

REQUIRED SUPPLEMENTARY INFORMATION

**TRUCKEE MEADOWS WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

SCHEDULE OF FUNDING PROGRESS

	(a)	(b)	(b - a)	(a / b)	(c)	[(b - a) / c]
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
March 1, 2010	\$ 4,967,671	\$ 4,615,337	\$ (352,334)	107.63%	\$ 12,685,048	-2.78%
July 1, 2007	\$ 1,462,762	\$ 7,112,341	\$ 5,649,579	20.6%	\$ 12,325,564	45.8%

As of the March 1, 2010 Actuarial Valuation, assets were deposited into the Retirement Benefits Investment Fund (RBIF) sponsored through the State of Nevada. The RBIF portfolio is designed to generate an 8% annual return over long-term time frames. Accordingly, the discount rate was increased to 8% from 4.25%, materially reducing the actuarial accrued liability.

SUPPLEMENTARY INFORMATION

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	AUGMENTED BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES			
Charges for water sales	\$ 73,292,907	\$ 71,408,240	\$ (1,884,667)
Hydroelectric sales	2,487,495	3,079,158	591,663
Other operating sales	2,024,738	1,759,035	(265,703)
Total Operating Revenues	<u>77,805,140</u>	<u>76,246,433</u>	<u>(1,558,707)</u>
OPERATING EXPENSES			
Salaries and wages	11,921,928	11,049,337	872,591
Employee benefits	5,225,668	4,537,531	688,137
Services and supplies	19,709,890	17,633,189	2,076,701
Total Operating Expenses before Depreciation	<u>36,857,486</u>	<u>33,220,057</u>	<u>3,637,429</u>
Depreciation	<u>22,765,656</u>	<u>22,322,217</u>	<u>443,439</u>
Total Operating Expenses	<u>59,623,142</u>	<u>55,542,274</u>	<u>4,080,868</u>
Operating Income	<u>18,181,998</u>	<u>20,704,159</u>	<u>2,522,161</u>
NONOPERATING REVENUES (EXPENSES)			
Grants	274,837	274,837	-
Investment earnings	2,385,391	2,322,169	(63,222)
Net increase (decrease) in fair value of investments	-	(149,687)	(149,687)
Gain (loss) on disposal of assets	-	(4,705)	(4,705)
Amortization of bond/note issuance costs	(938,568)	(989,593)	(51,025)
Interest expense	(22,568,333)	(22,431,967)	136,366
Other nonoperating revenue	-	150,000	150,000
Other nonoperating expense	(1,350,000)	(973,993)	376,007
Total Nonoperating Revenues (Expenses)	<u>(22,196,673)</u>	<u>(21,802,939)</u>	<u>393,734</u>
(Loss) before Capital Contributions	<u>(4,014,675)</u>	<u>(1,098,780)</u>	<u>2,915,895</u>
CAPITAL CONTRIBUTIONS			
Water meter retrofit program	59,328	170,201	110,873
Developer infrastructure contributions	1,200,000	507,970	(692,030)
Developer will-serve contributions (net of refunds)	132,888	125,123	(7,765)
Developer capital contributions-other	90,600	126,899	36,299
Developer facility charges (net of refunds)	162,264	252,748	90,484
Contributions from others	-	150,000	150,000
Total Capital Contributions	<u>1,645,080</u>	<u>1,332,941</u>	<u>(312,139)</u>
Change in Net Assets	<u>\$ (2,369,595)</u>	<u>234,161</u>	<u>\$ 2,603,756</u>
NET ASSETS , BEGINNING OF YEAR		<u>287,957,056</u>	
NET ASSETS , END OF YEAR		<u>\$ 288,191,217</u>	

TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	AUGMENTED BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES			
Charges for water sales	\$ 71,959,040	\$ 71,220,707	\$ (738,333)
Hydroelectric sales	2,340,857	2,577,660	236,803
Other operating sales	2,003,119	1,869,481	(133,638)
Total Operating Revenues	<u>76,303,016</u>	<u>75,667,848</u>	<u>(635,168)</u>
OPERATING EXPENSES			
Salaries and wages	12,079,968	11,180,101	899,867
Employee benefits	5,161,929	4,378,347	783,582
Services and supplies	22,783,139	20,839,709	1,943,430
Total Operating Expenses before Depreciation	<u>40,025,036</u>	<u>36,398,157</u>	<u>3,626,879</u>
Depreciation	<u>21,468,108</u>	<u>21,990,618</u>	<u>(522,510)</u>
Total Operating Expenses	<u>61,493,144</u>	<u>58,388,775</u>	<u>3,104,369</u>
Operating Income	<u>14,809,872</u>	<u>17,279,073</u>	<u>2,469,201</u>
NONOPERATING REVENUES (EXPENSES)			
Grants	861,091	861,091	-
Investment earnings	3,217,300	1,894,518	(1,322,782)
Unrealized gain on investments	-	255,111	255,111
Gain (loss) on disposal of assets	(600,000)	8,848	608,848
Amortization of bond/note issuance costs	(586,104)	(626,476)	(40,372)
Interest expense	(24,055,377)	(22,291,259)	1,764,118
Other non-operating revenue	-	327,659	327,659
Other non-operating expense	(625,000)	(699,042)	(74,042)
Total Nonoperating Revenues (Expenses)	<u>(21,788,090)</u>	<u>(20,269,550)</u>	<u>1,518,540</u>
(Loss) before Capital Contributions	<u>(6,978,218)</u>	<u>(2,990,477)</u>	<u>3,987,741</u>
CAPITAL CONTRIBUTIONS			
Water meter retrofit program	59,328	248,618	189,290
Developer infrastructure contributions	1,200,000	4,088,095	2,888,095
Developer will-serve contributions (net of refunds)	132,888	133,305	417
Developer capital contributions-other	90,600	184,791	94,191
Developer facility charges (net of refunds)	162,264	437,933	275,669
Contributions from others	<u>-</u>	<u>748,583</u>	<u>748,583</u>
Total Capital Contributions	<u>1,645,080</u>	<u>5,841,325</u>	<u>4,196,245</u>
Change in Net Assets	<u>\$ (5,333,138)</u>	<u>2,850,848</u>	<u>\$ 8,183,986</u>
NET ASSETS , BEGINNING OF YEAR		<u>285,106,208</u>	
NET ASSETS , END OF YEAR		<u>\$ 287,957,056</u>	

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STATISTICAL SECTION

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**TRUCKEE MEADOWS WATER AUTHORITY
STATISTICAL SECTION
(UNAUDITED)**

This part of the Truckee Meadows Water Authority comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Section Contents

Schedule No.

Financial Trends

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

1-6

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its water sales and other revenues.

7-8

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt, and its ability to issue additional future debt.

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Demographic and Economic Information

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

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Operating Information

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

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Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented GASB Statement No. 34 in 2003, and schedules presenting government-wide information include information beginning in that year.*

TRUCKEE MEADOWS WATER AUTHORITY
NET ASSETS BY COMPONENT
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004 AND 2003
(UNAUDITED)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 223,410,534	\$220,473,195	\$204,972,595	\$177,972,803	\$152,295,208
Restricted	22,873,643	23,515,136	23,947,116	16,387,385	15,707,241
Unrestricted	<u>41,907,040</u>	<u>43,968,725</u>	<u>56,186,497</u>	<u>87,278,594</u>	<u>87,347,874</u>
Total net assets	<u>\$288,191,217</u>	<u>\$287,957,056</u>	<u>\$285,106,208</u>	<u>\$281,638,782</u>	<u>\$255,350,323</u>

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001. Implementation of GASB Statement No. 34 occurred in fiscal year ended June 30, 2003.

<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
\$108,459,961	\$58,708,815	\$9,715,119	(\$16,502,825)
12,684,812	9,283,636	7,474,084	5,218,506
<u>79,963,807</u>	<u>50,545,732</u>	<u>47,670,208</u>	<u>41,665,539</u>
<u>\$201,108,580</u>	<u>\$118,538,183</u>	<u>\$64,859,411</u>	<u>\$30,381,220</u>

TRUCKEE MEADOWS WATER AUTHORITY
CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Assets
2011	\$ 76,246,433	\$ 55,542,274	\$ 20,704,159	\$ (21,802,939)	\$ (1,098,780)	\$ 1,332,941	\$ 234,161
2010	75,667,848	58,388,775	17,279,073	(20,269,550)	(2,990,477)	5,841,325	2,850,848
2009	75,013,826	62,216,261	12,797,565	(19,873,120)	(7,075,555)	10,542,981	3,467,426
2008	78,220,168	60,591,754	17,628,414	(17,224,464)	403,950	25,884,509	26,288,459
2007	81,020,289	55,553,506	25,466,783	(15,626,417)	9,840,366	44,401,377	54,241,743
2006	76,667,478	52,254,652	24,412,826	(17,555,437)	6,857,389	75,713,007	82,570,396
2005	73,813,294	48,434,832	25,378,462	(19,135,162)	6,243,300	47,435,472	53,678,772
2004	73,614,496	44,724,139	28,890,357	(19,890,167)	9,000,190	25,478,001	34,478,191
2003	62,475,728	42,027,221	20,448,507	(19,239,738)	1,208,769	17,169,746	18,398,066
2002	60,438,298	37,719,609	22,718,689	(19,126,305)	3,592,384	9,312,091	12,904,475

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001. Implementation of GASB Statement No. 34 occurred in fiscal year ended June 30, 2003.

TRUCKEE MEADOWS WATER AUTHORITY
OPERATING REVENUES BY CUSTOMER CLASS
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)

OPERATING REVENUES	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Revenues from water sales:					
Residential unmetered water sales	\$11,611,351	\$13,115,143	\$14,216,666	\$ 15,310,296	\$ 16,612,010
Residential metered water sales	37,636,859	35,962,518	34,646,185	34,940,141	35,085,859
Commercial metered water sales	10,214,401	10,112,854	9,812,718	10,326,007	10,415,049
Irrigation metered & fire protection	9,007,523	8,894,110	8,716,187	8,880,817	9,076,013
Wholesale sales	2,938,106	3,136,081	2,833,330	3,228,785	3,083,877
Total Water Sales	71,408,240	71,220,706	70,225,086	72,686,046	74,272,808
Hydroelectric revenue	3,079,158	2,577,660	2,769,918	2,836,521	3,136,806
Other operating revenues	1,759,035	1,869,482	2,018,822	2,697,601	3,610,675
Total Operating Revenues	<u>\$ 76,246,433</u>	<u>\$ 75,667,848</u>	<u>\$ 75,013,826</u>	<u>\$ 78,220,168</u>	<u>\$ 81,020,289</u>

OPERATING REVENUES	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
Revenues from water sales:					
Residential unmetered water sales	\$ 18,536,414	\$ 21,382,048	\$ 24,406,744	\$ 23,403,951	\$ 24,253,164
Residential metered water sales	30,513,084	26,350,944	22,469,394	16,739,327	14,850,902
Commercial metered water sales	10,302,813	10,501,889	10,933,077	9,826,890	9,950,116
Irrigation metered & fire protection	8,225,084	8,185,580	8,582,050	5,783,422	5,952,224
Wholesale sales	2,892,864	2,539,129	2,225,690	1,988,566	1,743,441
Total Water Sales	70,470,259	68,959,590	68,616,955	57,742,156	56,749,847
Hydroelectric revenue	2,442,953	1,091,843	1,965,825	1,822,052	2,336,863
Other operating revenues	3,754,266	3,761,861	3,031,716	2,911,520	1,351,588
Total Operating Revenues	<u>\$ 76,667,478</u>	<u>\$ 73,813,294</u>	<u>\$ 73,614,496</u>	<u>\$ 62,475,728</u>	<u>\$ 60,438,298</u>

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001.

TRUCKEE MEADOWS WATER AUTHORITY
OPERATING EXPENSES
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

	June 30,2011	June 30,2010	June 30,2009	June 30,2008	June 30,2007
Salaries and wages	\$ 11,049,337	\$ 11,180,101	\$ 11,619,701	\$ 11,665,974	\$ 10,083,912
Employee benefits	4,537,531	4,378,347	4,429,266	4,528,891	3,967,687
Contract services	5,090,741	5,488,432	6,623,576	5,848,255	5,489,563
Utilities/power	4,432,932	6,639,620	7,384,879	7,292,830	7,055,167
Professional services- (gen, legal, media, leg)	1,254,751	1,909,575	2,751,236	2,755,823	2,331,511
Supplies	1,155,351	1,112,419	1,319,905	1,496,065	1,427,467
Chemicals	1,361,144	1,653,424	1,443,177	1,231,681	1,165,321
Insurance and claims	608,352	647,983	611,405	644,638	645,064
Leases and rentals	84,843	69,472	124,563	-	58,181
Other expenses	3,645,075	3,318,784	3,754,603	4,310,112	4,087,764
Total Operating Expenses before Depreciation	33,220,057	36,398,157	40,062,310	39,774,269	36,311,637
Depreciation	22,322,217	21,990,618	22,153,951	20,817,485	19,241,869
Total Operating Expenses	\$ 55,542,274	\$ 58,388,775	\$ 62,216,261	\$ 60,591,754	\$ 55,553,506
	June 30,2006	June 30,2005	June 30,2004	June 30,2003	June 30,2002
Salaries and wages	\$ 9,852,372	\$ 9,625,252	\$ 8,786,618	\$ 8,278,246	\$ 7,371,557
Employee benefits	3,868,295	3,946,913	3,452,864	2,992,281	2,790,226
Contract services	6,054,308	5,427,544	5,845,224	5,952,053	3,873,710
Utilities/power	5,763,686	5,644,007	5,739,559	5,525,292	4,937,396
Professional services	2,591,223	2,051,063	1,351,164	1,049,773	1,806,866
Supplies	1,456,754	1,185,896	986,372	947,413	1,339,689
Chemicals	1,295,165	1,079,829	964,991	883,589	740,827
Insurance and claims	584,651	541,744	662,798	637,276	495,788
Leases and rentals	189,674	307,562	286,206	464,010	735,899
Other expenses	3,665,756	3,342,049	3,042,608	2,933,191	2,273,166
Total Operating Expenses before Depreciation	35,321,884	33,151,859	31,118,404	29,663,124	26,365,124
Depreciation	16,932,768	15,282,973	13,605,735	12,364,097	11,354,485
Total Operating Expenses	\$ 52,254,652	\$ 48,434,832	\$ 44,724,139	\$ 42,027,221	\$ 37,719,609

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001.

TRUCKEE MEADOWS WATER AUTHORITY
NONOPERATING REVENUES AND EXPENSES
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

<u>Fiscal Year</u>	<u>Investment Earnings</u>	<u>Interest Expense</u>	<u>Grants</u>	<u>Gain/(Loss) on Disposal of Assets</u>	<u>Other Revenue or Expenses</u>	<u>Total Nonoperating Expenses</u>
2011	\$2,322,169	(\$22,431,967)	\$274,837	(\$4,705)	(\$1,963,273)	(\$21,802,939)
2010	\$1,894,518	(\$22,291,259)	\$861,091	\$8,848	(\$742,748)	(\$20,269,550)
2009	\$3,635,126	(\$23,481,043)	\$564,277	\$3,557	(\$595,037)	(\$19,873,120)
2008	\$6,841,981	(\$24,106,569)	\$483,631	(\$91,170)	(\$352,337)	(\$17,224,464)
2007	7,558,263	(23,937,895)	330,378	(83,894)	506,231	(15,626,917)
2006	6,149,397	(23,655,038)	41,967	97,249	(189,012)	(17,555,437)
2005	3,493,471	22,895,351	440,559	4,636	(178,477)	(19,135,162)
2004	3,938,551	(23,163,457)	197,608	(684,392)	(178,477)	(19,890,167)
2003	4,597,774	(23,552,125)	152,973	3,357	(441,717)	(19,239,738)
2002	4,572,853	(23,525,010)	0	4,526	(178,674)	(19,126,305)

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001.

TRUCKEE MEADOWS WATER AUTHORITY
CAPITAL CONTRIBUTIONS BY SOURCE
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)

<u>Fiscal Year</u>	<u>Developer Water Rights/ Will Serves</u>	<u>Developer Infrastructure</u>	<u>Developer Other</u>	<u>Water Meter Retrofit Program</u>	<u>Developer Facility Charges</u>	<u>From Other Governments</u>	<u>From Others</u>	<u>Total</u>
2011	\$125,123	\$507,970	\$126,899	\$170,201	\$252,748	-	\$150,000	\$1,332,941
2010	\$133,305	\$4,088,095	\$184,791	\$248,618	\$437,933	-	\$748,583	\$5,841,325
2009	(\$25,229)	\$6,905,953	\$541,325	\$359,297	\$773,955	\$179,242	\$1,808,438	\$10,542,980
2008	\$2,978,057	\$8,092,373	\$2,401,248	\$1,408,879	\$3,412,118	\$7,591,834	-	\$25,884,509
2007	13,664,518	15,489,637	5,199,992	2,539,844	5,683,715	1,823,671	-	\$44,401,377
2006	44,901,700	13,209,519	5,933,186	4,274,819	7,393,783	-	-	\$75,713,007
2005	9,365,576	17,529,161	5,629,172	4,855,415	10,056,148	-	-	\$47,435,472
2004	7,532,758	5,873,397	3,596,996	5,198,577	2,748,668	527,605	-	\$25,478,001
2003	4,724,860	5,778,366	3,474,348	3,192,172	-	-	-	\$17,169,746
2002	3,047,602	1,882,008	2,137,489	2,244,992	-	-	-	\$9,312,091

Note: The Authority was formed in November 2000 and acquired its water system assets on June 11, 2001.

TRUCKEE MEADOWS WATER AUTHORITY
GALLONS OF WATER SOLD AND REVENUES BY CATEGORY
FOR FISCAL YEARS ENDED 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

Category	Fiscal Year Ended June 30, 2011		Fiscal Year Ended June 30, 2010	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	--(1)	\$ 11,611,351	--(1)	\$ 13,115,143
Residential Metered	10,233,494	37,636,859	9,940,587	35,962,518
Commercial	3,925,081	10,214,401	4,642,286	10,112,854
Other (2)	2,279,226	9,007,523	1,858,589	8,894,110
Wholesale	1,573,720	2,938,106	1,284,293	3,136,081
Total	18,011,521	\$ 71,408,240	17,725,755	\$ 71,220,706
Category	Fiscal Year Ended June 30, 2009		Fiscal Year Ended June 30, 2008	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	--(1)	\$ 14,216,666	--(1)	\$ 15,310,296
Residential Metered	11,319,330	34,646,185	10,385,949	34,940,141
Commercial	3,051,746	9,812,718	4,547,882	10,326,007
Other (2)	3,059,335	8,716,187	2,677,005	8,880,817
Wholesale	1,659,709	2,833,330	1,763,412	3,228,785
Total	19,090,120	\$ 70,225,086	19,374,248	\$ 72,686,046
Category	Fiscal Year Ended June 30, 2007		Fiscal Year Ended June 30, 2006	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	--(1)	\$ 16,612,009	--(1)	\$ 18,536,414
Residential Metered	10,219,912	35,085,858	8,695,642	30,513,084
Commercial	4,397,648	10,415,048	4,365,760	10,302,813
Other (2)	2,665,330	9,076,013	2,388,314	8,225,084
Wholesale	1,773,874	3,083,877	1,581,576	2,892,864
Total	19,056,764	\$ 74,272,805	17,031,292	\$ 70,470,259
Category	Fiscal Year Ended June 30, 2005		Fiscal Year Ended June 30, 2004	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	--(1)	\$ 21,383,048	--(1)	\$ 24,406,744
Residential Metered	7,808,216	26,350,944	7,166,222	22,469,394
Commercial	4,483,265	10,501,889	4,832,724	10,933,077
Other (2)	2,448,526	8,185,580	2,869,795	8,582,050
Wholesale	1,432,520	2,539,129	1,282,857	2,225,690
Total	16,172,527	\$ 68,960,590	16,151,598	\$ 68,616,955
Category	Fiscal Year Ended June 30, 2003		Fiscal Year Ended June 30, 2002	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	--(1)	\$ 23,403,951	--(1)	\$ 24,253,164
Residential Metered	6,014,347	16,739,327	5,439,891	14,850,902
Commercial	4,634,532	9,826,890	4,163,228	9,950,116
Other (2)	1,933,611	5,783,422	2,119,840	5,952,224
Wholesale	1,361,691	1,988,566	1,259,208	1,743,441
Total	13,944,181	\$ 57,742,156	12,982,167	\$ 56,749,847

TMWA was formed June 11, 2001.

(1) Complete consumption information is not available for unmetered customers.

These accounts include irrigation and fire protection/sprinkler systems located on the premises of residential and commercial customers.

TRUCKEE MEADOWS WATER AUTHORITY
TEN LARGEST CUSTOMERS
JUNE 30, 2011
(UNAUDITED)

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1 Washoe County (total)	1,279,298	\$ 2,349,845	3.3%
2 Sun Valley General Improvement District	1,081,444	979,613	1.4%
3 Washoe County School District	316,305	821,391	1.1%
4 City of Reno	227,425	725,421	1.0%
5 City of Sparks	134,548	439,754	0.6%
6 University of Nevada Reno	159,102	331,030	0.5%
7 Prologis	98,691	317,101	0.4%
8 Washoe Health Systems	133,542	313,087	0.4%
9 Nevada Properties (Peppermill Casino)	242,496	310,964	0.4%
10 Credit Markets Real Estate	155,005	306,627	0.4%
Totals	3,827,856	\$ 6,894,833	9.6%

TMWA was formed June 11, 2001.

City of Reno includes the Reno Housing Authority

TRUCKEE MEADOWS WATER AUTHORITY
DEBT SERVICE COVERAGE RATIOS
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(Amounts in '000's)
(UNAUDITED)

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
Operating Revenues (1)	\$ 71,408	\$ 71,221	\$ 70,225	\$ 72,686	\$ 74,272	\$ 70,470	\$ 68,960	\$ 68,617	\$ 57,742	\$ 56,750
Nonoperating Revenues (2)	7,253	6,669	9,197	13,822	14,451	12,487	8,236	8,876	6,249	7,262
Gross Revenues	<u>78,661</u>	<u>77,890</u>	<u>79,422</u>	<u>86,508</u>	<u>88,723</u>	<u>82,957</u>	<u>77,196</u>	<u>77,493</u>	<u>63,991</u>	<u>64,012</u>
Operation and Maintenance Expenses (3)	32,802	35,979	39,646	39,342	35,855	34,869	32,710	30,632	29,332	26,093
Contribution to Water Rate Stabilization	-	-	-	-	-	-	-	1,385	-	-
Taxes other than Income Taxes (4)	418	419	416	432	457	453	442	486	331	272
Total Expenses	<u>33,220</u>	<u>36,398</u>	<u>40,062</u>	<u>39,774</u>	<u>36,312</u>	<u>35,322</u>	<u>33,152</u>	<u>32,503</u>	<u>29,663</u>	<u>26,365</u>
Net Revenues	<u>\$ 45,441</u>	<u>\$ 41,492</u>	<u>\$ 39,360</u>	<u>\$ 46,734</u>	<u>\$ 52,411</u>	<u>\$ 47,635</u>	<u>\$ 44,044</u>	<u>\$ 44,990</u>	<u>\$ 34,328</u>	<u>\$ 37,647</u>
Senior Lien Annual Debt Service (5)	<u>\$ 31,191</u>	<u>\$ 31,124</u>	<u>\$ 31,420</u>	<u>\$ 31,427</u>	<u>\$ 33,525</u>	<u>\$ 31,202</u>	<u>\$ 30,114</u>	<u>\$ 23,594</u>	<u>\$ 23,594</u>	<u>\$ 23,594</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.46</u>	<u>1.33</u>	<u>1.25</u>	<u>1.49</u>	<u>1.56</u>	<u>1.53</u>	<u>1.46</u>	<u>1.91</u>	<u>1.45</u>	<u>1.60</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 253	\$ 438	\$ 774	\$ 3,412	\$ 5,684	\$ 7,394	\$ 10,056	\$ 2,749	\$ -	\$ -
Developer capital contributions - other	127	185	541	2,401	5,802	6,515	6,219	4,113	3,703	2,137
Senior Lien Debt Coverage including SDCs (6)	<u>1.47</u>	<u>1.35</u>	<u>1.29</u>	<u>1.67</u>	<u>1.91</u>	<u>1.97</u>	<u>2.00</u>	<u>2.20</u>	<u>1.61</u>	<u>1.69</u>

TMWA was formed June 11, 2001. All of TMWA's outstanding debt is water revenue bonds.

- (1) Includes retail residential, commercial, irrigation water sales and wholesale water sales net of bad debt expense
- (2) Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges as well as gross investment income before reduction by capitalized investment income as required by Financial Accounting Standards Board Pronouncement (FASB) 62.
- (3) Includes water supply, treatment, distribution, hydroelectric power plant maintenance customer Service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits and services and supplies comprise these expenses.
- (4) The Authority is required to pay property taxes on water rights and storage facilities located in California. During the reported fiscal years TMWA paid various counties in California for hydroelectric facilities, and water storage rights in California.
- (5) The debt service for the fiscal years ended June 30, 2004, 2003 and 2002 was interest only. On July 1, 2005, TMWA paid its first principal payment of \$6,520,000 on the 2001-A & B Series Bonds. This schedule does not include the payments on the DWSRF loan or the tax-exempt commercial paper, which are subordinate to the 2001-A and 2005-A Bonds, and the 2006, 2007 and 2010 Refunding Bonds.

Excludes capitalized interest expense which would reduce total interest expense pursuant to FASB 34

- (6) TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments.

TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF TOTAL BUILDING PERMITS ISSUED
BY JURISDICTION/MEMBER ENTITY
FOR FISCAL YEARS 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Washoe County	1,272	1,279	1,586	2,222	2,829
City of Reno	2,919	3,030	3,592	4,744	6,737
City of Sparks	1,763	2,007	2,579	3,636	4,544
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Washoe County	3,492	3,521	3,447	3,512	3,551
City of Reno	9,947	9,335	7,197	5,986	6,017
City of Sparks	6,067	4,974	5,809	6,107	4,429

TMWA was formed June 11, 2001.

Source: As reported by each local governmental entity

**TRUCKEE MEADOWS WATER AUTHORITY
SELECTED DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR WASHOE COUNTY
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)**

Fiscal Year Ended June 30,	POPULATION ⁽¹⁾	PER CAPITA INCOME ⁽²⁾	MEDIAN AGE ⁽³⁾	SCHOOL ENROLLMENT ⁽⁴⁾	TOTAL PERSONAL INCOME ⁽²⁾	UNEMPLOYMENT RATE (PERCENT) ⁽⁵⁾
2011	428,735	\$49	36.4	62,324	\$17,944,975	12.9%
2010	421,407	47	37.5	62,452	17,421,365	13.6%
2009	414,820	45	36.4	63,310	18,550,337	11.7%
2008	412,219	46	36.5	63,635	19,392,856	6.8%
2007	406,335	44	34.5	63,044	18,378,021	4.5%
2006	398,236	\$43	36.5	62,390	17,510,758	4.0%
2005	390,863	42	36.1	62,098	16,700,497	3.8%
2004	381,377	41	35.1	60,411	15,532,986	4.2%
2003	371,231	37	35.8	58,908	13,900,375	4.6%
2002	361,841	37	35.6	57,404	13,273,476	4.9%

Fiscal Year Ended June 30,	TOTAL LABOR FORCE ⁽⁵⁾	CONSTRUCTION ACTIVITY - TOTAL VALUE ⁽⁶⁾	NUMBER OF NEW FAMILY UNITS ⁽⁶⁾	TAXABLE SALES ⁽⁷⁾	GROSS INCOME GAMING REVENUE ⁽⁸⁾	TOTAL PASSENGER AIR TRAFFIC ⁽⁹⁾
2011	212,480	\$67,721,019	55	\$5,282,935,192	\$751,466,957	3,795,421
2010	221,954	55,952,010	35	5,176,981,699	788,545,658	3,777,701
2009	224,089	85,657,662	103	5,707,791,051	867,202,273	3,979,015
2008	221,785	202,519,159	240	6,823,701,000	996,615,975	4,841,257
2007	222,610	225,084,828	557	7,202,640,557	1,069,608,365	5,014,382
2006	219,400	307,685,955	851	7,268,593,250	1,072,936,817	5,149,700
2005	212,400	368,356,469	1,113	6,687,446,995	1,016,864,082	5,097,170
2004	208,800	345,640,310	1,009	6,023,436,676	1,011,657,616	4,918,829
2003	201,200	305,249,144	1,217	5,481,582,915	1,032,987,724	4,514,225
2002	203,149	294,355,860	1,324	5,292,178,588	1,049,151,610	4,485,369

Sources:

⁽¹⁾ Nevada State Demographer (adjusted after 2010 census); 2011 data from Washoe County 2011 CAFR

⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis; 2006 and prior
As of 2007, Washoe County Community Development Demographic Information

⁽³⁾ Nevada State Demographer 2001-2007; Center for Regional Studies, UNR, 2008-2011

⁽⁴⁾ Washoe County School District.

⁽⁵⁾ State Department of Employment, Training and Rehabilitation (DETR)

⁽⁶⁾ Washoe County Building and Safety Department.

⁽⁷⁾ Nevada State Department of Taxation

⁽⁸⁾ Nevada State Gaming Control Board

⁽⁹⁾ Reno/Tahoe International Airport

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**TRUCKEE MEADOWS WATER AUTHORITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	December, 2010		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Washoe County School District	7,750	1	4.22%
University of Nevada - Reno	4,750	2	2.58%
Washoe County	2,750	3	1.50%
Renown Regional Medical Center/Washoe Medical Center ⁽²⁾	2,250	4	1.22%
Peppermill Hotel-Casino	2,250	5	1.22%
International Game Technology	2,250	6	1.22%
Silver Legacy Resort Casino	1,750	7	0.95%
Atlantis Casino Resort	1,750	8	0.95%
Grand Sierra Resort Casino	1,750	9	0.95%
St. Mary's	1,750	10	0.95%
Reno Hilton	-	-	-
Sparks Nugget, Inc.	-	-	-
Eldorado Hotel & Casino	-	-	-

Employer	December, 2001		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Washoe County School District	6,250	1	3.23%
University of Nevada - Reno	3,250	3	1.68%
Washoe County	2,750	5	1.42%
Renown Regional Medical Center/Washoe Medical Center ⁽²⁾	2,750	6	1.42%
Peppermill Hotel-Casino	4,250	2	2.20%
International Game Technology	2,750	7	1.42%
Silver Legacy Resort Casino	2,750	8	1.42%
Atlantis Casino Resort	-	-	-
Grand Sierra Resort Casino	-	-	-
St. Mary's	-	-	-
Reno Hilton	2,750	4	1.42%
Sparks Nugget, Inc.	2,250	9	1.16%
Eldorado Hotel & Casino	2,250	10	1.16%

Source: Washoe County

⁽¹⁾Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation publishes employee counts in ranges of 500. The number of employees shown are estimated using the midpoint.

⁽²⁾In 2007, Washoe Medical Center became Renown Medical Center.

TRUCKEE MEADOWS WATER AUTHORITY
CUSTOMERS AND WATER SALES BY CATEGORY
FOR THE FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 AND 2002
(UNAUDITED)

Customers by Category as of June 30, 2011

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	8,685	9.3%	\$ 11,611,351	16.3%
Residential Metered	72,457	77.3%	37,636,859	52.7%
Commercial and Irrigation	8,564	9.1%	17,939,507	25.1%
Other (2)	4,078	4.3%	1,282,417	1.8%
Wholesale	2	0.0%	2,938,106	4.1%
Total	<u>93,786</u>	<u>100.0%</u>	<u>\$ 71,408,240</u>	<u>100.0%</u>

Customers by Category as of June 30, 2010

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	10,403	11.1%	\$ 13,115,143	18.4%
Residential Metered	70,556	75.6%	35,962,518	50.5%
Commercial and Irrigation	8,465	9.1%	17,872,178	25.1%
Other (2)	3,943	4.2%	1,134,786	1.6%
Wholesale	7	0.0%	3,136,081	4.4%
Total	<u>93,374</u>	<u>100.0%</u>	<u>\$ 71,220,706</u>	<u>100.0%</u>

Customers by Category as of June 30, 2009

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	12,590	13.5%	\$ 14,216,666	20.2%
Residential Metered	68,557	73.4%	34,646,185	49.3%
Commercial and Irrigation	8,397	9.0%	17,573,511	25.0%
Other (2)	3,808	4.1%	955,394	1.4%
Wholesale	7	0.0%	2,833,330	4.0%
Total	<u>93,359</u>	<u>100.0%</u>	<u>\$ 70,225,086</u>	<u>100.0%</u>

Customers by Category as of June 30, 2008

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	14,063	15.1%	\$ 15,310,296	21.1%
Residential Metered	67,357	72.3%	34,940,141	48.1%
Commercial and Irrigation	8,203	8.8%	18,305,887	25.2%
Other (2)	3,595	3.9%	900,937	1.2%
Wholesale	7	0.0%	3,228,785	4.4%
Total	<u>93,225</u>	<u>100.0%</u>	<u>\$ 72,686,046</u>	<u>100.0%</u>

Customers by Category as of June 30, 2007

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	15,488	16.7%	\$ 16,612,009	22.4%
Residential Metered	65,749	70.9%	35,085,858	47.2%
Commercial and Irrigation	7,966	8.6%	18,602,006	25.0%
Other (2)	3,469	3.7%	889,055	1.2%
Wholesale	7	0.0%	3,083,877	4.2%
Total	<u>92,679</u>	<u>100.0%</u>	<u>\$ 74,272,805</u>	<u>100.0%</u>

(continued)

Customers by Category as of June 30, 2006

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	16,466	18.0%	\$ 18,536,414	26.3%
Residential Metered	63,744	69.7%	30,513,084	43.3%
Commercial and Irrigation	7,787	8.5%	17,670,604	25.1%
Other (2)	3,407	3.7%	857,293	1.2%
Wholesale	7	0.0%	2,892,864	4.1%
Total	91,411	100.0%	\$ 70,470,259	100.0%

Customers by Category as of June 30, 2005

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	19,945	22.9%	\$ 21,382,048	31.0%
Residential Metered	56,555	64.8%	26,350,944	38.2%
Commercial and Irrigation	5,296	6.1%	18,022,769	26.1%
Other (2)	5,449	6.2%	664,700	1.0%
Wholesale	4	0.0%	2,539,129	3.7%
Total	87,249	100.0%	\$ 68,959,590	100.0%

Customers by Category as of June 30, 2004

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	25,855	30.5%	\$ 24,406,744	35.6%
Residential Metered	48,214	56.9%	22,469,394	32.7%
Commercial and Irrigation	5,276	6.2%	19,055,226	27.8%
Other (2)	5,342	6.3%	459,901	0.7%
Wholesale	4	0.1%	2,225,690	3.2%
Total	84,691	100.0%	\$ 68,616,955	100.0%

Customers by Category as of June 30, 2003

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	30,975	38.3%	\$ 23,403,951	40.5%
Residential Metered	40,585	50.1%	16,739,327	29.0%
Commercial and Irrigation	4,960	6.1%	15,390,414	17.0%
Other (2)	4,489	5.5%	219,898	0.3%
Wholesale	4	0.1%	1,988,566	3.5%
Total	81,013	100.0%	\$ 57,742,156	100.0%

Customers by Category as of June 30, 2002

<u>Category</u>	<u>Average Number of Accounts</u>	<u>% of Total Accounts</u>	<u>Fiscal Year Water Revenues (1)</u>	<u>% of Total Revenues</u>
Residential -Unmetered	34,781	44.2%	\$ 24,253,164	42.7%
Residential Metered	34,745	44.1%	14,850,902	26.2%
Commercial and Irrigation	6,821	8.7%	15,398,106	17.5%
Other (2)	2,330	3.0%	504,234	10.5%
Wholesale	4	0.1%	1,743,441	3.1%
Total	78,681	100.0%	\$ 56,749,847	100.0%

TMWA was formed June 11, 2001.

(1) Water Revenues are revenues that are billed and estimated for the fiscal year periods.

Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

(2) Includes private fire protection services located on the premises of commercial and some residential customers.

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TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF INSURANCE COVERAGE
June 30, 2011
(UNAUDITED)

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	Affiliated FM Insurance Company	6/11/11 to 6/11/2012	Blanket limit of \$266,500,000 per occurrence with sub-limits of \$100,000,000 for earthquake for Earth Movement (excluding CA properties) and \$25,000,000 for flood (excluding Glendale plant). Coverage includes Business Interruption and Extra Expense. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$25,000.
General Liability and Business Automobile Policy	Arch Insurance Company	6/11/11 to 6/11/2012	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Arch Insurance Company	6/11/11 to 6/11/2012	\$20,000,000 excess liability limit.
Workers' Compensation	Employer's Insurance Company of Nevada	6/11/11 to 6/11/2012	Fully insured for statutory limits under Workers' Compensation laws with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/11 to 6/11/2012	Varies by plan selected.
Commercial Pollution Liability	American International Specialty Lines Insurance Company	6/11/11 to 6/11/2012	\$50,000,000 limit \$100,000 deductible each incident. Products Pollution coverage limited to \$35,00,000

TRUCKEE MEADOWS WATER AUTHORITY
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Administration/IT	22	22	25	23
Supply/Treatment Operations	28	28	32	28
Distribution Maintenance	42	45	45	45
Hydroelectric	7	5	6	7
Customer Service/Conservation	28	41	42	39
Water Planning/Resources	13	14	11	10
Engineering/Construction	<u>14</u>	<u>15</u>	<u>17</u>	<u>22</u>
Total Authorized Employees	<u>154</u>	<u>170</u>	<u>178</u>	<u>174</u>

TMWA was formed June 11, 2001.

During fiscal year 2007, the IT/GIS functions were moved to Administration.

June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
15	12	11	9	8	9
32	34	35	35	35	36
44	43	39	36	32	32
7	7	7	7	7	8
33	31	31	29	27	17
11	10	10	10	10	10
27	27	29	28	25	21
169	164	162	154	144	133

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TRUCKEE MEADOWS WATER AUTHORITY
CURRENT AND HISTORICAL WATER RATES
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)

	<u>6/30/2011</u>	<u>6/30/2010*</u>	<u>6/30/2009*</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005*</u>	<u>6/30/2004*</u>	<u>6/30/2003</u>	<u>6/30/2002</u>
Monthly Customer Charges By Meter Size										
3/4"	\$15.70	\$15.70	\$15.70	\$15.70	\$15.70	\$15.70	\$15.70	\$14.80	\$10.02	\$10.02
1"	17.30	17.30	17.30	17.20	17.20	17.20	17.20	16.30	10.61	10.61
1 1/2"	19.60	19.60	19.60	19.60	19.60	19.60	19.60	18.50	12.24	12.24
2"	22.80	22.80	22.80	22.80	22.80	22.80	22.80	21.50	14.34	14.34
3"	25.90	25.90	25.90	25.90	25.90	25.90	25.90	24.40	21.91	21.91
4"	29.80	29.80	29.80	29.80	29.80	29.80	29.80	28.10	n/a	n/a
6"	34.50	34.50	34.50	34.50	34.50	34.50	34.50	32.60	n/a	n/a
Commodity Charge (all meter sizes)										
Tier 1	1.72	1.72	1.63	1.58	1.58	1.58	1.58	1.56	1.56	1.56
Tier 2	2.78	2.78	2.64	2.50	2.50	2.50	2.50	2.43	2.43	2.43
Tier 3	3.25	3.25	3.05	2.91	2.91	2.91	2.91	2.90	2.43	2.43

Above rates are for metered single family residential service.

Monthly Base Rates (Meter Size)

3/4"	\$86.30	\$86.30	\$84.20	\$74.90	\$74.90	\$74.90	\$74.90	\$67.50	\$49.19	\$49.19
1"	124.30	124.30	121.20	106.20	106.20	106.20	106.20	93.50	68.14	68.14
1 1/2"	225.20	225.20	219.80	184.90	184.90	184.90	184.90	152.60	111.22	111.22
2"	321.00	321.00	313.20	264.10	264.10	264.10	264.10	218.90	159.50	159.50
3"	403.00	403.00	393.20	331.90	331.90	331.90	331.90	275.00	200.84	200.84
4"	510.00	510.00	498.50	420.30	420.30	420.30	420.30	348.30	253.82	253.82
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	495.30	360.97	360.97

Above rates are for unmetered single family residential service

*TMWA rates took effect on June 11, 2001, and were revised effective October 2003, March 2005, and May, 2009 and 2010.

TRUCKEE MEADOWS WATER AUTHORITY
SELECTED OPERATING AND CAPITAL INDICATORS
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, AND 2002
(UNAUDITED)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Miles of water mains	1,339	1,332	1,330	1,310	1,258
Number of storage tanks	42	42	42	38	37
Number of pump stations	91	93	105	93	94
Number of wells	32	32	32	32	33
Treatment capacity (MGD)					
Glendale Plant	25	25	25	25	25
Chalk Bluff	95	95	89	89	89

Notes:

TMWA's water system was purchased from Sierra Pacific on June 11, 2001

MGD = millions of gallons per day

<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
1,252	1,227	1,175	1,127	1,090
35	34	34	33	33
93	93	92	92	90
33	33	32	31	31
25	25	25	25	25
89	89	89	69	69

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COMPLIANCE SECTION

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
of the Truckee Meadows Water Authority

We have audited the financial statements of Truckee Meadows Water Authority, a Joint Powers Authority (TMWA) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered TMWA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TMWA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors of TMWA, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 28, 2011



**Independent Auditor's Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

To the Board of Directors of the
Truckee Meadows Water Authority

Compliance

We have audited Truckee Meadows Water Authority's, a Joint Powers Authority (TMWA), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on TMWA's major program for the year ended June 30, 2011. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of TMWA's management. Our responsibility is to express an opinion on TMWA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TMWA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of TMWA's compliance with those requirements.

In our opinion, TMWA complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on its major federal program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as findings 11-2 and 11-3.

Internal Control Over Compliance

Management of TMWA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered TMWA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance

in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as findings 11-1, 11-2 and 11-3. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness in internal control over compliance*, yet important enough to merit attention by those charged with governance.

TMWA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit TMWA's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors of TMWA, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 28, 2011

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA No.	Project/ Pass-Through Grantor's No.	Expenditures 2010-2011
U.S. Department of the Interior Bureau of Reclamation: Direct Award: Providing Water to At-Risk Natural Desert Terminal Lakes - Truckee River Operating Agreement (TROA) - Desert Terminal Lakes Program - TROA Completion and Implementation	15.508	R10AP20768	<u>\$ 274,837</u>
U.S. Environmental Protection Agency Office of Water: Passed through State of Nevada Department of Conservation and Natural Resources - Division of Environmental Protection: ARRA - Capitalization Grants for Drinking Water State Revolving Funds - Mogul Bypass Siphon Project	66.468A	ARRA TMWA-1	91,175
Capitalization Grants for Drinking Water State Revolving Funds - Glendale Water Supply Improvement Project	66.468	TMWA-2	<u>2,558,084</u>
Total U.S. Environmental Protection Agency			<u>2,649,259</u>
Total Federal Financial Assistance			<u>\$ 2,924,096</u>

Note 1 - Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents fairly the activity of all federal award programs of Truckee Meadows Water Authority. The Truckee Meadows Water Authority reporting entity is defined in Note 1 to the financial statements. All expenditures of awards from federal agencies are included in the schedule.

Note 2 - Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

Note 3 - Capitalization Grants for Drinking Water State Revolving Funds (66.468A)

The reported ARRA amount includes expenditures incurred and paid for with non-federal funds in fiscal year 2010 which were subsequently re-characterized as Federal expenditures when the ARRA award was received in fiscal year 2011 as follows:

Fiscal year 2010	<u>\$ 91,175</u>
Total Reported	<u><u>\$ 91,175</u></u>

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I – Summary of Auditor's Results

Financial Statements

Kafoury, Armstrong & Co. issued an unqualified opinion on the financial statements of the Truckee Meadows Water Authority for the year ended June 30, 2011.

Internal control over financial reporting:

- No material weaknesses were identified.
- No significant deficiencies were identified.

No material noncompliance to the financial statements was noted.

Federal Awards

Internal control over major programs:

- No material weaknesses were identified.
- Significant deficiencies were reported.

Kafoury, Armstrong & Co. issued an unqualified opinion on compliance for the major program of the Truckee Meadows Water Authority.

Audit findings, relative to the major Federal award program for Truckee Meadows Water Authority, which is required to be reported under section .510(a) of OMB Circular A-133, are included on the following pages.

Identification of major program:

- Capitalization Grants for Drinking Water State Revolving Funds, CFDA 66.468

The dollar threshold used to distinguish between Type A and Type B programs for the year ended June 30, 2011 was \$300,000.

Truckee Meadows Water Authority qualified as a low risk auditee for the year ended June 30, 2011 under the criteria set forth in section .530 of OMB Circular A-133.

Section II – Financial Statement Findings

There were no findings disclosed during the audit as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the year ended June 30, 2011.

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section III – Federal Award Finding and Questioned Costs

U.S. Environmental Protection Agency; passed through from the Nevada Department of Conservation and Natural Resources:

Finding 11-1:

Capitalization Grants for Drinking Water State Revolving Funds, CFDA 66.468

Grant Award Number: Affects the grant award TMWA-2 included under CFDA 66.468 on the Schedule of Expenditures of Federal Awards.

Criteria: As noted in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, costs charged to the Federal program must be for allowable costs. To be allowable under Federal awards, costs must not be included as a cost of any other Federal award, except as specifically provided by Federal law or regulation.

Condition and Context: In response to prior year finding 10-1, Truckee Meadows Water Authority represented the following corrective action procedures would be implemented:

For multiple federal and state grants funding a single project TMWA will utilize task accounting codes with the project accounting code to accurately isolate expenses to be reimbursed by different grants.

Our testing of the corrective action implemented in response to prior year finding 10-1 included reviewing Federal expenditure detail in the accounting system. We noted that Federal expenditures were not separately identified. Truckee Meadows Water Authority did not account for transactions related to Federal expenditures using an accounting method that isolates Federal expenditures. As claims for reimbursement are supported by invoices that are not coded to a specific Federal program, charges could be made against multiple awards.

Questioned Costs: None.

Effect: Claims for reimbursement could include costs charged to other Federal programs.

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Cause: Adequate control procedures are not in place to ensure that expenditures charged to a Federal program are not already included as expenditures of another Federal award.

Recommendation: We recommend Truckee Meadows Water Authority implement controls to ensure that Federal expenditures charged to a Federal program are not also charged as an expenditure of another Federal award.

Management's Response: See management's response on page 68.

U.S. Environmental Protection Agency; passed through from the Nevada Department of Conservation and Natural Resources:

Finding 11-2:

Capitalization Grants for Drinking Water State Revolving Funds, CFDA 66.468

Grant Award Number: Affects the grant award TMWA-2 included under CFDA 66.468 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Circular A-133 Compliance Supplement* requires that non-Federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor and subcontractors comply with the requirements of the Davis-Bacon Act, and DOL regulations (29 CFR Part 5.5(a)(3)(ii)(A), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor and subcontractors to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) and that Truckee Meadows Water Authority management monitor submissions to ensure that certified payrolls are received timely.

Condition and Context: Our testing of the construction contract included reviewing the bid documents and contract for the Davis-Bacon Act provisions, and reviewing the payroll data received and monitored by Truckee Meadows Water Authority. We noted several instances where the certified payrolls for multiple weeks were submitted at once, rather than each week being submitted separately and timely as prescribed by the Davis-Bacon Act and in accordance with their contract. We were

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

unable to obtain evidence that Truckee Meadows Water Authority personnel monitored that all subcontractor's submissions were filed timely.

Questioned Costs: None.

Effect: Material noncompliance with the Davis-Bacon Act by a contractor or subcontractor could occur and not be detected or followed up on by Truckee Meadows Water Authority management in a timely manner.

Cause: Adequate control procedures were not in place to ensure that all required certified payrolls were timely received as prescribed by the Davis-Bacon Act.

Recommendation: We recommend Truckee Meadows Water Authority enhance procedures to ensure that certified payrolls are received timely as prescribed by the Davis-Bacon Act.

Management's Response: See management's response on page 68.

U.S. Environmental Protection Agency; passed through from the Nevada Department of Conservation and Natural Resources:

Finding 11-3:

Capitalization Grants for Drinking Water State Revolving Funds, CFDA 66.468

Grant Award Number: Affects the grant award TMWA-2 included under CFDA 66.468 on the Schedule of Expenditures of Federal Awards.

Criteria: OMB Circular A-133 requires Truckee Meadows Water Authority to prepare a Schedule of Expenditures of Federal Awards (Schedule) showing total Federal expenditures for the year and to maintain internal control over preparation of the Schedule that provides reasonable assurance the Schedule is complete and accurate. The Schedule should include the expenditures of Federal awards for the period covered by Truckee Meadows Water Authority's financial statements.

Condition and Context: Our testing of the Schedule included reconciling expenditures to Truckee Meadows Water Authority's accounting system and to Project Draw Report-Glendale Diversion prepared by

**TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

the Nevada Department of Conservation and Natural Resources. We noted that the Schedule included State funded expenditures and Federal expenditures reported in the prior period.

Questioned Costs:

None.

Effect:

Federal expenditures were overstated. Thus, the Schedule was not prepared in accordance with *OMB Circular A-133*.

Cause:

The report which distinguishes the amount of Federal and State funds was not obtained from the pass-through entity prior to the preparation of the Schedule. In addition, adequate control procedures were not in place to ensure that Federal expenditures were reported accurately on the Schedule.

Recommendation:

We recommend Truckee Meadows Water Authority implement controls to ensure that Federal expenditures are accurately reported in order to comply with the requirements of *OMB Circular A-133*.

Management's Response:

See management's response on page 69.

November 28, 2011

Grantor Agencies

Re: Capitalization Grants for Drinking Water State Revolving Funds, CFDA #66.468

This letter is in response to the Fiscal Year 2010-2011 Findings 11-1, 11-2 and 11-3

Response to the Fiscal Year 2010-2011 Finding 11-1

The Truckee Meadows Water Authority (TMWA) has implemented the following corrective action procedures:

- The prior corrective action procedure was to address multiple grants funding one project. This finding is specific to only certain project expenses being reimbursed out of a much larger population of construction expenses within a project.
- TMWA will establish a specific expense code for grant reimbursable expenses to meet A-133 audit requirements.
- Construction project expenses not submitted for reimbursement will be charged to separate expense codes than those expenses being submitted for reimbursement.

Response to the Fiscal Year 2010-2011 Finding 11-2

TMWA has implemented the following corrective action procedures:

- TMWA will establish a tracking mechanism that documents TMWA's request for certified payrolls on a weekly basis.
- TMWA has implemented software, called LCP tracker that will provide reports on a weekly basis that identifies when certified payrolls are submitted.
- If certified payrolls are not submitted on a timely basis, TMWA will clearly document all attempts to obtain certified payrolls through written request by e-mail or facsimile.
- Before any Notice of Completion is submitted to the State of Nevada Labor Commissioner's Office, TMWA has always insured that all certified payrolls have been submitted, audited, and any discrepancies addressed.

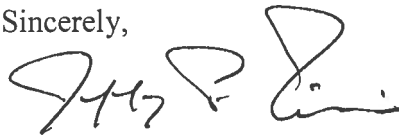
This matter is more of an improvement on an administrative process.

Response to the Fiscal Year 2010-2011 Finding 11-3

TMWA has implemented the following corrective action procedures:

- TMWA added control procedures to ensure that grant reimbursements, through a pass-through entity, be accompanied by a letter from the granting agency identifying the proportion of state and federal funding for that particular reimbursement.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff P. Tissier", written over a horizontal line.

Jeffrey P. Tissier
Truckee Meadows Water Authority
Chief Financial Officer

**TRUCKEE MEADOWS WATER AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Award Findings and Questioned Costs

U.S. Environmental Protection Agency; passed through from the Nevada Department of Conservation and Natural Resources:

Finding 10-1:

Capitalization Grants for Drinking Water State Revolving Funds, CFDA 66.468

Grant Award Number: Affects the grant award TMWA-2 included under CFDA 66.468 on the Schedule of Expenditures of Federal Awards.

Criteria and Condition: As noted in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, costs charged to the Federal program must be for allowable costs. To be allowable under Federal awards, costs must not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

As part of our testing over Allowable Costs/Cost Principles, we tested a sample of transactions for conformance with the criteria contained in the "Basic Guidelines" section of OMB Circular A-87. For one of the transactions tested, we noted that an identical invoice was used as supporting documentation for expenditures under another Federal Award, the Fish Passage and Protection Task (CFDA 15.650).

Questioned Costs: \$19,691.

Context: The condition above appears to be a systemic problem.

Effect: Unallowable costs have been charged to the Federal program.

Cause: Truckee Meadows Water Authority does not have adequate procedures in place to ensure that expenditures charged to a Federal award program are not already reported as an expenditure of another Federal award program.

Recommendation: We recommend Truckee Meadows Water Authority implement a preventative control by means of creating sub-account numbers for recording and capturing Federal expenditures, by federal award program, in the accounting information system.

Status: Partially corrected during the year ended June 30, 2011. See item 11-1 on page 64.

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Independent Accountant's Report on
Nevada Revised Statute 354.6241

To the Board of Directors of the
Truckee Meadows Water Authority

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5) (a):

- The identified fund is being used expressly for the purpose for which it was created,
- The fund is administered in accordance with accounting principles generally accepted in the United States of America.
- The restricted net assets in the fund were reasonable and necessary to carry out the purposes of the fund at June 30, 2011 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues available for the fund are as noted in the financial statements,
- The fund conformed to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2011 (except as previously noted in Note 2 to the financial statements).
- The net assets of the fund are as noted in the financial statements.

This assertion is the responsibility of the management of the Truckee Meadows Water Authority.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

Kafoury, Armstrong & Co.

Reno, Nevada
November 28, 2011

AUDITOR'S COMMENTS

STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

TMWA conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2010.

PRIOR YEAR RECOMMENDATIONS

Our recommendation for the prior year is included in the Summary Schedule of Prior Audit Findings.

CURRENT YEAR RECOMMENDATIONS

Our recommendations for the current year are included in the Schedule of Findings and Questioned Costs.