



BEAUMONT-CHERRY VALLEY WATER DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2025

Beaumont, California



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Annual Comprehensive Financial Report

For the Year Ended December 31, 2025

Beaumont-Cherry Valley Water District Beaumont, California

Board of Directors as of June 4, 2026

Lona Williams, President

Andy Ramirez, Vice-President

David Hoffman, Secretary

John Covington, Treasurer

Daniel Slawson, Member

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

Prepared by the Finance and Administration Department

Sylvia Molina

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, 2025

Table of Contents

	Page
Introductory Section	
Transmittal Letter	1
Board of Directors	11
Organizational Chart	12
GFOA Certificate	13
Financial Section	
Independent Auditor's Report	14
Management's Discussion and Analysis	18
Basic Financial Statements:	
Statements of Net Position	29
Statements of Revenues, Expenses and Changes in Net Position	30
Statements of Cash Flows	31
Notes to Financial Statements	33
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	66
Schedule of Plan Contributions - Pension	67
Schedule of Changes in Other Post-Employment Benefits and Related Ratios	68
Schedule of Contributions - Other Post-Employment Benefits	69
Statistical Section	
Net Position by Component	71
Changes in Net Position	72
Operating Revenue by Source	74
Operating Expense by Activity	75
Customers by Type	76
Principal Customers	77
Revenue Rates	78
Ratio of Outstanding Debt by Type	79
Debt Coverage	80
Demographic and Economic Statistics	81
Principal Employers for the Community Area	82
Full-time and Part-time District Employees by Department	83
Operating Indicators by Function	84

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Introductory Section

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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

June 4, 2026

Honorable Board of Directors
Beaumont-Cherry Valley Water District

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Beaumont-Cherry Valley Water District (District) for the year ended December 31, 2025. 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, 2025, 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.

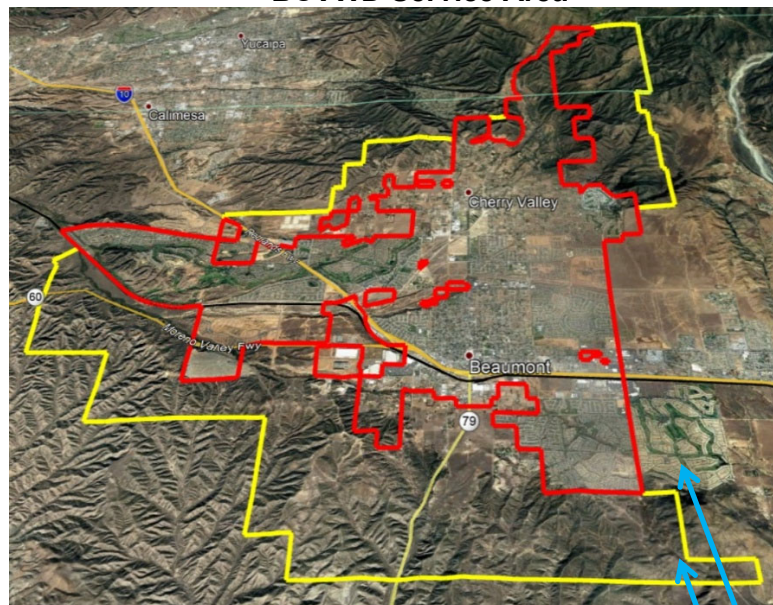
History

The District's origins date back to 1859, when Dr. William F. Edgar, a military doctor who oversaw several hospitals during the Civil War, appreciated the land's natural beauty. Dr. Edgar purchased land to plant fruits and vineyards, later establishing a winery in the area, in what is now known as Edgar Canyon. In the latter part of the 1800's, the Southern California Investment Company became 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. Today, the District owns 575 acres of watershed land in Edgar Canyon in San Bernardino County and an additional 949 acres of watershed land in Riverside County.

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 2025, the District had 22,225 connections, an increase of 138 connections over 2024, 93.12 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, possibly highly treated recycled water may be recharged at the facility as well as storm runoff. 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, 2025, of 13,225.4 acre-feet (AF) was comprised of 9,043.2 AF of groundwater from the Beaumont Basin (68.37%), 2,229.4 AF of groundwater from Edgar Canyon (16.86%), and a 1,952.8 AF allocation of unused overlying water rights (14.77%) 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 16,200.0 AF of State Water Project water during the year and after accounting for the 9,043.2 AF of groundwater pumped in the Beaumont Basin, the District added 7,156.8 AF of imported water to its Beaumont Basin Watermaster Storage Account during 2025.

Governance

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

Local Economy

The District is mostly located within Riverside County, the fourth largest county in the State. Riverside County and San Bernardino County comprise the Inland Empire, one of the fastest-growing metropolitan areas in the nation. The Inland Empire covers approximately 27,000 square miles with a population of about 4.8 million. Riverside County has a population of 2.5 million people, and of this, the District serves approximately 66,586 between the City of Beaumont and the community of Cherry Valley.

The District's customer base currently comprises primarily residential and commercial customers. Large consumers remain consistent year to year, with the Beaumont Unified School District, City of Beaumont, K Hovnanian's Four Seasons, Fairway Canyon HOA, 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 at \$107,118 are 15 percent higher than for the County of Riverside at \$93,074 and 8 percent higher than the State-wide median household income of \$99,122. At the end of 2025, the median value of a single-family owner-occupied housing unit in the vicinity of the City of Beaumont was approximately \$539,000, up approximately 2 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:

1. The promotion of maximum value and economy for the District's ratepayers through fair and competitive processes that minimize opportunities for favoritism;
2. A cost-effective purchasing process that incorporates high ethical standards;
3. Obtaining quality materials, supplies, equipment, and services (nonprofessional, professional, public works construction projects, etc.) at the lowest ultimate cost and in a timely manner;
4. A process to purchase, using effective fiscal controls that assure adherence to budgeted expenses and for obtaining appropriate levels of approval as established herein.

Challenges Facing the District

The District continues to face several significant challenges, including long-term investment in aging infrastructure, hydrologic volatility, water-use efficiency and water-quality regulatory requirements, participation in regional and statewide water supply reliability projects, and pension and retiree healthcare costs. The District continues to address these challenges through long-range capital planning, reserve funding, pursuit of outside funding sources, participation in regional water supply planning, and prefunding strategies for pension and other post-employment benefit obligations.

Investment in Infrastructure - Aging infrastructure continues to be a significant challenge for the District. Much of this infrastructure requires substantial investment in both the short- and long-term to maintain reliable service, meet regulatory requirements, and support future demand. The District currently has reserves to address immediate replacement and improvement projects; however, it continues to evaluate alternative funding sources, including grants, low-interest loans, and revenue bond financing.

Drought Impacts - Climate change continues to make California's hydrologic conditions more extreme and less predictable, with the state experiencing rapid swings between dry conditions, atmospheric river events, flood risk, and regionally uneven precipitation. During 2025, the Department of Water Resources (DWR) increased the State Water Project allocation to 50 percent of requested supplies, reflecting improved reservoir and snowpack conditions at that time. However, DWR and federal drought-monitoring sources continued to emphasize that Water Year 2025 was regionally uneven, with Southern California experiencing dry conditions, and DWR subsequently maintained the 2026 State Water Project allocation at 30 percent for most contractors, including San Geronio Pass Water Agency, as of April 27, 2026. These conditions reinforce the need for continued local supply reliability planning, conservation, groundwater management, and regional storage participation.

Making Conservation a California Way of Life - The State Water Resources Control Board's "Making Conservation a California Way of Life" regulation became effective January 1, 2025. The regulation establishes customized urban water use objectives for each urban retail water supplier and provides flexibility for suppliers to implement locally appropriate solutions. Compliance may have a significant fiscal impact on the District through reduced water sales revenue, public outreach and customer education costs, additional reporting and administrative requirements, and potential implementation of new or expanded conservation programs.

Hexavalent Chromium [Cr(VI)] Compliance - The District has identified three wells with hexavalent chromium, or Cr(VI), levels exceeding the applicable maximum contaminant level. Compliance may require capital investment, operational changes, blending, treatment, replacement supply, or other mitigation measures. The District is evaluating available options to determine the most cost-effective and efficient method to maintain compliance while continuing to provide safe and reliable water service. In addition, the District has incurred significant costs associated with required regulatory notifications and public outreach, which must be distributed District-wide rather than only to customers directly served by the affected wells.

Delta Conveyance Project - The Delta Conveyance Project is a proposed Department of Water Resources project to modernize State Water Project conveyance in the Sacramento-San Joaquin Delta through new diversion and conveyance facilities, including north Delta intakes, tunnels and

shafts, pumping facilities, and connections to existing State Water Project facilities. The California Department of Water Resources (DWR) certified the final Environmental Impact Report (EIR) for the project in December 2023, meeting California Environmental Quality Act (CEQA) requirements. The Delta Conveyance Authority (DCA) updated the project's cost estimate in May 2024, setting it at \$20.1 billion in real 2023 dollars.

The project continues to present long-term uncertainty related to permitting, litigation risk, schedule, financing, cost allocation, and potential future charges to participating State Water Project contractors. The San Geronio Pass Water Agency's potential share has been estimated at approximately 2 percent, or about \$402 million based on the \$20.1 billion estimate, although final obligations may change as the project advances.

Sites Reservoir - The Board of Directors (BOD) has authorized ongoing participation in the Sites Reservoir Project, an off-stream water storage initiative designed to improve statewide and regional water supply reliability by storing water during wetter periods and making water available during drier periods. The District's approved participation level remains 4,000 acre-feet per year in partnership with the San Geronio Pass Water Agency, which has committed to an additional 10,000 acre-feet per year, for a combined regional commitment of 14,000 acre-feet per year. Based on the project's planned 1.5 million acre-foot capacity, the regional participation represents approximately 87,000 acre-feet of storage opportunity.

The Sites Reservoir Project advanced during 2025, but it remains subject to significant permitting, financing, schedule, and cost considerations. The Sites Project Authority reported that federal contributions reached \$798 million during 2025, and the California Water Commission approved an additional \$218.9 million in inflationary funding, making the project eligible for just under \$1.1 billion in Water Storage Investment Program funding. The Authority stated that these actions support a planned construction start in late 2026 and operation by the end of 2033. Public project cost estimates have increased to approximately \$6.2 billion to \$6.8 billion.

Subsequent to year-end, the State Water Resources Control Board released a draft water right decision and associated draft permit for Sites Reservoir. The proposed project would create a 1.5 million acre-foot facility to store and divert water from the Sacramento River, and the draft decision includes proposed conditions such as an annual diversion limit of 986,000 acre-feet and operating criteria to protect senior water right holders, water quality, and fisheries. The District will continue to monitor permitting, funding commitments, participant agreements, and project schedule developments to evaluate the long-term regional benefits and financial obligations associated with Sites Reservoir.

Increasing CalPERS Costs - State-level policy decisions made by the California Public Employees' Retirement System Board can directly affect the District's pension obligations. Pension costs remain sensitive to investment returns, actuarial assumptions, asset allocation, discount rate policy, amortization policy, payroll changes, and demographic experience. CalPERS reported a preliminary 11.6 percent net investment return for the fiscal year ended June 30, 2025, which exceeded its 6.8 percent discount rate and improved system funded status; however, employer contribution requirements remain subject to long-term market and actuarial volatility.

The funds used to pay CalPERS retirement benefits come from employer contributions, member contributions, and investment earnings. The District has been proactive in mitigating pension cost volatility. At the regular meeting held on September 13, 2023, the District's Board adopted Resolution 2023-24 electing to participate in the California Employers' Pension Prefunding Trust program, adopting the agreement to prefund employer contributions to a defined benefit pension plan, and authorizing execution of related documents. The California Employers' Pension Prefunding Trust is a Section 115 trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. Under the District's current Funding Policy, the Pension Trust was funded with \$73,540 for Fiscal Year 2025. 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 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 program, adopting the agreement to prefund Other Post-Employment Benefits through CalPERS, and authorizing execution of related documents. The California Employers' Retiree Benefit Trust is a Section 115 trust dedicated to prefunding OPEB for eligible California public agencies. Under the District's current Funding Policy, the OPEB Trust will be funded with \$111,300 for Fiscal Year 2025. 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 2024 Annual Comprehensive Financial Report (ACFR) and highlights of significant projects planned to be initiated in 2026 to meet the District's goals.

Completed:

- Successfully completed and inspected the 3040 Pressure Zone Cherry Avenue/International Park Road Transmission Pipeline Project, advancing a long-planned infrastructure improvement through construction despite material lead-time delays and unforeseen boulder removal. By year-end, the Project was ready for Notice of Completion filing, with ARPA funding significantly reducing the District's net cost.

- Adopted a new rate structure, effective May 1, 2025, designed to meet the District's operational and capital needs while maintaining fair and sustainable rates that ensure long-term financial stability. Although rates have increased, they remain among the lowest in the region, reflecting the District's continued commitment to providing high-quality water service at an exceptional value.
- Advanced District and regional water supply initiatives by updating annual water consumption models, assessing storage needs, and actively collaborating with regional partners to support future water reliability.
- Advanced water supply planning, including pressure zone demand updates and evaluations of pumping, storage, and delivery needs.

To Be Initiated:

- Initiate planning and design for major CIP projects including reservoirs, transmission pipelines, and well replacements to meet long-term supply and storage needs.
- Implement a new capacity charge structure in 2026 to ensure developers appropriately fund the costs of new development, protecting existing rate payers from financial impacts associated with future growth.
- By December 31, 2026, expand customer outreach and conservation education efforts by providing additional online resources, usage awareness materials, and water efficiency information.

Ongoing:

- Continue to implement new rate structure adopted in 2025 to take effect through at least 2027 that is designed to meet operational and capital needs, reflecting fair and sustainable rates for customers and ensuring financial stability for the District.
- Advance rehabilitation of Cherry Tanks I–III, Vineland Tank I, and Lower Edgar Tank into the construction phase, with at least one major facility completed by year-end.
- Upgrade remaining Supervisory Control and Data Acquisition (SCADA) hardware and software to increase mobile monitoring capabilities and reduce field visits. This multi-year modernization effort will enhance system integration and oversight; 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.)
- Continue advancement of cybersecurity initiatives by deploying, testing, and refining applications, technologies, and systems reasonably necessary to ensure a secure, safe, and effective workplace.


- Continue advancing District and regional water supply activities, including analysis and planning for the District, the San Geronio Pass Water Agency (SGPWA), and the San Geronio 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

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, 2024. 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.



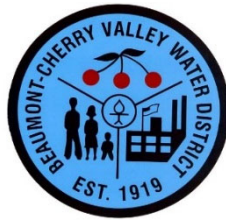
Daniel K. Jagers, P.E.
General Manager



Sylyia Molina
Director of Finance and Administration

Beaumont-Cherry Valley Water District

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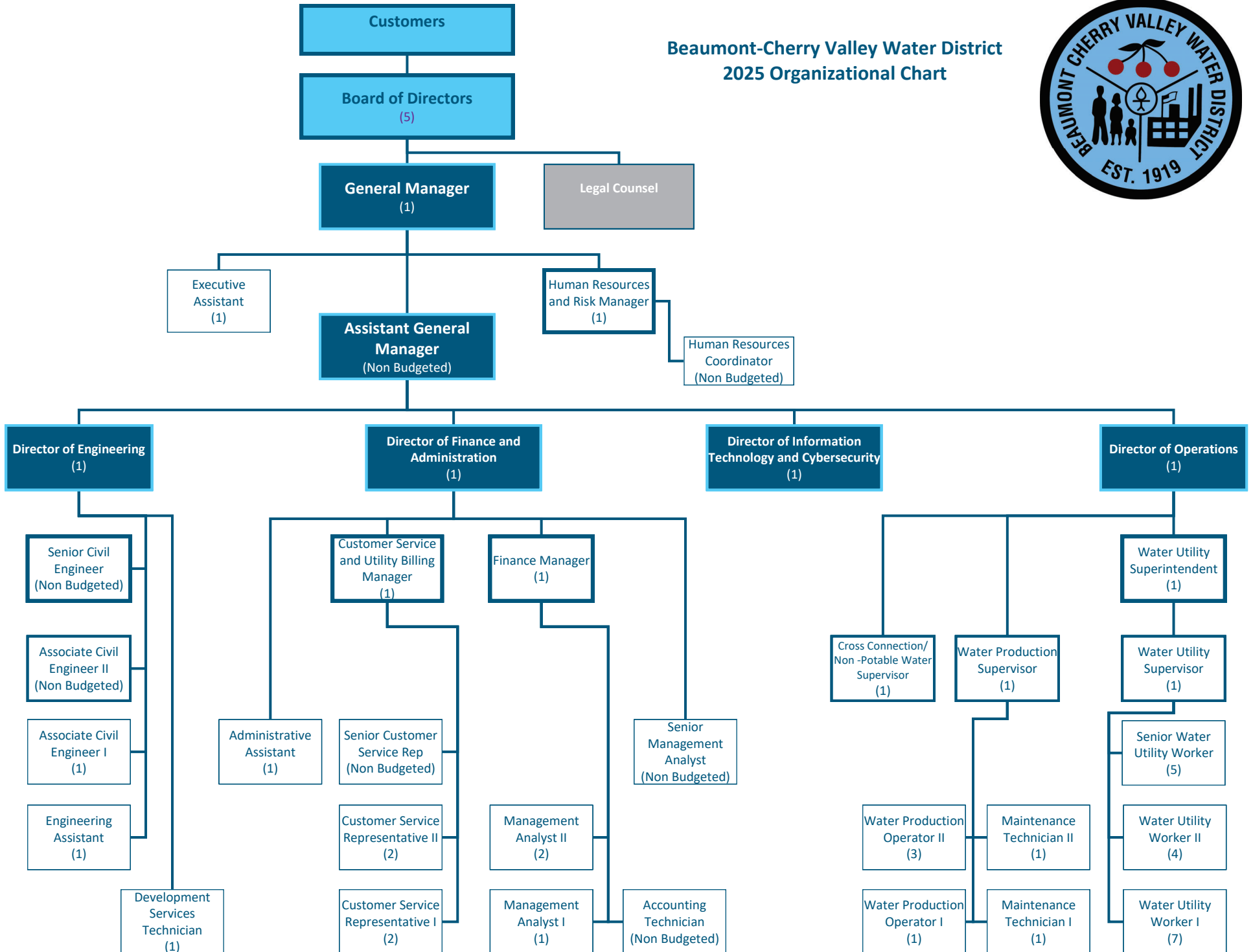
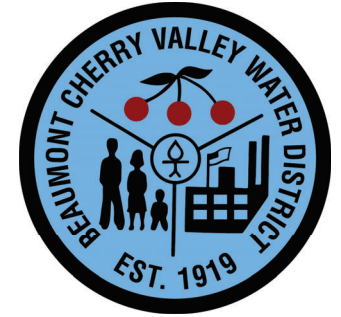


Board of Directors as of December 31, 2025

Director	Title	Division	Current Term
Andy Ramirez	Secretary	1	12/2024 – 12/2028
Lona Williams	Vice President	2	12/2024 – 12/2028
Daniel Slawson	President	3	12/2022 – 12/2026
John Covington	Director	4	12/2022 – 12/2026
David Hoffman	Treasurer	5	12/2022 – 12/2026

Daniel K. Jagers, P.E.
General Manager

Beaumont-Cherry Valley Water District
2025 Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Beaumont Cherry Valley Water District
California**

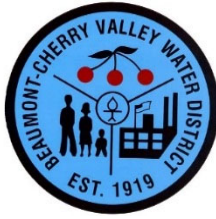
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

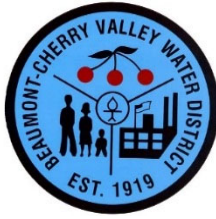
Executive Director/CEO

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Financial Section

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Independent Auditor's Report

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Beaumont-Cherry Valley Water District (the District), as of and for the year ended December 31, 2025, 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 referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2025, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, and the State Controller's *Minimum Audit Requirements for California 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 (*Government Auditing Standards*) 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended December 31, 2025, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 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 GAAS, 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 included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 2024 financial statements, and we expressed an unmodified opinion in our report dated June 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2026 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino California

June 4, 2026



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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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, 2025 and 2024. 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 1-10.

FINANCIAL HIGHLIGHTS

Based on the financial information for the year ended December 31, 2025, the following financial highlights are noted for the District:

- The District's total net position increased by \$19,754,034 during 2025, ending the year at \$239,227,301. The increase reflects positive results from nonoperating revenues and capital contributions, including investment earnings of \$4,404,312, other nonoperating revenue of \$2,077,071, developer-donated capital assets of \$12,894,763, and capacity charges of \$2,344,137.
- Although the District continued to report an operating loss, operating results improved from the prior year. The operating loss decreased from \$2,558,889 in 2024 to \$1,395,667 in 2025, as operating revenues increased by \$3,083,279, compared with an increase in operating expenses of \$1,920,057. The increase in core operating revenues, including metered water sales, water service charges, and pass-through charges, was due to a combination of the rate increase that went into effect on May 1, 2025, and increased consumption during the year.
- Capital-related activity had a significant impact on the District's financial position. Total capital contributions were \$15,238,900 in 2025, compared with \$738,531 in 2024. These contributions included developer-donated capital assets and capacity charges, which support the expansion and improvement of the District's potable and non-potable water systems.

Based on the financial information for the year ended December 31, 2024, 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 \$219,473,267 (net position). Of this amount, \$31,303,852 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 \$14,575,855 from the prior fiscal year. The increase is mainly a result of a combination of investment earnings of \$4,137,489, other revenue of \$1,690,699, an adjustment that corrected a prior year error related to developer-donated capital assets of \$10,622,457, and capacity charges of \$345,117, which helped to offset an operating loss of \$2,558,889. Capacity charges are collected from developers to ensure that funds are set aside to provide for the expansion of the potable and non-potable water system.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

**For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024**

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, 2025 (2024 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, 2025 and with Comparative Information for the
Year Ended December 31, 2024

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

	As of December 31,		
	2025	2024	2023
Assets			
Current assets	\$ 97,980,752	\$ 96,138,256	\$ 91,589,475
Non-current assets	1,240,714	1,933,528	2,241,015
Capital assets	149,832,596	134,910,371	122,064,962
Total assets	249,054,062	232,982,155	215,895,452
Deferred outflows of resources	1,151,928	1,437,373	1,929,048
Liabilities			
Current liabilities	5,263,268	9,114,259	6,958,819
Non-current liabilities	4,436,976	4,938,483	5,071,206
Total liabilities	9,700,244	14,052,742	12,030,025
Deferred inflows of resources	1,278,445	893,519	897,063
Net position			
Net investment in capital assets	149,345,058	134,844,380	122,055,075
Restricted	56,943,108	53,325,035	52,522,790
Unrestricted	32,939,135	31,303,852	30,319,547
Total net position	\$ 239,227,301	\$ 219,473,267	\$ 204,897,412

Assets

2025 compared to 2024 Total assets were \$249,054,062 at December 31, 2025, an increase of \$16,071,907, or approximately 6.9%, from the prior year. The increase was primarily capital-related, as capital assets, net of accumulated depreciation, increased by \$14,922,225 and accounted for the majority of the overall increase in assets.

Capital assets continued to be the primary driver of growth in the District's financial position. Capital assets, net of accumulated depreciation, increased by \$14,922,225, from \$134,910,371 in 2024 to \$149,832,596 in 2025. This represented approximately 93% of the total increase in assets for the year. The increase indicates that the District's asset growth was largely tied to infrastructure additions, including District capital projects and developer-contributed assets, rather than increases in short-term financial resources.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Assets (Continued)

Current assets increased by \$1,842,496 during the year. However, the increase was driven primarily by restricted cash and investments for capital commitments, which increased \$4,504,337. This increase was partially offset by decreases in unrestricted cash and investments, accounts receivable, and grants receivable. As a result, the District's current asset growth was largely attributable to resources restricted for capital purposes rather than unrestricted operating liquidity.

2024 compared to 2023 Total assets were \$232,982,155 at December 31, 2024, an increase of \$17,086,703, or approximately 7.9%, from the prior year. The increase was primarily attributable to growth in capital assets, net of accumulated depreciation, which increased by \$12,845,409 and represented the largest component of the overall increase in assets.

Current assets increased by \$4,548,781 during 2024. The increase reflected growth in both cash and receivable balances, including increases of \$1,394,361 in unrestricted cash and investments, \$934,242 in restricted cash and investments for capital commitments, \$1,301,038 in accounts receivable, and \$1,170,983 in grants receivable. These increases were partially offset by a decrease in inventories and notes receivable.

The increase in current assets during 2024 was more broadly distributed among unrestricted cash, restricted cash, and receivables. This indicates that current asset growth in 2024 was influenced by both increased liquidity and year-end timing of receivable balances.

Liabilities

2025 compared to 2024 Total liabilities were \$9,700,244 at December 31, 2025, a decrease of \$4,352,498, or approximately 31.0%, from the prior year. The decrease was primarily attributable to a reduction in current liabilities, particularly accounts payable and other accrued liabilities and unearned revenues.

Current liabilities decreased by \$3,850,991, from \$9,114,259 in 2024 to \$5,263,268 in 2025. The most significant change was in accounts payable and other accrued liabilities, which decreased by \$3,559,192, from \$4,191,352 to \$632,160. This decrease was primarily related to the timing and closeout of developer and capital projects, including the payment of outstanding project costs that were accrued at the prior year-end. Unearned revenues also decreased by \$587,608, from \$4,015,044 to \$3,427,436, due in part to the completion or closeout of certain developer projects and the refunding of remaining developer deposits or project balances no longer needed for those projects. These decreases were partially offset by increases in the current portion of lease liabilities and compensated absences.

Noncurrent liabilities decreased by \$501,507, from \$4,938,483 in 2024 to \$4,436,976 in 2025. The decrease was primarily due to reductions in the District's net pension liability and net OPEB liability.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Liabilities (Continued)

The net pension liability decreased by \$698,860, from \$3,664,360 to \$2,965,500, due in part to favorable investment results used in the actuarial measurement of the pension liability. The net OPEB liability decreased by \$82,785, from \$1,100,421 to \$1,017,636. These reductions were partially offset by an increase in the noncurrent lease liability, which increased by \$338,693, from \$32,564 to \$371,257, reflecting the District's outstanding long-term lease obligations at year-end.

Overall, the decrease in liabilities in 2025 improved the District's financial position by reducing both short-term obligations and long-term benefit-related liabilities. The decline in current liabilities was largely associated with the timing and closeout of developer and capital project activity, while the decline in noncurrent liabilities reflected favorable changes in pension and OPEB obligations, partially offset by higher lease liabilities.

2024 compared to 2023 Total liabilities were \$14,052,742 at December 31, 2024, an increase of \$2,022,717, or approximately 16.8%, from the prior year. The increase was primarily attributable to higher current liabilities, partially offset by a modest decrease in noncurrent liabilities.

Current liabilities increased by \$2,155,440, from \$6,958,819 in 2023 to \$9,114,259 in 2024. The most significant change was in accounts payable and other accrued liabilities, which increased by \$2,092,354, from \$2,098,998 to \$4,191,352. This increase was primarily related to the timing of year-end payments and accruals, including outstanding costs associated with developer and capital project activity that had not yet been paid as of year-end. Unearned revenues increased slightly by \$20,310, from \$3,994,734 to \$4,015,044, reflecting developer deposits or other project-related advances on hand at year-end for projects not yet completed or closed out. The current portion of lease liabilities and compensated absences also increased by \$23,540 and \$33,477, respectively, while customer account credit balances and customer deposits payable decreased slightly.

Noncurrent liabilities decreased by \$132,723, from \$5,071,206 in 2023 to \$4,938,483 in 2024. The decrease was primarily due to reductions in the District's net OPEB liability and net pension liability. The net OPEB liability decreased by \$131,094, from \$1,231,515 to \$1,100,421, while the net pension liability decreased by \$49,374, from \$3,713,734 to \$3,664,360. The net pension liability decrease was relatively modest but reflects favorable actuarial and investment-related experience included in the pension measurement, partially offset by other actuarial factors affecting the liability calculation. These decreases were partially offset by the recognition of a noncurrent lease liability of \$32,564 and an increase in noncurrent compensated absences of \$15,181.

Overall, the increase in liabilities during 2024 was concentrated in short-term obligations, particularly accounts payable and accrued liabilities associated with the timing of developer and capital project costs at year-end. Long-term benefit-related liabilities decreased slightly, reflecting favorable changes in pension and OPEB obligations, but those reductions were not sufficient to offset the increase in current liabilities.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Net position

2025 compared to 2024 Total net position was \$239,227,301 at December 31, 2025, an increase of \$19,754,034, or approximately 9.0%, from the prior year. The increase was primarily attributable to growth in the District's net investment in capital assets and restricted resources for capital commitments, partially offset by a decrease in unrestricted net position.

Net investment in capital assets increased by \$14,500,678, from \$134,844,380 in 2024 to \$149,345,058 in 2025. This was the largest component of the overall increase in net position and reflects continued investment in District infrastructure, including capital additions and developer-contributed assets, net of accumulated depreciation and related outstanding lease obligations. This change indicates that a significant portion of the District's increase in net position was invested in long-term capital infrastructure rather than available for general operating purposes.

Restricted net position for capital commitments increased by \$4,504,337, from \$50,803,717 in 2024 to \$55,308,054 in 2025. This increase reflects additional resources set aside for future capital projects and obligations, including capacity-related and capital-restricted resources. Restricted net position for notes receivable decreased by \$993,782, from \$2,231,209 to \$1,237,427, while restricted net position for investments in the Section 115 Trust increased by \$107,518, from \$290,109 to \$397,627.

Unrestricted net position increased by \$1,635,283, from \$31,303,852 in 2024 to \$32,939,135 in 2025. The District's total net position increased mainly due to growth concentrated in capital assets and restricted resources, with a smaller part of that from unrestricted resources available to support general operations, working capital needs, and Board-designated reserves.

2024 compared to 2023 Total net position was \$219,473,267 at December 31, 2024, an increase of \$14,575,855, or approximately 7.1%, from the prior year. The increase was primarily attributable to an adjustment that corrected a prior year error related to developer-donated capital assets of \$10,622,457, current year growth in net investment in capital assets, restricted resources for capital commitments, and unrestricted net position.

Net investment in capital assets increased by \$12,789,305, from \$122,055,075 in 2023 to \$134,844,380 in 2024. This was the largest component of the increase in net position and reflects continued investment in District infrastructure and capital facilities. The increase also reflects developer-donated capital assets and capital additions, net of accumulated depreciation and any related outstanding obligations.

Restricted net position for capital commitments increased by \$934,242, from \$49,869,475 in 2023 to \$50,803,717 in 2024. Restricted net position for notes receivable decreased by \$276,704, from \$2,507,913 to \$2,231,209, while restricted net position for investments in the Section 115 Trust increased by \$144,707, from \$145,402 to \$290,109.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Net position (Continued)

Unrestricted net position increased by \$984,305, from \$30,319,547 in 2023 to \$31,303,852 in 2024. This increase indicates that a portion of the District's growth in net position improved resources available for general operating needs, working capital, and Board-designated reserves. The increase in unrestricted net position was supported by higher unrestricted cash and investments and overall positive nonoperating and capital contribution activity during the year.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	For the year ended December 31,		
	2025	2024	2023
Operating revenues			
Metered water sales	\$ 7,725,784	\$ 6,686,662	\$ 5,608,560
Water service charges	6,905,477	6,088,126	5,402,774
Water importation pass-through charges	4,375,445	3,844,653	3,505,928
Water pumping power pass-through charges	3,117,569	2,040,009	2,045,094
Development and installation charges	542,520	888,424	1,044,488
Other revenue	457,340	492,982	648,625
Non-operating revenues	6,511,309	5,790,737	3,740,084
Total revenues	<u>29,635,444</u>	<u>25,831,593</u>	<u>21,995,553</u>
Operating expenses	24,519,802	22,599,745	23,069,287
Non-operating expenses	600,508	16,981	710
Total expenses	<u>25,120,310</u>	<u>22,616,726</u>	<u>23,069,997</u>
Income (loss) before contributions	<u>4,515,134</u>	<u>3,214,867</u>	<u>(1,074,444)</u>
Capital contributions	<u>15,238,900</u>	<u>738,531</u>	<u>1,772,202</u>
Change in net position	19,754,034	3,953,398	697,758
Beginning net position	<u>219,473,567</u>	<u>204,897,712</u>	<u>204,199,954</u>
Adjustment - correction of error	<u>-</u>	<u>10,622,457</u>	<u>-</u>
Beginning net position, as restated	<u>219,473,567</u>	<u>215,520,169</u>	<u>204,199,954</u>
Ending net position	<u>\$ 239,227,601</u>	<u>\$ 219,473,567</u>	<u>\$ 204,897,712</u>

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Operating Revenues and Expenses

2025 compared to 2024 Total operating revenues of \$23,124,135 increased by \$3,083,279, or 15.4%, compared to \$20,040,856 in 2024. The increase in core operating revenues, including metered water sales, water service charges, and pass-through charges, was due to a combination of the rate increase that went into effect on May 1, 2025, and increased consumption as compared to the prior year. 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 customer service.

Total operating expenses of \$24,519,802 increased by \$1,920,057, or 8.5%, compared to \$22,599,745 in 2024. The increase reflects higher costs to operate and maintain the District's water system, including labor, utilities, maintenance, materials, services, and other operational requirements. Although operating expenses increased, the growth in operating revenues exceeded the growth in operating expenses, improving the District's operating results before non-operating revenues, non-operating expenses, and capital contributions.

2024 compared to 2023 Total operating revenues of \$20,040,856 increased by \$1,785,687, or 9.8%, compared to \$18,255,169 in 2023. The increase was primarily attributable to higher water sales, service charges, and pass-through charges resulting from the January 1, 2024 rate increase.

Total operating expenses of \$22,599,745 decreased by \$469,542, or 2.0%, compared to \$23,069,287 in 2023. The decrease was primarily attributable to lower imported water purchases as the District participated in a regional effort to buy imported water from Northern California to recharge the local groundwater basin, although to a lesser extent than in 2023. This decrease was partially offset by higher salaries and employee benefits due to changes made to full-time and part-time positions and the 3.7% Cost of Living Adjustment under the Memorandum of Understanding. Overall, operating revenues increased while operating expenses decreased, improving the District's operating results before non-operating revenues, non-operating expenses, and capital contributions.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets

	Balance December 31, 2025	Balance December 31, 2024	Balance December 31, 2023
Land, net	\$ 7,721,730	\$ 7,721,730	\$ 7,721,730
Construction in progress, net	5,138,731	7,996,268	6,380,755
Transmission and distribution system, net	97,085,172	82,784,741	70,908,694
Structures and improvements, net	12,301,728	12,569,250	12,771,617
Reservoirs and tanks, net	17,112,867	13,590,429	14,052,050
Pumping and telemetry equipment, net	8,759,382	9,142,751	9,498,064
Vehicles and equipment, net	1,165,749	1,036,576	721,170
Right-to-use, net	547,237	68,626	10,882
	<u>\$ 149,832,596</u>	<u>\$ 134,910,371</u>	<u>\$ 122,064,962</u>
Capital assets, net	<u>\$ 149,832,596</u>	<u>\$ 134,910,371</u>	<u>\$ 122,064,962</u>

2025 compared to 2024 Capital assets, net, totaled \$149,832,596 at December 31, 2025, an increase of \$14,922,225, or approximately 11.1%, compared to \$134,910,371 at December 31, 2024. The increase was primarily attributable to additions to the District's transmission and distribution system and reservoirs and tanks, partially offset by a decrease in construction in progress.

Key changes included the following:

- Transmission and distribution system, net increased by \$14,300,431, from \$82,784,741 in 2024 to \$97,085,172 in 2025. This increase resulted mainly from developer-contributed water systems totaling \$13,068,524, and pipeline replacements totaling \$3,390,482, offset by current year depreciation on the transmission and distribution system of \$2,717,877.
- Reservoirs and tanks, net increased by \$3,522,438, from \$13,590,429 in 2024 to \$17,112,867 in 2025, resulting from the completion of the Grand Avenue Storm Drain (MDP Line 16) project totaling \$4,024,302, offset by current year depreciation on reservoirs and tanks totaling \$501,864.
- Construction in progress, net decreased by \$2,857,537, from \$7,996,268 in 2024 to \$5,138,731 in 2025. This decrease reflects the completion and capitalization of projects that were previously reported as construction in progress.
- Right-to-use assets – vehicles, net increased by \$514,417 in 2025, resulting from the implementation of the Enterprise Equity Lease Program during the year.

2024 compared to 2023 Capital assets, net, totaled \$134,910,371 at December 31, 2024, an increase of \$12,845,409, or approximately 10.5%, compared to \$122,064,962 at December 31, 2023. The increase was primarily attributable to additions to the District's transmission and distribution system, including a prior year error correction related to developer-donated capital assets, along with an increase in construction in progress.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the
Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Capital Assets (Continued)

Key changes included the following:

- Transmission and distribution system, net increased by \$11,876,047, from \$70,908,694 in 2023 to \$82,784,741 in 2024. This increase resulted mainly from the prior year error correction related to developer-donated capital assets totaling \$10,622,457, and pipeline replacements totaling \$2,507,156, offset by depreciation on the transmission and distribution system of \$2,116,285.
- Construction in progress, net increased by \$1,615,513, from \$6,380,755 in 2023 to \$7,996,268 in 2024. This increase reflects continued investment in capital projects such as the Grand Avenue Storm Drain (MDP Line 16) that were well underway but not yet placed into service at year-end.

More information on the District's capital assets activity for the years ending December 31, 2025 and 2024 can be found in Note 5 of this report.

Long Term Debt / Lease Payable

Long-Term Obligations	Balance December 31, 2025	Balance December 31, 2024	Balance December 31, 2023
Lease payable - commercial real estate	\$ 32,564	\$ 65,991	\$ 9,887
Lease payable - fleet vehicles	454,973	-	-
Lease payable	<u>\$ 487,537</u>	<u>\$ 65,991</u>	<u>\$ 9,887</u>

2025 compared to 2024 At December 31, 2025, the District's long-term obligations consisted of lease payables related to commercial real estate and fleet vehicles. During 2025, the District implemented an Enterprise Equity Lease Program and entered into lease agreements for 10 fleet vehicles to support fleet replacement needs and improve vehicle reliability. The District did not issue any bonds, notes, certificates of participation, or other long-term debt during the year.

The District's total lease obligations increased in 2025 as a result of the new vehicle lease agreements, partially offset by scheduled principal payments on the existing commercial real estate lease and said vehicle lease agreements.

2024 compared to 2023 At December 31, 2024, the District's long-term debt totaled \$65,991 and consisted solely of a lease payable resulting from a lease agreement for commercial real estate. The District did not issue any bonds, notes, certificates of participation, or other long-term debt during the year.

The lease payable increased compared to 2023 due to the commercial real estate lease obligation reported in accordance with applicable accounting standards.

Beaumont-Cherry Valley Water District

Management's Discussion and Analysis

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NEXT YEAR'S BUDGET AND RATES

More information on the District's long-term debt activity for the years ending December 31, 2025 and 2024 can be found in Note 6 of this report.

Fiscal Year 2025 Budget

The District's Board of Directors and management considered many factors when setting the fiscal year 2026 budget, user fees, and charges.

	Actual Fiscal Year 2025	Budget Fiscal Year 2026	Dollar Change	Total Percent Change
Operating revenues	\$ 23,124,135	\$ 19,717,300	\$ (3,406,835)	-14.7%
Non-operating revenues	6,511,309	2,470,800	(4,040,509)	-62.1%
Total revenues	29,635,444	22,188,100	(7,447,344)	-25.1%
Operating expenses	24,519,802	25,829,000	1,309,198	5.3%
Non-operating expenses	600,508	-	(600,508)	-100.0%
Total expenses	25,120,310	25,829,000	708,690	2.8%
Income (loss) before contributions	4,515,134	(3,640,900)	(8,156,034)	-180.6%
Capital contributions	15,238,900	1,908,900	(13,330,000)	-87.5%
Change in net position	19,754,034	(1,732,000)	(21,486,034)	-108.8%
Net position, beginning of period	219,473,567	208,782,585	(10,690,982)	-4.9%
Net position, end of period	\$ 239,227,601	\$ 207,050,585	\$ (32,177,016)	-13.5%

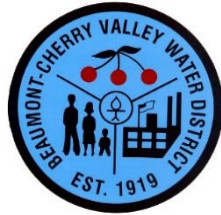
Water Rates and Charges

The Board of Directors approved changes to water rates and service charges following a public hearing on April 24, 2025, as phase one of a two-phased rate review approach. Based on review by an independent financial expert, phase one identified the need for new rates and charges due to increasing operating, maintenance, and capital replacement costs, while balancing revenue needs with mitigating customer impacts. The approved rate adjustments went into effect on May 1, 2025, with additional scheduled adjustments effective January 1 of 2026, 2027, 2028, and 2029. Phase two, in 2027, may identify additional or alternative rate adjustments for future consideration.

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, 2025 with Comparative Information as of December 31, 2024

	2025	2024
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 29,251,262	\$ 30,240,429
Restricted cash and investments - funds held for others (Note 2)	4,420,861	4,864,668
Restricted cash and investments - capital commitments (Note 2)	55,308,054	50,803,717
Interest receivable	942,465	1,034,156
Accounts receivable, net of allowance for uncollectible accounts (Note 3)	4,900,120	5,671,216
Notes receivable (Note 4)	2,532	2,933
Restricted notes receivable (Note 4)	-	304,374
Grants receivable	610,000	1,170,983
Inventories	1,989,918	1,493,001
Prepaid items	555,540	552,779
Total current assets	97,980,752	96,138,256
Noncurrent assets:		
Notes receivable (Note 4)	3,287	6,693
Restricted notes receivable (Note 4)	1,237,427	1,926,835
Capital assets, net (Note 5)	149,832,596	134,910,371
Total noncurrent assets	151,073,310	136,843,899
Total assets	249,054,062	232,982,155
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related (Note 11)	296,192	286,371
Pension related (Note 13)	855,736	1,151,002
Total deferred outflows of resources	1,151,928	1,437,373
LIABILITIES		
Current liabilities:		
Accounts payable and other accrued liabilities (Note 7)	632,160	4,191,352
Customer account credit balances (Note 8)	284,426	254,607
Customer deposits payable	311,372	304,909
Unearned revenues (Note 9)	3,427,436	4,015,044
Current portion of long-term liabilities:		
Lease liability (Note 6)	116,281	33,427
Compensated absences (Note 10)	491,593	314,920
Total current liabilities	5,263,268	9,114,259
Noncurrent liabilities:		
Lease liability (Note 6)	371,257	32,564
Compensated absences (Note 10)	82,583	141,138
Net OPEB liability (Note 11)	1,017,636	1,100,421
Net pension liability (Note 13)	2,965,500	3,664,360
Total noncurrent liabilities	4,436,976	4,938,483
Total liabilities	9,700,244	14,052,742
DEFERRED INFLOWS OF RESOURCES		
OPEB related (Note 11)	877,180	868,442
Pension related (Note 13)	401,265	25,077
Total deferred inflows of resources	1,278,445	893,519
NET POSITION (Note 12)		
Net investment in capital assets	149,345,058	134,844,380
Restricted:		
Capital commitments	55,308,054	50,803,717
Notes receivable	1,237,427	2,231,209
Investments in Section 115 Trust	397,627	290,109
Unrestricted	32,939,135	31,303,852
Total net position	\$ 239,227,301	\$ 219,473,267

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, 2025 with Comparative Information for the year ended December 31, 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Metered water sales	\$ 7,725,784	\$ 6,686,662
Water service charges	6,905,477	6,088,126
Water importation pass-through charges	4,375,445	3,844,653
Water pumping power pass-through charges	3,117,569	2,040,009
Development and installation charges	542,520	888,424
Other revenue	457,340	492,982
Total operating revenues	<u>23,124,135</u>	<u>20,040,856</u>
OPERATING EXPENSES		
Salaries and employee benefits	7,686,547	6,652,401
Pension expense (credit)	(27,406)	361,114
Energy expenses	2,798,788	2,651,587
Water purchases	6,475,770	5,586,000
Administration	888,873	678,926
Operations	781,974	1,073,991
Maintenance and repairs	1,267,269	962,733
Depreciation and amortization	3,982,709	3,926,622
Insurance	236,062	251,247
Professional fees	416,978	442,193
Other expenses	12,238	12,931
Total operating expenses	<u>24,519,802</u>	<u>22,599,745</u>
Operating income (loss)	<u>(1,395,667)</u>	<u>(2,558,889)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	4,404,312	4,137,489
Interest expense	(8,848)	(16,981)
Rental income	34,186	34,209
Other revenue	2,077,071	1,690,699
In-lieu modification	(591,660)	-
Loss on disposal of capital assets	(4,260)	(71,660)
Total nonoperating revenues (expenses)	<u>5,910,801</u>	<u>5,773,756</u>
Income before capital contributions	<u>4,515,134</u>	<u>3,214,867</u>
CAPITAL CONTRIBUTIONS		
Donated capital assets	12,894,763	393,414
Capacity charges	2,344,137	345,117
Total capital contributions	<u>15,238,900</u>	<u>738,531</u>
Change in net position	19,754,034	3,953,398
Net position, beginning of year, as previously reported	<u>219,473,267</u>	<u>204,897,412</u>
Adjustment - correction of error	<u>-</u>	<u>10,622,457</u>
Net position, beginning of year, as restated	<u>219,473,267</u>	<u>215,519,869</u>
Net position, end of year	<u>\$ 239,227,301</u>	<u>\$ 219,473,267</u>

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, 2025 with Comparative Information for the year ended December 31, 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 22,869,960	\$ 17,361,019
Receipts from developers (unrestricted)	(11,577)	887,665
Other receipts	2,592,294	2,234,874
Payments to employees for salaries and benefits	(7,811,299)	(6,587,605)
Payments to suppliers and service providers	(16,771,277)	(9,055,134)
(Refund)/receipt of customer deposits	6,463	(8,004)
	<u>874,564</u>	<u>4,832,815</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(5,534,352)	(5,778,899)
Principal paid on leases	(63,246)	(15,507)
Interest paid on leases	(8,848)	(16,981)
Capital contributions	2,344,137	345,117
Receipts from notes	402,122	276,704
Amounts due to (from) grantor	560,983	(1,170,983)
	<u>(2,299,204)</u>	<u>(6,360,549)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,874,218	3,556,359
Realized gain on investments	621,785	450,753
	<u>4,496,003</u>	<u>4,007,112</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	3,071,363	2,479,378
Cash and investments, beginning of year	<u>85,908,814</u>	<u>83,429,436</u>
Cash and investments, end of year	<u>\$ 88,980,177</u>	<u>\$ 85,908,814</u>
Reconciliation to the Statement of Net Position:		
Cash and investments	\$ 29,251,262	\$ 30,240,429
Restricted cash and investments - funds held for others	4,420,861	4,864,668
Restricted cash and investments - capital commitments	55,308,054	50,803,717
	<u>\$ 88,980,177</u>	<u>\$ 85,908,814</u>
Total cash and investments		

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, 2025 with Comparative Information for the year ended December 31, 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,395,667)	\$ (2,558,889)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization expense	3,982,709	3,926,622
Construction in progress abandoned	4,714	22,690
Other income	2,077,071	1,690,699
Rental income	34,186	34,209
(Increase) decrease in accounts receivable	771,096	(1,301,038)
(Increase) decrease in notes receivable	3,807	3,396
(Increase) decrease in inventories	(496,917)	638,312
(Increase) decrease in prepaid items	(2,761)	(77,930)
(Increase) decrease in deferred outflows of resources	285,445	491,675
Increase (decrease) in accounts payable and other accrued liabilities	(3,559,192)	2,092,354
Increase (decrease) in customer account credit balances	29,819	(6,237)
Increase (decrease) in customer deposits payable	6,463	(8,004)
Increase (decrease) in unearned revenues	(587,608)	20,310
Increase (decrease) in compensated absences	118,118	48,658
Increase (decrease) in other post-employment benefit obligations	(82,785)	(131,094)
Increase (decrease) in net pension liability	(698,860)	(49,374)
Increase (decrease) in deferred inflows of resources	384,926	(3,544)
Total adjustments	<u>2,270,231</u>	<u>7,391,704</u>
Net cash provided (used) by operating activities	<u>\$ 874,564</u>	<u>\$ 4,832,815</u>
Schedule of non-cash investing and capital and related financing activities		
Capital contributions - donated capital assets	\$ 12,894,763	\$ 393,414
Lease acquisition	484,793	71,611
In-lieu modification	(591,660)	-

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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 by the District are recorded at cost. Donated capital assets are recorded at actual or estimated acquisition value as of the date received. The District has a capitalization threshold of \$10,000. 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 7 years

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 accrued sick hours to cash at a rate of half (.5) times their regular hourly rate. Sick hours may be "cashed out" at the employee's request no more than two (2) times per calendar year. Employees must maintain a balance of at least forty (40) hours of sick leave. 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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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 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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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. New Accounting Pronouncements

During the fiscal year ended December 31, 2025, the District implemented the following accounting standard: Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*: The objective of this Statement is to increase transparency regarding vulnerabilities that could severely impact a government's ability to provide services. There was no effect on the District's 2025 report.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 2 – CASH AND INVESTMENTS

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

Description	2025	2024
Cash and investments	\$ 29,251,262	\$ 30,240,429
Restricted cash and investments - funds held for others	4,420,861	4,864,668
Restricted cash and investments - capital commitments	55,308,054	50,803,717
Total cash and investments	\$ 88,980,177	\$ 85,908,814

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

Description	2025	2024
Cash on hand (petty cash and change drawers)	\$ 1,400	\$ 1,400
Demand deposits (cash in bank)	2,456,779	2,082,236
Investments	86,521,998	83,825,178
Total cash and investments	\$ 88,980,177	\$ 85,908,814

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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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, 2025 were as follows:

Investment Type	Fair Value	Maturity		
		Less than 1 year	>1 to 3 years	>3 to 5 years
LAIF	\$ 36,864,469	\$ 36,864,469	\$ -	\$ -
Asset backed securities	4,020,989	-	1,743,105	2,277,884
Money market fund	319,059	319,059	-	-
Supranational	596,091	-	347,445	248,646
US Agency	8,214,571	4,320,916	3,893,655	-
Collateralized mortgage obligations	3,593,531	876,717	1,520,287	1,196,527
US Treasury	13,820,449	2,246,844	6,270,303	5,303,302
Corporate notes	11,212,524	521,601	6,583,084	4,107,839
CalTrust	7,482,688	7,482,688	-	-
Section 115 Pension Trust	397,627	397,627	-	-
Total investments	<u>\$ 86,521,998</u>	<u>\$ 53,029,921</u>	<u>\$ 20,357,879</u>	<u>\$ 13,134,198</u>

The District's investments as of December 31, 2024 were as follows:

Investment Type	Fair Value	Maturity		
		Less than 1 year	>1 to 3 years	>3 to 5 years
LAIF	\$ 43,872,516	\$ 43,872,516	\$ -	\$ -
Asset backed securities	3,453,741	12,853	1,338,416	2,102,472
Money market fund	85,845	85,845	-	-
Supranational	341,391	-	-	341,391
US Agency	8,751,910	637,156	6,250,315	1,864,439
Collateralized mortgage obligations	3,661,459	668,924	2,019,198	973,337
US Treasury	14,195,874	6,308,801	1,714,434	6,172,639
Corporate notes	9,172,333	4,200,191	3,202,301	1,769,841
Section 115 Pension Trust	290,109	290,109	-	-
Total investments	<u>\$ 83,825,178</u>	<u>\$ 56,076,395</u>	<u>\$ 14,524,664</u>	<u>\$ 13,224,119</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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, 2025 and 2024, the District had deposits with financial institutions of \$2,604,406 and \$1,832,236, 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 NAV 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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.

Investments Held in Section 115 Trust

The District participates in an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code (the “Section 115 Trust”) and administered by the California Public Employees’ Retirement System (“CalPERS”) for the purpose of prefunding pension and/or other postemployment benefit (“OPEB”) obligations.

The assets held in the Section 115 Trust are intended to assist the District in funding future pension and/or OPEB costs associated with employees covered by CalPERS. Assets deposited into the trust are irrevocable and may only be used for the payment of pension benefits, OPEB benefits, or related costs in accordance with the terms of the trust agreement and applicable governmental accounting standards.

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 San Bernardino and 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.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 3 – ACCOUNTS RECEIVABLE (Continued)

The detail of the receivables, including applicable allowances for uncollectible amounts as of December 31, 2025 is as follows:

	<u>Water Sales and Services</u>	<u>Other</u>	<u>Developer</u>	<u>Total</u>
Receivables	\$ 4,255,403	\$ 23,752	\$ 890,155	\$ 5,169,310
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(269,190)</u>	<u>(269,190)</u>
Net receivables	<u>\$ 4,255,403</u>	<u>\$ 23,752</u>	<u>\$ 620,965</u>	<u>\$ 4,900,120</u>

The detail of the receivables, including applicable allowances for uncollectible amounts, as of December 31, 2024 is as follows:

	<u>Water Sales and Services</u>	<u>Other</u>	<u>Developer</u>	<u>Total</u>
Receivables	\$ 4,973,098	\$ 24,886	\$ 942,422	\$ 5,940,406
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(269,190)</u>	<u>(269,190)</u>
Net receivables	<u>\$ 4,973,098</u>	<u>\$ 24,886</u>	<u>\$ 673,232</u>	<u>\$ 5,671,216</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 December 15, 2030.

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, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 4 – NOTES RECEIVABLE (Continued)

The detail of the notes, including applicable allowances for uncollectible amounts as of December 31, 2025 is as follows:

	<u>Notes Receivable</u>	<u>Restricted Notes Receivable</u>	
	<u>Bonita Vista</u>	<u>Fairway Canyon</u>	<u>Total</u>
Current	\$ 2,532	\$ -	\$ 2,532
Non-current	3,287	1,237,427	1,240,714
Total notes receivable	<u>\$ 5,819</u>	<u>\$ 1,237,427</u>	<u>\$ 1,243,246</u>

The District reduced the Fairway Canyon Phase IV note receivable by \$591,660 as of December 31, 2025, to reflect an adjustment related to estimated EDUs for Phase IV. Separately, the District agreed to defer the 2026 annual installment, with interest continuing to accrue at the contractual rate of 10% on the corrected outstanding balance. The remaining balance, including accrued 2026 interest, will be re-amortized over the remaining payment term unless otherwise amended by the parties.

The detail of the notes, including applicable allowances for uncollectible amounts as of December 31, 2024 is as follows:

	<u>Notes Receivable</u>	<u>Restricted Notes Receivable</u>	
	<u>Bonita Vista</u>	<u>Fairway Canyon</u>	<u>Total</u>
Current	\$ 2,933	\$ 304,374	\$ 307,307
Non-current	6,693	1,926,835	1,933,528
Total notes receivable	<u>\$ 9,626</u>	<u>\$ 2,231,209</u>	<u>\$ 2,240,835</u>

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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 5 – CAPITAL ASSETS

The following table summarizes capital asset activity during the year ended December 31, 2025:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,721,730	\$ -	\$ -	\$ -	\$ 7,721,730
Construction in progress	7,996,268	5,256,822	(4,714)	(8,109,645)	5,138,731
Total capital assets, not being depreciated	15,717,998	5,256,822	(4,714)	(8,109,645)	12,860,461
Capital assets, being depreciated/amortized:					
Transmission and distribution system	109,880,580	13,103,362	-	3,589,757	126,573,699
Structures and improvements	18,638,775	-	(7,746)	75,434	18,706,463
Reservoirs and tanks	22,704,166	-	-	4,024,302	26,728,468
Pumping and telemetry equipment	14,782,103	16,720	-	-	14,798,823
Vehicles and equipment	3,519,725	-	(67,114)	420,152	3,872,763
Right-to-use assets - buildings	158,673	-	-	-	158,673
Right-to-use assets - vehicles	-	537,004	-	-	537,004
Total capital assets, being depreciated/amortized	169,684,022	13,657,086	(74,860)	8,109,645	191,375,893
Less accumulated depreciation/amortization for:					
Transmission and distribution system	(27,095,839)	(2,392,688)	-	-	(29,488,527)
Structures and improvements	(6,069,525)	(338,696)	3,486	-	(6,404,735)
Reservoirs and tanks	(9,113,737)	(501,864)	-	-	(9,615,601)
Pumping and telemetry equipment	(5,639,352)	(400,089)	-	-	(6,039,441)
Vehicles and equipment	(2,483,149)	(290,979)	67,114	-	(2,707,014)
Right-to-use assets - buildings	(90,047)	(35,806)	-	-	(125,853)
Right-to-use assets - vehicles	-	(22,587)	-	-	(22,587)
Total accumulated depreciation/amortization	(50,491,649)	(3,982,709)	70,600	-	(54,403,758)
Total capital assets, being depreciated/amortized, net	119,192,373	9,674,377	(4,260)	8,109,645	136,972,135
Capital assets, net	\$ 134,910,371	\$ 14,931,199	\$ (8,974)	\$ -	\$ 149,832,596

In the year 2025, \$4,714 of CIP projects were deemed not viable and abandoned.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 5 – CAPITAL ASSETS (Continued)

The following table summarizes capital asset activity during the year ended December 31, 2024:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,721,730	\$ -	\$ -	\$ -	\$ 7,721,730
Construction in progress	6,380,755	5,683,493	(22,690)	(4,045,290)	7,996,268
 Total capital assets, not being depreciated	 14,102,485	 5,683,493	 (22,690)	 (4,045,290)	 15,717,998
Capital assets, being depreciated/amortized:					
Transmission and distribution system	95,563,059	11,063,508	-	3,254,013	109,880,580
Structures and improvements	18,509,798	24,032	-	104,945	18,638,775
Reservoirs and tanks	22,704,166	-	-	-	22,704,166
Pumping and telemetry equipment	14,789,918	-	(128,346)	120,531	14,782,103
Vehicles and equipment	3,067,578	23,737	(137,391)	565,801	3,519,725
Right-to-use assets - buildings	87,062	71,611	-	-	158,673
 Total capital assets, being depreciated/amortized	 154,721,581	 11,182,888	 (265,737)	 4,045,290	 169,684,022
Less accumulated depreciation/amortization for:					
Transmission and distribution system	(24,654,365)	(2,441,474)	-	-	(27,095,839)
Structures and improvements	(5,738,181)	(331,344)	-	-	(6,069,525)
Reservoirs and tanks	(8,652,116)	(461,621)	-	-	(9,113,737)
Pumping and telemetry equipment	(5,291,854)	(404,184)	56,686	-	(5,639,352)
Vehicles and equipment	(2,346,408)	(274,132)	137,391	-	(2,483,149)
Right-to-use assets - buildings	(76,180)	(13,867)	-	-	(90,047)
 Total accumulated depreciation/amortization	 (46,759,104)	 (3,926,622)	 194,077	 -	 (50,491,649)
 Total capital assets, being depreciated/amortized, net	 107,962,477	 7,256,266	 (71,660)	 4,045,290	 119,192,373
 Capital assets, net	 \$ 122,064,962	 \$ 12,939,759	 \$ (94,350)	 \$ -	 \$ 134,910,371

In the year 2024, \$22,690 of CIP projects were deemed not viable and abandoned.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 6 – LEASE PAYABLE

As of December 31, 2025, the District has a lease agreement for commercial real estate. The lease is for 24 months. An interest rate of 3.0% was used. Monthly lease payments of \$2,896 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, 2025, the District had a total Right-to-use asset of \$158,673, with accumulated amortization of \$125,853. The right-to-use asset is being amortized over the lease term.

During 2025, the District entered into a master agreement for several lease agreements for vehicles. The leases for each vehicle are for 60 months. Interest rates of 7.08% to 7.36% were used. Monthly lease payments ranging from of \$744 to \$1,297 are due with annual payment adjustments based on the US Consumer Price Index for Riverside County. As of December 31, 2025, the District had a total Right-to-use asset of \$537,004, with accumulated amortization of \$22,587. The right-to-use asset is being amortized over the lease term.

Lease payable activity for the year ended December 31, 2025, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Current Portion</u>
Lease payable	<u>\$ 65,991</u>	<u>\$ 484,793</u>	<u>\$ (63,246)</u>	<u>\$ 487,538</u>	<u>\$ 116,281</u>

Lease payable activity for the year ended December 31, 2024, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Current Portion</u>
Lease payable	<u>\$ 9,887</u>	<u>\$ 71,611</u>	<u>\$ (15,507)</u>	<u>\$ 65,991</u>	<u>\$ 33,427</u>

Future lease payments are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 116,281	\$ 30,414	\$ 146,695
2027	89,926	23,712	113,638
2028	96,597	17,041	113,638
2029	103,763	9,875	113,638
2030	80,971	2,418	83,389
Total	<u>\$ 487,538</u>	<u>\$ 83,460</u>	<u>\$ 570,998</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 7 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

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

Description	2025	2024
Accounts payable	\$ 532,724	\$ 3,931,085
Salaries and employee benefits	86,462	245,464
Other	12,974	14,803
Total accounts payable and other accrued liabilities	<u>\$ 632,160</u>	<u>\$ 4,191,352</u>

NOTE 8 – CUSTOMER ACCOUNT CREDIT BALANCES

Credit balances on customer utility accounts are to be used against future billings or refunded upon request where funds have been on deposit for one year in a customer's account and there have been no delinquency payments on any of the customer's accounts with the District during that year. As of December 31, 2025 and 2024, the balance was \$284,426 and \$254,607, 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, 2025 and 2024, the balance was \$3,427,436 and \$4,015,044, respectively.

NOTE 10 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 101, *Compensated Absences*, the District implemented updated reporting requirements for compensated absences beginning in fiscal year 2024. Compensated absences include vacation and other types of leave that are accrued by employees and are payable upon termination or retirement. The liability for compensated absences is determined annually.

The activity for the year ended December 31, 2025 was as follows:

Beginning Balance	Net Change	Ending Balance	Current Portion	Non-current Portion
<u>\$ 456,058</u>	<u>\$ 118,118</u>	<u>\$ 574,176</u>	<u>\$ 491,593</u>	<u>\$ 82,583</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 10 – COMPENSATED ABSENCES (Continued)

The activity for the year ended December 31, 2024 was as follows:

<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Non-current Portion</u>
<u>\$ 407,400</u>	<u>\$ 48,658</u>	<u>\$ 456,058</u>	<u>\$ 314,920</u>	<u>\$ 141,138</u>

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION

Plan Description

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

Employees Covered

As of the June 30, 2025, measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

Active employees	46
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	1
Total	<u>52</u>

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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2025 and the net OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2024, based on the following actuarial methods and assumptions:

<u>Actuarial Assumptions</u>	
Actuarial Valuation Date	June 30, 2024
Discount Rate	5.23% at June 30, 2025; 4.70% at June 30, 2024
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 – 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 and later Non-Kaiser Medicare – 6.50% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Kaiser Medicare – 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076 and later
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

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 4.70% in 2024 to 5.23% in 2025. Certain demographic, medical trends and mortality assumptions were also updated.

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

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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

Discount Rate

A discount rate of 5.23% was used in the valuation for measurement date June 30, 2025.

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, 2024 (6/30/24 measurement date)	<u>\$ 1,538,053</u>	<u>\$ 437,631</u>	<u>\$ 1,100,422</u>
Changes recognized for the measurement period:			
Service cost	83,999	-	83,999
Interest	75,346	-	75,346
Changes in assumptions	(106,172)	-	(106,172)
Contributions – employer	-	93,648	(93,648)
Net investment income	-	42,635	(42,635)
Benefit payments	(37,826)	(37,826)	-
Administrative expense	-	(324)	324
Net changes	<u>15,347</u>	<u>98,133</u>	<u>(82,786)</u>
Balance at December 31, 2025 (6/30/25 measurement date)	<u>\$ 1,553,400</u>	<u>\$ 535,764</u>	<u>\$ 1,017,636</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:

December 31, 2025 (measurement date June 30, 2025):

	1% Decrease (4.23%)	Current Discount Rate (5.23%)	1% Increase (6.23%)
Net OPEB Liability	\$ 1,227,556	\$1,017,636	\$ 843,512

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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

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

December 31, 2024 (measurement date June 30, 2024):

	<u>1% Decrease (3.70%)</u>	<u>Current Discount Rate (4.70%)</u>	<u>1% Increase (5.70%)</u>
Net OPEB Liability	\$ 1,318,479	\$1,100,421	\$ 920,411

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:

December 31, 2025 (measurement date June 30, 2025):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 922,270	\$1,017,636	\$ 1,180,812

December 31, 2024 (measurement date June 30, 2024):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,010,072	\$1,100,421	\$ 1,257,711

OPEB Plan Fiduciary Net Position

As the District is prefunding with an OPEB trust, Plan Fiduciary Net Position was \$535,764 as of the June 30, 2025 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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, 2025, the District recognized OPEB expense of \$64,636. As of fiscal year ended December 31, 2025 and December 31, 2024, the District reported deferred outflows and inflows related to OPEB from the following sources:

December 31, 2025 (measurement date June 30, 2025):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,705	\$ (248,363)
Changes in assumptions	211,259	(615,468)
Net differences between projected and actual earnings	-	(13,349)
Contributions to OPEB plan subsequent to the measurement date	74,228	-
Total	\$ 296,192	\$ (877,180)

December 31, 2024 (measurement date June 30, 2024):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,687	\$ (279,397)
Changes in assumptions	251,254	(589,045)
Net differences between projected and actual earnings	3,058	-
Contributions to OPEB plan subsequent to the measurement date	19,372	-
Total	\$ 286,371	\$ (868,442)

The \$74,228 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2025 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
2026	\$ (71,389)
2027	(71,471)
2028	(73,108)
2029	(70,394)
2030	(66,378)
Thereafter	(302,476)

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 12 – NET POSITION

As of December 31, 2025 and 2024, net position consisted of the following:

	December 31, 2025	December 31, 2024
Net Position:		
Net investment in capital assets	\$ 149,345,058	\$ 134,844,380
Restricted		
Capital commitments	55,308,054	50,803,717
Notes receivable	1,237,427	2,231,209
Investments in Section 115 Trust	397,627	290,109
Unrestricted	<u>32,939,135</u>	<u>31,303,852</u>
 Total net position	 <u>\$ 239,227,301</u>	 <u>\$ 219,473,267</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, 2025	December 31, 2024
Unrestricted Net Position:		
Undesignated	\$ 2,151,118	\$ 1,762,364
 Board of Directors' Designations:		
Capital replacement reserve	21,631,337	20,656,408
Operating reserve	5,722,925	5,553,175
Emergency reserve	<u>3,433,755</u>	<u>3,331,905</u>
 Total designations	 <u>30,788,017</u>	 <u>29,541,488</u>
 Total unrestricted net position	 <u>\$ 32,939,135</u>	 <u>\$ 31,303,852</u>

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 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 participates in 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, 2025 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%	8.25%
Required employer contribution rates	15.870%	8.090%

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

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 are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance 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, 2025, were \$548,167.

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 of the Plan is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2025 measurement period was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025. The collective total pension liability was based on the following assumptions:

	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2024	June 30, 2023
Measurement Date	June 30, 2025	June 30, 2024
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90 percent. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year 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 to project compound (geometric) returns over the long term.

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

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

Subsequent Events

On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025 valuation date and reflected in the June 30, 2026 GASB accounting valuation reports.

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.

Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at: 6/30/2024 (Valuation Date)	\$ 19,257,492	\$ 15,593,132	\$ 3,664,360
Balance at: 6/30/2025 (Measurement Date)	21,358,669	18,393,169	2,965,500
Net Changes during 2024-25	<u>\$ 2,101,177</u>	<u>\$ 2,800,037</u>	<u>\$ (698,860)</u>

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, 2025 and 2024 measurement dates was as follows:

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Proportionate Share of Net Pension Liability (Continued)

December 31, 2025

Proportionate Share - December 31, 2024 (measurement date June 30, 2024)	0.07434%
Proportionate Share - December 31, 2025 (measurement date June 30, 2025)	0.07576%
Change - Increase (Decrease)	0.00142%

December 31, 2024

Proportionate Share - December 31, 2023 (measurement date June 30, 2023)	0.074270%
Proportionate Share - December 31, 2024 (measurement date June 30, 2024)	0.075760%
Change - Increase (Decrease)	0.001490%

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 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.9 percent) or one percentage-point higher (7.9 percent) than the current rate:

December 31, 2025

	Discount Rate - 1%	Current Discount	Discount Rate +
	(5.90%)	Rate (6.90%)	1%
	_____	_____	_____
	(7.90%)		(7.90%)
Plan's Net Pension Liability \$	5,847,805	2,965,500	593,395

December 31, 2024

	Discount Rate - 1%	Current Discount	Discount Rate +
	(5.90%)	Rate (6.90%)	1%
	_____	_____	_____
	(7.90%)		(7.90%)
Plan's Net Pension Liability \$	6,262,974	3,664,360	1,525,319

Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Proportionate Share of Net Pension Liability (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the start of the measurement period (July 1, 2024), the District's net pension liability was \$3,664,360. For the measurement period ending June 30, 2025 (the measurement date), the District incurred a pension expense of \$247,836.

As of December 31, 2025 and 2024, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

December 31, 2025

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 355,338	\$ -
Changes of Assumptions	-	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(401,265)
Change in Employer's Proportion	119,116	-
Difference in Actual vs Projected Contributions	104,707	-
Pension Contributions Subsequent to Measurement Date	276,575	-
Total	<u>\$ 855,736</u>	<u>\$ (401,265)</u>

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Beaumont-Cherry Valley Water District

Notes to Financial Statements

For the Year Ended December 31, 2025 and with Comparative Information for the Year Ended December 31, 2024

NOTE 14 – COMMITMENTS

In 2004, the Beaumont Basin Watermaster (Watermaster) was created to manage the groundwater extractions, 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, 2025 and 2024, the District contributed \$70,629 and \$47,614, 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, 2025, 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, 2025 and with Comparative Information for the Year Ended December 31, 2024

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, 2025. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

NOTE 17 – Adjustment – Correction of Error

During the year ended December 31, 2025, the District identified an error related to the accounting for contributed capital received in prior years. In fiscal years leading up to 2024, the District received capital contributions consisting of capital assets from developers in the amount of \$10,947,646, with accumulated depreciation of \$325,189. These contributions met the criteria for recognition as capital contributions in the prior fiscal years; however, they were not recorded in the District's financial statements for those years.

In accordance with generally accepted accounting principles applicable to governmental entities, the District has corrected this error by restating beginning net position as of January 1, 2024. The effect of this correction was to increase beginning net position by \$10,622,457, which results from an increase to capital assets of \$10,947,646, with a corresponding increase to contributed capital, as well as an increase to accumulated depreciation of \$325,189.

The following table summarizes the impact of the prior period adjustment on beginning net position:

Beginning net position, as previously reported	\$ 204,897,412
Adjustment – correction of error	<u>10,622,457</u>
Beginning net position, as restated	<u>\$ 215,519,869</u>

This adjustment had no effect on the change in net position for the year ended December 31, 2025. Management has evaluated the cause of this error and implemented procedures to ensure that all capital contributions are properly identified and recorded in the appropriate reporting period going forward.

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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
6/30/2016	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%
6/30/2024	0.075760%	3,664,360	3,772,160	97.14%	80.97%
6/30/2025	0.074338%	2,965,500	4,254,557	69.70%	86.12%

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.

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
12/31/2016	\$ 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%
12/31/2024	483,486	(483,486)	-	3,910,104	12.37%
12/31/2025	548,167	(548,167)	-	4,779,951	11.47%

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.

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	2024	2025
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 108,164	\$ 104,143	\$ 116,929	\$ 145,436	\$ 151,696	\$ 90,020	\$ 92,496	\$ 83,999
Interest	48,433	54,966	57,750	48,368	51,156	66,503	71,937	75,346
Differences between expected and actual experience	-	-	22,597	-	(275,289)	-	(83,018)	-
Changes in assumptions	(64,185)	90,015	348,579	18,737	(697,367)	-	(52,647)	(106,172)
Benefit payments	(12,565)	(29,345)	(35,122)	(36,387)	(41,757)	(36,330)	(36,870)	(37,826)
Net change in total OPEB liability	79,847	219,779	510,733	176,154	(811,561)	120,193	(8,102)	15,347
Total OPEB liability - beginning	1,251,010	1,330,857	1,550,636	2,061,369	2,237,523	1,425,962	1,546,155	1,538,053
Total OPEB liability - ending	1,330,857	1,550,636	2,061,369	2,237,523	1,425,962	1,546,155	1,538,053	1,553,400
Plan Fiduciary Net Position								
Contributions – employer	-	-	-	-	249,930	140,544	141,110	93,648
Net investment income	-	-	-	-	(193)	2,939	19,148	42,635
Benefit payments	-	-	-	-	(41,757)	(36,330)	(36,870)	(37,826)
Administrative expense	-	-	-	-	(176)	(317)	(397)	(324)
Net change in plan fiduciary net position	-	-	-	-	207,804	106,836	122,991	98,133
Plan fiduciary net position - beginning	-	-	-	-	-	207,804	314,640	437,631
Plan fiduciary net position - ending (b)	-	-	-	-	207,804	314,640	437,631	535,764
Net OPEB liability - ending (a) - (b)	\$ 1,330,857	\$ 1,550,636	\$ 2,061,369	\$ 2,237,523	\$ 1,218,158	\$ 1,231,515	\$ 1,100,422	\$ 1,017,636
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	14.6%	20.3%	28.5%	34.5%
Covered-employee payroll	\$ 2,186,445	\$ 2,353,519	\$ 2,473,694	\$ 2,450,708	\$ 3,206,348	\$ 3,803,323	\$ 3,951,056	\$ 4,560,252
Total OPEB liability as a percentage of covered employee payroll	60.9%	65.9%	83.3%	91.3%	38.0%	32.4%	27.9%	22.3%

Notes to schedule:

Changes in assumptions: The discount rate changed from 4.70% in 2024 to 5.23% in 2025. The discount rate changed from 4.44% in 2023 to 4.70% in 2024. 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) ⁽¹⁾	Contributions in relation to the actuarially determined contribution ⁽¹⁾	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered-employee payroll
2018	N/A	N/A	\$ -	\$ 2,393,812	0%
2019	N/A	N/A	-	2,552,294	0%
2020	N/A	N/A	-	2,552,490	0%
2021	N/A	N/A	-	2,581,511	0%
2022	N/A	\$ 249,930	-	3,351,430	7%
2023	N/A	140,544	-	3,692,977	4%
2024	N/A	141,110	-	3,914,054	4%
2025	N/A	93,648	-	4,786,151	2%

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net investment in capital assets	\$ 114,241,568	\$ 112,850,063	\$ 115,174,259	\$ 114,636,883	\$ 113,615,348
Restricted	10,226,231	21,287,702	26,824,036	30,057,752	33,664,496
Unrestricted	<u>25,294,018</u>	<u>26,777,618</u>	<u>28,191,312</u>	<u>27,472,086</u>	<u>29,160,218</u>
Total net position	<u>\$ 149,761,817</u>	<u>\$ 160,915,383</u>	<u>\$ 170,189,607</u>	<u>\$ 172,166,721</u>	<u>\$ 176,440,062</u>

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net investment in capital assets	\$ 114,503,536	\$ 120,796,822	\$ 122,055,075	\$ 134,844,380	\$ 149,345,058
Restricted	44,167,571	49,329,290	52,522,790	53,325,035	56,943,108
Unrestricted	<u>33,424,647</u>	<u>34,073,842</u>	<u>30,319,547</u>	<u>31,303,852</u>	<u>32,939,135</u>
Total net position	<u>\$ 192,095,754</u>	<u>\$ 204,199,954</u>	<u>\$ 204,897,412</u>	<u>\$ 219,473,267</u>	<u>\$ 239,227,301</u>

Source: *Beaumont-Cherry Valley Water District*

Beaumont-Cherry Valley Water District

Changes in Net Position Last Ten Years

	2016	2017	2018	2019
OPERATING REVENUES				
Metered water sales	\$ 4,655,883	\$ 5,060,758	\$ 5,375,165	\$ 4,933,445
Water service charges	2,865,733	3,014,752	3,238,643	3,403,608
Water importation pass-through charges	2,102,694	2,288,455	2,424,212	2,237,051
Water pumping power pass-through charges	1,508,460	1,641,681	1,739,022	1,604,661
Development and installation charges	653,251	818,430	979,629	851,465
Other revenue	353,419	353,433	403,970	321,521
Total operating revenues	12,139,440	13,177,509	14,160,641	13,351,751
OPERATING EXPENSES ⁽¹⁾				
Salaries and employee benefits	2,974,987	3,395,058	3,855,018	4,197,179
Pension expense (credit)	(225,040)	(87,514)	92,646	242,066
Energy expenses	1,344,733	1,598,665	1,760,641	1,591,985
Water purchases	2,954,123	4,308,030	3,842,357	5,200,241
Administration	193,382	284,724	313,973	508,291
Operations	234,245	292,991	420,403	440,041
Maintenance and repairs	604,118	515,645	493,357	744,870
Depreciation and amortization	2,528,643	2,591,208	2,575,804	2,707,811
Insurance	75,502	73,674	73,530	75,858
Professional fees	228,162	250,504	144,908	272,752
Other expenses	10,978	12,115	11,334	14,205
Total operating expenses	10,923,833	13,235,100	13,583,971	15,995,299
Operating Income (loss)	1,215,607	(57,591)	576,670	(2,643,548)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings (losses)	180,342	350,406	1,121,500	1,668,981
Interest expense	-	-	-	-
Rental income	20,577	21,715	20,934	23,805
Other revenue	1,101	89,591	24,681	3,328
In-lieu modification	-	-	-	-
Gain/loss on disposal of capital assets	(7,898)	(37,031)	-	15,840
Total nonoperating revenues (expenses)	194,122	424,681	1,167,115	1,711,954
Income (loss) before contributions	1,409,729	367,090	1,743,785	(931,594)
CAPITAL CONTRIBUTIONS				
Donated capital assets	1,004,624	-	2,423,839	313,440
Capital contribution to other government	-	-	-	(569,812)
Capacity charges	8,536,867	11,270,398	5,282,211	2,989,469
Total capital contributions	9,541,491	11,270,398	7,706,050	2,733,097
Change in net position	10,951,220	11,637,488	9,449,835	1,801,503
Net position, beginning of year, as previously reported	138,810,597	149,761,817	160,915,383	170,365,218
Adjustment - change in accounting principle	-	(483,922)	-	-
Adjustment - correction of error	-	-	-	-
Net position, beginning of year, as restated	138,810,597	149,277,895	160,915,383	170,365,218
Net position, end of year	\$ 149,761,817	\$ 160,915,383	\$ 170,365,218	\$ 172,166,721

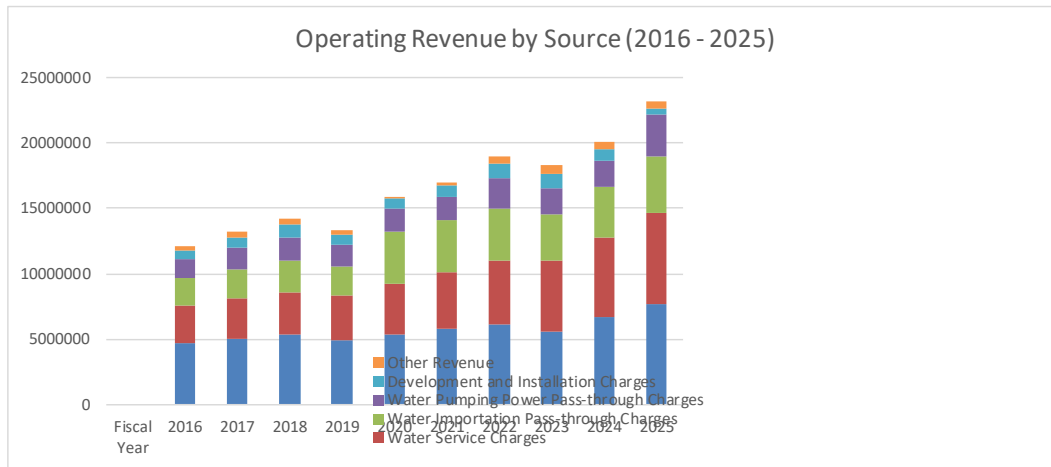
Beaumont-Cherry Valley Water District

	2020	2021	2022	2023	2024	2025
\$	5,332,496	\$ 5,838,776	\$ 6,102,822	\$ 5,608,560	\$ 6,686,662	\$ 7,725,784
	3,893,907	4,303,343	4,848,032	5,402,774	6,088,126	6,905,477
	3,951,457	3,918,607	3,994,823	3,505,928	3,844,653	4,375,445
	1,820,448	1,854,589	2,331,222	2,045,094	2,040,009	3,117,569
	712,920	857,886	1,153,264	1,044,488	888,424	542,520
	179,339	214,127	579,644	648,325	492,982	457,340
	<u>15,890,567</u>	<u>16,987,328</u>	<u>19,009,807</u>	<u>18,255,169</u>	<u>20,040,856</u>	<u>23,124,135</u>
	4,515,442	4,563,552	5,657,557	5,925,057	6,652,401	7,686,547
	268,910	(489,557)	210,204	372,104	361,114	(27,406)
	2,105,011	2,470,785	2,653,152	2,699,945	2,651,587	2,798,788
	4,390,995	1,163,484	708,624	7,182,000	5,586,000	6,475,770
	551,523	613,685	714,778	667,852	678,926	888,873
	421,946	578,611	766,180	649,462	1,073,991	781,974
	926,039	726,088	992,346	1,331,109	962,733	1,267,269
	2,865,579	2,947,481	3,175,139	3,426,898	3,926,622	3,982,709
	92,035	108,645	144,045	197,683	251,247	236,062
	236,248	462,675	332,569	596,726	442,193	416,978
	13,660	16,501	18,189	20,451	12,931	12,238
	<u>16,387,388</u>	<u>13,161,950</u>	<u>15,372,783</u>	<u>23,069,287</u>	<u>22,599,745</u>	<u>24,519,802</u>
	<u>(496,821)</u>	<u>3,825,378</u>	<u>3,637,024</u>	<u>(4,814,118)</u>	<u>(2,558,889)</u>	<u>(1,395,667)</u>
	942,888	108,532	(218,974)	3,604,003	4,137,489	4,404,312
	-	(2,074)	(1,569)	(710)	(16,981)	(8,848)
	23,089	26,101	45,590	37,809	34,209	34,186
	78,187	720,864	482,943	101,187	1,690,699	2,077,071
	-	-	-	-	-	(591,660)
	-	-	-	(2,915)	(71,660)	(4,260)
	<u>1,044,164</u>	<u>853,423</u>	<u>307,990</u>	<u>3,739,374</u>	<u>5,773,756</u>	<u>5,910,801</u>
	<u>547,343</u>	<u>4,678,801</u>	<u>3,945,014</u>	<u>(1,074,744)</u>	<u>3,214,867</u>	<u>4,515,134</u>
	-	324,740	978,470	-	393,414	12,894,763
	-	-	-	-	-	-
	3,725,998	10,651,484	7,181,383	1,772,202	345,117	2,344,137
	3,725,998	10,976,224	8,159,853	1,772,202	738,531	15,238,900
	4,273,341	15,655,025	12,104,867	697,458	3,953,398	19,754,034
	172,166,721	176,440,062	192,095,087	204,199,954	204,897,412	219,473,267
	-	-	-	-	-	-
	-	-	-	-	10,622,457	-
	<u>172,166,721</u>	<u>176,440,062</u>	<u>192,095,087</u>	<u>204,199,954</u>	<u>215,519,869</u>	<u>219,473,267</u>
\$	<u>176,440,062</u>	<u>\$ 192,095,087</u>	<u>\$ 204,199,954</u>	<u>\$ 204,897,412</u>	<u>\$ 219,473,267</u>	<u>\$ 239,227,301</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
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
2024	6,686,662	6,088,126	3,844,653	2,040,009	888,424	492,982	20,040,856
2025	7,725,784	6,905,477	4,375,445	3,117,569	542,520	457,340	23,124,135

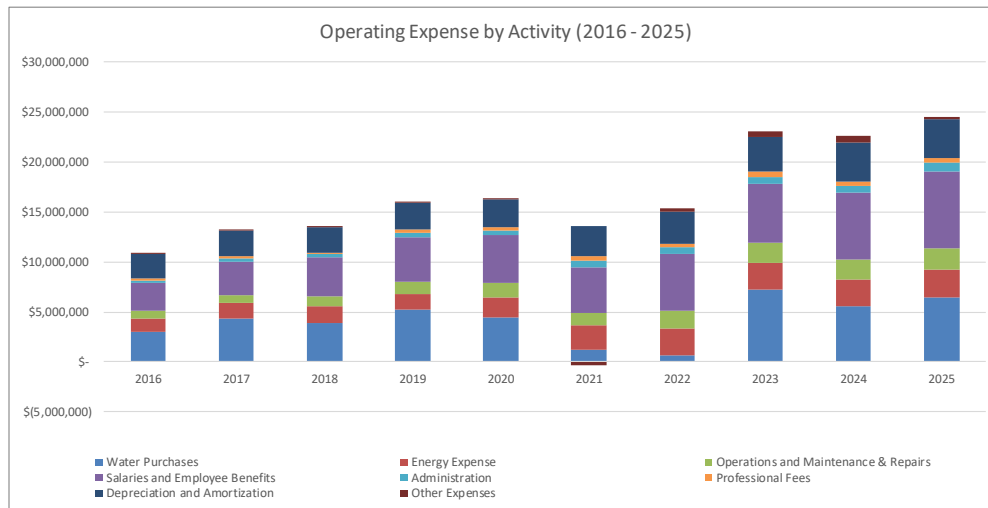


Source: Beaumont-Cherry Valley Water District

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
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	5,925,057	7,182,000	2,699,945	1,980,571	667,852	596,726	3,426,898	590,238	23,069,287
2024	6,652,401	5,586,000	2,651,587	2,036,724	678,926	442,193	3,926,622	625,292	22,599,745
2025	7,686,547	6,475,770	2,798,788	2,049,243	888,873	416,978	3,982,709	220,894	24,519,802



Notes:

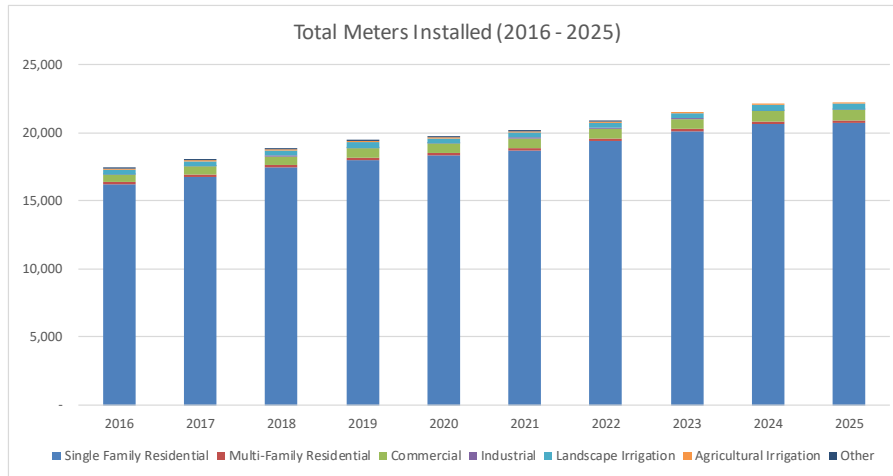
(1) Some amounts from the Changes in Net Position schedule are grouped together for comparability

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
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
2024	20,596	180	784	34	407	86	-	22,087
2025	20,697	191	806	34	412	85	-	22,225



Source: Beaumont-Cherry Valley Water District

Beaumont-Cherry Valley Water District

Principal Customers Current and Nine Years Ago

Customer	2016		2025		Change in Consumption	Percentage of Change
	Annual Consumption (hcf)	Percentage of Total Consumption	Annual Consumption (hcf)	Percentage of Total Consumption		
Beaumont Unified School District	171,720	3.70%	237,767	4.22%	66,047	27.78%
City Of Beaumont	213,150	4.60%	225,921	4.01%	12,771	5.65%
K Hovnanians Four Seasons	184,886	3.99%	174,473	3.10%	(10,413)	-5.97%
Fairway Canyon HOA	59,543	1.28%	89,925	1.60%	30,382	33.79%
CJ Foods Manufacturing Beaumont Corp	-	0.00%	89,698	1.59%	89,698	100.00%
Highland Springs Resort	64,546	1.39%	65,706	1.17%	1,160	1.77%
Perricone Juices	57,090	1.23%	58,466	1.04%	1,376	2.35%
Solera Hoa	44,513	0.96%	52,921	0.94%	8,408	15.89%
Oak Valley Community Association	43,495	0.94%	40,653	0.72%	(2,842)	-6.99%
TNT Blanchard General	-	0.00%	35,675	0.63%	35,675	100.00%
	<u>838,943</u>	<u>18.09%</u>	<u>1,071,205</u>	<u>19.02%</u>	<u>232,262</u>	
Total Water Consumed	<u>4,637,059</u>	<u>100.00%</u>	<u>5,631,122</u>	<u>100.00%</u>		

Notes: Excludes water used by the Beaumont-Cherry Valley Water District

Source: Beaumont-Cherry Valley Water District

Beaumont-Cherry Valley Water District

Revenue Rates Last Ten Years

Charges for Water Used (per ccf)												
Fiscal Year	Single-Family Residential			Tier 3	Multi-Family Residential		Commercial	Fire Service	Landscape	Agricultural Irrigation	Construction	Non-Potable
	Tier 1	Tier 2			Tier 1	Tier 2						
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	
2024	0.88	1.09	1.80	1.35	n/a	1.27	1.56	1.41	1.41	1.56	1.07	
2025	1.02	1.26	2.07	1.56	n/a	1.47	1.80	1.63	1.63	1.80	1.24	

Domestic Service Charge (bi-monthly)											
Fiscal Year	5/8"	3/4"	1"	1.5"	2"	3"	4"	6"	8"	10"	12"
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
2024	29.63	40.83	63.25	119.32	186.59	399.61	713.55	1,464.75	3,146.54	4,716.20	5,949.50
2025	34.08	46.96	72.74	137.22	214.58	459.56	820.59	1,684.47	3,618.53	5,423.63	6,841.93

Source: Beaumont-Cherry Valley Water District

Beaumont-Cherry Valley Water District

Ratio of Outstanding Debt by Type Last Ten Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Loans Payable	Total Outstanding Debt	Per Capita	Share of Personal Income
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%
2024	-	-	-	65,991	-	65,991	1.11	0%
2025	-	-	-	487,538	-	487,538	8.14	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
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
2024	26,248,370	(18,673,123)	7,575,247	15,507	16,981	32,488	488.50
2025	31,983,841	(20,537,093)	11,446,748	63,246	8,848	74,819	180.99

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
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%
2024	59,708	89,672	37,162	4.2%
2025	59,896	93,074	38,317	5.2%

Sources:

Population: State of California Department of Finance

County Data: Riverside County Office of Economic Development

United States Census Bureau

Beaumont-Cherry Valley Water District

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

Employer	2025 ⁽³⁾	
	Number of Employees	Total Employment ⁽²⁾
County of Riverside	25,345	28.31%
Amazon	14,317	15.99%
State of California	8,398	9.38%
Walmart	7,523	8.40%
Riverside Unified School District	6,562	7.33%
Moreno Valley Unified School District	6,306	7.04%
Kaiser Permanente Riverside Medical Center	5,817	6.50%
Stater Bros	5,145	5.75%
University of California, Riverside	5,137	5.74%
Eisenhower Medical Center	4,971	5.55%
Total	<u>89,521</u>	<u>100.00%</u>

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 January 2024

Source: *Riverside County Economic Development Agency*

Beaumont-Cherry Valley Water District

Full-time and Part-time District Employees by Department Last Ten Years⁽¹⁾

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Engineering	3	5	5	6	5	5	5	4	5	6
Finance & Administrative Services										
Finance and Administration	10	12	13	13	12	13	13	6	8	8 ⁽³⁾
Customer Service	0	0	0	0	0	0	0	4	5	4 ⁽²⁾
Human Resources	0	0	0	1	1	1	1	1	1	1
IT	1	1	1	1	1	1	1	1	1	1
Operations										
Source of Supply	3	4	4	4	5	5	4	5	5	5
Cross Connection/Non-Potable Water	0	0	0	0	0	0	0	1	1	1 ⁽²⁾
Transmission and Distribution	11	10	13	13	12	12	19	18	15	17 ⁽⁴⁾
Customer Service and Meter Reading	3	3	3	3	3	3	3	1	2	2 ⁽³⁾
Maintenance and General Plant	0	0	0	0	0	1	1	1	2	2
Total	31	35	39	41	39	41	47	42	45	47

Notes:

- (1) Includes permanent and temporary staff, as of 12/31 of each year
- (2) New division, staff recorded previously in main department category
- (3) Staff transferred to other divisions within department
- (4) 2021-2023 includes 1-2 temps for AMR project

Source: Beaumont-Cherry Valley Water District

Beaumont-Cherry Valley Water District

Operating Indicators by Function Last Ten Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District Service Area (square miles)	28	28	28	28	28	28	28	28	28	28
Water mains (miles)	282	282	282	282	303	326	331	352	352	352
Fire hydrants	1,590	1,669	1,752	1,840	2,131	2,535	2,662	2,662	2,662	2,796
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*