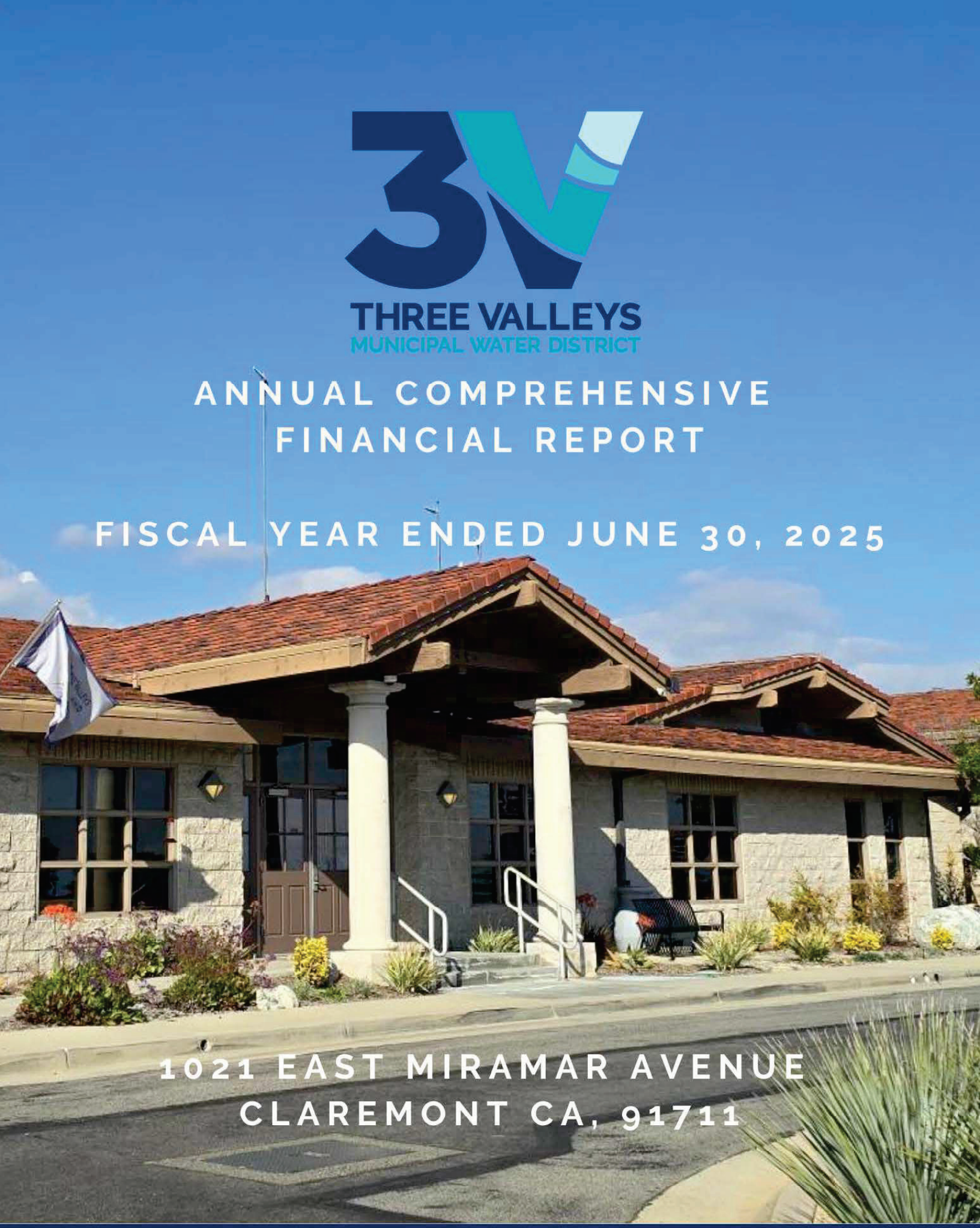
THREE VALLEYS
MUNICIPAL WATER DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025



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THREE VALLEYS MUNICIPAL WATER DISTRICT
CLAREMONT, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by: Finance Department

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THREE VALLEYS MUNICIPAL WATER DISTRICT
CLAREMONT, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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THREE VALLEYS MUNICIPAL WATER DISTRICT
CLAREMONT, CALIFORNIA

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THREE VALLEYS
MUNICIPAL WATER DISTRICT

GENERAL MANAGER / CHIEF ENGINEER
Matthew H. Litchfield, P.E.

BOARD OF DIRECTORS
David De Jesus
Carlos Goytia
Jeff Hanlon
Bob Kuhn
Jorge Marquez
Jody Roberto
Mike Ti

December 9, 2025

To the Honorable Board of Directors and Customers of the Three Valleys Municipal Water District:

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, 2025. 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 presented in a manner that we believe is conducive to enhancing 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 LSL, 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 auditor's 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, four groundwater production wells, five hydroelectric generators, residual solids removal, groundwater recharge pipelines, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. Approximately 48% of TVMWD's total treated sales are from the Miramar Treatment Plant, while the remaining 52% is from MWD's Weymouth Treatment Plant. TVMWD has water storage accounts in Six Basins (stored: approximately 3,445; capacity: 3,500 AF) and Main San Gabriel Basin (stored: approximately 185 AF; capacity: 50,000 AF).

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 84 years of experience with TVMWD. TVMWD employs a team of 26 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 9 years. This stability provides a tremendous benefit to TVMWD.

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Local Economy[1]

Los Angeles County ("County") continues to demonstrate resilience as it faces a shifting economic landscape marked by recovery, ongoing structural challenges, and new pressures from recent natural disasters. The 2025 economic climate reflects both the momentum from strong growth in 2024 and the emerging headwinds of rising unemployment, high housing costs, and increased risks tied to climate change. The devastating Palisades and Eaton Fires tested the capacity for recovery, yet Los Angeles County remains positioned to adapt and leverage its diverse industrial base.

Real Gross County Product (GCP) is projected to grow by 2.1% in 2025 before moderating to 1.3% in 2026, following an unexpectedly strong 3.4% expansion in 2024. Nonfarm payroll jobs are forecast to increase by 0.7% in 2025 and 0.2% in 2026, extending a trend of slower job growth. Despite these gains, the unemployment rate is expected to rise from 5.7% in 2024 to 6.1% in 2025, reflecting a cooling labor market. Employment growth will continue to be concentrated in the education, healthcare, and leisure & hospitality sectors, while manufacturing remains in long-term decline.

Population decline, a persistent challenge in recent years, appears to have stabilized. In 2024, the County recorded a modest net gain of 4,800 residents, reversing the trend of population loss. However, housing affordability continues to pose one of the most significant obstacles to long-term growth. Only 11% of households can afford a median-priced home, and while residential building permits have increased modestly, new housing construction remains well below the levels needed to address the shortage.

The cost of doing business in Los Angeles also remains elevated, averaging 20% higher than the national benchmark. Film and television employment has yet to fully recover from the dual Hollywood strikes, with job levels still lagging pre-pandemic figures. At the same time, major events such as preparations for the 2028 Olympic Games are driving infrastructure investment and generating business opportunities across multiple industries.

Looking ahead, the County's economic success will depend on its ability to address these intertwined challenges. Accelerating housing development, reducing the cost of doing business, investing in critical infrastructure, and strengthening workforce training are all essential to sustaining growth. Equally important will be developing comprehensive approaches to climate resilience, including wildfire prevention, water management, and infrastructure hardening.

Despite persistent challenges, Los Angeles County remains the 20th largest economy in the world, supported by a diverse set of industries and a proven track record of resilience. With strategic investments and policy alignment, the region can continue to grow while navigating uncertainty in the years ahead.

[1]Source: Los Angeles County Economic Development Corporation's 2025 Economic Forecast

Industry Outlook

In 2025, California's water industry is focused on strengthening conservation rules, modernizing aging infrastructure, and addressing affordability while preparing for climate extremes. Utilities are investing heavily in system upgrades and resilience, while regulators push for stricter conservation standards and groundwater sustainability. As we head into 2026, Californians can expect increased enforcement of water use limits, expanded investment in recycling and storage, and growing attention to affordability, equity, and water quality. With climate variability and population demands, the industry will continue adapting through innovation, conservation, and long-term planning.

The Metropolitan Water District of Southern California ("MWD") continues to advance initiatives that respond to both immediate regulatory changes and long-term water supply challenges, ensuring reliable service for the 19 million people it serves across six counties. In September 2025, Metropolitan awarded funding to six research projects through its Innovative Conservation Program, targeting new ways to reduce non-residential water use ahead of a 2027 state ban on irrigating unused turf with potable water. Projects range from artificial intelligence tools that track outdoor irrigation to soil regeneration for avocados and polyculture landscapes as alternatives to turf removal. These innovations build on the agency's two-decade track record of testing and scaling technologies that ultimately become rebate-eligible across the region.

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Infrastructure development also remains a priority. MWD appropriated $54 million to begin construction on the Sepulveda Feeder Pump Stations Project, designed to push Colorado River and Diamond Valley Lake water into communities reliant on the State Water Project. Completion of the pump stations in 2029 will help prevent shortages during droughts, while additional projects underway aim to improve supply reliability for the Inland Empire and San Gabriel Valley by 2027.

As California faces a long-term decline in imported supplies due to climate change, MWD's actions highlight a shift toward diversification, innovation, and collaboration. The years ahead will test the region's ability to balance conservation mandates, environmental restoration, and large-scale infrastructure delivery. However, with record investments in efficiency programs, recycling, and adaptive management, Southern California is positioning itself to secure a more sustainable and resilient water future through 2026 and beyond.

Local Perspective

Three Valleys Municipal Water District ("District") understands how serious Southern California's climate volatility is and the effects on the SWP, CRA, and local water supplies. The District 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 aligned with our goal to provide cost-effective, reliable, and safe water supplies to the region.

The District's strategic goals of ensuring a reliable water supply, maintaining fiscal responsibility, and fostering a strong organizational culture reflect a commitment to both community well-being and long-term sustainability. This is achieved with objectives like maintaining 100% compliance with water quality standards and diversifying water sources and storage, the District safeguards public health while preparing for future demands. Ongoing investment in infrastructure reliability and cost-effective operations demonstrates fiscal stewardship and accountability to the District's agencies. The District's emphasis on expertise, creativity, and emerging technologies ensures efficient facility management and adaptability in a changing water landscape. Furthermore, by engaging in regional advocacy, maintaining stakeholder relationships, and remaining informed on legislative developments, the District is poised to strengthen its role as a trusted community partner. Internally, fostering a respectful culture and developing staff skillsets supports operational excellence and innovation, ensuring that the District continues to deliver high-quality, reliable water services to the community it serves.

In 2025, the District secured $35 million in federal funding through the Water Resources Development Act of 2024. This investment strengthens the District's commitment to a reliable water supply by advancing critical infrastructure projects that enhance water security and ensure safe, dependable drinking water for local families. The funding also reflects the District's dedication to fiscal responsibility, as it leverages federal resources while sustaining long-term capital improvement efforts.

The District 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 the member agencies to understand their short-term and long-term needs is what we strive to achieve.

Major Initiatives and Projects

TVMWD began, continued, or completed many projects and programs in FY 2024-25. Major accomplishments for the Fiscal Year are summarized below:

Miramar Pump Back Upgrades

This project will enhance redundancy within the Miramar Distribution System, particularly during drought conditions. The pump-back operations will enable the transfer of flows from the Metropolitan Water District of Southern California's (MWD) Rialto Pipeline, which delivers State Water Project supplies, to Colorado River water from Metropolitan's Weymouth Treatment Plant. The improvements are expected to take approximately three years to complete once approved and funded. The project is currently in the preliminary design phase, with completion anticipated by 2028.

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Padua Pump Station
Three Valleys is in the process of acquiring property from the California Department of Transportation to construct a new pump station. This facility will provide operational flexibility to move water from lower-pressure zones into the Miramar System, including sources such as Pure Water Southern California or other external opportunities. Property acquisition is expected to be finalized by June 2026.

Groundwater Reliability Improvement Program (GRIP)
Three Valleys, in partnership with the City of Glendora and the Puente Basin Water Agency (PBWA), is collaborating to reoperate wells previously shut down due to groundwater contamination in the Main San Gabriel Groundwater Basin. The agencies are developing a regional approach to funding and benefits while analyzing treatment technologies, partnership opportunities, and operational structures. A feasibility study by Woodard & Curran was completed in November 2023. In 2024, Three Valleys engaged Trussell Technologies Inc. to conduct a desktop study evaluating appropriate treatment technologies. The project is currently supported by new groundwater models designed by the Main Basin Watermaster to assess fiscal and environmental impacts. To date, the project has received $900,000 in grant funding.

Water Resources Master Plan
In February 2023, Three Valleys awarded a contract to GEI Consultants, Inc. for the preparation of the Water Resources Master Plan and Drought Contingency Plan. These plans address water supply reliability challenges and prioritize conceptual projects to ensure future water reliability. Both plans were completed in February 2025 and submitted to the United States Bureau of Reclamation for review.

PM-21 (Miramar) Bypass Magmeter
The Miramar Treatment Plant has a design capacity of 40 cubic feet per second (cfs), with a potential ultimate capacity of 80 cfs. The existing Metropolitan-Three Valleys PM-21 meter is designed for flows between 8 and 80 cfs. Due to drought conditions and efficiency standards, the plant has been operating near the minimum flow of 8 cfs for extended periods, leading to meter inaccuracies. To address this, Three Valleys and Metropolitan initiated a project to install a meter suitable for low-flow conditions. Planning began in 2023 and construction is expected to be completed by mid-2026.

SCADA Communication Systems
This project will upgrade site-to-site communication systems, business network communication, Programmable Logic Controllers (PLCs), and software to maintain compliance with current industry standards. Three Valleys plans to contract with Prime Systems in October 2025 to replace and upgrade all SCADA PLCs and radios. The project will be completed in phases, with final completion anticipated in 2026.

LAFCO Boundary Reconciliation
Three Valleys has identified inconsistencies between its service area boundaries and those recorded by the Los Angeles Local Agency Formation Commission (LAFCO). This project will reconcile and update the District's boundaries with neighboring agencies and submit revisions to LAFCO. Three Valleys has contracted with Michael Baker International for land surveying services and Tom Dodson & Associates to assist with the application process. Project completion is expected in 2026.

Pipeline Condition Assessment
The Miramar Pipeline Distribution System, originally installed in the 1950s and 1980s, requires a comprehensive condition assessment to identify potential leaks, cracks, or other damage. While partial inspections have been conducted, this project will include desktop surveys, field inspections, computer modeling, and engineering analysis to evaluate the system's integrity and prioritize necessary repairs. The project will begin in early 2026 and continue on an annual basis.

Sludge Mixing Efficiency Study
Three Valleys initiated a study to evaluate and improve sludge processing efficiency at the Miramar Treatment Plant. In March 2025, the District contracted with Trussell Technologies Inc. to analyze the belt filter press and sludge pond systems for potential process optimizations. The study is scheduled for completion in November 2025.

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Hydroelectric Facility Efficiency Study

The Miramar hydroelectric facilities require assessment to improve power generation efficiency. This project will evaluate each facility's performance and develop strategies to optimize energy output and reduce inefficiencies. Three Valleys contracted with Dopudja & Wells Consulting, Inc. in February 2025 to perform this study. Completion is expected in 2026.

Belt Filter Press Truck Scales

This project installed truck scales to measure the weight of dewatered sludge produced by the belt filter press. The scales ensure optimal loading, preventing both underloading and overloading, thereby improving cost efficiency. Three Valleys contracted with Michelli Measurement Group, LLC for installation, which was completed in April 2025.

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.

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 2024-25, 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 purchased from MWD. Since MWD is forecasting annual rate increases in the future of 8.5%, TVMWD takes this into consideration through its 10-year financial forecast and 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. If necessary, TVMWD will utilize reserves and debt financing to pay for these projects with as little rate impact as possible. A revised reserve policy was adopted in FY2025 to take these long-term financial planning variables and goals into consideration. This was done by establishing designated reserves that provide funding for scheduled and unscheduled expenses including operation and maintenance, debt service, emergencies, capital improvement, repair and replacement, and for the stabilization of revenues and charges.

Reserves will be accumulated and maintained to allow TVMWD to fund operating expenses and capital expenditures in a manner consistent with its Operating and Capital Improvement Budget and avoid significant member rate fluctuations due to changes in cash flow requirements. The monies to fund the

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reserves should come from revenues of District operations after operating expenses, including debt service obligations, are met.

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.

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, 2024. This was the eighteenth consecutive year that TVMWD has achieved this prestigious award. To receive the award, 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 one year period. We believe that the FY 24/25 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 District staff 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

Erika Gomez, CPA
Chief Finance Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Three Valleys Municipal Water District
California

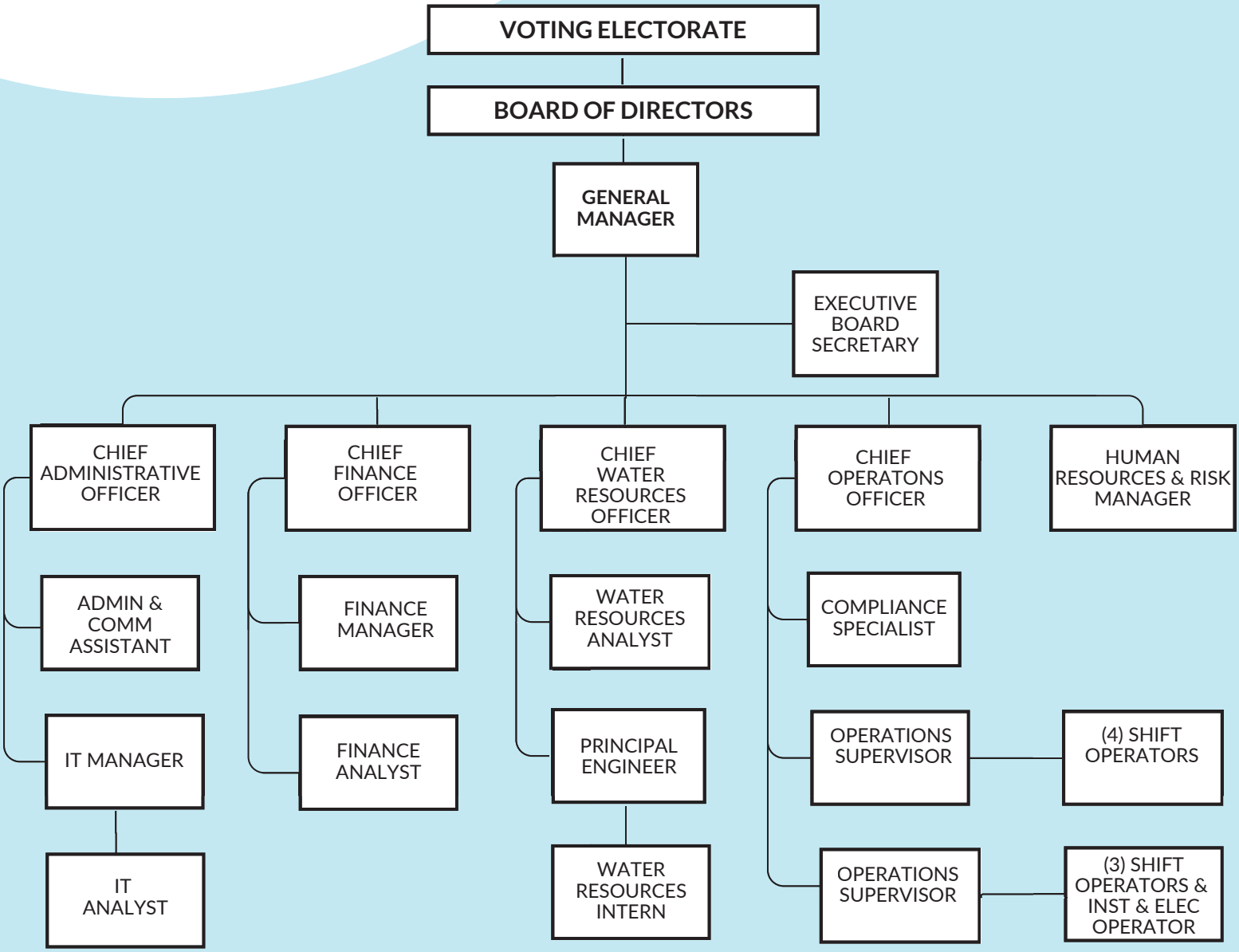
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

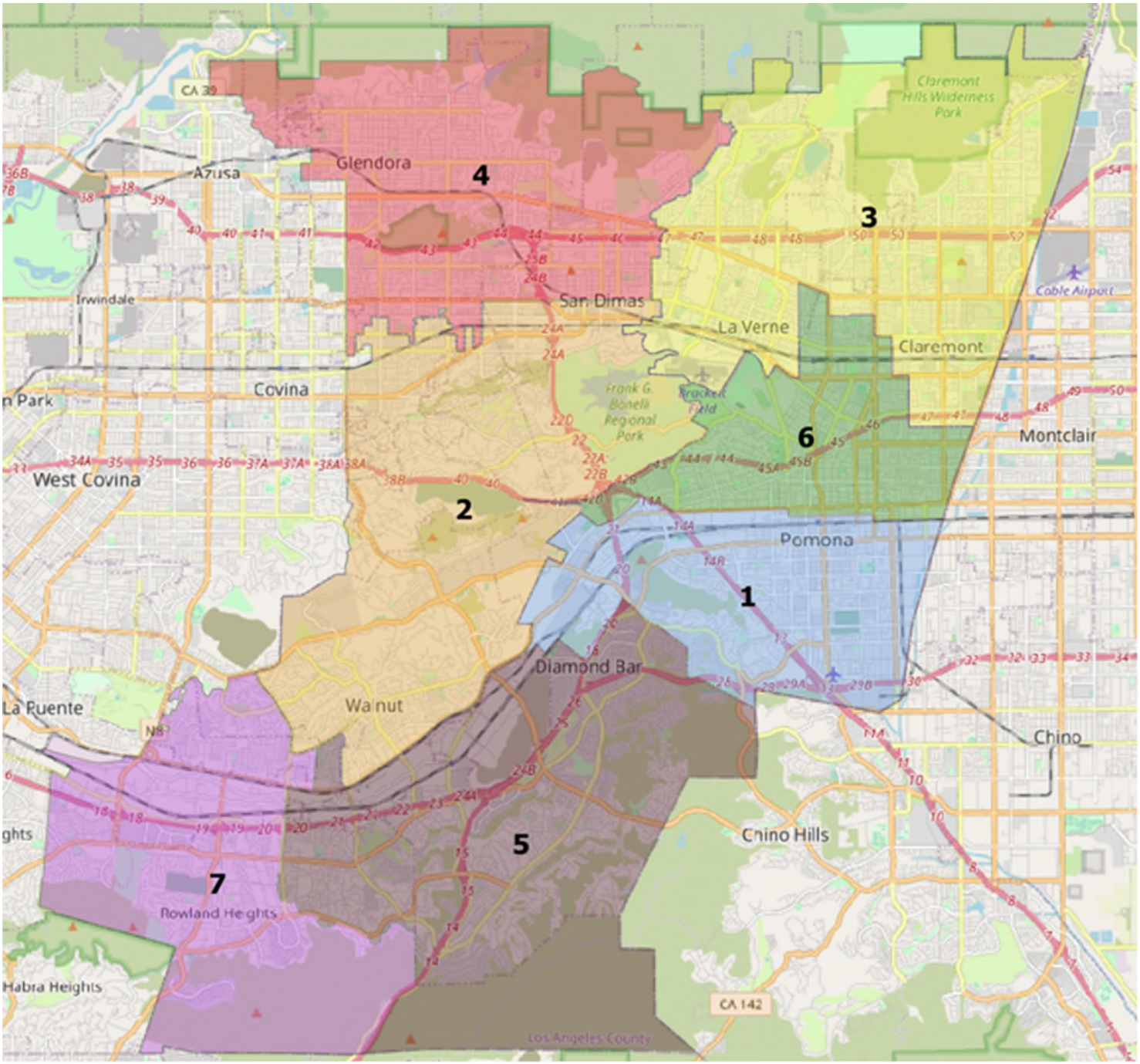
Christopher P. Morrill

Executive Director/CEO

ORGANIZATION STRUCTURE



Elective Subdivision Boundary Map



Three Valleys Municipal Water District

Board of Directors

Mike Ti
PRESIDENT
Division 7

Carlos Goytia
VICE PRESIDENT
Division 1

Jeff Hanlon
SECRETARY/TREASURER
Division 3

Bob Kuhn
DIRECTOR
Division 4

David De Jesus
DIRECTOR
Division 2

Jody Roberto
DIRECTOR
Division 5

Jorge Marquez
DIRECTOR
Division 6

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

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2025 and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditors' 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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, *Government Auditing Standards,* and the State Controller's Minimum Audit Standards for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

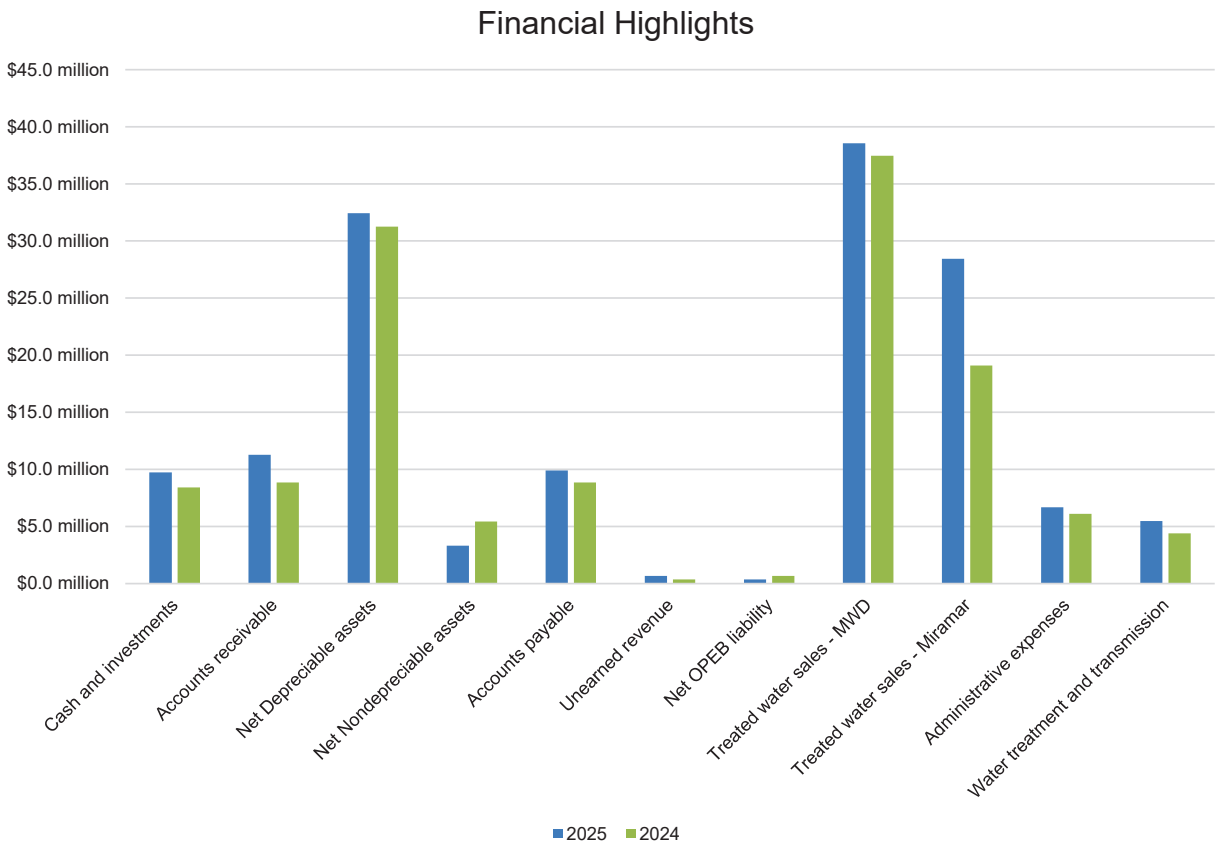
LSL, LLP

Irvine, California
December 9, 2025

This section of TVMWD's annual financial report presents our analysis of TVMWD's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Cash and investments increased $1.3 million due to the increase in demand and water rates set by MWD and the District. The District's investments also experienced favorable market returns in FY 2024/2025.
- Accounts receivable increased $2.4 million due to the increase in demand and delivery of untreated water during the months of May and June 2025.
- Accounts payable increased by $1.0 million due to the carryover of several capital improvement projects such as the Miramar Admin Building Improvements and Office Furniture Replacement. In addition, there was a significant increase over last year in deliveries of untreated and treated MWD water delivered that totaled $0.6 million.
- Depreciable assets increased $1.2 million and Nondepreciable assets decreased $2.1 million due to the completion of several projects such as the $1.9 million Thompson Creek leak repair and the $0.6 million Security Equipment project, which upgraded several District sites.
- Due to the implementation of the GASB 101 pronouncement, the District's compensated absences increased $0.2 million, where the total liability now includes a calculated amount of unused sick time.
- Unearned revenue increased by $0.3 million from a prepaid delivery of untreated water from Puente Basin Water Agency that will occur in FY2025/2026.
- Net OPEB liability decreased by $0.3 million due to the District's discount rate increasing to 6.05% from 5.35%, reflecting an updated long-term rate of return provided by PARS.
- MWD treated water sales revenue increased $1.1 million over FY 2024/2025, primarily due to the increase in water rates set by MWD and the District's surcharge.
- Miramar treated water sales revenue and related water purchases increased $9.3 million and $7.8 million, respectively. The Miramar treatment plant was not delivering its treated water for 3 months at the beginning of calendar year 2024, which attributes to the significant rebound that was experienced in FY 2024/2025. The increase in treated water sold totaled approximately 6,000 acre-feet.
- Administrative expenses increased $0.6 million due to an increase in staff salary and benefits.
- Water treatment and transmission expenses increased $1.1 million due to several variables. Some factors included increases in staff salaries and benefits, along with treatment chemicals and sludge removal. These correlate with the increase in treated water sold within the fiscal year.
- TVMWD's overall financial position increased by $0.9 million, as the District focuses on rebuilding its reserves.



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's financial position 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, noncapital financing, and capital and related 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 ways to measure TVMWD's financial health or financial position. Over time, increases or decreases in TVMWD's net position are indicators of its financial health. Other non-financial factors, however, must be considered, 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 2025 and 2024

	2025	2024	Dollar Change	Percent Change
Current and noncurrent assets				
Cash and investments	9,747,426	$ 8,422,719	$ 1,324,707	16%
Accounts receivable	11,267,348	8,857,274	2,410,074	27%
Interest receivable	84,275	105,531	(21,256)	-20%
Taxes receivable	148,979	147,738	1,241	1%
Other receivables	20,891	90,490	(69,599)	-77%
Loans receivable from employees	-	248	(248)	-100%
Prepaid expenses and deposits	187,025	66,883	120,142	180%
Water storage inventory	3,159,341	3,126,210	33,131	1%
Investments - *restricted*	1,109,296	1,029,584	79,712	8%
Capital assets				
Net Depreciable assets	32,427,980	31,246,478	1,181,502	4%
Net Nondepreciable assets	3,333,547	5,418,897	(2,085,350)	-38%
Total Assets	61,486,108	$ 58,512,052	$ 2,974,057	5%
Deferred outflows of resources				
Deferred OPEB and pension related items	2,202,666	$ 2,923,587	$ (720,921)	-25%
Current liabilities				
Accounts payable	9,893,888	$ 8,858,749	$ 1,035,139	12%
Accrued payroll	188,036	104,150	83,886	81%
Accrued compensated absences	237,131	192,358	44,773	23%
Accrued Interest	105	116	(11)	-9%
Lease payable	21,240	20,409	831	4%
Retainage Payable	14,397	36,464	(22,067)	-61%
Subscription Payable	14,321	7,175	7,146	100%
Unearned revenue	655,873	343,154	312,719	91%
Long-term liabilities				
Accrued compensated absences	604,930	434,367	170,563	39%
Lease payable	10,943	32,182	(21,239)	-66%
Subscriptions payable	27,147	-	27,147	100%
Net pension liability	5,794,634	5,825,162	(30,528)	-1%
Net OPEB liability	365,639	657,744	(292,105)	-44%
Total Liabilities	17,828,284	$ 16,512,031	$ 1,316,253	8%
Deferred inflows of resources				
Deferred OPEB and pension related items	382,351	$ 332,094	$ 50,257	15%
Net Investment in capital assets	35,673,479	$ 36,569,144	$ (895,665)	-2%
Restricted for pensions	1,109,296	1,029,584	79,712	8%
Unrestricted	8,695,364	6,992,786	1,702,578	24%
Total Net Position	45,478,139	$ 44,591,514	$ 886,625	2%

As depicted in Table A-1, the following significant changes occurred during FY 2024/2025:

- Cash and investments increased $1.3 million due to the increase in demand and water rates set by MWD and the District. The District's investments also experienced favorable market returns in FY 2024/2025.
- Accounts receivable increased $2.4 million due to the increase in demand and delivery of untreated water during the months of May and June 2025.
- Accounts payable increased by $1.0 million due to the carryover of several capital improvement projects such as the Miramar Admin Building Improvements and Office Furniture Replacement. In addition, there was a significant increase over last year in deliveries of untreated and treated MWD water delivered that totaled $0.6 million.
- Depreciable assets increased $1.2 million and Nondepreciable assets decreased $2.1 million due to the completion of several projects such as the $1.9 million Thompson Creek leak repair and the $0.6 million Security Equipment project, which upgraded several District sites.
- Due to the implementation of the GASB 101 pronouncement, the District's compensated absences increased $0.2 million, where the total liability now includes a calculated amount of unused sick time.
- Unearned revenue increased by $0.3 million from a prepaid delivery of untreated water from Puente Basin Water Agency that will occur in FY2025/2026.
- Net OPEB liability decreased by $0.3 million due to the District's discount rate increasing to 6.05% from 5.35%, reflecting and updated long-term rate of return provided by PARS.

TABLE A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended 2025 and 2024

	2025	2024	Dollar Change	Total Percent Change
Operating revenues				
Water sales - MWD	$ 38,558,860	$ 37,453,266	$ 1,105,594	3%
Water and hydroelectric sales	28,423,408	19,103,512	9,319,896	49%
Water use and connection capacity charges	8,859,054	7,853,688	1,005,366	13%
Nonoperating revenues				
Property tax revenue	3,549,147	3,346,530	202,617	6%
Investment income	616,746	386,339	230,407	60%
Federal operating grants	314,401	164,159	150,242	92%
Proceeds on sale/disposal of assets	-	2,000	(2,000)	-100%
Total Revenues	80,321,616	68,309,494	12,012,122	18%
Operating expenses				
Water purchases - MWD	38,127,839	38,071,931	55,908	0%
Water purchases - Miramar	19,471,256	11,668,177	7,803,079	67%
Water use and connection capacity	7,821,535	6,974,602	846,933	12%
Water treatment and transmission	5,472,724	4,401,111	1,071,613	24%
Administrative expenses	6,682,369	6,092,886	589,483	10%
Depreciation	1,859,268	1,793,639	65,629	4%
Total Expenses	79,434,991	69,002,346	10,432,645	15%
Changes in net position	886,625	(692,852)	1,579,477	-228%
Net position - beginning	44,591,514	45,284,366	(692,852)	-2%
Net position - ending	$ 45,478,139	$ 44,591,514	$ 886,626	2%

As depicted in Table A-2, the following significant changes occurred during FY 2024/2025:

- MWD treated water sales revenue increased $1.1 million over FY 2024/2025, primarily due to the increase in water rates set by MWD and the District's surcharge.

- Miramar treated water sales revenue and related water purchases increased $9.3 million and $7.8 million, respectively. The Miramar treatment plant was not delivering its treated water for 3 months at the beginning of calendar year 2024, which attributes to the significant rebound that was experienced in FY 2024/2025. The increase in treated water sold totaled approximately 6,000 acre-feet.
- Administrative expenses increased $0.6 million due to an increase in staff salary and benefits.
- Water treatment and transmission expenses increased $1.1 million due to several variables. This occurred in staff salary and benefits, along with treatment chemicals and sludge removal. These correlate with the increase in treated water sold within the fiscal year.
- TVMWD's overall financial position increased by $0.9 million, as the District focuses on rebuilding its reserves.

TABLE A-3
Capital Assets
Fiscal Years 2025 and 2024

	2025	2024	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	1,398,843	3,484,193	(2,085,350)	-60%
Total nondepreciable assets	3,333,547	5,418,897	(2,085,350)	-38%
Depreciable assets				
Building	10,439,142	10,279,707	159,435	2%
Furniture, fixtures, & equipment	2,135,404	1,389,903	745,501	54%
Intangible right to use lease - equipment	100,520	100,520	-	0%
Intangible right to use SBITA - subscriptions	76,553	24,227	52,326	216%
Infrastructure	68,652,520	66,569,012	2,083,508	3%
Land improvements	1,448,951	1,448,951	-	0%
Vehicles	636,105	636,105	-	0%
Total depreciable assets	83,489,195	80,448,425	3,040,770	4%
Less accumulated depreciation	(51,061,215)	(49,201,947)	(1,859,268)	4%
Net depreciable assets	32,427,980	31,246,478	1,181,502	4%
Total capital assets, net	$ 35,761,527	$ 36,665,375	$ (903,848)	-2%

TVMWD's investment in capital assets totals $35.7 million, a $0.9 million decrease from FY 2023/2024. As depicted in Table A-3, the following significant changes occurred during FY 2024/2025:

- Depreciable assets increased $3.0 million and Nondepreciable assets decreased $2.1 million due to the completion of several projects such as the $1.9 million Thompson Creek leak repair and the $0.6 million Security Equipment project, which upgraded equipment at several District sites.
- Other completed projects of note are the demolition and re-construction of the North Carport Covers and installation of the new TVMWD sign and flagpole.
- More information about the District's capital assets is presented in Note 3 of the Notes to the Basic Financial Statements.

Debt Administration

During the year, the District's long-term debt increased by $13,884 from entering into a new subscription agreement. This is depicted in Table A-4 below. Additional information on the long-term debt is presented in Note 4 of the Notes to Basic Financial Statements.

TABLE A-4
Long-Term Debt
Fiscal Years 2025 and 2024

	2025	2024	Dollar Change	Total Percent Change
Lease liabilities	$ 32,183	$ 52,591	$ (20,408)	-39%
Subscription liability	41,468	7,176	34,292	478%
	$ 73,651	$ 59,767	$ 13,884	23%

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Net Position
June 30, 2025

ASSETS	
Current assets:	
Cash and investments	$ 9,747,426
Cash and investments, restricted	1,109,296
Receivables (net of uncollectibles):	
Accounts	11,267,348
Taxes	148,979
Accrued Interest	84,275
Other	20,891
Prepaid costs	165,640
Deposits	21,385
Water storage inventory	3,159,341
Total current assets	25,724,581
Noncurrent:	
Capital assets being depreciated/amortized, net	32,427,980
Capital assets, not being depreciated/amortized	3,333,547
Total noncurrent assets	35,761,527
Total assets	**61,486,108**
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related	2,051,671
OPEB-related	150,995
Total deferred outflows of resources	**2,202,666**
LIABILITIES	
Accounts payable	9,893,888
Retainage payable	14,397
Accrued interest	105
Compensated absences	237,131
Accrued payroll	188,036
Unearned revenue	655,873
Lease payable	21,240
Subscriptions payable	14,321
Total current liabilities	11,024,991
Noncurrent liabilities:	
Compensated absences	604,930
Net pension liability	5,794,634
Net OPEB liability	365,639
Lease payable	10,943
Subscriptions payable	27,147
Total noncurrent liabilities	6,803,293
Total liabilities	**17,828,284**
DEFERRED INFLOWS OF RESOURCES	
Pension-related	165,109
OPEB-related	217,242
Total deferred inflows of resources	**382,351**
NET POSITION	
Net investment in capital assets	35,673,479
Restricted for pension	1,109,296
Unrestricted	8,695,364
Total net position	**$ 45,478,139**

See Notes to Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

OPERATING REVENUES	
Water sales - MWD	$ 38,558,860
Water and hydroelectric sales - Miramar	28,423,408
Water use and connection capacity charges	8,859,054
Total operating revenues	**75,841,322**
OPERATING EXPENSES	
Water purchases - MWD	38,127,839
Water purchases - Miramar	19,471,256
Water use and connection capacity	7,821,535
Water treatment and transmission	5,472,724
Administrative expenses	6,682,369
Depreciation/amortization expense	1,859,268
Total operating expenses	**79,434,991**
Operating income (loss)	**(3,593,669)**
NONOPERATING REVENUES (EXPENSES)	
Property taxes	3,549,147
Investment income	616,746
Federal operating grants	314,401
Total nonoperating revenues (expenses)	**4,480,294**
Change in net position	**886,625**
Net position-beginning	44,591,514
Net position-ending	**$ 45,478,139**

See Notes to Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 73,744,215
Payments to suppliers and service providers	(69,932,005)
Payments to employees for salaries and benefits	(6,010,785)
Net cash provided by (used for) operating activities	**(2,198,575)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Taxes	3,547,906
Operating grants and contributions	384,000
Net cash provided by (used for) noncapital financing activities	**3,931,906**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(925,161)
Principal paid on capital debt	(38,442)
Interest paid on capital debt	(3,311)
Net cash provided by (used for) capital and related financing activities	**(966,914)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	638,002
Net cash provided by (used for) investing activities	**638,002**
Net increase (decrease) in cash and cash equivalents	**1,404,419**
Cash and cash equivalents-beginning	9,452,303
Cash and cash equivalents-ending	**$ 10,856,722**

See Notes to Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2025

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	$ (3,593,669)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/amortization expense	1,859,268
(Increase) decrease in accounts receivable	(2,410,074)
(Increase) decrease in notes and loans receivable	248
(Increase) decrease in deposits	(2,094)
(Increase) decrease in inventories	(33,131)
(Increase) decrease in prepaid items	(118,048)
Increase (decrease) in accounts payable	1,038,841
Increase (decrease) in accrued liabilities	83,485
Increase (decrease) in deposits payable	312,719
Increase (decrease) in compensated absences	215,335
Increase (decrease) in net pension liability	478,019
Increase (decrease) in net OPEB liability	(29,474)
Total adjustments	1,395,094
Net cash provided by (used for) operating activities	**$ (2,198,575)**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES	
Acquisition of subscription assets	$ 52,326

See Notes to Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Other Postemployment Benefits Trust Fund
Statement of Fiduciary Net Position
June 30, 2025

ASSETS		
Mutual funds	$	1,308,666
Interest receiable		119
Total assets		**1,308,785**
NET POSITION		
Restricted for:		
Postemployment benefits other than pensions		1,308,785
Total net position	**$**	**1,308,785**

See Notes to Financial Statement.

THREE VALLEYS MUNICIPAL WATER DISTRICT
Other Postemployment Benefits Trust Fund
Statement of Changes in Fiduciary Net Position
June 30, 2025

ADDITIONS	
Investment earnings:	
Interest	$ 135,460
Investment expense	(3,105)
Total additions	**132,355**
DEDUCTIONS	
Administrative expenses	4,208
Total deductions	**4,208**
Net increase (decrease) in fiduciary net position	**128,147**
Net position-beginning	1,180,638
Net position-ending	**$ 1,308,785**

See Notes to Financial Statement.

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. 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. TWMWD is reported using the economic resources measurement focus and the accrual basis of accounting.

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. 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.

D. 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.

E. 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, 2025, thus no allowance is reflected on the statement of net position.

F. 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, 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, 2025, thus no allowance is reflected on the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

H. 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		Chino Basin		Total	
	Acre-Feet	Amount	Acre-Feet	Amount	Acre-Feet	Amount	Acre- Feet	Amount
Beginning Balance at July 1, 2024	2,534	$ 1,226,679	2,577	$ 1,899,531	1,391	$ 1,111,089	6,502	4,237,299
Aquired	991	682,427	3,925	3,543,732	-	-	4,916	4,226,159
Used or Sold	(80)	(43,397)	(6,315)	(5,260,720)	-	-	(6,395)	(5,304,117)
Ending Balance at June 30, 2025	3,445	$ 1,865,709	187	$ 182,543	1,391	$ 1,111,089	5,023	3,159,341

I. 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.

J. 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
Lease and subscription assets	Shorter of useful life or lease or subscription arrangement

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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) 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.

L. Compensated Absences

During the current year, the District implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation, compensatory, and universal leave time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, four types of leave qualify for liability recognition for compensated absences – vacation, sick, compensatory, and universal leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation, Compensatory, and Universal Leave

The District's policy permits employees to accumulate earned but unused vacation, compensatory, and universal leave benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave. Any unused sick leave is treated as additional service time in the calculation of the employee's retirement plan. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

M. 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.

N. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

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.

P. 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.

Q. 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.

R. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

S. Subscription-Based Information Technology Arrangements

TVMWD reports a subscription liability and intangible right-to-use capital asset (known as subscription asset) on the financial statements for subscription-based information technology arrangements (SBITA). TVMWD recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the 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.

T. New Accounting Pronouncements Implemented

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the District's financial statements and determined that it did not have a material impact.

U. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

The provisions of Statement Number 103 "Financial Reporting Model Improvements" are effective for fiscal years beginning after June 15, 2025.

The provisions of Statement Number 104 "Disclosure of Certain Capital Assets" are effective for fiscal years beginning after June 15, 2025.

NOTE 2 : CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

As of June 30, 2025, the carrying amount of TVMWD's cash deposits was $490,791 and the bank balances were $673,879. 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 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.

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

Cash and cash equivalents and investments are presented on the Statement of Net Position and Statement of Fiduciary Net Position as follows as of June 30, 2025:

Type	Fair Value
Cash and Cash Equivalent	
Cash deposits	$ 490,791
Total Cash and Cash Equivalents	490,791
Investments	
Money Market Funds	19,185
California Asset Management Trust	3,309,415
Local Agency Investment Fund	1,089,604
US Treasury Notes	2,403,058
US Corporate Notes	1,206,053
Federal Agency Securities	601,517
Agency Commercial Mortgage - Backed Securities	185,637
Asset Backed Security	162,187
Supranational	279,924
Mutual Funds*	1,109,351
OPEB Trust:	
Mutual Funds*	1,308,666
Total Investments	11,674,597
Total Cash and Cash Equivalents and Investments	$ 12,165,388

*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, 2025, 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	$ 19,185	$ 19,185	$ -	$ -
US Treasury Notes	2,403,058	-	1,218,933	1,184,125
US Corporate Notes	1,206,053	111,694	624,207	470,152
Federal Agency Securities	601,517	227,290	132,800	241,427
Agency Commercial Mortgage - Backed Securities	185,637	-	138,645	46,992
Asset Backed Security	162,187	1,526	29,734	130,927
Supranational	279,924	58,480	221,444	-
Mutual Funds	1,109,351	1,109,351	-	-
California Asset Management Trust	3,309,415	3,309,415	-	-
Local Agency Investment Fund	1,089,604	1,089,604	-	-
OPEB Trust:				
Mutual Funds	1,308,666	1,308,666	-	-
Total	$ 11,674,597	$ 7,235,211	$ 2,365,763	$ 2,073,623

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, 2025, 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	Aa1	AA+	0.00%
US Corporate Notes	A2	NR	0.00%
US Corporate Notes	A2	A+	0.00%
US Corporate Notes	A1	A-	0.00%
US Corporate Notes	A2	A-	0.00%
US Corporate Notes	A1	A	0.00%
US Corporate Notes	A2	A	0.00%
US Corporate Notes	Aa3	A	0.00%
US Corporate Notes	Aa2	A+	0.00%
US Corporate Notes	Aa3	A+	0.00%
US Corporate Notes	Aa2	AA	0.00%
US Corporate Notes	A1	AA	0.00%
US Corporate Notes	A1	A+	0.00%
US Corporate Notes	Aaa	AA+	0.00%
US Corporate Notes	Aa3	AA-	0.00%
Supranational	Aaa	AAA	0.00%
Asset Backed Security	NR	AAA	0.00%
Asset Backed Security	Aaa	NR	0.00%
Asset Backed Security	Aaa	AAA	0.00%
Money Market Fund	Aaa	AAA	0.00%
Mutual Funds	Aaa	AAA	0.00%
California Asset Management Trust	NR	AAAm	0.00%
Local Agency Investment Fund	NR	NR	0.00%

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.

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

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.

TVMWD has the following recurring fair value measurements as of June 30, 2025:

Investments by Fair Value Level	Totals	Significant Other Observable Inputs (Level 2)
US Treasury Notes	$ 2,403,058	$ 2,403,058
US Corporate Notes	1,206,053	1,206,053
Federal Agency Securities	601,517	601,517
Agency Commercial Mortgage - Backed Securities	185,637	185,637
Asset Backed Security	162,187	162,187
Supranational	279,924	279,924
Mutual Funds	1,109,351	1,109,351
OPEB Trust:		
Mutual Funds	1,308,666	1,308,666
Totals	$ 7,256,393	$ 7,256,393
Investments Measured at Amortized Cost		
California Asset Management Trust	3,309,415	
Local Agency Investment Fund	1,089,604	
Money Market Fund	19,185	
Total Investments	$ 11,674,597	

Securities and mutual funds classified in 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.

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

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

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, 2025, 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, 2025 is as follows:

	Beginning Balance July 1, 2024	Additions	Retirements	Transfers	Ending Balance June 30, 2025
Capital assets, not being depreciated/amortized:					
Land	$ 1,633,704	$ -	$ -	$ -	$ 1,633,704
Water share	301,000	-	-	-	301,000
Construction in progress	3,484,193	319,608	-	(2,404,958)	1,398,843
Total capital assets, not being depreciated/amortized	5,418,897	319,608	-	(2,404,958)	3,333,547
Capital assets, being depreciated/amortized:					
Building and building improvements	10,279,707	159,435	-	-	10,439,142
Furniture, fixtures, and equipment	1,389,903	138,288	-	607,213	2,135,404
Lease assets - equipment	100,520	-	-	-	100,520
Subscription assets - software as a service	24,227	52,326	-	-	76,553
Infrastructure	66,569,012	285,763	-	1,797,745	68,652,520
Land Improvements	1,448,951	-	-	-	1,448,951
Vehicles	636,105	-	-	-	636,105
Total capital assets, being depreciated/amortized	80,448,425	635,812	-	2,404,958	83,489,195
Less accumulated depreciation and amoritization:					
Building and building improvements	6,881,576	76,900	-	-	6,958,476
Furniture, fixtures, and equipment	753,554	110,259	-	-	863,813
Lease assets - equipment	50,260	20,104	-	-	70,364
Subscription assets - software as a service	14,149	16,578	-	-	30,727
Infrastructure	39,641,269	1,601,208	-	-	41,242,477
Land Improvements	1,303,317	11,573	-	-	1,314,890
Vehicles	557,822	22,646	-	-	580,468
Total accumulated depreciation and amoritization	49,201,947	1,859,268	-	-	51,061,215
Total capital assets, being depreciated/amortized, net	31,246,478	(1,223,456)	-	2,404,958	32,427,980
Total capital assets, net	$ 36,665,375	$ (903,848)	$ -	$ -	$ 35,761,527

Depreciation/amortization expense for the year totaled $1,859,268.

NOTE 4: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Leases

TVMWD currently leases a printer. The lease agreement for the printer began September 23, 2021, for a term of five years at a fixed interest rate of 4%. The lease is renewable and TVMWD will not acquire the equipment at the end of the five years.

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

Year Ending June 30,	Principal	Interest
2026	$ 21,240	$ 901
2027	10,943	128
Total	$ 32,183	$ 1,029

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

B. Subscription-Based Information Technology Arrangements

Three Valleys Municipal Water District has entered into various subscription-based information technology arrangements with various vendors. The terms of these subscriptions range from 36-96 months. As of June 30, 2025, the total value of the subscription liability was $41,468. The District is required to make monthly principal and interest payments ranging from $3,236 to $11,600. The subscriptions have interest rates ranging from 2.66% to 3.63%.

The future principal and interest subscription payments as of June 30, 2025, were as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	$ 14,321	$ 1,062
2027	14,964	525
2028	4,035	315
2029	4,312	163
2030	3,836	-
Totals	$ 41,468	$ 2,065

C. Change in Lease and Subscription Liability

Changes in the TVMWD's lease and subscription liabilities for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year
Leases - equipment	52,591	-	20,408	32,183	21,240
Subscriptions - software as a service	7,176	52,326	18,034	41,468	14,321
Total	$ 59,767	$ 52,326	$ 38,442	$ 73,651	$ 35,561

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.

NOTE 5: COMMITMENTS AND CONTINGENCIES

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 $224,013 of open contracts as of June 30, 2025.

The following material construction commitments existed at June 30, 2025:

Project Name	Contract Amount	Expenditures to date as of June 30, 2025	Remaining Commitment
Accounting Software	$ 104,595	$ 50,877	$ 53,718
Water Resources Master Plan	399,000	385,319	13,681
Miramar Plant Operational Effeciency Study	74,150	-	74,150
Miramar Gate Upgrades	82,464	-	82,464

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.

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.

TVMWD began selling water to CIC in November 2015. The amount of water sold to CIC for FY 2024-2025 was 7,475 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.

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

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 2024-2025 were $903 and $912, 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 2024-2025, total water sales revenue from CIC was $6,812,410. TVMWD allows its member agencies approximately 45 days to pay for monthly water purchases. As such, TVMWD had receivables outstanding at June 30, 2025 from CIC for June 2025 water sales, capacity charges and fixed charges in the amount of $19,785, respectively. The receivables were due and paid by CIC in July 2025.

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.

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, 2025.

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).

NOTE 8: PENSION PLAN (CONTINUED)

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, 2025, 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%	7.75%
Required employer contributions rate	12.52%	7.87%

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, 2025, the contributions recognized as reductions to net pension liability for the Plan were as follows:

Contributions - employer	$	859,415

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

As of June 30, 2025, 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	$ 5,794,634

NOTE 8: PENSION PLAN (CONTINUED)

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, 2025 the fair value of all assets held in the trust amounted to $1,109,296 (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, 2024 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, 2023 rolled forward to June 30, 2023 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 measurement date June 30, 2024 was as follows:

Proportion - June 30, 2024	0.047781%
Proportion - June 30, 2023	0.046693%
Change in proportion	0.001088%

For the year ended June 30, 2025, TVMWD recognized pension expense of $1,337,433. At June 30, 2025, 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	$ 859,415	$ -
Changes of Assumptions	148,934	-
Differences between actual and expected experience	500,999	(19,548)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	208,733	-
Difference between actual and proportionate share	-	(145,561)
Net differences between projected and actual earnings on plan investments	333,590	-
Total	$ 2,051,671	$ (165,109)

The $859,415 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2026	$ 384,690
2027	748,607
2028	8,167
2029	(114,317)
Total	$ 1,027,147

NOTE 8: PENSION PLAN (CONTINUED)

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.

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

The collective total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and services
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

F. 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.90% 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 7.05%.

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%.

NOTE 8: PENSION PLAN (CONTINUED)

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.

G. 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%
$ 9,377,067	$ 5,794,634	$ 2,845,762

H. 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, California 95811.

NOTE 9: DEFERRED COMPENSATION PLANS

A. 457 Deferred Compensation Savings Plan

TVMWD participates in a 457 Deferred Compensation Plan (the "Plan") administered by Empower Retirement. The Plan qualifies as a defined contribution pension plan. The purpose is to provide deferred compensation for employees that elect to participate in the Plan. 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 a trust by the TVMWD Plan amounted to $8,861,955 at June 30, 2025.

NOTE 9: DEFERRED COMPENSATION PLANS (CONTINUED)

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 Empower Retirement. 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 $513,766 at June 30, 2025.

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, 2025, TVMWD Retiree Benefits Plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefit payments	15
Active plan members	24
Total	39

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.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2025, TVMWD's average contribution rate was 2.54% of covered- employee payroll.

E. Plan Financial Statements

ASSETS		
Mutual funds	$	1,308,666
Interest receivables		119
Total assets		1,308,785
FIDUCIARY NET POSITION		
Restricted for postemployment benefits other than pensions		1,308,785
Total fiduciary net position	$	1,308,785

For the fiscal year ended June 30, 2025, the TVMWD's statement of changes in fiduciary net position was as follows:

ADDITIONS		
Investment earnings:		
Interest	$	135,460
Investment expense		(3,105)
Total additions		132,355
DEDUCTIONS		
Administrative expenses		4,208
Total deductions		4,208
Net increase (decrease) in fiduciary net position		128,147
Fiduciary net position-beginning		1,180,638
Fiduciary net position-ending	$	1,308,785

F. 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, 2025:

Asset Class	Target Allocation
Equity	45%
Fixed Income	53%
Cash	2%
Total	100%

G. Rate of return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 6.05% The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2025 were as follows:

Total OPEB Liability	$ 1,674,424
Plan fiduciary net position	(1,308,785)
TVMWD's net OPEB Liability	$ 365,639

Deferred outflows and inflows of resources related to OPEB as of June 30, 2025 were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 49,183	$ 71,723
Changes in Assumptions	101,812	102,052
Net differences between projected and actual earnings on OPEB investments	-	43,467
Total	$ 150,995	$ 217,242

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
2026	$ 67,470
2027	13,218
2028	(48,312)
2029	(39,356)
2030	(28,162)
Thereafter	(31,105)
Total	$ (66,247)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

I. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of April 1, 2025. Update procedures were used to roll forward the total OPEB liability to June 30, 2025. 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	6.05%, net of trust inflation and administrative fees. At 6-30-2024 the rate was 5.35%
Healthcare cost trend rates	5.5% in 2027 decreasing to 3.9% by 2075

Mortality rates were based on the CalPERS 2021 Experience Study.

J. Discount rate

The discount rate used to measure the total OPEB liability was 6.05%. 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.

K. 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 (5.05%) or 1% point higher (7.05%) than the current discount rate:

Net OPEB Liability		
1% Decrease 5.05%	Discount Rate 6.05%	1% Increase 7.05%
$ 539,556	$ 365,639	$ 216,748

L. 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		
	Healthcare Cost	
1% Decrease 5.00%	Trend Rate 6.00%	1% Increase 7.00%
$ 325,571	$ 365,639	$ 405,479

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return of 6.05% 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 December 9, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

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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

Reporting Date [1] 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
2025	0.0478%	$ 5,794,634	$ 3,578,491	161.9%	79.9%
2024	0.0467%	5,825,162	3,461,391	168.3%	78.0%
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%

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

Benefit Changes : None

Changes of Assumptions : None

[1] *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 Pension Plan Contributions
As of June 30, for the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2025	$ 859,415	$ 859,415	$ -	$ 3,940,256	21.8%
2024	726,477	726,477	-	3,578,491	20.3%
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%

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	28 Yrs remain
Asset valuation method	Fair value
Inflation	2.50%
Healthcare cost trend rates	10% in 2024 and 2025 decreasing to 3.9% by 2076
Salary increases	varies by entry age and service
Investment rate of return	5.35%
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.

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]

	2025	2024	2023	2022
Measurement Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
TOTAL OPEB LIABILITY				
Service cost	$ 57,815	$ 56,132	$ 61,158	$ 59,377
Interest on total pension liability	98,296	96,020	91,573	88,487
Changes of assumptions	(118,808)	-	9,374	-
Difference between expected and actual experience	(83,500)	-	6,209	-
Benefit payments, including refunds of employee contributions	(117,761)	(104,817)	(87,797)	(95,064)
Net change in total OPEB liability	**(163,958)**	**47,335**	**80,517**	**52,800**
Total OPEB liability-beginning	1,838,382	1,791,046	1,710,529	1,657,729
Total OPEB liability-ending (a)	**1,674,424**	**1,838,382**	**1,791,046**	**1,710,529**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	117,761	104,818	87,797	95,064
Net investment income	128,147	102,450	63,980	(136,378)
Benefit payments, including refunds of employee contributions	(117,761)	(104,817)	(87,797)	(95,064)
Administrative expense		-	-	-
Net change in fiduciary net position	**128,147**	**102,451**	**63,980**	**(136,378)**
Plan fiduciary net position-beginning	1,180,638	1,078,187	1,014,207	1,150,585
Plan fiduciary net position-ending (b)	**1,308,785**	**1,180,638**	**1,078,187**	**1,014,207**
Net OPEB liability/(asset) (a) - (b)	**$ 365,639**	**$ 657,744**	**$ 712,859**	**$ 696,322**
Plan fiduciary net position as a percentage of the total OPEB liability	**78.2%**	**64.2%**	**60.2%**	**59.3%**
Covered payroll	$ 3,940,256	$ 3,578,491	$ 3,461,391	$ 3,181,568
Plan net OPEB liability/(asset) as a percentage of covered payroll	**9.3%**	**18.4%**	**20.6%**	**21.9%**

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

Benefit Changes: None

Changes of Assumptions: None

[1] *Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal year 2018 was the first year of years as information becomes available.*

2021	2020	2019	2018
6/30/2021	6/30/2020	6/30/2019	6/30/2018
$ 50,376	$ 48,909	$ 35,365	$ 34,335
77,554	73,742	84,221	65,379
262,184	(267,276)	-	140,935
99,602	(13,757)	-	110,332
(85,295)	(53,555)	(47,588)	(41,611)
404,421	**(211,937)**	**71,998**	**309,370**
1,253,308	1,465,245	1,393,247	1,083,877
1,657,729	**1,253,308**	**1,465,245**	**1,393,247**
85,295	53,555	47,588	41,611
185,799	38,250	55,386	45,031
(85,295)	(53,555)	(47,588)	(41,611)
-	(2,353)	(2,212)	(2,158)
185,799	**35,897**	**53,174**	**42,873**
964,786	928,889	875,715	832,842
1,150,585	**964,786**	**928,889**	**875,715**
$ 507,144	**$ 288,522**	**$ 536,356**	**$ 517,532**
69.4%	**77.0%**	**63.4%**	**62.9%**
$ 2,863,454	$ 2,743,774	$ 2,750,395	$ 2,662,296
17.7%	**10.5%**	**19.5%**	**19.4%**

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THREE VALLEYS MUNICIPAL WATER DISTRICT
Schedules of OPEB 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	Contributions as a % of Covered Payroll
2025	$ 95,874	$ 117,761	$ (21,887)	$ 3,940,256	3.0%
2024	93,023	104,817	(11,794)	3,578,491	2.9%
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%

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	28 Yrs remain
Asset valuation method	Fair value
Inflation	2.50%
Healthcare cost trend rates	10% in 2024 and 2025 decreasing 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 6-30-2023 the rate was 5.35%
Retirement age	CalPERS: From 50 to 65
Mortality	CalPERS: 2021 Experience Study

[(1)]Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal year 2018 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]

Fiscal Year Ending June 30, 2025	Net Money-Weighted Rate of Return
2025	6.05%
2024	9.50%
2023	6.31%
2022	-11.85%
2021	19.26%
2020	3.89%
2019	6.07%
2018	6.15%

[8(1)]Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

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STATISTICAL SECTION

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.

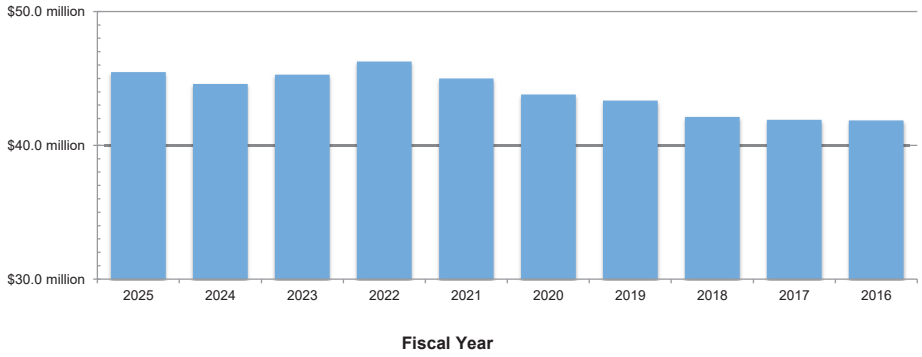
Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which TVMWD's financial activities take place and to help make comparisons over time and with other agencies.

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									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Operating revenues (see Schedule 3)	$ 75,841,322	$ 64,410,466	$ 63,509,462	$ 77,904,362	$ 78,566,429	$ 69,287,655	$ 67,239,719	$ 64,251,879	$ 65,041,248	$ 55,387,218
Operating expenses (see Schedule 4)	79,434,991	69,002,346	67,787,688	79,207,215	80,357,005	71,974,662	69,081,691	66,272,700	66,736,601	57,910,157
Total operating income (loss)	(3,593,669)	(4,591,880)	(4,278,226)	(1,302,853)	(1,790,576)	(2,687,007)	(1,841,972)	(2,020,821)	(1,695,353)	(2,522,939)
Nonoperating revenues (expenses)										
Property tax revenue	3,549,147	3,346,530	3,276,000	2,940,933	2,858,584	2,625,061	2,481,726	2,291,505	2,266,019	2,091,254
Investment income	616,746	386,339	14,294	(324,563)	40,175	341,434	513,710	3,089	25,793	226,747
Intergovernmental grants revenue	-	-	-	-	-	-	-	-	-	6,121
Intergovernmental grants expense	-	-	-	-	-	-	-	-	-	(6,121)
Federal operating grants	314,401	164,159								
Gain (loss) on sale of assets	-	2,000	-	(77,941)	(62,868)	(38,360)	(52,553)	(40,400)	(88,421)	(40,173)
Total nonoperating revenues (expenses)	4,480,294	3,899,028	3,290,294	2,538,429	2,835,891	2,928,135	2,942,883	2,254,193	2,203,391	2,277,828
Net income before contributions and change in accounting principle	886,625	(692,852)	(987,932)	1,235,576	1,045,315	241,128	1,100,911	233,373	508,038	(245,111)
Contributions	-	-	13,374	33,021	152,102	218,649	98,500	2,000	5,250	111,150
Change in net position	886,625	(692,852)	(974,558)	1,268,597	1,197,417	459,777	1,199,411	235,373	513,288	(133,961)
Net Position, beginning of year	44,591,514	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
Prior period adjustment	-	-	- [4]	(1,816) [4]	-	-	-	-	(471,438) [3]	- [1]
Net Position, end of year, as restated (see Schedule 2)	**$ 45,478,139**	**$ 44,591,514**	**$ 45,284,366**	**$ 46,258,924**	**$ 44,992,143**	**$ 43,794,726**	**$ 43,334,949**	**$ 42,135,538**	**$ 41,900,165**	**$ 41,858,315**



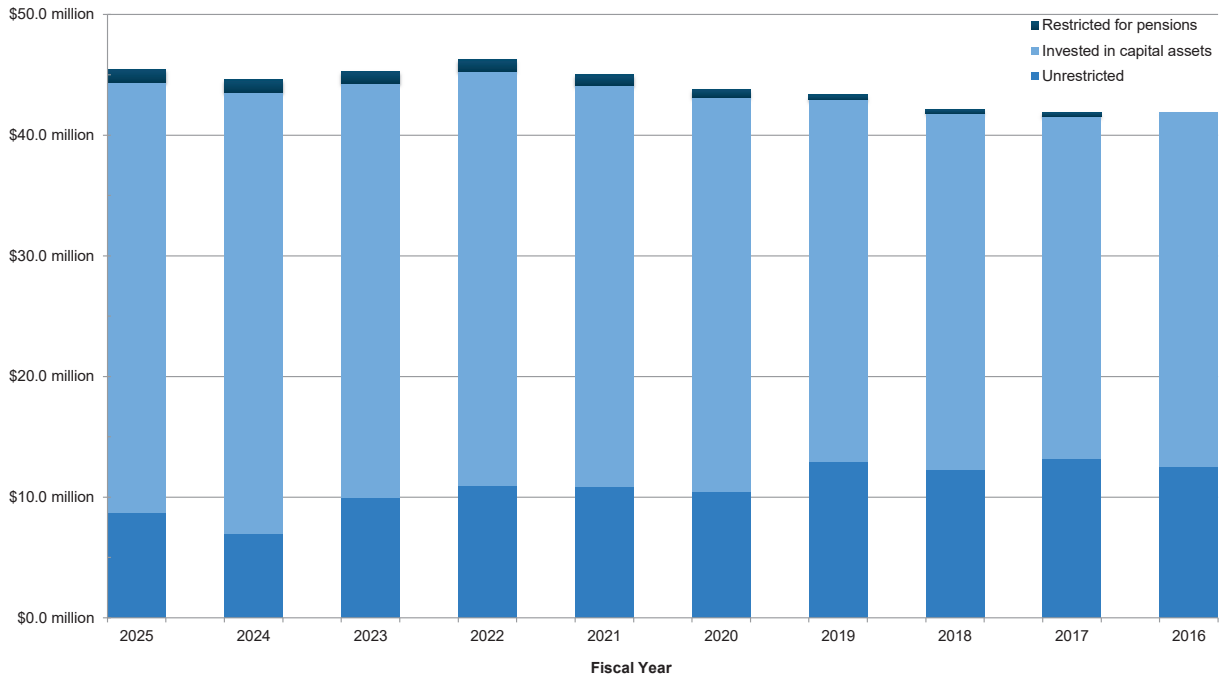
[1] Prior Period Adjustment related to change in accounting principle.
[2] Prior Period Adjustment related to removal of MWD assets.
[3] Prior Period Adjustment related to GASB 68.
[4] Prior Period Adjustment related to GASB 87.
NOTE: Revenues and expenses in prior years may be reclassified to conform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

SOURCE: TVMWD - Finance Department

SCHEDULE 2

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	$ 35,673,479	$ 36,569,144	$ 34,351,942	$ 34,323,678	$ 33,286,014	$ 32,705,438	$ 29,990,254	$ 29,558,377	$ 28,369,643	$ 29,354,853
Restricted for pensions	1,109,296	1,029,584	985,775	972,692	885,040	649,072	415,437	341,101	338,096	-
Unrestricted	8,695,364	6,992,786	9,946,649	10,962,554	10,821,089	10,440,216	12,929,258	12,236,060	13,192,426	12,503,462
Total Net Position	**$ 45,478,139**	**$ 44,591,514**	**$ 45,284,366**	**$ 46,258,924**	**$ 44,992,143**	**$ 43,794,726**	**$ 43,334,949**	**$ 42,135,538**	**$ 41,900,165**	**$ 41,858,315**



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

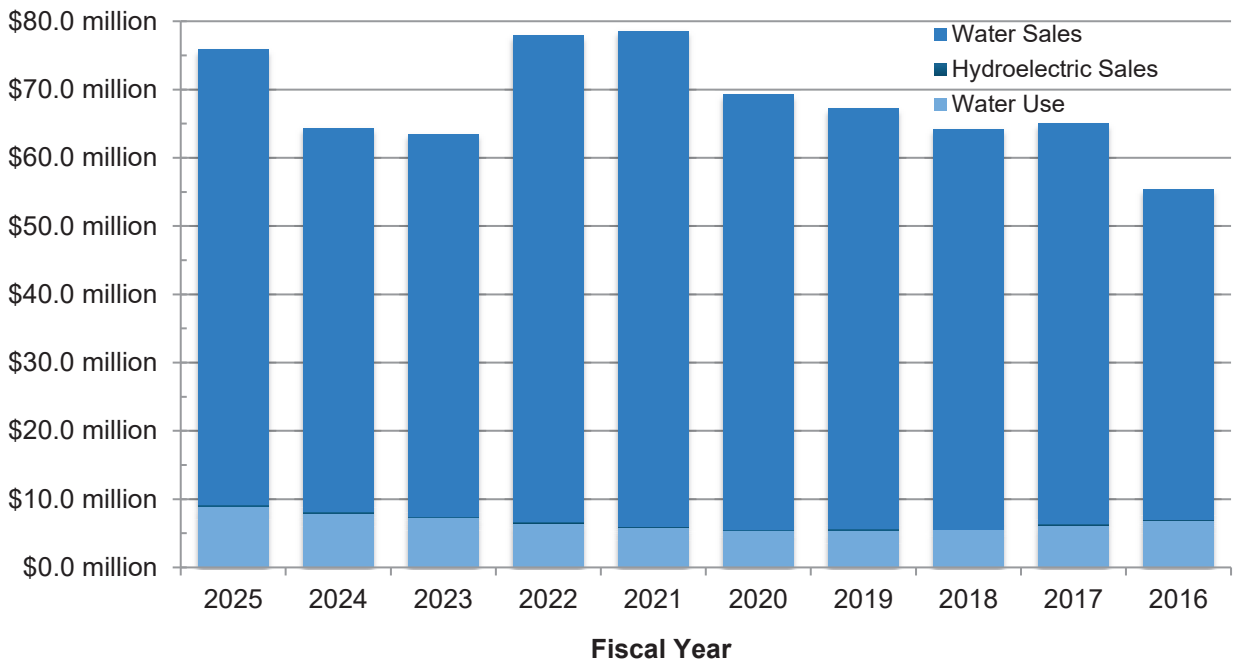
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

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
2025	$ 66,738,804	$ 243,464	$ 8,859,054	**$ 75,841,322**
2024	56,243,717	313,061	7,853,688	**64,410,466**
2023	56,089,268	155,672	7,264,521	**63,509,461**
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**



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

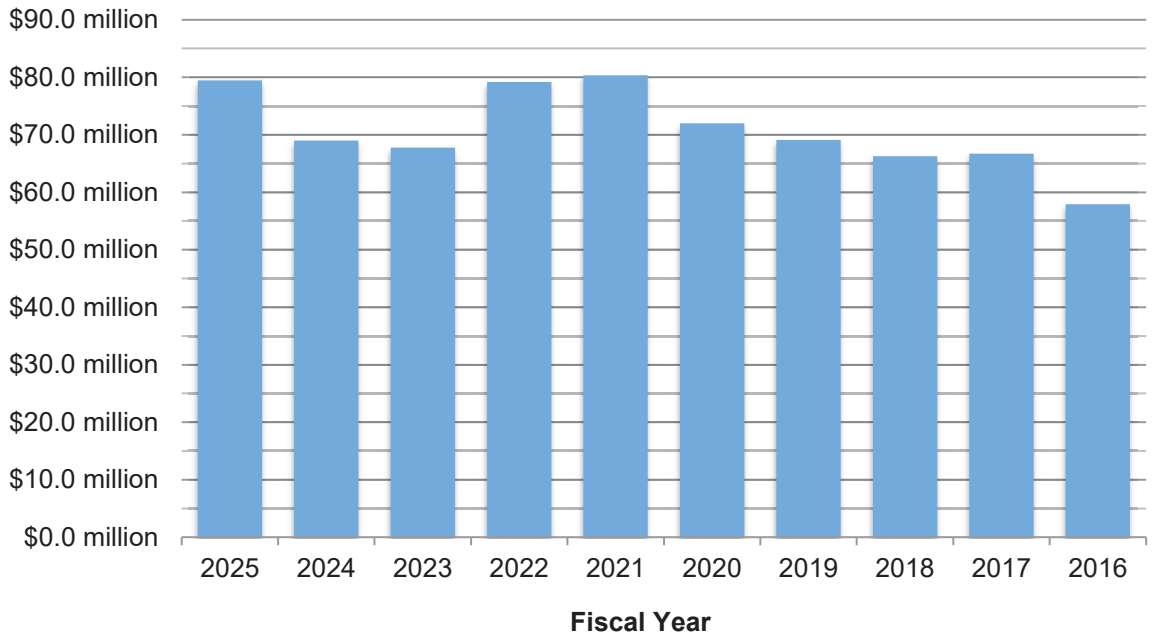
NOTE: Revenues in prior years may be reclassified to conform to current year presentation.

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
2025	$ 57,599,095	$ 5,472,724	$ 7,821,534	$ 6,682,369	$ 1,859,268	**$ 79,434,991**
2024	49,740,108	4,401,111	6,974,602	6,092,886	1,793,639	**69,002,346**
2023	50,769,814	3,628,150	6,443,344	5,269,071	1,677,309	**67,787,687**
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	**80,357,005**
2020	58,056,004	3,167,888	4,754,664	4,444,970	1,551,136	**71,974,664**
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	**66,272,700**
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**



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

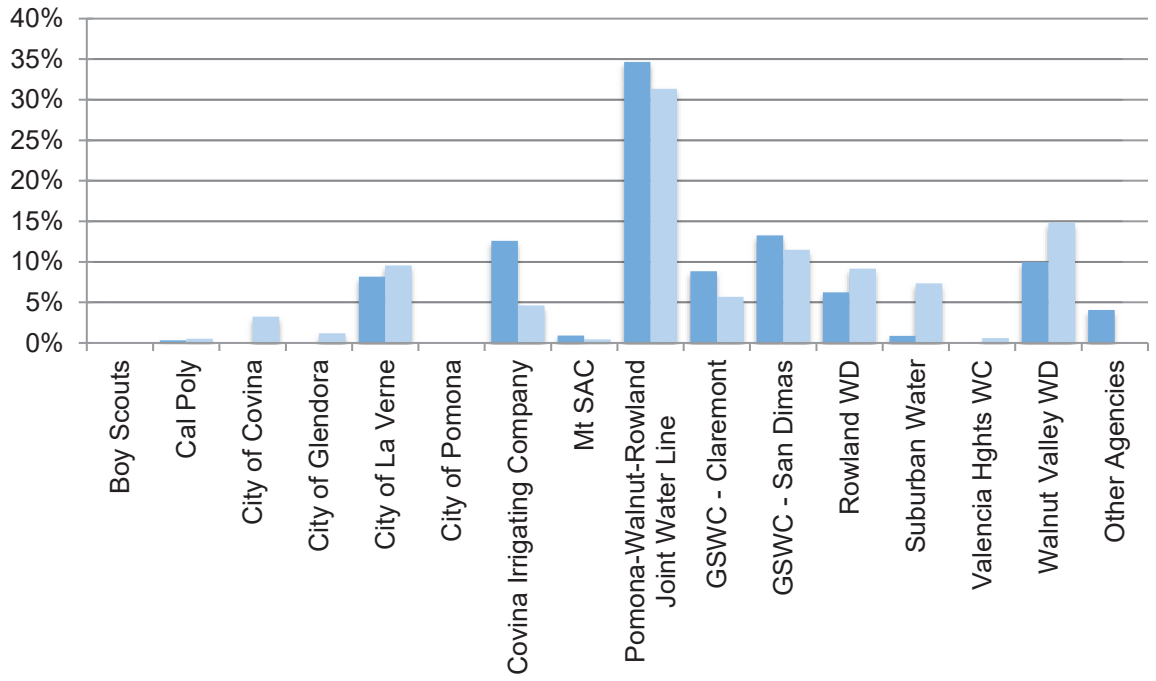
NOTE: Expenses in prior years may be reclassified to conform to current year presentation.

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 2025	Percentage of total	Acre-Feet Sold FY 2016	Percentage of total
Boy Scouts of America - Firestone Reservation	15	**0.03%**	13	**0.02%**
California State Polytechnic University, Pomona	160	**0.30%**	276	**0.50%**
City of Covina	11	**0.02%**	1,791	**3.24%**
City of Glendora	7	**0.01%**	654	**1.18%**
City of La Verne	4,304	**8.16%**	5,269	**9.54%**
City of Pomona	-	**0.00%**	-	**0.00%**
Covina Irrigating Company	6,648	**12.61%**	2,548	**4.61%**
Mt. San Antonio College	471	**0.89%**	240	**0.43%**
Pomona-Walnut-Rowland Joint Water Line	18,283	**34.66%**	17,302	**31.33%**
Golden State Water Company - Claremont	4,666	**8.85%**	3,147	**5.70%**
Golden State Water Company - San Dimas	7,005	**13.28%**	6,349	**11.49%**
Rowland Water District	3,287	**6.23%**	5,050	**9.14%**
Suburban Water Systems	468	**0.89%**	4,057	**7.34%**
Valencia Heights Water Company	-	**0.00%**	332	**0.60%**
Walnut Valley Water District	5,270	**9.99%**	8,209	**14.85%**
Other Agencies	2,141	**4.06%**	-	**0.00%**
	52,735	**100.00%**	55,237	**100.00%**

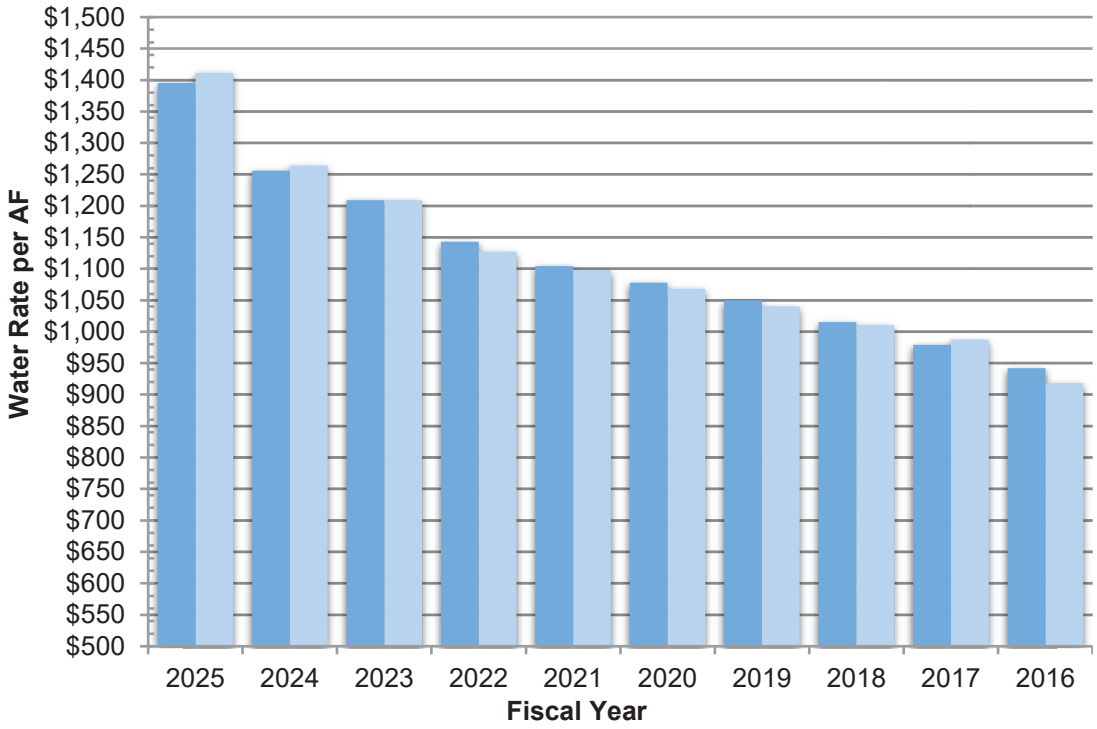


SOURCE: TVMWD - Finance Department

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
2025	$ 1,395	$ 16	$ 1,411
2024	1,256	8	1,264
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



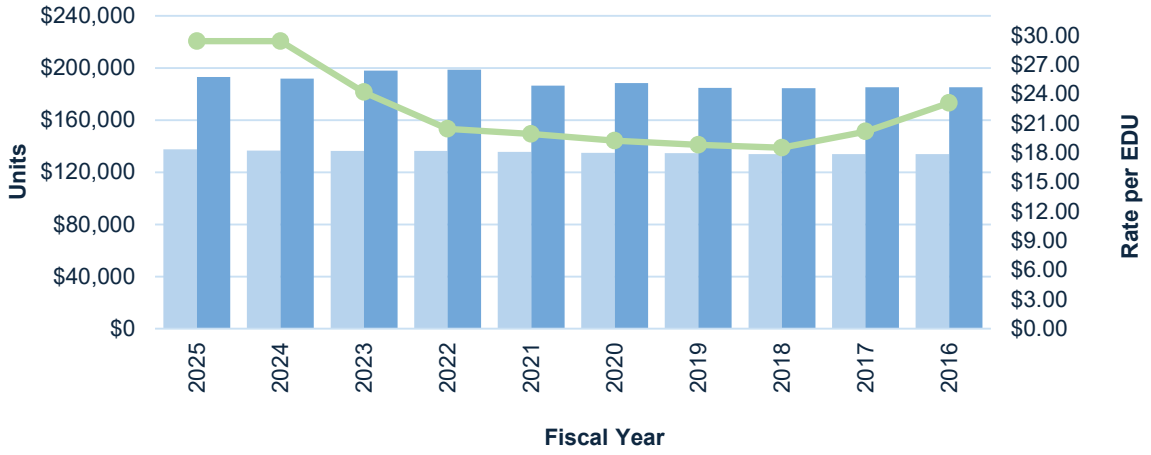
Note: All amounts are per acre foot.

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]
2025	137,560	193,020	$29.41
2024	136,519	191,898	$29.41
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



[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

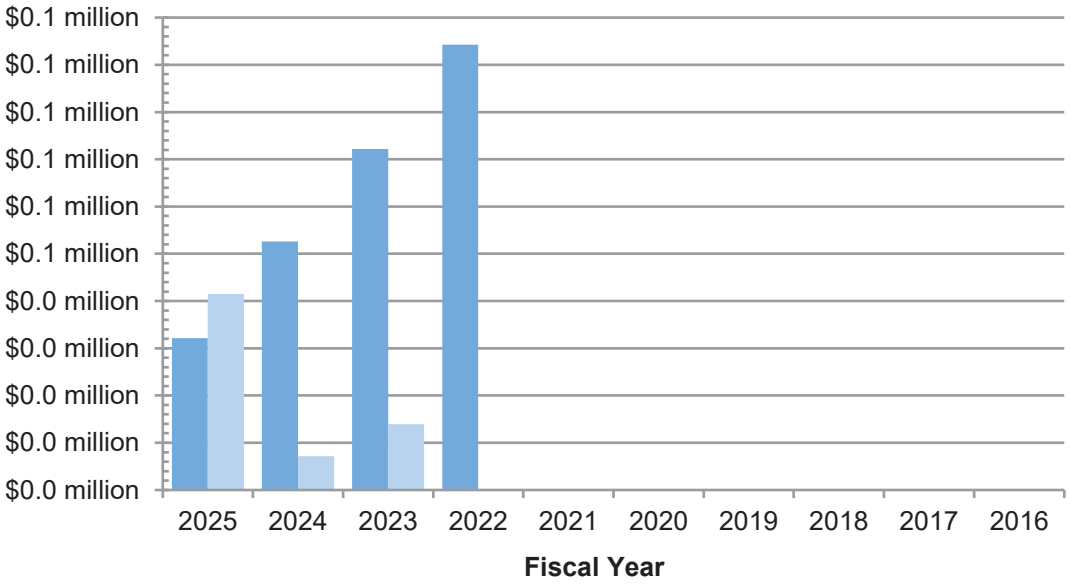
SCHEDULE 8

Three Valleys Municipal Water District

Ratio of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Lease Payable	Subscriptions Payable	Per Capita	Outstanding Debt as a Share of Personal Income
2025	$ 32,183	$ 41,468	$ 0.14	0.00%
2024	52,591	7,176	0.12	0.00%
2023	72,201	13,916	0.17	0.00%
2022	94,251	-	-	0.00%
2021	-	-	-	0.00%
2020	-	-	-	0.00%
2019	-	-	-	0.00%
2018	-	-	-	0.00%
2017	-	-	-	0.00%
2016	-	-	-	0.00%



SOURCE: TVMWD - Finance Department

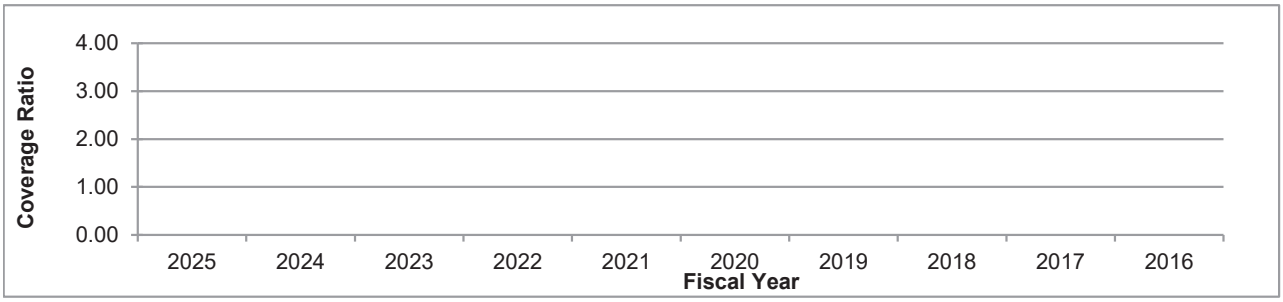
SCHEDULE 9

Three Valleys Municipal Water District

Debt Coverage

Last Ten Fiscal Years

Fiscal Year	Revenues[1]	Expenses[2]	Net Available Revenue	Debt Service		Total	Coverage Ratio[3]
				Principal	Interest		
2025	$ 80,087,135	$ 77,575,723	$ 2,511,412	$ -	$ -	$ -	0.00
2024	68,309,489	67,208,707	1,100,782	-	-	-	0.00
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



Fiscal Year	Unencumbered Cash and Cash Equivalents	Debt Service		Total	Coverage Ratio[3]
		Principal	Interest		
2025	$ 9,747,426	$ -	$ -	$ -	**0.00**
2024	8,422,719	-	-	-	**0.00**
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**

[1] Revenues include operating and non-operating revenues.

[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.

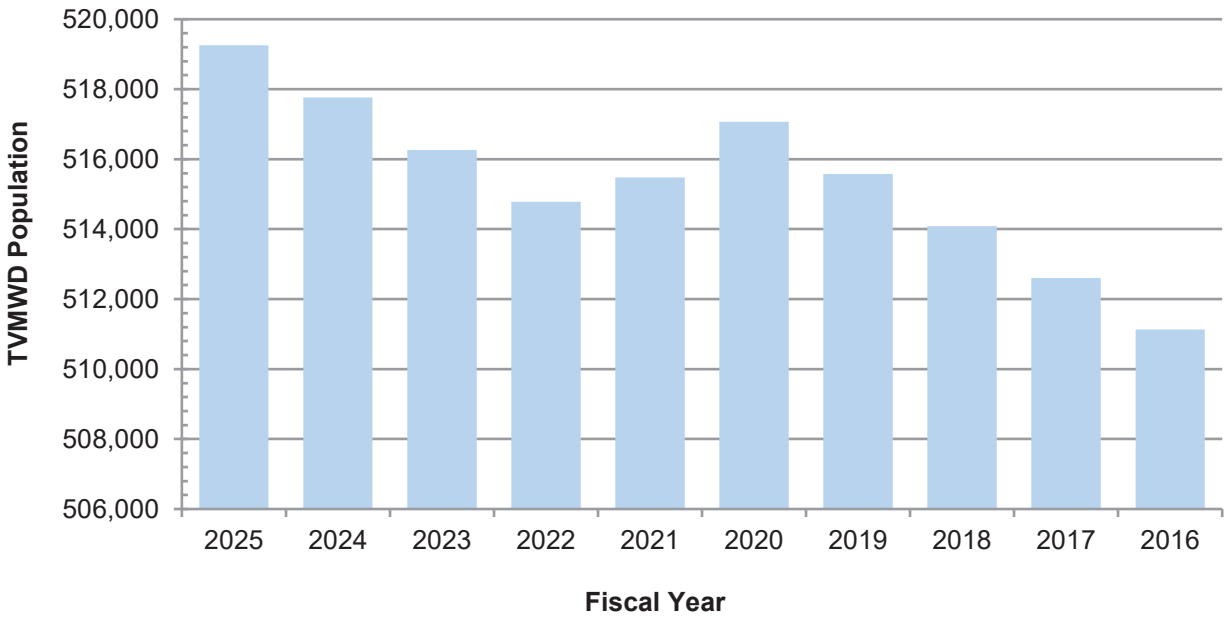
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

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			
		Unemployment Rate	Population	Personal Income (in thousands)	Personal Income per Capita
2025	519,256	5.7%	9,700,000	579,070,181	56,500
2024	517,759	5.4%	9,700,000	589,084,620	57,477
2023	516,266	6.4%	9,800,000	599,272,248	58,471
2022	514,778	6.4%	9,860,000	609,636,061	59,482
2021	515,477	9.3%	10,080,000	620,179,106	60,511
2020	517,066	13.6%	10,382,000	630,904,482	61,557
2019	515,575	4.4%	10,382,000	619,749,000	60,469
2018	514,089	4.6%	10,328,000	602,632,000	58,818
2017	512,607	4.7%	10,278,000	585,515,000	57,168
2016	511,129	5.2%	10,215,000	563,908,000	54,577



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

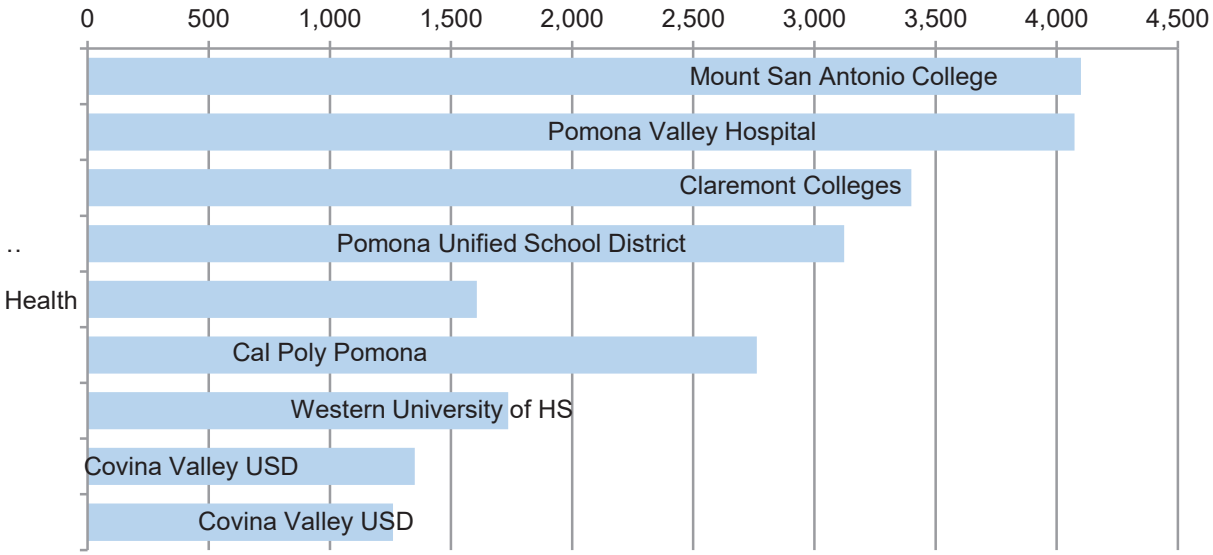
NOTE: Certain economic indicators such as unemployment rate and personal income are not calculated separately for TVMWD. Therefore, TVMWD has chosen to use the County of Los Angeles data, which is representative of the conditions and experiences of TVMWD.

SOURCES: LAEDC 2025 Economic Forecast and Industry Outlook

SCHEDULE 11

Three Valleys Municipal Water District
Principal Employers Changes in Past Ten Years
Calendar Year 2024

Employer	Number of Employees FY 2024	Percentage of Total Employment	Number of Employees FY 2016	Percentage of Total Employment
Mount San Antonio College	4,100	2.1%	3,103	1.6%
Pomona Valley Hospital	4,073	2.1%	3,000	1.5%
Claremont Colleges	3,400	1.7%	3,600	1.8%
Pomona Unified School District	3,122	1.6%	2,926	1.5%
Emanate Health - Queen of the Valley	1,607	2.1%	N/A	
Cal State Polytechnic University Pomona	2,762	1.4%	2,612	1.3%
Western University of Health Sciences	1,736	0.9%	1,002	50.0%
Covina Valley Unified School District	1,351	0.7%	1,882	1.0%
West Covina Unified School District	1,261	0.6%	1,277	0.7%
Casa Colina Hospital and Centers	932	0.5%	N/A	
Glendora Unified School District	734	0.4%	984	0.5%
Citrus Valley Health Partners	N/A		3,000	1.5%



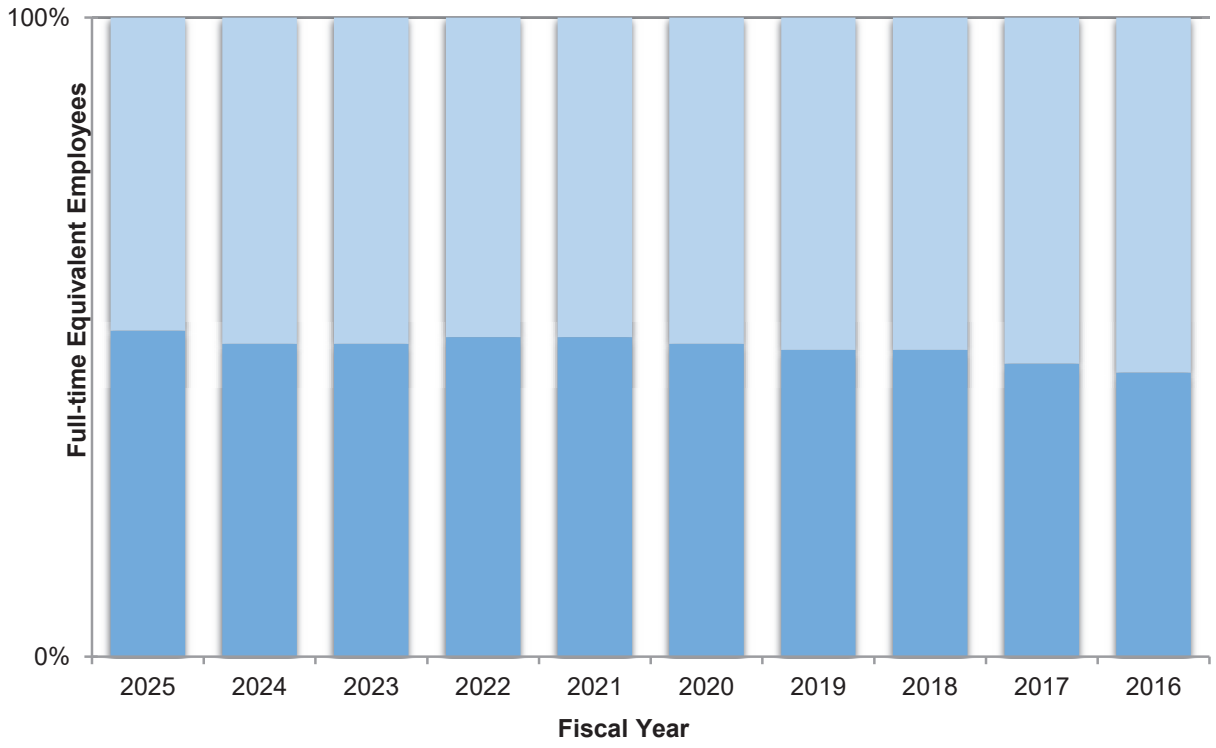
NOTE: The percentage of total employment is based on an estimate of 195,000 jobs in TVMWD's area.

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
2025	12.50	12.00	24.50
2024	11.50	12.00	23.50
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

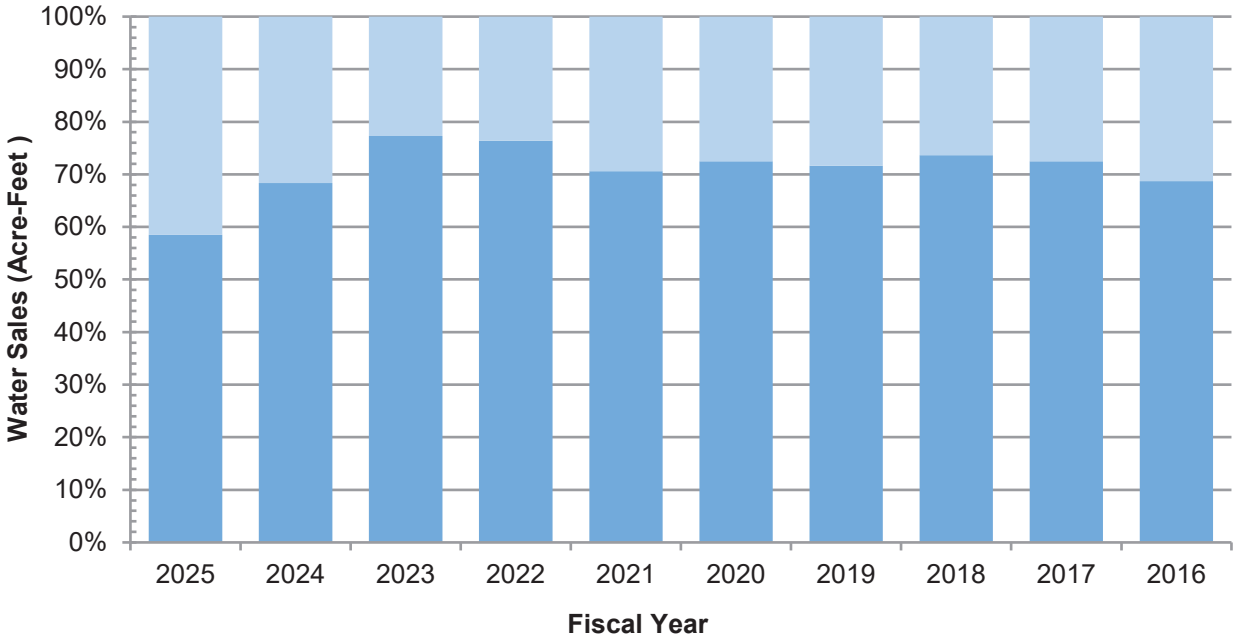


SOURCE: TVMWD - Finance Department

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
2025	30,034	21,328	**51,362**
2024	33,180	15,373	**48,553**
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**



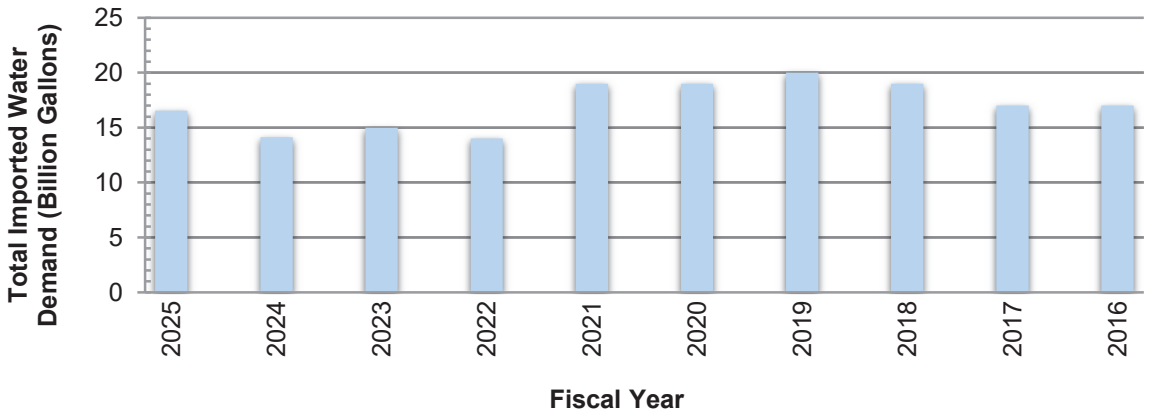
Note: Water Sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

SOURCE: TVMWD - Finance Department

SCHEDULE 14

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

	FISCAL YEAR									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
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)	50,779	43,306	45,109	43,052	58,852	62,998	61,994	59,488	51,660	51,600
Imported (Billion gallons)	**17**	**14**	**15**	**14**	**19**	**19**	**20**	**19**	**17**	**17**
Total water demand	50,779	43,306	45,109	43,052	58,852	62,998	61,994	59,488	51,660	51,600



	FISCAL YEAR									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
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)	15,133	11,024	19,017	19,017	17,660	17,865	16,191	18,591	16,710	17,458
Annual production (billion gallons)	5	4	6	6	5	6	5	6	5	6
Number of connections	13	13	13	13	13	13	13	13	12	12
Hydroelectric Facilities										
Number of generating stations	5	5	5	5	5	5	5	5	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
- GCP – Gross County 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