30.5M includes:



- Capital Replacement Reserve are “pay as you go” reserves available for necessary capital purchases.
- Operating Reserve is equal to 3 months of the next year’s budgeted operating expenses less depreciation.
- Emergency Reserve is equal to 15% of the next year’s budgeted operating expenses less depreciation.

Total Cash and Investments

Total Cash and Investments of \$83.4M are sufficient to fund the District's Restricted and Unrestricted requirements.



- Unrestricted Cash & Investments are for use in operations or capital replacement and improvement projects.

- Restricted Cash – Funds Held for others consist of items such as customer and developer deposits that are either returned or consumed by the District once certain requirements are met.
- Restricted Cash – Capital Commitments are capacity charges (facilities fees) restricted to use for facilities needed to support new growth.

Significant Liabilities

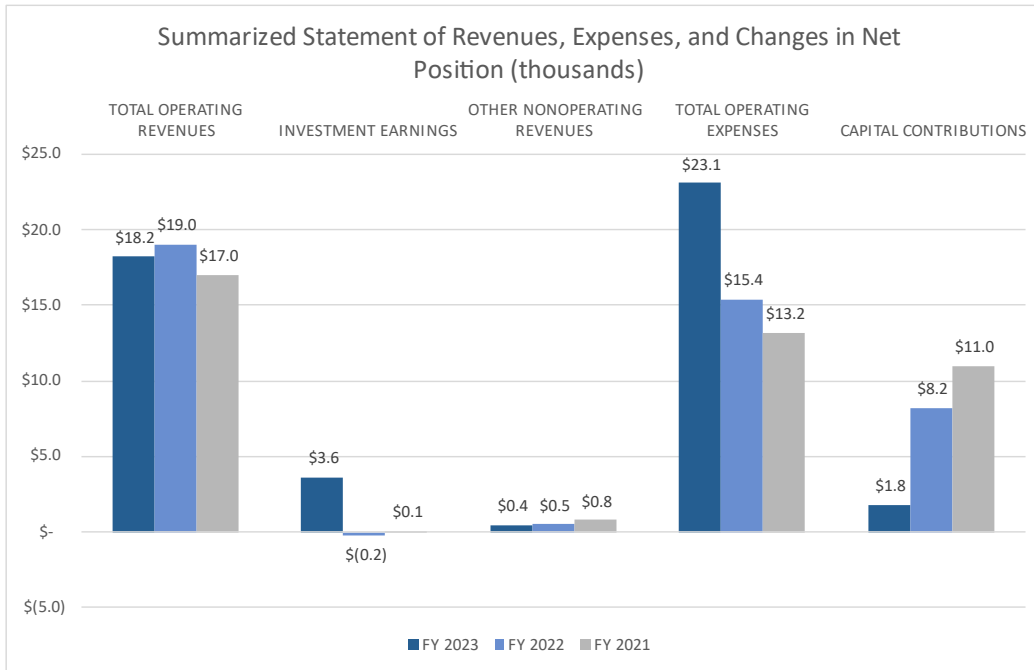
Net OPEB Liability – Retiree Health

The District's net other post-employment benefits (OPEB) liability as of December 31, 2023 was \$1.2M, no change from 2022. 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. 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.

Net Pension Liability – Retirement/Pension

The District's net pension liability as of December 31, 2023 was \$3.7, an increase of \$0.5M over 2022. The District's net pension liability is a proportionate share of the CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan).

Statement of Revenues, Expenses, and Changes in Net Position



Total operating revenues of \$18.2M decreased by \$0.8M over 2022, primarily because:

- Metered water sales and the corresponding water importation charges and water pumping pass-through charges totaling \$11.1M decreased by \$1.3M. 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 \$5.4M increased by \$0.5M, 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 \$23.1M increased by \$7.7M over 2023, primarily because:

- 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 Geronio 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.

GFOA Award

The District received the Government Finance Officers Association (GFOA) “Excellence Award in Government Finance” for its 2022 Annual Comprehensive Financial Report (ACFR), making it the sixth year in a row. The District’s 2023 ACFR will be submitted in anticipation of receiving the award for a seventh straight year.



Beaumont-Cherry Valley Water District

Fiscal Year Ended December 31, 2023

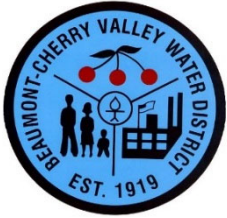
Annual Comprehensive

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. Jagers, 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.

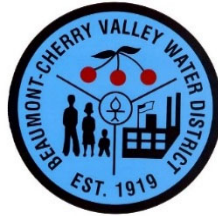
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Beaumont-Cherry Valley Water District
Annual Comprehensive Financial Report
For the Year Ended December 31, 2023

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Introductory

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Board of Directors

Andy Ramirez
Division 1

Lona Williams
Division 2

Daniel Slawson
Division 3

John Covington
Division 4

David Hoffman
Division 5

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.

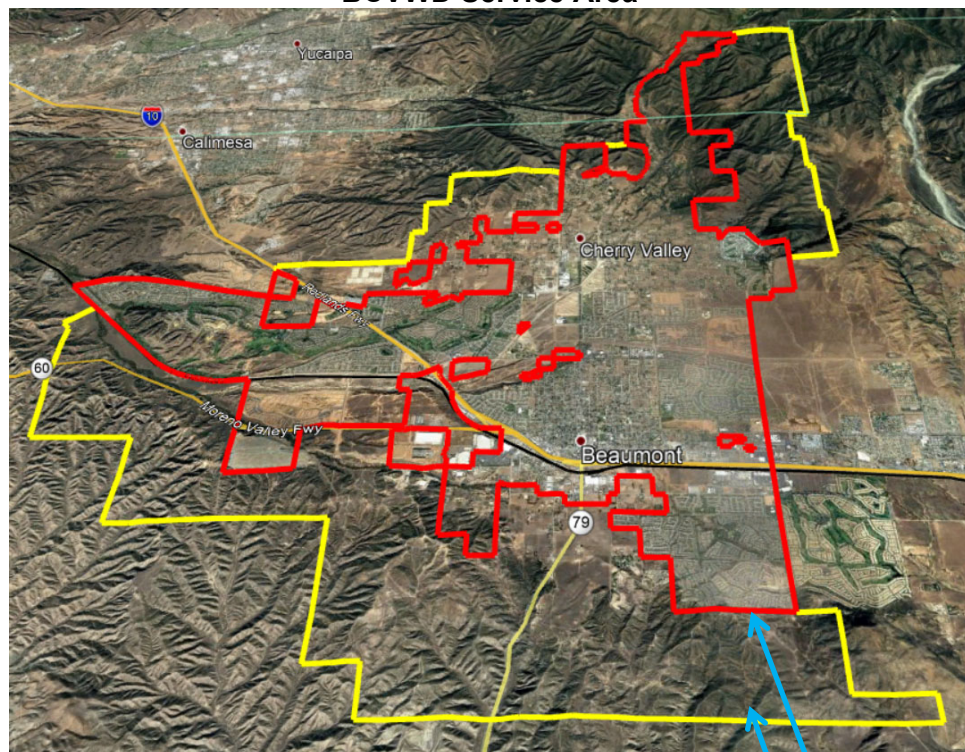
History

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



BCVWD Service Area

BCVWD Sphere of
Influence

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 Geronio Pass Water Agency's (SGPWA) proportionate share of the estimated \$15.9 billion costs would range from about \$194 million to \$318 million, depending on the participation level.

If the Delta Conveyance Project were operational 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.



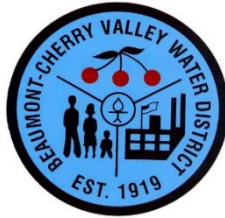
Daniel Jaggars, P.E.
General Manager



Sylvia Molina
Assistant Director of Finance and Administration

Beaumont-Cherry Valley Water District

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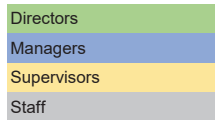
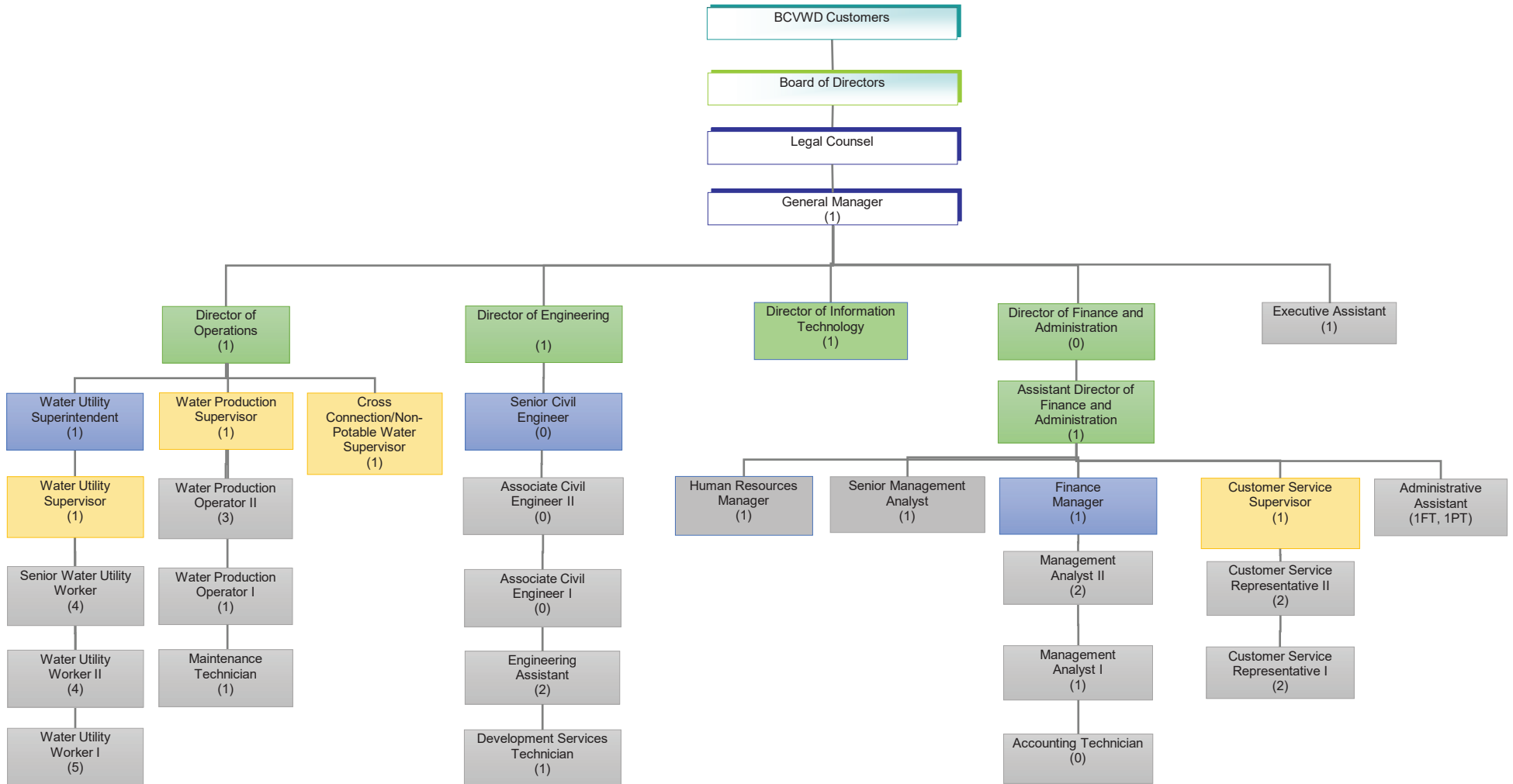
Board of Directors as of December 31, 2023

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. Jagers, 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
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Presented to

**Beaumont Cherry Valley Water District
California**

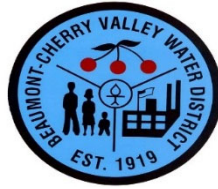
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

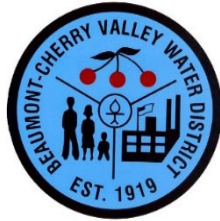
Executive Director/CEO

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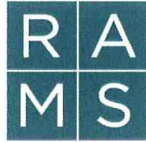
Financial

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Independent Auditor's Report

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ramscpa.net

Independent Auditor's Report

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

PARTNERS

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

MANAGERS / STAFF

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

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Certified Public Accountants

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Quality Center*

California Society of
Certified Public Accountants

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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Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>122,064,962</u>	<u>120,835,111</u>	<u>114,566,656</u>
Total assets	<u>215,895,452</u>	<u>214,602,745</u>	<u>201,325,976</u>
Deferred outflows of resources	<u>1,929,048</u>	<u>1,893,038</u>	<u>886,034</u>
Liabilities			
Current liabilities	6,958,819	6,737,608	5,635,273
Non-current liabilities	<u>5,071,206</u>	<u>4,534,973</u>	<u>3,469,764</u>
Total liabilities	<u>12,030,025</u>	<u>11,272,581</u>	<u>9,105,037</u>
Deferred inflows of resources	<u>897,063</u>	<u>1,023,248</u>	<u>1,011,886</u>
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	<u>30,464,949</u>	<u>34,073,842</u>	<u>33,424,647</u>
Total net position	<u>\$ 204,897,412</u>	<u>\$ 204,199,954</u>	<u>\$ 192,095,087</u>

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.

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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-foot (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.

Beaumont-Cherry Valley Water District

Management’s Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>21,995,253</u>	<u>19,319,366</u>	<u>17,842,825</u>
Operating expenses	23,069,287	15,372,783	13,161,950
Non-operating expenses	710	1,569	2,074
Total expenses	<u>23,069,997</u>	<u>15,374,352</u>	<u>13,164,024</u>
Income (loss) before contributions	<u>(1,074,744)</u>	<u>3,945,014</u>	<u>4,678,801</u>
Capital contributions	<u>1,772,202</u>	<u>8,159,853</u>	<u>10,976,224</u>
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	<u>\$ 204,897,412</u>	<u>\$ 204,199,954</u>	<u>\$ 192,095,087</u>

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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 Geronio 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.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets

	<u>Balance December 31, 2023</u>	<u>Balance December 31, 2022</u>	<u>Balance December 31, 2021</u>
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	<u>\$ 122,064,962</u>	<u>\$ 120,835,111</u>	<u>\$ 114,566,656</u>

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.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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

	<u>2023</u>	<u>2022</u>
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	<u>91,589,475</u>	<u>91,245,836</u>
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	<u>124,305,977</u>	<u>123,356,909</u>
Total assets	<u>215,895,452</u>	<u>214,602,745</u>
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	<u>1,929,048</u>	<u>1,893,038</u>
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	<u>6,958,819</u>	<u>6,737,608</u>
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	<u>5,071,206</u>	<u>4,534,973</u>
Total liabilities	<u>12,030,025</u>	<u>11,272,581</u>
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	<u>897,063</u>	<u>1,023,248</u>
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	<u>\$ 204,897,412</u>	<u>\$ 204,199,954</u>

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	<u>(1,012,603)</u>	<u>7,065,571</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Amounts due to (from) grantor	<u>104,725</u>	<u>243,487</u>
Net cash provided (used) by noncapital financing activities	<u>104,725</u>	<u>243,487</u>
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	<u>251,549</u>	<u>486,734</u>
Net cash provided (used) by capital and related financing activities	<u>(2,745,015)</u>	<u>(843,069)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	2,464,270	588,199
Realized loss on investments	<u>830,753</u>	<u>(1,341,994)</u>
Net cash provided (used) by investing activities	<u>3,295,023</u>	<u>(753,795)</u>
Net increase (decrease) in cash and cash equivalents	(357,870)	5,712,194
Cash and investments, beginning of year	<u>83,787,306</u>	<u>78,075,112</u>
Cash and investments, end of year	<u>\$ 83,429,436</u>	<u>\$ 83,787,306</u>
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	<u>49,869,475</u>	<u>46,569,828</u>
Total cash and investments	<u>\$ 83,429,436</u>	<u>\$ 83,787,306</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>3,801,515</u>	<u>3,428,547</u>
Net cash provided by operating activities	<u>\$ (1,012,603)</u>	<u>\$ 7,065,571</u>
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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The Beaumont-Cherry Valley Water District (District) is a special-purpose government district supplying and distributing water to over 60,000 people in the City of Beaumont, the community of Cherry Valley, and a small portion of the City of Calimesa. The District is governed by a five-member Board of Directors who serve overlapping four-year terms. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

B. Measurement Focus and Basis of Accounting

Proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

C. Cash and Cash Equivalents

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Restricted Cash and Investments

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

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

E. Inventories and Prepaid Items

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

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

F. Capital Assets

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

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (continued)

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

G. Intangible Assets

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

H. Unearned Revenues

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

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

I. Compensated Absences

Vacation

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

Sick Leave

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

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

J. Use of Estimates

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Other Postemployment Benefits (OPEB)

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

Valuation Date	June 30, 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	<u>\$ 83,429,436</u>	<u>\$ 83,787,306</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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	 <u>\$ 83,429,436</u>	 <u>\$ 83,787,306</u>

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

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

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

Investment Type	Fair Value	Maturity		
		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	<u>\$ 80,902,223</u>	<u>\$ 52,390,529</u>	<u>\$ 23,913,864</u>	<u>\$ 4,597,830</u>

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

Investment Type	Fair Value	Maturity		
		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	<u>\$ 68,506,316</u>	<u>\$ 39,169,456</u>	<u>\$ 27,191,712</u>	<u>\$ 2,145,148</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

**Notes to Financial Statements
For the Year Ended December 31, 2023 and with Comparative Information for the Year
Ended December 31, 2022**

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:

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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	<u>-</u>	<u>-</u>	<u>(269,190)</u>	<u>(269,190)</u>
Net receivables	<u>\$ 3,403,380</u>	<u>\$ 342,873</u>	<u>\$ 691,880</u>	<u>\$ 4,438,133</u>

NOTE 4 – NOTES RECEIVABLE

In 2003, the Bonita Vista Mutual Water Company (Bonita Vista) started the annexation process to join the District. The annexation agreement called for the District to install a new water delivery system. The property owners/shareholders in Bonita Vista were responsible for 1/100th 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*.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 4 – NOTES RECEIVABLE (Continued)

The detail of the notes, including applicable allowances for uncollectible amounts as of December 31, 2023 is as follows:

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

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

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

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

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

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

Future lease payments are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,887	\$ 62	\$ 9,949
Total	<u>\$ 9,887</u>	<u>\$ 62</u>	<u>\$ 9,949</u>

NOTE 7 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

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

<u>Description</u>	<u>2023</u>	<u>2022</u>
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	<u>\$ 2,098,998</u>	<u>\$ 1,726,948</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

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

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

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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	<u>1</u>
Total	<u><u>49</u></u>

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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

<u>Actuarial Assumptions</u>	
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:

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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	<u>120,193</u>	<u>106,836</u>	<u>13,357</u>
Balance at December 31, 2023 (6/30/23 measurement date)	<u>\$ 1,546,155</u>	<u>\$ 314,640</u>	<u>\$ 1,231,515</u>

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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)

	<u>1% Decrease (3.44%)</u>	<u>Current Discount Rate (4.44%)</u>	<u>1% Increase (5.44%)</u>
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)

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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)

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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	<u>30,464,949</u>	<u>34,073,842</u>
 Total net position	 <u><u>\$ 204,897,412</u></u>	 <u><u>\$ 204,199,954</u></u>

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

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

	December 31, 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	<u>3,149,115</u>	<u>2,964,000</u>
 Total designations	 <u>27,848,981</u>	 <u>31,994,352</u>
 Total unrestricted net position	 <u><u>\$ 30,464,949</u></u>	 <u><u>\$ 34,073,842</u></u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return^{1,2}</u>
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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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:

<u>December 31, 2023</u>	
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%
<u>December 31, 2022</u>	
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:

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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).

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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)

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

December 31, 2022

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>\$ 1,526,419</u>	<u>\$ (98,651)</u>

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:

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2023 and with Comparative Information for the Year Ended December 31, 2022

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, Measurement Period - June 30,	2018	2019	2020	2021	2022	2023
	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.

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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	<u>\$ 131,692,144</u>	<u>\$ 138,810,597</u>	<u>\$ 149,761,817</u>	<u>\$ 160,915,383</u>	<u>\$ 170,189,607</u>
	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	<u>\$ 172,166,721</u>	<u>\$ 176,440,062</u>	<u>\$ 192,095,087</u>	<u>\$ 204,199,954</u>	<u>\$ 204,897,412</u>

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

Beaumont-Cherry Valley Water District

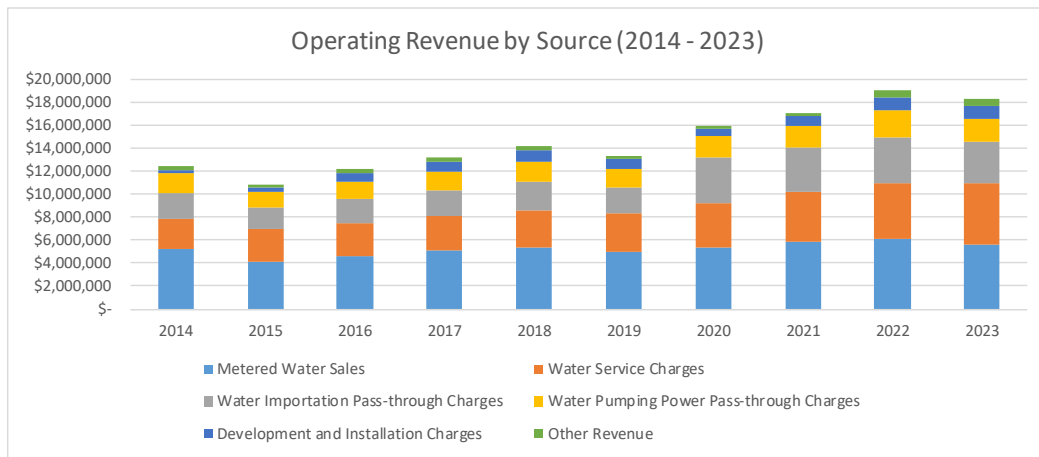
(continued)

	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
	<u>14,160,641</u>	<u>13,351,751</u>	<u>15,890,567</u>	<u>16,987,328</u>	<u>19,009,807</u>	<u>18,255,169</u>
	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
	<u>13,583,971</u>	<u>15,995,299</u>	<u>16,387,388</u>	<u>13,161,950</u>	<u>15,372,783</u>	<u>23,069,287</u>
	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)
	<u>1,167,115</u>	<u>1,711,954</u>	<u>1,044,164</u>	<u>853,423</u>	<u>307,990</u>	<u>3,739,374</u>
	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
	<u>7,706,050</u>	<u>2,733,097</u>	<u>3,725,998</u>	<u>10,976,224</u>	<u>8,159,853</u>	<u>1,772,202</u>
	-	-	-	-	-	-
\$	<u>9,449,835</u>	<u>1,801,503</u>	<u>4,273,341</u>	<u>15,655,025</u>	<u>12,104,867</u>	<u>697,458</u>

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

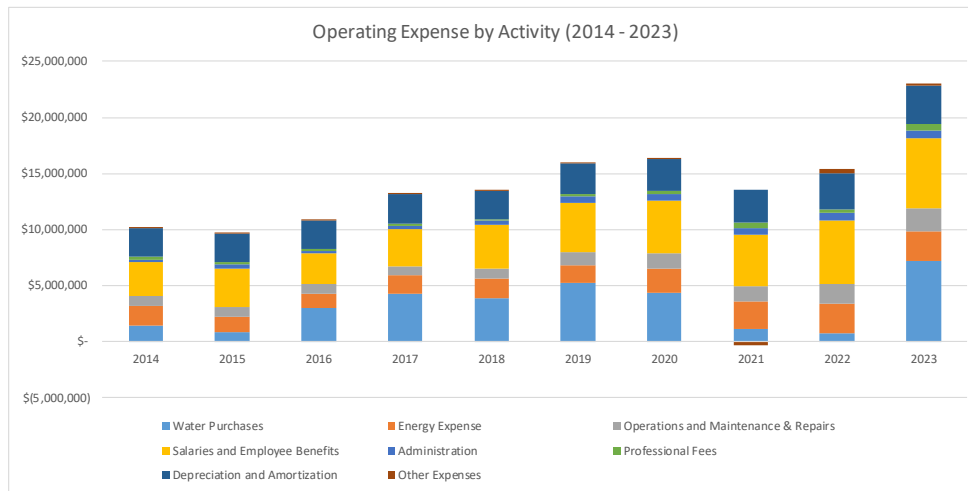


Source: Beaumont-Cherry Valley Water District

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:

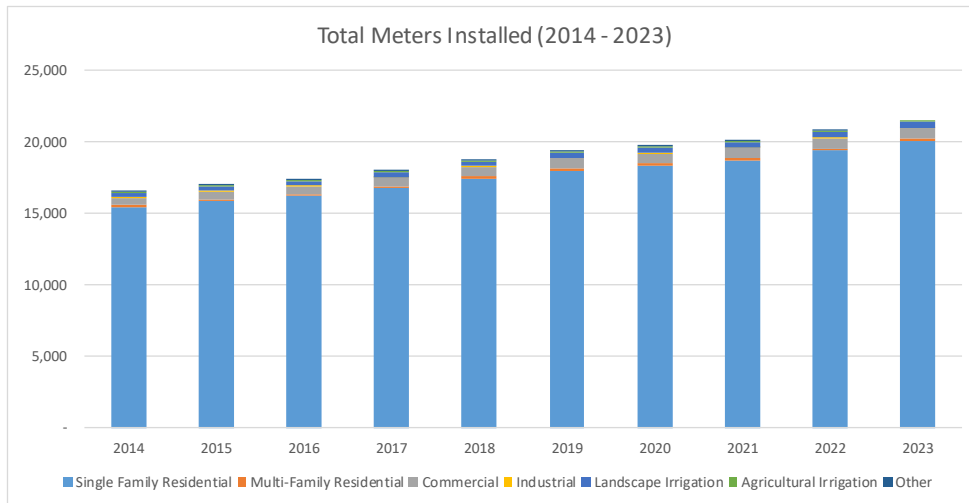
(1) Some amounts from the Changes in Net Position schedule are grouped together for comparability

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

Customer	2014		2023		Change in Consumption	Percentage of Change
	Annual Consumption (hcf)	Percentage of Total Consumption	Annual Consumption (hcf)	Percentage of Total Consumption		
City Of Beaumont	349,270	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%
	<u>1,027,582</u>	<u>19.69%</u>	<u>907,391</u>	<u>16.04%</u>	<u>(120,191)</u>	
Total Water Consumed	<u>5,219,294</u>	<u>100.00%</u>	<u>5,655,341</u>	<u>100.00%</u>		

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			Multi-Family Residential		Commercial	Fire Service	Landscape	Agricultural Irrigation	Construction	Non-Potable	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2							
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	Per Capita Personal Income	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	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⁾

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
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	<u>27</u>	<u>30</u>	<u>31</u>	<u>35</u>	<u>39</u>	<u>41</u>	<u>39</u>	<u>41</u>	<u>47</u>	<u>42</u>

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



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

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Independent Auditor's Report

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

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John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, and have issued our report thereon dated July 17, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

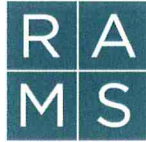
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
July 17, 2024



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July 17, 2024

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

We have audited the financial statements of Beaumont-Cherry Valley Water District (the District) as of and for the year ended December 31, 2023, and have issued our report thereon dated July 17, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 12, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. The District adopted GASB Statement No. 87, *Leases*, during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The estimate of the net pension liability and related deferred inflows and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for other post-employment benefits and related deferred inflows and outflows or resources are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of lease liabilities, right-to-use assets, and asset amortization is based on present value calculations using certain terms and assumptions in the lease agreements and estimated useful lives of assets in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the other post-employment benefits (OPEB) and related OPEB information in the notes to the financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial assumptions which could differ from actual costs.

The disclosure of the net pension liability and related pension information in the notes is based on actuarial assumptions which will differ from actual amounts in future periods.

The disclosure of leases liabilities, right-to-use assets, and asset amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 17, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards:

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors, and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
July 17, 2024



Board of Directors

Andy Ramirez
Division 1

Lona Williams
Division 2

Daniel Slawson
Division 3

John Covington
Division 4

David Hoffman
Division 5

July 17, 2024

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Beaumont-Cherry Valley Water District (the District) as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 17, 2024:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 12, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.

- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 13) All components of net position are properly classified and, if applicable, approved.
- 14) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- 15) All revenues have been properly classified.
- 16) All expenses have been properly classified.
- 17) Special items and extraordinary items have been properly classified and reported, if applicable.
- 18) Deposit and investment risks have been properly and fully disclosed.
- 19) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 20) All required supplementary information is measured and presented within the prescribed guidelines.
- 21) With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 22) With respect to the preparation of financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- 23) We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 24) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 25) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 26) We have provided to you our analysis of the District's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 27) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
- Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 28) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 29) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- 30) There have been no changes or updates to legal information disclosed to you by our attorney(s) since the date of such legal response and now.
- 31) We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- 32) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 33) The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 34) We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- 35) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- 36) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 37) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 38) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 39) There are no:
- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 40) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

41) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In addition, we conclude a Single Audit is not required for the year under audit.

Required Supplementary Information

With respect to the required supplementary information (RSI) accompanying the financial statements:

42) We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.

43) We believe the RSI, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.


44) The methods of measurement or presentation have not changed from those used in the prior period.

Use of a Specialist

45) We agree with the findings of specialists in evaluating the net pension and OPEB liabilities and related deferred balances, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Pension and Post Retirement Benefits

46) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.



Daniel K. Jagers, P.E.
General Manager



Sylvia Molina
Assistant Director of Finance and Administration



**Beaumont-Cherry Valley Water District
Board of Directors Meeting
July 25, 2024**

Item 8

STAFF REPORT

TO: Board of Directors
FROM: Dan Jagers, General Manager
SUBJECT: California Special Districts Association (CSDA) 2024 Board Elections: Vote to Elect a Representative to the CSDA Board of Directors in the Southern Network for Seat A

Recommendation

Choose a candidate from the list below and vote to elect a representative to the California Special District Association (CSDA) Board of Directors, Seat A for the Southern Network.

Background

Beaumont-Cherry Valley Water District (BCVWD) is a member of the CSDA, a non-profit organization formed to promote good governance and improved core local services through professional development, advocacy and other services for all types of independent special districts. The CSDA is governed by an 18-member Board of Directors elected from the membership in six geographic networks. BCVWD is part of the Southern Network.

Summary

The California Special Districts Association has requested that the Board of Directors of the Beaumont-Cherry Valley Water District submit a ballot to vote for one candidate of their choice to represent the CSDA Southern Network, Seat A. The term for this seat is two (2) years, from 2025 – 2027. There are three candidates for the seat:

1. Jason Dafforn, General Manager, Valley Sanitary District (Indio)
2. Ross Leja, Director, Jurupa Area Recreation and Park District
3. Jo MacKenzie, Director, Vista Irrigation District (incumbent)

Candidate information is attached. The deadline to complete the electronic ballot is July 26.

Fiscal Impact: None.

Attachments: Candidate Information

Prepared by Lynda Kerney, Executive Assistant



2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Jason Dafforn

District/Company: Valley Sanitary District

Title: General Manager

Elected/Appointed/Staff: Staff

Length of Service with District: 1 year

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Attend CSDA Conference and Leadership Academy

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

ACWA, CASA

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

N/A

4. List civic organization involvement:

Desert Recreation Foundation Board of Directors

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

My name is Jason Dafforn. I am a Licensed Civil Engineer in the State of California with over 30 years of experience in the water and wastewater industry. I have 17 years of experience as a utility manager working for California local governments, including over eight years working for a special district.

California's special districts play a crucial role in the daily lives of millions, providing essential services ranging from water and sanitation to fire protection, healthcare, and many others. The California Special District Association (CSDA) provides resources, training, state and federal advocacy, and professional development to help special districts across the State flourish.

Today, special districts are confronted with unprecedented challenges. As a special district manager, I have gained a comprehensive understanding of these challenges, which positions me to provide valuable guidance and develop effective resolutions. My fresh ideas and unique perspective will enable the Board of Directors to proactively address current issues and future challenges, keeping CSDA ahead of the curve.

Together, we hold the power to shape the future and provide exceptional resources for special districts in California. By ensuring they remain at the forefront of delivering essential services and improving the quality of life for all residents, we can make a significant impact.

Let us build a stronger, more resilient future for California's special districts and the communities they serve.



2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: ROSS A. LEJA

District/Company: JURUPA AREA RECREATION & PARK DISTRICT

Title: DIRECTOR DIVISION 5

Elected/Appointed/Staff: ELECTED

Length of Service with District: 6 YEARS

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

NO

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

NONE

4. List civic organization involvement:

JURUPA CHILDRENS CHRISTMAS PARTY

JURUPA DISTRICT LIONS CLUB

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

I am running for the open board position to bring representation for the Inland Empire to CSDA and grow CSDA in the Inland Empire. San Bernardino and Riverside Counties, together known as the Inland Empire, is one of the fastest growing regions of California and home to over 80 special districts. However, the Inland Empire currently has no representation on the Southern District Board.

I currently serve on the Board of Directors for the Jurupa Area Recreation and Parks District (JARPD). Our district serves the city of Jurupa Valley and a portion of the city of Eastvale. I have been in this position for six years. During this time we have grown our district by fourteen facilities. I have made it a mission to develop relationships with the other special districts in our area to help JARPD better serve its residents. I look forward to expanding this mission to the other special districts in the Inland Empire if I am elected to the Board representing the Southern District

I am an eight year Air Force Veteran, husband, father and grandfather. My wife of 49 years and I have made our home in Jurupa Valley for over three decades. I have served on the City of Jurupa Valley Traffic Safety Committee, acting as its first chair for three years. I also served on the Jurupa Unified School District Citizen Oversight Committee for a \$144 million bond measure as both Vice Chair and Chair. A cause close to my heart is my work with the Jurupa Children's Christmas Party, an organization that has distributed presents to underprivileged in Jurupa Valley for over 40 years.

I have always considered service to my country and community a privilege and would like to continue by serving on the board of the California Special Districts Association.



2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: JO MacKENZIE

District/Company: Vista Irrigation District, *CSDA District of Distinction, Platinum Level*

Title: Director, Certificate in Special District Governance

Elected/Appointed/Staff: Elected

Length of Service with District: 32 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

- ✚ CSDA Board of Directors, President 2011, Vice President 2010, Treasurer 2008-2009
- ✚ CSDA Finance Corporation Board of Directors, 2007-present; President 2012, 2013, 2015- present
- ✚ Special District Leadership Foundation Board of Director, Treasurer, currently Vice President
- ✚ Fiscal and Audit Committees, rewrote 'Treasurer Job Description'; Membership Committee 2011-present; Chair 2020-2021, 2022 and 2024
- ✚ Legislative Committee 2004-present; Chair, 2006-2010 and 2012
- ✚ CSDA San Diego Chapter, Board of Directors, 1993-present; President 1998-2000; presently serve on the Chapter Executive Board
- ✚ Attend all Annual Conferences and Legislative Days

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

- ✚ ACWA: Past Board Director; Local Government, Chair 2014-2015 and Membership Committee
- ✚ ACWA Region 10 Board of Directors, Vice Chair, Alternate Chair, Director 1997-2010
- ✚ The California Association of Local Agency Formation Commissions (CALAFCO), Board Member and Legislative Committee member, 2017-2023

3. List local government involvement (such as LAFCO, Association of Governments, etc.):

- ✚ San Diego LAFCO, 1994-present: Commission Chair 2018 & 2019; Alternate 5 years; Special District Advisory Committee 14 years, Chair 2005-2009
- ✚ City of San Marcos Planning and Traffic Commissions
- ✚ Personally initiated the City of San Marcos Budget Review Committee in 1980, Chair 1996-2006
- ✚ Resource Conservation District of Greater San Diego County, Association Director, 2016 to present

4. List civic organization involvement and recognitions

- ✚ Special District Official of the Year by PublicCEO
- ✚ CSDA Legislative Advocate of the Year, 2011
- ✚ Graduate of CSDA's Special District Leadership Academy
- ✚ San Marcos Chamber of Commerce, Lifetime Ambassador
- ✚ Graduate of Leadership 2000, Cal State San Marcos
- ✚ Vista Community Development Associates, Treasurer
- ✚ Soroptimist International



RE-ELECT JO MACKENZIE

PROVEN EXPERIENCE LEADING SPECIAL DISTRICTS

- **DEDICATED**
- **FISCALLY RESPONSIBLE**
- **COMMITTED TO SPECIAL DISTRICTS**

It has been a privilege and honor to serve on the CSDA Board of Directors (Board) representing the Southern Network. Serving on the Board requires a commitment of time; I am in Sacramento at least twice a month for CSDA meetings. I have served as President, Vice President and Treasurer, and served as a Chair and/or member of the various committees. In 2010 and 2011, respectively, I was recognized as CSDA's Legislative Advocate of the Year and by PublicCEO as Special District Official of the Year.

During my tenure on the CSDA Board, I have formed working relationships throughout the Network and State that have given me an insight regarding the needs of special districts. Based on these insights and input from other CSDA directors, CSDA has worked to provide webinars at no cost to its members, begun offering the leadership academy three times a year and on-line, and the SDLF Board eliminated budget limits for scholarships. I serve on the CSDA and SDLF Boards, and I am proud of the collaboration that allows all special districts to take advantage of CSDA's programs.

During my term, I have been committed to continue building on the present foundation of CSDA's educational programs, state and federal legislative advocacy, and public outreach. CSDA is now the "voice of Special Districts", "the third leg of local government", and the 'go-to' association for legislative issues.

My proven leadership and public service experience, commitment to fiscal responsibility, and comprehensive LAFCO and special district knowledge make me the most qualified candidate to represent the Southern Network.

I have a true passion for and proven experience in leading Special Districts. I would be honored to continue serving on the CSDA Board as your Southern Network Director.

I am asking for your **Vote**.

ELECTRONIC VOTING ENDS JULY 26 AT 5:00 P.M.

**50+ CSDA EDUCATIONAL OPPORTUNITIES ARE LISTED ON
CSDA'S HOME PAGE**



Beaumont-Cherry Valley Water District

Serving the Beaumont, Cherry Valley and some areas of Calimesa

District Capital Improvement Plan Update

Presentation to
Board of Directors
July 25, 2024
Engineering Workshop

1

1



- District CIP Overview
 - Ongoing Projects
 - Upcoming Projects

2

2

Ongoing Projects (Under Construction)

3

3



Ongoing Projects

3040 Pressure Zone Cherry Avenue / International Park Road Transmission Pipeline

T-3040-0001 (P-3040-0009)


2,400 LF of 24" Potable Pipeline

- Award Contract – May 16, 2024
- Estimated Total Cost \$2.17M

Project to Receive ARPA Funding in the Amount of Approx. \$1.28M

4

4



Ongoing Projects

Well Replacement & New Wells

Well #	CIP Project #	Location	Well Type	Estimated Cost	Status
1A	W-2750-0005	12 th & Palm	Replacement	\$4.96M	Drilling Underway
2A	W-2750-0001	12 th & Michigan	Replacement	\$7.13M	Drilling Underway
30	W-2750-0002	Noble Creek Park	New	\$8.39M	Awaiting Completion of Well Siting Study
31	W-2850-0001	Within Tract 31470-2 (Sundance)	New	\$8.39M	Awaiting Completion of Well Siting Study

5

5



Ongoing Projects

2023 Replacement Pipelines

Pipeline	CIP Project #	Diameter	Length
1 Elm Avenue South of 4th Street	P-2750-0091	8"	+/-850 LF

This is 1 of 3 pipelines. The other 2 pipelines are identified on Page 15

- Design – Complete
- Environmental Notice of Exemption – Complete
- Elm Ave - Coordination with Developer Required
- Board Approved Funding for District Purchase of Materials and District Performed Construction (June 27, 2024)
- Coordination with City Ongoing
- Construction Anticipated to begin around end of July 2024
- Total Project Cost – Approx. \$301,000

6

6



7



Ongoing Projects

Well Feasibility and Siting Study

- Project is Approx. 95% Complete
- District is Reviewing the Draft Study and Model Matrix
- Estimated Cost - \$92,000

8

8



Ongoing Projects

“B” Line Upper Edgar Transmission Pipeline (P-3620-0001)

3,000 LF of 12” Potable Pipeline

- Design 100% Complete
- CEQA/NEPA 100% Complete
- Project Bid Documents Being Prepared

• Cost – Approx. \$1.5M
Project to Receive ARPA Funding in the Amount of Approx. \$1.3M

9

9



Ongoing Projects

2017 Pipelines – Pipeline #3 Egan Avenue (Alley) – 5th Street to California Avenue (P-2750-0069)

Approx. 730 LF of 8” Potable Pipeline

- Design 100% Complete
- CEQA/NEPA 100% Complete
- Project Paused Due to City Pavement Moratorium (6th Street and California Ave)
- Moratorium on 6th Street Set to Expire July 2024 and 6th Street Scheduled for New Paving in 2025
- Possibly Bid Project with 2023 Pipelines
- Cost – Approx. \$173k

10

10



Ongoing Projects

Noble Tank No. 2 & Cherry Avenue Pipeline (T-3040-0001)

- Design 100% Complete
- CEQA/NEPA 100% Complete
- Bid Documents Being Prepared
- Cost \$4.15M – Tank

11

11



Ongoing Projects

Noble Creek Recharge Facility Phase 2 Grading and Water Transfer Upgrades

- Pond 1 – New Tank Pad Grading
- Pond Water Transfer Facility Upgrades
- Work to be conducted 2024-2025, contingent on import and storm water operations.


12

12

Ongoing Projects

2020-2021 Replacement Pipelines

	Pipeline	CIP Project #	Proposed Diameter	Approx. Length (ft)
1	Lambert Road	P-3040-0024	8"	250
2	Bing Place	P-3040-0023	8"	250
3	View Drive, Sky Lane, Star Lane	P-3040-0025	8"	1,180
4	Utica Way	P-3040-0026	8"	700
5	Avenida Sonrisa	P-3330-0003	8"	1,450
6	Avenida Miravilla	P-3620-0009	8"	400



- Design – 90% Complete
- Cost - \$1.62M
- CEQA – 100% Complete
- All Pipelines Located in Cherry Valley
- Coordination with DWR Required

13

13



Ongoing Projects

2023-2024 Service Lateral Replacements (P-2750-0098)

- Continued City Pavement Rehabilitation
- Estimated to be 80-100 Existing Service Laterals
- Survey Contract Being Prepared
- Estimated Cost \$574k

14

14



Ongoing Projects

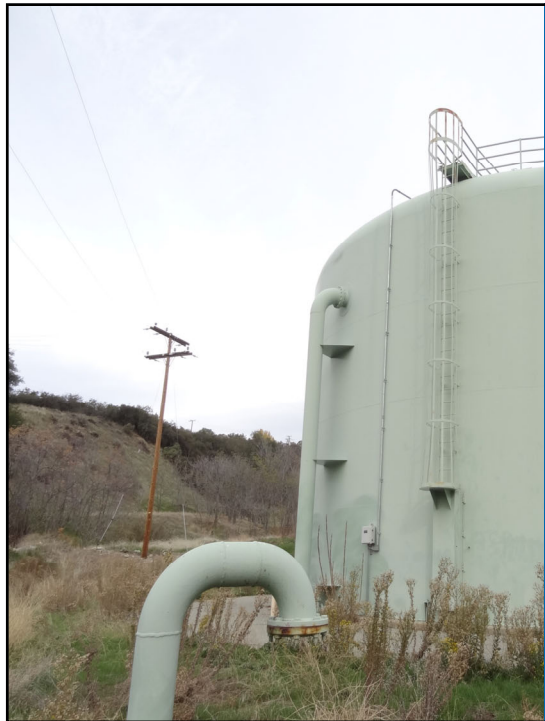
2023 Replacement Pipelines

Pipeline	CIP Project #	Diameter	Length
11th Street - Elm Ave to west of Beaumont Ave	P-2750-0056	8"	+/-2,000 LF
American Avenue 6th Street to 8th	P-2750-0095	8"	+/-1,200 LF

- Design – 90% Complete
- Environmental Notice of Exemption – Complete
- Estimated Total Project Cost - \$ 2.31M

15

15



Ongoing Projects

Tank Coating & Rehabilitation

- Cherry No. 1 Tank (TM-2750-0001)
- Cherry No. 2 Tank (TM-2750-0001)
- Vineland No. 1 Tank (TM-2850-0001)
- Lower Edgar Tank (TM-3040-0001)
- District is currently working on Bid Documents
- Estimated Cost - \$140,210 (Consultant)

16

16



Ongoing Projects

Potable Pressure Zone 2850 to 3040 (BP-2850-0001)

- Project Awarded to Consultant
- Contract Executed and NTP Issued

Pressure Zone 2750 to 2850 (BP-2750-0001)

- Preliminary Design Underway

Non-Potable 2800 Pressure Zone at WWTP (NBP-2600-0001)

- Continued Efforts with City Regarding Recycled Water

17

17

Ongoing Projects



Non-Potable Pressure Regulating Station

Pressure Zone 2600 to 2400 (NR-2600-0001)

- Palmer Avenue between Armour Ave & Morris St.
- Coordination with Fairway Canyon HOA
- District Staff has potholed existing utilities within Palmer
- Engineering performing preliminary alignment evaluation

18

18

Future Projects (Planning / RFP)

19

19

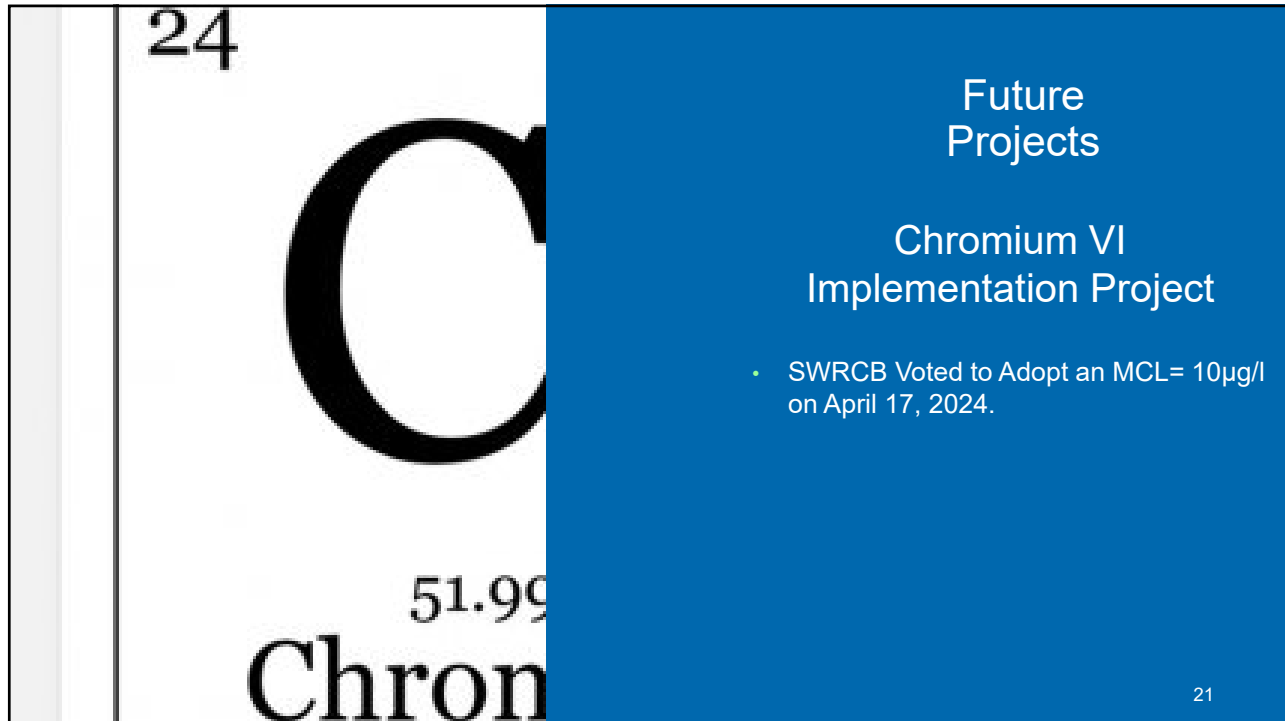
Future Projects

Operations Center

- Space Needs for Engineering Department and Operations
- Services must expand to accommodate growth per the Urban Water Management Plan
- The current configurations are outdated and in disrepair
- Scope for Surveying of Property being evaluated

20

20



24

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51.99

Chrom

Future Projects

Chromium VI Implementation Project

- SWRCB Voted to Adopt an MCL= 10µg/l on April 17, 2024.

21

21



Future Projects

Non-Potable PRV Stations

- Pressure Zone 2800 to 2600 (NR-2800-0001)
 - . Deodar & I-10 Crossing
- Pressure Zone 2800 to 2600 (NR-2800-0002)
 - . 4th Street and Potrero Blvd.

22

22



Future Projects

Orange Avenue – 6th to 8th Street Replacement Pipeline (P-2750-0099)

- Construction of Approximately 1,100 LF – New 8" Diameter Pipeline to Replace Existing 6" Steel
- Cost - \$746,000

23

23

Future Projects 2024 Replacement Pipelines

	Pipeline	CIP Project #	Diameter	Length	Est. Cost
1	Egan Avenue – 5 th Street to 8 th Street	P-2750-0066	8"	+/- 1,250 LF	\$456,000
2	Wellwood Avenue – 5 th Street to 7 th Street	P-2750-0067	8"	+/- 615 LF	\$192,000
3	Elm Avenue – 6 th Street to 7 th Street	P-2750-0068	8"	+/- 450 LF	\$120,700
4	Lincoln Avenue – Noble Street to West End	P-3040-0021	8"	+/- 1,320 LF	\$397,600
5	Avenida Sonrisa – North to Avenida Miravilla through Alley	P-3330-0007	8"	+/- 1,000 LF	\$629,900

24

24



**Beaumont-Cherry Valley Water District
Engineering Workshop Meeting
July 25, 2024**

Item 10

STAFF REPORT

TO: Board of Directors
FROM: Dan Jagers, General Manager
SUBJECT: Award of Contract for Landscape Maintenance Services

Staff Recommendation

Authorize the General Manager to execute a one (1) year contract for landscape maintenance services of \$60,480, with an optional General Manager-approved extension of one (1) year, and a contingency of approximately 10 percent for each year of \$6,050, for a total amount not to exceed \$66,600.00 (rounded) per year (12 months), with Universal Green, LLC.

Executive Summary

In an effort to enhance community aesthetics, staff recommends the Board of Directors consider awarding the proposed landscape maintenance contract to Universal Green, LLC (UG) for landscape maintenance services. While Urban Habitat was lower than UG by \$13,344, staff identifies past contracts with Urban Habitat have not been fulfilled to the level anticipated. Therefore, staff regards UG as a better option at this time based on Urban Habitat past performance. Smaller facilities will remain under the Utility Maintenance Department, while larger facilities will be contracted out to ensure all properties receive appropriate care.

Background

District staff continues to prioritize improvement of all buildings and yards, and implementation of drought-tolerant landscaping, but still requires landscape maintenance services.

In recent years, the District has employed various methods to manage weed control and provide landscape maintenance at its facilities. These methods have included utilizing internal staff, contracting CAL FIRE hand crews, and engaging landscape maintenance contractors. However, due to the unavailability of CAL FIRE hand crews for more than a year, the District has faced challenges in maintaining the landscape.

In 2024, the Utility Maintenance Department was expanded by adding a staff member, bringing the total to two. Recently, staff has performed full responsibility for landscaping services and continues facility maintenance activities efforts. Plans to have some internal management of landscaping activities is not feasible due to other maintenance needs. Therefore, staff recommends contracting with a professional landscaping company to ensure the continued upkeep of District facilities' landscapes.

Discussion

In accordance with the District's Policies and Procedure Manual, Part III Section 17 Purchasing, on June 7, 2024, a request for proposal (RFP) was issued for landscape services at various District owned facilities. The RFP was advertised in the Record Gazette on June 7 and June 14, 2024, and was available through Public Purchase from June 7 to June 27, 2024. During the public bid opening, staff received three bids for the landscape maintenance services. The results are set forth in Table 1 hereafter.



Table 1

Bidding Contractor	Total Annual Cost
Cal Dreamscapes Landscape Co. Inc.	\$ 115,727.53
Universal Green, LLC	\$ 60,480.00
Urban Habitat Landscape Contractors	\$ 47,136.00
10%± Contingency (Rounded)	\$ 6,050.00
Total (Rounded)	\$ 66,600.00

Policies and Procedure Manual, Part III Section 12: Employment of Outside Contractors states:

Board Approval. Contractors for construction and other similar activities (not professional services) will be selected by the General Manager and approved by the Board of Directors. The General Manager and/or Board of Directors shall make their selection on the basis of the lowest responsible bidder after a thorough evaluation of bids.

After careful consideration and analysis, the General Manager recommends contracting Universal Green, LLC for landscape maintenance services. As shown in Table 1, UG is the mid-range bidder, not the lowest. The District has previous experience with Urban Habitat, the lowest bidder, which previously held a contract with the District and performed landscape maintenance activities for several years.

To optimize efficiency and resource allocation, some smaller facilities will remain under the purview of the District's Utility Maintenance Department and be handled internally. This approach allows us to leverage our internal capabilities for less demanding sites, while contracting out the maintenance of larger and more time-consuming facilities to professional landscaping companies. This division ensures that all our properties receive the appropriate level of care and attention.

Fiscal Impact

The fiscal impact for an amount not to exceed \$66,600.00 and has been budgeted in the approved Operating Budget for the 2024 calendar year under GL account 01-40-470-540030 – Landscape Maintenance.

Staff Report Prepared by James Bean, Director of Operations



**Beaumont-Cherry Valley Water District
Regular Board Meeting
July 25, 2024**

Item 11

STAFF REPORT

TO: Board of Directors

FROM: Dan Jagers, General Manager

SUBJECT: Consideration of Attendance at Upcoming Events and Authorization of Reimbursement and Per Diem, and Meeting Scheduling

Staff Recommendation

1. Evaluate director attendance at upcoming events for possible pre-approval or approval after attendance for compensation and / or expense reimbursement pursuant to Policies 4060 and 4065 and vote to pre-approve any selected activities.

SAMPLE MOTION:

I move that the Board pre-approve the attendance of all directors at these events for purposes of per diem and reimbursement of associated reasonable and necessary expenses per District policy: _____ (list events)

2. Discuss upcoming Board and Committee meeting schedule and provide direction to staff

Background

Event attendance is governed by BCVWD Policies and Procedures Manual Part II Policy 4060 Training, Education and Conferences, and Part II Policy 4065 Remuneration / Director Per Diem Fees. Per Government Code 53232.3(d), Directors will either prepare a written report for distribution to the Board or make a verbal report during the next regular meeting of the Board. Directors desiring to attend events not specifically enumerated and preauthorized by BCVWD policy should obtain pre-approval via vote of the Board in order to receive a per diem and/or expense reimbursement.

Upcoming Events

For registration of attendance at any event, Board members should contact the Administrative Assistant.

Activities and events that are, may already be, or can be voted as preapproved for per diem and/or expense reimbursement for attendance:

1 - SAVE THE DATE

- ACWA virtual Continuing Legal Education (CLE) Workshops – Sept. 11, 18 , and 25
- CSDA Workshop: Overview of Special District Laws Oct. 8 (in-person – in Sacramento)
- CSDA Special District Leadership Academy – Nov. 3-6 in San Rafael
- ACWA Fall Conference: Dec. 3-5 in Palm Desert

2 - NEW EVENTS

DATE / TIME	EVENT A	DIRECTOR INTEREST	
Fri, Sep 27 7:30 a.m.	Riverside County Water Task Force Speaker Series – Virtual Meeting Cost: \$0 FREE Program: TBD / Registration is Open https://westernwaterca.gov/535/Riverside-County-Water-Task-Force	COVINGTON	HOFFMAN
APPROVAL		RAMIREZ	SLAWSON
Preapproved (Table A, 12)		WILLIAMS	

DATE / TIME	EVENT B	DIRECTOR INTEREST	
Wed, Oct 30 9 am to 6 pm	Water Education Foundation (WEF) Annual Water Summit At the Kimpton Sawyer Hotel, Sacramento Program and information will be available in the future Cost: \$395 / Registration opens Aug. 7	COVINGTON	HOFFMAN
APPROVAL		RAMIREZ	SLAWSON
Preapproved (Table A, 20)	The Water Summit is WEF's premier event of the year, with leading policymakers and experts addressing critical water issues in California and across the West. https://www.watereducation.org/foundation-event/water-summit-2024 Now in its 40th year, the Water Summit is an ideal event for water district managers and board members, state and federal agency officials, city and county government leaders, farmers, environmentalists, attorneys, consultants, engineers, business executives and public interest groups.	WILLIAMS	

Estimated cost per conference attendee (Sacramento 10/30)		
Conference registration		\$ 395.00
Option 1 Sawyer Hotel [check in 10/29, check out 10/30 (1 nights @ \$378 +tax and fees) est.]		\$ 472.50
Option 2 Marriott Courtyard [check in 10/29, check out 10/30 (1 night @ \$289 +tax and fees) est.]		\$ 361.25
Transportation: Airfare to/from ONT to Sacramento Airport , taxi fare		\$ 250.00
ONT Airport Parking @ \$18 per day (2 days)		\$ 36.00
Meals and incidentals (2 days: 2 dinners, 1 lunch, 1 breakfast (those not included with summit registration) (US GSA Sacramento per diem \$31 per dinner / \$17 lunch / \$16 breakfast)		\$ 95.00
Director per diem (2 days @ \$296.40 per day)		\$ 592.80
Estimated cost per conference attendee:		\$ 1,248.50

3 - ON CALENDAR

DATE / TIME	EVENT C – Conflicts with BIA Water Conference	DIRECTOR INTEREST	
Fri. Aug. 9 7:30 – 9 am	Beaumont Chamber of Commerce Breakfast NOTE CHANGE OF Speaker: Riverside County District Attorney Michael Hestrin Chief Assistant DA John Aki Noble Creek Community Center – Copper Room 390 W. Oak Valley Parkway, Beaumont \$25 per person / Reservation deadline: Aug. 1 Please advise the Administrative Assistant 8 days in advance if you would like to attend. The breakfasts are the second Friday of each month. Speakers vary, but information is not generally available in a timely manner.	COVINGTON NO	HOFFMAN YES
APPROVAL		RAMIREZ NO	SLAWSON NO
Preapproved (Table A, 6)		WILLIAMS NO	

DATE / TIME	EVENT D – Conflicts with Chamber Breakfast	DIRECTOR INTEREST	
Fri. Aug. 9 7:00 am – 1:00 pm	Building Industry Association 18th Annual Southern California Water Conference Keynote Speaker: Wade Crowfoot, Secretary, California Natural Resources Agency Double Tree Hotel – 222 N Vineyard Ave Ontario Registration: \$125 https://www.biabuild.com/water-conference	COVINGTON	HOFFMAN
APPROVAL		RAMIREZ	SLAWSON YES
Preapproved (Table A, 8)		WILLIAMS YES	

DATE / TIME	EVENT E – Note some time overlap with CSDA webinar	DIRECTOR INTEREST	
Tue Aug 13 10 to 3:30	ACWA Region 9 Event: Building the Future: Water Workforce Development Solutions At Wilson Creek Winery, Rancho California Road, Temecula Cost: \$75 Program here: https://www.acwa.com/wp-content/uploads/2024/03/Preliminary-Program-Agenda-Region-9.pdf Join us for an engaging program that will address the pressing workforce challenges of the water industry. Tomorrow’s Talent Founder Dr. Dale Marsden will offer a keynote titled, “Innovating the Water Workforce: What if we could build an intergenerational talent pipeline for the next 100 years?” Discover how talent has been cultivated over the past century and envision what the next hundred years will bring. A panel of experts will share insights on igniting student interest in water careers, recruiting skilled candidates, diverse avenues for attracting future employees, and much more. Through interactive roundtable discussions, attendees will also gain practical ideas for building successful workforce development programs and regional collaboration. Lunch and ample networking opportunities will be provided.	COVINGTON	HOFFMAN
APPROVAL		RAMIREZ	SLAWSON YES
Preapproved (Table A, 2)		WILLIAMS YES	

DATE / TIME	EVENT F – Overlap with ACWA event	DIRECTOR INTEREST	
Tue Aug 13 10 a.m. to noon	CSDA Webinar: Demystifying LAFCOs: Boundaries, Latent Powers, Consolidations, Municipal Service Reviews, More Cost: \$0 FREE	COVINGTON YES	HOFFMAN YES
APPROVAL	Practical, informative discussion of the key provisions of the Cortese-Knox-Hertzberg Act, how LAFCOs work on the ground, and how and why special districts benefit from being informed and active participants. Taught by two attorneys with significant LAFCO experience, as well as a LAFCO executive officer, this webinar provides attendees an overview of the LAFCO process and why it is important for special districts. Topics include: LAFCO role and laws governing agency formations, consolidations, dissolutions, and boundary changes, e.g. annexations, detachments; LAFCOs' power over services, such as when a special district seeks to expand or activate a latent service power; and municipal service reviews and how districts can turn MSRs to their advantage. Board Members, General Managers, and staff will benefit and will learn how special districts can ensure their voice is heard by serving as special district representatives on LAFCO Boards	RAMIREZ YES	SLAWSON NO
Preapproved (Table A Line 10)		WILLIAMS NO	

DATE / TIME	EVENT G – Conflicts with Regular Board Meeting If no quorum, consider moving Regular Board Meeting to Thu Aug 15	DIRECTOR INTEREST	
Wed. Aug 14 5:00 pm	Riv Co 5th District Supervisor Yxstian Gutierrez State of the 5th District event Morongo Ballroom / 49500 Seminole Dr, Cabazon Reservations must be made by Aug. 1 Cost: \$100 per person	COVINGTON NO	HOFFMAN
APPROVAL		RAMIREZ MAYBE	SLAWSON YES
Approved by vote 7/10/24		WILLIAMS	

DATE / TIME	EVENT H	DIRECTOR INTEREST	
Tue. Aug. 20 1 pm – 5 pm	Building Industry Association of Orange County Future Housing & Sustainability Conference Key Conference Topics include: The Future of Housing and Real Estate, Energy and Sustainability, Orange County Infrastructure and Housing Policy and Politics Moulton Niguel Water District 26161 Gordon Rd, Laguna Hills, Ca 92653 Registration: \$75 (see attachment) https://members.biasc.org/events/biasc-housing-panel-rock-show	COVINGTON	HOFFMAN
APPROVAL		RAMIREZ YES	SLAWSON
Approved by vote 7/10/2024		WILLIAMS	
Estimated cost per conference attendee			
Conference registration		\$	75.00
Hotel (not requested)		\$	0.00
Transportation (driving vehicle 157.20 miles RT @ .67 cents mile - IRS rate)		\$	105.32
Director per diem (1 day @ \$296.4 per day)		\$	296.40
Estimated cost per conference attendee:		\$	476.72

DATE / TIME	EVENT I – 8/22 Eng Workshop Rescheduled to 8/29	DIRECTOR INTEREST	
Aug. 21 - 23 Wed-Friday	Urban Water Institute Annual Water Conference Paradise Point Resort, San Diego \$795 Early Bird Registration (before 7/15)	COVINGTON NO	HOFFMAN NO
APPROVAL	The conference program has been posted: https://assets.noviams.com/novi-file-uploads/uwi/events/agendas/uwi_fall24_confprogram-agenda-only-6-20-24-1.pdf	RAMIREZ YES	SLAWSON YES
Preapproved (Table A, 19)		WILLIAMS YES	
Estimated cost per conference attendee:			
Conference registration with meal package (Early bird before 7/15/24)		\$	795.00
Hotel [check in 8/21, check out 8/23 (2 nights @ \$239 +tax and fees) est.]		\$	1,130.40
Hotel parking (\$44 per day @ 3 days)		\$	132.00
Meals and incidentals (3 days: 3 dinners (those not included with conference meal package) (US GSA San Diego per diem \$17 breakfast, \$18 lunch, \$34 per dinner)		\$	136.00
Transportation (driving personal vehicle 226 miles RT @ .67 cents mile - IRS rate)		\$	151.42
Director per diem (3 days @ \$296.40 per day)		\$	889.20
Estimated cost per conference attendee:		\$	3,530.42

DATE / TIME	EVENT J – 9/ 11 Regular Board Meeting to be CANCELED	DIRECTOR INTEREST	
Mon-Thu Sept 9-12	California Special Districts Association (CSDA) Annual Conference and Exhibitor Showcase Indian Wells, CA	COVINGTON NO	HOFFMAN YES
APPROVAL	Schedule and program options available here: https://www.csda.net/annualconference/schedule	RAMIREZ	SLAWSON YES
Preapproved (Table A, 10)	Education and networking event. Come together with special district leaders from across the state to meet with industry suppliers, hear the best in special district topics with more than 30 breakout session options, network with peers, and more at the leadership conference for special districts.	WILLIAMS YES	
Estimated cost per conference attendee (Indian Wells Sept. 9 -12)			
Conference registration with meal package (early bird - prior to 8/9/24)		\$	775.00
Hotel [check in 9/9, check out 9/12 (3 nights @ \$215 +tax and fees) est.]* (Hotel room block reservation cutoff is 8/21/24)		\$	720.00
Meals and incidentals (3.5 days: 3 dinners, 1 lunch (those not included with conference meal package) (US GSA Monterey per diem \$31 per dinner / \$17 lunch / \$16 breakfast)		\$	110.00
Transportation (driving personal vehicle 92 miles RT @ .67 cents mile - IRS rate)		\$	61.64
Director per diem (4 days @ \$296.4 per day)		\$	1,185.60
Estimated cost per conference attendee:		\$	2,852.24

DATE / TIME	EVENT K	DIRECTOR INTEREST	
Thu., Sept 19 5:00 pm	Beaumont Chamber of Commerce State of the City Dinner and Chamber Hero Awards Speaker: Mayor David Fenn Morongo Golf Club at Tukwet Canyon 5:00 – Networking and Dinner / 5:30 - Program Cost: \$75 per person	COVINGTON YES	HOFFMAN YES
APPROVAL		RAMIREZ MAYBE	SLAWSON YES
Preapproved (Table A, 7)		WILLIAMS YES	

DATE / TIME	EVENT L	DIRECTOR INTEREST	
Two days: Wed Sep 25 Thu Sep 26 9 to noon	CSDA Virtual Workshop / SDLA Module The Board's Role in Finance Cost: \$ 230 Discuss important financial concepts, reports, and policies specific to public agencies and special districts. How to ask the right questions, how to link the finance process to District mission and goals, how to develop and analyze CIPs and reserve guidelines	COVINGTON	HOFFMAN NO
APPROVAL		RAMIREZ MAYBE	SLAWSON PROBABLY
Preapproved (Table A, 10)		WILLIAMS MAYBE	

Fiscal Impact

The fiscal impact will depend on the number of directors attending an event and the event costs.

Budget Tracking 2024	Training, Education and Travel		FY 2024 Approved Budget: \$47,000
As of this date	Expenditures	Budget Remaining	Percent expended
06/30/2024	\$14,687.80	\$32,312.20	31.20%

Attachments

None.



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
GENERAL MANAGER'S REPORT**

DATE: July 2024
TO: Board of Directors
FROM: Dan Jagers, General Manager

TABLE A - REPORT HIGHLIGHTS	REPORT PAGE #
Policies and Procedures Manual progress	2
Groundwater Production	4
Water Report	11

FINANCE AND ADMINISTRATION

Operating Budget

Finance staff completed the preparation of each department's mid-year budget review. The annual process includes an evaluation of recorded year-to-date expenses and the associated trends. By having a dedicated process to review the status of the budget, it allows staff at all levels to ensure that all fiscal goals are being met and are adjusted as needed.

Fiscal Year End

Finance staff has completed the reconciliation and audit for the closing of Fiscal Year (FY) 2023. Staff has been providing reconciliation and reporting backup to the District auditors Rogers, Anderson, Malody & Scott, LLP (RAMS) and is presenting the completed Annual Comprehensive Financial Report for 2023 to the Board of Directors in July. The District is responsible for the preparation and fair representation of the financial statements in accordance with generally accepted accounting principles. The auditor's report reflects a clean and unmodified opinion on the District's financial statements.

Cost of Service Study

The Board of Directors has accepted the recommendation for Water Resources Economics, LLC (WRE) to conduct the Cost of Service study (Study) that will evaluate the fiscal responsibilities of the District currently as well as over the next five to ten years. The Study will be based on information provided by all departments as well as the guiding objectives that are identified by the Board of Directors. WRE has been working on financial plan options for Board consideration, as well as providing their recommendations for addressing the challenges ahead, like Chromium 6 and EV Fleet conversion, which have unknown fiscal impacts.

Banking Services

Guided by the best practice recommendation for banking services from the California Society of Municipal Finance Officers (CSMFO), staff issued a Request for Proposals (RFPs) for banking services in April 2024. Three institutions submitted proposals for consideration, which included technical support, sample documentation, their customer service approach, and costs for services. The evaluation committee reviewed the reports and provided a recommendation to the Finance and Audit Committee, which was approved and will be presented to the full Board of Directors in August.

CUSTOMER SERVICE

Customer Assistance

Customer Service staff has assisted 66 customers with payments plans in 2024. Payment plans offer those with large or past due bills to maintain service while still fulfilling their payment obligations. The District has collected \$40,441.93, or 58.99%, of the \$68,559.86 in payment plans in the current year.

Communications and Public Outreach

Finance and Customer Service staff coordinated the initial filming and interviews for the District introduction video. Staff is coordinating with CV Strategies on scheduling the last two interviews, based on the meeting dates for August and September. Once the interviews are complete, the District's public outreach consultant, CV Strategies, will edit and draft the video, which will be featured on the District website, in the near future.

HUMAN RESOURCES

Policies and Procedures: To date, Personnel policy revisions are at 74% completion, which has been achieved by a 33% increase in productivity in policy revision turnaround over the past four months, ensuring District policies remain up-to-date and in line with industry standards. Staff continues to optimize collaboration and streamlining processes while upholding quality standards. Furthermore, the positive reception from District personnel underscores their appreciation for the clarity, relevance, and accessibility of the revised policies. Employees' satisfaction with the improved clarity and consistency has enhanced operational smoothness and adherence to company protocols.

Recruitment Success Across Departments. The District has successfully filled two crucial positions within the Department of Operations, pivotal to organizational goals and contributing significantly to the District's overall water distribution throughout the communities we serve. The average time to fill these positions was an impressive 16 days, demonstrating staff's commitment to swift and efficient recruitment processes, ensuring minimal disruption to departmental operations. The District's on-going partnership with the HR team has proven highly effective in sourcing, screening, and selecting top talent, resulting in high-quality hires aligned with our organizational values and objectives.

Workers Compensation and Safety Focus: For the month of June, there have not been any workers' compensation claims, indicating a strong commitment to safety and well-being among the District's workforce. Internal HR safety audits have yielded promising results, with a commendable score of 87% compared to 83% in May, reflecting the diligent efforts of field personnel in utilizing personal protective equipment (PPE), maintaining proper field ergonomics, ensuring correct storage of equipment, and adhering to Safety Data Sheet (SDS) procedures.

Training Compliance: The collaborative efforts of the HR Division, ACWA JPIA, and Safety Compliance Company were a success in organizing and facilitating essential training sessions, including the successful completion of the Workplace Violence Program training and the Snake Awareness and Handling trainings, underscoring the District's commitment to equipping its workforce with the necessary knowledge and skills to respond effectively to any workplace incidents.



Snake Awareness Training on May 15

This report highlights the ongoing efforts to optimize personnel management, streamline recruitment processes, and prioritize employee well-being and safety.

TABLE B – HR Activity as of June 30, 2024	
Total Current Employees (Excluding Board Members)	46
Full-Time Employees	44
Part-Time	1
Temporary	1
Interns	0
Separations / Retirements	0
Retired Employee(s)	0
New Hires	0
Recruitments in progress	1

OPERATIONS

AMR/AMI Project

Operations staff has successfully replaced manually read domestic water meters to be Automatic Meter Reading/Automated Meter Infrastructure (AMR/AMI) compliant. The first AMI utility billing statements were issued in April, with a full analysis that included a comparison to the three-year average consumption for every account, to ensure accurate and reasonable data pulls from the AMI software system. Customer Service has identified locations within the reading area where AMR reads were utilized and has been working with the Operations and Information Technology departments to ensure accurate and efficient reading procedures. Staff will continue to monitor and analyze the data available from both the AMR and AMI collection processes and will have a full collaborative report to the Board of Directors in the near future. Further, efforts are underway to increase the coverage area and responsiveness of both collectors and repeaters. These efforts will bolster the system and reduce the total number of meters currently collected as a drive route.

Rash of recent backflow device thefts: BCVWD staff was interviewed by City of Beaumont Police in connection with a recent rash of thefts of local backflow devices. Staff provided information to the PD in the hope that the information will assist in identifying and apprehending the culprit. Backflow devices are owned by the property owner. Theft does not result in monetary loss to the

District, but is a burden on the property owner, and does cause an expense of District staff time in assisting with water shutoff / turn on, and emergency call outs for assistance. Customer Service staff has received training on the function and necessity for such devices.

Well 1A and 2A redrill project: The conductor casing for both Wells 1A and 2A have been installed. The soundwall and discharge piping have been installed to begin drilling efforts at Well 1A. When complete, the soundwall will be moved to the Well 2A site to begin drilling. Additionally, the discharge piping has been installed at Well 1A and the site is ready to begin drilling activities. Staff is working with the contractor on an updated schedule and start date for drilling.

Well 21 Rehabilitation and Repair Project:

All associated work for well rehabilitation has been completed at Well 21 with full installation of a new pumping unit. The project is now complete and Well 21 has been returned to full service.

Leaks repaired

June 2024: Five (5) main line leaks and no service line leaks were addressed.

TABLE C – Groundwater Production

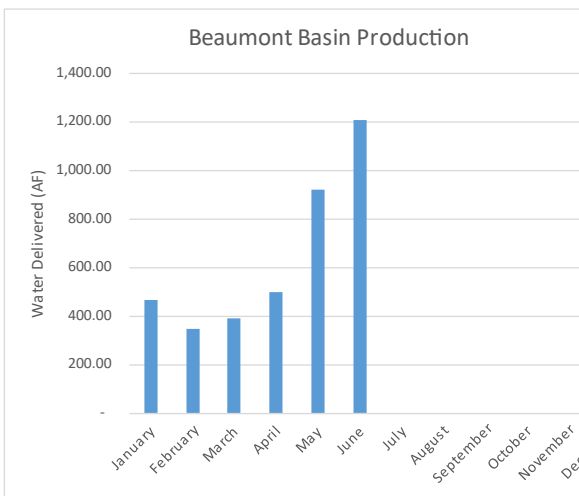


TABLE D – Groundwater Production

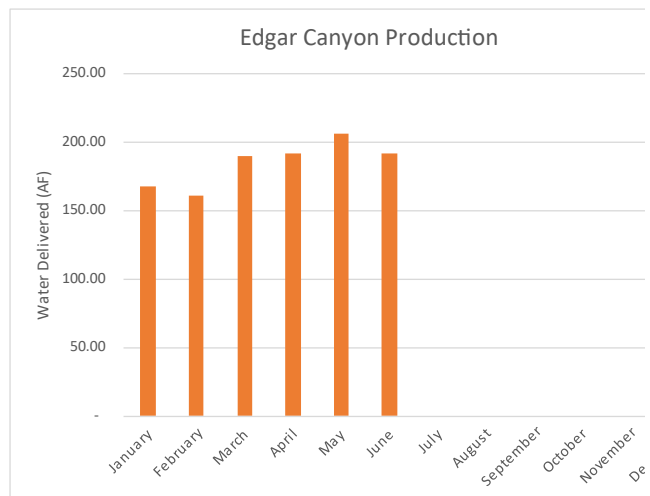
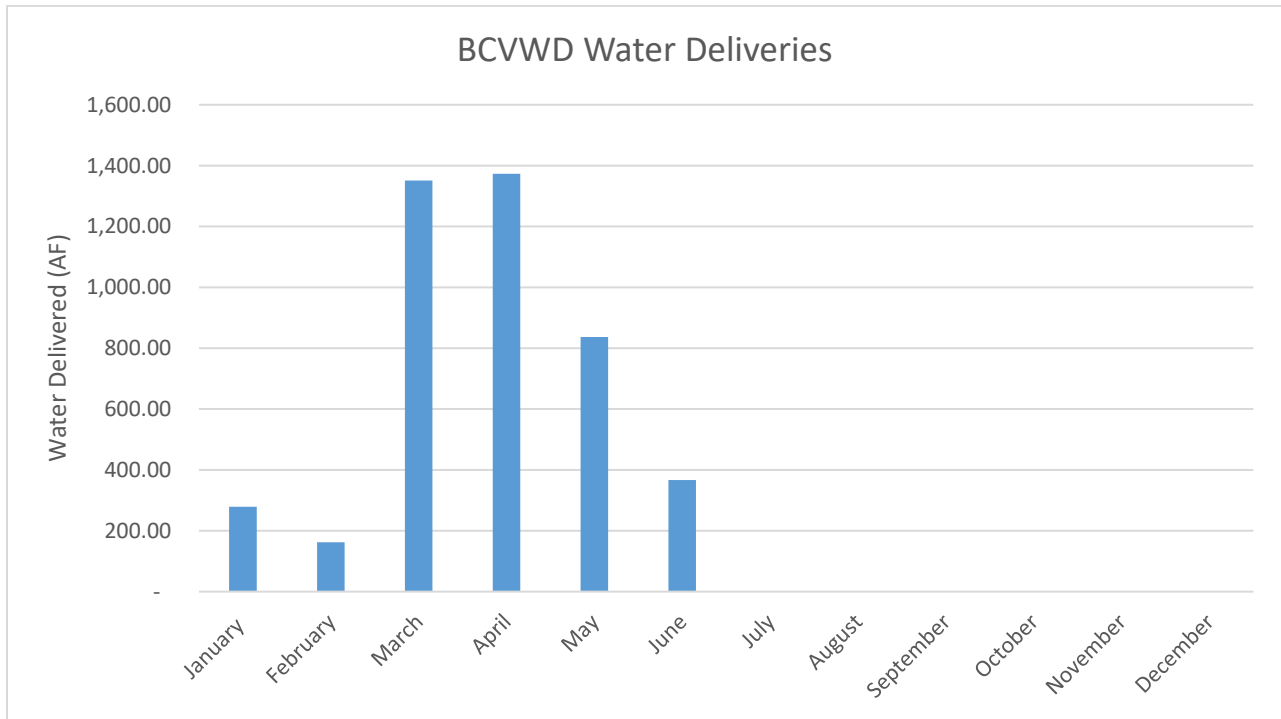


TABLE E – Total Monthly Imported Water Delivery



EXECUTIVE OFFICE

GOALS FOR 2024

1. Improve customer communication and service
2. Adhere to State and Federal drinking water standards, focusing on regulatory water quality sampling
3. Upgrade infrastructure
4. Complete deployment of the AMR / AMI project
5. Increase valve maintenance activities
6. Implement a GPS-enabled system for accurate mapping
7. Advance Capital Improvement Projects

Of Interest: Informational program on July 24 at 5 p.m.



**DEFINING THE WATER
PORTFOLIO STRATEGIC
PROGRAM**

We are a system of systems aligned in a common objective.

A continuous planning assessment to maintain water supply reliability over a 50-year planning horizon:

- 1.** Potential acquisition of future supplies; leveraging existing portfolio; maximizing value.
- 2.** SGPWA activities, e.g. external water leases, local and external banking, statewide projects – Sites/DCP/VA's, actively buying/selling water, conservation/education.
- 3.** Retailer activities, e.g., local banking, conservation, recycled water, collaborative projects.
- 4.** The importance of regional collaboration.

The July 24, 2025, meeting of the San Gorgonio Pass Regional Water Alliance will include an informative presentation from SGPWA Senior Water Resources Planner Emmett Campbell on the Water Portfolio Strategic Program. The meeting is via teleconference at this link:

<https://us02web.zoom.us/j/88208695795?pwd=bn94K2RpaStSOUNsU3Z5NVhnT0JxUT09>

Meeting ID: 882 0869 5795 • Passcode: 697560

One tap mobile: +16699009128,,88208695795#,,,,*697560#

Dial in: 1 (669) 900-9128 US (San Jose) • Meeting ID: 882 0869 5795

TABLE F - General Manager's activity status

A - DISTRICT HAPPENINGS		
A1	AMR / AMI Project SUPPORTS GOAL 4	Initial collectors and repeaters have been installed at various District owned facilities. The AMR/AMI system has been transitioned to network mode and most of the meters can now be read in real-time from the District's Administrative Office. District staff has begun testing various locations to improve AMI coverage, and for redundancy, by placing temporary sleds in strategic locations and testing the coverage. Staff has also developed a "heat map" to identify locations to consider for further testing.

		Staff have ordered antennas for the collectors/repeaters that could increase the coverage range up to two miles and reduce the total number of collectors/repeaters necessary to maximize coverage. Once received, staff will deploy the new antennas and begin further testing.
A2	Cost of Service Study (Water Resources Economics)	WRE made an initial presentation to the Board at the May 16, 2024 meeting and reported the findings of the surveys submitted by the Board. Representatives outlined the process and kicked off a policy discussion which will guide WRE in its rate proposals. Staff provided an overview of the 2019 process at the request of the Board.
A3	Capacity Charges Study (Raftelis)	Working to get through it by the end of the year. Engineering is wrapping up CIP project costs, which will be delivered to the consultant for analysis. Will report out in approximately September.
A4	Operations Center SUPPORTS GOALS 1 AND 7	Staff continues to search for appropriate solutions based on Board direction. Several alternatives have been investigated. At its meeting on 7/10/24, the Board authorized funding for improvements to the existing building at 12th / Palm as a stopgap measure. Purchase of a large lot is in progress for future development into needed operations space.
A5	Well drilling 1A and 2A SUPPORTS GOALS 3 AND 7	Project is underway. See detail earlier in this report.
A6	Cherry Valley Boulevard Temporary Services SUPPORTS GOAL 1	A CEQA Notice of Exemption is on the 7/25/24 meeting agenda for Board consideration as a step forward in the LAFCO annexation process for each property. Staff continues to work with both homeowners.
A7	Policies and Procedures Manual	<p>The 5/21 Personnel Committee meeting was canceled due to lack of quorum, so no policies were vetted for the Board. The five policies in development were reviewed at the 6/20 meeting, and four were recommended to move forward to the full Board.</p> <p>Administrative policies are also beginning to be reviewed for possible update. These are not HR-related so will come directly to the Board.</p> <p>A first draft of revision of the following policies (as requested by Director Williams) has been prepared and is awaiting review internally: Policy 4060 Training, Education and Conferences Policy 4065 Remuneration / Director per diem fees Part II Section 14 – Payment of Expenses Part II Section 15 – Expenditure Reimbursement</p>
A8	Elm Avenue Pipeline update SUPPORTS GOALS 1 AND 3	Board approved purchase of materials on 6/27 and funding of District labor for project construction. The engineering plans are being reviewed by the City and are anticipated to be signed by the District in the next couple of weeks, with construction likely beginning at

		<p>the end of July or early August.</p> <p>This line has been experiencing a lot of leaks, requiring a lot of staff time.</p>
A9	<p>Customer Service</p> <p>SUPPORTS GOAL 1</p>	<p>The Customer Service Department is functioning well as a team and continues to serve BCVWD customers with aplomb.</p>
A10	<p>2024-2025 Classification and Compensation Study</p>	<p>Staff has prepared a Request for Proposal to identify a consultant to perform this study, as per the District's commitment to the employees during the 2022 MOU negotiation.</p>
B - LOCAL AGENCY HAPPENINGS		
B1	<p>City of Beaumont – Cooperative Agreement (encroachment permit and paving)</p> <p>SUPPORTS GOALS 3 AND 7</p>	<p>Final comments have been returned from the City. The agreement is in legal review.</p>
B2	<p>City of Beaumont – Recycled Water Agreement</p> <p>SUPPORTS GOALS 1, 3, & 7</p>	<p>A monthly meeting with City officials and including SGPWA representatives has been established for the second Tuesday.</p>
B3	<p>City of Beaumont Landscape Ordinance</p>	<p>District staff is working internally on revised language to further expand on the District's position related to turf conversion. District staff is formulating a letter that can be disseminated to HOAs and/or homeowners who have homes that were constructed after a certain date which disallowed turf conversion.</p>
B4	<p>Beaumont Basin Watermaster (BBWM)</p>	<p>The Committee approved the 2023 Annual report, available for viewing here: https://beaumontbasinwatermaster.org/home-2/documents-and-publications/ At the special meeting / workshop on 7/10, the Committee approved a new practice of posting the meeting recordings on the BBWM website.</p>
C - CALIFORNIA HAPPENINGS		
C1	<p>SWRCB Chromium 6 MCL update</p> <p>SUPPORTS GOAL 2</p>	<p>At its 4/24 meeting, the State Water Resources Control Board set the Chrom 6 maximum contaminant level at 10 ppb. Compliance will be required by October 1, 2026. BCVWD staff is researching several potential avenues to meet the new standard in the most efficient and cost effective method possible.</p>
C2	<p>Zero Emission Trucks – Advanced Clean Fleet rules</p> <p>SUPPORTS GOAL 2</p>	<p>ACWA continues to advocate for Advanced Clean Fleets (ACF) Regulation Amendments allowing greater flexibility for Public Agencies. Staff has recently included the District's TRUCRS ID and fleet information in an ACWA survey to be included in regulation amendment consideration. Additionally, staff is taking the necessary steps to comply with the ACF regulation and to explore available resources to determine the best path forward.</p>

C3	Recharge capacity and State Project Water	<p>Ongoing collaborative effort with SGPWA with a current increase of State Water Project 2024 allocation of 40 percent. Staff is working closely with SGPWA to maximize deliveries to the region by coordinating pond maintenance cycles, coordinating algaecide deliveries and injection, and communicating pond capacity to adjust daily flowrates.</p> <p>Both the District and the SGPWA have completed a pond maintenance cycle to increase recharge capabilities, with the District's Phase II ponds back online. Maintenance is now underway at Phase I with anticipated completion early August.</p>
C4	AB 1668 and SB 606: Making Conservation a California Way of Life	<p>ACWA advised its members that a new comment period (through June 4) had been opened on changes in the proposed regulation. The updated proposed text can be accessed here: https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/regs/water_efficiency_legislation.html#reg-docs</p>
C5	Sites Reservoir https://sitesproject.org/	<p>The Sites Reservoir Authority met on 7/19. The Executive Director's Status Report is herewith, see Attachment 2.</p> <p>Several project tasks have been pushed out by +/- 26 weeks due to extension of the Water Right permit schedule by the State Water Board Administrative Hearing Office. The Authority notes, "this is where there are currently no funds available for staff work and has added significant expenses due to the expanding of the scope and length of the process." The meeting minutes can be viewed here: https://sitesproject.org/wp-content/uploads/2024/07/01-01-Draft-Board-Meeting-Minutes-June-21-2024.pdf</p> <p>In early June, a Yolo County judge rejected an effort by environmental groups who posited the reservoir would "harm the Sacramento River's ecosystem and threaten imperiled fish species," see L.A. Times article here: https://www.latimes.com/environment/story/2024-06-05/sites-reservoir-court-ruling</p> <p>Also, the Authority announced in June that the project had been awarded an additional \$67.5 million in federal funding to expand off-stream water storage.</p>
C6	State Water Project (SWP)	<p>On April 23, the Department of Water Resources increased the 2024 SWP allocation to 40 percent. A press release can be viewed here.</p>
C7	Delta Conveyance Project (DCP)	<p>The DCA has prepared an updated cost estimate for the Delta Conveyance Project. The cost of the project is estimated to be \$20.1B in real 2023 (undiscounted) dollars. A preliminary cost assessment conducted in 2020, early in the design process, estimated the project at \$16B. Accounting for inflation to 2023 dollars, the two estimates</p>

are similar in cost. The DCA conducted a preliminary value engineering exercise to identify design and construction innovations that present opportunities to cut costs, save time, and reduce risks. These engineering innovations, while not representing changes to the approved project description, do show that there is genuine potential for a significant cost reduction of about \$1.2 billion even at this early stage of project development. Find the Cost Estimate here: https://water.ca.gov/-/media/DWR%20Website/Web%20Pages/Programs/Delta%20Conveyance/Public%20Information/DCP%20Benefit-Cost%20Analysis%202024-05-13_ADA.pdf

See also Attachment 3 – Understanding Costs, Benefits, Funding and Financing for the DCP

Estimate Methodology

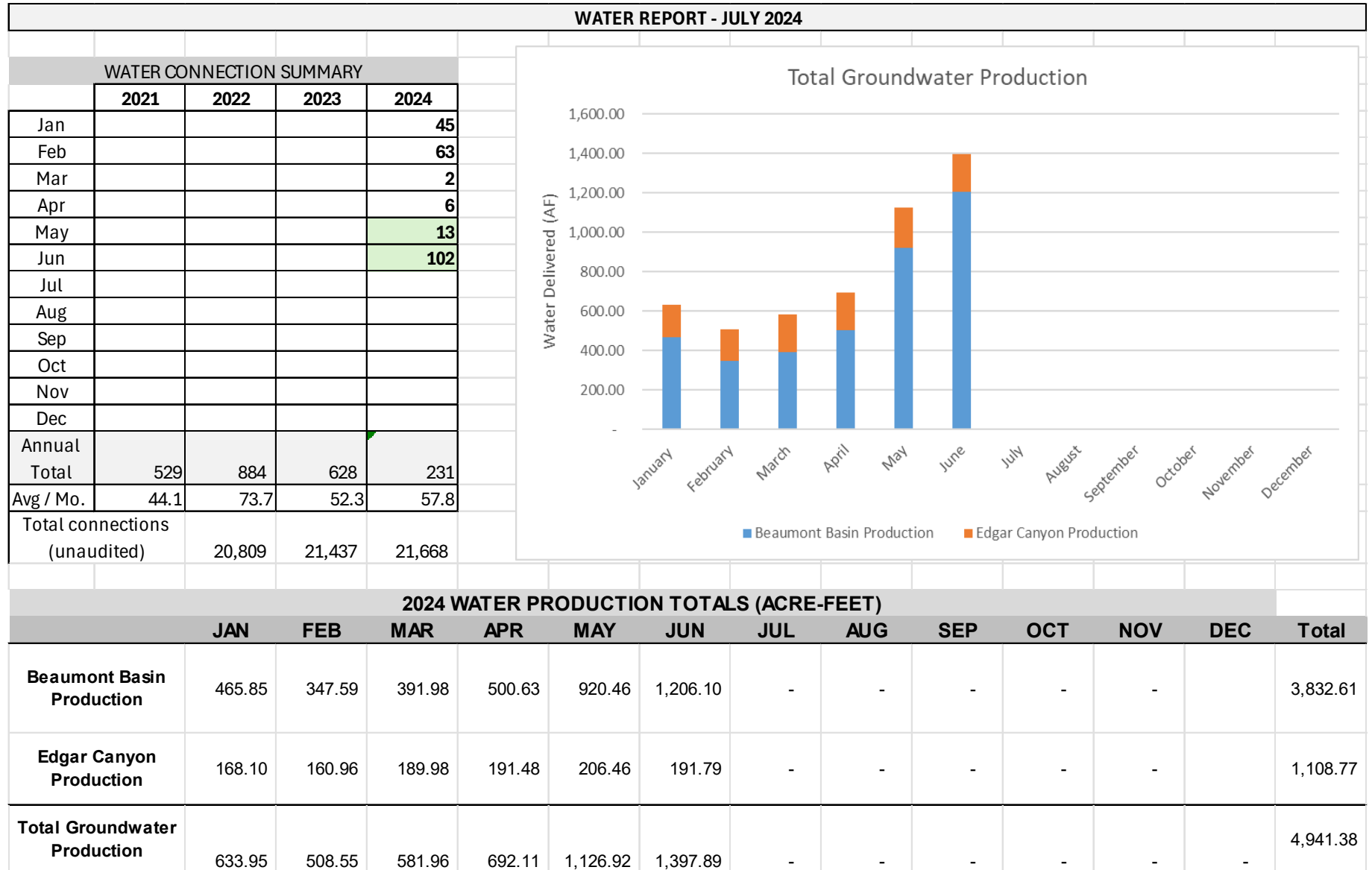
- “Bottoms up” cost estimating approach based on labor, equipment, materials, and schedule to accomplish the work
- Estimate uses 2023 “real” undiscounted dollars per typical economic standards
- Reconciliation process with independent cost estimating and resolution of cost differences
- Includes contingency and risk treatment costs to account for uncertain items
- Assumes Design-Bid-Build procurement

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ATTACHMENTS

1. BCVWD Water Report – July 2024
2. Sites Reservoir Project Monthly Status Report (June)
3. Understanding Costs, Benefits, Funding and Financing for the DCP

ATTACHMENT 1



Sites Reservoir Project Monthly Status Report (June)

Monthly Status Summary:

The development of the Sites Project continues to make progress in the critical areas, including the following activities:

Engineering:

- Continued preliminary engineering design reviews.
- Continued planning and coordination of Golden Gate Dam value engineering activities.
- Continued development of preliminary engineering Opinion of Probable Construction Cost Estimate.

Coordination with Reclamation:

- Meetings with Reclamation and DWR to discuss technical aspects of coordinating operations continue. Most of the current effort is related to defining the circumstances under which close coordination is to occur during diversions. Next up will be review of releases and delivery, and exchanges with Oroville.
- The State Water Contractors are providing comments on the Operations Coordination Agreement through DWR.
- Technical discussions with Reclamation involving the development of the Partnership Agreement (which is the Federal equivalent to the B&O) continue.
- Ongoing coordination with Reclamation on schedule and timing for signing the ROD.

Environmental Planning and Permitting:

- Ongoing CEQA litigation support, as needed.
- Draft testimony and supporting documentation for upcoming water right hearings.
- Continued meetings with Reclamation & USFWS on the Project’s construction Biological Opinion.
- Continued to perform seasonal surveys required by the Project’s Aquatic Study Plan.
- Continued development of responses to Corps, EPA and public comments on the Section 404 permit.
- Continued meetings with CDFW staff on responding to additional information requests for the Project’s Operations ITP application. Provided substantial information to CDFW to address their requests.
- Continued coordination with CDFW on the Revised Construction ITP and Master

Preparer:	JB, KS, AF, CH, HL, JS, LWH, JR	Authority Agent:	AF, KS, JR	Approver:	Brown	Page:	1	of	2
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Monthly Status Report Continued

Streambed Alteration Agreement.

- Continued discussions with several parties protesting the Project's water right application and continued preparation for the water right hearing.
- Preparation for initiation of the Section 408 approval process with the Army Corps of Engineers.
- Continued coordination with design and engineering team on Project Delivery planning.

Operations:

- Continued effort to transition Sites into the CalSim 3 model platform.
- Continued efforts on additional modeling in CalSim II for the Operations ITP analysis.
- Continued effort to develop Sites Operations Plan Version 2.1.

Partner Engagement, Public Outreach & Real Estate:

- Conducted a project site tour for staff of the Governor's Office of Planning and Research.
- Conducted project presentation/tour to support Metropolitan Water's State Water Project Tours Program for the City of Los Angeles.
- Held Legislative & Outreach Committee and Land Management Committee meetings.
- Held a Local Community Working Group Meeting.
- Planning for Landowner Meetings (July 17th) in Maxwell and Dunnigan (July 18th).
- Planning for Maxwell Community Project Update Meeting in September 2024.
- Planning for a Virtual Town Hall in 2024 and future 2024 LCWG meetings.
- Continued ongoing coordination with landowners who are part of the Early Acquisition Program.
- Ongoing coordination with landowners to discuss Temporary Right Of Entry for geotechnical, biological, environmental, and cultural field activities and other real estate actions.

Program Management & Administration:

- Ongoing coordination with the Environmental Protection Agency on Water Infrastructure Financing and Innovation Act (WIFIA) Master Agreement development.



Understanding Costs, Benefits, Funding and Financing for the Delta Conveyance Project

The Department of Water Resources' (DWR) Delta Conveyance Project will soon reach an important milestone with the release of an updated cost estimate and a benefit-cost analysis. The following FAQ covers common questions on how the project will be funded and how costs and benefits will be assessed.

How is the State Water Project funded?

Financing, construction, operation, and maintenance of the State Water Project (SWP) is administered by DWR. The SWP is funded by the 29 local public water agencies (PWAs) throughout California with long-term SWP water supply contracts. These water supply contracts were created in the 1960s and are central to financing SWP construction and operation.

How is the planning and conceptual design of the Delta Conveyance Project funded?

Eighteen of the PWAs are funding the planning and design of the Delta Conveyance Project through local sources. The planning and design of the project is not funded by California's general fund.

How would construction of the Delta Conveyance Project be funded?

DWR funds SWP capital projects by issuing revenue bonds. Revenue bonds are not liabilities of the State of California. These bonds are the sole obligation of the SWP and are repayable from SWP revenue. For the Delta Conveyance Project, that revenue will be provided only by the participating PWAs. The state's general fund is not responsible for any construction costs.

What is a revenue bond?

Revenue bonds are a common way for public agencies to raise capital for infrastructure projects (also known as "financing" a project). Investors purchase the revenue bonds, thereby providing money to the issuer of the bonds. In return, the issuer of the bonds promises to repay the bondholders' principle plus a specified rate of interest over the life of the bonds using revenue from the project that was financed by the bonds.

What is a benefit-cost analysis and why is it important?

A benefit-cost analysis is a systematic method to assess the economic viability of certain types of projects, such as the Delta Conveyance Project. This analysis estimates the ratio of a project's expected future benefits and costs, based on a variety of direct and indirect economic and environmental considerations. In conducting a benefit-cost analysis, the project's benefits and costs are compared to a scenario where the project is not undertaken, known as the no-project scenario. This comparison demonstrates the added value of the project relative to maintaining the status quo. A benefit-cost analysis is an important step in ensuring that the benefits of a project justify its costs.

What benefits will be identified in the benefit-cost analysis for the Delta Conveyance Project?

The benefit-cost analysis for the Delta Conveyance Project will evaluate several key benefits: improved water supply reliability (including climate change), enhanced water quality, and increased seismic reliability for the SWP's urban and agricultural contractors.

Some benefits of the Delta Conveyance Project will not be quantified in the benefit-cost analysis and yet are also compelling for decisions-makers, including:

- Increased operational flexibility: resolving regulatory conflicts in the south Delta to meet environmental requirements for the equal benefit for fish/water supply goals
- Community Benefits Program: investments in Delta communities for high-priority local projects, local business utilization, job training, and infrastructure improvements
- Job creation: the project will create over 5,000 total jobs, including supporting industries
- Groundwater supplies: protecting affordable surface water supplies relieves pressure on dwindling or constrained groundwater sources

How will costs be identified in a benefit-cost analysis for the Delta Conveyance Project?

A preliminary cost assessment was prepared in 2020, showing the project cost to be nearly \$16 billion. An updated cost estimate for the Delta Conveyance Project will provide the basis for the cost portion of the benefit-cost analysis in 2023 dollars and will include the anticipated costs of design, construction, and startup/commissioning of the facility. Additionally, the benefit-cost analysis will include the costs for long-term operations of the facility and for unmitigated environmental impacts identified in the Environmental Impact Report for the Delta Conveyance Project.

How is uncertainty accounted for in the early stages of design and cost estimating?

In the early stages of design, there are fewer absolutes, while later stages of design have more detail and fewer unknowns. To account for this, the Association for the Advancement of Cost Engineering (AACE) created guidelines using industry benchmarking and empirical data that provide ranges of expected accuracy based on the level of project definition, estimating methodology and effort. In addition, estimates typically include "contingency" funds for unknown or undefined aspects of a project, which tends to be larger during earlier phases of project development.

What makes a cost estimate reliable?

For the Delta Conveyance Project, the updated cost estimate will be prepared following AACE guidelines and will include construction costs (including materials and labor for all project features, and site access and logistics) and non-construction costs (like design, planning and permitting, land costs, mitigation, and power). The updated cost estimate for the Delta Conveyance Project will also include appropriate contingency to account for greater unknowns at this current conceptual stage. However, given the complexity and scale of the project, the estimate will be more rigorous than typical for concept-level designs, including:

- Using engineering documentation in drawings and technical reports
- Developing costs based on unit rates, quantities, and durations
- Replacing most cost "allowances" with actual estimates and material price quotes
- Better understanding of ground conditions, schedule, and risks

Will the cost estimate account for inflation?

The cost estimate will be presented in 2023 dollars. Estimating costs relative to a specific base year is a standard approach in cost estimation and ensures consistency and comparability, as it measures all costs against the same monetary standard, removing distortions from fluctuating inflation rates. This approach simplifies cost estimation and financial planning by eliminating the complexity of forecasting uncertain future inflation.

Delta Conveyance Project Funding and Financing

Funding, Planning, Permitting and Design

PWA funds come from local sources, not the state general fund

Public Water Agencies (PWAs) pay the Department of Water Resources (DWR) their share based on SWP contracts

DWR uses funds for:

Planning, permitting and design

Financing Construction with Revenue Bonds

Total includes previous expenditures for planning, permitting and design

Investors purchase bonds

DWR uses funds to:

Reimburse PWAs for previously spent planning, permitting and design

Build the project

Revenue Bond Repayment

Repayment begins upon issuance. Financing terms TBD (e.g. 30 year fixed plus interest)

Rate payers pay PWAs

PWAs pay DWR

DWR pays bondholders

