Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

Three Valleys Municipal Water District
1021 E Miramar Avenue | Claremont | CA 91711

THREE VALLEY'S MUNICIPAL WATER DISTRICT
CLAREMONT, CALIFORNIA

Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2023

Prepared by: Finance Department

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THREE VALLEY'S MUNICIPAL WATER DISTRICT
CLAREMONT, CALIFORNIA

Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2023

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February 12, 2024

To the Honorable Board of Directors and Member Agencies:

Introduction

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for Three Valleys Municipal Water District (TVMWD) for the fiscal year (FY) ended June 30, 2023. TVMWD staff, following guidelines set forth by the Governmental Accounting Standards Board (GASB), worked collectively to prepare this financial report. TVMWD is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe the data presented is accurate in all material respects. This report is designed in a manner that we believe is necessary to enhance your understanding of TVMWD's financial position and activities.

TVMWD derives its legal power from the Municipal Water District Act of 1911, including the powers of acquisition and construction of water and hydroelectric generating facilities; acquisition and disposal of property; purchase, production, treatment, distribution, and sale of water, wastewater, and storm waters; provision, generation, delivery and sale of hydroelectric power; levying and collection of taxes; issuance of general obligation and improvement bonds; acquisition of water rights; and right of eminent domain.

State law and TVMWD bylaws require an annual audit of financial statements by an independent certified public accountant. The accounting firm of Lance, Soll & Lunghard, LLP conducted TVMWD's annual audit. Their report, providing an unmodified opinion on TVMWD's financial statements, appears in the Financial Section.

Management's discussion and analysis immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. TVMWD's Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

Agency Profile

TVMWD is a special district formed by public election in 1950 and is the area's primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of over 500,000.

TVMWD's operations consist of a conventional surface water treatment plant, a state certified laboratory, three 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 by way of several miles of pipeline. Approximately 30% of TVMWD's total treated sales are from the Miramar Treatment Plant, while the remaining 70% is from MWD's Weymouth Treatment Plant. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY. TVMWD has water storage accounts in Six Basins (stored: approximately 1,500 AF; capacity: 3,500 AF) and Main San Gabriel Basin (stored: approximately 5,400 AF; capacity: 50,000 AF).

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TVMWD is governed by a seven-member Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board has a combined 87 years of experience with TVMWD. TVMWD employs a team of 24 staff members who are responsible for administering the day-to-day operations of the facility and implementing strategic objectives and policies set forth by the Board. The average tenure of TVMWD employees is 10 years. This stability provides a tremendous benefit to TVMWD.

Local Economy[1]

Los Angeles County's (the County) economy is continuing to recover from and adapt to changes resulting from the depths of the pandemic-induced downturn. The County's economic structure includes many service industries requiring a high degree of in-person interaction and are still trailing behind in the recovery process. Economic recovery has not been consistent among all industries in the County with some rebounding quicker than others.

The County's economy experienced a strong recovery in 2021 with Real GDP growth of 6.8% after the significant losses in 2020. The Real GDP is projected to grow by another 4.6% in 2022 then slow to 2.6% growth in 2023. Economic indicators remain favorable that the County's economy is getting back on track after the major losses in 2020. This economic strength continues despite the effects of national fiscal and monetary policies such as high inflation and high interest rates which have been implemented over the past 2.5 years. These challenges are likely to continue over the next year and will have impacts on overall economic performance and local recovery as well.

Employment levels in the County have recovered significantly across all industries since the substantial employment decline in 2020. The forecasted Unemployment Rates for 2022 and 2023 are 6.4% and 5.1% respectively. Total employment in the County has still not rebounded back to the January 2020 levels. Industries that were impacted the most by the pandemic have added back the highest number of jobs with the leisure and hospitality areas continuing to add back the most jobs. The industry sectors that are expected to increase the most payroll jobs over the next two years are professional and business services, leisure and hospitality services, and education and health services.

The County will need to address some key issues including high housing costs, and potential labor issues such as strikes at the LA County Ports, Film & Television unions, and Petroleum Refineries. Finally, local strength and abilities to survive today's fiscal and monetary policies while striving for economic recovery will be necessary to ensure continued economic improvement across the LA region.

[1] Source: Los Angeles County Economic Development Corporation's 2023 Economic Forecast

Industry Outlook

California continues to, and most likely always, experience unpredictable weather patterns. Water year 2022 was the state's third consecutive dry year of extreme drought characterized by record breaking heat and exceptionally dry soils. This led to significant reductions in runoff from the State's snowpack and in reservoir levels. The devastating drought has impacted communities across the state and caused unprecedented stress on Southern California's water delivery system due to limited available supplies.

Then by late 2022 and early 2023, there was a dramatic swing in California's weather. The state experienced numerous robust winter storms and near-record snowpack in the Sierra Nevada Mountains. The Department of Water Resources (DWR) announced that the amount of California's Sierra Nevada Snowpack was measured at 254% of normal as of May 1, 2023. This year's statewide snowpack is one of the largest on record in California. The storms have greatly helped to improve the state's water supplies and improve reservoir levels, at least in the short term, but unfortunately have also had some destructive and devastating effects on communities and critical infrastructure across the state. Despite the positive impacts from the above average rain and massive snowpack this year, California still faces water shortage issues and the State needs to focus on new generational projects to store and convey large amounts of water to help manage water issues in the future. The increased swings between extremely wet and dry

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conditions will continue to plague the state. The State has not invested in large scale storage or conveyance projects in over 40 years and is long overdue.

The two sources where MWD imports water supplies from Northern California to Southern California are the Sacramento and San Joaquin Rivers through the State Water Project (SWP) and the Colorado River via the Colorado River Aqueduct (CRA). The SWP is operated and maintained by the California DWR, who allocates water annually to each of the twenty-nine SWP contractors throughout the state. Metropolitan Water District (MWD) is the largest contractor of the SWP, receiving about 50% of the supplies. In March 2022, DWR decreased the SWP allocation to 5% due to the record dry start of 2022. Officials with the DWR continued providing water for critical health and safety needs in addition to the 5% allocation but stated that increased conservation and water usage cutbacks were still required. With the remarkable turnaround in the state's water supply due to all the heavy storms and snowpack earlier this year, DWR announced an increase of the SWP allocation to 100% in April 2023, which has not happened since 2006. The Colorado River has also been affected by a decades-long drought leaving the system's reservoirs at their lowest levels. The federal government has called for immediate and dramatic cutbacks in water use as California also continues to battle with an on-going drought.

MWD realizes the dire situation of Southern California's water supply availability. They have taken a variety of steps to help eliminate unnecessary uses of our valuable water resource. In October 2022, MWD's board adopted a new resolution that strongly recommends cities and water agencies across Southern California pass ordinances to permanently prohibit the installation and irrigation of non-functional turf. MWD's board adopted a resolution on December 13, 2022, declaring a Regional Drought Emergency for all Southern California asking water agencies to immediately reduce their use of all imported water supplies. Additionally, under MWD's Emergency Water Conservation Program, in effect from June 2022 through March 2023, all SWP-dependent communities were under mandatory drought restrictions. These communities either had to operate within volumetric limits or had to be restricted to outdoor watering just one day per week.

Despite the remarkable turnaround this year in the state's water supply, MWD is not taking these improved conditions for granted. The SWP water supply has increased but the future of the Colorado river water supply is uncertain. Southern California is marked by unpredictable extreme wet and dry climate conditions so we don't know what the weather pattern for next year and beyond will be. MWD is looking to find ways to store as much water as possible in their facilities and storage accounts with local agencies when we have favorable wet years. MWD continues to take steps forward with critical projects that will help ensure reliable water supplies for Southern California such as: 1) the Delta Conveyance Project which will modernize the state water system, 2) Pure Water Southern California project which is anticipated to be one of the world's largest recycling facilities, and 3) Drought Emergency Mitigation projects to move locally stored water into other parts of MWD's service area that current do not have access to those stored supplies. MWD continues to focus its efforts on conservation, storage, recycling, and reuse and strongly encourages residents and businesses to continue conserving water.

Local Perspective

TVMWD understands how serious Southern California's climate volatility is and the effects on the SWP, CRA, and local water supplies. TVMWD continues to support MWD in its efforts to increase water storage capacity, conserve available water supplies, and ensure reliable water supplies and deliveries for Southern California. Finding solutions to these issues is in line with our goal to provide affordable, reliable, and clean water supplies to the region.

TVMWD's strategic plan focuses on identifying projects that are expected to enhance groundwater production, ensure water supply and reliability, provide system improvements to the Miramar treatment plant, and perform enhancements to service connections. Construction of a fourth well, the MiraGrand Well, began in June 2021, and was completed and operational in June 2023. TVMWD is in the process of acquiring a parcel for construction of a future fifth well and pump station, on Padua Avenue just north of Baseline Road. Additionally, TVMWD staff has worked diligently this year to complete and submit several grant applications for various funding opportunities on

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projects that will help reduce water consumption and for improvements towards water supply reliability. These grant projects will be beneficial to the district and our member agencies. As an example, in March 2023, TVMWD received a $1.6 million grant to be used specifically by our member agency, City of Pomona, for well rehabilitation. TVMWD received a total of approximately $2.7 million in grants from various sources including the State of California, Department of the Interior (Bureau of Reclamation), federal community assistance programs and the Water Quality Authority.

TVMWD remains proactive in working with our member agencies by providing information on necessary actions to be taken at the retail level and other conservation outreach activities available as both voluntary and mandatory measures are passed down by MWD. Collaboration with our member agencies to understand their short-term and long-term needs is what we strive to achieve. TVMWD staff is continuing to work with our member agencies, watermasters, and other important stakeholders in developing a Water Resources Master Plan that will provide a road map to continue our mission of providing a reliable high quality water supply in the most cost-effective manner.

Planning for growth and for preserving and strengthening the reliability of our water supplies are primary goals for TVMWD. We prioritize reliability for both current and future generations, and we prepare for emergencies such as extreme drought, a catastrophic earthquake, or other unforeseen disasters.

Major Initiatives and Projects

TVMWD began, continued, or completed many projects and programs in FY 2022-2023. Major accomplishments for the Fiscal Year are summarized below:

Big Dalton Spreading Grounds (BDSG) Recharge Improvements: Three Valleys in collaboration with LA County Department of Public Works and the City of Glendora looked into BDSG improvements. A groundwater modeling analysis was completed to quantify the potential impacts/benefits to Glendora's nearby wells with this project. The analysis did not show any significant positive impacts in general, or in particular to the City of Glendora. The partners agreed that it is not in the best interest of the rate payers to pursue additional imported water recharge at the Big Dalton Spreading Grounds. LA County Department of Public Works will continue in their efforts to complete recharge basin improvements to capture additional stormwater.

MiraGrand Well: The MiraGrand Well will allow TVMWD to supplement its imported water with reliable local groundwater resources in the Six Basins groundwater basin. The Miragrand Well will be TVMWD's fourth groundwater production well with a groundwater production capacity of 600 gallons per minute (gpm) or 825 acre-feet per year (AFY). The project includes the construction of the well, equipping the well and associated pipeline at TVMWD's site located at Miramar Avenue and Grand Avenue in the city of Claremont. Construction began in June 2021. The construction and startup of the MiraGrand Well was completed in February 2023. The facility began operation in July 2023 once the permit amendment with the Division of Drinking Water was obtained.

Durward and Old Baldy Wells: The project will construct groundwater wells to provide additional groundwater production from the Six Basins to blend with water from Metropolitan Water District and Three Valleys. Located in La Verne, the Old Baldy Well on 5th Street and C Street and the Durward Well on Fairplex Drive and Orange Street are expected to produce 650 gpm and 500 gpm, respectively. Three Valleys will operate the wells on behalf of the Puente Basin Water Agency (PBWA), and the wells will deliver water to the Joint Water Line to bolster the PBWA's water supply. The Durward Well will be equipped in 2024. The refurbishing and casing of the Old Baldy Well was completed in March 2023. Communications equipment to operate the well is anticipated to be installed by early 2024.

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Miramar Pump Back Upgrades: The project will provide redundancy to the Miramar Distribution system in general and in particular, during drought conditions. The pump back operations will allow for flows to be shifted from the Metropolitan Water District of Southern California's (Metropolitan) Rialto Pipeline serving State Water Project water to Colorado River supplies from Metropolitan's Weymouth Treatment Plant. The enhancements are estimated to take three years to complete once the project is accepted and funding is allocated. The Project sought grant funding from the California Department of Water Resources in January 2023. The Project is in the feasibility stage, with earliest completion date forecasted for 2027.

Padua Pump Station: Three Valleys is in the process of acquiring property from the California Department of Transportation to construct a pump station which will provide flexibility to move water from lower pressure zones into the Miramar System, such as Pure Water Southern California, or other external opportunities. The property acquisition is anticipated to be completed by June 2024.

Groundwater Reliability Project: Three Valleys along with its Partners of the City of Glendora and Puente Basin Water Agency (PBWA) is collaborating to reoperate wells that had previously been shut down due to groundwater contamination issues in the Main San Gabriel Groundwater Basin. The parties have reinitiated planning efforts to develop a regional approach for funding and benefit. The efforts will also include further analysis of the opportunities and constraints, in particular identifying the needed treatment technologies, other TVMWD partner agencies and operational structure. A contract was awarded to Woodard & Curran to develop feasibility study, with an estimated completion by Fall 2023.

Water Resources Master Plan: Three Valleys awarded the contract for the preparation of the Water Resources Master Plan and Drought Contingency Plan to GEI Consultants, Inc. in February 2023. These two plans will identify and address water supply reliability challenges to prioritize the creation of conceptual projects which will ensure a reliable water supply in the future. Both plans are expected to be completed by March 2025.

Miramar Transmission Pipeline Leak Detection: The Project has been developed to identify potential leaks within the pipeline distribution system and develop corrective measures to address the water. The water loss identified by TVMWD ranges between five to ten percent, with variations depending on the quantities of flow, i.e., higher losses when the distribution system flow is lower and more noticeable; the trend has been increasing in particular 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 with Xylem to complete this analysis by December 2023.

Site Security Upgrades: The existing camera security system utilized in Three Valleys' facilities has become outdated and is no longer supported by the vendors. The project will replace all existing security cameras at the Miramar Treatment Plant and remote sites owned or operated by Three Valleys. The new security system will be integrated with existing access control systems to provide additional functions, increasing security at all locations. The project will be completed in phases starting early 2024 with annual enhancements to maintain current security standards.

Relevant Financial Policies

Internal Control Structure

TVMWD management is responsible for the establishment and maintenance of the internal control structure that ensures assets are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

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Financial Policies

Prior to June 30th each fiscal year, TVMWD adopts an annual appropriated budget for planning, control, and evaluation purposes. The budget includes proposed expenses and the means of financing them. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. The Board of Directors approve total budgeted appropriations and any significant amendments to the appropriations throughout the year. Formal budgetary integration is employed as a management control device during the year. The Board of Directors requires the preparation of an annual budget, but TVMWD is not legally required to report on the budget. Encumbrance accounting is used to account for commitments related to unperformed or incomplete contracts for construction and services. Consistent with the State of California Government Code, TVMWD annually adopts an investment policy that is intended to minimize credit and market risks while maintaining a competitive yield on its overall portfolio. TVMWD's cash management system is also designed to forecast revenues and expenditures accurately, and to invest surplus funds to the fullest extent possible. During FY 2022-2023, all funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities.

Long-Term Financial Planning

TVMWD's main expense is for treated and untreated water from MWD. Since MWD is forecasting rate increases in the future of 7% to 13%, TVMWD's rates are expected to mirror those increases.

TVMWD will continue to work towards providing a sustainable supply of water by making capital investments to enhance groundwater production capabilities during the next few years. TVMWD will utilize reserves and debt financing if necessary to pay for these projects with as little rate impact as possible. Not only will these projects improve reliability, they will also provide an avenue to decrease dependence upon MWD. Operating expenses would increase slightly with the additional infrastructure but the cost would be justifiable.

TVMWD's strategic plan includes maintaining a reserve of funds in accordance with TVMWD's Reserve Policy. The objective of reserve funds is:

- to balance short-term fluctuations in revenues/expenses without adopting unplanned significant rate increases that could severely impact ratepayers
- to provide a safety net in the event of an emergency
- to minimize external borrowing and interest expense
- to determine the most opportune time to issue debt when necessary

TVMWD's strategic plan also includes a reserve category for unfunded employee pension and OPEB liabilities. TVMWD has gone beyond what is required by establishing irrevocable trusts to accumulate and grow funds to pay these future obligations. A long-term plan for bringing down these liabilities has been established.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Contact TVMWD

This ACFR is designed to provide a general overview of TVMWD's finances and to demonstrate TVMWD's accountability for the resources it receives. If you have any questions about this report or need additional information, please contact the Finance Department at (909) 621-5568.

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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 TVMWD for its ACFR for the fiscal year ended June 30, 2022. This was the sixteenth consecutive year that TVMWD has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

TVMWD currently maintains the District of Distinction triennial accreditation by the Special District Leadership Foundation (SDLF) for its sound fiscal management policies and practices in district operations. The SDLF provides an independent audit review of the last three years of a district's operations to ensure prudent fiscal practices. This recognition is further proof of TVMWD's commitment towards developing a fiscally sound operation that is open and transparent.

Preparation of this report was accomplished by the combined efforts of TVMWD staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of TVMWD's customers. The contributions made by Liz Cohn, Brittany Aguilar, and our auditors deserve special recognition. We would also like to thank and recognize the members of the Board of Directors for their continued support in the planning and implementation of TVMWD's fiscal policies.

Respectfully submitted,

____

Matthew H. Litchfield, P.E.
General Manager/Chief Engineer

Jose Velasquez

____

Jose A. Velasquez, M.B.A.
Chief Finance Officer

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Government Finance Officers Association

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Three Valleys Municipal Water District
California

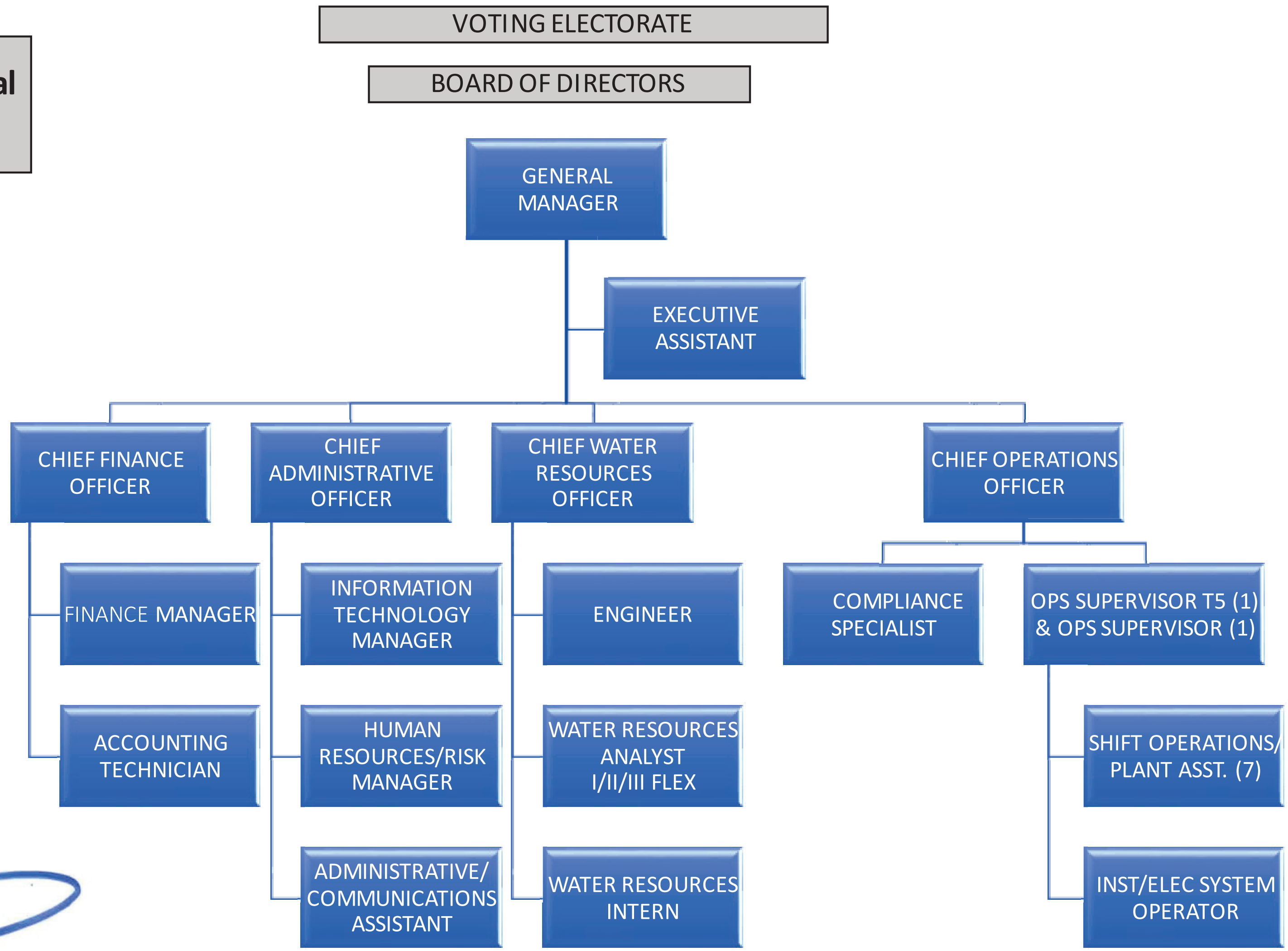
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Organizational Chart

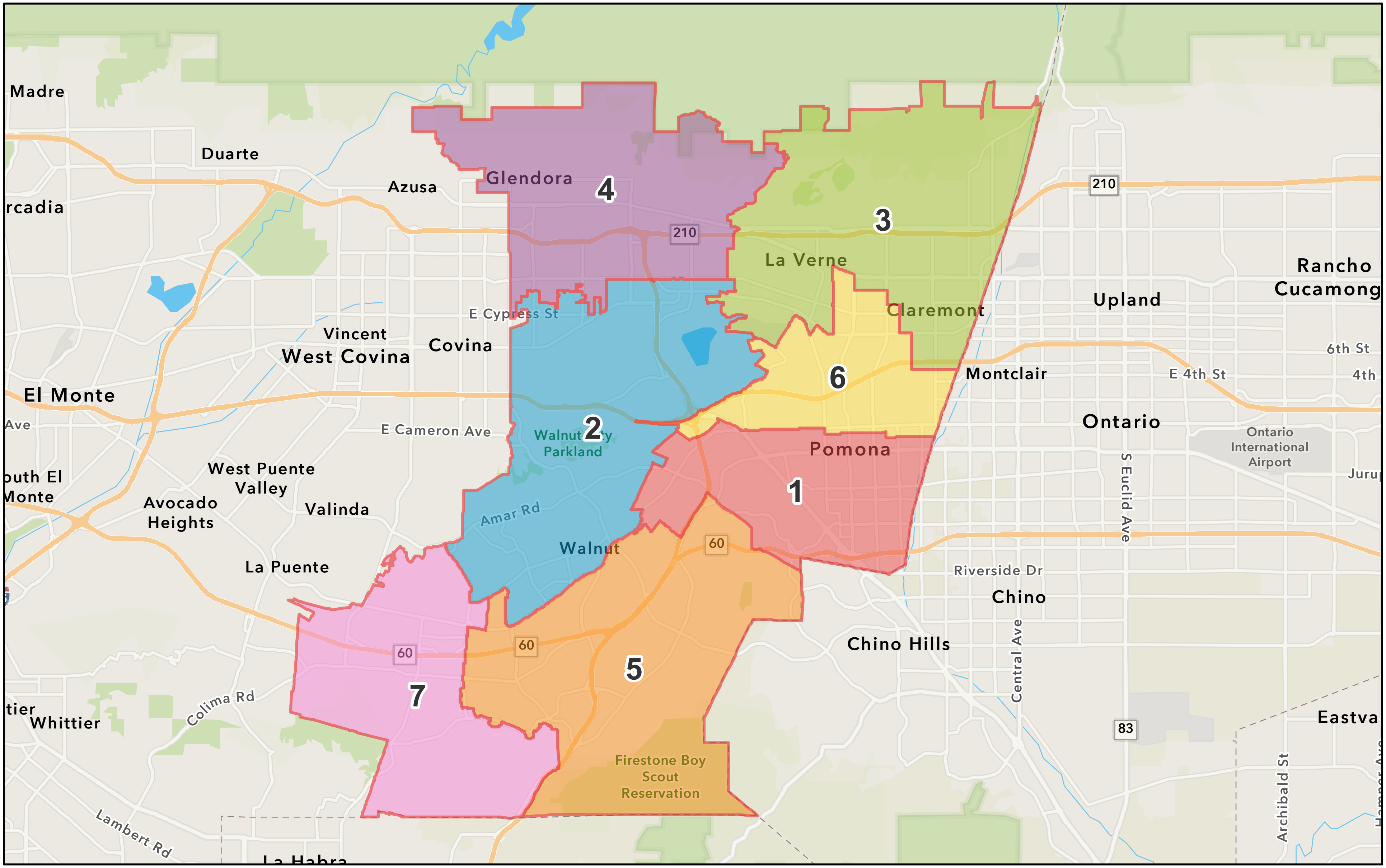


Matthew Litchfield, P.E
General Manager

June 7, 2023
Date

FTE-24 PTE- 1

TVMWD Divisions



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County of Los Angeles, California State Parks, Esri, TomTom, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS,

x

Three Valleys Municipal Water District
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Division 5

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VICE PRESIDENT
Division 7

Carlos Goytia
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Bob Kuhn
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Division 4

David De Jesus
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Jeff Hanlon
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Division 3

Danielle Soto
DIRECTOR
Division 6

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Three Valleys Municipal Water District
Claremont, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of business-type activities and the aggregate remaining fund information of Three Valleys Municipal Water District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of the Three Valleys Municipal Water District as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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 opinions. 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 generally accepted auditing standards 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.

To the Board of Directors
Three Valleys Municipal Water District
Claremont, California

In performing an audit in accordance with generally accepted auditing standards 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.

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 and the required pension and other postemployment benefits schedules as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of the District's internal control over the District's 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 the District's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the District's financial reporting and compliance.

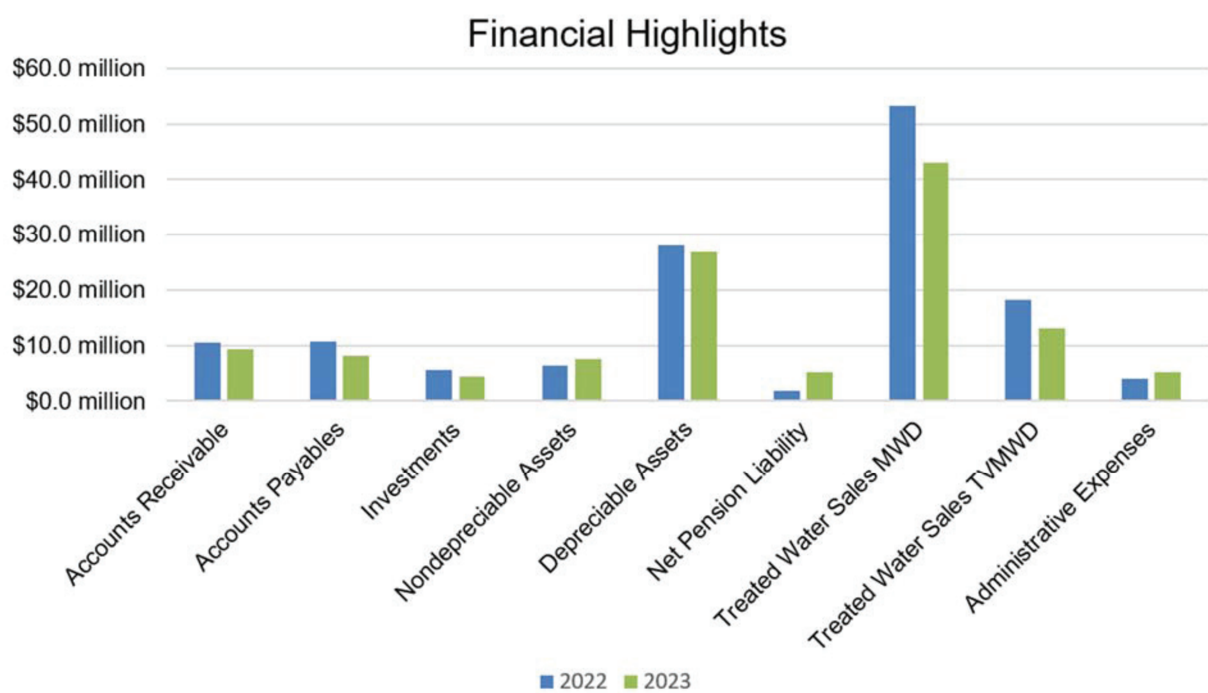
Lance, Soll & Lunghard, LLP

Brea, California
February 12, 2024

This section of TVMWD's annual financial report presents our analysis of TVMWD's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Accounts receivable and accounts payable decreased $1.2 million and $2.5 million respectively due to lower water demands during May and June. Residents are being encouraged to use less water due to the drought.
- Total cash and investments decreased $2.6 million due to the decrease in treated water sales, board elections, and high inflationary costs.
- Nondepreciable assets increased $1.1 million primarily due to the continued construction progress of the MiraGrand Well. The well is expected to be completed Fall 2023.
- Net pension liability increased $3.3 million while deferred inflows of pension related items decreased $1.6 million. CalPERS investment income resulted in an unfavorable rate of return for FY 21-22, resulting in an increase in the amount of unfunded liability owed by TVMWD. The difference between projected and actual investment income is reflected in deferred inflows and will be recognized over the next few years.
- Treated water sales revenue from MWD and the related water purchased decreased $10.1 million and $10.4 million respectively primarily due to California's third consecutive year of drought conditions. Portions of Three Valley's service area were in the Water Shortage Contingency Level 5 areas.
- Treated water sales revenue and the related water purchased via the Miramar Treatment Plant decreased $5.0 million and $3.1 million respectively. Since the Miramar Treatment Plant can only receive SWP water, MWD financially incentivized TVMWD to decrease production in order to reduce use of the SWP.
- Administrative expenses increased $1.1 million due to several factors during the fiscal year, which include an increased pension expense, board of director elections, and record high inflation on goods and services.
- TVMWD's overall financial position decreased slightly, but the District remains stable and healthy.



OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to TVMWD’s basic financial statements, which are comprised of two components: Basic Financial Statements and Notes to the Basic Financial Statements. This report also includes other supplementary information in addition to the basic financial statements.

Required Financial Statements

The financial statements of TVMWD report information about TVMWD using the accrual basis of accounting; accordingly, all of the current year’s revenues and expenses are accounted for regardless of when the cash is received or paid. This accounting treatment is similar to the methods used by private sector companies and aids in answering the question of whether TVMWD, as a whole, has improved or deteriorated as a result of this year’s activities.

The Statement of Net Position includes all of TVMWD’s investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of TVMWD and assessing the liquidity and financial flexibility of TVMWD.

The Statement of Revenues, Expenses and Changes in Net Position includes all of the current year revenues and expenses. This statement measures the success of TVMWD's operations over the past year and can be used to determine whether
TVMWD has successfully recovered all its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement demonstrates where the cash came from, how the cash was used, and how much the change in cash was during the fiscal year.

The Statement of Fiduciary Net Position includes all of TVMWD's OPEB investments in resources (assets).

The Statement of Changes in Fiduciary Net Position provides the basis for evaluating the changes in investments and contributions to the OPEB trust.

These statements are one of many different ways to measure TVMWD’s financial health or financial position. Over time, increases or decreases in TVMWD's net position are one of the indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in TVMWD’s property tax base, investment income, grant opportunities, and other operational measures to help assess the overall financial health of TVMWD.

TABLE A-1
Condensed Statement of Net Position
Fiscal Years 2023 and 2022

	2023	2022	Dollar Change	Percent Change
Current and noncurrent assets				
Cash and investments	$ 7,698,243	$ 10,276,913	$ (2,578,670)	-25%
Accounts receivable	9,307,577	10,466,625	(1,159,048)	-11%
Interest receivable	17,846	21,123	(3,277)	-16%
Interest receivable - *restricted*	-	1,061	(1,061)	-100%
Taxes receivable	223,811	235,432	(11,622)	-5%
Other receivables	47,191	27,746	19,445	70%
Loans receivable from employees	2,733	5,573	(2,840)	-51%
Prepaid expenses and deposits	76,946	85,736	(8,789)	-10%
Water storage inventory	4,798,879	4,600,349	198,530	4%
Investments - *restricted*	985,775	971,631	14,144	1%
Capital assets				
Net Depreciable assets	26,950,957	28,067,558	(1,116,601)	-4%
Net Nondepreciable assets	7,487,102	6,350,371	1,136,731	18%
Total Assets	$ 57,597,060	$ 61,110,117	$ (3,513,057)	-6%
Deferred outflows of resources				
Deferred OPEB and pension related items	$ 3,173,310	$ 1,606,514	$ 1,566,796	98%
Current liabilities				
Accounts payable	$ 8,225,195	$ 10,707,344	$ (2,482,151)	-23%
Accrued payroll	92,195	272,864	(180,669)	-66%
Accrued compensated absences	212,079	176,299	35,780	20%
Lease payable	72,201	22,050	50,151	227%
Retainage Payable	9,141	-	9,141	
Long-term liabilities				
Accrued compensated absences	375,458	447,769	(72,310)	-16%
Accrued Interest	225	-		
Lease payable	-	72,201	(72,201)	-100%
Subscription Payable	13,916	-		
Net pension liability	5,251,969	1,943,186	3,308,783	170%
Net OPEB liability	712,859	696,323	16,535	2%
Total Liabilities	$ 14,965,238	$ 14,338,036	$ 627,202	4%
Deferred inflows of resources				
Deferred OPEB and pension related items	$ 520,766	$ 2,119,671	$ (1,598,905)	-75%
Net Investment in capital assets	$ 34,351,942	$ 34,323,678	$ 28,263	0%
Restricted for pensions	985,775	972,692	13,083	1%
Unrestricted	9,946,649	10,962,554	(1,015,906)	-9%
Total Net Position	$ 45,284,366	$ 46,258,924	$ (974,558)	-2%

As depicted in Table A-1, the following significant changes occurred during FY 2022-2023:

- Accounts receivable and accounts payable decreased $1.2 million and $2.5 million respectively due to lower water demands during May and June. Residents are being encouraged to use less water due to the drought.
- Total cash and investments decreased $2.6 million due to the decrease in treated water sales, board elections, and high inflationary costs.
- Net pension liability increased $3.3 million while deferred inflows of pension related items decreased $1.6 million. CalPERS investment income resulted in an unfavorable rate of return for FY 21-22, resulting in an increase in the amount of unfunded liability owed by TVMWD. The difference between projected and actual investment income is reflected in deferred inflows and will be recognized over the next few years.

TABLE A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
Fiscal Years 2023 and 2022

	2023	2022		Dollar Change	Total Percent Change
Operating revenues					
Watersales - MWD	$43,131,953	$53,276,541		$ (10,144,588)	-19%
Water and hydroelectric sales	13,112,988	$18,125,750		(5,012,762)	-28%
Water use and connection capacity charges	7,264,521	6,502,071		762,450	12%
Nonoperating revenues					
Property tax revenue	3,276,000	2,940,933		335,068	11%
Investment income	14,294	(324,563)		338,856	-104%
Total Revenues	66,799,756	80,520,732		(13,720,975)	-17%
Operating expenses					
Water purchases - MWD	41,512,147	51,909,651		(10,397,503)	-20%
Water purchases - Miramar	9,257,667	12,440,711		(3,183,043)	-26%
Water use and connection capacity	6,443,344	5,762,759		680,585	12%
Water treatment and transmission	3,628,150	3,322,872		305,278	9%
Administrative expenses	5,269,071	4,120,212		1,148,858	28%
Depreciation	1,677,309	1,651,010		26,299	2%
Nonoperating expenses					
Loss on sale/disposal of assets	-	77,941		(77,941)	-100%
Total Expenses	67,787,689	79,285,156		(11,497,468)	-15%
Net income (loss) before contributions	(987,932)	1,235,576		(2,223,509)	-180%
Contributions	13,374	33,021		(19,646)	-59%
Changes in net position	(974,558)	1,268,597		(2,243,155)	-177%
Beginning net position, as previously reported	46,258,924	44,992,143		1,266,781	3%
Prior period adjustment [(1)]	-	(1,816)	(1)	1,816	-100%
Beginning net position	46,258,924	44,990,327		1,268,597	3%
Ending net position	$45,284,366	$46,258,924		$ (974,558)	-2%

(1) Adjustment due to the implementation of GASB 87.

As depicted in Table A-2, the following significant changes occurred during FY 2022-2023:

- Treated water sales revenue from MWD and the related water purchased decreased $10.1 million and $10.4 million respectively primarily due to California's third consecutive year of drought conditions. Portions of Three Valley's service area were in the Water Shortage Contingency Level 5 areas.
- Treated water sales revenue and the related water purchased via the Miramar Treatment Plant decreased $5.0 million and $3.1 million respectively. Since the Miramar Treatment Plant can only receive SWP water, MWD financially incentivized TVMWD to decrease production in order to reduce use of the SWP.
- Administrative expenses increased $1.1 million due to several factors during the fiscal year, which include an increased pension expense, board of director elections, and record high inflation on goods and services.

TABLE A-3
Capital Assets
Fiscal Years 2023 and 2022

	2023	2022	Dollar Change	Total Percent Change
Nondepreciable Assets				
Land	$ 1,633,704	$ 1,633,704	$ -	0%
Water Share	301,000	301,000	-	0%
Construction in Progress	5,552,398	4,415,667	1,136,731	26%
Total Nondepreciable Assets	7,487,102	6,350,371	1,136,731	18%
Depreciable Assets				
Building	8,230,701	8,058,943	171,758	2%
Furniture, Fixtures, & Equipment	1,464,459	1,250,914	213,545	17%
Intangible Right to Use Lease - Equipment	100,520	200,849	(100,329)	-50%
Intangible Right to Use SBITA - Subscriptions	24,227	-	24,227	-
Infrastructure	62,849,137	62,803,006	46,131	0%
Land Improvements	1,448,951	1,448,951	-	0%
Vehicles	623,192	608,148	15,044	2%
Total Depreciable Assets	74,741,187	74,370,811	370,376	0%
Less Accumulated Depreciation/Amortization	(47,790,230)	(46,303,253)	(1,486,977)	3%
Net Depreciable Assets	26,950,957	28,067,558	(1,116,601)	-4%
Total Capital Assets, Net	$ 34,438,059	$ 34,417,929	$ 20,130	0%

As depicted in Table A-3, the following significant changes occurred during FY 2022-2023:

- Nondepreciable assets increased $1.1 million primarily due to the continued construction progress of the MiraGrand Well. The well is expected to be completed Fall 2023.
- More information about TVMWD's capital assets is presented in Note 3 of the Notes to the Basic Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

ASSETS	
Current assets:	
Cash and investments	$ 7,698,243
Receivables (net of uncollectibles):	
Accounts	9,307,577
Taxes	223,811
Loans from employees	2,733
Accrued interest	17,846
Other	47,191
Prepaid costs	57,713
Deposits	19,233
Water storage inventory	4,798,879
Restricted:	
Cash and investments	985,775
Total current assets	23,159,001
Noncurrent:	
Capital assets being depreciated/amortized, net	26,950,957
Capital assets, not being depreciated/amortized	7,487,102
Total noncurrent assets	34,438,059
Total assets	**57,597,060**
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related	2,783,481
OPEB-related	389,829
Total deferred outflows of resources	**3,173,310**
LIABILITIES	
Current liabilities:	
Accounts payable	8,225,195
Retainage payable	9,141
Accrued interest	225
Compensated absences	212,079
Accrued payroll	92,195
Lease payable	19,610
Subscriptions payable	6,741
Total current liabilities	8,565,186
Noncurrent liabilities:	
Compensated absences	375,458
Net pension liability	5,251,969
Net OPEB liability	712,859
Lease payable	52,591
Subscriptions payable	7,175
Total noncurrent liabilities	6,400,052
Total liabilities	**14,965,238**
DEFERRED INFLOWS OF RESOURCES	
Pension-related	427,089
OPEB-related	93,677
Total deferred inflows of resources	**520,766**
NET POSITION	
Net investment in capital assets	34,351,942
Restricted for pensions	985,775
Unrestricted	9,946,649
Total net position	**$ 45,284,366**

See accompanying notes to financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

OPERATING REVENUES	
Water sales - MWD	$ 43,131,953
Water and hydroelectric sales - Miramar	13,112,988
Water use and connection capacity charges	7,264,521
Total operating revenues	**63,509,462**
OPERATING EXPENSES	
Water purchases - MWD	41,512,147
Water purchases - Miramar	9,257,667
Water use and connection capacity	6,443,344
Water treatment and transmission	3,628,150
Administrative expenses	5,269,071
Depreciation/amortization	1,677,309
Total operating expenses	**67,787,688**
Operating income (loss)	**(4,278,226)**
NONOPERATING REVENUES (EXPENSES)	
Property tax revenue	3,276,000
Investment income	14,294
Total nonoperating revenues (expenses)	**3,290,294**
Income (loss) before capital contributions and transfers	**(987,932)**
Capital contributions	13,374
Change in net position	**(974,558)**
Net position-beginning	46,258,924
Net position-ending	**$ 45,284,366**

See accompanying notes to financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 62,350,699
Payments to suppliers and service providers	(27,062,448)
Payments to employees for salaries and benefits	(38,258,306)
Net cash provided by (used for) operating activities	**(2,970,055)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from property taxes	3,264,379
Net cash provided by (used for) noncapital financing activities	**3,264,379**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,673,213)
Principal paid on capital debt	(22,050)
Interest paid on capital debt	225
Capital grants	32,819
Proceeds from sales of assets	4,333
Net cash provided by (used for) capital and related financing activities	**(1,657,886)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	9,247
Purchase of investments	(1,211,271)
Net cash provided by (used for) investing activities	**(1,202,024)**
Net increase (decrease) in cash and cash equivalents	**(2,565,586)**
Cash and cash equivalents-beginning	11,249,604
Cash and cash equivalents-ending	**$ 8,684,018**

See accompanying notes to financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and investments	$ 7,698,243
Restricted cash and investments	985,775
Total cash and cash equivalents	$ 8,684,018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	$ (4,278,226)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/amortization expense	1,677,309
(Increase) decrease in accounts receivable	(1,159,046)
(Increase) decrease in deposits	283
(Increase) decrease in inventories	198,530
(Increase) decrease in prepaid items	(9,073)
(Increase) decrease in loans from employees	(2,840)
(Increase) decrease in pension & OPEB-related deferred outflows	1,566,797
Increase (decrease) in accounts payable	(2,473,004)
Increase (decrease) in accrued liabilities	(180,669)
Increase (decrease) in compensated absences	(36,531)
Increase (decrease) in net pension liability	3,308,783
Increase (decrease) in net OPEB liability	16,536
Increase (decrease) in pension & OPEB-related deferred inflows	(1,598,904)
Total adjustments	1,307,888
Net cash provided by (used for) operating activities	$ (2,970,338)

See accompanying notes to financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Other Post Employment Benefits Plan Trust
Statement of Fiduciary Net Position
June 30, 2023

ASSETS	
Mutual funds	$ 1,077,406
Interest receivable	780
Total assets	**1,078,186**
NET POSITION	
Restricted for:	
OPEB Benefits	1,078,186
Total net position	**$ 1,078,186**

See accompanying notes to financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Other Post Employment Benefits Plan Trust
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

ADDITIONS	
Investment earnings:	
Interest	$ 69,948
Total additions	**69,948**
DEDUCTIONS	
Administrative expenses	2,574
Investment expense	3,394
Total deductions	**5,968**
Net increase (decrease) in fiduciary net position	**63,980**
Net position-beginning	1,014,206
Net position-ending	**$ 1,078,186**

See accompanying notes to financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Organization

TVMWD wholesales potable and non-potable water to its member agencies which include Golden State Water Company, serving Claremont and San Dimas; Rowland Water District; Walnut Valley Water District; the Boy Scouts of America; California State Polytechnic University, Pomona; Mount San Antonio College; Pomona-Walnut-Rowland Joint Water Line; Valencia Heights Water Company; Covina Irrigating Company; Suburban Water Systems; and the cities of Covina, Glendora, La Verne and Pomona.

B. Basis of Accounting and Financial Statement Presentation

TVMWD uses proprietary fund accounting which is similar to the principles applied to a business in the private sector. TVMWD utilizes the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange like transactions are recognized when the exchange takes place. The measurement focus is on determination of net income, net position and cash flows.

TVMWD's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments". GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

The other post-employment benefits plan trust fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

C. 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.

D. Cash and Cash Equivalent

TVMWD's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less from the date of acquisition.

E. Restricted Investments and Interest Receivable

Amounts shown as restricted are associated with an irrevocable trust established to collect and invest additional funds for TVMWD's pension plan as explained in Note 10.

F. Accounts Receivable

TVMWD grants unsecured credit to its member agencies. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts. All receivables are considered collectible as of June 30, 2023, thus no allowance is reflected on the statement of net position.

G. Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of county-wide assessed valuations. Taxes are collected by Los Angeles County for each fiscal year on taxable real and personal property which is situated within TVMWD as of the preceding January 1. For assessment and collection purposes,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

property is classified as either secured or unsecured. Taxes receivable at year-end are related to property taxes collected by Los Angeles County which have not been received by TVMWD as of June 30. All taxes receivable are considered collectible as of June 30, 2023, thus no allowance is reflected on the statement of net position.

H. Loans Receivable from Employees

TVMWD offers interest free loans to full-time employees for the initial purchase and/or upgrades for technology (computers, tablets, smart phones) eligible under the program. TVMWD deems all loans receivable to be collectible.

I. Prepaid Expenses and Deposits

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items or deposits in the financial statements.

J. Water Storage Inventory

TVMWD maintains storage of untreated water within Main San Gabriel Basin and Six Basins. This stored water is intended for future benefit of TVMWD and its member agencies. Payments made reflect costs applicable to future accounting periods and are recorded at cost as inventory in the financial statements. Cost is determined using the weighted average method.

	Six Basins		Main San Gabriel Basin	
	Acre-Feet	Amount	Acre-Feet	Amount
Beginning Balance at July 1, 2022	$ 1,543	$ 663,044	$ 5,388	$ 3,937,305
Aquired	848	521,953	3,211	$2,565,589
Used or Sold	(686)	(328,825)	(3,251)	(2,560,187)
Ending Balance at June 30, 2023	$ 1,705	$ 856,172	$ 5,348	$ 3,942,707

K. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any realized or unrealized gains or losses upon the liquidation or sale of investments.

L. Capital Assets

Capital assets purchased and/or constructed are capitalized at historical cost. TVMWD's capitalization policy dollar threshold is $5,000. Depreciation/Amortization has been provided using the straight-line method over the following useful lives:

Category	Useful Life (years)
Building and Building Improvements	10-40
Infrastructure	5-40
Land Improvements	10-20
Furniture, Fixture and Equipment	3-20
Vehicles	5-10
Intangible right-to-use assets	Shorter of useful life or lease or subscription arrangement

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Compensated Absences

TVMWD's employees earn vacation, sick, compensatory and universal leave in varying amounts depending primarily on length of service. Accumulated vacation, compensatory and universal leave time is accrued at year-end to account for TVMWD's obligation to the employees for amounts owed. The current portion of accrued compensated absences is based on a rolling 3-year annual average of leave cashed out by the employee. Sick leave can be accumulated without limit. Any unused sick leave is treated as additional service time in the calculation of the employee's retirement plan.

O. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

P. Net OPEB Liability

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

Q. Net Position

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - The restricted component of net position consists of constraints placed on assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sometimes TVMWD will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is TVMWD's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

R. Classification of Revenues and Expenses

As an enterprise (proprietary) fund, TVMWD classifies its revenues and expenses into the following classifications: operating revenues, operating expenses, nonoperating revenues and nonoperating expenses. Operating revenues and expenses are defined as revenues realized by TVMWD in exchange for providing its primary services for water treatment and transmission, hydroelectric sales and water use and connection capacity charges. Non-operating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources. Non-operating expenses include those related to bond costs and amortization expenses.

S. Contributions

Contributions are comprised of federal, state, and local grants and of project reimbursements from member agencies. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the statement of revenues, expenses and changes in net position. The funds are reimbursable contributions, whereas TVMWD first pays for the project and then the granting agency reimburses TVMWD for its eligible expenditures.

T. Leases

TVMWD is a lessee for a noncancellable lease of equipment. TVMWD recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. TVMWD recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, TVMWD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how TVMWD determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- TVMWD uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the TVMWD generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that TVMWD is reasonably certain to exercise.

TVMWD monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Subscription-Based Information Technology Arrangements

TVMWD is a subscriber for a noncancellable subscription of information technology services. TVMWD recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. TVMWD recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a subscription, TVMWD initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the TVMWD determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The TVMWD uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, TVMWD generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that TVMWD is reasonably certain to exercise.

TVMWD monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

V. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. GASB Statement No. 91, Conduit Debt Obligations

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

3. *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

4. *GASB Statement No. 100, Accounting Changes and Error Corrections*

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 2 : CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

As of June 30, 2023, the carrying amount of TVMWD's cash deposits was $3,221,608 and the bank balances were $3,468,192. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in TVMWD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure an agency's cash deposits by pledging government securities with a value of 110% of an agency's deposits. California law also allows institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits.

TVMWD's Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local government agency.

Cash and cash equivalents and investments are presented on the Statement of Net Position as follows as of June 30, 2023:

Type	Fair Value
Cash and Cash Equivalent	
Cash	$ 3,221,608
Money Market Funds	16,997
California Asset Management Trust	74,465
Local Agency Investment Fund	7,331
Total Cash and Cash Equivalents	3,320,401
Investments	
US Treasury Notes	2,259,065
US Corporate Notes	1,144,263
Federal Agency Securities	606,384
Asset Backed Security	226,854
Supranational	54,127
CMO	87,149
Mutual Funds*	2,063,181
Total Investments	6,441,023
Total Cash and Cash Equivalents and Investments	$ 9,761,424

*Mutual Funds consist of funds with irrevocable trusts for pension and OPEB liabilities.

B. Local Agency Investment Fund

TVMWD is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of TVMWD's investment in this pool is reported in the accompanying financial statements at amounts based on TVMWD's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio.) The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the SEC and is not rated. Deposits and withdrawals in LAIF are made based on one dollar and not fair value.

C. California Asset Management Program (CAMP)

TVMWD is a voluntary participant in CAMP, a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Code Section 53601(p). CAMP is directed by a Board of Trustees which is made up of experienced local government finance directors and treasurers.

D. Investments

TVMWD contracts the services of an external investment manager to assist in the management of TVMWD's investment portfolio. The external manager is granted the discretion to purchase and sell investment securities in accordance with TVMWD's investment policy. For security purposes, physical custody of the securities is maintained by a separate banking institution.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

TVMWD's investment policy limits certain concentrations of investments. It is empowered by the California Government Code 53601 to invest in a variety of securities. Investment options under the code include the following:

1. Direct obligations of the United States Government, its agencies, and instruments to which the full faith and credit of the United States government is pledged, or obligations to the payment of which the full faith and credit of the United States is pledged;

2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;

3. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations;

4. Medium term notes (5 years or less) issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States;

5. Mutual funds investing in the securities and obligations authorized by TVMWD's investment policy and share in money market mutual funds;

6. County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;

7. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association;

8. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in points 1, 2, 3, and 4 above.

Funds held in the pension and OPEB trusts are governed by the trust agreements rather than by TVMWD's investment policy.

TVMWD 's investment policy limits investment maturities to five years or less as a means of managing its exposure to fair value losses arising from increasing rates. As June 30, 2023, TVMWD had the following investment maturities:

		Investment Maturities (In Years)		
Investment Type	**Fair Value**	**Less than 1**	**1 to 3**	**3 to 5**
Money Market Funds	$ 16,997	$ 16,997	$ -	$ -
US Treasury Notes	2,259,064	79,184	1,284,535	895,345
US Corporate Notes	1,144,263	118,130	540,926	485,207
Federal Agency Securities	606,384	246,359	299,447	60,578
Asset Backed Security	226,854	-	129,086	97,768
Supranational	54,127	-	54,127	-
CMO	87,149	-	-	87,149
Mutual Funds	2,063,181	2,063,181	-	-
California Asset Management Trust	74,465	74,465	-	-
Local Agency Investment Fund	7,331	7,331	-	-
Total	$ 6,539,816	$ 2,605,648	$ 2,308,121	$ 1,626,047

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's).

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by NRSROs. It is TVMWD's policy to limit its investments in these investment types to rated "A" or better issued by NRSROs, including raters S&P's and Moody's Investors Service. As of June 30, 2023, TVMWD's credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Investment Type	Moody's Credit Rating	S&P Credit Rating	% of Investment with Interest Rate Risk
Federal Agency Securities	Aaa	AA+	10.21%
US Corporate Notes	A2	A+	2.59%
US Corporate Notes	A2	A-	2.23%
US Corporate Notes	A1	A	2.21%
US Corporate Notes	A3	A+	2.13%
US Corporate Notes	Aa2	AA	1.08%
US Corporate Notes	A1	AA	0.99%
US Corporate Notes	A1	A+	0.91%
US Corporate Notes	Aaa	AA+	0.91%
US Corporate Notes	A2	A+	0.06%
Supranational	Aaa	AAA	0.72%
Asset Backed Security	NR	AAA	0.95%
Asset Backed Security	Aaa	NR	0.94%
Asset Backed Security	Aaa	AAA	0.57%
Money Market Fund	Aaa	AAA	11.00%
Mutual Funds	Aaa	AAA	25.93%
California Asset Management Trust	NR	AAAm	0.15%
Local Agency Investment Fund	NR	NR	0.87%

It is not necessary to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the government, therefore it is not disclosed.

F. Fair Value Measurements

TVMWD categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

TVMWD has the following recurring fair value measurements as of June 30, 2023:

Investments by Fair Value Level	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
US Treasury Notes	$ 2,259,065	$ -	$ 2,259,065	$ -
US Corporate Notes	1,144,263	-	1,144,263	-
Federal Agency Securities	606,384	-	606,384	-
Asset Backed Security	226,854	-	226,854	-
Supranational	54,127	-	54,127	-
CMO	87,149	-	87,149	-
Mutual Funds	2,063,181	-	2,063,181	-
California Asset Management Trust	74,465	-	74,465	-
Local Agency Investment Fund	7,331	-	7,331	-
Totals	6,522,819	$ -	$ 6,522,819	$ -
Investments Measured at Amortized Cost				
Money Market Fund	16,997			
Total Investments	$ 6,539,816			

Securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using priced quoted in active markets for those securities and mutual funds. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques.

G. Concentration of Credit Risk

TVMWD's policy is that assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. According to GASB 40, there is potential concentration of credit risk if more than 5% of the entity's investments are with any one issuer. The following investments are considered exposed to concentration of credit risk as shown in the Credit Quality Distribution for Securities Table:

- Federal National Mortgage Association
- Federal Home Loan Mortgage Corporation
- Federal Home Loan Bank
- Government of United States

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside agency. TVMWD's policy is to diversify its investments by security type and institution. As of June 30, 2023, none of TVMWD's deposits or investments were exposed to custodial credit risk.

NOTE 3: CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2023 is as follows:

	Beginning Balance 06/30/2022	Additions	Retirements*	Transfers	Ending Balance 06/30/2023
Capital assets, not being depreciated/amortized:					
Land	$ 1,633,704	$ -	$ -	$ -	$ 1,633,704
Water Share	301,000	-	-	-	301,000
Construction in progress	4,415,666	1,176,476	-	(39,744)	5,552,398
Total capital assets, not being depreciated/amortized	6,350,370	1,176,476	-	(39,744)	7,487,102
Capital assets, being depreciated/amortized:					
Building and Building Improvement	8,058,943	171,758	-	-	8,230,701
Furniture, Fixtures, and Equipment	1,250,914	203,440	-	10,105	1,464,459
Lease assets	200,849	-	(100,329)	-	100,520
Subscription assets	-	24,227	-	-	24,227
Infrastructure	62,803,006	75,294	(58,802)	29,639	62,849,137
Land Improvements	1,448,951	-	-	-	1,448,951
Vehicles	608,148	46,245	(31,201)	-	623,192
Total capital assets, being depreciated/amortized	74,370,811	520,964	(190,332)	39,744	74,741,187
Less accumulated depreciation and amoritization:					
Building and Building Improvement	6,759,497	45,345	-	-	6,804,842
Furniture, Fixtures, and Equipment	889,830	58,797	-	-	948,627
Lease assets	107,458	23,027	(100,329)	-	30,156
Subscription assets	-	6,074	-	-	6,074
Infrastructure	36,753,773	1,488,143	(58,802)	-	38,183,114
Land Improvements	1,276,873	13,222	-	-	1,290,095
Vehicles	515,822	42,701	(31,201)	-	527,322
Total accumulated depreciation and amoritization	46,303,253	1,677,309	(190,332)	-	47,790,230
Total capital assets, being depreciated/amortized, net	28,067,558	(1,156,345)	-	39,744	26,950,957
Total capital assets, net	$ 34,417,928	$ 20,131	$ -	$ -	$ 34,438,059

Depreciation/amortization expense for the year totaled $1,677,309.

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Leases

Lease agreements are summarized as follows:

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2023
Canon Plotter TX-4000	6/5/2018	60 months	$ 268	4.00%	$ 14,616	$ -
Canon Image Runner DX5860i & 4761i	9/23/2021	60 months	1,845	4.00%	100,520	72,201
Total Lease Agreements						$ 72,201

The lease agreements for the printers began June 5, 2018 and September 23, 2021, respectively, for a term of five years at a fixed interest rate of 4%. The leases are renewable and TVMWD will not acquire the equipment at the end of the five years. At June 30, 2023 two lease agreements concluded and will not be renewed.

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

A summary of the principal and interest amounts for the leases is as follows:

Year Ending June 30,	Principal	Interest
2024	$ 19,610	$ 2,531
2025	20,409	1,732
2026	21,240	901
2027	10,942	128
Total	$ 72,201	$ 5,292

B. <u>Amortization of Lease Assets</u>

TVMWD has a lease payable of $72,201 for intangible right to use equipment. Due to the implementation of GASB Statement No. 87, the leases for equipment met the criteria of a lease; thus, requiring them to be recorded by TVMWD. The assets for this lease payable will be amortized over the lease term of five years. TVMWD will not aquire the equipment at the end of the five years. There are no residual value guarantees in the lease provisions. The leases will end in 2023 and 2027, respectively.

A summary of the amortization for the leases is as follows:

Year Ending June 30,	Amortization
2024	$ 20,104
2025	20,104
2026	20,104
2027	10,052
Total	$ 70,364

C. <u>Subscription-Based Information Technology Arrangements</u>

The District implemented GASB Statement No. 96 in the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription based-information technology arrangement (SBITA) activities. This statement establishes a single model for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset, For additional information, refer to the disclosures below.

Three Valleys Municipal Water District has entered into various SBITAs as the subscriber for the use of Planet Bid and SDS Online. An initial subscription liability was recorded in the amount of $24,227 during the current fiscal year. The terms of these subscriptions are for 36 months. As of June 30, 2023, the total value of the subscription liability was $13,916. The District is required to make monthly principal and interest payments ranging from $3,153 to $7,843. The subscriptions have interest rates ranging from 2.18% to 2.66%. Information on the subscription assets as of June 30, 2023 are as follows:

Subscription Type	SBITA Capital Assets	Accumulated Amortization
Software as a service	$ 24,227	$ 6,074
Total	$ 24,227	$ 6,074

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

The future principal and interest subscription payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	$ 6,741	$ 332
2025	7,175	172
Totals	$ 13,916	$ 504

NOTE 5: COMMITMENTS AND CONTINGENCIES

A. Litigation

TVMWD is subject to claims and litigation from outside parties in the ordinary course of operations. After consultation with legal counsel, TVMWD believes the ultimate outcome of such matters, if any, will not materially affect its financial conditions.

B. Grant Awards

Grant funds received by TVMWD are subject to optional audits by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. Management of TVMWD believes that such disallowances, if any, would not be significant.

C. Contracts

TVMWD usually has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems and other TVMWD activities. The financing of such contracts is provided primarily from TVMWD encumbered reserves. TVMWD has committed to approximately $1,327,368 of open contracts as of June 30, 2023.

The following material construction commitments existed at June 30, 2023:

Project Name	Contract Amount	Expenditures to date as of June 30, 2023	Remaining Commitment
Cadiz Groundwater Conservation, Recovery & Storage Project Phase I, II & III	$ 1,002,628	$ 404,378	$ 598,250
Service to Retrofit Miramar Electrical Switchboard Breakers	222,937	13,576	209,361
Miramar Transmission Line Leak Detection	160,450	10,000	150,450
Water Resources Master Plan	399,000	29,693	369,307

NOTE 6: POOLED ARRANGEMENTS

TVMWD is a member of the ACWA/JPIA, a risk-pooling, self- insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of ACWA/ JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Members of ACWA/JPIA share the costs of professional risk management, claims administration and excess insurance. TVMWD participates in the property, liability and worker's compensation programs of ACWA/JPIA as follows:

Property: Insured up to replacement value. Includes Boiler and Machinery, Mechanical, Electrical and Pressure Equipment, Vehicles, Mobile Equipment and Watercraft. The pooled layer is up to $100,000 per occurrence and excess insurance coverage up to $500 million.

NOTE 6: POOLED ARRANGEMENTS (CONTINUED)

General, Auto and Public Officials Errors and Omissions: The pooled layer is up to $5 million per occurrence and excess insurance coverage of up to $55 million.

Workers' Compensation: The pooled layer is up to $2 million per occurrence and excess insurance coverage up to $4 million.

Cyber: Financial losses resulting from data breaches and other cyber events. Limit $5 million per claim up to $5 million aggregate.

Settlements have not exceeded insurance coverage in each of the past three fiscal years.

NOTE 7: RELATED PARTY TRANSACTIONS

A. Covina Irrigating Company (CIC)

TVMWD wholesales potable and non-potable water to its member agencies, one of which is Covina Irrigating Company (CIC). CIC is a wholesale water supplier that provides water to the City of Covina, City of Glendora, Golden State Water Company, Suburban Water Systems, Valencia Heights Water Company and Valley County Water District. The President/CEO of CIC is David De Jesus. Mr. De Jesus is also a voter elected member of the Board of Directors for TVMWD.

TVMWD began selling water to CIC in November 2015. The amount of water sold to CIC for FY 2022-2023 was 3,136 acre- feet. These sales occurred in the same manner as would occur with any TVMWD member agency. TVMWD expects sales to CIC to decrease to comply with MWD drought guidelines.

TVMWD’s rates are set annually for the calendar year and approved by the TVMWD Board of Directors. The rate charged to CIC is the same rate charged to any TVMWD member agency. The rates for 2022 and 2023 were $799 and $855, respectively, per acre foot. The pipeline used to deliver water to CIC is owned by San Gabriel Valley Municipal Water District (SGVMWD). SGVMWD charges a fee of $5 per acre foot, so TVMWD (and ultimately CIC) was also responsible for this fee. For FY 2022 - 2023, total water sales revenue and capacity charges from CIC was $2,928,575. TVMWD allows its member agencies approximately 45 days to pay for monthly water purchases. As such, TVMWD had receivables outstanding at June 30, 2023 from CIC for May and June 2023 water sales, capacity charges and fixed charges in the amounts of $655,455 and $774,135, respectively. The receivables were due and paid by CIC in July and August 2023, respectively.

B. SGV-COG Joint Powers Agreement

On June 9, 2008, TVMWD, San Gabriel Valley Municipal Water District and Upper San Gabriel Valley Municipal Water District entered into a Joint Exercise of Powers Agreement to create the San Gabriel Water District Joint Powers Authority which was required to participate as a single Member on the San Gabriel Valley Council of Governments.

The San Gabriel Valley Council of Governments (the “Council”) is a Joint Powers Authority formed pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Sections 6500, et seq.). The purpose of the Council is to provide a means for the Members to engage in regional and cooperative planning and coordination of government services and responsibilities to assist the Members in the conduct of their affairs. In addition, the Council provides a regional organization for the review of federal, state, and/or regional projects and studies which involve the use of federal, state and/or regional funds, in various forms.

The Members of the Council are 30 incorporated cities, the unincorporated communities in Los Angeles County Supervisorial Districts 1, 4, and 5, and 1 seat for the San Gabriel Water District Joint Powers Authority.

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

As a Member of the Council, TVMWD has limited financial liability as outlined in the Council's Fourth Amended and Restated Joint Exercise of Powers Agreement adopted on December 19, 2017. The debts, liabilities and obligations of the Council are debts, liabilities or obligations of the Council alone. No Member of the Council shall be responsible, directly or indirectly, for any obligation, debt or liability of the Council whatsoever, to the fullest extend allowed by law. No Member of the Council shall be responsible for the debts or liabilities of any other Member solely by reason of membership on the Council. Implementation agreements to provide for the design and/or construction of projects with other Members or other agencies shall provide for indemnification of the individual Members of the Council who are not parties to the contracts. TVMWD has no debt, liabilities or obligations associated with the Council as of June 30, 2023.

NOTE 8: PENSION PLAN

A. Plan Descriptions

All qualified permanent, probationary and part-time vested employees are eligible to participate in TVMWD's miscellaneous employee pension plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. TVMWD sponsors a plan with two tiers:

Tier 1 – 2%@55 for employees with CalPERS membership prior to December 31, 2012, and since this date have not had a break in service of greater than six months.

Tier 2 – 2%@62 for employees new to CalPERS since January 1, 2013 or who have had a break in service of greater than six months.

Benefit provisions under the Plan are established by State statute and TVMWD 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 (www.calpers.ca.gov).

B. 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 (or 52 for members hired on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1959 Survivor Benefit (level 4) if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service.

The cost of living adjustments for the plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
CalPERS membership date	Prior to 1/1/13	On or after 1/1/13
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contributions rate	7%	6.75%
Required employer contributions rate	10.87%	7.47%

NOTE 8: PENSION PLAN (CONTINUED)

C. Contributions

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as reductions to net pension liability for the Plan were as follows:

Contributions - employer	$ 705,756

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2023, TVMWD reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Total Net Pension Liability	$ (5,251,969)

TVMWD established an irrevocable trust through PARS in an effort to reduce the pension liability and to stabilize pension costs. The trust will enable TVMWD to meet future contribution requirements to CalPERS. As of June 30, 2023 the fair value of all assets held in the trust amounted to $985,775 (including accrued interest), which in essence reduces the net pension liability.

TVMWD's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. TVMWD's proportion of the net pension liability was based on a projection of TVMWD's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. TVMWD's proportionate share of the net pension liability for the Plan as of June 30, 2022 was as follows:

Proportion - June 30, 2022	0.045468%

NOTE 8: PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, TVMWD recognized pension expense of $790.554. At June 30, 2023, TVMWD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 705,756	$ -
Differences between actual and expected experience	1,605,665	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(356,450)
Difference between actual and proportionate share	472,060	-
Net differences between projected and actual earnings on plan investments	-	(70,639)
Total	$ 2,783,481	$ (427,089)

The $705,756 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2023	$ 436,297
2024	397,128
2025	228,805
2026	588,406
2027	-
Remaining	-
Total	$ 1,650,636

Deferred inflows and outflows are recognized in expense systematically over time. The recognition in expense for the net difference between projected and actual earnings on plan investments is 5 years and all other amounts are recognized over expected average remaining service lifetime of 3.7 years.

NOTE 8: PENSION PLAN (CONTINUED)

E. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Both the June 30, 2021 total pension liability and the June 30, 2022 total pension liability were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7% (1)
Mortality	(2)
Post Retirement Benefit Increase	2.30%

(1) Net of pension plan investment expenses, including inflation
(2) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

F. Change of Assumptions and Methods

CalPERS implemented a new amortization policy effective June 30, 2019. The policy reduces the actuarial amortization gains and losses from 30 years to 20 years. The new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, non-investment gains and losses and investment gains and losses.

G. Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

NOTE 8: PENSION PLAN (CONTINUED)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of 1%.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

[1] An expected price inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount

The following presents TVMWD's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each tier, as well as what the TVMWD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Net Pension Liability		
Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
$ 8,402,879	$ 5,251,969	$ 2,659,551

NOTE 8: PENSION PLAN (CONTINUED)

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

J. Payable to the Pension Plan

At June 30, 2023, TVMWD reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 9: DEFERRED COMPENSATION PLANS

A. 457 Deferred Compensation Savings Plan

TVMWD participates in two 457 Deferred Compensation Programs (Programs) administered by Lincoln Financial Services and CalPERS. Both plans qualify as defined contribution pension plans. The purpose is to provide deferred compensation for employees that elect to participate in the Programs. Generally, eligible employees may voluntarily defer receipt of a portion of their salary until termination, retirement, death or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. TVMWD matches employee contributions up to $6,000 per year. The plan is authorized and may be amended by the Board of Directors. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Fair value of all plan assets held in trust by the two TVMWD plans amounted to $8,492,248 at June 30, 2023.

TVMWD has implemented GASB 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since neither Program above is a defined benefit pension or OPEB plan that meets GASB 67 or 74 criteria, the assets and related liabilities are not shown on the statement of net position.

B. 401(a) Defined Contribution Plan

TVMWD participates in a 401(a) plan (a defined contribution plan), administered by Lincoln Financial Services. The purpose of this plan is to provide an additional option for employees who fully contribute to the 457 Plan. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The plan is authorized and may be amended by the Board of Directors.

Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Fair value of all plan assets held in trust by TVMWD plan amounted to $168,070 at June 30, 2023.

TVMWD has implemented GASB 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the plan above is not a defined benefit pension or OPEB plan that meets GASB 67 or 74 criteria, the assets and related liabilities are not shown on the statement of net position.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS

A. Plan Administration

TVMWD administers the Retiree Benefits Plan — a single- employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all TVMWD permanent full-time employees.

Management of the TVMWD Retiree Benefits Plan is vested in the Board of Directors (the Board), which consists of seven members elected by the registered voters residing within TVMWD's boundaries.

B. Plan membership

At June 30, 2023, TVMWD Retiree Benefits Plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefit payments	14
Inactive plan memebers entitled to but not yet receiving benefit payments	-
Active plan members	24
Total	38

C. Benefits

TVMWD offers continued medical coverage to employees who retire from TVMWD at age 50 or older with a minimum of 10 years of service. The retired employee may continue medical coverage through either their own personal medical insurance or ACWA/JPIA. For eligible retirees hired prior to January 1, 2005, TVMWD provides 50% (plus an additional 10% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of $355 per month or the cost for single medical coverage. For eligible retirees hired on or after January 1, 2005 with 10 years of TVMWD service, TVMWD provides 50% (plus an additional 5% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of $355 per month or the cost for single medical coverage. For employees retiring on or after January 1, 2015, the monthly benefits cap increased from $355 to $600. Employees retiring on or after January 1, 2015 may cover dependents, but the retiree must pay the entire dependents premiums. Retirees must pay the portion of the coverage, if any not covered by their benefits. Employees retiring on or after December 5, 2018, may claim dental and vision premiums in addition to medical premiums, not to exceed the $600 cap. The dental and vision plans must be obtained by the retirees on their own. This plan is authorized and may be amended by the Board of Directors.

D. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the Board. Plan members are not required to contribute to the plan. Any additional amounts for pre-funding are deposited into an irrevocable trust from which funds can only be used to pay for retiree medical coverage. Separate financial statements for the irrevocable trust may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100 Newport Beach, California 92660-2043 or by visiting the PARS website at www.pars.org. For the year ended June 30, 2023, TVMWD's average contribution rate was 2.54% of covered- employee payroll.

E. Investments

TVMWD's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following was the Board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Mutual Funds-Equity	50%
Mutual Funds-Fixed Income	45%
Cash and Equivalents	5%
Total	100%

F. Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

G. Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2023 were as follows:

Total OPEB Liability	$ 1,791,046
Plan fiduciary net position	(1,078,187)
TVMWD's net OPEB Liability	$ 712,859
Plan fiduciary net position as a percentage of the total OPEB liability	60.2%

Deferred outflows and inflows of resources related to OPEB as of June 30, 2023 were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 102,723	$ 4,585
Changes in Assumptions	223,699	89,092
Net differences between projected and actual earnings on OPEB investments	63,407	-
Total	$ 389,829	$ 93,677

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows and inflows will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2024	$ 63,954
2025	45,824
2026	117,954
2027	63,702
2028	2,173
Thereafter	2,545
Total	$ 296,152

Deferred inflows and outflows are recognized in expense systematically over time. The recognition in expense for the net difference between projected and actual earnings on plan investments is 5 years and all other amounts are recognized over expected average remaining service lifetime of 5.7 years.

H. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of April 1, 2023. Update procedures were used to roll forward the total OPEB liability to June 30, 2023. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	5.35%, net of trust inflation and administrative fees. At 6-30-2022 the rate was 5.30%
Healthcare cost trend rates	10.00% in 2024 and 2025, down to 3.9% by 2076

Mortality rates were based on the CalPERS 2021 Experience Study.

I. Discount rate

The discount rate used to measure the total OPEB liability was 5.35%. The projection of cash flows used to determine the discount rate assumed that TVMWD's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

J. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (4.35%) or 1% point higher (6.35%) than the current discount rate:

Net OPEB Liability		
1% Decrease 4.35%	Discount Rate 5.35%	1% Increase 6.35%
$ 909,163	$ 712,859	$ 545,009

K. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (10.00% decreasing to 9.00%) or 1% point higher (10.00% increasing to 11.00%) than the current healthcare cost trend rates:

Net OPEB Liability		
1% Decrease 9.00%	Healthcare Cost Trend Rate 10.00%	1% Increase 11.00%
$ 637,124	$ 712,859	$ 787,097

The long-term expected rate of return of 5.3% on OPEB plan investments was calculated the following way:

1. The expected return of each asset class is determined through a combination of historical rates of returns, valuation projections, and economic expectations. Expected rates of return are provided by Wilshire Associates Incorporated and HighMark proprietary research. Expected rates of return are developed and annually reviewed by HighMark's Asset Allocation Committee.

2. With thirty year forecasts for U.S. Treasuries, Wilshire's ten year forecast for U.S. Treasuries is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-thirty) U.S. Treasuries are assumed to return a historical long run (1926-2014) risk premium over inflation. The resulting combination of the assumed return on U.S. Government bonds over the two periods becomes HighMark's thirty year forecast. All other taxable fixed income asset classes are derived from the expected return on U.S. Treasuries plus a credit or term premium consistent with those of the ten year forecasts.

3. With thirty year forecasts for global equity, Wilshire's ten year forecast for global equity is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-30) global equities are assumed to return historical long run (1926-2014) risk premiums over cash. The return on cash over this period is derived from the ten and thirty year cash assumptions. The resulting combination of the assumed global equity returns over the two periods becomes HighMark's thirty year forecast.

4. Returns reflect the reinvestment of dividends, interests, and other distributions.

5. An expected return is than calculated by weighting the returns for each asset class according to the exposure as determined by HighMark's current strategic allocation.

NOTE 11: SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through February 12, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedules of Proportationate Share of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years [1]

Reporting Date [2] as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability
		Miscellaneous Plan			
2023	0.0455%	$ 5,251,969	$ 3,181,568	165.1%	77.3%
2022	0.0359%	1,943,186	2,863,454	67.9%	90.9%
2021	0.0390%	4,246,130	2,743,774	154.8%	78.7%
2020	0.0375%	3,846,454	2,750,395	139.9%	78.0%
2019	0.0358%	3,452,268	2,662,296	129.7%	78.9%
2018	0.0355%	3,518,869	2,539,815	138.5%	75.4%
2017	0.0341%	2,935,009	2,419,392	121.3%	75.9%
2016	0.0313%	2,145,000	2,400,313	89.4%	79.8%
2015	0.0331%	2,059,901	2,287,837	90.0%	78.4%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes : None

Changes of Assumptions : None

[1] *Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore only nine years are shown.*

2 The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedules of Plan Contributions - California Public Employees Retirement Plan
As of June 30, for the Last Ten Fiscal Years [1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered/ Covered-Employee Payroll	Contribution as a % of Covered/ Covered Employee Payroll
			Single Employer OPEB Plan		
2023	$ 705,756	$ 705,756	$ -	$ 3,461,391	20.4%
2022	630,803	630,803	-	3,181,568	19.8%
2021	560,009	560,009	-	2,863,454	19.6%
2020	485,393	485,393	-	2,743,774	17.7%
2019	426,711	426,711	-	2,750,395	15.5%
2018	363,282	363,282	-	2,662,296	13.6%
2017	324,213	324,213	-	2,539,815	12.8%
2016	286,627	286,627	-	2,419,392	11.8%
2015	272,007	272,007	-	2,400,313	11.3%

Note to Schedule:
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair value
Inflation	2.30%
Salary increases	varies by entry age and service
Investment rate of return	7.00%
Retirement age	50-63 for 2% @ 55 and 52-67 for 2% @ 62
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of scale MP 2016 by Society of Actuaries. For more details on this table, please refer to the December 2017 experience study report.

(1) Historical information is required only for the measurement periods for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years [1]

	2023	2022	2021	2020
TOTAL OPEB LIABILITY				
Service cost	$ 61,158	$ 59,377	$ 50,376	$ 48,909
Interest on total pension liability	91,573	88,487	77,554	73,742
Changes of assumptions	9,374	-	262,184	(267,276)
Difference between expected and actual experience	6,209	-	99,602	(13,757)
Benefit payments, including refunds of employee contributions	(87,797)	(95,064)	(85,295)	(53,555)
Net change in total OPEB liability	**80,517**	**52,800**	**404,421**	**(211,937)**
Total OPEB liability-beginning	1,710,529	1,657,729	1,253,308	1,465,245
Total OPEB liability-ending (a)	**1,791,046**	**1,710,529**	**1,657,729**	**1,253,308**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	87,797	95,064	85,295	53,555
Net investment income	63,980	(136,378)	185,799	38,250
Benefit payments, including refunds of employee contributions	(87,797)	(95,064)	(85,295)	(53,555)
Administrative expense	-	-	-	(2,353)
Net change in fiduciary net position	**63,980**	**(136,378)**	**185,799**	**35,897**
Plan fiduciary net position-beginning	1,014,207	1,150,585	964,786	928,889
Plan fiduciary net position-ending (b)	**1,078,187**	**1,014,207**	**1,150,585**	**964,786**
Net OPEB liability/(asset) (a) - (b)	**$ 712,859**	**$ 696,322**	**$ 507,144**	**$ 288,522**
Plan fiduciary net position as a percentage of the total OPEB liability	**60.2%**	**59.3%**	**69.4%**	**77.0%**
Covered payroll	$ 3,461,391	$ 3,181,568	$ 2,863,454	$ 2,743,774
Plan net OPEB liability/(asset) as a percentage of covered payroll	**20.6%**	**21.9%**	**17.7%**	**10.5%**

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios:

Benefit Changes : None

Changes of Assumptions : None

[1] *Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only six years are shown.*

2019		2018		2017	
$	35,365	$	34,335	$	22,989
	84,221		65,379		63,032
	-		140,935		143,737
	-		110,332		-
	(47,588)		(41,611)		(23,007)
	71,998		**309,370**		**206,751**
	1,393,247		1,083,877		877,126
	1,465,245		**1,393,247**		**1,083,877**
	47,588		41,611		138,561
	55,386		45,031		52,341
	(47,588)		(41,611)		(23,007)
	(2,212)		(2,158)		(1,157)
	53,174		**42,873**		**166,738**
	875,715		832,842		666,104
	928,889		**875,715**		**832,842**
$	**536,356**	**$**	**517,532**	**$**	**251,035**
	63.4%		**62.9%**		**76.8%**
$	2,750,395	$	2,662,296	$	2,539,815
	19.5%		**19.4%**		**9.9%**

THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years [1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
			Single Employer OPEB Plan		
2023	$ 90,087	$ 87,797	$ 2,290	$ 3,461,391	2.5%
2022	85,926	95,064	(9,138)	3,181,568	3.0%
2021	83,411	85,295	(1,884)	2,863,454	3.0%
2020	38,993	48,157	(9,164)	2,743,774	1.8%
2019	47,588	30,971	16,617	2,750,395	1.1%
2018	41,611	27,470	14,141	2,662,296	1.0%
2017	39,410	39,410	-	2,539,815	1.6%

Note to Schedule:
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Fair value
Inflation	2.50%
Healthcare cost trend rates	10% in 2024 and 2025, down to 3.9% by 2076
Salary increases	3.00% per year
Investment rate of return	5.35%, net of trust inflation and administrative fees. At 6-30-2022 the rate was 5.30%
Retirement age	CalPERS: From 50 to 75
Mortality	CalPERS: 2017 Experience Study

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedule of Investment Returns - OPEB Trust
As of June 30, for the Last Ten Fiscal Years [1]

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2023	6.31%
2022	-11.85%
2021	19.26%
2020	3.89%
2019	6.07%
2018	6.15%
2017	7.94%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Note: Accounting standard require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as furture data becomes available.

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STATISTICAL SECTION

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This part of TVMWD's ACFR presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about TVMWD's overall financial health.

Contents:

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

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

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

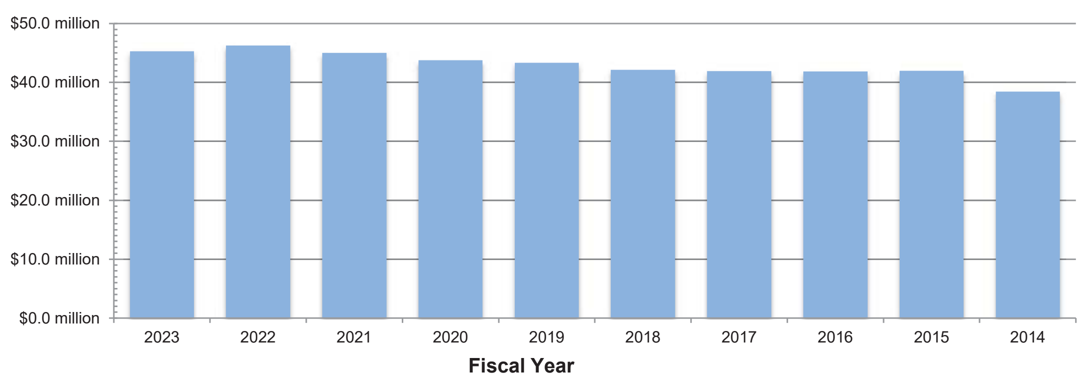
Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which TVMWD's financial activities take place and to help make comparisons over time and with other agencies.

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

SCHEDULE 1

Three Valleys Municipal Water District
Changes in Net Position
Last Ten Fiscal Years

	FISCAL YEAR					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Operating revenues (see Schedule 3)	$ 63,509,462	$ 77,904,362	$ 78,566,429	$ 69,287,655	$ 67,239,719	$ 64,251,879
Operating expenses (see Schedule 4)	67,787,690	79,207,215	80,357,005	71,974,662	69,081,691	66,272,700
Total operating income (loss)	(4,278,229)	(1,302,853)	(1,790,576)	(2,687,007)	(1,841,972)	(2,020,821)
Nonoperating revenues (expenses)						
Property tax revenue	3,276,000	2,940,933	2,858,584	2,625,061	2,481,726	2,291,505
Sublease income	-	-	-	-	-	-
Investment income	14,294	(324,563)	40,175	341,434	513,710	3,089
Intergovernmental grants revenue	-	-	-	-	-	-
Intergovernmental grants expense	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Amortization of deferred bond costs/refunding	-	-	-	-	-	-
Gain (loss) on sale of assets	-	(77,941)	(62,868)	(38,360)	(52,553)	(40,400)
Total nonoperating revenues (expenses)	3,290,294	2,538,429	2,835,891	2,928,135	2,942,883	2,254,194
Net income before contributions and change in accounting principle	(987,935)	1,235,576	1,045,315	241,128	1,100,911	233,373
Contributions	13,374	33,021	152,102	218,649	98,500	2,000
Change in net position	(974,560)	1,268,597	1,197,417	459,777	1,199,411	235,373
Net Position, beginning of year	46,258,924	44,992,143	43,794,726	43,334,949	42,135,538	41,900,165
Prior period adjustment	-	(1,816)	-	-	-	-
Net Position, end of year, as restated (see Schedule 2)	**$ 45,284,364**	**$ 46,258,924**	**$ 44,992,143**	**$ 43,794,726**	**$ 43,334,949**	**$ 42,135,538**



[1] Prior Period Adjustment related to change in accounting principle.
[2] Prior Period Adjustment related to removal of MWD assets.
[3] Prior Period Adjustment related to GASB 68.
[4] Prior Period Adjustment related to GASB 87.
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

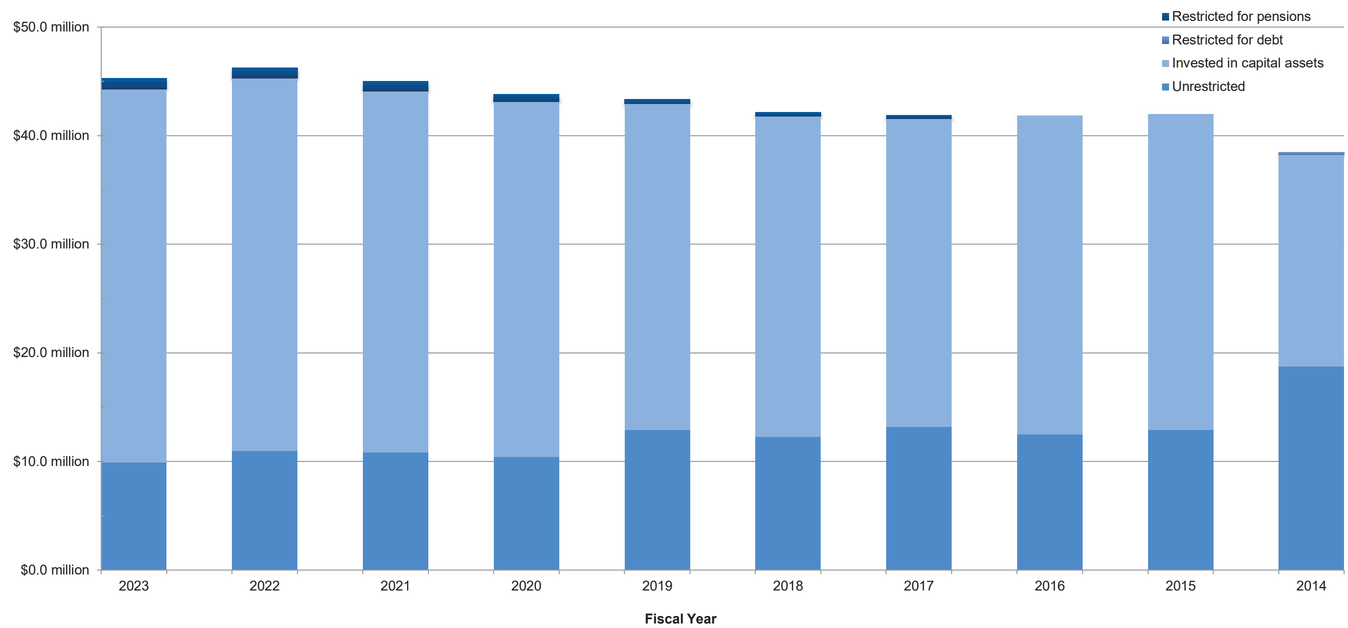
SOURCE: TVMWD - Finance Department

2017	2016	2015	2014
$ 65,041,248	$ 55,387,218	$ 58,657,568	$ 66,759,939
66,736,601	57,910,157	61,091,237	68,546,823
(1,695,353)	(2,522,939)	(2,433,669)	(1,786,884)
2,266,019	2,091,254	2,014,754	1,886,998
-	-	5,775,000	821,303
25,793	226,747	136,976	236,128
-	6,121	46,924	115,962
-	(6,121)	(46,924)	(115,962)
-	-	-	(29,787)
-	-	-	(195,647)
(88,421)	(40,173)	(12,109)	(104,254)
2,203,391	2,277,828	7,914,621	2,614,741
508,038	(245,111)	5,480,952	827,857
5,250	111,150	618,666	1,742,423
513,288	(133,961)	6,099,618	2,570,280
41,858,315	41,992,276	38,463,002	36,506,223
(471,438)	-	(2,570,344)	(613,501)
$ 41,900,165	**$ 41,858,315**	**$ 41,992,276**	**$ 38,463,002**

SCHEDULE 2

Three Valleys Municipal Water District
Components of Net Position
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	$ 34,351,942	$ 34,323,678	$ 33,286,014	$ 32,705,438	$ 29,990,254	$ 29,558,377	$ 28,369,643	$ 29,354,853	$ 29,078,712	$ 19,483,706
Restricted for debt service	-	-	-	-	-	-	-	-	-	225,000
Restricted for pensions	985,775	972,692	885,040	649,072	415,437	341,101	338,096	-	-	-
Unrestricted	9,946,649	10,962,554	10,821,089	10,440,216	12,929,258	12,236,060	13,192,426	12,503,462	12,913,564	18,754,296
Total Net Position	**$ 45,284,366**	**$ 46,258,924**	**$ 44,992,143**	**$ 43,794,726**	**$ 43,334,949**	**$ 42,135,538**	**$ 41,900,165**	**$ 41,858,315**	**$ 41,992,276**	**$ 38,463,002**



[1] Increase due to significant increase in capital assets and construction in progress during fiscal year.

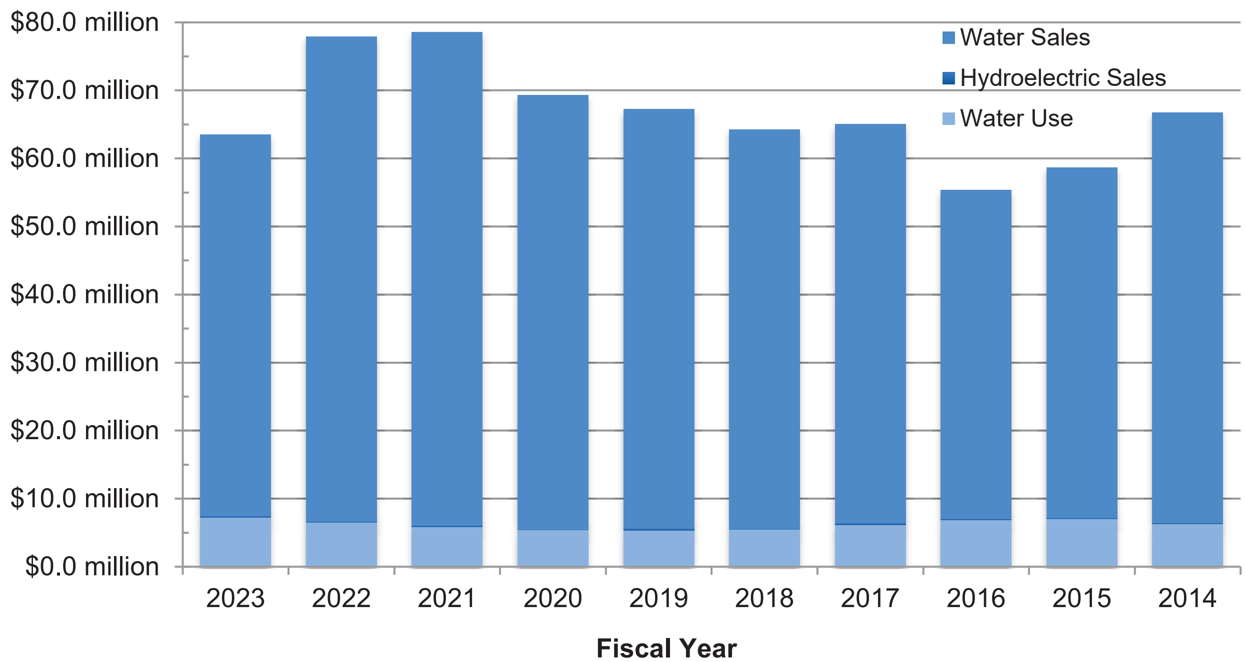
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 3

Three Valleys Municipal Water District
Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Water Sales[1]	Hydroelectric Sales	Water Use and Connection Charges	Total Operating Revenues
2023	$ 56,089,268	$ 155,672	$ 7,264,521	**$ 63,509,462**
2022	71,268,988	133,303	6,502,071	**77,904,362**
2021	72,508,611	210,126	5,847,692	**78,566,429**
2020	63,852,311	32,831	5,402,513	**69,287,655**
2019	61,659,318	215,037	5,365,364	**67,239,719**
2018	58,728,537	23,870	5,499,472	**64,251,879**
2017	58,662,799	204,856	6,173,593	**65,041,248**
2016	48,374,543	98,142	6,914,533	**55,387,218**
2015	51,527,963	122,614	7,006,991	**58,657,568**
2014	60,281,711	190,561	6,287,667	**66,759,939**



[1] Water sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

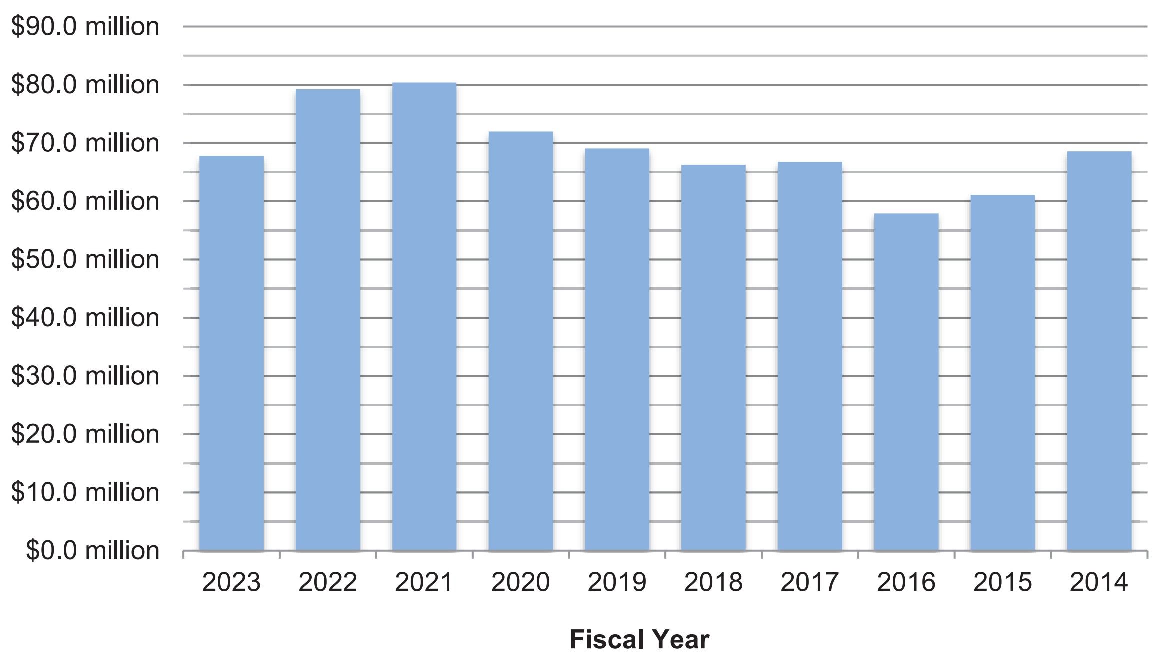
NOTE: Revenues in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 4

Three Valleys Municipal Water District
Operating Expenses by Activity
Last Ten Fiscal Years

Fiscal Year	Water Purchases[1]	Water Treatment and Distribution	Water Use and Connection	General and Administration	Depreciation/ Amortization	Total Operating Expenses
2023	$ 50,769,814	$3,628,150	$6,443,344	$ 5,269,071	$1,677,309	**$ 67,787,688**
2022	64,350,362	3,322,872	5,762,759	4,120,212	1,651,010	**79,207,215**
2021	64,978,664	3,565,287	5,136,217	5,055,671	1,621,166	**80,357,004**
2020	58,056,004	3,167,888	4,754,664	4,444,970	1,551,136	**71,974,663**
2019	55,670,169	2,848,109	4,720,544	4,321,058	1,521,811	**69,081,691**
2018	52,987,129	2,891,079	4,887,541	3,928,897	1,578,054	**66,272,701**
2017	52,807,504	2,891,120	5,490,812	3,639,407	1,907,758	**66,736,600**
2016	43,514,064	2,543,649	6,323,886	3,304,582	2,223,976	**57,910,157**
2015	46,955,630	2,711,483	6,182,531	3,210,145	2,031,448	**61,091,237**
2014	55,401,389	2,648,714	5,254,027	3,347,977	1,894,716	**68,546,823**



[1] Water purchases will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

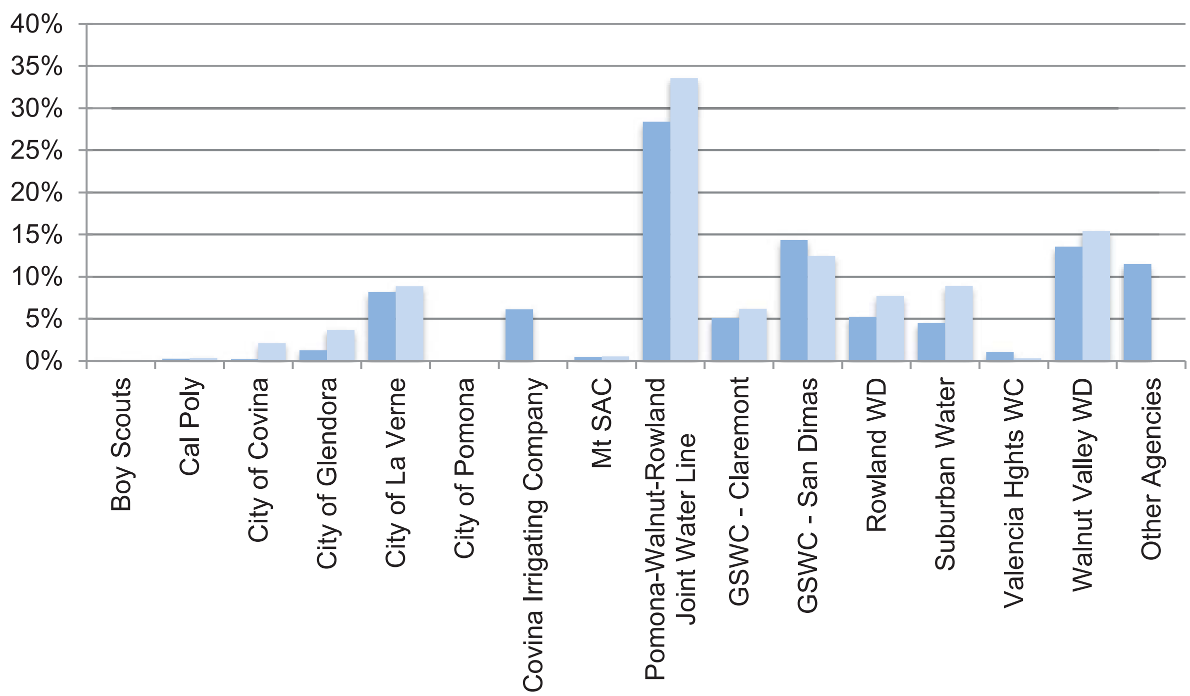
NOTE: Expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 5

Three Valleys Municipal Water District
Prinicpal Water Customers Changes in Past Ten Years
Current Fiscal Year and Nine Years Ago

Member Agency	Acre-Feet Sold FY 2023	Percentage of total	Acre-Feet Sold FY 2014	Percentage of total
Boy Scouts of America - Firestone Reservation	48	**0.09%**	35	**0.05%**
California State Polytechnic University, Pomona	131	**0.26%**	232	**0.34%**
City of Covina	93	**0.18%**	1,428	**2.09%**
City of Glendora	627	**1.22%**	2,515	**3.68%**
City of La Verne	4,192	**8.15%**	6,058	**8.86%**
City of Pomona	-	**0.00%**	-	**0.00%**
Covina Irrigating Company	3,136	**6.10%**	-	**0.00%**
Mt. San Antonio College	227	**0.44%**	351	**0.51%**
Pomona-Walnut-Rowland Joint Water Line	14,611	**28.41%**	22,953	**33.58%**
Golden State Water Company - Claremont	2,609	**5.07%**	4,233	**6.19%**
Golden State Water Company - San Dimas	7,364	**14.32%**	8,520	**12.46%**
Rowland Water District	2,687	**5.23%**	5,274	**7.71%**
Suburban Water Systems	2,296	**4.47%**	6,074	**8.88%**
Valencia Heights Water Company	514	**1.00%**	191	**0.28%**
Walnut Valley Water District	6,974	**13.57%**	10,519	**15.37%**
Other Agencies	5,902	**11.48%**	-	**0.00%**
	51,409	**100.00%**	68,383	**100.00%**

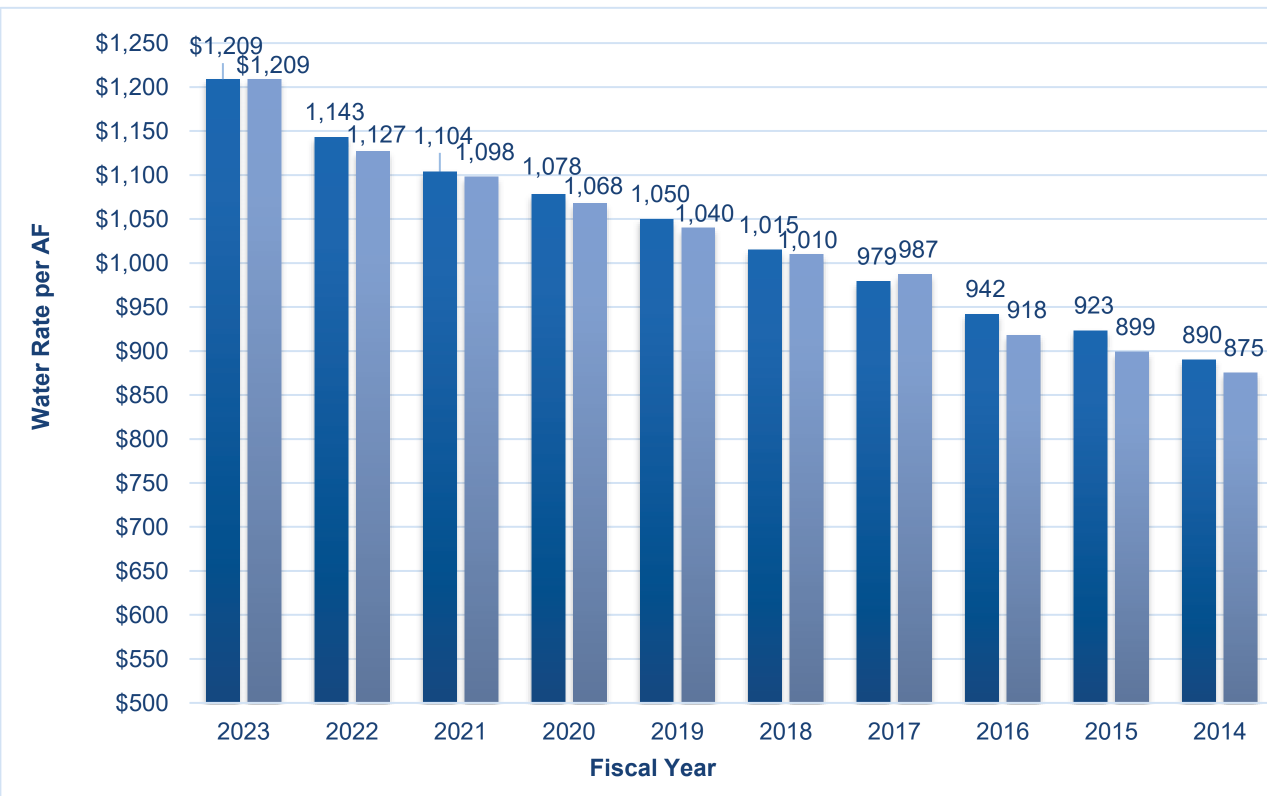


SOURCE: TVMWD - Finance Department

SCHEDULE 6

Three Valleys Muncipal Water District
Water Rates for MWD and TVMWD Water Sold
Last Ten Calendar Years

Calendar Year	MWD Water Rate	Surcharge / Discount	TVMWD Water Rate
2023	$ 1,209	$ -	$ 1,209
2022	1,143	(16)	1,127
2021	1,104	(6)	1,098
2020	1,078	(10)	1,068
2019	1,050	(10)	1,040
2018	1,015	(5)	1,010
2017	979	8	987
2016	942	(24)	918
2015	923	(24)	899
2014	890	(15)	875



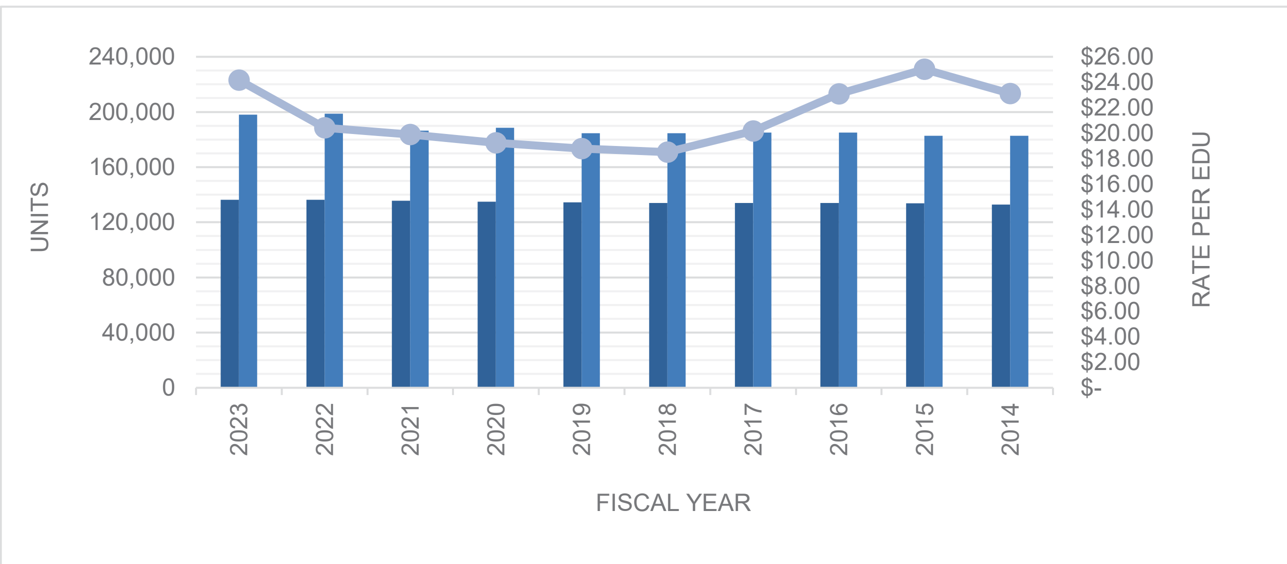
Note: All amounts are per acre foot.

SOURCE: TVMWD - Finance Department

SCHEDULE 7

Three Valleys Municipal Water District
Standby Charge Assessment Per Equivalent Dwelling Unit (EDU)
Last Ten Fiscal Years

Fiscal Year	Parcels[1]	EDUs[2]	Rate per EDU[3]
2023	136,306	198,060	$ 24.18
2022	136,367	198,835	20.43
2021	135,607	186,373	19.90
2020	134,850	188,427	19.23
2019	134,530	184,693	18.79
2018	134,019	184,484	18.51
2017	133,986	185,153	20.16
2016	133,949	185,144	23.09
2015	133,653	182,768	25.02
2014	132,918	182,732	23.11



[1] All parcels in service area including residential, commercial, vacant and industrial. Excluded parcels are public streets, right-of-ways, easements and public property.

[2] EDUs are assigned to each parcel in proportion to the estimated benefit it receives from the availability of water service. A Single Family Residential parcel, the basic unit for calculating the Assessment, is defined as 1.0 EDU. Other land uses are assigned proportional EDUs.

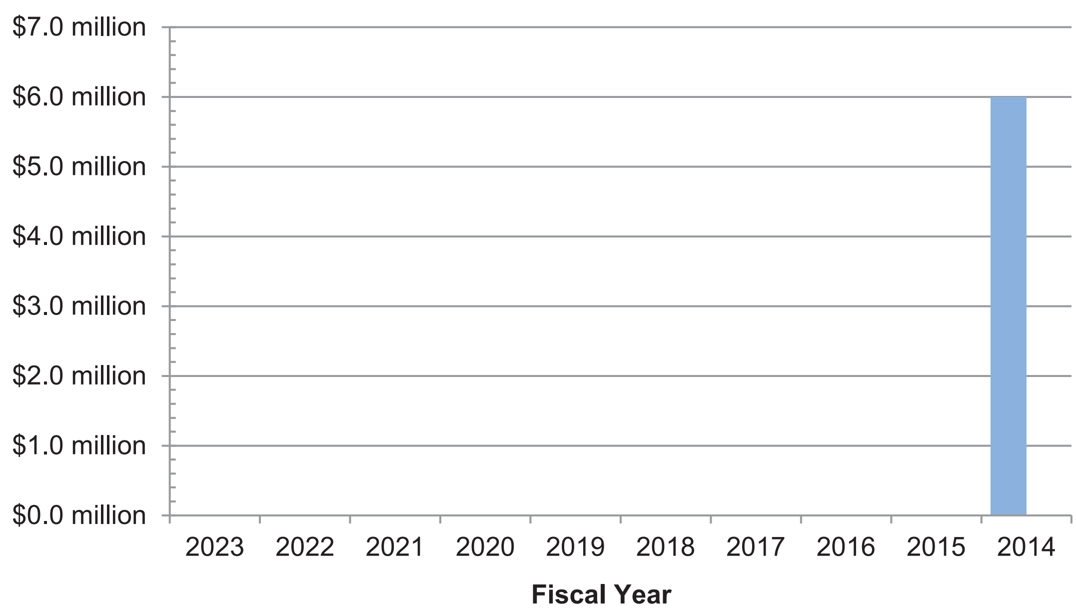
[3] MWD imposed a Readiness to Serve (RTS) charge on TVMWD to pay for capital improvements at MWD. TVMWD adopted a Standby Charge to pass the RTS charge through, at cost, to property owners within its service area. In the years prior to FY 06/07, the Standby Charge rate per EDU remained unchanged, even though TVMWD did not collect the full amount of its RTS obligation. In FY 06/07, TVMWD raised the rate per EDU to capture the entire cost of the RTS charge, and eliminated a monthly charge it had imposed on member agencies for the difference.

SOURCE: TVMWD - Finance Department

SCHEDULE 8

Three Valleys Municipal Water District
Ratio of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Certificates of Participation	Installment Sales Agreement	Per Capita	Outstanding Debt as a Share of Personal Income
2023	$ -	$ -	$ -	0.00%
2022	-	-	-	0.00%
2021	-	-	-	0.00%
2020	-	-	-	0.00%
2019	-	-	-	0.00%
2018	-	-	-	0.00%
2017	-	-	-	0.00%
2016	-	-	-	0.00%
2015	-	-	-	0.00%
2014	6,000,000	-	11.81	0.02%

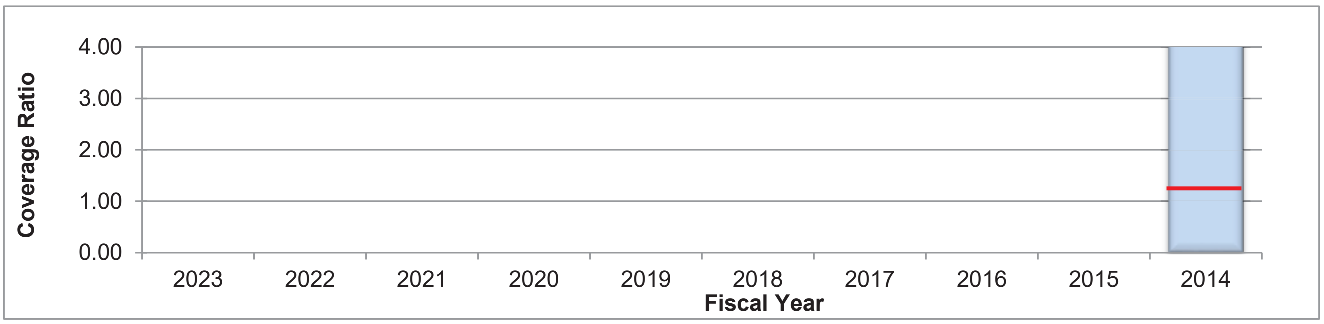


SOURCE: TVMWD - Finance Department

SCHEDULE 9

Three Valleys Municipal Water District
Debt Coverage
Last Ten Fiscal Years

Fiscal Year	Revenues[1]	Expenses[2]	Net Available Revenue	2003 COP Debt Service Principal	2003 COP Debt Service Interest	Total	Coverage Ratio[3]
2023	$ 66,799,756	$ 66,110,379	$ 689,378	$ -	$ -	$ -	0.00
2022	80,442,791	77,556,205	2,886,586	-	-	-	0.00
2021	81,402,319	78,735,839	2,666,480	-	-	-	0.00
2020	72,215,790	70,423,525	1,792,265	-	-	-	0.00
2019	70,182,603	67,559,880	2,622,723	-	-	-	0.00
2018	66,505,460	64,694,646	1,810,814	-	-	-	0.00
2017	67,243,154	64,828,844	2,414,310	-	-	-	0.00
2016	57,668,990	55,692,302	1,976,688	-	-	-	0.00
2015	66,619,113	59,059,789	7,559,324	-	-	-	0.00
2014	69,716,076	66,652,107	3,063,969	-	29,787	29,787	102.86



Fiscal Year	Unencumbered Cash and Cash Equivalents	Debt Service Principal	Debt Service Interest	Total	Coverage Ratio[3]
2023	$ 7,698,243	$ -	$ -	$ -	**0.00**
2022	4,687,799	-	-	-	**0.00**
2021	3,852,001	-	-	-	**0.00**
2020	1,568,103	-	-	-	**0.00**
2019	3,968,050	-	-	-	**0.00**
2018	1,803,767	-	-	-	**0.00**
2017	5,068,989	-	-	-	**0.00**
2016	3,728,324	-	-	-	**0.00**
2015	2,315,773	-	-	-	**0.00**
2014	3,509,585	-	-	-	**0.00**

[1] Revenues include operating and non-operating revenues less GSWC interest payments.
[2] Expenses include operating and non-operating expenses less depreciation, amortization and interest.
[3] Bond covenant debt coverage ratio of 1.15 is now 0 because debt has been fully repaid.

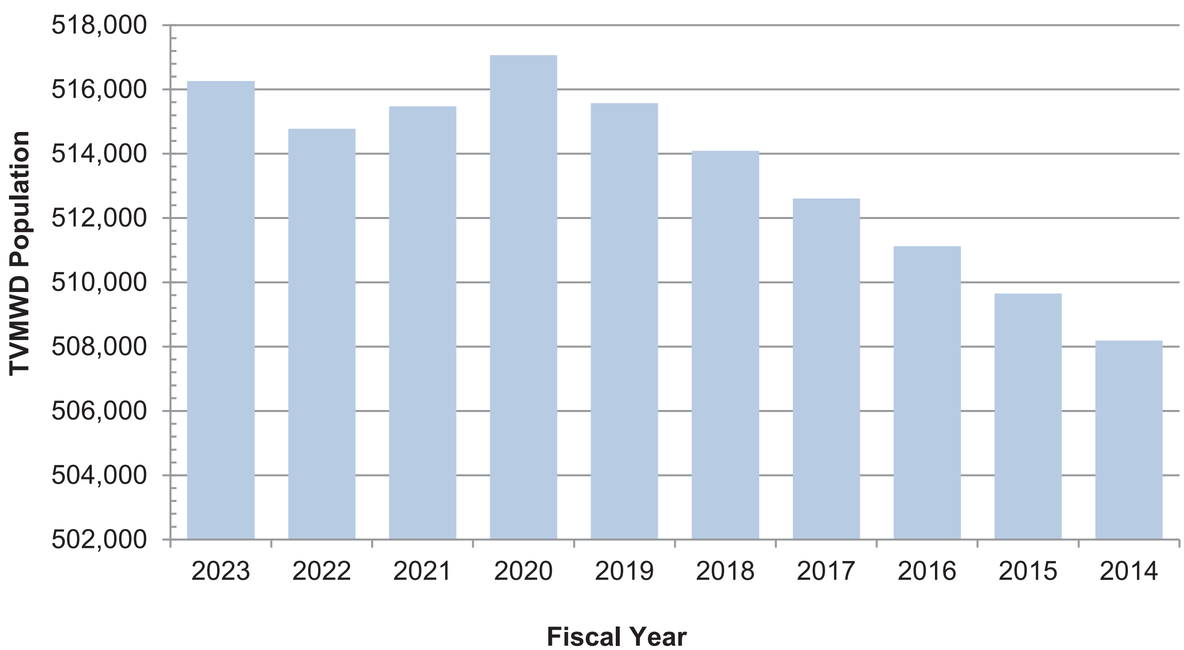
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 10

Three Valleys Municipal Water District
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	TVMWD Population Estimate[1]	County of Los Angeles			
		Unemploymen t Rate	Population	Personal Income (in thousands)	Personal Income per Capita
2023	516,26	6.4%	9,800,000	$599,272,248	58,471
2022	514,77	6.4%	9,860,000	609,636,061	59,482
2021	515,47	9.3%	10,080,000	620,179,106	60,511
2020	517,06	13.6%	10,382,000	630,904,482	61,557
2019	515,57	4.4%	10,382,000	619,749,000	60,469
2018	514,08	4.6%	10,328,000	602,632,000	58,818
2017	512,60	4.7%	10,278,000	585,515,000	57,168
2016	511,12	5.2%	10,215,000	563,908,000	54,577
2015	509,65	6.6%	10,179,000	549,073,000	53,521
2014	508,18	8.2%	10,125,000	514,517,000	50,730



[1] Population estimate is based on TVMWD's population from the 2023 Redistricting data.

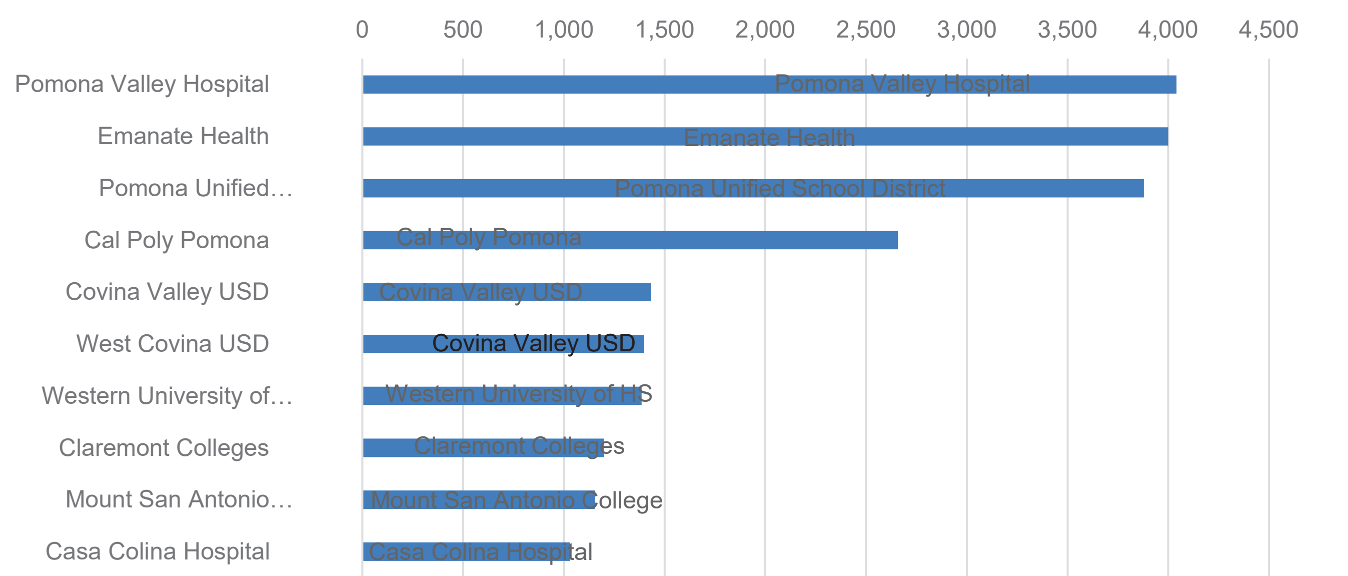
NOTE: Certain economic indicators such as unemployment rate and personal income are not calculated separately for TVMWD. Therefore, TVMWD has chosen to use the County of Los Angeles data, which is representative of the conditions and experiences of TVMWD.

SOURCES: LAEDC 2023 Economic Forecast and Industry Outlook

SCHEDULE 11

Three Valleys Municipal Water District
Principal Employers Changes in Past Ten Years
Calendar Year 2022

Employer	Number of Employees FY 2022	Percentage of Total Employmen	Number of Employees FY 2013	Percentage of Total Employment
Pomona Valley Hospital	4,040	2.1%	2,980	1.5%
Emanate Health	4,000	2.1%	3,500	1.8%
Pomona Unified School District	3,879	2.0%	2,961	1.5%
Cal State Polytechnic University Pomona	2,659	1.4%	2,154	1.1%
Covina Valley Unified School District	1,433	0.7%	1,882	1.0%
West Covina Unified School District	1,398	0.7%	1,277	0.7%
Western University of Health Sciences	1,386	0.7%	N/A	
Claremont Colleges	1,198	0.6%	3,600	1.8%
Mount San Antonio College	1,155	0.6%	3,103	1.6%
Casa Colina Hospital and Centers	1,031	0.5%	N/A	
Glendora Unified School District	734	0.4%	658	0.3%
Lanterman Development Center	N/A		976	0.5%
Citrus Valley Health Partners	N/A		3,500	1.8%



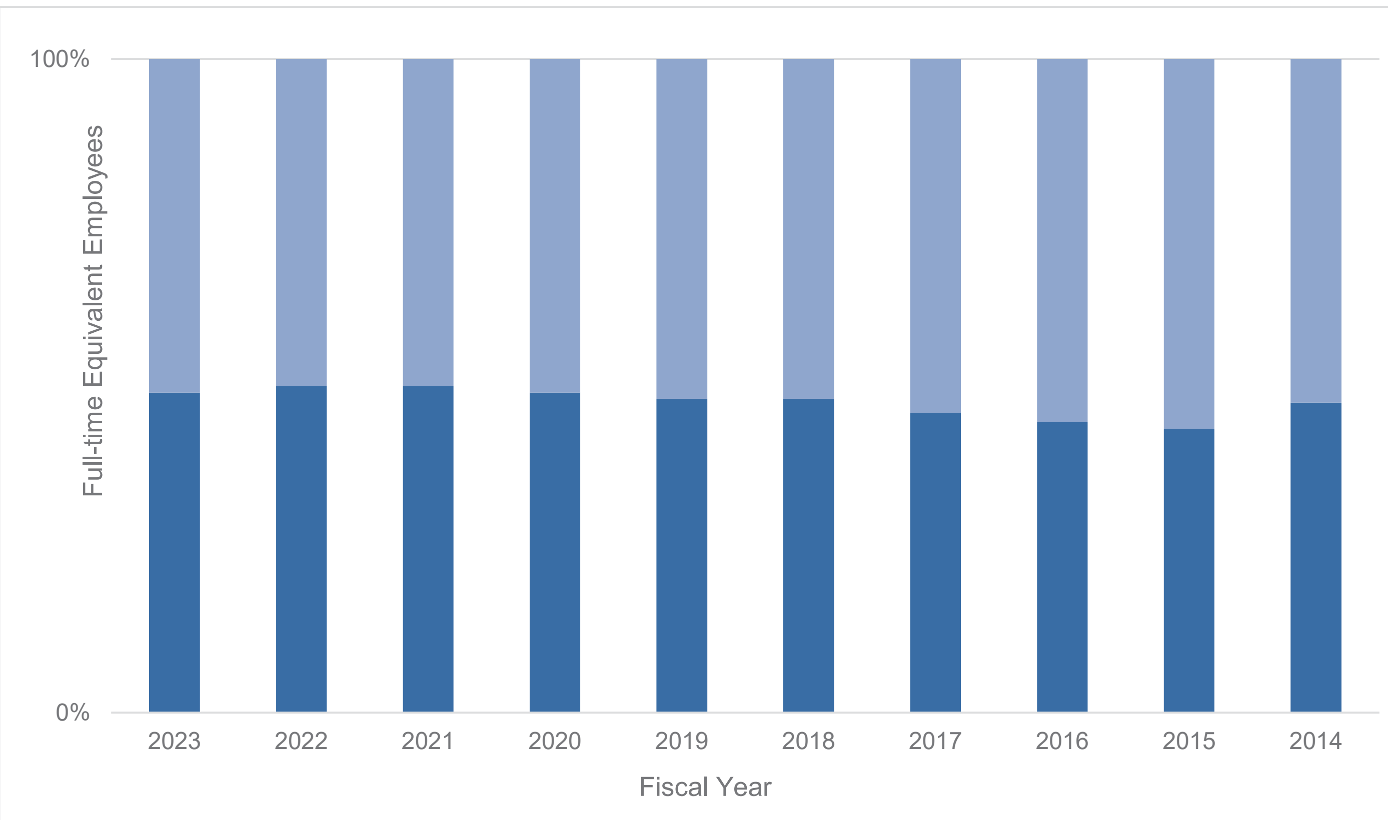
NOTE: The percentage of total employment is based on an estimate of 195,000 jobs in TVMWD's area.

SOURCE: City websites served by TVMWD

SCHEDULE 12

Three Valleys Municipal Water District
Personnel Trends
Last Ten Fiscal Years

Fiscal Year	Full-time Equivalent Employees by Department		
	Administration	Operations	TOTAL
2023	11.50	12.00	23.50
2022	12.00	12.00	24.00
2021	12.00	12.00	24.00
2020	11.50	12.00	23.50
2019	12.00	13.00	25.00
2018	12.00	13.00	25.00
2017	11.00	13.00	24.00
2016	11.00	13.75	24.75
2015	11.00	14.33	25.33
2014	11.50	12.75	24.25

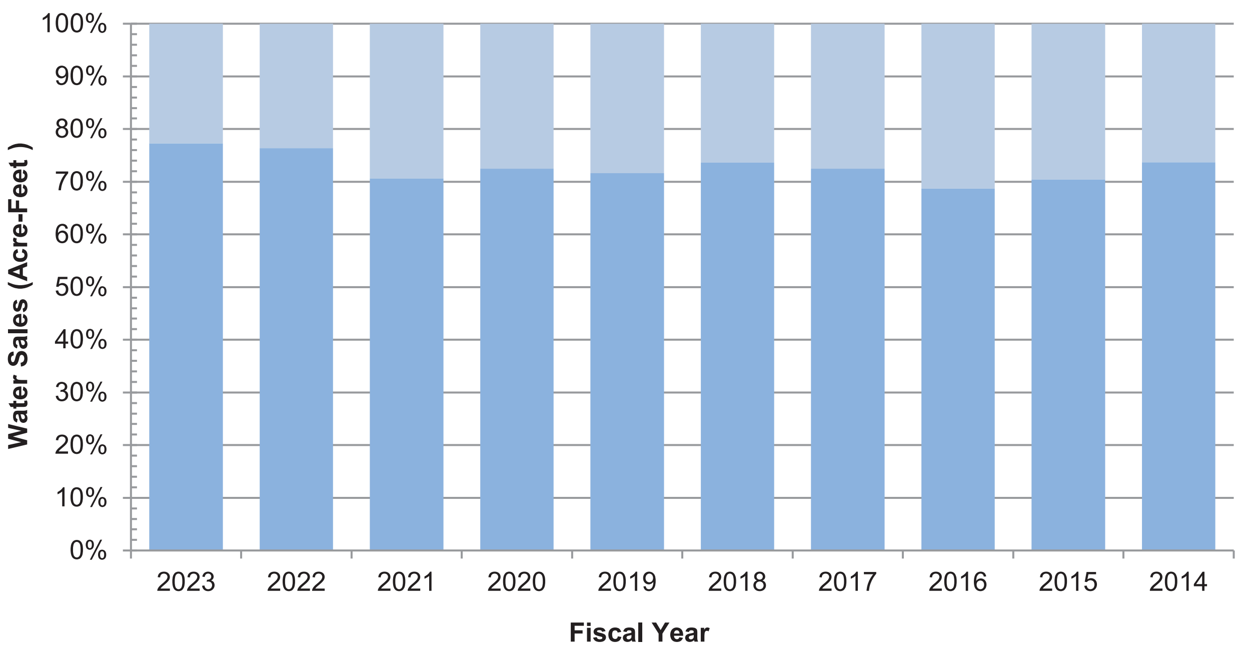


SOURCE: TVMWD - Finance Department

SCHEDULE 13

Three Valleys Municipal Water District
Water Sales in Acre-Feet
Last Ten Fiscal Years

Fiscal Year	Total MWD acre-feet sold	Total Miramar acre-feet sold	Total acre-feet sold
2023	37,471	11,014	**48,486**
2022	52,450	16,233	**68,683**
2021	50,394	20,989	**71,383**
2020	46,539	17,660	**64,199**
2019	45,098	17,865	**62,963**
2018	45,186	16,191	**61,377**
2017	49,013	18,591	**67,604**
2016	36,739	16,710	**53,449**
2015	41,512	17,458	**58,970**
2014	52,718	18,791	**71,509**



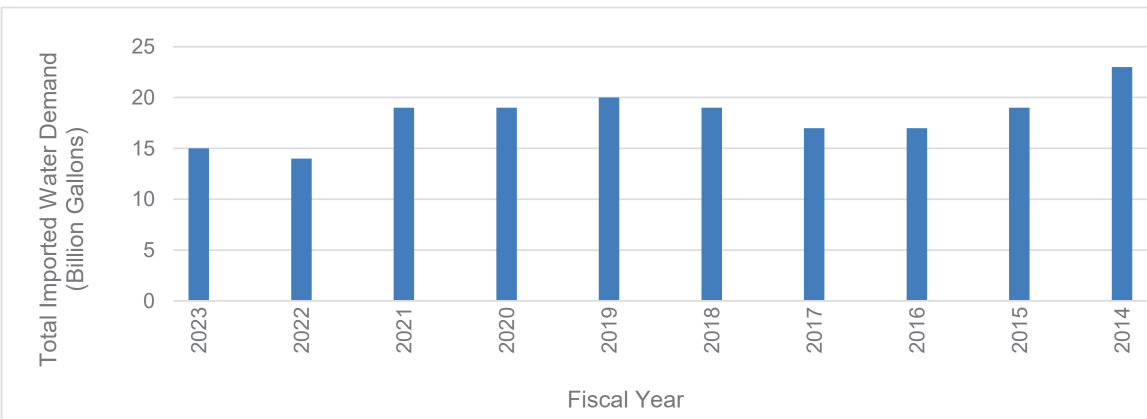
Note: Water Sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

SOURCE: TVMWD - Finance Department

SCHEDULE 14

Three Valleys Municipal Water District
Miscellaneous Operating Statistics
Last Ten Fiscal Years

	FISCAL YEAR									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TVMWD's SERVICE AREA:										
Number of member agencies	13	13	13	13	13	13	13	13	13	13
Number of cities/communities	16	16	16	16	16	16	16	16	16	16
Approximate Area (in square miles)	133	133	133	133	133	133	133	133	133	133
Number of connections (imported)	20	20	20	20	20	20	20	20	20	20
System capacity										
Imported (Acre-feet)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Imported (Billion gallons)	26	26	26	26	26	26	26	26	26	26
Water Demand										
Imported (Acre-feet)	45,109	43,052	58,852	62,998	61,994	59,488	51,660	51,600	57,116	70,061
Imported (Billion gallons)	**15**	**14**	**19**	**19**	**20**	**19**	**17**	**17**	**19**	**23**
Total water demand	45,109	43,052	58,852	62,998	61,994	59,488	51,660	51,600	57,116	70,061



	FISCAL YEAR									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
MIRAMAR WATER TREATMENT PLANT AND PIPELINES:										
Length of pipeline (in miles)	10	10	10	10	10	10	10	10	10	10
Annual production (Acre-feet)	11,024	19,017	19,017	17,660	17,865	16,191	18,591	16,710	17,458	18,791
Annual production (billion gallons)	4	6	6	5	6	5	6	5	6	6
Number of connections	13	13	13	13	13	13	13	12	12	12
Hydroelectric Facilities										
Number of generating stations	5	5	5	5	5	5	5	3	3	3

Note: Service area demands are met by MWD and the Miramar Water Treatment Plant and Pipelines.

SOURCE: TVMWD - Finance Department

ACRONYMS AND ABBREVIATIONS

- ACFR – Annual Comprehensive Financial Report
- ACWA/JPIA – Association of California Water Agencies /Joint Power Insurance Authority
- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CalPERS – California Public Employees Retirement System
- CAMP – California Asset Management Program
- County – Los Angeles County
- DWR – Department of Water Resources
- EDU – Equivalent Dwelling Unit
- FY – Fiscal Year
- GASB – Governmental Accounting Standards Board
- GDP – Gross Domestic Product
- GFOA – Government Finance Officers Association
- GPM – Gallons per Minute
- GSWC – Golden State Water Company
- LACFCD – Los Angeles County Flood Control District
- LAEDC – Los Angeles County Economic Development Corporation
- LAIF – Local Agency Investment Fund
- MWD – Metropolitan Water District of Southern California
- NRSROs – Nationally Recognized Statistical Rating Organizations
- OPEB – Other Post-Employment Benefits
- PERL – Public Employees' Retirement Law
- RTS – Readiness-to-Serve
- S&P – Standard & Poor's
- SCE – Southern California Edision
- SDLF – Special District Leadership Foundation
- SEC – Securities and Exchange Commission
- SGV-COG – San Gabriel Valley Council of Governments
- SGVMWD – San Gabriel Valley Municipal Water District
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District

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