



POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended
June 30, 2024



THREE VALLEYS MUNICIPAL
WATER DISTRICT

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Letter from the General Manager

On behalf of the Board of Directors and staff of Three Valleys Municipal Water District it is my pleasure to present to you our Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2024. Our PAFR provides an overview of the District's financial position in a manner that is easy to understand. The Government Finance Officers Association (GFOA) encourages and assists state and local governments to utilize information from their Annual Comprehensive Financial Report (ACFR) and compile a high quality PAFR. This PAFR represents Three Valleys Municipal Water District's ongoing commitment to transparency in its operations and governance. The information in this report is based on the audited results presented in the District's ACFR. The District received an unmodified audit opinion that the financial statements present, fairly, in all material respects, the financial position of the District.

I hope you find this report helpful and encourage you to access the District's website (<https://www.threevalleys.com/finance-transparency>) for more detailed information about the District's finances.

A handwritten signature in blue ink, appearing to read 'M. Litchfield', written in a cursive style.

Matthew Litchfield | General Manager

District Governance

Board of Directors

Three Valleys is governed by a seven-member Board of Directors elected by the public. Each director represents one of seven geographic divisions, which are apportioned based on population. Directors serve four-year terms and are accountable to the residents of their divisions for overseeing Three Valleys' operations. To maintain continuity, terms are staggered, with elections held in at least three divisions every two years. Directors must reside within the division they represent.



Jody Roberto
President
Division 5



Carlos Goyita
Secretary/Treasurer
Division 1



David De Jesus
Division 2



Jeff Hanlon
Division 3



Bob Kuhn
Division 4



Danielle Soto
Division 6

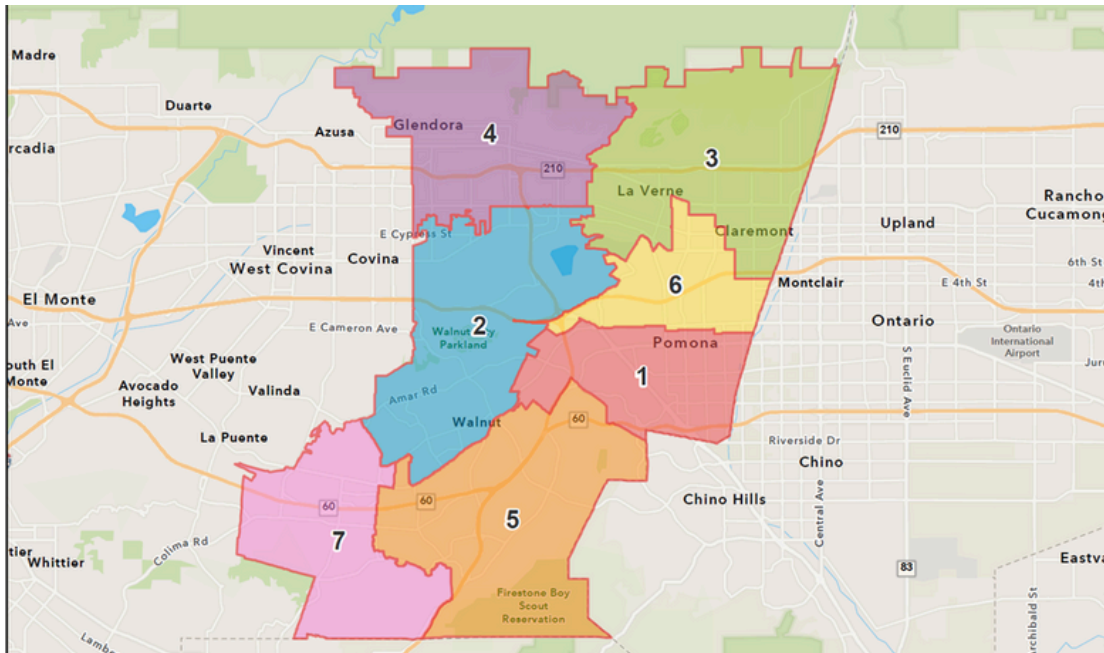


Mike Ti
Vice President
Division 7

About the District

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Three Valleys Municipal Water District is a special district established in 1950 by a vote of the people. Originally called the Pomona Valley Municipal Water District, the name was changed in 1981 to better reflect the areas served -- the Pomona, Walnut, and eastern San Gabriel Valleys. Today, the District's service area covers 133 square miles. The District's operations consist of a conventional surface water treatment plant, a state certified laboratory, four groundwater production wells, five hydroelectric generators, residual solids removal, groundwater recharge pipelines, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies through several miles of pipeline.



Board of Directors Divisions for Three Valleys Municipal Water District

Mission

Three Valleys Municipal Water District's mission is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.

Vision

Three Valleys Municipal Water District's vision is to be a regional leader through advocacy, engagement, and innovation to serve the generations, now and into the future.

DISTRICT OVERVIEW



**Established in
1950**



**District Service Area:
133 Square Miles
20 Communities Served**



**Wholesale water
service to 13 member
agencies**

OUR FACILITIES



**4 Active
Groundwater Wells**



**5 Hydroelectric
Power Generators**

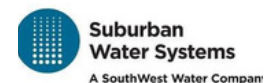


**Treatment Plant
26 TAFY
(Thousand acre-feet per year)**



**10 Miles of
Pipeline**

OUR CUSTOMERS



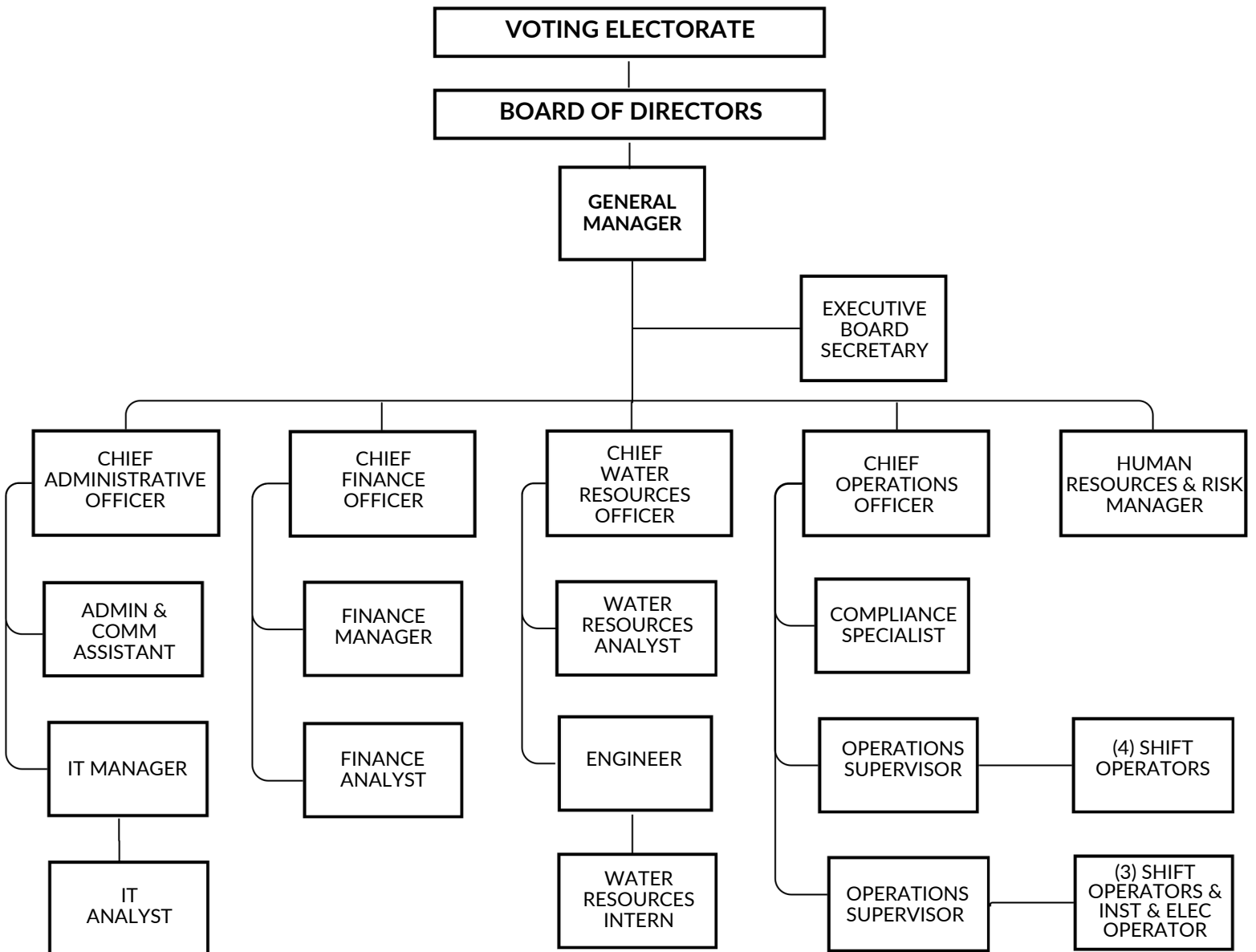
Goals and Priorities

The District's Board of Directors is aware of the need to ensure the District's stability and continuation. District-wide goals are established by the Board of Directors in order to identify priority programs and projects that effectively meet the District's anticipated future needs.



- Provide a reliable, high-quality water supply to meet regional demands
- Provide water supplies in the most cost-effective manner
- Provide a fair, fun, and value-driven environment to support its business ethos.

Structure of District



Community Outreach

The District participates in various community events throughout the year including tri-annual leadership breakfasts and facility tours for local schools. The District is committed to enhancing the community's quality of life by educating surrounding agencies and future generations on the water treatment process.



Three Valleys' Chief Administrative Officer was awarded the **Ralph Heim Outreach and Advocacy Award**, an award given in recognition of significant contributions to public outreach, advocacy, and education in water management. The award honors efforts to engage and educate communities, policymakers, or stakeholders on important issues, often with an emphasis on promoting sustainable water practices or policies.

The District holds a tri-annual leadership breakfast in which keynote speakers are invited from several areas relating to water and its production, ranging from Metropolitan Water District (MWD) staff to environmental planners. The event is an opportunity for leaders from surrounding local agencies to network and learn more about MWD water facilities, future planning, as well as other topics pertaining to supply and what affects of water.



Capital Improvement



Miramar Treatment Plant Switch Gear Upgrades:

The project includes the design and construction to replace the (3) electrical breakers in the Miramar Plant's main switchgear. Full-service design and construction contract for the Project was awarded to High Point Construction Services in February 2023. The Project was completed in February 2024.



Miramar Transmission Line Leak Detection:

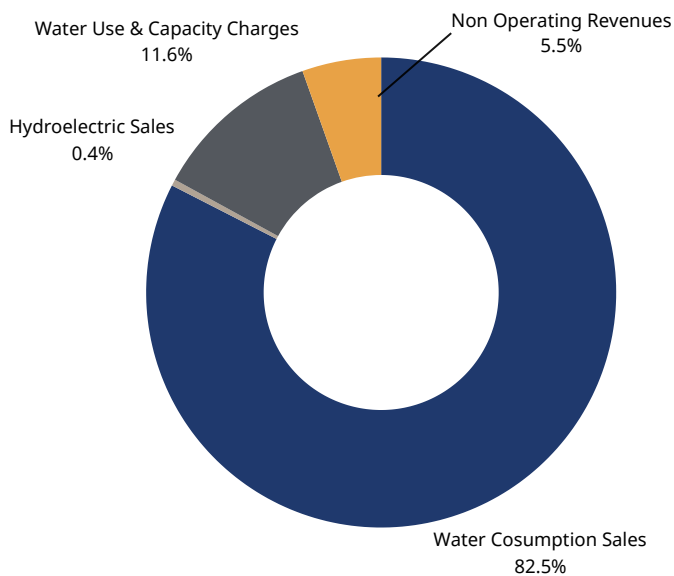
The project was developed to identify potential leaks within the pipeline distribution system and to develop corrective measures to address water loss. The water loss identified by TVMWD ranged between five to ten percent, with variations depending on the quantities of flow—higher losses occurred when the distribution system flow was lower and were more noticeable. This trend had been increasing, particularly since 2020, with lower demands through the pipeline equating to a potential revenue loss of \$750,000 per year since 2020. A Professional Services Agreement was entered into with Xylem to conduct this analysis, which was completed in December 2023.



Site Security Upgrades:

The prior camera security system utilized in Three Valleys' facilities was outdated and was no longer supported by the vendors. The project replaced all existing security cameras at the Miramar Treatment Plant and remote sites owned or operated by Three Valleys. The new security system is integrated with existing access control systems to provide additional functions, which increased security at all locations. Three Valleys contracted with ADT Commercial LLC in February 2024 to complete the site security upgrades and all security cameras have been installed as of July 2024.

Sources of Revenue



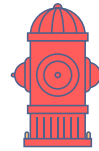
Water Consumption: \$56.2M

Volumetric revenue based on consumption of potable water.



Hydroelectric Sales: \$0.3M

Basic service charge based on number of connected meters.



Water Use & Capacity Charges: \$7.9M

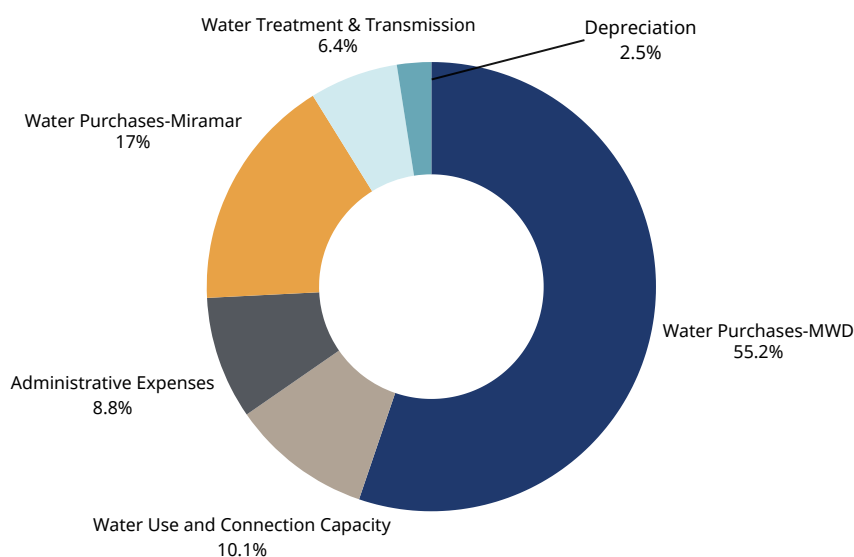
Water use, Equivalent Small Meter, Connected Capacity Assessment and Charge, and Ready-to-Serve (RTS) Standby Charge.



Non-Operating Revenue: \$3.9M

Includes investment income, property taxes, federal grants, and disposal amounts.

Operating Expenses



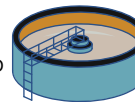
Water Purchases: \$49.8M

Volumetric revenue based on consumption of potable water.



Water Use & Connection Capacity: \$7.0M

Metropolitan Water District's Capacity and Readiness-To-Serve charges.



Water treatment & Transmission: \$4.4M

Expenses related to treatment of water, as well as the transmission and distribution of water to member agencies.



Administrative Expenses: \$6.0M

Administration expenses for District operations. For example, office supplies, staff and director salaries and benefits, professional services, etc.

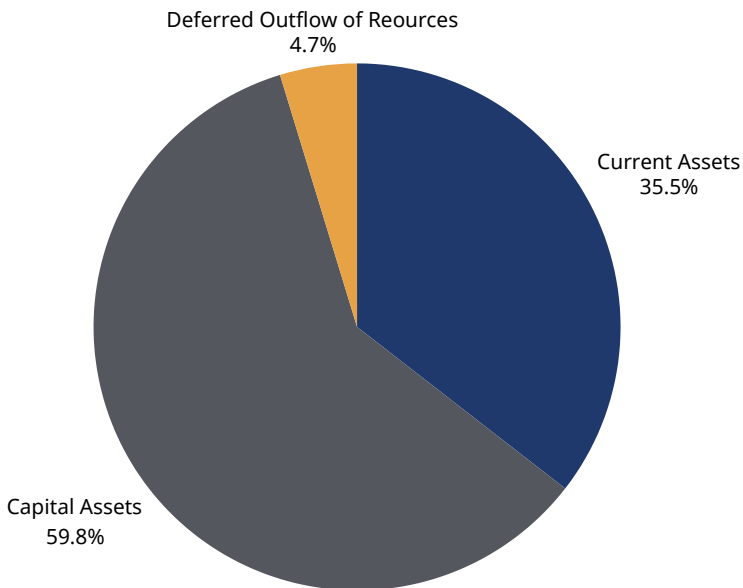


Depreciation: \$1.8M

Expenses related to the use of capital assets over time. It is a non-cash expenditure.

Statement of Net Position

Assets & Deferred Outflow



Current Assets: \$21.8M

Cash and cash equivalents, accounts and interest receivables, prepaid expenses, and other liquid assets that can be readily converted to cash.



Capital Assets: \$36.7M

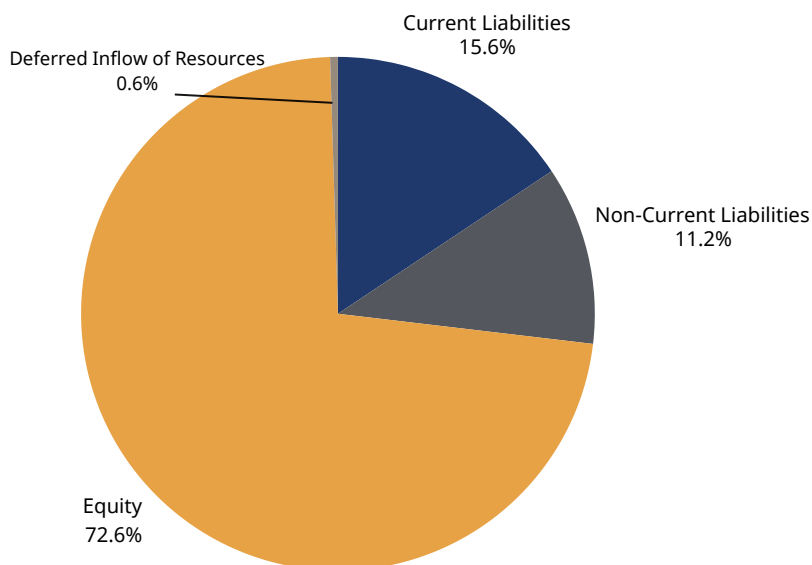
Includes land, buildings, equipment, vehicles, treatment plants, pipeline and water distribution systems.



Deferred Outflow of Resources: \$2.9M

Represents outflow of resources that apply to future periods, therefore, will not be recognized as an expense until that time.

Liabilities & Equity



Current Liabilities: \$9.6 M

Present obligations and payments due including, payments to vendors, payroll, and employee benefits.



Non-Current Liabilities: \$6.9 M

Long-term financial obligations including payments for leases, subscriptions, and employee retirement benefits.



Deferred Inflow of Resources: \$0.3 M

Receipt of net assets attributed to future reporting periods, such as deferred revenue and advance collections.

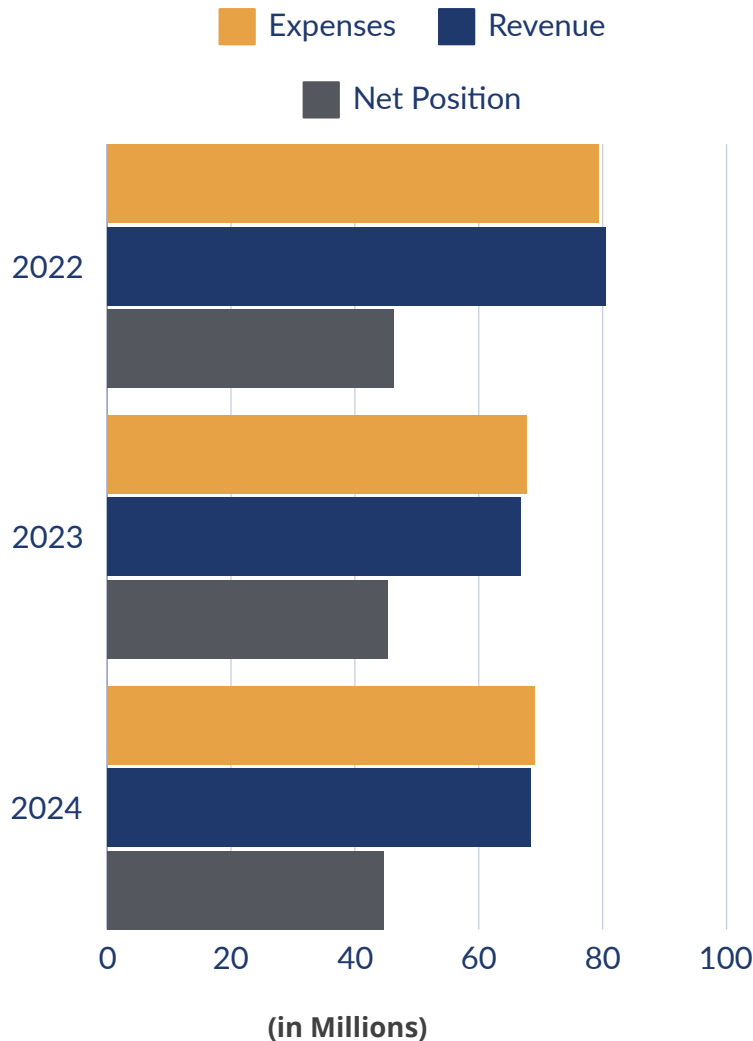


Equity (Net Position): \$44.6 M

Represents the District's fiscal position after assets, liabilities, deferred outflow, and deferred inflow have been balanced.

Changes in Net Position

Based on Annual Comprehensive Financial Report *



Major Changes in Fiscal Year 2024

Revenues:

In fiscal year 2024, the District's operating revenues increased by approximately 1%, or \$0.9M due to the increase in demand in water use, hydroelectric sales, and fixed charges. The increase in demand for water from prior year primarily comes from water treated by the Miramar plant.

The District's non-operating revenues increased by 19%, or \$0.07M. This is primarily due to an increase in property tax collections and favorable market conditions compared to FY2023.

Expenses:

In fiscal year 2024, the District's operating expenses increased 2%, or \$1.2M, primarily due to a transmission main repair that took over 3 months to repair and place back online.

Fiscal year ended June 30, 2024 Three Valleys' expenses exceeded revenues by \$0.7M.

Long Term Debt

Three Valleys Municipal Water District does **not** currently have outstanding debt.